Aviv Arlon Holding d.o.o., December 2015

Valuation Report on Aviv Park Pančevo, Serbia

Aviv Arlon Holding d.o.o.
Vladimira Popovića 6
11000 Belgrade
Serbia

For the attention of:
Mrs. Or Feldman

Jones Lang LaSalle d.o.o.
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January 15, 2016

Dear Sir/Madam,

VALUATION OF THE AVIV PARK, PANCEVO, SERBIA

We have pleasure in reporting to you in accordance with our valuation engagement letter dated December 2015 regarding the above property. We understand that the valuation is required for Financial Reporting purposes.

We inspected the property on 13th January 2016 and have carried out all the necessary enquiries with regard to investment value, planning issues and investment considerations.

We have not been instructed to carry out a building survey or environmental risk assessment. We have been provided with floor areas by the Client and have assumed that these have been prepared in accordance with SRPS standard.

Basis of Valuation

Our valuations will be carried out in accordance with the Practice Statements in the RICS Valuation – Professional Standards, 9th Edition (the “Red Book”), the International Financial Reporting Standards (IFRS) and International Valuations Standards (IVSC) on the basis of Market Value.

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

For the subject purposes the above Market Value definition under RICS meets the Fair Value measurement requirement under IFRS 13.

The full interpretive commentary on this definition is attached at Appendix 3. The report is subject to, and should be read in conjunction with, the attached General Terms and Conditions of Business and our General Principles Adopted in the Preparation of Valuations and Reports, which are attached in the Appendices 1 and 2.

Having regard to the contents of this Report, we are of the opinion that the Market Value of Aviv Park Pancevo, Serbia subject to the assumptions outlined in the Report, as at 31st December 2015, was in the region of:

MARKET VALUE OF THE AVIV PARK PANCEVO

€36,000,000

(Thirty Six Million Euro)

MARKET VALUE OF THE AVIV PARK PANCEVO SURPLUS LAND

€1,400,000

(One Million Four Hundred Euro)

Market Value is understood as the value of the property estimated without regard to cost of sale or purchase, and without offset for any associated taxes. Therefore no allowances have been made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. The property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

The above value assumes Klupko d.o.o. has 100% share in the property

Transaction costs typically comprise the following:

(a) Stamp duty is 2.5%; however it is not applicable for the transfer of shares of an asset holding company.

(b) Court registration and Notarial fees: vary according to transaction.

(c) VAT is chargeable on first transaction of a property improved after 1 January 2005 and it is not charged on any later transaction. VAT rate is 20% with exception for residential properties where is 10%. Sale of share is VAT exempt for the first sale.

(d) Agent's fees at 1-3% of purchase price plus VAT. It is more likely that a fee of 2% would be charged on an investment disposal and a higher fee around 3% charged on the acquisition of land.

This Report on the Aviv Park Pancevo has been prepared for and only for Aviv Arlon Holding d.o.o. for financial reporting purposes. The property has been valued as at 31 December 2015 on the basis of Market Value for financial reporting and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility or liability in respect of the whole or any part of the report or valuation for any other purpose or to any other person or entity to whom the report or valuation is shown or disclosed or into whose hands it may come, whether published with our consent or otherwise, except where expressly agreed by our prior consent in writing.

Finally, and in accordance with our normal practice we confirm that this report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it is to appear.

Yours faithfully,

H. Нешованови

Nebojsa Nesovanovic MRICS
National Director
Head of Valuation Department SEE

Danica Jelaca

Danica Jelaca MRICS
Associate Director
JLL

JLL

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Appendices

1 Executive Summary

Address

12 Milosa Obrenovica Street, Pancevo, Serbia

Location

The subject property is located in Pancevo, in the province of Vojvodina, approximately 15km northeast from the capital city of Belgrade. Pancevo is located on the left bank of Danube River.

The subject property is located east from the centre of Pancevo, 1,900 m from the main square (Trg Slobode) in the centre of the city

The subject property is located within a block bordered by Prvomajska Street, Milosa Obrenovica Street and Bore Stankovica Street. Prvomajska Street is also part of international highway route E70 (Belgrade – Timisoara – Bucharest). Milosa Obrenovica Street is also an important road and it connects the subject property with the city centre.

Description

In total there is 72,920 sq m of land area.

Aviv Park in Pancevo is big box format retail park. Most of the buildings have only ground floor, except part of the Vth phase of the centre (delivered in 1H2013) and H&M store. First phase of development comprised of the big box supermarket which is currently occupied by DIS d.o.o. Krnjevo. Buildings are extending from north to south. North side of the plot represents the main entrance from Milosa Obrenovica Street. There is also an entrance on the southern side of the plot from Prvomajska Street. There is a central parking area which is located between two buildings. Each of the buildings has numerous retail units facing the parking lot located in the middle. There are two retail units, cafe and food retailer, located in the middle of the parking lot.

In 2014 H&M store was opened, positioned on the south part of the site, closer to Prvomajska Street. According to delivered documents, object extends on 2,598 m2 (GBA) on GF+1.

In 2014 was also opened McDonald's restaurant with 420 m2 GLA. McDonald's object occupies south border of the site with long frontage along Prvomajska Street. Latest phase delivered in the center is cinema opened in the second half of 2015.

Accommodation

Finished objects within retail park occupy 27,877 m2 GLA. Project was delivered in several phases with the latest object delivered in the second half 2015 positioned on GF+1 with cinema and retail stores occupying 1,986 m2 GLA.

Surplus land offers additional potential for construction, estimated at 6,700 m2.

Tenure

According to the Ownership document number 11835, which was provided to us, the subject site consists of one cadastral parcel number 4733, Cadastral Municipality of Pančevo, with area of 72,920 m2. Ownership over land is registered to Klupko d.o.o.

There is a mortgage over the property and lease agreements to Erste registered in the Netherlands.

Tenancy

Total GLA of finished buildings in Aviv Park is 27,877 m2 GLA, including H&M standalone retail object 2,523 m2 GLA and McDonald's restaurant occupying 420 m2 GLA opened in 2014. So far, there are 85 retail units. The biggest part of the retail park is occupied by DIS Supermarket (16%), followed by H&M store occupying 10% of the total area of the centre. Highest portion of the centre is still occupied by clothing retailers.

Key Valuation Assumptions

Standing Investment with cinema planned development– Income Approach DCF

(a) Our valuation is made on 31st December 2015;

(b) The exchange rate that has been adopted is 121.63 RSD/EUR according to the National Bank of Serbia as of 31st December 2015;

(c) We have not carried out building's measurement. We have obtained the tenancy schedule dated December 2015 by Aviv Park Pancevo for the subject property and based our calculations on the assumption that total gross lettable area of existing buildings comprises 27,877 m2 GLA.

(d) Rents are mostly subject to annual indexation according to HICP adopted at the level of 1.6% per annum.

(e) All lease contracts are concluded for the definite period of time (5 or 10 years), with exception of few leases. We are not aware of any break options specified. Average WALT for existing structure is 8. 5 years.

(f) Rent is received monthly which is reflected in our calculations.

(g) The retail park is very new and the ERVs are essentially the same as the contract rents and therefore the ERVs are neither significantly under nor over-rented.

(h) After expiry of the current lease agreements we have adopted the annual indexation according to HICP at the level of 1.6 % ;

(i) A 2-month void period has been adopted after the current lease agreements expiry. The expiry void covers the leasing void as well as the leasing costs, utilities costs for vacant areas and the incentives for new tenants;

(j) We have also adopted an allowance in respect of unpaid rent and other non-recoverable operating expenses at 1% and 1% of total gross income respectively;

(k) We have applied 2% on-going vacancy rate starting from the 2nd year of our calculations;

(l) We have applied 9.50% discount rate in our calculations having in mind strong tenant mix and proven performance of the centre over the years.

(m) We have applied 9.00% exit yield in our calculations.

Surplus Land – Residual Valuation

(a) We have assumed additional 4,000 sq m will be built in the future,

(b) The total projected Gross Market Rental Income assuming 100% occupancy is €432,000. We have adopted total non-recoverable costs of 5.0%, including rent frees, loss of rent and non recoverables. Therefore the Total Net Income (assuming Fully Let) is €410,400.

(c) Based on the previous phases we have assumed that the property is 100% pre-let.

(d) We have applied an initial yield of 10.00%.

(e) This indicates a GDV of €4.1 million.

(f) Construction period 1.5 years.

(g) We have adopted a finance rate of 7%.

(h) We have adopted a developer's cost of 17% on costs (€374) to reflect the level of profit that be required by a purchaser to undertake the development project.

(i) Finally, we reached Residual Site Value of **(€1.4 million)**.

Valuation at 31 December 2015

Having regard to the contents of this Report, we are of the opinion that the Market Value of the part of the Aviv Park located in Pančevo, Serbia subject to the assumptions outlined in the following Report, as at 31 December 2015, was in the region of:

MARKET VALUE OF THE AVIV PARK PANCEVO

€36,000,000

(Thirty Six Million Euro)

MARKET VALUE OF THE AVIV PARK PANCEVO SURPLUS LAND

€1,400,000

(One Million Four Hundred Euro)

2 Location

2.1 Macro Location

The subject property is located in Pancevo, in the province of Vojvodina, approximately 15km northeast from the capital city of Belgrade. Pancevo is located on the left bank of Danube River.

Pancevo is the centre of petrochemical industry of Serbia. Three very important petrochemical companies are located in Pancevo – “NIS Petrol” petroleum refinery, “HIP Petrohemija” and “HIP Azotara”. Danube Port, one of the most important river ports in Serbia, is located in Pancevo.

Pancevo has an urban population of around 74,000 inhabitants, while the whole municipality has around 122,000 inhabitants. The total area of the municipality is 148.8 km^2. Pancevo is also the administrative centre of the South Banat district of Serbia.

Pancevo is connected to the capital City of Belgrade through international highway route E70 (Pancevacki drum) and Pancevacki Bridge. Pancevo also has a very good connection with other major cities and towns in Vojvodina – Novi Sad, Vrsac and Zrenjanin.

Map 1: Location of Pancevo in national context of the Serbia

Source: Jones Lang LaSalle, January 2015

2.2 Micro Location

The subject property is located east from the centre of Pancevo, 1,900 m from the main square (Trg Slobode) in the centre of the city.

Pancevo is composed of mostly middle to lower class residential neighbourhoods with couple of large industrial developments. The municipality of Pancevo is bordered by the municipalities of Opovo, Kovacica, Alibunar, Kovin and the City of Belgrade. The city of Pancevo is actually closer that some Municipalities of Belgrade already and has better transport routes.

The subject property is located in the central part of Pancevo. The subject property is located within a block bordered by Prvomajska Street, Milosa Obrenovica Street and Bore Stankovica Street. Prvomajska Street is also part of international highway route E70 (Belgrade – Timisoara – Bucharest).Milosa Obrenovica Street is also an important road and it connects the subject property with the city centre. The shape of the block is triangular and there are Roda big box supermarket and park located within the same block. The subject property is bordered by “FMZ Pancevo” industrial development in the east, residential neighbourhoods in the south and the north and Roda supermarket and NIS Petrol warehouses further on in the west. Other important sites are: Pancevo railway station (1,600 m), the Municipality of Pancevo (1,900 m) and Belgrade Airport (38 km). The subject property is also located in the close proximity of heavy industry – Glass factory (1 km) and “NIS Petrol” petroleum refinery (4.5 km).

Map 2: Micro location of Aviv Park Pancevo

Source: Google Earth

3 Description

3.1 Site

Characteristics

The subject property has good visibility and exposure having in mind that it is located between two important roads in Pancevo. It benefits from frontage on Prvomajska Street and Milosa Obrenovica Street. The main entrance is located on Milosa Obrenovica Street and the frontage is 200 m. The visibility from Milosa Obrenovica Street is partial decreased by the green area planted with trees on the sidewalk. The frontage on the Prvomajska Steet is 170 m, but looking from the main entrance to the retail park, this is a back part of the land plot which is still undeveloped. The terrain is flat.

The subject property is located in the Cadastral Municipality of Pancevo. The land plot comprises of cadastral parcel number 4733. The total size of the land plot is 72,920 m^2 according to the land book number 11835, KO Pancevo, as from November 13, 2015.

The shape of the land plot is irregular – polygonal. This shape of the land plot is adequate for the multi-phase development with several buildings, where each phase would comprise of new building in different part of the land plot, what is the case of the Aviv Park.

The subject property is located in the middle of the block bordered by Prvomajska Street, Milosa Obrenovica Street and Bore Stankovica Street. Rest of the block is occupied by Roda supermarket and park in the west and “FMZ Pancevo” industrial development in the east.

According to the previously provided Extract of Act on Urban Planning, maximum allowed gross area of the buildings can be 156,000 m^2. According to the same document, the subject building should have 700 parking places. According to the same document, the site coverage allowance is up to 80%.

Part of the west and south side of the site is not fully developed. We have identified part of the vacant surplus land behind the fifth phase on the west border of the site with area of cca 4,200 m2 and part of the site south from standing scheme which are adequate for future retail or alternative development.

Access

The general accessibility to the retail park is good since it is located between two very important roads, one of which is a connection to city centre – Milosa Obrenovica Street, and the other is part of international highway route E70 (Belgrade – Timisoara – Bucharest) – Prvomajska Street, and it can be accessed from both of them. There is an access from the north through Prvomajska Street, while from Milosa Obrenovica Street cars can access the property from both directions.

The subject site has a really good connection to city centre (Trg Sloboda, 1,900 m) through Milosa Obrenovica Street. The site is located 2.4 km from Danube River port, 3.5 km from railway cargo terminal, 150m from passenger railway terminal of “Beovoz” and 38 km from Belgrade Airport.

3.2 Services

We understand that all mains services are available to the property including electricity, water and main drainage. We have assumed that the capacity of the services is adequate for the future use of the property but have been unable to verify that this is the case.

3.3 Project description, Construction and Condition

Aviv Park in Pancevo is big box format Retail Park. In spring 2013 fifth phase of the project was delivered. Sixth phase, including H&M standalone object positioned on GF+1 and McDonald's object, was delivered in the second half 2014. The last phase was delivered in second half of 2015 including cinema and several retail units on a ground floor.

First phase of the development comprised of the big box supermarket which is currently occupied by DIS d.o.o. Krnjevo. Buildings are extending from north to south. North side of the plot represents the main entrance from Milosa Obrenovica Street. There is also an entrance on the southern side of the plot from Prvomajska Street. There is a central parking area which is located between two buildings. Each of the buildings has numerous retail units facing the parking lot located in the middle. There are two retail units, cafe and food retailer, located in the middle of the parking lot. There is a sidewalk, 4.8 m wide, along each building in front of the entrances. Sidewalk is made of interlocking concrete paving tiles. There is a roof overhang above the sidewalk. The height of the overhang is 4 m and the width is 3.4 m. There are two public toilets located on each side of the park (one in each building). Around 90% of the units have WC within the unit. There is announcement system and video surveillance in the park.

At spring 2013 new phase has been delivered to the market with GLA of around 4,037m2. It represents annex to object C and consists of U shaped building positioned on GF+1 and GF standalone rectangular structure in front of the main building. Each unit has the entrance from the ground floor. Fifth phase counts 27 retail units (all occupied) and office premises. Concept of the new phase corresponds to retail park format with no common areas and separate entrance for each unit.

As part of sixth phase, H&M was opened in 2014, extending to 2,598 m2 (GBA) on GF+1. Object has skeletal construction with reinforced bearing pillars and plates. Façade is made from aluminium panels. Object is finished and opened in September 2014. As part of the sixth phase new Mc Donald's restaurant was also opened, positioned on the ground floor on the south border of the site. According to delivered usage permit, Mc Donald's restaurant occupies 420 m2.

The last phase of the scheme was delivered in August 2015. New object is positioned next to H&M store and comprised of cinema halls and retail units on a ground floor.

Construction

Buildings are made of prefabricated concrete structure with reinforced concrete slab with an insulated corrugated tin panel facade.

The height of the ceiling is approximately 6.2 m (sample measure: Deichman warehouse, height to the bottom of the beam is 5.6 m). The clear ceiling height in retail units is around 3.4 m. The roof is made of prefabricated beams covered in insulated corrugated tin panels with hydro insulation covering. Most of the units have suspended gypsum ceilings. Some of the units have gypsum boards.

The flooring depends on retail unit. In the hypermarket and DIY unit it is treated finished concrete. In other retail units it is covered in ceramic tiling, laminate or combination of ceramic tiling and laminate. Entrance areas and the WC also have tiled floors.

Retail frontage is made of aluminum framed large glass shop windows. Each retail unit entrance has automatic door with ventilation unit above the door.

Each retail unit has an air-condition system with different solutions depending on the unit. Each unit has fire alarm and protection system. Some of the units have video surveillance.

Warehouse areas do not have ceilings, while floors are treated finished concrete with large bay doors for goods receipt at the back of each unit.

The construction of fifth phase is made of reinforced concrete columns put on 12x12m grid, laid on reinforced concrete slab. Vertical communication is provided through RC staircases and elevator. Roof is done in iron construction covered with trapezoidal tin panels. Façade is done in thermo-insulated sandwich panels on an iron sub construction, covered with tin panels. Doors and windows are of aluminium with thermo pan glass. Interior of the units is fitted in accordance with individual tenant's requests.

3.4 Accommodation

We have relied upon the floor areas according to the client and confirm that we have not made any check measures. We understand that noted areas are according to the Serbian standard SRPS.U.C2.100 from 2002 (former JUS standard).

As per delivered Tenancy Schedule, retail park has gross leasable area of 27,877 m2 GLA.

3.5 Soil Conditions and Contamination

We have not been provided with a soil test report for construction purposes.

We have not been provided with any formal information on the environmental conditions of the site, however our inspection did not disclose any abnormalities.

4 Legal

4.1 Tenure

According to the Ownership document number 11835, which was provided to us, there is a freehold ownership over the subject land plot (cadastral parcel number 4733 in the cadastral municipality of Pancevo), and over the buildings built on the land.

According to the latest cadastre information, cadastral parcel no 4733 registered in Extract from land registry no 11835, cadastral municipality Pancevo, has area of 72, 920 m2 and it is owned by:

- Klupko d.o.o.

Nine buildings are registered on the site with total footprint area of 24,300 m2, including latest phase H&M and McDonald's object. Cinema building is not registered in land registry.

We were also provided the Usage permit for the latest phase of construction of cinema building with dimensions 44.42 m and 33.13 m positioned on GF+1.

4.2 Title No.

According to the Ownership document number 11835, which was provided to us, the subject site consists of one cadastral parcel number 4733, Cadastral Municipality of Pančevo, whose area is 72,920 m^2. The property is registered to belong to Klupko d.o.o.

There is a mortgage over the property and lease agreements to Erste registered in the Netherlands.

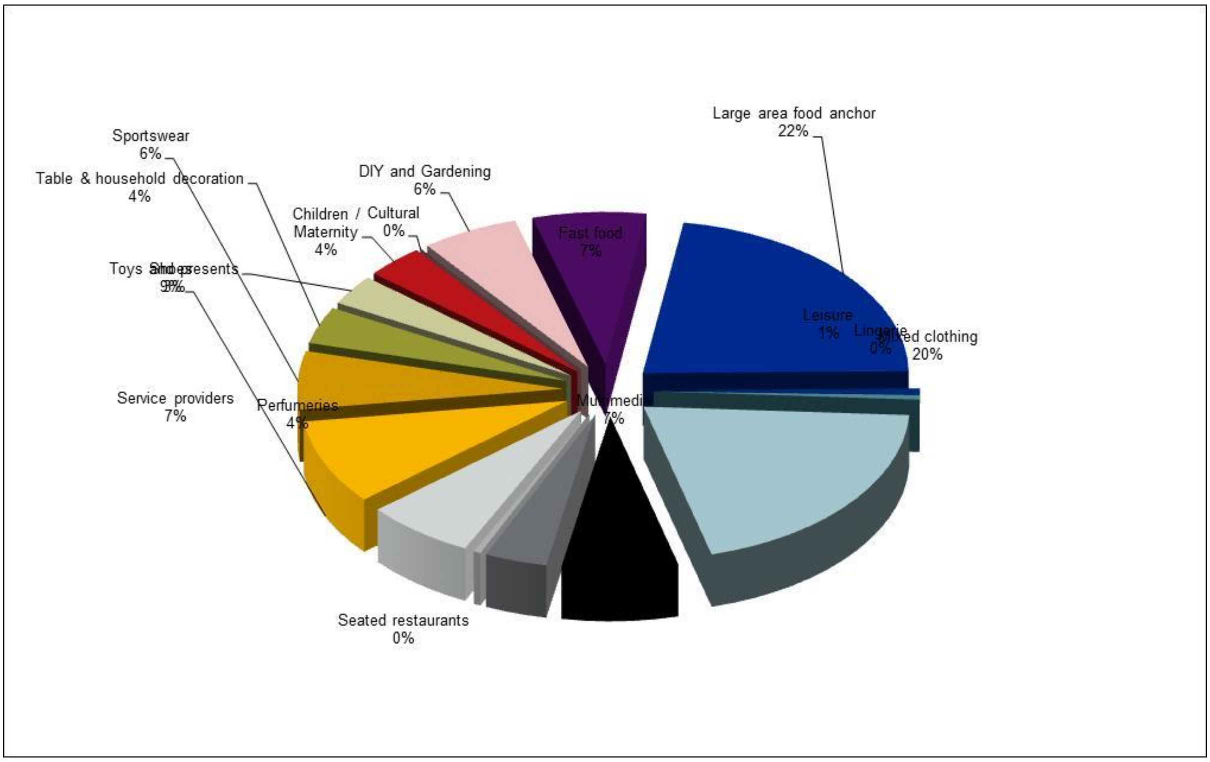
4.3 Tenancy

The total GLA of the finished objects in Aviv Park is 27,877 m2 GLA of finished buildings including sixth phase with standalone H&M object and Mc Donald's restaurant. So far there are 85 retail units. The biggest part of the retail park is occupied by DIS Supermarket (16%), followed by H&M store occupying 10% of the total area of the centre. Highest portion of the centre is still occupied by clothing retailers.

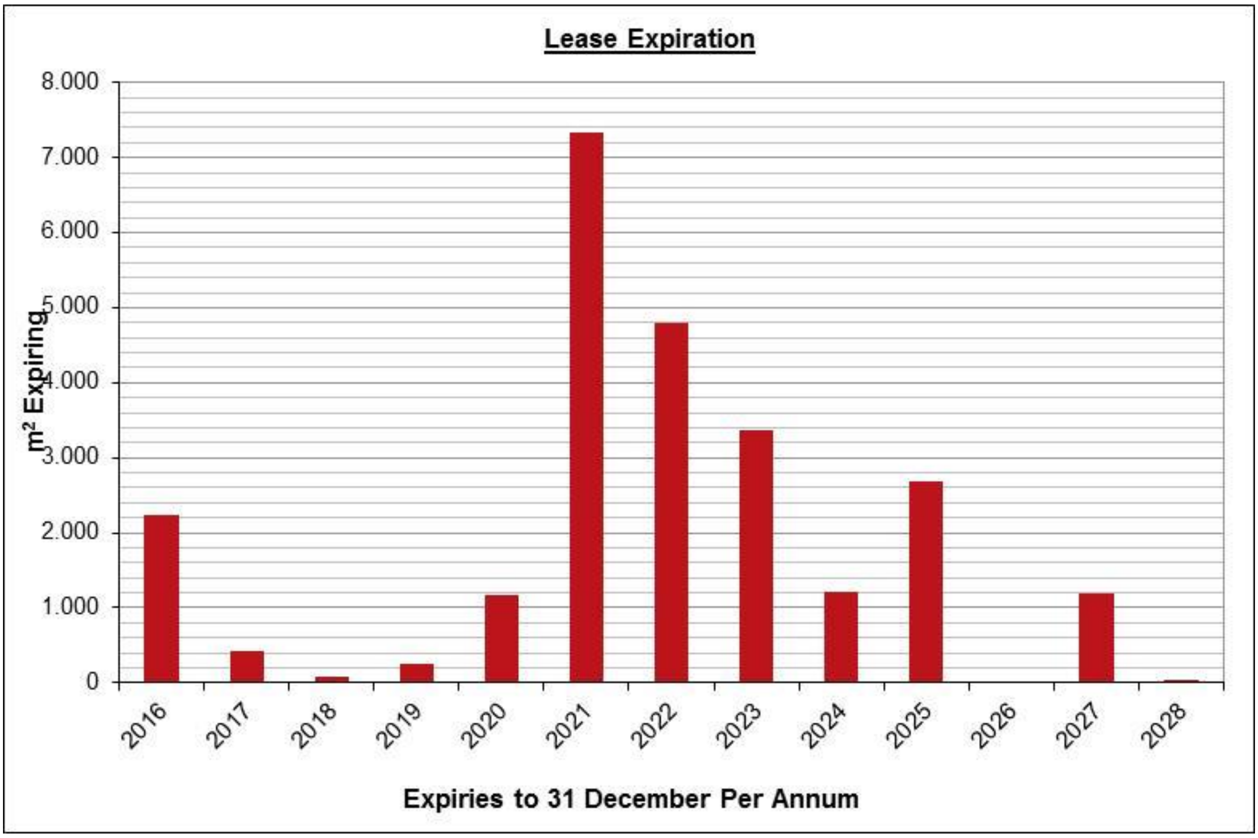
Current vacancy rate of the centre is 2.8% or 787 m2.

WALT is 8.5 years for signed agreements.

Graph 1: Retailer Profile by Category



Graph 2: Lease expiration Schedule



Source: Aviv Arlon Holding d.o.o.

4.4 Planning

The property lies within the jurisdiction of the Municipality of Pančevo Council whose planning policies are contained within the General plan of Pančevo.

Summary of conditions of Act on Urban Planning Conditions:

- Footprint can be 80%.
- Scheme can have 2 basement levels + GF + 6
- Max. GBA is 156,000 m2 (max. build up index is 2.1.)

5 Market Commentary

5.1 Serbian Economy

During the second and the third quarter of 2015 the annual economy growth remained close to 1%, and it is expected to cause 0.5% GDP rise for entire 2015. According to Oxford Economics, the growth rate is set to pick up slowly to about 1.5% in 2016 and 2% in 2017. Subdued inflation expectations allowed the central bank to make another half point interest rate cut in October, but it has subsequently stabilized rates to ensure CSD stability when US begins to tighten monetary policy. The steady pick up of growth anticipated in 2016-18 reflects ongoing IMF support that will allow the budget deficit to stabilise at about 3% of GDP, with inward investment financing a similar order of current account deficit. Relatively modest growth and faster inflation in 2016-18 period reflect economic risks from the external debt and still fragile banking system, the need for further reform and asset sales.

A further pick up in grow in 2017 is driven mainly by export recovery, privatisation progress, inward investment, lower fiscal deficit and EU support. The strength of total exports despite drop during the first half of the year highlights increasing success at rebuilding EU and Balkan markets, underpinned by this year’s exchange rate correction. Fiat’s car plant has now become the country’s largest exporter, with sales above €1 billion during the last quarter of 2015. In terms of privatisation, the sales will help to streamline management of main utilities and reduce public debt. The IMF has agreed that faster growth will permit a small rise in public pensions and selected wages in 2016-17, boosting demand growth and strengthening support for the reform programme. Investors’ confidence will be prompted by slow but steady progress on accession talks with the EU, which opened the first two of 35 policy chapters.

Serbia is noted as the most attractive country for investments within the region, which will continue to increase with the continuation of reforms. Positive shifts are notable on adopted laws which are being applied, as well as greater fiscal discipline. The recently signed agreement on the joint investment between the government and the United Arab Emirates real estate developer Eagle Hills on the Belgrade on the Waterfront development project, worth €3.5 billion, will underpin the country’s GDP growth. With the cornerstone for two residential towers in the end of Q3 2015, the construction of project has officially started. Local construction companies see this as the opportunity for themselves as this major undertaking will last for the next 20 to 30 years. In addition, according to the World Bank Serbia was ranked at 59 for ease of Doing Business ranking. The main reason behind the rise with respect to the previously published ranking (91) are the improvements in business regulatory environment and the methodology changes included in this year’s report.

According to the Serbian Statistical Office, consumer prices during November 2015 noted 0.1% decrease in comparison to the same period previous year. Compared to the previous month, decrease was noted in sector of Food and non-alcoholic drinks (-0.6%), Transport (-0.5%), Recreation and culture and hotels (-0.2%), and Alcohol drinks and tobacco and Clothing and footwear (both - 0.1%). Price increase was noted in sector of Health (1.2%), Communication (0.6%), Home appliances, equipment and maintenance (0.5%) and Housing, water, electricity, gas and other fuels (0.2%).

According to the Labour Force Survey conducted by the National Statistical Office, the unemployment rate during the third quarter of 2015 among working population (age from15-64 years) decreased by 110 bps and now stands at 17.3% in comparison to the previous quarter when it was 18.4%.

During October 2015, industrial production noted 7.8% increase compared to the corresponding period previous year and 17.8% compared to year 2014 average. The increase was noted in the sector of mining (10.9%), processing industry (3.2%), and electricity, gas, steam and air conditioning (28.3%).

The average net salary in Belgrade during October 2015 amounted to RSD 55,231 or €460, which is approximately 25% higher than average salary in Serbia during the same period (€367).

Table 1: Serbian Economic Key Market Indicators

Serbia	2011	2012	2013	2014	2015e	2016f	2017f	2018f
GDP - % YOY Growth	1.40	-1.02	2.57	-1.81	0.50	1.50	2.00	3.50
CPI/Inflation - % YOY Growth	11.14	7.33	7.69	2.08	1.70	3.50	3.50	3.85
Current account balance (% of GDP)	-1.49	-3.01	5.48	0.09	1.90	1.00	-0.05	0.08
Industrial production index (yoy change %)	2.44	-2.20	5.51	-6.46	-0.20	4.20	4.50	4.49
Unemployment Rate - %	23.65	24.60	23.00	20.13	19.67	19.38	19.61	19.07

Source: Oxford Economics, December 2015

During the third quarter in 2015 the overall available funds and per household in Belgrade were RSD 67,702 or €564 (Serbia RSD 58,331 or €485). Personal consumption in Belgrade stood at RSD 63,010 or €524. Below is the chart which shows the distribution of personal consumption in Serbia.

Political Situation

The 2015 is finishing with the opening of the first two chapters of the EU membership negotiations nearly two years after talks have been formally launched in January 2014 and Fitch rating agency upgrade of the country's outlook from stable to positive. The IMF mission wrapped up the third review under the €1.2 billion precautionary 3 year stand by arrangement. The IMF stressed again the cabinet should step up with reforms of the state owned enterprises, especially the resolution of the 17 strategic companies, as only reform of the public sector and SOEs can prevent public debt growth. Though the implementation of the measures set for 2016 is necessary to stabilize the public debt growth, it attaches certain political risk and its execution will be again a test for the government reform alignment. Prime Minister Vucic's drive for IMF and EU backed reform has strained relations with some in his Progressive Party, and enabled opposition parties to rally support against last year's state wage and pension cuts and ongoing SOE job losses.

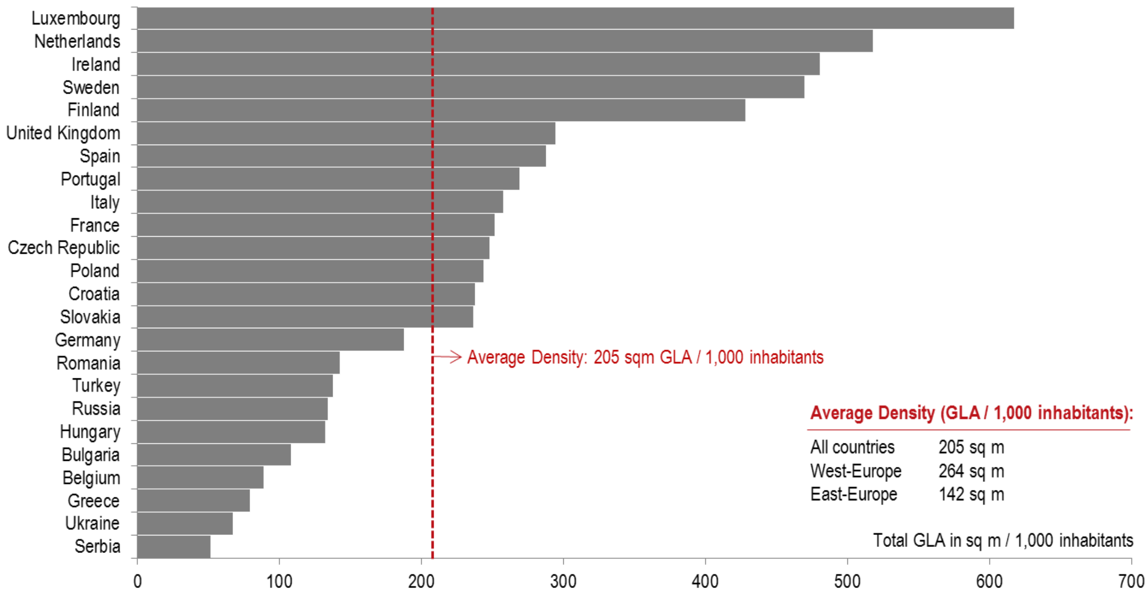
Political risks remain high, with the current pace of reform likely to slacken as elections approach in 2018. Yet the new government's improvement of relations with the IMF, EU and Balkan neighbours will boost multilateral and private investment inflows. Deficit reduction, deregulation, privatisation, judicial and public administration improvement and support for small businesses have been stepped up since appointment of Prime Minister Vučić. The need for further privatisation to retain budget progress and foreign policy concessions to close EU approval will keep political risks high. Privatisation has proceeded at a steady pace, enabling industries to be restructured to operate without subsidy while avoiding large scale job losses.

The Serbian Progressive Party leader and the country Prime Minister Vučić decided to schedule the second early parliamentary elections. The idea is to capitalise the supports which he and his party already enjoy, after the successful launch of the public sector reforms, IMF precautionary agreement and start of accession negotiations with the EU.

5.2 Serbian Retail Market Overview

Serbia and particularly its capital Belgrade are considered as high potential retail destinations due to unsaturated market, favorable geographic position, and attractive business environment. However, Serbian retail market is quite immature with very low modern stock in all of the categories. Translated into figures, according to ICSC's pan-European standard, overall Serbian shopping center stock stands at around 370,000 m^2 GLA or 52 m^2 GLA per 1,000 inhabitants. These figures position Serbia at the very bottom of the European Shopping Center's Density scale, as shown in the Chart 1.

Chart 1: Existing shopping center stock per capita in H1 2015



Source: JLL, January 2016

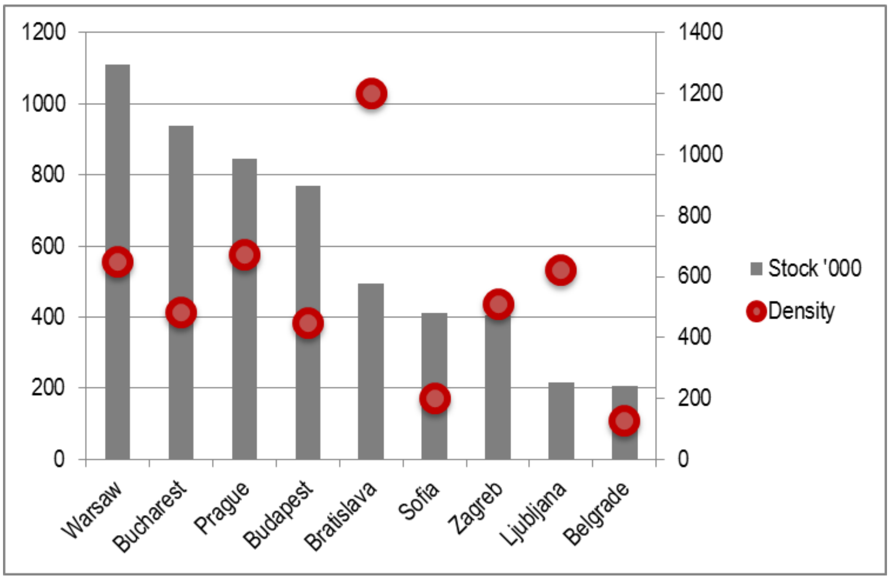
The overall stock includes all types of shopping centers, yet the prime stock is estimated at around 150,000 m^2 GLA within five assets. Prime shopping centers were predominantly delivered after 2007, with exception from the Mercator Centre that was the first shopping center developed in 2002 and refurbished in 2012. Four of the prime shopping centers are located in Belgrade. The only modern prime shopping center outside Belgrade is Kragujevac Plaza (22,000 m^2 GLA), developed by the Israeli investor Plaza Centres in 2012, which was acquired by NEPI in Q3 2014, for price of €38.6 million.

Shopping Centre Supply

Over the last decade Belgrade retail market experienced a fair degree of modernization with the formats such as regional shopping centers, retail parks and big box developments. However, compared to most CEE markets overall supply of these modern retail channels remains limited and small outdated shopping centers and bazaars still represent the mainstay of the Belgrade retail market.

Following current ICSC's new European standard for classifying shopping centers, Belgrade has around 200,000 m^2 GLA of the retail space accommodated in the shopping centers of all types and above 5,000 m^2 GLA. Speaking of the prime assets, shopping center stock in Belgrade stands at 128,500 m^2 GLA or 78 m^2 per 1,000 residents, which positions the city at the lowest position of the European shopping center scale.

Chart 2: Shopping Centre Stock (m² GLA) and Density (m² GLA per 1,000 residents) in CEE and SEE



Source: JLL, 2016

The surprising fact that Belgrade is more undersupplied than neighbouring Bucharest and Zagreb may have several reasons, mainly economy related: transition in Serbia started later than in other CEE and SEE countries, all other countries joined EU or granted the candidate status before Serbia and finally, global financial crisis and financial constraints that put on hold many planned projects.

The highest annual supply of shopping centers in Belgrade happened during 2007, 2009 and 2013, when the three largest projects were delivered to the market, Ušće shopping center (46,000 m² GLA), Delta City (30,000 m² GLA) and Stadium Voždovac (30,000 m² GLA), respectively.

Table 2: Existing Prime Shopping Centres in Serbia

Existing Modern Shopping Centers in Serbia				
Shopping Center	Investor	City	Size m² GLA	Delivery Date
Ušće	MPC Properties	Belgrade	46,000	2009
Delta City	Delta Real Estate	Belgrade	30,000	2007
Mercator Center	Mercator	Belgrade	22,000	2002/2012*
Kragujevac Plaza	Plaza Centers	Kragujevac	22,000	2012
Stadion Voždovac	Eurobau connect	Belgrade	30,000	2013

Source: JLL, January 2016, * Refurbished

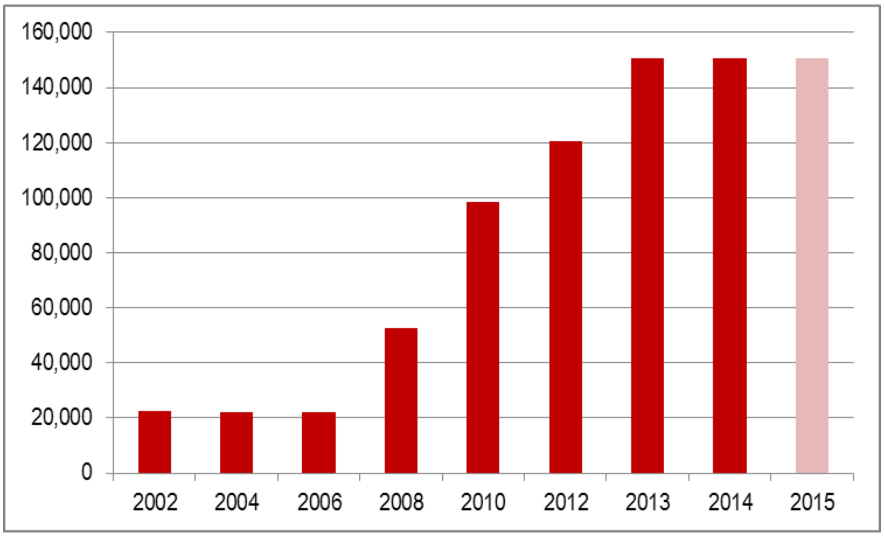
Shopping centre evolution

Mercator Center was the first modern shopping center developed after the political changes in Belgrade and until 2007 it was the only modern scheme in Belgrade with the catchment area comprising the whole city. The delivery of Delta City in 2007 and Ušće in 2009 changed the market situation and Mercator shopping centre lost a great part of its catchment area. Until last shopping centre completion entire prime stock was located in New Belgrade. However, with the completion of Stadium Voždovac new stock was added outside of New Belgrade municipality. The new supply did not influence other prime schemes in terms of catchment area, due to its location. Ušće and Delta City are the two shopping centers with the highest footfall in the city, with the catchment area comprising the whole city.

Ušće and Delta City opened doors for its customers in 2009 and 2007 respectively and well positioned brands in high street retail zone such as Zara, Mango, Adidas, and Nike were the first to secure their retail space in new malls together with new entrants such as New Yorker, Koton, Marks & Spencer. At one point retailer's expansion came to a standstill due to the crisis that hit the global economy. The financial crisis affected both retailers and investors where the retailers were cautious in spreading the business and at the other hand investors faced project financing constraints which resulted in putting the planned projects on hold. The signs of slight recovery brought new entrants and the expansion of the existing ones. Oppositely the investor market recovery was very slow with no on-going or delivered large sized projects. This is how the market became landlord dominated and the tenants in Belgrade were not in position to negotiate better terms due to very low good quality supply.

During the first quarter of 2012, one of country's prime assets was opened in Kragujevac – Kragujevac Plaza (22,000 m^2) developed by Plaza Centers. During the same year, Mercator Centre was renovated and expended; the renovation of this scheme was indispensable as the international tenants meanwhile became very quality sensitive. After the renovation, Mercator Centre remained to be a scheme that serves local neighborhood but attracted some new retailers that entered the market for the first time such as Lindex, Monnalisa and Sons&Daughters.

Chart 3: Prime Shopping Centre Supply in Serbia



Source: JLL, January 2016

Aside from shopping centre, year 2012 was also notable for opening of the first phase of Fashion Park Oultet in Indjija (15,000 m^2 GLA) with more than 40 retail units, located 42 km from Belgrade. During 2012, Merkur Big Box in Karaburma was reconstructed into shopping centre called Karaburma Shopping Center (12,000 m^2).

Prime shopping centres stock in Serbia

Ušće Shopping Center is the largest modern shopping centre in Belgrade and Serbia as well. It is a regional shopping mall developed by MPC Properties/Merrill Lynch and opened in spring 2009. It disposes of 46,000 m² GLA and over 140 stores and is located on prime New Belgrade location, between two boulevards, in the proximate vicinity of Branko's Bridge which connects New Belgrade and downtown area. Good and easily accessible location, 1,300 parking lots in the underground garage, as well as the best supply of branded goods of famous international and domestic retailers make this centre regional shopping mall that has the catchment area of the whole city population. In 2014 Ušće shopping centre became LEED Certified Existing Building – Operation and Maintenance, and became one of the largest LEED Certified shopping centres in the region.

Delta City is the second largest shopping centre in Belgrade, with the total GLA area of 30,000 m² and 1,200 parking lots in the underground garage. It is located in New Belgrade, adjacent to the well-known residential neighborhood called Belville. The access to the shopping centre for the residents of Čukarica and Rakovica has been much improved after the opening of Ada Bridge in January 2012.

Mercator shopping center (22,500 m² GLA) was developed by Slovenian retail chain Mercator and opened in 2002 as the first modern shopping center. However, after the delivery of Ušće and Delta City the demand for this shopping centre was reduced and it became a community shopping centre with the catchment area that mainly comprises the zone of New Belgrade where it is located. In 2012, this retail scheme was renovated.

Stadium Voždovac shopping center opened in April 2013 and offers completely new concept of shopping, leisure and recreation on 30,000m^2 GLA located in Zaplenjska street. It is fourth shopping center by size in Europe with football court at the top which makes it a unique building in Belgrade and Serbia. Football court is located on the third floor built by UEFA standards. The shopping centre is occupied by RODA hypermarket and has ca. 100 retail stores and the tenants which entered this mall are famous worldwide brands such as New Yorker, Deichmann, Tom Tailor, C&A, Intersport and from September 2013 H&M which opened its second store here.

Kragujevac Plaza is one of the five prime assets within the country, and the only prime scheme located outside of the capital city, in Kragujevac. It was completed in 2012, and offers 22,000 m^2. The shoppimg center was developed by Israeli investor Plaza Centers and during the third quarter of 2014 it was acquired by NEPI for price of €38.6 million. Some of the present tenants here are IDEA, Home centar, Deichmann, New Yorker, Oviesse, Fashion and Friends, Beosport, C&A, Navigare etc.

Shopping Centre demand

Due to a lack of modern shopping malls, the demand for the prime shopping centers is very high. This results in excellent occupancy with the vacancy rate constantly close to zero. The highest footfall is naturally registered on the ground floor and the first floor. The retailers generally show lower demand for smaller, neighborhood shopping centres. They choose to expand in these schemes after positioning themselves in the prime shopping centre and high street schemes. Low to mid-class brands sign up for the premises in smaller shopping centres due to lower rents. However, during 2014, one smaller sized neighborhood shopping center Zira located in Belgrade downtown area has attracted several new market entrants such as Sugarfree, Goose and Conte of Florence. Since the beginning of the year, one market entry was noted, namely LC Waikiki, which entered Mercator center. Additionally, Turkish men's fashion Jeordie's has opened its first store within Kragujevac Plaza shopping center in Kragujevac.

However, as prime shopping centers have vacancy rate close to zero, new brands are interested in signing for premises in expanding retail parks, which are from 2015 present in the capital as well. The demand from the international retailers remained quite stable; yet they are facing the obstacle with the lack of the modern space which would satisfy their quality requirements. The market is generally in lack of the modern retail space of 400 m^2 to 1,000 m^2, therefore existing schemes do not provide sufficient space to satisfy the growing demand from international retailers. In addition, various investors have secured development sites and announced plans to build new shopping centers.

We understand that one of the leading Polish fashion retailers LPP has announced its expansion plans within the region and plans to open 15 stores in Serbia. Since the beginning of the year, we have noted present retail brands expanding within Belgrade including prime shopping locations such as Delta City, Ušće shopping center and high street area.

Table 3: International brand entries in the past two years

Brand	Location	City	Year
Desigual	Usce shopping center	Belgrade	2013
H&M	Delta City	Belgrade	2013
Vans	Knez Mihajlova 19	Belgrade	2013
Bottega Del Sarto	Fashion Park Outlet	Belgrade	2013
Gagliardi	Čika Ljubina street	Belgrade	2014
MAC	Usce shopping center	Belgrade	2014
Conte of Florence	Zira shopping center	Belgrade	2014
Tudors	Knez Mihajlova 34	Belgrade	2014
Casa Bianca	Usce shopping center	Belgrade	2014
Shana	Knez Mihajlova	Belgrade	2014
L'Occitane	Usce shopping center	Belgrade	2014
Sugarfree	Zira shopping center	Belgrade	2014
Goose	Zira shopping center	Belgrade	2014
LC Waikiki	Mercator center	Belgrade	2015
Jeordie's	Kragujevac Plaza	Kragujevac	2015

Source: JLL, January 2016

Modern shopping centres maintained excellent occupancy levels, with vacancy at around zero. In addition, French sports retail chain Decathlon has announced its expansion plans for SEE region, including Serbia by opening a flagship store in Belgrade. However, a UK brand Marks & Spencer has announced termination of operation within several SEE countries including Serbia.

Market entry in Serbia is still preceded by the profound analysis of the economic climate, customers demand and the availability of adequate number of retail units for expansion as well as consideration of all the possible risks; a tendency for owned expansion rather than for franchising has been noted for quite some time. Some of the international retailers present on the market have changed their business policy and instead of franchise started operating directly; the reported turnover increase justified such business decisions.

Table 4: Retail Lease Terms

Typical Retail Lease Terms in Prime Shopping Centers in Belgrade		
Legal	Lease Length	5 + 5 years
	Lease Break	after 5 years
Financial	Rent (Currency)	quoted in €
		paid in € or RSD according to the NBS exchange rate
	Payment	monthly in advance
	Service charge	€8/m²/month
	Marketing costs	€2.5/m²/month
	Turnover Rent	3-8 %
	Rental Deposit	3 monthly base rents+3 monthly advance service charge+3 monthly marketing fee +VAT
	Indexation	annual, in line with European CPI
	Fit-out works	on the charge of Lessee, while for the anchors on the charge of Lessor

Source: JLL, *depends on retail category, January 2016

Shopping centres pipeline

Due to financial crisis investors faced project financing constraints which led to putting the planned projects on hold. Investor market recovery is quite slow with few projects that could commence the construction.

Delta Holding has announced start of construction of Delta Planet at Autokomanda, and in the late 2015 Plaza Centers have officially started construction of Belgrade Plaza (32,300m²) in Višnjička street.

Although construction works have initially started during 2009, during 2014 construction continued on Rajićeva Shopping center and hotel, developed by Israeli company Ashtrom Group. The centre will be part of five star hotel complex which will be built in the second phase of construction. The gross leasable area of the centre will cover 15,300 m² and it will include more than 80 retail units spreading on three levels, with approximately 500 to 600 parking lots spreading on three underground levels of garage. Various brands have already secured their stores within the future scheme.

There are several other shopping malls in pipeline; however, the construction commencement of these projects is still unknown. Realistically, all these shopping malls are not expected to come to the market before 2016.

Table 5: Shopping Centers in Pipeline in Belgrade

Future modern shopping centers in Belgrade			
Project	**Size m2 (GLA)**	**Location**	**Status**
Ada Mall	30,000	Ada	Planned
Rajićeva Shopping Mall	15,300	City centre	Under construction
Trošarina Mall	28,000	Voždovac	Planned
Napred Blok 41	34,000	New Belgrade	Planned
Delta Planet	80,000	Autokomanda	Planned
Delta Despota Stefana	35,000	City centre	Planned
Belgrade Plaza	32,300	Palilula	Under construction

Source: JLL, January 2016

A recent joint venture conducted between Belgrade and Eagle Properties (part of the Emaar Properties Group from the UAE) has put the city in the spotlight with what will be the launch of the biggest project in Europe "Belgrade on Water". This project will include the construction of the shopping center; and the construction of the residential units has started from the beginning of the last quarter of 2015.

Retail Parks

Retail parks are a relatively new retail format in Serbia and are gaining popularity both in existing schemes and those under development. The tenants that show particular interest in such assets are hypermarkets, since the tenant mix of retail parks provide a very high inflow of customers. However, during the previous two years, shopping center development has remained subdued whilst a growing interest for retail parks has been noted on the market. The operating schemes show positive results, and with the current market conditions, retail parks are easier to develop, take less time and allow construction in phases.

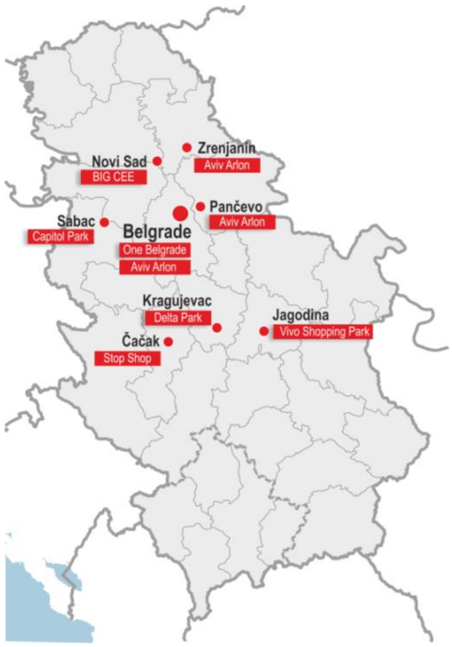
The overall stock of retail parks in Serbia stands at 150,000 m^2 situated within nine retail parks, developed during the past four years. Aviv Park in Pančevo (28,000 m^2 GLA) was the first retail park in the country, developed through several phases by the Israeli investor Aviv Arlon. Some of the tenants include D, Takko Fashion, New Yorker, PWL, N Fashion, Timeout, JYSK, Uradi Sam etc. During the second half of 2015 Cinestar has opened its first cinema spread over 1,500 m^2)

During the same year (2010) Delta Park in Kragujevac (14,000 m^2 GLA) developed by the local company Delta Real Estate was opened. Existing tenants are Tempo, Jysk, Deichmann and Forma ideale etc. In November 2013 Big CEE Retail Park in Novi Sad, developed by Israeli Big CEE Company, opened its third phase - shopping centre (16,000 m^2 GLA). The whole retail park including the third phase encompasses 34,000 m^2 GLA. Tenants present in retail park are Home Center, New Yorker, DIS, Takko Fashion, Mango, H&M etc.

Year 2014 was notable for completion of two new retail parks. Capitol Park in Šabac adding 9,500 m^2 GLA, developed by Poseidon Group opened its doors in April 2014 with some of the present tenants such as Jysk, C&A, Sport Vision, New Yorker, Deichmann, and Takko fashion. Afterwards, during the third quarter Vivo Shopping Park in Jagodina was delivered, and added 10,000 m^2 GLA. Some of the tenants within the scheme such as Home Center, Delhaize, Legend World Wide, Deichmann, Takko Fashion, Sport Vision etc.

During 2015, the first retail park in Belgrade – Zemun Park has opened covering 16,000m^2 GLA, hosting retailers such as Univerexport, Extreme Intimo, Kenvelo, Office shoes, N sport, Djak, Home center, Uradi sam. Its investor Mivne Group has invested €25 million and announced additional 15,000m^2 of retail space by the end of 2015. Furthermore, Aviv Arlon has opened its new scheme in Zrenjanin spreading over 22,500 m^2. Soon after this, Aviv Arlon has opened another retail park in Zvezdara municipality in Belgrade (11,500 m^2). Some of the present tenants are Univerexport, Takko Fashion, OVS, Feedback etc. The whole project will include residential units as well. In addition, another recent retail park completion was Stop.Shop by Immofinanz in Čačak (6,300m^2) occupied by DIS, C&A, Takko, Deichmann, Djak and Lilly.

Map 3: Existing retail parks in Serbia



Source: JLL, January 2016

Table 6: Existing and planned retail parks

Existing and planned Retail Parks in Serbia			
Scheme	Size m² GLA	Location	Status
Aviv Park Pančevo	28,000	Pančevo	completed
Delta Park	14,000	Kragujevac	completed
Aviv Park Zrenjanin	21,640	Zrenjanin	completed
BIG Shopping Center	34,000	Novi Sad	completed
Capitol Park Šabac	9,500	Šabac	completed
Vivo Shopping Park	10,000	Jagodina	completed
One Belgrade	15,000	Belgrade	completed
Aviv Park Zvezdara	10,500	Belgrade	completed
Stop Shop	7,000	Cacak	completed
Capitol Park Sombor	8,000	Sombor	planned
Capitol Park Rakovica	23,650	Belgrade	planned
Capitol Park Borca	n/a	Belgrade	planned
Stop Shop	7,300	Subotica	planned
Stop Shop	5,000	Vranje	planned
Stop Shop	13,100	Niš	planned
MPC Shoppi	10,000	Subotica	Under construction
Stop Shop	6,100	Valjevo	Under construction

Source: JLL, January 2016

Retail parks in pipeline

After completion of Capitol Park in Šabac, Poseidon group has announced another retail park in Rakovica, with construction due to commence in Q1 2016. MPC Properties have started construction of the first retail park in Subotica – Shoppi which will offer 10,000m^2 GLA, with planned completion for spring 2016. Furthermore, one of the leading real estate investors in CEE Immofinanz Group has announced the development of Stop Shop retail parks through various Serbian cities, with rentable areas ranging from 3,000 m^2 to 15,000 m^2. Additionally Aviv Arlon announced construction of retail park u Požarevcu. Furthermore, Austrian shopping center chain Supernova has plans to open at least three schemes in Serbia by the end of 2016 in Kragujevac, Niš and Zrenjanin.

Department stores

Belgrade market disposes of ca. 49,000 m^2 of operating department stores, making part of large portfolio Robne kuće Beograd, purchased by local investor Verano in 2008 and 2009. So far, only seven department stores were reconstructed in Belgrade. The one with the best performance is a department store at Terazije, occupying the area of 4,000 m^2. The department store is a source of branded goods of well-known retailers such as: Calzedonia, Coin Casa, Oviesse, Deichmann, DM Drogerie, Intimisimi.

According to the Greek news Bank of Cyprus announced selling of Robne Kuće Beograd real estate loans to Piraeus Bank, and the purchasing figure was around 165 million euros. We may expect activation of this department store chain in the future.

5.3 Big Boxes

Big Box supply, estimated at only 187,000 m^2 GLA, seems too low to satisfy the needs of European metropolis numbering 1.6 million residents. The most recent activity on within big box retail segment was opening of renovated Tempo hypermarket in Belgrade – Ada with around 8,000m^2. The competition remained very weak with few retail operators that positioned themselves at the market before the crisis. The only retail chain that entered the market in the midst of the financial crisis was the Belgian Delhaize that purchased local supermarket and hypermarket chains Maxi and Tempo. Besides Delhaize, the hypermarkets in Belgrade are operated by Mercator, Idea, Metro, Interex, Univerexport, Veropouls and local investor DIS. The majority of big box schemes are located in New Belgrade, along major boulevards and adjacent to the highways Belgrade – Zagreb and Belgrade – Novi Sad.

Table 7: Major Existing Big Box Schemes

Major Big Box Schemes in Belgrade			
Project	Size m^2	Location	Delivery Date
Metro Cash&Carry	13,000	Zemun	2005
Metro Cash&Carry	12,500	Krnjača	2005
Metro Cash&Carry	8,500	Vidikovac	2011
Tempo Hypermarket	8,000	Ada	2011/2015
Tempo Hypermarket	7,500	Belgrade Port	2004
Tempo Hypermarket	13,300	Belgrade Port	2004
Roda Cash&Carry	14,000	New Belgrade	2008
Extra center (prev. IDEA)	11,500	New Belgrade	2015
Emmezeta	7,000	New Belgrade	2015
Merkur	11,000	New Belgrade	2005

Vero	7,000	Voždovac	2011
Interex	4,000	New Belgrade	2011
DIS	15,000	New Belgrade	2010

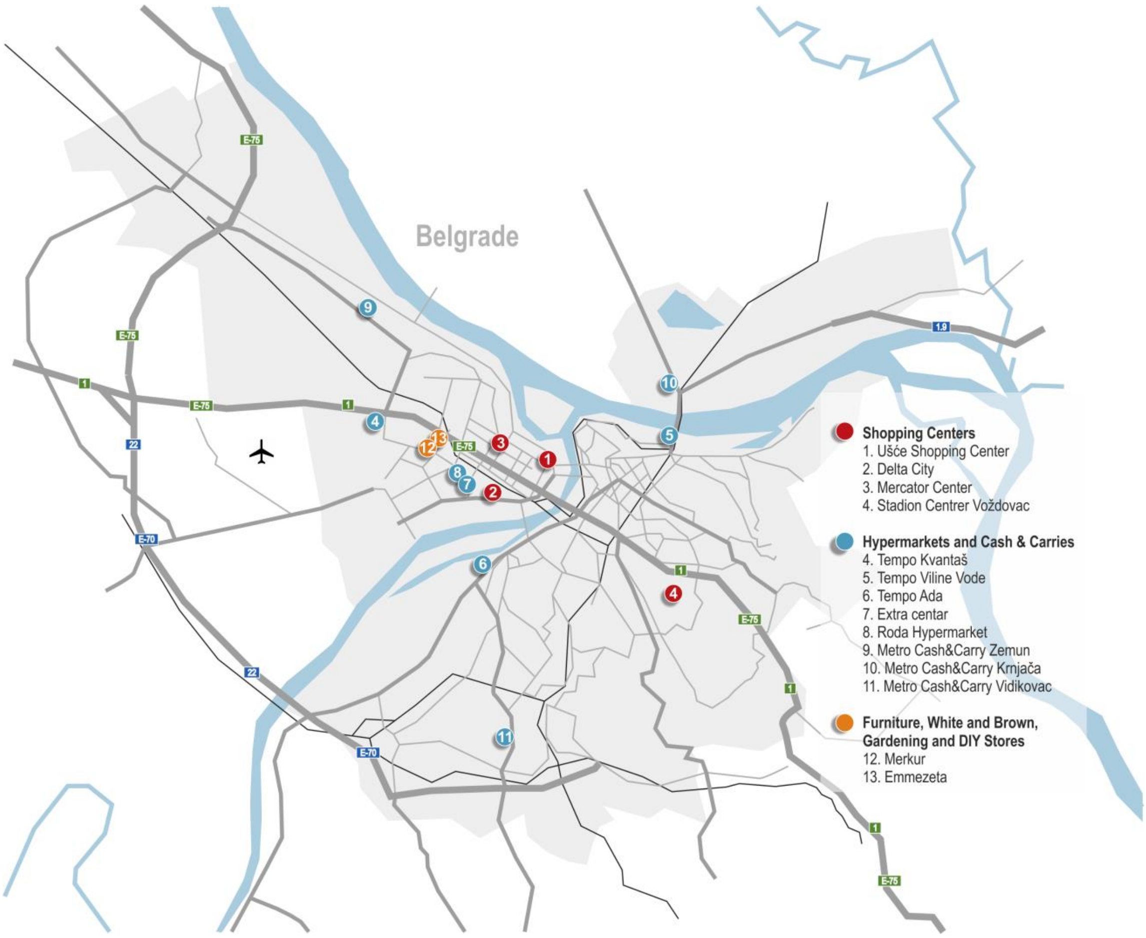
Source: JLL, January 2016

During June 2015, the first Emmezeta store has opened at the former site of Kika furniture store, covering around 10,000 m² of retail area. Both store chains belong to French Steinhoff International group. In addition, at former IDEA hypermarket location in New Belgrade, new shopping scheme was established, namely Extra Centar spreading over 11,500 m². Nearly half of the scheme is occupied by Forma Ideale, and other tenants include Dormeo, Galerija Podova, Techno centar Mag.

Belgrade is still expecting the opening of long waited Ikea, furniture big box. According to the public available information, the initial investor's plan was to build three big boxes in Belgrade, Novi Sad and Niš. However, according to the latest news is the entrance to the local market will be within Belgrade big box. IKEA delegation emphasized the importance of infrastructure connecting sites of future store as well as relocation the highway toll gate in Bubanj Potok and construction of new loop Transped. The investment of construction of the first store in Bubanj Potok will be worth around €70 million, and its delivery is scheduled for 2016.

German discount supermarket chain Lidl has started the construction of its first store in Smederevo. The company has announced its plans to open their stores by the end of 2016. Furthermore, the market has witnessed merger of two retail chain Aman and Višnjica Dućani, increasing its competitiveness on the market. However, French retail chain Interex is exiting the market by selling its supermarkets to Aman.

Map 4: Major Retail Projects in Belgrade



Source: JLL, January 2016

5.4 Pancevo retail market

Modern retail stock in Pančevo heavily relies on the only modern retail scheme Aviv Park. However, Pancevo retail market includes various hypermarkets and supermarkets including IDEA, Roda, Tempo and Maxi. DIS has opened its remodelled store in the late 2014 located within the retail park and spreads over 4,256 m^2.

During the previous 24 months Pančevo retail market has noted increasing interest from various present and potential retailers. Our research has noted trend of retailers choosing secondary cities and retail parks for their expansion strategy, and in few cases as market entry strategy. Recently after its market entry, H&M has opened its store within Aviv Park. Additionally McDonalds has opened restaurant at the same location. In the late 2015, the first Cinestar within the country has opened in Aviv Park, spread around 1,500 m^2. Cinestar plans to continue expansion within the country including Aviv Park Zrenjanin and BIG CEE in Novi Sad.

Furthermore, during the last quarter of 2015, LIDL has purchased land plot for approximately €600 thousand (RSD 73.6 million). German company has been expressing interest in Pancevo for longer period, and location at Moše Pljade street was the most suitable for their concept. They plan on opening over 10 stores by the end of 2016.

We are of opinion that primary catchment area includes the whole population of the City of Pancevo (approximately 122,000 inhabitants), while the secondary area includes the bordering municipalities of Alibunar, Kovacica, Kovin and Opovo (approximately 90,000 inhabitants).

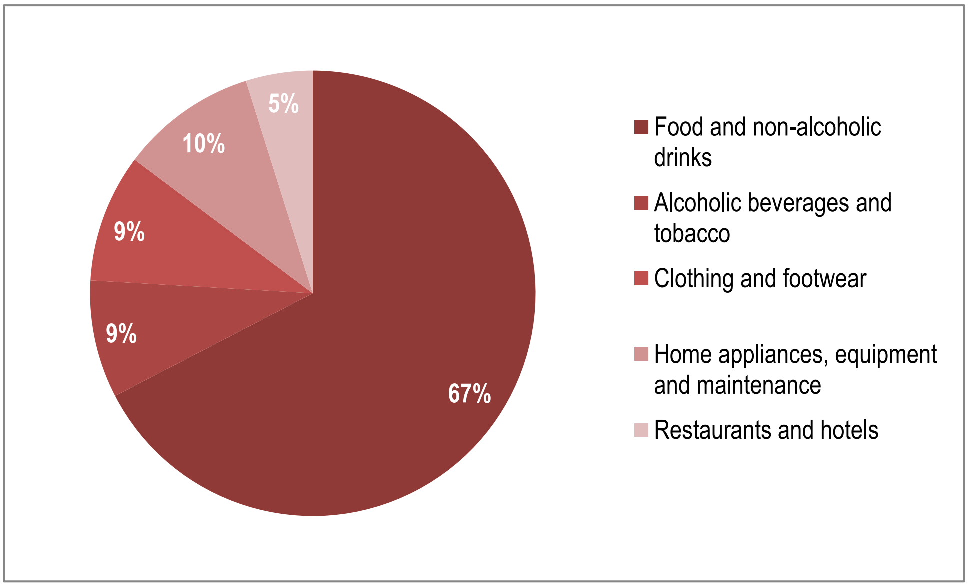
Table 8: Catchment Area for Aviv Park with salaries of respective areas

Municipality	Area km^2	Population (Census 2011)	Catchment area	Average Net Salary (Jan– Nov 2015)	Y-o-y change of Net Salary
Pancevo	755	122,252	122,252	406	-5.1%
Kovin	730	33,725	33,725	321	-5.3%
Alibunar	602	19,780	19,780	236	-10.9%
Kovacica	419	25,259	25,259	248	-0.8%
Opovo	203	10,475	10,475	280	-8.5%
Total	**2,709**	**211,491**	**211,491**	**298**	**-6.1%**

Source: JLL, January 2016

According to the official statistical data, in Q3 2015 Vojvodina households spent 51% of total expenditure on retail goods. In terms of the structure of the retail spending, 67.4% was spent on food and non-alcoholic beverages, 8.5 % on alcoholic drinks and tobacco, 9.3% on clothes and footwear, 9.9% on home furniture, equipment and maintenance and 4.9% on restaurants and hotels. According to our research, during the third quarter 2015, retail spending power within primary catchment area – city of Pancevo spent €267 per month on average for retail goods.

Graph 3: Retail Spending in Vojvodina in Q3 2015



Source: Statistical Office of Serbia, January 2016

5.5 Investment market

Real estate market in Serbia started its development in 2004/2005 with delivery of the first modern office stock. It further expanded to retail developments with opening of the first modern shopping centre Delta City in 2007. Pre - crisis period of 2006 – 2008 shown several transactions of office buildings with clear yield trend in the range of 8% to 8.5%. These included transaction of office building in Makenzijeva Street with GLA of 2,200 m2 sold for 8% yield and Invest Bank 'C' class building, situated in the heart of the city, sold for € 24 million and 8 % yield (on passing rent). Invest Bank was extremely over rented at the date of sale and actual yield on EMRV was even below 6%.

As of 2009 investors' yield expectations moved out to range of 9% - 11%, whereas developers' asking prices remained at the pre - crises level.

Different seller's and buyer's perspectives resulted in a huge gap in asking / offered yields preventing market – driven transactions to take place. Other transactions which took place during that period were non – market driven and the evidenced yields spread through extremely wide range, between 6% and 12%. In those years, New Belgrade evidenced a few sales including: Hypo Plaza office sold to SBB for sub 8% yield and Immorent office building sold for 7.5% yield (reflecting special buyer's interest in the property), both for owner occupation.

In the 1H 2014 we observed growing interest from investors, especially international, showing potential of the Serbian real estate market. As an example we could mention the joint venture conducted between the City of Belgrade and Eagle Hills (part of the Emaar Properties Group from the UAE) which put the city in the spotlight with one of the biggest projects in Europe "Belgrade on Water".

During the second half of 2014, continuation of foreign and local investor's interest was observed as well as increased developer's activity.

First significant retail transaction on the Serbian market took place in second half of 2014. The mid - size shopping centre Kragujevac Plaza located in Kragujevac, the 4th largest city in Serbia, developed by Plaza Centers was acquired by New Europe Property Investments (NEPI) for a price of €38.6 million. Furthermore, in 2014, Brussels based company MITISKA REIM acquired an 85% interest in the newly developed retail park in Sabac, developed by the Poseidon Group. In the second half of 2015, the investment market has noted an increase of activity with

Atterbury Europe's acquisition of a third stake in MPC Properties retail portfolio worth €259 million. This includes seven properties involving one of the country's prime assets - Usce Shopping center.

There were some ongoing transactions at the end of 2014 for several retail products in Serbia, closed in the first half of 2015. Agreed yields at these transactions ranged from 7.75% to 8.75% - 9% for high street retail units, shopping centres and retail park schemes.

5.6 Yield Rationale

In JLL valuation reports we are considering all available investment evidence obtained through analysis of comparable transactions in aim to estimate yield level for a particular asset.

However, it is important to underline the fact that the Serbian property investment market is still perceived as developing. This means relatively low liquidity and transparency while comparing to more mature CEE or western countries. As the result, in JLL's Global Real Estate Transparency Index 2014 Serbia was ranked 65th in the world as "low transparent" market.

Due to the characteristics of the local investment market and limited hard evidence, we have also investigated all alternative sources of information available, including indirect evidence (i.e. ongoing negotiations) while adopting our yield assumptions.

The only market transaction which could be treated as the direct benchmark was the sale of Kragujevac Plaza sold to NEPI.

In our opinion the Aviv Park could attract even sharper yield than the one achieved for Kragujevac Plaza. This is also because the fact that Aviv Park has a relatively long WALT of 8.5 years. Additionally, the best performing DIS supermarket in Serbia is one of the anchors and there is strong tenant list including branded international retailers such H&M. Due to the long-time proved track record of high performance, Aviv Park has established itself as one of the best retail parks in Serbia and more specifically in the wider Belgrade area. It is important to underline the fact that the subject retail park is almost fully let and operating with low vacancy figure.

Having all said in mind, we believe that the subject property represents prime retail park product with sustainable performance resulting in a strong demand both from customers as well as retailers. We have reflected these factors in our valuation adopting exit yield at 9% and discount rate at 9.5%. The running yield over 10 years is ranging between 8.65% and 9.23%.

Putting this into context of the current prime shopping center retail park yield reported by JLL at 8.75% for Serbia as of Q1 2016 the initial and reversionary yields for Aviv Park reflects exactly that level due to a fact it is the prime retail par concept in Serbia with proven performance.

6 Valuation Commentary

6.1 Valuation Methodology

Market Value Definition

Market Value is defined by the Royal Institution of Chartered Surveyors (RICS) as the following:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

For the subject purposes the above Market Value definition under RICS meets the Fair Value measurement requirement under IFRS 13.

In our valuation, we have adopted two valuation approaches: Income Approach and discounted cash flow technique for the standing investment and Residual Approach for the surplus land.

6.2 Valuation Approach - Income Approach

The Income Approach is a method used to convert the anticipated economic benefits of property ownership into a value estimate through a capitalisation approach.

The two most common methods of converting net income into value are the discounted cash flow technique (DCF) wherein anticipated future income streams and a reversionary value are discounted to a present value estimate and the direct capitalisation technique, where an overall rate is extracted directly from pertinent market sales.

For the purposes of valuation of Aviv Park we have adopted the Income Approach, Discounted Cash flow technique, analysed over a 10-year period. The cash flow assumes a ten-year hold period with the exit value calculated on 10th year income. We have adopted a discount rate and terminal capitalisation rate for the subject property having regard to recent investment sales evidence known to us together with our general knowledge and opinion based on discussions with investors within the Central and Eastern European region. This opinion is also based on prevailing interest rates and relative yields on 10-year Government bonds. In formulating our opinion we have also had regard to investment rates recorded by Jones Lang LaSalle in other major Eastern European countries.

6.3 General Valuation Assumptions

Our valuation was prepared in accordance with the information obtained from the Client and specifically on the basis of the following assumptions:

(a) We have relied upon the information provided to us by the Client as being complete and correct as to tenure, tenancies, measurements and capacities of properties, planning consents and other relevant information;

(b) There are no Rights of Way, easements, outgoings of an onerous nature or restrictions on use affecting the property, except for ones mentioned in the report, which may have a material effect on the value;

(c) The premises are constructed and used in accordance with all necessary building and planning permissions, and there are no disputes with neighbouring owners or occupiers nor with the local municipal authorities;

(d) The site is not subject to any form of environmental contamination;

(e) That the property complies with any fire and life security codes, environmental codes and any other regulatory requirements that may exist;

(f) No structural surveys of the buildings have been undertaken. We are therefore unable to report that they are free of structural faults, rot, infestation or defects of any other nature, including inherent weakness due to the use of construction materials now suspect. No tests were carried out on any of the services;

(g) Forecasts and projections contained in the valuation must be read strictly in conjunction with the explanations, qualifications and assumptions set out in the text. Such forecasts and projections involve a significant element of subjective judgement and are designed to assist buyers in considering possible outcomes. They are not intended to give any assurance that any particular result or outcome will occur. The assumptions on which forecasts and projections are based are considered reasonable at the time of issue of the valuation, but no assurance is given that they are correct or exhaustive or that they will continue to be so in the future;

We have valued the subject property on the assumption that Klupko d.o.o. has 100% share in the property.

6.4 Specific Valuation Assumptions

Estimating the Market Value of the subject property we have made allowances and assumptions for the following:

(a) Our valuation is made on 31st December 2015;

(b) The exchange rate that has been adopted is 121.63 RSD/EUR according to the National Bank of Serbia as of 31st December 2015;

(c) We have not carried out building's measurement. We have obtained the tenancy schedule dated December 2015 by Aviv Park Pancevo for the subject property and based our calculations on the assumption that total gross lettable area of existing buildings comprises 27,877 m2 GLA.

(d) Rents are mostly subject to annual indexation according to HICP adopted at the level of 1.6% per annum.;

(e) All lease contracts are concluded for the definite period of time (5 or 10 years). We are not aware of any break options specified. Average WALL is significantly increased due to H&M (35 years), McDonald's and cinema lease.

(f) Rent is received monthly which is reflected in our calculations.

(g) The retail park is very new and the ERVs are essentially the same as the contract rents and therefore the ERVs are neither significantly under nor over-rented.

(h) After expiry of the current lease agreements we have adopted the annual indexation according to HICP at the level of 1.6% ;

(i) A 2-month void period has been adopted after the current lease agreements expiry. The expiry void covers the leasing void as well as the leasing costs, utilities costs for vacant areas and the incentives for new tenants;

(j) As per delivered Tenancy schedule, average passing rent in Aviv Park Pančevo comprises €8.9 per m2 GLA or € 3,004,169 per annum.

In addition to base revenues, we were informed by the client that retail centre had signed agreements for temporary leases securing revenues of cca € 31,000 pa.

We also assumed stable level of variable revenues (turnover rent) in amount of €80,000 pa, further increasing in line with long term inflation growth.

(k) We have also adopted an allowance in respect of unpaid rent and other non-recoverable operating expenses at 1% and 1% of total gross income respectively;

(l) We have applied 2% on-going vacancy rate starting from the 2nd year of our calculations;

(m) We have applied 9.50% discount rate in our calculations having in mind that retail park is relatively new concept in Serbia. Aviv Park is the only retail park in wider Belgrade area, thus secondary catchment area comprises also some parts of Belgrade's municipality of Palilula. In addition, Aviv Park has a strong tenant mix and the addition of H&M and McDonald's is increasing attractiveness of the location. Cinema also contributed to rounding up entertainment segment, consequently expected to enhance turnover of the centre.

(n) We have applied 9.00% exit yield in our calculations.

Detailed calculations are attached in Appendix 8 of this Report.

6.5 SWOT Analysis

In considering subject property as investment opportunity, we would draw your attention to the following SWOT analysis:

Table 9: SWOT analysis

Strengths	Weaknesses
• Location is good on road from Belgrade • Higher than average remaining lease lengths; • Sustainable base rents and high footfalls; • Almost 100% occupancy; • No competing schemes in Pancevo; • Best performing DIS Hypermarket in Serbia • First McDonald's restaurant in Pancevo • H&M presence in the retail centre	• Volatile revenues due to TO rents for biggest tenants (H&M and C&A) • Not sufficient number of open parking spaces
Opportunities	**Threats**
• New tenants inbound to Serbia still • Cinema contributing to entertainment concept and higher footfall	• Retail park schemes becoming more common format in Serbia with rising competition

Source: Jones Lang LaSalle

6.6 Valuation Summary – Standing Investment

Having regard to the contents of this Report, we are of the opinion that the Market Value of the Aviv Park Pancevo, Pancevo subject to the assumptions outlined in the Report, as at 31st December 2015, was in the region of:

MARKET VALUE OF THE AVIV PARK PANCEVO

€36,000,000

(Thirty Six Million Euro)

Market Value is understood as the value of the property estimated without regard to cost of sale or purchase, and without offset for any associated taxes. Therefore no allowances have been made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. The property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

The above value assumes Klupko d.o.o. has 100% share in the property

6.7 Valuation Approach – Residual Method

We have adopted the standard approach for the valuation of developments; the Residual Method of Valuation in accordance with the Practice Statements as set out in the RICS Valuation Standards. The residual value or site value as it is also known is the surplus after total costs including construction, fees, contingency, finance costs and developer's profit are deducted from an estimate of the gross development value (GDV) upon completion. This surplus or residual value represents the amount that a purchaser would be willing to pay for the remaining site.

A standardised approach is therefore important to the valuation of an Investment Property under Construction (IPUC) throughout the development to ensure that it is only certain variables that can change and not the approach. We continue to value the development in this way throughout the phases of construction from site acquisition to the point where all risks are removed and therefore any element of developer's profit is also removed. At this stage the IPUC can be valued as a standing investment.

The level of profit reasonably required by a purchaser (and therefore reflected in arriving at fair value) will diminish as each stage is passed and the risk associated in realising the value of the completed development is reduced. The amount of profit is typically measured as profit on cost or value and will be influenced by the level of pre-lets / pre-sales. Typically profit on cost varies between 10% for de-risked 100% pre-let / pre-sold IPUCs and 25% for 100% speculative IPUCs. We have assumed in our valuation a profit on total cost of 15% at the subject development.

As the development progresses the value of the site (the residual) should increase as remaining costs are reduced, the level of risk and therefore required profit also fall and the remaining time prior to the IPUC becoming income producing and being converted into an investment property is reduced.

6.8 General Valuation Assumptions

Our valuation was prepared in accordance with the information obtained from the Client and specifically on the basis of the following assumptions:

(a) We have relied upon the information provided to us by the Client as being complete and correct as to tenure, tenancies, measurements and capacities of properties, planning consents and other relevant information;

(b) There are no Rights of Way, easements, outgoings of an onerous nature or restrictions on use affecting the property, except for ones mentioned in the report, which may have a material effect on the value;

(c) The premises are constructed and used in accordance with all necessary building and planning permissions, and there are no disputes with neighbouring owners or occupiers or with the local municipal authorities;

(d) The site is not subject to any form of environmental contamination;

(e) That the property complies with any fire and life security codes, environmental codes and any other regulatory requirements that may exist;

(f) No structural surveys of the buildings have been undertaken. We are therefore unable to report that they are free of structural faults, rot, infestation or defects of any other nature, including inherent weakness due to the use of construction materials now suspect. No tests were carried out on any of the services;

(g) Forecasts and projections contained in the valuation must be read strictly in conjunction with the explanations, qualifications and assumptions set out in the text. Such forecasts and projections involve a significant element of subjective judgement and are designed to assist buyers in considering possible outcomes. They are not intended to give any assurance that any particular result or outcome will occur. The assumptions on which forecasts and projections are based are considered reasonable at the time of issue of the valuation, but no assurance is given that they are correct or exhaustive or that they will continue to be so in the future;

We have valued the subject property on the assumption that Klupko d.o.o. has 100% share in the property.

6.9 Specific Valuation Assumptions – Residual Method

Gross Development Value (GDV)

- Part of the site is still not developed. Approximately 4,200 m2 of land along the west border behind the fifth phase is vacant.
- Surplus land calculated in our report includes triangle shaped lot along Prvomajska Street with area of cca 2,500 m2 suitable for the gas station, car show room or continuing retail development. Part of the surplus land is used as temporary parking, but it will be removed for the purpose of construction. It is possible to continue development next to cinema delivered in 2015, however client has provided plans indicating that land next to cinema object will be used as open parking. Additionally, we included vacant lot on the west border behind fifth phase with area of cca 4,200 m2 which has very poor visibility and limited potential for retail formats.
- The planning documents allow construction of commercial building and it can therefore be retail, hotels, and office. Due to this fact, we think it is most reasonable to build a small amount of retail. This also reflects the future value implicitly of the land having such favourable building conditions, especially considering the fact that site retail park is already operating, with vacancy rate below 1 % and very strong tenant mix with H&M operating from 2014. During 2015, the first retail park in Belgrade – Zemun Park has opened covering 16,000m2 GLA and Aviv Arlon has opened another retail park in Zvezdara municipality in Belgrade (11,500 m2). However, concerning that subject scheme is well established with good performance comparing to competing schemes, we believe that opened centres will have no influence to existing scheme.

  Finally, having in mind market potential, as well as physical potential of the vacant land as well as the client plans for extension, we estimated 4,000 m2 of retail space construction on the location. We do not believe that it is possible to develop more in a retail park format due to a necessity for infrastructure, parking and access roads on the site.
- We projected average rent of €9/m2/month having in mind limited visibility and potential for retail development of vacant lot on the west border of the site.
- The total projected Gross Market Rental Income assuming 100% occupancy is €432,000. We have adopted total non-recoverable costs of 5.0%, which include Loss of Rent of 3% and non-recoverable at 2.0%. Therefore the Total Net Income (assuming Fully Let) is €410,400.
- Based on the previous phases we have assumed that the property is 100% pre-let.
- We have applied an initial yield of 10.00%.

  This indicates a GDV of €4.1 million.

Timing Assumptions

- Considering the size of projected development on surplus land, already developed infrastructure on the site as well as very fast realization of all permits eliminating lead in period, we are of opinion that additional capacity can be delivered and leased on the market in year and a half period.

Construction / Development Costs

- We have adopted the costs of construction as we understand the company has incurred over the previous phases. The Total Investment Cost payable by Klupko d.o.o. to €1.53 million excluding finance.

  There are some notes on costs: the developer has essentially built 6 phases of the project and this warrants a lower contingency fee due to their experience and the assumption is that the developer will build the same product. Moreover, we did not include a marketing fees as generally all marketing fees are being paid by the other tenants currently and the project is so far quite successful which is marketing in itself.

Finance Costs

- We have adopted a finance rate of 7%.
- The interest on the development costs amounts to €76.1 thousand.

Developer's Profit

- We have adopted a developer's cost of 17% from costs (€373,000) to reflect the level of profit that would be required by a purchaser to undertake the development project.

Residual Value

- Finally, we reached Residual Site Value of **(€1.4 million)**.

A copy of our appraisal is attached at Appendix 8.

6.10 SWOT Analysis

In considering subject property as investment opportunity, we would draw your attention to the following SWOT analysis:

Table 10: SWOT analysis

Strengths	Weaknesses
• Part of the location with excellent position along Prvomajska Street • Current developer experience • Strong performance of existing adjoin scheme – high footfall and low vacancy rate	• Part of the location on the west border of the site has very poor visibility, not attractive for retail activity. • Need for parking area can reduce additional construction potential.
Opportunities	**Threats**
• High build up and coverage ratio. • Flexible planning guidelines allow for other commercial purposes • Fast realization of projects (permits, construction etc)	• Poor visibility and access to lot on the west side of the site.

Source: Jones Lang LaSalle

6.11 Valuation Summary – Surplus Land

Having regard to the contents of this Report, we are of the opinion that the Market Value of the Aviv Park Pancevo, Pancevo subject to the assumptions outlined in the Report, as at 31st December 2015, was in the region of:

MARKET VALUE OF THE AVIV PARK PANCEVO SURPLUS LAND

€1,400,000

(One Million Four Hundred Euro)

Market Value is understood as the value of the property estimated without regard to cost of sale or purchase, and without offset for any associated taxes. Therefore no allowances have been made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. The property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

The above value assumes Klupko d.o.o. has 100% share in the property

Transaction costs typically comprise the following:

(a) Stamp duty is 2.5%; however it is not applicable for the transfer of shares of an asset holding company.

(b) Court registration and Notarial fees: vary according to transaction.

(c) VAT is chargeable on first transaction of a property improved after 1 January 2005 and it is not charging on any later transaction. VAT rate is 20% with exception for residential properties where is 10%. Sale of share is VAT exempt for the first sale.

Agent's fees at 1-3% of purchase price plus VAT. It is more likely that a fee of 2% would be charged on an investment disposal and a higher fee around 3% charged on the acquisition of land.

7 List of Documents Used in Valuation Report

The following documents were used in the Valuation Report on of the Aviv Park Pancevo located in Pancevo, Serbia

- Tenancy Schedule / Rent Roll as of December 2015.
- Copy of the Ownership document number 11835, Cadastal Municipality of Pancevo
- Tenant layout drawing
- Lease agreement entered into by and among Klupko d.o.o. and URADI SAM d.o.o., dated 26.05.2011.
- Lease agreement entered into by and among Klupko d.o.o. and DIS d.o.o., dated 24.06.2009.
- Annex 2 to the Lease agreement entered into by and among Klupko d.o.o. and Blitz film & Video d.o.o., dated 29.12.2014
- Annex 4 to the Lease agreement entered into by and among Klupko d.o.o. and Deichmann trgovina obucom SRB d.o.o., dated 17.12.2015
- Annex 2 to the Lease agreement entered into by and among Klupko d.o.o. and Delfi knjizare d.o.o., dated 12.01.2016
- Annex 3 to the Lease agreement entered into by and among Klupko d.o.o. and HDS Retail GP d.o.o., dated 12.01.2016
- Annex 2 to the Lease agreement entered into by and among Klupko d.o.o. and L&N CO d.o.o., dated 12.01.2016
- Annex 2 to the Lease agreement entered into by and among Klupko d.o.o. and Passage Group d.o.o., dated 12.01.2016
- Annex 4 to the Lease agreement entered into by and among Klupko d.o.o. and Takko Fashion Serbia d.o.o., dated 21.12.2015
- Annex 2 to the Lease agreement entered into by and among Klupko d.o.o. and Univers-Co d.o.o., dated 12.01.2016
- Usage Permit for the construction of No V -15-351-765/2015 issued in September 2015

Appendix 1

General Principles Adopted in the Preparation of Report and Valuations

General Principles Adopted In The Preparation Of Valuations And Reports

These General Principles should be read in conjunction with the firm's General Terms and Conditions of Business.

It is our objective to discuss and agree the terms of our instructions and the purpose and basis of the valuation, at the outset, to ensure that we fully understand and meet our client's requirements. Following are the general principles upon which our Valuations and Reports are normally prepared; they apply unless we have agreed otherwise and specifically mentioned the variation in the body of the report. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances, or to arrange for the execution of structural or site surveys, or any other more detailed enquiries.

1. Valuation Standards:
All work is carried out in accordance with:

(a) The Practice Statements contained in the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors (Seventh Edition), by valuers who conform to the requirements thereof;
(b) The Approved European Property Valuation Standards of the European Group of Valuers Associations (TEGoVA).

The standard adopted is set out in our report.

2. Valuation Basis:
Our reports state the purpose of the valuation and unless otherwise noted, the basis of valuation is as defined in the appropriate valuation standard. The full definition of the basis which we have adopted is either set out in our report or appended to these General Principles.

3. Source of Information:
We accept as being complete and correct the information provided to us by the sources listed, as details of tenant, tenancies, tenant's improvements, planning consents and other relevant matters, as summarised in our report.

4. Disposal Costs and Liabilities:
No allowances are made for any expenses of realisation, or for taxation which might arise in the event of disposal. All property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

5. Documentation:
We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers.

6. Tenants:
Although we reflect our general understanding of a tenant's status in our valuations, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

7. Measurements:
We do not normally measure premises unless specifically requested and base our valuation on the information made available to us. Where measurement is undertaken this is carried out in accordance with either the relevant local codes or the Code of Measuring Practices issued by the Royal Institution of Chartered Surveyors except in the case of agricultural properties or where we specifically state that we have relied on another source.

8. Town Planning and Other Statutory Regulations:
Information on town planning is, wherever possible, obtained verbally from the local planning authority and, if confirmation is required, we recommend that verification be obtained from lawyers that:-

(a) the position is correctly stated in our report;
(b) the property is not adversely affected by any other discussions made or conditions prescribed by public authorities;

(c) that there are no outstanding statutory notices.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including enactments relating to fire regulations.

9. Structural Surveys:
Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we therefore do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair which we note during our inspection or costs of repair which are brought to our attention.

10. Deleterious Materials:
We do not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, wood wool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

11. Site Conditions:
We do not normally carry out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses or delays will be incurred during the construction period due to these matters.

12. Environmental Conditions:
Unless expressly instructed, we do not carry out site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

13. Value Added Tax
Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

14. Outstanding Debts:
In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

15. Confidentiality:
Our Valuations and Reports are confidential to the party to whom they are addressed for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

Appendix 2

General Terms and Conditions of Business

GENERAL TERMS AND CONDITIONS OF BUSINESS

INTRODUCTION

1 When the Terms Apply

These Terms of Business (the "Terms") apply where Jones Lang LaSalle provides a service to a client and there is no written agreement for the provision of that service or if there is, to the extent that these Terms do not conflict with the terms of that written agreement. In the case of conflict between these Terms and the terms of any written agreement, the terms of the written agreement shall prevail to the extent of the conflict. Reference in these Terms to the agreement means the written or informal agreement that incorporates these Terms (the "Agreement").

2 Jones Lang LaSalle

Jones Lang LaSalle means Jones Lang LaSalle d.o.o Beograd, with its seat at Danube Business Centre, 10L Mihajla Pupina Boulevard, 11070 New Belgrade, Serbia or any other member of the Jones Lang LaSalle group of companies that provides services or the relevant part of the services.

SERVICE LEVEL

3 Services

Jones Lang LaSalle is to provide all services to the specification and performance level stated in writing or, if none is stated, to the specification and performance level that it ordinarily provides in accordance with Jones Lang LaSalle's duty of care as set out below. Any variations must be agreed in writing.

4 What is not included

Jones Lang LaSalle has no responsibility for anything that is beyond the scope of the service so defined. In particular, it has no obligation to provide nor liability for:

- an opinion on price unless specifically instructed to carry out a formal valuation;
- advice, or failure to advise, on the condition of a property unless specifically instructed to carry out a formal survey;
- the security or management of property unless specifically instructed to arrange it;
- the safety of those visiting a property, unless that is specified in its instructions.

5 Valuations

Jones Lang LaSalle must comply with professional requirements for the rotation of valuers, and the implications of this are to be agreed in writing with those clients who require valuation services.

LIABILITY AND DUTY OF CARE

6 Duty of Care

Jones Lang LaSalle owes to the client a duty to act with reasonable skill and care in providing services, complying with the client's instructions where those instructions do not conflict with (a) these Terms, (b) the Agreement or (c) applicable law and professional rules. Jones Lang LaSalle is not obliged to carry out any instructions of the client which conflict with the applicable law, regulations and professional rules.

7 Liability to the Client

Jones Lang LaSalle has no liability for the consequences including delay in or failure to provide the services, of any failure by the client or any agent of the client:

- promptly to provide information or other material that Jones Lang LaSalle reasonably requires, or where that information or material is inaccurate or incomplete. The client warrants that, where it provides information or material to Jones Lang LaSalle, Jones Lang LaSalle is entitled to rely on its accuracy.

- to follow Jones Lang LaSalle's advice or recommendations.

The liability of Jones Lang LaSalle to the client for its own negligence causing death or personal injury or for fraud is unlimited, but otherwise its liability is:

- limited to 2 (two) times the fixed fees amount agreed with Jones Lang LaSalle per occurrence or series of occurrences arising from one event,
- excluded to the extent that the client, or someone on the client's behalf for whom Jones Lang LaSalle is not responsible is responsible,
- excluded if caused by circumstances beyond Jones Lang LaSalle's reasonable control,
- excludes loss of profit, revenue and anticipated savings,
- excludes indirect, special and consequential loss,
- (where Jones Lang LaSalle is but one of the parties liable) limited to the share of loss reasonably attributable to Jones Lang LaSalle on the assumption that all other parties pay the share of loss attributable to them (whether or not they do),
- not (so far as permitted by law) increased by any condition or warranty prescribed by law,
- in any case limited to a maximum of EUR 1,000,000 (one million euro) in aggregate.

Jones Lang LaSalle shall not be liable for any hidden defects in any real property sold, bought or leased, unless Jones Lang LaSalle was aware of these defects and did not inform the client hereof.

8 Liability to Third Parties

Jones Lang LaSalle owes no duty of care and has no liability to anyone but its client. No third party has any rights unless there is specific written agreement to the contrary.

9 Liability for Third Parties

Jones Lang LaSalle has no liability for products or services that it reasonably needs to obtain from others in order to provide services.

Jones Lang LaSalle may delegate to a third party the provision of any part of services, but if it does so:

(a) without the client's approval, Jones Lang LaSalle is responsible for what that third party does;
(b) with the client's approval or at the client's request, Jones Lang LaSalle is not responsible for what that third party does.

10 Protection of Employees

Apart from for fraud or a criminal conduct no employee of the Jones Lang LaSalle group of companies has any personal liability to the client, and that neither the client nor anyone representing the client will make a claim or bring proceedings against an employee or former employee personally.

11 Complaints Resolution Procedure

The client agrees that it will not take any action or commence any proceedings against Jones Lang LaSalle before it has first referred its complaint to Jones Lang LaSalle in accordance with Jones Lang LaSalle's complaints procedure, details of which are available upon request.

12 Liability to Jones Lang LaSalle

The client agrees to indemnify Jones Lang LaSalle against all third party claims (including without limitation all third party actions, claims, proceedings, loss, damages, costs and expenses) that relates in any way to the provision of services, except a liability that a court of competent jurisdiction decides (or Jones Lang LaSalle agrees) was caused by the fraud, willful default or negligence of Jones Lang LaSalle or of a delegate for whom Jones Lang LaSalle is responsible under the Agreement.

DELIVERING THE SERVICE

13 Timetable

Jones Lang LaSalle is to use reasonable endeavours to comply with the client's timetable, but is not responsible for not doing so unless specifically agreed in writing. Even then, Jones Lang LaSalle is not liable for delay that is beyond its control.

14 E-mail and On-line Services

Jones Lang LaSalle may use electronic communication and systems to provide services, making available to the client any software required that is not generally available.

15 Insurance

Jones Lang LaSalle agrees to purchase and maintain appropriate insurance policies, in particular professional indemnity insurance. Upon request Jones Lang LaSalle may provide evidence of such insurance.

16 Conflict of Interest

If Jones Lang LaSalle becomes aware of a conflict of interest it is to advise the client promptly and recommend an appropriate course of action.

17 Publicity

Neither Jones Lang LaSalle nor its client may publicise or issue any specific information to the media about services or its subject matter without the written consent of the other.

18 Intellectual Property

All intellectual property rights in material supplied by the client belong to the client and in material prepared by Jones Lang LaSalle belong to Jones Lang LaSalle, unless otherwise agreed in writing. Each has a non-exclusive right to use the material provided for the purposes for which it is supplied or prepared. No third party has any right to use it without the specific consent of the owner.

19 Confidential Information

Each party must keep confidential all confidential information and material of commercial value to the other party of which it becomes aware, but it may:

(a) use it to the extent reasonably required in providing services,
(b) disclose it if the other party agrees,
(c) disclose it if required to do so by law, regulation or other competent authority.

Jones Lang LaSalle will comply with personal data protection regulations.

This obligation continues for a period of two years after termination of the agreement.

20 The effect of Termination on Client Material

On termination of the Agreement Jones Lang LaSalle may, to comply with legal, regulatory or professional requirements, keep one copy of all material it then has that was supplied by or on behalf of the client in relation to the service. The client may request the return or destruction of all other client material (save for electronic back-ups).

REMUNERATION

21 Not specified

Where the fees and expenses payable for services are not specified in writing, Jones Lang LaSalle is entitled to:

(a) a fair and reasonable fee by reference to time spent, and
(b) reimbursement of expenses properly incurred on the client's behalf.

22 Part Performance

Where services are not performed in full, Jones Lang LaSalle is entitled to a reasonable fee proportionate to services provided as estimated by Jones Lang LaSalle.

23 VAT and Withholding

The client must pay VAT at the rate then current on issue of a valid VAT invoice and any applicable withholding tax.

24 Interest on Overdue Amounts

If an invoice is not paid in full within 7 days (or such other period as agreed in writing between the parties), Jones Lang LaSalle may charge interest on the balance due at the then applicable daily rate as set by the National Bank of Serbia.

MISCELLANEOUS

25 Assignment

The client may assign the benefit of the Agreement, but must first obtain the written consent of Jones Lang LaSalle, which will not be unreasonably withheld.

26 Termination

The client or Jones Lang LaSalle may terminate the Agreement immediately by written notice to the other, if the other:

- has not satisfactorily rectified a substantial or persistent breach of the agreement within the reasonable period specified in an earlier notice to rectify it.
- is insolvent according to the laws of its country of incorporation.

27 Effect of Termination on Claim

Termination of the Agreement does not affect any claims that arise before termination or the entitlement of Jones Lang LaSalle to its proper fees up to the date of termination or to be reimbursed its expenses.

28 Waiver and Severance

Failure to enforce any of these Terms is not a waiver of any right to subsequently enforce that or any other term of the Agreement.

The invalidity, illegality and unenforceability in whole or in part of any provisions of the Agreement shall not affect the validity, legality or enforceability of its remaining provisions which shall remain in full force and effect.

29 Notices

A notice is valid if in writing addressed to the last known address of the addressee and is to be treated as served:

- when delivered, if delivered by hand during normal business hours,
- at the time of receipt upon delivery confirmation, if sent by registered mail,
- at the time of receipt upon delivery confirmation, if sent by fax or electronic mail.

30 Governing Law and Jurisdiction

These General Terms and Conditions of Business and the terms of the instruction shall be governed and construed in accordance with the laws of Serbia. All disputes shall be finally settled by the appropriate and relevant court in Belgrade.

Appendix 3

Definition of Market Value

The Basis of Valuation

Our valuation is carried out on the basis of the property's ***Market Value***. This is defined in the RICS Red Book as:

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'

Interpretive Commentary, as published in the RICS Valuation – Professional Standards January 2014, VPS 4 and IVS Framework:

Market value is the basis of value that is most commonly required, being an internationally recognised definition. It describes an exchange between parties that are unconnected and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, at the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible – see IVS Framework paragraphs 32-34 Market Value.

It ignores any price distortions caused by special values or synergistic value. It represents the price that would most likely be achievable for an asset across a wide range of circumstances. Market rent applies similar criteria for estimating a recurring payment rather than a capital sum.

In applying market value, regard must also be had to the conceptual framework set out in IVS Framework paragraphs 30-34 Market Value, which includes the requirement that the valuation amount reflects the actual market state and circumstances as of the effective valuation date.

Valuers must ensure in all cases that the basis is reproduced or clearly identified in both the instructions and the report. There is no mandatory requirement to refer to the IVS conceptual framework (IVS Framework paragraphs 30-34) in the valuer's report but, in appropriate cases, it may be useful to do so if it is considered likely to assist the client.

However, a valuer may be legitimately instructed to provide valuation advice based on other criteria, and therefore other bases of value may be appropriate. In such cases the definition adopted must be set out in full and explained. Where such a basis differs significantly from market value it is recommended that a brief comment is made indicating the differences.

Notwithstanding the disregard of special value (see definition in IVS Framework paragraph 47), where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the property in the future, the impact of that expectation is reflected in market value. Examples of where the hope of additional value being created or obtained in the future may have an impact on the market value include:

- the prospect of development where there is no current permission for that development; and
- the prospect of synergistic value (see definition in IVS Framework paragraph 47) arising from merger with another property or asset, or interests within the same property or asset, at a future date.

The Impact on value arising by use of an assumption or special assumption should not be confused with the additional value that might be attributed to an asset by a special purchaser.

Not that in some jurisdictions a basis of value known as 'highest and best use' is adopted an this may either be defined by statue or established by common practice in individual countries or states.

The definition of market value shall be applied in accordance with the following conceptual framework:

'The estimated amount'

refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;

'an asset should exchange'

refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

'on the valuation date'

requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;

'between a willing buyer'

refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";

'and a willing seller'

is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

'in an arms-length transaction'

is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

'after proper marketing'

means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

'where the parties had each acted knowledgeably, prudently'

presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

'and without compulsion'

establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

The concept of market value presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged.

The market value of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

The highest and best use of an asset valued on a stand-alone basis may be different from its highest and best use as part of a group, when its contribution to the overall value of the group must be considered

The determination of the highest and best use involves consideration of the following:
(a) to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,
(b) to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, eg zoning designations, need to be taken into account,
(c) the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use.

Special value is an amount that reflects particular attributes of an asset that are only of value to a special purchaser.

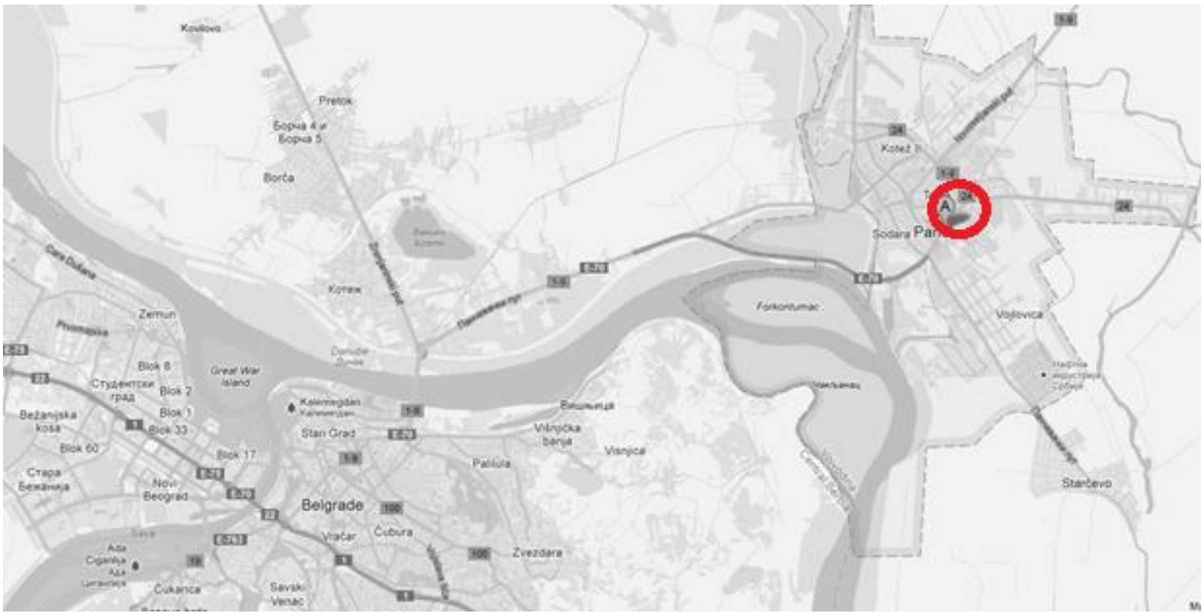
A special purchase is a particular buyer whom a particular asset has special value because of advantages arising from its ownership that would not be available to other buyers in the market.

Special value can arise where an asset has attributes that make it more attractive to a particular buyer than to any other buyers in a market. These attributes can include the physical, geographic, economic or legal characteristics of an asset. Market value requires the disregard of any element of special value because at any given date it is only assumed that there is a willing buyer, not a particular willing buyer.

When special value is identified, it should be reported and clearly distinguished from market value.

Appendix 4

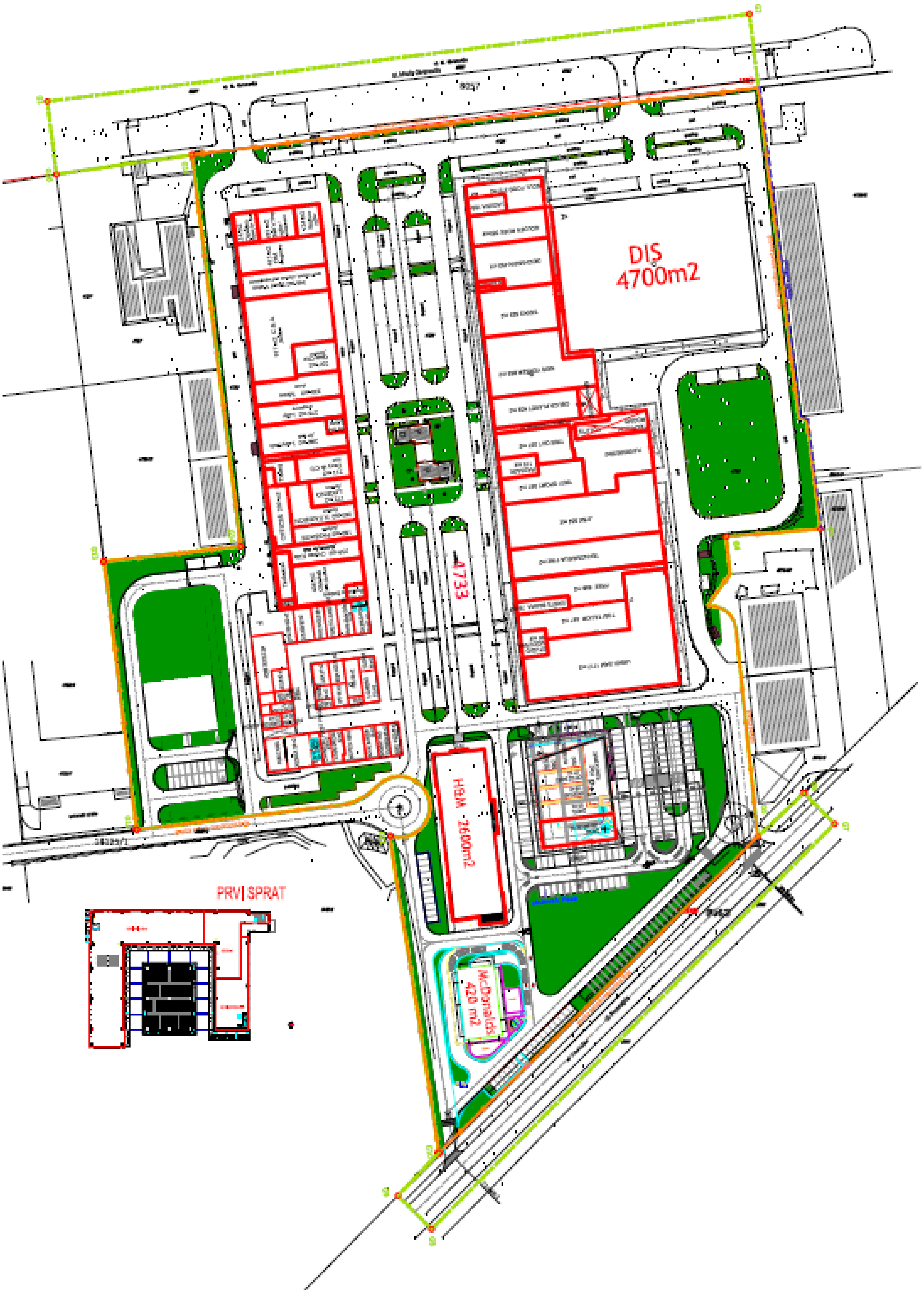
Location Map


Kovilovo
Pretok
Borča
Zemun
Great War Island
Kalemegdan
Stari Grad
Belgrade
Vračar
Čubura
Palilula
Zvezdara
Višnjica
Višnjička banja
Novi Beograd
Blok 17
Blok 60
Bežanijska kosa
Ada Ciganlija
Čukarica
Savski Venac
Forkontumac
Kotež
Sodara
Vojlovica
Starčevo


Farmers Market
Tesla
KONAK
Trg Dr. Zorana Đinđića
ITSBALKAN DOO
Narodna bašta
Pančevo
Sodara
Strelište
Industrija stakla "Pančevo"

Appendix 5

Retail Park Layout


DIS
4700m2
4733
H&M 2600m2
McDonalds
420 m2
PRVI SPRAT

Appendix 6

Photographs


CineStar
CINEMAS
Extreme
Loyalty Club
PODLIH OSAM
ZVEZDA JE ROĐENA
mts
OFFICE
SHOESTAR


H&M


McDonald's
McCafé


Golden Rose
GR
Mixa

Appendix 7

Calculations

Cash Flow Input Assumptions

Aviv Park Pancevo, Pancevo

Exchange Rates at 31 December 2015 according to the NBS			
	RSD	0,0100	EUR
	EUR	121,6261	RSD

Indexation

Type	Rate
HICP	1,60%
MUCIP	1,60%

Gross rental income p.a.*

€	3.185.522
RSD	387.442.607

Net rental income p.a.

€	3.121.811
RSD	379.693.755

Minimum Guaranteed Rent

€	3.074.774
RSD	379.693.755

Annual EMRV

€	3.139.538
RSD	381.849.775

Valuation date	12.31.15	
CF start date	1.1.2016	
Exit Yield	9,00%	
Discount Rate	9,50%	
Initial Yield	8,66%	
Yield on EMRV	8,68%	
Vacant duration	2	*months*
Residual Value on	Passing Rent	
Valuation Currency	EURO	

Market Value	EURO
€	36.000.000

Market Value	
RSD	4.378.500.000

MV / sq m	EURO
€	1.291

MV / sq m	RSD
RSD	157.068

** Estimated income in the first year of Calculations*

Aviv Park Pancevo, Pancevo

Cash Flows calculated Monthly — All figures shown are annuities

		2016-01-01 2016-12-31	2017-01-01 2017-12-31	2018-01-01 2018-12-31	2019-01-01 2019-12-31	2020-01-01 2020-12-31	2021-01-01 2021-12-31	2022-01-01 2022-12-31	2023-01-01 2023-12-31	2024-01-01 2024-12-31	2025-01-01 2025-12-31	2026-01-01 2026-12-31
	YEAR							7	8	9	10	11
INCOME												
MINIMUM GUARANTEED RENT		3.074.774	3.146.710	3.207.851	3.253.471	3.314.113	3.174.943	3.193.358	3.257.585	3.311.103	3.323.257	3.331.608
TEMPORARY LEASE	1,00%	30.748	31.467	32.079	32.535	33.141	31.749	31.934	32.576	33.111	33.233	33.316
TURNOVER GROWTH		*2,00%*	*2,00%*	*2,00%*	*2,00%*	*2,00%*	*2,00%*	*2,00%*	*2,00%*	*2,00%*	*2,00%*	*2,00%*
VARIABLE RENT		80.000	81.600	83.232	84.897	86.595	88.326	90.093	91.895	93.733	95.607	97.520
% VARIABLE INCOME		*2,60%*	*2,59%*	*2,59%*	*2,61%*	*2,61%*	*2,78%*	*2,82%*	*2,82%*	*2,83%*	*2,88%*	*2,93%*
TOTAL INCOME		3.185.522	3.259.777	3.323.161	3.370.903	3.433.849	3.295.019	3.315.384	3.382.056	3.437.946	3.452.097	3.462.444
EXPENSES	% on rents											
Vacancy	2,00%	0	65.196	66.463	67.418	68.677	65.900	66.308	67.641	68.759	69.042	69.249
Unpaid rent	1,00%	31.855	32.598	33.232	33.709	34.338	32.950	33.154	33.821	34.379	34.521	34.624
Other non-recoverable costs	1,00%	31.855	32.598	33.232	33.709	34.338	32.950	33.154	33.821	34.379	34.521	34.624
TOTAL EXPENSES	4,00%	63.710	130.391	132.926	134.836	137.354	131.801	132.615	135.282	137.518	138.084	138.498
NET OPERATING INCOME		€ 3.121.811	€ 3.129.386	€ 3.190.235	€ 3.236.067	€ 3.296.495	€ 3.163.218	€ 3.182.769	€ 3.246.773	€ 3.300.428	€ 3.314.013	€ 3.323.946
RUNNING YIELD (Before CAPEX)		8,63%	8,65%	8,82%	8,95%	9,12%	8,75%	8,80%	8,98%	9,13%	9,16%	9,19%
RUNNING YIELD (After CAPEX)		8,66%	8,69%	8,85%	8,98%	9,15%	8,78%	8,83%	9,01%	9,16%	9,20%	9,23%
DISCOUNT RATE	9,50%											
NPV MGR INCOME PAID IN ADVANCE	Monthly	2.950.133	2.757.579	2.567.229	2.377.708	2.212.015	1.934.486	1.777.500	1.656.375	1.537.188	1.409.204	
NPV ADDITIONAL INCOME PAID IN ADVANCE		106.272	99.084	92.283	85.827	81.075	73.193	67.929	63.278	58.890	54.627	
NPV MGR COST PAID IN ADVANCE	(in arrear)	-61.136	-114.266	-106.382	-98.548	-91.679	-80.340	-73.823	-68.774	-63.845	-58.546	
											15.016.017	
NPV NET INCOME PAID IN ADVANCE	Monthly (in arrear)	*2.995.269*	*2.742.398*	*2.553.131*	*2.364.987*	*2.201.411*	*1.927.339*	*1.771.606*	*1.650.878*	*1.532.232*	*1.405.285*	
EXIT YIELD	9,00%											
YIELD on EMRV	8,68%											
Average YIELD	8,96%											
Investment + Fit-out + Letting (nominal)	Amount	20.761	4.783	1.155	2.918	0	74.973	51.580	29.585	10.789	17.855	
Investment + Fit-out + Letting (discounted)	Amount	19.922	4.191	924	2.133	0	45.700	28.713	15.040	5.009	7.570	

MARKET VALUE (after capex)	**36.000.000**	EURO	**€ 1.291 / per sqm**
MARKET VALUE (after capex) (purchaser's cost 0,00%)	**36.000.000**	EURO	**€ 1.291 / p sq.m**

RESIDUAL VALUATION

Aviv Park Pancevo, Pancevo, Serbia

Valuation Date	31/12/2015

Estimated Annual Income / Total Sale								Currency		Euro
	Gross Internal Area sq m	Gross Rentable Area sq m Gross Residential Area	No of Units Parking Auxiliary	Lease length years	Contracted Rent / EMRV Euro/mth/sq m Sale price	Parking / EMRV Euro/mth Sale price	Total GOI pa Euro Total Sale	Rent Deductions % Cost of Sale		NOI pa Euro Net Sale
Use Type										
Office (pre-let)	-	-	-	-	-	-	-	0%		-
Office (vacant)	-	-	-	-	-	-	-	0%		-
Retail (pre-let)	-	-	-	-	-	-	-	0%		-
Retail (vacant)	-	4.000	-	-	9,00	-	432.000	5%		410.400
Industrial (pre-let)	-	-	-	-	-	-	-	0%		-
Industrial (vacant)	-	-	-	-	-	-	-	0%		-
Residential	-	-	-	-	-	-	-	0%		-
Residential	-	-	-	-	-	-	-	0%		-
Total Rentable/Salable Area	-	4.000	-							410.400

					per sq m	Total GDV
Estimated Gross Development Value	Office (pre-let)			0,00%	-	-
before Purchaser's Costs	Office (vacant)			0,00%	-	-
	Retail (pre-let)	Capitalisation Rate		0,00%	-	-
	Retail (vacant)		@	10,00%	1.026	4.104.000
	Industrial (pre-let)			0,00%	-	-
	Industrial (vacant)			0,00%	-	-
			Blended Cape Rate	10,00%		
	Residential		Total Sale		-	-
					Total GDV	4.104.000
					Euro/sq m	**1.026**

Purchaser's costs		
Agents & Legal Fees	0,0%	
Stamp Fees	0,0%	
Notary Fees	0,0%	
Total Purchaser's costs	0,0%	-

Estimated Net Development Value (After Purchaser's Costs)	Euro	4.104.000

Timing Assumptions						Cumulative
		Month nos (inclusive)				Years
	Years	Start	End	Appraisal as at	12/2015	at end
Lead-in period	0,00	1	0	Demolition start	12/2015	0,00
Demolition	0,00	1	0	Construction start	12/2015	0,00
Construction	1,00	1	12	Completion date	12/2016	1,00
Void period / Unit sale period	0,00	13	12	Lease / sale commence date	12/2016	1,00
Rent-free period	0,00	13	12	Rent commence and sale date	12/2016	1,00

Project Costs

Demolition Costs	GRA	Euro/sq m			
Buildings	-	-	-		
Structures	-	-	-		
				-	
Hard Costs	GRA	Euro/sq m			
Office hard costs	-	-	-		
Office fit-out	-	-	-		
Retail hard costs	4.000	425	1.700.000		
Retail fit-out	4.000	75	300.000		
Industrial hard costs	-	-	-		
Industrial fit-out	-	-	-		
Residential hard costs	-	-	-		
Residential other	-	-	-		
				2.000.000	
Other Construction Costs	0,00%	of hard costs	-		
Construction Contingency	2,00%	of hard costs	40.000		
				40.000	
					2.040.000
Professional Fees (Design and Planning, Construction Management, Quantity Surveyor etc.)					
Professional Fees	5%	of hard cost & contingency	102.000		
Other Consultancy	0%	of hard cost & contingency	-		
				102.000	
Marketing, Letting & Legals					2.142.000
Marketing	0%	of NOI & Sales	-		
Letting Agents & Legals	8%	of NOI	32.832		
				32.832	
					2.174.832
Financing Costs (On Project Costs Excluding Land Cost)					
	7,00%	base rate + margin			
Over Years	1,00				
Applied to (%) of Costs	50,00%		76.119		
Construction financing				76.119	

Total Estimated Project Costs (Excluding Developer's Profit & Site Purchase)				Euro		2.250.951
		Progress				
Project Construction Costs Incurred	31/12/2015	1%		22.510		
Pending Project Cost (incl. Financing)	31/12/2015	99%			2.228.442	
		as % of total				
Developer's Profit on Pending Project Cost						
Developers's Profit		10%	of NDV (after purchaser's costs)			
		17%	of Pending Project Cost (incl. Financing)			
					373.091	

Pending Estimated Project Costs & Developer's Profit (Excluding Site Purchase)			Euro		2.601.533
Residual value					
Estimated Net Development Value (After Purchaser's Costs)			4.104.000		
Pending Estimated Project Costs & Developer's Profit (Excluding Site Purchase)			2.601.533		
Balance Available for Site Purchase before Purchaser's Deduction of Purchaser's Costs				1.502.467	
Carried interest charges					
Financing @	7,00%	base rate + margin			
Over years	1,00			98.292	
					1.404.175
Site purchaser's costs					
Agents & Legal Fees	0%				
Stamp Fees	0%				
Notary Fees	0%				
Total Purchaser's costs	0%				-

Site Value (After Deduction of Purchaser's Costs)	Site Area (sq m)			Euro	1.404.175
				(Round)	**€ 1.400.000**
Site area	6.700 m^2			Euro/sq m	€ 209,58
				(Round Euro/sq m)	**€ 210**
		RSD		(Round) Local currency/m2	RSD 25540

JLL SEE

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fax +381 11 7850 597
PIB 100347859

7 March, 2016

Mr Eyal Bartov, CFO
Aviv Arlon Ltd.
7 Jabotinsky St. Ramt Gan
Israel

To Whom It May Concern

RE: Appraisal for Aviv Park in Pancevo

We understand that the appraisals carried out by our firm dated 15 January 2016 ("Appraisal Report") will be used by Aviv Arlon Ltd. ("Aviv Arlon") for the preparation of its annual financial statements for 2015.

We consent to the use of our Appraisal Report in Aviv Arlon financial statements and to its publication should Aviv Arlon be required to do so. However, we take no responsibility or liability for any misrepresentation of the appraisal information in the financial statements or any other publication for public disclosure.

Best regards,

Nebojsa Nesovanovic MRICS
National Director
Head of Valuation SEE
JLL

Jones Lang LaSalle d.o.o Beograd Bulevar Mihajla Pupina 10L, Novi Beograd
Raiffeisen Bank 265-1100310000111-07
Registrovan u Agenciji za privredne registre pod brojem 1-86293-00
Matični Broj 17371436