



# VALUATION

of the Market Value

of the property

**Bernhard-Schwentner-Straße 22, 24, 26 in 19063 Schwerin**

(Plot 117/14 Cadastral District of Schwerin Fl. 61)

<b>Market Value:</b>	<b>€ 32,000,000.00</b>
<b>19063 Schwerin</b>	<b>Am Grünen Tal 50</b>
at an all-risks-yield	5.30%
GRI	€ 1,655,850.00
non recoverable costs	€ 212,057.00
Void allowance	3.00 %
NRI:	€ 1,443,793.00
Gross multiplier at current	14.88
Gross initial yield at current	6.72%
Gross multiplier at market	19.33
Gross initial yield at market	5.17%
Net initial yield at market	4.51%
lettable area (total):	15,535.00 m <sup>2</sup>
lettable area (let)	15,535.00 m <sup>2</sup>
lettable area (vacant)	0.00 m <sup>2</sup>

**as at the date of valuation**

**December 31<sup>st</sup> 2011**

Compiled by: Klaus Schlicht MRICS Assoc MAI

Berlin, January 24<sup>th</sup> 2012

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Appendix 3: Guideline Land Value

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Appendix 7: TDD Facility Description

**1**

**Instructions**

- Client: Electra Real Estate Ltd.  
98 Yigal Alon St. Tel-Aviv 67891  
Electra Towers
- Property: Freehold Property  
Bernhard-Schwentner-Straße 22, 24, 26  
19063 Schwerin
- Purpose of the Valuation: Assessment of Market Value
- In accordance with: Approved Property Standards of the European Group of Valuers Associations (TEGoVA)  
Standards of the Appraisal and Valuation Manual “Red Book” (6th Edition German RICS)  
and on the basis of § 194 BauGB (German Federal Building Code)
- Valuation date: 31.12.2011
- On-site inspection: 15.11.2011
- Participants: Mrs. Petra Schoebel for Schlicht und Kollegen  
and Mr. Andreas Wolff (AOK)
- Purpose of this service: Accounting services.  
  
We understand that this report is to be used for the consolidated financial statements of the Company and/or its shareholders as of 31<sup>st</sup> December 2011. We are also aware of the fact that this report will be attached to the financial reports of the Company and/or to the final public financial statements of its shareholders.
- Owner: Interfranchising BV
- Report written by: Schlicht und Kollegen  
Chartered Surveyors
- Valuer: Klaus Schlicht MRICS  
Publicly sworn in Valuer for the valuation of real estate (Chamber of Commerce Region Stuttgart)  
Associated Member Appraisal Institute (Chicago/III)  
Dipl. Sachverständiger (DIA Freiburg)  
Linienstr. 127  
10115 Berlin

- Conflict of interest  

We confirm that “Schlicht und Kollegen Chartered Surveyors” acted as independent Valuers and that we have no conflict of interest in acting on your behalf in this matter. We confirm that the companies have or have had no other fee earning relationship with the client, its directors or the property.
- Documents provided or obtained:
  - Cadastral Register Schwerin 4857, dated 16.11.2011
  - Rental Contract AOK Schwerin dated 16.06.2003
  - LDD Schiedermaier Rechtsanwälte dated 09.03.2007
  - TDD URS, dated 07.02.2007
- Investigations:
  - City authorities of Schwerin (key data, economic structure, cadastral map, building laws, zoning plan)
- Database:
  - Schlicht und Kollegen
  - Valeuro
  - Geoport
  - Immobilienscout
  - RIWIS
  - IVD Gewerbepreisspiegel 2010/2011
  - Official Board of Valuers City of Schwerin (Marktbericht des Gutachterausschuss 2010)
  - Several market reports e.g. Colliers, BNP Real Estate, DIP, Brockhoff, Thomas Daily
  - Meinestadt.de/INCAR Bundesbauministerium

## 2 Definitions of Value

According to the German edition of the International Accounting Standards (IAS), the term Fair Value is described as “beizulegender Zeitwert”. This is defined as follows:

“Beizulegender Zeitwert” is the amount to which an asset could be exchanged between professional and non inter-dependent business partners who are willing to conclude a contract.’

It is noted in IAS 40.29 that the “beizulegende Zeitwert” [Fair Value] of a property held for financial investment purposes is generally the Market Value.

According to IAS 40.31, the “beizulegende Zeitwert” must reflect current market conditions and circumstances on the accounting date and not the past or future.

The aforementioned definitions confirm that the Fair Value [beizulegende Wert] of properties held as capital assets (IAS 40) represents the Verkehrswert [Market Value] on the date of valuation.

According to the “Red book” of the RICS the Market value is (PS 3.2):

*“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.”*

Establishing the Market Value the purchaser costs have to be deducted from the Gross Capital Value to achieve the Net Capital Value – which equates to the Market Value.

These purchaser costs can be displayed explicitly or like it is happen in Germany within the capitalisation yield. In this valuation we take the purchaser costs into account implicitly in the capitalisation yield.

### 3 General Information

#### 3.1 Location of the subject property

- Federal State: Mecklenburg-Western Pomerania
- Administrative region: Schwerin
- Administrative district: Schwerin
- Town: Schwerin

#### 3.2 Land Register

- Land registry: Local Court for Schwerin
- Land register for: Schwerin
- Cadastral District: Schwerin 61

##### 3.2.1 Page 4857

###### Inventory

No. 1:

- Cadastral Section (Flur): Schwerin 61
- Land parcel (Flurstück): 117/14
- Use and location: Bernhard-Schwentner-Straße 22, 24, 26  
building and open space
- Size: 9,826 sqm

###### Section I

- Owner: Interfranchising BV Amsterdam

###### Section II (easements and restrictions)

- Several restricted personal easement (*beschränkt persönliche Dienstbarkeit*):
  - Right for a fresh water pipe
  - Right of way
  - Right for a disposal pipeline
  - Right for a district heating pipeline
  - Right for a rain water pipe

None of the easements mentioned above affects the value considerably.

### **Section III**

In carrying out this valuation, any land charges and mortgages recorded were not taken into account, as these liens do not influence the market value, rather the purchase price of the property. It has been assumed that no interest advantages or disadvantages would be incurred by a potential purchaser as a result of any possible or inescapable assumption of them.

#### **3.3 Building encumbrance (Baulasten)**

As far as we can judge it – in accordance with the owner we made no own inquiry – there are no further encumbrances.

#### **3.4 Consideration of rights and easements**

We assume that the intended usage of the property is not limited through the entries.



### 3.5 Tenants, management




According to the LDD and the additional information provided:

Issue	Finding	Comment
Location of let premises	Am Grünen Tal 50 19063 Schwerin	According to the land register the address is:  Bernhard-Schwentner-Straße 22, 24, 26
Landlord	Interfranchise BV	
Tenant	AOK Schwerin	<b>Please note</b> that we have not checked the power of representation of the signatory having appeared on behalf of the Tenant.
Date of lease agreement	31. August 1993	
Supplements/ Amendments	Supplements of - 07.07.1994 - 31.07.1997 - 16.06.2003 - 05.01.2007 - 25.01.2007	
General description and size of leased premises	14,560 m <sup>2</sup> to be used for office and administrative purposes, plus 198 parking spaces.	According to the data provided by the owner (tenant list) the area let is <b>15,535 m<sup>2</sup></b>
Duration of lease	The lease agreement has been entered into for a fixed period of time ending on <b>03.06.2022</b> .	
Automatic prolongation / Option rights	If not terminated three months before the end of the respective lease period, the contract automatically prolongs for another 24 months.	
Form requirements according to sections 578, 550, 126 German Civil Code (BGB)		According to the LDD form requirements are fulfilled.
Calculation of rent	Not specified	
Calculated rent	179,161 € per month	This figure corresponds to the information provided by the owner. <b>Note:</b> Due to the tenants business the rent could not be subject to VAT.

Issue	Finding	Comment
Service Charge Prepayments	Not known.	We assume a normal regulation.
Supply services		
Adjustment of rent	If the Consumer Price Index for Germany (CPI) published by the Federal Bureau of Statistics (basis 2000 = 100) changes by more than 10 points as compared to the last adjustment of rent, respectively, the rent changes accordingly.	<b>Please note</b> that such rent adjustment becomes effective as of <u>re- ceipt</u> of a written request for rent adjustment of the party benefitting from the rent adjustment by the respective other party. The request for rent adjustment may also include months which have already passed at the time of receipt of such request; however, not more than three.
Securities	Not provided for.	
Obligations to maintain and repair, interior decoration repair and to renovate / Cleaning	The Tenant is obliged to maintain, repair and renovate with the exception of works regarding roof and structural parts of the building which fall within the landlords responsibility.	

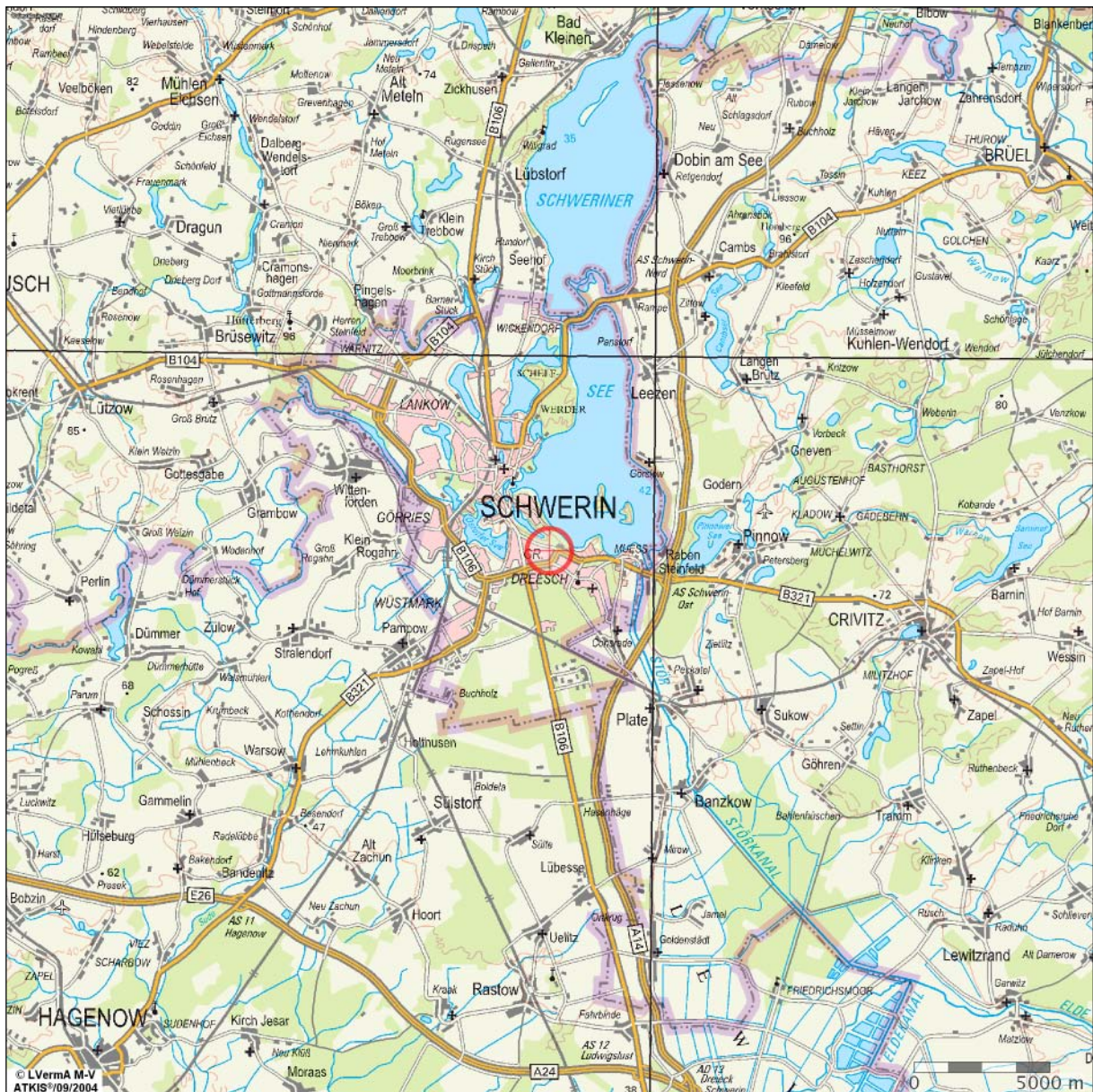
**4 Description of the Subject Property**

**4.1 Location of the Town and the Property**

Germany	Federal State: Mecklenburg-Vorpommern
 <p>© 2006-2011 TomTom.</p>	 <p>© 2006-2011 TomTom.</p> <p><b>Adm. district: Schwerin</b></p>  <p>© 2006-2011 TomTom.</p>

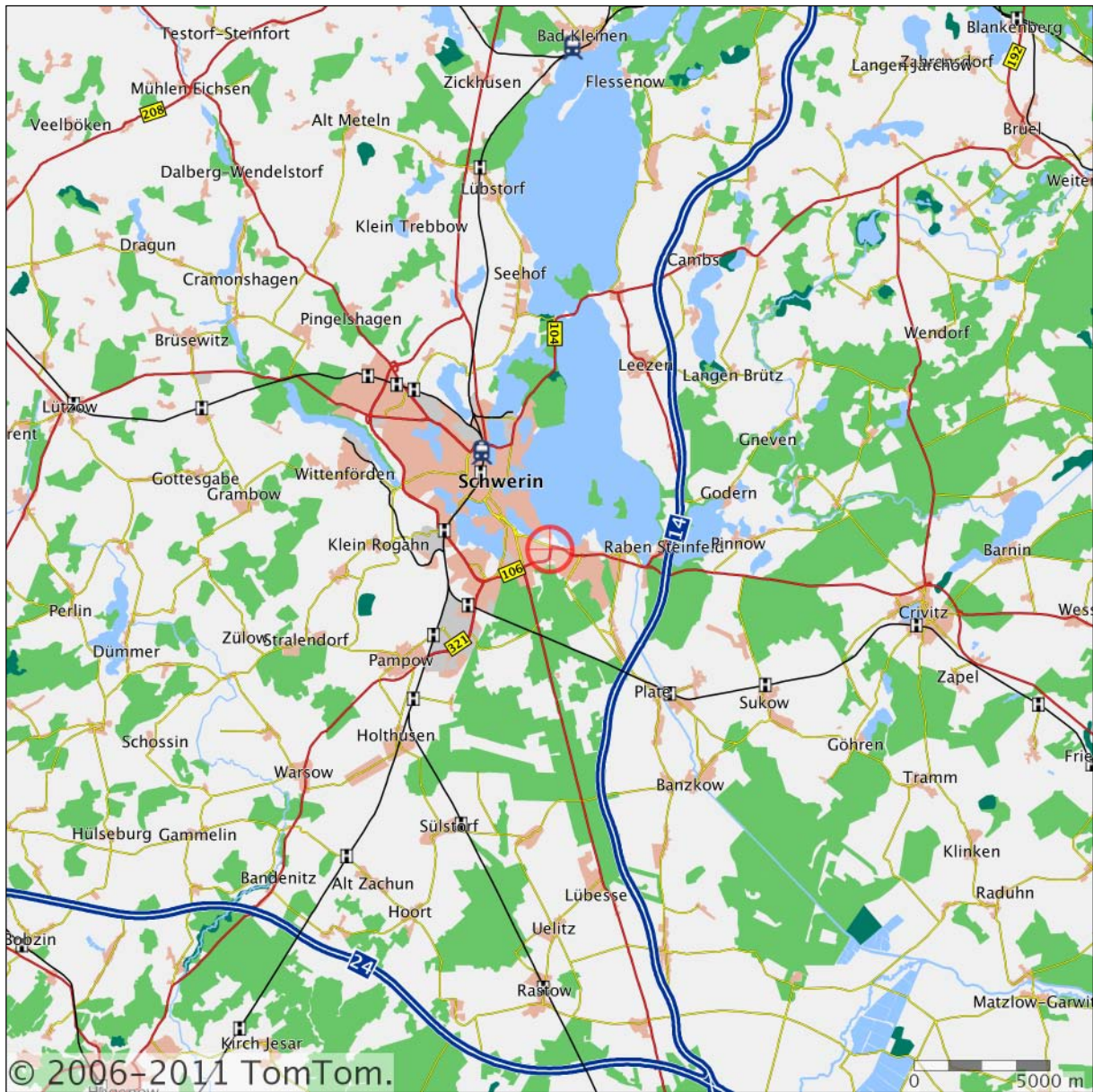
**Source:** Einordnung Deutschland, TomTom Deutschland GmbH, Harsum  
**Status:** Juni 2010

**Regional Map**



**Source:** Digitale Übersichtskarte DÜK250, Landesamt für Innere Verwaltung, Schwerin  
**Status:** online

**Overview with Infrastructural Information**



Infrastructure	Name	Distance	Direction
Nearest airport	Lübeck-Blankensee	53.86 km	NW
Nearest railway station	Schwerin-Wüstmark	3.61 km	SW
Nearest highway exit	AS Schwerin-Ost, A14	4.38 km	O
Nearest central cities	Schwerin	3.12 km	NW
	Lübeck	58.05 km	NW
	Hamburg	96.29 km	W

**Source:** Übersichtskarte mit Infrastrukturinformationen, TomTom Deutschland GmbH, Harsum  
**Status:** März 2011

## 4.2 Basic statistical data

(Source: State Statistics Offices)

Population key indicators	Municipality Schwerin	Adm. district Kreisfreie Stadt Schwerin	Federal state Mecklenburg- Vorpommern	Germany
<b>Population</b>	95.041 2009	95.041 2009	1.651.216 2009	81.802.257 2009
- below 18 years (in %)	12,25 2009	12,25 2009	12,97 2009	16,48 2009
- 65 years and older (in %)	23,95 2009	23,95 2009	22,11 2009	20,66 2009
- ratio municipality vs. ... (in %)	100,00	100,00 2009	5,76 2009	0,12 2009
<b>Migration</b>				
- immigration into municipality	4.633 2009	4.633 2009	88.797 2009	4.357.465 2009
- immigration rate (in %)	4,87 2009	4,87 2009	5,38 2009	5,33 2009
- emigration out of municipality	4.787 2009	4.787 2009	96.641 2009	4.370.178 2009
- emigration rate (in %)	5,04 2009	5,04 2009	5,85 2009	5,34 2009
<b>Unemployed persons</b>				
- rate (in %)	-----	13,8 06.2011	13,1 06.2011	7,7 06.2011
<b>State benefits</b>				
- rate (in %)	-----	0,76 2009	0,54 2009	0,38 2009
<b>Foreign nationals</b>				
- rate (in %)	-----	3,77 2009	2,32 2009	8,72 2009
- immigration into municipality	-----	300 2009	7.552 2009	998.969 2009
- immigration rate (in %)	-----	0,32 2009	0,46 2009	1,22 2009
- emigration out of municipality	-----	475 2009	8.607 2009	971.427 2009
- emigration rate (in %)	-----	0,50 2009	0,52 2009	1,19 2009
<b>Public health</b>	Municipality Schwerin	Adm. district Kreisfreie Stadt Schwerin	Federal state Mecklenburg- Vorpommern	Germany
<b>Hospitals</b>	-----	1 2008	36 2008	2.083 2008
- beds	-----	1.436 2008	10.525 2008	503.360 2008
- beds index (per 1.000 inhabitants)	-----	15,03 2008	6,32 2008	6,14 2008
<b>Rehabilitation Centers</b>	-----	1 2008	64 2008	1.239 2008
- beds	-----	12 2008	10.503 2008	171.060 2008
- beds index (per 1.000 inhabitants)	-----	0,13 2008	6,31 2008	2,09 2008

<b>Tourism</b>	<b>Municipality</b> Schwerin	<b>Adm. district</b> Kreisfreie Stadt Schwerin	<b>Federal state</b> Mecklenburg- Vorpommern	<b>Germany</b>
<b>Accommodation</b>	42 2009	42 2009	2.938 2009	53.745 2009
- thereof hotels	-----	36 2009	1.373 2009	35.871 2009
- beds	2.870 2009	2.870 2009	278.247 2009	2.797.067 2009
- bed utilisation rate (in %)	42,28 2009	42,28 2009	27,98 2009	35,16 2009
- guest arrivals	244.782 2009	244.782 2009	6.916.962 2009	130.188.391 2009
- overnight stays	442.910 2009	442.910 2009	28.421.343 2009	358.920.741 2009
- average duration of stay (in days)	1,81 2009	1,81 2009	4,11 2009	2,76 2009
<b>Land use (in %)</b>	<b>Municipality</b> Schwerin	<b>Adm. district</b> Kreisfreie Stadt Schwerin	<b>Federal state</b> Mecklenburg- Vorpommern	<b>Germany</b>
- residential and traffic	30,09 2008	30,09 2008	7,73 2008	13,20 2008
- agriculture	18,10 2008	18,10 2008	63,14 2008	52,55 2008
- forest	19,15 2008	19,15 2008	21,58 2008	30,06 2008
- water	28,62 2008	28,62 2008	5,87 2008	2,38 2008
- miscellaneous	4,04 2008	4,04 2008	1,68 2008	1,83 2008
<b>Segmentation of urban and traffic area (in %)</b>	<b>Municipality</b> Schwerin	<b>Adm. district</b> Kreisfreie Stadt Schwerin	<b>Federal state</b> Mecklenburg- Vorpommern	<b>Germany</b>
- living	18,03 2008	18,03 2008	17,63 2008	24,89 2008
- business	12,38 2008	12,38 2008	9,86 2008	8,52 2008
- recreation	20,37 2008	20,37 2008	14,23 2008	8,03 2008
- traffic	22,38 2008	22,38 2008	37,69 2008	37,74 2008
- other	26,87 2008	26,87 2008	20,60 2008	20,82 2008
<b>Completion of buildings breakdown</b>	<b>Municipality</b> Schwerin	<b>Adm. district</b> Kreisfreie Stadt Schwerin	<b>Federal state</b> Mecklenburg- Vorpommern	<b>Germany</b>
- one-family house	105 2009	105 2009	1753 2009	69078 2009
- two-family house	4 2009	4 2009	204 2009	7410 2009
- multiple dwelling unit	4 2009	4 2009	123 2009	6107 2009
- flats contained	21 2009	21 2009	1137 2009	52620 2009
- commercial buildings	-----	7 2009	415 2009	26.458 2009
- business space in 1.000 sqm	-----	10 2009	432 2009	27.940 2009

### **4.3 Key data City of Administrative district “Schwerin” – Macro Location**

The urban municipality Schwerin is the capital and second-largest city of the northern German state of Mecklenburg-Western Pomerania.

Schwerin is an attractive location for businesses and commercial activity in the triangle formed by the cities of Berlin – Hamburg – Rostock. Schwerin is the seat of the provincial government, various ministries, state representations and the regional centre of Westmecklenburg.

The economic strength of Schwerin is based on a mix of major companies and small and medium-sized enterprises, innovative companies and individual businesses in efficient and fast-growing sectors. The range of benefits offered by the location is supplemented by functioning networks, first-class infrastructure and the variety of options to obtain capital and services on site.

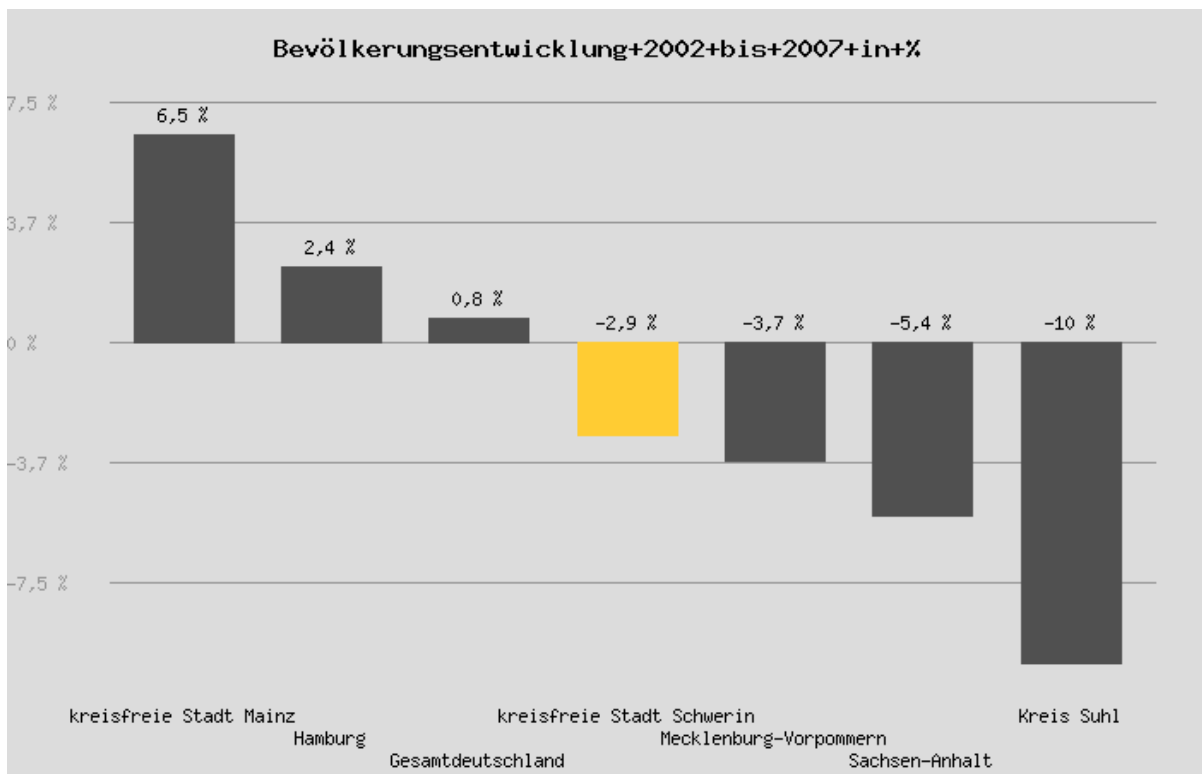
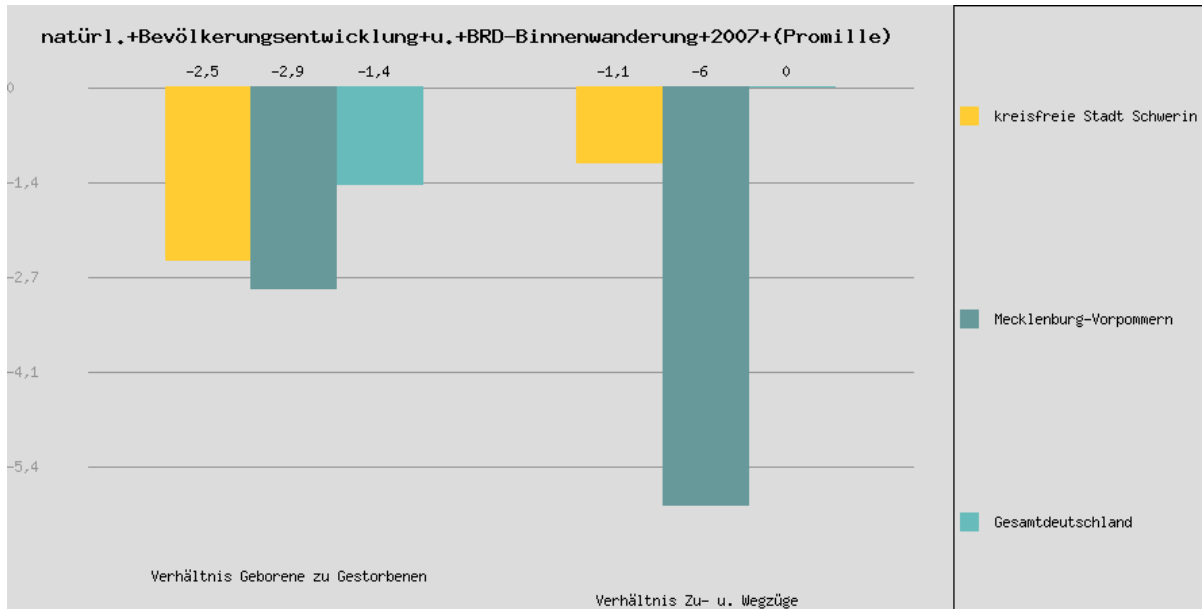
Industrial density in Schwerin is 36 industrial employees per 1,000 inhabitants. Schwerin-based companies maintain a relationship of close cooperation with the universities of applied sciences and academic universities of the cities of Rostock, Wismar, Hamburg and Berlin.

The urban municipality has 95,000 inhabitants; the population is spread over an area of 130 km<sup>2</sup>, which equates to a population density of 734 inhabitants per sq km. This makes the district to one of the densely populated areas in Germany, where the average population density is 231 inhabitants per sq km. The proportion of settlement and transportation area lies at a high 26.5 % which produces a settlement density of 2,932 inhabitants per km<sup>2</sup> of settlement and transportation area.

The Unemployment Rate in the district was at relatively high 11.3 % in November 2011, in comparison: Federal average 6.4 %, Mecklenburg-Western Pomerania 11.6 %.

Population trends in the district have been negative since the mid 1990s. Between 2002 and 2007 the figure was -2.9 %. Looked at in greater detail, the ratio of births to deaths in the year 2007 was -2.5‰ (natural demographics) and the ratio of immigration to emigration was -1.1‰ (spatial demographics).





An average of € 433.10 of municipal tax is received per inhabitant in the district. Looking at Germany as a whole, this figure lies in the middle of the range for Germany (German average: € 494). The highest municipal tax receipts are recorded in the autonomous city of Coburg (Bavaria) at 1,714 €/inhabitant. The lowest municipal tax receipts are registered by the district of Uecker-Randow (Mecklenburg-Vorpommern): here, a figure of only 213 €/inhabitant is registered.

Employment in the district is structured as follows: 0.3 % of employees work in agriculture and forestry (primary sector), 14.8 % in manufacturing 84.9 % in the service industry (tertiary sector).

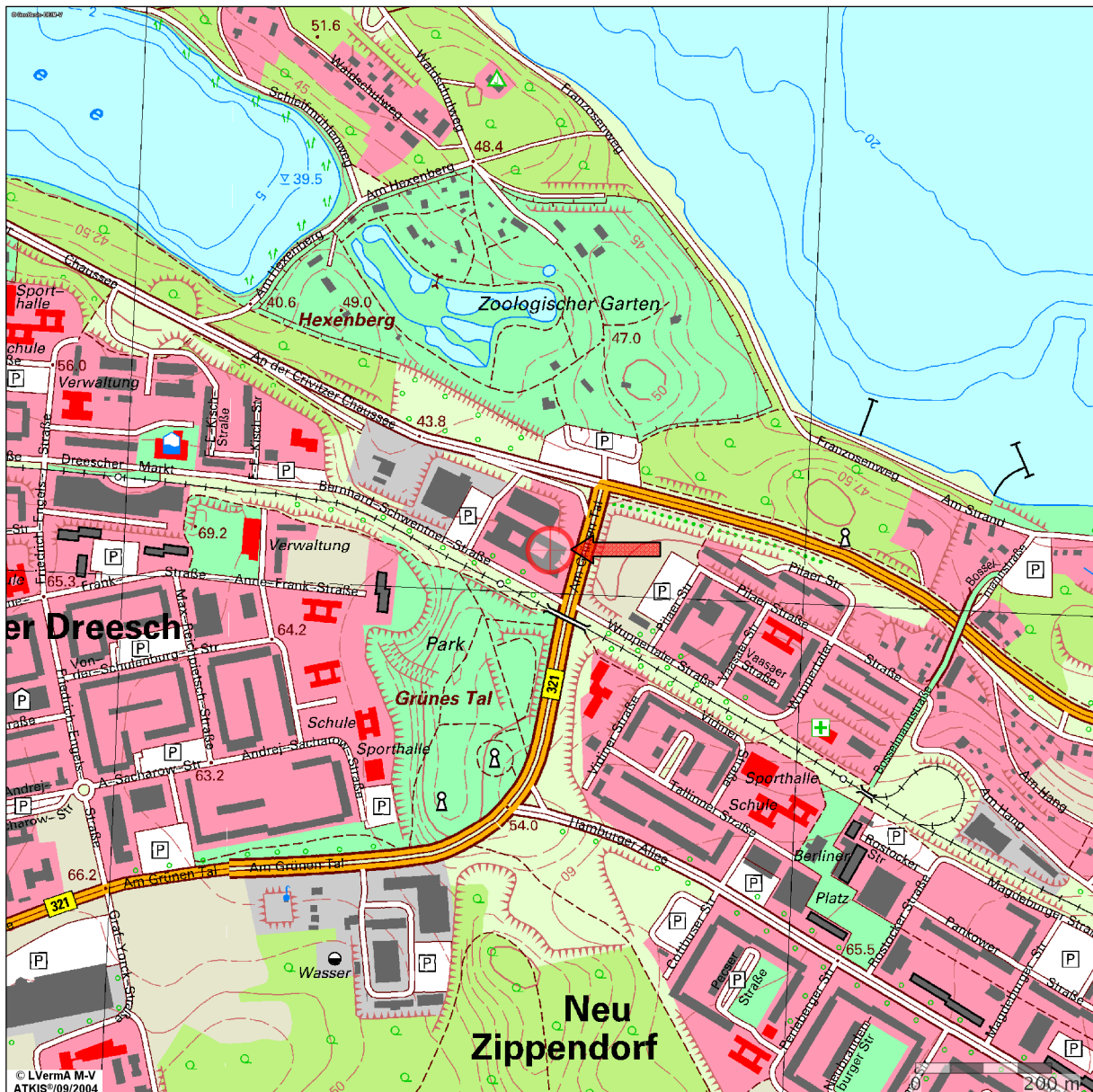
Commuters: More in than out. The ratio between incoming and outgoing commuters is greater than one (>1). Deducting the number of outgoing commuters from the district from the number of incoming commuters in the district, the commuter balance is 352.9 per 1,000 employees subject to social insurance contributions.

A higher number of incoming commuters suggests an over-supply of jobs in terms of the resident population, whereas a higher number of outgoing commuters suggests a deficit.

Source: Meine Stadt.de – INCAR Bundesamt für Raumordnung

## 5 Property Description

### 5.1 Micro Location



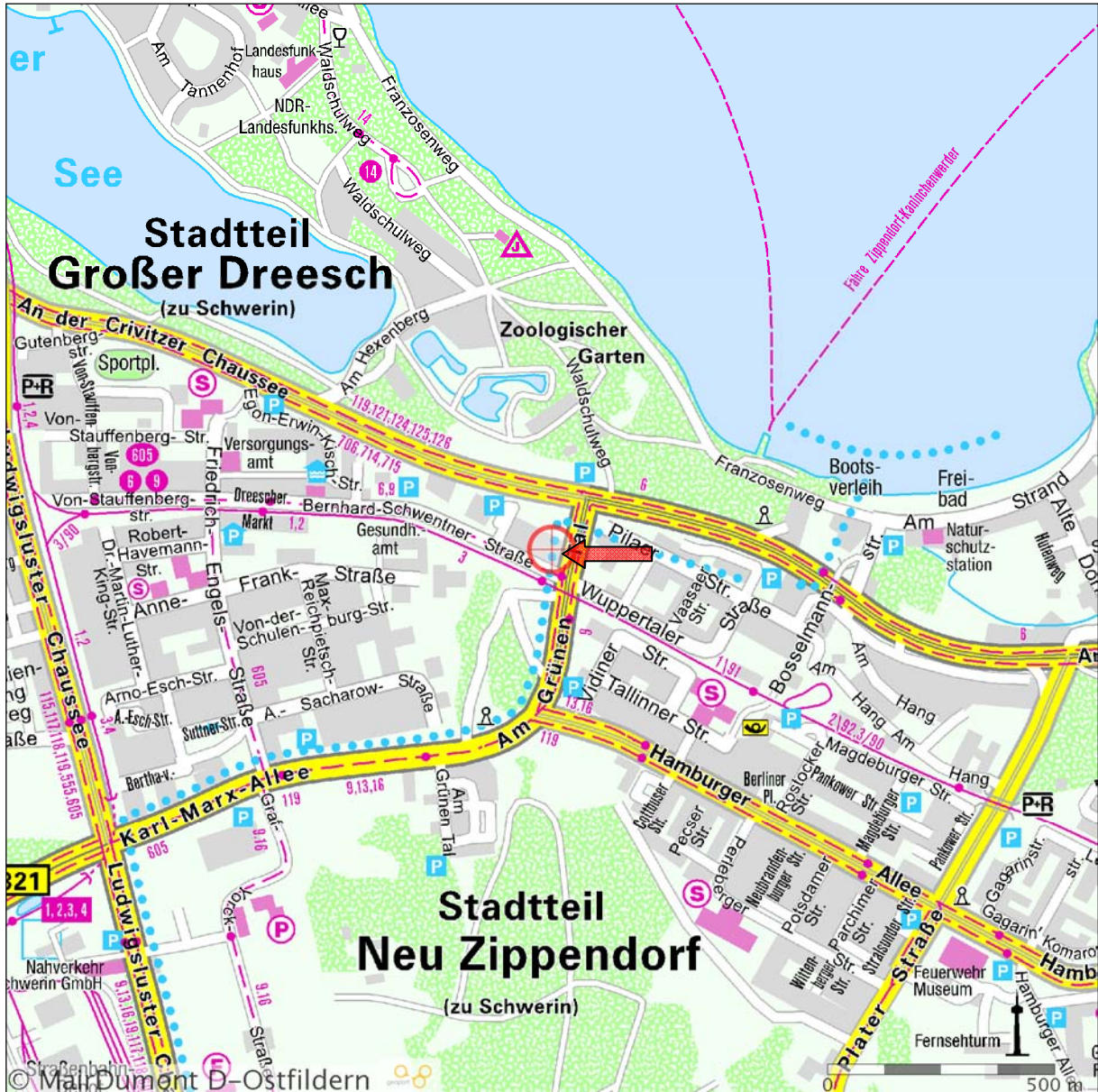
**Source:** Topographische Karte DTK10, Landesamt für Innere Verwaltung, Schwerin online

**Status:** The property is situated approximately 5 km to the south east of the main centre of Schwerin, being close to the southern shore of the Schweriner See.

The building is situated on the corner of Am Grünen Tal and Bernhard-Schwentner-Strasse, just to the south of the junction of Am Grünen Tal with An der Crivitzer Chausée, the N321, a major route into Schwerin from the A421 motorway that passes Schwerin approximately 5 km to the east. The main entrance to the building is faced towards Am Grünen Tal whilst the main vehicular access is from Bernhard-Schwentner-Strasse.

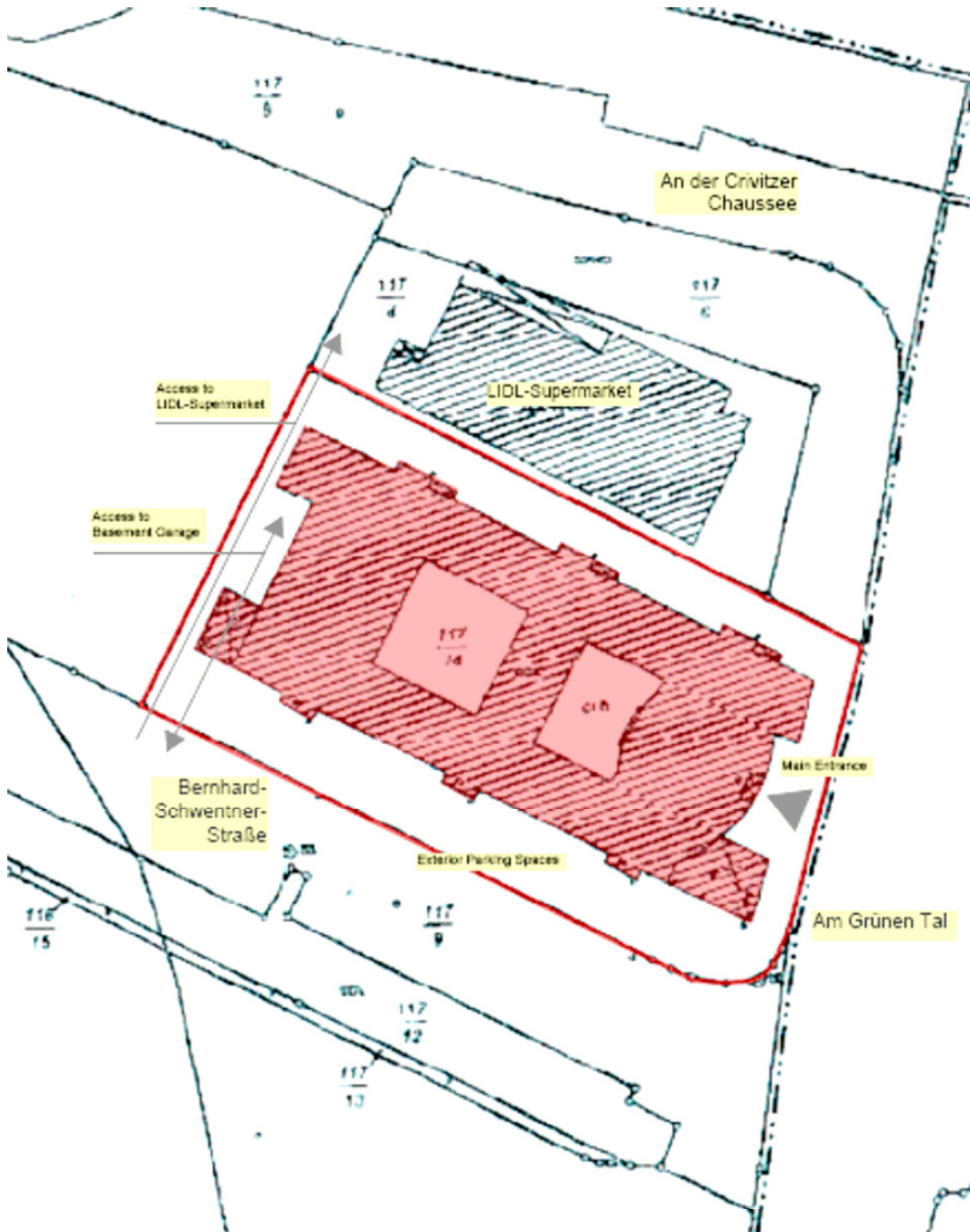
In terms of situation within Schwerin, the property is in a fringe location/out-of-town location and comprises the only office building in the immediate area.

**Detailed City Map**



**Source:** Straßenkarte 20T, MAIRDUMONT PROMOTION, Ostfildern (Kemnat)  
**Status:** Ausgabe Juli 2011

5.2 Site Description



- Shape: nearly regular

- Surface: level
- Size: 9,826 m<sup>2</sup>
- Roads and services: adopted public road,  
electricity supply,  
public water supply,  
public sewerage system  
gas connection
- Public Infrastructure Costs  
There is a letter from the City of Schwerin dated 16.11.2011 that all public infrastructure costs (“Erschließungskosten”) were paid, and that neither infrastructure measures, nor measures by KAG (Kommunalabgabengesetz) are currently running or planned. Therefore we assume for this valuation that no costs will occur by public infrastructure costs or measures by KAG.
- Zoning Plan:  
There is no zoning plan for the subject property. Buildings can be erected under Sec. 34 of the German Building Law, that says that new buildings have to „fit“ in the surrounding area.
- Classification: land ready for development § 5 Abs. 4 ImmoWertV
- Subsoil conditions:  
According to the LDD the property is not listed in the register of potentially contaminated sites.  
  
Thus we assumed for this valuation, without verification, that there are no special, i.e. value relevant, subsoil conditions and in particular no contamination neither by ground nor by hazardous material. We are no experts for contamination if there will occur any costs because of contamination reasons they have to be deducted from the value in this valuation.

## 6

### **Building**

The following schedule is only partial: only the important factors influencing value are shown with no claim to completeness. Circumstances not determinable by external inspection were taken from planning documents, the building specification and if appropriate oral statements by the persons present during the inspection.

#### **Years of construction:**

1995

#### **Construction and Condition**

The property comprises an office building constructed during 1994/1995 and arranged over basement, ground and 4 upper floors. The main construction technique for the building is reinforced concrete frame with a supplementary steel frame construction used for the smaller 4<sup>th</sup> floor.

The building is arranged over the entire ground floor, with the upper floors arranged in a similar layout to a letter E, with three wings leading off a common spine. A staircase is installed in each junction of a wing and the spine that connects to each floor. The 4<sup>th</sup> floor exists only along the top of the three wings and is not present above the rest of the 3<sup>rd</sup> floor.

Generally, all parts of the building are covered with a flat concrete roof and thermal insulation which is itself covered with a layer of gravel. There is planted vegetation on part of the roof. The roof coverings to the part 4<sup>th</sup> floor differ, in that they comprise insulated metal cladding.

The exterior walls of the property comprise a mixture of rendered and painted concrete to the upper levels and concrete clad with facing brick at lower levels and the stairwells. Incorporated into each wall are a series of double glazed, aluminum framed windows which can be opened into either hinged or tilted positions.

The front of the property consists of a bow fronted, double height glazed atrium with aluminum framed windows and revolving entrance door, leading into the reception area.

A concrete ramp leads off Bernhard-Schwentner-Strasse to the single storey basement. This is used for car parking and houses some technical rooms.

#### **Interior**

In general, the building has been fitted out to a good standard, typical of this type of quality office in Germany. The building is arranged into two distinct parts, being the areas used by the visiting public and the areas which are for employees only. The standard of fit-out to the public areas is generally to a more impressive level than the remainder of the property.

The entrance foyer is suitably fitted with quality finishes, including polished granite floors, suspended ceilings, both recessed and pendant lighting and a steel, open tread staircase leading up to the first and second floors. Other public areas to the rear of the reception area include carpeted floors, suspended ceilings and recessed lighting. The upper floors, which are not accessible to the general public, are arranged in a series of cellular and individual offices created by demountable partitioning along either side of central corridors. The specification includes suspended ceilings with recessed lighting along the central corridor areas only, with the individual offices having solid ceilings and diffused fluorescent lighting. Power and data distribution is generally by dado or perimeter trunking.

On each floor there are various tea and coffee making facilities, as well as male and female sanitary accommodation. There is a dedicated restaurant/staff canteen area at ground floor level, with associated kitchen facilities. Adjacent to this are several larger rooms that can be used for conferences or larger meetings. In addition, there is also a staff gym, fitted with parquet flooring, together with associated locker and shower facilities.

We understand the 4th floor has not been fitted out but remains in a sell and core finish, with no plaster to the walls and exposed concrete floors. We understand it is used for the archiving of sensitive material.

### **Building Services**

The property has been designed to function as a naturally ventilated building wherever possible. As a result, only a small part of the building has been fitted with an active cooling system, the remainder relying upon the control of solar gain by the use of window blinds combined with tilt or hinge opening windows. Exhaust fans mechanically vent all sanitary areas, while the kitchen of the staff canteen area and the staff canteen itself is vented by both supply and exhaust fans.

The only active cooling system is fitted to the server rooms through built in ceiling cooling units and the cold rooms for the staff kitchen.

The building is heated by a central system that runs from the district heating system through a heat exchanger as opposed to a boiler system. Heat is distributed by a series of radiators mounted generally each window, with lower profile units in the foyer reception area.

A fire alarm system covering the entire building has been installed and this comprises automatic smoke detectors, sirens and push-button call stations. There are no hydrants or sprinkler system installed in the building. Smoke venting openings are installed on top of the staircases and in the entrance lobby.

The building is served by 3 passenger lifts, each with a capacity of 1,000 kg or 13 persons.



The property is equipped with a building management system which controls the heating and ventilation.

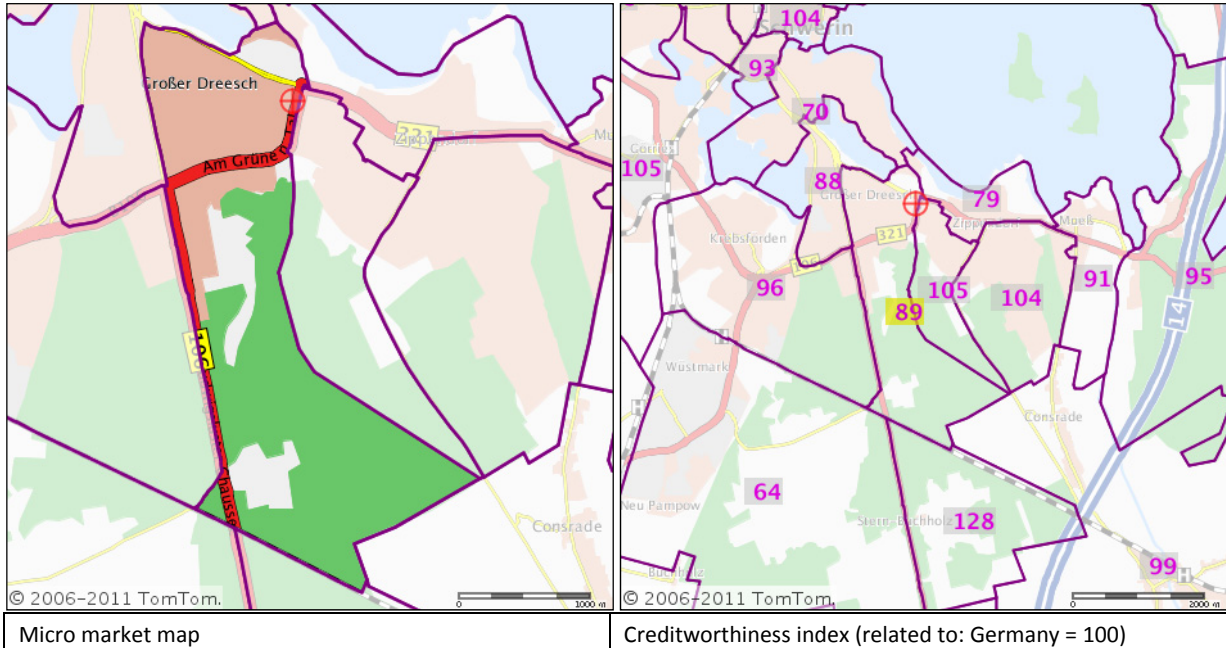
URS stated in its Report from 2007 (see there and in the Annex to this valuation) that there has been cap ex measures necessary, which are not included in normal maintenance (new painting of thermal insulation system of facades).

For the further valuation we assume, that after four years the necessary work has been finished.

- Notice concerning defects and disrepair:

Within the scope of a market valuation, it is not possible to carry out detailed investigations of the type, extent, cause and costs of the permanent rectification of defects and disrepair. In this regard, if necessary separate specialist reports should be commissioned, the conclusions of which may lead to changes in the valuation. For the purposes of this valuation, in keeping with normal business practice, we have assumed that the structural stability and use of the property according to its type of construction would not be restricted. Other defects and disrepair have only been reflected in the amount of deductions and approaches that are normal in the market.

**7 Market Overview**  
**7.1 Schedule of rent for Schwerin**  
**Micro Market Data (incl. solvency index)**



**Source:** Mikromarktdaten, Acxiom Deutschland GmbH, Neu-Isenburg  
**Status:** 3. Quartal 2011

**Micro Market Data:**

Micro market identification and facts			
Micro market name	Großer Dreesch	Municipality	Schwerin
Population	7.859	Population density (Inhabitants per sqkm)	4.158
Area in sqkm	1,89		

Micro market classification		
Classification of utilization	Wohngebiet	
Social environment	Älter-statusarmes Milieu	
Prevailing businesses	nicht anwendbar	
Prevailing age group first and second level	Dominante Lebensphase 75 und mehr Jahre	Dominante Lebensphase 18 bis unter 20 Jahre
Centrality / functional range index	Oberzentrum	
Type of area	Ländlicher Raum	
Add. Information to centrality		

Age distribution (number of inhabitants, rate %)					
Population aged 0 to under 3 years	182	2,3	Population aged 35 to under 40 years	325	4,1
Population aged 3 to under 6 years	194	2,5	Population aged 40 to under 45 years	446	5,7
Population aged 6 to under 10 years	231	2,9	Population aged 45 to under 50 years	594	7,6
Population aged 10 to under 15 years	261	3,3	Population aged 50 to under 55 years	566	7,2
Population aged 15 to under 18 years	144	1,8	Population aged 55 to under 60 years	628	8,0
Population aged 18 to under 20 years	203	2,6	Population aged 60 to under 65 years	465	5,9
Population aged 20 to under 25 years	526	6,7	Population aged 65 to under 75 years	1.294	16,5
Population aged 25 to under 30 years	473	6,0	Population aged 75 and more years	931	11,8
Population aged 30 to under 35 years	396	5,0			

Household structure (number, rate %)					
Households (total)	4.502				
Households without children under 18 years	3.843	85,4	Households (head of h.h. aged 18 to 24 years)	313	7,0
Households with children under 18 years	659	14,6	Households (head of h.h. aged 25 to 34 years)	595	13,2
Single-person households	2.169	48,2	Households (head of h.h. aged 35 to 44 years)	554	12,3
Two-person households	1.646	36,6	Households (head of h.h. aged 45 to 54 years)	781	17,3
Three-person households	422	9,4	Households (head of h.h. aged 55 to 64 years)	675	15,0
Four-person households	200	4,4	Households (head of h.h. aged 65 to 74 years)	897	19,9
Households of five and more persons	65	1,4	Households (head of h.h. aged 75 years and older)	687	15,3

Educational structure (Total number, Rate %)					
Highest graduation					
Volks- / Hauptschulabschluss	1.989	25,3	Realschulabschluss	3.347	42,6
Grammar school graduation	1.632	20,8	without / not known	891	11,3
Highest vocational graduation					
Graduate degree	987	12,6	Vocational school degree	5.116	65,1
without / not known	1.756	22,3			

Employment structure			
Employed	3.690	Clerk, civil servant, apprentice in this field	2.091
Worker, apprentice in this field	1.217	Self-employed and helping family members	382

<b>Net income (including public transfer income)</b>			
Average monthly net income per household	2.926		
Households with monthly net income below 900 €	482	Households with monthly net income from 900 to 1.300 €	569
Households with monthly net income from 1.300 to 1.500 €	297	Households with monthly net income from 1.500 to 2.000 €	685
Households with monthly net income from 2.000 to 2.600 €	715	Households with monthly net income from 2.600 to 3.600 €	751
Households with monthly net income from 3.600 to 5.000 €	578	Households with monthly net income from 5.000 € and more	425

<b>Spending power und retail relevant spending power</b>			
Private buying power (absolute in Mio €)	158,1	Average private spending power per inhabitant	20.116
Index – private buying power (Micro Market)	100,6	Index – private buying power (Municipality)	89,9
Retail trade relevant spending power per year (in Mio €)	43,5	Average retail trade relevant spending power per inhabitant	5.533
Index retail trade relevant spending power (Micro Market)	99,9	Index retail trade relevant spending power (Municipality)	96,9

<b>Retail turnover and spending power absorption</b>			
Retail turnover per year (in Mio €)	29,8	Retail turnover per person and year	3.795
Retail turnover index (Micro Market)	73,3	Retail turnover index (Municipality)	121,1
Index of retail trade related spending power absorption (Micro Market)	68,6	Index of retail trade related spending power absorption (Municipality)	116,7

<b>Creditworthiness</b>			
Index Creditworthiness (Micro Market)	89	Index Creditworthiness (Municipality)	95

<b>Cars</b>			
Private cars (total)	2.463	Private cars per household	0,55
Private cars per inhabitant	0,31		

<b>Buildings and flats</b>					
Buildings (total)	504		Flats (total)	4.711	
Buildings with 1 flat (number and rate %)	41	8,1	Buildings with 2 flats (number and rate %)	7	1,4
Buildings with 3 or more flats (number and rate %)	456	90,5			
Flats in buildings with 1 flat (number and rate %)	41	0,9	Flats in buildings with 2 flats (number and rate %)	14	0,3
Flats in buildings with 3 or more flats (number and rate %)	4.656	98,8			

<b>Business establishments</b>			
Number of business establishments	210	Business density (number of establishments per sqkm)	111

**Source:** Mikromarktdaten, Acxiom Deutschland GmbH, Neu-Isenburg

**Status:** 3. Quartal 2011

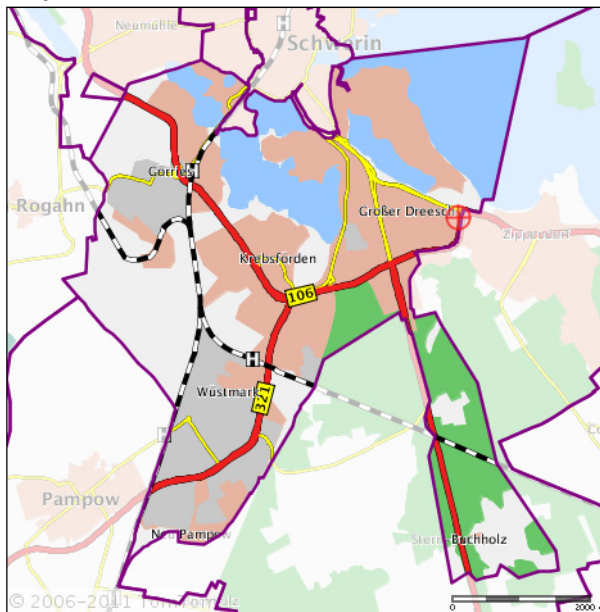
## 7.2 Commercial rents

### 7.2.1 Commercial Rents from ImmobilienScout 24 – Offer comps

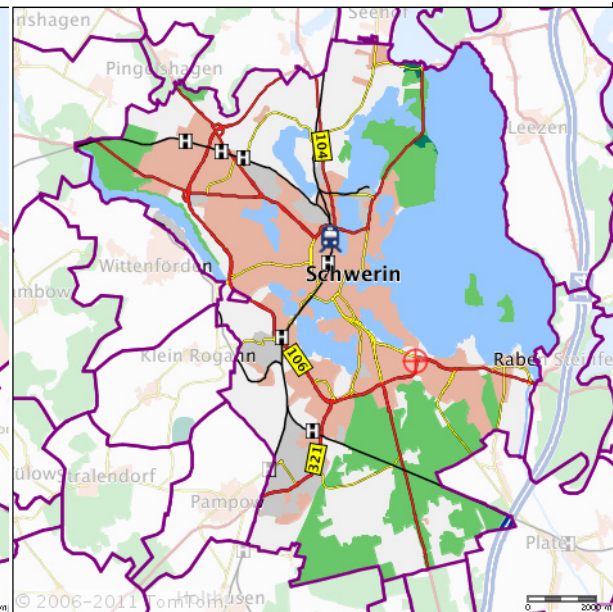
Period of analysis: April 2011 till September 2011

	Postcode District 19061	Municipality Schwerin
Total number of offers	53	162
Average time of offering (days)	67.6	60.2
Total number of views of expose	3,422	12,923
Total number of inquiries <sup>1</sup>	18	19
Total number of views of expose per offer	64.6	79.8
Index of total number of views of expose per offer (Germany = 100)	62	77
Total number of views of expose per offer per offering day	1	1.3
Index of total number of views of expose per offer per offering day (Germany = 100)	52	72
Index of average time of offering (days) (Germany = 100)	121	107

#### Map Micro / Makro Market:



Postcode district 19061



Municipality Schwerin

**Commercial rents in the postcode district 19061:**

	<b>Offers</b> (based on: 53 offers)			<b>Inquiries</b> (based on: 18 inquiries) <sup>1</sup>
<b>Type</b>	<b>Number of offers</b>	<b>Basic rent per sqm</b>	<b>Spread interval (90 %)</b>	<b>Total number of inquiries</b>
Offices	31	4.64 €	4.00 € - 6.00 €	5
Retail	3	7.00 €	4.00 € - 12.00 €	3
Hotel / Gastronomy <sup>2</sup>	0			6
Storage / Manufacturing	18	2.56 €	1.00 € - 4.50 €	3
Others	1	2.97 €	2.97 € - 2.97 €	1

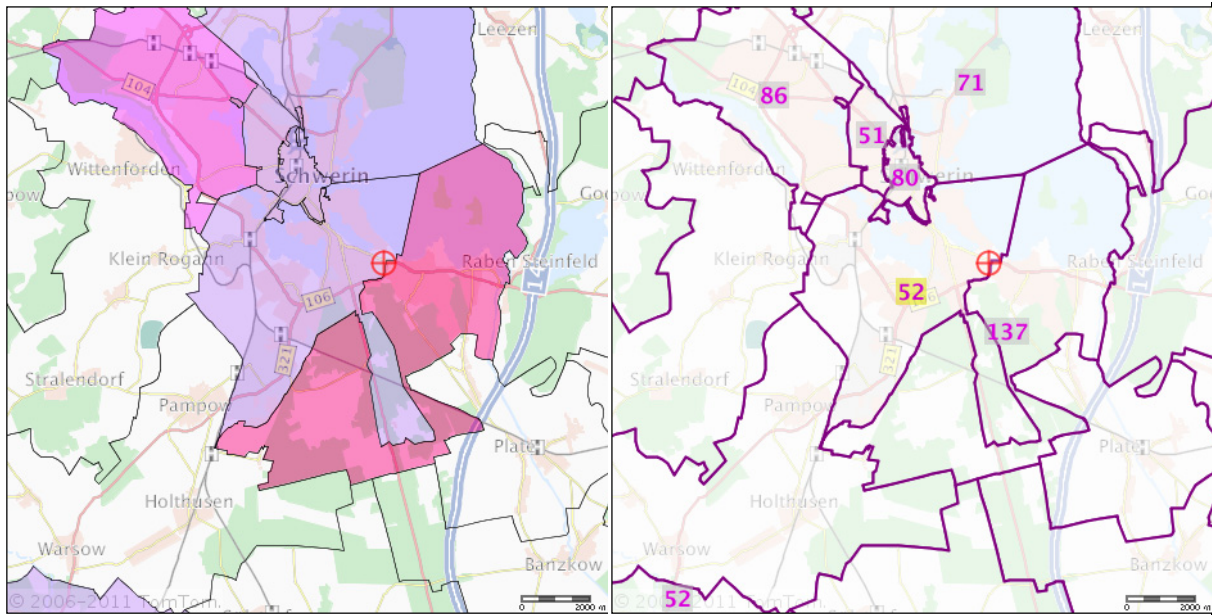
**Commercial rents in the municipality Schwerin:**

	<b>Offers</b> (based on: 162 offers)			<b>Inquiries</b> (based on: 19 inquiries) <sup>1</sup>
<b>Type</b>	<b>Number of offers</b>	<b>Basic rent per sqm</b>	<b>Spread interval (90 %)</b>	<b>Total number of requests</b>
Offices	104	5.32 €	3.00 € - 8.00 €	6
Retail	30	7.88 €	3.60 € - 15.54 €	3
Hotel / Gastronomy <sup>2</sup>	4	6.38 €	5.20 € - 7.78 €	6
Storage / Manufacturing	23	2.39 €	1.50 € - 4.40 €	3
Others	1	2.97 €	2.97 € - 2.97 €	1

<sup>1</sup> The number of inquiries is the sum of all inquiries in the contained and significantly intersected zip code areas.

<sup>2</sup> Offers of type hotel / gastronomy contain monthly leases. These leases are evaluated in the same way as monthly rents.







**Market overview**



Index of requests

Index of requests (related to Germany = 100)

Legend for request index map (Index of total number of views of expose per offer per offering day (Germany = 100)):

	Few offers	(less than 3 offers)
	Request strongly under average	(Index: < 40)
	Request under average	(Index: 40 - 80)
	Average request situation	(Index: 80 - 120)
	Request over average	(Index: 120 - 160)
	Request strongly over average	(Index: > 160)

(related to the German average)

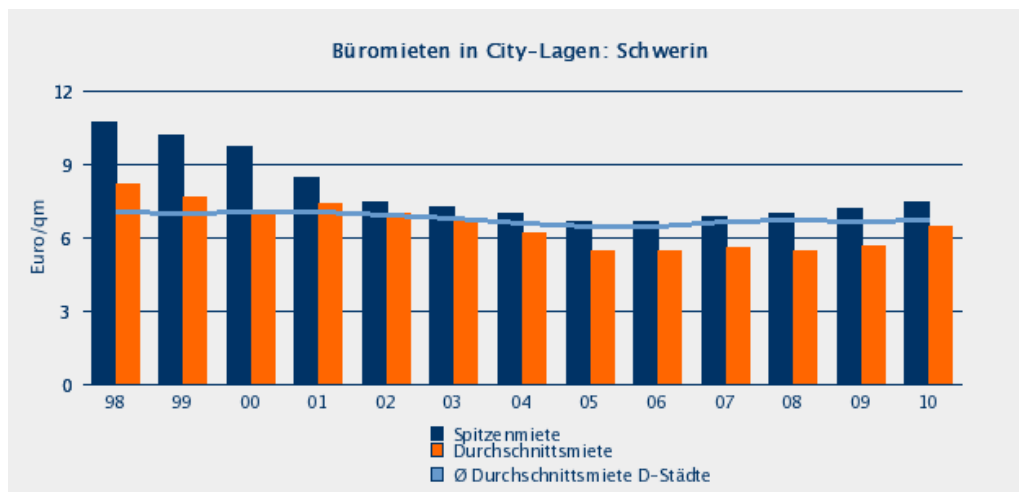
**Source:** IS24 - Miet- und Kaufpreise für Gewerbeimmobilien, Immobilien Scout GmbH, Berlin

**Status:** September 2011



## 7.2.2 Commercial Rents from RIWIS Bulwien/Gesa AG

The subject property is located in the periphery.



Büromieten und Renditen: Schwerin												
Euro / qm	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	05–10
<b>City</b>												
Spitzenmiete	9,7	8,5	7,5	7,3	7,0	6,7	6,7	6,9	7,0	7,2	7,5	11,9%
Durchschnittsmiete	7,2	7,4	7,0	6,8	6,2	5,5	5,5	5,6	5,5	5,7	6,5	18,2%
<b>Cityrand</b>												
Spitzenmiete	6,7	7,2	6,5	6,3	5,8	5,0	5,0	5,0	5,0	5,2	5,2	4,0%
Durchschnittsmiete	5,9	6,1	6,0	5,5	5,0	4,7	4,7	4,7	4,6	4,8	4,8	2,1%
<b>Peripherie</b>												
Spitzenmiete	5,6	5,6	5,0	5,0	4,5	4,5	4,3	4,1	4,1	4,4	4,4	-2,2%
Durchschnittsmiete	4,9	4,9	4,0	4,0	3,8	3,8	3,5	3,8	4,0	4,2	4,2	10,5%
<b>Bürozentren</b>												
Spitzenmiete												
Durchschnittsmiete												
<b>Nettoanfangs-Rendite</b>												
zentrale Lagen	7,3%	7,5%	7,5%	7,7%	7,7%	8,0%	8,0%	7,7%	7,5%	7,5%	7,5%	-0,5
dezentrale Lagen	8,7%	8,9%	8,5%	9,0%	9,0%	10,0%	10,0%	9,0%	9,0%	9,0%	9,0%	-1,0

### 7.2.3 Real Estate Agents

The property is situated in the periphery of the town and comprises the main stock of office accommodation in the vicinity and one the largest office building in the whole municipality of Schwerin.

For our valuation we have to take a closer look to the market also and then take into account for the adjustment of the market rent the size and the location of the property.

#### 7.2.3.1 TLG (Treuhand Liegenschaftsgesellschaft)

##### Rents for office > 50 m<sup>2</sup>

Stadt	einfacher bis mittlerer Nutzwert <sup>1</sup>	Entwicklung	guter Nutzwert <sup>2</sup>	Entwicklung
	<i>Modest to average use quality</i>	<i>Development</i>	<i>Good use quality</i>	<i>Development</i>
<b>Bundesland Mecklenburg-Vorpommern</b>				
Greifswald	k.A.	k.V.	k.A	k.V.
Neubrandenburg	4,00 – 6,50	k.V.	7,00 – 8,00	→
Rostock	6,50 – 8,00	→	8,50 – 12,00	→
<b>Schwerin</b>	4,00 – 6,00	→	6,50 – 8,50	→
Stralsund	3,50 – 5,25	→	5,25 – 8,00	→
Wismar	3,50 – 5,00	→	5,20 – 8,50	↗

#### 7.2.3.2 DAVE

Income Property (without extreme values)	Prospect	Purchase prices Euro/m <sup>2</sup> 2010	Purchase prices as multiple of the gross annual return of 2010
Type			
Residential and commercial buildings	→	600 – 900	10 – 12-fold
Residential and commercial buildings - class 1a-location	↗	900 – 2,000	12 – 19-fold

#### 7.2.3.3 Thomas Daily

(100 Cities Survey 2010: Schwerin)

Rents and multipliers:

- Top rent (>200 m<sup>2</sup>)      8,50 €/m<sup>2</sup>
- Average rent:                      6,50 €/m<sup>2</sup>
- Outlook:                              stable
- Net initial yield:                  6,9 %

Vacancy:

- Vacancy rate                      22,9 %
- Outlook:                              stable
- Demand:                              stable

#### 7.2.4 Official Schwerin Board of Valuers

The Official Schwerin Board of Valuers published in his most actual market report for properties at the region Schwerin, the area which is similar to the maps of the agents shown above the following multipliers for mixed use properties (ca. 50 % commercial):

- Liegenschaftszinssatz: 7.6 % (5.6 % - 9.6 %)
- Multiplier: 10 (8-12)

The “Liegenschaftszins” is derived from properties with an average remaining economic life span of 37 years, we are calculating here in this valuation till the eternity, is an equivalent to the all risks yield we are using here in this calculation – see also above bullet 2.

“Vielfaches” is the equivalent to Multiplier. In the table above there are shown the multiplier benchmarks for the vast majority of the properties in 2010, and if we take a look back the last 3 years, so the benchmark is relatively stable.

Of course you can't transfer the data one-to-one to the subject property, it is out of the city center, but also it is relatively new and in a good shape. More than that, there are very little offers for similar buildings (investment and rental market), so normally with a long lease contract as shown here it should be a better investment than the smaller and mostly older buildings dealt normally in the area.

According to this and the above mentioned market reports our valuation result seems to be at market.

#### 7.3 Rental Value

Schwerin is not a preferred location for office buildings, but it is, due to the regional structure of Germany with its strong regional centers and its importance as the capital of the state Mecklenburg-Western Pomerania, an attractive location for authorities and similar tenants.

The current lessee is the “AOK Nordost”, the AOK is part of the German state health insurance system and is organized as a statutory body. The “AOK Nordost” was created 2011 through a fusion of three former independent companies and has got more than 1.8 Mio. members in the federal states Berlin, Brandenburg and Mecklenburg-Western Pomerania. Schwerin is one of their service centres, the former head of the AOK Mecklenburg-Western Pomerania.

The building is relatively unusual for Schwerin. Schwerin is marked by smaller companies; AOK Northeast is one of the biggest employers there and the biggest for office employees. So the benchmark for office rents shown above does not include office buildings like the subject property. It is concerning its size and its quality for Schwerin

positively outstanding, and rare. Thus we assume for this calculation that the market rent for the subject property is located at the upper end of the prime rent benchmark of 7.50 - 8.50 €/sq m mentioned in the various market and research reports shown above, so we set the market rent here for the office space at 8.50 €/sq m.

The current rent is 11.48 €/m<sup>2</sup> which is clear above the market, it's an overrent. The Valuers are not calculating with the overrent. We are calculating with the market rent and consider the top slice as a separate amount which we add.

## **8 Valuation**

### **8.1 Choice of valuation approach**

The selection of one or more methods of valuation should be oriented towards the actual behaviour of market participants, i.e. it must take into account those influences that would govern the determination of the sale price in normal course of business.

The subject property is a commercial building almost solely for office use. Comparable properties are mostly dealt with from a yield point of view.

The following valuation has therefore been based on the internationally-common investment method.

### **8.2 Valuation assumptions – Market Value “As Is”**

Note: All calculations are rounded to the nearest full Euro amount.

#### **8.2.1 Lease contracts and rental level**

Concerning Rental Contract please See Bullet 3.6 and 7.3.

The Valuers are calculating with the market rent and not with the current contract rent.

Risks with regard to rental levels and vacancy rates are incorporated in the all-risks yield.

#### **8.2.2 Inflation, indexation**

The lease is a subject to indexation, although for the purposes of our valuation, we have not reflected this indexation going forward, but as usual at the investment method we have instead taken it into account in the yields adopted, which we consider a realistic approach that would be adopted by a prudent purchaser.

#### **8.2.3 All-Risks Yield**

For this valuation we assume that the contemporary tenant will stay in the property at least till the end of the standard lease term in 2022. As mentioned above on the one hand for a tenant it would be difficult to find a building of a comparable size location and quality in Schwerin for a cheaper rent.

But on the other hand there are not so many companies (especially in the economically weak area of Mecklenburg-Western Pomerania) who will have the need for such a large back office property in the area.

Since a property always comes with higher costs and risks, and because of the aforementioned qualities, the interest rate also changes in line with each tenant's creditworthiness and loss of rental income risks. Both the chances and the risks of the property we have to take into account at our ARI.

As mentioned above in Bullet 2 in this valuation the purchaser costs are implicitly contained in the yield.

To avoid misunderstandings we would like to state explicitly that the all risks yield (ARI) is not identical to the net or gross initial yields which were shown in the research from international broker agencies or the real estate researchers; however they are an essential influence for them. But in this case the yield is similar to the German system of the so called "Liegenschaftszinssatz", which does not explicitly deduct the purchaser's costs. The only remaining difference is, that the German system calculates with a limited time for the use of a building, and here we assume for the subject property a usable time for at least 40 years.

Although at the moment the volume of transactions in Schwerin is remaining at a relatively low level (due to a significant absence of sellers, resp. adequate properties), prime yields are stable or slightly declining. The yields of the official board of Valuers (Gutachterausschuss) shown above do not include a relevant selling of properties let to the state, that is too rare.

The yield we used for our calculation shows especially the rarity, quality and security of the letting to a German state owned company ("Körperschaft des öffentlichen Rechts), as well as the fact that it is a modern quality office property.

Therefore we consider an all-risks yield of 5.30 % to be appropriate for the property.

#### **8.2.4 Non-recoverable expenditure**

A single tenant of that kind produce in general less non recs., especially concerning maintenance. For that reason and due to fact of cheap local salaries we could reduce the management costs in such a case to a minimum.

Regarding this, we estimated the costs for non recoverable operating costs and costs for management and maintenance. The estimates run as a rule at 1.0 % for non rec. service charges (average), 2.00 % for management and 7.00 €/sqm for maintenance, resp. 20.00 € per parking lot (due to the macro location at the lower end of the range for that kind of parking). Void allowance is set at 3.00 % (also average) – possible additional costs / problems at a re-letting in 2022 are taken into account in the All Risks Yield.

Insurance and property taxes are typically recoverable costs that are being transferred to the tenants.

For the time of AOK rental period we reduced the management costs for  $\frac{3}{4}$ , because this single tenant causes less work.

## 8.2.5 Others

The Overrent of the property is considered in an auxiliary calculation.

## 8.3 Suitability of the property for mortgage purposes

### 8.3.1 SWOT Analysis

#### Strengths:

- Well known and very secure (state owned) tenant
- Plenty of parking lots
- Attractive and modern property
- Hardly any competition of similar buildings

#### Weaknesses:

- A very large building at a small local market

#### Opportunities:

- (Maybe prematurely) Renewal of the lease contract

#### Threats:

- No prolongation of the rental contract in 2022
- A further decline of the economy in the German Federal State Mecklenburg Vorpommern

### 8.3.2 Saleability

In terms of the time period in which we consider a sale of the subject property would be realised, we would estimate this to be 09-12 months from the commencement of the marketing period. Generally we would not envisage any difficulties in realising a sale of this property, but we still have an economical crisis. So we can say with confidence is that any property valuations reported at the present time contain “abnormal uncertainty” caused by “market instability”. RICS Guidance Note 5 (GN5) refers to such circumstances thus:

*“Unforeseen macroeconomic or political crises can have a sudden and dramatic effect on markets. This could manifest itself by either panic buying or selling, or simply disinclination to trade until it is clear how prices in the market will be affected in the longer term. If the valuation date coincides with the immediate aftermath of such an event, the data on which any valuation is based may be confused, incomplete or inconsistent, with an inevitable effect on the certainty that can be attached to it”.*

The RICS considers that, where uncertainty could have a material effect on the valuation, the Valuer should draw attention to this, indicating the cause of the uncertainty and the degree to which this is reflected in the reported valuation.”

Accordingly, please be advised that such circumstances exist and that we have advised you in the context above, and that in our opinion the value of the Property is fairly stated.



9

## Market Value

We assessed the following values for the subject property on the basis of information gained and documentation provided and in accordance with the approaches described above:

- Market Value (value derived from investment method): € 32,000,000

We are not aware of any other circumstances at the present time which have not already been reflected in our assessment of value.

On the basis of the foregoing and **with express reference to Section 10 and 8.3.2 of this valuation**, our opinion of the **Market Value** of the subject property:

**Bernhard-Schwentner-Straße 22, 24, 26 in 19063 Schwerin**

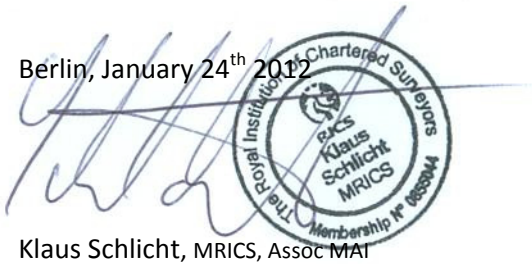
(Plot 117/14 Cadastral District of Schwerin Fl. 61)

on the valuation date 31.12.2011 is

**€ 32,000,000**

**(In Words: Thirty two million Euro)**

Berlin, January 24<sup>th</sup> 2012



The Royal Institution of Chartered Surveyors  
RICS  
Klaus Schlicht  
MRICS  
Membership No 088904

Klaus Schlicht, MRICS, Assoc MAI

## 10 Principles of the Valuation

### 10.1 Disclosure and confidentiality

This appraisal has been prepared in accordance with the International Valuation Standards 2007 and the RICS Appraisal and Valuation Standards. In the context of the valuation Klaus Schlicht has acted as an external Valuer working in a fee earning capacity for the named client. Klaus Schlicht does not have any direct or indirect personal or corporate relationships with the properties or company that is the subject of this assignment and that might lead to a potential conflict of interest. Furthermore, the agreed compensation is not contingent upon any aspect of the report, including the valuation results.

This engagement has been performed independently and without bias toward the client or others. We have complied with the code of conduct and adhered to the ethical standards set out in the International Valuation Standards.

The valuation of the property has been undertaken by Klaus Schlicht. This member of the Royal Institution of Chartered Surveyors has not previously been signatories to valuations provided to the client for the same purposes as this report.

### 10.2 Market Value

The **Market Value** was determined by using the Investment Method, in accordance with the standards of the RICS (London) and the Appraisal Institute (Chicago III.), as well as those stipulated in the German Federal Building Code (BauGB).

It is assumed that all the contemporary tenants will stay in the building at market rent level. For our calculations using the Investment Method the current Market rent has been capitalised in perpetuity.

### 10.3 Consideration of rights and encumbrances

Rights and encumbrances of real property can result from numerous, sometimes very different, grounds. Distinction must be made between the following types:

- public-law restrictions (protection of listed monuments, nature conservation law etc.);
- private law restrictions, which mainly result from the rights and restrictions of *Nachbarrecht* (law concerning the respective interests of occupiers of adjoining property);
- limited real rights (rights of use, safeguarding and disposal, rights of acquisition etc.);
- rights equivalent to real property (ground leases, mineral rights etc.);

For the purposes of this valuation, any possible liens (mortgages, land charges and rent charges) to which the property may be subject have not been reflected in the determination of market value, as the specialised literature and case law are unanimous in the opinion that such charges should be interpreted as personal circumstances.

We have not been provided with any legal due diligence report or declarative statements therein. So we could not take into account any issues affecting value.

It has been assumed that the use of the site would not be significantly limited by the easements recorded in the land register or in building encumbrances.

## **10.4 Documents**

The above advisory opinion is the result of our research and on-site findings without carrying out a legal-due-diligence (e.g. lease contracts, ownership structure) or technical-due-diligence (e.g. building structure, partitioning, fit out etc.). The delivered documents for the above calculations were not audited by Schlicht und Kollegen.

Schlicht und Kollegen was not provided with the following documents by the client and the documents were not requested by Schlicht und Kollegen as ordered by the client:

- Actual TDD

In accordance with the client we assume that there are no facts in these documents with significant influence on the market value.

## **10.5 Assumptions**

### **10.5.1 Condition of the land**

A valuation to market value can only reflect influences on value that may be ascertained by an external, non-damaging survey.

For the purposes of this valuation, it has therefore been assumed that the site is free of contamination and that its characteristics as regards development would not involve any expenditure higher than is normal in the location, unless the external non-damaging survey provides indications that in the circumstances could result in a reduction in value being deduced.

### **10.5.2 Condition of the buildings**

Where there are buildings on the site, in the same way only circumstances that may be ascertained by an external, non-damaging survey can be reflected.

In this regard we must expressly point out that the following circumstances have not been investigated by us:

- No investigation of the structural stability of the buildings or of specific sound and thermal insulation qualities has been carried out;
- No verification of compliance with public-law regulations (including consents, acceptances, conditions etc.) or of any private-law provisions affecting the existence or user of the land and buildings has been carried out;
- No investigations with regard to infestation by animal or vegetable pests (in timber or masonry) or corrosion (in copper pipe work) have been carried out;
- No investigation of the buildings with respect to deleterious materials (e.g. asbestos, formaldehyde, high alumina cement etc.) has been carried out;
- The functional capability of technical and other installations of the buildings has not been tested;
- It has been assumed, without verification, that as at the date of valuation the subject property is covered by insurance, both as regards the type of potential damage and the appropriate amount of the sum insured.

In the following report it will be assumed that there is no adverse effect on value as a result of the circumstances described above, unless, in the course of the non-damaging inspection, there were indications giving rise to inferences of a reduction in value resulting from these circumstances.

### **10.5.3 Volume and floor areas of buildings**

This valuation is based on the assumption that the measurements adopted correspond with the actual measurements, or that any discrepancies that may occur would not have a significant effect on the outcome of the valuation.

**Appendix:**

Appendix 1: Calculations

Appendix 2: Sensitivity Analysis for changes - All Risks Yield

Appendix 3: Guideline Land Value

Appendix 4: Aerial Photograph

Appendix 5: Photos

Appendix 6: Land Register

Appendix 7: TDD – Bullet 6. Facility Description

## Appendix 1: Calculations

Current GRI / Market GRI			Am Grünen Tal 50 19063 Schwerin			
Building	Main Area	Contract rent	Area	Contract / m <sup>2</sup>	Market / m <sup>2</sup>	Market
1	Office	179,161.00 €	15,535.0 m <sup>2</sup>	11.53 €/m <sup>2</sup>	8.50 €/m <sup>2</sup>	132,047.50 €
	<b>Total</b>	<b>179,161.00 €</b>	<b>15,535.00 m<sup>2</sup></b>			<b>132,047.50 €</b>
	<b>Parking</b>	- €	198 units	0.00 €/unit	30.00 €/unit	5,940.00 €
	<b>Total</b>	<b>179,161.00 €</b>	<b>15,535.00 m<sup>2</sup></b>			<b>137,987.50 €</b>
	<b>Annual GRI rd.</b>	<b>2,149,932.00 €</b>				<b>1,655,850.00 €</b>

<b>Property:</b>	19063 Schwerin		
<b>Address:</b>	Am Grünen Tal 50		
<b>Summary</b>			
<b>market value as is:</b>			<b>€ 32,000,000</b>
all risks yield			5.30%
Gross Multiplier at current			14.88
Gross Initial Yield at current			6.7%
<b>Calculation:</b>			
<b>Annual gross rental income</b>			<b>€ 1,655,850.00</b>
(at market)			
<b>non-recoverable costs</b>			
<b>void allowance</b>			
in % of GRI:		3.00 % =	€ 49,676.00
<b>non-rec. service charges</b>			
in % of GRI:		1.00 % =	€ 16,559.00
<b>management</b>			
commercial in % of GRI		2.00 % =	€ 33,117.00
<b>maintenance</b>			
per m <sup>2</sup> p.a.		7.00 €/m <sup>2</sup> =	€ 108,745.00
Garage per St p.a.		20.0 €/St =	€ 3,960.00
<b>total non-recs</b>		say:	<b>€ 212,057.00</b>
in % GRI:	12.8 %		
<b>Others</b>			<b>€ 0.00</b>
<b>Net rental income p.a.</b>			<b>€ 1,443,793.00</b>
x multiplier		x	18.868
<b>Gross capital value</b>			<b>€ 27,241,486.00</b>
<b>Overrent AOK</b>	494,082.00 €		
(Standard lease term)			
plus 1 year prolongation	11.50 years	3.80%	9.178 = € 4,534,839.90
<b>Saved Management Costs</b>	24,837.75 €		
(Standard lease term AOK)			
plus 1 year prolongation	11.50 years	5.30%	9.178 = € 227,968.68
<b>Gross capital value</b>			<b>€ 32,004,294.58</b>
<b>Market value</b>	rd.		<b>€ 32,000,000.00</b>
<b>key data</b>			
Gross multiplier at current			14.88
Gross initial yield at current			6.72%
Gross multiplier at market			19.33
Gross initial yield at market			5.17%
Net initial yield at market			4.51%
Value / m <sup>2</sup> - lettable area			2,060 €/m <sup>2</sup>

## Appendix 2: Sensitivity Analysis for changes

### Changes in the yield used for capitalisation

Schwerin Am Grünen Tal 50			
Yield			
	0.45%	5.70%	29,700,000.00 €
	0.30%	5.55%	30,400,000.00 €
	0.15%	5.40%	31,200,000.00 €
Original Yield		5.25%	32,000,000.00 €
	-0.15%	5.10%	32,800,000.00 €
	-0.30%	4.95%	33,700,000.00 €
	-0.45%	4.80%	34,700,000.00 €

### Changes in the market rent

Schwerin Am Grünen Tal 50			
Rent			
	0.75 €	9.25 €	33,200,000.00 €
	0.50 €	9.00 €	32,800,000.00 €
	0.25 €	8.75 €	32,400,000.00 €
Original Rent		8.50 €	32,000,000.00 €
	-0.25 €	8.25 €	31,600,000.00 €
	-0.50 €	8.00 €	31,200,000.00 €
	-0.75 €	7.75 €	30,800,000.00 €



### **Appendix 3: Guideline Land Value**

(closest commercial areas)

**Reques:** Am Grünen Tal 50, 19063 Schwerin

**85,00 Euro/qm**

Maß der baulichen Nutzung:

Geschosszahl = 2-5

Geschossflächenzahl = k.A.

Grundflächenzahl = 0,3

Baumassenzahl = k.A.

Angaben zum Richtwertgrundstück:

Grundstückstiefe in m = 50

Grundstücksfläche in qm = 3000

Source: Geschäftsstelle des Gutachterausschusses für Grundstückswerte c/o Landeshauptstadt Schwerin, Herr Schulz Telefon: 03874 624-2581

Stichtag: 31.12.2010

## Appendix 4: Aerial Photograph

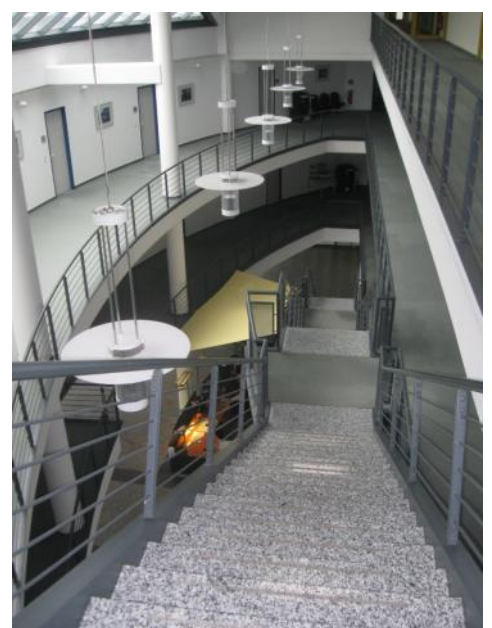


**Source:** DOP, Landesamt für Innere Verwaltung, Schwerin  
**Status:** online



**Source:** Schrägluftbilder Blom, Blom Deutschland GmbH, Neubrandenburg  
**Status:** online

**Appendix 5: Photos**





**Appendix 6: Land register**

# Amtsgericht Schwerin

## Grundbuch

von

### Schwerin Blatt 4857

Dieses Blatt ist zur Fortführung auf EDV umgeschrieben worden und an die Stelle des Blattes Schwerin Blatt 71207 getreten. In dem Blatt enthaltene Rötungen sind schwarz sichtbar. Freigegeben am 27.03.2007.

Klingenberg

**Amtsgericht Schwerin**

**Grundbuch von Schwerin**

**Blatt 4857**

Bestandsverzeichnis 1

Lfd. Nr. der Grundstücke	Bisherige lfd. Nr. der Grundstücke	Bezeichnung der Grundstücke und der mit dem Eigentum verbundenen Rechte		Größe
		Gemarkung Flur Flurstück	Wirtschaftsart und Lage	m <sup>2</sup>
		a/b/c		
1	2	3		4
1	-	Schwerin 61 117/14	Gebäude- und Freifläche Bernhard-Schwentner-Straße 22, 24, 26	9.826

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**Amtsgericht Schwerin**

**Grundbuch von Schwerin**

**Blatt 4857**

Bestandsverzeichnis 1

Bestand und Zuschreibungen		Abschreibungen	
Zur lfd. Nr. der Grundstücke		Zur lfd. Nr. der Grundstücke	
5	6	7	8
1	Bei Umschreibung von Schwerin Blatt 71207 als Bestand eingetragen am 20.03.2007.		

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**Amtsgericht Schwerin**

**Grundbuch von Schwerin**

**Blatt 4857**

Erste Abteilung 1

Lfd. Nr. der Eintragungen	Eigentümer	Lfd. Nr. der Grundstücke im Bestandsverzeichnis	Grundlage der Eintragung
1	2	3	4
1	<u>Rolf Kappel, geb. am 14.10.1943</u>	<u>1</u>	<u>Das auf dem wegen Fortführung auf EDV geschlossenen Blatt Schwerin Blatt 71207 eingetragene Eigentum bei Umschreibung des Blattes eingetragen am 20.03.2007.</u>
2	Interfranchising B. V., Amsterdam	1	Auflassung vom 04.01.2007; eingetragen am 26.07.2007;  ONr. 48 <span style="float: right;">Kutscher</span>

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**Amtsgericht Schwerin**

**Grundbuch von Schwerin**

**Blatt 4857**

Zweite Abteilung 1

Lfd. Nr. der Eintragungen	Lfd. Nr. der betroffenen Grundstücke im Bestandsverzeichnis	Lasten und Beschränkungen
1	2	3
1	1	Beschränkte persönliche Dienstbarkeit (Trinkwasserleitungsrecht) für Wasserversorgungs- und Abwasserentsorgungsgesellschaft Schwerin mbH, Schwerin; gemäß Leitungs- und Anlagenrechtsbescheinigung vom 21.08.2006 (Landeshauptstadt Schwerin - Untere Wasserbehörde -; 32.2.50.1/01-06 Br.) eingetragen am 06.11.2006. Umgeschrieben am 20.03.2007.
<u>2</u>	<u>1</u>	<u>Auflassungsvormerkung für Interfranchising BV, Amsterdam; Vorrangsvorbehalt - mehrmalig ausnutzbar für Grundpfandrechte bis zu 30.912.600,00 EUR mit bis zu 20 % Zinsen jährlich und bis zu 15 % Nebenleistung einmalig; gemäß Bewilligung vom 04.01.2007 (Notar Dr. Nikolaus Hensel, Frankfurt am Main; UR-Nr. 2/2007) eingetragen am 19.02.2007. Umgeschrieben am 20.03.2007.</u>
3	1	Grunddienstbarkeit (Geh- und Fahrrecht) für den jeweiligen Eigentümer Schwerin Blatt 4902, BV Nr. 1; gemäß Bewilligung vom 08.03.2007 (Notar Dr. Nikolaus Hensel, Frankfurt am Main; UR-Nr. 269/2007) eingetragen am 11.06.2007.  ONr. 46 <span style="float: right;">Büttner</span>
4	1	Grunddienstbarkeit (Entsorgungsleitungsrecht) für den jeweiligen Eigentümer Schwerin Blatt 4902, BV Nr. 1; gemäß Bewilligung vom 08.03.2007 (Notar Dr. Nikolaus Hensel, Frankfurt am Main; UR-Nr. 269/2007) eingetragen am 11.06.2007.  ONr. 46 <span style="float: right;">Büttner</span>
5	1	Beschränkte persönliche Dienstbarkeit (Fernwärmeleitungsrecht) für Energieversorgung Schwerin GmbH & Co. KG, Schwerin; gemäß Leitungs- und Anlagenrechtsbescheinigung vom 22.03.2010 (Ministerium für Wirtschaft, Arbeit und Tourismus Mecklenburg-Vorpommern; AZ.: 667-08-4-5-35) eingetragen am 04.06.2010.  ONr. 51 <span style="float: right;">Busse</span>
6	1	Beschränkte persönliche Dienstbarkeit (Regenwasserleitungsrecht) für Landeshauptstadt Schwerin, Schweriner Abwasserentsorgung, Eigenbetrieb der Landeshauptstadt Schwerin; gemäß Leitungs- und Anlagenrechtsbescheinigung vom 15.09.2010 (Landeshauptstadt Schwerin (Untere Wasserbehörde); AZ.: 36.1.50.2-21-10-Br) eingetragen am 17.12.2010.  ONr. 53 <span style="float: right;">Busse</span>

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**Amtsgericht Schwerin**

**Grundbuch von Schwerin**

**Blatt 4857**

Zweite Abteilung 1

Veränderungen		Löschungen	
Lfd. Nr. der Spalte 1		Lfd. Nr. der Spalte 1	
4	5	6	7
2	<u>Nr. 2 hat Rang nach Abt. III Nr. 6; unter teilweiser Ausnutzung des Rangvorbehalts eingetragen am 07.06.2007</u> ON 45 Büttner	2	Gelöscht am 26.07.2007. ONr. 48 Kutscher
3, 4	Nr. 3 hat Gleichrang mit Nr. 4; eingetragen am 11.06.2007 ON 46 Büttner		

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**Appendix 7: TDD – Bullet 6. Facility Description**



**4 STRUCTURAL ASSESSMENT**

**4.1 Facility Description**

**4.1.1 Structural System and Façade**

The building consists of the following structural features:

- Construction type:** The main construction of the building is a reinforced concrete frame construction with a steel skeleton construction at the shed roofs on level four.
- Roof construction:** In general, all building parts are fitted with a flat roof construction (230 millimetre reinforced concrete slab, 100 millimetre thermal insulation), finished with a dense layer of gravel, partly fitted with an extensively planting vegetation on a PVC roof sealing sheet with a bituminous waterproof membrane. All flat roof constructions do have a continuous concrete attic with a concrete slab topping at level three and aluminium topping on level two.
- The shed roofs on level four are covered with a sandwich panel construction: A profiled steel sheeting panel with a hard thermal insulation (100 millimetre) on top, spanning between the main construction, sealed with PVC sealing sheet and finished with an aluminium topping (KAL-ZIP).
- The Entrance-Foyer is partly covered with a sloped, thermal insulated glass roof with sun protection glass.
- Building insulation:** The building insulation complies with the German thermal protection regulations from 1982. The facade is insulated by an external soft thermal insulation with 70 – 80 mill depth.
- Entrance:** The main entrance is equipped with a non-automatic revolving glass door and two additional hinged glass doors on either side. One of the doors is equipped with an ADA push button system (interior and exterior) and an electrical door operator to provide access for disabled people.
- There is one staff entrance door at the end of each of the three building cross bars (six altogether). All entrance doors are designed as powder coated aluminium frames with stainless steel door handles.
- All six staircases can be entered from the basement garage (separated with fire doors).
- Exterior walls:** Two different wall systems determine the design and appearance of the building. Ground level, level one and

	<p>cores are executed as follows: 180 millimetre reinforced concrete – 80 millimetre thermal insulation – 50 millimetre ventilation – 115 millimetre clinker.</p> <p>Level two and three and the attic are executed as follows: 180 millimetre reinforced concrete – 70 millimetre thermal insulation – 10 millimetre render – paintwork.</p>
<b>Façade:</b>	<p>The massive clamshell façade with single windows is supplemented with a continuous window strip at the second level and a fully glazed façade at the curved, double storey entrance foyer. The outer layer of the double-glazed façade is equipped with sun protection glass.</p> <p>The north-west façade of the fourth floor underneath the shed roofs, above an approx. one meter high, massive sill is also fully glazed. An emergency balcony (galvanised steel) is attached to level one – four at each of the six cores at the building cross bars.</p> <p>The façade of the two court yards is identical to the description above, except of the staff canteen, which has units of two fixed and two hinged glass doors instead of windows.</p> <p>The car park at the basement has vertical openings at the north-east and horizontal openings at the south-west of the façade to provide ventilation. These openings are covered with galvanized steel gratings.</p>
<b>Windows:</b>	<p>The building is fully equipped with double-glazed, thermal insulation (<math>k_f = 1,3 \text{ W/m}^2\text{K}</math>) and noise reducing synthetic windows. All windows can be opened into tilted and hinged position. A manual steered aluminium lamella provides the internal sun protection.</p>
<b>Basement:</b>	<p>The one level basement with a reinforced concrete frame construction exceeds the footprint of the building to the east and contains the car park, the archive and technical service rooms. All load bearing inner walls are made of reinforced concrete.</p>
<b>Underground parking:</b>	<p>A two-way ramp at the southwest corner of the property provides access to 158 parking lots in the basement. The entrance to the parking is equipped and secured with an automatic barrier, a set of traffic lights and a roller shutter. Driveway and parking spaces are finished with concrete paving. Openings at two sides of the façade provide a natural air movement and ventilation. Car park light equipment and signage is available.</p>



Prepared for:

Electra Real Estate Ltd.  
98 Yigal Alon St.  
Tel-Aviv 67891  
Israel

As at 30.06.2011

## Executive Summary

As at 30.06.2011

Property address	Rudolf-Diesel-Strasse 7 D – 16353 Ahrensfelde
Location	The property is located in Ahrensfelde in Brandenburg. The city is situated northeast of Berlin.
Description	The property is known as a cash and carry property Year of construction: 1993 For more details see property template
Site area	33,961 sqm
Lettable area	15,275.25 sqm
Vacancy Rate	0 %
Tenure	Freehold
Estimated Rental Income	1,924,681 €/year
Fair Value	23,935,000 €

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## 1 Valuation Assignments

### 1.1 Client

Electra Real Estate Ltd.  
98 Yigal Alon St.  
Tel-Aviv 67891  
Israel

### 1.2 Valuer

NAI apollo valuation advisory GmbH  
Berliner Allee 51 - 53  
D – 40212 Dusseldorf

### 1.3 Subject of Valuation

A property in Ahrensfelde, known as a cash and carry store, owned by Babcock & Brown Retail Property S.à.r.l & Co.KG.

### 1.4 Purpose for Valuation

We understand that this report is to be used for the consolidated financial statements of the company and / or its shareholders as of 30<sup>th</sup> June 2011. We are also aware of the fact that this report will be attached to the financial reports of the company and / or to the final public financial statements of its shareholders.

### 1.5 Date of Valuation

30.06.2011

### 1.6 Project Timeline

Order confirmation:	28.07.2011
Reception of database:	29.07.2011
Conduction of site inspection:	10.08.2011
Delivery of draft report:	11.08.2011
Delivery of final report:	15.08.2011

1.7 Site Visit

The site inspection was carried out by Mr Andreas Borutta on the 10.08.2011.



Number	Zip	City	Street	Date of site visit
1	16353	Ahrensfelde	Rudolf-Diesel-Str. 7	10.08.2011

1.8 Project Team

Andreas Borutta (MRICS)

Andreas Borutta is Managing Partner of NAI apollo valuation and the former Head of Valuation of NAI apollo asset management. From 1992 to 2004 he had management positions with several German based property development companies. From 1981 to 1991 he was responsible for real estate financing with a German bank. He has a professional background of 30 years of real estate experience and holds the titles in Business Management and Master of Science Real Estate (ebs). Andreas Borutta is Member of The Royal Institution of Chartered Surveyors (RICS).

Oliver Kreiser (Consultant)

Oliver Kreiser is an employee of NAI apollo valuation. After his study of Real Estate Economy at the University of Cooperative Education in Leipzig in 2009 he started working in March 2010 for NAI apollo valuation advisory.

## Franziska Steingen (Consultant)

Franziska Steingen is a college graduate. During her studies of Real Estate Business she worked as intern within the valuation department in an internationally operating company. After her studies she worked inside the asset management sector and joined NAI apollo Valuation in September 2010.

## Thorsten Baum (Consultant)

Thorsten Baum is an employee of apollo valuation advisory. He is specialized on real estate market research. After his study of geography at Ruhr-University Bochum he worked for different real estate development companies in the market research. He joined NAI apollo valuation advisory in 2011.

## 1.9 Status of Valuer and Conflict of Interest

We confirm that we have undertaken the valuations acting as an External Valuer, qualified for the purpose of the valuation.

We confirm that we were not active in the introduction and brokering of the properties to be valued and in this respect have no other benefit in connection with the properties to be valued or from the preparation of the expertise apart from the agreed fee.

The responsible person for the preparation and drafting of the report is Mr. Andreas Borutta MRICS.

## 2 Bases of Valuation

The valuation has been completed in accordance with the Global Practice Statements and Guidance Notes contained in the RICS Valuation Standards (6th edition, as amended) published by the Royal Institution of Chartered Surveyors (the 'Red Book'), as well as according to IFRS standards.

### 2.1 Market Value

In particular, we have assessed Market Value in accordance with PS 3.2 and in accordance with International Accounting Standard No. 40. Under these provisions, the term "Market Value" means:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

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

### 2.2 Legal Basis

The valuation is conducted in accordance with the following bases:

- RICS Valuation Standards (6th edition, as amended)
- International Valuation Application 2 (revised 2007), published by the International Valuation Standards Committee

According to IAS 40 paragraph 36

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction.

According to IAS 40 paragraph 37

An entity determines fair value without any deduction for transaction costs it may incur on sale or other disposal.

Nevertheless, in Germany the purchaser usually calculate the market value of an asset in a transaction after deducting the relevant transaction costs including taxes (property transfer tax). Consequently, the yield on the property takes into account transaction costs that could be applied in calculating the market price between a willing seller and buyer at an arm's length transaction.

### 2.3 Data provided by the Borrower

The updated documents and information, relevant for our valuation, were made available to us by the Client:

- Copies of Land Registers
- Cadastral Map Excerpt
- Technical Due Diligence Report
- Area Overview
- Floor Plans
- Rent Roll
- Lease Agreements
- Completion Certificate

### 3 Valuation Due Diligence

We have conducted a due diligence exercise in accordance with the terms of our instruction. Specific issues relating to the individual property are identified on the property summaries contained within Appendix G.

#### 3.1 Sources of Information

We have relied upon information provided to us by the client and third party professional advisers to the same. A detailed schedule of the documents provided to us is listed in bullet 2.3. Unless specifically instructed to do so, we have not verified these documents and have relied upon them in our valuations. We have made an Assumption that the information contained in these documents is accurate and that the documents are complete. Whilst we have made every effort to identify obvious errors and logical inconsistencies, we accept no liability for any inaccuracies or omissions.

#### 3.2 Title and Lease Information

We have not reviewed all of the title documents to the properties. Any interpretation by us of the titles or other associated legal documents should not be relied upon without verification by your lawyers. Therefore, unless we are advised to the contrary, we have made an assumption that each property has a good and marketable title and that there are no encumbrances, restrictions, regulations, easements, pending litigation or other outgoings of an onerous nature that would have a negative impact upon the value of the properties.

#### 3.3 Tenant Information

We have not made formal investigations into the financial status of the existing or prospective tenants. However, our valuations reflect a potential purchaser's opinion of the financial strengths of the individual tenants and our knowledge of their status in the context of the retail market in general and the property market in particular.

Unless we have been advised to the contrary, we have made an assumption that the tenants are all in a position to meet their financial and legal obligations under the terms of the leases and that, at the date of valuation, there are no material arrears of rent, legal disputes or undisclosed breaches of covenant.

#### 3.4 Compliance with Town Planning and other Statutory Regulations

Where necessary, we have made verbal enquiries of the public bodies in order to obtain information relating to the compliance of the properties with town planning, building, fire, health and safety and other legal requirements or restrictions. Where we have relied on verbal information from a public body, we are unable to accept liability for the accuracy of this information and recommend that you obtain separate written confirmation of the same.

However, unless we have been advised to the contrary, we have made an assumption that the legal requirements have been properly fulfilled and that the property has the necessary consents, permits and authorizations for its continued use and that all necessary public charges and financial liabilities have been discharged in full.

#### 3.5 Building Condition, Insurance, Services, Defects and Hazardous Materials

We have not carried out structural surveys of the property, nor have we tested the building services (lighting, heating etc.) or technical installations. Our valuations reflect the apparent condition of the property, noted during the course of our inspections, and defects or items of disrepair are reflected in our valuations where appropriate.

However, we are unable to confirm that the property is free from building damage or defects (visible or otherwise) or that it has been constructed (or altered) without the use of deleterious materials or techniques (including, but not limited to, high alumina

cement concrete, permanent wood wool shuttering, calcium chloride or asbestos). Unless advised to the contrary, we have made the assumption that the property is free from such damage, defects or hazardous materials.

We have not reviewed the terms of the building insurance policies for the property and have made an assumption that each property has been adequately insured against all potential costs arising from any damage or destruction by the insured risks.

### 3.6 Floor Areas

We have not undertaken any measured surveys of the property and we have made an assumption that the floor areas provided to us have been calculated in accordance with local market practice.

### 3.7 Environmental Contamination

We have not carried out any investigations to establish the adequacy of the ground conditions and services for the purposes of providing support for the existing buildings, or any proposed buildings at each location, nor have we carried out environmental, archaeological, or geotechnical surveys.

Unless we have been advised to the contrary, we have made an assumption that each site has sufficient load bearing capacity for the existing buildings or for any proposed development and is not liable to flooding, erosion, earthquake or other forms of environmental instability.

We have not been provided with any information regarding the presence of contamination in the sites or the use of the property for any contaminative, or potentially contaminative, purposes. As instructed, we have not undertaken any investigation into the past or present uses of the property or any adjoining property or land, in order to establish whether contamination may exist, and therefore have made an assumption that they are not contaminated.

If we suspect the presence of soil contamination, we may be unable to report the Market Value without a detailed environmental survey and an estimate of the likely costs and timing for works of remediation.

Where there is high voltage electricity supply equipment within, or close to the property, we have not made any adjustment to our valuations to reflect potential future changes to the public perception of the health risks posed by such apparatus.

### 3.8 Finance, Taxation and Costs of Sale

We have made an assumption that the property is free and clear of all mortgages or other charges that may be secured against it. No allowances have been made for any costs associated with the sale of the property or for any tax liabilities (including VAT) that may arise following a disposal.

According to IAS 40 paragraph 37

An entity determines fair value without any deduction for transaction costs it may incur on sale or other disposal.

Nevertheless, in Germany the purchaser usually calculate the market value of an asset in a transaction after deducting the relevant transaction costs including taxes (property transfer tax). Consequently, the yield on the property takes into account transaction costs that could be applied in calculating the market price between a willing seller and buyer at an arm's length transaction.

## 4 Applied Methodology

Generally, there are three different approaches to valuing a property: the sales comparison method, the cost approach and the income approach.

### The Sales Comparison Method

The sales comparison method is an appropriate approach to value investment property, but it heavily depends on the availability of sales comparables. A transaction can be regarded as comparable, if the sold property is similar to the valuation property regarding size, condition, rent level and location. Further, the transaction must have taken place according to the requirements stated in the RICS definition of the Market Value (arm's length transaction with knowledgeable and prudent parties without compulsion) and there must be a temporary proximity between transaction and valuation, as markets are in constant movement. However, it should be noted that, owing to the opaque nature of the German property market, it is often very difficult to obtain comparables that fit all of these requirements.

### The Cost Approach

This methodology determines a property's value based on the costs associated with its construction. It is usually used mainly for self-occupied real estate where there is no actual cash flow. The valued properties can be regarded as investment properties, which is why the application of the income approach is regarded as more appropriate for the estimation of their market value.

### The Income Approach

The income approach is usually used to estimate the value of investment property, as it is based on the current and future cash flows. This methodology involves making detailed estimations regarding future cash flow developments in order to see the direction and market position in which a property is headed. As this approach seems to be best suited for the valued properties, we have applied a cash flow-focused approach, supported by the sales comparison method.

#### 4.1 Multiplier

Reference is made in the report to the German "cold multiplier". This is the common traditional market approach in Germany that an investor will use to assess an investment and it is calculated as follows:

$$\frac{\text{Market Value}}{\text{Estimated income}}$$

Where the capital value is assumed net of acquisition costs and the current contracted net income is the total income receivable on the property, net of any VAT but gross of any landlord's non-recoverable costs (such as routine maintenance and management costs).

#### 4.2 Gross Initial Yield

The Gross Initial Yield is defined as the percentage of the Gross Rental Income divided by Net Capital Value (Market Value).

#### 4.3 Net Initial Yield

The Net Initial Yield is defined as the percentage of the Net Rental Income minus non-recoverable expenses divided by the Gross Capital Value.

$$\frac{\text{Revenues}}{\text{Purchase Price / Value}}$$

#### 4.4 Gross Reversionary Yield

The Gross Reversionary Yield is defined as the percentage of the Estimated Rental Value (ERV) divided by the Net Capital Value.



#### 4.5 Market Rent

The market rent is the estimated amount for which a property or space in a property should be let on the day of the valuation between a landlord willing to let and a tenant willing to rent after a proper marketing period in an arm's length transaction, whereby it is assumed that each of the parties is acting independently, knowing the market, prudently and without compulsion.

#### 4.6 Market Value

The market value is derived by the result of the Income Approach (as the RICS definition of 'Market Value' assumes an asset to be traded at the date of valuation).

## 5 Valuation Assumptions

### 5.1 Inflation

An annual rent adaptation of 1.7% is assumed which is based on the German 10-year-average inflation rate. For the control management costs, an increase of 1.7% is also assumed annually.

A diagram is in the appendix.

### 5.2 Operating Costs

Although the charging of operating costs can be assessed as normal in the market, certain operating costs always remain with the landlord.

The assumed amounts are listed within the Individual Property Template (Enclosure to this Valuation) and partly are included in the non-rechargeable costs.

### 5.3 Management Costs

The administration costs include, among other things, the lease administration, the property accounting, the controlling and the invoicing of additional costs, as well as maintenance planning and implementation. The calculation is done considering the basic principles of proper management. A percentage value for administration costs is usual in the market. Considering the market factors a valuation of 2.00% of the annual gross rent is carried out for the administration. In this cost rate the size of the property and the number of tenant uses have been taken into consideration.

The assumed amounts are listed within the Individual Property Template (enclosure to this Valuation) and partly are included in the non-rechargeable costs.

### 5.4 Maintenance

Maintenance costs are costs which must be expended during the effective life for the preservation of the appropriate use of the building as provided for in the lease, in order to properly eliminate damage arising from wear and tear, ageing and weathering. Maintenance costs within the framework of proper facility management are also selected in accordance with values based on experience.

Use	Maintenance
Retail	3.00 €/sqm/year

The assumed amounts are listed within the Individual Property Template (Enclosure to this Valuation) and partly are included in the non-rechargeable costs.

### 5.5 State of Repair

In general the property is in average condition taking its age into consideration.

### 5.6 Collection Loss

Collection loss is the risk of a reduction in income as a result of uncollectible arrears of rent. It also serves to cover the costs of legal action to collect payments, cancel a rental contract or clear premises. Arrears of rent due deposit payments must also be taken into account under this heading.

The amount of the collection loss depends on the local market situation, type and condition of the property, tenancy situation, quality of tenants and quality of lease agreements. The collection loss is calculated as percentage of the annual Effective Gross Income (EGI).

The assumed amounts are listed within the Individual Property Template (enclosure to this Valuation) and partly are included in the non-rechargeable costs.

### 5.7 Vacancy Costs

Vacancy costs are the costs which are incurred by the owner as a consequence of un-let tenant units and the lack of a possibility to invoice charge-on costs associated therewith to the tenants. At present the premises are let. Thus no vacancy costs are calculated.

## 6 Valuation Results

### 6.1 Fair Value

We are of the opinion that the Fair Value of the property listed in section 1.8 and described in Appendix D, as at 30.06.2011 and subject to the definitions, comments and assumptions detailed in this report, was

**23,935,000 €**

(In words: Twenty three million nine hundred thirty five thousand €)

## 7 Appendices / Confidentiality and Publication

### 7.1 Appendices

- German Economy
- General Economic Parameters
- Overview Estimated Re-Instatement Costs
- Individual Property Templates
- Portfolio Overview
- Letter of Instruction

### 7.2 Confidentiality and Publication

This Report may be relied upon by the client.

This Report has no other purpose and should not be relied on by any other person or entity.


We hereby consent to the disclosure of the conclusions of the Report to the market by the publication of notices on a stock exchange. For the avoidance of doubt, these disclosure provisions supersede any conflicting provisions contained either the Report or in our standard terms of business.

We hereby confirm that we have taken full account of all documentation and title matters in the Report (in particular any report on title, any environmental and technical reports) other than as expressly stated in the Executive Summary.

Dusseldorf, 15.08.2011



Andreas Borutta MRICS



Horst Jaletzky FRICS

## Appendix A – German Economy

### Overview

The German economy remains on a sound expansionary path. In the first quarter, the gross domestic product rose above the pre-crisis level of early 2008, after adjustment for inflation. This creates a good platform for growth during the current year. Most observers of the economy have now revised their growth forecasts for the German economy upwards for 2011. As expected, the pace of the upswing has calmed down following the extremely powerful growth in the first few months of this year. The mood in the companies is very optimistic. They regard their current situation as extremely positive, but their high business expectations have been scaled down again in recent months. In particular, latest figures show the prospects for exports being assessed somewhat less favourably. The upward forces remain intact, even if their growth stimulus will be rather weaker in the course of 2011 than at the outset of the year. The forces driving the growth have now shifted even more strongly across to the domestic economy. They are particularly characterised by brisk investment activity.

This is reflected in a high level of dynamism in overall domestic industrial turnover, especially with regard to the capital-goods and intermediate goods manufacturers. The high level of orders received by this group of manufacturers suggests that domestic dynamism will continue to grow in importance in the coming months. The external conditions for the German economy remain favourable. The global economy will continue to expand appreciably, although the indicators do suggest slower growth. There are clear disparities between different regions in the world. In the industrialised countries, growth will be more moderate on balance, whilst the emerging economies will continue to expand comparatively strongly. There is some danger here of signs of overheating. Against this background, foreign trade and investment will continue to be a significant stimulus for growth in Germany. The upswing is thus based on a solid, broad-based foundation. However, the downside risks have increased significantly: the recovery of the US economy is less brisk than expected, dangers of inflation in China have increased, and the euro debt crisis has deteriorated again recently.

The goods-producing sector remains a vital pillar of overall economic growth. Following a slight weakening in April, seasonally adjusted output rose by 1.2% in May. Industry continues to be the driving force: it also expanded by 1.2% in May, continuing its powerful trend growth (three-month comparison: +2.7%). According to the turnover statistics, the stimulus for output has for some months been chiefly domestic, and this reflects the strength of the domestic economy. Demand for industrial products expanded by 1.8% in May after seasonal adjustment. It was bolstered by above-average large domestic orders, whilst foreign orders declined.

This confirms the picture of a generally weaker increase in order activity, so that industrial output can be expected to expand less strongly in the coming months. This assessment is also underpinned by the development in indicators of mood.

In the construction industry proper, output increased by 1.1% in May after the substantial fall in April. The upward trend in output shown in the three-month comparison thus remains strong, after seasonal adjustment (+14.4%). Following the expiry of government stimulus programmes, the demand for construction work is now tending to come mainly from the private sector. In the three-month comparison, its volume of orders most recently increased by +19.5%, whilst the growth in orders from the public sector only amounted to 3.1%. The business climate in the construction sector has brightened noticeably since the turn of the year.

Following a clear increase in the first quarter of this year, the development in consumer spending has weakened again. Retail sales (excluding motor vehicles) dropped by 2.5% in May, and most recent figures show that trade in vehicles was also significantly down. However, special factors like the timing of the Easter holidays and the reluctance to spend caused by the EHEC crisis probably exaggerated the development. Survey-based leading indicators presently paint a mixed picture. Whilst the mood amongst retailers recently worsened, the mood amongst consumers has brightened. Overall, however, the

indicators remain at a high level. On balance, consumer spending should continue to provide a stimulus for growth. This is indicated by the continuing positive labour market figures and the favourable income prospects.

Exports and imports of goods recovered significantly in May. With an increase in exports of 4.3%, the preceding month's drop was almost clawed back again; imports (+3.7%) recorded a new all-time high. This is not least a reflection of the dynamic domestic growth. The trend in foreign trade remains clearly expansionary. However, mixed signals are increasingly coming from the national and international leading indicators, suggesting somewhat less powerful global economic dynamism.

The labour market is continuing to develop positively, even if as expected the development is somewhat calmer than in the high-growth first quarter. The number of people in gainful activity in Germany increased by a further 34,000 after seasonal adjustment. As in the past, the increase has mainly consisted of jobs subject to the payment of social security contributions. The number of these rose sharply in April, by 47,000 in seasonally adjusted terms. Demand for labour remains high, but the willingness of companies to recruit has weakened slightly. Unemployment is continuing its downward path. However, the seasonally adjusted fall in June was 8,000, slightly lower than in the preceding months.

The calmer price climate continued into June. Compared with May, consumer prices rose slightly by 0.1%. In year-on-year terms, the rise was +2.3%, as in May. The core inflation rate stood at 1.5%.

Source: Federal Ministry of Economics and Technology

### Gross domestic product, price adjusted, interlinked

#### Change on the previous year (in%):

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 (annual projection)
+1.2	+0.0	-0.2	+1.2	+0.8	+3.4	+2.7	+0.7	-4.7	3.6	2.3

### Economic activity

	2004	2005	2006	2007	2008	2009	2010f	2011f	2012f	2013f
Nominal GDP, EURbn <sup>2</sup>	2,210.9	2,242.2	2,321.5	2,428.2	2,495.8	2,409.1	2,481.9	2,503.0	2,558.9	2,639.6
Nominal GDP, US\$bn <sup>2</sup>	2,750.1	2,789.5	2,914.9	3,327.8	3,670.8	3,353.7	3,542.2	3,572.3	3,249.8	3,299.5
GDP growth, % annual change	1.2	0.8	3.2	2.5	1.3	-4.9	1.2	1.6	2.3	2.0
GDP per capita, US\$ <sup>2</sup>	33,322	33,812	35,358	40,430	44,646	40,899	43,198	43,565	39,632	40,287
Population, mn <sup>2</sup>	82.53	82.50	82.44	82.31	82.22	82.00	81.74	81.55	81.37	81.21
Production index, % annual change	3.7	2.5	5.3	5.6	0.5	-17.0	3.0	5.0	5.0	3.0
Unemployment rate and forecast	10.5	11.7	10.8	9.0	7.8	8.2	10.0	9.8	9.1	9.0

f= BMI forecast: 1 Pan unemployment rate Germany; 2 Eurostat/BMI; 3 Bundesbank/BMI

## German Real Estate Market

The prospects for the German economy continue to be positive in 2011. A rise in the Gross Domestic Product of 2% and a further drop in unemployment are expected. These are good preconditions for real estate performance and also for further sustained interest from foreign investors.

For 2011 it is expected that the market will be consolidated further and the volume of transactions will reach a value of circa € 20 billion. At present many investors are focussed on the acquisition of core properties. If this focussing results in a willingness to take more risk again, and widens its scope in view of the limited availability of genuine core properties, then a higher volume of investment is also probable.

The demand for core properties will be continuously high and the limited supply of minimum-risk products will remain the limiting factor. In isolated cases yields in the core segment could continue to drop further. In consequence it can be expected that investors again invest more heavily in investment possibilities with more opportunities.

Risks for 2011 will result from the continuing discussion concerning the stability of the euro and a rise in the inflation rate. However the expectations concerning the inflation rate are moderate, particularly for Germany, at 1.5 to 2%.

## Investment Market

The German investment market continued its dynamic course at the beginning of the year 2011. In the first quarter the volume of transactions even exceeded the result of the last quarter of 2010 by 5.8 billion euros. This confirms Germany's position as one of the most important investment markets world-wide. The positive economic prospects, further decreases in the unemployment figures, increasing domestic economic activity and rising rents form the basis for the great demand for property investments in this country and at the same time increase the attractiveness of Germany. In the first quarter foreign investors accounted for almost half of the volume of transactions. This included contributions from the Cerberus portfolio with the sale of 45 large-area retail stores for around 700 million euros and the purchase of part of a Canadian pension fund in the amount of 700 million euros in the "CentrO" in Oberhausen. Included in the volume of transactions are several major investment deals which exceed the 100 million euro-mark. The asset class Retail accounts for a total of around 3.8 billion euros. This gives office properties with 1 billion euros 18% of the total, warehouse/logistics properties with around 330 million euros just under 6% and hotels with just under 300 million euros 5% a considerably smaller slice of the cake. The low volume of office properties is particularly remarkable. For the months January to March it is the weakest volume of transactions since the 2nd quarter of 2009, even though a weak start for this asset class is not unusual. In the five big German investment centres (Berlin, Düsseldorf, Frankfurt, Hamburg and Munich) a total of around 1.5 billion euros in the 1st quarter were registered, which is a good 470 million euros less than in the same period last year. Altogether 27% of the total investment turnover is accounted for by the five top locations. With a volume of transactions of around 443 million euros (45% less than last year) Berlin takes first place, Düsseldorf with 301 million euros (208% more) takes second place, Frankfurt with 258 million euros (45% more) takes third place, Hamburg with 250 million euros (29% less) takes fourth place and Munich with 243 million euros (55% less) takes fifth place. The decreases result from the lack of major single transactions and package sales, which dominated the fourth quarter of 2010. As a result of the great demand for first-class commercial properties prime yields dropped in some asset classes.

## Office Market

In the office markets to the economic situation in Germany had a positive effect. For the locations Berlin, Düsseldorf, Frankfurt, Hamburg, Munich and Stuttgart a take-up of space of 610,000 m<sup>2</sup> in the first quarter of 2011 was registered. This is a slight increase on the first quarter of the year 2010. The quick upturn in the German economy after the end of the deep recession has



lent permanent wings to the take-up of office space. Above all the positive development in the labour market and the sustained good mood of companies are the drivers of the good growth in take-up. However there are considerable difficulties in the analysis of the letting take-up. The growth rates differ considerably between Frankfurt with +48% and Düsseldorf with -43%. The reason for the decrease in Düsseldorf is the major deal of 90,000 m<sup>2</sup> included in the year 2010. This drove the take-up figures sharply upwards in 2010. In Frankfurt however the market suffered from extremely subdued leasing activity on a level which was not difficult to overtake. A clear rise in take-up of over 100,000 m<sup>2</sup> each was achieved by Hamburg, Munich and Berlin. The take-up result in Stuttgart increased by almost 17% to 37,000 m<sup>2</sup>. The take-up events showed increased activity on the demand side; but they were considerably more frequent consolidations of space and exchange of space. As a result the net absorption at 5,000 m<sup>2</sup> was slightly in minus. However vacancy remained almost unchanged in comparison with the previous year at 8.5 million m<sup>2</sup>. The result was an average vacancy rate of 10.6%. In Berlin, Hamburg and Düsseldorf vacancy has dropped slightly. In Frankfurt vacancy increased by 0.4 percentage points and in Munich by 0.2 percentage points. In the first quarter of 2011, 41% less space was completed than 12 months previously with 108,000 m<sup>2</sup>. With this the availability of new, very well appointed space has decreased. In Munich only 4,000 m<sup>2</sup> of new space came onto the market, in Düsseldorf it was 10,000 m<sup>2</sup>, and the same figure applied in Frankfurt. In the following quarters one expects 748,000 m<sup>2</sup>. With this the whole volume of new building would lie in the year 2011 at 856,000 m<sup>2</sup>, which will lie around 23% below the volume of completions in 2010. Prime rents remained unchanged in the first quarter. Only in Düsseldorf was there a plus of 50% to 23.50 €/m<sup>2</sup>/month as a result of strong demand in the high-priced segment in the city centre with a limited supply of space. With this the top rent index for all six commercial property strongholds has risen by 0.4%. Because of the quick recovery from the recession many factors point towards a continued positive development in the office market.

#### Office market indicators 2010

	Berlin	Dusseldorf	Frankfurt/M.	Hamburg	Munich	Stuttgart
Existing office space in mn sqm	17.69	9.42	11.72	13.25	20.73	8.20
Office space take-up in sqm	131,800	82,400	80,400	104,200	154,100	37,400
Vacancy in sqm	1,700,000	990,000	2,040,000	1,130,000	1,860,000	580,000
Vacancy in%	9.6	10.5	17.4	8.6	9.0	7.1
Top rents in €/sqm/month	22.00	23.00	38.00	22.50	30.00	17.50

#### Retail Market

In Germany around €7.93 billion were invested in retail properties in 2010, so that the take-up result of 2009 was exceeded by 129%. Here a volume of transactions of €2.07 billion was achieved in the fourth quarter.

Shopping centres provided the bulk of the take-up in the fourth quarter too, with a total volume of over €1 billion. In addition to the billion-dollar Corio/Multi portfolio, the single transactions of Deutsche Euroshop and the open-end funds of Deka Investment and Union Investment contributed considerably to this.

The investment year 2010 was characterised by declining yields for retail properties – driven by the increased demand.

The prime yields for first-class shopping centres (A locations) remained constant in comparison with the previous quarter at 5.25%. In a year-on-year comparison the prime yields decreased here by 50 basis points.

The increased attractiveness of retail properties is reflected more clearly in the prime yield for shopping centres at B locations. Since the fourth quarter of 2009 the prime yield for this product dropped by 50 to 70 basis points down to 5.80%.

Decreasing yields were also evident with retail parks (minus 15 to 50 basis points to 6.25%).

In the German investment centres net initial yields between 4.50% (Munich, Hamburg) and 4.85% (Cologne) were achieved for first-class retail trading properties in the 1 A locations up to the end of the year 2010. The continuous demand for property investments in the core segment ensured that since the beginning of the finance market crisis in the third quarter of 2007 the difference in yields between the top six narrowed from 75 to currently 35 basis points. Here the sustained demand overhang for retail properties in 1 A locations is evident. Year-on-year the prime yield has gone down by 15 basis points to 4.75% in Berlin alone. The Berlin investment market has thus caught up to the other big retail markets.

The volume of transactions of retail stores and retail parks also rose disproportionately year-on-year. In 2010 over € 2 billion were invested in this retail property segment, which corresponds to an increase of just under 150%.

The rise in take-up was benefited by the limited supply of shopping centres, among other reasons, and an attractive yield relationship of retail parks lasting into the second half of the year. The largest transactions were the disposals of two Aldi Süd portfolios to Allianz Real Estate and to the Australian MGPA in the third quarter.

The sustained market revival in the investment market continued also with the retail trading properties in the established city-centre 1 A locations. The rise in the volume of transactions by 56% to € 1.69 billion ended lower however than in the large-area segment, since within the 1 A retail property segment large-volume transactions appeared less often. Overall around one fifth of the volume of transactions was invested in the city-centre 1 A locations.

Portfolio transactions accounted for around 44% of the volume invested in retail properties in 2010. This reflects the growing dynamism of the investment market in 2010. Compared with the previous year the portfolio volume grew to more than eight times the amount.

For the investment market for retail properties we expect this positive dynamism to be continued in 2011.

Whether the volume of transactions from 2010 can be repeated this year depends on whether completion of some large-volume portfolio transactions takes place

As long as the competition situation and the retail indicators of each location permit, investors will be increasingly interested in value-added properties. This will lead to a reduction in the pressure on the prime yields for core properties.

### Warehousing and Logistics Market

The upturn in the German economy was followed by a corresponding rise in the market for warehouse and logistics space. More warehouse space was taken up than ever before, with just under 1.8 million sqm taken up in the large conurbation areas (Berlin, Dusseldorf, Frankfurt including Wiesbaden/Mainz, Hamburg and Munich) in 2010. This refers both to the market for owner-occupiers and also to lettings. Last year's value was considerably exceeded by 39% and also the average annual volume of the last five years by 37%.

The take-up of space in the size category 5,000 sqm and upwards was particularly high. For the first time this value exceeded the 1-million-sqm mark, an increase of 39% on the previous year.

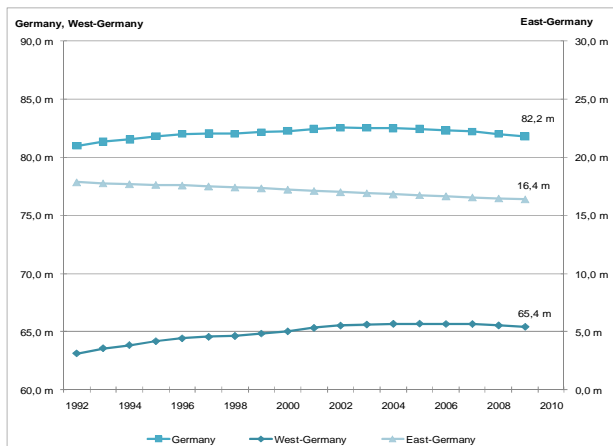
The prime rents for warehouse space in the size category 5,000 sqm and upwards remained largely stable in the regions under consideration.

The region Munich registered a slight decrease, marked with currently 6.00 €/sqm/month, but still among the Big 5 and the highest value nationwide. The region Frankfurt followed with 5.90 €/sqm/month; the lowest value was registered at 4.50 €/sqm/month in the region Berlin. The prime rents for warehouse space in business parks also remained largely stable.

Appendix B – General Economic Parameters

**Population Growth**

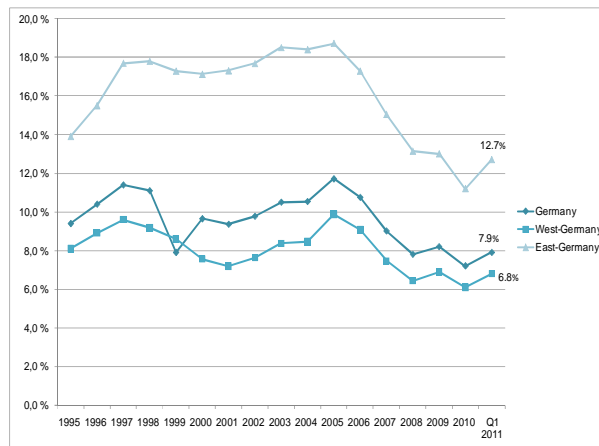
In million as at 31. December each year



Source: Statistisches Bundesamt, Wiesbaden

**Unemployment Rate for Germany**

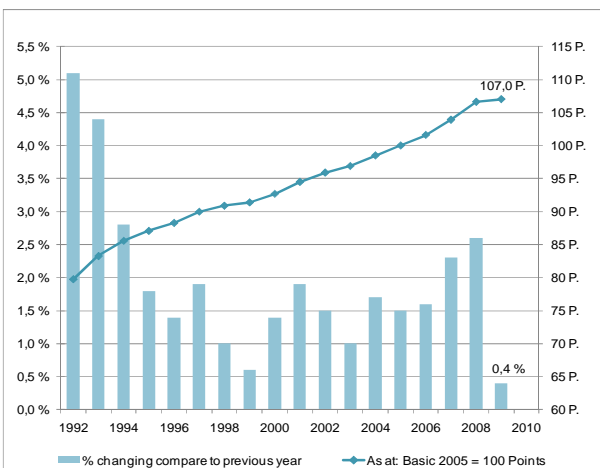
Unemployed persons in all civilian labour force in %



Source: Bundesagentur für Arbeit, Nürnberg

**Consumer Price Index for Germany**

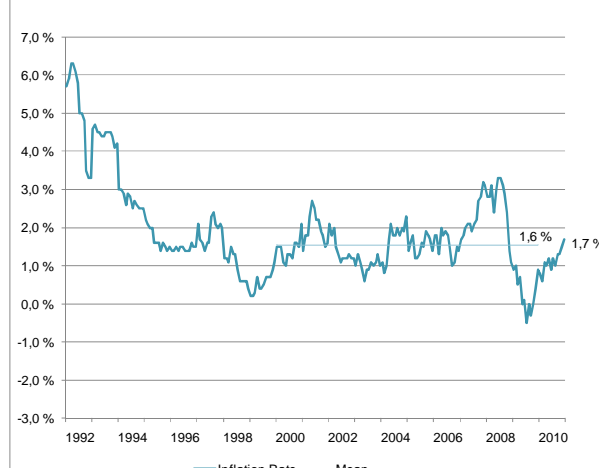
In% and as at: basis 2005 = 100



Source: Statistisches Bundesamt, Wiesbaden

**Inflation Rate for Germany**

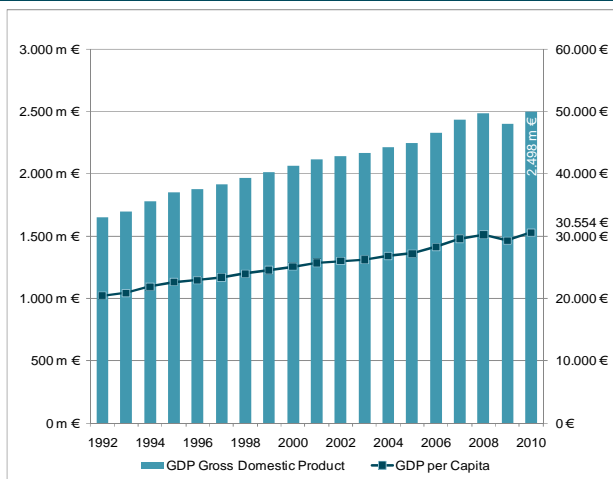
In%



Source: Statistisches Bundesamt, Wiesbaden

**Gross Domestic Product for Germany**

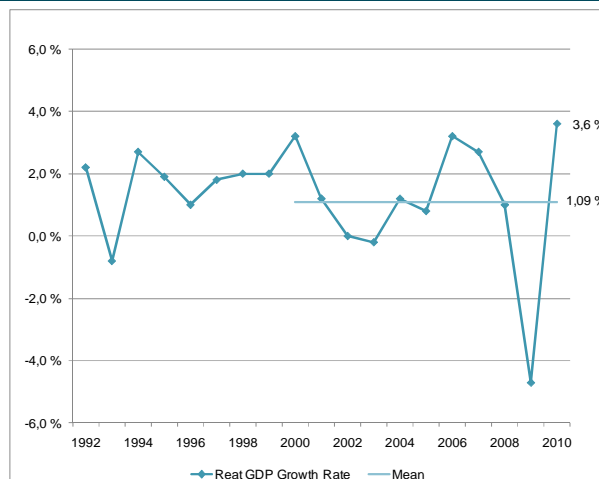
Volume and per capita



Source: Statistisches Bundesamt, Wiesbaden

**Real GDP Growth Rate for Germany**

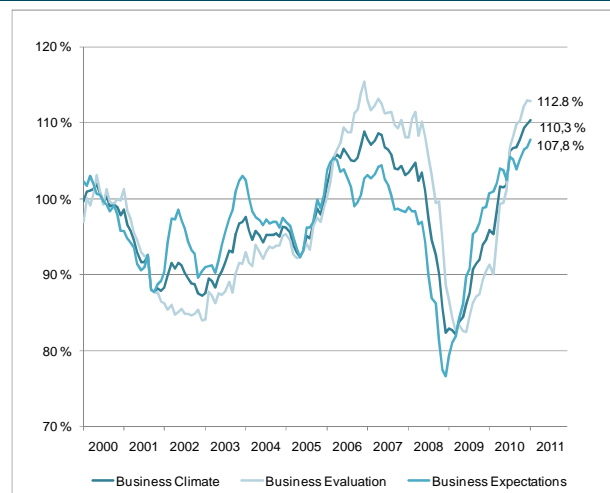
Percentage change on previous year in%



Source: Statistisches Bundesamt, Wiesbaden

**ifo Business Climate Index**

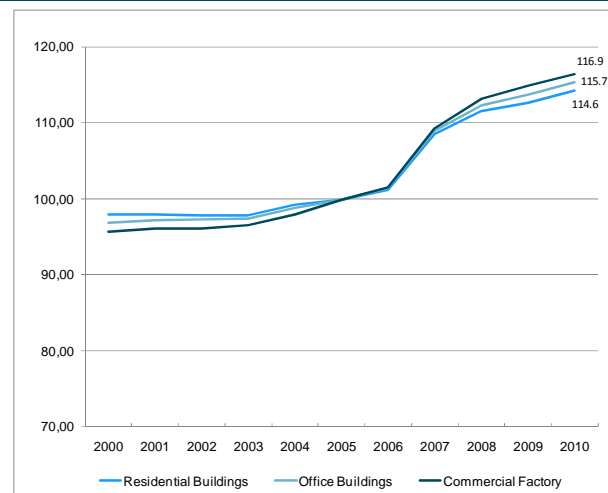
As at: basic 2000 = 100, seasonally adjusted in %



Source: ifo Institut für Wirtschaftsforschung, Munich

**Construction Cost Index**

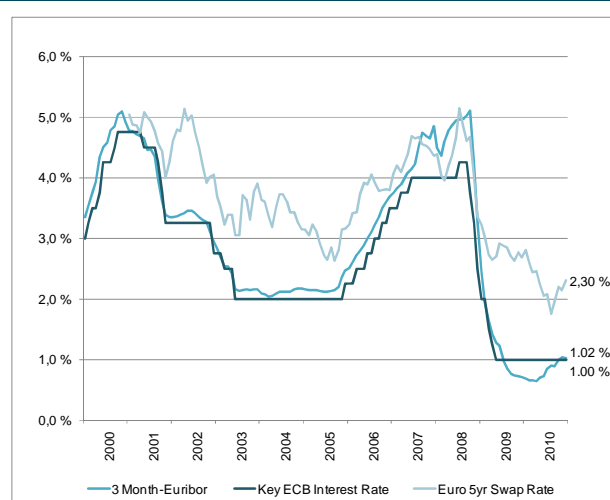
Including value added tax, as at: basic 2005 = 100



Source: Statistisches Bundesamt, Wiesbaden

**Capital Market Interest Rates**

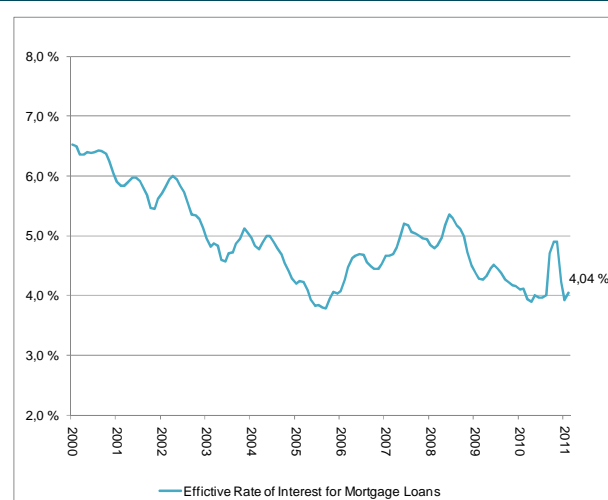
Euro zone (12 Countries) in %



Source: Eurostat, Luxemburg; European Central Bank, Frankfurt

**Effective Rate of Interest for Mortgage Loans**

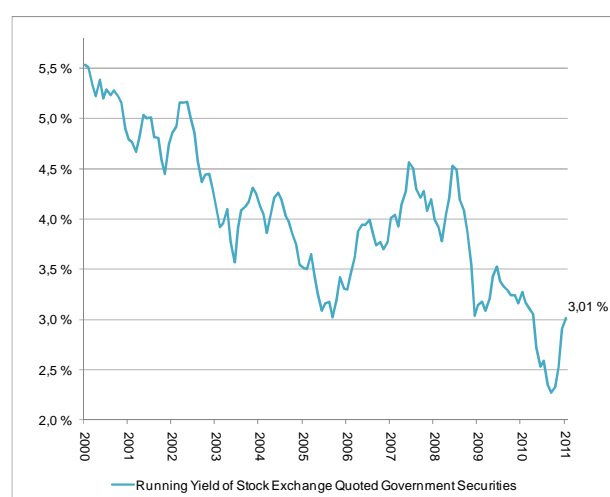
With ten-year fixed interest rate in %



Source: FMH Finanzberatung Max Herbst, Frankfurt

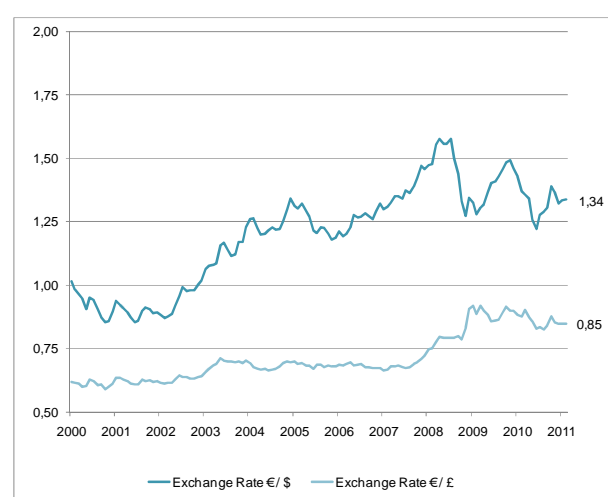
**Running Yield of Stock-Exchange-Quoted**

Government Securities With a remaining duration of 8 to 15 years in %



Source: Deutsche Bundesbank, Frankfurt

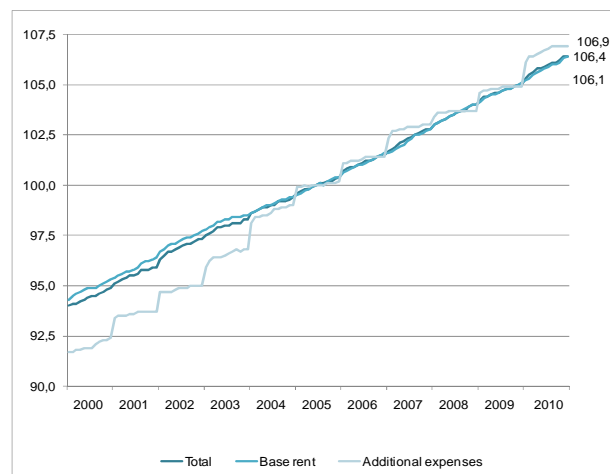
**Exchange Rate: Euros to US-Dollar & Pound Sterling**



Source: Eurostat, Luxemburg

**Trend in Residential Rents**

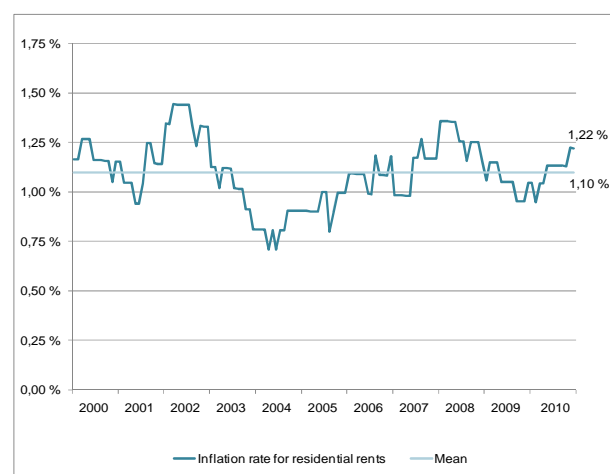
As at: basic 2005 = 100



Source: Statistisches Bundesamt, Wiesbaden

**Inflation Rate for Residential Rents**

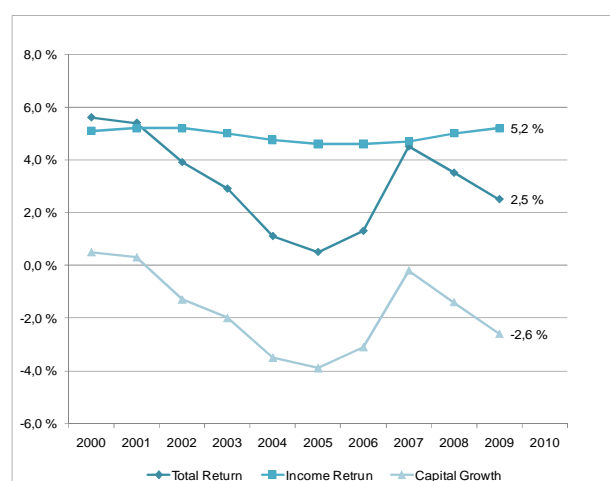
In%



Source: Statistisches Bundesamt, Wiesbaden

**DIX German Property Index for all Property**

In%



Source: IPD Investment Property Databank GmbH, Wiesbaden

**DIX German Property Index for Residential**

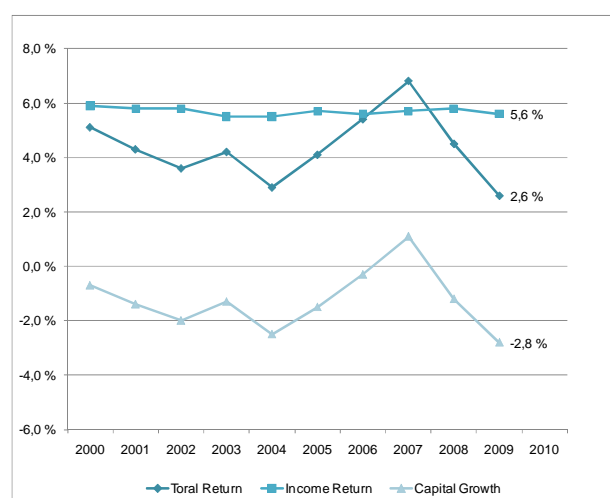
In%



Source: IPD Investment Property Databank GmbH, Wiesbaden

**DIX German Property Index for Retail**

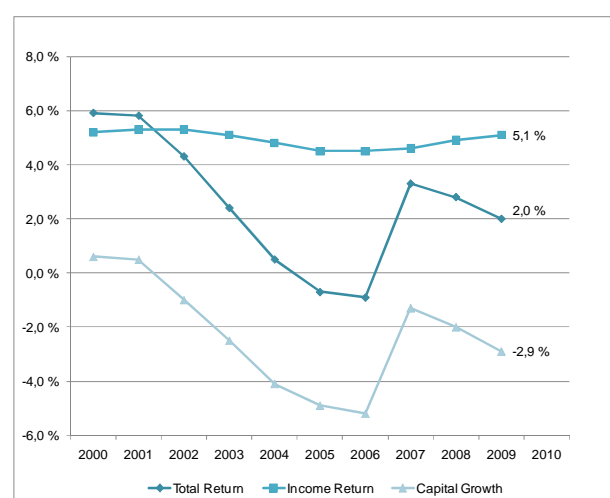
In%



Source: IPD Investment Property Databank GmbH, Wiesbaden

**DIX German Property Index for Office**

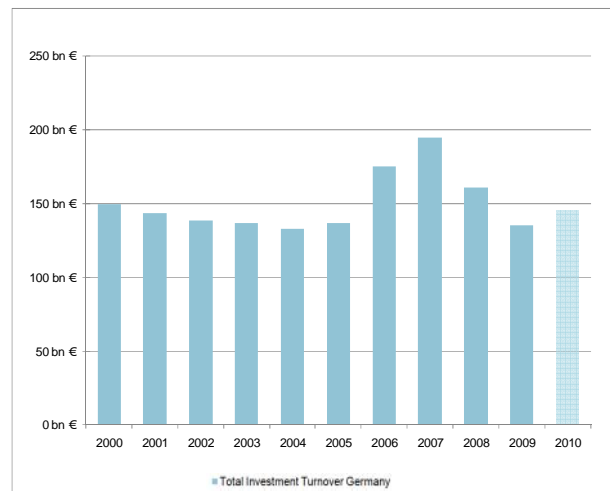
In%



Source: IPD Investment Property Databank GmbH, Wiesbaden

**Investment Turnover in Germany**

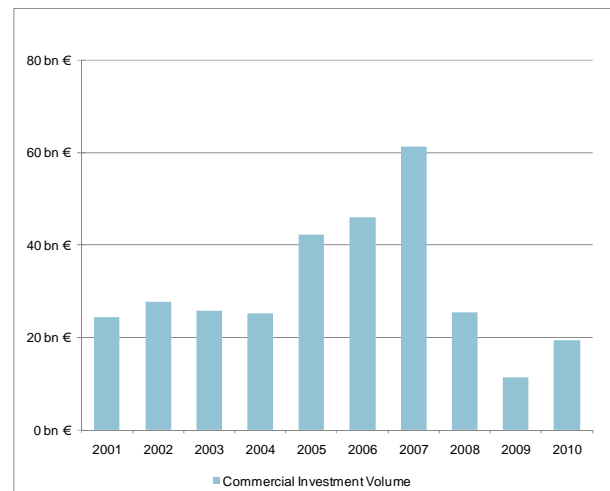
In Billion €



Source: Bundesministerium der Finanzen, Berlin

**Commercial Investment Volume in Germany**

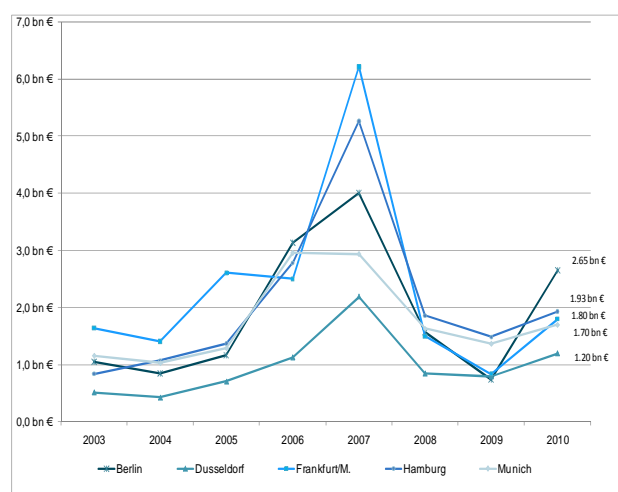
In Billion €



Source: Statistisches Bundesamt, Wiesbaden

**Volume of Investments for Office Properties Big 5**

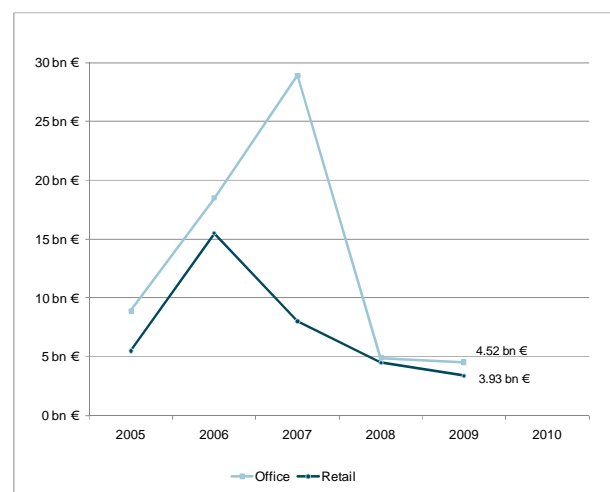
In Billion €



Source: NAI apollo research

**Volume of Investments for Office and Retail Properties**

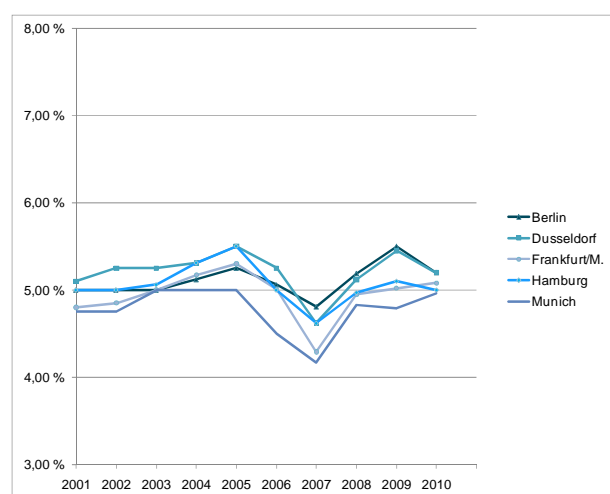
In Billion €



Source: NAI apollo research

**Office Prime Yields Big 5**

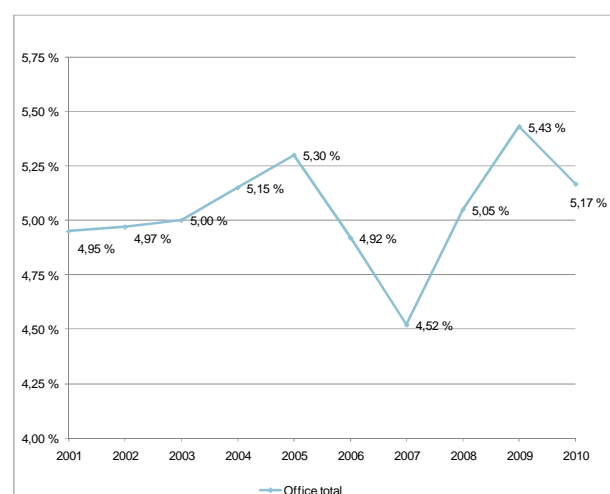
In%



Source: NAI apollo research

**Office Total Prime Yields Germany**

In%



Source: NAI apollo research

Appendix C – Individual Property Valuation Template



# VALUATION REPORT



**Address:** Rudolf-Diesel-Strasse 7 -  
16353 Ahrensfelde · Germany

**Prepared for:** ELECTRA REAL ESTATE

**Date of Valuation:** 30.06.2011  
**Date of Inspection:** 10.08.2011  
**Property Size:** 33,961 sqm  
**Type of Valuation:** Primary Valuation  
**Methods:** DCF (Argus®)

## Executive Summary

<b>Owner</b>	Babcock & Brown Retail Property 7 S.à.r.l & Co.KG	<b>Tenure</b>	Freehold
<b>Type of Property</b>	Cash & Carry Hypermarket	<b>Site Area</b>	33,961 sqm
<b>Year built</b>	1993	<b>Redevelopment</b>	-

Type of Use	Lettable Area sqm	Vacancy Rate %	Current Rental Income €/year	Current Rent €/sqm/month	Market Rent €/sqm/month
Retail	15,275.25	0.00	1,978,851.60	10.80	10.50
<b>Total</b>	<b>15,275.25</b>	<b>0.00</b>	<b>1,978,851.60</b>	<b>10.80</b>	<b>10.50</b>
Parking	0.00	0.00	0.00	0.00	0.00
Garage	0.00	0.00	0.00	0.00	0.00

**Total rental income** 1,978,851.60

Weighted Average Remaining Lease Term: 8.42 year(s)

Over- / Underrented: 54,170 €

Net Operating Income Month 1: 1,827,899 €

### Comment

The property is a typical cash&carry market of the well-known company Selgros. The current lease is until end of 2019. There is also one more option to extend the lease for another 5 years. Thus in our view the property is presently an investment with a stable market. Currently the property has a very good letting status. Due to the location, the available premises and the rent level, we assume that this letting status will last for the long-term.

**Management Costs:** 35,000 €/year

**Non Rechargeable Costs:** 0.00 €/year

**Cap Ex:**  
Year 1: 45,000 €/year  
Year 2 to 5: 27,500 €/year  
Year 6 to 10: 55,000 €/year

**Vacancy Costs:** 0 €/year

**Maintenance**  
- Retail: 5.00 €/sqm/year

**Inflation Rate:** 1.7 %/year

**Void Rate:** 0 % of TPGR/year

**Risk of Loss Rent:** 2.0 % of TPGR/year

**Tenant Improvements**  
- Retail: 100.00 €/sqm

**Re-letting of Vacant Spaces:** within 9 months

**Leasing Commissions:** 3 months

**Rent Free Periods:** 0 months

## Valuation Results

<b>Fair Value</b>			
<b>23,935,000 €</b>			
1,567 €/sqm			
Discount Rate:	7.40 %		
Capitalisation Rate:	7.70 %		
Net Initial Yield	7.36 %	Gross Initial Yield	8.81 %
Gross Multiplier	11.36	Gross Reversionary Yield	8.56 %

**Location**

**City Description**

Ahrensfelde is a community in the south of the administrative district Barnim in Brandenburg, which is crossed by the Berliner Ring. The city is located by the municipal border of Berlin, in the north east. Ahrensfelde is divided into nine districts: Ahrensfelde, Blumberg, Eisenau, Eiche, Lindenberg, Neu-Lindenberg, Klarahöh, Mehrow and Trappenfelde. The city borders to Marzahn-Hellersdorf

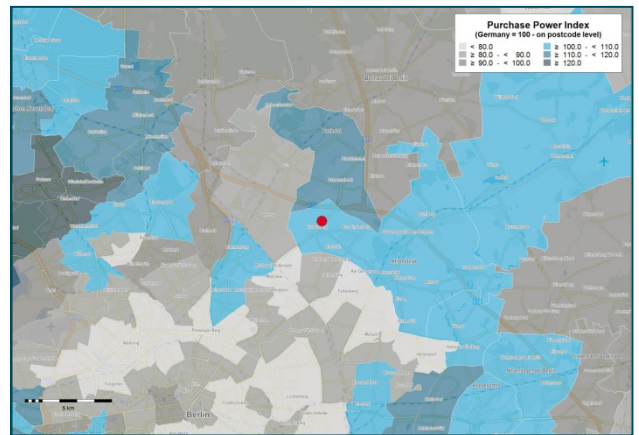
	2006	2007	2008	2009	2010	Trend
Population Development	13,040	13,006	13,090	13,114	13,028	→
Town Area (in sqkm):						57,74
Population of Ahrensfelde (in Residents):						13,028
Population Density (Residents per sqkm):						226
Unemployment Rate (in %):						9.7
Population of Lindenberg (in Residents):						approx. 2,500

**Economy**

Following companies are settled in Ahrensfelde: SchworerHaus KG (manufacturer of premium bathrooms for hotels and health facilities) and Verlag für Geowissenschaften Berlin. There is also a shopping centre called Kaufpark Eiche. Vattenfall Europe carries on a gas turbine powerhouse. In Lindenberg, where the property to be valued is located, the economy is directed from Berlin. There the economy is characterized by trading with auto motives and petrol stations. But there are also logistic companies and trading companies, which are settled in the commercial area.

With 100-110 points the local Purchase Power Index is above the national average (see illustration on the right).

**Location**



**Market Information Ahrensfelde**

Because of it's location immediately behind the city boundary of Berlin, Ahrensfelde benefits from the large number of inhabitants in Berlin. A large part of the buyers in Ahrensfelde are located in the north-eastern districts of Berlin.

Altogether the market for retail properties in Berlin was relatively stable within the last years. In the prime locations of the CBD in the eastern and western part of the city, the rents increased over the last years.

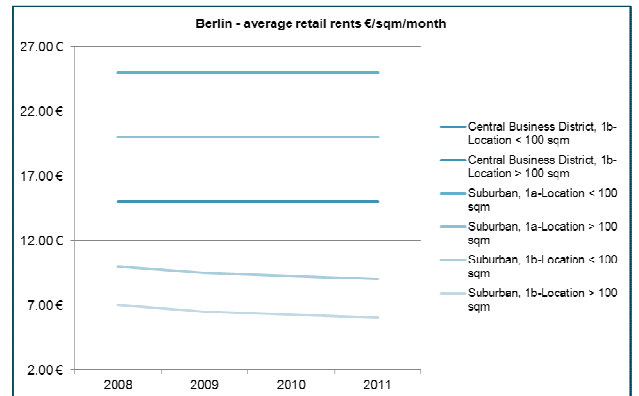
However in the 1b-locations of the CBD the average rents did not change within the last four years. Considering that Berlin is the largest city and capital of Germany, the rent level is only average.

In contrast to the CBD the rents in suburban locations were stable in 1a-locations and decreased in 1b-locations. The average rent for retail space > 100 sqm in suburban 1b-locations decreased from 7.00 €/sqm in 2008 to 6.00 €/sqm in 2011.

The rent level for retail space > 100 sqm in local shopping facilities was stable within the last four years. The range is 7.00 – 10.00 €/sqm.

Berlin - average retail rents (€)	2008	2009	2010	2011
Central Business District, 1a-Location < 100 sqm	110,00	120,00	125,00	130,00
Central Business District, 1a-Location > 100 sqm	80,00	90,00	90,00	100,00
Central Business District, 1b-Location < 100 sqm	25,00	25,00	25,00	25,00
Central Business District, 1b-Location > 100 sqm	15,00	15,00	15,00	15,00
Suburban, 1a-Location < 100 sqm	25,00	25,00	25,00	25,00
Suburban, 1a-Location > 100 sqm	20,00	20,00	20,00	20,00
Suburban, 1b-Location < 100 sqm	10,00	9,50	9,25	9,00
Suburban, 1b-Location > 100 sqm	7,00	6,50	6,25	6,00
Prime Rent for prime properties in 1a-Location of the CBD	160,00	175,00	150,00	200,00

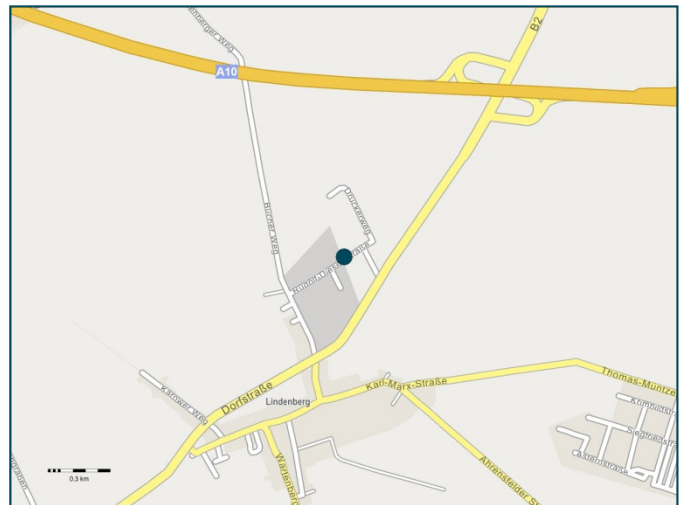
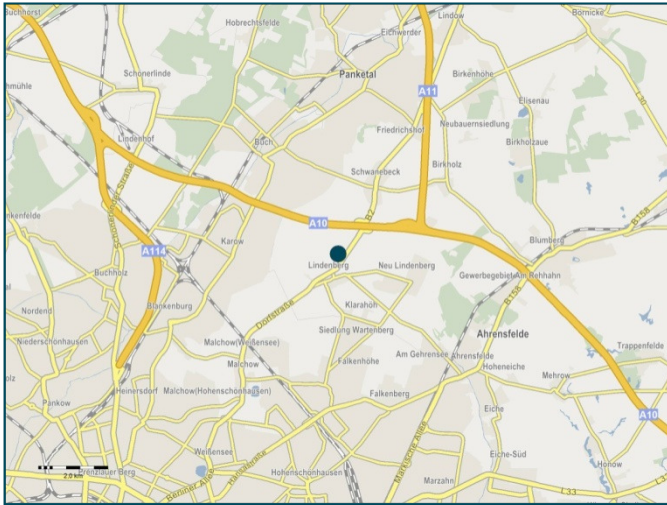
Within the last years, hypermarkets preferred retail spaces between 3,480 and 34,700 sqm (average 9,880 sqm). They pay rents between 5.00 €/sqm/month and 13.50 €/sqm/month (average 9.60 €/sqm/month).



Retail market Germany				
	Range of area (sqm)	Average area (sqm)	Range of rents (€)	Average rents (€)
Cash & Carry	n.s.	40,100	n.s.	10.40
Hypermarket	3,480 - 34,700	9,880	5.00 - 13.50	9.60

Trends in selective retail trades				
	Range of area (sqm)	Average area (sqm)	Range of rents (€)	Average rents (€)
Globus	10,000 - 16,000	13,000	6.30 - 6.90	6.50
Kaufland	1,740 - 12,000	6,580	4.40 - 20.10	10.70
Marktkauf	3,750 - 34,700	11,300	2.50 - 10.10	7.30
Metro	n.s.	40,100	n.s.	10.40
Real	5,750 - 26,270	11,860	7.50 - 12.50	8.90

**Macro- and Micro-Location**



**District Description**

Lindenberg is a district of the community Ahrensfelde. This part of Ahrensfelde is located north east of Berlin. The district consists also of two further parts: Neu-Lindenberg and Klarahof.

**Site Description**

The property to be valued is located in the district Lindenberg, in a commercial area. The surrounding area is characterized by retail and industrial use.

**Position**

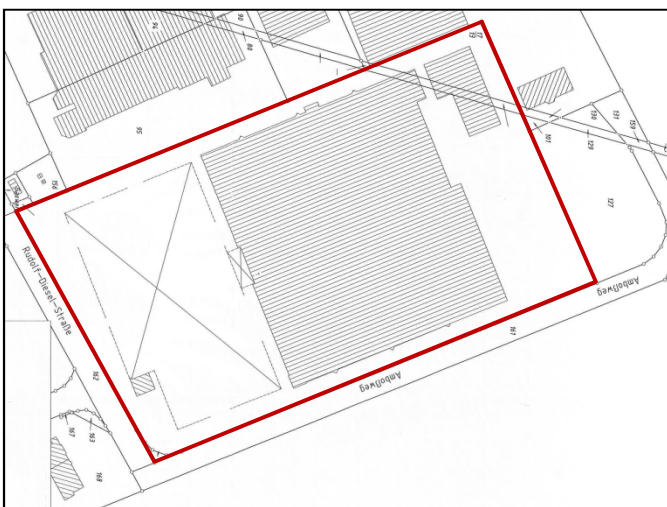
Distance to the Centre of Ahrensfelde:	approx. 6.1 km
Distance to next Station:	approx. 0.5 km
Distance to Motorway A10:	approx. 1.2 km
Distance to Airport Berlin-Tegel:	approx. 17 km

**Site Area:**

**33,961 sqm**

Site Condition:	average maintained
Site Layout:	regular
Soil Contamination	no suspicions
Building Encumbrances	no

**Site Plan and Air View**



## General Description of Property

### Property

The 'Selgros Wholesale Market' consists of sales area on the ground floor and office use as well as technical rooms on a partly existing first floor. The building has a flat roof with partly technical installation on it. The parking concept provides 322 parking places with a transparent roof in front of the building.

The building is constructed of reinforced concrete. The roof is made of troughed sheet.

The facade is made of steel sandwich elements with inside insulation. The emergency exists are made of glass (glass elements in building height) and are apart from the entrance and the windows of the office area the solely glass element of the facade. The sales area is lighted through skylights.

### Planning and Building Law

The legally valid detailed development plan no. 1, called "Gewerbegebiet 1. Änderung" dated 02.03.1998 states the following planning requirements: commercial land (GE); 2 full storeys, or 12 meters high; plot ratio 0.6.

## Land Register

A copy of the following excerpts were provided to us by the Client. A check by inspection of the land register was not undertaken by us.

District Court	Land Register	Folio	Dated	No.	Cadastral Area	Plot	Parcel	Owner	Size (sqm)
Bernau	Lindenberg	1599	26.04.2011	2	Lindenberg	2	17/10	Babcock & Brown Retail	292
				3	Lindenberg	2	17/13	Property 7 S.à.r.l &	1,263
				4	Lindenberg	2	165	Co.KG, Grunwald	48
				1	Lindenberg	2	166		32,258

### Section II (Restrictions)

- Easement (right for distance space) for the owner of the following areas: Lindenberg plot 2, parcel 99, Lindenberg plot 2, parcel 100 and Lindenberg 2, parcel 17/11
- Limited personal easement (right for distance space) for administrative district Barnim

### Comment

We consider all encumbrances to be valuation relevant, but the importance to the market value is marginal. The rights in section II are assessed as not reducing the value.

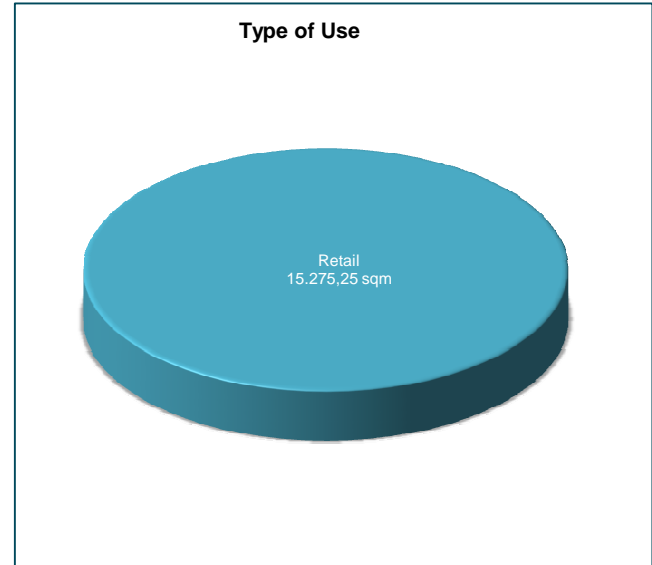
**Rent Roll**

Type of Use	Tenant	Area sqm	Base Rent annually €/year	Base Rent monthly €/month	Base Rent €/sqm	Start Date	Expiration Date	Option	Index
Retail	Salgros	15,275.25	1,978,851.60	164,904.30	10.80	26.10.94	31.12.19	2 x 5	108.6 / 50%
	Net rental income p. a.	15,275.25 sqm	1,978,851.60 €						
	Parking	0	0.00 €						
	Total net rental income		1,978,851.60 €						

**Property Analysis**

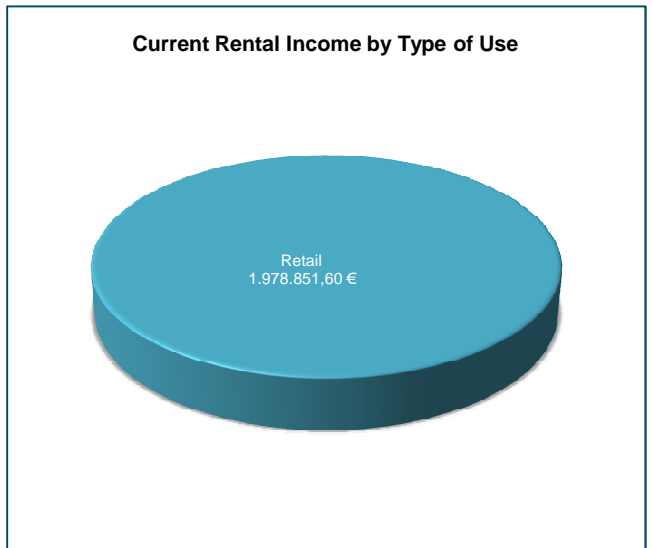
**Area Analysis**

Type of Use	Lettable Area sqm	Let Area sqm	Vacant Area sqm	Vacancy Rate %
Retail	15,275.25	15,275.25	0.00	0.00
Total	15,275.25	15,275.25	0.00	0.00
Parking	0.00	0.00	0.00	0.00
Garage	0.00	0.00	0.00	0.00



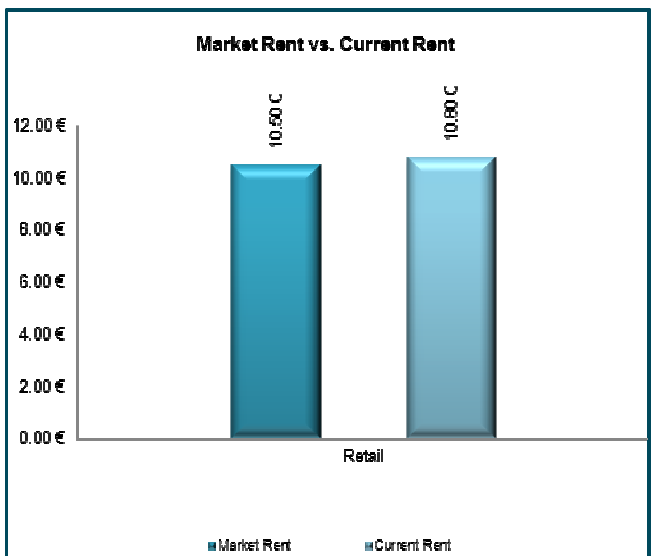
**Income Analysis**

Type of Use	Current Rent €/sqm/month	Current Rent €/month	Current Rent €/year
Retail	10.80	164,904.30	1,978,851.60
Sub-Total	10.80	164,904.30	1,978,851.60
Parking	0.00	0.00	0.00
Garage	0.00	0.00	0.00
Total		164,904.30	1,978,851.60



**Market Rent**

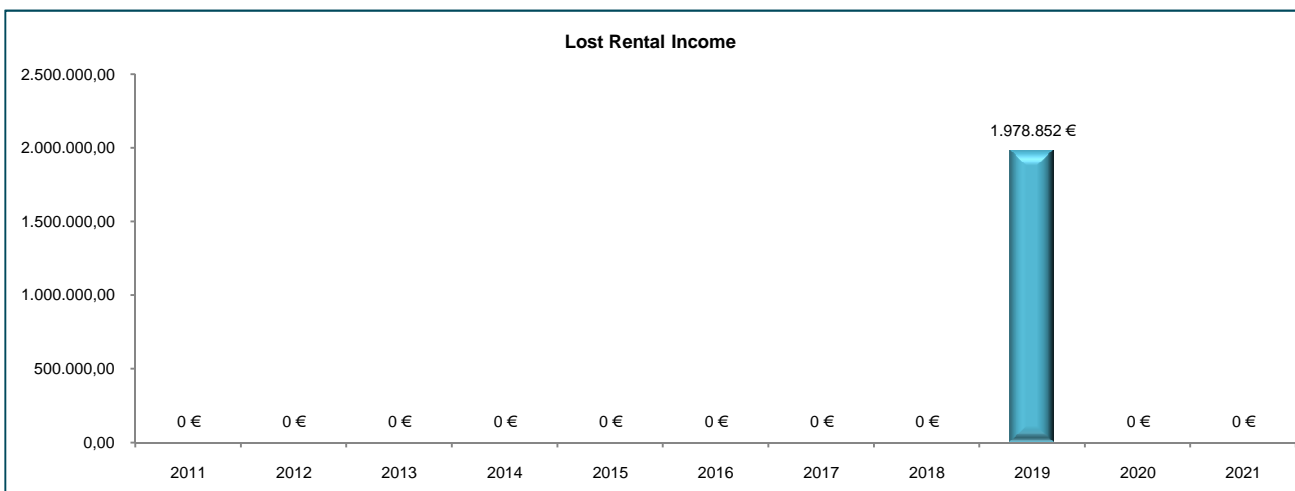
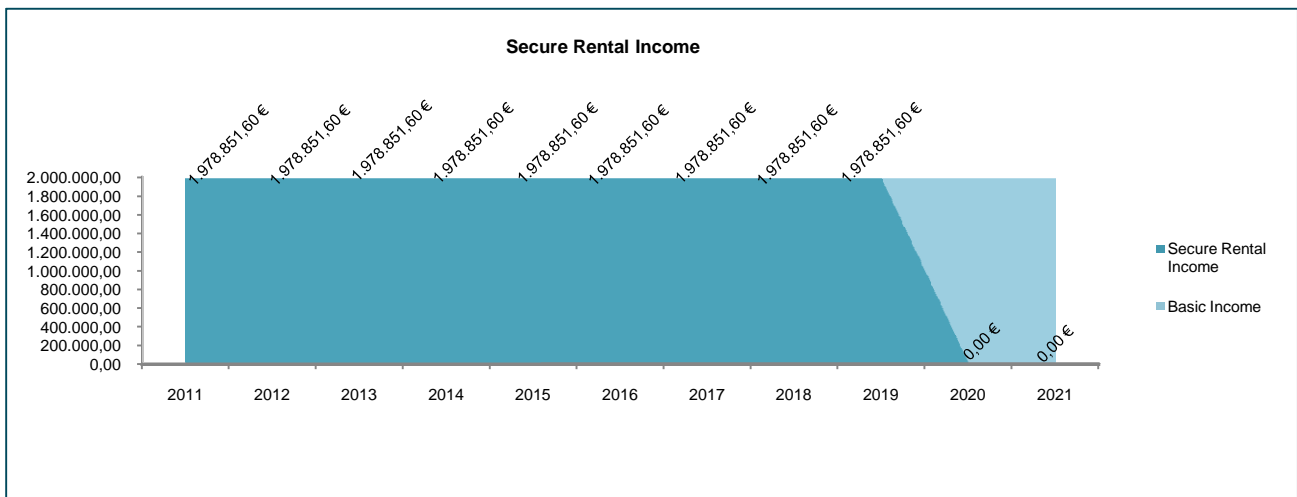
Type of Use	Market Rent €/sqm/month	Market Rent €/month	Market Rent €/year	Market Rent fully let €/year	Over- / Underrented €/year
Retail	10.50	160,390.13	1,924,681.50	1,924,681.50	54,170.10
Sub-Total	10.50	160,390.13	1,924,681.50	1,924,681.50	54,170.10
Parking	0.00	0.00	0.00	0.00	0.00
Garage	0.00	0.00	0.00	0.00	0.00
Total		160,390.13	1,924,681.50	1,924,681.50	54,170.10



**Property Analysis**

Property Analysis

End of Contract	No. of expiring Contracts	Secure Rental Income		Lost Rental Income	
		€/year		€/year	
2011	0	1,978,851.60	0.00		
2012	0	1,978,851.60	0.00		
2013	0	1,978,851.60	0.00		
2014	0	1,978,851.60	0.00		
2015	0	1,978,851.60	0.00		
2016	0	1,978,851.60	0.00		
2017	0	1,978,851.60	0.00		
2018	0	1,978,851.60	0.00		
2019	1	1,978,851.60	1,978,851.60		
2020	0	0.00	0.00		
2021	0	0.00	0.00		



### SWOT-Analysis

Strengths	Weakness
<ul style="list-style-type: none"> <li>- Sufficient parking spaces</li> <li>- Located in a commercial area</li> <li>- Well known tenant</li> </ul>	<ul style="list-style-type: none"> <li>- Limited third party use</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Extension of the lease</li> </ul>	<ul style="list-style-type: none"> <li>- Difficulties finding a new tenant if tenant vacates the property</li> </ul>

Remark: To ensure a long term stable cash flow an active asset management is necessary.

### Property Rating

Physical Quality		Potential for Value Enhancement	
External Areas	3 – average maintained	Alternative Uses	5 – no potential identified
Internal Areas	3 – average maintained	Refurbishment	3 – average maintained
Flexibility	3 – average due to floor layout	New Development	5 – no potential identified
State of Repair	3 – smaller repairs necessary	Special Purchasers	3 – average product
General Impression	3 – average	Marriage/Break Up	5 – no potential identified
Locational assessment		Potential for disposal	
Commercial Activity	3 – average location	Demand for Purchase	3 – average due to location and lease
Property Market	3 – moderate activity	Investor Types	3 – core investors
Occupier Quality	3 – well known national tenant	Investment Volume	3 – average investment volume
Lettability	3 – average due to location and property type	Marketability	3 – average due to investment volume

1= excellent 5= poor

### Comparable Properties

#### Letting

Town	Street	Type of Use	Area in sqm	Offered Rent €/sqm	Current Contract Rent €/sqm	Assumed Market Rent €/sqm	Comparability		Comments
							Location	Property	
Finsterwalde	Sonnenwalder Str.	Retail	8,103	10.33	10.80	10.50	equal	equal	n.s.
Grimma	Gerichtswiesen	Retail	4,093	10.59	10.80	10.50	equal	equal	n.s.
Herford	Werrestr.	Retail	7,884	10.81	10.80	10.50	equal	equal	n.s.
Eisenhüttenstadt	Nordpassage	Retail	40,101	10.37	10.80	10.50	equal	equal	n.s.

#### Sale

Town	Street	Type of Use	Area in sqm	Purchase Price in €	Price / sqm	Comparability		Comments
						Location	Property	
Berlin	Grenzallee	Retail	13,314	16,614,000	1,248	better	better	including gastronomy
Berlin	Wilhelmsruher Damm	Retail	11,377	19,785,000	1,739	better	equal	n.s.
Berlin	Charlottenburger Chaussee	Retail	6,037	9,115,000	1,510	equal	worse	n.s.
Berlin	Saatwinkler Damm	Retail	6,182	6,354,000	1,028	equal	better	n.s.



Prospective Cash Flow

Software: ARGUS Ver. 13.2

Schedule Of Prospective Cash Flow  
In Inflated Euro for the Fiscal Year Beginning 1/7/2011

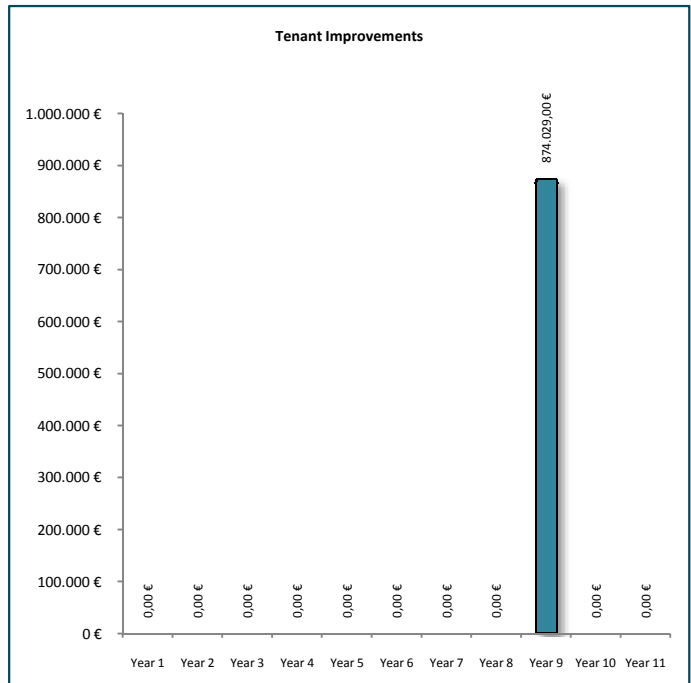
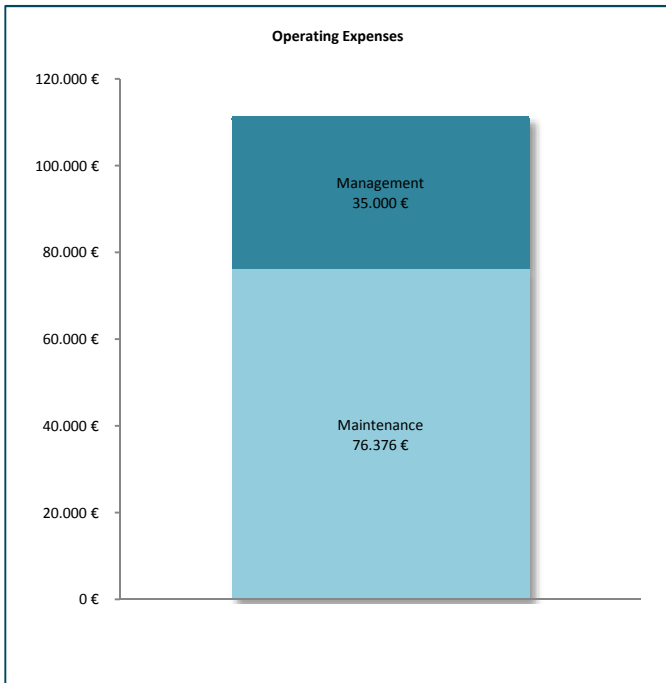
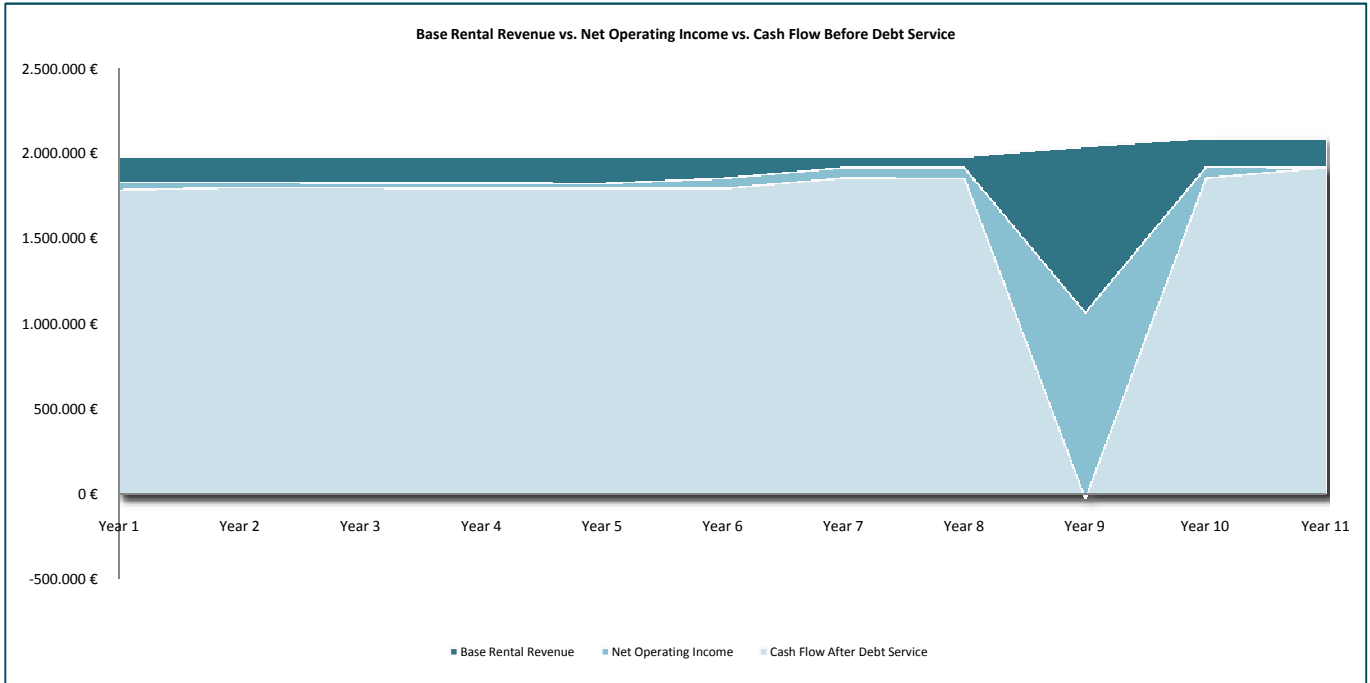
Page: 1

	Year 1 Jun-2012	Year 2 Jun-2013	Year 3 Jun-2014	Year 4 Jun-2015	Year 5 Jun-2016	Year 6 Jun-2017	Year 7 Jun-2018	Year 8 Jun-2019	Year 9 Jun-2020	Year 10 Jun-2021	Year 11 Jun-2022
Potential Gross Revenue	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	2,037,442 €	2,087,848 €	2,087,848 €
Base Rental Revenue	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	2,037,442 €	2,087,848 €	2,087,848 €
Absorption & Turnover Void						33,058 €	99,175 €	99,175 €	-874,029 €		
Scheduled Base Rental Revenue	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,163,413 €	2,087,848 €	2,087,848 €
RPI & Other Adjustment Revenue									49,587 €		
Total Potential Gross Revenue	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	1,978,852 €	2,011,910 €	2,078,027 €	2,078,027 €	1,213,000 €	2,087,848 €	2,087,848 €
Collection Loss	-39,577 €	-39,577 €	-39,577 €	-39,577 €	-39,577 €	-40,238 €	-41,561 €	-41,561 €	-24,260 €	-41,757 €	-41,757 €
Effective Gross Revenue	1,939,275 €	1,939,275 €	1,939,275 €	1,939,275 €	1,939,275 €	1,971,672 €	2,036,466 €	2,036,466 €	1,188,740 €	2,046,091 €	2,046,091 €
Operating Expenses											
Management	35,000 €	35,595 €	36,200 €	36,816 €	37,441 €	38,078 €	38,725 €	39,384 €	40,053 €	40,734 €	41,426 €
Maintenance	76,376 €	77,675 €	78,995 €	80,338 €	81,704 €	83,099 €	84,505 €	85,942 €	87,403 €	88,889 €	90,400 €
Non rechargeable costs											
Total Operating Expenses	111,376 €	113,270 €	115,195 €	117,154 €	119,145 €	121,171 €	123,230 €	125,328 €	127,456 €	129,623 €	131,826 €
Net Operating Income	1,827,899 €	1,826,005 €	1,824,080 €	1,822,121 €	1,820,130 €	1,850,501 €	1,913,236 €	1,911,140 €	1,061,284 €	1,916,468 €	1,914,265 €
Leasing & Capital Costs											
Tenant Improvements									874,029 €		
Leasing Commissions									156,589 €		
Repairs	45,000 €	27,967 €	28,443 €	28,926 €	29,418 €	59,837 €	60,854 €	61,888 €	62,941 €	64,011 €	
Total Leasing & Capital Costs	45,000 €	27,967 €	28,443 €	28,926 €	29,418 €	59,837 €	60,854 €	61,888 €	1,093,559 €	64,011 €	
Cash Flow Before Debt Service & Taxes	1,782,899 €	1,798,038 €	1,795,637 €	1,793,195 €	1,790,712 €	1,790,664 €	1,852,382 €	1,849,252 €	-32,275 €	1,852,457 €	1,914,265 €

**Prospective Present Value**

Software: ARGUS Ver. 13.2		Selgros Ahrensfelde Rudolf-Diesel-Str. 7 Ahrensfelde, 16353	
			Page: 2
<p>Prospective Present Value Cash Flow Before Debt Service plus Property Resale Discounted Annually (Endpoint on Cash Flow &amp; Resale) over a 10-Year Period</p>			
Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 7,40%
Year 1	Jun-2012	1,782,899 €	1,660,055 €
Year 2	Jun-2013	1,798,038 €	1,558,800 €
Year 3	Jun-2014	1,795,637 €	1,449,458 €
Year 4	Jun-2015	1,793,195 €	1,347,753 €
Year 5	Jun-2016	1,790,712 €	1,253,154 €
Year 6	Jun-2017	1,790,664 €	1,166,778 €
Year 7	Jun-2018	1,852,382 €	1,123,830 €
Year 8	Jun-2019	1,849,252 €	1,044,629 €
Year 9	Jun-2020	-32,275 €	-16,976 €
Year 10	Jun-2021	1,852,457 €	907,205 €
Total Cash Flow		16,272,961 €	11,494,686 €
Property Resale @ 7,70% Cap		25,402,883 €	12,440,568 €
Total Property Present Value			23,935,254 €
Rounded to Thousands			23,935,000 €
Per m²			1,567
Percentage Value Distribution			
Assured Income			48%
Prospective Income			0%
Prospective Property Resale			52%
			100%

**Cash Flow Analysis**



**Photos**



Exterior View



Exterior View



Exterior View



Parking Spaces



Receiving Department



Environment

## Appendix D – Credit Standing Tenant

Report generated on 15:50 Thursday, 11 August 2011



<b>Company Name</b>	transGourmet Deutschland GmbH	<b>Company Number</b>	HRB 43827
<b>Previous Name</b>	FEGRO-Markt GmbH	<b>Register City</b>	Offenbach
<b>Registered Address</b>	Martin-Behaim-Str. 3 63263 Neu-Isenburg	<b>Register Post Code</b>	63065
<b>Company Status</b>	Active	<b>Date of Registration</b>	26.03.1985
<b>Telephone Number</b>	(06102) 3040	<b>Industry Code</b>	70.10.1
<b>Share Capital (€)</b>	17.706.590	<b>Industry Description</b>	Management activities of holding companies
<b>Estimated Turnover (€)</b>		<b>Legal Form</b>	Private limited company
		<b>Estimated Number of Employees</b>	
<b>2009</b>	No entry	<b>2009</b>	3-5
<b>2008</b>	No entry	<b>2008</b>	1-2
<b>2007</b>	501 thousand up to 1 million EUR	<b>2007</b>	6-9

## Credit Index &amp; Limit

-



<b>Today Index [1,0-6,0]</b>	No Rating - Refer to parent company report	<b>Today Limit (€)</b>	No Limit
<b>Credit Index Explanation</b>	-	<b>Assessment</b>	No Rating - Refer to parent company report

## Ultimate Holding Company

Company Name	Safe Number	Company Number	View linked companies hidden outside this company's group structure
transGourmet Holding GmbH	DE02374055	HRB 71743	0 companies in 0 countries. Click here to visit linked companies

## Commentary

This subsidiary company has taken an exemption from filing accounts. The company's liabilities have been guaranteed by its parent company. Use the company's Group Structure, Shareholders information or documents to help find their parent company. →



<b>Company Name</b>	transGourmet Holding GmbH	<b>Company Number</b>	HRB 71743
<b>Previous Name</b>	transGourmet Holding SE	<b>Register City</b>	Köln
	Blitz F08-acht-sechs-zwei SE		23.12.2009
<b>Registered Address</b>	Domstr. 20 50668 Köln	<b>Register Post Code</b>	50670
<b>Company Status</b>	Active	<b>Date of Registration</b>	10.07.2008
<b>Telephone Number</b>	(0221) 1490	<b>Industry Code</b>	70.10.1
<b>Share Capital (€)</b>	2.120.000	<b>Industry Description</b>	Management activities of holding companies
<b>Revenue (€)</b>		<b>Legal Form</b>	Private limited company
		<b>Estimated Number of Employees</b>	
<b>2009</b>	6.024.636.000	<b>2009</b>	Information not yet available
		<b>2008</b>	Information not yet available

## Credit Index &amp; Limit

1,0



<b>Today Index [1,0-6,0]</b>	1,0	<b>Today Limit (€)</b>	15.000.000
<b>Previous Index [1,0-6,0]</b>	1,8	<b>Previous Limit (€)</b>	25.000
<b>Rating Date Of Change</b>	25.05.2011	<b>Limit Date Of Change</b>	25.05.2011
<b>Credit Index Explanation</b>	Excellent creditworthiness	<b>Assessment</b>	

The default risk is reckoned to be very low.  
The business connection will be recommended.