



Valuation Report on Aviv Park Pančevo, Serbia



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For the attention of:
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December 26th, 2017

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 2017 regarding the above property. We understand that the valuation is required for Financial Reporting purposes.

We inspected the property on 25th December 2017 and have carried out all the necessary enquiries with regard to market 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, Global Edition 2017 (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 2017, was in the region of:

MARKET VALUE OF THE AVIV PARK PANCEVO

€37,000,000

(Thirty Seven Million Euro)

MARKET VALUE OF THE AVIV PARK PANCEVO SURPLUS LAND

€1,200,000

(One Million Two 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 2017 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,



Nebojsa Nesovanovic MRICS
National Director
Head of Valuation Department SEE
JLL



Danica Jelaca MRICS
Associate Director
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Appendix 2 General Terms and Conditions of Business

Appendix 3 Definition of Market Value

Appendix 4 Location Map

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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.

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

As per delivered Tenancy Schedule, Retail Park has gross leasable area of 27,864 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, dated 21.11.2016 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.

Ten buildings are registered on the site with total footprint area of 25,729 m2, including latest phase H&M and McDonald's object. Cinema building is the latest edition to the parcel, and is registered under number 10, and has footprint of 1,429m².

According to the same source all buildings on the parcel 4733 have usage permits.

Tenancy

The total GLA of the finished objects in Aviv Park is 27,864 m2 GLA of finished buildings including sixth phase with standalone H&M object and Mc Donald's restaurant. So far there are 86 units for lease, including storage and offices. The biggest part of the retail park is occupied by DIS Supermarket (16%), followed by H&M store occupying 9% 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 0%.

According to tenancy schedule, WALT was 6 years and 6 months.

Key Valuation Assumptions

Standing Investment with cinema planned development– Income Approach DCF

- Our valuation is made on 31st December 2017;
- The exchange rate that has been adopted is 118.48 RSD/EUR according to the National Bank of Serbia as of 31st December 2017;

- (c) We have not carried out building's measurement. We have obtained the tenancy schedule dated December 2017 by Aviv Park Pancevo for the subject property and based our calculations on the assumption that total gross lettable area of existing buildings comprises 27,864 GLA.
- (d) Rents are mostly subject to annual indexation according to HICP adopted at the level of 1.8% 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 is 6 years and 6 months.
- (f) We applied capital reserves expenditure as 1 % from annual net operating income.
- (g) Rent is received monthly which is reflected in our calculations.
- (h) 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.
- (i) After expiry of the current lease agreements we have adopted the annual indexation according to HICP at the level of 1.8 % ;
- (j) 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;
- (k) We have also adopted an allowance in respect of non-recoverable operating expenses at 1% from the 2nd year. We are informed by the Client that they have surplus in service charges;
- (l) We have applied 2% on-going vacancy rate starting from the 2nd year of our calculations;
- (m) We have applied 9.25% discount rate in our calculations having in mind strong tenant mix and proven performance of the centre over the years.
- (n) We have applied 8.75% 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 9.75%.
- (e) This indicates a GDV of €4.2 million.
- (f) Construction period 1.5 years.
- (g) We have adopted a finance rate of 5.5%.
- (h) We have adopted a developer's cost of 15% on costs (€383) 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 **(€1.2 million)**.

Valuation at 31 December 2017

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 2017, was in the region of:

MARKET VALUE OF THE AVIV PARK PANCEVO

€37,000,000

(Thirty Seven Million Euro)

MARKET VALUE OF THE AVIV PARK PANCEVO **SURPLUS LAND**

€1,200,000

(One Million Two 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 km². 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, 2017

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 m² according to the land book number 11835, KO Pancevo, as from November 13, 2015. According to the information from the on-line cadaster, this information has not changed since.

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 m². 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 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 retail park delivered in several phases, with fifth phase being delivered in 2013. 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 27,864 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, dated 21.11.2016 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.

Ten buildings are registered on the site with total footprint area of 25,729 m², including latest phase H&M and McDonald's object. Cinema building is the latest edition to the parcel, and is registered under number 10, and has footprint of 1,429m².

According to the same source all building on the parcel 4733 have usage permits.

4.2 Title No.

According to the Ownership document number 11835, which was provided to us in November 2015, the subject site consists of one cadastral parcel number 4733, Cadastral Municipality of Pančevo, with an area of 72,920 m². The property is registered to belong to Klupko d.o.o.

Initially we were informed there was a mortgage over the property and lease agreements to Erste registered in the Netherlands. However, we did not receive a more recent Ownership document to confirm this information is still valid.

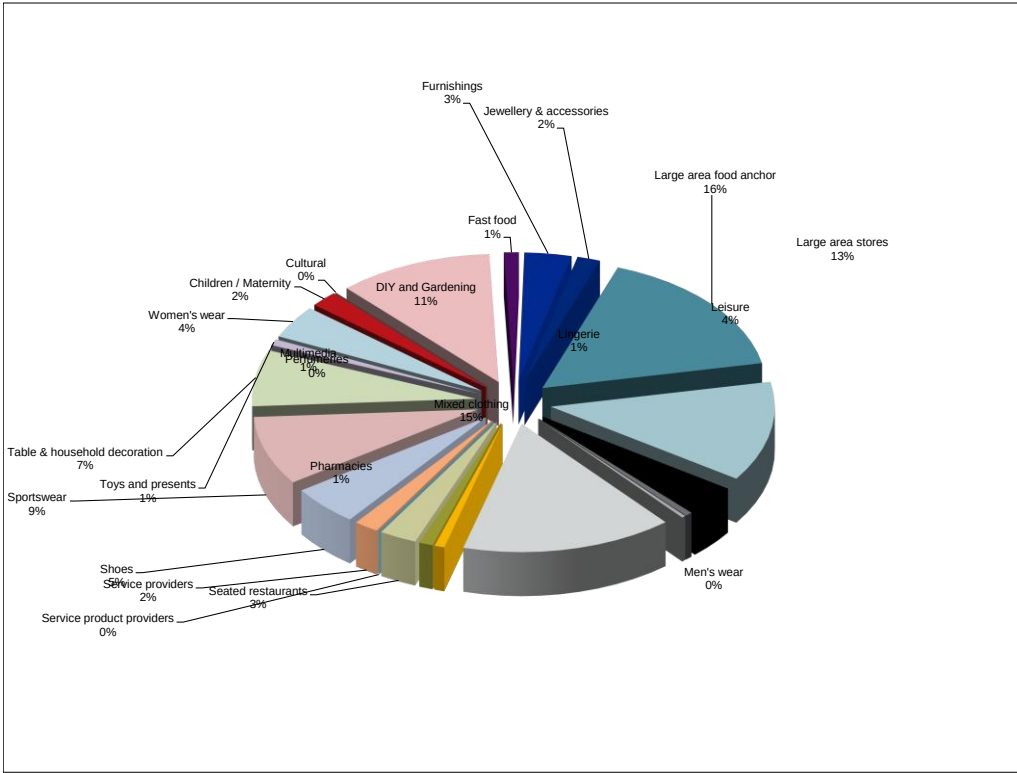
4.3 Tenancy

The total GLA of the finished objects in Aviv Park is 27,864 m² GLA of finished buildings including sixth phase with standalone H&M object and Mc Donald's restaurant. So far there are 86 units for lease, including storage and offices. The biggest part of the retail park is occupied by DIS Supermarket (16%), followed by H&M store occupying 9% of the total area of the centre. Highest portion of the centre is still occupied by clothing retailers.

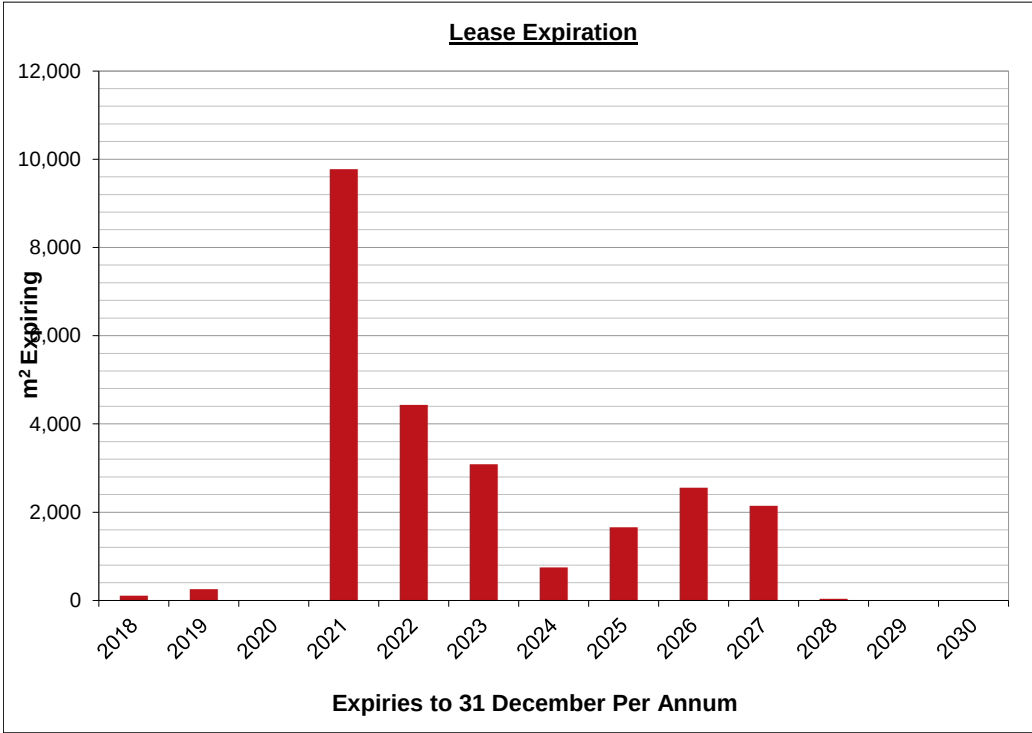
Current vacancy rate of the centre is 0%.

According to tenancy schedule, WALT was 6 years and 6 months.

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

According to Oxford Economics, a tight fiscal stance and moderate grain harvest affected growth projections, with GDP forecasted to reach a modest 1.6% in 2017. However, the pace is set to rise towards 3% in the following years, as investment and exports drive output growth and infrastructural improvement. In addition, growth will be fast enough to absorb declining unemployment and enable real wage and pension rises in 2018. Even though inflation is expected to reach 4% in 2019-2020, it has remained within the target range in 2017, enabling more interest rate reduction in Q3.

The budget has been in surplus for most of 2017, however it is forecast to descend back into deficit as public investment rises. Nonetheless, public debt will continue to drop towards 60% of GDP and the stable fiscal deficit indicates faster current account deficit reduction than previously forecast. In addition, strong FDI inflows that previously financed wide external deficits are now creating new industrial exports that will reduce the deficit from 2018. Progress towards a lower budget deficit gives more room for public investment in private and public capital spending. In addition, the narrowing deficit has helped bring inflation down, as well as contributing to faster current account improvement. By staying onside with the IMF, the government has also opened the door to more multilateral funding, including around €100 million this year from the World Bank. Improvement in credit ratings, financial stability, and inflation control have made Serbia the fastest overall climber in World Economic Forum competitiveness rankings for the second successive year. In the World Bank's Doing business list for 2018, Serbia ranks at 43rd place on the ease of doing business, compared to 47th in last year report. During October 1,902 construction permits were issued in Serbia, which is the highest number of permits issued in one month since year 2007, and compared to October 2016, it presents growth of almost 30%.

However, a tight fiscal stance and inflation pressure still pose a risk for further growth. This year's budget-balancing efforts while ensuring that inflation stays within the target range contributed to the GDP growth slowdown in the first half of the year. In addition, public investment might also be held back to achieve the promised wage and pension rises within the lower deficit ceiling. Public debt, though down by more than 7% since 2016, was still 65.4% of GDP in Q3, and the finance ministry must subdue public spending in order to bring it below 60% of GDP by 2019. An agreed 10% rise in minimum wage by employers and unions, comparable rises for some public sector workers and a 5% pension rise approved by the Fiscal Council, could cause upward cost pressure in the medium term.

According to the Serbian Statistical Office, consumer prices during September 2017 noted 3.2% increase in comparison to the same period previous year. Compared to the previous month, an increase was noted in the sectors of food and non-alcoholic beverages (1%), restaurants and hotels (0.9%), furniture, furnishings and regular maintenance (0.5%), housing, water, electricity, gas and other fuels and clothes and footwear (0.4% each) and communications (0.1%). Decrease of prices was noted in the sectors of culture and recreation (-5.7%) and transportation (-0.1%).

According to the same source, the average net salary in Serbia in September 2017 was RSD 48,200, which was around €400. The average net salary in Belgrade during the same period was around 27% higher than the country's average net salary and amounted to around €510.

Table 1: Serbian Economic Key Market Indicators

Serbia	2012	2013	2014	2015	2016	2017e	2018f	2019f
GDP - % YOY Growth	-1.00	2.60	-1.80	0.80	2.80	2.80	2.90	3.00
CPI/Inflation - % YOY Growth	7.30	7.70	2.10	1.40	1.10	3.00	3.00	3.80
Current account balance (% of GDP)	-11.60	-6.10	-6.00	-4.70	-4.00	-4.00	-4.00	-3.80
Industrial production index (yoy change %)	-2.20	5.50	-6.50	8.40	4.60	4.70	4.50	4.50
Unemployment Rate - %	24.60	23.00	19.90	18.20	15.90	19.50	19.30	19.70

Source: Oxford Economics, 2017

5.2 Political Situation

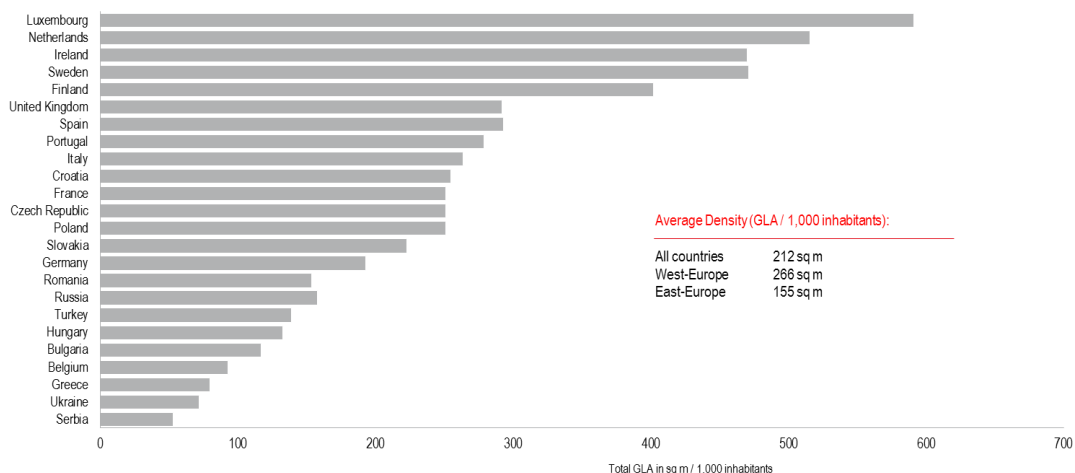
The ruling party must still tackle resistance from groups adversely affected by past wage restraint and subsidy reductions and wage and pension rises promised for 2018 could add to inflation or restrain public investment if not matched by further efficiency improvement. While President Vučić has hinted at another snap election to solidify support, there remains a risk of reversals as concessions to the IMF and EU and chronic unemployment stoke reaction against established parties. Reform commitment, favourable IMF reviews and debt reduction have allowed good progress on EU negotiations, with some leaders suggesting an enlargement before 2025. But roadblocks could still be encountered over the disputed land of Kosovo, and over Belgrade's retention of close Russian and Chinese links.

While spending restraint sparks regular protests from vulnerable groups, especially pensioners, the promised minimum wage and pension rises will build support for the ruling Progressive Party (SNS). Younger people's support for reform is being boosted by a steady drop in unemployment, rising real wages and a growing prospect of EU membership within ten years, with the Commission and France reportedly eyeing the next enlargement by 2025. In the late December 2017, Credit ratings agencies Fitch and S&P have increased the credit rating of the Republic of Serbia to BB level, with stable outlook for improving credit rating. Ratings are set to improve towards 2020 as progress on EU reform becomes more tangible.

5.3 Serbian Retail Market Overview

Serbia and particularly its capital Belgrade are considered as high potential retail destinations due to unsaturated market, favourable 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 centre stock stands at around 400,000 m² GLA or 57 m² GLA per 1,000 inhabitants. These figures position Serbia at the very bottom of the European Shopping Centre's Density scale, as shown in the Chart below.

Chart 1: Existing shopping center stock per capita in H1 2017



Source: JLL, July 2017

The overall stock includes all types of shopping centres, yet the prime stock is estimated at around 200,000 m² GLA within seven assets. Prime shopping centres were predominantly delivered after 2007, with exception from the Mercator Centre that was the first shopping centre developed in 2002 and refurbished in 2012. Six of the prime shopping centres are located in Belgrade. The only modern prime shopping centre outside Belgrade is Kragujevac Plaza (22,000 m² GLA), developed by the Israeli investor Plaza Centres in 2012, which was

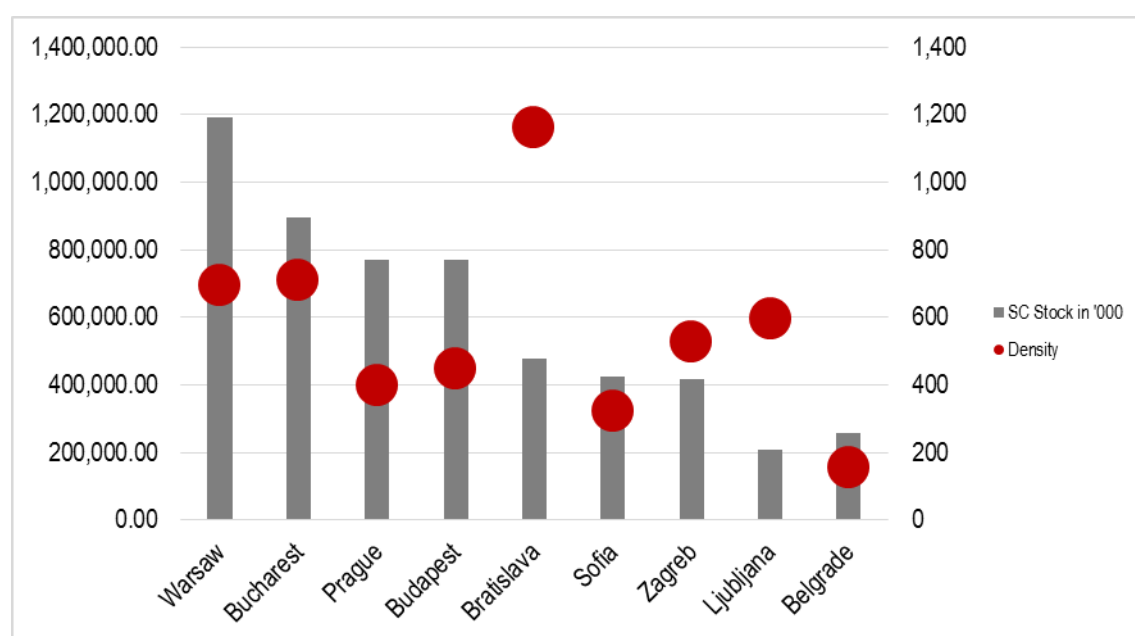
acquired by NEPI in Q3 2014, for price of €38.6 million. In addition, NEPI started construction of the shopping centre in Novi Sad - Promenada.

5.1 Shopping Centre Supply

Over the last decade Belgrade retail market experienced a fair degree of modernization with the formats such as regional shopping centres, 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 centres and bazaars still present the part of the Belgrade retail offer.

Following current ICSC's new European standard for classifying shopping centres, Belgrade has around 260,000 m² GLA of the retail space accommodated in the shopping centres of all types and above 5,000 m² GLA. Speaking of the prime modern assets, shopping centre stock in Belgrade stands at 175,000 m² GLA or 106 m² per 1,000 residents, which positions the city at the lowest position of the European shopping centre scale.

Chart 3: Shopping Centre Stock (m² GLA) and Density (m² GLA per 1,000 residents) in CEE and SEE



Source: JLL, 2017

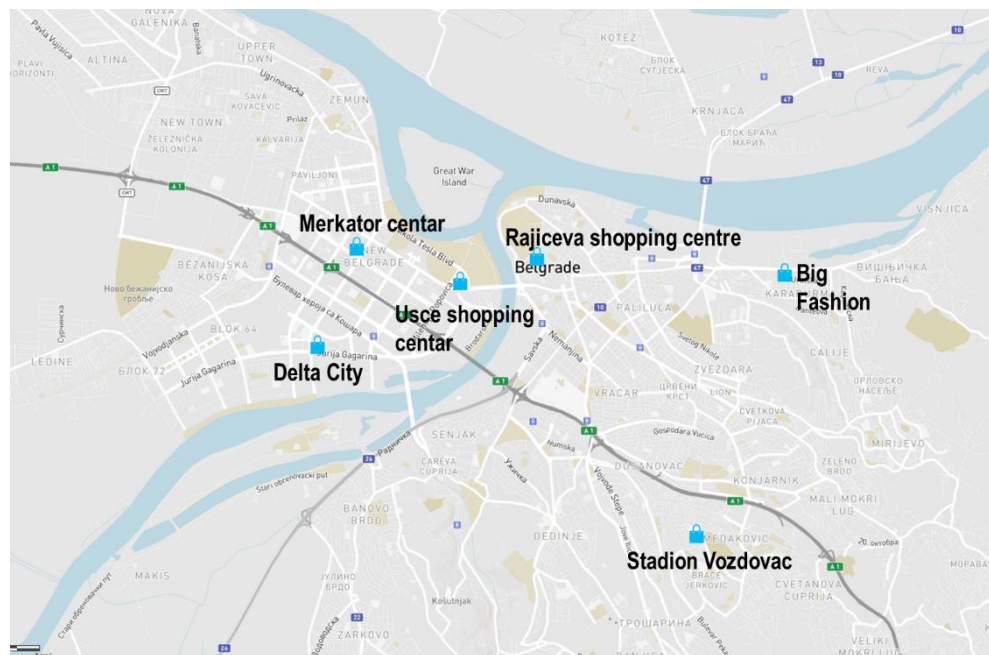
The fact that Belgrade has less retail stock than the neighbouring Bucharest and Zagreb has several reasons, mainly economy related. Transition in Serbia started later than in other CEE and SEE countries, all other countries joined EU or granted the candidate status before Serbia and finally, global financial crisis and financial constraints have put on hold many planned projects. However, in the previous 12 months Belgrade retail market has been witnessing an uptrend, with various new schemes being delivered.

The highest annual supply of shopping centres in Belgrade occurred in 2009, when the largest project was delivered to the market, Ušće shopping centre (46,000 m² GLA). Additionally, year 2017 noted also the similar level of supply including two new shopping centers. In the first half of 2017, Big Fashion shopping centre, initially developed by Plaza Centres and then acquired by Big CEE was delivered, spread over 32,300 m² GLA. More activity continued in the second half of the year, and Rajiceva shopping centre was completed by Ashtrom International, spread over 15,300 m².

Table 4: Existing Prime Shopping Centres in Serbia

Existing Modern Shopping Centers in Serbia				
Shopping Center	Investor	City	Size m ² GLA	Delivery Date
Ušće	MPC Properties	Belgrade	46,000	2009
Delta City	Delta Real Estate	Belgrade	30,000	2007
Mercator Center	Mercator Plaza Centers	Belgrade	22,000	2002/2012*
Kragujevac Plaza	Eurobau connect	Kragujevac	22,000	2012
Stadion Voždovac	BIG CEE	Belgrade	30,000	2013
Big Fashion	Ashtrom International	Belgrade	32,300	2017
Rajiceva		Belgrade	15,300	2017

Source: JLL, 2017, * Refurbished

Map: Modern shopping centres in Belgrade

Source: JLL, 2017

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. With the completion of Stadion Voždovac new stock was brought outside of New Belgrade municipality. However, this did not influence other prime schemes considering 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.

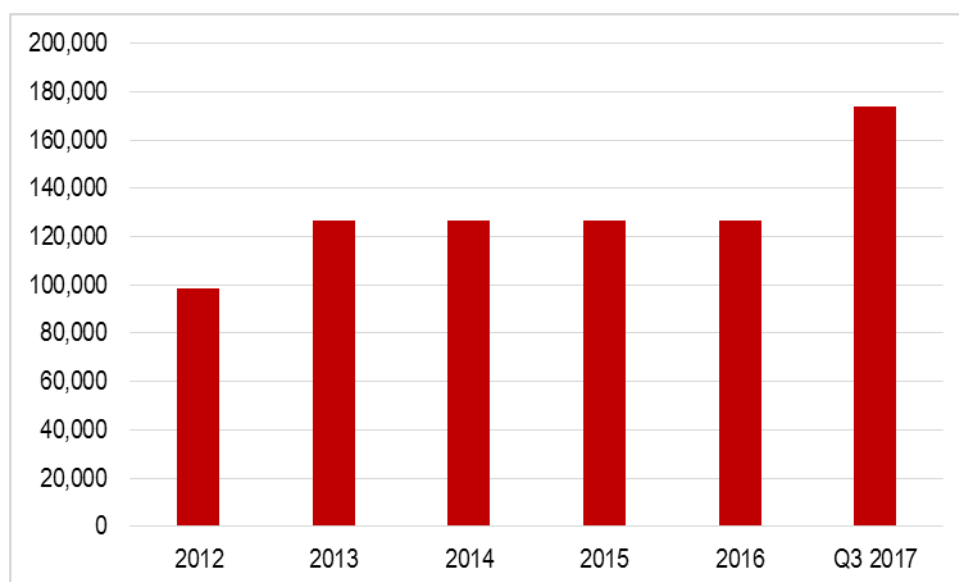
Ušće and Delta City opened doors in 2009 and 2007 respectively, and well positioned brands in high street retail zone such as Zara, Mango, Adidas, and Nike were among the first to secure their retail units in the new malls

together with new entrants such as New Yorker, Koton, Marks & Spencer. 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 2012, another prime asset was opened in Kragujevac – Kragujevac Plaza (22,000 m²) 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 became very quality sensitive. After its renovation, Mercator Centre remained a neighbourhood shopping centre that serves local neighbourhood but attracted some new retailers that entered the market for the first time such as Lindex, Monnalisa and Sons&Daughters.

Aside from shopping centre, year 2012 was also notable for opening of the first phase of Fashion Park Outlet in Indijja (15,000 m² GLA) with more than 40 retail units, located 42 km from Belgrade.

Chart 10: Prime Shopping Centre Supply in Belgrade



Source: JLL, 2017

In 2016 there were no new larger shopping centre completions. Carvel company has completed renovation works on the former Betex department store in Banovo Brdo and opened the new shopping centre Betex in the late 2016. The scheme spreads over 5,000 m², hosting brands such as Carvel, Comtrade, Procredit bank, Fratelli Babb etc. In addition, renovation works on 5,000 m² of shopping centre Karaburma in Belgrade are completed and included opening of several new brands.

Furthermore, during the first half of 2017, BIG Fashion shopping centre was opened located in Palilula municipality, spread over 32,300 m² GLA. From the beginning of the year, the shopping centre was acquired by BIG CEE while under development from its initial developer Plaza Center, and according to the publicly available information the shopping centre was sold at cap rate of 8.25%, and the overall price will be determined after 12 month working, with estimated net operating income from €7.2 to €7.5 million. Additionally, higher activity continued in the second half of the year and Rajiceva shopping centre by Ashtrom International was opened. The centre is located in the city centre at major pedestrian location, spread over 15,300 m² and some of the present retailers are Calvin Klein Jeans, Fashion and Friends, Gagliardi, Gerry Webber, LEGO, MiaMaya

etc. Additionally, the overall complex will include hotel Mama Shelter announced for opening in the first quarter of 2018.

Prime shopping centres in Serbia

Mercator shopping center (22,500 m² GLA) was developed by Slovenian retail chain Mercator and opened in 2002 as the first modern shopping center in the country. However, after the delivery of Ušće and Delta City the demand for this shopping centre 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 and brought new brands to the market.



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 neighbourhood 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. In 2016 the shopping centre has been acquired by South African Investor Hystead for €127.7 million.



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 spreads over 46,000 m² GLA and includes 140 stores located in prime New Belgrade location, 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.



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 m². The shopping centre was developed by Israeli investor Plaza Centers and in the late 2014 it was acquired by NEPI for price of €38.6 million. Some of the present tenants here are New Yorker, Navigare, Idea, Deichmann, Aldo, Beosport etc.



Stadium Voždovac shopping center opened in April 2013 and offers completely new concept of shopping, leisure and recreation on 28,000 m² GLA located in Zaplenjska street. It is fourth shopping centre 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, Sport Vision and H&M.



Big Fashion shopping centre is the newly developed shopping centre located in Palilula municipality, spread over 32,300 m² GLA. The centre was initially developed by Plaza Centre, yet from the beginning of the year was acquired by BIG CEE. The overall investment was around €80 million, including more than 100 stores. Opening of the shopping centre brought new brands to the city such as Polish retailer CCC, as well new brands on the market – Reserved (LPP), Tezenis etc.



Rajićeva shopping centre is the previously opened scheme in the core city area, spread over 15,300 m² with 80 stores and 450 underground parking. The centre is developed by Ashtröm International and presents investment of €80 million. Additionally, the overall project will include hotel Mama Shelter announced for opening in the first quarter of 2018. Some of the brands present in the centre include Tommy Hilfiger, Scotch and Soda, Pnadora, Calvin Klein Jeans etc.



Shopping Centre demand

Due to a lack of modern shopping malls, the demand for the prime shopping centres is very high. This results in excellent occupancy with the vacancy rate being constantly close to zero. The highest footfall is registered on the ground and the first floor. The retailers generally show lower demand for smaller, neighbourhood shopping centres. They choose to expand in these schemes after positioning themselves in the prime shopping centres and high street locations. Low to mid-class brands sign up for the premises in smaller shopping centres due to lower rents.

However, as prime shopping centres have vacancy rate close to zero and new are majorly pre-leased, 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 m² to 1,000 m², therefore the new schemes on the market are majorly preleased considering larger stores, even prior to their construction start. The completion of Big Fashion shopping centre has increased the modern shopping supply in the city, and brought new brands to the market. Polish retailer CCC has opened its first store in Belgrade here, Reserved - one of LPP brands opened the first

store in the country, Italian brand Tezenis etc. Additionally, new brands have opened in Rajiceva as well including Lego.

Table 4: International brand entries in the past three years

Retailer	Location	Date
Gagliardi	Čika Ljubina ulica	2014
MAC	Usce shopping center	2014
Conte of Florence	Zira shopping center	2014
Tudors	Knez Mihajlova 34	2014
Casa Bianca	Usce shopping center	2014
Shana	Knez Mihajlova	2014
Goose	Zira shopping center	2014
L'Occitane	Usce shopping center	2015
Sugarfree	High street	2015
LC Waikiki	Mercator Center	2015
Jeordie's	Kragujevac Plaza	2015
Cinestar	Aviv Park	2015
Zara Home	Ušće shopping center	2016
Calvin Klein	Ušće shopping center	2016
Imperial Fashion	Knez Mihajlova	2016
Jumbo	Super Vero	2016
CCC	Stop Shop Valjevo	2016
Mana	Zira shopping center	2017
Facis	Fashion Park Outlet	2017
Reserved	Big Fashion	2017
Tezenis	Big Fashion	2017
LEGO	Rajiceva	2017
The Ahlete's Foot	Rajiceva	2017
Superdry	Knez Mihajlova	2017
Stokke	Rajiceva	2017

Source: JLL, 2017

Furthermore, French sport retailer Decathlon announced market entry, with opening of its flagship store in Belgrade. In addition, Mohito and Forever 21 have announced opening of its first stores in the future shopping centre Ada Mall. Market entry in Serbia is 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. 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 6: 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 €
	Payment	paid in € or RSD according to the NBS exchange rate
		monthly in advance

	Service charge	€8/m ² /month
	Marketing costs	€2.5/m ² /month
	Turnover Rent	3-10 %
	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, 2017

Shopping centres pipeline

During the recent period, the market has witnessed growth of activity with several shopping centres being under construction. Construction of Ada Mall by GTC has started, while the completion is set for 2018. The scheme will have around 34,000 m² GLA and will have around 150 stores. Additionally, the owner of recently opened Big Fashion – BIG CEE have announced the construction of another shopping centre Big Fashion Vidikovac which will have around 65,000 m². This will be investment of around 150 million located along Ibar road and will offer more than 300 stores and 2,500 parking lots. The completion is set for late 2019.

A 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 centre BW Galerija (cca 93,000 m²) which started, scheduled for completion in 2020.

Map: Shopping centres under construction



Source: JLL, 2017

Additionally, there are several other shopping malls in pipeline; however, the construction commencement of these projects is still unknown.

Table 7: Future Shopping centers in Belgrade

Future modern shopping centers in Belgrade			
Project	Size m2 (GLA)	Location	Status
Ada Mall	34,000	Ada	Under construction
BW Galerija	93,000	Savski Venac	Under construction
Big Fashion Vidikovac	65,000	Cukarica	Under construction
IPM	44,000	Zvezdara	Planned
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

Source: JLL, 2017

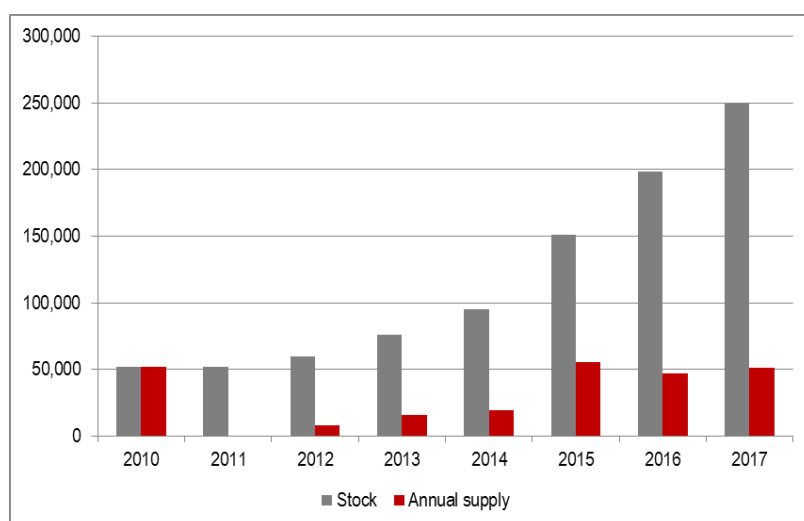
5.2 Retail Parks

Since the start of its evolution, retail parks have been continuously gaining popularity. 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. During the previous two years growing interest for construction of retail parks has been noted. 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 around 250,000 m² situated within eighteen retail parks, developed during the past seven years. Aviv Park in Pančevo (28,000 m² GLA) was the first retail park in the country, developed through several phases by the Israeli investor Aviv Arlon. Some of the tenants include Takko Fashion, New Yorker, PWL, N Fashion, Timeout, JYSK, Uradi Sam etc. In the late 2015, Cinestar has opened its first cinema in the country in this scheme, spread over 1,500 m².

During the same year (2010) Delta Park in Kragujevac (14,000 m² GLA) developed by the local company Delta Real Estate was opened. In November 2013 Big CEE Retail Park in Novi Sad, developed by Israeli Big CEE Company, opened its third phase - shopping centre (16,000 m² GLA). Additionally in 2016, the scheme was enriched by the largest cinema in Vojvodina province, totalling over 5,000 m² in standalone building. The whole retail park including the third phase spreads over 39,000 m² GLA. Some of the 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 m² GLA, developed by Poseidon Group opened its doors in 2014 with some of the present tenants such as Jysk, C&A, Sport Vision, New Yorker, Deichmann, and Takko fashion. Afterwards, Vivo Shopping Park in Jagodina was delivered, and added 10,000 m² GLA. Some of the tenants within the scheme such as Home Center, Delhaize, Legend World Wide, Deichmann, Takko Fashion, Sport Vision etc.

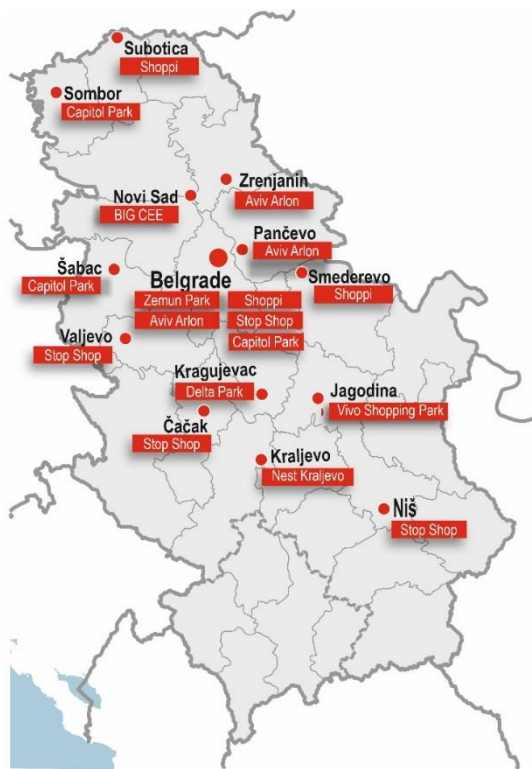
Chart: Retail park evolution in Serbia

Source: JLL, 2017

Year 2015 was very intensive for the retail park development. The first retail park in Belgrade – Zemun Park opened covering 16,000 m² GLA, with brands such as Univerexport, Extreme Intimo, Kenvelo and Office shoes. Its investor Mivne Group has invested €25 million and announced additional retail space in the future. Furthermore, Aviv Arlon has opened its new scheme in Zrenjanin spreading over 22,500 m². Soon after this, Aviv Arlon has opened another retail park in Zvezdara municipality in Belgrade (11,500 m²). The whole project includes residential units as well. In addition, another retail park completion was Stop.Shop by Immofinanz in Čačak (6,300 m²) occupied by DIS, C&A, Takko, Deichmann, Djak and Lilly.

The beginning of 2016 was marked with the delivery of Shoppi retail park in Subotica. The scheme spreads over 10,000 m² GLA, developed by MPC, and some of the present brands include H&M, New Yorker, C&A, Sportina, Tom Tailor, Deichmann etc. Soon after, Stop Shop in Niš by Immofinanz was opened, spread over 13,100 m². Additionally, Stop Shop in Valjevo has opened during May, totalling over 6,100 m². In the late 2016, the third retail park in Belgrade was opened, namely Shoppi in Borca by MPC Properties, totalling over 12,000 m². Some of the present retailers here are DIS, Jysk, Sport Vision, LC Waikiki etc. In addition, the second half of 2017 has witnessed more activity with several new schemes opened. Stop Shop Lazarevac and Capitol Park Sombor, spread over 10,000 m² and 5,600 m², respectively were opened in September. In addition, Shoppi in Smederevo (9,200 m²) and Capitol Park Rakovica (21,000 m²) were opened in October. The late 2017 was market with the opening of the first NEST retail park in Kraljevo by RC Reinvest, spread over 5,000 m².

Map 9: Existing retail parks in Serbia



Source: JLL, 2017

Retail parks in pipeline

The construction of the retail parks in Belgrade and the secondary cities remained active, with various schemes being under construction. Poseidon group remained active on the market, and they have announced construction of Capitol Park in Leskovac, which will spread over 8,300 m².

Immofinanz group has announced plans to open two more Stop Shop retail parks in Požarevac and Vršac. Additionally, Czech company RC Reinvest has announced construction of schemes in Vrsac, Ruma and Obrenovac.

Table 8: Future retail parks

Future Retail Parks in Serbia				
Scheme	Size m ² GLA	Location	Status	Completion year
Stop Shop	7,000	Pozarevac	Under construction	2018
Capitol Park Leskovac	8,300	Leskovac	planned	2018
Nest Ruma	-	Ruma	planned	2019
Nest Obrenovac	-	Obrenovac	Planned	2019
Nest Vrsac	7,100*	Vrsac	Planned	2019
Stop Shop	8,200	Vrsac	planned	2018

Source: JLL, 2017 (*all phases excluding LIDL)

Furthermore, Austrian shopping center chain Supernova has plans to open at least three schemes in Serbia in Kragujevac, Niš and Zrenjanin. However, the investor has postponed its market entry plans for now.

5.3 Pancevo retail market

Modern retail offer in Pančevo heavily relies on the only modern retail scheme Aviv Park, which was at the same time the first retail park opened in the country. Additionally, Pančevo retail market includes various hypermarkets and supermarkets including IDEA, Roda, Tempo, Inter Aman and DIS which opened its remodelled store within Aviv Park. Additionally, in the late 2015, LIDL has purchased land plot for approximately €600 thousand (RSD 73.6 million) at Moše Pljade street. The construction of LIDL's distribution has been finished, while opening of stores is expected in 2018.

During the recent years Pančevo retail market has noted increasing interest from various present and non-present retailers. As the existing modern shopping centres in the country note excellent occupancy with vacancy rate always around zero, the retailers have shifted their focus toward growing number of retail parks. In the beginning of 2017, Deichman has opened its remodelled store in the subject property. Prior to this, in the late 2015 the first Cinestar cinema in the country was opened in Aviv Park, spread over 1,500 m². Afterwards, this cinema operator opened in Zrenjanin and Novi Sad as well.

Other locations in the city where retailers are located are around Vojvode Radomira Putnika street, including Sokače, Trg Kralja Petra and Petra Drapšina street.

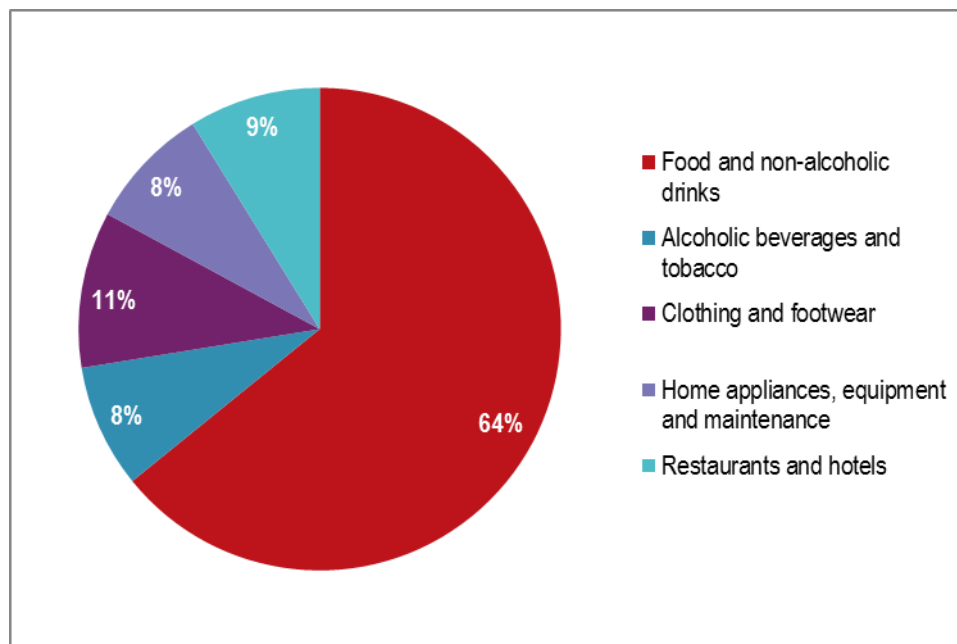
We are of opinion that primary catchment area includes the whole population of the City of Pančevo (approximately 122,000 inhabitants), while the secondary area includes the bordering municipalities of Alibunar, Kovačica, Kovin and Opovo (approximately 90,000 inhabitants).

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– Oct 2016)	Average Net Salary (Jan– Oct 2017)	Y-o-y change of Net Salary
Pancevo	755	122,252	122,252	393	405	3.1%
Kovin	730	33,725	33,725	319	343	7.5%
Alibunar	602	19,780	19,780	232	254	9.5%
Kovacica	419	25,259	25,259	260	285	9.6%
Opovo	203	10,475	10,475	284	295	3.9%
Total	2,709	211,491	211,491	298	316	6.3%

Source: JLL, 2017

According to the official statistical data, in Q2 2017 Vojvodina households spent 54% of total expenditure on retail goods. In terms of the structure of the retail spending, 64% was spent on food and non-alcoholic beverages, 8 % on alcoholic drinks and tobacco, 11% on clothes and footwear, 8% on home furniture, equipment and maintenance and 8% on restaurants and hotels. According to our research, during the second quarter of 2017, retail spending power within primary catchment area – city of Pančevo spent €280 per month.

Graph 3: Retail Spending structure in Vojvodina in Q2 2017

Source: Statistical Office of Serbia, 2017

5.4 Investment market

For a long time, Belgrade market was a focus for investors, due to an increase of comparable and competitive products on other markets. Real estate market in Serbia started its development in 2004/2005 with delivery of first class A office stock and further expanded to retail developments with opening of first modern shopping centre in 2007. Pre - crisis period has evidenced several transactions of office buildings with clear yield trend in the range 8% to 8.5%. As of 2009 investors' yield expectation moved out to range of 9 % to 11 %, whereas developers' asking prices remain at the pre – crises level.

Different perspectives result in huge gap in asking / offered yields preventing any market – driven transactions to take place. Transactions taking place during that period had been non – market driven and evidenced yields spread through extremely wide range, between 6% and 12%. In these years, New Belgrade evidenced few sales including Hypo Plaza sold to SBB for 9.3 % yield and Vlatcom office building sold for 7.5 %, both for owner occupation. All these disabled real estate professionals to quote market yields based on hard evidence and at that time benchmark yields were quoted in public brochures usually reflected investor's expectation. During the second half of 2014, increased activity in terms of new projects development as well as foreign and local investor's interest was noted. In addition to this, second half 2014 recorded sales of 60% interest in the prime office building, again in New Belgrade district, for 9 % yield.

Additionally, one of the country's prime retail assets, Kragujevac Plaza developed by Plaza Centers, was acquired by New Europe Property Investments (NEPI) for a price of €38.6 million, reflecting 9% yield and initial yield below that level. This was the only through indication of final compliance between developers and investors expectations showing that yield levels are somewhere in between. This was further confirmed through final negotiations at the end of 2014 for several retail products in Serbia, transacted in first half of 2015. Due to historic lack of any hard evidence, based on these we concluded that these transaction and negotiation has proven yield compression. Furthermore, in 2014, Brussels based company Mitiska Reim has acquired 85% interest in the newly developed retail park in Sabac, Capitol park, developed by the Poseidon Group.

In the recent months more interest has been noted as well, especially from foreign investors, pointing out its great potential. Additionally, during the second half of 2015 Atterbury Europe – a joint venture company formed

by Atterbury Group and foreign investors have acquired one third stake in €259 million of seven Serbian retail schemes, including the country's prime and the largest shopping center Ušće. Recently the company has acquired additional 17% stake and now have 50% in the respective portfolio. From the beginning of 2016, one of the country's prime shopping centres Delta City (30,000m²), has been sold for €127.7 million from Delta Real Estate, reflecting yield of around 8%. The overall transaction included the sale of Delta City in Podgorica as well, sold for €75 million. Additionally, in 2016 NEPI acquired land in Novi Sad for €31 million where they plan on building shopping centre; and later in the year another land in Kruševac for retail park development. The market has noted more acquisitions of projects on hold or older buildings in need for refurbishment where new hotel, retail and residential projects are expected.

From the beginning of the year 2017, investors remained active in retail segment. One of the notable schemes in development Belgrade Plaza, was acquired by Israeli company BIG CEE. According to the publically available sources, the future shopping centre was sold at cap rate of 8.25%, and the overall price will be determined after 12 month working, with estimated net operating income from €7.2 to €7.5 million. In the second half of the year, the growing interest for office market has resulted in one of the prime schemes being sold to GTC, namely Belgrade Business centre.

In the upcoming period, we expect investors' focus being directed towards office market segment, which is currently in expansion. However, with further development of retail market, including the construction of various shopping centres and retail parks we believe that investors will keep their focus on this segment as well. This will further lead to yield compression, which will increase investors' confidence. Increased attractiveness has resulted in yield compression in Serbia and our view on prime office yields are at 8.5%, with prime retail at 8% and prime logistics at 9.75%.

5.5 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 2016 Serbia was ranked 53th in the world and moved into "semi transparent" market, and was among the top global improvers.

At the moment, prime yields for retail park stand at 8.75 % and for shopping centres at 8 %. It should be noted there are several ongoing deals which are indicating further yield compression. This is also confirmed through regional transactions in Croatia and Bulgaria showing yields below expectations set for 2017. Demand comes from few investors, interested for prime assets with proven performance and stable demand. Serbia was recognized as very attractive market, offering good assets with high returns.

Although there are signs of further yield compression, we would stay caution on a mid-run, especially having in mind that offers come from few investors. If it is proven that demand for such products is sustainable and risk perception is kept from wider range of investor, valuation may result with different investment assumptions.

Aviv Park has a relatively long WALT of 7.4 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 8.75% and discount rate at 9.25%. The running yield over 10 years is ranging between 8.5% and 9%.

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:

- (o) Our valuation is made on 31st December 2017;
- (p) The exchange rate that has been adopted is 118.48 RSD/EUR according to the National Bank of Serbia as of 26th December 2017;
- (q) We have not carried out building's measurement. We have obtained the tenancy schedule dated December 2017 by Aviv Park Pancevo for the subject property and based our calculations on the assumption that total gross lettable area of existing buildings comprises 27,864 GLA.
- (r) Rents are mostly subject to annual indexation according to HICP adopted at the level of 1.8% per annum.
- (s) 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 is 6 years and 6 months.
- (t) We applied capital reserves expenditure as 1 % from annual net operating income.
- (u) Rent is received monthly which is reflected in our calculations.
- (v) 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.
- (w) After expiry of the current lease agreements we have adopted the annual indexation according to HICP at the level of 1.8 % ;
- (x) 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;
- (y) We have also adopted an allowance in respect of non-recoverable operating expenses at 1% from the 2nd year. We are informed by the Client that they have surplus in service charges;

- (z) We have applied 2% on-going vacancy rate starting from the 2nd year of our calculations;
- (aa) We have applied 9.25% discount rate in our calculations having in mind strong tenant mix and proven performance of the centre over the years.
- (bb) We have applied 8.75% 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 • Sustainable interest for the scheme confirmed with Koton entrance	• 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 • Sustainable investors interest and compression of yields in the region	• 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 2017, was in the region of:

MARKET VALUE OF THE AVIV PARK PANCEVO

€37,000,000

(Thirty Seven 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.

Having in mind market potential, as well as physical specifics of the vacant land as well as the client's 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 non-recoverable at 5.0%. 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 9.75 %.

This indicates a GDV of €4.2 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 €2.5 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 5.5%.
- The interest on the development costs amounts to €69 thousand.

Developer's Profit

- We have adopted a developer's cost of 15% from costs (€383,000) 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 **(€1.2 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 2017, was in the region of:

MARKET VALUE OF THE AVIV PARK PANCEVO SURPLUS LAND

€1,200,000

(One Million Two 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 2017.
- Copy of the Ownership document number 11835, Cadastal Municipality of Pancevo from December 19,2016
- 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 and this may either be defined by statute 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



Appendix 5

Retail Park Layout



Appendix 6

Photographs







Appendix 7

Calculations

Aviv Park Pancevo, Pancevo

Exchange Rates at 26th December
2017 according to the NBS

RSD	0.0100	EUR
EUR	118.4900	RSD

Indexation

Type	Rate
HICP	1.80%
MUCIP	1.80%

Gross rental income p.a.*

€	3,168,406
RSD	375,424,474

Valuation date 12/31/17

CF start date 01/01/2018

Exit Yield 8.75%

Net rental income p.a.

€	3,168,406
RSD	375,424,474

Discount Rate 9.25%

Initial Yield 8.56%

Minimum Guaranteed Rent

€	3,057,828
RSD	375,424,474

Yield on EMRV 8.50%

Vacant duration 2 months

Annual EMRV

€	3,092,851
RSD	366,471,866

Residual Value on Passing Rent

Valuation Currency EURO

Market Value	EURO
€	37,000,000

Market Value	
RSD	4,384,100,000

MV / sq m	EURO
€	1,328

MV / sq m	RSD
RSD	157,342

* Estimated income in the first year of Calculations

Aviv Park Pancevo, Pancevo

Cash Flows calculated		Monthly	All figures shown are annuities										
			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	2027-01-01 2027-12-31	2028-01-01 2028-12-31
YEAR			7	8	9	10	11						
INCOME													
MINIMUM GUARANTEED RENT			3,057,828	3,109,581	3,171,088	3,019,266	3,092,679	3,170,711	3,238,321	3,260,244	3,249,950	3,289,418	3,296,598
TEMPORARY LEASE	1.00%		30,578	31,096	31,711	30,193	30,927	31,707	32,383	32,602	32,499	32,894	32,966
TURNOVER GROWTH													
VARIABLE RENT			80,000	81,200	82,418	83,654	84,909	86,183	87,475	88,788	90,119	91,471	92,843
% VARIABLE INCOME			2.62%	2.61%	2.60%	2.77%	2.75%	2.72%	2.70%	2.72%	2.77%	2.78%	2.82%
TOTAL INCOME			3,168,406	3,221,876	3,285,217	3,133,113	3,208,515	3,288,601	3,358,179	3,381,634	3,372,569	3,413,783	3,422,407
EXPENSES													
EXPENSES		% on rents											
Vacancy		1.00%	0	32,219	32,852	31,331	32,085	32,886	33,582	33,816	33,726	34,138	34,224
Other non-recoverable costs		1.00%	0	32,219	32,852	31,331	32,085	32,886	33,582	33,816	33,726	34,138	34,224
TOTAL EXPENSES			0	64,438	65,704	62,662	64,170	65,772	67,164	67,633	67,451	68,276	68,448
NET OPERATING INCOME			€ 3,168,406	€ 3,157,439	€ 3,219,513	€ 3,070,450	€ 3,144,345	€ 3,222,829	€ 3,291,016	€ 3,314,002	€ 3,305,117	€ 3,345,508	€ 3,353,959
RUNNING YIELD (Before CAPEX)			8.49%	8.46%	8.63%	8.23%	8.43%	8.64%	8.82%	8.88%	8.86%	8.97%	8.99%
RUNNING YIELD (After CAPEX)			8.56%	8.53%	8.70%	8.30%	8.50%	8.71%	8.89%	8.96%	8.93%	9.04%	9.06%
DISCOUNT RATE		9.25%											
NPV MGR INCOME PAID IN ADVANCE		Monthly	2,937,259	2,733,917	2,552,086	2,223,867	2,085,020	1,957,223	1,829,440	1,685,969	1,538,498	1,424,888	
NPV ADDITIONAL INCOME PAID IN ADVANCE			106,219	98,735	91,851	83,866	78,965	72,761	67,713	62,772	58,039	53,881	
NPV MGR COST PAID IN ADVANCE		(in arrear)	0	-56,656	-52,879	-46,161	-43,269	-40,594	-37,943	-34,973	-31,926	-29,580	15,941,789
NPV NET INCOME PAID IN ADVANCE			Monthly (in arrear)	3,043,478	2,775,996	2,591,058	2,261,573	2,120,716	1,989,390	1,859,210	1,713,767	1,564,610	1,449,189
EXIT YIELD		8.75%											
YIELD on EMRV		8.50%											
Average YIELD		8.74%											

Investment + Fit-out + Letting (nominal)	Amount	33,032	35,192	32,852	76,713	56,302	59,619	39,430	40,681	47,558	40,380
Investment + Fit-out + Letting (discounted)	Amount	31,730	30,942	26,439	56,511	37,964	36,797	22,276	21,037	22,510	17,495

MARKET VALUE (after capex)	37,000,000	EURO	€ 1,328 / per sqm
MARKET VALUE (after capex) (purchaser's cost 0.00%)	37,000,000	EURO	€ 1,328 / p sq.m

Year	1	2	3	4	5	6	7	8	9	10
Investment cinema and retail										
Annual CAPEX (nominal)	31,684	32,219	32,852	31,331	32,085	32,886	33,582	33,816	33,726	34,138
Annual Fit-out (nominal)										
Letting fee	8.00%									

Year	1	2	3	4	5	6	7	8	9	10
Annual Letting Fee (nominal)	1,348	2,973	0	45,381	24,217	26,733	5,849	6,865	13,832	6,242
Remaining Investment	31,684									
Monthly CAPEX + Fit-out + Letting (nominal)	2,753	2,933	2,738	6,393	4,692	4,968	3,286	3,390	3,963	3,365

Year	1									
Month	1	2	3	4	5	6	7	8	9	10
Monthly CAPEX + Fit-out + Letting (nominal)	1.0000	0.9927	0.9854	0.9781	0.9709	0.9638	0.9567	0.9497	0.9427	0.9358
Monthly CAPEX + Fit-out + Letting (discounted)	2,753	2,753	2,753	2,753	2,753	2,753	2,753	2,753	2,753	2,753
Monthly CAPEX + Fit-out + Letting (discounted)	2,753	2,732	2,712	2,692	2,673	2,653	2,634	2,614	2,595	2,576

Year	1	2	3	4	5	6	7	8	9	10
Annual CAPEX + Fit-out + Letting (discounted)	31,730	30,942	26,439	56,511	37,964	36,797	22,276	21,037	22,510	17,495

Market Value 37,000,000



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Jones Lang LaSalle

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5 March, 2018

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 26 December 2017 ("Appraisal Report") will be used by Aviv Arlon Ltd. ("Aviv Arlon") for the preparation of its annual financial statements for 2017.

We consent to the use of our Appraisal Report for financial statements purposes 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 or any other publication for public disclosure.

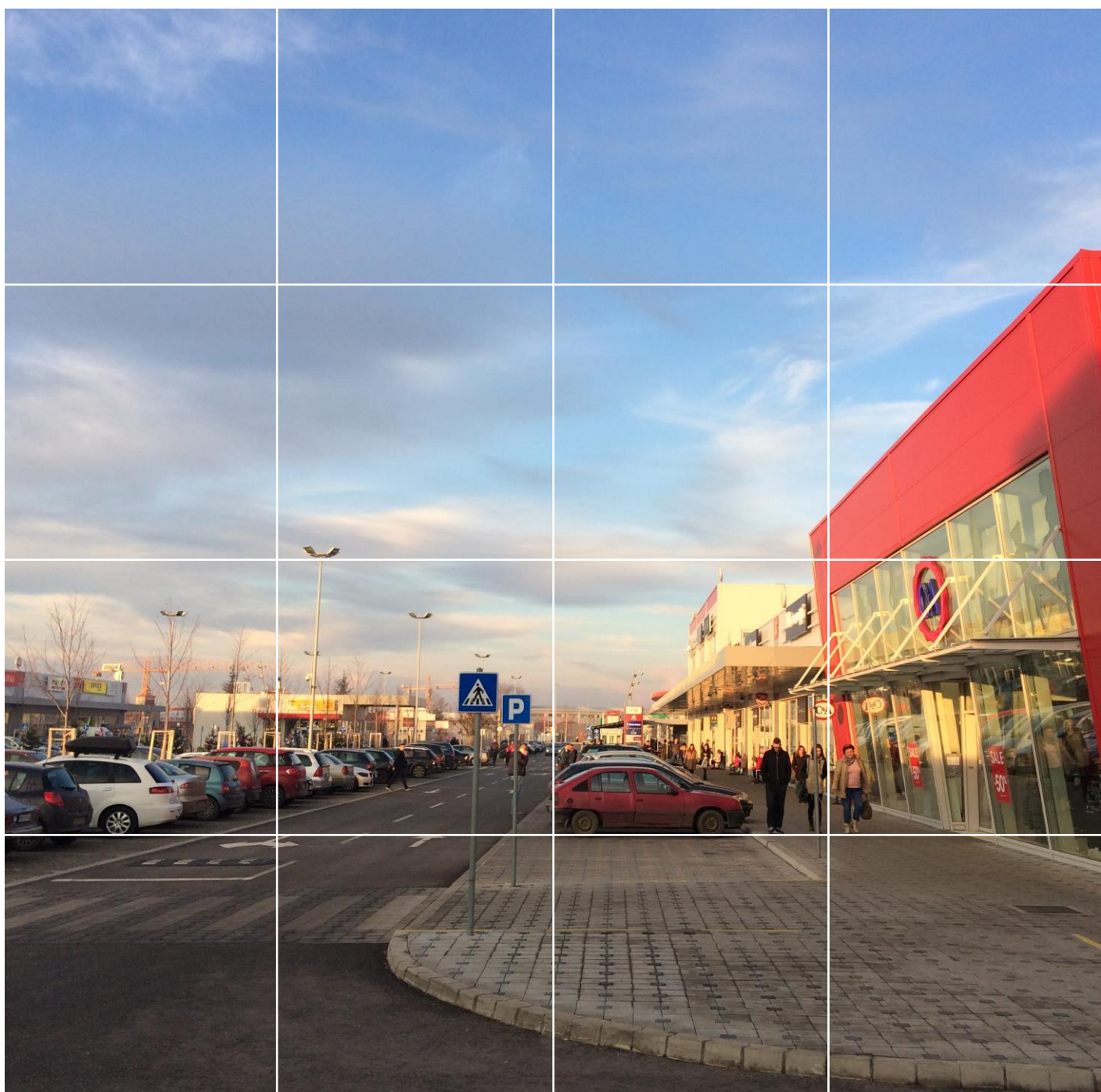
Best regards,

Nebojsa Nesovanovic MRICS
National Director
Head of Valuation SEE
JLL





Valuation Report on Aviv Park Zrenjanin, Serbia



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

Jones Lang LaSalle d.o.o.
Bulevar Mihajla Pupina 10I
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For the attention of:
Mrs. Or Feldman

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December 26th, 2017

Dear Madam,

VALUATION OF THE AVIV PARK AND SURPLUS LAND IN ZONE BAGLJAS, ZRENJANIN, SERBIA

We have pleasure in reporting to you in accordance with our valuation engagement letter dated November 2017 regarding the above property. We understand that the valuation is required for Financial Reporting purposes.

We inspected the property on 25^h December 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) and National Standards of Republic of Serbia 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 and surplus land in zone Bagljas, Zrenjanin, Serbia subject to the assumptions outlined in the Report, as at 31st December 2017, was in the region of:

MARKET VALUE OF THE AVIV PARK RETAIL PARK ZRENJANIN

€22,200,000

(Twenty Two Million Two Hundred Thousand Euro)

MARKET VALUE OF THE AVIV PARK ZRENJANIN SURPLUS LAND

€1,500,000

(One Million Five Hundred Thousand 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 Aviv Park Prima 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 Zrenjanin has been prepared for and only for Aviv Arlon Prima d.o.o. for financial reporting purposes. The property has been valued as at 31 December 2017 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,



Nebojsa Nesovanovic MRICS
National Director
Head of Valuation Department SEE
JLL



Danica Jelaca MRICS
Associate Director
JLL

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Appendix 1 General Principles Adopted in the Preparation of Reports and Valuations

Appendix 2 General Terms and Conditions of Business

Appendix 3 Definition of Market Value

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1 Executive Summary



Address

Bagljas, Zrenjanin, Serbia

Location

The Municipality of Zrenjanin is bordered by municipalities of Novi Becej and Kikinda in the north, Zitiste and Secanj in the east, Kovacica, Opovo, Belgrade and Stara Pazova in the south, Indjija, Titel and Zabalj in the west. Zrenjanin is one of the largest municipalities in Serbia. Zrenjanin is located on M7 regional road to Novi Sad and regional road M24 to Pancevo and Belgrade. International highway route E75 is located 46 km in the west.

The subject property is located in the western part of the City, along M7 regional road connecting Zrenjanin with Novi Sad. M7 regional road represents direction to E75 international highway route and Novi Sad. This is one of the most important traffic routes in this part of the City since it provides connection with regional cities but also Zrenjanin downtown area (3 km).

Zone is encompassed with Plan of General Regulation Bagljas and it represents the part of the areas planned for development of Working zones.

Description

Subject property comprises 99,783 m² of land, out of which 68,222 m² has been improved with a retail park and ca 30,961 m² is currently not developed.

Aviv Park in Zrenjanin is big box format Retail Park. In October 2015 the project was delivered to the market.

The development comprises 8 buildings. The buildings are extended in the east west direction. The western part represents the main entrance. To the left of the main entrance, the building number 5 is located with the food court, to the center the entrance building number 6 is located containing a restaurant and to the right of the main entrance building number 4 is

located with several retail units. Further to the eastern side, behind the food court building, building number 2 is located. This building contains several retail units and cinema. To the right, behind building number 4, building number 1 is located with various retail units. At the eastern part of the site, building number 3 is located with various retail units and two smaller buildings in front. In one of the buildings a restaurant is located and in the other a retail unit.

Parking areas are located between all buildings as well as sidewalks.

Development

A part of the subject property has been developed with a retail park with 21,723m² GLA (as per rent roll delivered) or 23,645 m² GBA according to the usage permit we received. The complex has 8 buildings positioned on GF to GF +1.

Additional land that was not scheduled for development of Aviv retail park development comprises 30,961 m².

Tenure

According to the Ownership document number 21858 from 09.12.2016 which was provided to us, there is a freehold ownership over the subject land plot (cadastral parcel number 13184/1; cadastral municipality Zrenjanin I).

According to this document, subject cadastral parcel 13184/1 has area of 99,783m² and ownership right is registered to:

- Aviv Arlon Prima d.o.o.

There are 8 buildings registered on the site. According to this document, all buildings have usage permits and the ownership right is registered to:

- Aviv Arlon Prima d.o.o.

Tenancy

According to information provided by the client, total GLA of the retail park amounts to 21,723 m². Based on the tenancy schedule, 96% of the retail park is currently leased. Average WALT for the centre is 8.1 years.

Key Valuation Assumptions & Conclusions

Retail park in Zrenjanin – Income Approach

- (a) Our valuation is made on 31st December 2017;
- (b) We have not carried out building's measurement. We have obtained the tenancy schedule dated December 2017 by Aviv Park Zrenjanin for the subject property and based our calculations on the assumption that total gross lettable area of existing buildings comprises 21,723 m² GLA.
- (c) Rents are mostly subject to annual indexation according to HICP adopted at the level of 1.8% per annum;
- (d) 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 WALT for the whole centre is 8.1 years.

- (e) Rent is received monthly which is reflected in our calculations.
- (f) The retail park is very new and we believe that contracted rents will have sustainable growth in line with inflation.
- (g) After expiry of the current lease agreements we have adopted the annual indexation according to HICP at the level of 1.8% ;
- (h) A 3-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;
- (i) We have also adopted an allowance in respect of non-recoverable operating expenses at 3% of total gross income respectively;
- (j) We have applied 3% on-going vacancy rate starting from the 2nd year of our calculations;
- (k) We have applied 10.25% discount rate in our calculations having in mind that retail park is relatively new concept in Serbia and that subject property is the only retail park in Zrenjanin area. In addition, Aviv Park has a strong tenant mix and strong WALT. Cinema also contributed to rounding up entertainment segment.
- (l) We have applied 9.5% exit yield in our calculations.

Surplus Land – Sales Comparison Approach

- (a) We are informed by the client that surplus land adjoin the subject site comprises 30,961 m²;
- (b) For the purpose of this analysis we have appointed Market Comparison Approach.

Valuation at 31 December 2017

Having regard to the contents of this Report, we are of the opinion that the Market Value of Aviv Park and surplus land in zone Bagljas, Zrenjanin, Serbia subject to the assumptions outlined in the Report, as at 31st December 2017, was in the region of:

MARKET VALUE OF THE AVIV PARK RETAIL PARK ZRENJANIN

€22,200,000

(Twenty Two Million Two Hundred Thousand Euro)

MARKET VALUE OF THE AVIV PARK ZRENJANIN SURPLUS LAND

€1,500,000

(One Million Five Hundred Thousand Euro)

2 Location

2.1 Macro Location

The subject property is located in the Municipality of Zrenjanin. Zrenjanin is located in the Central Banat district, in the northern province of Vojvodina. Zrenjanin is located 54 km east from Novi Sad and 69 km north from the capital City of Belgrade. The Municipality of Zrenjanin has a total area of 1,324 km², while the City of Zrenjanin has an area of 190.9 km². Total number of inhabitants in the Municipality of Zrenjanin was 123,000 according to the 2011 Census, while the City of Zrenjanin has 76,000 inhabitants. The Municipality of Zrenjanin is composed of the City of Zrenjanin and 22 villages.

The Municipality of Zrenjanin is bordered by municipalities of Novi Becej and Kikinda in the north, Zitiste and Secanj in the east, Kovacica, Opovo, Belgrade and Stara Pazova in the south, Indjija, Titel and Zabalj in the west. Zrenjanin is one of the largest municipalities in Serbia. Zrenjanin is located on M7 regional road to Novi Sad and regional road M24 to Pancevo and Belgrade. International highway route E75 is located 46 km in the west.

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



Source: Jones Lang LaSalle, January 2017

2.2 Micro Location

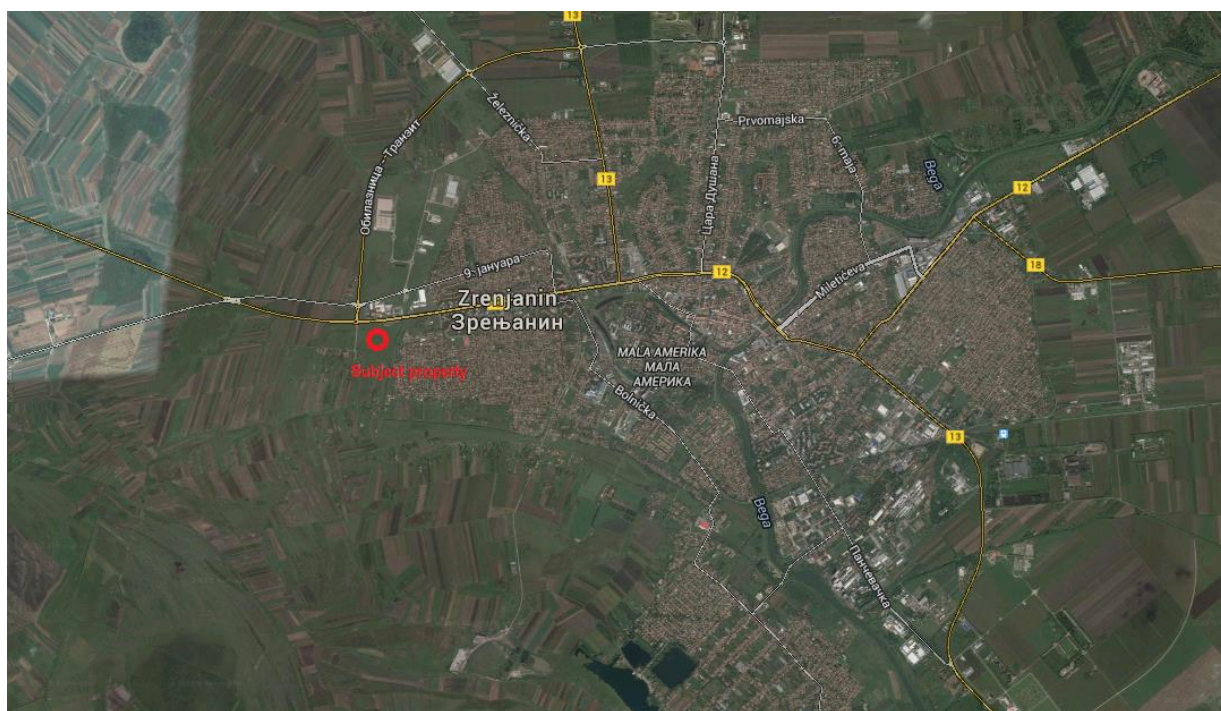
The subject property is located in the western part of the City, along M7 regional road connecting Zrenjanin with Novi Sad. M7 regional road represents direction to E75 international highway route and Novi Sad. This is one of the most important traffic routes in this part of the City since it provides connection with regional cities but also Zrenjanin downtown area (3 km). The subject site is bordered by regional road M7 on the north and accession road on the east side. In the city area, M7 extends to Veljka Vlahovica Blvd and further on Brigadira Ristica Street, Oslobodjenja Boulevard representing one of key traffic arteries in Zrenjanin.

Location is encompassed within zone called Bagljas. This is one of the biggest neighbourhoods in Zrenjanin counting around 20,000 inhabitants. It represents “city within the city” with neighbourhood including primary school, health center, and a new secondary medical school is currently being built. North from the property is industrial zone Bagljas where “Mile Dragic” factory and “Izolir” companies are located. South from the location are residential buildings, while fields of arable land stretch to the west. Industrial Zone Bagljas represents new zone which is equipped with all infrastructure, planned to attract Greenfield investments what was successfully achieved in the past few years (Phiwa-Walter Group, PharmaS, Pompea, Baps-Mehler AG, Um-Ing etc.).

Subject property is positioned right next to intersection of the main road connecting location with Kac and Novi Sad on the west and city centre on the east, and bypass road on the north. Location is accessible from all directions.

Zone is encompassed with Plan of General Regulation Bagljas and it represents the part of the areas planned for development of working zones.

Map 2: Micro location of Aviv Park Zrenjanin



Source: Google Maps

3 Description

3.1 Site

Characteristics

The subject property has excellent visibility and exposure from regional road M7, right next to intersection of this road, Zrenjanin bypass and service road connecting residential zone with regional road M7. It benefits from long frontage along regional M7 road. On the west, site borders with service road with frontage of cca 240 m. Frontage along road M7 is cca 200 m (with the exception of the border with another cadastral parcel on the north). Narrow green belt is dividing subject site from the roads. There is a gas station positioned in the north-eastern part of the site, having frontage to Veljka Vlahovica Boulevard.

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 will be the case of Aviv Park. We are informed by the client that Retail Park has been constructed on 68,822 m² of land, leaving 30,961 m² for additional development.

We were informed by the Client that a part of approximately 5,000 m² of the surplus land is planned to be developed with additional retail content.

Map 3: Site Plan



Source: GIS Zrenjanin

Map 4: Surplus Land

Source: Aviv Arlon Prima

Access & Infrastructure

Zrenjanin is located 46 kilometres from E75 Highway, accessible from regional M7 road. This city is connected to the international railway network, which is of great importance for cargo transport. Zrenjanin is a significant railway hub of Vojvodina province, including two railway stations.

City has airport "Ecka" which represents the biggest class C airport on Balkans peninsula. Besides Ecka Airport, main passenger airport in Serbia – Nikola Tesla is located on 75 km distance.

Zrenjanin ring road stretches at the northern outskirts of the city and it significantly dislocated traffic going through city centre. First section which is stretching along "Bagljas-Elemir" industrial zone, 4.5 km long is positioned south from the site.

The general accessibility to the retail park is good since it has frontage along M7 regional road connecting location with Zrenjanin city centre on the east and Novi Sad on the west. M7 is one of the most important arteries in northern Serbia passing through Vojvodina (Backa and Banat) connecting west and east part of Vojvodina region. To its greatest part it represents main road with two traffic lanes, except in part passing through Novi Sad and its suburbs where it extends to four lanes.

According to Traffic reports published by Roads of Serbia, traffic frequency along the section along the site was 8,160 vehicles per day (7,100 cars) in 2014.

In the city area, M7 extends to Veljka Vlahovica Blvd and further on Brigadira Ristica Street, Oslobodjenja Boulevard, Nikole Pasica Street and Beogradska Street representing key traffic arteries of Zrenjanin, dividing this city on northern and southern zone.

The retail park has three entrances: two roads from the west side and one main entrance to Retail Park from the north east enabling connection with Bagljas residential neighbourhood.

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 Description

Aviv Park in Zrenjanin is big box format Retail Park. In October 2015 the project was opened. The retail park has 21,723 m² GLA (as per rent roll delivered) or 23,645 m² GBA according to the usage permit we received. The complex has 8 buildings positioned on GF to GF +1.

Retail park comprises eight standalone buildings:

- Buildings No 1 positioned on ground floor with nine retail units (size from 60 m² to 500 m²). This building has retail facilities and is occupied by larger store fashion retailers such as Takko Fashion, Deichman, Obuca Metro and Lilly and several smaller retailers;
- Building No 2 is positioned on the east part of the site and positioned on GF+1. Building is G shaped with 12 units (fashion, electronic, sports, furniture and cinema). Retail units size is ranging between 150 and 1,300 m². Vertical communication is enabled through elevators and escalators.
- Building No 3 is positioned on the south border of the site. This building has three separate functional parts including hypermarket occupying 2,879 m² positioned on GF, H&M fashion store positioned on GF+1, and detached GF structure with inline fashion anchors and DIY store. The DIY store (Uradi Sam) was also opened in 2016;
- Building no 4 is positioned on the north eastern part of the complex and is divided in 9 retail units, including shoes stores, a book store and stores for children.
- Buildings No 5, 6, 7 and 8 are service buildings (cafés and restaurants) on the isles in the central part of the complex.

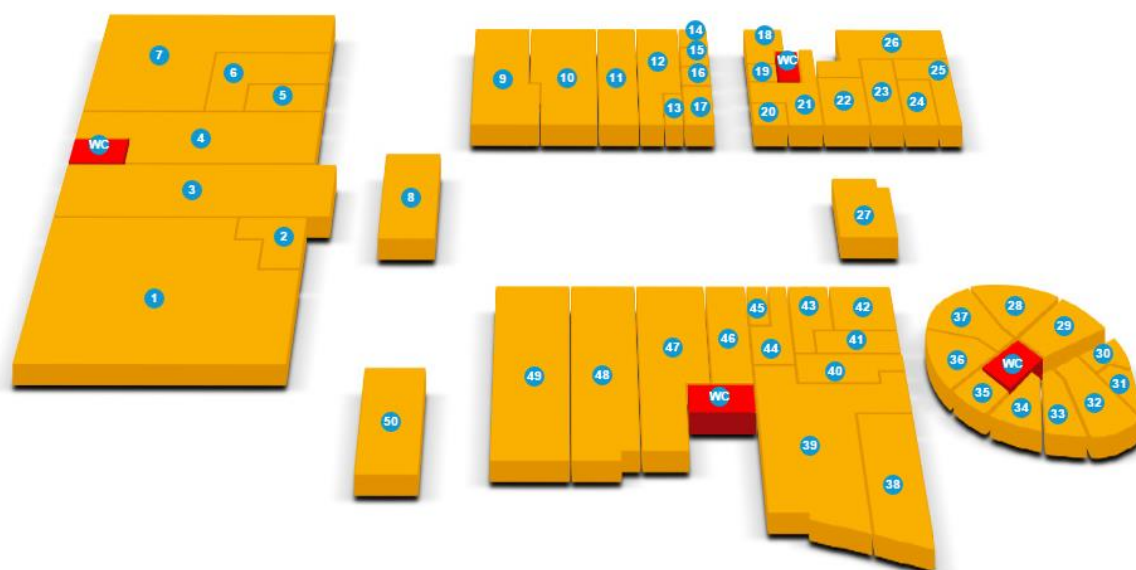
The buildings are extended in the east west direction. The western part represents the main entrance. To the left of the main entrance, the building number 5 is located with the food court, to the center the entrance building number 6 is located containing a restaurant and to the right of the main entrance building number 4 is located with several retail units. Further to the eastern side, behind the food court building, building number 2 is located. This building contains several retail units and a cinema. To the right, behind building number 4, building number 1 is located with various retail units. At the eastern part of the site, building number 3 is located with various retail units and two smaller buildings in front. In one of the buildings a restaurant is located and in the other a retail unit.

Parking areas are located between all buildings as well as sidewalks.

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.

The complex has a network of internal roads in order to enable car access to each building. Along the retail park border there is a bicycle track. All buildings have rectangular shape apart from building number 5 (the food court to the left of the main entrance) that is oval. The retail park has an open parking area in the space between the buildings with the capacity of approximately 750 parking spaces.

Map 5: Map of the retail park



Source: Aviv Arlon web site

Construction

Building structure, façade and materialization is very similar to existing Aviv Retail Park in Pancevo.

Buildings No 1 to 4 are made of prefabricated concrete structure with reinforced concrete slab with an insulated tin panel facade. Buildings No 5 and 6 are made of steel construction with tin panel roof covers and reinforce concrete foundation plate. Building No 7 is made in combination of reinforced concrete and steel construction with reinforced concrete foundation plate, columns and slabs and steel roof construction with tin covers. Building No 8 is made of steel construction on RC foundation plate.

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. Planned height of suspended ceilings in retail units is from 3m to 3.4 m, except in hypermarket area where suspended ceilings are not planned.

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

The flooring depends on retail unit. In the hypermarket and DIY unit it is treated as finished concrete. In other retail units floors are covered with ceramic tiling, laminate or combination of ceramic tiling and laminate. Entrance areas and the WC have tiled floors. Partition walls between the retail units are from prefabricated gypsum boards.

Furthermore, retail units are equipped in accordance with specific retailer requirements.

Retail park is equipped with all necessary installations including water and sewage, thermo and gas, electricity, telecommunication, signal and fire protection installations.

3.4 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 and abnormalities.

4 Legal

4.1 Tenure

According to the Ownership document number 21858 from 09.12.2016 which was provided to us, there is a freehold ownership over the subject land plot (cadastral parcel number 13184/1; cadastral municipality Zrenjanin I). We were not provided with the latest Extract from land registry, but can confirm that according to online cadastre there was no changes.

According to this document, subject cadastral parcel 13184/1 has area of 99,783m² and ownership right is registered to:

- Aviv Arlon Prima d.o.o.

There are 8 buildings registered on the site, as follows:

- Building number 1 – GF with the area under the building of 1.028 m²;
- Building number 2 – GF+1 with the area under the building of 5.807 m²;
- Building number 3 – GF+1 with the area under the building of 8.282 m²;
- Building number 4 – GF with the area under the building of 2.125 m²;
- Building number 5 – GF with the area under the building of 1.707 m²;
- Building number 6 – GF with the area under the building of 120 m²;
- Building number 7 – GF with the area under the building of 234 m²; and
- Building number 8 – GF with the area under the building of 238 m².

According to this document, all buildings have usage permits and the ownership right is registered to:

- Aviv Arlon Prima d.o.o.

4.2 Title No.

According to the Ownership document number 21858 from January 5, 2016, which was provided to us, the subject site consists of one cadastral parcel number 13184/1, Cadastral Municipality of Zrenjanin I, whose area is 99,783 m².

4.3 Tenancy

According to information provided by the client, total GLA of the retail park amounts to 21,753 m². Based on the tenancy schedule, 96% of the retail park is currently leased.

Tenant mix includes the following leading tenants:

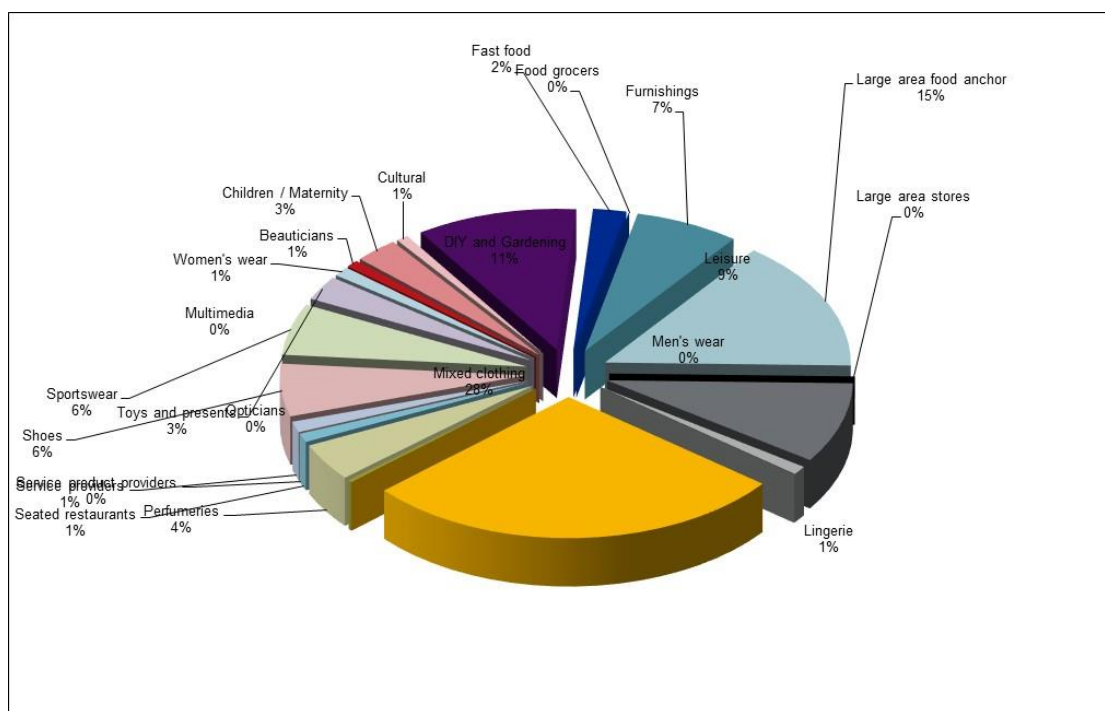
- Hypermarket DIS;

- Fashion Anchors such as H&M, C&A, New Yorker;
- DIY anchor Uradi Sam;
- Strong Inline tenants (Takko, Deichman, Sportvision etc.);
- Cinema standalone object (Cinestar);
- Electronics retailer (Tehnomanija).

In addition to the existing retail park, we have been informed by the Client that additional 2,000 m2 of retail space is planned for development, including one object for the retail anchor and one object for the fast food drive-in.

WALT is 8.1 years, excluding break options. The WALT is strongly impacted by the contract signed with H&M with the term of 35 years. Other than this contract, all other contracts are signed for the term between 5 and 10 years.

Graph 1 – Retailer Profile by Category



Source: Aviv Arlon Prima d.o.o.

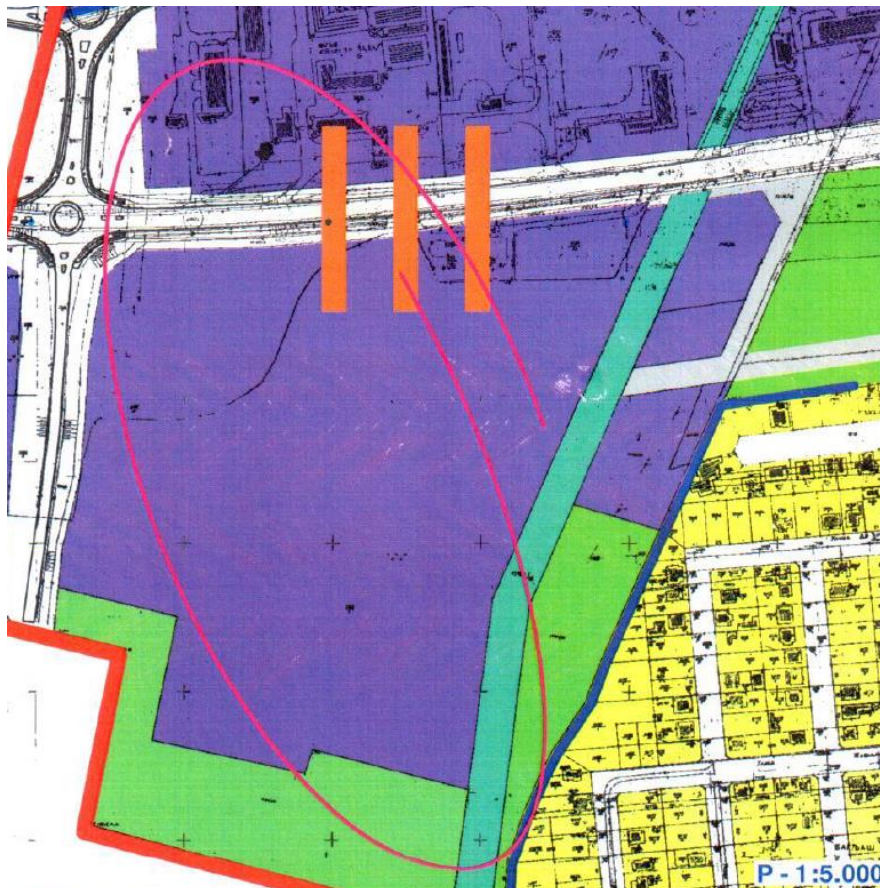
4.4 Planning & Building permits

According to the General Urban Plan of Zrenjanin, subject property is located in industrial zone designated for commercial developments, production facilities, storages, service facilities.

Location is also encompassed with Plan of General Regulation “Bagljas”. According to planning document, site is located within Spatial Unit VIII within working zone Bagljaš. Planning document defines following building parameters:

- Allowed use – commercial developments;
- Building occupancy – up to 50 %, depending on technical, traffic and ecological requirements. For retail development, due to bigger requirements for the parking areas, it is possible even higher coefficient of 70 % including land under the building and traffic/parking areas;
- Allowed number of floors - maximum GF+2+ Attic for commercial buildings;
- Green areas occupying minimum 25 %.

Map 6: Plan of General Regulation Bagljas



Source: Aviv Arlon Prima d.o.o.

We were also provided with the construction permit issued on January 27, 2015 for the construction of commercial complex on subject plot. This document approves construction of the following buildings:

- Building No 1 positioned on GF occupying 1,295 m2 GBA (8 retail units);
- Building No 2 positioned on GF+1 occupying 5,300.25 m2 GBA on the ground floor and 2,332.5 m2 GBA on the first floor (15 retail units);
- Building No 3 positioned on GF+1 occupying 8,044.26 m2 GBA on the ground floor and 1,351 m2 GBA on the first floor (5 retail units);
- Building No 4 positioned on GF occupying 4,219.41 m2 GBA (13 retail units);
- Building No 5 positioned on GF occupying 99.75 m2 GBA (restaurant);
- Building No 6 positioned on GF occupying 99.75 m2 GBA (restaurant);
- Building No 7 positioned on GF occupying 423.04 m2 GBA (restaurant);
- Building No 8 positioned on GF occupying 106.25 m2 GBA (restaurant).

We have been provided with the amended construction permit issued on 29 July 2015. Based on the new construction permit, the areas of the buildings are:

- Building No 1 positioned on GF occupying 1,028.7 m2 GBA (8 retail units);
- Building No 2 positioned on GF+1 occupying 5,808.29 m2 GBA on the ground floor and 2,890.91 m2 GBA on the first floor (15 retail units);
- Building No 3 positioned on GF+1 occupying 8,282 m2 GBA on the ground floor and 1,211 m2 GBA on the first floor (5 retail units);
- Building No 4 positioned on GF occupying 2,125.24 m2 GBA (9 retail units);
- Building No 5 positioned on GF occupying 1,706.61 m2 GBA (10 retail units);
- Building No 6 positioned on GF occupying 120.43 m2 GBA (restaurant);
- Building No 7 positioned on GF occupying 233.61 m2 GBA (restaurant);
- Building No 8 positioned on GF occupying 237.77 m2 GBA (restaurant).

We have been provided with the Usage permit issued on 14 October 2015 with respect to the above buildings. The areas of the buildings for which the usage permit has been granted are:

- Building No 1 positioned on GF occupying 1,028 m2 GBA (8 retail units);
- Building No 2 (without the cinema) positioned on GF+1 occupying 5,807 m2 GBA on the ground floor and 873 m2 GBA on the first floor (15 retail units);
- Building No 3 positioned on GF+1 occupying 8,282 m2 GBA on the ground floor and 1,211 m2 GBA on the first floor (5 retail units);

- Building No 4 positioned on GF occupying 2,125 m2 GBA (9 retail units);
- Building No 5 positioned on GF occupying 1,707 m2 GBA (10 retail units);
- Building No 6 positioned on GF occupying 120 m2 GBA (restaurant);
- Building No 7 positioned on GF occupying 234 m2 GBA (restaurant);
- Building No 8 positioned on GF occupying 238 m2 GBA (restaurant).

Finally, we have been provided with the Usage permit for the cinema within building number 2 detailed above, with the gross area of the cinema of 2,019 m2, issued on 7 December 2015.

Initial Developer Fee

We are informed that the client purchased land in 2014 that was originally under leasehold over 99 years and that previous owner paid IDF for the construction of 50,000 m2 GBA.

Subject property is situated in 4th zone.

The IDF is paid based on the average price of newly constructed apartments in the county, multiplied by the coefficient of use and the zone. The zone coefficient for the 4th zone is 0.04 and the usage coefficient for commercial use is 1.5. The average price of newly constructed apartments in Zrenjanin in 1st half of 2016, based on the data from the National Statistics Office, amounted to RSD 84,700 or approximately 690 EUR. Following this, the IDF payable for commercial developments in the 4th zone would amount to approximately 41.4 EUR.

The IDF may be paid in one instalment in which case a discount of 30% is given, or in 36 instalments. If the discount is given, the IDF would amount to approximately 29 EUR.

5 Market Commentary

5.1 Serbian Economy

Quarterly GDP growth slowed down during the second quarter, underpinned mainly by investor and consumer caution ahead of April's snap election. With trade flows recovering quickly and investment boosted by further interest rate reductions, quarterly growth is set to rebound from the Q2 slowdown. According to Oxford Economics, for the whole 2016 the expected GDP growth is 2%. Stronger growth of exports and private sector investment, followed by FDI will lift growth in the medium term to 3% – 3.5%.

The strong recovery in trade volumes will support faster production growth in period from 2017 to 2019 with increasing exports, stabilising the current account deficit at around 4% of GDP. Helpful global financial conditions and this year's credit rating upgrades have contributed to pushing 5 year sovereign debt yields below 4%, while the UAE has reportedly offered a ten year US\$ 1bn bilateral loan for just 2.25%. Additionally, this is driving small business growth to complement expansion of large firms strengthened by FDI, which has responded to improved business conditions and tax incentives, and reached 5.3% of GDP in 2015. Low taxes and incentives that have become essential to sustain FDI inflows may prevent the budget from rebalancing even when GDP growth accelerates. Furthermore, the central bank lowered its key interest rate to 4% and eased banks' reserve requirements in July, underpinning this year's upturn in domestic credit growth.

In the recently published Doing Business list of the World Bank, Serbia climbed to 47th place (previously 54th) and is among countries which have made some of the biggest progress. In addition, Belgrade has been named as the best investment destination, in this part of Europe, and has received a credit rating of B1 with a positive outlook.

According to the Serbian Statistical Office, consumer prices during September 2016 noted 0.6% increase in comparison to the same period previous year. Compared to the previous month, increase was noted in sector of restaurants and hotels (0.6%), health (0.4%), furniture, household equipment and maintenance (0.3%) and transport and communication (each 0.2%). Decrease was noted in the sector of recreation and culture (-5.7%), food and non-alcoholic drinks (-0.9%), housing, water, electricity, gas and other fuels (-0.3%) and alcoholic drinks and tobacco and clothing and footwear (-0.1% each).

According to the Labour Force Survey conducted by the National Statistical Office, the unemployment rate during the second quarter of 2016 decreased by 380 bps and now stands at 15.2% in comparison to the previous quarter when it was 19.0%. The average net salary in Belgrade during September 2016 amounted to RSD 58,900 or €480, which is 26% higher than average salary in Serbia during the same period (€380).

Table 1: Serbian Economic Key Market Indicators

Serbia	2011	2012	2013	2014	2015	2016e	2017f	2018f
GDP - % YOY Growth	1.40	-1.02	2.57	-1.83	0.74	1.80	1.90	3.00
CPI/Inflation - % YOY Growth	11.14	7.33	7.69	2.08	1.39	1.80	2.80	3.80
Current account balance (% of GDP)	-8.57	-11.58	-6.10	-5.96	-4.80	-3.09	-3.15	-3.08
Industrial production index (yoy change %)	2.43	-2.20	5.51	-6.48	8.35	4.01	4.50	4.49
Unemployment Rate - %	23.65	24.60	23.00	20.13	18.53	18.19	19.45	19.28

Source: Oxford Economics, November 2016

Political Situation

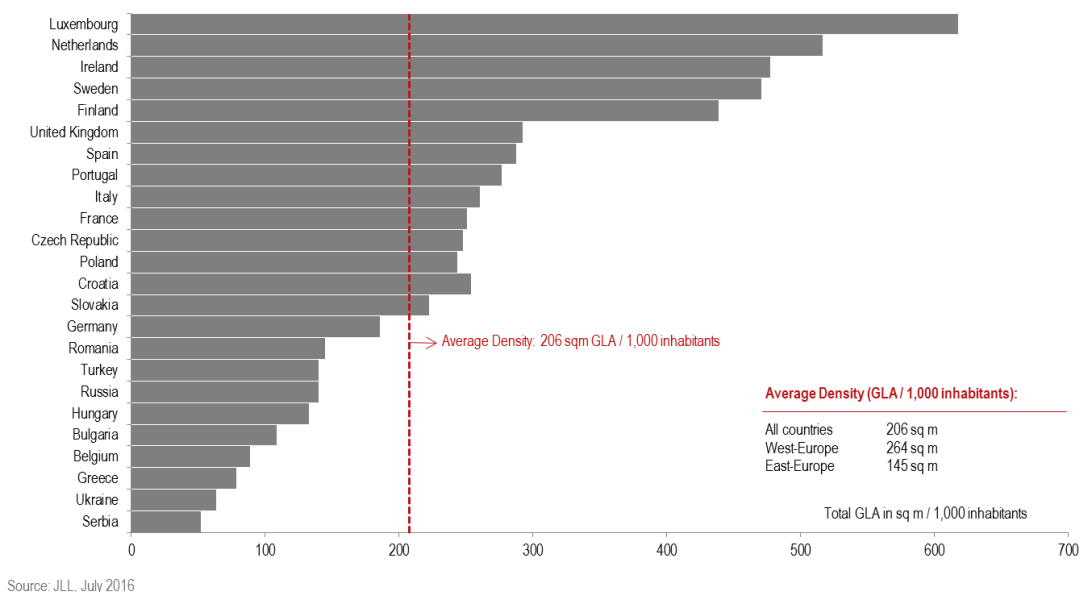
The Progressive party (SNS) and allies won the 24th April election with 48% of the vote, retaining an overall majority despite a loss of seats. The ruling party retained a majority and can accelerate the public sector reforms and deficit reduction that have allowed monetary policy to stay relaxed with inflation below target.

The IMF will keep up the pressure for small business promotion, state owned enterprise (SOE) restructuring, financial sector reform to make monetary policy more effective and better management of the budget to keep the deficit falling. EU membership remains up to ten years off, with progress dependent on continued improvement in the judicial and business environment. Rising revenues and the declining fiscal deficit will enable the government to keep reducing public administration and state owned enterprises (SOEs) while still funding improvements to transport and energy infrastructure. SOE subsidies, worth 3% of GDP as recently as 2014, are due to be eliminated in the medium term.

5.2 Serbian Retail Market Overview

Serbia and particularly its capital Belgrade are considered as high potential retail destinations due to unsaturated market, favourable 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 centre stock stands at around 370,000 m² GLA or 52 m² GLA per 1,000 inhabitants. These figures position Serbia at the very bottom of the European Shopping Centre's Density scale, as shown in the Chart 1.

Chart 1: Existing shopping center stock per capita in H1 2016



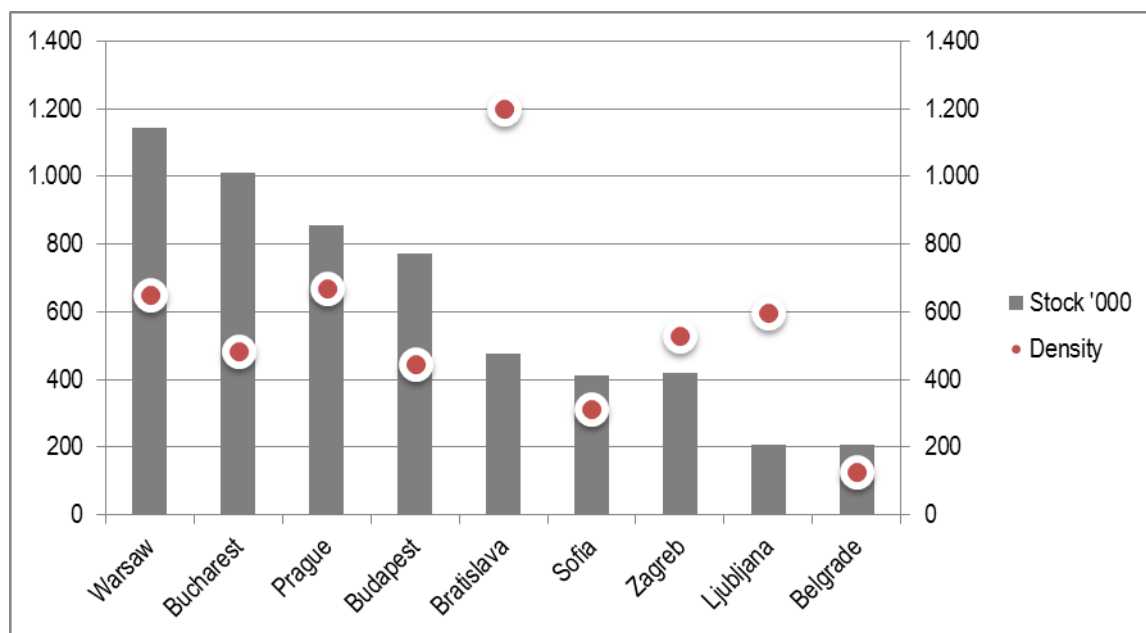
The overall stock includes all types of shopping centres, yet the prime stock is estimated at around 150,000 m² GLA within five assets. Prime shopping centres were predominantly delivered after 2007, with exception from the Mercator Centre that was the first shopping centre developed in 2002 and refurbished in 2012. Four of the prime shopping centres are located in Belgrade. The only modern prime shopping centre outside Belgrade is Kragujevac Plaza (22,000 m² 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 centres, 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 centres and bazaars still present the part of the Belgrade retail offer.

Following current ICSC's new European standard for classifying shopping centres, Belgrade has around 200,000 m² GLA of the retail space accommodated in the shopping centres of all types and above 5,000 m² GLA. Speaking of the prime assets, shopping centre stock in Belgrade stands at 128,500 m² GLA or 78 m² per 1,000 residents, which positions the city at the lowest position of the European shopping centre scale.

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



Source: JLL, 2016

The fact that Belgrade has less retail stock than the neighbouring Bucharest and Zagreb has 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 have put on hold many planned projects.

The highest annual supply of shopping centres in Belgrade occurred during 2007, 2009 and 2013, when the three largest projects were delivered to the market, Ušće shopping centre (46,000 m² GLA), Delta City (30,000 m² GLA) and Stadion Voždovac (28,000 m² GLA), respectively.

Table 2: Existing Prime Shopping Centres in Serbia

Existing Modern Shopping Centers in Serbia				
Shopping Center	Investor	City	Size m ² 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	Private	Belgrade	28,000	2013

Source: JLL, October 2016, * Refurbished

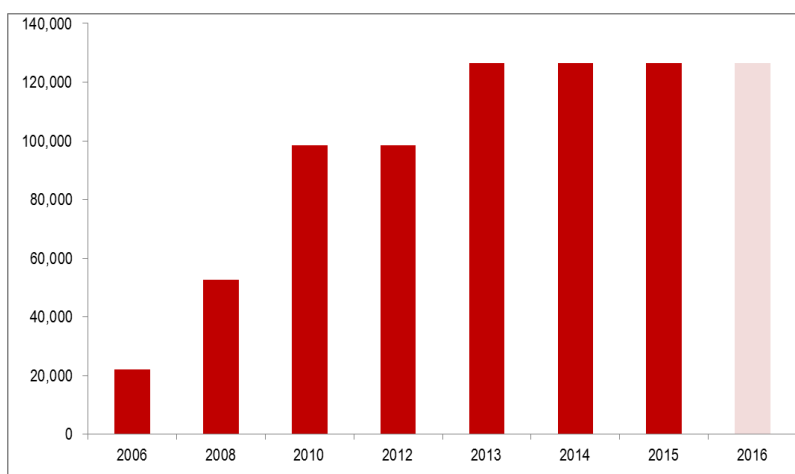
Shopping centre evolution

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 the previous shopping centre completion entire prime stock was located in New Belgrade. However, with the completion of Stadion Voždovac new stock was brought outside of New Belgrade municipality. The new supply did not influence other prime schemes considering 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 in 2009 and 2007 respectively, and well positioned brands in high street retail zone such as Zara, Mango, Adidas, and Nike were among the first to secure their retail units in the new malls together with new entrants such as New Yorker, Koton, Marks & Spencer. 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 2012, another prime asset was opened in Kragujevac – Kragujevac Plaza (22,000 m²) 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 became very quality sensitive. After its renovation, Mercator Centre remained a neighbourhood shopping centre that serves local neighbourhood 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, October 2016

Aside from shopping centre, year 2012 was also notable for opening of the first phase of Fashion Park Outlet in Indija (15,000 m² GLA) with more than 40 retail units, located 42 km from Belgrade.

Prime shopping centres in Serbia

Mercator shopping center (22,500 m² GLA) was developed by Slovenian retail chain Mercator and opened in 2002 as the first modern shopping center in the country. However, after the delivery of Ušće and Delta City the demand for this shopping centre 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.



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 neighbourhood 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. From the beginning of 2016, the centre has been acquired by Hyporop Investments limited for €127.7 million.



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 spreads over 46,000 m² GLA and includes 140 stores located in prime New Belgrade location, 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.



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 m². The shopping centre was developed by Israeli investor Plaza Centers and in the late 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, Ovisse, Fashion and Friends, Beosport, C&A, Navigare etc.



Stadium Voždovac shopping center opened in April 2013 and offers completely new concept of shopping, leisure and recreation on 28,000 m² GLA located in Zaplenjska street. It is fourth shopping centre 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 H&M.



Shopping Centre demand

Due to a lack of modern shopping malls, the demand for the prime shopping centres is very high. This results in excellent occupancy with the vacancy rate constantly close to zero. The highest footfall is registered on the ground and the first floor. The retailers generally show lower demand for smaller, neighbourhood shopping centres. They choose to expand in these schemes after positioning themselves in the prime shopping centres and high street locations. Low to mid-class brands sign up for the premises in smaller shopping centres due to lower rents. However one smaller sized neighbourhood shopping centre Zira located in Belgrade downtown area has recently attracted several market entrants such as Sugarfree, Goose and Conte of Florence.

However, as prime shopping centres 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 m² to 1,000 m², 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 centres. The under construction shopping centres Rajiceva and Belgrade Plaza have already signed lease agreements with various brands. The construction of Belgrade Plaza are progressing and the works on the façade have commenced. The reconstruction of one of the access roads to the shopping centre has commenced as well. The offer of fashion retailers has been strengthened with lease agreements with Cortefiel group, H&M, Extreme Intimo, Cineplexx, Navigare, Yves Rocher, Idea etc.

From the beginning of the year Zara Home has opened its first store in Serbia within Usce shopping centre. Additionally, the first Calvin Klein Underwear store has opened in Usce shopping centre as well. The first Imperial Fashion store was opened in high street area in Belgrade. The leading Greek toy chain Jumbo has opened its first store in Super Vero hypermarket totalling over 2,800 m². Furthermore, Stone Island has opened its first store in Fashion Park Outlet in Indjija.

We are aware 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. Another Polish brand 4F plans to open single stores in Serbia. Additionally, leading European footwear retailer CCC has announced market entry with opening of the first store in Stop Shop in Valjevo.

Furthermore, French sport retailer Decathlon announced market entry, with opening of its flagship store in Belgrade.

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
Zara Home	Usce shopping center	Belgrade	2016
Calvin Klein	Usce shopping center	Belgrade	2016
Imperial Fashion	Knez Mihajlova	Belgrade	2016
Stone Island	Fashion Park outlet	Indijija	2016
Jumbo	Super Vero	Belgrade	2016

Source: JLL, 2016

Market entry in Serbia is 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. 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 €	
	Payment	paid in € or RSD according to the NBS exchange rate	
		monthly in advance	

	Service charge	€8/m ² /month
	Marketing costs	€2.5/m ² /month
	Turnover Rent	3-10 %
	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, October 2016

Shopping centres pipeline

During the recent period the market has witnessed growth of activity with several shopping centres being under construction. Although construction works have initially started during 2009, construction continued on Rajičeva 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 such as Djak, Maxi, Tommy Hilfiger, Liu Jo, Barbolini have already secured their stores within the future scheme. The completion is set for the first half of 2017.

Furthermore, Belgrade Plaza in Visnjicka street by Plaza Centres is under construction. The shopping centre will spread over 32,300 m² and presents investment of €80 million. The completion is scheduled for the second quarter of 2017, and prelease agreements with various brands have already been signed. Construction of Ada Mall by GTC is set for construction start by the end of 2016, while the completion is set for 2018. Additionally, Delta Holding has announced start of construction of Delta Planet at Autokomanda location.

Furthermore, the reconstruction of the former Betex department store is in final stage and after its completion it will increase modern retail supply in Banovo Brdo area.

There are several other shopping malls in pipeline; however, the construction commencement of these projects is still unknown.

Table 5: Shopping Centers in Pipeline in Belgrade

Future modern shopping centers in Belgrade			
Project	Size m ² (GLA)	Location	Status
Ada Mall	33,000	Ada	Planned
Rajičeva 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
Belgrade Waterfront (1 st phase)	65,000	Savski Venac	Planned

Source: JLL, October 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 centre (cca 130,000 m²), out of which first phase will be around 93,000 m²; and the construction of the residential units has started from the beginning of the last quarter of 2015.

Retail Parks

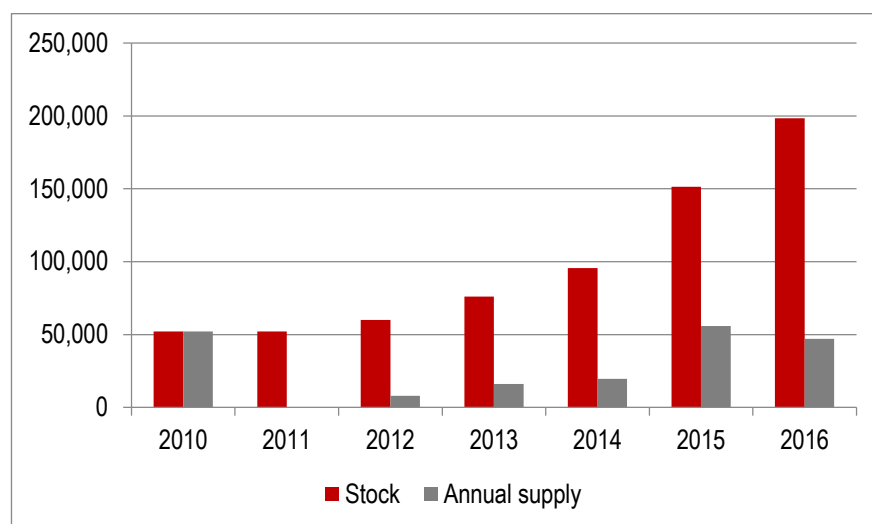
Retail parks are a relatively new retail format in Serbia and are gaining popularity. The tenants that show particular interest in such assets are hypermarkets, since the tenant mix of retail parks provide a very high inflow of customers. During the previous two years, shopping centre development has remained subdued whilst a growing interest for retail parks has been noted. 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 around 200,000 m² situated within thirteen retail parks, developed during the past five years. Aviv Park in Pančevo (28,000 m² 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. Recently Cinestar has opened its first cinema in the country in this scheme, spread over 1,500 m².

During the same year (2010) Delta Park in Kragujevac (14,000 m² GLA) developed by the local company Delta Real Estate was opened. In November 2013 Big CEE Retail Park in Novi Sad, developed by Israeli Big CEE Company, opened its third phase - shopping centre (16,000 m² GLA). Additionally in 2016, the scheme was enriched by the largest cinema in Vojvodine province, totalling over 5,000 m² in standalone building. The whole retail park including the third phase spreads over 39,000 m² GLA. Some of the 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 m² GLA, developed by Poseidon Group opened its doors in 2014 with some of the present tenants such as Jysk, C&A, Sport Vision, New Yorker, Deichmann, and Takko fashion. Afterwards, Vivo Shopping Park in Jagodina was delivered, and added 10,000 m² GLA. Some of the tenants within the scheme such as Home Center, Delhaize, Legend World Wide, Deichmann, Takko Fashion, Sport Vision etc.

Chart 4: Retail park evolution in Serbia



Source: JLL, 2016

Year 2015 was the most intensive for the retail park development. The first retail park in Belgrade – Zemun Park has opened covering 16,000m² GLA, with brands such as Univerexport, Extreme Intimo, Kenvelo and

Office shoes. Its investor Mivne Group has invested €25 million and announced additional 15,000m² of retail space in the future. Furthermore, Aviv Arlon has opened its new scheme in Zrenjanin spreading over 22,500 m². Soon after this, Aviv Arlon has opened another retail park in Zvezdara municipality in Belgrade (11,500 m²). The whole project will include residential units as well. In addition, another retail park completion was Stop.Shop by Immofinanz in Čačak (6,300m²) occupied by DIS, C&A, Takko, Deichmann, Djak and Lilly.

The first quarter of 2016 was marked with the delivery of Shoppi retail park in Subotica. The scheme spreads over 10,000 m² GLA, developed by MPC, and some of the present brands include H&M, New Yorker, C&A, Sportina, Tom Tailor, Deichmann etc. Soon after, Stop Shop in Niš by Immofinanz was opened, spread over 13,100 m². Additionally, Stop Shop in Valjevo has opened during May, totalling over 6,100 m².

In the late 2016, the third retail park in Belgrade was opened, namely Shoppi in Borca by MPC Properties, totalling over 13,000 m². Some of the present retailers here are DIS, Jysk, Sport Vision, LC Waikiki etc.

Map 7: Existing retail parks in Serbia



Source: JLL, October 2016

Retail parks in pipeline

After completion of Capitol Park in Šabac, Poseidon group has announced another retail park in Rakovica. The construction of Capitol Park in Rakovica has started with completion expected in 2017. Additionally, Aviv Arlon announced construction of retail park in Požarevac. Furthermore, Austrian shopping center chain Supernova has plans to open at least three schemes in Serbia in Kragujevac, Niš and Zrenjanin. However, the investor has postponed its market entry plans.

Table 6: Existing and planned retail parks

Existing and planned Retail Parks in Serbia			
Scheme	Size m ² 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	39,000	Novi Sad	completed
Capitol Park Šabac	9,500	Šabac	completed
Vivo Shopping Park	10,000	Jagodina	completed
Zemun Park	15,000	Belgrade	completed
Aviv Park Zvezdara	10,500	Belgrade	completed
Stop Shop	7,000	Cacak	completed
MPC Shoppi	10,000	Subotica	completed
Stop Shop	13,100	Niš	completed
Stop Shop	6,100	Valjevo	completed
Shoppi Borca	13,000	Belgrade	completed
Capitol Park Sombor	5,600	Sombor	Under construction
Capitol Park Rakovica	23,650	Belgrade	planned
Stop Shop	7,300	Subotica	planned
Stop Shop	5,000	Vranje	planned
Aviv Park	15,000	Pozarevac	planned

Source: JLL, December 2016

Department stores

Belgrade market disposes of ca. 49,000 m² 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 m². 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 170,000 m² GLA, seems too low to satisfy the needs of European metropolis numbering 1.6 million residents. 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 Agrokor, 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
Vero	7,000	Voždovac	2011
Interex	4,000	New Belgrade	2011
DIS	15,000	New Belgrade	2010

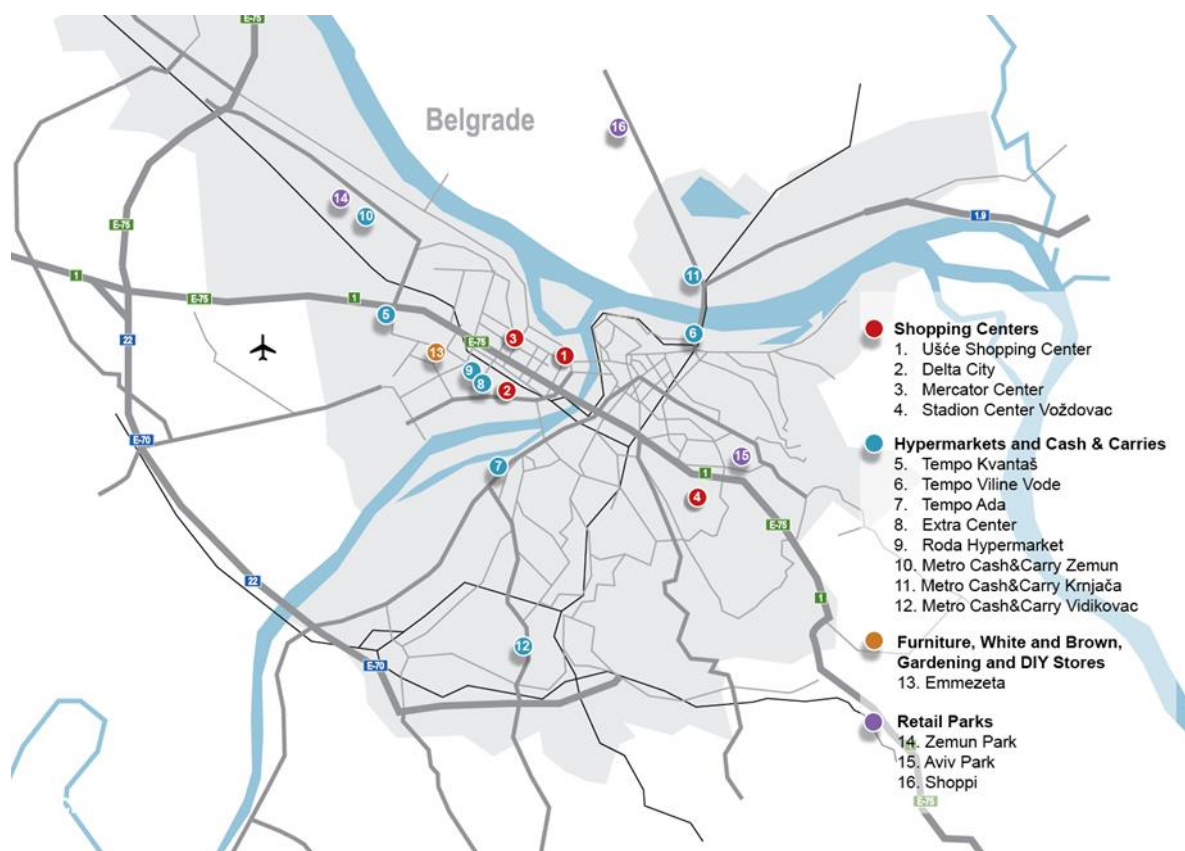
Source: JLL, 2016

In 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 Dorneo, Galerija Podova, Techno centar Mag.

The construction of long waited Ikea has officially started in the second quarter of 2016, and the scheduled completion is set for 2017. This will be investment of 70 million and the centre will spread over 30,000 m².

German discount supermarket chain Lidl has confirmed that they will complete the construction of their distribution centre by May 2017 and then will open 20 outlet stores across the country. Furthermore, Serbian food retailer Aman has announced rebranding of recently purchased IDEA, Roda and Interex stores to Inter Aman brand name. Additionally, Slovenian retail chain Merkur has closed its operations in Serbia.

Map 8 - Major Retail Projects in Belgrade



Source: JLL, October 2016

Zrenjanin retail market

Together with the entire Serbian market, Zrenjanin retail market is considered as immature and in lack of modern formats. However, the situation has been improved with the completion of Aviv Park in the late of 2015. The scheme is located approximately 3km from the city center, within Bagljas settlement. It spreads over 22,000 m² and retailers present here are well known international and local brands including H&M, Takko Fashion, Deichmann, C&A, DIS, New Yorker, Sport Vision, Cinestar etc.

Additionally, Zrenjanin retail market is concentrated within the unit shops in the city centre and small sized neighbourhood and corner shops. Main shopping streets are situated around Kralja Aleksandra Karadjordjevic, Gimnazijska and Trg Slobode streets. Aside from recently opened Aviv Park, there are no modern larger retail schemes nor large sized big box properties in the city and its close surroundings. Retail market in Zrenjanin disposes with supermarkets and hypermarket chains such as IDEA, Roda, Dis, Maxi, Univerexport and Gomex. In the beginning of 2016, IDEA supermarket chain has opened Idea super store, totalling over 1,400 m². In addition, Serbian DIY chain Woby haus opened new store spread over 500 m². Furthermore, Robna kuca Beograd department store is well located in the main pedestrian area in downtown hosting New Yorker and Oh La La stores.

We are of opinion that primary catchment area includes the whole population of the City of Zrenjanin (approximately 127,000 inhabitants), while the secondary area includes the bordering municipalities of Elemir, Klek, Lazarevo, Ečka, Stajićevo, Žabalj and Žitište (approximately 60,000 inhabitants).

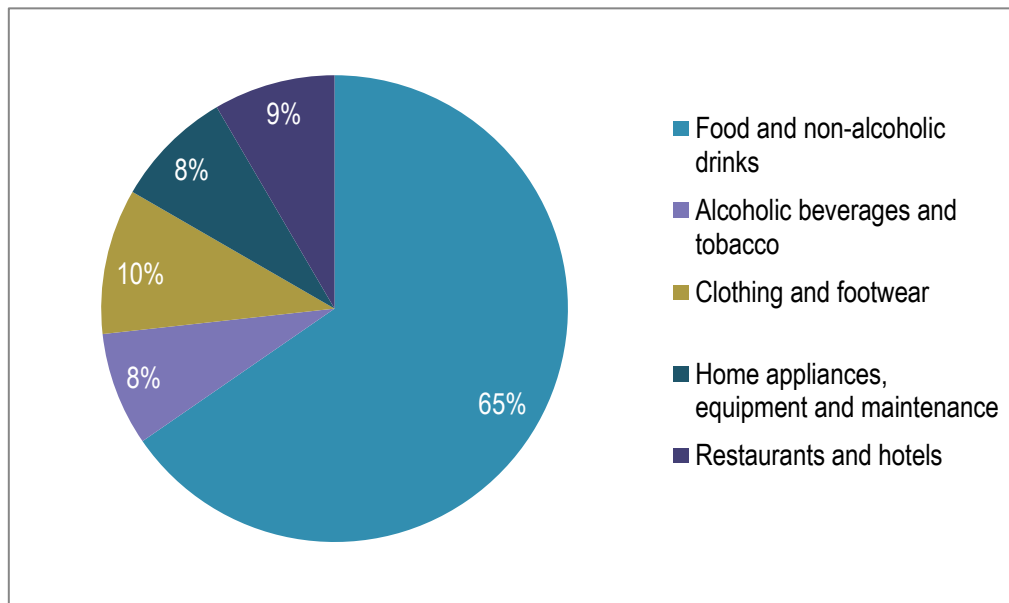
Table 8: Catchment Area for Aviv Park with salaries of respective areas

Municipality	Area km ²	Population (Census 2011)	Catchment area	Average Net Salary (Jan– Oct 2015)	Average Net Salary (Jan– Oct 2016)	Y-o-y change of Net Salary
Zrenjanin	1.327	127,175	127,175	€ 344	€ 345	0.3%
Žabalj	730	26,544	26,544	€ 294	€ 294	0.0%
Žitište	602	19,780	19,780	€ 247	€ 292	18.2%
Total	1,333	173,499	173,499	295	310	5.2%

Source: JLL, Decembre 2016

In addition to the above municipalities with detailed data, there are additional approximately 16 thousand inhabitants in the remaining municipalities for which data on average salaries is not available and were not included in the above table.

According to the official statistical data, in Q2 2016 Vojvodina households spent 55% of total expenditure on retail goods. In terms of the structure of the retail spending, 65% was spent on food and non-alcoholic beverages, 8 % on alcoholic drinks and tobacco, 10% on clothes and footwear, 8% on home furniture, equipment and maintenance and 8% on restaurants and hotels. According to our research, during the second quarter 2016, retail spending power within primary catchment area – city of Zrenjanin amounted to approximately €245 per month.

Graph 3: Retail Spending in Vojvodina in Q2 2016

Source: Statistical Office of Serbia, December 2016

5.4 Land market overview

Over the last years local municipalities made a lot of effort in order to create a favourable climate for attracting foreign investors. Obtaining construction permits has significantly improved as well.

The highest land prices are recorded within industrial zones in Zrenjanin, which have established infrastructure network, rain and sewage, telecommunication, distribution network, as well as adequate access roads to industrial zones and public lightening. In some industrial zones local municipalities offer land lots free of charge. In these cases investors are responsible for employing certain number of workers.

Zrenjanin land market overview

The relevant Industrial zones with highest land prices are in Zrenjanin, one of the biggest industrial and agro centres of Serbia, which are in range from 25-40 €/m². However, it is important to note that Zrenjanin is giving land for free for the most important investors within developed Working zones. Prices for smaller land lots planned for residential use are higher, reaching the level between 50 and 70 €/m² for similar locations.

However, there is no evidence of retail land transactions in the last few years. In 2007 plot of 60,000 m² was purchased by hypermarket retailer for 70 €/m² (including Initial developers fee paid). General price range for retail locations out of city centres and in secondary cities was between €50 and €150 per m². City centre locations (within secondary cities in Serbia) allowing construction of shopping centre formats instead of retail parks and enabling much higher building coefficient are at level of €200 per m².

5.5 Investment market overview

For a long time, Belgrade market was a focus for investors, due to an increase of comparable and competitive products on other markets. Real estate market in Serbia started its development in 2004/2005 with delivery of first class A office stock and further expanded to retail developments with opening of first modern shopping centre in 2007. Pre - crisis period has evidenced several transactions of office buildings

with clear yield trend in the range 8% to 8.5%. As of 2009 investors' yield expectation moved out to range of 9 % to 11 %, whereas developers' asking prices remain at the pre – crises level.

Different perspectives result in huge gap in asking / offered yields preventing any market – driven transactions to take place. Transactions taking place during that period had been non – market driven and evidenced yields spread through extremely wide range, between 6% and 12%. In these years, New Belgrade evidenced few sales including Hypo Plaza sold to SBB for 9.3 % yield and Vlatcom office building sold for 7.5 %, both for owner occupation. All these disabled real estate professionals to quote market yields based on hard evidence and at that time benchmark yields were quoted in public brochures usually reflected investor's expectation. During the second half of 2014, increased activity in terms of new projects development as well as foreign and local investor's interest was noted. In addition to this, second half 2014 recorded sales of 60 % interest in the prime office building, again in New Belgrade district, for 9 % yield.

Additionally, one of the country's prime retail assets, Kragujevac Plaza developed by Plaza Centers, was acquired by New Europe Property Investments (NEPI) for a price of €38.6 million, reflecting 9 % yield and initial yield below that level. This was the only through indication of final compliance between developers and investors expectations showing that yield levels are somewhere in between. This was further confirmed through final negotiations at the end of 2014 for several retail products in Serbia, transacted in first half of 2015. Due to historic lack of any hard evidence, based on these we concluded that these transaction and negotiation has proven yield compression. Furthermore, in 2014, Brussels based company Mitiska Reim has acquired 85% interest in the newly developed retail park in Sabac, Capitol, developed by the Poseidon Group.

In the recent months more interest has been noted as well, especially from foreign investors, pointing out its great potential. Additionally, during the second half of 2015 Atterbury Europe – a joint venture company formed by Atterbury Group and foreign investors have acquired one third stake in €259 million of seven Serbian retail schemes, including the country's prime and the largest shopping center Ušće. Recently the company has acquired additional 17% stake and now have 50% in the respective portfolio. From the beginning of 2016, one of the country's prime shopping centres Delta City (30,000m²), has been sold for €127.7 million from Delta Real Estate, reflecting yield of around 8%. The overall transaction included the sale of Delta City in Podgorica as well, sold for €75 million. Additionally, in 2016 NEPI acquired land in Novi Sad for €31 million where they plan on building shopping centre; and later in the year another land in Kruševac for retail park development. The market has noted more acquisitions of projects on hold or older buildings in need for refurbishment where new hotel, retail and residential projects are expected.

From the beginning of the year 2017, investors remained active in retail segment. One of the notable schemes in development Belgrade Plaza, was acquired by Israeli company BIG CEE. According to the publically available sources, the future shopping centre was sold at cap rate of 8.25%, and the overall price will be determined after 12 month working, with estimated net operating income from €7.2 to €7.5 million.

In the upcoming period, we expect investors' switching their focus towards office market segment, which is currently in expansion. However, with further development of retail market, including the construction of various shopping centres and retail parks we believe that investors will keep their focus on this segment as well. This will further lead to yield compression, which will increase investors' confidence.

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 2015 Serbia was ranked 53th in the world as "low transparent" market, but was in top three improvers from 2014.

At the moment, prime yields for retail park stand at 8.75 %. It should be noted there are several ongoing deals which are indicating further yield compression. This is also confirmed through regional transactions in Croatia and Bulgaria showing yields below expectations set for 2016. Demand comes from few investors, interested for prime assets with proven performance and stable demand. Serbia was on positive note recognized as very attractive market, offering good assets with high returns.

Although there are signs of further yield compression, we would stay caution on a mid-run, especially having in mind that offers come from few investors. If it is proven that demand for such products is sustainable and risk perception is kept from wider range of investor, valuation may result with different investment assumptions.

In our opinion the Aviv Park could attract slightly higher yield than the one achieved for Kragujevac Plaza. This is also because the fact that Aviv Park in Zrenjanin is located in a smaller city with smaller catchment area of lower purchasing power. On the other hand, the retail park has established brands and the goodwill of the success of the Aviv Park in Pancevo. It is important to underline the fact that the subject retail park will soon be almost fully let and operating with low vacancy figure.

We have reflected these factors in our valuation adopting exit yield at 9.5% and discount rate at 10.25%. The running yield over 10 years is ranging between 8.96% and 10.07%.

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.

Sales comparison

A Direct Sales Comparison approach has been used to estimate the value of the property by comparing recent sales of similar properties in the surrounding or competing area to the subject property. Inherent in this approach is the principle of substitution, which holds that where similar properties, goods or services are available within a given locality a rational purchaser will be attracted to the one with the lowest price.

For the purposes of this valuation we have obtained details of a number of comparable sales in the locality of the subject property and have based our valuation on these factors together with our knowledge and opinion of general market circumstances.

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;
- (h) We have valued the subject property on the assumption that Aviv Arlon Prima d.o.o. has 100% share in the property.

6.4 Income Approach – 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 2017;
- (b) We have not carried out building's measurement. We have obtained the tenancy schedule dated November 2017 by Aviv Park Zrenjanin for the subject property and based our calculations on the assumption that total gross lettable area of existing buildings comprises 21,753 m² GLA.
- (c) Rents are mostly subject to annual indexation according to HICP adopted at the level of 1.8% per annum;
- (d) 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 WALT for the whole centre is 8.1 years.
- (e) Rent is received monthly which is reflected in our calculations.
- (f) The retail park is very new and we believe that contracted rents will have sustainable growth in line with inflation.

- (g) After expiry of the current lease agreements we have adopted the annual indexation according to HICP at the level of 1.8% ;
- (h) A 3-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;
- (i) We have also adopted an allowance in respect of non-recoverable operating expenses of 3% of total gross income;
- (j) We have applied 3% on-going vacancy rate starting from the 2nd year of our calculations;
- (k) We have applied 10.25% discount rate in our calculations.
- (l) We have applied 9.5% exit yield in our calculations.

MARKET VALUE OF THE AVIV PARK RETAIL PARK ZRENJANIN

€22,200,000

(Twenty Two Million Two Hundred Thousand Euro)

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 at the entrance into Zrenjanin • Higher than average remaining lease lengths; • Strong occupancy; • No competing schemes in Zrenjanin; • H&M presence in the retail centre • Recognised concept due to the success of the Aviv Park in Pancevo	• Located in a secondary city in Serbia • Lower disposable income of the inhabitants • Relative proximity of larger cities with wider retail offer • Limited expansion potential on the surplus site
Opportunities	Threats
• Increasing liquidity of investment products • New tenants inbound to Serbia still • No new similar developments announced in the vicinity	• Retail park schemes becoming more common format in Serbia with rising competition • Declining revenues of the scheme

Source: Jones Lang LaSalle

6.6 Surplus Land - Market Comparison Approach

We are informed by the client that part of the site that is not developed at this stage, leaving additional 30,961 m² for additional development. We are also informed on client's intentions for development of fast food restaurant and leasing it to Mc Donald's. For the purpose of valuation we didn't receive commercial terms for potential lease and we were informed that agreement is yet to be signed.

In the past few years increased interest has been shown for attractive retail locations in secondary cities in Serbia. Sites planned for developments in retail parks in Serbia in the past years were resold and further activations and developments are expected. Retail activity also comes from big box retailers. Some of them prefer to buy a plot and develop it, some would require to buy "turn - key" development and some would just lease it. For this reason it is hard to create precise investment model.

General price range for retail locations out of city centres and in secondary cities was between €50 and €150 per m2. City centre locations (within secondary cities in Serbia) allowing construction of actual shopping centres instead of retail parks and enabling much higher building coefficient achieved prices at level of €200 per m2. Transactions have evidenced that prices for land lots in broader area of Zrenjanin are ranging in wide spread between EUR 5 and EUR 35 per m2.

We are informed by the client that part of the site that is not developed at this stage, leaving 30,961 m2 for additional development.

Overall, we can conclude that the market for retail locations has become more active during the years, due to a fact that new players entered the market such as Lidl. Lidl is actively acquiring locations in smaller cities in Serbia. One of the most active developers in the past year is certainly Immofinanz that continued acquiring land in secondary cities in Serbia. Also, Czech company RC Reinvest is also expanding with their NEST retail part. First scheme was opened in 2017 in Kraljevo, while few sites in other secondary cities are also secured over the last year.

We have identified several transactions for the land plots that are similar to the subject one:

- I. First comparable represents the site in secondary city in Serbia. It is planned for retail development. Transaction occurred in 2017 and it is located on the accession road to the city, similar to subject location. City is of smaller size, but with limited retail offer. We adjusted sales price for +10 % for the city size and - 25% saturation with retail contents.
- II. Second comparable represents the site in secondary city in Serbia. It is planned for retail development. Transaction occurred in 2017 and it is located on the accession road to the city, similar to subject location. City is of smaller size, but with limited retail offer. We adjusted sales price for +10 % for the city size and - 25% saturation with retail contents.
- III. Third comparable represents the site in Zrenjanin. It is planned for retail development. This is asking price and the site is located in broader central area. It is equipped with infrastructure and IDF is paid for 3,000 m2 of buildings. Estimated participation of IDF within the land price is cca - 30% (equivalent to price of €29 per m2 GBA paid). We also made adjustment for location of 20 % due to a fact that subject site is bordering the subject scheme with developed infrastructure, size adjustment of - 15 % and adjustment due to type of evidence of - 5 %.

Finally, by applying above presented adjustments we reached the land value for the surplus land of €34/m2.

Adjusted price reflects only pure land value without any city tax fees already paid for the location. Initial development Fee was included in initial purchase price for the construction of 50,000 m2 GBA development as informed by the client. Subject property is situated in 4th zone. According to information provided by Public Land Agency in Zrenjanin, IDF for this zone is at level of €41/m2 GBA. 30 % is discount granted if the fee is paid in full in advance. We have allocated these savings to 15,000 m2 which we believe is the portion of the credit that would be utilised by a potential buyer developing objects on the 30,000 m2. We can conclude that additional value for IDF paid equals to €435,000 finally added in the valuation.

	1	2	3
Address	Broader Center	Broader Center	Broader Center
Source	JLL Evidence	JLL Evidence	Internet source
Type of Evidence	Transaction	Transaction	Offered
City	Sumadija	City In Vojvodina	Zrenjanin
City Size (2011 Census)	Below 50,000	Below 50,000	120,000
Transaction Date	2017	2017	2016
Tenure	Freehold	Freehold	Freehold
Designation	Commercial - Retail	Commercial - Retail	Commercial - Retail
Area (m2)	30,000	40,000	6,100
Price (€)	1,700,000	1,300,000	244,000
Price per sq m (€)	57	33	40
Adjustment due to City Size	10%	10%	0%
Adjustment Factor for Location	0%	0%	20%
Adjustment Factor for Infrastructure	0%	0%	0%
Adjustment Factor for Size	0%	0%	-15%
Adjustment Factor for Planned Use	0%	0%	0%
Adjustment Factor due to Type of Evidence	0%	0%	-5%
Adjustment Due to Economic profile	0%	0%	0%
Adjustment Due to Retail saturation	-25%	-25%	0%
Land Agency Fee Savings (€)	0%	0%	-30%
Adjusted Sales Price per m2 (€)	48	28	28
Weight (%)	30%	40%	30%
Average Adjusted Sales Price per m2 (€)	34		
Area of the Property	30,961	m2	
Surplus land Market value at 31st December 2017	1,050,000	€	
IDF for Surplus location (€) - Allocated	435,000	€	
Surplus land Market value with IDF at 31st December 2017	1,485,000	€	
Surplus land Market value with IDF at 31st December 2017 (ROUNDED)	1,500,000	€	

Finally, we reached the Market Value of the Surplus Land by applying Market Comparison Approach:

MARKET VALUE OF THE AVIV PARK ZRENJANIN SURPLUS LAND

€1,500,000

(One Million Five Hundred Thousand Euro)

6.7 Valuation Summary

Having regard to the contents of this Report, we are of the opinion that the Market Value of Aviv Park and surplus land in zone Bagljaz, Zrenjanin, Serbia subject to the assumptions outlined in the Report, as at 31st December 2017, was in the region of:

MARKET VALUE OF THE AVIV PARK RETAIL PARK ZRENJANIN

€22,200,000

(Twenty Two Million Two Hundred Thousand Euro)

MARKET VALUE OF THE AVIV PARK ZRENJANIN SURPLUS LAND

€1,500,000

(One Million Five Hundred Thousand 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 Aviv Arlon Prima 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%.
- (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.

7 List of Documents Used in Valuation Report

The following documents were used in the Valuation Report:

- Copy of the Extract from land registry no 21858 from January 2016, Cadastral Municipality of Zrenjanin;
- Rent roll for December 2017;
- Operating expenses information for 2017;
- Preleases and commercial terms agreed;
- Construction permit 351-1189/14-IV-05-02 issued on January 27, 2015 and amended Construction permit 351-245/15-IV-05-02 issued on 29 July 2015
- Usage permit 351-423/2015/IV-05-02 issued on 14 October 2015 and Usage permit for cinema 351-514/2015-IV-05-02 issued on 7 December 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 and this may either be defined by statute 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



Appendix 5
Site Plan



Appendix 6

Photographs







Appendix 7

Calculations

Aviv Park Zrenjanin, Zrenjanin

Exchange Rates at 26 December 2017
according to the NBS

RSD	0.0100	EUR
EUR	118.4900	RSD

Indexation

Type	Rate
HICP	1.80%
MUCIP	1.80%

Gross rental income p.a.*

€	2,068,993
RSD	245,154,933

Net rental income p.a.

€	2,006,923
RSD	237,800,285

Minimum Guaranteed Rent

€	2,018,712
RSD	237,800,285

Annual EMRV

€	2,138,500
RSD	253,390,874

Valuation date 12/31/17

CF start date 01/01/2018

Exit Yield 9.50%

Discount Rate 10.25%

Initial Yield 9.04%

Yield on EMRV 9.29%

Vacant duration 3 months

Residual Value on Passing Rent

Valuation Currency EURO

Market Value	EURO
€	22,200,000

Market Value	
RSD	2,630,500,000

MV / sq m	EURO
€	1,022

MV / sq m	RSD
RSD	121,091

* Estimated income in the first year of Calculations

**Aviv Park Zrenjanin,
Zrenjanin**

Cash Flows calculated		Monthly	All figures shown are annuities										
			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	2027-01-01 2027-12-31	2028-01-01 2028-12-31
YEAR			7	8	9	10	11						
INCOME													
MINIMUM GUARANT EED RENT			2,018,712	2,072,419	2,070,788	2,118,751	2,179,287	2,218,184	2,257,775	2,222,871	2,236,937	2,292,266	2,310,359
TEMPORARY LEASE	1.50%		30,281	31,086	31,062	31,781	32,689	33,273	33,867	33,343	33,554	34,384	34,655
TURNOVER GROWTH			2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
VARIABLE RENT			20,000	20,360	20,726	21,100	21,479	21,866	22,260	22,660	23,068	23,483	23,906
% VARIABLE INCOME			0.99%	0.98%	1.00%	1.00%	0.99%	0.99%	0.99%	1.02%	1.03%	1.02%	1.03%
TOTAL INCOME			2,068,993	2,123,865	2,122,577	2,171,632	2,233,456	2,273,323	2,313,901	2,278,874	2,293,559	2,350,134	2,368,920
EXPENSES													
		% on rents											
Vacancy	3.00%		0	63,716	63,677	65,149	67,004	68,200	69,417	68,366	68,807	70,504	71,068
Other non-recoverable costs	3.00%		62,070	63,716	63,677	65,149	67,004	68,200	69,417	68,366	68,807	70,504	71,068
TOTAL EXPENSES		6.00%	62,070	127,432	127,355	130,298	134,007	136,399	138,834	136,732	137,614	141,008	142,135
NET OPERATING INCOME			€ 2,006,923	€ 1,996,433	€ 1,995,222	€ 2,041,334	€ 2,099,448	€ 2,136,924	€ 2,175,067	€ 2,142,142	€ 2,155,945	€ 2,209,126	€ 2,226,785
RUNNING YIELD (Before CAPEX)			9.03%	8.99%	8.98%	9.19%	9.45%	9.62%	9.79%	9.64%	9.70%	9.94%	10.02%
RUNNING YIELD (After CAPEX)			9.04%	8.99%	8.99%	9.20%	9.46%	9.63%	9.80%	9.65%	9.71%	9.95%	10.03%
DISCOUNT RATE		10.25%											
NPVMGR INCOME PAID IN ADVANCE	Monthly		1,930,563	1,798,225	1,630,982	1,511,850	1,411,048	1,302,706	1,202,682	1,075,470	979,686	911,502	8,906,360
NPVADDITIONAL INCOME PAID IN ADVANCE			48,100	44,640	40,759	37,749	35,324	32,383	29,898	27,059	24,814	23,002	
NPVMGR COST PAID IN ADVANCE	(in arrear)		-59,378	-110,573	-100,232	-93,014	-86,768	-80,106	-73,956	-66,065	-60,309	-56,051	
NPV NET INCOME PAID IN ADVANCE		Monthly (in arrear)	1,919,285	1,732,293	1,571,510	1,456,585	1,359,604	1,254,982	1,158,624	1,036,464	944,191	878,453	
EXIT YIELD		9.50%											
YIELD on EMRV		9.29%											
Average YIELD		9.50%											

Investment + Fit-out + Letting (nominal)	Amount	2,779	0	9,138	265	0	0	0	16,778	1,473	4,325
Investment + Fit-out + Letting (discounted)	Amount	2,659	0	7,192	189	0	0	0	8,107	646	1,719

MARKET VALUE (after capex)	22,200,000	EURO	€ 1,022 / per sqm
MARKET VALUE (after capex) (purchaser's cost 0.00%)	22,200,000	EURO	€ 1,022 / p sq.m

Year	1	2	3	4	5	6	7	8	9	10
Investment cinema and retail										
Annual CAPEX (nominal)										
Annual Fit-out (nominal)										
Letting fee	8.00%									

Year	1	2	3	4	5	6	7	8	9	10
Annual Letting Fee (nominal)	2,779	0	9,138	265	0	0	0	16,778	1,473	4,325
Remaining Investment	0									
Monthly CAPEX + Fit-out + Letting (nominal)	232	0	762	22	0	0	0	1,398	123	360

Year	1									
Month	1	2	3	4	5	6	7	8	9	10
	1.0000	0.9919	0.9839	0.9759	0.9680	0.9602	0.9524	0.9447	0.9370	0.9294
Monthly CAPEX + Fit-out + Letting (nominal)	232	232	232	232	232	232	232	232	232	232
Monthly CAPEX + Fit-out + Letting (discounted)	232	230	228	226	224	222	221	219	217	215

Year	1	2	3	4	5	6	7	8	9	10
Annual CAPEX + Fit-out + Letting (discounted)	2,659	0	7,192	189	0	0	0	8,107	646	1,719

Market Value 22,200,000



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5 March, 2018

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To Whom It May Concern

RE: Appraisal for Aviv Park in Zrenjanin

We understand that the appraisals carried out by our firm dated 26 December 2017 ("Appraisal Report") will be used by Aviv Arlon Ltd. ("Aviv Arlon") for preparation of its annual financial statements for 2017.

We consent to the use of our Appraisal Report for bank purposes 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 or any other publication for public disclosure.

Best regards,

Nebojsa Nesovanovic MRICS
National Director
Head of Valuation SEE
JLL

