

Slovenia

[Our Project Šmartinska is progressing according to the plans. As this is one of the largest on-going developments in the capital Ljubljana, there are a number of stakeholders that have to be coordinated for achieving the best possible solution for the area that is being developed. The partnership agreement between Municipality of Ljubljana, Hosoya Schaefer Architects AG and Investors (CEEREF being one of them) was concluded in October. We are expecting that in 2009 the urbanism of the area will be completed and that the building permit for the CEEREF's part of the development will be acquired in 2010.

Romania

[Out of the CEEREF Target Countries, we recognize that Romania was more expressively affected by the current financial crisis than the other markets. Some of the present foreign investments have already been withdrawn from the country. As a consequence, the real estate prices remain under strong pressure. Following our strategy, we have decided to freeze all our future planned activities in Romania and focus on the Slovenian and the Croatian market. The development of these recent circumstances has once again proved CEEREF's predictions right and the decision not to enter new Romanian projects for the Q2 2008 well-founded. As for our only Romanian SPV, Hermes Gardens, the development works will be carried on and completed according to the plans.

Present situation

[Following a particularly conservative strategy, CEEREF's development intentions stay unaffected by the global financial crisis. The prevalent portion of CEEREF's portfolio is geographically spread between Slovenia and Croatia, both stable European economies from a macroeconomic perspective, with a sustained growth, both showing great success in tackling obstacles. One additional advantage of our fund in these challenging times worldwide for the real estate sector is the fact that CEEREF has relatively low leverage and stable financial partners for which we hold optimistic expectations regarding the continuation of the mutual excellent cooperation. Another aspect that CEEREF is contemplating is also distressed assets deals.

People

[As we have previously announced, Dr. Blaž Vodopivec became a part of the CEEREF Management Board in August 2008. As a Member of the CEEREF Management Board was also appointed Mr. Roman Jeras, who previously held the position of CEEREF's Marketing Director. The two experts, each holding a highly successful track record, are the assurance that CEEREF will maintain its leading position in the property development niche market of the SEE region.

Events

[With the conclusion of the Friuli Venezia Giulia RC 44 Cup, Team CEEREF with 136 points is ranked third out of the twelve competitors in the RC 44 Championship Tour 2008. The atmosphere in Barcolana and the Italian hospitality has made up for the windless races and has turned the event into a memorable happening. The next regatta of the RC 44 Championship Tour 2008 is also the season's most important regatta: the Gold Cup. The event will take place on December 10-14 in Puerto Calero, on the Canary Islands, and promises to be intense. We wish a good breeze and all the luck to Mr. Lah and Team CEEREF!

[The recent exhibition, partially sponsored by the CEEREF MC and traditionally held in our TR3 building (CEEREF largest office rental project in Ljubljana) saw its successful opening on October 13th. Rona Pondick's fusion of human features with animal bodies expressed in her sculptures attracted many distinguished guests from the capital.

[We would like to announce CEEREF's successful exhibition at this year's Expo Real and, on this occasion, we would like to thank all the participants that have paid us a visit at our booth.

ABOUT CEEREF

- [CEEREF was conceived to seize the opportunities that exist in the New Europe, and more specific, the opportunities of a niche in the CEE emerging property market. Now we operate in a region where economic development surpasses the European Union average, and hold a specific focus on Slovenia and Croatia. Founded on the first-hand local knowledge of the region, we already possess an outstanding track record.
- [CEEREF holds substantial pipeline of new development projects with excellent location in the niche CEE markets. Now, we are inviting investors to joins us in specific and exciting, high profile projects.
- [Concurrently with the successful exits of the minor investment projects in our portfolio, CEEREF 's new strategic orientation sees its dawning.

We are focusing our strategy into investing in major development projects and maximization of the long term asset performance and growth opportunities.

- [In addition, we are very optimistic about the positive outcome that the ongoing SIF transformation will generate, as for our Unitholders and potential investors, the same for our Fund. According to the new time frame, the merger of the Sub-Funds should be completed in Q1 2009, whilst the SIF transformation will be initiated afterwards, as part of the final phase of the legal and structural transformation of CEEREF.
- [The CEEREF NAV on 30.09 2008 was as following: Slovenian Sub Fund: EUR 151,92 (+0,81%), Croatian Sub Fund: EUR 166,98 (-2,45%) and Romanian Sub Fund EUR 175,67 (-1,10%).

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