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# **Report and valuation**

**as at 30 September 2008**

**for**

**Airport City d.o.o.**

88 Omladinskih Brigada,  
Novi Beograd,  
Serbia, 11070

DTZ Debenham Tie Leung  
One Curzon Street  
LONDON  
W1A 5PZ

10 November 2008



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Airport City d.o.o.  
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**Your ref:**

**Our ref:** ng.sc.sd.0618.10008.rep

10 November 2008

Dear Sirs

**Buildings 1500 and 1600 Airport City, Novi Beograd, Serbia.**

## 1. Introduction

In accordance with your instructions dated we have inspected the property located at 88 Omladinskih Brigada, Novi Beograd, Serbia, 11070 (the "Property") owned by Airport City d.o.o. (the "Company ") and referred to in the appendices, in order to advise you of our opinion of the Market Value of the freehold interest in the Property as at 30 September 2008

## 2. Inspection

The property was inspected internally in October 2008 by Oliver Sajatovic of Bates on behalf of DTZ.

## 3. Compliance with RICS Valuation Standards

We confirm that the valuation has been made in accordance with the appropriate sections of the current Practice Statements ("PS"), and United Kingdom Practice Statements ("UKPS") contained within the RICS Valuation Standards, 6th Edition (the "Red Book").

## 4. Status of valuer and conflicts of interest

We confirm that we have undertaken the valuation acting as External Valuers qualified for the purpose of the valuation.

## 5. Purpose of the valuation

We understand that the valuation is required for internal accounting purposes.

**DTZ**

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London W1A 5PZ, England  
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A list of directors' names is open to inspection at the above address  
DTZ Debenham Tie Leung Limited Registered in England No 2757768  
Registered office One Curzon Street London W1A 5PZ



## **6. Disclosures required under the provisions of UKPS 5.4**

### **6.1 Name of signatory**

Nick George MBA, MRICS has not previously been the signatory of Valuation Reports provided to the Company for the same purpose as the purpose of this Valuation Report. DTZ Debenham Tie Leung has been carrying out this valuation instruction for the Company for a continuous period since June 2006.

### **6.2 DTZ's relationship with client**

DTZ has a ongoing relationship with the Company and its associated companies providing valuation reports for internal accounting purposes for this property and others in the Company's associate's' ownership.

DTZ has also provided valuation reports for secured lending where the Company, or its associates, is the borrower.

### **6.3 Fee income from the Company**

DTZ Debenham Tie Leung is a wholly owned subsidiary of DTZ Holdings plc (the "Group"). In the Group's financial year to 30 April 2008, the proportion of total fees payable by the Company to the total fee income of the Group was less than 5%.

### **6.4 DTZ involvement in any of the properties in the previous 12 months**

DTZ provided a Valuation Report to the Company with effect of 31 December 2007 which included a valuation of this property.

## **7. Basis of valuation**

Our opinion of the Market Value of the Property has been primarily derived using comparable recent market transactions on arm's length terms.

### **7.1 Market Value**

The value of the property has been assessed in accordance with the relevant parts of the current RICS Valuation Standards. In particular, we have assessed Market Value in accordance with PS 3.2. Under these provisions, the term "Market Value" means "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In undertaking our valuation on the basis of Market Value we have applied the conceptual framework which has been settled by the International Valuation Standards Committee and which is included in PS 3.2.

## **7.2 Taxation and costs**

We have not made any adjustment to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

In accordance with local market practice, we have not made a deduction to reflect a purchaser's acquisition costs.

## **8. Brief Summary of the property**

The Property comprises two buildings forming part of the Airport City office campus development in Novi Beograd. The buildings, known as Building 1500 and Building 1600, are virtually identical and are constructed over basement ground and six upper floors formed of concrete frames with glazed elevations. The buildings provide high quality flexible office accommodation with convenience retailing on the ground floor and ancillary storage and car parking.

The recently completed buildings are held as multi-tenanted investments with the majority of accommodation leased, some under offer and some currently being marketed.

## **9. Assumption and sources of information**

An Assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("Assumption"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuation, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the Company have confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect then our valuation should be reviewed. The Assumptions we have made for the purposes of our valuation(s) are referred to below:-

### **9.1 Title**

We have not had access to the title deeds of the Property. We have made an Assumption that the Company is possessed of good and marketable freehold title and that the property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We have also assumed that the property is free from mortgages, charges or other encumbrances.

### **9.2 Condition of structure and services, deleterious materials, plant and machinery and goodwill**

Due regard has been paid to the apparent state of repair and condition of the property, but a condition survey has not been undertaken, nor have woodwork or other parts of the structure which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to report that the property is structurally sound or is free from any defects. We have made an Assumption that the property is free from any rot, infestation, adverse toxic chemical

treatments, and structural or design defects other than such as may have been mentioned in the body of our Valuation Report and the appendices.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations, and therefore we cannot confirm that the property is free from risk in this regard. For the purposes of this valuation, we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

No mining, geological or other investigations have been undertaken to certify that the site is free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the site of the property are sufficient to support the buildings constructed thereon. We have also made an Assumption that there are no services on, or crossing the site in a position which would inhibit development or make it unduly expensive and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of the property.

No tests have been carried out as to electrical, electronic, heating, plant and machinery, equipment or any other services nor have the drains been tested. However, we have made an Assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

No allowance has been made in this valuation for any items of plant or machinery not forming part of the service installations of the building. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

Further, no account has been taken in our valuation of any business goodwill that may arise from the present occupation of the property.

It is a condition of DTZ Debenham Tie Leung Limited or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

### **9.3 Environmental matters**

We have been instructed not to make any investigations in relation to the presence or potential presence of contamination in land or buildings, and to make an Assumption that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value. We have not carried out any investigation into past uses, either of the property or any adjacent land to establish whether there is any potential for contamination from such uses or sites, and have therefore made an Assumption that none exists.

In practice, purchasers in the property market do require knowledge about contamination. A prudent purchaser of the Property would be likely to require appropriate investigations to be made to assess any risk before completing a transaction. Should it be established that contamination does exist, this might reduce the value now reported.

We have no basis upon which to assess the reasonableness of this Assumption. If it were to prove invalid then the value would fall by an unspecified amount.

Commensurate with our Assumptions set out above we have not made any allowance in the valuation for any effect in respect of actual or potential contamination of land or buildings.

## **9.4 Areas**

The Company have provided us with the floor areas of the property that are relevant to our valuation. As instructed, we have relied on these areas and have not checked them on site. We have made an Assumption that the floor areas supplied to us have been calculated in accordance with the local market practice.

## **9.5 Statutory requirements and planning**

Verbal enquiries have been made of the relevant planning authority in whose area the property lies as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values. The results of our enquiries have been included within our Valuation Report where relevant.

We have made an Assumption that the building has been constructed in full compliance with valid town planning and building regulations approvals. Similarly, we have also made an Assumption that the property is not subject to any outstanding statutory notices as to its construction, use or occupation. Unless our enquiries have revealed the contrary, we have made a further Assumption that the existing use of the property is duly authorised or established and that no adverse planning condition or restriction applies.

## **9.6 Leasing**

We have not been provided with copies of any leases or documentation confirming tenancy details. You provided us with a copy of the tenancy schedule giving an outline summary of the correct letting status and we have assumed that this is correct and up to date. We have relied upon this tenancy schedule in undertaking our valuation.

We have not undertaken investigations into the financial strength of the tenants unless we have become aware by general knowledge, or we have been specifically advised to the contrary. We have made an Assumption that the tenants are financially in a position to meet their obligations. Unless otherwise advised we have also made an Assumption that there are no material arrears of rent or service charges, breaches of covenants, current or anticipated tenant disputes.

However, our valuation reflects the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

We have also made an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

## 9.7 Information

We have made an Assumption that the information the Company and its professional advisers have supplied to us in respect of the property is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within your collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

## 10. Valuation

### 10.1 Valuation Methodology and Considerations

In assessing our opinion of Market Value we have adopted a traditional investment approach applying appropriate capitalisation rates to the current and potential net income flows from each building.

For those parts of the accommodation that are subject to signed leases, we have utilised the advised rental income, making suitable allowances for rent free periods where negotiated. For the accommodation where leases are either in discussion or currently being marketed, we have adopted Estimated Rental Values (ERV's) allowing for appropriate marketing periods and rent free incentives. Our ERV's are based on comparable rentals in the vicinity, including lettings in the subject buildings and the other parts of the development. From the rental income, we have made deductions to allow for Landlord's non-recoverable costs to arrive at a net income and applied appropriate Equivalent Yields to the net income flows.

The prospects for both income indexation and growth in market rentals are implicit in the yields adopted.

In accordance with local market practice, we have made no allowance for notional purchaser's costs in our Market Value assessment.

### 10.2 Market Value

We are of the opinion that the Market Value as at 30 September 2008 of the freehold interest in the Property described in the appendices, subject to the Assumptions, and comments in this Valuation Report is:-

**€44,620,000**

**(Forty Four Million Six Hundred and Twenty Thousand Euro)**

**3,427,000,000 RSD**

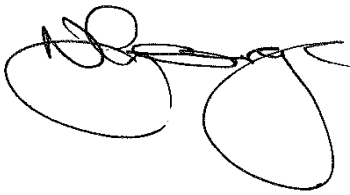
**(Three Billion four Hundred and Twenty Seven Million Serbian Dinars)**

(exchange rate as 30 September 2008)

## 11. Confidentiality and Disclosure

The contents of this Valuation Report and appendices are confidential to Airport City d.o.o for the specific purpose to which they refer and are for their use only. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of their contents. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Nick George', written over a horizontal line.

**Nick George**  
**Chartered Surveyor**  
**Director**  
For and on behalf of  
DTZ Debenham Tie Leung Limited

20.11.2008

מספרנו: 4599-05

לכבוד  
מקרקעי מרכז בע"מ

**עדכון שומת נכס**  
**קניון "אביב" ונכסים סמוכים**  
**רח' איינשטיין, רח' ברזיל, תל אביב**

לבקשת מר אבי ברזילי סמנכ"ל הכספים מיום 12.10.2008, מוגש עדכון שווי וזאת בהמשך לחוות דעת מפורטת שלנו מס' 4599-01 מיום 21.5.2007 (להלן- "חוות הדעת המקורית" או "השומה המקורית") ובהמשך לעדכון מס' 4599-03 מיום 18.11.2007 ולעדכון מס' 4599-04 מיום 24.3.2008.

הגילוי לעניין עבודתי עם החברה ולעניין כתב השיפוי, כאמור בחו"ד המקורית שמסמך זה יצורף אליה ואין בה שינויים.

אני מסכימה כי עדכון זה יפורסם במסגרת הדוחות הכספיים של החברה.

אין שינוי בסעיפי השומה המקורית למעט המפורט להלן.

**התאריך הקובע לשומה - 30.9.2008.**

מסמכים ומצגים שהתקבלו מהחברה:

- דוח נתוני החברה לדמי השכירות שהתקבלו בפועל לשלושת הרבעונים הראשונים 2008.
- דוחות חברת הניהול לשלושת הרבעונים של 2008.
- תחזית הכנסות והוצאות לשנת 2009.

זזהו העדכון לחוות דעתי המקורית:

1. פרטי הנכס

6649	גוש :
512-514, 516, 522, 523, 526,	חלקות וחלק מחלקות:
530, 531, 533, 534, 535, 536, 539	
1	מגרש <sup>1</sup> :
24,619 מ"ר	שטח קרקע :
כ- 53,000 מ"ר	שטח בנוי:
בעלות פרטית בחלק מהחלקות וזכות חכירה ל- 999 שנים בשטח תת קרקעי בחלק מהחלקות	זכויות מוערכות:
540	חלקה
2,3,5,6	תתי חלקות
בעלות פרטית רשומה	זכויות מוערכות:

בתאריך 25.6.2007 נחתם הסכם למכירת תת חלקות 21, 31, 38-42 בחלקה 529 בגוש 6649 כולל זכויות הבניה הצמודות לתתי חלקות אלה.  
 בתאריך 6.11.2007 נחתם הסכם למכירת תת חלקות 33-35 בחלקה 529 בגוש 6649.  
 נכסים אלה ברח' ברודצקי 43 מתוארים בסעיף 2.5 לשומה המקורית.

<sup>1</sup> לפי תוכנית 1656.ב'.

**2.**

**תאור הנכס**

ביקור במקום נערך ע"י החתומה מטה בתאריך 28.10.2008.

בשנת 2008 הושלמו בקניון שינויים משמעותיים<sup>2</sup>. במקום בית הקולנוע שפונה ניפתחו 3 חנויות בשטח כולל של כ-1,000 מ"ר - ווינד אנד ווטר, חנות בלעדית בארץ של APPLE וחנות מחודשת ומשודרגת של צליל.

חנות בלעדית נוספת שנפתחה בקניון הינה של המותג המפורסם מסימו דוטי (במקום חנות גולף).

חנויות חדשות נוספות שנפתחו הינן חנות הקוסמטיקה loccitane שהחליפה את גלריית המעצבים, אלמביקה, FM שהחליפה את וודיז, באגט שהחליפה את TNT, סטיביס שניכנס במקום עיניים ועוד.

כמו כן חנויות רבות החליפו מיקומים בקניון בניהם: באג, הפנינג, סאקס, מדינה מילנו וכו'. חנות זארה שופצה ונפתחה מחדש בעיצוב מרהיב. למעשה, שטחי חנויות נרחבים חדשים לחלוטין. במרבית שעות היום הקניון שוקק חיים.

בדירוג הקניונים של גלובס אשר פורסם ב- 11.11.2008 ובוצע בקרב 25 גורמים מובילים בשוק הקמעונאות בארץ (19 רשתות ו- 9 גורמים מקצועיים בתחום) דורג הקניון במקום הראשון וכונה קניון הדגל של המדינה.

**3.**

**תפעול הקניון**

במהלך 2009 צפויים להתחדש חוזי שכירות לכ- 30 חנויות בקניון. הנ"ל בעקבות המשך מדיניות ההנהלה לחידושי חוזים לטווח קצר אשר נהוגה כבר משנת 2007. בחוזים החדשים שנחתמים ניכרת עליה בדמי השכירות הבסיסיים. בתזרים העתידי לא הובאה בחשבון תוספת דמי שכירות מעבר לדמי השכירות המפורטים בחוזי השכירות.

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<sup>2</sup> כל השינויים הם שינויים פנימיים שלא נדרש היתר בניה בגינם (לא נוספו שטחים מסחריים).

**4. מצב משפטי**

אין שינוי בזכויות המשפטיות.

**5. מצב תכנוני**

אין שינוי בתוכניות בנין ערים החלות על הנכס.

**6. נתוני השוואה**

במהלך שנת 2008 בוצעו למיטב ידיעתנו 5 עסקאות מכר במרכזים מסחריים/ קניונים:

- **"סטאר סנטר" אשדוד** - חברת הפניקס דווחה ב- 23.3.2008 כי רכשה 25% בלתי מסוימים במרכז פאואר סנטר תמורת 132,300,000 ₪. המרכז כולל 47,000 מ"ר ברוטו להשכרה ו- 1,400 מקומות חניה. שיעור התפוסה- 95%. דמי השכירות נטו לחלק הפניקס- 10,100,000 ₪. קרי, שיעור ההוון בעסקה- 7.63%. (מבירור שערכנו נמסר כי החברה המנהלת את הנכס אינה גירעונית ואינה קשורה לעסקה).
- **קניון בת ים**- לאחר שחברת אמות פרסמה כי רכשה מחצית מקניון בת ים תמורת 157,000,000 ₪ באמצע מרץ 2008, מימשה חברת אשטרם את זכות הסירוב ורכשה היא את הזכויות באותו מחיר. הקניון בשטח לשווק כ- 17,300 מ"ר ודמי השכירות השנתיים- 29,500,000 ₪. בקניון דרושות השקעות בסך של כ- 20 מ' ₪. קרי, שיעור ההוון המחושב בו בוצעה העסקה- 7.47%.
- **קניון הזהב**- חברת הביטוח מגדל רכשה 75% מקניון הזהב לפי שווי כולל לקניון של 1.25 מיליארד ₪. העסקה נחתמה סופית ביולי 2008. שיעור ההוון- 7.45%.
- **קניון "מול הים"**- בתאריך 20.3.2008 דווחה חברת דלק נדל"ן בע"מ על רכישת 50% מהזכויות בשותפות מוגבלת המחזיקה 50% מהון המניות (קרי, זכויות טאו- 25%) בקניון. המוכרת התחייבה כי הרווח התפעולי הנקי של הקניון יהיה 80 מ' ₪ לשנה למשך 6 שנים. קרי, שיעור תשואה שלא יפחת מ- 7.6%.
- לימים דווחה החברה כי המו"מ לרכישת הנכס הופסק. (נציין כי דמי השכירות בקניון גבוהים מאוד ויש הסבורים כי מוצה כל הפוטנציאל המסחרי בנכס).
- **סינמה סיטי רמת השרון**- בתאריך 5.6.2008 חברות מנופים ומאקפל רכשו את המתחם (ללא יתרת זכויות הבניה) בסך של 394.28 מ' ₪. דמי השכירות השנתיים-

31.08 מ' ש. קרי, שיעור התשואה- 7.88%. נקבע כי תבוצע התאמת מחיר העסקה לפי 7.8%.

- **קניון מרגלית, הוד השרון**- בתאריך 28.9.2008 הורידה קבוצת עזריאלי כי השלימה רכישת 50% מקניון מרגלית תמורת 148.03 מ' ש. דמי השכירות השנתיים נכון ל- 31.12.2007 - 12.8 מ' ש, קרי לפי שיעור של 8.65%. נמסר כי שיעור התשואה מבטא סיכונים שנובעים מפתיחתו הצפויה של מרכז מסחרי גדול שמוקם ע"י זאכי שלום הבעלים של רשת "חצי חינם" אשר תפתח במקום חנות במקום החנות בצומת ירקונים וחנויות נוספות. הקניון נבנה באיזור התעשייה נווה נאמן בסמוך לצומת נווה נאמן.

- **קניון הגבעה, גבעת שמואל**- בתאריך 6.8.2008 דווחה בריטיש ישראל כי חברת בת שלה תרכוש 25% בקניון עם אופציה ל- 25% נוספים, לפי שווי של 212 מ' ש. דמי השכירות השנתיים- 16 מ' ש, קרי, שיעור תשואה של 7.54%. העסקה לא הושלמה לאור אי השלמת רישום הקרקע בטווח המייד.

## 7. תחשיב השומה

### תחשיב בגישת הוון הכנסות

התזרים מחושב על בסיס דמי השכירות נכון למועד השומה ואינם מביאים בחשבון עליה צפויה בדמי השכירות עקב התחלפות שוכרים במהלך 2009. בדקנו באופן רנדומאלי חוזי שכירות שנחתמו בשנה האחרונה ומצאנו כי הדוח זהה לחוזים.

סעיף	דמ"ש לשנה באלפים	שיעור הוון	סה"כ שווי באלפים
הכנסות משכירות מסחר	₪ 91,888	7.25%	₪ 1,267,422
הכנסות מפידין	₪ 3,496	8.25%	₪ 42,376
הכנסות משכירות משרדים	₪ 11,213	8.00%	₪ 140,164
הכנסות מחניון	₪ 14,988	8.00%	₪ 187,350
<b>סה"כ</b>	<b>₪ 121,585</b>		<b>₪ 1,637,312</b>
גרעון חברת ניהול	₪ 7,372	7.43%	₪ -99,277
<b>שווי מקרקעי מרכז</b>			<b>₪ 1,538,000</b>

מבחינת השווי אשר התקבל בגישת הוון הכנסות עולה כי שווי מ"ר מסחר לשווק בגבולות 75,000 ₪, שווי מ"ר משרדים בגבולות 14,500 ₪ למ"ר ומקום חניה לפי כ- 10,000 ₪. נתונים אלה תואמים נתוני שוק תוך ביצוע התאמות רלוונטיות בעיקר למשרדים ולמקומות חניה.

קיימים 2 קניונים נוספים שרמות דמי השכירות בהם וכנגזרת מכך שווי הנכס גבוהים כמו בנכס הנדון- קניון איילון רמת גן וקניון עזריאלי במרכז השלום. שווי מ"ר במרכזים אלה דומה לשווי הנאמד בנכס זה.

שיעור ההוון שהובא בחשבון תואם את עסקאות השוק שהובאו לעיל, תוך התאמתו לנכס נשוא השומה אשר מניב הכנסה שוטפת שנמצאת במגמת עליה לאורך שנים רבות. שיעור ההוון הדומה ביותר מבחינת סדרי גודל של עסקה מבוסס על עסקת קניון הזהב בראשון לציון.

**בדיקת רגישות (באלפים)**

בדיקת רגישות זו הינה לשינויים בשיעור ההון למסחר ובהתאמה לשטחים האחרים:

7.75%	7.25%	6.75%	
₪ 1,249,000	₪ 1,538,000	₪ 1,649,000	שווי מקרקעי מרכז

**8. השומה**

לאור האמור לעיל, אומדן שווי נכסי מקרקעי מרכז בע"מ בהתחשב בהשלמת התאמת שטחי בית הקולנוע למסחר, בשוק החופשי, בקריטריון של קונה מרצון ממוכר מרצון, נקי מכל חוב, שיעבוד, משכנתא, לרבות זכויות צד ג', בגבולות **1,538,000,000 ₪**.

**9. כללי**

- השווי לא כולל מע"מ.
- לא התייחסנו למיסוי שיחול, ככל שיחול, בעת מכירת הנכס.
- אני מצהירה כי למיטב ידיעתי העובדות עליהן מבוססת חוות הדעת נכונות.
- הניתוח והמסקנות מוגבלים להנחות ולתנאים המפורטים לעיל.
- אני מצהירה כי אין לי כל עניין בנכס.
- אני מצהירה כי אני בעלת הידע המתאים לביצוע הערכה זו.
- המסמך בוצע על ידי החתומה מטה.
- נמסר לי כי לא בוצעו שומות לנכס ע"י שמאים אחרים.

**גרינברג אולפינר ושות'**  
**ש מ א ו ת ס ק ר ק ע י ן**

**10. שומות קודמות שבצענו לנכס**

שמי	מועד קובע
₪ 1,122,000,000	31.12.2006
₪ 1,292,000,000	30.9.2007
₪ 1,333,000,000	31.12.2007

חלקים מהנכס נמכרו במהלך התקופות האלה.

**11. המשבר הפיננסי**

במהלך החודשיים האחרונים מתרחשים ברחבי העולם ובישראל שינויים כלכליים שהשפעתם על נכסי המקרקעין בישראל עדיין לא ברורה. כאמור, לצורך אומדן שיעורי ההון הראויים בחנו עסקאות השוואה שבוצעו במהלך 2008 וברבעון השלישי של השנה וכן בסמוך לאחריו ומצאנו כי לא חלו שינויים מהותיים בשיעור ההון.



בכבוד רב,  
 דברת אולפינר  
 שמאית מקרקעין

עמוד 8 מתוך 8



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## Report and valuation

as at 30 September 2008

for

**AFI Europe NV**

Soleville, Riga  
Latvia

DTZ Debenham Tie Leung  
One Curzon Street  
LONDON  
W1A 5PZ

Private & Confidential

18 November 2008

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Soleville, Riga, Latvia  
Date of valuation: 30 Septemebr 2008  
Date of report 17 November 2008

AFI Europe NV  
Oostende 7-11  
1017 WT Amsterdam  
The Netherlands

A. Goldstein Esq.

**Email:** nick.george@dtz.com  
**Direct tel:** +44 (0) 207 757 6895  
**Direct fax:** +44 (0) 207 643 6000

**Your ref:** ng.sc.nh.0658.1108.rep  
**Our ref:**

17 November 2008

Dear Sirs

**SOLEVILLE, RIGA, LATVIA**

## 1. Introduction

In accordance with your instructions we have prepared our updated opinion of the Market Value of the freehold interest in the property known as Soleville, Riga, Latvia (the "Property") owned by AFI Europe NV (the "Company") as at the 30 September 2008. The property comprises a sizable parcel of land currently in the process of development, predominately for residential purposes.

## 2. Inspection

The property was inspected internally in January 2008 by Silvie Lyon-Lee BSc (Hons) MRICS. As agreed we have not re-inspected the property in undertaking this update valuation.

## 3. Compliance with RICS Valuation Standards

We confirm that the valuation has been made in accordance with the appropriate sections of the current Practice Statements ("PS"), and United Kingdom Practice Statements ("UKPS") contained within the RICS Valuation Standards, 6th Edition (the "Red Book").

## 4. Status of valuer and conflicts of interest

We confirm that we have undertaken the valuation acting as External Valuers qualified for the purpose of the valuation.

**DTZ**

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**Tel:** +44 (0)20 7408 1161  
**Fax:** +44 (0)20 7643 6000  
[www.dtz.com/uk](http://www.dtz.com/uk)

A list of directors' names is open to inspection at the above address  
DTZ Debenham Tie Leung Limited Registered in England No 2757768  
Registered office One Curzon Street London W1A 5PZ



Certificate No  
GB07 71154

Certificate No  
GB06 8160



## **5. Purpose of the valuation**

We understand that the valuation is required for internal accounting purposes.

## **6. Disclosures required under the provisions of UKPS 5.4**

### **6.1 Name of signatory**

Nick George MBA, MRICS has not previously been the signatory of Valuation Reports provided to the Company for the same purpose as the purpose of this Valuation Report. DTZ Debenham Tie Leung has been carrying out valuation instructions for the Company for a continuous period since June 2006.

### **6.2 DTZ's relationship with client**

DTZ has a ongoing relationship with the Company and its associated companies providing valuation reports for internal accounting purposes for this property and others in the Company's associate's' ownership.

DTZ has also provided valuation reports for secured lending where the Company, or its associates, is the borrower.

### **6.3 Fee income from the Company**

DTZ Debenham Tie Leung is a wholly owned subsidiary of DTZ Holdings plc (the "Group"). In the Group's financial year to 30 April 2008, the proportion of total fees payable by the Company to the total fee income of the Group was less than 5%.

### **6.4 DTZ involvement in any of the properties in the previous 12 months**

DTZ provided a Valuation Report to the Company with effect of 31 December 2007 which included a valuation of this property.

## **7. Basis of valuation**

Our opinion of the Market Value of the Property has been primarily derived using comparable recent market transactions on arm's length terms.

### **7.1 Market Value**

The value of the property has been assessed in accordance with the relevant parts of the current RICS Valuation Standards. In particular, we have assessed Market Value in accordance with PS 3.2. Under these provisions, the term "Market Value" means "The estimated amount for which a property should exchange on the date of valuation between a

willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In undertaking our valuation on the basis of Market Value we have applied the conceptual framework which has been settled by the International Valuation Standards Committee and which is included in PS 3.2.

## **7.2 Taxation and costs**

We have not made any adjustment to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

In accordance with local market practice, we have not made a deduction to reflect a purchaser's acquisition costs.

## **8. Brief Summary of the Property**

The Property comprises a development site extending to approximately 104,000 sq m in the Plavnieki suburb on the eastern side of Riga, the Latvian capital.

The site is subject to an extensive phased mixed use development project that will provide some 2,050 residential units, shops, office and leisure premises together with health and educational facilities and ancillary car parking.

The development is currently programmed over seven phases, over the next seven years with ground preparation works having commenced earlier this year.

## **9. Assumption and sources of information**

An Assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("Assumption"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuation, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the Company have confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect then our valuation should be reviewed. The Assumptions we have made for the purposes of our valuation(s) are referred to below:-

### **9.1 Title**

We have not had access to the title deeds of the Property. We have made an Assumption that the Company is possessed of good and marketable freehold title and that the property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We have also assumed that the property is free from mortgages, charges or other encumbrances.

## **9.2 Condition of structure and services, deleterious materials, plant and machinery and goodwill**

Due regard has been paid to the apparent state of repair and condition of the property, but a condition survey has not been undertaken, nor have woodwork or other parts of the structure which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to report that the property is structurally sound or is free from any defects. We have made an Assumption that the property is free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than such as may have been mentioned in the body of our Valuation Report and the appendices.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations, and therefore we cannot confirm that the property is free from risk in this regard. For the purposes of this valuation, we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

No mining, geological or other investigations have been undertaken to certify that the site is free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the site of the property are sufficient to support the buildings constructed thereon. We have also made an Assumption that there are no services on, or crossing the site in a position which would inhibit development or make it unduly expensive and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of the property.

No tests have been carried out as to electrical, electronic, heating, plant and machinery, equipment or any other services nor have the drains been tested. However, we have made an Assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

No allowance has been made in this valuation for any items of plant or machinery not forming part of the service installations of the building. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

Further, no account has been taken in our valuation of any business goodwill that may arise from the present occupation of the property.

It is a condition of DTZ Debenham Tie Leung Limited or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

## **9.3 Environmental matters**

We have been instructed not to make any investigations in relation to the presence or potential presence of contamination in land or buildings, and to make an Assumption that if

investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value. We have not carried out any investigation into past uses, either of the property or any adjacent land to establish whether there is any potential for contamination from such uses or sites, and have therefore made an Assumption that none exists.

In practice, purchasers in the property market do require knowledge about contamination. A prudent purchaser of the Property would be likely to require appropriate investigations to be made to assess any risk before completing a transaction. Should it be established that contamination does exist, this might reduce the value now reported.

We have no basis upon which to assess the reasonableness of this Assumption. If it were to prove invalid then the value would fall by an unspecified amount.

Commensurate with our Assumptions set out above we have not made any allowance in the valuation for any effect in respect of actual or potential contamination of land or buildings.

## **9.4 Areas**

The Company have provided us with the floor areas of the property that are relevant to our valuation. As instructed, we have relied on these areas and have not checked them on site. We have made an Assumption that the floor areas supplied to us have been calculated in accordance with the local market practice.

## **9.5 Statutory requirements and planning**

Verbal enquiries have been made of the relevant planning authority in whose area the property lies as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values. The results of our enquiries have been included within our Valuation Report where relevant.

We have made an Assumption that the building has been constructed in full compliance with valid town planning and building regulations approvals. Similarly, we have also made an Assumption that the property is not subject to any outstanding statutory notices as to its construction, use or occupation. Unless our enquiries have revealed the contrary, we have made a further Assumption that the existing use of the property is duly authorised or established and that no adverse planning condition or restriction applies.

## **9.6 Leasing**

We have not been provided with copies of any leases or documentation confirming tenancy details. You provided us with a copy of the tenancy schedule giving an outline summary of the correct letting status and we have assumed that this is correct and up to date. We have relied upon this tenancy schedule in undertaking our valuation.

We have not undertaken investigations into the financial strength of the tenants unless we have become aware by general knowledge, or we have been specifically advised to the contrary. We have made an Assumption that the tenants are financially in a position to meet their obligations. Unless otherwise advised we have also made an Assumption that there are

no material arrears of rent or service charges, breaches of covenants, current or anticipated tenant disputes.

However, our valuation reflects the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

We have also made an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

## 9.7 Information

We have made an Assumption that the information the Company and its professional advisers have supplied to us in respect of the property is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within your collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

## 10. Valuation

In assessing our opinion of the Market Value, we have adopted the residual method of valuation whereby the costs of development and a element of developers return, are deducted from estimated value of the completed development in order to arrive at a value for the land.

We have calculated the Gross Development Value of each phase on the basis of a combination of capital rates per sqm (for residential and car parking) and a rent and yield approach for the commercial elements, adopting national purchasers costs for the latter. For the costs of development, we have generally adopted the construction costs provided, following checks that these are in line with current tender prices. We have also allowed for finance costs over the development period. We have made additional allowances for the various costs of development including, sales and letting fees, marketing and professional fees etc. and we have made suitable allowances for the developers returns looking at both the profit on costs of individual phases and on overall target project return.

Having arrived at a residual land value we have then added the applicable cost spend to date, which we are advised amounts the same €11.38 million, to arrive at the current valuation. This is an acceptable practice for assessing the value of property assets under the course of development, for accounting purposes.



## 10.1 Market Value

We are of the opinion that the Market Value as at 30 September 2008 of the freehold interest in the Property described in the appendices, subject to the Assumptions, and comments in this Valuation Report is:-

**€36,000,000**  
**(Thirty Six Million Euro)**

## 11. Confidentiality and Disclosure

The contents of this Valuation Report and appendices are confidential to AFI Europe NV for the specific purpose to which they refer and are for their use only. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of their contents. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained.

With regard to timeframes, we have generally adopted those provided for each phase which do not in our opinion appear unreasonable.

The residual method of valuation relies on a large number of variable assumptions and is therefore particularly sensitive to changes in one or more of these variable inputs.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Nick George'.

**Nick George**  
**Chartered Surveyor**  
**Director**  
**For and on behalf of**  
**DTZ Debenham Tie Leung Limited**



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## Report and Valuation for

AFI Europe NV

**Annual Valuation Report**

**Osiedle Europejskie, Krakow, Poland**

DTZ Debenham Tie Leung  
One Curzon Street  
LONDON  
W1A 5PZ

18 November 2008

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## Appendices

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**AFI EUROPE N.V**  
Oostende 7-11  
1017 WT Amsterdam  
The Netherlands

**Email:** nick.george@dtz.com  
**Direct tel:** +44 (0) 207 757 6895  
**Direct fax:** +44 (0)20 7643 6345

**For the attention of Ariel Goldstein Esq.**

**Your ref:**  
**Our ref:** ng.sc.nh.0660.1108.rep

18 November 2008

Dear Sirs

## 1. Introduction

We are instructed by AFI Europe (the "Company") to undertake a valuation as of 30 September 2008 Osiedle Europejskie, Poland (the "Property") where a valuation is required for inclusion in the Company's year accounts. We, DTZ Debenham Tie Leung, Chartered Surveyors, have considered the Property, in order to advise the Company of our opinion of the Market Value as at 30 September 2008 of the legal interests (as appropriate) in the Property. We have previously valued the Property for internal purposes on numerous occasions.

### The Property:

Property	Address	Legal Interest
Poland		
Osiedle Europejskie	ul. Bobrzynskiego Krakow, Poland	Freehold

## 2. Inspections

The Property was inspected by Silvie Cardova MRICS of the DTZ European Valuation.

## 3. Compliance with RICS Valuation Standards

We confirm that the valuations have been made in accordance with the appropriate sections of both the current Practice Statements ("PS"), and United Kingdom Practice Statements ("UKPS") contained within the RICS Valuation Standards, 6th Edition (the "Red Book") This is internationally accepted basis of real estate appraisal

### DTZ

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A list of directors' names is open to inspection at the above address  
DTZ Debenham Tie Leung Limited Registered in England No 2757768

Registered office One Curzon Street London W1A 5PZ



Certificate No

Certificate No

## **4. Status of valuer and conflicts of interest**

We confirm that we have undertaken the valuations acting as External Valuers as defined in the Red Book, qualified for the purpose of the valuation.

We have confirmed that we have undertaken valuation on behalf of the Company for accounting and internal purposes in respect of the Property. No conflict of interest arises in this respect.

Aside from the above, we confirm that we have had no previous direct or indirect interest, financial or otherwise in the Property or the Company or their subsidiaries or other affiliates, except in connection with valuations, and we therefore do not consider that any conflict arises in preparing the advice requested.

## **5. Purpose of the valuation report**

We understand that this valuation report and Schedule (the "Valuation Report") are required for accounting purposes.

## **6. Disclosures required under the provisions of UKPS 5.4**

### **6.1 Name of signatory**

Nick Geroge has not previously been the signatory of Valuation Report provided to the Company for the same purpose as the purpose of this Valuation Report since this valuation and report DTZ Debenham Tie Leung has been carrying out this valuation instruction for the Company for a continuous period since Q2 2006.

### **6.2 DTZ's relationship with client**

DTZ has a ongoing relationship with the Company and its associated companies providing valuation reports for internal accounting purposes for this property and others in the Company's associate's' ownership.

DTZ has also provided valuation reports for secured lending where the Company, or its associates, is the borrower.

### **6.3 Fee income from the Company**

DTZ Debenham Tie Leung is a wholly owned subsidiary of DTZ Holdings plc (the "Group"). In the Group's financial year to 30 April 2008, the proportion of total fees payable by the Company to the total fee income of the Group was less than 5 per cent. It is not anticipated that the total fees payable by the Company will exceed 5 per cent for the year to April 2009.



## **6.4 DTZ involvement in any of the properties in the previous 12 months**

DTZ provided a Valuation Report to the Company with effect of 31 December 2007 which included a valuation of this Property.

## **7. Basis of valuation**

### **7.1 Market Value**

Our opinion of the Market Value of the Property has been primarily derived using comparable recent market transactions on arm's length terms.

The value of the Property has been assessed in accordance with the relevant parts of the current RICS Valuation Standards. In particular, we have assessed Market Value in accordance with PS 3.2. Under these provisions, the term "Market Value" means "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In undertaking our valuations on the basis of Market Value we have applied the interpretive commentary which has been settled by the International Valuation Standards Committee and which is included in PS 3.2. The RICS considers that the application of the Market Value definition provides the same result as Open Market Value, a basis of value supported by previous editions of the Red Book.

### **7.2 Taxation and costs**

We have not made any adjustments to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants; taxation allowance funding that may arise on disposals.

The capital valuations and rents included in the valuation report are net of value added tax at the prevailing rate.

## **8. Brief Summary of the Property**

The Property comprises two parts; commercial centre and residential development in progress.

The commercial part of the project comprises existing estate shopping centre totalling 2,035 sq m leasable area. The centre is fully let mostly on 10 year basis and anchored by Ahold. Only a small part of the space is owner occupied.

The shopping centre is situated on sites no. 111/5 and 111/24 located within Podgorze district and extending to an aggregated area of 6,860sq m. The freehold owner of the sites is Novo Maar sp. z o.o registered in Krakow.

The residential part of the project forms part of the Osiedle Europejskie estate in Krakow and comprises land appropriated for development of phases 9, 8B, 10 and 11, while the existing buildings forming phases number 1, 2, 3, 4, 5, 6 of the project were entirely sold. In respect of apartments delivered in phases 7 and 8A there are only a few units, which have not been sold (ownership was not transferred as yet).

As at the date of valuation development has started in respect of phase 9. The remaining phases number 8B, 10 and 11 have not started yet. However land owner possesses valid planning consent (WZ decision) allowing the proposed development.

The land appropriated for residential buildings forming phases 7, 8A, 8B, 9, 10, 11 is composed of sites 31, 32/1, 33, 211, 365, 367, 368/2, 369, 370/2, 371/2, 372, 374, 375, 376, 373 located within Podgorze district and extending to an aggregated area of 79,509 sq m. The freehold owner of the sites is Novo Maar sp. z o.o registered in Krakow.

## **9. Assumptions and sources of information**

An Assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("Assumption"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the Company's advisers have confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The Assumptions we have made for the purposes of our valuations are referred to below: -

### **9.1 Title**

We have not had access to the title deeds of the Property. We have made an Assumption that the Property have good and marketable freehold title in each case and that the Property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We have also assumed that the Property is free from mortgages, charges or other encumbrances.

### **9.2 Condition of structure and services, deleterious materials, plant and machinery and goodwill**

Due regard has been paid to the apparent state of repair and condition of the Property, but a condition survey has not been undertaken, nor have woodwork or other parts of the structure which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to report that the Property is structurally sound or are free from any defects. We have made an Assumption that the Property is free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects.

In respect of those assets under construction we have assumed that any new building constructed will be constructed in a workman like manner in accordance with good building practice and comprise suitable materials in keeping with similar developments.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious material have been used in the constructions or any alterations, and therefore we cannot confirm that the Property is free from risk in this regard. For the purposes of this valuation, we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

No mining, geological or other investigations have been undertaken to certify that the sites are free from any defect as to foundations. Where relevant, we have made an Assumption that the load bearing qualities of the sites of the Property is sufficient to support the buildings constructed, or to be constructed thereon. We have also made an Assumption that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupations, developments or values of the Property.

No tests have been carried out as to electrical, electronic, heating, plant and machinery equipment or any other services nor have the drains been tested. However, we have made an Assumption that all services are functioning satisfactorily.

No allowance has been made in this valuation for any items of plant or machinery not forming part of the service installations of the building. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with any of the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools. Further, no account has been taken in our valuations of any goodwill that may arise from the present occupations of the Property.

It is a condition of DTZ Debenham Tie Leung Limited or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the valuation report will in no way relate to, or give warranties as to, the condition of the structure, foundations, soil and services.

### **9.3 Environmental matters**

We have made enquiries in order, so far as reasonably possible, to establish the potential existence of contamination arises out of previous or present uses of the site and any adjoining sites.

Our limited enquiries, inspections have provided no evidence that there is a significant risk of contamination in respect of any of the Property. Accordingly, we have instructed us to make an Assumption that no contamination or other adverse environmental matters exist in relation to the Property sufficient to affect value. Other than as referred to above, we have not made any investigations into past or present uses, either of the Property or any neighbouring land to establish whether there is any contamination or potential for contamination to the Property. Commensurate with our Assumption set out above we have made no allowance in the valuations for any effect in respect of actual or potential contamination of land or buildings. A purchaser in the market might, in practice, undertake further investigations than those undertaken. If it is subsequently established that contamination exists at any of the Property or on any neighbouring land or that any of the premises have been, or are being, put to any contaminative use then this might reduce the values now reported.

Commensurate with our Assumption set out above we have not made any allowance in the valuation for any effect in respect of actual or potential contamination of land or buildings. We have made enquiries in order, so far as reasonably possible, to establish the potential existence of contamination arising out of previous or present uses of the site and any adjoining sites and have received and read the environmental reports relating to the Property.

#### **9.4 Areas**

We have inspected the Property but floor and site areas have been provided by the Company. We have made an Assumption that these areas have been measured and calculated in accordance with the local market practice.

#### **9.5 Statutory requirements and planning**

We have made verbal enquiries of the local authority and have been advised that there is planning permission for the Property current use and that the Property is not subject to any enforcement action.

We have made enquiries with a view to identifying any highway or development proposals, which are likely to affect the value of the Property. In this regard we have been advised that there are none.

We have read the legal reports and reflected their conclusions in our valuation.

#### **9.6 Leasing**

In relation to the commercial centre, we have relied upon tenancy schedules provided to us by the Company, these have formed the basis of the valuations.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have made an Assumption that the tenants are financially in a position to meet its/their obligations. Unless otherwise advised, we have also made an Assumption that there are no material arrears of rent or service charges or breaches of covenants, current or anticipated tenant disputes.

However, our valuation reflects the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

#### **9.7 Legal issues**

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. Where we have expressed an opinion upon legal issues affecting the valuation, then such opinion should reflect legal advice and be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the valuation of the property.

## 9.8 Information

We have made an Assumption that the information the Company and its professional advisers have supplied to us in respect of the Property is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date. We have relied upon information supplied to us by the Company and have assumed that the information supplied is both full and correct. We have assumed that details of matters likely to affect value have been supplied to us and that the information is correct as at the date of the valuation.

## 10. Current Financial Market

The financial markets have seen significant turbulence over the last year or so resulting in severe liquidity shortages. Lenders have sought to both reduce leverage and to shift to low risk assets.

Against this background buyers of bonds have in the main withdrawn from the market at previous pricing levels resulting in the exit route of many lenders (the CMBS market and securitisation) no longer being available. Such lenders have significantly reduced their lending business at competitive prices leaving only a few "balance sheet lenders". The result has been materially less liquidity. The cost of debt has risen significantly and the quantum of debt as a percentage of loan to value has fallen substantially for all but the best assets.

The turmoil in the credit markets had an immediate effect on the real estate investment market resulting in some transactions failing and/or prices being renegotiated downwards. This has caused a marked reduction in the volume of transactions with activity below the levels of recent years. The negotiation of price chips prior to the completion of transactions remains common. Generally, there is greater volatility in the evidence generated by comparable transactions and in these circumstances there is a greater degree of uncertainty than that which exists in a more active and stronger market in forming an opinion of the realisation prices of property assets.

The position has also become more difficult with the recent demise and rescue of several of the major banks and institutions across the globe and the significant injections of equity into the banks by the UK, European and US Authorities. These factors have combined to create further anxiety about future availability of debt finance and movements in the financial and real estate markets, despite the joint efforts to cut interest rates by the US Federal Reserve, The Bank of England and the European Central Bank.

Whereas transaction evidence underpins the valuation process, the definition of Market Value, including the commentary in Practice Statement 3.2.4, requires the valuer to reflect the realities of the current market. In this context valuers must use their market knowledge and professional judgement and not rely only upon historic market sentiment based on historic transactional comparables.

The above situation has led to a dearth of comparable transactional evidence which has become more acute in recent weeks. Those transactions which have been proceeding have been doing so at a further significant discount to previously established levels leading to further volatility in all property markets

Therefore, under Guidance Note 5 of the RICS Valuation Standards, we are of the opinion that 'abnormal' market conditions currently prevail and that there is likely to be a greater than usual degree of uncertainty in respect of the figures now reported. Until the number and consistency of comparable transactions increases, this situation is likely to remain.

## 11. Valuation

### Valuation Methodology

#### Investments Valuation Methodology & Assumptions

In respect of the commercial part of the Property we have used the traditional method of valuation using the initial and equivalent yield method. This method capitalises the net current income stream attributed to the properties by applying the appropriate yield. The appropriate yield adopted is derived, where available, from comparable evidence of investment yields in the given current market for similar property.

We have applied the gross annual rental income as provided by the Company for the Property, as at the given valuation date (30 September 2008), per annum. From this income we have not made any deductions hence the gross income equates to the net income. The Company informed us that there is no non-recoverable expenditure in respect of the Commercial Segment of the Property.

Our choice of yield also implicitly accounts for rental indexation and reversion, the length of lease/leases and possibility for extension, the covenants of the tenants plus the macro and micro location of the Property, quality of the building and catchment population where applicable at given time. The resultant figure gives the net value, which we have reported in this report.

Purchaser's costs for property asset transfers in Poland not considered in line with market practice.

#### Developments Valuation Methodology & Assumptions

We have undertaken residual valuations to calculate the Market Value of the given land. The Gross Development Value the "GDV" is the gross present value derived from the sale of the developed properties as at the date of the valuation. Our values are supported by values on per sq m basis.

We have received from the Company details of the proposed developments and we have employed those details as the basis of our residual valuations. We have assumed that the Company is acting in businesslike manner with the aim to maximise their profits. Therefore we have assumed that the Company is developing the sites to their maximal potential.



**Acquisition costs:** We have not adopted acquisition fees in our Gross development value in accordance with local market practice.

**Construction Cost:** We have been advised by the Company on the cost of construction and we have checked these costs with the cost applicable in the current market. Where appropriate adjusted the cost to reflect the expected range.

**Professional Fee:** We have also deducted a number of professional fees. The level deducted reflected the extent of the further work required and stage of the development.

**Additional Fees:** We have also adopted a contingency fee to reflect the extent and complexity of the scheme.

**Timing:** We have taken into consideration the timing provided by the Company.

**Additional Assumptions:** We have assumed that finance could be available at the rate of appropriate to Poland for the duration of the development and we have also assumed appropriate profit on cost and applied it to reflect the developer's risk.

#### Market Value

We are of the opinion that the Market Values as at the effective date of 30 September 2008, of the freehold interests in the Property as described above, subject to the Assumptions and comments in this Valuation Report was as follows: -

**€34,405,000**

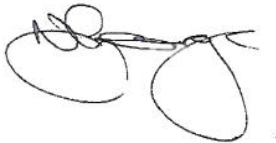
**(Thirty Four Million Four Hundred and Five Thousand Euro)**

Segment	Market Value
Commercial Centre	€4,280,000
Residential Development	€30,125,000

## 12. Confidentiality and disclosure

The contents of this Valuation Report and Schedule may be used only for the Purpose of this Valuation Report. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any other document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained. For the avoidance of doubt such approval is required whether or not DTZ Debenham Tie Leung Limited are referred to by name and whether or not the contents of our Valuation Report are combined with others.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Nick George', with a stylized flourish at the end.

**Nick George**  
**Chartered Surveyor**  
**Director**  
**For and on behalf of DTZ Debenham Tie Leung**