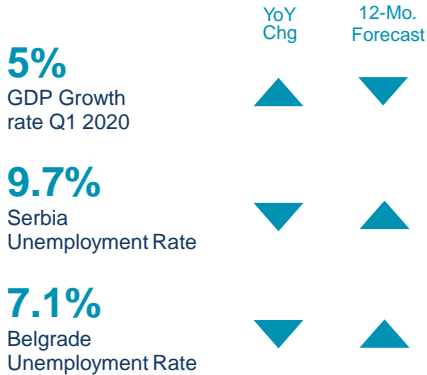




ECONOMIC INDICATORS Q1 2020



Source: Statistical Office of the Republic of Serbia, YoY Change vs Q1 2019

ECONOMY

Due to the positive performance in January and February, the economy was not strongly affected by the coronavirus pandemic in the first quarter of 2020, despite the contraction in March. The economy grew by app. 5% in Q1, recording a positive growth rate for the 22nd consecutive quarter. At the beginning of May 2020, the Serbian Government lifted the state of emergency and curfew, which were adopted to reduce transmission of COVID-19, however the number of patients infected with Coronavirus increased significantly in Serbia as of second half of June. The crisis hit almost all production and service sectors, most notably transport, tourism and catering. The economic downturn should be significant in Q2 2020, while, as projected, the economy will witness the accelerated recovery as of Q3, with adopted measures introduced by the Government. As per the National Bank of Serbia's projections, GDP is likely to contract by app. 1.5% in 2020 and to rebound by app. 6% in 2021.

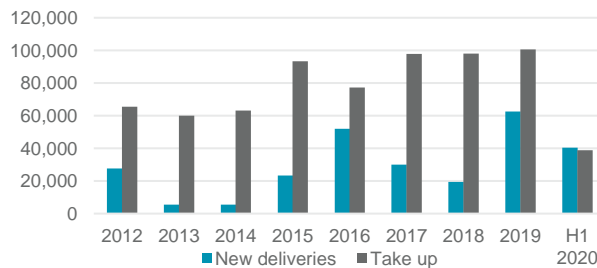
SUPPLY AND DEMAND

Despite the lockdown in the previous period, construction activity continued in Serbia as the construction sites remained operational. Therefore, Belgrade saw the completions of three office buildings, all representing the expansion of existing office complexes. Namely, Israeli AFI Europe has completed the tenth office building of 12,000 sq m of GLA within Airport City Belgrade Business Park, GTC has completed the last building within GTC Green Heart office complex, which now comprises 46,000 sq m of GLA, while Belgrade got the second office tower, Usce 2, which was developed by the local company MPC. The second quarter completions amount to 40,000 sq m, which brought the total Belgrade office stock to the level of nearly 960,000 sq m of GLA. The second quarter of 2020 marked app. 24,000 sq m of the take-up volume, significantly exceeding the results achieved in Q1, when it amounted to app. 15,000 sq m. Accordingly, the demand in the first half of 2020 totals app. 39,000 sq m, being by 14% lower as compared to H1 2019 figures.

RENTS AND VACANCY

The asking rental values of Class A office buildings vary between EUR 15-17/sq m/month, while the asking rents of Class B stock amount to around EUR 11-13/sq m/month. Prime yields vary between 8.00-8.75%. After several quarters with lower vacancy levels, ongoing changes in overall Belgrade office stock have resulted in the increase in vacancy level, reaching app. 5% at the end of H1 2020.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M GLA)	AVAILABILITY	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP	YTD OVERALL TAKE-UP (SQ M)	UNDER CNSTR (SQ M)
Center	234,457	11,052	4.7%	5,310	8,390	5,347
New Belgrade	687,428	36,307	5.3%	17,507	29,237	111,555
Wider Central Area	37,557	500	1.3%	1,200	1,200	3,700
BELGRADE TOTALS	959,442	47,859	5.0%	24,017	38,827	120,602

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
Hyundai Office Building	New Belgrade	Addiko Bank	2,500	lease
Business Garden	City Center	Syneos Health	1,730	expansion
Airport City Belgrade	New Belgrade	Elsys	1,500	renewal
GTC Green Herat - N1	New Belgrade	Tom Tom	1,000	lease
Neznanog junaka	Wider Central Area	Coreware Labs	800	lease

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQ M
Bruno Invest	New Belgrade	Bruno Invest/B Devet	6,000

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M GLA	OWNER / DEVELOPER
GTC Green Heart - N3	New Belgrade	Schneider Electric	5,200	GTC
Airport City Belgrade - Phase IV 2300	New Belgrade	Robert Bosch	12,000	AFI Group
Usce Tower 2	New Belgrade	Emric	23,000	MPC

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