PREMIER ASSETS

CORESI BRASOV DT

5 Turnului Street, Brasov

DRAFT VALUATION REPORT

29th of September, 2021

Prepared for:

PREMIER ASSETS S.R.L.

Beneficiary:

PREMIER ASSETS S.R.L.

Prepared by:

COLLIERS VALUATION AND ADVISORY

Accelerating success.

CONTACT DETAILS

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Colliers International is committed to promoting environmental sustainability in real estate and related practices. Starting with our own business, we are reducing energy consumption and take action to protect the environment. This report has been printed on both sides in order to reduce paper consumption. We encourage our clients and partners to join forces in the war on waste and improve the quality of our lives.

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September 29th, 2021

Attn. PREMIER ASSETS S.R.L.

RE: Valuation of the real estate properties represented Coresti Brasov DT located at 5 Turnului Street, Brasov, Romania.

In accordance with our Service Agreement no. V2854 / 05.08.2021 and Additional Act , we are pleased to submit our report on the real estate property located at 5 Turnului Street, Brasov, represented by a fast food unit, as of September 15th, 2021. The present report has been prepared for the inclusion in the document to be published by the client for financial purposes in relation with an IPO (initial public offering) process of the parent company of the Client secured by the Property, under the requirements of Chapter 7 of the Capital Markets Rules of Malta Financial Services Authority.

We have been able to inspect the property and, based on the inspection and information about the properties and the current market conditions, as well as the predicted tendencies of the local market, we have arrived at a conclusion about the Market Values of the subject properties.

The valuation was performed based on the valuation standards available in Romania at the valuation date.

Our opinion of value should be read taking into consideration the assumptions, comments and special assumptions expressed in the report. Based on these assumptions, we have estimated the Market Values of the subject properties, as of September 15th, 2021, to be:

EUR 1,879,000

(rounded from EUR 1,878,956)

The above value is exclusive of VAT.

In line with the ANEVAR Valuation Standards, 2020 edition, the Market Value is defined as follows:

"The market value is 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." (SEV 104 – Bases of value, paragraph 30.1)

In line with the RICS Valuation – Global Standards and ANEVAR Valuation Standards, 2020 edition, the Market Value is defined as follows:

"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."

The present valuation (or any other valuation) should not be considered a guarantee of any kind in regards to the possibility of completing a sale of the subject property. Should the property be marketed correspondingly, a willing buyer be found and the seller not be constrained to sell in a short period of time, the property should achieve the estimated value.

We assert that we have no interest in the subject property either present or prospective, and that our fee has no relationship to the value submitted. Colliers Valuation and Advisory does not guarantee the fulfillment of any estimates contained within this report although they have been conscientiously prepared on the basis of our research and information made available to us. Subsequently, our valuation figures should be considered as "best estimates" of the achievable values.

Respectfully,

Colliers Valuation and Advisory

OCTAVIAN TROFIN

Digitally signed by OCTAVIAN TROFIN
Date: 2021.09.30 13:57:46 +03'00'

REFERENCES TERMS

Identification and status of the valuer

The present report has been performed by Colliers Valuation and Advisory, ANEVAR corporate member (identification no. 0330) and Anca Baldea (ANEVAR identification no. 10464) and Aurelia Stefania Bobe (ANEVAR identification no. 18318), as independent valuers:

Anca Baldea	Aurelia Stefania Bobe
Director	Senior Associate
ANEVAR And MRICS	ANEVAR
Experience Of 15 Years	Experience Of 6 Years
Education - BSc In Management	Education - MSc In Financial Management and Investments
Academy Of Economic Studies, Bucharest	Academy Of Economic Studies, Bucharest

Colliers fulfills the professional conditions required to complete a valuation of a real estate property. Colliers Valuation and Advisory is a member of ANEVAR (National Association of the Romanian Valuers) and the valuers employed in completing the present report have attended the required professional training and are in the possession of a real estate valuer certification.

Colliers Valuation and Advisory has the current headquarters in AFI Park Floreasca, located at 169 Calea Floreasca, Building A, 2nd floor, office 2, District 1, Bucharest, Romania.

The valuer is in position to provide an objective and unbiased valuation.

The valuer has no material connection or involvement with the subject of the valuation or the party commissioning the valuation.

Identification of the client

The report has been prepared for **PREMIER ASSETS SRL**.

Identification of the beneficiary

The beneficiary of the present valuation report is **PREMIER ASSETS SRL**.

Identification of the asset to be valued and property rights valued

The subject property is represented by a fast food retail unit (land plot and associated building) located at 5 Turnului Street, Brasov, Romania, registered under cadastral no 161595.

The property rights appraised are "Fee Simple Estate". The fee simple ownership includes a "bundle of rights" which embraces the right to use the property, to sell it, to lease it, to enter it, or to give it away. It also includes the right to refuse to take any of these actions. These rights and privileges are limited by powers of government, which relate to taxation, eminent domain, police power and escheat.

We have disregarded the existence of any mortgage, debenture or other charge to which the property may be subject, and assumed that the property is free and clear of all debts, according to valuation practice.

Currency

All the values in the present report are estimated in EUR as this is the reference currency used on the local real estate market. The exchange currency as of the valuation date is 1 EUR = 4.9148 RON.

Purpose of valuation

We have been asked by the client to estimate the Market Value of the property situated at 5 Turnului Street, Brasov, Romania, given the present conditions of the real estate market. We understand that our report is required for the inclusion in the document to be published by the client for financial purposes in relation with an IPO (initial public offering) process of the parent company of the Client secured by the Property, under the requirements of Chapter 7 of the Capital Markets Rules of Malta Financial Services Authority.

Basis of value

In line with the RICS Valuation – Global Standards, published by the Royal Institute of the Chartered Surveyors (RICS) and ANEVAR Valuation Standards, published by the National Association of Authorized Romanian Valuers (ANEVAR), current editions, the Market Value is defined 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."

Valuation approach and reasoning

There are basically three methods that can be used to determine the Market Value of a real estate property: the market approach, the income approach and the cost approach.

According to SEV 105 (Income Approach, paragraph 40.2), *income approach should be applied and afforded significant weight under the following circumstances:*

a) the income-producing ability of the asset is the critical element affecting value from a participant perspective, and/or
b) reasonable projections of the amount and timing of future income are available for the subject asset, but there are few, if any, relevant market comparables.

Thereby, given the two aspects above mentioned are accomplished and by also considering the credibility, relevance and reliability of information on which we have based our assessment, in accordance with the recommendations of the ANEVAR Valuation Standards and with the terms of our engagement, we consider that the income approach is the most suitable in determining the Market Value of the property.

According to GEV 630 (Income Approach, paragraph 58), within the income approach there are two different methods of valuation: the Discounted Cash-Flow Analysis (DCF) and the Direct Capitalization (DC). The first is recommended to be used for projects where the existing income may suffer changes in the future and/or for properties that are the subject of several lease agreements.

The nature of the subject property implies a single tenant property, usually with a long term contract and stabilized rent during the contractual period. For this reason we have applied the **Income Approach – Direct Capitalization Method** in determining the Market Value of the subject assets.

Date of inspection

The property was inspected by a Colliers' representative on August 19th, 2021.

The inspection has been carried out by visually observing the exterior and interior of the building in order to confirm its current physical condition, its current use, the state of its finishing and any other visible factors that might influence its value.

Date of valuation

The subject property has been valued as of September 15th, 2021, which is to be considered the Valuation Date.

Sources of information

The analysis set out in this report relies on written and verbal information obtained from a variety of sources inside and outside the client company that we consider reliable.

The documents provided to us by the client were as follows:

- Land Book Excerpts 138110/05.08.2021;
- Site plans;
- Architectural plans;
- Building permits;
- Other relevant information received in excel formats:
    - sales levels for the analyzed unit from 2020 until July 2021 and projected sales for august-december 2021;
    - minimum contractual rent levels;
    - actual contractual rent levels for 2020 and projections for 2021.

Due to the general lack of public information, data sources included, where appropriate, our existing files, local real estate agents, vendors and purchasers active in the market and in some cases newspaper classified advertising sections.

If any information or assumptions on which the valuation is based are subsequently found to be incorrect, the value estimated in the present report may also be incorrect and should be reconsidered.

We did not complete:

- title registration at the court registry;
- environmental review of the property;
- building measurements;
- a survey or investigation into the bearing qualities of the soils.

Extent of investigations

We do not have any information about potential contamination issues. At the time of inspection there were no signs indicating a potential contamination.

Also, there is not any material contravention of statutory requirements.

Assumptions and special assumptions

According to ANEVAR Valuation Standards, 2020 edition:

„All significant assumptions and special assumptions that are to be made in the conduct and reporting of the valuation assignment must be identified."

„In addition to stating the basis of value, it is often necessary to make an assumption or multiple assumptions to clarify either the state of the asset in the hypothetical exchange or the circumstances under which the asset is assumed to be exchanged. Such assumptions can have a significant impact on value.

These types of assumptions generally fall into one of two categories:

(a) assumed facts that are consistent with, or could be consistent with, those existing at the date of valuation, and

(b) assumed facts that differ from those existing at the date of valuation.

Assumptions related to facts that are consistent with, or could be consistent with, those existing at the date of valuation may be the result of a limitation on the extent of the investigations or enquiries undertaken by the valuer.

Where assumed facts differ from those existing at the date of valuation, it is referred to as a "special assumption". Special assumptions are often used to illustrate the effect of possible changes on the value of an asset. They are designated as "special" so as to highlight to a valuation user that the valuation conclusion is contingent upon a change in the current circumstances or that it reflects a view that would not be taken by participants generally on the valuation date.

All assumptions and special assumptions must be reasonable under the circumstances, be supported by evidence, and be relevant having regard to the purpose for which the valuation is required." (SEV 104 – Bases of value, paragraph. 200.1 – 200.5)

The construction, although finalized, has not been registered yet within the cadastral office due to some administrative issues. However, we have been informed that the building will be registered in the immediate future. The present valuation has been performed assuming that the building is registered and that there are no pending issues affecting its ownership.

COVID19 DISCALIMER

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "pandemic" on 11.03.2020, has impacted many aspects of daily life and the global economy – with real estate markets generally experiencing significantly lower levels of transactional activity and liquidity. As at the valuation date, property markets in certain sectors have begun to function with transaction volumes providing an adequate quantum of comparable market evidence upon which to base opinions of value. This has resulted in the use of the Material Uncertainty Clause as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards being lifted for prime products on the real estate market. However, given the potential future impact that COVID-19 might have on the real estate market, with many business practices and behaviors changing either temporarily or permanently, we recommend that you keep evaluating this property every 6 months.

Restrictions on use, distribution or publication

This report is strictly confidential and should not be distributed or made available to any person or entity outside the client without prior written consent of Colliers Valuation and Advisory, except for the purpose the present document was issued.

Confirmation of conformity

The present valuation has been completed in accordance to the ANEVAR (National Association of Romanian Valuers) Valuation Standards, 2020 edition, which incorporate the International Valuation Standards (IVS), 2020 edition, as published by the International Valuation Standards Council (IVSC), as well as other standards and methodological guides developed by ANEVAR, through which the consistency with the European Valuation Standards (EVS) is also insured.

The methodology is also in accordance with the RICS Valuation Standards (known as Red Book), 2020, published by the Royal Institute of the Chartered Surveyors (RICS).

The main chapters relevant to the present valuation from the above mentioned standards are:

- SEV 100 – Framework
- SEV 101 – Scope of work
- SEV 102 – Investigation and Compliance
- SEV 103 – Reporting
- SEV 104 – Bases of Value
- SEV 105 – Valuation approaches and methods
- SEV 230 – Real Property Interests
- GEV 630 – Real Estate Valuation

The facts presented in the report are correct and reflect our most pertinent knowledge.

The analysis and conclusion presented in the report are subject to the assumptions and special assumptions expressed in the report.

We assert that we have no interest in the subject property either present or prospective, and that our fee has no relationship to the value submitted.

Amount of Valuation

We have estimated the Market Value of the subject property, as of September 15th, 2021, to be: **EUR 1,879,000**, rounded from EUR 1,878,956.

Date of the valuation report

The report has been issued as of September 29th, 2021.

GENERAL OVERVIEW

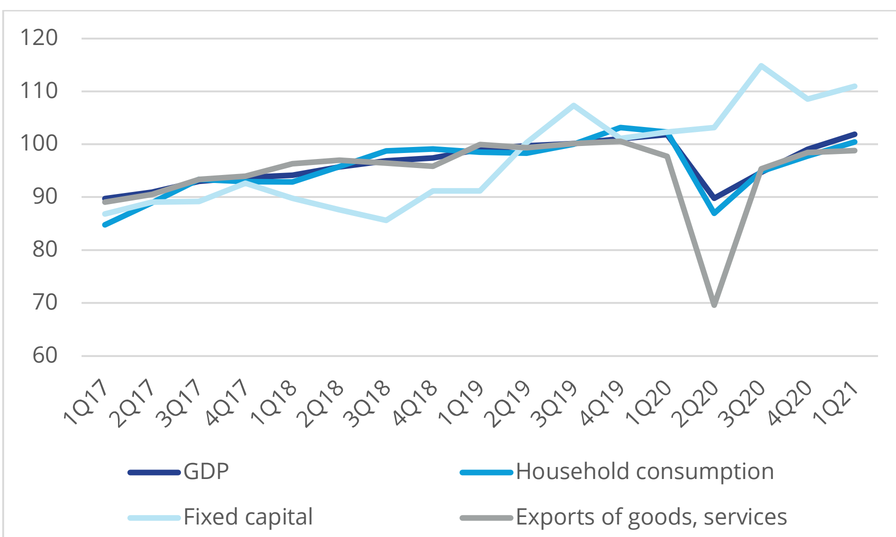
Romania – economic overview

2021: So far, so good...

As we published last year's mid-year report, when we were a few months in the pandemic, we believed that Romania would stand to outperform its European peers, see a decent run in 2021 and recover its pre-pandemic level of activity by the end of 2022. Even though these expectations seemed quite optimistic at that time, we were (thankfully) wrong: Romania has already finalized its recovery as of first quarter of 2021, when its GDP reached, in real terms, pre-pandemic levels. Of course, the economy is drastically different than how it was a year and a half ago and a lot of things will never be the same – from the way we work to how companies are faring from sector to sector. One of the recurring themes for this recovery is its uneven character, with some sectors barely blinking throughout the last year and a half and others teetering, unsure how long their recovery would last, though it may not come for some.

That said, the Romanian economy has been driven in its recovery by a wide array of sectors. One of these is, of course, consumption, which, in turn, was buoyed by the resilient labour market. Not only did Romania lose far fewer jobs during the 2020 downturn than during the 2009-2010 recession (some 100,000 between the peak level of employment and the trough, a figure 7 times smaller than after the previous recession), but the recovery is already more than halfway completed as of Spring 2021 and for many economic sectors, near-term hiring intentions look reasonable or even comparable to their 2016-2019 peak. As such, private sector wage growth is already back in double-digit territory and stood at c.13% in May 2021 in YoY terms, according to our estimates. As a sidenote, we want to emphasize that not all consumption components have been behaving the same way, as big ticket purchases (like cars) and some categories of goods and services (holidays, clothing) remain below 2019 highs; consequently, on an aggregate basis, private consumption had recovered just around 80% of its pre-pandemic peak level as of Q1 2021, though the very visible retail sales index sits comfortably above 2019 levels.

Investment-led recovery (real terms, index, 2019 = 100)



Source: Colliers, Eurostat

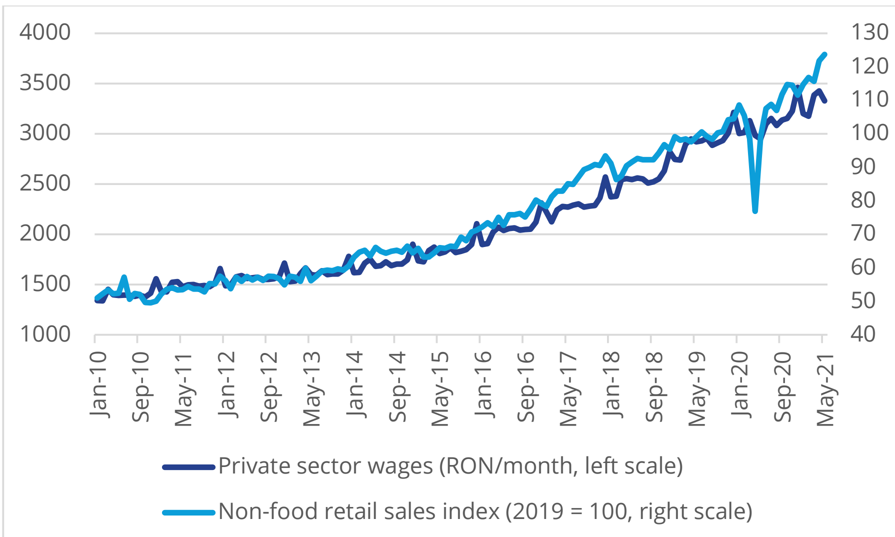
Even more positive is the fact that investments are a vital component of the recovery, which should support job creation and wages down the road, which in turn drive the GDP, making the overall growth much more sustainable. In fact, in real terms (i.e., at constant prices), capital expenditures stood at post-2008 highs in Q3

2020 and Q1 2021. Meanwhile, exports of goods and services at constant prices are now just some 2% below pre-pandemic highs, after plunging nearly 30% in Q2 2020 versus Q1 2020.

On a sectorial basis, the recovery has been quite heterogenous, but most sectors are back in black. It is important to single out manufacturing, construction and certain services (like IT&C) as drivers behind this growth spurt.

We can also report some improvements with regards to Romania's fundamentals. For instance, Romania's fiscal balance was forecasted for 2021 at a level of c.7% of GDP after nearly 10% of GDP in 2020, both of which are some of the worst levels in the EU. The budget program foresaw a 4.7% deficit at the end of the first half of 2021 but managed to end with a gap of c.3% thanks to the overperforming economy, quite encouraging in terms of the fiscal consolidation.

Wages, not loans, driving consumption growth



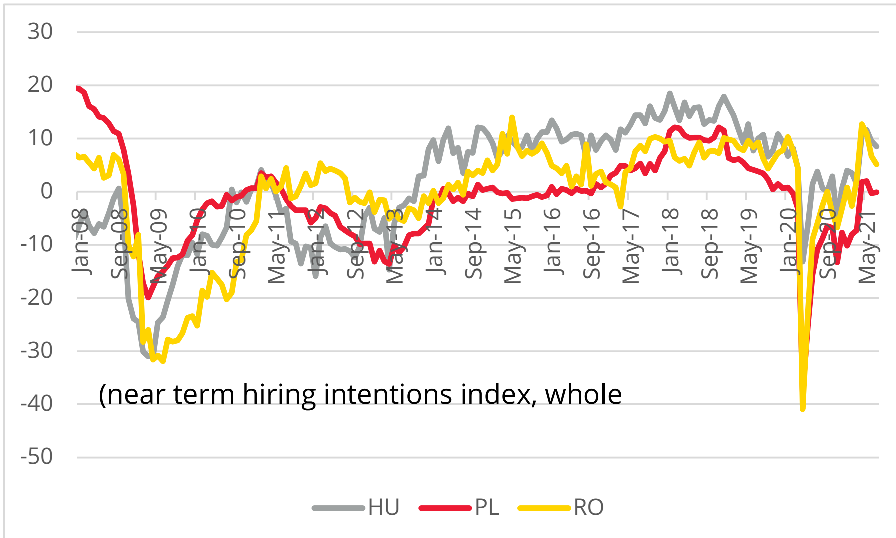
Source: Colliers, NIS

Where to from now?

While we started the year with a GDP growth call for 2021 around 4%, as the good economic numbers kept coming in, this estimate has gradually crept up. More recently, the summer forecast from the European Commission for Romania stood at 7.4%, the best figure in the European Union; some, including the prime minister, argue that even this may be surpassed in the end, even mentioning a figure of at least 10%. Still, this reopening bonanza is likely to cool off going into 2022, though upcoming major investments should keep things lively. That is, as long as politics do not get in the way, though there is a risk that this may happen, with all 3 parties in the ruling coalition constantly rocking the boat and taking jabs at one another.

Romania still has some untapped growth resources; for instance, the percentage of manufacturing and services companies saying they cannot find employees is far smaller than in most other CEE economies, though, of course, workforce shortages localized in certain economic sectors (IT&C) or regions of the country are a reality, but they are not as bad as for some neighbours; still, as a sidenote, sharp ups and downs are quite possible in this period, as Romania's own hiring index has pulled back quite a lot after nearing decade highs back in April 2021. Furthermore, we are moderately optimistic that ongoing investments set in motion by the government will lead to unlocking some growth potential down the road (for instance, even without counting upcoming EU funds, investments in highways have increased several times compared to 2018 or 2019); on the flipside, much more needs to be done in the education sector.

Near-term hiring intentions offer reason for optimism, Romania looking to grow faster than some European peers



Source: Eurostat, Colliers

It's not all sunshine and rainbows beyond the big headline numbers, as Romania's fundamentals are still pretty weak compared to regional peers (Romania's fiscal and current account deficits are the widest among eastern EU member states). And if something were to happen to the accommodative conditions in the global financial markets, Romania would suffer more than the likes of Poland or Czechia. There are also quite a lot of things that can go wrong. For instance, Romania lags greatly most western European countries in terms of its vaccination campaign and the delta variant of the coronavirus could spell quite a bit of trouble come autumn. Also, there is the lingering question of inflation globally: is the higher inflation (in the US, core CPI is at its highest level since the early '90s) transitory and will largely dissipate by this time next year or is it here to stay? Because if it's the latter scenario, it means that interest rates in developed economies will have to increase faster and sooner than markets are anticipating and this would lead to quite negative consequences for emerging economies like Romania, notably a higher sovereign risk cost. Lastly, there are some concerns that the reopening boom taking place in the large economies will peter out eventually, with some emerging signs from the US and Eurozone backing up this view to a certain extent.

Summing up, there are still more reasons to cheer and be optimistic for the near-term outlook while the longer term picture still suggests Romania will remain an outlier in terms of growth, but there are also quite a lot of things to remain wary, which can turn the global economy 180 degrees on a dime.

PROPERTY DESCRIPTION

LOCATION

Owner	Premier Assets
Property Name	Coresi Brasov DT
Property Type	Commercial – fast food DT unit
City, County, Country	Brasov, Brasov, Romania
Address	5 Turnului Street

Area Overview The subject property is located in the north-eastern part of Brasov, in the Tractorul neighborhood. The area has a mixed character: commercial, industrial and residential.

Tractorul neighborhood is mostly a residential neighborhood with blocks of flats with height regimes: Gf + 3F, GF + 4F, GF + 10F, most of them built before 1990, as well as villas in the north. The area is densely populated, with the majority of the population having average incomes. There are several schools, colleges and universities in the area (30 General School, 13 General School, Nicolae Titulescu National College, Mircea Cristea National Technical College and Spiru Haret University).

The area is also known for the former industrial platforms, such as the Tractorul Brașov Factory, which built tractors between 1925 and 2007. The land was sold, and on the former platform several projects were built and will continue to be developed (residential, commercial, office and accommodation). In March 2015, Coresi Shopping Mall was opened on one side of the industrial platform. It includes an Auchan hypermarket as the main anchor and other retailers such as Bershka, H&M, Massimo Dutti, Pull & Bear, Stradivarius, Zara, CCC, Sephora etc.

The subject property is also situated on the former platform and is located at the roundabout from which access is made to the parking lot of the shopping center, at the intersection between two main arteries of the city: 13 Decembrie Street and Zaharia Stancu Street.

Thus, the subject property benefits from very good access, visibility as well as footfall.

Access

As mentioned above, the access cand be made from the roundabout, at the intersection between 13 Decembrie Street and Zaharia Stancu Street.

Public transportation:

- The access to the public means of transportation is an easy one;
- The bus station (lines 2, 7,8,9) is situated 100 m from the subject property.

LEGAL STATUS

Land Book Excerpts	Cadastral no	Land area (sqm)	Built area (sqm)
161595/05.08.2021	161595	2,070	400 (according to information received from the client, the building, although finalized, has not been registered yet)

Ownership

Premier Assets; superior real property interest

Encumbrances

According to the received land book excerpts the subject property has been mortgaged in favor of BRD - GROUPE SOCIETE GENERALE S.A.

However, according to the valuation practice, we have valued the subject property as free of any encumbrances.

Other comments

-

CONSTRUCTIONS

Constructions on the site	1 building
Construction year	2020
Height regime	Ground-floor
Built area	400 sqm (from client)
Total built area	400 sqm (from client)
Total leasable area	357 sqm (from energy performance certificate)
Constructive structure	*Foundation:* reinforced concrete; *Structure:* reinforced concrete columns, beams and slabs; *Exterior closings:* brick masonry, thermos-insulating glass enclosure with aluminum joinery; *Interior partitions:* lightweight cladding system with plasterboard walls, partitions with fixed panels and HPL doors;
Finishings	Floors: ceramic non-skid floor tiles, tile covered areas Walls: washable paintings Ceiling: non-skid floor tiles, tile covered areas Interior carpentry: aluminum/PVC joinery, glazing windows, wooden doors
Systems and equipment	Artificial lighting Heating system Fire detection and sprinkler system, smoke exhaust fans, hydrants Surveillance system
Current physical condition	Good overall physical state

TENANCY

No. of tenants	1
Tenants	Premier Restaurant (restaurant operated by a fast food chain)
Current vacancy	No vacancy

Type of lease	Intra-group lease
Contractual period	20 years from opening date
Contractual rent	The monthly rent is calculated as the maximum between:

(i) determined as 1/12 of 7% (seven percent) of the total investment made by the landlord in connection with the leased location (The value of the investment made by the landlord is updated each year with the Consumer Price Index published by the National Institutional Statistics for the previous year.)

and

(ii) a percentage of the rent of 5% of the monthly net turnover obtained by PRR for the restaurant in each location.

LAND PLOT

Total Area	2,070 sqm
Type	within the built-up area
Shape	Almost rectangular shape
Frontage	cca 40 m at access road
Slope	flat
Utility Networks	Electricity: public network, electric substation and private generator Natural Gas: public network Running water: public network Sewerage: public network

HIGHEST AND BEST USE

As stated in the ANEVAR Valuation Standards, 2020 edition:

"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 maximizes its potential and that is physically 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." (SEV 104 – Bases of value, paragraph 30.4)

Furthermore,

"The determination of the highest and best use involves consideration of the following:

a. to establish whether a use is physically possible, regard will be had to what would be considered reasonable by participants,

b. to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, eg, town planning/zoning designations, need to be taken into account as well as the likelihood that these restrictions will change,

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 participant, after taking into account the costs of conversion to that use, over and above the return on the existing use."* (SEV 104 – Bases of value, paragraph 140.5)

Legally permissible	The subject property has been built in 2020. We have received the building permit no 545 from 13.07.2020, thus we considered that the current retail construction complies with the legal requirements of the area.

Physically possible	The site location, size and access are in accordance with the requirements of a retail development
Economically feasible	Based on the received turnover and rental figures for the 2020-2021 period, as well as the future projections, we believe that the property can generate sufficient return on investment in order to ensure its feasibility.
Maximum profitable	Given the increasing figures of these types of retail units and the positive difference in obtainable rent levels as compared to other types of developments (office, residential), we consider the current/existing use retail development (fast food restaurant and drive—thru) to be the maximum profitable.

Based on all the above, it is our opinion that the highest and best use of the property is achieved by its current/existing use - a retail development, namely fast food restaurant and drive—thru.

REAL ESTATE MARKET OVERVIEW

Retail Market Overview

SUPPLY

The first part of 2021 saw limited deliveries, as the pandemic context triggered delays in the construction process. Also, prices of building materials have soared over the last six months, which led to a slowdown of the planned retail developments, quite a few medium-large schemes being set to be opened in the second part of the year. Overall, out of the c. 121,000 sqm of new retail schemes under construction, 62% are small structures, mainly retail parks.

An important inauguration in the first half of the year was marked by Fashion House Pallady, the second outlet center in Romania - after Fashion House Militari - as a response to the desire of Bucharest residents for famous brands at super-affordable prices. Also, the first semester saw the completion of the project carried out by Prime Kapital in Sfantu Gheorghe, Covasna county - Sepsi Value Center -which has 16,300 sqm and is the first modern shopping center in the region.

DEMAND

As we highlighted in our main market report earlier this year, retail sales have seen a clear V-shaped recovery and have been going from strength to strength in Romania, mostly thanks to a robust labour market (private sector wage growth is back in double-digit territory in year-on-year terms) and good hiring intentions. The growth in online spending is a major contributing factor to this, but it has not at all been an even growth picture. The sports, DIYs and home improvement industries have been experiencing unprecedented growth and high demand for a distinct assortment of products; in general, it was discounters or retailers with prices at the lower end of the spectrum that capitalized most of the returns, as is the case usually in times of economic adversity.

In terms of novelties, the Romanian retail scene embraced new brand entries in 2021, marked by the Spanish multi-brand Numero Uno and the Russian jewelry brand Sokolov, the latter having already had store openings in Bucuresti, Iasi and Cluj Napoca. Further, we expect to see other new names on the market, especially among Polish and Irish brands.

At the opposite pole, the French fashion retailer Camaieu has shut its stores in Romania, as well as in other overseas locations, as it focuses on its domestic market; some other fashion retailers fairly close to exiting the market as well.

Despite the normal increases in long term vacancy in general for retail schemes, in a world currently dominated by post COVID-19 reminiscence, retail parks have become that much more appealing. With large stores favorable to social distancing (entry directly from outside), parking facilities and the ability to accommodate drive-through occupiers, these locations have a new advantage in the context of new consumer habits. Consequently, quite a lot of retail park landlords have barely blinked.

Also, opportunistic investors with smaller portfolios may see this as a time to expand, with developments to be made on newly available regional cities areas they may have not considered opening previously and where the demand for retail parks is very attractive. Interested buyers are seeking out-of-town retail parks, as they assume customers will still want to shop at open-air locations that are reachable by car even after pandemic measures/restrictions are eased. Moreover, the dynamic of the foot traffic in retail parks was less impacted compared with big dominant shopping centers, with consumers willing to spend when visiting the site.

While the pandemic may have super-charged the shift to online and smart retail shopping solutions, 'click-and-mortar' could be one of the retail industry's most successful models to bridge the online and offline retail ecosystems. The large dominant centres in big towns, outlet shopping centres and retail parks in small-and mid-sized cities have been the less affected by declines in the footfall/revenues. Thus, based on the sustained urbanization trend, the flexibility of traditional shops along with predictions of landowners becoming more open to negotiations, we believe that there is confidence in particular for the key shopping centers and strip malls of major Romanian cities to tap into contemporary trends and suggest personalized concepts, experiences and services.

RENTS AND VACANCY

Vacancy rates across all location types increased in H1 2021, with non-dominant shopping centres seeing the most significant increase of c. 5 -7%, due to high exposure to fashion retail and casual dining. Burdens on rents via renegotiations could remain in place during 2021, at least until tenants will get their finances fit again. As foot traffic and consumption recovered, rents have broadly stabilized, but it may take some years to reach pre-pandemic levels on an aggregate basis.

OUTLOOK

Certainly, the pandemic accelerated trends that had already been established. The sustained migration of spend to online is not a new movement, but with consumers restraining all non-essential travel due to the pandemic context, shoppers have progressively turned to digital retail channels.

Overall, there are a couple of tendencies which have been ignited by the pandemic and retail developments are set to gravitate around three trends: 1) the growing appetite for retail parks; 2) developers focusing on regional cities that would have not been on the map several years ago; 3) small strip malls near dense residential areas.

A key issue for the near future, plaguing all real estate sectors, is the sharp rise in construction costs, which will likely dampen appeal for some future developments. And, while no big announcements about new very large shopping malls may be exactly on the horizon, there is comforting news that Romania is now on par with Poland (having surpassed Hungary) in terms of consumption per capita, which bodes well for the longer-term outlook of the retail segment.

SPECIALIZED FAST FOOD SCHEMES

The specialized fast food standalone schemes in Romania are divided between two main chains of fast food operators. One of them dominates the market with as many as 41 restaurants, out of which 15 are located in Bucharest, whereas the other one operates 18 such restaurants, out of which 6 are located in Bucharest.

Traditionally, this type of restaurants is located in highly transited areas, such as high density neighbourhoods, national roads or junctions. The restaurant size ranges between 200 and 600 sqm and it offers a drive through option. In addition to the land acquisition an investment in such a restaurant can reach as much as 1.5 million euro, and if properly located it can generate as much as 1 to 3.5 million euro in annual sales.

Base rents range between 30 and 40 €/ sqm (the rates include base rate + turnover rent). However, it is worth mentioning that in prime locations in the larger cities or the capital, with higher purchasing power and more intense traffic the base rents are higher than 40 €/ sqm, while in the smaller cities, with a lower purchasing power and a less intense traffic, the rents can situate below 30 €/ sqm.

The levels of turnover rent percentages are somewhere between 5 and 10% of monthly revenues. The higher rates are generally applied for the locations that have lower sales levels but have a good potential of growing, that have recently opened or that are in the process of maturing, while for the locations with high sales, great footfall or with a history on the market the lower rates are applicable.

We do not expect to see additional players on this segment in the near future, and further expansions will most likely happen in uncovered cities or areas of the capital.

Investment Market Overview

CEE INVESTEMNT MARKET

2021 prime yields and change compared to end of 2019 (%)

	Bucharest	Budapest	Warsaw	Prague
Office	**6.75%** (-0.25ppt)	**5.25%** (flat)	**4.7%** (-0.65ppt)	**4.25%** (flat)
Retail	**6.75%** (+0.25ppt)	**6.25%** (+0.25ppt)	**6.5%** (+0.5.ppt)	**5.25%** (+0.50ppt)
Industrial	**7.75%** (-0.50ppt)	**650%** (flat)	**4.3%** (-2.0ppt)	**4.5%** (-0.75ppt)

Source: Colliers International Research

2020 delivered some of the poorest results for the CEE-6 region in the past decade, with total real estate investment deals dropping by a quarter over 2019, to EUR 10.4bn. That said, given the overall context, it was not a particularly bad year as deals could not be closed due to the overall context and uncertainties related to future revenue streams (so the overall global context). Furthermore, on a positive note, we can note a lack of available products as well, as most owners are either long-term holders or waiting for markets to settle rather then selling at a discount. Otherwise, yields increased quite a bit, mostly for retail assets and, to a lesser extent, for offices – as these have had a pretty good run in the last decade, while industrial assets saw some compression.

ROMANIA INVESTMENT MARKET

GENERAL OVERVIEW

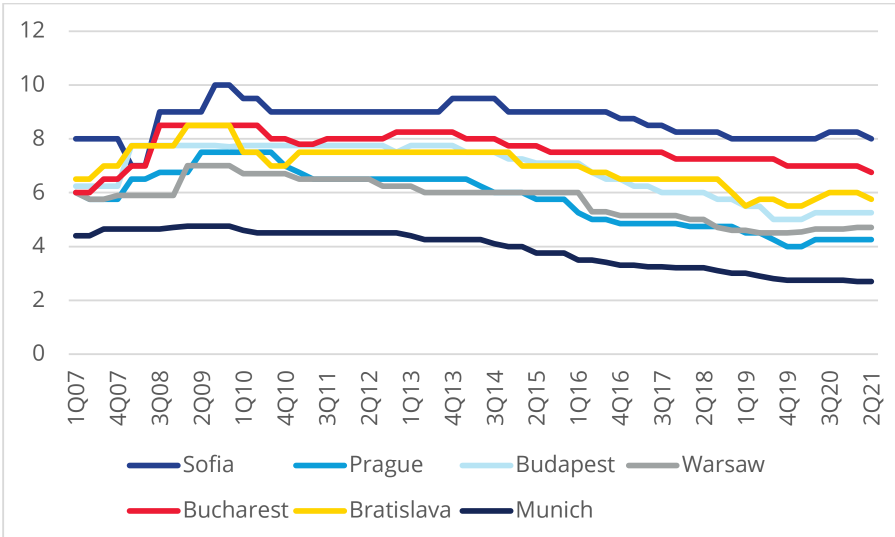
Investment volumes in Romania printed at nearly EUR 290mn, some 29% below the first semester of 2020, which stood at EUR 408mn. However, the market fundamentals remain strong, with healthy levels of transactions and banks confident in their ability to increase lending to the economy in 2021, offering sureness and encouragement to existing or new potential investors interested to prospect Romania. And so, while 2021 may look like a somewhat soft year in terms of overall volumes compared to some of the previous years, it is not soft if we judge it in terms of investors' interest (including new ones looking at the market) and pricing of core assets. Furthermore, there are presently quite a few large deals in various stages.

TRANSACTIONS AND INVESTORS

The first six months of 2021 were particularly marked by safe office acquisitions. The vast majority of these office transactions involved Class A office buildings in reputable locations of Bucharest, with a predominantly international tenant mix. More than half of the volumes invested during the first part of 2021 were focused on 3 large office transactions. In fact, c. 66% of the total volume was generated by office projects, mostly located in Bucharest.

The largest transaction registered in the first half of the year was represented by the sale of Campus 6.2 and 6.3, the second phase of Campus 6 office complex, located in the Center-West area of Bucharest; it was sold by Skanska to S IMMO for EUR 97mn and a record-low yield post-2008 of 6.75%.

Prime office yields in CEE-6 versus Germany



Source: Colliers Research

Another significant transaction was accomplished by Uniqa Real Estate, which has completed the acquisition of The Light One office building in Bucharest from River Development for EUR 54mn. An additional noteworthy deal was the takeover of the Bucharest Financial Plaza office building in downtown Bucharest by Austria's Immofinanz, in a transaction worth EUR 36mn.

Elsewhere, investment in the industrial sector has accounted for 24% of total investment volume with significant investments in regional cities (CTP and Globalworth were buyers), while the remaining 10% was directed towards the retail and the hotel sectors, marking the entry of two new investors on the local market (Zeus International and Visionapartments), as well as the return of interest in these markets. The lack of supply remains an issue for the I&L sector, which has seen much higher interest thanks to the strong underlying logistics market during the pandemic and its anticipated future strength.

Other such categories of real estate assets which weathered the storm well also saw good interest: retail parks, strip malls with strong anchor tenants, DIYs. There was also good interest for properties at large discounts, though the fast-economic recovery meant that distressed assets have been more or less absent from the menu.

FINANCING

The banking system has currently enough liquidity and it's eager to offer more flexible and attractive financing terms. Margins have remained unchanged throughout the last couple of years - around 250-275 basis points for prime properties. Still, banks tend to prefer now mostly income-producing assets and would rather focus on the products that continued to fare at least decently throughout the pandemic. An alternative route for developers could be opening, following the successful IPO at the Bucharest stock exchange of one of Romania's leading developers of residential and offices (One United Properties), with very strong interest from retail investors.

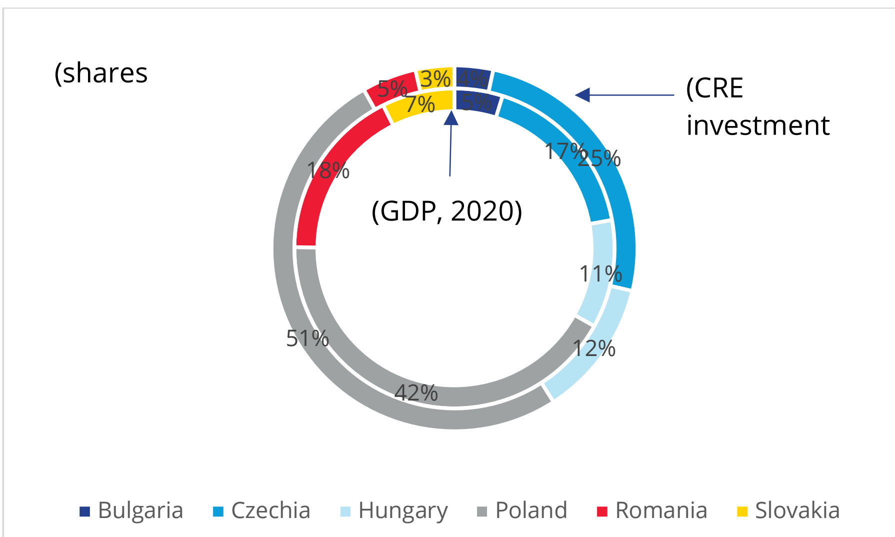
PRICING

The sale of Campus 6.2 and 6.3 office buildings by Skanska to S IMMO marked a record low yield on the local market after 2008's Global Financial Crisis, of 6.75%. We more or less expected this to happen and there could still be some room to move lower for exceptional buildings (new projects, long leasing contracts); further positive price action demands some improvements elsewhere, notably rent-wise or with regards to Romania's fundamentals, neither of which are likely at the moment. Based on the signals we are seeing and our knowledge of the market rather than actual benchmark deals, we can also note that prime I&L assets would likely yield around 7.75%; we underscore the lack of deals on this market is due to most investors being long-term holders.

FORECAST

Romania's robust long-term economic perspectives means it remains an appealing prospect for investors seeking both high returns and a safe market within the European Union. Romania looks particularly/notably appealing relative to its neighbouring peers, especially if we take into account the size of the economy. It's share of 18% in the region's GDP dwarfs by more than 3 times the share commercial real estate transactions have had in recent years.

Big contrast between Romania's GDP share in the region and its investment volumes



Source: Eurostat, Colliers

Otherwise, market segmentations remain a clear trend likely to be even more valid in the post-pandemic world. Investors would probably place even more emphasis on safe, defensive assets: good income producing projects are expected to remain attractive and may even score lower yields, but for the rest of the market, particularly for struggling assets, things will look differently. In other words, the yield gap between the best and the rest will likely widen.

The mix of old and new stakeholders are on the lookout and should also conclude several significant acquisitions before the end of the year. After staying in the background for the past few years due to fierce competition, domestic investors are starting to place their bids, especially focusing on retail transactions. With pent up requests for properties that generate stable and consistent cash flow characterized by long-term sustainable leases, strong levels of investment are likely to continue throughout 2021, expecting to see the overall capital market at EUR 700-800mn by end of the year.

VALUATION OF THE PROPERTY

Scope of work

At the client's request, we have valued the subject portfolio for financial purposes in relation with an IPO (initial public offering) process of the parent company of the Client secured by the Property.

The present valuation has been completed in accordance to the ANEVAR (National Association of Romanian Valuers) Valuation Standards, 2020 edition, which incorporate the International Valuation Standards (IVS), 2020 edition, as published by the International Valuation Standards Council (IVSC), as well as other standards and methodological guides developed by ANEVAR, through which the consistency with the European Valuation Standards (EVS) is also insured.

The methodology is also in accordance to the RICS Valuation Standards (known as Red Book), 2020, published by the Royal Institute of the Chartered Surveyors (RICS).

In line with the ANEVAR Valuation Standards, 2020 edition, the Market Value is defined as follows:

"The market value is 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." (SEV 104 – Bases of value, paragraph 30.1)

Valuation standards

The main chapters relevant to the present valuation from the above mentioned standards are:

- SEV 100 – Framework
- SEV 101 – Scope of work
- SEV 102 – Investigation and Compliance
- SEV 103 – Reporting
- SEV 104 – Bases of Value
- SEV 105 – Valuation approaches and methods
- SEV 230 – Real Property Interests
- GEV 630 – Real Estate Valuation

Valuation methodology

According to SEV 105 (Introduction, paragraph 10.1), a valuer must consider the relevant and appropriate valuation approaches. There are basically three approaches that can be used to determine the Market Value of a real estate property: the market approach, the income approach and the cost approach.

The three approaches described and defined below are the main approaches used in valuation. They are all based on the economic principles of price equilibrium, anticipation of benefits or substitution.

Please find below an explanation of how each method works.

Market Approach

The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

The market approach should be applied and afforded significant weight under the following circumstances:

(a) the subject asset has recently been sold in a transaction appropriate for consideration under the basis of value,

(b) the subject asset or substantially similar assets are actively publicly traded, and/or

(c) there are frequent and/or recent observable transactions in substantially similar assets. (SEV 105 – Market Approach, paragraph 20.2)

The market approach is based on the principle of substitution, which affirms that a prudent purchaser will not pay more for a property than the price of an equally desirable substitute property under similar conditions. This approach provides a reliable indication of value particularly in an active market, given a reasonable availability of market data comparable to the subject property.

Income Approach

The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

The income approach should be applied and afforded significant weight under the following circumstances:

(a) the income-producing ability of the asset is the critical element affecting value from a participant perspective, and/or

(b) reasonable projections of the amount and timing of future income are available for the subject asset, but there are few, if any, relevant market comparables. (SEV 105 – Income Approach, paragraph 40.2)

Although there are many ways to implement the income approach, methods under the income approach are effectively based on discounting future amounts of cash flow to present value, being variations of the Discounted Cash-Flow (DCF) method.

The DCF method implies projections of the most appropriate type of cash flow for the nature of the subject asset and valuation and on the most appropriate explicit period (5 to 10 years). The income cash flow is then discounted to a present value sum and added to the present value of the terminal value at the end of the explicit forecast period once the income flow stabilizes. This method is mainly used for projects where the existing income may suffer changes in the future and/or for properties that are the subject of several lease agreements.

In other circumstances, the value of an asset may be calculated solely using a terminal value with no explicit projection period. This is sometimes referred to as an income capitalization method. According to GEV 630 (Income Approach, paragraph 60), the direct capitalization method supposes converting the expected annual income into an indication of the property value by applying an adequate capitalization rate which should reflect the perceived level of risk in the specific investment.

Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

The cost approach should be applied and afforded significant weight under the following circumstances:

(a) participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately,

(b) the asset is not directly income-generating and the unique nature of the asset makes using an income approach or market approach unfeasible, and/or

(c) the basis of value being used is fundamentally based on replacement cost, such as replacement value. (SEV 105 – Cost Approach, paragraph 60.2)

Subject Property

When selecting the adequate valuation approach, the valuer should consider the terms and purpose of the present valuation, the characteristics of each approach and methodology, but also the appropriateness of each method reported to the analyzed property specific nature and the availability of reliable information required in the valuation process.

Thereby, given the *income-producing ability of the asset* and the fact that *reasonable projections of the amount and timing of future income are available for the subject asset* on the market, and by also considering the credibility, relevance and reliability of information on which we have based our assessment, in accordance with the recommendations of the ANEVAR Valuation Standards and with the terms of our engagement, we consider that the income approach is the most suitable in determining the Market Value of the property.

According to GEV 630 (Income Approach, paragraph 58), within the income approach there are two different methods of valuation: the Discounted Cash-Flow Analysis (DCF) and the Direct Capitalization (DC). The first is recommended to be used for projects where the existing income may suffer changes in the future and/or for properties that are the subject of several lease agreements.

As the subject property would be typically rented to a single tenant for a long period of time we have applied the direct capitalization approach. The Market Approach is not applicable as no transactions have been recently closed on the market including similar properties.

Income Approach – Direct Capitalization Method

The DC method is based on the capitalization of the present year NOI (Net Operating Income) applying a market yield. Applied in the case of properties generating rental proceeds or liable to generate such proceeds, this method considers the income that may arise out of renting the property and the rate of capitalization running on the market at the moment of valuation. First we estimate the average value of the rental amount that the property in case may generate and then from this value we deduct the costs beard by the owner. Then we consider the investment capitalization rate that would make the property appealing for a future investor.

In order to estimate the market value through the direct capitalization method, the following elements will be analyzed:

- Gross potential income
- Gross effective income
- Operational costs, Capital expenditures
- Net effective income (net operating income)
- Capitalization rate

Gross Potential Income

The gross potential income is represented by the income generated by the lease of the real estate property, considering a 100% occupancy rate, before deducting any operational costs.

Considering the specialized type of asset, specially developed for the use of the current tenant and respecting the specific requests of the restaurant brand, we applied the following approach in order to estimate the sustainable market rent for the subject property:

1. First, we analyzed the current contractual lease information provided by the client.

According to the received information, the monthly rent is calculated as the maximum between:

(i) determined as 1/12 of 7% (seven percent) of the total investment made by the landlord in connection with the leased location (The value of the investment made by the landlord is updated each year with the Consumer Price Index published by the National Institutional Statistics for the previous year.)

and

(ii) a percentage of the rent of 5% of the monthly net turnover obtained by PRR for the restaurant.

We have been provided with the current minimum rent (point i) mentioned above)as well as the historical net turnover figures for 2020 and 2021 (with projections for Aug-Dec period).

The current minimum rent level is estimated at **25 euro/sqm/month**, whereas the obtainable turnover rent is estimated at **39 euro/sqm/month**.

2. As this is an intra-group lease, we have compared the information with available market information.

The sustainable rent for the subject asset, can be estimated based on the **effort rate** acceptable on the market by similar restaurant operators. The effort rate represents the percentage of sales which may be allocated for space rent from the total cash flow. The resulting rent is called **turn over rent**.

Most of the important tenants located in shopping centers, for example, use this method in order to negotiate their contracts. In case of low sales, they are protected against unfeasible rent levels.

The market turnover level was estimated based on market information, specifically: a restaurant in an independent building can generally sustain a rent of around 12-15% of its revenues, whereas fast food restaurants can sustain a percentage somewhere between 5-10%.

Based on the information regarding turnover levels for the analyzed tenant and similar operators from shopping centers, as well as DT units and also taking into account the potential sales levels of the unit and its location we have estimated a turnover percentage of **5%**.

The sustainability of the estimated figure was verified by applying a market turnover percentage of 5% typical for a food operator situated in a large city to the average income levels provided by the client for the past 2 years, which resulted in a rent level of **39 euro/sqm/month**.

The resulting figure was considered to be slightly higher as compared to other available rental information for similar spaces located in large cities, as shown below.

In our valuation experience, we have been provided with rental information on more than 50% of modern retail spaces located in Romania (shopping centers, retail parks, supermarkets, hypermarkets, etc). Thus, we have gathered information on obtainable rent levels for food operators located in shopping centers, as well as the ones for food standalone schemes. Comparing the few instances where similar food operators had a standalone schemes and indoor unit within the same retail scheme, we found that the sustainable rent levels (base rent + turnover rent) were quite similar. Although the indoor units have smaller GLAs (which would normally lead to a higher rent per sqm), the standalone unit compensates with the extra sales generated by the drive thru, thus reaching a similar rent/sqm.

Based on this information, we have come up with the following maximal obtainable rent levels for similar spaces for the following categories:

Type of city	Maximum Market Rent Level (EUR/sqm/month)
Bucharest prime locations	45
Bucharest secondary locations	40
population >200,000	40
population 150,000-200,000	35
population 100,000-150,000	32
population <100,000	30

As the subject property is situated in the >200k category, a maximum applicable rent level, would be 40 euro/sqm/month. Thus, we used in our calculation the previously obtained rent of **39 euro/sqm/month** which we consider sustainable on the long term.

Gross Effective Income

In order to obtain the gross effective income, we have deducted a vacancy and collection loss of 2%, which might be also generated by the possible reconversion period necessary in case of changing the use of the space in the future.

Net Operating Income

In order to obtain the net operating income we will deduct from the gross effective income the capital expenditures which are covered by the owner.

Capital expenditures: were estimated at 2% from the gross potential income. These costs include structural repairs, which will be performed by the owner in time, as the building deteriorates. Thus, their amount is usually estimated based on the construction or latest renovation year. As the building is a relatively new one, the estimated percentage should cover the necessary works on a long term.

Capitalization rate

Prime yields in CEE (2021, % and change compared to end-2019)

	Bucharest	Budapest	Prague	Warsaw
Office	6.75% (-0.25ppt)	5.25% (flat)	4.25% (flat)	4.7% (-0.65ppt)
Retail	6.75% (+0.25ppt)	6.25% (+0.25ppt)	5.25% (+0.50ppt)	6.5% (+0.5ppt)
Industrial	7.75% (-0.50ppt)	6.5% (flat)	4.5% (-0.75ppt)	4.3% (-2.0ppt)

In selecting a capitalization rate we have reviewed similar rates used in the more developed Eastern-European markets today, but also the current trends on the Romanian market both periods: pre-Covid and during Covid time.

The sanitary crises affected the real estate market, especially the shopping centers schemes, based on the pressure it puts on vacancy and rent revenues, at least on short term. It was translated in an estimation of yield increase by 0.25 pp, but only as a mathematical estimation, not sustained yet by real transactions on the market.

Funding did not disappear; in fact, liquidity remained abundant in general in financial markets globally (Romania included), despite a somewhat higher reluctance from banks towards taking on new risk during the first part of the pandemic. Otherwise, banks remained rather open to finance income generating properties and, to a lesser extent, new developments.

Although we generally lack transactions on the retail sector in the last year, both in Romania and in similar markets in the CEE region, on the specific strip malls segments we have seen some interest due to the relatively low risk associated with these properties. For example, recent transactions include:

- A portfolio of 6 retail properties have been sold by Portico Investments to Lidl and Praktiker Real Estate (company controlled by Omer Susli);
- Praktiker Brasov has been sold by Mitiska REIM to Leroy Merlin.

Thus, taking into account the above and the fact that the subject property may be viewed by investors as a similar low risk property, we estimated a prime yield for a typical fast food unit situated in a prime location (Bucharest central) at 7%.

For the subject property, as it is located in a large city, adding extra risks to the estimated prime yield of Bucharest, a capitalization rate of **8.5%** was applied.

Market Value Estimation

After dividing the net effective income to the capitalization rate of 7.5% we reach the following Market Value of the subject property: EUR 1,878,956.

Please find attached as annex to the present report the calculation of the Market Value through the DC approach.

Conclusion

We have been asked to estimate the Market Value of the real estate property located at 5 Turnului Street, Brasov, represented by a fast food unit, as of September 15th, 2021. The scope of our proceeding was the estimation of the Market Value of the property for financial purposes in relation with an IPO (initial public offering) process of the parent company of the Client secured by the Property.

We note that, given the recent history of rapid political and economic change in Romania the date of any transaction or valuation is critically important since experience has revealed that values can vary considerably within short periods of time.

The valuation of the real estate asset has taken into consideration location, areas, market rents and we feel we have achieved reasonable results regarding the Market Value of the property.

Within the income approach, assumptions had to be made with respect to the potential income generated by the building in relation to the rental levels in the local market, as well as discount rates and reversionary capitalization rates from similar European markets.

Also, assumptions such as vacancy rates and collection loss had to be made. We base our assumption on the extensive and ongoing market research conducted by Colliers Valuation and Advisory.

Considering the complexity of the property, as well as the fluctuations in future performance, it is our opinion that the most accurate Market Value estimation is produced by the income approach – discounted cash-flow analysis.

Based on the assumptions and data presented in our report, we estimate the Market Value of the analyzed property, as of September 15th, 2021, to be:

EUR 1,879,000

(rounded from EUR 1,878,956)

The above value is exclusive of VAT.

Our conclusions regarding the estimated Market Value resulted from a reasoning that we consider to comply with the requirements of the valuation standards in force regarding the adequacy of the approach (value estimation methodology), the valuation accuracy (accuracy and credibility of the information used) and the amount of relevant information.

Please bear in mind that the present value estimation does not represent a guarantee that a buyer can be found at the above price, or at other prices. In the current conditions of the real estate market, it is possible that concluding a transaction proves to be difficult, and our estimates may suffer certain changes following an individual negotiation process.

ASSUMPTIONS AND SPECIAL ASSUMPTIONS

The value estimates within the valuation report are based on a thorough and detailed analysis of the information obtained from various sources. Some of this data has required subjective interpretation and certain assumptions in order to arrive at the final conclusion regarding the values.

As a result, the opinions and conclusions contained in this valuation report are subject to the following Assumptions and Limiting Conditions:

VALUATION

Confidentiality

This valuation report is confidential to the party to whom it is addressed, for the specific purpose to which it refers, and no responsibility is accepted to any third parties. This valuation report is to be used in whole and not in part.

Nor the whole, nor any part of this valuation report may be reproduced in any form without our permission. Moreover, the valuation report shall not be distributed to any third party through advertising, public relations, news, sales, or other media, without our prior written consent.

Source of Information

All information (including financial, legal, technical or commercial) provided to us by external sources (i.e. client, collaborators, etc.) is assumed to be true and correct. Although, wherever possible, we check the authenticity of the received data, we assume no liability resulting from misinformation. Nothing contained herein is to be considered a warranty of any kind.

Liability

We do not guarantee the fulfilment of any estimates contained within this valuation report, although they have been conscientiously prepared on the basis of our expertise, research and information made available to us.

Subsequently, our valuation figures should be considered as "best estimates" of the achievable values.

Court Appearance

We do not give testimony or attendance in court by reason of this valuation unless otherwise stipulated in the agreement signed between us and the client.

Date of Value

We take no responsibility for any events, conditions or circumstances affecting the value of the property, that take place subsequent to either the valuation date or the date of our field inspection, whichever occurs first.

Rounded Figures

Our estimations are generated through calculation models created within computer programs that have the capacity of producing very precise results. In the interest of simplifying their presentation, these have been rounded in the present valuation report. Thus, there may be cases where small rounding errors exist.

Ownership Rights

Although we check the relevant ownership documents when these are provided, nothing in this valuation report can be interpreted as a legal opinion as concerns the state of the title. The interpretation of legal documents is a matter for lawyers and our assumptions must be checked by the client's legal advisers. Thus, we take no responsibility for matters of legal nature and our valuations are based on the assumption that the title is marketable and free of any deed restrictions and easements.

Planning (zoning)

Although we check the plausibility of the provided documents in terms of statutory consents, unless noted, it is assumed that there are no encroachments or planning and building violations encumbering the property. Where verification of this information is impractical, we assume that the property has the necessary statutory consents for the current buildings and use.

Site Survey

We do not carry out archaeological, ecological or environmental surveys of the subject sites. Unless we are otherwise informed, our valuations are on the basis that these matters are suitable and do not affect the development potential of the sites.

Building Survey

During our inspections, we do not normally carry out a building survey to establish the details of any building defects or disrepair. However, we check for obvious defects that would impact on the value, unless a special assumption to that effect is agreed upon. We take no responsibility for any hidden or unapparent conditions of the property, subsoil or supporting structure that would render it more or less valuable. Thus, our valuations are performed on the basis that the building is in good repair, except for any defects specifically noted.

Deleterious Materials

Our valuations are performed on the basis that the properties are free of potentially hazardous materials used in the construction or maintenance of the buildings, such as asbestos, urea formaldehyde foam insulation, or PCBs. We are not qualified to detect these substances or estimate any costs involved with their removal and urge the client to employ the services of an expert in this field, if desired.

Environmental Matters

We do not carry out environmental surveys to assess if any land or premises are, or have been, contaminated. Therefore, our valuations are performed on the basis that the properties are not affected by environmental factors. Nevertheless, if in the course of our inspections, through normal enquiries or by local knowledge, we find out about environmental factors which could impact on the value, we will discuss them with the client.

Property Management

The quality of on-site management has a direct effect on the economic viability and value of a property. The financial forecasts on which our valuations are based assume both responsible ownership and competent management. Any deviation from this assumption may have a significant impact on the future operating income and expenses and value estimation.

Services

Our valuations are based on the assumption that the building services, and any associated controls or software, are in working order or free from defect.

Tenants

For the valuation of income producing assets, we do not perform a financial verification of the tenant's status and we assume that the tenants are capable of meeting their financial obligations under the lease.

Measurements

As valuers, we do not normally carry out measurements of buildings or sites. Thus, our valuations are based on the areas provided by the client. Wherever possible, we check the received data with the cadastral documents or excerpts from the Land Book.

Operating permits

Unless otherwise mentioned within the valuation report, our appraisals are carried out based on the assumption that all the operating permits required for the use of the analysed buildings (e.g. notices for the connection to utility networks, public health notice, environmental notice, fire safety notice, fire safety authorization etc.) have been obtained and are valid at the valuation date.

APPENDICES

Appendix 1: Calculation files

Appendix 2: Documents received from the client