DORCOL MARINA PROPERTY
BELGRADE
SERBIA

CONCISE FORMAT REPORT AND VALUATION

AS AT

DECEMBER 31, 2009

ON BEHALF OF

ENGEL EAST EUROPE NV, THE NETHERLANDS

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PART I VALUATION STATEMENT

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VALUATION REPORT

REPORT DATE	January 29, 2010
ADDRESSEE	Mr. Samuel Hibel CFO and acting CEO Engel East Europe NV, Repenburgerstraat 204, 1011 MN, Amsterdam The Netherlands
THE PROPERTY	Dorcol Marina riverfront development site Stari Grad municipality – Dorcol area 11000 Belgrade Serbia
PROPERTY DESCRIPTION	Mixed use project in preliminary development phase
OWNERSHIP PURPOSE	Investment
INSTRUCTION	To value on the basis of Market Value the Leasehold interest in the Property as at the valuation date under the "as is" premise and under special assumption that planning permission is granted in accordance with the written instruction letter dated 14th January 2010.
VALUATION DATE	December 31, 2009.
CAPACITY OF VALUER	External
PURPOSE OF VALUATION	Internal review. It is understood that our advice may subsequently be required for financial reporting purposes and we confirm that the valuation complies with the international financial reporting requirements, particularly IAS 40 – Investment Property.
MARKET VALUE (AS-IS)	**EUR** 25,700,000 (Twenty Five Million Seven Hundred Thousand Euros) exclusive of VAT and transaction costs. Note: Value with infrastructure fee excluded is EUR 43,900,000

MARKET VALUE (WITH SPECIAL ASSUMPTIONS)

Value of the property based on the assumption that development rights for 122,000 sq m are granted at the date of valuation:

EUR 34,400,000

(Thirty Four Million Four Hundred Thousand Euros)

exclusive of VAT and transaction costs

Note: Value with infrastructure fee excluded is EUR 52,600,000

Exchange rate as at 31/12/2009 – 1 EUR = 95.9 RSD

MARKET VALUE OF COMMERCIAL SEGMENT ONLY

- As-Is" EUR 8,700,000 i.e. value with infrastructure fee excluded is EUR 20,000,000
- Special assumption" EUR 11,400,000 i.e. value with infrastructure fee excluded is EUR 22,400,000

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached.

COMPLIANCE WITH VALUATION STANDARDS

The valuation has been prepared in accordance with *The RICS Appraisal and Valuation Standards*, Sixth Edition. The property details on which each valuation is based are as set out in this report.

ASSUMPTIONS

We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

VARIATION FROM STANDARD ASSUMPTIONS

For the purposes of this valuation exercise, we have been instructed to assume that development rights for 122,000 sq m are granted at the date of valuation.

Our opinion of Market Value has been primarily derived using assumed development potential and comparable recent market transactions on arm's length terms. We have not been provided with official planning permission documents, but have based our valuation conclusion under the starting assumption of 122,000 sq m of gross buildable area.

We emphasis that although this assumption is in accordance with standard urbanistic coefficients in Belgrade property market that are known to us, it is against approved urbanistic project which would thus have to be revised. We therefore state that this valuation based on the "as-if" premise could be accurate only if urbanistic approval is meeting all parameters presented to us by Capital Investment&Consultancy.

The market value without the 'special assumption' would be materially less. We consider that the 'special assumption' is appropriate for the purpose on the basis that the purchase and loan will not be concluded without confirming that this has become fact.

VERIFICATION

We recommend that before any financial transaction is entered into based upon this valuation, you obtain verification of the information contained within our property report and the validity of the assumptions we have adopted. This principally refers to the special assumption and title being confirmed by your solicitor. It should be a condition precedent of any transaction or loan that these matters are verified.

We would advise you that whilst we have valued the Properties reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

VALUER

The Property has been valued by Nenad Suzic MRICS from CB Richard Ellis in Serbia. The valuation has been undertaken in accordance with the RICS Valuation Standards.

INDEPENDENCE

The Total fees, including the fee for this assignment, earned by CB Richard Ellis d.o.o. (or other companies forming part of the same group of companies) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total Serbian revenues.

DISCLOSURE

The principal signatory of this report has continuously been the signatory of valuations for the same addressee and valuation purpose as this report since 2007. CB Richard Ellis has thus continuously been carrying out valuation instructions for the addressee of this report for three years.

RELIANCE

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

PUBLICATION

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

VALUATION UNCERTAINTY

In accordance with Guidance Note 5 of the RICS Valuation Standards, we would draw your attention to the following comment regarding current market conditions.

The current crisis in the global financial system, including the failure or rescue of major banks and financial institutions, has created a significant degree of uncertainty in commercial real estate markets across the world. In this environment, it is possible that prices and values could go through a period of heightened volatility whilst the market absorbs the various issues and reaches its conclusions.

The lack of liquidity in the capital markets means that it may be very difficult to achieve a successful sale of these assets in the short term and we would recommend that the situation and the valuations are kept under regular review and specific marketing advice is obtained should you wish to effect a disposal.

Yours faithfully

NENAD SUZIC MSC MRICS
HEAD OF VALUATIONS
For and on behalf of
CB Richard Ellis d.o.o.
T: + 381 11 22 58 777
E: nenad.suzic@cbre.co.rs

SCOPE OF WORK & SOURCES OF INFORMATION

SOURCES OF INFORMATION

We have carried out our work based upon information supplied as follows:

- Planning Certificates
- Land Book Excerpt
- Site Plan
- Urban Land Leasehold Agreement
- Approved urbanistic project for 76,000 sq m buildable
- Excerpt from the urban plan
- Proposed project concept
- Decision on construction parcel marking
- Business plans prepared by Engel East Europe NV
- Information on outstanding balance for infrastructure development fee obligation
- Strategic environmental evaluation
- And information supplied to us by Engel East Europe NV, which we have assumed to be correct and comprehensive

THE PROPERTY

We have inspected the Property externally. Our report contains a brief summary of the property details on which our valuation has been based.

INSPECTION DATE

January 14th, 2010

AREAS

We have not measured the Property but have relied upon areas provided by Capital Investment & Consultancy. We assume that all development areas provided for the property and the site area are complete and correct.

ENVIRONMENTAL MATTERS

We have been presented report on strategic environmental evaluation of the Marina Dorcol detail urban planning and urbanistic project which has been prepared by "Zugaj" d.o.o. Apart from that strategic environmental study we have not been presented, nor carried out our own investigations that would contradict the findings of the subject study presented to us. We have not carried out any investigation into the past or present uses of the Property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

REPAIR AND CONDITION

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property. We are unable, therefore, to give any assurance that the Property is free from defect.

TOWN PLANNING

We have been provided with and study carefully the urbanistic project approved by the planning committee of the city of Belgrade, which is available for public inspection and which contains all current permissions, authorisations, pre-parcelisation, usages of the property etc. Urbanistic project is legal basis for the subsequent building permits and permission to construct. According to the information provided to us we understand that the buildings comply with the local planning regulations.

TITLES, TENURES AND LETTINGS

Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us by Engel East Europe NV We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of the tenant. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

CAPITAL VALUES

The valuation has been prepared on the basis of "Market Value" which is defined as:

"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".

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

RENTAL VALUES

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

THE PROPERTY

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuations.

The commercial centre has been valued as fully equipped trading entity. All measurements, areas and ages quoted in our report are approximate.

ENVIRONMENTAL MATTERS

In undertaking our work, we have been instructed to assume that the Properties are not contaminated and that no contaminative or potentially contaminative uses have ever been carried out on them. In the absence of any information to the contrary, we have assumed that:

(a) the Property is not contaminated and is not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

REPAIR AND CONDITION

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

(b) the Property is free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Property; and

We have otherwise had regard to the age and apparent general condition of the Property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

TITLE, TENURE, PLANNING AND LETTINGS

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the Property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

(c) the Property is not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

(e) tenants will meet their obligations under their leases and are responsible for insurance, payment of property taxes, and all repairs, whether directly or by means of a service charge;

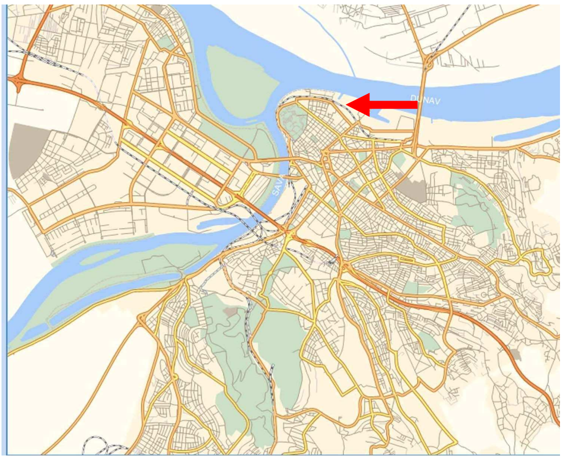
(f) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(g) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

(h) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

EXECUTIVE SUMMARY

- Landscape photo -



- Property map –

PROPERTY PARTICULARS

CB Richard Ellis has continuously been carrying out valuation instructions for the addressee of this report for three years. We therefore emphasise that reader of this report should refer to previous valuation reports for detail elaboration on Dorcol Marina property particulars.

With its total area of about 4 hectares of land (excluding the water basin of the Marina of about 14,800 sq m), the subject property is situated in Dunavski kej Street in Dorcol, the northern part of the Stari Grad (Old City) Municipality, on the right bank of the Dunav River. Not only that this municipality is the eldest in Belgrade, its attractiveness as a business location is certainly among the highest in Belgrade. The proximity of the city center, hotels, public institutions, shopping centres, diverse cultural institutions, Belgrade fortress and Kalemegdan Park further boosts the attractiveness of the site.

The subject mixed-use development has approved urbanistic project for 76,000 sq m gross buildable area, and reasonable expectation for expansion to 122,000 sq m buildable. The allowed density is 75%, building coefficient is 3.5. The zoning and the municipal regulations in this zone allow maximum building height of Ug+Gr+12. Urbanistic project has been prepared in accordance with the Detail Urban Plan (Official Gazette of the City of Belgrade, no. 24/05) which is legally binding document that essentially determines the development rights. Proposed project concept consists of five apartment towers, office tower, retail/marina activities and business apartments or hotel.

The property comprises a development site with a total area of 40,630 sq m. The above area is based on that provided Decision on revised Belgrade city decision no. 463-192/06-Г, dated March 10, 2008. The property is held on long term leasehold right by Engel Marina Dorcol d.o.o.

We emphasise that the entire Dorcol Marina property is owned by three different entities: Republic of Serbia, City of Belgrade and Engel Dorcol Marina doo, each with different responsibilities. Small discrepancies are noted when analysing different documents which we understand are common having in mind complexity of the subject project. Issuing of building permit will clarify and provide final information on respective land area.

The marina project envisages development of a mixed-use (retail, residential and office) facilities anchored with 150 boats marina activities. According to project concept the complex will consist of large commercial and office areas on the ground and first floor, five apartment buildings and a business apartments building (optionally a hotel). All properties are mid-rise ranging from ten to thirteen levels. Furthermore, the project will encompass a petrol station, a parking for approximately 1,000 cars (as per urbanistic project development will have 656 indoor and 320 open parking spaces), a yacht club, hangars, workshops and a swimming pool as part of the residential complex. The commercial area will include an office tower, a supermarket of 1,000 to 2,000 square meters, a various small shops and a nightlife areas. Redevelopment of crane (metal structure) with light effects, possibly cafe, would add particular note to the entire complex. It is one of the major development projects promoted by the City of Belgrade among numerous other projects in the city.

VALUATION METHODOLOGY

In assessing the market value of the property we have carried out the Residual Valuation Approach. Our report contains the assumptions on which our valuation has been based. Uniqueness of this waterfront project in Belgrade property market and absence of recent exchanges of property interests for similar size development land lots implies sole employment of the Residual Valuation Approach in assessing property value.

VALUATION CONSIDERATIONS

Land improvement costs

- The infrastructure development fee covers infrastructure development costs and is to be paid to the Belgrade Land Development Public Agency ("Direkcija") upon acquisition of the leasehold. It is based on land area, relevant zoning and built-up area of the property.

Engel Marina Dorcol is currently improved with partly settled obligation to Direkcija, however during 2009 it defaulted to pay two instalments. Based on the outstanding balances statement, current obligation is due for payment as per the following dynamics:

1 eur = 95 rsd

Infrastructure fee obligation	rsd	eur
defaulted as at 31/12/2009	621,247,339	6,539,446
payment V - 1/2/2010	285,815,109	3,008,580
payment VI - 1/9/2010	72,630,102	764,527
payment VII - 1/3/2011	232,548,542	2,447,879
payment VIII - 1/10/2011	471,170,039	4,959,685
payment IX - 30/12/2011	88,371,613	930,228

initial difference	80,922,720	851,818
Total	**1,852,705,464**	**19,502,163**

Source: Engel Marina Dorcol

- Ground lease is cost developer has to incur during development process. After construction is completed and sold out, ground lease obligation is transferred on new property owners. At present, ground lease obligation is EUR 420,000 per annum, which will be diminishing in subsequent development phases. Outstanding obligation as at 31/12/2009 is RSD 29,654,375 i.e. EUR 312,151.

- Infrastructure development fee for extended building areas (as under special assumption) is calculated as follows:

DESCRIPTION	G+9	G+12	Difference	Fee (30% discount)	Additional obligation
	Net Usable (sq m)		sq m	EUR/ sq m	EUR
Phase I					
Apartments	24,237.65	43,870.50	19,632.85	157	3,078,431
Commercial	9,914.60	10,903.70	989.10	294	290,795
Garages	4,150.00	8,300.00	4,150.00	78	325,360
					3,694,586
Phase II					
Apartments	9,342.00	16,908.75	7,566.75	157	1,186,466
Commercial	2,479.10	2,728.40	249.30	294	73,294
Garages	1,187.50	2,375.00	1,187.50	78	93,100
					1,352,861
Phase III					
Business services	4,477.50	10,539.75	6,062.25	212	1,285,197
Garages	537.50	1,075.00	537.50	106	56,975
					1,342,172
Phase IV					
Commercial	9,486.00	9,530.10	44.10	294	12,965
Garages	2,325.00	2,325.00	0.00	147	0
					12,965
TOTAL ADD-ON					6,402,584

Source: CB Richard Ellis

<u>Market commentary</u>

Economies and capital markets are becoming increasingly integrated and Serbia is also negatively affected by blockages in the banking system with credit squeeze hitting wider economy. On the other hand Serbia property market has low starting point, with practically all segments underdeveloped, lagging 5 to 7 years behind Romania, Bulgaria or Croatia.

Serbian banking system is relatively well balanced with capital adequacy of 28% (in EU around 10% with 8% as a minimum required); however it is relatively small and cannot support large scale development proposals. Lack of cheap domestic finance and more restrictive development funding in the future leads to dependence on cross-border financing.

At present there are only about 50,000 approved housing loans in Serbia, which having in mind 7.5 million population is relatively negligible amount and leaves enough space for further expansion of this demand driver. Average housing loan in Belgrade is around EUR 70,000.

Following escalation of global financial crisis, office and retail segments of property market continued weakening and short-term outlook remains negative.

Compared to other office markets in CEE, Belgrade is characterised with the above average vacancy and large relative pipeline. Having in mind low starting point of current stock, effect of new pipeline is likely to be significant on vacancy rates, similarly to other small markets. Vacancy rate for modern office stock exceeded 20% and will thus in our opinion continue to rise fuelled by delivery of new development completions. Headline rental values for Class A office buildings fell to around €15/sqm/month, however landlords are open to negotiate especially for large tenant requests.

Being emerging market Serbia has been benefiting of recent retail expansion activity. The two common drivers of this trend appear to have been rising local consumer affluence and the opening of major new shopping centres. The opening of Delta City and Usce shopping centres for instance attracted a significant number of new international retailers.

Over the course of the last twelve months, negative trends became quite visible in retail segment. Especially contemporary retail (fashion, home appliances, home improvements etc.) suffer from falling retail turnovers which directly transfers on rental values that are renegotiating in charge of landlords interest. Retailers are reluctant to expand and some even contracted. H1 2009 for the first time reported vacancy rates in modern shopping centers (Zira, ImmoCenter).

Property marketability

At present capital markets are characterized by general lack of sentiment for large scale development projects. Marketability of development projects is hindered by numerous limitation factors, including: (I) banks are quite reluctant in providing development finance for large scale projects, (ii) occupational demand for office premises is not sufficient to initiate new office development proposals, due to high vacancy rate and relatively large pipe line (iii) retail turnovers are falling and retailers ceased expansion plans in foreseeable future (iv) sale on completion is problematic due to very weak investment demand for an investment like the subject project, where a large amount of equity is required (v) it is still uncertain whether global crisis is close to completion or new waves of over-indebtedness are coming (Dubai, Greece, Spain, Croatia etc).

Furthermore, Engel Marina Dorcol has actively been marketed for long time period in international investment community which together with constant postponing of start of construction created degree of “stigma effect” for both, potential exchange of overall property interest and final-apartment buyers. Stigma effect consideration should be regarded as a market imposed penalty that can affect a property that is known or suspected to have some latent defect.

OPINION ON VALUE

This appraisal has been made based on the as-is assumption "GF+9" as well as on the assumption "GF+12 urbanistic project approved" on the appraisal date premise, whereby the subject property is analyzed in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of appraisal.

In consideration of the above and the attached assumptions, we are of the opinion that the Market Value of the leasehold interest in the property as at 31 December 2009 is:

MARKET VALUE "AS-IS"

EUR 25,700,000

(Twenty Five Million Seven Hundred Thousand Euros)

exclusive of VAT and transaction costs.

Note: Value with infrastructure fee excluded is EUR 43,900,000

MARKET VALUE "UNDER SPECIAL ASSUMPTIONS"

EUR 34,400,000

(Thirty Four Million Four Hundred Thousand Euros)

exclusive of VAT and transaction costs

Note: Value with infrastructure fee excluded is EUR 52,600,000

Exchange rate as at 31/12/2009 – 1 EUR = 95.9 RSD

MARKET VALUE "COMMERCIAL SEGMENT ONLY"

- "As-Is" EUR 8,700,000 i.e. value with infrastructure fee excluded is EUR 20,000,000
- Special assumption" EUR 11,400,000 i.e. value with infrastructure fee excluded is EUR 22,400,000

APPENDICES

APPENDIX 1: LOCATION PLANS

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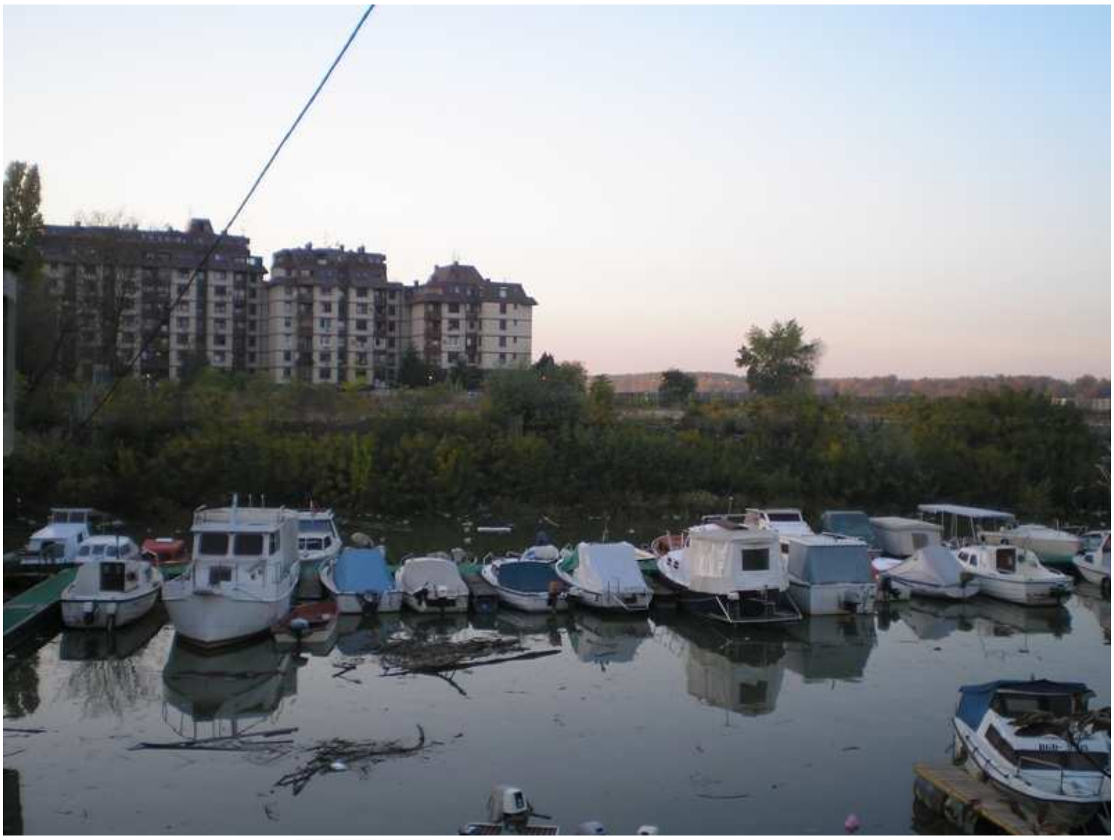
APPENDIX 2: PHOTOGRAPHS

Architect's Impressions of the Proposed Development

Architect's Impressions of the Proposed Development



Present landscaping

Present landscaping

APPENDIX 3: CASH FLOW PROJECTIONS

CB RICHARD ELLIS D.O.O Belgrade

Development Appraisal

Dorcol Marina

G+9 - "As-Is valuation premise"

Dunavski kej Street Belgrade

Report Date 29.01.2010

Prepared by CB Richard Ellis

Dorcol Marina
G+9 - "As-Is valuation premise"

Timescale (Duration in months)

Project commences Jan 2010
Phase 1

Stage Name	Duration	Start Date	End Date	Anchored To	Alignec	Offset
Phase Start		Jan 2010				
Pre-Construction	15	Jan 2010	Mar 2011	Purchase	End	0
Construction	24	Apr 2011	Mar 2013	Pre-Construction	End	0
Sale	36	Apr 2011	Mar 2014	(None)	Start	0
Phase End		Jan 2015				
Phase Length	**51**					

Phase 2

Stage Name	Duration	Start Date	End Date	Anchored To	Alignec	Offset
Phase Start		Jan 2010				
Pre-Construction	3	Apr 2012	Jun 2012	(None)	Start	0
Construction	24	Jul 2012	Jun 2014	(None)	Start	0
Sale	24	Nov 2012	Oct 2014	(None)	Start	0
Phase End		Oct 2014				
Phase Length	**58**					

Phase 3

Stage Name	Duration	Start Date	End Date	Anchored To	Alignec	Offset
Phase Start		Jan 2010				
Pre-Construction	3	Apr 2014	Jun 2014	(None)	Start	0
Construction	18	Jul 2014	Dec 2015	(None)	Start	0
Sale	24	Jul 2014	Jun 2016	(None)	Start	0
Phase End		Jun 2016				
Phase Length	**78**					

Phase 4

Stage Name	Duration	Start Date	End Date	Anchored To	Alignec	Offset
Phase Start		Jan 2010				
Pre-Construction	3	Apr 2014	Jun 2014	(None)	Start	0
Construction	18	Jul 2014	Dec 2015	(None)	Start	0
Sale	3	Jan 2016	Mar 2016	(None)	Start	0
Phase End		Mar 2016				
Phase Length	**75**					

Project Length **78** **(Merged Phases - Includes Exit Period)**

Assumptions

Expenditure

Professional Fees are based on Construction
(Manual relations applied to some Professional Fees)
Purchaser's Costs are based on Gross Capitalisation
Purchaser's Costs Deducted from Sale (Not added to Cost)
Sales Fees are based on Gross Capitalisation
Sales Fees Added to Cost (Not deducted from Sale)

Receipts

Show tenant's true income stream	On
Offset income against development costs	Off
Rent payment cycle	Quarterly (Adv)
Apply rent payment cycle to all tenants	On
Renewal Void and Rent Free apply to first renewal only	Off

Dorcol Marina
G+9 - "As-Is valuation premise"

Assumptions

Initial Yield Valuation Method	Off
Default Capitalisation Yield	0.0000%
Apply Default Capitalisation to All Tenants	Off
Default stage for Sale Date	Off
Align end of income stream to Sale Date	Off
Apply align end of income stream to all tenants	On
When the Capital Value is modified in the cash flow	Recalculate the Yield
Valuation Tables are	Annually in Arrears
Rent Free method	Defer start of Tenant's Rent

Finance

Financing Method	Structured Finance
Include interest and Finance Fees in IRR Calculations	Off

Calculation

Site Payments	In Arrears
Other Payments	In Arrears
Negative Land	In Arrears
Receipts	In Advance
Initial IRR Guess Rate	8.00%
Minimum IRR	-100%
Maximum IRR	99999%
Manual Discount Rate	10.0000%
IRR Tolerance	0.001000
Letting and Rent Review Fees are calculated on	Net of Deductions
Development Yield and Rent Cover are calculated on	Rent at Sale Date(s)
Include Tenants with no Capital Value	On
Include Turnover Rent	Off
Net of Non-Recoverable costs	On
Net of Ground Rent deductions	On
Net of Rent Additions/Costs	On

Value Added Tax

Global VAT Rate	0.00%
Global Recovery Rate	0.00%
Recovery Cycle every	2 months
1st Recovery Month	2 (Feb 2010)
VAT Calculations in Cash Flow	On

Residual

Land Cost Mode	Residualised Land Value
Multi-Phasing	Separate Land Residual for each phase
Target Type	Profit on GDV

Phase Number	Target Value	Locked Value	Treat Neg Land as Revenue
Phase 1	27.50%	No	No
Phase 2	27.50%	No	No
Phase 3	27.50%	No	No
Phase 4	27.50%	No	No

Distribution

Construction Payments are paid on	S-Curve
Sales Receipts are paid on	Single curve
Sales Deposits are paid on	Monthly curve

Dorcol Marina
G+9 - "As-Is valuation premise"

Assumptions

Finance Rates

Interest Set 1

Rate	Months	Start Date
8.500%	Perpetuity	Jan 2010

Loan Set 1

Rate	Months	Start Date
8.000%	Perpetuity	Jan 2010

Inflation and Growth

Growth Sets

Growth Set 1

Inflation/Growth for this set is calculated in arrears
This set is not stepped

Rate	Months	Start Date
2.000%	Perpetuity	Jan 2010

Growth Set 2

Inflation/Growth for this set is calculated in arrears
This set is not stepped

Rate	Months	Start Date
0.000%	24	Jan 2010
4.000%	Perpetuity	Jan 2012

Growth Set 3

Inflation/Growth for this set is calculated in arrears
This set is not stepped

Rate	Months	Start Date
0.000%	54	Jan 2010
3.000%	Perpetuity	Jul 2014

Inflation Sets

Inflation Set 1

Inflation/Growth for this set is calculated in arrears
This set is stepped, with the Anniversary in January
First year's inflation/growth is not pro-rated to the anniversary month
On first anniversary month with a non-zero rate, do not step up to the full annual rate

Rate	Months	Start Date
2.000%	Perpetuity	Jan 2010

Dorcol Marina
G+9 - "As-Is valuation premise"

Summary Appraisal for Merged Phases 1 2 3 4

REVENUE

Sales Valuation	**m²**	**Rate m²**	**Gross Sales**	**Adjustment**	**Net Sales**
Apartments	24,237.75	€2,500.00	60,594,375	2,459,678	63,054,053
Office for Sale	5,088.80	€2,800.00	14,248,640	638,983	14,887,623
Garages	4,150.00	€1,000.00	4,150,000	141,060	4,291,060
Apartments	9,342.00	€2,700.00	25,223,400	2,045,747	27,269,147
Office for Sale	1,263.20	€3,100.00	3,915,920	313,927	4,229,847
Garages	1,187.50	€1,000.00	1,187,500	104,126	1,291,626
Business Apartments	4,477.50	€3,100.00	13,880,250	421,304	14,301,554
‡ Garages	537.50	€1,000.00	537,500	51,068	588,568
Totals	50,284.25		123,737,585	6,175,891	129,913,476
					129,913,476

Rental Area Summary	**m²**	**Rate m²**	**Gross MRV**
Retail Marina	4,825.80	€37.50	2,171,610
Retail Marina	1,215.90	€40.00	583,632
Open Parking	2,137.50	€5.00	128,250
Office tower	9,486.00	€15.00	1,707,480
Garage	2,325.00	€8.00	223,200
Open parking	1,025.00	€4.80	59,040
Totals	21,015.20		4,873,212

Investment Valuation					
Retail Marina					
Market Rent	2,171,610	YP @	8.2500%	12.1212	
		PV 0yrs 5mths @	8.2500%	0.9675	25,467,301
Retail Marina					
Current Rent	583,632	YP @	8.2500%	12.1212	7,074,327
Open Parking					
Current Rent	128,250	YP @	8.2500%	12.1212	1,554,545
Office tower					
Current Rent	1,707,480	YP @	9.2500%	10.8108	18,459,243
Garage					
Current Rent	223,200	YP @	9.2500%	10.8108	2,412,973
Open parking					
Current Rent	59,040	YP @	9.2500%	10.8108	638,270
					55,606,660

GROSS DEVELOPMENT VALUE		185,520,137
Income from Tenants		
Retail Marina	1,069,992	
Open Parking	235,125	
Office tower	142,290	
Garage	18,600	
Open parking	4,920	
		1,470,927
Additional Revenue		
NET REALISATION		**186,991,064**

OUTLAY

ACQUISITION COSTS			
Residualised Price (40,541.00 m² €635.17 pm²)		25,750,443	
Stamp Duty	0.30%	77,251	
			25,827,694

CONSTRUCTION COSTS

Construction	**m²**	**Rate m²**	**Cost**

APPRAISAL SUMMARY — CB RICHARD ELLIS D.O.O BELGRADE

Dorcol Marina
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‡ Retail Marina	5,362.00	€700.00	3,886,086	
‡ Open Parking	375.00	€70.00	27,311	
‡ Retail Marina	1,351.00	€700.00	1,003,683	
‡ Open Parking	5,343.75	€70.00	381,544	
‡ Office tower	10,540.00	€700.00	8,092,667	
‡ Garage	5,812.50	€300.00	1,887,491	
‡ Open parking	2,562.50	€60.00	169,752	
‡ Apartments	32,317.00	€575.00	19,239,177	
‡ Office for Sale	6,361.00	€650.00	4,280,814	
‡ Garages	10,375.00	€350.00	3,703,875	
‡ Apartments	12,456.00	€575.00	7,601,329	
‡ Office for Sale	1,579.00	€650.00	1,089,278	
‡ Garages	2,968.75	€350.00	1,088,248	
‡ Business Apartments	5,970.00	€850.00	5,566,039	
‡ Garages	1,343.75	€350.00	516,804	
‡ Open parking	1,718.75	€60.00	113,319	
Totals	106,436.00		58,647,417	**58,647,417**
Contingency		5.00%	2,932,371	
				2,932,371
Other Construction				
Insurance		0.40%	124,549	
Construction Marina Faicility			3,600,000	
Landscaping, crane renovation			1,200,000	
Insurance		0.40%	44,656	
Insurance		0.40%	24,331	
Insurance		0.40%	39,921	
				5,033,457
Municipal Costs				
Utility connections	34,152.35 m²	45.00 pm²	1,536,856	
Utility connections	11,821.10 m²	45.00 pm²	531,950	
Utility connections	4,477.50 m²	45.00 pm²	201,488	
Utility connections	11,811.00 m²	45.00 pm²	531,495	
				2,801,788
PROFESSIONAL FEES				
Architect	44,040.00 m²	20.00 pm²	880,800	
Architect	10,750.00 m²	8.00 pm²	86,000	
Architect	15,386.00 m²	20.00 pm²	307,720	
Architect	8,312.50 m²	8.00 pm²	66,500	
Architect	5,970.00 m²	25.00 pm²	149,250	
Architect	3,062.50 m²	8.00 pm²	24,500	
Architect	10,540.00 m²	25.00 pm²	263,500	
Architect	8,375.00 m²	8.00 pm²	67,000	
Project Manager		3.00%	1,759,422	
Acceptances		1.50%	468,927	
Acceptances		1.50%	168,131	
Acceptances		1.50%	93,307	
Acceptances		1.50%	152,847	
				4,487,906
MARKETING & LETTING				
Marketing			450,000	
Letting Agent Fee		8.00%	216,128	
				666,128
DISPOSAL FEES				
Sales Agent Fee		2.00%	3,710,403	
				3,710,403
Additional Costs				
Dev. Management Fee		4.00%	1,245,491	
Dev. Management Fee		4.00%	446,563	
Dev. Management Fee		4.00%	243,314	
Infrastructure fee			19,502,163	

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Ground lease		1,752,151	
			23,189,681
Interest and Fees not Included in Project Costs			
Interest paid to Debt Sources:			
Debt (8.500%)	6,120,092		
Total Interest paid to Debt Sources:		6,120,092	
Total Interest Paid		6,120,092	
Debt Financing Fees			
Debt - Bank Fees (0.500%) (Single)	480,305		
Total Debt Financing Fees		480,305	
Total Interest and Fees not Included in Project Costs			**6,600,397**
TOTAL COSTS			**133,897,242**
PROFIT			
Balancing Account		53,093,822	
			53,093,822

Performance Measures

Profit on Cost%	39.65%
Profit on GDV%	28.62%
Profit on NDV%	28.62%
Development Yield% (on Rent)	3.64%
Equivalent Yield% (Nominal)	8.63%
Equivalent Yield% (True)	8.63%
Gross Initial Yield%	8.76%
Net Initial Yield%	8.76%
Ungeared IRR%	23.37%
Geared IRR% (without Interest)	23.37%
Equity IRR% (without Interest)	0.00%
NPV at target rate of 10.00%	25,765,887
Rent Cover	10 yrs 11 mths

‡ Inflation/Growth applied

Growth on Sales		**Ungrown**	**Growth**	**Total**
Apartments		60,594,375	2,459,678	63,054,053
Office for Sale		14,248,640	638,983	14,887,623
Garages		4,150,000	141,060	4,291,060
Apartments		25,223,400	2,045,747	27,269,147
Office for Sale		3,915,920	313,927	4,229,847
Garages		1,187,500	104,126	1,291,626
Business Apartments		13,880,250	421,304	14,301,554
Garages	Growth Set 1 at 2.000%	537,500	51,068	588,568

Inflation on Construction Costs		**Uninflated**	**Inflation**	**Total**
Apartments	Inflation Set 1 at 2.000%	18,582,275	656,902	19,239,177
Office for Sale	Inflation Set 1 at 2.000%	4,134,650	146,164	4,280,814
Garages	Inflation Set 1 at 2.000%	3,631,250	72,625	3,703,875
Apartments	Inflation Set 1 at 2.000%	7,162,200	439,129	7,601,329
Office for Sale	Inflation Set 1 at 2.000%	1,026,350	62,928	1,089,278
Garages	Inflation Set 1 at 2.000%	1,039,063	49,185	1,088,248
Business Apartments	Inflation Set 1 at 2.000%	5,074,500	491,539	5,566,039
Garages	Inflation Set 1 at 2.000%	470,313	46,491	516,804
Open parking	Inflation Set 1 at 2.000%	103,125	10,194	113,319
Retail Marina	Inflation Set 1 at 2.000%	3,753,400	132,686	3,886,086

Dorcol Marina
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Open Parking	Inflation Set 1 at 2.000%	26,250	1,061	27,311
Retail Marina	Inflation Set 1 at 2.000%	945,700	57,983	1,003,683
Open Parking	Inflation Set 1 at 2.000%	374,063	7,481	381,544
Office tower	Inflation Set 1 at 2.000%	7,378,000	714,667	8,092,667
Garage	Inflation Set 1 at 2.000%	1,743,750	143,741	1,887,491
Open parking	Inflation Set 1 at 2.000%	153,750	16,002	169,752

Dorcol Marina

G+9 - "As-Is valuation premise"

Detailed Cash flow (Merged Phases)

	006:Jun 2010	012:Dec 2010	018:Jun 2011	024:Dec 2011	030:Jun 2012	036:Dec 2012	042:Jun 2013	048:Dec 2013	054:Jun 2014
Semi-AnnualB/F	(37,423,378)	(38,695,556)	(46,839,754)	(62,660,191)	(65,722,889)	(42,120,270)	(20,076,854)	4,712,301	21,381,417
Phase 1 - Revenue									
Cap - Retail Marina	0	0	0	0	0	25,467,301	0	0	0
Sale - Apartments	0	0	788,026	4,505,945	8,614,062	13,751,551	18,042,280	13,521,385	3,830,803
Sale - Office for Sale	0	0	107,153	742,488	1,590,914	2,763,122	4,936,378	3,699,458	1,048,110
Sale - Garages	0	0	105,897	417,862	698,754	995,096	1,302,900	770,551	0
Phase 2 - Revenue									
R Flow - Retail Marina	0	0	0	0	0	48,636	291,816	291,816	291,816
R Flow - Open Parking	0	0	0	0	0	10,688	64,125	64,125	64,125
Cap - Retail Marina	0	0	0	0	0	0	0	0	0
Cap - Open Parking	0	0	0	0	0	0	0	0	0
Sale - Apartments	0	0	0	0	0	374,966	3,849,030	7,221,253	11,233,638
Sale - Office for Sale	0	0	0	0	0	49,574	452,779	1,519,193	1,601,430
Sale - Garages	0	0	0	0	0	4,460	122,066	290,111	464,764
Phase 3 - Revenue									
Sale - Business Apartments	0	0	0	0	0	0	0	0	0
Sale - Garages	0	0	0	0	0	0	0	0	0
Phase 4 - Revenue									
R Flow - Office tower	0	0	0	0	0	0	0	0	0
R Flow - Garage	0	0	0	0	0	0	0	0	0
R Flow - Open parking	0	0	0	0	0	0	0	0	0
Cap - Office tower	0	0	0	0	0	0	0	0	0
Cap - Garage	0	0	0	0	0	0	0	0	0
Cap - Open parking	0	0	0	0	0	0	0	0	0
Phase 1 - Disposal Costs									
Sales Agent Fee	0	0	(20,021)	(113,326)	(218,075)	(859,541)	(485,631)	(359,828)	(97,578)
Phase 2 - Disposal Costs									
Sales Agent Fee	0	0	0	0	0	(8,580)	(88,478)	(180,611)	(265,997)
Phase 3 - Disposal Costs									
Sales Agent Fee	0	0	0	0	0	0	0	0	0
Phase 4 - Disposal Costs									
Sales Agent Fee	0	0	0	0	0	0	0	0	0
Phase 1 - Unit Information									
Apartments									
Office for Sale									
Garages									

Dorcol Marina

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Detailed Cash flow (Merged Phases)

	006:Jun 2010	012:Dec 2010	018:Jun 2011	024:Dec 2011	030:Jun 2012	036:Dec 2012	042:Jun 2013	048:Dec 2013	054:Jun 2014
Semi-AnnualB/F	(37,423,378)	(38,695,556)	(46,839,754)	(62,660,191)	(65,722,889)	(42,120,270)	(20,076,854)	4,712,301	21,381,417
Phase 2 - Unit Information									
Apartments									
Office for Sale									
Garages									
Phase 3 - Unit Information									
Business Apartments									
Garages									
Open parking									
Phase 4 - Unit Information									
Phase 1 - Acquisition Costs									
Residualised Price	(7,772,426)	0	0	0	0	0	0	0	0
Stamp Duty	(23,317)	0	0	0	0	0	0	0	0
Phase 2 - Acquisition Costs									
Residualised Price	(13,139,066)	0	0	0	0	0	0	0	0
Stamp Duty	(39,417)	0	0	0	0	0	0	0	0
Phase 3 - Acquisition Costs									
Residualised Price	(2,646,700)	0	0	0	0	0	0	0	0
Stamp Duty	(7,940)	0	0	0	0	0	0	0	0
Phase 4 - Acquisition Costs									
Residualised Price	(2,192,251)	0	0	0	0	0	0	0	0
Stamp Duty	(6,577)	0	0	0	0	0	0	0	0
Phase 1 - Construction Costs									
Con. - Retail Marina	0	0	(478,559)	(957,117)	(976,259)	(976,259)	(497,892)	0	0
Con. - Open Parking	0	0	0	0	(27,311)	0	0	0	0
Con. - Apartments	0	0	(2,369,240)	(4,738,480)	(4,833,250)	(4,833,250)	(2,464,957)	0	0
Con. - Office for Sale	0	0	(527,168)	(1,054,336)	(1,075,422)	(1,075,422)	(548,465)	0	0
Con. - Garages	0	0	(1,234,625)	(2,469,250)	0	0	0	0	0
Insurance	0	0	(18,438)	(36,877)	(27,649)	(27,540)	(14,045)	0	0
Construction Marina Faicility	0	0	(1,800,000)	(1,800,000)	0	0	0	0	0
Landscaping, crane renovation	0	0	(600,000)	(600,000)	0	0	0	0	0
Utility connections	0	0	(67,364)	(383,835)	(526,398)	(441,467)	(117,792)	0	0
Contingency	0	0	(230,480)	(460,959)	(345,612)	(344,247)	(175,566)	0	0
Phase 2 - Construction Costs									
Con. - Retail Marina	0	0	0	0	0	(245,977)	(250,896)	(250,896)	(255,914)

Dorcol Marina
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Detailed Cash flow (Merged Phases)

	006:Jun 2010	012:Dec 2010	018:Jun 2011	024:Dec 2011	030:Jun 2012	036:Dec 2012	042:Jun 2013	048:Dec 2013	054:Jun 2014
Semi-AnnualB/F	(37,423,378)	(38,695,556)	(46,839,754)	(62,660,191)	(65,722,889)	(42,120,270)	(20,076,854)	4,712,301	21,381,417
Con. - Open Parking	0	0	(127,181)	(254,363)	0	0	0	0	0
Con. - Apartments	0	0	0	0	0	(1,862,888)	(1,900,146)	(1,900,146)	(1,938,149)
Con. - Office for Sale	0	0	0	0	0	(266,954)	(272,293)	(272,293)	(277,739)
Con. - Garages	0	0	0	0	0	(720,694)	(367,554)	0	0
Insurance	0	0	(509)	(1,017)	0	(12,386)	(11,164)	(9,693)	(9,887)
Utility connections	0	0	0	0	0	(78,655)	(167,372)	(177,346)	(108,577)
Contingency	0	0	(6,359)	(12,718)	0	(154,826)	(139,544)	(121,167)	(123,590)
Phase 3 - Construction Costs									
Con. - Business Apartments	0	0	0	0	0	0	0	0	0
Con. - Garages	0	0	0	0	0	0	0	0	0
Con. - Open parking	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0
Utility connections	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0
Phase 4 - Construction Costs									
Con. - Office tower	0	0	0	0	0	0	0	0	0
Con. - Garage	0	0	0	0	0	0	0	0	0
Con. - Open parking	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0
Utility connections	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0
Phase 1 - Professional Fees									
Architect	(880,800)	0	0	0	0	0	0	0	0
Architect	(86,000)	0	0	0	0	0	0	0	0
Project Manager	0	0	(138,288)	(276,575)	(207,367)	(206,548)	(105,339)	0	0
Acceptances	0	0	(69,420)	(138,841)	(104,098)	(103,687)	(52,880)	0	0
Phase 2 - Professional Fees									
Architect	0	0	0	0	(307,720)	0	0	0	0
Architect	0	0	0	0	(66,500)	0	0	0	0
Project Manager	0	0	(3,815)	(7,631)	0	(92,895)	(83,727)	(72,700)	(74,154)
Acceptances	0	0	(1,915)	(3,831)	0	(46,633)	(42,031)	(36,495)	(37,225)
Phase 3 - Professional Fees									
Architect	0	0	0	0	0	0	0	0	(149,250)
Architect	0	0	0	0	0	0	0	0	(24,500)
Project Manager	0	0	0	0	0	0	0	0	0

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Detailed Cash flow (Merged Phases)

	006:Jun 2010	012:Dec 2010	018:Jun 2011	024:Dec 2011	030:Jun 2012	036:Dec 2012	042:Jun 2013	048:Dec 2013	054:Jun 2014
Semi-AnnualB/F	(37,423,378)	(38,695,556)	(46,839,754)	(62,660,191)	(65,722,889)	(42,120,270)	(20,076,854)	4,712,301	21,381,417
Acceptances	0	0	0	0	0	0	0	0	0
Phase 4 - Professional Fees									
Architect	0	0	0	0	0	0	0	0	(263,500)
Architect	0	0	0	0	0	0	0	0	(67,000)
Project Manager	0	0	0	0	0	0	0	0	0
Acceptances	0	0	0	0	0	0	0	0	0
Phase 1 - Miscellaneous Costs									
Infrastructure fee	(9,548,026)	(764,527)	(2,447,879)	(6,741,731)	0	0	0	0	0
Ground lease	(312,151)	0	(420,000)	0	(420,000)	0	(300,000)	0	(200,000)
Phase 1 - Marketing/Letting									
Marketing	0	0	0	0	0	0	(300,000)	0	0
Phase 2 - Marketing/Letting									
Marketing	0	0	0	0	0	(50,000)	0	0	0
Letting Agent Fee	0	0	0	0	0	0	0	0	0
Phase 3 - Marketing/Letting									
Marketing	0	0	0	0	0	0	0	0	0
Phase 4 - Marketing/Letting									
Marketing	0	0	0	0	0	0	0	0	0
Letting Agent Fee	0	0	0	0	0	0	0	0	0
Phase 1 - Development Management Fee									
Dev. Management Fee	0	0	(184,384)	(368,767)	(276,490)	(275,397)	(140,453)	0	0
Phase 2 - Development Management Fee									
Dev. Management Fee	0	0	(5,087)	(10,175)	0	(123,860)	(111,636)	(96,933)	(98,872)
Phase 3 - Development Management Fee									
Dev. Management Fee	0	0	0	0	0	0	0	0	0
Period Total Before Finance	**(36,654,671)**	**(764,527)**	**(9,749,658)**	**(14,763,533)**	**1,491,580**	**30,657,686**	**20,423,514**	**23,899,784**	**14,542,754**
Finance Costs (All Loans)	(850,049)	(516,663)	(672,819)	(1,261,246)	(1,694,900)	(1,197,594)	(179,450)	0	0
Period Total After Finance	**(37,504,721)**	**(1,281,190)**	**(10,422,477)**	**(16,024,780)**	**(203,320)**	**29,460,092**	**20,244,064**	**23,899,784**	**14,542,754**
Cumulative Total C/f Semi-Annual	(37,504,721)	(38,785,910)	(49,208,388)	(65,233,167)	(65,436,488)	(35,976,395)	(15,732,331)	8,167,453	22,710,207

060:Dec 2014	066:Jun 2015	072:Dec 2015	078:Jun 2016
32,334,777	30,282,237	29,268,049	52,818,263
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
145,908	0	0	0
32,063	0	0	0
7,074,327	0	0	0
1,554,545	0	0	0
4,590,261	0	0	0
606,871	0	0	0
410,224	0	0	0
2,069,081	4,461,273	4,794,868	2,976,331
588,568	0	0	0
0	0	142,290	0
0	0	18,600	0
0	0	4,920	0
0	0	0	18,459,243
0	0	0	2,412,973
0	0	0	638,270
0	0	0	0
(284,725)	0	0	0
(297,802)	0	0	0
0	0	0	(430,210)

060:Dec 2014	066:Jun 2015	072:Dec 2015	078:Jun 2016
32,334,777	30,282,237	29,268,049	52,818,263
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0

060:Dec 2014	066:Jun 2015	072:Dec 2015	078:Jun 2016
32,334,777	30,282,237	29,268,049	52,818,263
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
(1,830,934)	(1,867,553)	(1,867,553)	0
(122,954)	(233,820)	(160,030)	0
(26,960)	(51,270)	(35,090)	0
(7,816)	(8,405)	(8,110)	0
(48,663)	(90,728)	(62,096)	0
(99,042)	(107,632)	(103,134)	0
(2,662,061)	(2,715,303)	(2,715,303)	0
(1,887,491)	0	0	0
0	0	(169,752)	0
(18,198)	(10,861)	(10,861)	0
(128,367)	(239,328)	(163,800)	0
(227,478)	(135,765)	(144,253)	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
(59,425)	(64,579)	(61,880)	0

060:Dec 2014	066:Jun 2015	072:Dec 2015	078:Jun 2016
32,334,777	30,282,237	29,268,049	52,818,263
(29,830)	(32,416)	(31,062)	0
0	0	0	0
0	0	0	0
(136,487)	(81,459)	(86,552)	0
(68,516)	(40,892)	(43,439)	0
0	0	0	0
0	(100,000)	0	0
0	0	0	0
0	0	0	0
(56,951)	0	0	0
(50,000)	0	0	0
(50,000)	0	0	0
0	0	0	(159,178)
0	0	0	0
0	0	0	0
(78,156)	(84,055)	(81,103)	0
8,899,993	**(1,402,794)**	**(783,339)**	**23,897,430**
(2,193)	(76,366)	(124,865)	(24,251)
8,897,800	**(1,479,160)**	**(908,204)**	**23,873,179**
31,608,007	30,128,846	29,220,643	53,093,822

Dorcol Marina
G+9 - "As-Is valuation premise"
Table of Residual Land Price and IRR %

Sensitivity Analysis for Merged Phases 1 2 3 4

Construction Rate - 5.000%	Interest Rates				
Sales Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-€100.00 m²	€26,285,462 22.436%	€25,855,039 22.739%	€25,430,507 23.042%	€25,011,761 23.346%	€24,598,054 23.649%
- €50.00 m²	€27,823,485 22.274%	€27,374,086 22.581%	€26,930,793 22.888%	€26,493,507 23.195%	€26,062,348 23.502%
€0.00 m²	€29,359,906 22.122%	€28,891,567 22.433%	€28,429,541 22.743%	€27,973,729 23.054%	€27,524,249 23.364%
+ €50.00 m²	€30,897,900 21.977%	€30,410,602 22.291%	€29,929,825 22.605%	€29,455,467 22.919%	€28,987,649 23.232%
+€100.00 m²	€32,435,896 21.840%	€31,929,638 22.156%	€31,430,106 22.473%	€30,937,203 22.790%	€30,451,047 23.107%

Construction Rate - 2.500%	Interest Rates				
Sales Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-€100.00 m²	€24,910,363 22.776%	€24,495,676 23.077%	€24,086,669 23.378%	€23,683,315 23.678%	€23,285,552 23.979%
- €50.00 m²	€26,450,639 22.600%	€26,018,110 22.904%	€25,591,581 23.208%	€25,171,012 23.511%	€24,755,866 23.815%
€0.00 m²	€27,987,258 22.436%	€27,535,780 22.743%	€27,090,507 23.051%	€26,651,406 23.358%	€26,218,414 23.665%
+ €50.00 m²	€29,525,252 22.279%	€29,054,815 22.590%	€28,590,790 22.901%	€28,133,144 23.212%	€27,681,812 23.523%
+€100.00 m²	€31,063,246 22.131%	€30,573,849 22.445%	€30,091,073 22.760%	€29,614,881 23.074%	€29,145,211 23.388%

Construction Rate 0.000%	Interest Rates				
Sales Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-€100.00 m²	€23,531,622 23.134%	€23,133,890 23.432%	€22,741,673 23.729%	€22,354,933 24.026%	€21,973,629 24.323%
- €50.00 m²	€25,074,432 22.942%	€24,658,087 23.243%	€24,247,457 23.545%	€23,842,504 23.846%	€23,443,185 24.146%
€0.00 m²	€26,612,770 22.764%	€26,178,589 23.068%	€25,750,443 23.372%	€25,328,283 23.676%	€24,911,982 23.980%
+ €50.00 m²	€28,150,995 22.595%	€27,697,868 22.903%	€27,250,983 23.211%	€26,810,297 23.519%	€26,375,760 23.826%
+€100.00 m²	€29,689,074 22.435%	€29,217,035 22.747%	€28,751,384 23.058%	€28,292,137 23.369%	€27,839,246 23.680%

Construction Rate + 2.500%	Interest Rates				
Sales Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-€100.00 m²	€22,152,728 23.509%	€21,771,956 23.804%	€21,396,531 24.097%	€21,026,413 24.391%	€20,661,563 24.684%
- €50.00 m²	€23,696,363 23.301%	€23,296,959 23.599%	€22,903,102 23.897%	€22,514,754 24.195%	€22,131,874 24.492%
€0.00 m²	€25,237,885 23.106%	€24,819,886 23.408%	€24,407,624 23.710%	€24,001,076 24.011%	€23,600,199 24.312%
+ €50.00 m²	€26,776,476 22.924%	€26,340,625 23.229%	€25,910,843 23.534%	€25,487,081 23.838%	€25,069,316 24.142%
+€100.00 m²	€28,314,459 22.753%	€27,859,838 23.061%	€27,411,384 23.369%	€26,969,095 23.677%	€26,532,994 23.985%

Construction Rate + 5.000%	Interest Rates				
Sales Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-€100.00 m²	€20,772,815 23.904%	€20,408,761 24.194%	€20,049,855 24.485%	€19,695,865 24.774%	€19,345,217 25.065%
- €50.00 m²	€22,316,744 23.678%	€21,934,060 23.973%	€21,556,724 24.268%	€21,184,701 24.562%	€20,817,944 24.855%
€0.00 m²	€23,858,790 23.468%	€23,457,492 23.766%	€23,061,744 24.065%	€22,671,511 24.363%	€22,286,741 24.661%
+ €50.00 m²	€25,402,268 23.268%	€24,982,488 23.570%	€24,568,313 23.872%	€24,159,850 24.174%	€23,757,050 24.476%
+€100.00 m²	€26,940,786 23.083%	€26,503,152 23.388%	€26,071,602 23.693%	€25,645,991 23.998%	€25,226,285 24.302%

Dorcol Marina
G+9 - "As-Is valuation premise"
Sensitivity Analysis for Merged Phases 1 2 3 4

Sensitivity Analysis : Assumptions for Calculation

Interest Rates
The following Interest Sets are included : Interest Set 1
Debit Rates are included in Sensitivity
Credit Rates are NOT included in Sensitivity

Interest Rates in the above Sets are varied in Fixed Steps of 0.500%

Sales Rate

Heading	Phase	Original Value
Apartments	1	€2,500.00 pm²
Office for Sale	1	€2,800.00 pm²
Garages	1	€1,000.00 pm²
Apartments	2	€2,700.00 pm²
Office for Sale	2	€3,100.00 pm²
Garages	2	€1,000.00 pm²
Business Apartments	3	€3,100.00 pm²
Garages	3	€1,000.00 pm²

These fields varied in Fixed Steps of €50.00 pm²

Construction Rate

Heading	Phase	Original Value
Retail Marina	1	€700.00 pm²
Open Parking	1	€70.00 pm²
Retail Marina	2	€700.00 pm²
Open Parking	2	€70.00 pm²
Office tower	4	€700.00 pm²
Garage	4	€300.00 pm²
Open parking	4	€60.00 pm²
Apartments	1	€575.00 pm²
Office for Sale	1	€650.00 pm²
Garages	1	€350.00 pm²
Apartments	2	€575.00 pm²
Office for Sale	2	€650.00 pm²
Garages	2	€350.00 pm²
Business Apartments	3	€850.00 pm²
Garages	3	€350.00 pm²
Open parking	3	€60.00 pm²

These fields varied in Steps of 2.5000 % of the original value

CB RICHARD ELLIS D.O.O Belgrade

Development Appraisal

Dorcol Marina

G+12 - Special assumption

Dunavski kej Street Belgrade

Report Date 29.01.2010

Prepared by CB Richard Ellis

Dorcol Marina
G+12 - Special assumption

Timescale (Duration in months)

Project commences Jan 2010
Phase 1

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Jan 2010				
Pre-Construction	15	Jan 2010	Mar 2011	Purchase	End	0
Construction	24	Apr 2011	Mar 2013	Pre-Construction	End	0
Sale	42	May 2011	Oct 2014	(None)	Start	0
Phase End		Jan 2015				
Phase Length	**58**					

Phase 2

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Jan 2010				
Pre-Construction	3	Apr 2012	Jun 2012	(None)	Start	0
Construction	24	Jul 2012	Jun 2014	(None)	Start	0
Sale	30	Nov 2012	Apr 2015	(None)	Start	0
Phase End		Apr 2015				
Phase Length	**64**					

Phase 3

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Jan 2010				
Pre-Construction	3	Apr 2014	Jun 2014	(None)	Start	0
Construction	18	Jul 2014	Dec 2015	(None)	Start	0
Sale	36	Jul 2014	Jun 2017	(None)	Start	0
Phase End		Jun 2017				
Phase Length	**90**					

Phase 4

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Jan 2010				
Pre-Construction	3	Apr 2014	Jun 2014	(None)	Start	0
Construction	18	Jul 2014	Dec 2015	(None)	Start	0
Sale	3	Jan 2016	Mar 2016	(None)	Start	0
Phase End		Mar 2016				
Phase Length	**75**					

Project Length **90** **(Merged Phases - Includes Exit Period)**

Assumptions

Expenditure

Professional Fees are based on Construction
(Manual relations applied to some Professional Fees)
Purchaser's Costs are based on Gross Capitalisation
Purchaser's Costs Deducted from Sale (Not added to Cost)
Sales Fees are based on Gross Capitalisation
Sales Fees Added to Cost (Not deducted from Sale)

Receipts

Show tenant's true income stream	On
Offset income against development costs	Off
Rent payment cycle	Quarterly (Adv)
Apply rent payment cycle to all tenants	On
Renewal Void and Rent Free apply to first renewal only	Off

Dorcol Marina
G+12 - Special assumption

Assumptions

Initial Yield Valuation Method	Off
Default Capitalisation Yield	0.0000%
Apply Default Capitalisation to All Tenants	Off
Default stage for Sale Date	Off
Align end of income stream to Sale Date	Off
Apply align end of income stream to all tenants	On
When the Capital Value is modified in the cash flow	Recalculate the Yield
Valuation Tables are	Annually in Arrears
Rent Free method	Defer start of Tenant's Rent

Finance

Financing Method	Structured Finance
Include interest and Finance Fees in IRR Calculations	Off

Calculation

Site Payments	In Arrears
Other Payments	In Arrears
Negative Land	In Arrears
Receipts	In Advance
Initial IRR Guess Rate	8.00%
Minimum IRR	-100%
Maximum IRR	99999%
Manual Discount Rate	10.0000%
IRR Tolerance	0.001000
Letting and Rent Review Fees are calculated on	Net of Deductions
Development Yield and Rent Cover are calculated on	Rent at Sale Date(s)
Include Tenants with no Capital Value	On
Include Turnover Rent	Off
Net of Non-Recoverable costs	On
Net of Ground Rent deductions	On
Net of Rent Additions/Costs	On

Value Added Tax

Global VAT Rate	0.00%
Global Recovery Rate	0.00%
Recovery Cycle every	2 months
1st Recovery Month	2 (Feb 2010)
VAT Calculations in Cash Flow	On

Residual

Land Cost Mode	Residualised Land Value
Multi-Phasing	Separate Land Residual for each phase
Target Type	Profit on GDV

Phase Number	Target Value	Locked Value	Treat Neg Land as Revenue
Phase 1	27.50%	No	No
Phase 2	27.50%	No	No
Phase 3	27.50%	No	No
Phase 4	27.50%	No	No

Distribution

Construction Payments are paid on	S-Curve
Sales Receipts are paid on	Single curve
Sales Deposits are paid on	Monthly curve

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Assumptions

Finance Rates

Interest Set 1

Rate	Months	Start Date
8.500%	Perpetuity	Jan 2010

Loan Set 1

Rate	Months	Start Date
8.000%	Perpetuity	Jan 2010

Inflation and Growth

Growth Sets

Growth Set 1
Inflation/Growth for this set is calculated in arrears
This set is not stepped

Rate	Months	Start Date
2.000%	Perpetuity	Jan 2010

Growth Set 2
Inflation/Growth for this set is calculated in arrears
This set is not stepped

Rate	Months	Start Date
0.000%	24	Jan 2010
4.000%	Perpetuity	Jan 2012

Growth Set 3
Inflation/Growth for this set is calculated in arrears
This set is not stepped

Rate	Months	Start Date
0.000%	54	Jan 2010
3.000%	Perpetuity	Jul 2014

Inflation Sets

Inflation Set 1
Inflation/Growth for this set is calculated in arrears
This set is stepped, with the Anniversary in January
First year's inflation/growth is not pro-rated to the anniversary month
On first anniversary month with a non-zero rate, do not step up to the full annual rate

Rate	Months	Start Date
2.000%	Perpetuity	Jan 2010

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Summary Appraisal for Merged Phases 1 2 3 4

REVENUE

Sales Valuation	**m²**	**Rate m²**	**Gross Sales**	**Adjustment**	**Net Sales**
Apartments	43,870.50	€2,250.00	98,708,625	6,181,840	104,890,465
Office for Sale	5,088.80	€2,800.00	14,248,640	613,674	14,862,314
Garages	8,300.00	€1,000.00	8,300,000	442,907	8,742,907
Apartments	16,908.75	€2,500.00	42,271,875	3,428,466	45,700,341
Office for Sale	1,263.20	€3,100.00	3,915,920	313,927	4,229,847
Garages	2,375.00	€1,000.00	2,375,000	208,251	2,583,251
Business Apartments	10,539.75	€2,700.00	28,457,325	1,263,250	29,720,575
‡ Garages	1,075.00	€1,000.00	1,075,000	102,135	1,177,135
Totals	89,421.00		199,352,385	12,554,450	211,906,835
					211,906,835

Rental Area Summary	**m²**	**Rate m²**	**Gross MRV**
Retail Marina	5,814.90	€37.50	2,616,705
Retail Marina	1,465.20	€40.00	703,296
Office tower	9,530.10	€15.00	1,715,418
Garage	2,325.00	€8.00	223,200
Open parking	1,025.00	€4.80	59,040
Totals	20,160.20		5,317,659

Investment Valuation					
Retail Marina					
Current Rent	2,616,705	YP @	8.2500%	12.1212	31,717,636
Retail Marina					
Current Rent	703,296	YP @	8.2500%	12.1212	8,524,800
Office tower					
Current Rent	1,715,418	YP @	9.2500%	10.8108	18,545,059
Garage					
Current Rent	223,200	YP @	9.2500%	10.8108	2,412,973
Open parking					
Current Rent	59,040	YP @	9.2500%	10.8108	638,270
					61,838,739

GROSS DEVELOPMENT VALUE		273,745,574
Income from Tenants		
Retail Marina	218,059	
Retail Marina	1,347,984	
Office tower	142,952	
Garage	18,600	
Open parking	4,920	
		1,732,514
Additional Revenue		
NET REALISATION		**275,478,089**

OUTLAY

ACQUISITION COSTS			
Residualised Price (40,541.00 m² €849.50 pm²)		34,439,722	
Stamp Duty	0.30%	103,319	
			34,543,041

CONSTRUCTION COSTS

Construction	**m²**	**Rate m²**	**Cost**
‡ Retail Marina	6,461.00	€650.00	4,348,112
‡ Open Parking	375.00	€70.00	27,311
‡ Retail Marina	1,628.00	€650.00	1,123,080
‡ Open Parking	5,343.75	€70.00	381,544

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‡ Office tower	10,589.00	€700.00	8,130,289	
‡ Garage	5,812.50	€300.00	1,887,491	
‡ Open parking	2,562.50	€60.00	169,752	
‡ Apartments	58,494.00	€575.00	34,823,047	
‡ Office for Sale	6,361.00	€650.00	4,280,814	
‡ Garages	20,750.00	€350.00	7,407,750	
‡ Apartments	22,545.00	€575.00	13,758,186	
‡ Office for Sale	1,579.00	€650.00	1,089,278	
‡ Garages	5,937.50	€350.00	2,176,495	
‡ Business Apartments	14,053.00	€850.00	13,102,102	
‡ Garages	2,687.50	€350.00	1,033,608	
‡ Open parking	1,718.75	€60.00	113,319	
Totals	166,897.50		93,852,179	**93,852,179**
Contingency		5.00%	4,692,609	
				4,692,609
Other Construction				
Insurance		0.40%	203,548	
Construction Marina Faicility			3,600,000	
Landscaping, crane renovation			1,200,000	
Insurance		0.40%	74,114	
Insurance		0.40%	56,543	
Insurance		0.40%	40,071	
				5,174,276
Municipal Costs				
Utility connections	54,774.20 m²	45.00 pm²	2,464,839	
Add-on infastructr. development fee			3,694,586	
Utility connections	19,637.15 m²	45.00 pm²	883,672	
Add-on infastructr. development fee			1,352,861	
Utility connections	10,539.75 m²	45.00 pm²	474,289	
Add-on infastructr. development fee			1,342,172	
Utility connections	11,855.10 m²	45.00 pm²	533,480	
Add-on infastructr. development fee			12,965	
				10,758,863
PROFESSIONAL FEES				
Architect	71,316.00 m²	20.00 pm²	1,426,320	
Architect	21,125.00 m²	8.00 pm²	169,000	
Architect	25,752.00 m²	20.00 pm²	515,040	
Architect	11,281.25 m²	8.00 pm²	90,250	
Architect	14,053.00 m²	25.00 pm²	351,325	
Architect	4,406.25 m²	8.00 pm²	35,250	
Architect	10,589.00 m²	25.00 pm²	264,725	
Architect	8,375.00 m²	8.00 pm²	67,000	
Project Manager		3.00%	2,815,565	
Acceptances		0.50%	255,453	
Acceptances		0.50%	92,643	
Acceptances		0.50%	71,528	
Acceptances		0.50%	50,938	
				6,205,037
MARKETING & LETTING				
Marketing			450,000	
Letting Agent Fee		10.00%	199,766	
				649,766
DISPOSAL FEES				
Sales Agent Fee		2.00%	4,425,031	
Sales Agent Fee		3.00%	1,574,820	
				5,999,852
Additional Costs				
Dev. Management Fee		4.00%	2,035,481	
Dev. Management Fee		4.00%	741,143	
Dev. Management Fee		4.00%	565,428	

Dorcol Marina
G+12 - Special assumption

Infrastructure fee		19,502,163		
Ground lease		1,752,151		
			24,596,367	
Interest and Fees not Included in Project Costs				
Interest paid to Debt Sources:				
Debt (8.500%)	10,699,821			
Total Interest paid to Debt Sources:		10,699,821		
Total Interest Paid		10,699,821		
Debt Financing Fees				
Debt - Bank Fees (0.500%) (Single)	671,721			
Total Debt Financing Fees		671,721		
Total Interest and Fees not Included in Project Costs			**11,371,542**	
TOTAL COSTS			**197,843,532**	
PROFIT				
Equity				
Residual Percentage (100.00%)	77,634,557			
		77,634,557		
			77,634,557	

Performance Measures

Profit on Cost%	39.24%
Profit on GDV%	28.36%
Profit on NDV%	28.36%
Development Yield% (on Rent)	2.69%
Equivalent Yield% (Nominal)	8.60%
Equivalent Yield% (True)	8.60%
Gross Initial Yield%	8.60%
Net Initial Yield%	8.60%
Ungeared IRR%	21.66%
Geared IRR% (without Interest)	21.66%
Equity IRR% (without Interest)	27.40%
NPV at target rate of 10.00%	35,396,492
Rent Cover	14 yrs 7 mths

‡ Inflation/Growth applied

Growth on Sales		**Ungrown**	**Growth**	**Total**
Apartments		98,708,625	6,181,840	104,890,465
Office for Sale		14,248,640	613,674	14,862,314
Garages		8,300,000	442,907	8,742,907
Apartments		42,271,875	3,428,466	45,700,341
Office for Sale		3,915,920	313,927	4,229,847
Garages		2,375,000	208,251	2,583,251
Business Apartments		28,457,325	1,263,250	29,720,575
Garages	Growth Set 1 at 2.000%	1,075,000	102,135	1,177,135

Inflation on Construction Costs		**Uninflated**	**Inflation**	**Total**
Apartments	Inflation Set 1 at 2.000%	33,634,050	1,188,997	34,823,047
Office for Sale	Inflation Set 1 at 2.000%	4,134,650	146,164	4,280,814
Garages	Inflation Set 1 at 2.000%	7,262,500	145,250	7,407,750
Apartments	Inflation Set 1 at 2.000%	12,963,375	794,811	13,758,186
Office for Sale	Inflation Set 1 at 2.000%	1,026,350	62,928	1,089,278
Garages	Inflation Set 1 at 2.000%	2,078,125	98,370	2,176,495
Business Apartments	Inflation Set 1 at 2.000%	11,945,050	1,157,052	13,102,102

Dorcol Marina
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Garages	Inflation Set 1 at 2.000%	940,625	92,983	1,033,608
Open parking	Inflation Set 1 at 2.000%	103,125	10,194	113,319
Retail Marina	Inflation Set 1 at 2.000%	4,199,650	148,462	4,348,112
Open Parking	Inflation Set 1 at 2.000%	26,250	1,061	27,311
Retail Marina	Inflation Set 1 at 2.000%	1,058,200	64,880	1,123,080
Open Parking	Inflation Set 1 at 2.000%	374,063	7,481	381,544
Office tower	Inflation Set 1 at 2.000%	7,412,300	717,989	8,130,289
Garage	Inflation Set 1 at 2.000%	1,743,750	143,741	1,887,491
Open parking	Inflation Set 1 at 2.000%	153,750	16,002	169,752

Dorcol Marina

G+12 - Special assumption

Detailed Cash flow (Merged Phases)

	006:Jun 2010	012:Dec 2010	018:Jun 2011	024:Dec 2011	030:Jun 2012	036:Dec 2012	042:Jun 2013	048:Dec 2013
Semi-AnnualB/F	(46,880,551)	(48,041,583)	(62,391,599)	(86,762,531)	(97,896,009)	(106,493,505)	(67,266,302)	(20,272,094)
Phase 1 - Revenue								
R Flow - Retail Marina	0	0	0	0	0	218,059	0	0
Cap - Retail Marina	0	0	0	0	0	0	31,717,636	0
Sale - Apartments	0	0	644,649	2,944,190	6,159,231	11,004,333	20,941,901	29,534,030
Sale - Office for Sale	0	0	163,487	1,046,695	2,016,073	2,839,328	3,945,539	3,501,883
Sale - Garages	0	0	13,175	355,714	837,582	1,341,824	1,865,709	2,409,818
Phase 2 - Revenue								
R Flow - Retail Marina	0	0	0	0	0	58,608	351,648	351,648
Cap - Retail Marina	0	0	0	0	0	0	0	0
Sale - Apartments	0	0	0	0	0	628,405	6,450,586	12,102,092
Sale - Office for Sale	0	0	0	0	0	49,574	452,779	1,519,193
Sale - Garages	0	0	0	0	0	8,920	244,133	580,223
Phase 3 - Revenue								
Sale - Business Apartments	0	0	0	0	0	0	0	0
Sale - Garages	0	0	0	0	0	0	0	0
Phase 4 - Revenue								
R Flow - Office tower	0	0	0	0	0	0	0	0
R Flow - Garage	0	0	0	0	0	0	0	0
R Flow - Open parking	0	0	0	0	0	0	0	0
Cap - Office tower	0	0	0	0	0	0	0	0
Cap - Garage	0	0	0	0	0	0	0	0
Cap - Open parking	0	0	0	0	0	0	0	0
Phase 1 - Disposal Costs								
Sales Agent Fee	0	0	(16,426)	(86,932)	(180,258)	(303,710)	(1,169,416)	(708,915)
Phase 2 - Disposal Costs								
Sales Agent Fee	0	0	0	0	0	(13,738)	(142,950)	(284,030)
Phase 3 - Disposal Costs								
Sales Agent Fee	0	0	0	0	0	0	0	0
Phase 4 - Disposal Costs								
Sales Agent Fee	0	0	0	0	0	0	0	0
Phase 1 - Unit Information								
Apartments								
Office for Sale								
Garages								
Phase 2 - Unit Information								

Dorcol Marina

G+12 - Special assumption

Detailed Cash flow (Merged Phases)

	006:Jun 2010	012:Dec 2010	018:Jun 2011	024:Dec 2011	030:Jun 2012	036:Dec 2012	042:Jun 2013	048:Dec 2013
Semi-AnnualB/F	(46,880,551)	(48,041,583)	(62,391,599)	(86,762,531)	(97,896,009)	(106,493,505)	(67,266,302)	(20,272,094)
Apartments								
Office for Sale								
Garages								
Phase 3 - Unit Information								
Business Apartments								
Garages								
Open parking								
Phase 4 - Unit Information								
Phase 1 - Acquisition Costs								
Residualised Price	(13,227,967)	0	0	0	0	0	0	0
Stamp Duty	(39,684)	0	0	0	0	0	0	0
Phase 2 - Acquisition Costs								
Residualised Price	(16,298,426)	0	0	0	0	0	0	0
Stamp Duty	(48,895)	0	0	0	0	0	0	0
Phase 3 - Acquisition Costs								
Residualised Price	(2,849,709)	0	0	0	0	0	0	0
Stamp Duty	(8,549)	0	0	0	0	0	0	0
Phase 4 - Acquisition Costs								
Residualised Price	(2,063,621)	0	0	0	0	0	0	0
Stamp Duty	(6,191)	0	0	0	0	0	0	0
Phase 1 - Construction Costs								
Con. - Retail Marina	0	0	(535,455)	(1,070,911)	(1,092,329)	(1,092,329)	(557,088)	0
Con. - Open Parking	0	0	0	0	(27,311)	0	0	0
Con. - Apartments	0	0	(4,288,341)	(8,576,683)	(8,748,216)	(8,748,216)	(4,461,590)	0
Con. - Office for Sale	0	0	(527,168)	(1,054,336)	(1,075,422)	(1,075,422)	(548,465)	0
Con. - Garages	0	0	(2,469,250)	(4,938,500)	0	0	0	0
Insurance	0	0	(31,281)	(62,562)	(43,773)	(43,664)	(22,269)	0
Construction Marina Faicility	0	0	(1,800,000)	(1,800,000)	0	0	0	0
Landscaping, crane renovation	0	0	(600,000)	(600,000)	0	0	0	0
Utility connections	0	0	(108,039)	(615,602)	(844,248)	(708,033)	(188,917)	0
Add-on infastructr. development fee	0	0	(3,694,586)	0	0	0	0	0
Contingency	0	0	(391,011)	(782,021)	(547,164)	(545,798)	(278,357)	0
Phase 2 - Construction Costs								
Con. - Retail Marina	0	0	0	0	0	(275,238)	(280,743)	(280,743)

	006:Jun 2010	012:Dec 2010	018:Jun 2011	024:Dec 2011	030:Jun 2012	036:Dec 2012	042:Jun 2013	048:Dec 2013
Semi-AnnualB/F	(46,880,551)	(48,041,583)	(62,391,599)	(86,762,531)	(97,896,009)	(106,493,505)	(67,266,302)	(20,272,094)
Con. - Open Parking	0	0	(127,181)	(254,363)	0	0	0	0
Con. - Apartments	0	0	0	0	0	(3,371,774)	(3,439,209)	(3,439,209)
Con. - Office for Sale	0	0	0	0	0	(266,954)	(272,293)	(272,293)
Con. - Garages	0	0	0	0	0	(1,441,388)	(735,108)	0
Insurance	0	0	(509)	(1,017)	0	(21,421)	(18,909)	(15,969)
Utility connections	0	0	0	0	0	(130,661)	(278,037)	(294,606)
Add-on infastructr. development fee	0	0	0	0	0	(1,352,861)	0	0
Contingency	0	0	(6,359)	(12,718)	0	(267,768)	(236,368)	(199,612)
Phase 3 - Construction Costs								
Con. - Business Apartments	0	0	0	0	0	0	0	0
Con. - Garages	0	0	0	0	0	0	0	0
Con. - Open parking	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0
Utility connections	0	0	0	0	0	0	0	0
Add-on infastructr. development fee	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0
Phase 4 - Construction Costs								
Con. - Office tower	0	0	0	0	0	0	0	0
Con. - Garage	0	0	0	0	0	0	0	0
Con. - Open parking	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0
Utility connections	0	0	0	0	0	0	0	0
Add-on infastructr. development fee	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0
Phase 1 - Professional Fees								
Architect	(1,426,320)	0	0	0	0	0	0	0
Architect	(169,000)	0	0	0	0	0	0	0
Project Manager	0	0	(234,606)	(469,213)	(328,298)	(327,479)	(167,014)	0
Acceptances	0	0	(39,257)	(78,515)	(54,935)	(54,798)	(27,947)	0
Phase 2 - Professional Fees								
Architect	0	0	0	0	(515,040)	0	0	0
Architect	0	0	0	0	(90,250)	0	0	0
Project Manager	0	0	(3,815)	(7,631)	0	(160,661)	(141,821)	(119,767)
Acceptances	0	0	(636)	(1,272)	0	(26,777)	(23,637)	(19,961)
Phase 3 - Professional Fees								

	006:Jun 2010	012:Dec 2010	018:Jun 2011	024:Dec 2011	030:Jun 2012	036:Dec 2012	042:Jun 2013	048:Dec 2013
Semi-AnnualB/F	(46,880,551)	(48,041,583)	(62,391,599)	(86,762,531)	(97,896,009)	(106,493,505)	(67,266,302)	(20,272,094)
Architect	0	0	0	0	0	0	0	0
Architect	0	0	0	0	0	0	0	0
Project Manager	0	0	0	0	0	0	0	0
Acceptances	0	0	0	0	0	0	0	0
Phase 4 - Professional Fees								
Architect	0	0	0	0	0	0	0	0
Architect	0	0	0	0	0	0	0	0
Project Manager	0	0	0	0	0	0	0	0
Acceptances	0	0	0	0	0	0	0	0
Phase 1 - Miscellaneous Costs								
Infrastructure fee	(9,548,026)	(764,527)	(2,447,879)	(6,741,731)	0	0	0	0
Ground lease	(312,151)	0	(420,000)	0	(420,000)	0	(300,000)	0
Phase 1 - Marketing/Letting								
Marketing	0	0	0	0	0	0	(300,000)	0
Phase 2 - Marketing/Letting								
Marketing	0	0	0	0	0	(50,000)	0	0
Phase 3 - Marketing/Letting								
Marketing	0	0	0	0	0	0	0	0
Phase 4 - Marketing/Letting								
Marketing	0	0	0	0	0	0	0	0
Letting Agent Fee	0	0	0	0	0	0	0	0
Phase 1 - Development Management Fee								
Dev. Management Fee	0	0	(312,809)	(625,617)	(437,731)	(436,639)	(222,686)	0
Phase 2 - Development Management Fee								
Dev. Management Fee	0	0	(5,087)	(10,175)	0	(214,214)	(189,094)	(159,690)
Phase 3 - Development Management Fee								
Dev. Management Fee	0	0	0	0	0	0	0	0
Period Total Before Finance	**(45,998,538)**	**(764,527)**	**(17,238,386)**	**(23,443,198)**	**(5,392,090)**	**(4,780,492)**	**51,968,015**	**44,204,091**
Finance Costs (All Loans)	(945,156)	(404,729)	(637,477)	(1,618,100)	(2,415,759)	(2,799,355)	(2,153,846)	(260,317)
Period Total After Finance	**(46,943,695)**	**(1,169,256)**	**(17,875,863)**	**(25,061,298)**	**(7,807,849)**	**(7,579,847)**	**49,814,169**	**43,943,774**
Cumulative Total C/f Semi-Annual	(46,943,695)	(48,112,951)	(65,988,814)	(91,050,112)	(98,857,961)	(106,437,808)	(56,623,639)	(12,679,865)

054:Jun 2014	060:Dec 2014	066:Jun 2015	072:Dec 2015	078:Jun 2016	084:Dec 2016	090:Jun 2017
24,377,062	43,847,257	46,261,494	42,182,462	66,596,906	71,647,306	76,772,902
0	0	0	0	0	0	0
0	0	0	0	0	0	0
24,158,987	9,503,145	0	0	0	0	0
1,349,309	0	0	0	0	0	0
1,919,084	0	0	0	0	0	0
351,648	234,432	0	0	0	0	0
0	2,841,600	5,683,200	0	0	0	0
18,826,444	7,692,815	0	0	0	0	0
1,601,430	606,871	0	0	0	0	0
929,528	820,448	0	0	0	0	0
0	4,772,227	4,843,281	4,915,394	4,988,580	5,062,856	5,138,237
0	1,177,135	0	0	0	0	0
0	0	0	142,952	0	0	0
0	0	0	18,600	0	0	0
0	0	0	4,920	0	0	0
0	0	0	0	18,545,059	0	0
0	0	0	0	2,412,973	0	0
0	0	0	0	638,270	0	0
(548,548)	(190,063)	0	0	0	0	0
(427,148)	(239,235)	(113,664)	0	0	0	0
0	(926,931)	0	0	0	0	0
0	0	0	0	(647,889)	0	0

054:Jun 2014	060:Dec 2014	066:Jun 2015	072:Dec 2015	078:Jun 2016	084:Dec 2016	090:Jun 2017
24,377,062	43,847,257	46,261,494	42,182,462	66,596,906	71,647,306	76,772,902
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(286,357)	0	0	0	0	0	0

054:Jun 2014	060:Dec 2014	066:Jun 2015	072:Dec 2015	078:Jun 2016	084:Dec 2016	090:Jun 2017
24,377,062	43,847,257	46,261,494	42,182,462	66,596,906	71,647,306	76,772,902
0	0	0	0	0	0	0
(3,507,994)	0	0	0	0	0	0
(277,739)	0	0	0	0	0	0
0	0	0	0	0	0	0
(16,288)	0	0	0	0	0	0
(180,368)	0	0	0	0	0	0
0	0	0	0	0	0	0
(203,604)	0	0	0	0	0	0
0	(4,309,902)	(4,396,100)	(4,396,100)	0	0	0
0	(245,907)	(467,640)	(320,060)	0	0	0
0	(26,960)	(51,270)	(35,090)	0	0	0
0	(18,223)	(19,455)	(18,865)	0	0	0
0	(114,550)	(213,569)	(146,170)	0	0	0
0	(1,342,172)	0	0	0	0	0
0	(229,138)	(245,751)	(237,563)	0	0	0
0	(2,674,437)	(2,727,926)	(2,727,926)	0	0	0
0	(1,887,491)	0	0	0	0	0
0	0	0	(169,752)	0	0	0
0	(18,248)	(10,912)	(10,912)	0	0	0
0	(128,846)	(240,222)	(164,412)	0	0	0
0	(12,965)	0	0	0	0	0
0	(228,096)	(136,396)	(144,884)	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(122,163)	0	0	0	0	0	0
(20,360)	0	0	0	0	0	0

054:Jun 2014	060:Dec 2014	066:Jun 2015	072:Dec 2015	078:Jun 2016	084:Dec 2016	090:Jun 2017
24,377,062	43,847,257	46,261,494	42,182,462	66,596,906	71,647,306	76,772,902
(351,325)	0	0	0	0	0	0
(35,250)	0	0	0	0	0	0
0	(137,483)	(147,450)	(142,538)	0	0	0
0	(23,005)	(24,672)	(23,851)	0	0	0
(264,725)	0	0	0	0	0	0
(67,000)	0	0	0	0	0	0
0	(136,858)	(81,838)	(86,930)	0	0	0
0	(22,810)	(13,640)	(14,488)	0	0	0
0	0	0	0	0	0	0
(200,000)	0	(100,000)	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	(50,000)	0	0	0	0	0
0	(50,000)	0	0	0	0	0
0	0	0	(199,766)	0	0	0
0	0	0	0	0	0	0
(162,884)	0	0	0	0	0	0
0	(182,232)	(194,550)	(188,646)	0	0	0
42,464,678	**14,453,119**	**1,341,428**	**(3,946,086)**	**25,936,993**	**5,062,856**	**5,138,237**
0	0	(126)	(103,037)	(33,640)	0	0
42,464,678	**14,453,119**	**1,341,302**	**(4,049,123)**	**25,903,354**	**5,062,856**	**5,138,237**
29,784,812	44,237,931	45,579,233	41,530,110	67,433,464	72,496,320	77,634,557

Dorcol Marina
G+12 - Special assumption

Table of Residual Land Price and IRR %

Sensitivity Analysis for Merged Phases 1 2 3 4

Sales Rate -€100.00 m²	**Interest Rates**				
Constr. Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-5.000%	€34,729,631 20.869%	€34,066,425 21.165%	€33,413,274 21.461%	€32,770,259 21.756%	€32,137,288 22.051%
-2.500%	€32,418,872 21.239%	€31,775,302 21.536%	€31,141,757 21.833%	€30,518,185 22.129%	€29,904,460 22.425%
0.000%	€30,106,723 21.629%	€29,480,765 21.928%	€28,862,442 22.228%	€28,253,391 22.528%	€27,643,688 22.832%
+2.500%	€27,767,135 22.052%	€27,147,110 22.360%	€26,529,636 22.671%	€25,914,988 22.985%	€25,303,192 23.303%
+5.000%	€25,362,968 22.533%	€24,744,377 22.852%	€24,132,207 23.173%	€23,526,443 23.496%	€22,927,010 23.820%
Sales Rate - €50.00 m²	**Interest Rates**				
Constr. Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-5.000%	€37,544,703 20.630%	€36,853,588 20.926%	€36,173,289 21.221%	€35,503,830 21.516%	€34,843,215 21.812%
-2.500%	€35,261,861 20.969%	€34,589,101 21.266%	€33,926,730 21.563%	€33,274,624 21.860%	€32,632,714 22.156%
0.000%	€32,950,131 21.337%	€32,297,186 21.635%	€31,654,442 21.933%	€31,021,777 22.230%	€30,399,129 22.527%
+2.500%	€30,637,979 21.724%	€30,004,690 22.023%	€29,377,172 22.324%	€28,759,013 22.625%	€28,145,589 22.928%
+5.000%	€28,304,068 22.141%	€27,674,514 22.450%	€27,051,961 22.760%	€26,429,192 23.075%	€25,809,752 23.392%
Sales Rate €0.00 m²	**Interest Rates**				
Constr. Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-5.000%	€40,343,031 20.414%	€39,619,739 20.712%	€38,907,602 21.009%	€38,206,231 21.306%	€37,515,831 21.603%
-2.500%	€38,087,051 20.725%	€37,387,170 21.022%	€36,698,402 21.318%	€36,020,518 21.613%	€35,352,291 21.909%
0.000%	€35,793,550 21.066%	€35,111,369 21.365%	€34,439,722 21.663%	€33,778,482 21.960%	€33,127,298 22.258%
+2.500%	€33,481,391 21.432%	€32,819,069 21.732%	€32,167,105 22.031%	€31,525,281 22.329%	€30,893,425 22.627%
+5.000%	€31,168,278 21.817%	€30,525,522 22.117%	€29,890,308 22.419%	€29,262,906 22.721%	€28,644,764 23.023%
Sales Rate + €50.00 m²	**Interest Rates**				
Constr. Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-5.000%	€43,140,523 20.213%	€42,384,553 20.512%	€41,639,996 20.811%	€40,906,936 21.110%	€40,185,262 21.409%
-2.500%	€40,884,960 20.508%	€40,152,477 20.807%	€39,431,405 21.105%	€38,721,617 21.403%	€38,023,043 21.700%
0.000%	€38,624,541 20.819%	€37,914,365 21.118%	€37,215,310 21.415%	€36,527,249 21.712%	€35,850,105 22.009%
+2.500%	€36,323,894 21.162%	€35,632,628 21.461%	€34,951,272 21.760%	€34,280,353 22.059%	€33,619,693 22.358%
+5.000%	€34,011,693 21.525%	€33,339,298 21.826%	€32,677,316 22.127%	€32,025,658 22.427%	€31,384,262 22.726%
Sales Rate +€100.00 m²	**Interest Rates**				
Constr. Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-5.000%	€45,934,216 20.025%	€45,145,979 20.326%	€44,369,512 20.627%	€43,604,832 20.928%	€42,851,893 21.228%
-2.500%	€43,681,528 20.307%	€42,916,767 20.607%	€42,163,723 20.907%	€41,422,323 21.206%	€40,692,477 21.505%
0.000%	€41,425,857 20.601%	€40,684,689 20.900%	€39,955,124 21.199%	€39,237,001 21.498%	€38,530,253 21.795%
+2.500%	€39,154,287 20.915%	€38,434,695 21.214%	€37,726,388 21.513%	€37,029,138 21.811%	€36,342,761 22.109%
+5.000%	€36,851,653 21.256%	€36,151,606 21.556%	€35,460,605 21.857%	€34,780,260 22.157%	€34,110,499 22.457%

Dorcol Marina

G+12 - Special assumption

Sensitivity Analysis for Merged Phases 1 2 3 4

Sensitivity Analysis : Assumptions for Calculation

Interest Rates

The following Interest Sets are included : Interest Set 1
Debit Rates are included in Sensitivity
Credit Rates are NOT included in Sensitivity

Interest Rates in the above Sets are varied in Fixed Steps of 0.500%

Construction Rate

Heading	Phase	Original Value
Retail Marina	1	€650.00 pm²
Open Parking	1	€70.00 pm²
Retail Marina	2	€650.00 pm²
Open Parking	2	€70.00 pm²
Office tower	4	€700.00 pm²
Garage	4	€300.00 pm²
Open parking	4	€60.00 pm²
Apartments	1	€575.00 pm²
Office for Sale	1	€650.00 pm²
Garages	1	€350.00 pm²
Apartments	2	€575.00 pm²
Office for Sale	2	€650.00 pm²
Garages	2	€350.00 pm²
Business Apartments	3	€850.00 pm²
Garages	3	€350.00 pm²
Open parking	3	€60.00 pm²

These fields varied in Steps of 2.5000 % of the original value

Sales Rate

Heading	Phase	Original Value
Apartments	1	€2,250.00 pm²
Office for Sale	1	€2,800.00 pm²
Garages	1	€1,000.00 pm²
Apartments	2	€2,500.00 pm²
Office for Sale	2	€3,100.00 pm²
Garages	2	€1,000.00 pm²
Business Apartments	3	€2,700.00 pm²
Garages	3	€1,000.00 pm²

These fields varied in Fixed Steps of €50.00 pm²

CB RICHARD ELLIS D.O.O Belgrade

Development Appraisal

Dorcol Marina

G+9 - "As-Is Commercial only valuation premise"

Dunavski kej Street Belgrade

Report Date 29.01.2010

Prepared by CB Richard Ellis

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Timescale (Duration in months)

Project commences Jan 2010
Phase 1

Stage Name	Duration	Start Date	End Date	Anchored To	Alignec	Offset
Phase Start		Jan 2010				
Pre-Construction	15	Jan 2010	Mar 2011	Purchase	End	0
Construction	24	Apr 2011	Mar 2013	Pre-Construction	End	0
Sale	36	Apr 2011	Mar 2014	(None)	Start	0
Phase End		Jan 2015				
Phase Length	**51**					

Phase 2

Stage Name	Duration	Start Date	End Date	Anchored To	Alignec	Offset
Phase Start		Jan 2010				
Pre-Construction	3	Apr 2012	Jun 2012	(None)	Start	0
Construction	24	Jul 2012	Jun 2014	(None)	Start	0
Sale	24	Nov 2012	Oct 2014	(None)	Start	0
Phase End		Oct 2014				
Phase Length	**58**					

Phase 3

Stage Name	Duration	Start Date	End Date	Anchored To	Alignec	Offset
Phase Start		Jan 2010				
Pre-Construction	3	Apr 2014	Jun 2014	(None)	Start	0
Construction	18	Jul 2014	Dec 2015	(None)	Start	0
Sale	24	Jul 2014	Jun 2016	(None)	Start	0
Phase End		Jun 2016				
Phase Length	**78**					

Phase 4

Stage Name	Duration	Start Date	End Date	Anchored To	Alignec	Offset
Phase Start		Jan 2010				
Pre-Construction	3	Apr 2014	Jun 2014	(None)	Start	0
Construction	18	Jul 2014	Dec 2015	(None)	Start	0
Sale	3	Jan 2016	Mar 2016	(None)	Start	0
Phase End		Mar 2016				
Phase Length	**75**					

Project Length **78** **(Merged Phases - Includes Exit Period)**

Assumptions

Expenditure

Professional Fees are based on Construction
(Manual relations applied to some Professional Fees)
Purchaser's Costs are based on Gross Capitalisation
Purchaser's Costs Deducted from Sale (Not added to Cost)
Sales Fees are based on Gross Capitalisation
Sales Fees Added to Cost (Not deducted from Sale)

Receipts

Show tenant's true income stream	On
Offset income against development costs	Off
Rent payment cycle	Quarterly (Adv)
Apply rent payment cycle to all tenants	On
Renewal Void and Rent Free apply to first renewal only	Off

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Assumptions

Initial Yield Valuation Method	Off
Default Capitalisation Yield	0.0000%
Apply Default Capitalisation to All Tenants	Off
Default stage for Sale Date	Off
Align end of income stream to Sale Date	Off
Apply align end of income stream to all tenants	On
When the Capital Value is modified in the cash flow	Recalculate the Yield
Valuation Tables are	Annually in Arrears
Rent Free method	Defer start of Tenant's Rent

Finance

Financing Method	Structured Finance
Include interest and Finance Fees in IRR Calculations	Off

Calculation

Site Payments	In Arrears
Other Payments	In Arrears
Negative Land	In Arrears
Receipts	In Advance
Initial IRR Guess Rate	8.00%
Minimum IRR	-100%
Maximum IRR	99999%
Manual Discount Rate	10.0000%
IRR Tolerance	0.001000
Letting and Rent Review Fees are calculated on	Net of Deductions
Development Yield and Rent Cover are calculated on	Rent at Sale Date(s)
Include Tenants with no Capital Value	On
Include Turnover Rent	Off
Net of Non-Recoverable costs	On
Net of Ground Rent deductions	On
Net of Rent Additions/Costs	On

Value Added Tax

Global VAT Rate	0.00%
Global Recovery Rate	0.00%
Recovery Cycle every	2 months
1st Recovery Month	2 (Feb 2010)
VAT Calculations in Cash Flow	On

Residual

Land Cost Mode	Residualised Land Value
Multi-Phasing	Separate Land Residual for each phase
Target Type	Profit on GDV

Phase Number	Target Value	Locked Value	Treat Neg Land as Revenue
Phase 1	27.50%	No	No
Phase 2	27.50%	No	No
Phase 3	27.50%	No	No
Phase 4	27.50%	No	No

Distribution

Construction Payments are paid on	S-Curve
Sales Receipts are paid on	Single curve
Sales Deposits are paid on	Monthly curve

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Assumptions

Finance Rates

Interest Set 1

Rate	Months	Start Date
8.500%	Perpetuity	Jan 2010

Loan Set 1

Rate	Months	Start Date
8.000%	Perpetuity	Jan 2010

Inflation and Growth

Growth Sets

Growth Set 1
Inflation/Growth for this set is calculated in arrears
This set is not stepped

Rate	Months	Start Date
2.000%	Perpetuity	Jan 2010

Growth Set 2
Inflation/Growth for this set is calculated in arrears
This set is not stepped

Rate	Months	Start Date
0.000%	24	Jan 2010
4.000%	Perpetuity	Jan 2012

Growth Set 3
Inflation/Growth for this set is calculated in arrears
This set is not stepped

Rate	Months	Start Date
0.000%	54	Jan 2010
3.000%	Perpetuity	Jul 2014

Inflation Sets

Inflation Set 1
Inflation/Growth for this set is calculated in arrears
This set is stepped, with the Anniversary in January
First year's inflation/growth is not pro-rated to the anniversary month
On first anniversary month with a non-zero rate, do not step up to the full annual rate

Rate	Months	Start Date
2.000%	Perpetuity	Jan 2010

APPRAISAL SUMMARY	CB RICHARD ELLIS D.O.O BELGRADE

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Summary Appraisal for Merged Phases 1 2 3 4

REVENUE

Sales Valuation	**m²**	**Rate m²**	**Gross Sales**	**Adjustment**	**Net Sales**
Office for Sale	5,088.80	€2,800.00	14,248,640	638,983	14,887,623
Garages	625.00	€1,000.00	625,000	21,244	646,244
Office for Sale	1,263.20	€3,100.00	3,915,920	313,927	4,229,847
Garages	125.00	€1,000.00	125,000	10,961	135,961
Business Apartments	4,477.50	€3,100.00	13,880,250	421,304	14,301,554
‡ Garages	537.50	€1,000.00	537,500	51,068	588,568
Totals	12,117.00		33,332,310	1,457,485	34,789,795
					34,789,795

Rental Area Summary	**m²**	**Rate m²**	**Gross MRV**
Retail Marina	4,825.80	€37.50	2,171,610
Retail Marina	1,215.90	€40.00	583,632
Open Parking	2,137.50	€5.00	128,250
Office tower	9,486.00	€15.00	1,707,480
Garage	2,325.00	€8.00	223,200
Open parking	1,025.00	€4.80	59,040
Totals	21,015.20		4,873,212

Investment Valuation					
Retail Marina					
Market Rent	2,171,610	YP @	8.2500%	12.1212	
		PV 0yrs 5mths @	8.2500%	0.9675	25,467,301
Retail Marina					
Current Rent	583,632	YP @	8.2500%	12.1212	7,074,327
Open Parking					
Current Rent	128,250	YP @	8.2500%	12.1212	1,554,545
Office tower					
Current Rent	1,707,480	YP @	9.2500%	10.8108	18,459,243
Garage					
Current Rent	223,200	YP @	9.2500%	10.8108	2,412,973
Open parking					
Current Rent	59,040	YP @	9.2500%	10.8108	638,270
					55,606,660

GROSS DEVELOPMENT VALUE		90,396,456
Income from Tenants		
Retail Marina	1,069,992	
Open Parking	235,125	
Office tower	142,290	
Garage	18,600	
Open parking	4,920	
		1,470,927
Additional Revenue		
NET REALISATION		**91,867,383**

OUTLAY

ACQUISITION COSTS				
Residualised Price (40,541.00 m² €216.61 pm²)			8,781,479	
Stamp Duty		0.30%	30,447	
				8,811,926

CONSTRUCTION COSTS

Construction	**m²**	**Rate m²**	**Cost**
‡ Retail Marina	5,362.00	€700.00	3,886,086
‡ Open Parking	375.00	€70.00	27,311

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‡ Retail Marina	1,351.00	€700.00	1,003,683	
‡ Open Parking	5,343.75	€70.00	381,544	
‡ Office tower	10,540.00	€700.00	8,092,667	
‡ Garage	5,812.50	€300.00	1,887,491	
‡ Open parking	2,562.50	€60.00	169,752	
‡ Office for Sale	6,361.00	€650.00	4,280,814	
‡ Garages	1,562.50	€350.00	557,813	
‡ Office for Sale	1,579.00	€650.00	1,089,278	
‡ Garages	312.50	€350.00	114,552	
‡ Business Apartments	5,970.00	€850.00	5,566,039	
‡ Garages	1,343.75	€350.00	516,804	
‡ Open parking	1,718.75	€60.00	113,319	
Totals	50,194.25		27,687,153	**27,687,153**
Contingency		5.00%	1,384,358	
				1,384,358
Other Construction				
Insurance		0.40%	35,008	
Construction Marina Faicility			3,600,000	
Landscaping, crane renovation			1,200,000	
Insurance		0.40%	10,356	
Insurance		0.40%	24,331	
Insurance		0.40%	39,921	
				4,909,616
Municipal Costs				
Utility connections	9,914.60 m²	45.00 pm²	446,157	
Utility connections	2,479.10 m²	45.00 pm²	111,560	
Utility connections	4,477.50 m²	45.00 pm²	201,488	
Utility connections	11,811.00 m²	45.00 pm²	531,495	
				1,290,699
PROFESSIONAL FEES				
Architect	11,723.00 m²	20.00 pm²	234,460	
Architect	1,937.50 m²	8.00 pm²	15,500	
Architect	2,930.00 m²	20.00 pm²	58,600	
Architect	5,656.25 m²	8.00 pm²	45,250	
Architect	5,970.00 m²	25.00 pm²	149,250	
Architect	3,062.50 m²	8.00 pm²	24,500	
Architect	10,540.00 m²	25.00 pm²	263,500	
Architect	8,375.00 m²	8.00 pm²	67,000	
Project Manager		3.00%	830,615	
Acceptances		1.50%	131,805	
Acceptances		1.50%	38,991	
Acceptances		1.50%	93,307	
Acceptances		1.50%	152,847	
				2,105,626
MARKETING & LETTING				
Marketing			450,000	
Letting Agent Fee		8.00%	216,128	
				666,128
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,807,929	
				1,807,929
Additional Costs				
Dev. Management Fee		4.00%	350,081	
Dev. Management Fee		4.00%	103,562	
Dev. Management Fee		4.00%	243,314	
Infrastructure fee			12,072,344	
Ground lease			1,052,000	
				13,821,301

Interest and Fees not Included in Project Costs

Interest paid to Debt Sources:

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Debt (8.500%)	2,179,741		
Total Interest paid to Debt Sources:		2,179,741	
Total Interest Paid		2,179,741	
Debt Financing Fees			
Debt - Bank Fees (0.500%) (Single)	246,625		
Total Debt Financing Fees		246,625	
Total Interest and Fees not Included in Project Costs			**2,426,366**
TOTAL COSTS			**64,911,102**
PROFIT			
Balancing Account		26,956,281	
			26,956,281

Performance Measures

Profit on Cost%	41.53%
Profit on GDV%	29.82%
Profit on NDV%	29.82%
Development Yield% (on Rent)	7.51%
Equivalent Yield% (Nominal)	8.63%
Equivalent Yield% (True)	8.63%
Gross Initial Yield%	8.76%
Net Initial Yield%	8.76%
Ungeared IRR%	23.62%
Geared IRR% (without Interest)	23.62%
Equity IRR% (without Interest)	0.00%
NPV at target rate of 10.00%	12,298,057
Rent Cover	5 yrs 6 mths

‡ Inflation/Growth applied

Growth on Sales		**Ungrown**	**Growth**	**Total**
Office for Sale		14,248,640	638,983	14,887,623
Garages		625,000	21,244	646,244
Office for Sale		3,915,920	313,927	4,229,847
Garages		125,000	10,961	135,961
Business Apartments		13,880,250	421,304	14,301,554
Garages	Growth Set 1 at 2.000%	537,500	51,068	588,568

Inflation on Construction Costs		**Uninflated**	**Inflation**	**Total**
Office for Sale	Inflation Set 1 at 2.000%	4,134,650	146,164	4,280,814
Garages	Inflation Set 1 at 2.000%	546,875	10,938	557,813
Office for Sale	Inflation Set 1 at 2.000%	1,026,350	62,928	1,089,278
Garages	Inflation Set 1 at 2.000%	109,375	5,177	114,552
Business Apartments	Inflation Set 1 at 2.000%	5,074,500	491,539	5,566,039
Garages	Inflation Set 1 at 2.000%	470,313	46,491	516,804
Open parking	Inflation Set 1 at 2.000%	103,125	10,194	113,319
Retail Marina	Inflation Set 1 at 2.000%	3,753,400	132,686	3,886,086
Open Parking	Inflation Set 1 at 2.000%	26,250	1,061	27,311
Retail Marina	Inflation Set 1 at 2.000%	945,700	57,983	1,003,683
Open Parking	Inflation Set 1 at 2.000%	374,063	7,481	381,544
Office tower	Inflation Set 1 at 2.000%	7,378,000	714,667	8,092,667
Garage	Inflation Set 1 at 2.000%	1,743,750	143,741	1,887,491
Open parking	Inflation Set 1 at 2.000%	153,750	16,002	169,752

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Detailed Cash flow (Merged Phases)

	006:Jun 2010	012:Dec 2010	018:Jun 2011	024:Dec 2011	030:Jun 2012	036:Dec 2012	042:Jun 2013	048:Dec 2013	054:Jun 2014
Semi-AnnualB/F	(13,195,375)	(13,476,506)	(18,686,203)	(29,444,155)	(32,779,246)	(13,001,052)	(6,073,258)	(981,256)	1,476,850
Phase 1 - Revenue									
Cap - Retail Marina	0	0	0	0	0	25,467,301	0	0	0
Sale - Office for Sale	0	0	107,153	742,488	1,590,914	2,763,122	4,936,378	3,699,458	1,048,110
Sale - Garages	0	0	15,948	62,931	105,234	149,864	196,220	116,047	0
Phase 2 - Revenue									
R Flow - Retail Marina	0	0	0	0	0	48,636	291,816	291,816	291,816
R Flow - Open Parking	0	0	0	0	0	10,688	64,125	64,125	64,125
Cap - Retail Marina	0	0	0	0	0	0	0	0	0
Cap - Open Parking	0	0	0	0	0	0	0	0	0
Sale - Office for Sale	0	0	0	0	0	49,574	452,779	1,519,193	1,601,430
Sale - Garages	0	0	0	0	0	469	12,849	30,538	48,923
Phase 3 - Revenue									
Sale - Business Apartments	0	0	0	0	0	0	0	0	0
Sale - Garages	0	0	0	0	0	0	0	0	0
Phase 4 - Revenue									
R Flow - Office tower	0	0	0	0	0	0	0	0	0
R Flow - Garage	0	0	0	0	0	0	0	0	0
R Flow - Open parking	0	0	0	0	0	0	0	0	0
Cap - Office tower	0	0	0	0	0	0	0	0	0
Cap - Garage	0	0	0	0	0	0	0	0	0
Cap - Open parking	0	0	0	0	0	0	0	0	0
Phase 1 - Disposal Costs									
Sales Agent Fee	0	0	(2,462)	(16,108)	(33,923)	(567,606)	(102,652)	(76,310)	(20,962)
Phase 2 - Disposal Costs									
Sales Agent Fee	0	0	0	0	0	(1,001)	(9,313)	(30,995)	(33,007)
Phase 3 - Disposal Costs									
Sales Agent Fee	0	0	0	0	0	0	0	0	0
Phase 4 - Disposal Costs									
Sales Agent Fee	0	0	0	0	0	0	0	0	0
Phase 1 - Unit Information									
Office for Sale									
Garages									
Phase 2 - Unit Information									
Office for Sale									
Garages									

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Detailed Cash flow (Merged Phases)

	006:Jun 2010	012:Dec 2010	018:Jun 2011	024:Dec 2011	030:Jun 2012	036:Dec 2012	042:Jun 2013	048:Dec 2013	054:Jun 2014
Semi-AnnualB/F	(13,195,375)	(13,476,506)	(18,686,203)	(29,444,155)	(32,779,246)	(13,001,052)	(6,073,258)	(981,256)	1,476,850
Phase 3 - Unit Information									
Business Apartments									
Garages									
Open parking									
Phase 4 - Unit Information									
Phase 1 - Acquisition Costs									
Residualised Price	1,367,568	0	0	0	0	0	0	0	0
Phase 2 - Acquisition Costs									
Residualised Price	(5,310,096)	0	0	0	0	0	0	0	0
Stamp Duty	(15,930)	0	0	0	0	0	0	0	0
Phase 3 - Acquisition Costs									
Residualised Price	(2,646,700)	0	0	0	0	0	0	0	0
Stamp Duty	(7,940)	0	0	0	0	0	0	0	0
Phase 4 - Acquisition Costs									
Residualised Price	(2,192,251)	0	0	0	0	0	0	0	0
Stamp Duty	(6,577)	0	0	0	0	0	0	0	0
Phase 1 - Construction Costs									
Con. - Retail Marina	0	0	(478,559)	(957,117)	(976,259)	(976,259)	(497,892)	0	0
Con. - Open Parking	0	0	0	0	(27,311)	0	0	0	0
Con. - Office for Sale	0	0	(527,168)	(1,054,336)	(1,075,422)	(1,075,422)	(548,465)	0	0
Con. - Garages	0	0	(185,938)	(371,875)	0	0	0	0	0
Insurance	0	0	(4,767)	(9,533)	(8,316)	(8,207)	(4,185)	0	0
Construction Marina Faicility	0	0	(1,800,000)	(1,800,000)	0	0	0	0	0
Landscaping, crane renovation	0	0	(600,000)	(600,000)	0	0	0	0	0
Utility connections	0	0	(19,556)	(111,429)	(152,816)	(128,160)	(34,196)	0	0
Contingency	0	0	(59,583)	(119,166)	(103,950)	(102,584)	(52,318)	0	0
Phase 2 - Construction Costs									
Con. - Retail Marina	0	0	0	0	0	(245,977)	(250,896)	(250,896)	(255,914)
Con. - Open Parking	0	0	(127,181)	(254,363)	0	0	0	0	0
Con. - Office for Sale	0	0	0	0	0	(266,954)	(272,293)	(272,293)	(277,739)
Con. - Garages	0	0	0	0	0	(75,863)	(38,690)	0	0
Insurance	0	0	(509)	(1,017)	0	(2,355)	(2,248)	(2,093)	(2,135)
Utility connections	0	0	0	0	0	(16,495)	(35,101)	(37,193)	(22,771)
Contingency	0	0	(6,359)	(12,718)	0	(29,440)	(28,094)	(26,159)	(26,683)

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Detailed Cash flow (Merged Phases)

	006:Jun 2010	012:Dec 2010	018:Jun 2011	024:Dec 2011	030:Jun 2012	036:Dec 2012	042:Jun 2013	048:Dec 2013	054:Jun 2014
Semi-AnnualB/F	(13,195,375)	(13,476,506)	(18,686,203)	(29,444,155)	(32,779,246)	(13,001,052)	(6,073,258)	(981,256)	1,476,850
Phase 3 - Construction Costs									
Con. - Business Apartments	0	0	0	0	0	0	0	0	0
Con. - Garages	0	0	0	0	0	0	0	0	0
Con. - Open parking	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0
Utility connections	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0
Phase 4 - Construction Costs									
Con. - Office tower	0	0	0	0	0	0	0	0	0
Con. - Garage	0	0	0	0	0	0	0	0	0
Con. - Open parking	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0
Utility connections	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0
Phase 1 - Professional Fees									
Architect	(234,460)	0	0	0	0	0	0	0	0
Architect	(15,500)	0	0	0	0	0	0	0	0
Project Manager	0	0	(35,750)	(71,500)	(62,370)	(61,550)	(31,391)	0	0
Acceptances	0	0	(17,946)	(35,893)	(31,310)	(30,898)	(15,758)	0	0
Phase 2 - Professional Fees									
Architect	0	0	0	0	(58,600)	0	0	0	0
Architect	0	0	0	0	(45,250)	0	0	0	0
Project Manager	0	0	(3,815)	(7,631)	0	(17,664)	(16,856)	(15,696)	(16,010)
Acceptances	0	0	(1,915)	(3,831)	0	(8,867)	(8,462)	(7,879)	(8,037)
Phase 3 - Professional Fees									
Architect	0	0	0	0	0	0	0	0	(149,250)
Architect	0	0	0	0	0	0	0	0	(24,500)
Project Manager	0	0	0	0	0	0	0	0	0
Acceptances	0	0	0	0	0	0	0	0	0
Phase 4 - Professional Fees									
Architect	0	0	0	0	0	0	0	0	(263,500)
Architect	0	0	0	0	0	0	0	0	(67,000)
Project Manager	0	0	0	0	0	0	0	0	0
Acceptances	0	0	0	0	0	0	0	0	0
Phase 1 - Miscellaneous Costs									

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Detailed Cash flow (Merged Phases)

	006:Jun 2010	012:Dec 2010	018:Jun 2011	024:Dec 2011	030:Jun 2012	036:Dec 2012	042:Jun 2013	048:Dec 2013	054:Jun 2014
Semi-AnnualB/F	(13,195,375)	(13,476,506)	(18,686,203)	(29,444,155)	(32,779,246)	(13,001,052)	(6,073,258)	(981,256)	1,476,850
Infrastructure fee	(3,691,150)	(257,919)	(2,317,210)	(5,806,065)	0	0	0	0	0
Ground lease	(188,000)	0	(252,000)	0	(252,000)	0	(180,000)	0	(120,000)
Phase 1 - Marketing/Letting									
Marketing	0	0	0	0	0	0	(300,000)	0	0
Phase 2 - Marketing/Letting									
Marketing	0	0	0	0	0	(50,000)	0	0	0
Letting Agent Fee	0	0	0	0	0	0	0	0	0
Phase 3 - Marketing/Letting									
Marketing	0	0	0	0	0	0	0	0	0
Phase 4 - Marketing/Letting									
Marketing	0	0	0	0	0	0	0	0	0
Letting Agent Fee	0	0	0	0	0	0	0	0	0
Phase 1 - Development Management Fee									
Dev. Management Fee	0	0	(47,667)	(95,333)	(83,160)	(82,067)	(41,854)	0	0
Phase 2 - Development Management Fee									
Dev. Management Fee	0	0	(5,087)	(10,175)	0	(23,552)	(22,475)	(20,928)	(21,346)
Phase 3 - Development Management Fee									
Dev. Management Fee	0	0	0	0	0	0	0	0	0
Period Total Before Finance	**(12,941,036)**	**(257,919)**	**(6,370,371)**	**(10,532,671)**	**(1,214,537)**	**24,718,732**	**3,461,028**	**4,980,736**	**1,745,551**
Finance Costs (All Loans)	(257,539)	(25,203)	(117,824)	(492,380)	(818,864)	(442,602)	0	0	0
Period Total After Finance	**(13,198,575)**	**(283,122)**	**(6,488,195)**	**(11,025,051)**	**(2,033,401)**	**24,276,131**	**3,461,028**	**4,980,736**	**1,745,551**
Cumulative Total C/f Semi-Annual	(13,198,575)	(13,481,697)	(19,969,892)	(30,994,943)	(33,028,345)	(8,752,214)	(5,291,186)	(310,450)	1,435,101

060:Dec 2014	066:Jun 2015	072:Dec 2015	078:Jun 2016
6,177,972	4,156,468	3,133,514	26,680,722
0	0	0	0
0	0	0	0
0	0	0	0
145,908	0	0	0
32,063	0	0	0
7,074,327	0	0	0
1,554,545	0	0	0
606,871	0	0	0
43,181	0	0	0
2,069,081	4,461,273	4,794,868	2,976,331
588,568	0	0	0
0	0	142,290	0
0	0	18,600	0
0	0	4,920	0
0	0	0	18,459,243
0	0	0	2,412,973
0	0	0	638,270
0	0	0	0
(185,579)	0	0	0
(297,802)	0	0	0
0	0	0	(430,210)

060:Dec 2014	066:Jun 2015	072:Dec 2015	078:Jun 2016
6,177,972	4,156,468	3,133,514	26,680,722
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
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0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0

060:Dec 2014	066:Jun 2015	072:Dec 2015	078:Jun 2016
6,177,972	4,156,468	3,133,514	26,680,722
(1,830,934)	(1,867,553)	(1,867,553)	0
(122,954)	(233,820)	(160,030)	0
(26,960)	(51,270)	(35,090)	0
(7,816)	(8,405)	(8,110)	0
(48,663)	(90,728)	(62,096)	0
(99,042)	(107,632)	(103,134)	0
(2,662,061)	(2,715,303)	(2,715,303)	0
(1,887,491)	0	0	0
0	0	(169,752)	0
(18,198)	(10,861)	(10,861)	0
(128,367)	(239,328)	(163,800)	0
(227,478)	(135,765)	(144,253)	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
(59,425)	(64,579)	(61,880)	0
(29,830)	(32,416)	(31,062)	0
0	0	0	0
0	0	0	0
(136,487)	(81,459)	(86,552)	0
(68,516)	(40,892)	(43,439)	0

060:Dec 2014	066:Jun 2015	072:Dec 2015	078:Jun 2016
6,177,972	4,156,468	3,133,514	26,680,722
0	0	0	0
0	(60,000)	0	0
0	0	0	0
0	0	0	0
(56,951)	0	0	0
(50,000)	0	0	0
(50,000)	0	0	0
0	0	0	(159,178)
0	0	0	0
0	0	0	0
(78,156)	(84,055)	(81,103)	0
4,041,836	**(1,362,794)**	**(783,339)**	**23,897,430**
(27,391)	(85,110)	(133,694)	(25,759)
4,014,445	**(1,447,904)**	**(917,032)**	**23,871,671**
5,449,546	4,001,642	3,084,610	26,956,281

SENSITIVITY ANALYSIS **CB RICHARD ELLIS D.O.O BELGRADE**

Dorcol Marina

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Table of Residual Land Price and IRR %

Sensitivity Analysis for Merged Phases 1 2 3 4

Construction Rate - 5.000%	**Interest Rates**				
Sales Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-€100.00 m²	€9,842,099 22.245%	€9,607,390 22.597%	€9,375,385 22.951%	€9,146,012 23.307%	€8,919,185 23.664%
- €50.00 m²	€10,211,479 22.112%	€9,972,287 22.463%	€9,735,872 22.817%	€9,502,156 23.172%	€9,271,281 23.529%
€0.00 m²	€10,580,836 21.982%	€10,337,178 22.333%	€10,096,359 22.687%	€9,858,299 23.042%	€9,623,143 23.399%
+ €50.00 m²	€10,950,193 21.856%	€10,702,071 22.208%	€10,456,847 22.561%	€10,214,443 22.916%	€9,975,005 23.272%
+€100.00 m²	€11,319,552 21.735%	€11,066,963 22.086%	€10,817,332 22.439%	€10,570,587 22.793%	€10,326,866 23.150%

Construction Rate - 2.500%	**Interest Rates**				
Sales Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-€100.00 m²	€9,172,873 22.713%	€8,943,718 23.070%	€8,717,223 23.429%	€8,493,379 23.790%	€8,272,144 24.153%
- €50.00 m²	€9,542,681 22.567%	€9,309,484 22.923%	€9,079,050 23.281%	€8,850,966 23.641%	€8,625,507 24.004%
€0.00 m²	€9,912,237 22.426%	€9,674,565 22.782%	€9,439,717 23.139%	€9,207,682 23.499%	€8,978,421 23.860%
+ €50.00 m²	€10,281,593 22.290%	€10,039,456 22.646%	€9,800,203 23.003%	€9,563,825 23.362%	€9,330,281 23.723%
+€100.00 m²	€10,650,950 22.159%	€10,404,347 22.514%	€10,160,690 22.871%	€9,919,969 23.230%	€9,682,143 23.590%

Construction Rate 0.000%	**Interest Rates**				
Sales Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-€100.00 m²	€8,501,713 23.210%	€8,278,854 23.571%	€8,058,574 23.935%	€7,840,857 24.300%	€7,625,682 24.668%
- €50.00 m²	€8,871,453 23.051%	€8,644,220 23.412%	€8,419,627 23.775%	€8,197,655 24.140%	€7,978,285 24.508%
€0.00 m²	€9,241,798 22.897%	€9,010,412 23.257%	€8,781,479 23.620%	€8,555,228 23.984%	€8,331,646 24.351%
+ €50.00 m²	€9,611,386 22.750%	€9,375,683 23.109%	€9,142,789 23.470%	€8,912,684 23.834%	€8,685,016 24.199%
+€100.00 m²	€9,980,888 22.607%	€9,740,706 22.966%	€9,503,393 23.327%	€9,268,929 23.690%	€9,037,292 24.055%

Construction Rate + 2.500%	**Interest Rates**				
Sales Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-€100.00 m²	€7,830,416 23.736%	€7,613,847 24.103%	€7,399,779 24.471%	€7,188,196 24.842%	€6,979,077 25.215%
- €50.00 m²	€8,200,980 23.563%	€7,980,019 23.928%	€7,761,620 24.296%	€7,545,765 24.666%	€7,332,435 25.039%
€0.00 m²	€8,571,021 23.396%	€8,345,686 23.761%	€8,122,962 24.128%	€7,902,847 24.497%	€7,685,321 24.869%
+ €50.00 m²	€8,940,626 23.236%	€8,710,905 23.600%	€8,483,874 23.966%	€8,259,509 24.335%	€8,037,788 24.706%
+€100.00 m²	€9,310,504 23.080%	€9,076,749 23.444%	€8,845,733 23.809%	€8,617,089 24.177%	€8,391,148 24.547%

Construction Rate + 5.000%	**Interest Rates**				
Sales Rate € pm²	-1.000%	-0.500%	0.000%	+0.500%	+1.000%
-€100.00 m²	€7,158,099 24.297%	€6,947,578 24.669%	€6,739,446 25.044%	€6,533,695 25.421%	€6,330,297 25.801%
- €50.00 m²	€7,528,958 24.107%	€7,314,047 24.479%	€7,101,589 24.852%	€6,891,570 25.228%	€6,683,966 25.607%
€0.00 m²	€7,899,522 23.925%	€7,680,218 24.296%	€7,463,429 24.668%	€7,249,141 25.044%	€7,037,324 25.421%
+ €50.00 m²	€8,270,087 23.749%	€8,046,391 24.119%	€7,825,275 24.491%	€7,606,715 24.865%	€7,390,687 25.242%
+€100.00 m²	€8,640,240 23.580%	€8,412,161 23.949%	€8,186,719 24.320%	€7,963,902 24.694%	€7,743,669 25.070%

Dorcol Marina
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Sensitivity Analysis for Merged Phases 1 2 3 4

Sensitivity Analysis : Assumptions for Calculation

Interest Rates
The following Interest Sets are included : Interest Set 1
Debit Rates are included in Sensitivity
Credit Rates are NOT included in Sensitivity

Interest Rates in the above Sets are varied in Fixed Steps of 0.500%

Sales Rate

Heading	Phase	Original Value
Office for Sale	1	€2,800.00 pm²
Garages	1	€1,000.00 pm²
Office for Sale	2	€3,100.00 pm²
Garages	2	€1,000.00 pm²
Business Apartments	3	€3,100.00 pm²
Garages	3	€1,000.00 pm²

These fields varied in Fixed Steps of €50.00 pm²

Construction Rate

Heading	Phase	Original Value
Retail Marina	1	€700.00 pm²
Open Parking	1	€70.00 pm²
Retail Marina	2	€700.00 pm²
Open Parking	2	€70.00 pm²
Office tower	4	€700.00 pm²
Garage	4	€300.00 pm²
Open parking	4	€60.00 pm²
Office for Sale	1	€650.00 pm²
Garages	1	€350.00 pm²
Office for Sale	2	€650.00 pm²
Garages	2	€350.00 pm²
Business Apartments	3	€850.00 pm²
Garages	3	€350.00 pm²
Open parking	3	€60.00 pm²

These fields varied in Steps of 2.5000 % of the original value

Valuation Report

Land Plot Hold for Development of a Retail and Office Center

Kyiv, 12-B, 12-V, 12-G, Kiltseva Doroha

Prepared on behalf of
AKTA MK LLC

January 2010

Prepared by

Knight Frank LLC

39-41, Khoryva Street, office 80

Kyiv, 04071, Ukraine

www.knightfrank.ua

Executive Summary

Address: **Kyiv, 12-B,12-V,12-G, Kiltseva Doroha**

Image:

Location: The land site is located in Svyatoshinskiy city district in 0.8 kilometres from the crossing of Peremohy Avenue and Kiltseva Doroha on the left side when moving around Kyiv to the South.

Description: Land site with total area of 39,890 sq m hold for development of a retail and office center

Tenure: Leasehold

Tenancies: As of valuation date - no signed LOI

Valuation Date: December 31, 2009

SWOT Analysis:

Strengths:

- Good location – nearby dormitory densely populated area
- Deficit for professional retail space
- Professional project management and experienced developer
- Well-developed project concept
- Active retail development along the Kiltseva Doroha – by 2013 the area will be well developed and the customers flow will be high

Opportunities:

- Decline in construction prices in 2009 may reduce the development costs
- Delivery in 2013, when the retail space will be highly demanded
- Potential growth of rent rates in 2012 due to the deficit of retail space
- Signing of LOI with the large anchor tenant (hypermarket), who are actively looking for the retail space

Weaknesses:

- Early development stage of the project
- Reluctance of small scale retail and entertainment operators to sign pre-lease agreements

Threats:

- Decline in rent rates
- Shortage of bank financing on the market
- Delay in delivery terms
- Strengthening of competition in Kyiv

Current Status:	Land plot under development
Projected Market Rent (average):	DIY - $15/sq m/month VAT included Supermarket - $24/sq m/month VAT included Shopping Gallery - $48/sq m/month VAT included Office center -$30/sq m VAT included
Projected Market Value after completion	**$45,100.0 thousand (VAT net) – retail center (2Q 2013)** **$38,862.0 thousand (VAT net) – office center (1Q 2014)**
Market Value as of December 31, 2009 (Residual land value):	**$6,717.3 thousand** **UAH 53,637.6 thousand**

The above executive summary is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

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Appendices

Appendix I	**Calculation of the Market Value of the Subject Property**
Appendix II	**Photographs**
Appendix III	**Documents, Provided by the Client**

Address: **STARTVALUE TRADING LIMITED (the representative of AKTA MK LLC)**
Margarita house 15, Them.Dervis Street,
1066 Nicosia-Cyprus

For the attention of: **Mr. Meir Foyershtein**

11 January, 2010

Dear **Mr. Meir Foyershtein**,

Regarding Valuation of the Land plot with total area of 39,890 sq m, located in Kyiv, on 12-B, 12-V, 12-G, Kiltseva Doroha

1.0 Instructions

Knight Frank refers to the Contract signed between the Knight Frank and **STARTVALUE TRADING LIMITED - official the representative of AKTA MK LLC** for valuation of leasehold interest (100%) of the Company in the land plot hold for development project, located in the city of Kyiv in Svyatoshinskiy city district. The project foresees the development a retail and office center with total area of 54,400 sq m including parking area.

We understand this valuation is required by **AKTA MK LLC** for preparation of **IFRS financial statements**.

The opinion will be produced in accordance with the **International Valuation Standards 2007 (IVS 2007)** commissioned by the International Valuation Standards Committee (IVSC).

No part of the report should be disclosed orally, copied, published, or otherwise circulated outside the Client's organisation without Knight Frank's specific permission. No responsibility is accepted to any other party in whole or in part of the report. In order to avoid any ambiguity, the permission is required whether or not Knight Frank is referred to by name.

The valuation is provided as of **December 31, 2009**. Our inspection of the property was undertaken on **December 21, 2009** by Andrey Golubkov, Valuation Associate.

We would confirm that we are not aware of any conflicts of interest and have no current or recent fee earning involvement with the property, or any other party connected with the property.

We have been provided with documentation, upon which we have relied as being correct for the purposes of this report. The documentation which is referred to throughout the body of this report are listed in full below:

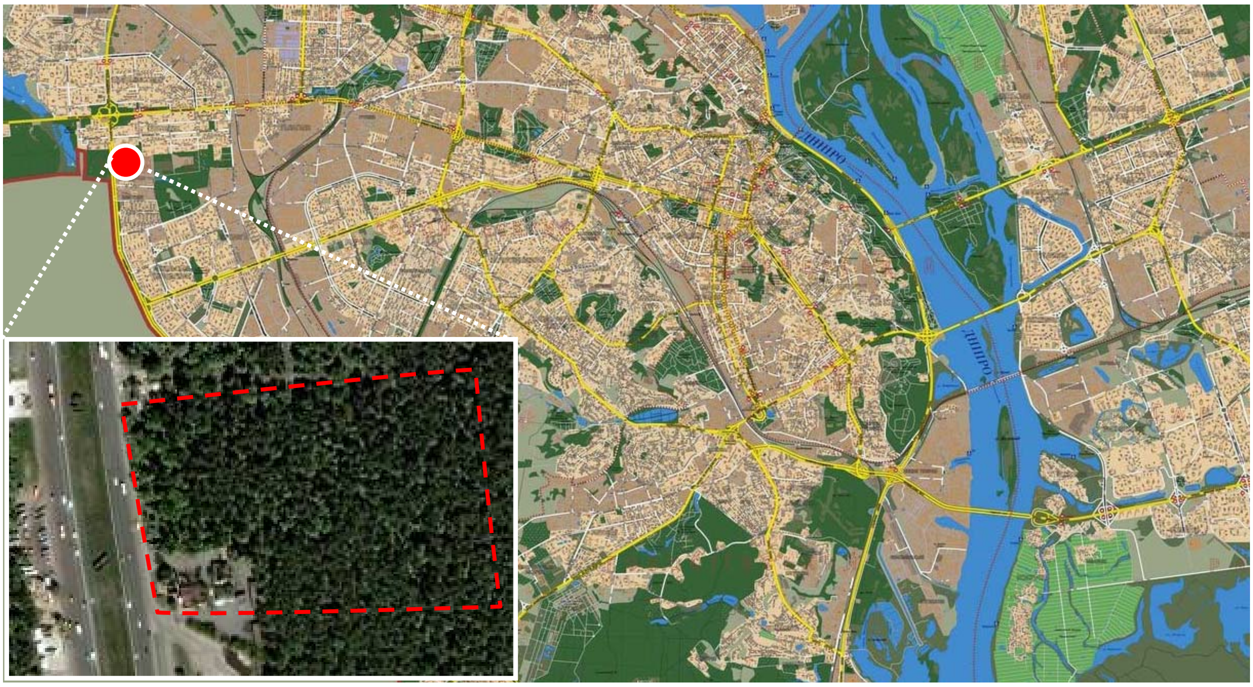
- Cadastre plan of the land plot;
- Development schedule for the land plot;
- Development cost structure;
- Technical parameters of the project including floor areas
- Land lease agreements.

We have carried out our inspections, made relevant enquiries and have pleasure in reporting as follows:

2.0 Location

The land site is located in Svyatoshinskiy city district in 0.8 kilometres from the crossing of Peremohy Avenue and Kiltseva Doroha (Kyiv Ring Road) on the left side when moving around Kyiv to the South. The site enjoys front location to Kiltseva Doroha – one of the main transportation routes of the city. The area along Kiltseva Doroha is active developing towards retail area of the city. In 2006-2008 a number of new retail centers emerged along the Kiltseva Doroha. The metro line goes in 1.2 km from the site. The nearest Metro station is Zhytomyrska.

Map 1. Location of the Land Site



The advantage of the site is location nearby densely populated area, which is quickly developing toward economy residential district, with none to little retail properties. That will allow the retail center to attract significant number of customers. The distance from the site is:

- 1.2 kilometres to Zhytomirska Metro station;
- 0.8 kilometres to Peremohy Avenue;
- 13.0 kilometres to Khrestchatyk – main street of Kyiv;
- 11.0 kilometres to Central Railroad terminal;
- 48.0 kilometres to the International Boryspil Airport.

Map 2. Land Site Shape and Location

The site borders with:

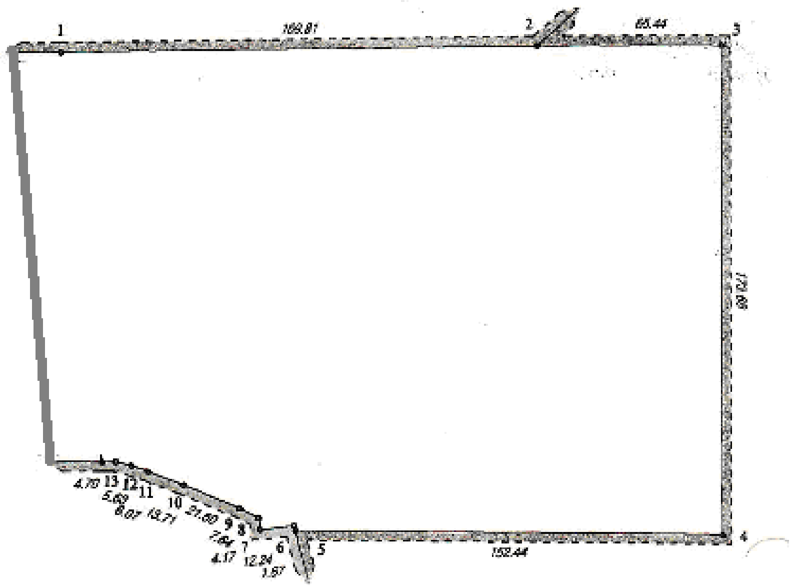
- on the North – Svyatoshinske cemetery;
- on the South – forested area;
- on the East – forested area;
- on the West – Kiltseva Doroha, café, auto shops and forested area across the road.

3.0 Site and Tenure

Total land site area is 39,890 sq m and it consists of two land parcels. The site has close to rectangular shape and enjoys front line to Kiltseva Doroha. Land is leasehold. The lessee is AKTA MK LLC. The leasehold right is provided by Main Department for Land Resources of KyivRada.

1. The land plot with total area of 1,856 sq m is leased for 5 years according to the lease agreement as of 07 March, 2008. Land zoning – for organization of construction works and landscaping. Cadastre # is – 8000000000:75:230:0100.
2. The land plot with total area of 38,034 sq m is leased for 10 years according to the lease agreement as of 07 March, 2008. Land zoning – for servicing real estate properties and construction of retail and entertainment center, foodcourt and offices. Cadastre # is – 8000000000:75:230:0076.

Figure 1. Cadastre Map of the Land Site



The site is predominantly forested. There is a small operating café on the front area of the site.

4.0 Highest and Best Use Analysis

Highest and best use – the most probable use of property which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the property being valued.

The leasehold land plot could be used in two ways – sold on the open market or developed into a real estate property.

The first choice is to sell the leasehold interest in the property. The land market in Kyiv is not transparent, and open market data are often unreliable and not representing the actual transactions. Besides, land prices in Kyiv vary drastically depending on the development potential of the sites, which is determined by such factors as size and physical conditions of the land plot, its location, permitted use, legal status. However, a great number of land deals happen between local and international developers off the open market at undisclosed prices, which does not allow us reliably drive to a market value of the asset.

The second choice – is to develop a new real estate property, which may bring the highest revenue and value to the owner. The location of site and its size allow developing either residential (economy class) or commercial project. Development of residential may brings the highest value to the developer as the revenues will be received earlier compared to commercial property, and the total building area will be bigger compared to retail properties. However, current permitted use of land restricts development of residential real estate. Therefore the Valuer has no legal grounds to forecast development of residential project on the site.

The legal documents provided by the Client allow the Valuer to consider the development of commercial project. Assuming that the Client has already made all necessary inquiries regarding the possible building area of commercial property and using the Valuer's own professional experience, the Valuer considered the areas and functional zoning of the future project appropriate to estimate the possible value of the asset.

Table 1. Project Areas and Rent Assumptions

Areas	Unit	Gross building area, sq m	Gross leasable area, sq m	Projected monthly rent, $/sq m VAT net
Total area	sq m	54,400	38,650	
- retail	sq m	22,400	21,400	$22
- office	sq m	23,000	17,250	$25
- parking	sq m	9,000	300 lots	-

According to the concept, provided by the Client, the total building area of the future project may reach 45,400 sq m, including leasable area of 38,650 sq m. Assuming conservative scenario such property may generate the annual revenue of up to $10.8 million, which may bring the value of completed property up to $85-$90 million.

Based on highest and best use analysis the Valuer concluded that the best choice for the Client is to develop the commercial project on the land site.

5.0 Project Description

The Project foresees development of a large retail center with a total area of 22,400 sq m, and an office building with total area of 23,000 serviced by the underground parking with total area of 9,000 sq m.

Map 3. Project View

According to the information provided by the Client, the project will include:

Table 2. Project Areas

	Area	Gross Buildable Area	Net Leasable Area	Parking – sq m
-1	DIY	10,800	10,800	
0	Grocery Supermarket	4,100	4,100	
0	Gallery - Front Building	7,500	6,500	
0	Offices (Class B+)	23,000	17,250	9,000/300 lots
	TOTAL	**54,400**	**38,650**	**9,000**

The project will consist of two separate retail buildings (one-storied building and two-storied building) and multi-storied office building. DIY hypermarket will rent a separate building with total area of 10,800 sq m. Front building with total area of 7,500 sq m will be leased out by the shopping gallery operators. Food supermarket will lease 4,100 sq m. Office building will be serviced by the underground parking, retail properties will be serviced by on-ground and underground parking area.

Picture 1. Project 3D View

6.0 Environmental & Contamination Considerations

As stated in the General Terms of Business for Valuations, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

We have been unable to ascertain the risks of flooding relating to the subject property. We have therefore assumed that the risk is low and will not affect the property's value.

7.0 Sources of Information and Assumptions

We rely upon the information provided to us by the Client as to details of concept, future building areas and other relevant matters. We assume that this information is complete and correct. However, for the purpose of calculation of the properties' market value, we also took into account comparable market rents.

In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the properties, and the contents of the reports made available to us. 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.

In addition to that it was also necessary for us to prepare our valuation of the Property on the basis of a number of “Special Assumptions”. In this respect, the Special Assumptions are the assumptions that either:

- require the valuation to be based on the facts that differ materially from those that exist at the date of valuation; or
- that a prospective purchaser could not reasonably be expected to make at the date of valuation, having regard to prevailing market circumstances.

In those instances where the basis of the “project” to be developed is not finalized, our valuation take into account any reasonably anticipated risks of delay and costs in receiving the Project documentation. However, we have assumed that there will be no unforeseeable additional costs or delays in comparison to those generally experienced and that such rights or interests are in due course obtained.

In those instances where Project documentation has been agreed with the respective authorities, our opinion of value has been arrived on the basis of these agreed agreements. Where such documentation is yet to be agreed we have had regard to the Company’s individual proposals, but have not necessarily adopted these in arriving our opinion of value, where we have felt it more prudent to adopt our assumptions as to volume of development etc.

All calculations are provided in US dollars for convenience reasons and because of inflation factor. But functional currency in Ukraine for all leases, sale and construction contracts is hryvna. If valuation report had been prepared using the local currency, the Hyrivna, for all calculations and assumptions (costs, rents, etc.), the final result in Hryvna translated into USD would give the exact same value.

8.0 Title

We do not examine documents of title, although where provided, we consider and take account of matters referred to in legal reports or certificates of title. We would normally assume, unless specifically informed and stated otherwise, that the properties have good and marketable title, all documentation is satisfactorily drawn, and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions, which affect neither the properties nor any material litigation pending.

In some instances we understand that the Company is still in the process of acquiring rights or permits to launch the development project. As stated earlier we have valued that Property on the Special Assumption that this right and permissions will be obtained.

9.0 Market Considerations - Retail Market

General Kyiv Retail Market Overview

Table 3. Key Indicators

Key Indicators	
Total stock, thousand sq m	989.9
GLA, thousand sq m	642.9
Delivered in 2009 (thousand sq m)	230.3
Vacancy rate, %	3-5*
Triple net rates (excluding VAT and operating expenses): anchor tenants	$120-480**
other tenants	$450-2400**

**data by the end of 2009*

**net of VAT and OPEX

Source: Knight Frank Research, 2009

General Market Trends

- In 2009, the majority of the retail properties that had been started in the pre-crisis period and completed by 60-80% in the beginning of the time of crisis have been delivered to the market.
- A number of the retail centers have thoroughly reconsidered their concepts to attract more customers and increase the cashflow.
- A few international retail operators have exited the Ukrainian market («Vester», «OBI»). Besides, a number of local operators became out of business («O`Key», "Arsen") due to financial problems and diminishing of a purchasing power of population.
- The number of street markets has grown, strengthening their positions due to a population income drop.
- The average check in the retail trade has decreased. The retail operators have changed their product lines towards increasing the economy segment from 30% in 2008 to 40-45% in 2009 at the account of premium products.
- In the first half of 2009, the rent rates had dropped by 25-60% for all types of tenants. In the second half of 2009, the rent rates have flattened out and started climbing up.
- In the second half of 2009, a retail trade has been reviving. The vacancy rates in the retail centers have decreased from 5-10% in the first half of 2009 to 3-5% in December 2009.
- The interest of foreign and local investors regarding retail segment remained rather high. A number of developers negotiated sales of their retail properties and land plots for retail development. The deals are likely to be closed in 2010.

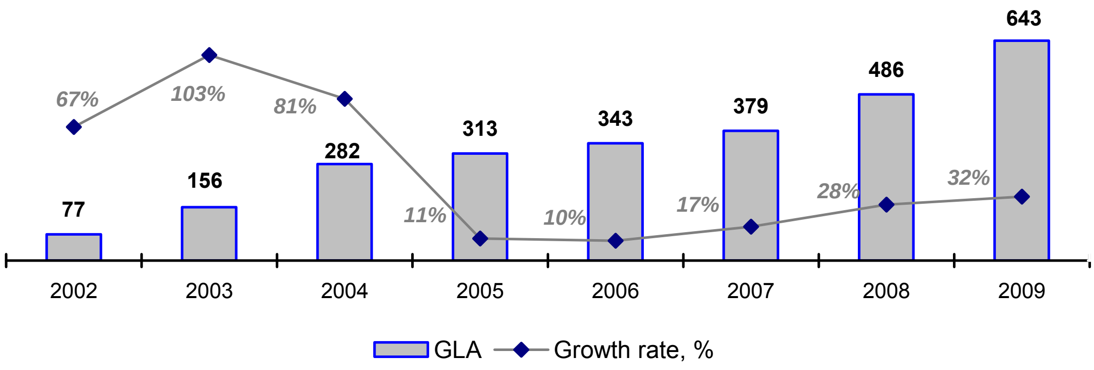
Key Events

- In 2009, despite the economic downturn, a number of new brands have entered Kyiv market, including: «Seppälä» (owned by «Stockmann» Group), «Bershka», «Bull&Bear», «Stradivarius» (all belong to the Spanish «Inditex» Group), and «Desigual».
- In 2009, according to the A.T. Kearney rating of the countries' retail investment attractiveness, Ukraine has maintained its position and was ranked 17th.
- In 2009, three specialized interior and design retail centers have been delivered in Kyiv, including RC «Araks», RC «Domosphere» (1st phase), and RC «4 ROOM».
- In December 2009, the largest in Europe DIY "Epicenter" have been launched in Svyatoshinskiy city district in Kyiv. Its total area made 56 thousand sq m.
- In November 2009, the 1st phase (80 thousand sq m) of the largest in Kyiv retail and entertainment center «Dream Town» has been delivered in the capital.
- The largest sheltered aqua park in Ukraine with the total area of 25 thousand sq m has been opened in the retail and entertainment center «Terminal» (town of Brovary, Kyiv Oblast). The four-storied complex included water slides, waving poll, sauna, jacuzzi, children area etc.

Retail Stock in Kyiv

By the end of 2009, the number of professional retail centers of various formats in Kyiv has reached 46 while the total GLA has made 642.9 thousand sq m, showing 32% growth, as compared to 2008. In 2009, despite the overall crisis, the growth rate in the segment was the highest as compared to previous four years. This was resulted from the fact that all new retail properties had the large scale format, while their construction had started in the pre-crisis period.

Figure 2. Total Retail Stock in Kyiv, (GLA) thousand sq m.



Source: Knight Frank Research, 2009

Since, as of December 2009, the official size of the capital's population has reached 2.78 mln (according to the State Statistics Committee of Ukraine), by the end of 2009 the retail market saturation ratio in Kyiv was expected to reach 231 sq m of GLA per 1000 of inhabitants. This indicator remained below the other European capitals' levels (including Moscow, Warsaw, and Prague).

In 2009, five new retail centers and the 3rd phase of the retail and entertainment center “Bolshevik” with the total area of 230.3 thousand sq m and GLA 156.6 thousand sq m had been commissioned in Kyiv.

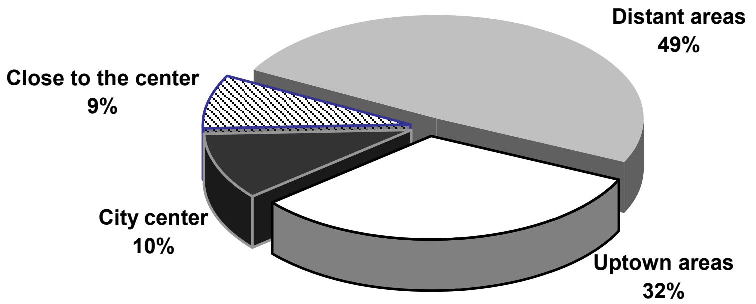
Table 4. Retail and Entertainment Centers Delivered in Kyiv in 2009

Name	Location	Total area, sq m	GLA, sq m
RC	8, Yakutskaya Str.	30,000	24,000
RC «Araks»	Kiltseva Doroha	27,000	25,000
RC «Domosphera»	101, Stolichnoye Ave.	30,540	24,580
RC «4 ROOM»	Kiltseva Doroha	39,800	25,000
REC «Dreamtown» (1st phase)	Obolonskiy Avenue	80,000	45,000
REC «Bolshevik» (3rd phase)	6-B, Hetmana Str.	23,000	13,000
TOTAL		**230 340**	**156,580**

Source: Knight Frank Research, 2009

All new retail properties are located in the dormitory areas, including: almost one half of the total retail GLA in Kyiv (49%) - in the distant city districts and 32%– in the uptown areas. Due to lack of the areas available for development, only one fifth of the total retail GLA was located within the city center or in the surrounding areas (10% and 9% respectively).

Figure 3. Distribution of GLA in Kyiv, by Location, %



Source: Knight Frank Research, 2009

Within the next 2-3 years the structure of the retail properties will face general expansion of the retail stock towards distant and uptown areas, since the majority of the retail properties under construction are located there.

In 2009, the specialized retail centers (design and interior in particular) had been actively developing. The new retail properties have well thought-out concepts and attractive design.

Beside the retail centers, DIY segment was quickly developing. Despite the economic cutback “Epicenter”, “Praktiker”, and “Nova Linia” were looking for new land plots, developing new properties and expanding their product line. For example, “Epicenter” has opened its largest store with the total area of 56 thousand sq m. The ground floor is a location of a DIY hypermarket while the first floor hosts the largest in Ukraine center for décor, furniture, home, and accessories.

The food hypermarkets and wholesale centers (“Auchan” and “Metro Cash&Carry”) are expanding their activities in Ukraine as well. The new food chain “Novus” has declared its expansion throughout Ukraine following opening two supermarkets in the RC “Dream Town” and along Kiltseva Doroha.

The share of entertainment segment in the new retail centers is growing gradually. The entertainment segment in some retail properties has exceeded 50% of GLA (REC “Blockbuster” etc.). Entertainment area of the modern retail properties has become a vital anchor tenant for the whole retail center and an incentive for development of entertainment industry in Ukraine.

Demand for Retail Properties

In the first half of 2009, the shopping gallery tenants (cloth, footwear, and accessories) had requested retail spaces of 30-50 sq m on average. The demand from the large anchor tenants was rather sluggish. Starting from Q3 2009, the areas from 1,000 sq m and over had been actively demanded by the large tenants, selling electronics appliances, low & medium priced apparel, and food. This came as a result of expansion of the major operating retail chains (“Comfy”, ”Billa“, “Zara”, etc.) and appearance of new operators on the market (“Novus”).

In 2009 like in 2008, the demand had steadily come from private entrepreneurs, requesting retail spaces of 30-60 sq m in Kyiv retail centers. Some retail centers (RC “Plasma” for ex.) had no other choices for decreasing their vacancy rate than leasing their areas to small tenants (private entrepreneurs).

Approximately 40% of all requests for retail space had come from a food segment (grocery supermarkets, food courts, vine supermarkets etc.). For example, the chain of vine supermarkets “Polyana” has managed to open 5 new vine supermarkets in Kyiv.

In the first half of 2009, closure of unprofitable shops in retail centers had triggered growing vacancy rates up to 5-10% as compared to 1-3% in 2008. Due to low market saturation, delivery of 150 thousand sq m of the new retail space has not affected significantly the vacancy rate in the segment. Stabilization of the rates in the second half of 2009 has brought the vacancy rate down to 3-5%.

Rent Rates for Retail Properties

By the end of 2008, due to overall economic downturn, the market of landlords had turned into the market of tenants. In January-June 2009, the retail properties' rent rates had dropped by 25-40% for the shopping gallery and by 40-60% for the anchor tenants, as compared to December 2008. The majority of tenants have renegotiated their rents, fixing them in the Ukrainian Hryvna. Some tenants have passed to rent as percentage from the turnover (3-7%).

While the average lease agreements were mainly concluded for 3-5 years, anchor tenants went into 7-15 years contracts.

In the second half of 2009, rent rates have generally flatten out, while some retail centers have even raised their rents. By the end of 2009, rent rates have reached $450-2400/sq m/annum (triple net) for the shopping gallery and $120-480/sq m/annum (triple net) for the anchor tenants.

Future Market Trends

In 2010, the retail market is likely to receive 6 new retail properties with the total area of more than 350 thousand sq m and GLA more than 200 thousand sq m.

Table 5. Key Retail Properties to be Delivered in 2010

Name	Location	Total area, sq m	GLA, sq m
REC "Dream Town" (2nd phase)	Obolonskiy Ave.	82,000	55,000
REC "Esplanada"	1, Sportivnaya Sq.	125,000	55,000
REC "Sky Mall" (2nd phase)	2, Generala Vatutina Ave.	65,000	42,000
RC in the mixed use complex Mega City	19, Kharkivske Shosse	25,400	13,700
RC "Rainbow"	1-A, Sivashskaya Str.	18,800	13,150
REC	Industrialnaya Str.	46,850	33,500
TOTAL		**363 050**	**212,350**

Source: Knight Frank Research, 2009

Delivery of the retail centers mentioned above has been scheduled for 2008-2009, however due to lack of financing their commissioning has been postponed.

In 2010, the retail rents neither for anchor tenants nor for the shopping gallery will not change significantly. The deviation is expected within 5-15% due to economic and political situation in the country.

The vacancy rate in the retail segment will vary within 3-15%, depending on the retail property. The vacancy rates for the new retail properties to be commissioned in 2010 may grow up to 15-20% since the landlords are used to launch them before leasing 100% of areas and not postponing the official opening of the properties.

In 2010-2011, the large chain operators (grocery hypermarkets, DIY, home appliances & electronics supermarkets etc.) will be expanding by placing new properties next to each other for increased synergy effect. Locations of the newly opened hypermarket “Auchan” and the largest in Europe DIY “Epicenter” in Svyatoshinskiy city district may serve as the best example of such synergy.

In 2010, the capitalization rates in the retail segment are expected to vary within 12-16%.

10.0 Market Considerations – Office Market

General Kyiv Office Market Overview

Table 6. Key Indicators

Key indicators	Class A	Class B (B+/B-)
Total stock in 2009 (A&B Class), thousand sq m	1125,9	
Delivered in 2009, thousand sq m	91,3	
Vacancy rate in 2009, %	15-20	
Triple net rents ($/sq m/annum) in 2009	$360 – $480	$120 – $360
Operating expenses ($/sq m/annum) in 2009	$60-$72	$36-$60
Offered prices for sale ($/sq m)	No sales	$3,000 - $5,000

Source: Knight Frank Research, 2009

Key Trends of the Office Market

- In 2009 the decreasing rent trend which has begun in Q4 2008 has proceeded. In January-June 2009 the rent rates had dropped on average by 35% as compared to 2008. The majority of office tenants has managed to renegotiate and significantly decrease the rents and leased areas.
- In 3Q 2009 the pace of sliding rent rates has slowed down. In 4Q 2009 office rents have flattened out.
- By December 2009 the outflow of tenants from business centers has significantly decreased due to the fact that in 1H 2009 the majority of companies had shortened leased area or had moved into cheaper and smaller offices.
- The lion share of deals in office segment (more than 50%) were closed after renegotiation of acting lease.

- 1H 2009 the structure of the office market demand by classes had been displacing towards cheaper at price segments.

Key Deals of the Office Market

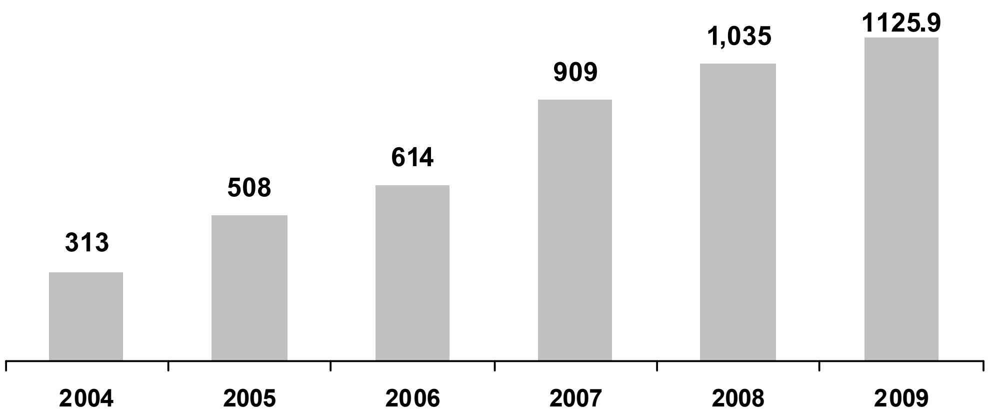
In 2009, the largest deals in the office segment have included the following transactions:

- National mobile operator "Astelit" has concluded a lease agreement for more than 6,400 sq m in HPBC-II.
- "Eko Ltd". ("Eko-Market" chain of supermarkets) has leased approximately 4,500 sq m in the Business Center on 24, Polyova Street.
- "Sanofi-Aventis", French pharmaceutical company has signed a lease agreement for 2,660 sq m in "Prime" Business Center (48-50, Zhylyanska Street).
- "Hoffmann La Roche", Swiss pharmaceutical company has rented 700 sq m in "Leonardo-2" Business Center.
- Huawei Technologies has rented 2,000 sq m in the Business center "Irva".
- Pharmaceutical company "Boehringer Ingelheim Pharma GmbH" has signed the lease contract for more than 1,500 sq m in the office center on 26, Turhenevskiy Street.
- "Oriflame" Company has entered into the long-term lease agreement for 3,620 sq m in the Business Center "Levoberezhniy".
- TI Invest Company (operator of "Novus" supermarkets) has signed middle-term lease agreement for 1,300 sq m in the retail and office center at 26, Moskovskiy Avenue.

Office Supply in 2009

In 2009 several B- Class office properties have been delivered to the market. As of December 31, 2009, the total professional stock in the office segment in Kyiv has made 1,125.9 thousand sq m.

Figure 4. Total Supply of A and B (+/-) Class Offices in the City of Kyiv, thousand sq m



Source: Knight Frank Research, 2009

As of December 31, 2009, the quality office supply could be broken down as follows: class A – 16%, class B+ – 29% and B- – 55%.

Table 7. Key Projects, Delivered in 2009

Business Centre	Location	Class	Total area, thousand sq m
BC Capital Hall	31, Zhylyanska Str.	B-	12,000
BC Levoberezhniy	2A, M. Raskovoy Str.	B-	9,270
BC Flora Park	8, Tankovaya Str.	B-	10,000
BC Vector	10-G, Starokievskaya Str.	B-	15,922
Business Park Protasov	2/1, Hrynchenko Str.	B-	22,640
BC «HPBC-II» (1st phase)	12, Amosova Str.	A	20,000
BC Horizon Podol (1st phase)	9, Naberezhno-Krestchatitskaya Str.	B+	1,535
Total			**91,297**

Source: Knight Frank Research, 2009

Demand for Offices in Kyiv City

In comparison with the similar period of 2008 in 2009 there were essential changes in demand structure: the share of requests for cheaper office lots has considerably increased.

In 2009 about 50% (of total demand) of rent requests makes on the B- Class segment, whereas in 2008 more than 50% of inquiries were made on the B+ Class.

Starting from 3Q 2009, the office market has started reviving. Some companies were in search for better offices at lower rents or consolidating their separated divisions into single offices. Extension of the existing lease agreements and lease renegotiation had made over 50% of total deals in the office segment.

In 2H 2009, the majority of requests for office space came from a non-financial sector. Office space was demanded by pharmaceutical, telecommunications, IT, media, and FMCG companies. The activity in the segment has been mainly stipulated by changing structure of existing demand while new companies had abstained from entering the Ukrainian market.

Changing of demand structure on office space proceeds on the market. Small office lots from 150 to 300 sq m have become the most liquid objects. However, in 2H 2009 some companies requested areas in the operating properties from 1,000 to 4,000 sq m preferably located in the separate building within the CBD. Demand for the office space in properties under construction almost was absent. Tenants prefer to consider operating office objects or objects ready to commissioning. LOI contracts were subscribed in exceptional cases and, as a rule, on the terms of granting of considerable discounts.

In 3Q 2009, the vacancy rate in Kyiv business centers continued to grow, reaching 15-20% by the end of 2009.

Office Rents

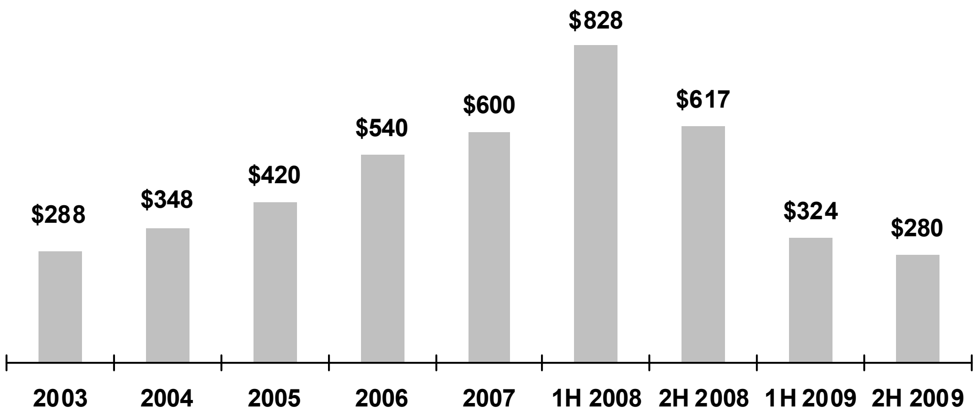
In 2009 the decreasing rent trend has proceeded, however, since Q3 2009 the pace of decrease had slowed down. By December 2009, rent rates have flatted out, moreover, they have risen in some business centers. In 2009, the total drop in rent rates has exceeded 50% in average as compared to 2H 2009.

Following the results of 1H 2009 dropping of rent rates averaged 35% including: for the A-Class offices - 25%, for the B+ Class offices - 34%, for the B- Class offices - 40% as compared to 2008. In summer 2009 rent rates varied from $420-$540/sq m for the A-Class offices, $240-$420/sq m for the B+ Class offices, and $180-$240/sq m for the B- class offices.

In 3Q 2009, the total drop in rent rates has made 15% in average as compared to June 2009. As of December, 2009 the rent rates have reached $360-480/sq m/annum for the A-Class offices, $240-360/sq m/annum for the B+ offices, and $120-240/sq m/annum for the B- Class offices.

More than 40% of closed deals for office premises rent are fixed in UAH without a binding to a dollar exchange rate.

Figure 5. Office Average Rent Rates ($/sq m/year) in Kyiv



Source: Knight Frank Research, 2009

Forecast

In 2010, the market will face a significant delivery of new office premises. The pipeline consists of 10 new A- and B-Class office centers with the total area of 173 thousand sq m. The majority of new office properties have been constructed in 2009, however, official launching had been shifted to 2010.

Office and retail project "Esplanada" is likely to become one the largest and prominent objects of professional real estate in Kyiv.

In 2010, a sharp deviation of the lease rates and vacancy rates are unlikely to happen in the segment. In the first half of 2010 we expect the rents and vacancy rates remaining at level of December 2009, however, due to the significant delivery of the new properties the vacancy may go up to 25-30% in the segment.

Table 8. Key Projects to be Delivered in 2010

Business Centre	Location	Class	Total area, thousand sq m
BC HPBC (2nd phase)	12, Amosova Str.	A	20,000
BC Esplanada	1, Sportivnaya Square	A	48,000
BC Cremona	105, Saksaganskogo Str.	B+	3,400
BC Topaz	2/10, Melnykova Str.	B+	27,000
BC Rialto	18, Novokonstantinivskaya Str.	B+	15,000
BC	11, Solomenskaya Str.	B+	11,000
BC	70/16B, Saksaganskogo Str.	B+	9,000
BC FIM Centre	1, Magnitogorska Str.	B-	9,266
BC Kinetic	12, Kurenivsky Lane	B-	8,000
BC Victoria Park	7, Akhtyrskiy Lane	B-	22,500
Total			**173,166**

Source: Knight Frank Research, 2009

The revival in the segment is expected in 2011-2012 and will depend significantly on the overall economic situation in the country. Foreign and local investors and developers are eager to invest into the operating office properties at 16-20% yield; however, the landlords keep asking prices based on 12-15% yields. The best office properties are not offered for sale.

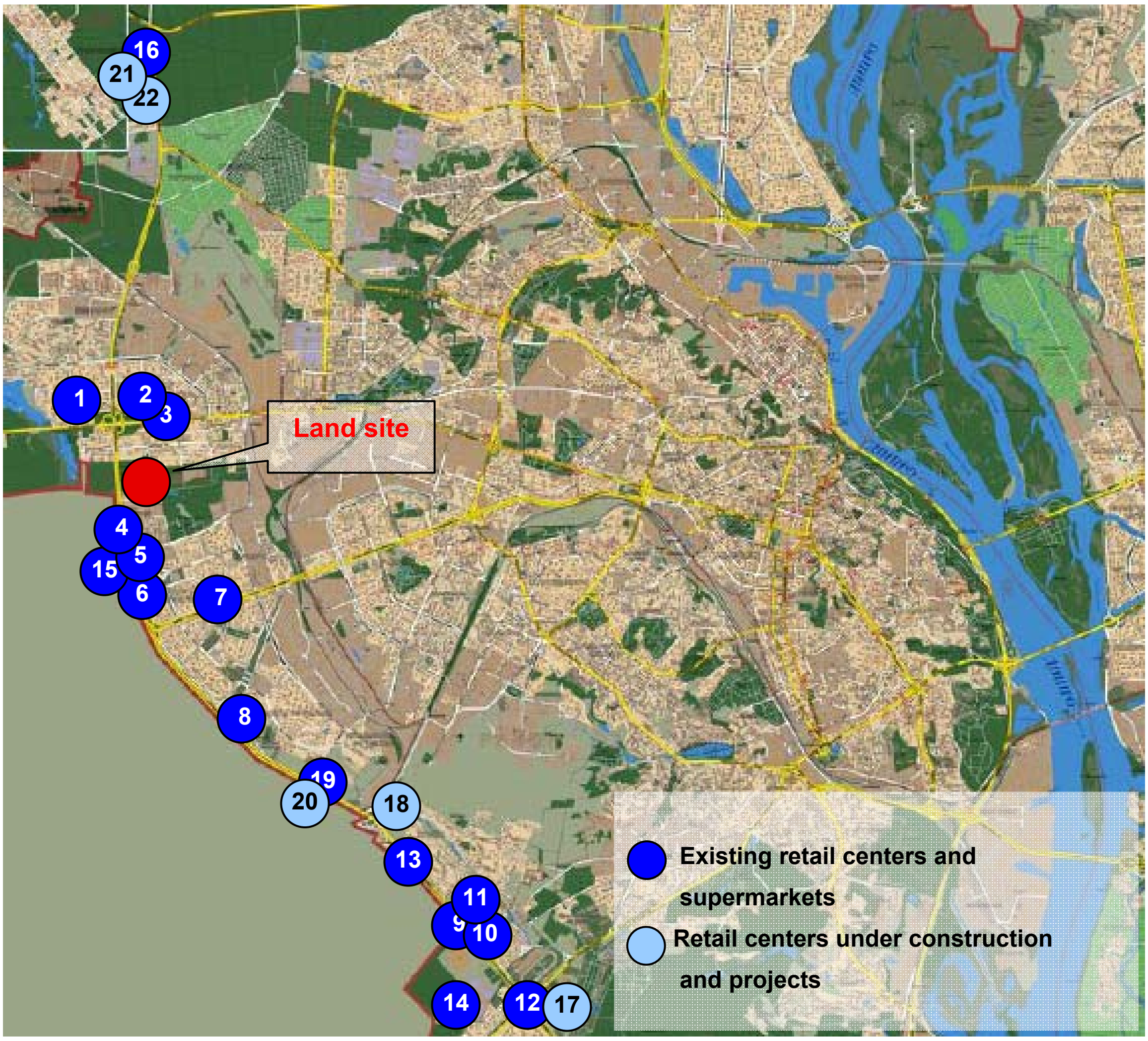
In the mid-term the segment will be developing due to completion of the office properties started in pre-crisis period and due to development of small scale office centres (that do not require serious financing). The office yields are expected to remain at 15-17% in 2010. In 2011-2013 the yields will be gradually sliding to 11-13% due to the rising rents and commissioning of good quality properties to the market.

11.0 Valuation Considerations

11.1 Marketability Comparison

The retail market in the site neighborhood is quickly developing. There is more than a dozen of operating retail centers and supermarkets along Kiltseva Doroha.

Map 4. Retail Properties in Site Area



Source: Knight Frank Research, 2009

Table 9. Retail Rent Rates in Site Neighborhood

#	Name	Location	Total area, sq m
1	Supermarket "Velyka Kyshenya"	16/80, Chornobylska Str.	n/a
2	Retail Center "VMB"	136, Peremogy Ave.	9,000
3	Supermarket "Furshet"	94/1, Peremogy Ave.	3,500
4	Retail Center "Budmaterialy"	Velyka Kiltseva Str.	n/a
5	Supermarket "Billa"	2, Petropavlivska Str.	2,500
6	Supermarket "Furshet"	4, Velyka Kiltseva Str.	5,000
7	Retail Center "Kvadrat"	20, Gnata Yury, Str.	15,000
8	Supermarket "Kray"	1, Grygorovycha-Barskogo Str.	n/a
9	METRO Cash&Carry	1v, Velyka Kiltseva Str.	n/a
10	DIY "Epicenter"	1b, Velyka Kiltseva Str.	30,000
11	Supermarket "Velyka Kyshenya"	14, Lyatozhynskogo Str.	n/a
12	Retail and Entertainment Center "Magelan"	13b, Glushkova Str.	30,000
13	Retail Center "Araks"	110, Velyka Kiltseva Str.	27,000
14	Supermarket "Velyka Kyshenya"	36, Hlushkova Avenue	n/a
15	Retail Center "4ROOM"	Velyka Kiltseva Str.	39,800

#	Name	Location	Total area, sq m
16	DIY "Epicenter"	Velyka Kiltseva Str., Close to Nivki city microdiscrict	56,000
17	Retail and Entertainment Center "Magelan" (2nd phase)	13b, Glushkova Str.	14,500
18	Retail Center "Zhulyany"	Velyka Kiltseva Str./Vyshneve	30,000
19	"Novus" supermarket	Velyka Kiltseva Str./Trublaini Str.	5,500
20	DIY "Praktiker"	Velyka Kiltseva Str./Trublaini Str.	14,000
21	Hypermarket "Auchan"	Velyka Kiltseva Str., Close to Nivki city microdiscrict	n/a
22	Hypermarket "Technopolis" (on the second floor of "Epicenter"	Velyka Kiltseva Str., Close to Nivki city microdiscrict	n/a

Source: Knight Frank Research, 2009

Retail market in site area is represented by a number of supermarkets and hypermarkets – DIY "Epitcenter", "Metro Cash and Carry", retail and entertainment centers "Magelan" and "Kvadrat", and small scale retail properties. In Q4 2009 the DIY operator "Epicenter" has opened its largest store with total area of 56 thousand sq m along the Kiltseva Doroha. The ground floor locates DIY hypermarket and the first floor hosts the largest in Ukraine centre for décor, furniture, home and accessories. In 1H 2010 a hypermarket "Auchan" will be commissioned next to the "Epicenter". There is a number of other retail projects under construction with the delivery term – 20010-2012.

If developers manage to complete the announced projects, total retail area in the site neighborhood may exceed 300,000 sq m that certainly may affect rent rates for retail operators. In the end of 2009 retail space in professional retail centers was offered for rent at $15-$80/sq m/month depending on the tenant's profile. However, the average rent depended significantly on the tenant mix. In 2009 the rent rates for anchor tenants have decreased more than twice as compared to 2008. The majority of tenants have already renegotiated the lease contracts.

As of valuation date the rent market started reviving. Large retail operators have resumed their expansion and are actively looking for the new premises. The experts forecast stabilization of rent rates in 2010 and gradual rise in 2H 2010-2012. Retail market in Kyiv remains unsaturated. Retail space in the dormitory areas will be well demanded. Site neighborhood is considered as one of the promising areas for retail development. Therefore the Valuer assumes if the developer keeps to the construction schedule, the landlord may enjoy higher rent rates as compared to the current ones. The Valuer expects that by 2013 current rents will grow by 20-25% in average.

The project foresees attraction of various anchor tenants (DIY hypermarket, grocery supermarket, that do not pay high rents. The shopping gallery takes 31% of GLA. Therefore the Valuer calculated the average rent rate at $22.29/sq m/month and considers it appropriate for retail space in Kiltseva Development Project (VAT and OPEX net). Calculation and assumptions for rent rents for each type of tenant are represented further. Estimation of the average rent rate for retail center is based on the following forecasts:

Table 10. Projected Rents for Retail Center

Tenant	GLA, sq m	Expected Rent Rates, $/sq m/month (VAT included)
Grocery supermarket	4,100	$24
Shopping gallery	6,500	$48
DIY Shop	10,800	$15
Average rent rate	**21,400**	**$26.75**

Office market in site neighboring area is undeveloped. There are no professional office centers along the Kiltseva Doroha. However, considering the existing trend toward development of office properties in the city suburb as well as retail component of the project, the Valuer may assume that office properties will be demanded. Considering the distant area, the Valuer has no ground forecasting high rents, even office market in Kyiv is still far from saturation. Based on the market forecast the Valuer assumes that office rents in the office center with delivery in late 2013 may vary within $23-$28/sq m/month VAT net.

Parking space will be designed for office tenants and for visitors of the retail center. The project foresees the construction of 300 parking lots for the retail center and office tenants. Office parking will be leased out by the office tenants at $180/lot/month.

11.2 Void and Reletting Prospects

In 2008 retail segment in the city enjoyed low vacancy rate. The occupancy rate in professional retail and entertainment centers was close to 98.5-99%. In 2009 despite the economic decline in the country, the occupancy rate remain high – 93% in 1H 2009 and 97-98% in 4Q 2009; however, the 4Q is considered to be the hottest season in the retail sector.

In 2010 the vacancy rate is expected to remain within 3-7% reaching 10-15% in the newly delivered properties. The expected vacancy rate in 2012-2013 is forecasted at 5-15% depending on location and tenant mix in the retail center. Due to the proactive development of the retail properties in 2009-2010 the experts expect significant delivery of the retail centers in 2012-2013 – that will certainly bring the vacancy rate up as compared to the current ratio.

The Project is located nearby densely populated area, however, on a certain distance from residential properties. Therefore, the Valuer expects the vacancy rate at 10% for shopping gallery premises.
As it was mentioned in Market Consideration section of the Report, in 2008 office segment in the city enjoyed low vacancy rate. The occupancy rate in professional office centers was close to 95-98%. In 2009 office segment suffered considerably from the crisis. By the end of the year 2009 due to economic decline, a lot of tenants shorten their staff and budgets, and vacancy rates have risen up to 20% in some properties. The vacancy increased especially in the A and B+ Class offices. Currently the average vacancy rate varies within 12-28%, depending on location and leasing policy of landlords.

In 2010 the vacancy rate is likely to remain at the current level. The largest vacancy rate is expected in office centers with central location, who demanded excessive rent rates in 2008 and did not agree to renegotiate them. In 2013 due to the market revival and growing deficit for office space, the vacancy will be gradually going down to 5-7%. However, for the properties, located in the distant areas, vacancy rate may be within 10-15%. Applying the conservative approach the Valuer assumes 15% vacancy rate for office center on the Kiltseva Doroha.

11.3 General

The Valuer made the following assumptions regarding the future project costs and terms:

- All calculations are made in US dollars. The official exchange rate UAH/USD as of date of valuation makes 7.985 UAH for $USD;
- During 1H 2009 the developer has already invested into site preparation – $152 thousand and $124 thousand were spent on the land lease (January - April 2009). The Valuer considered that actual expenses in the calculations of Market Value.
- The construction of retail properties lasts from 3Q 2011 till 4Q 2012. The construction schedule is provided by the Client;
- Expected delivery date of retail premises is 4Q 2012;
- The construction of office properties lasts from 1Q 2012 till 4Q 2013. The construction schedule is provided by the Client;
- Expected delivery date of office premises is 4Q 2013;
- Considering that the majority of retail space will be leased by the anchor tenants, the Valuer assumes that the property will be bringing steady revenue to the owner starting from 2Q 2013. Based on the NOI of that period and assuming that the developer will keep the property for a long-term period, the Valuer calculated the terminal value of the retail properties by dividing NOI by correspondent capitalization rate;
- Annual NOI calculations for retail component are based on the quarter revenue of 2Q 2013;
- Office space will be pre-leased as well. By the delivery date the Valuer expects 85% occupancy in the office properties. The Valuer assumes that the office property will be bringing steady revenue to the owner starting from 1Q 2014. Based on the NOI of that period and assuming that the developer will keep the property for a long-term period, the Valuer calculated the terminal value of the office properties by dividing NOI by correspondent capitalization rate;
- Annual NOI calculations for office component are based on the quarter revenue of 1Q 2014.

Based on the data provided by the Client, Valuer's experience and knowledge of the market as well as on current market data available, the Valuer assumed the following construction costs for the project:

- 2-storied retail properties construction costs - $800/sq m;
- 1-storied retail properties construction costs - $750/sq m;
- Office construction costs - $750/sq m;
- Underground parking construction costs - $450/sq m

The cost assumptions, taken by the Valuer, reflect conservative scenario based on average market costs, necessary to develop similar projects. The Valuer also considered that sharp rise in metal prices and prices for construction material in the first half of 2008 (by 40% at least) and 20-30% decline in 2008. Moreover, since the beginning of 2009 the construction costs have been dropped by 10-15%. Since the developer starts construction in 2011, it may reduce the construction costs by 15-20%.

Table 11. Open Market Data on Average Construction Costs for Real Estate Properties

#	Location	Range, $/sq m	
3	Average construction costs for retail properties (multi-storied)	750	1,100
4	Average construction costs for B+/- Class office properties	700	900
5	Underground parking	450	700

The Valuer also considered developer's profit as part of project costs to account for remuneration of future developer's effort needed to realize the Project. Full outsourcing of development activity is not practiced in Ukraine, and the local market for development services is not transparent, which makes the actual level of developers' profit for such projects hard to estimate. The limited market data indicate that the average numbers vary from 7% to 15% of hard construction costs, reaching 20-25% in some cases. Given the early stage of development of the Project at the time of valuation, the Valuer applied a conservative approach and assumed the level for developer's profit in the Project as 15% of hard construction costs.

11.4 Discount rate

Future cashflows are converted into a present value through the discount rate. According to International Valuation Standards discount rate is a rate of return used to convert a monetary sum, revenue or receivable in the future into a present value. All models estimating risk are built around a rate that investors can make on riskless investments and the risk premiums that investors should charge for investing into the Project.

One of the methods for discount rate calculation is a widely used cumulative approach. The discount rate, as a rate of return, can be written as the sum of risk free rate and as extra return to compensate the project risks.

Risk-free rate could be measured as a return on riskless investments. The only investments that are considered as risk-free in well-developed markets are investments into the government securities.

But lack of developed market of sovereign bonds in Ukraine makes it impossible to use the Ukrainian sovereign bond rates as risk-free instruments. Recently, it used to be a widespread practice to consider the bank deposits as risk-free investments in Ukraine, but investments into the Ukrainians banks currently also cannot be characterised as risk-free investment. Moreover, any investments in Ukraine can not be considered as risk-free due to its high country risks.

So, we have considered the 10-year USA inflation indexed treasuries (TIPS) as a risk-free investment. The inflation indexed treasuries have been used because the valuation has been based on the cash flow projections in real terms, which don't incorporate influence of inflation.

According to http://www.bloomberg.com, the 10-year USA inflation indexed treasuries (TIPS) as of June, 2009 is 1.875%, which equals to the risk-free rate.

Country risk premium has been estimated on the basis of Aswath Damodaran information published on the web site of New York University's Leonard N. Stern School of Business. Aswath Damodaran has transformed the long-term country rating from Moody's in country risk premium which is expressed in %. According to this source, as of December, 2009 the country risk for Ukraine was 11.25% (which corresponds to B2 long-term country rating from Moody's).

Risk premiums can be measured as additional return on investments stipulated by specific project risks. It's quite hard to justify the level of each risk. Risk premiums depend on specific risks appropriate for each type of property. Based on the market and project analysis, the Valuer estimated the following risk premium for the subject development Project.

Table 12. Calculation of the Discount Rate for the Retail Project

Risk Ratio		Description	
Risk free rate	R_f	Please see explanations above.	1.875%
Country risk premium	R_c	Please see explanations above.	11.25%
Low liquidity risk premium	W_1	Low liquidity risk premium – Liquidity is an ability to convert an asset to cash quickly, without loss of principal. Real estate is considered to have low liquidity because of the time it takes to sell the property and the unpredictability of the market value at the time of sale. The risk depends on time necessary to market property and risk free income that the developer may earn while marketing the property. $$\text{Liquidity risk premium} = \frac{\text{Marketing period}}{\text{12 months}} \times \text{(Risk free rate + Country risk rate)}$$ The Valuer assumes that average marketing period for the subject property equals 6 months. The Liquidity risk premium equals 6/12x13.125%= 6.56%	6.56%

Risk Ratio		Description	
Location risk premium	W_2	Subject property is located outside the CBD, 13 km away from Kyiv CBD. Currently there are several retail centers in the neighborhood of the site. Nevertheless, in 2013 the experts forecast a growing demand for retail properties on the market, located in densely populated area with good infrastructure and transport accessibility. A location risk could be measured as a difference between rent rates for retail properties located in the CBD and projected rent rates for the Project. The forecast suggests that by 2013 average rent rates for the large tenants may fall down to $20-$40/sq m in the CBD. The projected average rent rates for the Project are $22.29/sq m due to the significant entertainment component and anchor tenants who pay low rents. Risk = ($30-$22.29)/$30x5% = 1.29%	1.29%
Client diversification risk premium	W_3	The Project foresees various types of retail premises for tenants. Minimal floor area available for rent is expected at 50 sq m per one tenant. Maximum asking size for retail space will not exceed 10,800sq m (DIY hypermarket). Taking into account the size of the retail center (appr.23,200 sq m), we assume that client's diversification risk amounts 10,800/22,400x5%=2.41%	2.41%
Property and asset management risk premium	W_4	The main task of a property management company is leasing out the space. Current retail market enjoys 3-5% vacancy rate for professional retail premises. By 2013 the supply of retail will increase considerably. We expect that the average vacancy rate for retail properties may reach 5-10%. As far as the Value forecasted 10% vacancy for the shopping gallery the total vacancy for retail premises will be 830/23,200*100% =3.6%. Total risk equals 3.6%*5%=0.18%	0.18%
Profit forecasting risk premium	W_5	The profit of the project depends significantly on the terms of delivery to the market. The term of delivery is a key factor that provides competitive advantages for the project (comparing to competitors in neighborhood) and influence on rent rates and cashflow from the Project. According to the data provided by the Client, the delivery date is 4Q2012. As a rule, appr. 80% of developers never meet the construction deadlines. The delay varies from 3 to 18 months. We presume that the Project has already started and may be delivered to the market with 5 months delay. The risk = (1-(33 months development period+5 months delay)/33 months)x5% =0.76%	0.76%
Other risks premium	W_6	Other risks inherent for real estate projects include changes in taxation etc.	0.50%
Total			**24.83%**

Table 13. Calculation of the Discount Rate for the Office Project

Risk Ratio		Description	
Risk free rate	R_f	Please see explanations above.	1.875%
Country risk premium	R_c	Please see explanations above.	11.25%
Low liquidity risk premium	$\mathbf{W_1}$	Low liquidity risk premium – Liquidity is an ability to convert an asset to cash quickly, without loss of principal. Real estate is considered to have low liquidity because of the time it takes to sell the property and the unpredictability of the market value at the time of sale. The risk depends on time necessary to market property and risk free income that the developer may earn while marketing the property. $\text{Liquidity risk premium} = \frac{\text{Marketing period}}{\text{12 months}} \times (\text{Risk free rate} + \text{Country risk rate})$ The Valuer assumes that average marketing period for the subject property equals 6 months. The Liquidity risk premium equals 6/12x13.125%= 6.56%	6.56%
Location risk premium	$\mathbf{W_2}$	Subject property is located outside the CBD, 13 km away from Kyiv CBD. Currently there are no office centers in the neighborhood of the site. Nevertheless, in 2013 the experts forecast a growing demand for office properties on the market, located in densely populated area with good infrastructure and transport accessibility. A location risk could be measured as a difference between rent rates for office properties located in the CBD and projected rent rates for the Project. Currently office centers in CBD are being leased at $25-$35/sq m. The forecast suggests that by 2013 average rent rates for offices may grow up to $40-$50/sq m in the CBD. The projected average rent rates for the Project are $25/sq m due to the distant location. Risk = ($45-$25)/$45x5% = 2.22%	2.22%

Risk Ratio		Description	
Client diversification risk premium	W_3	The Project foresees various areas for tenants. Minimal floor area available for rent is expected at 50 sq m per one tenant. Maximum asking size for office space will not exceed 3,000sq m. Taking into account the size of the office center (appr.23,000 sq m), we assume that client's diversification risk amounts 3,000/23,000x5%=0.65%	0.65%
Property and asset management risk premium	W_4	The main task of a property management company is leasing out the space. Current office market suffers from 20% vacancy rate for professional office premises. By 2013 the supply of office will not increase considerably due to delays in development of many office projects on the market. We expect that the average vacancy rate for office properties may reach 5-15%. The project is located outside the CBD, therefore the Valuer assumed vacancy rate at 15%. Risk =15%x5% = 0.75%	0.75%
Profit forecasting risk premium	W_5	The profit of the project depends significantly on the terms of delivery to the market. The term of delivery is a key factor that provides competitive advantages for the project (comparing to competitors in neighborhood) and influence on rent rates and cash flow from the Project. According to the data provided by the Client, the delivery date is 4Q2013. As a rule, appr. 80% of developers never meet the construction deadlines. The delay varies from 6 to 18 months. We presume that the Project has already started and may be delivered to the market with 6 months delay. The risk = (1-(45 months development period+6 months delay)/45 months)x5% =0.67%	0.67%
Other risks premium	W_6	Other risks inherent for real estate projects include changes in taxation etc.	0.50%
Total			**24.48%**

Total discount rate for the project will equal 24.83% * 49.3% + 24.48% * 50.7% = **24.65%**.

Cashflow generated by an asset can be separated into two periods and the value of the asset could be defined as follows:

Value = present value of cashflow during explicit forecast period + present value of cashflow after explicit forecast period.

The second term is the continuing value or terminal value. In the value of the asset there is an expected cashflow beyond the explicit forecast period. Generally it is estimated by applying a multiple to a revenue or cash flow generated by the asset during the last year of forecast period or in the first year beyond the forecast period.

The multiple is estimated by market research and analysis following by the analysis of current prices and rents on the market for comparable assets. The multiple commonly used in valuation practice is a capitalization rate that converts revenues into the value. The cap rate typically reflects the expected yields that the property brings to the owner.

It must be noted that sentiment towards the commercial property investment market has weakened over the last 12 months. Far fewer transactions are occurring in the market place as investors wait for significant decrease in value of the completed properties, however the landlords still keep prices high. Our opinion of cap rate is provided in the light of these current conditions and current investor sentiment. Accordingly, the limited number of comparable transactions and the current market uncertainty mean that in arriving at our opinion of cap rate and Market Value, we have to exercise more than the usual degree of judgement. In the beginning of 2008 cap rates for retail properties in Kyiv varied within 8.0-10%, in the regions the cap rates were higher by 0.5-1%. Due to the financial crisis and economic decline, the cap rates in retail segment grew up to 12-18% for professional retail properties. In our calculations we applied the cap rate 12% as appropriate for retail project located in the distant area of Kyiv with delivery in 4Q 2012. We believe that the cap rate 12% will adequately reflects typical investor's expectations for retail center in Svyatoshinskiy city district.

In 2008 cap rates for office properties in Kyiv varied within 9-9.5%, in the regions the cap rates were higher by 0.5-1%. Due to the financial crisis and economic decline, the cap rates in office segment grew up to 13-18% for professional office properties. In our calculations we applied the cap rate 12.5% as appropriate for office project located in the distant area of Kyiv with delivery in the end of 2013. We believe that the cap rate 12.5% will adequately reflects typical investor's expectations for small scale office center in Svyatoshinskiy City District.

11.5 SWOT Analysis

The following table sets out the key strengths and weaknesses, opportunities and strengths we have identified in the development project.

Strengths: • Good location – nearby dormitory densely populated area • Deficit for professional retail space • Professional project management and experienced developer • Well-developed project concept • Active retail development along the Kiltseva Doroha – by 2013 the area will be well developed and the customers flow will be high	**Opportunities:** • Decline in construction prices in 2009 may reduce the development costs • Delivery in 2013, when the retail space will be highly demanded • Potential growth of rent rates in 2012 due to the deficit of retail space • Signing of LOI with the large anchor tenant (hypermarket), who are actively looking for the retail space
Weaknesses: • Early development stage of the project • Reluctance of small scale retail and entertainment operators to sign pre-lease agreements	**Threats:** • Decline in rent rates • Shortage of bank financing on the market • Delay in delivery terms • Strengthening of competition in Kyiv

12.0 Valuation

12.1 Basis of Valuation

Current valuation has been carried out in accordance with the International Valuation Standards 2007 (IVS 2007) commissioned by The International Valuation Standards Committee (IVSC) and by a valuer who conforms to the requirements of those valuation standards. The approved IVSC definition referred to as "the definition" of the "Market Value" is the estimated amount for which an asset should be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein parties had each acted knowledgeably, prudently and without compulsion”.

12.2 Terms and Definitions

Property – a legal concept encompassing all the interests, rights and benefits related to ownership. Property consists of rights of ownership, which entitle to owner to a specific interest or interests in what is owned. The ownership of real estate is called real property. The combination of rights associated with the ownership of real property is referred to a bundle of rights. The bundle of rights concept likens property ownership to a bundle of sticks with each stick representing a distinct and separate right of the property owner, e.g. the right to use, to sell, to lease, to give away, or to choose to exercise all or none of these rights.

Real property – all the rights, interests and benefits related to the ownership to real estate. An interest or interests in real property is demonstrated by some evidence of ownership (title deed).

Real estate – physical land and those human-made items, which attach to the land. It is the physical, tangible “thing” which can be seen and touched, together with all additions on, above or below the ground.

Market – the environment in which goods and services trade between buyers and sellers through a price mechanism.

Price – the amount asked, offered or paid for a good or service.

Value - is an economic concept referring to the price most likely to be concluded by the buyers and sellers of a good or service that is available for purchase. Value is not a fact, but an estimate of the likely price to be paid for goods and services at a given time in accordance with particular definition of value.

Highest and best use – the most probable use of property which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the property being valued.

Freehold property – absolute ownership right, subject only to limitations imposed by the State.

Leasehold property – leases are contractual agreements, which create other estate in real property. Under a lease, the landlord or lessor maintains the ownership interest with the right of use and occupancy being conveyed or granted to a tenant.

Company – legal entity, a Client, which owns the subject property.

Project – a concept for development of a land site.

Subject Property – any property to be valued according the Agreement between the Client and the Valuer.

Development project – leasehold/freehold interest in the land plot with set of documents for development a real estate property. Development project can be treated as a legal right to the land plot, potentially suitable for development, plus business idea how to develop the site, expressed in concept, architectural drawings and other official documents (various approvals and permits).

12.3 Valuation Methodology

In general terms, there are three valuation approaches. The first, income approach relates the value of an asset to the present value of the asset's future expected cash flows. This approach is applied with a use of two methods – income capitalization and DCF method. The second, market comparables approach, estimates the value of an asset by a comparison of prices for comparable' assets. Third, cost approach, relates the value of an asset to the cost of asset's new construction. There can be significant differences in outcomes, depending upon which approach is used.

Income Approach

Income approach in valuation can be applied via 2 main methods – discounted cashflow method and income capitalization method. Both methods measure effectiveness of assets' use in terms of their earning power. The approach is generally used in valuing a property, potentially capable of generating income.

So, when valuing any subject property using the highest and best use principle, the discounted cash flow method is the most appropriate. It suggests that the value of the project is a present value of net cash flows, that the project will generate in the future when the buildings are completed and let.

Income capitalization method is best applicable to those properties which bring steady predictable income and have predictable expenses (such as operating and management expenses).

The discounted cash flow method has its foundation in the present value rule, where the value of any asset is the present value of the expected future cash flows generated by the asset.

$$\text{Value} = \sum_{t=1}^{t=n} \frac{CF_t}{(1+r)^t}$$

n – life of an asset or forecasting period
CFt - cashflow in t period
r – discount rate reflecting the riskiness of forecasted cashflow.

The discount rate is a function of the riskiness of the forecasted cashflow, with higher rates for riskier projects and lower rates for safer projects or assets.

Sales Comparison Approach

This method calculates the property's market value on the basis of properties comparable to the subject property in terms of size, income, they generate and use. This valuation approach supposes that the market will set a value for the subject property the same way as for comparable competing properties.

The best comparables are properties that have been recently sold at the open market and are similar to the subject property. In fact, gathering enough information related to the transactions is often an issue, therefore appropriate adjustments to market sales data are typically applied. These adjustments reflect differences (in location, size, condition etc.) of comparable property sales. In addition, the asking prices for properties currently offered for sale may be used as an indicator of market value. However, they are not as significant as adjusted prices for completed transactions.

Taking into account that the subject property is a leasehold property which will be developed into commercial real estate in the future, we consider irrelevant the use of sales comparison approach. However, applying the income approach, the Valuer used the sales comparables approach to forecast rent rates.

Cost Approach

The cost method is based on assumption that construction costs plus land acquisition cost may serve as a basis for determining the value of real estate. Applying this method, it is necessary to define whether it concerns cost of reconstruction (construction of identical building) or cost of replacement (construction of property with equal profitability, considering usage of advanced materials, up-to-date standards of design, planning etc.). When reconstruction or replacement costs have been defined, depreciation amount (economical, physical or functional depreciation) will be deducted from the resulting amount. This final amount will be the value of the subject property in accordance with the cost method.

The cost method is an approach to real estate appraisal, based on the fact that the buyer shall not pay for the property more than cost of its new construction at current land, building materials and work prices. Such approach to value determination justifies itself when market information on sales and lease transactions is not available.

The majority of experts admit that the cost method is useful for verification of estimated value, but it can be rarely relied upon. In this approach appraisal value of a property is determined as a difference between value of its complete reconstruction or complete replacement and depreciation amount, plus value of a land plot; it can be calculated by the following formula:

$$Pr = TVR – D + Pl, \quad \text{or} \quad Pr = TVS – D + Pl,$$

where Pr – real estate value, determined by the costs approach;
TVR – total value of reconstruction of a subject property;
TVS – total value of replacement of a subject property;
D – depreciation value of property of a subject property;
Pl – value of land plot.

Total value of reconstruction (TVR) is considered as a value of construction of true copy of a building at current prices, using the same materials, building standards, design and the same work quality, including all defects, appropriate of the object of appraisal.

Total value of replacement (TVS) is a value of construction related to current prices, which has equal serviceability with the object of appraisal, but built using new materials and in accordance with modern standards, design and planning.
Based on the fact that a rational buyer will not pay for an existing building more than for construction of a new one, in accordance with modern standards, considering risks and time of construction, TVS may be considered as upper limit of a property value.

Optimal field of the cost method application for real estate estimation, giving the most objective results, is:
1) Definition of a market price for new or relatively new buildings with a insignificant depreciation and the most efficient use of land;
2) Definition of a market price for old properties if certain information for depreciation calculation is available;
3) Definition of a market price for construction designs, determination of market price of special purpose properties;
4) Definition of a market price for properties, with which market transactions are rarely made;
5) Definition of a market price for properties inestimable by income method.

Results of the cost method may be indirectly used in property appraisal in other ways, for example, when required market information is unavailable. The cost method requires land and buildings to be separately appraised, which allows isolating elements that are not a subject to insurance in appraisal for the purposes of insurance. The cost method is of great importance for making decisions on economic feasibility of construction of extensions or building reconstruction. For this purpose all expected costs are compared with expected growth of income or possible price of modernized building.

Application of the cost method is required in the following cases:

- Analysis of new construction;
- Highest and best use analysis;
- Reconstruction of the properties;
- Appraisal for the purposes of taxation;
- Appraisal for insurance;
- Assessment of impact of acts of nature;
- Appraisal for specific real estate.

However, costs of property construction do not match to its market value. This is the reason that application of the cost method is quite limited. In this respect, we consider the cost method as not well-reasoned for the valuation of development project, and we rely on the income method for appraisal of this property.

Justification of Applied Approach

The subject property is a leasehold interest in the land plot, hold for development project. The land plot with a concept is usually treated as development project. That limits application of certain valuation approaches.

Cost approach does not reflect the market value of the property and according to the Valuation Standards rated as “non-market” approach. The value of the Property will consist of actual costs for acquisition of the land plot (leasehold rights) plus cost of concept development and other actual costs incurred by the developer for land preparation and development.

Highest and best use principle suggests that two approaches – market approach and sales comparables approach could be applied to the subject property. Both these approaches will show market value of the subject property.

Sales comparison approach supposes that the market will set a value for the subject property the same way as for comparable competing properties. Market data show that the market for land plots is well developed in Kyiv and in Kyiv region. However, there are a few weighty arguments against application of that method:

- The developer will not keep that land plot as it is. According to the data provided by the Client, the developer will build a retail and office center on the land plot within 3-4 years.
- Land plots are sold on the market via sale-purchase of corporate rights. The Valuer does not value the corporate rights but rights on the land plot with a concept.
- The land plot deals are not transparent, and 90% of market offers show that the seller does not have full ownership right on the land plot. As a rule the seller offers “land in use” or “land in lease” (short-term or long-term). Therefore it’s quite difficult to select reasonable comparables on the market and make all necessary adjustments.
- The market approach does not bring the highest value to the property (see section “Highest and best use analysis”).
- The existing concept and highest and best use analysis suggest that the land plot will be developed into retail and office complex. The future property will be leased out and will be able to generate cashflow to the developer.

The Valuation practice shows that valuation of such properties is carried out by applying a “residual land value” method which is a modification of income approach. The market value of the property may equal the residual value of land plot under development.

Residual Value of Land *= future cashflow generated by the property within the forecasting period + terminal value of the property – development costs (including the developer’s interest)*

That method is widely used while applying the highest and best use principle for the land plots and development projects and allows comparing various scenarios of land development. The method also allows taking into account highest and best use principle, all possible project risks as well as future income that the project will generate in the future. Therefore that method has been used by the Valuer as the most appropriate for valuation of the project. Sales Comparison approach has been used while forecasting future rent rates for retail and office complex.

12.4 Market Value

We are of the opinion that the Market Value of leasehold interest (100%) of the Company in the land plot, with total area of 39,890 sq m, located on 12-B, 12-V, 12-G, Kiltseva Doroha, subject to projected rents and development terms, as of December 31, 2009 equals (rounded):

$6,717,300 thousand

(Six Million Seven Hundred Seventeen Thousand Three Hundred US dollars)

or UAH 53,637,600 thousand

(Fifty Three Million Six Hundred Thirty Seven Thousand Six Hundred Ukrainian Hryvnas).

In case of change of any variable, appropriate adjustments could be made to the values stated above. All calculations are presented in Annex 1 to the report.

13.0 Jurisdiction

The Ukrainian law shall be applied in every respect regarding the valuation and an agreement with the client. In the event of a dispute, arising in connection with a valuation, unless expressly agreed otherwise in writing by Knight Frank, the client and any third party, using the valuation, all will submit to the jurisdiction of the Ukrainian Courts only. This will apply wherever the properties or the client are located or the advice is provided.

14.0 Disclosure

In accordance with our standard practice we must state that the valuation is confidential to the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. If our opinion of value is disclosed to persons other than the addressees of this Report the basis of valuation should be stated.

Neither the whole nor any part of this report or any references thereto should be included in any published document, circular or statement, nor published in any way without the prior written approval of the form and context in which it may appear.

Yours sincerely,

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Appendix I Calculation of the Market Value of the Subject Property

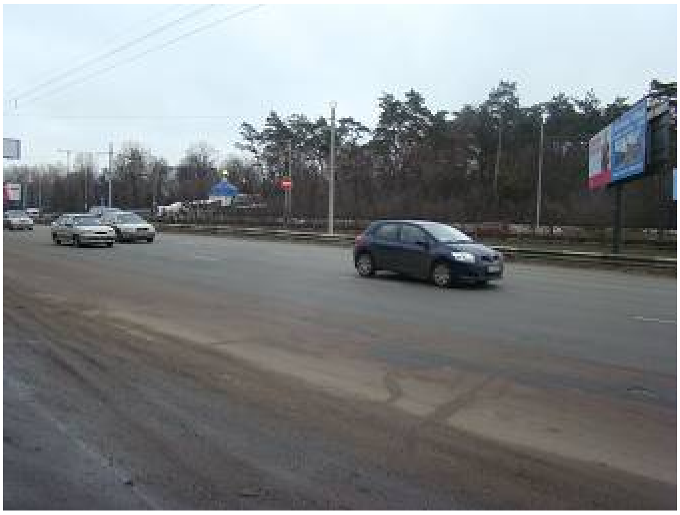
Table 14. Valuation of Retail Project located in Kyiv, 12-B,12-V,12-G, Kiltseva Doroha

		1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014
TOTAL EXPENSES, VAT included, $thousand	**$59,416.6**	**$95.0**	**$95.0**	**$95.0**	**$397.7**	**$397.7**	**$621.7**	**$7,489.5**	**$5,555.5**	**$9,207.0**	**$8,072.3**	**$10,006.3**	**$3,901.1**	**$3,901.1**	**$3,901.1**	**$5,680.4**	**$0.0**	**$0.0**
Project documentation	$908.0				$302.7	$302.7	$302.7											
Approvals	$224.0						$224.0											
Utilities	$3,868.0							$1,289.3	$1,289.3	$1,289.3								
Marketing & advertising	$773.6										$154.7	$154.7	$154.7	$154.7	$154.7			
Landscape design	$1,934.0											$967.0				$967.0		
City payments for infrastructure	$1,934.0							$1,934.0										
Fire department	$1,934.0											$967.0				$967.0		
Land lease costs	$1,425.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0	$95.0		
Construction costs	$38,680.0																	
- retail component	*$17,380.0*							$3,476.0	$3,476.0	$3,476.0	$3,476.0	$3,476.0						
- office component	*$21,300.0*									$3,042.9	$3,042.9	$3,042.9	$3,042.9	$3,042.9	$3,042.9	$3,042.9		
Extraordinary costs	$1,934.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$173.8	$173.8	$325.9	$325.9	$325.9	$152.1	$152.1	$152.1	$152.1		
Developer's profit	$5,802.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$521.4	$521.4	$977.8	$977.8	$977.8	$456.4	$456.4	$456.4	$456.4		
REVENUE, VAT included, $ thousand	**$93,269.1**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$1,155.6**	**$1,436.4**	**$1,576.8**	**46,723.6**	**$857.3**	**$1,200.2**	**$40,319.3**
Supermarket - Revenue	**$1,180.8**											$295.2	$295.2	$295.2	$295.2			
DIY - Revenue	**$1,944.0**											$486.0	$486.0	$486.0	$486.0			
Shopping gallery – Vacancy rate,%												**60%**	**30%**	**15%**	**10%**			
Shopping gallery - Revenue	**$2,667.6**											$374.4	$655.2	$795.6	$842.4			
Office center-Vacancy rate, %																**50%**	**30%**	**15%**
Office center - Revenue	**$3,182.6**															$776.3	$1,086.8	$1,319.6
Parking – Vacancy rate, %																**50%**	**30%**	**15%**
Parking - Revenue	**$332.1**															$81.0	$113.4	$137.7
Terminal Value (VAT net)	**$83,962.0**														$45,100.0			$38,862.0
OPERATING INCOME (VAT included)		**-$95.0**	**-$95.0**	**-$95.0**	**-$397.7**	**-$397.7**	**-$621.7**	**-$7,489.5**	**-$5,555.5**	**-$9,207.0**	**-$8,072.3**	**-$8,850.7**	**-$2,464.7**	**-$2,324.3**	**$42,822.5**	**-$4,823.2**	**$1,200.2**	**$40,319.3**

		1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014
NOI		**-$95.0**	**-$95.0**	**-$95.0**	**-$347.2**	**-$347.2**	**-$571.2**	**-$6,579.4**	**-$4,645.4**	**-$7,688.3**	**-$6,742.8**	**-$7,552.6**	**-$2,069.8**	**-$1,952.8**	**$43,186.2**	**-$4,196.3**	**$1,000.1**	**$40,076.4**
VAT in period		$0.0	$0.0	$0.0	$50.4	$50.4	$50.4	$910.1	$910.1	$1,518.7	$1,329.6	$1,298.1	$395.0	$371.6	$363.8	$626.9	-$200.0	-$242.9
VAT balance		$0.0	$0.0	$0.0	$50.4	$100.9	$151.3	$1,061.4	$1,971.5	$3,490.2	$4,819.7	$6,117.9	$6,512.8	$6,884.4	$7,248.1	$7,875.0	$7,675.0	$7,432.1
FREE CASH FLOW		**-$95.0**	**-$95.0**	**-$95.0**	**-$397.7**	**-$397.7**	**-$621.7**	**-$7,489.5**	**-$5,555.5**	**-$9,207.0**	**-$8,072.3**	**-$8,850.7**	**-$2,464.7**	**-$2,324.3**	**$42,822.5**	**-$4,823.2**	**$1,200.2**	**$44,010.9**

Cap rate retail, %	**12.0%**
Cap rate office, %	**12.5%**
Discount rate, %	**24.65%**
Market Value of Asset (Residual Land Value), $ thousand	**$6,717.3**

Appendix II Photographs



Appendix III Documents, Provided by the Client

Valuation Report

Land Plot Hold for Development of Office Center

Kyiv, 16/11, Studencheskaya Street and 9, Donchuka Street

Prepared on behalf of

KYIVBUDINVEST LLC

January 2010

Prepared by

Knight Frank LLC

39-41, Khoryva Street, office 80

Kyiv, 04071, Ukraine

www.knightfrank.ua

Executive Summary

Address: **Kyiv, 16/11, Studencheskaya Street and 9, Donchuka Street**

Image:

Location: The land site is located in Shevchenkivskiy city district, close the city central business district (CBD). The land plot has front access to Studencheskaya Street and Donchuka Street.

Description: Land site with total area of 1,069 sq m hold for development of office center

Tenure: Freehold.

Tenancies: As of valuation date - no signed LOI or pre-lease agreements.

Valuation Date: December 31, 2009

SWOT Analysis:

Strengths:

- Good location – close to the CBD
- Deficit for professional office space
- Professional project management and experienced developer
- Well-demanded by potential investors size of the office center
- Freehold land plot

Opportunities:

- Decline in construction prices in Q4 2008 - 2009 may reduce the development costs
- Delivery in 2012, when office space at attractive rents will be highly demanded
- Potential growth of rent rates in 2012-2013 due to the deficit of office space

Weaknesses:

- Narrow streets surrounding the site will cause traffic jams
- Early development stages of the project
- Reluctance of potential tenants to sign pre-lease agreements

Threats:

- Further decline in rent rates
- Shortage of bank financing on the market
- Delay in delivery terms
- Fluctuation of UAH/dollar exchange rate

Current Status:	Land plot under development
Projected Market Rent (average):	$32/sq m/month VAT net
Projected Market Value after completion (4Q 2013)	**$31,951.7 thousand**
Market Value as of December 31, 2009 (Residual land value):	**$6,843.4 thousand** **UAH 54,644.9 thousand**

The above executive summary is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

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Appendices

Appendix I	Calculation of the Market Value of the Subject Property
Appendix II	Photographs
Appendix III	Documents, Provided by the Client

Address: **STARTVALUE TRADING LIMITED (the representative of KYIVBUDINVEST LLC)**
Margarita house 15, Them.Dervis Street,
1066 Nicosia-Cyprus

For the attention of: **Mr. Meir Foyershtein**

January 11, 2010

Dear **Mr. Meir Foyershtein**,

Land plot with total area of 1,069 sq m, located in Kyiv, on 16/11, Studencheskaya Street and 9, Donchuka Street

1.0 Instructions

Knight Frank refers to the Contract signed between the **Knight Frank** and **STARTVALUE TRADING LIMITED - that is the official representative of KYIVBUDINVEST LLC** for valuation of freehold interest (100%) of the Company in the land plot hold for development project, located in the city of Kyiv in Shevchenkivskiy city district. The project foresees the development of **B+-class office center with a retail area and underground parking.**

We understand this valuation is required by **KYIVBUDINVEST LLC** for preparation of **IFRS financial statements**.

The opinion will be produced in accordance with the **International Valuation Standards 2007 (IVS 2007)** commissioned by the International Valuation Standards Committee (IVSC).

No part of the report should be disclosed orally, copied, published, or otherwise circulated outside the Client's organisation without Knight Frank's specific permission. No responsibility is accepted to any other party in whole or in part of the report. In order to avoid any ambiguity, the permission is required whether or not Knight Frank is referred to by name.

The valuation is provided **as of December 31, 2009**. Our inspection of the property was undertaken on **December 24, 2009** by Andrey Golubkov, Valuation Associate.

We would confirm that we are not aware of any conflicts of interest and have no current or recent fee earning involvement with the property, or any other party connected with the property.

We have been provided with documentation, upon which we have relied as being correct for the purposes of this report. The documentation which is referred to throughout the body of this report are listed in full below;

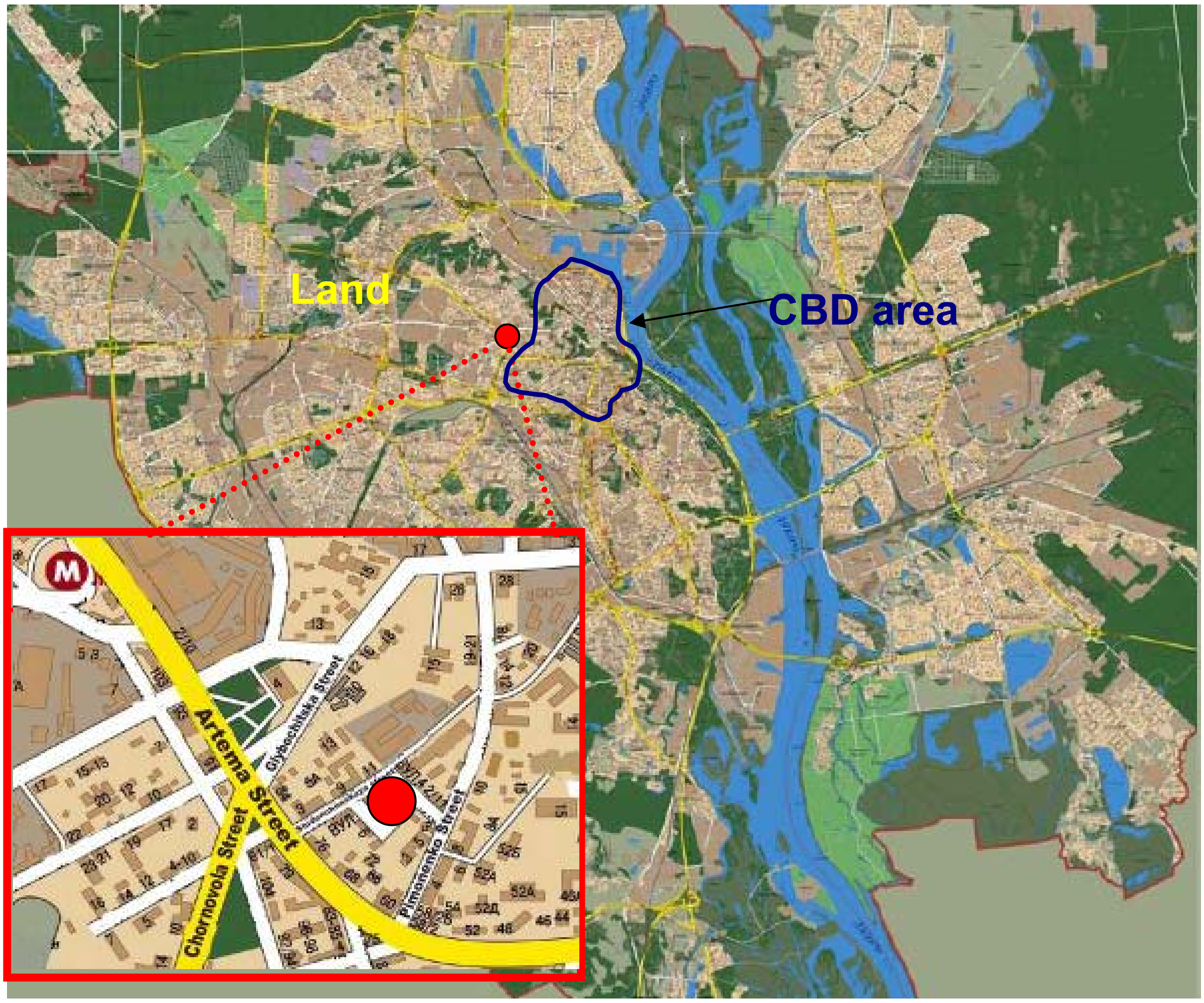
- Development schedule for the land plot;
- Development cost structure;
- Technical parameters of the project.

We have carried out our inspections, made relevant enquiries and have pleasure in reporting as follows:

2.0 Location

The land site is located in Shevchenkivskiy city district, close the city central business district (CBD). The area enjoys good transport accessibility due to the developed routes of public transport.

Map 1. Location of the land site



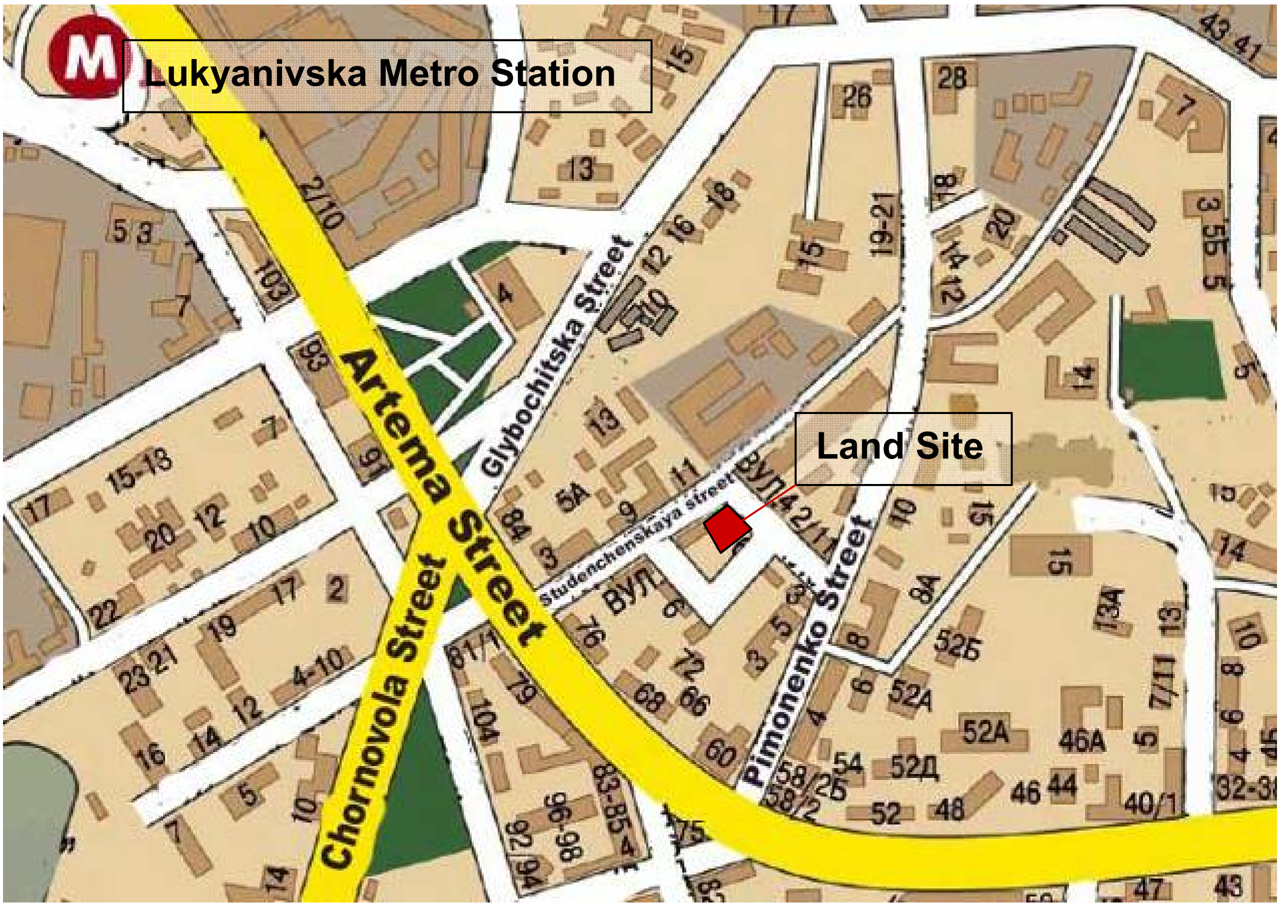
The site neighbourhood is residential and commercial area. Commercial area is presented mainly by office centers. The site borders with:

- on the North and North-East – Donchuka Street, Business Center Forum Business City - across the street;
- on the East – residential area;
- on the South – residential area;
- on the West – Studenchenskaya Street, residential area across the street.

The land plot has front access to Studencheskaya Street and Donchuka Street. Atrema Street and Chornovola Street that are considered as major city transportation routes are in the vicinity of the site. Metro line in located in 0.8 kilometres from the site.

The neighbourhood area is quickly developing as a new business district of Kyiv. There is a middle size business park – Forum Business city (with total area of 28,000 sq m) and Artem Business Center (total area of 8,500 sq m) nearby the site. Several office and mixed-use projects are announced in the vicinity of Lukyanivska metro Station and on Glybochitskaya Street.

Map 2. Land Site Shape and Location



Currently the building, which existed on the site earlier, has been demolished. The developer has already entered into development project.

3.0 Site and Tenure

Total land site area is 1,069 sq m. The distance from the site is:

- 0.8 kilometres to Lukyanivska Metro station;
- 3.5 kilometres to Khrestchatyk – main street of Kyiv;
- 9.7 kilometres to Central Bus Terminal;
- 2.8 kilometres to Central Railway Terminal.

Land consists of two land plots. The first land plot with total area of 553 sq m is freehold. The owner is KYIVBUDINVEST LLC. The ownership right is proved by the State Deed # KB 148338 issued on 03 October, 2003 by Main Department for Land Resources of KyivRada. Cadastre # is

8 000 000 000:91:154:0025. The land plot is hold for “development and functioning of residential and office complex”.

The second land plot with total area of 516 sq m is also freehold. The owner is KYIVBUDINVEST LLC. The ownership right is proved by the State Deed # ЯЖ 037540 issued by Main Department for Land Resources of KyivRada. Cadastre # is 8 000 000 000:91:154:0008.The land plot is hold for “servicing messuage”. The Valuer assumes that the land zoning will be changed according to the plans announced by the Client.

Figure 1. Cadastre Map of the Land Site 1

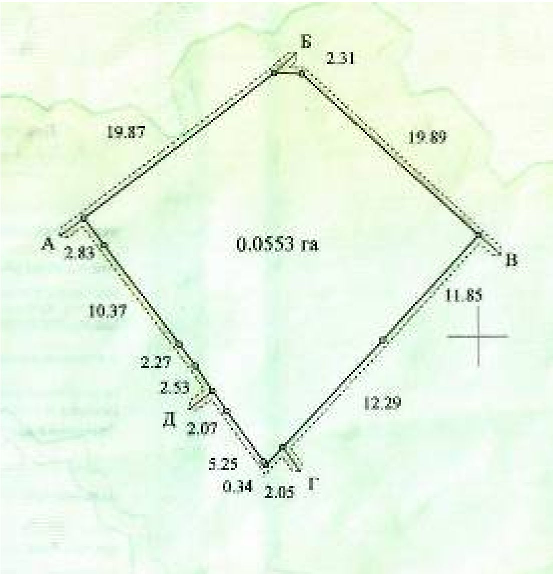
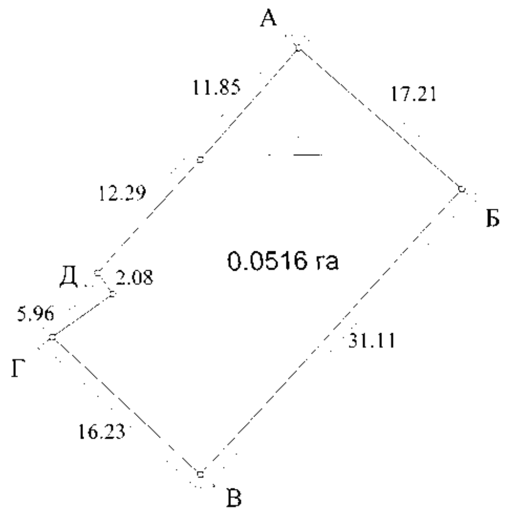


Figure 2. Cadastre Map of the Land Site 2



4.0 Highest and Best Use Analysis

Highest and best use – the most probable use of property which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the property being valued.

The freehold land plot could be used in two ways – sold on the open market or developed into a real estate property.

The first choice is to sell the freehold interest in the property. The land market in Kyiv is not transparent, and open market data are often unreliable and not representing the actual transactions. Besides, land prices in Kyiv vary drastically depending on the development potential of the sites, which is determined by such factors as size and physical conditions of the land plot, its location, permitted use, legal status. However, a great number of land deals happen between local and international developers off the open market at undisclosed prices, which does not allow us reliably drive to the market value of the asset.

The second choice – is to develop a new real estate property, which may bring the highest revenue and value to the landlord. The location of site and its size allow developing either residential or commercial mixed-use project. Development of residential project may brings the highest value to the developer as the revenues will be received earlier compared to commercial property, and the total building area will be bigger compared to office or retail properties. However, current permitted use of land restricts development of residential real estate. Therefore the Valuer has no legal grounds to forecast development of residential project on the site.

The legal documents provided by the Client allow the Valuer to consider the development of commercial project. Due to the small size of the land plot and its location in the middle of the quarter it is not reasonable to develop retail project on the site. However it's quite suitable for the development of office tower. Assuming that the Client has already made all necessary inquiries regarding the possible building area of commercial property and using the Valuer's own professional experience, the Valuer considered the areas and functional zoning of the future project appropriate to estimate the possible value of the asset.

Table 1. Project Areas Rent Assumptions

Areas	Unit	Gross building area, sq m	Gross leasable area, sq m	Projected monthly rent, $/sq m, VAT net
Total area	sq m	13,360	9,442	-
- retail	sq m	800	500	$45
- offices	sq m	10,520	8,942	$30
- parking	sq m	2,040	58 lots	$180/parking lot

According to the concept, provided by the Client, the total building area of the future project may reach 13,360 sq m, including leasable area of 9,442 sq m. Assuming conservative scenario such property may generate the annual revenue of up to $3.5 million, which may bring the value of completed property up to $28-32 million.

Based on highest and best use analysis the Valuer concluded that the best choice for the Client is to develop the commercial project on the land site.

5.0 Project Description

The land is hold for the development of office complex. The Project, provided by the Company, foresees the demolishing of the existing building and development of an office project with a total area of 13,360 sq m, mainly designated for offices and insignificant proportion of retail properties. The project will consist of multi-storied B-class office center with a retail premises on the ground floor, serviced by underground parking. According to the information provided by the Client, the project will include:

Table 2. Project Areas

Type of Premises	Floor	Total Area, sq m	GLA, sq m
Underground parking	**-1**	1,020	29 parking lots
Underground retail	**-2**	1,020	29 parking lots
Ground Level - retail	0	800	500
Offices	2	970	825
Offices	3	970	825
Offices	4	970	825
Offices	5	970	825
Offices	6	830	706
Offices	7	830	706
Offices	8	830	706
Offices	9	830	706
Offices	10	830	706
Offices	11	830	706
Offices	12	830	706
Offices	13	830	706
Total		**13,360**	**9,442**

6.0 Environmental & Contamination Considerations

As stated in the General Terms of Business for Valuations, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

We have been unable to ascertain the risks of flooding relating to the subject property. We have therefore assumed that the risk is low and will not affect the property’s value.

7.0 Sources of Information and Assumptions

We rely upon the information provided to us by the Client as to details of concept, future building areas and other relevant matters. We assume that this information is complete and correct. However, for the purpose of calculation of the properties’ market value, we also took into account comparable market rents.

In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the properties, and the contents of the reports made available to us. 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.

In addition to that it was also necessary for us to prepare our valuation of the Property on the basis of a number of “Special Assumptions”. In this respect, the Special Assumptions are the assumptions that either:

- require the valuation to be based on the facts that differ materially from those that exist at the date of valuation; or
- that a prospective purchaser could not reasonably be expected to make at the date of valuation, having regard to prevailing market circumstances.

In those instances where the basis of the “project” to be developed is not finalized, our valuation take into account any reasonably anticipated risks of delay and costs in receiving the Project documentation. However, we have assumed that there will be no unforeseeable additional costs or delays in comparison to those generally experienced and that such rights or interests are in due course obtained.

In those instances where Project documentation has been agreed with the respective authorities, our opinion of value has been arrived on the basis of these agreed agreements. Where such documentation is yet to be agreed we have had regard to the Company’s individual proposals, but have not necessarily adopted these in arriving our opinion of value, where we have felt it more prudent to adopt our assumptions as to volume of development etc.

All calculations are provided in US dollars for convenience reasons and because of inflation factor. But functional currency in Ukraine for all leases, sale and construction contracts is hryvna. If valuation report had been prepared using the local currency, the Hyrivna, for all calculations and assumptions (costs, rents, etc.), the final result in Hryvna translated into USD would give the exact same value.

8.0 Title

We do not examine documents of title, although where provided, we consider and take account of matters referred to in legal reports or certificates of title. We would normally assume, unless specifically informed and stated otherwise, that the properties have good and marketable title, all documentation is satisfactorily drawn, and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions, which affect neither the properties nor any material litigation pending.

In some instances we understand that the Company is still in the process of acquiring rights or permits to launch the development project. As stated earlier we have valued that Property on the Special Assumption that this right and permissions will be obtained.

9.0 Market Considerations

General Kyiv Office Market Overview

Table 3. Key Indicators

Key indicators	Class A	Class B (B+/B-)
Total stock in 2009 (A&B Class), thousand sq m	1125,9	
Delivered in 2009, thousand sq m	91,3	
Vacancy rate in 2009, %	15-20	
Triple net rents ($/sq m/annum) in 2009	$360 – $480	$120 – $360
Operating expenses ($/sq m/annum) in 2009	$60-$72	$36-$60
Offered prices for sale ($/sq m)	No sales	$3,000 - $5,000

Source: Knight Frank Research, 2009

Key Trends of the Office Market

- In 2009 the decreasing rent trend which has begun in Q4 2008 has proceeded. In January-June 2009 the rent rates had dropped on average by 35% as compared to 2008. The majority of office tenants has managed to renegotiate and significantly decrease the rents and leased areas.
- In 3Q 2009 the pace of sliding rent rates has slowed down. In 4Q 2009 office rents have flattened out.
- By December 2009 the outflow of tenants from business centers has significantly decreased due to the fact that in 1H 2009 the majority of companies had shortened leased area or had moved into cheaper and smaller offices.
- The lion share of deals in office segment (more than 50%) were closed after renegotiation of acting lease.
- 1H 2009 the structure of the office market demand by classes had been displacing towards cheaper at price segments.

Key Deals of the Office Market

In 2009, the largest deals in the office segment have included the following transactions:

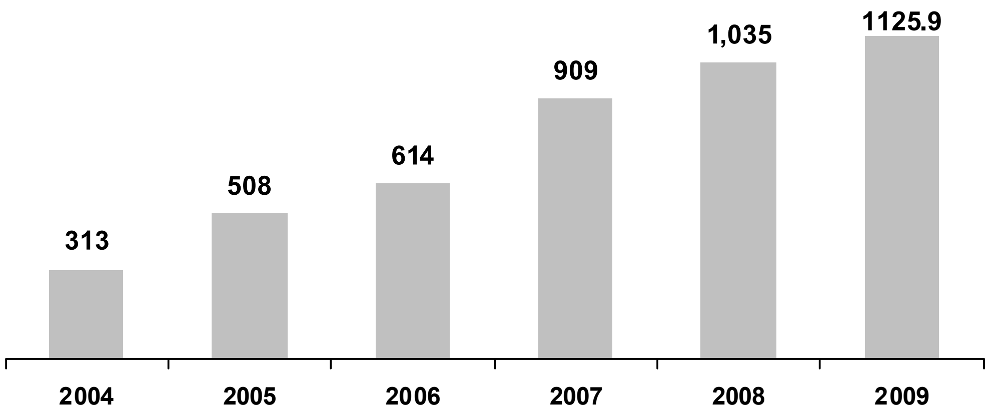
- National mobile operator “Astelit” has concluded a lease agreement for more than 6,400 sq m in HPBC-II.
- ”Eko Ltd”. (“Eko-Market” chain of supermarkets) has leased approximately 4,500 sq m in the Business Center on 24, Polyova Street.
- “Sanofi-Aventis”, French pharmaceutical company has signed a lease agreement for 2,660 sq m in “Prime” Business Center (48-50, Zhylyanska Street).

- "Hoffmann La Roche", Swiss pharmaceutical company has rented 700 sq m in "Leonardo-2" Business Center.
- "Huawei Technologies" has rented 2,000 sq m in the Business center "Irva".
- Pharmaceutical company "Boehringer Ingelheim Pharma GmbH" has signed the lease contract for more than 1,500 sq m in the office center on 26, Turhenevskiy Street.
- "Oriflame" Company has entered into the long-term lease agreement for 3,620 sq m in the Business Center "Levoberezhniy".
- TI Invest Company (operator of "Novus" supermarkets) has signed middle-term lease agreement for 1,300 sq m in the retail and office center at 26, Moskovskiy Avenue.

Office Supply in 2009

In 2009 several B- Class office properties have been delivered to the market. As of December 31, 2009, the total professional stock in the office segment in Kyiv has made 1,125.9 thousand sq m.

Figure 3. Total Supply of A and B (+/-) Class Offices in the City of Kyiv, thousand sq m



Source: Knight Frank Research, 2009

As of December 31, 2009, the quality office supply could be broken down as follows: class A – 16%, class B+ – 29% and B- – 55%.

Table 4. Key Projects, Delivered in 2009

Business Centre	Location	Class	Total area, thousand sq m
BC Capital Hall	31, Zhylyanska Str.	B-	12,000
BC Levoberezhniy	2A, M. Raskovoy Str.	B-	9,200
BC Flora Park	8, Tankovaya Str.	B-	10,000
BC Vector	10-G, Starokievskaya Str.	B-	15,922
Business Park Protasov	2/1, Hrynchenko Str.	B-	22,640
BC «HPBC-II» (1st phase)	12, Amosova Str.	A	20,000
BC Horizon Podol (1st phase)	9, Naberezhno-Krestchatitskaya Str.	B+	1,535
Total			**91,297**

Source: Knight Frank Research, 2009

Demand for Offices in Kyiv City

In comparison with the similar period of 2008 in 2009 there were essential changes in demand structure: the share of requests for cheaper office lots has considerably increased.

In 2009 about 50% (of total demand) of rent requests makes on the B- Class segment, whereas in 2008 more than 50% of inquiries were made on the B+ Class.

Starting from 3Q 2009, the office market has started reviving. Some companies were in search for better offices at lower rents or consolidating their separated divisions into single offices. Extension of the existing lease agreements and lease renegotiation had made over 50% of total deals in the office segment.

In 2H 2009, the majority of requests for office space came from a non-financial sector. Office space was demanded by pharmaceutical, telecommunications, IT, media, and FMCG companies. The activity in the segment has been mainly stipulated by changing structure of existing demand while new companies had abstained from entering the Ukrainian market.

Changing of demand structure on office space proceeds on the market. Small office lots from 150 to 300 sq m have become the most liquid objects. However, in 2H 2009 some companies requested areas in the operating properties from 1,000 to 4,000 sq m preferably located in the separate building within the CBD. Demand for the office space in properties under construction almost was absent. Tenants prefer to consider operating office objects or objects ready to commissioning. LOI contracts were subscribed in exceptional cases and, as a rule, on the terms of granting of considerable discounts.

In 3Q 2009, the vacancy rate in Kyiv business centers continued to grow, reaching 15-20% by the end of 2009.

Office Rents

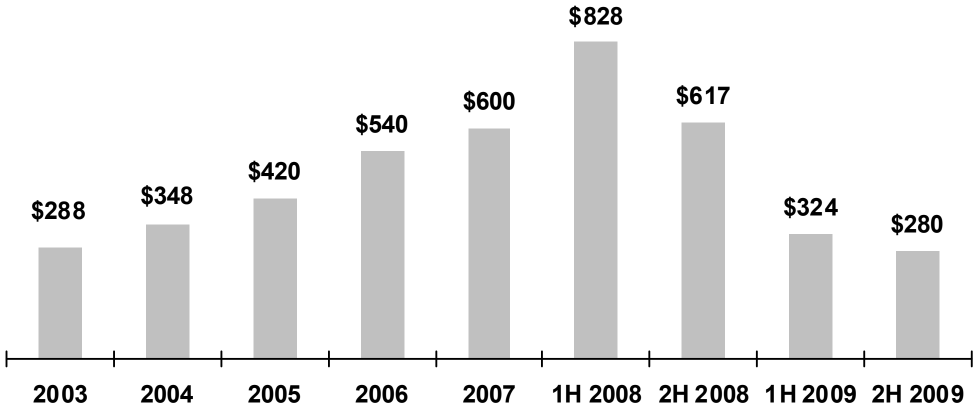
In 2009 the decreasing rent trend has proceeded, however, since Q3 2009 the pace of decrease had slowed down. By December 2009, rent rates have flatted out, moreover, they have risen in some business centers. In 2009, the total drop in rent rates has exceeded 50% in average as compared to 2H 2009.

Following the results of 1H 2009 dropping of rent rates averaged 35% including: for the A-Class offices - 25%, for the B+ Class offices - 34%, for the B- Class offices - 40% as compared to 2008. In summer 2009 rent rates varied from $420-$540/sq m for the A-Class offices, $240-$420/sq m for the B+ Class offices, and $180-$240/sq m for the B- class offices.

In 3Q 2009, the total drop in rent rates has made 15% in average as compared to June 2009. As of December, 2009 the rent rates have reached $360-480/sq m/annum for the A-Class offices, $240-360/sq m/annum for the B+ offices, and $120-240/sq m/annum for the B- Class offices.

More than 40% of closed deals for office premises rent are fixed in UAH without a binding to a dollar exchange rate.

Figure 5. Office Average Rent Rates ($/sq m/year) in Kyiv



Source: Knight Frank Research, 2009

Forecast

In 2010, the market will face a significant delivery of new office premises. The pipeline consists of 10 new A- and B-Class office centers with the total area of 173 thousand sq m. The majority of new office properties have been constructed in 2009, however, official launching had been shifted to 2010. Office and retail project “Esplanada” is likely to become one the largest and prominent objects of professional real estate in Kyiv.

In 2010, a sharp deviation of the lease rates and vacancy rates are unlikely to happen in the segment. In the first half of 2010 we expect the rents and vacancy rates remaining at level of December 2009, however, due to the significant delivery of the new properties the vacancy may go up to 25-30% in the segment.

Table 5. Key Projects to be Delivered in 2010

Business Centre	Location	Class	Total area, thousand sq m
BC HPBC (2nd phase)	12, Amosova Str.	A	20,000
BC Esplanada	1, Sportivnaya Square	A	48,000
BC Cremona	105, Saksaganskogo Str.	B+	3,400
BC Topaz	2/10, Melnykova Str.	B+	27,000
BC Rialto	18, Novokonstantinovskaya Str.	B+	15,000
BC	11, Solomenskaya Str.	B+	11,000
BC	70/16B, Saksaganskogo Str.	B+	9,000

Business Centre	Location	Class	Total area, thousand sq m
BC FIM Centre	1, Magnitogorska Str.	B-	9,266
BC Kinetic	12, Kurenivsky Lane	B-	8,000
BC Victoria Park	7, Akhtyrskiy Lane	B-	22,500
Total			**173,166**

Source: Knight Frank Research, 2009

The revival in the segment is expected in 2011-2012 and will depend significantly on the overall economic situation in the country. Foreign and local investors and developers are eager to invest into the operating office properties at 16-20% yield; however, the landlords keep asking prices based on 12-15% yields. The best office properties are not offered for sale.

In the mid-term the segment will be developing due to completion of the office properties started in pre-crisis period and due to development of small scale office centres (that do not require serious financing). The office yields are expected to remain at 15-17% in 2010. In 2011-2013 the yields will be gradually sliding to 11-13% due to the rising rents and commissioning of good quality properties to the market.

10.0 Valuation Considerations

10.1 Marketability Comparison

The office market in the site neighbourhood is quickly developing. Earlier Lukyanivska area was considered as mainly residential area with little to none office developments in the district. Nowadays the district is developing as a new office area of Kyiv. The existing business centers are located mainly in the vicinity of Lukyanivska metro station along Melnikova Street. These are B- class office properties: Forum Business City and Business Center Atrem. There is also a new B+ class office center on Dehtyarivska Street – Mikom Plaza, which was launched in 2008. The office pipeline in the area consists of two medium-size business centres on Melnikova Street, near the Lukyanivska metro station, large scale project on Glybochitska Street and a large scale mixed-use project on Sholudenko Street.

Table 6. Competing Projects in Office Segment

Existing office centers			Future competing projects		
#	Name	GLA, sq m	#	Name	GLA, sq m
1	BC Artem	8,500	1	BC Pushkin Tower	30,000
2	BC Cubic 1	8,000	2	BC Melnikova* (XXI Century)	21,000
3	BC Cubic 2	5,000	3	BC Topaz	27,000
4	Forum Business City	24,000	4	BC on Sholudenko*	45,000
5	BC on Artema Street	6,000	5	Mirax Plaza*	139,000
6	Mikom Plaza	8,000			

** Frozen projects*

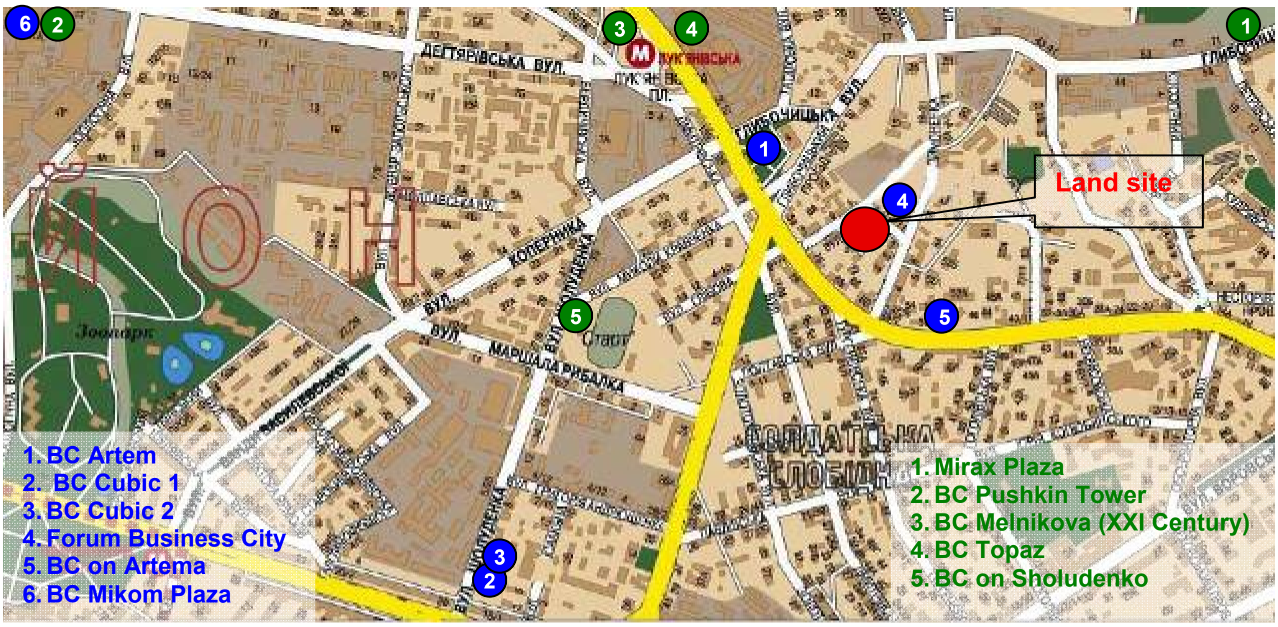
Current rent rates in Mikom Plaza vary within $20-25/sq m per month. Rent rates in Forum Business City vary from $15 to $25/sq m per month. Rent rates in BC Cubic vary from $15 to $25/sq m per month.

In addition, a number of premises on the ground floors of residential properties are offered for offices for rent. The rent rates in such properties vary from $12 to $18/sq m per month depending on location, office fitting, area etc.

Table 7. Office Rent Rates in Site Neighborhood

#	Location	Floor	Area, sq m	Rent Rate, triple net, $/sq m
1	Dehtyarivska Str.	1/5	130	$13
2	Artema Street	1/5	160	$16
3	Artema Street	1/10	268	$12
4	Zlatustivskaya, Business center	3/3	373, 143, 230	$18
5	Hlybochitskaya Street	2/5	43+21	$12.5

Map 3. Office Properties in Site Neighbourhood



The financial and economic crisis in the country and in the world made a significant impact on the real estate market in Ukraine. The majority of office projects were frozen by the developers who badly lack financing. Large development companies, who have large scale mixed used complexes, shifted the delivery of completed properties to 2011-2012. Therefore, the Valuer assumes that developers who develop small scale properties – up to 15,000-20,000 sq m will gain significantly. Such developments are well demanded by the tenants, especially by the large companies, who are gradually moving from the city center to the cheaper areas, and by the investors who are still looking for partnership in development of small scale office properties.

Giving the continuing tendency for demanding B Class office properties at attractive rents, the Valuer suggests that possible rent rates for B Class office, located in distance areas, in 2012 – 2013 may vary from $30 to $40/sq m/month depending on tenant's profile, leased area and dollar/euro exchange rate. Therefore the Valuer assumed average rent rate for office center at $32/sq m/month VAT net.

Considering the fact that developers currently conclude short-term lease agreement or middle-term agreements at low rents to keep tenants, the Valuer applied conservative rent rates.

Current parking rates are quite high due to its deficient and insufficient number of parking lots in the existing office centers. For example, parking rent rate in Illiynskiy Business Center on Podol reach $300/sq m/month. Therefore the Valuer took into account average rents appropriate for B+/B- office centers that exist in more developed markets ($180/parking lot net of taxes).

The project foresees 500 sq m of retail space. According to the data provided by the Client the retail premises on the ground floor will be designed for servicing companies and therefore the Valuer considered $45/sq m/month (net of taxes) appropriate for leasing out 500 sq m on retail space by small lots.

The Valuer made the following key assumptions regarding the future revenues:

Based on current market analysis and forecasts for 2012-2013 the Valuer considered the following rent rates:

- Offices - $38.4/sq m/month, including VAT, net of operating and management fees or $461/sq m/annum;
- Retail - $54/sq m/ month, including VAT, net of operating and management fees or $648/sq m/annum;
- Underground Parking - $216/ parking lot/month including VAT or $2,592/ parking lot/annum

10.2 Void and Reletting Prospects

As it was mentioned in Market Consideration section of the Report, by the end of the year due to financial crisis and economic instability, a lot of tenants shortened their staff and budgets, and vacancy rates have risen up to 7-10% in average, without taking into account the sublease. The vacancy increased especially in the A and B+ class offices. Currently the average vacancy rate reaches 20-25%, depending on location and leasing policy of landlords.

In the 1H 2010 the vacancy rate is likely to remain at the current level however by the year end the vacancy may grow up due to the significant delivery in the segment. The largest vacancy rate is expected in office centers with central location, which demanded excessive rent rates in 2007-2008 and still had not agreed to renegotiate rents. In 2012 due to the market revival and growing deficit for office space, the vacancy will be gradually going down to 10-15%.

The Project is located in the area, neighboring the CBD. The district has a well developed infrastructure. Therefore, in 2013 the Valuer expects the vacancy rate at 10% for the subject property.

10.3 General

The Valuer made the following assumptions regarding the future project costs and terms:

- All calculations are made in US dollars. The official exchange rate UAH/USD as of date of valuation makes 7.985 UAH for $USD;
- Project started in January 2008. Approvals and permissions are expected by Q1 2011;
- The developer has already invested into acquisition of land plot - $6 million; into planning and architects - $600 thousand; into permits - $500 thousand, overhead - $112 thousand. The Valuer considered that actual expenses in the calculations of Market Value.
- The construction lasts from Q2 2011 till Q1 2013. The construction schedule is provided by the Client;
- Expected delivery date is Q1 2013;
- The landlords usually start signing the lease agreements 3 month before the expected delivery date of the project. Standard lease agreement foresees 2-3 month deposit and one month lease payment. The Valuer considered the starting period for cash flow from leasing out the space – Q4 2012, when the future tenants will start paying 2-3 month deposits and rent.
- The Valuer assumes that the property will be bringing steady revenue to the owner starting from Q4 2013. Based on the NOI of that period and assuming that the developer will keep the property for a long term period, the Valuer calculated the terminal value of the property by dividing NOI by correspondent capitalization rate;
- Annual NOI calculations are based on the quarter revenue of Q4 2013 indexed by projected 10% in rents. Current market brought the rent rates down. Tenants do not sign long- and middle term lease contracts. Therefore the landlords sign either short term contracts (12 months+) or middle-term contracts at low rents and foresee quarterly indexation of the rent rates. Considering that fact and market forecasts for 2012-2013 the Valuer applied 10% annual indexation ratio to projected NOI in 2013.

Based on the data provided by the Client Valuer's experience and knowledge of the market as well as on current market data available, the Valuer assumed the following construction costs for the project:

- Office construction costs - $900/sq m, VAT incl.;
- Retail construction costs - $950/sq m, VAT incl.;
- Underground parking construction costs - $650/sq m, VAT incl.

The cost assumptions, taken by the Valuer, reflect conservative scenario based on average market costs, necessary to develop similar projects. The Valuer also considered that sharp rise in metal prices and prices for construction materials in the first half of 2008 (by 40% at least) was changed by 20-30% decline in the September-December 2008. Moreover, since the beginning of 2009 the construction costs have been dropped by 10-15%. If the developer starts construction in 2011, it may still reduce the construction costs by 15-20%.

Table 8. Open Market Data on Average Construction Costs for Real Estate Properties

#	Location	Range, $/sq m, VAT incl.	
1	Average construction costs for A Class office properties	900	1,100
2	Average construction costs for B+/- Class office properties	700	900
3	Average construction costs for retail properties	750	1,100
4	Deck parking	350	450
5	Underground parking	450	700

The Valuer also considered developer's profit as part of project costs to account for remuneration of future developer's effort needed to realize the Project. Full outsourcing of development activity is not practiced in Ukraine, and the local market for development services is not transparent, which makes the actual level of developers' profit for such projects hard to estimate. The limited market data indicate that the average numbers vary from 7% to 15% of hard construction costs, reaching 20-25% in some cases. Given the early stage of development of the Project at the time of valuation, the Valuer applied a conservative approach and assumed the level for developer's profit in the Project as 10% of hard construction costs.

10.4 Discount rate

Future cash flows are converted into a present value through the discount rate. According to International Valuation Standards discount rate is a rate of return used to convert a monetary sum, revenue or receivable in the future into a present value. All models estimating risk are built around a rate that investors can make on riskless investments and the risk premiums that investors should charge for investing into the Project.

One of the methods for discount rate calculation is a widely used cumulative approach. The discount rate, as a rate of return, can be written as the sum of risk free rate and as extra return to compensate the project risks.

Risk-free rate could be measured as a return on riskless investments. The only investments that are considered as risk-free in well-developed markets are investments into the government securities.

But lack of developed market of sovereign bonds in Ukraine makes it impossible to use the Ukrainian sovereign bond rates as risk-free instruments. Recently, it used to be a widespread practice to consider the bank deposits as risk-free investments in Ukraine, but investments into the Ukrainians banks currently also cannot be characterised as risk-free investment. Moreover, any investments in Ukraine can not be considered as risk-free due to its high country risks.

So, we have considered the 10-year USA inflation indexed treasuries (TIPS) as a risk-free investment. The inflation indexed treasuries have been used because the valuation has been based on the cashflow projections in real terms, which don't incorporate influence of inflation.
According to http://www.bloomberg.com, the 10-year USA inflation indexed treasuries (TIPS) as of December, 2009 is 1.875%, which equals to the risk-free rate.

Country risk premium has been estimated on the basis of Aswath Damodaran information published on the web site of New York University's Leonard N. Stern School of Business. Aswath Damodaran has transformed the long-term country rating from Moody's in country risk premium which is expressed in %. According to this source, as of December, 2009 the country risk for Ukraine was 11.25% (which corresponds to B2 long-term country rating from Moody's).

Risk premiums can be measured as additional return on investments stipulated by specific project risks. It's quite hard to justify the level of each risk. Risk premiums depend on specific risks appropriate for each type of property. Based on the market and project analysis, the Valuer estimated the following risk premium for the subject development Project.

Table 9. Calculation of the Discount Rate for the Project

Risk Ratio		Description	
Risk free rate	R_f	Please see explanations above.	1.875%
Country risk premium	R_c	Please see explanations above.	11.25%
Low liquidity risk premium	W_1	Low liquidity risk premium – Liquidity is an ability to convert an asset to cash quickly, without loss of principal. Real estate is considered to have low liquidity because of the time it takes to sell the property and the unpredictability of the market value at the time of sale. The risk depends on time necessary to market property and risk free income that the developer may earn while marketing the property. Liquidity risk premium = $\frac{\text{Marketing period}}{\text{12 months}}$ x (Risk free rate + Country risk rate) The Valuer assumes that average marketing period for the subject property equals 6 months. The Liquidity risk premium equals 6/12x13.125%= 6.56%	6.56%
Location risk premium	W_2	Subject property is located close to the CBD. Currently there are a few professional office centers in the neighborhood of the site with 5-15% average vacancy rate. There is a potential demand for office premises of A and B class, located in well developed areas with good infrastructure and transport accessibility. A location risk could be measured as a difference between rent rates for A-class offices located in the CBD and projected rent rates for the Project. According to the market data, Currently A-Class offices in CBD are being leased at $30-$35 sq m. The forecast suggests that by 2013 average rent rates for offices may grow up to $40-$50/sq m in the CBD. The projected rent rates for the Project are $32/sq m. Risk = ($45-$32)/$45x5% =1.44%	1.44%

Risk Ratio		Description	
Client diversification risk premium	W_3	The Project foresees various types of office premises for tenants. Minimal floor area available for rent is expected at 500 sq m per one tenant. Maximum bidding size for office space will not exceed 2,000 sq m. Taking into account the size of the office (appr 9,442sq m), we assume that client's diversification risk is high and amounts 2,000/9,442x5%=1.06%	1.06%
Property and asset management risk premium	W_4	The main task of a property management company is leasing out the space. Current office market enjoys 5-17% vacancy rate for professional office premises. In 2011-2012 we expect that the average vacancy rate for A and B class properties may reach 5-7%. The project is located close to CBD, we may assume an average vacancy rate for office - 10%. Therefore, we measure the property management risk as projected vacancy for the whole properties. Risk = 10%x5%= 0.50%	0.50%
Profit forecasting risk premium	W_5	The profit of the project depends significantly on the terms of delivery to the market. The term of delivery is a key factor that provides competitive advantages for the project (comparing to competitors in neighborhood) and influence on rent rates and cash flow from the Project. According to the data provided by the Client, the delivery date is 3Q2011. As a rule, appr. 80% of developers never meet the construction deadlines. The delay varies from 6 to 18 months. We presume that the Project has already started and may be delivered to the market with 4 months delay. The risk = (1-(36 months development period+4 months delay)/36 months)x5% =0.55%	0.55%
Other risks premium	W_6	Other risks inherent for real estate projects include changes in taxation etc.	0.50%
Total			**23.74%**

Based on calculations of the discount rate presented above the Valuer considered 23.74% as the discount rate for the Project.

Cash flow generated by an asset can be separated into two periods and the value of the asset could be defined as follows:

Value = present value of cash flow during explicit forecast period + present value of cash flow after explicit forecast period.

The second term is the continuing value or terminal value. In the value of the asset's there is an expected cashflow beyond the explicit forecast period. Generally it is estimated by applying a multiple to a revenue or cash flow generated by the asset during the last year of forecast period or in the first year beyond the forecast period.

The multiple is estimated by market research and analysis following by the analysis of current prices and rents on the market for comparable assets. The multiple commonly used in valuation practice is a capitalization rate that converts revenues into the value. The cap rate typically reflects the expected yields that the property brings to the owner.

It must be noted that sentiment towards the commercial property investment market has weakened over the last 12 months. Far fewer transactions are occurring in the market place as investors wait and see how the market adjusts to the current environment of restrictive credit conditions. Our opinion of cap rate is provided in the light of these current conditions and current investor sentiment. Accordingly, the limited number of comparable transactions and the current market uncertainty mean that in arriving at our opinion of cap rate and Market Value, we are having to exercise more than the usual degree of judgement. In the beginning of 2008 cap rates for office properties in Kyiv varied within 9-9.5%, in the regions the cap rates were higher by 0.5-1%. Due to the financial crisis and economic decline, the cap rates in office segment grew up to 13-18% for professional office properties. In our calculations we applied the cap rate 12% as appropriate for office project located in Kyiv with delivery in 2013. We believe that the cap rate 12% will adequately reflects typical investor's expectations for small scale office center in Shevchenkivskiy city district.

10.5 SWOT Analysis

The following table sets out the key strengths and weaknesses, opportunities and strengths we have identified in the development project.

Strengths:	**Opportunities:**
• Good location – close to the CBD • Deficit for professional office space • Professional project management and experienced developer • Well-demanded by potential investors size of the office center • Freehold land plot	• Decline in construction prices in Q4 2008 - 2009 may reduce the development costs • Delivery in 2012, when office space at attractive rents will be highly demanded • Potential growth of rent rates in 2012-2013 due to the deficit of office space
Weaknesses:	**Threats:**
• Narrow streets surrounding the site will cause traffic jams • Early development stages of the project • Reluctance of potential tenants to sign pre-lease agreements	• Further decline in rent rates • Shortage of bank financing on the market • Delay in delivery terms • Fluctuation of UAH/dollar exchange rate

11.0 Valuation

11.1 Basis of Valuation

Current valuation has been carried out in accordance with the International Valuation Standards 2007 (IVS 2007) commissioned by The International Valuation Standards Committee (IVSC) and by a valuer who conforms to the requirements of those valuation standards. The approved IVSC definition referred to as "the definition" of the "Market Value" is the estimated amount for which an asset should be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein parties had each acted knowledgeably, prudently and without compulsion".

11.2 Terms and Definitions

Property – a legal concept encompassing all the interests, rights and benefits related to ownership. Property consists of rights of ownership, which entitle to owner to a specific interest or interests in what is owned. The ownership of real estate is called real property. The combination of rights associated with the ownership of real property is referred to a bundle of rights. The bundle of rights concept likens property ownership to a bundle of sticks with each stick representing a distinct and separate right of the property owner, e.g. the right to use, to sell, to lease, to give away, or to choose to exercise all or none of these rights.

Real property – all the rights, interests and benefits related to the ownership to real estate. An interest or interests in real property is demonstrated by some evidence of ownership (title deed).

Real estate – physical land and those human-made items, which attach to the land. It is the physical, tangible “thing” which can be seen and touched, together with all additions on, above or below the ground.

Market – the environment in which goods and services trade between buyers and sellers through a price mechanism.

Price – the amount asked, offered or paid for a good or service.

Value - is an economic concept referring to the price most likely to be concluded by the buyers and sellers of a good or service that is available for purchase. Value is not a fact, but an estimate of the likely price to be paid for goods and services at a given time in accordance with particular definition of value.

Highest and best use – the most probable use of property which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the property being valued.

Freehold property – absolute ownership right, subject only to limitations imposed by the State.

Leasehold property – leases are contractual agreements, which create other estate in real property. Under a lease, the landlord or lessor maintains the ownership interest with the right of use and occupancy being conveyed or granted to a tenant.

Company – legal entity, a Client, which owns the subject property.

Project – a concept for development of a land site.

Subject Property – any property to be valued according the Agreement between the Client and the Valuer.

Development project – leasehold/freehold interest in the land plot with set of documents for development a real estate property. Development project can be treated as a legal right to the land plot, potentially suitable for development, plus business idea how to develop the site, expressed in concept, architectural drawings and other official documents (various approvals and permits).

11.3 Valuation Methodology

In general terms, there are three valuation approaches. The first, income approach relates the value of an asset to the present value of the asset's future expected cash flows. This approach is applied with a use of two methods – income capitalization and DCF method. The second, market comparables approach, estimates the value of an asset by a comparison of prices for comparable' assets. Third, cost approach, relates the value of an asset to the cost of asset's new construction. There can be significant differences in outcomes, depending upon which approach is used.

Income Approach

Income approach in valuation can be applied via 2 main methods – discounted cashflow method and income capitalization method. Both methods measure effectiveness of assets' use in terms of their earning power. The approach is generally used in valuing a property, potentially capable of generating income.

So, when valuing any subject property using the highest and best use principle, the discounted cash flow method is the most appropriate. It suggests that the value of the project is a present value of net cash flows, that the project will generate in the future when the buildings are completed and let.

Income capitalization method is best applicable to those properties which bring steady predictable income and have predictable expenses (such as operating and management expenses).

The discounted cash flow method has its foundation in the present value rule, where the value of any asset is the present value of the expected future cash flows generated by the asset.

$$\text{Value} = \sum_{t=1}^{t=n} \frac{CF_t}{(1+r)^t}$$

n – life of an asset or forecasting period
CFt - cashflow in t period
r – discount rate reflecting the riskiness of forecasted cashflow.

The discount rate is a function of the riskiness of the forecasted cashflow, with higher rates for riskier projects and lower rates for safer projects or assets.

Sales Comparison Approach

This method calculates the property's market value on the basis of properties comparable to the subject property in terms of size, income, they generate and use. This valuation approach supposes that the market will set a value for the subject property the same way as for comparable competing properties.

The best comparables are properties that have been recently sold at the open market and are similar to the subject property. In fact, gathering enough information related to the transactions is often an issue, therefore appropriate adjustments to market sales data are typically applied. These adjustments reflect differences (in location, size, condition etc.) of comparable property sales. In addition, the asking prices for properties currently offered for sale may be used as an indicator of market value. However, they are not as significant as adjusted prices for completed transactions.

Taking into account that the subject property is a freehold property which will be developed into commercial real estate in the future, we consider irrelevant the use of sales comparison approach. However, applying the income approach, the Valuer used the sales comparables approach to forecast rent rates.

Cost Approach

The cost method is based on assumption that construction costs plus land acquisition cost may serve as a basis for determining the value of real estate. Applying this method, it is necessary to define whether it concerns cost of reconstruction (construction of identical building) or cost of replacement (construction of property with equal profitability, considering usage of advanced materials, up-to-date standards of design, planning etc.). When reconstruction or replacement costs have been defined, depreciation amount (economical, physical or functional depreciation) will be deducted from the resulting amount. This final amount will be the value of the subject property in accordance with the cost method.

The cost method is an approach to real estate appraisal, based on the fact that the buyer shall not pay for the property more than cost of its new construction at current land, building materials and work prices. Such approach to value determination justifies itself when market information on sales and lease transactions is not available.

The majority of experts admit that the cost method is useful for verification of estimated value, but it can be rarely relied upon. In this approach appraisal value of a property is determined as a difference between value of its complete reconstruction or complete replacement and depreciation amount, plus value of a land plot; it can be calculated by the following formula:

Pr = TVR – D + Pl, or Pr = TVS – D + Pl,

where Pr – real estate value, determined by the costs approach;
TVR – total value of reconstruction of a subject property;
TVS – total value of replacement of a subject property;
D – depreciation value of property of a subject property;
Pl – value of land plot.

Total value of reconstruction (TVR) is considered as a value of construction of true copy of a building at current prices, using the same materials, building standards, design and the same work quality, including all defects, appropriate of the object of appraisal.

Total value of replacement (TVS) is a value of construction related to current prices, which has equal serviceability with the object of appraisal, but built using new materials and in accordance with modern standards, design and planning.

Based on the fact that a rational buyer will not pay for an existing building more than for construction of a new one, in accordance with modern standards, considering risks and time of construction, TVS may be considered as upper limit of a property value.

Optimal field of the cost method application for real estate estimation, giving the most objective results, is:
1) Definition of a market price for new or relatively new buildings with a insignificant depreciation and the most efficient use of land;
2) Definition of a market price for old properties if certain information for depreciation calculation is available;
3) Definition of a market price for construction designs, determination of market price of special purpose properties;
4) Definition of a market price for properties, with which market transactions are rarely made;
5) Definition of a market price for properties inestimable by income method.

Results of the cost method may be indirectly used in property appraisal in other ways, for example, when required market information is unavailable. The cost method requires land and buildings to be separately appraised, which allows isolating elements that are not a subject to insurance in appraisal for the purposes of insurance. The cost method is of great importance for making decisions on economic feasibility of construction of extensions or building reconstruction. For this purpose all expected costs are compared with expected growth of income or possible price of modernized building.

Application of the cost method is required in the following cases:
- Analysis of new construction;
- Highest and best use analysis;
- Reconstruction of the properties;

- Appraisal for the purposes of taxation;
- Appraisal for insurance;
- Assessment of impact of acts of nature;
- Appraisal for specific real estate.

However, costs of property construction do not match to its market value. This is the reason that application of the cost method is quite limited. In this respect, we consider the cost method as not well-reasoned for the valuation of development project, and we rely on the income method for appraisal of this property.

Justification of Applied Approach

The subject property is a freehold interest in the land plot, hold for development project. The land plot with a concept is usually treated as development project. That limits application of certain valuation approaches.

Cost approach does not reflect the market value of the property and according to the Valuation Standards rated as “non-market” approach. The value of the Property will consist of actual costs for acquisition of the land plot (leasehold rights) plus cost of concept development and other actual costs incurred by the developer for land preparation and development.

Highest and best use principle suggests that two approaches – market approach and sales comparables approach could be applied to the subject property. Both these approaches will show market value of the subject property.

Sales comparison approach supposes that the market will set a value for the subject property the same way as for comparable competing properties. Market data show that the market for land plots is well developed in Kyiv and in Kyiv region. However, there are a few weighty arguments against application of that method:

- The developer will not keep that land plot as it is. According to the data provided by the client, the developer will build an office center on the land plot within 3 years.
- Land plots are sold on the market via sale-purchase of corporate rights. The Valuer does not value the corporate rights but rights on the land plot with a concept.
- The land plot deals are not transparent, and 90% of market offers show that the seller does not have full ownership right on the land plot. As a rule the seller offers “land in use” or “land in lease” (short-term or long-term). Therefore it’s quite difficult to select reasonable comparables on the market and make all necessary adjustments.
- The market approach does not bring the highest value to the property (see section “Highest and best use analysis”).

- The existing concept and highest and best use analysis suggest that the land plot will be developed into office complex. The future property will be leased out and will be able to generate cashflow to the developer.

The Valuation practice shows that valuation of such properties is carried out by applying a "residual land value" method which is a modification of income approach. The market value of the property may equal the residual value of land plot under development.

Residual Value of Land *= future cash flow generated by the property within the forecasting period + terminal value of the property – development costs (including the developer's interest)*

That method is widely used while applying the highest and best use principle for the land plots and development projects and allows comparing various scenarios of land development. The method also allows taking into account highest and best use principle, all possible project risks as well as future income that the project will generate in the future. Therefore that method has been used by the Valuer as the most appropriate for valuation of the project. Sales Comparison approach has been used while forecasting future rent rates for office complex.

11.4 Market Value

We are of the opinion that the Market Value of freehold interest (100%) of the Company in the land plot, with total area of 1,069 sq m, located in Kyiv, on 16/11, Studencheskaya Street and 9, Donchuka Street, subject to projected rents and development terms, as of December 31, 2009 equals

$6,843,400

(Six Million Eight Hundred Forty Three Thousand Four Hundred US dollars)

or

UAH 54,644,900

(Fifty Four Million Six Hundred Forty Four Thousand Nine Hundred Ukrainian Hryvnas)

In case of change of any variable, appropriate adjustments could be made to the values stated above. All calculations are presented in Annex 1 to the report.

12.0 Jurisdiction

The Ukrainian law shall be applied in every respect regarding the valuation and an agreement with the client. In the event of a dispute, arising in connection with a valuation, unless expressly agreed otherwise in writing by Knight Frank, the client and any third party, using the valuation, all will submit to the jurisdiction of the Ukrainian Courts only. This will apply wherever the properties or the client are located or the advice is provided.

13.0 Disclosure

In accordance with our standard practice we must state that the valuation is confidential to the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. If our opinion of value is disclosed to persons other than the addressees of this Report the basis of valuation should be stated.

Neither the whole nor any part of this report or any references thereto should be included in any published document, circular or statement, nor published in any way without the prior written approval of the form and context in which it may appear.

Yours sincerely,

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Appendix I Calculation of the Market Value of the Subject Property

Table 10. Valuation of Office Project located on 16/11, Studencheskaya Street and 9, Donchuka Street, $thousand

		1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013
TOTAL EXPENSES, $ thousand	$15,379.2	**$11.6**	**$11.6**	**$11.6**	**$11.6**	**$845.7**	**$1,918.0**	**$1,918.0**	**$1,918.0**	**$1,918.0**	**$1,918.0**	**$2,362.8**	**$2,496.2**	**$38.5**			
Approvals	$66.8					$66.8											
Utilities	$577.7											$288.9	$288.9				
Marketing & advertising	$115.5											$38.5	$38.5	$38.5			
Landscape design	$115.5											$57.8	$57.8				
City payments for infrastructure	$655.4					$655.4											
Fire department	$115.5												$115.5				
Land lease costs	$120.0	$10.0	$10.0	$10.0	$10.0	$10.0	$10.0	$10.0	$10.0	$10.0	$10.0	$10.0	$10.0				
Construction costs	$11,554.0						$1,650.6	$1,650.6	$1,650.6	$1,650.6	$1,650.6	$1,650.6	$1,650.6				
Extraordinary costs	$664.1	$0.5	$0.5	$0.5	$0.5	$36.6	$83.0	$83.0	$83.0	$83.0	$83.0	$102.3	$108.1				
Developer's profit	$1,394.6	$1.1	$1.1	$1.1	$1.1	$76.9	$174.4	$174.4	$174.4	$174.4	$174.4	$214.8	$226.9				
REVENUE, $ thousand	**$36,717.6**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$633.6**	**$994.2**	**$1,045.7**	**$1,045.7**	**$32,997.3**
Offices – Vacancy, %													**50%**	**15%**	**10%**	**10%**	**10%**
Offices - Revenue	$4,172.0												$515.1	$875.6	$927.1	$927.1	$927.1
Retail – Vacancy, %													**0%**	**0%**	**0%**	**0%**	**0%**
Retail - Revenue	$405.0												$81.0	$81.0	$81.0	$81.0	$81.0
Parking - Vacancy, %													**0%**	**0%**	**0%**	**0%**	**0%**
Parking - Revenue	$187.9												$37.6	$37.6	$37.6	$37.6	$37.6
Terminal Value	$31,951.7																$31,951.7
OPERATING INCOME VAT INCLUDED		**-$11.6**	**-$11.6**	**-$11.6**	**-$11.6**	**-$845.7**	**-$1,918.0**	**-$1,918.0**	**-$1,918.0**	**-$1,918.0**	**-$1,918.0**	**-$2,362.8**	**-$1,862.6**	**$955.7**	**$1,045.7**	**$1,045.7**	**$32,997.3**
NOI		**-$11.3**	**-$11.3**	**-$11.3**	**-$11.3**	**-$826.8**	**-$1,600.0**	**-$1,600.0**	**-$1,600.0**	**-$1,600.0**	**-$1,600.0**	**-$1,970.7**	**-$1,573.1**	**$796.4**	**$871.4**	**$871.4**	**$32,823.1**
VAT in period		$0.3	$0.3	$0.3	$0.3	$18.9	$318.0	$318.0	$318.0	$318.0	$318.0	$392.1	$289.5	-$159.3	-$174.3	-$174.3	-$174.3
VAT balance		$133.1	$133.3	$133.6	$133.8	$152.8	$470.7	$788.7	$1,106.7	$1,424.7	$1,742.7	$2,134.9	$2,424.4	$2,265.1	$2,090.8	$1,916.5	$1,742.2
FREE CASH FLOW		**-$11.6**	**-$11.6**	**-$11.6**	**-$11.6**	**-$845.7**	**-$1,918.0**	**-$1,918.0**	**-$1,918.0**	**-$1,918.0**	**-$1,918.0**	**-$2,362.8**	**-$1,862.6**	**$955.7**	**$1,045.7**	**$1,045.7**	**$34,384.5**

Cap rate, %	12.0%
Discount rate, %	23.74%
Market Value of Asset, $ thousand	**$6,843.4**

Appendix II Photographs

Appendix III Documents, Provided by the Client