FULL VALUATION REPORT

AFI Palace Cotroceni
4 Vasile Milea Blvd., Sector 6
Bucharest, Romania

COTROCENI PARK SA

Date of Valuation: 30th September 2015
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The contents of this Report may only be relied upon by:
(i) Addressees of the Report; or
(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter.

This Report is to be read and construed in its entirety and reliance on this Report is strictly subject to the disclaimers and limitations on liability on page 11. Please review this information prior to acting in reliance on the contents of this Report. If you do not understand this information, we recommend you seek independent legal counsel.
EXECUTIVE SUMMARY

The Property

Address: 4 Vasile Milea Blvd, District 6
Bucharest, Romania

Main Use: regional shopping and entertainment centre

According to the information and documents provided by AFI Europe Romania the Property has a Gross Lettable Area (GLA) of 82,402 sq m (after extension) and 2,500 parking lots, both underground and within a multi-level parking deck.

Tenure

We understand that the property is held freehold by S.C. COTROCENI PARK S.A.

Tenancies and Covenant Strengths

The total GLA of the shopping centre is 82,402 sq m (after extension), of which 1,500 sq m office space.

The Property is currently 97.84% let. It consists of 421 units out of which 392 are leased and 29 units and kiosks are vacant.

AFI Palace Cotroceni is the largest shopping mall in Romania, and one of the largest shopping malls in the CEE/SEE Regions. The tenants are international and national brands and the mall has excellent entertainment facilities: 20 screen cinemas, IMAX screen, ice skating rink, bowling alley, 2 casinos, roller coaster, playground for children, Lasermaxx arena, carting facilities and a children’s electric train.

The scheme is anchored by:

- Auchan Hypermarket – they are occupying an area of 12,788 sq m (approx. 15.5% of total GLA). The rebranding of real in Auchan within AFI Palace
Cotroceni was completed in April 2014, after Auchan Group bought 20 Real hypermarkets in Romania in September 2013. The leasing contract will expire in October 2024.

- Cinema City, with 20 screens occupies 6,530 sq m and an IMAX screen that occupies 841 sq m. This is the second largest tenant of the shopping center in terms of leased GLA – approx. 7.9% of total GLA. The leasing contracts will expire in October 2019.
- C&A – the well-renowned fashion retailer is positioned itself on the main entrance of the shopping mall on two levels, occupying a total area of 3,284 sq m. C&A is the third largest tenant as unit size and the second as rental income, with a 10-year leasing contract, until October 2019.
- Inditex Brands – the brands Zara, Zara Home, Bershka, Pull&Bear, Stradivarius, Oysho and Massimo Dutti occupy approximately 4,732 sq m located on the ground floor and on the first floor. The leasing contract will expire in October 2019.
- H&M – the worldwide fashion giant that has entered the local market in 2011 and it opened on the 25th March 2011 their first shop in Romania, in AFI Palace Cotroceni, a 2,073 sq m unit on two levels close to the entrance from Timisoara Boulevard. H&M extended the leased area by 840 sq m as of 15th November 2013.
- Jatomi Fitness – the Polish based club fitness network is occupying in AFI Palace Cotroceni 1,818 sq m on the first floor. They have one of the longest leasing contract within the shopping center, for 10-year, until May 2020.
- Flanco – the home appliances has a 10-year leasing contract for 1,395 sq m on the first floor of AFI Palace Cotroceni.
- Koton – they are leasing 1,115 sq m on the GF of the shopping center (approx. 1.35% of total GLA) until August 2019.
- Intersport – the important sports fashion and equipment retailer occupies a unit of 1,032 sq m, located on the ground floor. They have a 10-year leasing contract until October 2019.
- LPP - The Polish group is represented by Reserved (recently extended), MOHITO and Sinsay brands. These are among the most successful brands on the local market especially addressed to the young generation.

The key reversionary point is 2019 when 31.94% of contracted income is due to expire. Overall the tenancies represent relatively good covenant strength and security of income. The weighted average unexpired lease term is 3.09 years.
EXECUTIVE SUMMARY

Gross Income

€ 31,141,139  (€ 377.92 per sq m)
per annum

Net Income

€ 30,740,531  (€ 373.05 per sq m)
per annum

Gross Market Rent

€ 33,207,993  (€ 403 per sq m)
per annum

Fair Value

€433,990,000 (FOUR HUNDRED AND THIRTY THREE MILLION, NINE HUNDRED AND NINETY THOUSAND EUROS)

Yield Profile

Initial Yield  7.08%
Reversionary Yield  7.65%
Equivalent Yield  7.56%

SWOT Analysis

Strengths

- AFI Palace Cotroceni is the dominant retail scheme in Romania in terms of size, anchors, footfall and merchandise mix. The GBA is 216,310 sq m out of which the GLA is 82,402 sq m (after extension); moreover after the additional planned extension is completed this will be the biggest scheme in Romania.
- The shopping centre has excellent visibility at the junction of Timisoara and Vasile Milea boulevards. Timisoara Boulevard is one of the most important routes (alongside Iuliu Maniu Boulevard) that connect the city centre to the Militari and Drumul Taberei districts and also to the A1 highway.
- Tram line no. 1 - one of the most important public means of transportation in Bucharest that covers the 'inner ring road' has a station in front of the scheme at the junction of Vasile Milea and Timisoara boulevards.
- The site has a wide frontage to both boulevards, of approx. 225 meters on Vasile Milea Boulevard and approx. 235 sq m meters on Timisoara Boulevard.
EXECUTIVE SUMMARY

- The property is well served by public transport: tram lines no. 1, 8, 11, 25, 35 and 47 on Timisoara Boulevard, bus lines no. 137 and 138 on Timisoara Boulevard, no. 105 and 635 on Vasile Milea Boulevard and trolley bus lines no. 71 and 93 on Vasile Milea Boulevard. Politehnica metro station is located at 5 minute walk from the shopping mall on Iuliu Maniu Boulevard.
- The tenant mix includes important names on the Romanian market, such as Auchan, Inditex brands, H&M, C&A, Reserved, Intersport, Domo, Flanco and Cinema City, (the anchors), while other international names are CCC, Ecco, Koton, Karen Millen, Pizza Hut, Gant, KFC, McDonald’s, Clarks, Tommy Hilfiger, Swarowski or Vodafone.
- The Property benefits from a generous parking area approximately 2,500 parking lots, both underground, above ground or within a multi-level parking deck. There is flexibility to build more parking on the upper-levels of the exterior parking deck and on the roof of the mall.
- The total turnover of the tenants for January – June 2015 of approx. €m 98 is with 4.87% higher than the level registered in the same period of 2014 and with 2.57% higher than the same period of 2013.
- The property benefits from income producing leased areas on the parking deck due to entertainment and leisure facilities including karting, Lasermaxx.
- The Basarab Bridge that was inaugurated in mid-June 2011 represents a tremendous opportunity for the scheme in terms of increased number of visitors since it connects the Northern and Eastern areas of the city to the Western area through Victoriei Square.

Weaknesses

- The average monthly footfall for the mall is 1,393,510 visitors, and this represents an average of daily visitors of 46,450. The footfall for the first 9 months of the year 2015 is approx. 10.6% lower than for the same period of 2014.
- During the peak hours the traffic is congested, which puts a strain on the ease of access; it is directly related to the fact that especially between 6 pm to 8 pm the traffic is mainly generated by the residents of Drumul Taberei and Militari neighbourhoods.
- The immediate vicinity is comprised of former industrial facilities alongside Timisoara Boulevard in the West, a class B office building (a conversion from a textile factory) alongside Vasile Milea Boulevard in the North and a military base just across Vasile Milea Boulevard, but the new office park developed by AFI has mitigated this risk.
- Extensive walking distances to various stores, which may create difficult circulation for foot traffic.
- The Western area of the city is one of the most crowded areas in terms of modern retail projects, with hypermarket-lead schemes such as: Militari Retail Park, Carrefour Orhideea, Militari Shopping and Cora Lujerului while the only shopping center located nearby is Plaza Romania (at least 8,000 sq m is currently being converted into office space). Other schemes located at 10 minute drive time from AFI Palace Cotroceni are Liberty Center and Vulcan Value Center.
Opportunities

- Parking payment system was implemented and this increased mall’s revenues.
- Development of AFI Park consisting of 5 Class A office buildings with more than 69,000 sq m GLA will bring at the mall approx. 7,000 employees with above national average salary; the first 3 buildings with approx. 4,500 employees are operating and this already increased the footfall and food-court tenants’ turnover.
- The catchment area of the scheme includes the entire population of the Western area of Bucharest and also attracts residents from neighbouring sectors and cities due to its dominant position, food, fashion and entertainment anchors.
- The new metro station Orizont is located less than 300 m away from the shopping center and currently is under construction. This is part of the metro line M5 Drumul Taberei – Pantelimon and the construction works for Drumul Taberei – Eroilor are estimated to be completed in the second half of year 2016.
- Bucharest is the biggest city in Romania with over 2,500,000 inhabitants including the neighbouring localities and concentrates the largest amount of foreign investments whilst also registering the highest average net income per person in the country.

Threats

- Mega Mall and ParkLake are the biggest potential threats to the AFI Palace Cotroceni scheme. Mega Mall was completed in May 2015 and the development of ParkLake is estimated to be completed in Q2 2016.
- Sun Plaza, with its 81,700 sq m GLA, located in Berceni area, anchored by cora, C&A, Flanco, Cinema City and H&M is attracting the majority of the population from the Southern part of the city. However this is not a direct competitor to AFI Palace Cotroceni in terms of layout and general “feel”.
- Baneasa Shopping City is performing strongly although the catchment is different.
VALUATION REPORT

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VALUATION REPORT

Report Date 13th November 2015

Addressee SC COTROCENI PARK SA

The Property AFI Palace Cotroceni

Property Description Regional shopping and entertainment centre

Ownership Purpose Investment

Instruction To value on the basis of Market Value the interest in the property, as at the Valuation Date, in accordance with our letter of instruction dated 3rd July 2015.

Valuation Date 30th September 2015

Capacity of Valuer External

Purpose Account purposes

Fair Value €433,990,000 (FOUR HUNDRED AND THIRTY THREE MILLION, NINE HUNDRED AND NINETY THOUSAND EUROS), exclusive of VAT. Our value is net of purchaser’s costs. Our opinion of Fair Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm’s length terms.

Compliance with Valuation Standards The valuation has been prepared in accordance with the RICS Valuation – Professional Standards (January 2014) (“the Red Book”). The valuation is also prepared in compliance with IAS 40 (International Accounting Standard 40 Investment Property). In addition, the valuation is also prepared in compliance with IFRS 13 (International Financial Reporting Standards 13 – fair value measurement).

The property details on which each valuation is based are set out in this report.

We confirm that we have sufficient current local and national knowledge of the particular property market involved and have the skills and understanding to undertake the valuation competently.
Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

Special Assumptions

No

Assumptions

The property details on which each valuation is based are as set out in this report. 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

None.

Market Conditions

We would draw your attention to the fact that the current volatility in the global financial system has created a significant degree of turbulence in commercial real estate markets across the world. Furthermore, the lack of liquidity in the capital markets means that it may be very difficult to achieve a successful sale of property assets in the short-term. We would therefore recommend that the situation and the valuations are kept under regular review, and that specific marketing advice is obtained should you wish to effect a disposal.

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of the information contained within our report and the validity of the assumptions we have adopted.

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

A valuer who is qualified for the purposes of valuation has valued the properties. The valuer has the equivalent local qualification which is in accordance with the RICS Valuation – Professional Standards (January 2014) (“the Red Book”). Clare Sheils MRICS from CBRE, Czech Republic has overseen the valuation process.

Independence

The total fees, including the fee for this assignment, earned by CBRE Ltd (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) are less than 5.0% of the total European revenues.

Disclosure

CBRE has previously valued this property.

CBRE valued this property as at 30th September 2013 and as at 30th September 2014. The Market Value as at 30th September 2013 was €375,000,000 and as at 30th September 2014 was €401,000,000. The capitalisation method was used.

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.

Liability Notice

This valuation report (the “Report”) has been prepared by CBRE Real Estate Consultancy SRL (“CBRE”) exclusively for AFI Europe (the “Client”) in accordance with the terms of the instruction letter dated 03rd of July 2015 (“the Instruction”). The Report is confidential. It must not be disclosed to any person other than the Client without CBRE’s prior written consent. CBRE has provided this report on the understanding that it will only be seen and used by the Client and no other person is entitled to rely upon it, unless CBRE has expressly agreed in writing.
Where CBRE has expressly agreed that a person other than the Client can rely upon the report then CBRE shall have no greater liability to any party relying on this report than it would have had if such party had been named as a joint client under the Instruction.

CBRE’s maximum aggregate liability to all parties, howsoever arising under, in connection with or pursuant to reliance upon this Report, and whether in contract, tort, negligence or otherwise shall not exceed the lower of:

(i) 25% of the value of the property to which the relates on the date of the Instruction; or
(ii) 15,000,000 Euro; and

CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

Our valuation is provided in Euros. As agreed with the Company, we have applied an exchange rate of the Romanian National Bank of the respective country as at the 30 September 2015, which is as follows:

4.42 RON/EUR (www.bnr.ro)
Yours faithfully

Ovidiu Ion, MRICS
Director
Head of Valuation Romania
For and on behalf of
CBRE

T: +40 21 313 10 20
E: ovidiu.ion@cbre.com

Project Reference: AFI Palace Cotroceni/ 2015

Yours faithfully

Clare Sheils, MRICS
Director
Head of Valuation CEE
For and on behalf of
CBRE

T: +420 221 711 018
E: clare.sheils@cbre.com
## SCHEDULE OF FAIR VALUES

Properties Held for Investment

<table>
<thead>
<tr>
<th>Address</th>
<th>Freehold</th>
<th>Leasehold</th>
<th>Fair Value TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Vasile Milea Blvd., Sector 6, Bucharest, Romania</td>
<td>€433,990,000</td>
<td></td>
<td>€433,990,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>€433,990,000</strong></td>
<td></td>
<td><strong>€433,990,000</strong></td>
</tr>
</tbody>
</table>
### SCOPE OF WORK & SOURCES OF INFORMATION

<table>
<thead>
<tr>
<th>Sources of Information</th>
<th>We have carried out our work based upon information supplied to us by AFI Europe, which we have assumed to be correct and comprehensive.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Property</td>
<td>Our report contains a brief summary of the property details on which our valuation has been based.</td>
</tr>
<tr>
<td>Inspection</td>
<td>The property was inspected on 15th July 2015, by Cornelia Dragomir and Ovidiu Ion.</td>
</tr>
<tr>
<td>Areas</td>
<td>We have not measured the property but have relied on the areas provided to us by AFI Europe.</td>
</tr>
<tr>
<td>Environmental Matters</td>
<td>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.</td>
</tr>
<tr>
<td>Repair and Condition</td>
<td>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.</td>
</tr>
<tr>
<td>Town Planning</td>
<td>We have not made any Planning enquiries except for reviewing the planning documentation provided by AFI Europe. We cannot, therefore, accept responsibility for material omissions in the information supplied to us.</td>
</tr>
<tr>
<td>Titles, Tenures and Lettings</td>
<td>Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. 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</td>
</tr>
</tbody>
</table>
planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers’ likely perceptions of the financial status of tenants.
VALUATION REPORT

VALUATION ASSUMPTIONS

Capital Values

The value of each of the properties has been assessed in accordance with the relevant parts of RICS Valuation – Professional Standards (January 2014). In particular, we have assessed the Fair Value of the properties in accordance with VS3.5 item 2. Under these provisions, the term “Fair Value” means:

"The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date".

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal.

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 units of retail and entertainment area from the parking deck 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.

All measurements, areas and ages quoted in our report are approximate.
Environmental Matters

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

(d) the services, and any associated controls or software, are in working order and free from defect.

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) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the relevant disability discrimination legislation;

(f) there are no tenant’s improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

(g) tenants will meet their obligations under their leases;

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

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

Location

Macro-location
The property is located in the Centre - Western area of Bucharest, approximately 5 km from the city centre. Administratively, the site is included in the 6th district of Bucharest. This sector is the second largest, with an area of 38 sq km and the third most crowded, after districts 2 and 3, with 9,764 inhabitants/ sq km (compared to average density for Bucharest City – 8,170 inhabitants/ sq km).

The total population living in the 6th district of Bucharest is 369,649. AFI Palace Cotroceni is located between Militari and Drumul Taberei which are ones of the largest and highest-density neighbourhoods in Bucharest. Moreover, being located close to Bucharest City Center and benefiting from the opening of Basarab new bridge, the catchment area of the shopping center could be greatly expended outside the district.

We have not made a catchment area study, but we have relied upon the information provided to us by AFI Europe. According to this, the catchment area gathers over 550,000 residents living within 10 minute drive time. This includes some central and luxurious residential districts such as Cotroceni registering on average a high income.

Micro-location
The subject property is located on the corner, at the junction between Timisoara and Vasile Milea boulevards, having the postal address at 4 Vasile Milea Blvd.

Surrounding developments within the micro-location have a mixed use character with high rise multifamily residential buildings on one side of Timisoara Boulevard, as well as retail space (located mainly at ground floor of the apartment buildings) and light industrial buildings.

An important commercial component of the micro-location is represented by office development, namely AFI Park, near the subject property.

AFI Park 1 is the first office building of the 5 Class A office totalling 69,000 sq m GLA. The first office building of AFI Park Project was completed in September 2012, AFI Park 2 was completed in April 2014 while AFI Park 3, on Vasile Milea Blvd. was completed in December 2014. There is active construction works for two further office buildings that will form AFI Park 4&5 on Timisoara Blvd (to be completed in January 2016).

There are two other existing office developments in the micro-location, both of them on Vasile Milea Blvd: Cotroceni Business Centre (a refurbished class C office building on
APACA site, the clothes producer) and Global Business Centre (a class B office building owned by Immofinanz and leased by IBM).

A medium size shopping mall, Plaza Romania, is situated approximately 1.5 km west of the subject site, at the junction of Timisoara Blvd. with Brasov St. As well as a cora hypermarket is situated at the rear of the Plaza Romania shopping mall.

Other users in the area include a University (Polytechnics) situated further north on Vasile Milea Boulevard, a Botanical Garden, as well as smaller traders and light industrial properties.

The site is well served by public transportation, both underground and above ground.

In front of the scheme on Vasile Milea Blvd. there is a stop for tram lines no. 1, 11 and 35. On the other side, in front of Timisoara Blvd. there is a stop for tram lines no. 8, 25 and 47, for trolley lines no. 69, 90 and 93 and for bus lines no. 126, 168, 268 and 368.

The nearest underground station (Politehnica) is at the junction of Vasile Milea Blvd with Iuliu Maniu Blvd (approx. 350 metres distance which can be done in 7 minutes by foot). The new metro station Orizont is located less than 300 m away from the shopping center. This is part of the metro line M5 Drumul Taberei – Pantelimon which is currently under construction (the construction works for Drumul Taberei – Eroilor are estimated to be completed in the second half of year 2016).

A location map is attached in Appendix A.

Site characteristics

Site size

From the documentation provided by AFI Europe, we understand that the site consists in 12 plots of land with total size of 103,468 sq m.

As part of this valuation, we were provided with cadastral documentation dated January 10, August 29 and October 10, 2014 and with purchase agreement dated July 21, 2014. The documents confirm that the Site has a total land area of 108,469 sq m. The largest plot has size of 93,615 sq m and it is developed with a UG+GF+2F shopping centre having Footprint Area of 76,381 sq m and Total Built Area of 216,310.5 sq m (areas before H&M extension).

Around the buildings there are pedestrian alleys, traffic circulations for underground parking, and other aesthetical objects.

The neighbours of the site are as follows:

- To the North - a large industrial site and Fruntas Gh. Mihail Street;
- To the East – Vasile Milea Blvd., AFI Park 1 (completed), AFI Park 2 (completed) and AFI Park 3 (completed);
- To the South – Timisoara Blvd. and office project AFI Park 4+5 (under construction);
- To the West - a public high-school and IMS Park Development property (the site of the former UMEB factory).

Site shape
The total site has irregular shape, with a frontage of approx. 225 meters on Vasile Milea Boulevard and approx. 235 sq m meters on Timisoara Boulevard.

Utilities
The analysed property is connected to all the public utilities available in the area, i.e. electricity, water, gas, sewers, telephone and internet lines.

Topography
Topography is a very important site characteristic because it can affect the physical design of the site as well as the design and construction of the building.

The analysed site is fairly level which was an advantage for the overall architecture of the scheme.

Description
Building Area
AFI Palace Cotroceni is a regional shopping and entertainment centre, with high-class tenants, completed in October 2009.

The shopping centre comprises a total of approximately 216,310 sq m total built area which includes car parking facilities for over 2,500 cars. The Footprint Area of the building is 76,381 sq m, including the multi-storey parking of 12,437 sq m.

The Gross Leasable Area is 82,402 sq m (after extension), arranged over two floors with retail use predominating on the ground floor while the first floor is utilised for the food, cinema and leisure elements of the scheme, as well as additional retail.

The current project comprises of 421 units out of which 392 are leased and 29 units and kiosks are vacant.

The shopping centre is triangular in shape with the main anchor stores located at the corners. The inner area of the triangle is dedicated to a large family leisure and entertainment area.

The ground floor gallery is divided into three malls catering to different tastes and age groups: the Champs Elysees mall, the Oxford Street Mall and the Via Condotti mall.
The layout and design of the project creates a strong competitive advantage with naturally lit space and large circulation areas.

Building entrances

The project has two main entrances: one from Vasile Milea Boulevard opposite to the underground station and bus station (Galaxy Gate), and the other from the crossroads of Timisoara and Vasile Milea boulevards opposite the exits from the tram (Lighthouse Gate). Additional entrances are available from the parking areas.

Entrances are available (on Champs Elysees) with access from AFI Park 1 and AFI Park 2.

The shopping mall provides adequate space for delivery vehicles. Anchor tenants receive deliveries in large trucks. For instance, the food anchor (Auchan hypermarket) has a separate delivery space from the rest of the retailers.

Customer parking

AFI Palace Cotroceni benefits now from 2,500 parking spaces distributed within the underground parking, with access from Vasile Milea Boulevard and from Timisoara Boulevard (level -1) and within the multi-story above-ground parking, with access from Timisoara Boulevard (levels 0, 1, 2 and 3).

Starting with 2012 there is a free VIP parking for the members of AFI VIP Club. This is a secure and specially arranged parking (restricted by a barrier) and it is located on 0 level, with entrance from Timisoara Blvd.

A parking payment system was already implemented and it is activated as of May 2014. This had double effect: it improved parking situation for mall’s shoppers and it increased mall’s revenues.

Structure

According to the cadastral extracts we have been provided with, there is one large building erected on the site with the following physical characteristics (the areas mentioned below are before H&M extension):

- Gross Built Area – 216,310 sq m
- Footprint Area – 76,381 sq m

The building is of concrete frame construction. The underground level is used for parking and technical spaces, having a free height of 3 meters. The above ground levels are also constructed of reinforced concrete panels. The roof is of reinforced concrete panels or prefabricated metallic or steel sandwich panels.

The building has the following configuration: selling areas, offices and technical spaces and warehouse, as well as circulation space. The interior finishing includes: PVC framed...
windows (on the offices areas), painted partitioned walls and suspended ceilings with fluorescent lights; the bathrooms have ceramic tiled floors and walls. The specification is typical of a shopping and entertaining mall, consisting of suspended ceilings with fan cooling services and fluorescent lights. The walls are concrete and plastered and painted with the tenants’ fit out attached accordingly. The floors are of concrete with either a polished tile or plaster. The retail units have light plaster board partitions with full height windows. The corridors are equipped with skylights and smoke exhaust systems.

A distinctive feature is the 4,300 sq m glass dome covering the entertainment centre and food-court, one of the largest of this type in Eastern Europe.

**Interior Building Characteristics**

The circulation of the shopping mall has triangular shape, with several atriums dividing the shopping area.

There are large atriums at the two main pedestrian entries, with a height exceeding 20 meters, with is very attractive for customers and marks the scheme as a place of space and fluid circulation.

The ground floor is divided into three malls catering to different tastes and age groups. The Champs Elysee mall offers designer brands and high fashion, home wares and family commodities are found on the Oxford Street Mall and the Via Condottii mall caters for younger shoppers. The food court is located within the interior of this triangular shape, in a large piazza, with a one-of-a-kind glass cupola, allowing natural light to flood the space.

At the first floor, right above Auchan hypermarket unit, there is another large piazza, currently divided into different entertainment activities for children.

Within the scheme there are many elevators and escalators that transport the customers from the parking area to the shopping mall, but also elevators for the delivery of goods.

The stores benefit from large windows, made of glass. For the majority of the spaces, there is a correct proportion between frontage and depth of the spaces. The storefronts are visible and there are no major visual obstructions. There is one exception to this – the large piazza at the first floor, occupied by several kiosks, makes the visibility of the stores located there rather poor.

Each retail establishment must maintain a sales floor area, a storage area, merchandise receiving areas and an administrative area. As many of the retailers located in AFI Cotroceni Palace view these stores as prime locations, in some instances the flag-ship stores are rather big, above the average, in comparison with other stores in Bucharest.
Services and Amenities

We assume that all necessary connections to the utilities such as gas, electricity, water, sewage and telephone have been carried out.

Accommodation

We have been provided with copies of Floor Plans and we have been provided with gross leasable areas detailed within the Tenancy Schedule. We have not measured the property, but as instructed, we have relied upon floor areas provided to us by AFI Europe.

A summary of the gross built areas and gross leasable areas are set out below:

<table>
<thead>
<tr>
<th>Floor Areas – Gross Built Area (before H&amp;M extension)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FLOOR</strong></td>
</tr>
<tr>
<td>Underground level -2</td>
</tr>
<tr>
<td>Underground level -1</td>
</tr>
<tr>
<td>Ground Floor</td>
</tr>
<tr>
<td>Mezzanine</td>
</tr>
<tr>
<td>First Floor</td>
</tr>
<tr>
<td>Parking</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

*Source: AFI Europe

Gross Lettable Area*

<table>
<thead>
<tr>
<th>USE</th>
<th>GLA (SQ M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>79,178</td>
</tr>
<tr>
<td>Office</td>
<td>1,418</td>
</tr>
<tr>
<td>Storage</td>
<td>1,806</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>82,402</strong></td>
</tr>
</tbody>
</table>

*Source: AFI Europe

State of Repair

CBRE have not undertaken a structural survey, nor tested the services. We have not been supplied with a survey report prepared by any other firm. We have undertaken only a limited inspection for valuation purposes. We have assumed, in the absence of any information to the contrary that the building is free from material defect.
Construction Documentation
We were provided with Building Use Permits relating to the Property as well as with the functioning approval for commercial activities issued by local authorities.

We have received copy of the building permits no. 482 dated 17 July 2009 replacing the initial permit no. 1021 dated 17 October 2006.

According to the above mentioned building permit, pursuant to the application submitted by S.C. COTROCENI PARK S.A, the Bucharest Municipality District 6 Mayor’s Office authorized the construction works for a shopping mall on basement, ground and two upper levels.

General Condition
We have been provided with building permit no. 482 issued by the City Hall of District 6 Bucharest on July 22, 2009 with the availability date until July 22, 2011. The shopping mall was officially opened on 29th October 2009, by which time most of the works had been completed.

We have been provided also with the building permit no. 359/ 13.08.2013 for the extension of H&M space on GF+1F. The construction works were completed and the space was occupied by H&M as of November 2013.

We anticipate that the subject property will have an economic life of up to ca. 40 years from delivery date, provided a consistent and high level of preventative maintenance and redecoration is maintained.

During our inspection we did not notice nor were alerted to any material or technical defects.

Environmental Considerations
We have not been provided with copies of any environmental reports or certificates from the Owners of the Property. We have therefore assumed that there are no environmental issues affecting the Property, or if so, that contamination is minor in nature and will not materially affect the continued use of the Property.

We have not conducted any environmental analysis of the Property and therefore we recommend that any third parties who have an interest in the Site make all necessary investigations to ensure this is the case.

Town Planning
According to the Zoning Urban Plan (PUZ) of District 6, Bucharest, approved by HCGMB (Decision of Bucharest City General Council) no. 213/ 29 September 2006, the property’s sites are zoned for “M3”: mixed sub-area with buildings of continuous or
discontinuous height regime and maximum height of GF+4F.

This sub-area allows uses among others of office, retail, hotels, restaurants, entertainment, parking uses etc.

The urban indicators available for M3 sub-area are as follows:
- maximum land occupancy (coverage-area ratio, POT): 60%, with the possibility of covering the rest of the land to 75% with buildings having maximum 2 levels (8m) for retail activities, halls spectacle, parking etc
- land utilization coefficient (floor-area ratio, CUT): 2.5
- maximum buildings height: 45m.

We have not made any further verbal enquiries to the planning department and have assumed that the current use of the Site does not contravene any town planning regulations. We were provided with documents by the current owner and have assumed these to be complete and correct.

The building permit confirms that the Building have the relevant permissions for its current use. We have noted that there have been no known changes to the building which would affect the validity of the permit.

According to information provided to us, we understand that the building possesses all necessary approvals and planning permits. In the event we are informed to the contrary we would like to have the opportunity to review our opinion of value.

Planning Restrictions
We are not aware of any additional restrictions applied to the Property and are not aware of any issues which would materially and adversely impact upon the value of the Property.

From the documentation we viewed and from our inspection, there is nothing that has come to our attention, which in our opinion, would give rise to any contravention of statutory requirements. However, we cannot be certain that we have seen all documentation or physical acts or processes that could give rise to any contravention; therefore we reserve the right to amend our valuation accordingly if anything further comes to light.

In summary, we are not aware of any planning issues which would adversely impact the value of the property.

VAT
All rents and capital values stated in this report are exclusive of VAT.
LEGAL CONSIDERATIONS

Tenure

We have been provided with copies of the land register excerpts, dated 9th September 2015 and 10th September 2015. The documents show that the Property falls within the cadastral territory of District 6, Bucharest City at the registered address no. 4 Vasile Milea Blvd.

We understand that the property is held freehold.

From documentation provided to us we understand that the subject property (site consisting in 10 plots of land with total size of 103,468 sq m) is owned on the equivalent of freehold by S.C. COTROCENI PARK S.A.

<table>
<thead>
<tr>
<th>LAND BOOK REGISTRY EXCERPT NO.</th>
<th>DATE OF LAND REGISTER EXCERPT</th>
<th>LAND BOOK NO.</th>
<th>ADDRESS</th>
<th>CADASTRAL NO.</th>
<th>AREA (SQ M)</th>
<th>OBLIGATIONS/ COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>47190</td>
<td>September 09, 2015</td>
<td>227668</td>
<td>4 Vasile Milea Blvd.</td>
<td>227668</td>
<td>93,371</td>
<td>Mortgage in favour of Deutsche Pfandbriefbank AG, Erste Group Bank AG, Raiffeisen Bank International AG and Raiffeisen Bank SA, mortgage in favour of Deutsche Pfandbriefbank AG, Erste Group Bank AG and Raiffeisen Bank SA and leasing rights in favour of mall’s tenants</td>
</tr>
<tr>
<td>47607</td>
<td>September 10, 2015</td>
<td>215190</td>
<td>4 Vasile Milea Blvd.</td>
<td>215190</td>
<td>4,298</td>
<td>Mortgage in favour of Deutsche Pfandbriefbank AG, Erste Group Bank AG, Raiffeisen Bank International AG and Raiffeisen Bank SA, mortgage in favour of Deutsche Pfandbriefbank AG, Erste Group Bank AG and Raiffeisen Bank SA and easement in favour of the plots with the following cadastral numbers: 1766/10/1, 1766/10/4, 1766/20/1, 1766/10/2, 1766/21, 1766/17/1/2, 1766/18, 1766/19/1, 1766/24/1, 1766/34/2</td>
</tr>
<tr>
<td>47605</td>
<td>September 10, 2015</td>
<td>213344</td>
<td>4 Vasile Milea Blvd.</td>
<td>213344</td>
<td>160</td>
<td>-</td>
</tr>
<tr>
<td>47604</td>
<td>September 10, 2015</td>
<td>213346</td>
<td>4 Vasile Milea Blvd.</td>
<td>213346</td>
<td>1,441</td>
<td>-</td>
</tr>
<tr>
<td>47603</td>
<td>September 10, 2015</td>
<td>210868</td>
<td>4 Vasile Milea Blvd.</td>
<td>210868</td>
<td>1,120</td>
<td>Right of use in favour of SC FDEE Electrica Muntenia</td>
</tr>
</tbody>
</table>

Source: CBRE based on land book excerpts provided by AFI Europe
According to the documents, on the plot with area of 93,371 sq m there is erected a building with Total Footprint Area of 76,381 sq m and Total Built Area is 217,890 sq m. The legal situation of the site and of the corresponding building is presented in the table below:

<table>
<thead>
<tr>
<th>ADDRESS</th>
<th>LAND BOOK REGISTRY EXCERPT NO.</th>
<th>CADASTRAL NO.</th>
<th>LAND AREA (sq m)</th>
<th>FOOTPRINT AREA (sq m)</th>
<th>USE</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Vasile Milea Blvd., District 6, Bucharest</td>
<td>47190/09.09.2015</td>
<td>227668-C1</td>
<td>93,371</td>
<td>76,381</td>
<td>Shopping Center</td>
</tr>
</tbody>
</table>

Source: land book excerpts provided by AFI Europe

According to the land book excerpts dated 09th September 2015 and 10th September 2015 for the plots with cadastral numbers: 227668, 216785, 216786, 215192, 215193, 215190 and 215191 there is a Mortgage Contract in favour of Deutsche Pfandbriefbank AG, Erste Group Bank AG, Raiffeisen Bank International AG and Raiffeisen Bank SA no. 617/18.07.2014 for the amount of € 330,000,000 plus related costs of the credit and the Mortgage Contract in favour of Deutsche Pfandbriefbank AG, Erste Group Bank AG and Raiffeisen Bank SA no. 618/18.07.2014 for the amount of € 33,000,000 plus related costs of the credit.

According to the land book excerpts we have received for current valuation, for the plots with cadastral numbers 216785, 215192, 215193 and 219191 there is registered right of use in favour of SC ENEL Distributie Muntenia SA. The right of use in favour of SC FDEE Electrica Muntenia is registered in favour of plot with cadastral number 210868. According to the land book registry excerpt no. 47599/10th September 2015 we have been provided with, the plot of land with cadastral no. 215192 and land area of 888 sq m has an easement in favour of IMS Park Development. This is a very narrow plot, it starts on the western border of the Property and it goes towards south, on Timisoara Blvd, and it separates Cotroceni Park property to its neighbour IMS property.

According to the land book excerpt no. 47607/10th September 2015 we have been provided with, the plot of land with cadastral no. 215190 and land area of 4,298 sq m has an easement in favour of the plots with cadastral numbers 1766/10/1, 1766/10/4, 1766/20/1, 1766/10/2, 1766/21, 1766/17/1/2, 1766/18, 1766/19/1, 1766/24/1, 1766/24/2.

We have assumed there are no other liens or covenants connected to the freehold interest of the subject property. However, we have not undertaken further investigations and we, therefore, recommend that any third parties who have legal interest in the property make all necessary investigations to ensure this is the case.

Tenancies

AFI Palace Cotroceni is the largest shopping mall in Romania, and one of the largest shopping malls in the CEE/SEE Regions. The tenants are international and national brands and the mall offers excellent entertainment facilities: 20 screen cinema, IMAX
screen, ice skating rink, bowling alley, 2 casinos, roller coaster, playground for children, Lasermaxx arena, karting facilities and a children’s electric train.

The total GLA of the shopping center is 82,402 sq m (after extension), of which 1,500 sq m office space.

The Property is currently 97.84% let. It consists of 421 units out of which 392 are leased and 29 units and kiosks are vacant.

Lease Abstract
We have reviewed the provisions of lease agreements received from AFI Europe. We have not received copies of each lease, and further we have been provided lease agreements for some of the main tenants which we have found to be on broadly standard commercial terms.

We can provide the following lease abstract:

STANDARD LEASE AGREEMENT

<table>
<thead>
<tr>
<th>Landlord</th>
<th>S.C. COTROCENI PARK S.A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floor Area</td>
<td>According to Handover Protocol</td>
</tr>
<tr>
<td>Duration of the Lease</td>
<td>Please see chapter Tenancies – Term</td>
</tr>
<tr>
<td>Renew Lease</td>
<td>Can be extended by mutual agreement of the parties</td>
</tr>
<tr>
<td>Initial Annual Rent</td>
<td>Base rent, turnover rent of 2.5% up to 15%</td>
</tr>
<tr>
<td>Indexation</td>
<td>Every year for Base Rent and Marketing Contribution</td>
</tr>
<tr>
<td>Reference Index</td>
<td>All items HICP</td>
</tr>
<tr>
<td>Payment of Rent</td>
<td>Quarterly in advance, expressed in EUR currency</td>
</tr>
<tr>
<td>Guarantee/Bank Guarantee</td>
<td>Deposit/Bank guarantee issued by a first class bank</td>
</tr>
<tr>
<td></td>
<td>acceptable to the Landlord</td>
</tr>
<tr>
<td>Service Charges</td>
<td>Open book with annual reconciliation</td>
</tr>
<tr>
<td>Marketing contribution</td>
<td>Please see chapter Tenancies - Marketing Fees;</td>
</tr>
<tr>
<td></td>
<td>Quarterly paid in advance</td>
</tr>
<tr>
<td>Tax</td>
<td>Tenant</td>
</tr>
<tr>
<td>Insurance</td>
<td>Property and TPL insurance paid by the Landlord which</td>
</tr>
<tr>
<td></td>
<td>is entitled to include it on the service charges; tenants are obliged to conclude on their own cost insurance for the leased premises and stored goods</td>
</tr>
<tr>
<td>Management Fees</td>
<td>5% of the rent collected, included in the service charges</td>
</tr>
</tbody>
</table>
Repairs
Structural repairs performed by Landlord, included in the service charges. Repairs within the leased premise performed by Tenant.

Alterations
Allowed with written permission from the Landlord.

Subletting/assignment
With prior written consent from the owner

Current Rent
The total rental income of the mall is presented below:

Total Rental Income

<table>
<thead>
<tr>
<th></th>
<th>30th September 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Current Rent €m</td>
<td>31,141,139</td>
</tr>
<tr>
<td>Estimated Rental Value €m</td>
<td>33,207,993</td>
</tr>
</tbody>
</table>

Source: CBRE based on data provided by AFI Europe

Rent Reviews /Indexation
We understand that the contractual rent will be indexed annually with the Monetary Union Consumer Price Index (MUICP) as communicated by the Eurostat for the previous year. The first review of rent was carried out in November 2010.

Service Charges
The tenant is responsible for the repair and maintenance of the leased unit. The tenant shall pay for all costs related to the day-to-day maintenance and operation of the Property (for Common Area and Common Parts), including, but not limited to:
- Utilities within Common Area
- Public taxes, including property taxes for buildings and land of Shopping Centre
- Insurance costs for Shopping Centre
- Management fees
- Security services
- Fire prevention and firefighting equipment
- Cleaning services

Maintenance, repair and check-up of machinery, installations, air condition & heating, of parking sites, traffic roads, green areas

The replacement allowances which are related to the replacement of building elements that have a shorter life term are included in the service charge and paid by tenants.

These allowances vary each year according to the maintenance and replacement schedule approved by technical team.
Considering the above, the type of rent paid by the tenants is a triple-net rent, indicating that the tenant pays for property taxes, insurances, maintenance and repairs.

According to our knowledge on the local market, the service charge paid by each tenant is in line with market practice:

**Non Recoverable Costs**

The payment of the service charges is calculated on the basis of an open book with an annual reconciliation: if the total amount due for the service charges is lower/higher than what has been invoiced for the respective year there will be rectified on an annual basis.

We have posted void costs of €12 on all vacant space.

**Turnover Figures**

We have been provided with the total turnover of the tenants for January – June 2015. The amount of approx. €m 98 is with 4.87% higher than the level registered in the same period of 2014 and with 2.57% higher than the same period of 2013.

**Monthly turnover figures, 2009 – June 2015 (EUR)**

We have been provided by AFI Europe with the turnover rent collected and estimated for 2015 and we have included EUR 1 million turnover rent in our valuation.

Source: CBRE based on data provided by AFI EUROPE
Turnover rent is paid when the percentage, as stated within the lease contract, of the total turnover of a store is higher than the base rent. The T/O percentage varies between 2.5% and 15%, depending on the domain of activity for that store and the negotiation power of that retailer. Anchor fashion retailers agree to a T/O percentage of approximately 6% – 8%, while smaller fashion brands, usually franchisees prefer a percentage of around 7% – 10% and manufactures can pay a T/O percentage exceeding 10%. Also, fast food units and coffee shops pay T/O percentages of 10%.

The rent (R) to turnover (T) ratio helps identify the shops for which the rent is a minor / major cost and which in time can provide a clue regarding the profitability of that store. A normal R to T ratio for small fashion retailers is of 10% – 15%, for anchor stores is 4% – 10%, for fast food restaurants 12% – 20%, for entertainment 10% -15%, accessories units 12% – 18%.

Tenant Mix and Merchandise Mix

As a high-quality 21st century shopping centre, AFI Cotroceni Palace has a mixture of convenience goods, service oriented retailers, value fashion and medium to high-end brands, alongside various entertainment facilities.

The anchors (the units of over 1,000 sq m GLA) account for 46.3% of the leased area for retail while rest is formed by small units.

As seen below the anchors of this scheme come from various domains of activity, with the following composition in percentage:

Domain of Activity of Anchor Stores

Source: CBRE based on TS provided by AFI EUROPE
The majority of the anchor stores and M.S.U.’s within this shopping centre are of the highest quality, with a renowned reputation within the Romanian retail environment.

Regarding the M.S.U.’s, the structure of the tenants by domain of activity is the following:

**Domain of Activity of MSU’s**

![Chart showing domain of activity for MSU's]

Source: CBRE based on TS provided by AFI EUROPE

This structure is typical for this type of shopping centre – a centre dominated by large, important anchor tenants, with a strong component for fashion retailers and entertainment & leisure facilities.

**Footfall**

We were provided with the footfall for AFI Palace Cotroceni for January 2012 – September 2015 period.

According to the monthly data provided to us, the average footfall for the mall is 1,393,510 visitors, and this represents an average of daily visitors of 46,450. The footfall for the first 9 months of the year 2015 is approx. 10.6% lower than for the same period of 2014.

The minimum level in 2015 was registered in June (1,302,483 – a daily average of 43,416 visitors) and the highest traffic was registered in January (1,485,393 – 49,513 visitors per day).
Additional Income

Based on data provided, we estimated an additional income from electricity of €1,025,000 per year, the income from advertising of €400,000 per year, the income from parking of €600,000 per year, the income from terraces of €34,800 and the additional income after the renovation of the entrances of €20,000 per year.

Renovation and Extension Costs

The renovation works have the scope to renew both entrances of the mall (landscape pavements, sidewalks) and to have a similar design for the coffee shops and food outlets, creating also proper connections to needed utilities. Given the increased competition and considering that the mall is entering in its 7th year of activity, such upgrade is needed, some of the kiosks remaining seasonal (April – October) and some of them will be able to work all year long. The estimated cost of the renovation is EUR 500,000 and the additional yearly income after renovation is estimated at EUR 20,000. The construction works are planned to start at 15 October 2015 and to be finalized in March 2016.

The extension of the mall will be with approx. 1,210 sqm of GLA, on the top of the first floor above current Maxbet location, creating a second floor that will be connected with the shops currently existing in the first floor. The area created will be used for Maxbet extension with 660 sq m and 550 sq m targeted to be leased to another entertainment tenant. The estimated cost to complete the expansion is EUR 1,000,000. Currently the Building Permit was obtained and the works were commenced. Completion and opening estimated for Q1 2016.
MARKET COMMENTARY
Retail Market Commentary
Stock and Pipeline

The total amount of modern retail stock in Romania reached 3 million sq m at the end of H1 2015. Given the status of the local retail environment new shopping centres openings are expected to be developed in the same pace as the past two years, meaning two to three major schemes per annum.

Two major openings were recorded during H1 2015: Coresi Shopping Resort in Brasov and Mega Mall in Bucharest totalling 120,000 sq m of GLA. By the end of 2016
approx. 200,000 sq m will be added to the stock and will lead to a general figure of 3.2 million sq m.

Many extensions are underway in Bucharest as well as in some of cities like Constanta, Drobeta Turnu-Severin or Deva, consisting of approx. 77,000 sq m, to be completed in 2015, which represents a record figure for the local market.

For 2016 the only deliveries, for which the leasing process is underway, are ParkLake, Veranda Shop&Stay (both located in Bucharest) and Shopping City Timisoara.

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Surface</th>
<th>Owner / Developer</th>
<th>Opening</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deva Shopping Centre (extension)</td>
<td>10,600</td>
<td>NEPI</td>
<td>2015</td>
</tr>
<tr>
<td>Severin Shopping Centre (extension)</td>
<td>9,700</td>
<td>NEPI</td>
<td>2015</td>
</tr>
<tr>
<td>City Park Constanta (extension)</td>
<td>20,000</td>
<td>NEPI</td>
<td>2015</td>
</tr>
<tr>
<td>Shopping City Timisoara</td>
<td>56,000</td>
<td>NEPI</td>
<td>2016</td>
</tr>
<tr>
<td>ParkLake</td>
<td>69,000</td>
<td>Sonae Sierra &amp; Coulun Development</td>
<td>2016</td>
</tr>
<tr>
<td>Veranda</td>
<td>25,000</td>
<td>Prodplast Imobiliar</td>
<td>2016</td>
</tr>
<tr>
<td>Casa Shopping Resort (phase II)</td>
<td>13,500</td>
<td>Immochan</td>
<td>2016</td>
</tr>
</tbody>
</table>

Looking further, schemes like AFI Palace Brasov (45,000 sq m), Mega Mall Satu Mare (27,000 sq m) and Promenada extension (25,000 sq m) are planned for 2017. When completed all these new projects will add up 10% to the existing stock.
**CEE comparison**

Bucharest shopping centre prime rent is lower compared to Prague, Warsaw and Budapest with prospects for future growth given the new modern supply and the increase of consumption. As for the Bucharest high street prime rent it is expected to remain at the same level taking into account the local shopping behaviour meaning that shopping centres are preferred to high street premises. Prague is a clear leader in terms of both rental indices.

The shopping centre stock ratio between the Capital and the province is of 38% for Romania, 10% for Poland, 50% for Hungary and 35% for Czech Republic. Poland is
very well covered in terms of shopping centre development, while in the other countries there is still growth potential.

![Chart 5: CEE - Shopping centre stock outside capital cities (thousands sq m)](chart)

Source: CBRE

**Outlook**

Primary shopping centres will continue to strengthen their position on the market given their size, tenant & merchandise mix and catchment area. Among the differentiating factors between the shopping centres are: sufficient parking lots, new and varied entertainment & leisure facilities, free Wi-Fi, a general appealing shopping environment.

Luxury retailers continue to demonstrate a preference for shopping galleries of the 5 star hotels or the top shopping centres, rather than high street locations. Proximity retailing, online shopping, discounters (ranging from food to fashion) will continue to gain market share. A record number of at least 30 new retailers entered the local market during the first six months of 2015 targeting mainly the Capital.

The level of the modern retail stock / 1,000 inhabitants will reach saturation following the investments in extensions, refurbishments or even new schemes in some of the major cities. Bucharest remains the biggest market in terms of size, purchasing power and potential, this is why it registers the largest number of new entries.
Occupational Market for Retail Sector

The retail situation in Bucharest is as follows:

- 13 modern shopping centres
- Over 600,000 sq m GLA of shopping centre space (as at Q2 2015)
- 2 shopping centers under construction (ParkLake and Veranda Shop & Stay)

Shopping Center Overview

Baneasa Shopping City

- The only other centre apart from AFI Palace Cotroceni which dominates the Bucharest retail market recording the highest traffic and sales
- Size: 119,000 sq m / 54,000 sq m (with / without retail park)
- Delivered: 2008
- Owner and Developer: Baneasa Developments
- Comprises a retail park and large shopping gallery
- All major anchor tenants are present along with a number of retailers which are new entrants to the market, including the only IKEA store in the country
- Located in the Northern periphery of the city on the main route into Bucharest from the international airport
- The only modern shopping centre in the vicinity situated at the centre of a 220 ha commercial and residential development
- However, public transport is limited and is served only by buses
- The very strong performance of the centre is as a result of its dominant presence, large catchment and high quality niche tenant mix

Sun Plaza

- Size: 81,700 sq m
- Delivered: 2010
- Owner/ Developer: S-Immo / S-Immo and EMCT
- One of the biggest modern shopping centre in Bucharest in terms of GLA
- Located in a densely populated suburb South of the city centre with a large catchment area
- Benefits from excellent public transport, served by buses, trams and the metro (Piata Sudului station)
- All major tenants are present - however, over 50% of the centre is occupied by only 5 anchor tenants, offering less in terms of tenant mix and diversity when compared with AFI Palace and Baneasa Shopping City
- Although performing under the level of AFI and Baneasa, Sun Plaza is the third best shopping centre in the city and has excellent asset management opportunities
Plaza Romania

- Located in the west of Bucharest, one metro station (1.5 km) from AFI Palace
- Size: 49,000 sq m (out of which at least 8,000 sq m of GLA should be converted into office space in the near future)
- Delivered: 2004
- Owner and Developer: Anchor Group
- Medium quality tenant mix, comprising Sephora and Mega Image
- Very underperforming shopping centre as a result of direct competition with AFI Palace - vacancy rate is approx. 15%
- Currently launching a new concept to reinvent itself with bars, restaurants, outdoor terraces and entertainment

Mega Mall

- Size: 72,000 sq m
- Delivery: Q2 2015
- Owner and Developer: NEPI & Real 4 You
- Excellent location in the most populated residential area of Bucharest and adjacent with the National Arena - the largest football stadium in Romania. Thus, the catchment area is consistent.
- Public transport is very good, served by buses and trams
- Although overlapping with the catchment area of ParkLake, Mega Mall will attract its primary consumers from the North-Eastern Bucharest which has a very low shopping centre density

Other Shopping Centers

Unirea Shopping Centre

- Size: 40,000 sq m
- Delivered: 2000 (refurbished)
- Owner / Developer: Unirea Shopping Center / Nova Trade
- Located in the heart of the city outside Unirea metro station and records a high level of footfall
- Not completed to a new generation standard, however was formerly the largest department store in communist Romania and has undergone a large extension and renovation since its opening
- An excellent central location, high quality tenant mix (Inditex brands, H&M, Douglas, KFC, McDonald’s, Koton etc.) and high level of footfall makes it a solid secondary competing scheme
- Due to its dated layout over 5 floors, certain areas of the centre experience virtually
no footfall and as a result these areas have a high level of vacancy

- Original department store opened in 1976

**Promenada**

- Opened in Q4 2013
- Size: 40,000 sq m
- Delivery: Q4 2013
- Owner / Developer: NEPI / Raiffeisen Evolution
- Located in the north-center of Bucharest at Barbu Vacarescu – the new CBD of the city
- A component of the Floreasca City Centre project which also comprises an additional two office centres, one of which is Sky Tower – the tallest building in the city
- Although it is in the close proximity and easy access from surrounding business centres, the footfall during the week is a little above 20,000 visitors per day.

**Bucuresti Mall**

- Size: 36,000 sq m
- Delivered: 1999
- Owner and Developer: Anchor Group
- First modern shopping center in Bucharest
- Located in the South-East of the city with a good catchment area
- The first shopping centre opened in Romania in 1999 and ever since it managed to consolidate its own loyal customers located mainly within the primary catchment area
- Particularly vulnerable to development schemes in the pipeline (ParkLake and Mega Mall)
- As with Plaza Romania, currently launching a new concept to reinvent itself with bars, restaurants, outdoor terraces and entertainment

**Planned Schemes**

Due to the low number of new generation shopping centre schemes, certain areas of the city have substantial catchment areas which have led to a total of 11 planned schemes announced for development. However, the economic downturn accompanied by the lack of financing available has put many shopping centre developments on hold. Moreover, a couple of substantial projects, which might have affected the expenditure power within the catchment area for AFI Palace Cotroceni has been cancelled (Esplanada Unirii by TriGranit) or have been delayed for an unknown period of time (Dambovita Centre by Plaza Centres).
East / South-East

ParkLake

- Size: 69,000 sq m
- Delivery: Q2 2016 (f)
- Owner and Developer: Caellum Development / Sonae Sierra
- Much delayed and highly anticipated shopping centre will continue development having been postponed
- Excellent location in the highly populated Eastern suburb of Bucharest, Titan with a very big catchment area
- Public transport is also excellent, served by buses, trams and the metro (Titan)
- Although a small overlap with the catchment area of Sun Plaza, ParkLake will face strong completion especially from Mega Mall due to the fact that this scheme is already operational starting with the first semester of 2015.
- Major anchor tenants already secured, including Carrefour, Cinema City, Flanco, Jatomi Fitness, H&M, Inditex Group (Zara, Bershka, Pull&Bear, Stradivarius, Massimo Dutti, Zara Home)
- The construction works for the foundation are completed while the ones for the structure are under way.

Veranda Shopping Center

- Size: 25,000 sq m
- Delivery: 2016 (f)
- Owner / Developer: Prodplast Imobiliare
- Located in the Eastern part of the city in the vicinity of the biggest traditional grocery market in the Capital
- The hypermarket anchor is secured - Carrefour
- The road infrastructure in the area will be extended in order to accommodate the future car and pedestrian traffic

North-West

Victoria City

- Size: 32,000 sq m
- Delivery: Unknown
- Owner and Developer: CD Capital Partners / Benevo
- Located in the North-West of the city with excellent accessibility from public transport
- There are currently ongoing negotiations with a joint venture partner. It is understood that pre-leasing will commence shortly

Colosseum

- Size: 54,000 sq m
- Delivery: First phase – 2011; Remaining phases - Unknown
- Owner and Developer: Local developer
- Currently the first part of the first phase comprising a Carrefour and Leroy Merlin has been completed. The remainder of the centre is at the pre-development stage.

**Note:** Victoria City and Colosseum are all located in close proximity to one another. Currently, it is unknown when Victoria City and Colosseum will be delivered.

Retail map Bucharest

Source: CBRE
Opinion of Market Rent

In arriving at our opinion of the rental value for the Property we have reflected the position within the scheme, the level, individual storefront, store size, sector, and we have adopted the following general rental levels in our valuation:

Estimated Rental Values for retail units

<table>
<thead>
<tr>
<th>UNIT TYPE</th>
<th>ERV EUR/sq m/ month</th>
</tr>
</thead>
<tbody>
<tr>
<td>FASHION ANCHORS</td>
<td>12.50-30</td>
</tr>
<tr>
<td>FOOD ANCHOR</td>
<td>11</td>
</tr>
<tr>
<td>CINEMA</td>
<td>8</td>
</tr>
<tr>
<td>ELECTRICAL</td>
<td>12-13</td>
</tr>
<tr>
<td>RESTAURANTS &amp; ENTERTAINMENT</td>
<td></td>
</tr>
<tr>
<td>&lt;60 sq m</td>
<td>35-100</td>
</tr>
<tr>
<td>60-125 sq m</td>
<td>21-125</td>
</tr>
<tr>
<td>126-200 sq m</td>
<td>30-70</td>
</tr>
<tr>
<td>&gt;201 sq m</td>
<td>25-50</td>
</tr>
<tr>
<td>ENTERTAINMENT &amp; LEISURE</td>
<td>0.60-120</td>
</tr>
<tr>
<td>RETAIL UNITS</td>
<td></td>
</tr>
<tr>
<td>&lt;20 sq m</td>
<td>35-180</td>
</tr>
<tr>
<td>20-60 sq m</td>
<td>40-130</td>
</tr>
<tr>
<td>60-125 sq m</td>
<td>20-120</td>
</tr>
<tr>
<td>126-200 sq m</td>
<td>6-100</td>
</tr>
<tr>
<td>201-250 sq m</td>
<td>45-75</td>
</tr>
<tr>
<td>251-500 sq m</td>
<td>13-90</td>
</tr>
<tr>
<td>&gt;500 sq m</td>
<td>36-37</td>
</tr>
</tbody>
</table>

Source: CBRE

We have adopted in our valuation the following rental levels for storage and office space:

Estimated Rental Values for storage and office

<table>
<thead>
<tr>
<th>UNIT TYPE</th>
<th>ERV EUR/sq m/ month</th>
</tr>
</thead>
<tbody>
<tr>
<td>STORAGE SPACE</td>
<td>15</td>
</tr>
<tr>
<td>OFFICE SPACE</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: CBRE
Investment Market Commentary

The total investment volume registered in Romania in the first six months of 2015 was modest compared to the previous 12 months. Investment volume plummeted by 78% compared to H2 2014.

Investment volume per sector H1 2011 – H1 2015

Several major transactions were started at the end of 2014, but were concluded at the beginning of 2015: Europolis Logistic Park (industrial), Green Court Bucharest Building A, Nusco Tower, UniCredit headquarters (all offices).

Surprisingly enough given the long period of inactivity, the industrial sector is the performer of the first half of the year outrunning the retail and office sectors.

Investment volume per sector in H1 2015

Source: CBRE Research
Foreign investors continue to dominate the local market with some of the players being new entries (CTP, P3 and Lone Star), other consolidating their businesses (Secure Property Development & Investment). Foreign capital accounted for more than 90% of the investment volume.

Yields

Prime yields are continuing their decreasing trend based partially on the improved general sentiment related to the economic environment in Romania, but also because of yield compression in other CEE markets and the reduced cost of debt financing in Romania. Still, the spread in yields between Romania and other more mature CEE markets most notably Poland and the Czech Republic remains significant.

### CEE capitals prime yields Q2 2015

<table>
<thead>
<tr>
<th></th>
<th>Retail SC</th>
<th>Office</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bucharest</td>
<td>7.75%</td>
<td>7.5%</td>
<td>6.75%</td>
</tr>
<tr>
<td>Budapest</td>
<td>7%</td>
<td>7.25%</td>
<td>9%</td>
</tr>
<tr>
<td>Bratislava</td>
<td>6.9%</td>
<td>7%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Prague</td>
<td>5.5%</td>
<td>6%</td>
<td>6.75%</td>
</tr>
<tr>
<td>Sofia</td>
<td>9%</td>
<td>9%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Warsaw</td>
<td>5.75%</td>
<td>6%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: CBRE Research

### Bucharest prime yields Q2 2008 - Q2 2015

Source: CBRE Research
Outlook

Investment volumes are expected to increase by the end of the year as several significant transactions are currently in due diligence across sectors both in Bucharest as well as in other parts of the country. Market liquidity is deepening with several investors that were inactive in the recent past, having reactivated their Romanian allocations. Furthermore, it can be expected that a number of products that will be marketed in the second half of the year will attract also new investors, several of which are currently in the process of underwriting Romania. Further yield compression can be expected on the back of a severe scarcity of product elsewhere in CEE, perceived high pricing in those other CEE markets and the increased available of debt at significantly better terms than just 12 months ago.

Yield evidence

There have been few significant transactions in the past 18 months in Bucharest and throughout the country all of them totalling over EUR 600 million. Out of these some of them transacted distressed assets: Moldova Mall (sold in February 2014 for EUR 10 million to a local businessman), Vitantis Shopping Center (sold in May 2014 for EUR 20 million to Revetas Capital Advisors LLP) and Galleria Buzau (bought in March 2015 for EUR 1 million by a local businessman).

The largest retail transaction recorded in Romania was the selling of 12 Auchan hypermarkets and their attached shopping galleries bought by Auchan from local businessmen for EUR 280 million.

In Bucharest the biggest single transaction was represented by Promenada (located in the Northern part of the city) acquired in October 2014 by New Europe Property Investments from Raiffeisen Evolution for EUR 148 million.

In 2015 several small transactions were recorded: Tiriac Imobiliare became the only shareholder of Civis Center Brasov and Timisoara for EUR 5 million each after the exit of Riofisa; Carrefour Property Division bought the Carrefour Militari shopping gallery from Pradera; Praktiker Craiova was subject to a investment transaction for EUR 8 million, Secure Property Development & Investment being the new owner.

Auchan Shopping Center - consisting of a 17,000 sq m sales area Auchan hypermarket its shopping gallery and the shopping mall - was bought by New Europe Property Investments at the end of August 2015 from DEGI for EUR 86 million.
Here is an overview of the most recent transactions registered in Romania:

<table>
<thead>
<tr>
<th>DATE</th>
<th>CITY</th>
<th>SCHEME</th>
<th>SIZE (SQ M)</th>
<th>PRICE (EUR )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2014</td>
<td>Iasi</td>
<td>Moldova Mall</td>
<td>9,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Q2 2014</td>
<td>Bucharest</td>
<td>Vitantis Shopping Center</td>
<td>34,000</td>
<td>20,000,000</td>
</tr>
<tr>
<td>Q3 2014</td>
<td>Buzau</td>
<td>Aurora</td>
<td>18,000</td>
<td>18,000,000</td>
</tr>
<tr>
<td>Q3 2014</td>
<td>Bucharest, Timisoara, Satu Mare, Oradea, Baia Mare, Cluj, Pitesti, Ploiesti, Constanța, Galați</td>
<td>12 Auchan hypermarkets + shopping galleries</td>
<td>200,000</td>
<td>280,000,000</td>
</tr>
<tr>
<td>Q4 2014</td>
<td>Bucharest</td>
<td>Promenada</td>
<td>40,000</td>
<td>148,000,000</td>
</tr>
<tr>
<td>Q1 2015</td>
<td>Bucharest</td>
<td>Carrefour Military shopping galley</td>
<td>12,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Q1 2015</td>
<td>Buzau</td>
<td>Galleria</td>
<td>14,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>Craiova</td>
<td>Praktiker</td>
<td>9,000</td>
<td>8,000,000</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>Bucharest</td>
<td>Auchan Titan Shopping Center</td>
<td>45,000</td>
<td>86,000,000</td>
</tr>
</tbody>
</table>

Source: CBRE

The current prime yield for shopping centres in Bucharest is 7.50%, following 7.75% registered in Q2 2015, decreased from 8% in Q1 2015, and 8.15% for the province.

A further compression is possible in the next period. The parameters considered are in line with the historical data regarding this particular asset: very good footfall, sales, awareness, size, occupancy.
VALUATION CONSIDERATIONS

Income Summary and Analysis of Passing Rent

We have had regard to the current income stream and passing rents at the subject Property. Our main comments and assumptions are below:

- The total GLA of the shopping centre is 82,402 sq m (after extension), of which 1,500 sq m office space.
- The Property is currently 97.84% let. It consists of 421 units out of which 392 are leased and 29 units and kiosks are vacant.
- The Property is let to a mixture of international and local brands, which would likely be perceived to be of high covenant strengths by potential purchasers.
- The largest occupier is the Hypermarket Auchan, which occupies 15.52% GLA as at the valuation date. This anchor has also the longest term lease which expires in October 2024.
- Other anchor tenants are: C&A and Cinema City.
- Other key tenants for the scheme are: Zara, H&M, Flanco, Koton, Intersport, Domo, Smyk, Waikiki for retail segment and Jatomi Fitness, Amckart, LaserMaxx, IMAX Cinema, Ice Rink and Maxbet for the entertainment & leisure facilities.

<table>
<thead>
<tr>
<th>Main Tenants</th>
<th>Area (m²)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auchan Hypermarket</td>
<td>12,788</td>
<td>15.52%</td>
</tr>
<tr>
<td>Cinema City</td>
<td>6,530</td>
<td>7.92%</td>
</tr>
<tr>
<td>C&amp;A</td>
<td>3,284</td>
<td>3.99%</td>
</tr>
<tr>
<td>Amckart</td>
<td>3,170</td>
<td>3.85%</td>
</tr>
<tr>
<td>H&amp;M</td>
<td>2,913</td>
<td>3.54%</td>
</tr>
<tr>
<td>Jatomi Fitness</td>
<td>1,818</td>
<td>2.21%</td>
</tr>
</tbody>
</table>

- The gross annual rental income as at the valuation date amounts to €31,141,139.
- The current Gross income from the Centre can be summarised as follows:

<table>
<thead>
<tr>
<th>TYPE</th>
<th>ANNUAL INCOME SEPTEMBER 2015 (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>26,537,591</td>
</tr>
<tr>
<td>Office</td>
<td>177,072</td>
</tr>
<tr>
<td>Storage</td>
<td>322,704</td>
</tr>
<tr>
<td>Kiosk Income</td>
<td>871,512</td>
</tr>
<tr>
<td>Signage</td>
<td>122,700</td>
</tr>
<tr>
<td>Transmitter</td>
<td>29,760</td>
</tr>
<tr>
<td>Advertising Income</td>
<td>400,000</td>
</tr>
<tr>
<td>Turnover Rent Income</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Parking Income</td>
<td>600,000</td>
</tr>
<tr>
<td>Electricity Income</td>
<td>1,025,000</td>
</tr>
</tbody>
</table>
Terraces income 34,800
Additional income after renovation 20,000
Total 31,141,139
Source: CBRE, based on information from AFI EUROPE

- The summary of the income of the Subject Property registered in September 2015 is in the table below:

<table>
<thead>
<tr>
<th>DATE</th>
<th>GROSS CURRENT RENT (EUR)</th>
<th>NET OPERATING INCOME (EUR)</th>
<th>ESTIMATED RENTAL VALUE (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep-15</td>
<td>31,141,139</td>
<td>30,740,531</td>
<td>33,207,993</td>
</tr>
</tbody>
</table>

- The key reversionary point is 2019 when 31.94% of contracted income are due to expire
- The expiring terms of leases range between 1 to 9 years
- The weighted average unexpired lease term is 3.09 years considering the expiry dates and taking into consideration the break options
- The above weighted average unexpired lease term provides a relatively good level of income security and relatively low level of risk to the Landlord.

**Tenant Covenant Strength**

Detailed financial investigations of the tenants are outside the scope of this report. However, we have provided some details regarding the key tenants below:

- Auchan Hypermarket – they are occupying an area of 12,788 sq m (approx. 15.5% of total GLA). The rebranding of real in Auchan within AFI Palace Cotroceni was completed in April 2014, after Auchan Group bought 20 Real hypermarkets in Romania in September 2013. The leasing contract will expire in October 2024.
- Cinema City, with 20 screens occupies 6,530 sq m and an IMAX screen that occupies 841 sq m. This is the second largest tenant of the shopping center in terms of leased GLA – approx. 7.9% of total GLA. The leasing contracts will expire in October 2019.
- C&A – the well-renowned fashion retailer is positioned itself on the main entrance of the shopping mall on two levels, occupying a total area of 3,284 sq m. C&A is the third largest tenant as unit size and the second as rental income, with a 10-year leasing contract, until October 2019.
- Amckart – the carting operator has 3,170 sq m on the parking deck of the shopping center leased until May 2016.
- Inditex Brands – the brands Zara, Zara Home, Bershka, Pull&Bear, Stradivarius, Oysho and Massimo Dutti occupy approximately 4,732 sq m located on the ground floor and on the first floor. The leasing contract will expire in October 2019.
- H&M – the worldwide fashion giant that has entered the local market in 2011 and it opened on the 25th March 2011 their first shop in Romania, in AFI Palace
Cotroceni, a 2,073 sq m unit on two levels close to the entrance from Timisoara Boulevard. H&M extended the leased area by 840 sq m as of 15th November 2013.

- Jatomi Fitness – the Polish based club fitness network is occupying in AFI Palace Cotroceni 1,818 sq m on the first floor. They have one of the longest leasing contract within the shopping center, for 10-year, until May 2020.
- Flanco – the home appliances has a 10-year leasing contract for 1,395 sq m on the first floor of AFI Palace Cotroceni.
- Koton – they are leasing 1,115 sq m on the GF of the shopping center (approx. 1.35% of total GLA) until August 2019.
- Intersport – the important sports fashion and equipment retailer occupies a unit of 1,032 sq m, located on the ground floor. They have a 10-year leasing contract until October 2019.
- LPP - The Polish group is represented by Reserved (recently extended), MOHITO and Sinsay brands. These are among the most successful brands on the local market especially addressed to the young generation.

We believe that the property investment market would view the tenant companies as providing strong security.

**Void Periods and Re-Lettability**

The tenant mix is generally very well balanced and well-composed, with tenants from all major sectors represented and with class A anchor tenants.

We have applied 9 month current void for current vacant office space and signage and 6 month current void for rest of vacant units.

In Bucharest there are waiting lists for only two Shopping Centres – AFI Palace Cotroceni and Baneasa Shopping City. Although Mega Mall is a new product it is not established as a shopping venue yet. There is also a difference when talking about catchment areas between the main Shopping Centres in Bucharest. Our assumption is that the current situation (low void periods) will continue in the next years.

We would expect any future shop tenants to be contracted on a minimum of 3 year lease term.
Valuation Methodology

Fair Value
We have valued the property on an open market basis, in line with the RICS standards. We performed a traditional hardcore appraisal of the current income and the continued income over time. We examined the income stream within the property and took account of the current investment and leasing market in the region, when examining the assumptions for sale and leasing.

Valuation Assumptions
- We have reviewed the passing rents and ERVs with our agency team and believe that the centre is largely rack rented. The latest rents achieved confirm this;
- We have applied 9 month current void for current vacant office space and signage and 6 month current void for rest of vacant units;
- We would expect any future shop tenants to be contracted on a minimum of 3 year lease term;
- We have assumed that the property is held in an SPV and therefore that no Stamp Duty or transfer tax would be payable on sale;
- We have applied total capital expenditures related to the property improvements, based upon the schedule that AFI has provided to us:

<table>
<thead>
<tr>
<th>COST TYPE</th>
<th>TOTAL AMOUNT (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renovation Costs</td>
<td>500,000</td>
</tr>
<tr>
<td>Extension Costs</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

Source: AFI Europe

- We have applied vacant service charge of €12/sq m on all voids;
- Following data provided by AFI Europe we have inserted the following additional income figures:
  - Turnover rent of €1,000,000
  - Advertising income of €400,000
  - Electricity income of €1,025,000
  - Terraces income of €34,800
  - Parking income of €600,000

- Standard Lease agreements are in place which we are all on broadly standard commercial terms;
- We have applied the following core yields:

<table>
<thead>
<tr>
<th>Tenant/Space Type</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Let</td>
<td>7.50%</td>
</tr>
<tr>
<td>Vacant</td>
<td>8.50%</td>
</tr>
<tr>
<td>Anchors</td>
<td>7.25%</td>
</tr>
<tr>
<td>Kiosk</td>
<td>8.50%</td>
</tr>
<tr>
<td>Hypermarket</td>
<td>7.25%</td>
</tr>
<tr>
<td>Leisure</td>
<td>7.50%</td>
</tr>
<tr>
<td>Signage</td>
<td>8.50%</td>
</tr>
<tr>
<td>Additional Income - Turnover rent &amp; Advertising</td>
<td>8.25%</td>
</tr>
<tr>
<td>Additional Income - Parking &amp; Electricity</td>
<td>8.25%</td>
</tr>
<tr>
<td>Terraces</td>
<td>8.50%</td>
</tr>
</tbody>
</table>

Source: CBRE

- We applied a yield taking into account the importance of current income to the project as a whole, and in light of transactions in Romania and also in the region.
OPINION OF VALUE

Fair Value

We are of the opinion that the Fair Value of the freehold interest in AFI Palace Cotroceni as at 30th September 2015 is:

€433,990,000 (FOUR HUNDRED AND THIRTY THREE MILLION, NINE HUNDRED AND NINETY THOUSAND EUROS)

Our opinion of Market Value reflects the following yield profile:

<table>
<thead>
<tr>
<th>Initial Yield</th>
<th>7.08%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reversionary Yield</td>
<td>7.65%</td>
</tr>
<tr>
<td>Equivalent Yield</td>
<td>7.56%</td>
</tr>
</tbody>
</table>
APPENDICES
LOCATION PLANS
Macro-location of AFI Palace Cotroceni

Micro-location of AFI Palace Cotroceni
SENSITIVITY ANALYSIS
## Sensitivity Analysis

**Report Date:** 13-Oct-2015  
**Valuation Date:** 30-Sep-2015

- **ERV (+/-)**  10.0000 % in 5 steps  
- **Yield (+/-)**  0.5000 % in 5 steps

**Property:** AFI Palace Cotroceni, Sept 2015, Timisoara Blvd and Vasile Milea St, Bucharest

<table>
<thead>
<tr>
<th>Yield (Absolute)</th>
<th>ERV 29,887,194</th>
<th>ERV 31,547,593</th>
<th>ERV 33,207,993</th>
<th>ERV 34,868,393</th>
<th>ERV 36,528,792</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>-10.0000 %</strong></td>
<td>€29,887,194</td>
<td>€31,547,593</td>
<td>€33,207,993</td>
<td>€34,868,393</td>
<td>€36,528,792</td>
</tr>
<tr>
<td><strong>I.Y</strong></td>
<td>7.1990 %</td>
<td>7.0587 %</td>
<td>6.9189 %</td>
<td>6.7692 %</td>
<td>6.6295 %</td>
</tr>
<tr>
<td><strong>E.Y</strong></td>
<td>7.0991 %</td>
<td>6.9589 %</td>
<td>6.8190 %</td>
<td>6.6793 %</td>
<td>6.5396 %</td>
</tr>
<tr>
<td><strong>R.Y</strong></td>
<td>7.0001 %</td>
<td>6.8691 %</td>
<td>6.7292 %</td>
<td>6.5895 %</td>
<td>6.4498 %</td>
</tr>
</tbody>
</table>

| **-5.0000 %**    | €29,887,194   | €31,547,593   | €33,207,993   | €34,868,393   | €36,528,792   |
| **I.Y**          | 6.6914 %      | 6.5511 %      | 6.4112 %      | 6.2715 %      | 6.1318 %      |
| **E.Y**          | 6.5915 %      | 6.4513 %      | 6.3114 %      | 6.1717 %      | 6.0320 %      |
| **R.Y**          | 6.4914 %      | 6.3512 %      | 6.2114 %      | 6.0718 %      | 6.0415 %      |

| **0.0000 %**     | €29,887,194   | €31,547,593   | €33,207,993   | €34,868,393   | €36,528,792   |
| **I.Y**          | 6.1828 %      | 6.0813 %      | 5.9808 %      | 5.8793 %      | 5.7778 %      |
| **E.Y**          | 6.0514 %      | 5.9409 %      | 5.8305 %      | 5.7291 %      | 5.6187 %      |
| **R.Y**          | 5.9228 %      | 5.8123 %      | 5.7018 %      | 5.5904 %      | 5.4790 %      |

| **5.0000 %**     | €29,887,194   | €31,547,593   | €33,207,993   | €34,868,393   | €36,528,792   |
| **I.Y**          | 6.6704 %      | 6.5291 %      | 6.3778 %      | 6.2265 %      | 6.0752 %      |
| **E.Y**          | 6.5601 %      | 6.4188 %      | 6.2675 %      | 6.1163 %      | 6.0050 %      |
| **R.Y**          | 6.4504 %      | 6.3091 %      | 6.1578 %      | 6.0065 %      | 5.8951 %      |

| **10.0000 %**    | €29,887,194   | €31,547,593   | €33,207,993   | €34,868,393   | €36,528,792   |
| **I.Y**          | 7.1600 %      | 6.9087 %      | 6.6574 %      | 6.4061 %      | 6.1548 %      |
| **E.Y**          | 7.0091 %      | 6.7578 %      | 6.5065 %      | 6.2552 %      | 6.0039 %      |
| **R.Y**          | 6.8582 %      | 6.6069 %      | 6.3556 %      | 6.1044 %      | 5.8531 %      |