

Press release

Belgrade, May 22nd 2015

Municipal bonds of Municipality Stara Pazova sold out

With the support of the Standing Conference of Towns and Municipalities (SCCM), and UniCredit Bank as underwriter, the Municipality of Stara Pazova, successfully placed the entire RSD 125 million worth bond issuance at the end of the subscription period which lasted from 4th to 19th May. The demand exceeded the offer by approximately 2.7 times with higher demand from both legal entities and private individuals.

The public offer enabled all interested investors, domestic and foreign legal and physical entities to become buyers of municipal bonds. The offer regarded the placement of 12,500 euro indexed bonds each worth RSD 10,000 with an interest rate of 6% per annum. This issue of Municipality Stara Pazova provided funds for the reconstruction of center of Nova Pazova, construction of sports hall with a bowling alley in Golubinci and construction of the kindergarten in Belegiš.

Enrico Verdoscia, member of the Executive Board of UniCredit Bank pointed out: "We, at Unicredit, are very pleased with the outcome of the issuance of the Municipality Stara Pazova of RSD 125 million worth bonds. I am particularly satisfied with the response from retail investors who were facilitated in the subscription phase by our dedicated retail professionals in our entire branch network in the country. This confirms that many citizens accepted and understood very well the value of this alternative financial instrument in the context of current market returns on comparable investment opportunities. I hope this will pave the way for similar issuances in the future since, I would like to stress, they will lead to the further development of this market segment and at the same time offer also private individuals the opportunity to gainfully invest in the improvement of living conditions in local communities."

Aleksandar Bućić, from the Standing Conference of Towns and Municipalities pointed out the importance of the support that EU Delegation in Serbia provided through programs Exchange 3 and 4, financed from IPA funds for Serbia. "The issuance of municipal bonds of Municipality Stara Pazova, which was more than successfully implemented, is a true indication of the perspective of these securities within the domestic capital market and the future of financing local investment projects in this way. Already other municipalities and cities are interested in following the example of Stara Pazova which for us in the SCTM, in addition to motivating citizens to invest in their community, was indeed the primary goal."

"The model of municipal bonds is new on the national level, and we, as a municipality which among firsts started with this innovation, are very satisfied with positive reaction of both, those who subscribed for bonds and those who commended this opportunity and recognized all its benefits. Thanks to successful placement, municipality Stara Pazova will, together with its citizens, legal entities and companies, implement several vital infrastructural projects. Our expectations are justified by the great interest, and our intention is to, with similar activities launch in near future other projects which will benefit to citizens", stated president of municipality Stara Pazova, Đorđe Radinović.