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VOJVODINA REAL ESTATE OVERVIEW 1H 2010





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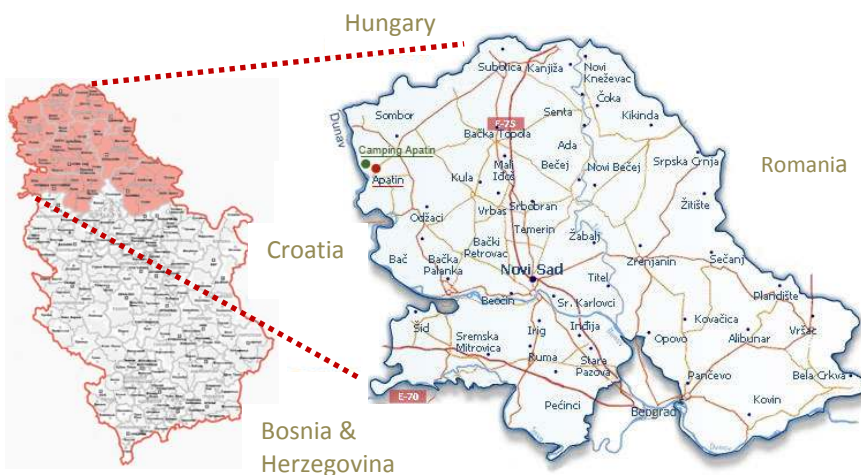
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- *Vojvodina participate with 21% in total residential delivery in Serbia within past few years*
- *About 4,000 of new apartments have been constructed per year; Novi Sad and Subotica are destinations with the highest level of activities*
- *Most developed retail concept are big-boxes*
- *Announced construction of several modern shopping malls and retail centers in Novi Sad from investors such as BIG CEE, Ocean Atlantic Int., Delta .In 1H 2010 is expected delivery of "Park City" shopping mall with area of 12,000 sq m from the investor Vondel Capital*
- *Major investors in retail sector are: Mercator (Slovenia), MRodic (Local), Metro C&C (Germany), Tus (Slovenia), Idea (Croatia), Tempo (Local), BIG CEE (Israel), GTC (Israel), A1S (Slovenia), Arlon (Israel)*
- *Major investors in residential sector are: Vondel (Nederland), A1S (Slovenia), Tradeunique (Local)*

VOJVODINA KEY FACTS



Vojvodina is an autonomous province in Serbia, located in the northern part of the country, in the Pannonian Plain of Central Europe. The region is divided by the Danube and Tisza rivers into Backa in the northwest, Banat in the east and Srem in the southwest and is divided further more into seven districts, which are called after its main geographical position. It has a population of cca 2 million (2002 estimation), which represents about 27% from total population in Serbia.

Vojvodina enjoys favorable geo-strategic position providing transit via strategic transportation corridors X and VII, and is part of the river transportation route via Danube River. Vojvodina borders with Croatia and BiH to the east, Hungary to the north and Romania to the east.

Novi Sad is the largest city in Vojvodina province, with population of 370,000 (2010 estimation) and represents administrative, political, economic and educational centre of the province. The city is located on the border of the Backa and Srem regions, on the banks of the Danube River and Danube-Tisza-Danube Canal, while facing the northern slopes of Fruska Gora Mountain. It is 87 km away from the Serbian capital Belgrade and about 80 km from the national airport "Nikola Tesla".

Other major cities in Vojvodina are Subotica, Zrenjanin, Vrsac, Pancevo etc.

VOJVODINA ECONOMY

Vojvodina's economy, as Serbia's in general, has developed into stable growing market economy since 2001, which included reforms in banking sector, privatization process, fiscal and taxation policy, but also an increase in production and export activities. Economy is mainly focused on developed food industry and fertile agricultural soil that make up 84% of its territory. Still, economic activities generally depend on FDI, achieved mainly through the privatization process. Since 2001, approximately 200 foreign investments worth EUR 4.6bn have been made in Vojvodina while major investments are following:

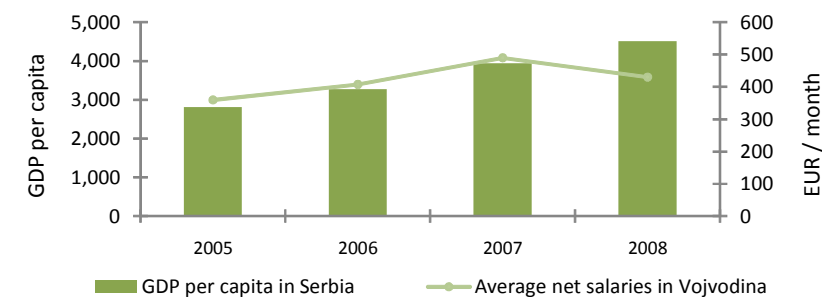
Company name	Country of origin	City	Investment type	EUR mil.
Anheuser-Bush InBev	Belgium	Apatin	Acquisition	530
Stada	Germany	Vrsac	Acquisition	485
Gazprom Neft	Russia	Novi Sad	Privatization	400
National Bank of Greece	Greece	Novi Sad / Vojvodina	Privatization	385
Fondriaria SAI	Italy	Novi Sad	Privatization	264
Credit Agricole	France	Novi Sad	Acquisition	264
PepsiCo Inc.	USA	Backi Maglic	Acquisition	210
Merkator	Slovenia	Novi Sad / Vojvodina	Acquisition	204

Source: VIP

Largest investments in real estate/construction sector have been recorded on the behalf of companies such as Vondel Capital, Lafarge, Mercator, Ocean Atlantic Int. etc, with more than EUR 500 mil invested in this sector so far.

According to the official 2008 data, there were 533,343 employed persons in Vojvodina, which is 0.7% increase comparing 2007, despite the crisis.

Average net salaries in Vojvodina, in EUR / month



Source: Republic Statistic Office

- Supply of residential units in Novi Sad records highest level in Serbia, after the capital city of Belgrade

- Most prominent supply in 2009 in Novi Sad was mixed-use building "Boulevard Center" with total area of 50,000 sq m, out of which 14,000 sq m of residential space with 410 of new units

- Demand for new residential units in Novi Sad is characterized as strong and stable

- Highest construction activity in Novi Sad is recorded at Liman, Ademicevo Naselje, Nova Detelinara and Sajmiste settlements, as well as along Somborski Blvd. and Blvd. of Europe

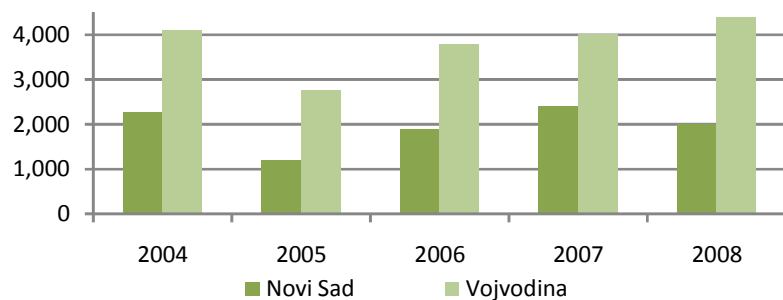
- Due to the global crisis, residential prices in Novi Sad declined by average 10 - 15% for the old constructions, while new apartments characterized stable prices with downfall of 5% in some areas

NOVI SAD REAL ESTATE OVERVIEW

Residential Market Overview

Supply of residential units in Novi Sad records highest level in Serbia, after the capital city of Belgrade. According to the official 2008 data, Novi Sad participated with 10% from total residential development in Serbia and 45% from total development in Vojvodina. Largest delivery of new apartments was in 2007 with 2,401 of new dwellings, while 2008 recorded a decrease in supply for 17%.

Number of constructed apartments



Source: National Statistic Office

Highest construction activity in Novi Sad is recorded at Liman, Ademicevo Naselje, Nova Detelinara and Sajmiste settlements, as well as along Somborski Blvd. and Blvd. of Europe, where, according to the city plans, is predicted construction of cca 2,800 of new apartments in the period to come. Major developments are structured as buildings from 2,000 - 5,000 sq m with 3 - 5 floors, being developed by domestic investors, with few international developers which came to the market in 2007.

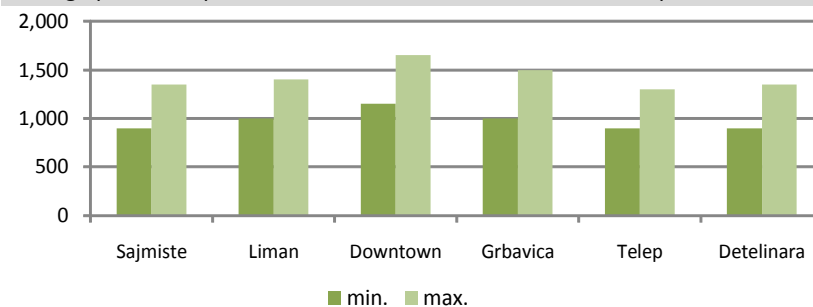
Most prominent supply in 2009 in Novi Sad was mixed-use building "Boulevard Center" with gross buildable area of 50,000 sq m, out of which 14,000 sq m of residential space with 410 of new units.

Demand for new residential units in Novi Sad is considered as strong and stable, as it records high level of population increase, respectful employment rate, as well as one of the highest household incomes' in

Serbia, after Belgrade. The strongest demand is for one-room and two-room apartments, while 2008 recorded demand increase for three-room apartments.

Prices of residential units record an increasing trend in past years and have reached highest ranges in 2007/2008. Due to the global crisis, prices in Novi Sad declined by average 10 - 15% for the old constructions, while new apartments characterized stable prices with downfall of 5% in some areas.

Average prices of apartments in Novi Sad settlements, EUR / sq m



Source: Danos, Serbia

Pipeline for 2010 expects to deliver 29,000 sq m of residential space from the mixed-use project "Park City", while another project called "Zoned Penthouse" will deliver another 304 new apartments structured in a mixed-use building area of 31,000 sq m. Project called "Suncana Strana" is expected in 2H 2010 to deliver to the market 500 new apartments spread over residential complex area of 31,100 sq m.

Major projects in pipeline

Project name	Location	No. of apartments	Investor	Deadline
Park City	Liman III	280	Vondel Capital	1Q 2010
Zoned Penthouse	Suboticki Blvd.	304	Zoned Gradjevinar	1Q 2010
Suncana Strana	Avijaticarsko Naselje	500	Building Direction of Serbia	2h 2010

Source: Danos, Serbia

- Retail market is mainly focused on high street areas with only few new developments such as Mercator shopping center and Sad Novi Bazaar

- Big box market is more vibrant

- Only one delivery in 1H 2010 is announced on the behalf of Dutch investor Vondel Capital, which is developing mixed-use project "Park City" comprising 12,000 sq m of retail area

- Rent levels in Novi Sad experienced a decrease of 10 - 15% during 2009 due to the global crisis, demand decrease and increase of vacancy rate in all retail segments

- Office market is mainly to be found as concept of converted apartments and houses along the main city business areas. New office developments are mainly concentrated along Oslobođenja Boulevard.

- Largest delivery of office premises in 2009 is opening of mixed-used building "Bulevar Center" comprising 7,750 sq m of office space

Retail Market Overview

Supply of new developments in Novi Sad retail sector was mainly concentrated on big-box and small shopping center units. First and the largest big-box center was "M Rodic" center, opened in 2004 while the first modern shopping center - Mercator was opened in 2007. There are several smaller shopping centers located mainly in downtown area, such as "New Nork" center, "Lupus" center and, "Sad Novi Bazaar".

In 2009 were no major activities in this retail segment, while in 2010 opening of "Mr. Bricolage" center with an area of 2,400 sq m is scheduled.

Major big-box centers in Novi Sad				
Project name	Location - Street	GBA, sq m	Investor	Opening year
M Rodic	Temerinski Put	16,500	Mercator	2004
Metro C & C	Put Partizanskog N.O.	5,800	Metro Group	2006
Tempo	Tekeljina bb	12,000	Delta Holding	2006
Merkur	Rumenacka Street	9,600	Merkur Group	2007
Tus	Novo Naselje	1,550	Tus	2008
Tempo Express	27 Novembra Street	1,100	Delta Holding	2009

Source: Danos, Serbia

Major shopping centers in Novi Sad				
Project name	Location	GBA, sq m	Investor	Opening year
Lupus	Downtown	5,500	n.a.	2003
Sad Novi Bazaar	Downtown	11,000	Bazar A.D.	2006
New Nork	Blvd. Mihajla Pupina	7,500	n.a.	2007
Mercator	Blvd. Oslobođenja	36,000	Mercator	2007

Source: Danos, Serbia

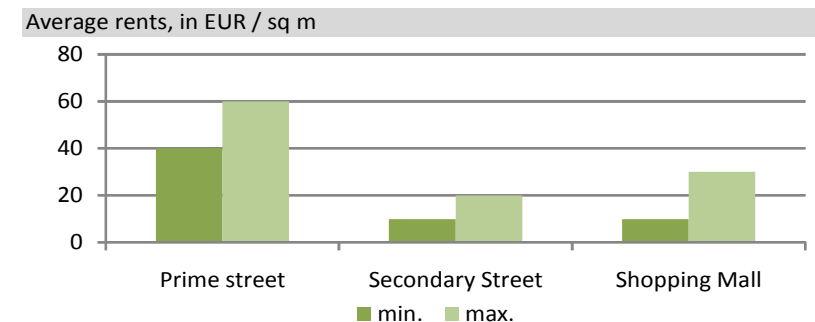
Pipeline and current situation in Novi Sad retail segment is not so bright due to the global crisis. There is only one shopping mall delivery announced for 1H 2010 on the behalf of Dutch investor Vondel Capital, which is developing mixed-use project "Park City" comprising 12,000 sq m of retail area.

There are several announcements of shopping mall developments. Israeli company "BIG CEE" is about to start with retail park development in the 3rd Industrial Zone location, comprising gross leasable area of 28,500 sq m.

Announced development comes from America-based Company Ocean Atlantic international which plan to develop the largest shopping mall in

Novi Sad and Vojvodina, with GLA of 39,000 sq m, which will develop along with Immo East company. Also, local company Delta has announced development of retail power park comprising 45,000 sq m of leasable area. Timeline for these developments is still not known.

Rent levels in Novi Sad experienced decrease of 10 - 15% during 2009 due to lower demand and increase of vacancy rate in all retail segments:



Source: Danos, Serbia

Office Market Overview

Major office stock in Novi Sad, if we don't take into consideration converted apartments, is structured as Class B premises, located mainly along Blvd. Oslobođenja and Jevrejska Street, with average size ranging from 1,000 - 3,000 sq m. Main tenants in these premises are bank branches, consulting companies, financial and law firms, occupying average area from 100 - 500 sq m.

Largest office delivery in 2009 was opening of mixed-used building "Boulevard Center" comprising 7,750 sq m of office space, while in 1Q 2010 we expect another 6,000 sq m of modern office space from another mixed-use project - "Park City" in Liman area.

Rent levels for typical office buildings along Blvd. Oslobođenja and Jevrejska Street, achieve highest range and are in amount of EUR 6 - 12/month/sq m. The converted apartments and offices rents in other Novi Sad areas are in range from EUR 5 - 8/sq m/month.

• *City authorities of Novi Sad have identified industrial / logistic segment as an initiative of bringing foreign and domestic investors, offering them many advantages for their businesses, such as great geo-strategic position, road connectivity, transportation network, affordable human resources, as well as taxation and land-construction related relieves*

• *Novi Sad has 10 industrial / work zones divided into different city areas and one Free Zone located within the city boundaries*

Industrial / Logistic Market Overview

Novi Sad has 10 industrial / work zones divided into different city areas, located mainly at entrances / exits from the city. Companies that are located at these areas are mostly come from pharmaceutical industry, construction, wholesale, retail as well as agriculture and food/meat processing industry.

Novi Sad also comprises a Free Zone, located in the city's boundaries, along the Danube coast, and has at its disposal 9.500 sq m of closed storage space. Open storage space consists 6.500 sq m and is convenient for storing of agricultural machinery and vehicles. Within the open warehouse, there is covered space for goods that doesn't need any special storing conditions in the closed warehouse.

Free Zone Novi Sad has at its disposal the construction land on three locations, approx. 7.5Ha in total.

Major industrial / logistic / warehouse facilities are located along Rumenacki Put and Futoska Street, where many companies from chemical, construction, agriculture, wholesale industry allocated their premises.

Rental levels for newly constructed facilities range from EUR 3 - 5 / sq m / month, while prices for older constructed facilities range from EUR 2 - 3 / sq m / month. Asking transactional prices ranges from average EUR 300 - 600 / sq m, depending on a construction date, infrastructure, ceiling height, equipment, heating/cooling system etc.

There are no major activities regarding development of industrial, warehouse or retail big-box facilities in the 2010.

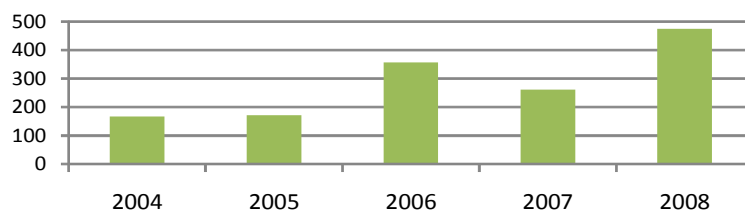
SUBOTICA REAL ESTATE OVERVIEW

- *Population of 99,981 inhabitants (2002 Census)*
- *As the second largest city in Vojvodina, Subotica records relatively high level of development activities, but due to the crises all market activities are almost stopped*
- *In comparison with population number, Subotica has quite developed retail market, with special emphasis on prime street retail units and big-boxes*
- *Subotica enjoys great advantage regarding industrial / logistic real estate sector, such as location near Hungarian border, Croatia and Romania; the city is connected with several important traffic corridors and railways network, such as Corridor X, E - 75 Highway (Budapest - Subotica - Belgrade - Athens), E - 85 railway (Budapest - Subotica - Athens) etc*

Residential Market Overview

Starting from 2005, Subotica recorded increased residential development comparing years before. According to the official data's, year 2006 recorded almost 50% increase in residential delivery comparing 2005, while in 2008 almost 500 new apartments were constructed, representing highest delivery in past several years.

Number of constructed apartments in Subotica



Source: Danos, Serbia

A price level for apartments in the city depends on its location, structure and year of construction. Prices for new constructed apartments and apartments in downtown area ranges from EUR 700 - 900/sq m, while in wider city area they ranges from EUR 400 - 600/sq m.

Retail / Office Market Overview

Major chain of small-area markets is "Univerexport" company with 31 shops around the city. Other supermarket operators present in Subotica are: MRodic, KTC, Idea, Tus and Tempo.

Major big-box centers in Subotica

Project name	Location	GBA, sq m	Investor	Opening year
Ziper	Beogradski Put	2,000	Local	2003
M Rodic	Segedinski Put	12,000	Slovenia	2004
KTC	Pacirski Put	6,000	Local	2006
Idea	Ivana Milutinovica	4,500	Croatia	2007
Tus	Bajnatska	3,000	Slovenia	2008
Tempo Express	Jo Lajosa	1,000	Serbia	2009

Source: Danos, Serbia

In 2007, Subotica saw opening of the first modern concept shopping mall by opening of "Galleria" business center, comprising "Attrium" shopping mall and office space with total area of 11,000 sq m. investor of this project is Austrian company Phiwa.

Transactional activities regarding retail shops along prime street locations show average price ranging from EUR 800 - 1,200 / sq m, while in other less attractive locations average prices range from EUR 500 - 800 / sq m. Rent levels are from EUR 8 - 15 / sq m / month.

Offer of office space consists of converted apartments in downtown area, especially along Korzo Street. Rent levels range from EUR 2.5 - 4 /sq m/month for less attractive locations, while average rents for office space in downtown are from EUR 5 - 10 / sq m/month.

Announced in the period to come is construction of shopping mall called "Avenue Mall" from Israeli "GTC" company. It will comprise 35,600 sq m of gross buildable area, out of which 26,600 sq m for lease.

Industrial / Logistic Market Overview

Free Industrial Zone encompasses an area of 11Ha and 26,000 sq m of available space for production / warehouse. Industrial Park is the latest initiative regarding establishing one more industrial/logistics zone. The proposed location involves land area of 21 Ha, with planned development in 3 phases. Largest logistic facility constructed in Subotica is "Logistic Center Subotica" from the investor "Phiwa", comprising 3 facilities with area of cca 13,000 sq m each.

Rental levels for brand new warehouses within new industrial zones are EUR 2 - 4 / sq m, while older warehouses reach the level of EUR 2 - 4 per m2.

- Population of 21,472 of inhabitants

- Pecinci real estate market experienced high level of development from 2001, as many foreign investors recognized this municipality as great potential for industrial / logistic development

- Due to its vicinity to the capital of Belgrade as well as vicinity to the E-70 Highway and national airport "Nikola Tesla", Pecinci has grown into most developed industrial / logistic zone in Serbia

- Part of Pecinci municipality - Simanovci settlement, represents the main investment location

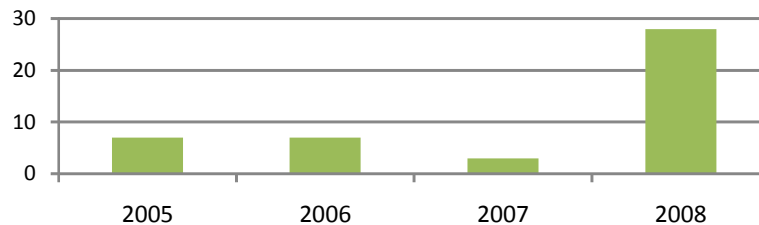
- Major announcement and the largest real estate project in Pecinci is announced construction of business-commercial and tourism complex on the behalf of Italian company "Bernardi"

PECINCI REAL ESTATE OVERVIEW

Residential / Retail / Office Market Overview

This municipality is characteristic for almost no new apartment developments. According to the official data's, only 45 new apartments were built from 2005, with none of them constructed in 2004. In residential sector are prevailing private houses with older date of construction and average price range from EUR 220 - 400 / sq m.

Number of constructed apartments in Pecinci



Source: Danos, Serbia

Retail / office market in Pecinci municipality is almost none existing. Retail is mainly consisted of small shops in the ground floor of private houses, while office space is mainly structured as part of warehouse / industrial facilities.

Industrial / Logistic Market Overview

Part of Pecinci municipality - Simanovci settlement, represents the main industrial / logistic zone in vicinity of Belgrade, comprising 2,500Ha of land assigned for new developments. A detail regulation plan for the industrial zones anticipates production, warehouse, manufacturing and other purpose facilities that do not pollute environment.

Many companies, such as JU Boje, Pink Int., ITM Group, Don Café, Polino etc. have opened their production / warehouse facilities in Simanovci settlement. Largest industrial / logistic developments in the area represent Don Café production / warehouse center area of 30,000 sq m, MGM Inzenjering distribution center area of 14,800 sq m, ITM Group distribution

center area of 11,000 sq m, Lagermax distribution center area of 11,000 sq m etc.

Rental levels for warehouse / logistic Class A facilities in this area range from EUR 4 - 4.5 per sq m, and for Class B from EUR 3 - 4 per sq m, while land prices ranging from EUR 10 - 30 per sq m, which represents significant downfall having in mind that land in Simanovci kept price range from EUR 30 - 60 per sq m in 2007/2008.

Pipeline for new developments in Pecinci municipality doesn't record many activities, as many speculative domestic investors bought land waiting to resell it at higher price. Due to the crisis, many international operators postponed or canceled their arrival to the Pecinci and Simanovci Industrial Zones, so now land owners offering land under favorable prices in order to attract investors again.

Major **announcement** and the largest project that is expected in Pecinci is construction of business-commercial and tourism complex from the behalf of Italian company "Bernardi". This company already paid first amount for land contributions. In the first phase of construction is planned development of outlet center with area of 40,000 sq m, amusement park of 30,000 sq m and retail center of 100,000 sq m. The complex would comprise also a hotel with 250 beds. Timeline of this development is still unknown.

- Population of 52,750 of inhabitants

- The logistic and industrial market started to develop in the year 2004 due to attractive location of the city and business friendly local administration that became renowned for its e-government model.

- Following the growth of this real-estate sector and due to aggressive marketing strategy of the local authorities, the residential and retail market followed since 2007.

- The growth of the real estate sector was in accordance to the market size of the municipality.

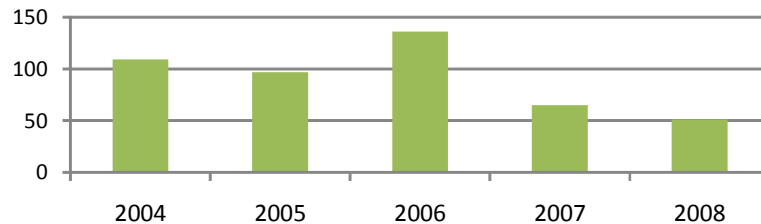
- The most prominent investment has been the new mix used commercial and retail complex "Tradeunique Center" in the downtown of the city. TQ Center is a 30mil investment on 43,000 sq m and consists of a residential center, business center, shopping center and an Expo center.

INDJIJA REAL ESTATE OVERVIEW

Residential Market Overview

Number of newly developed apartments in Indjija in 2007 was 65 while in 2008 was 51. Largest residential developments are located exclusively in the down town of Indjija municipality - the „Moskva“ apartment building with 110 apartments, together with several retail units in the ground floor, constructed in 2008. Outside the center of Indjija, is recorded construction of smaller residential units, ranging from 8 - 20 apartments per building.

Number of constructed apartments in Indjija



Source: Danos, Serbia

The largest project under construction represents residential development with 300 apartments in Novosadska Street, being developed by "Pankomerc" Company, of which approximately 30 - 40% is sold on the market in the early construction phase during 2009. Expected time of delivery is H2 2010.

Another large residential delivery is expected in 1H 2010 from the project "Tradeunique center", with total number of 95 residential units at GBA of cca 10,000 sq m. Apartments are almost sold out and sales price for remaining few apartments is EUR 1,100 / sq m.

Range of prices for apartments is from EUR 500 - 1,000 / sq m. The older apartments range between EUR 500 - 700 / sq m, while new built apartments are priced between EUR 800 - 1,100 / sq m.

Major **announcement** is construction of approximately 250 residential units in period 2010/11 along the Novosadska Street.

Retail / Office Market Overview

Mixed-use building called "Tradeunique" is the only one offering quality office space in Indjija with 4,632 sq m of office area spread over 4 floors. 3 floors have already been sold, with fourth floor currently on sale with asking price of EUR 1,900 / sq m. Within this complex, there is also a multifunctional Expo Center for small fairs and manifestations on area of 1,371 sq m. Still, main concept of office space is to be found as converted apartments along main streets.

As for the retail market, Mercator has opened first retail center with GBA of 2,500 sq m, while other larger supermarket is Univerexport supermarket with GBA of 500 sq m.

Main delivery in the retail segment is expected for 1H 2010 from the "Tradeunique" project. Expected delivery is shopping mall with 6,350 sq m of leasable area. Some of the expected tenants are DM - drogerie markt, Benetton, Puma, Katrin, Beba Kids etc. One of the main anchor tenants at the mall is Maxi supermarket spreading on 2,000 sq m.

Industrial / Logistic Market Overview

The industrial and logistic market has recently suffered due to the economic crisis in Indjija. This municipality has been able to attract some EUR 300mil of foreign investments since 2004 from Germany, Austria, Italy, Slovenia, Denmark, Bulgaria, Romania, India and Canada. The Northeast industrial zone has 280 hectares and a free zone, with currently 50% vacancy, while the Southeast industrial zone has 20% vacancy on its 100 hectares. There is no agricultural land left, all has been sold and converted into the industrial zones.

The largest announced investment is the EUR 600 mil Technology Park by the Indian company "Embassy Group" which is expected to commence construction this year. Municipality of Indjija has used its strategic location, business friendly administration and e-government model together with aggressive marketing and various incentives to lure several of its biggest investors (such as provision of free land for the Embassy group IT Park).

- Population of 67,576 of inhabitants

- Situated in the southeast of Srem region, which covers the northern part of Serbia

- Located between the two largest cities and consumer centers in Serbia – the capital Belgrade (30 km) and Novi Sad (40 km)

- Population of 70,000

- Major investments in real estate segment of industrial / logistic facilities

- Many companies from chemical, construction, agriculture industries opened their facilities here

- Major delivery in 2010 is expected from the construction of "House of Football" sports complex

- Announced new construction in Stara Pazova area is development of first modern industrial / logistic park area of 85,000 sq m on a land plot area of 17Ha, from the investor "Immo Industry Group"

- There is also announcement of construction of logistic center "Eyemaxx" in Stara Pazova, area of cca 50,000 sq m

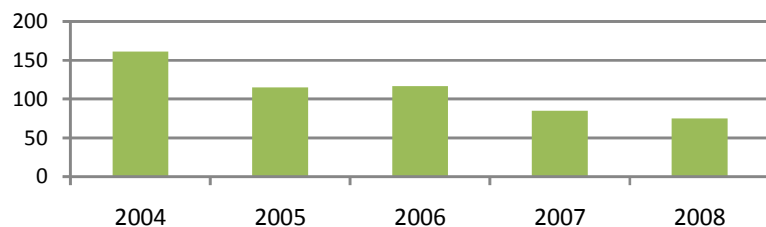
STARA PAZOVA REAL ESTATE OVERVIEW

Residential Market Overview

Residential market in Stara Pazova is mainly characterized as concept of smaller private houses, with low level of apartment-buildings development. Due to the municipality's economy expansion in past few years, an increase in population inflow was recorded, which stipulated a higher demand for apartments.

Around 100 new apartments yearly are being constructed in Stara Pazova, with decreasing construction trend from 2004, and are structured mainly as smaller buildings with 2 - 4 floors.

Number of constructed apartments in Stara Pazova



Source: Danos, Serbia

Average prices of new apartments in Stara Pazova ranges from EUR 600 - 900/sq m, while prices of houses ranges from EUR 300 - 500/sq m.

Industrial / Logistic Market Overview

There are three industrial zones in the Municipality: The industrial zone in Stara Pazova covers an area of 125 hectares (the size of the plots ranging from 3,757 sq m to 11,591 sq m). It is located 500 m away from the E-75 highway (Novi Sad – Belgrade), 30 km north of Belgrade and 25 km away from "Nikola Tesla" airport.

Industrial zone in **Nova Pazova** (Blok 25) covers 87 hectares and is situated in Nova Pazova – 22 km away from Belgrade and 20 km away from "Nikola Tesla" airport. This industrial zone is equipped with major utilities: water

supply, sewerage, gas, optical cable, electricity, internal roads and access to the road M-22/1.

Industrial zone in **Krnjesevci** has a planned area of 580 hectares. It is situated 800 m away from the road E-70, 20 km away from Belgrade and 12 km away from the airport. Planning and construction of infrastructure facilities of this zone has commenced, and it is one of the priorities of the development of the Municipality.

One of the largest production facilities in Stara Pazova industrial zone is manufactory plant "Gorenje" from Slovenia, area of 10,000 sq m constructed in 2010.

In 2007, "Milsped" Company opened large logistic center in Krnjesevci settlement, with warehouse area of 21,000 sq m on a land plot area of 6Ha. There is also one of the biggest auto centers "Mercedes" in Serbia, encompassing an area of 4,210 sq m.

Rental prices for newly constructed warehouse / distributive centers range from EUR 3 - 5 / sq m / month, while selling prices for these facilities ranges from EUR 350 - 500 / sq m.

Announced projects in the period to come is construction of first modern industrial / logistic park in Stara Pazova from the Belgian investor "Immo Industry Group", planned area of 85,000 sq m on a land plot area of 17Ha. There is also announcement from the "S.A.B. Estetik" Company of construction of logistic center total area of 15,000 sq m in Krnjesevci area.

- Population of 130,000 inhabitants in the wider city area

- Developed regional road network. Distance from Belgrade – 17 km

- Airport “Zrenjanin”, the largest class C airport in Balkans

- Four new industrial zones, equipped with infrastructure and offered for lease under favorable terms

- The first investment/real estate cycle started with development of industrial/production premises

- The major investments come from Italy, Netherlands, Hungary, France, Slovenia, etc giving to Zrenjanin recognition as a business incubator of the Banat Region

- In last five years residential and commercial/retail segment attracted significant focus of local investors

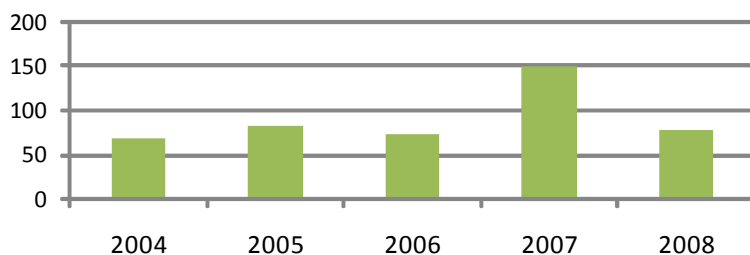
- Demand for commercial/retail developments started with intensive investments in industrial sector that enabled slow revival of Zrenjanin economy and overall living standard of local population

ZRENJANIN REAL ESTATE OVERVIEW

Residential Market Overview

Number of newly developed apartments in 2007 was 151 while in 2008 was 97 which was insufficient to meet increased demand which putted pressure on sales prices that achieved level of EUR 1,000 per sq m. Revival of demand caused strong pace of new developments and delivery of 200 apartment units in 2009.

Number of constructed apartments in Zrenjanin



Source: Danos, Serbia

Compared with previous years, demand for residential units in Zrenjanin remained insignificant in 2009 which has a negative influence on sales prices and overall development activity that is almost completely stopped in 2009.

The strict financing conditions imposed by banks, clients’ uncertainty regarding future incomes led to a cautious approach to buying new apartment. All these factors have an influence on market prices which experienced 20 - 30% decrease in 2009 and average price level for new developments is between EUR 750 - 900 per sq m depending on location. The main investors are local companies such as Home Invest and Eurodomus.

Commercial / Retail Market Overview

Demand for office space is scarce with just few office buildings available. Most of available office stock in Zrenjanin is owner occupied. Only new office building is Mering building. This brand new office space is located in central part of the town, Oslobođenja Boulevard, close to the pedestrian zone. The building consists of 1,200 sq m and is offered for lease. Rental level for office space is EUR 5-7 per sq m while asking sale price is EUR 790 per sq m.

Retail market is also undersupplied especially in terms of modern retail schemes such as shopping centers and supermarkets. New mixed use commercial center named Renaissance have been developed in 2008 bringing to the town 2,800 sq m of gross buildable area. Small shopping center, located in downtown area, occupies the first three floors while remaining part is organized as office space.

The main shopping zone is the high street area and small shopping centers. High street retail rents ranging from EUR 20-30 per sq m. Secondary retail streets achieve range of EUR 5-10 per sq m.

Regarding supermarkets there are present mainly local chains such as Maxi, Roda, Gomex, Univerexport and Croatian Idea. Local chain Gomex is the most competitive with 11 markets and one modern supermarket with area of 2,000 sq m. Univerexport has opened retail center with area of 5,900 sq m out of which 3,200 sq m is supermarket while remaining 2,700 sq m is occupied by Tehnomarket.

Major shopping center in Zrenjanin

Project name	Location - Street	GBA, sq m	Investor	Opening year
Renaissance	Kralja Aleksandra I Karadjordjevića	2,800	Local	2008

Source: Danos, Serbia

Major big-boxes in Zrenjanin

Project name	Location - Street	GBA, sq m	Investor	Opening year
Gomex	Marka Oreskovica	2,000	Local	N/A
Univerexport	Barska	5,900	Local	2008

Source: Danos, Serbia

Announced development is retail/commercial center of approximately 40,000 sq m with hypermarket, furniture store, electronics, sport and fashion, etc. Within the complex will be gas station and restaurant. Estimated investment is EUR 40 million. Land is already leased in Bagljas west zone while investor is Arcadom (Hungary).

Second announced development is shopping center in the area of Ardac, with estimated investment of EUR 5 million. Investor is Supernova (Germany).

• *Due to the crisis all market segments in 2009 experienced significant slowdown as a consequence of low demand and lack of investments that were the main market driver in the last couple of years*

• *Market is still undersupplied especially in retail sector.*

Industrial / Logistic Market Overview

Zrenjanin investment market is the most vibrant especially considering industrial/production sector which attracted approximately EUR 120 million. With four industrial zones such as Bagljas, Ecka, Elemir and RTC Zrenjanin municipality offered free land with favorable infrastructure development fee and efficiency in issuing all necessary permits. The largest investments were in oil and food processing sector as well as manufacturing sector. Among the largest investors are Croatian "Agrokor", French "Bongrian Group", Italian "Pompea" and "Fulgar" and Slovenian "Perutina Ptuj".

Logistic sector started with development together with industrial, but there are still no many speculative developments offered to the market. Among the largest logistic premises is Phiwa (Germany) logistic centre with area of 14,000 sq m.

Rental levels for brand new warehouses within new industrial zones are EUR 2-3 per sq m.

Announced development is warehouse space; investor is Pompea (Italy).

- Population of 130,000 inhabitants in the wider city area

- Development of future ring road and bridge over Danube will enable better connection of Pancevo region with southern part of the country and Corridor X. Distance from Belgrade – 75 km and Novi Sad – 50 km

- Two newly established (2009) industrial zones for Greenfield investments

- The major investments come from Lithuania, Austria, Turkey, Slovenia, Israel, etc

- In last few years residential and retail segment attracted significant focus of mainly local investors. Retail segment is still active and opening of several supermarkets are expected while two retail projects are currently under construction

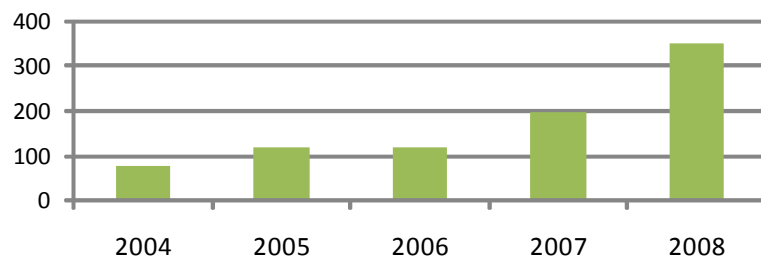
- Pancevo is known as industrial center and most of foreign investments are in this segment.

PANCEVO REAL ESTATE OVERVIEW

Residential Market Overview

Residential is the most active real estate segment that experienced strong development in 2007 and 2008. Number of newly developed apartments in 2007 was 201 while in 2008 was 353 which was insufficient to meet increasing demand which caused commencement of construction of few large scale developments during 2008 - 2009. The largest project in the market is known as Tamis Gate. This is mixed use development, with supermarket and first shopping mall in Pancevo and 240 residential units.

Number of constructed apartments in Pancevo



Source: Danos, Serbia

Regarding residential developments it is important to mention that demand is insignificant comparing 2008 which influenced postponing of many developments as well as price decrease. Market prices have decreased 20% on average during 2009 and average price level for new developments is between EUR 800-1,000 per m2 depending on neighborhood. The main investors are local companies except Tamis Gate project where investor is Slovenian company A1S.

Commercial/Retail Market Overview

Office market is undeveloped and office premises are usually settled in converted apartments. Older office buildings are mainly owner occupied and offer of new office space is limited due to lack of speculative developments. Rents for office space are EUR 5-7 per sq m while prices for brand new office space in the central zone are between EUR 900 - 1,100 per sq m.

Compared with office retail market is more developed and competitive with many new premises and projects currently under construction. Supermarket chains that

are active in Pancevo are M-Roda, Tempo Express, Maxi, Si Market. Tempo Express supermarket is the only retail development in 2009 and consists 1,000 m2 of retail space.

Currently under construction is supermarket of local chain DIS with total area of 4,500 sq m and Idea with total area of 3,700 m2. These supermarkets are scheduled for opening in 1H 2010.

Despite the economy crisis and lower consumer spending, two retail/shopping mall developments are under construction. The first project is shopping center "Tamis Gate" with leasable area of 5,500 sq m. Construction timeline is not known since the project is postponed until further notice. The second project under construction is "Mall of Pancevo" with leasable retail area of 3,850 sq m in the first stage while total development will have an area of 30,000 sq m. The total project is conceptualized as Retail Park. Asking rents in "Tamis Gate" are between EUR 15 - 20 per sq m while rents in "Mall of Pancevo" retail park ranging from EUR 12 - 15 per sq m on average.

Project name	Location - Street	GBA, sq m	Investor	Opening year
Mall of Pancevo	Milosa Obrenovica	30,000	Israel	First phase - 2010
Tamis Gate	Dositeja Obradovica	5,500	Slovenia	N/A
Source: Danos, Serbia				
Major big-boxes in Pancevo				
Project name	Location - Street	GBA, sq m	Investor	Opening year
M Rodic	Skadarska	3,300	Slovenia	2000
Si Market	Pacirski Put	3,500	Local	2006
Tempo Express	Milosa Trebinjca	1,000	Local	2009
Idea	Dositeja Obradovica	3,700	Croatia	under construction -2010
DIS	Milosa Obrenovica	4,500	Local	under construction -2010
Source: Danos, Serbia				

Industrial/Logistic Market Overview

Pancevo investment market has not appeared as attractive to foreign investors since the municipality had not been recognized as attractive investment destination. Old industrial zones are active and during 2009 are established two new zones determined for Greenfield investments. The largest investments were from privatization process and acquisitions. Among the largest investors are Lithuanian "UAB Arvi" and Turkish "Efes".

Logistic sector is inactive with scarce offer of new warehousing premises. Rental levels for new warehouses within industrial zone are EUR 3-3.5 per sq m while older warehouses reach the level of EUR 1-2 per sq m. Asking sales prices for warehouses are between EUR 200-300 per sq m.



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Danos Company operates for 42 years in Greece and Cyprus, while in 2009 offices in Belgrade, Tirana and Sofia were opened.

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Market Survey was prepared by Valuations and Investment Advisory team – Danos Serbia.

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