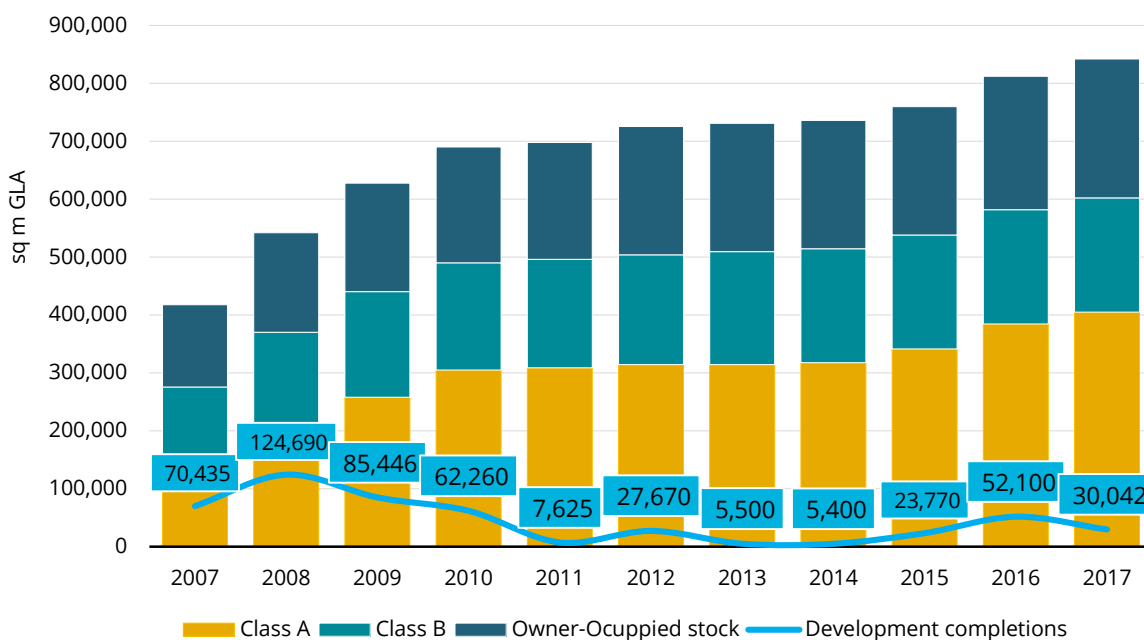


MarketInSight

Belgrade Office Market, Q4 2017

2017 marked the strongest demand ever, the share of sales transactions rises

Chart 1 – Belgrade Office Stock



Source: CBS International

Q4 2017 SUMMARY

- Belgrade modern office stock currently stands at the level of 842,000 sq m of GLA
- During 2017, over 30,000 square meters of new modern office space were delivered to Belgrade market
- In Q4 2017, the vacancy rate further dropped to the level of 6.5%
- Along with new deliveries, very strong leasing activity marked the year 2017, with the take up of 97,850 sq m
- The asking rents remained between EUR 14,5-16,5 sq m/month for Class A office buildings, and between EUR 11-12/sq m/month for Class B premises. Prime yields for modern office schemes range between 8.5-9.0%

MarketInSight

Belgrade Office Market, Q4 2017

OFFICE SUPPLY

Belgrade modern office stock currently stands at the level of 842,000 sq m of GLA, with no completions during the fourth quarter of 2017. Following the completion of the third office building within GTC FortyOne complex of app. 10,000 sq m, Belgrade office market also witnessed the completion of the first phase of Immorent's office complex Sirius during 2017, being 14,500 sq m GLA large.

Currently, several smaller-scale projects are in various construction phases. Besides, GTC's active project Green Heart including the reconstruction of two existing buildings GTC Square in New Belgrade Block 41 and the construction of three new schemes, which will total 46,000 sq m GLA of office space upon completion.

After a while, Belgrade city center will witness the development of the modern office scheme, as the preparation works on AFI Europe and Shikun & Binui Group's A Class office building Business Garden commenced in late 2017.

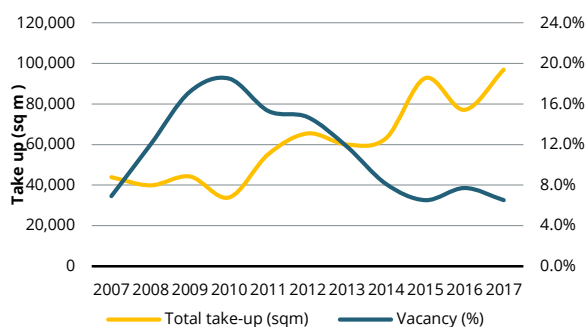


OFFICE DEMAND

Q4 2017 recorded solid demand, standing at the level of app. 35,000 sq m, with 27 transactions. Looking at the entire 2017, the total leasing activity exceeded 97,000 sq m, being nearly 25% larger as compared to 2016-figures, mostly thanks to a few large renewals and a few specific sales transactions. The share of new leases and pre-leases in 2017 amounts to 51% of the take-up.

VACANCY

Even though a few completions caused the stock increase in 2017, the vacancy rate has kept a downward trend. At the end of 2017, the overall vacancy rate dropped to the level of 6.5%.



Source: CBS International

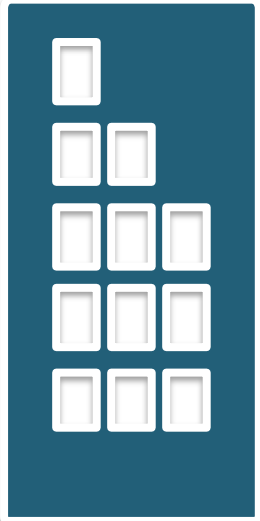
RENTAL LEVELS

The asking rents remained between EUR 14.5-16.5 sq m/month for Class A office buildings, and between EUR 11-12/sq m/month for Class B premises. Positive movements in Belgrade office market had also an effect on the yields, which compressed to the level between 8.5-9.0% for modern office space

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Belgrade Office Market, Q4 2017

Table 1 – Pipeline projects



Project	Investor	Size	Status
N House	Napred	10,700	Under construction
Ziegel House	Trgomen nekretnine	5,000	Under construction
Office building	Roaming	4,500	Under construction
Green Heart	GTC	46,000	Under construction/renovation
Chinese cultural center	Shandong Hi Speed Group	9,000	Under construction
Business Garden	AFI Europe, Shikun&Binui	14,000	Preparation phase
Skyline	AFI Europe	30,000	Planned
Usce Tower 2	MPC Properties	22,000	Planned
Navigator 2	MPC Properties	27,000	Planned

Source: CBS International

CONTACTS

Dragan Radulovic
Regional Managing Director

Milica Nikolic
*Head of Office Agency
Serbia*

Tamara Kostadinovic
*Head of Market Research
Serbia*

CBS INTERNATIONAL OFFICE

CBS International doo
88b, Omladinskih brigada Str.
11070 Belgrade, Serbia
+381 11 22 58 777