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# Update Report and Valuation

**Prepared on behalf of  
Elad Europe Ltd.**

Herostraße 7, 9  
CH-8048 Zurich

Switzerland

Valuation date: 31.12.2011  
Report date: 27.03.2012

1065ELA





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## **Executive Summary**

**As at 31 December 2011**

**Herostraße 7, 9, CH-8048 Zurich, Switzerland**

### **Location and Situation**

Zurich is the largest city in Switzerland and the capital of the canton of Zurich. The metropolitan population is around 1.38 million. The economy of Zurich is characterised by the financial, culture and business service sector.

Zurich is connected to several motorways. Access to the next motorway 1 is close to the Property. Moreover, public transportation is provided with several bus lines and the station Altstetten connects the subject site with the surrounding districts and the town centre. The Property is located on Herostraße within an industrial and office area.

### **Description**

The Property was supposedly built in the 1980s. It comprises two attached seven-storey office blocks. The building has a basement, including an underground car park. The Property has a lettable area of approximately 14,823 sq m.

### **Tenure**

We have been provided with extracts from the land register. As instructed we have valued the German equivalent of freehold interest in the Properties.

### **Tenancies**

The Property is multi-let. The current vacancy rate is 6.6%.

### **Total Contracted Rental Income**

CHF2,224,000 p. a. (rounded)

(Two million, two hundred twenty-four thousand Swiss franc)



### **Total Market Rent**

CHF2,452,000 per annum exclusive (rounded)  
(Two million, four hundred fifty-two thousand Swiss franc)

### **Necessary Capital Expenditure**

We have been provided with information regarding capital expenditure. Resulting from this we have considered the capital expenditure and have reflected this in our update valuation.

### **Market Value**

CHF36,040,000  
(Thirty-six million, forty thousand Swiss franc)

### **General Comments**

The update Valuation is based on the information provided as stated in the Report and the Appendices. This Summary should be read in conjunction with the full Valuation Report and the Appendices.



Update Valuation Report  
Herostraße 7, 9  
CH-8048 Zurich, Switzerland  
Private and Confidential

Elad Europe Ltd.  
Rietlandpark 125  
1019 DT Amsterdam  
The Netherlands

27 March 2012

Our ref: TMR  
Direct phone: +49 (0) 30 - 20 17 05-400  
Direct fax: +49 (0) 30 - 20 17 05-499  
Email: tino.mueller@dtz.com

**For the attention of Erez Yaari**

Dear Mr Yaari

## **Valuation of the Zurich Asset in Switzerland**

### **1 Terms of Instruction**

#### **1.1 Introduction**

In accordance with the letter of instruction by our client ELAD Europe Ltd. (the "Client"), dated 2 November 2011, we have re-valued the freehold interest in the Property in order to advise you of our opinion of the Market Value as at 31 December 2011. We understand that the Property will be held as investment property. The Property is described in Appendix C of this Report, which forms an integral part hereof.

This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.

**DTZ Zadelhoff Tie Leung GmbH**

Potsdamer Platz · Linkstraße 2  
10785 Berlin  
Tel: +49(0)30 - 20 17 05-0  
Fax: +49(0)30 - 20 17 05-499  
www.dtz.com

DTZ Valuation zertifiziert nach DIN EN ISO 9001:2008



Geschäftsführer: Hanns-Joachim Fredrich · Rainer Hamacher · Estanislau Torrent Janer · Timo Tschammler (Vorsitzender)  
HRB 55026 · Amtsgericht Frankfurt/Main · Sitz der Gesellschaft: Frankfurt/Main · USt-ID-Nr. DE 114232401  
Berlin · Düsseldorf · Frankfurt am Main · Hamburg · Leipzig · München · Hannover



## **1.2 Purpose of Valuation**

We have been asked to undertake this update valuation by Mr Erez Yaari, the CFO of Elad Europe Ltd. We understand that the valuation is required for IFRS purpose, means for the financial statements for the year 2011 of Elad Europe Ltd.

We confirm that we have given our full consent to the inclusion of the valuation in its entirety within the 2011 financial statements and the periodic report of Elad Europe Ltd., which due to be published in Israel in March 2012.

### **1.1 Valuation Date**

The valuation date adopted is 31 December 2011.

### **1.2 Currency**

All values and prices are indicated in Swiss franc.

### **1.3 Jurisdiction**

The contents of the contract under which the indication is performed are subject exclusively to the law of the Federal Republic of Germany. The venue for any legal actions, as far as legally allowed, is Frankfurt am Main. This provision also applies to clients who are resident, or whose business is based, outside Germany.

### **1.4 Inspection**

The property was inspected externally and internally in the course of the initial valuation. The inspection has taken place on 13 April 2010.

We were able to inspect all types of use of the Property. We have not inspected woodwork, structural elements or other parts of the Property which are covered, unexposed or inaccessible, and such parts have been assumed to be in good state of repair and condition. We have also assumed that the buildings do not suffer from any design defects.

We have not re-inspected the Property. We assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.



## **1.5 Information**

The valuation is based upon the information provided. The information includes an updated rent roll, dated 06.03.2012.

We have made the Assumption that the information provided by the Client to us in respect of the Property is both full and correct. It follows that we have made the Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

## **1.6 Compliance with RICS Valuation Standards**

We confirm that the valuation has been prepared in accordance with the appropriate sections of the RICS Valuation Standards, 7th Edition (the "Red Book"). This is an internationally accepted standard of valuation.

## **1.7 Status of Valuer and Conflicts of Interest**

We confirm that we have the knowledge, skills and understanding to undertake the valuation competently and that we have undertaken the valuation acting as an External Valuer qualified for the purposes of the valuation.

We further confirm that DTZ Zadelhoff Tie Leung GmbH has no current, anticipated or previous recent involvement with the Property and therefore do not consider that any conflict arises in preparing the advice requested.

DTZ Zadelhoff Tie Leung GmbH was a wholly owned subsidiary of DTZ Holdings plc (the "Group") until 5 December 2011, when all the trading subsidiaries of the Group (the "Subsidiaries") were sold to UGL Limited ("UGL"). In the Group's financial year ending 30 April 2011, the proportion of fees payable by the Fund/Company to the total fee income of the Group was less than 5%. UGL's financial year end is 30 June. We anticipate that the proportion of fees payable by the Fund/Company to the Subsidiaries in the financial year to 30 June 2012 will remain at less than 5%.



## 1.8 Limits of Liability

Our liability for any errors and mistakes in our opinion on Market Value and/or standardised evaluation forms applies only to the extent that these were the result of either malicious intent or gross negligence. We assume no liability for any errors in the analysis which result from false, incomplete or faulty information supplied by the client and/or the vendor and their advisers.

Notwithstanding anything to the contrary contained elsewhere in the instruction, the total liability of DTZ arising under or in connection with this instruction shall not in any event exceed CHF1,130,000.



## 2 Basis of Valuation

Our opinion of the Market Value of the Property has been primarily derived using an estimate of the future potential net income generated by the use of the Property and comparable recent market transactions on arm's length terms.

In accordance with your instructions, we have undertaken our valuations on the following bases:

- a. Market Rent
- b. Market Value

We have set out the definition of the above-mentioned bases of valuation in Appendix A. Our Valuation Report is subject to our Standard Valuation Terms and Conditions and Assumptions, which are set out in Appendix B of this Valuation Report. In the event that any of our Assumptions prove to be incorrect, then our valuation should be reviewed.

### 2.1 Market Value

The value of the Property has been assessed in accordance with the relevant parts of the current RICS Valuation Standards. In particular, we have assessed Market Value in accordance with VS 3.2. Under these provisions, the term "Market Value" means:

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

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

### 2.2 Valuation Subject to a Special Assumption

The Glossary in the Red Book refers to an Assumption as a "supposition taken to be true". It involves facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. Where appropriate, the client has confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect, our valuation should be reviewed.



A Special Assumption is referred to in the Glossary in the Red Book as an “Assumption that either:

- requires the valuation to be based on facts that differ materially from those that exist at the date of valuation; or
- is one that a prospective purchaser (excluding a purchaser with a special interest) could not reasonably be expected to make at the date of valuation, having regard to prevailing market circumstances.”

We have undertaken this valuation without any Special Assumption.

### **3 Property**

The Property is described in detail in the template report in Appendix C of this Report. The address of the Property is CH-8048 Zurich, Herostraße 7, 9.



## **4 The Zurich Office Market**

### **4.1 Swiss Economic Overview**

In previous quarters, the Swiss market has remained solid in the face of the overall global economic outlook and in particular, the economic uncertainty in the euro zone. However, during this quarter, global economic growth has slowed dramatically, creating a ripple effect into Swiss economic activity.

Over the past few quarters, the Swiss Franc had continued to increase against major trade currencies, which became a hindrance to future demand of Swiss products.

However, during this quarter, the SNB has taken action to reduce the rise in the Swiss Franc, setting a ceiling of CHF1.20 to the euro. Furthermore, the SNB is prepared to defend this rate and acquire foreign currency if necessary.

GDP growth continues to face a downward correction from 2.4% in Q2 to 1.7% in Q3 2011. Although there still are concerns about the economic growth in the European region, Switzerland's slowdown was less pronounced than in many other westernised countries.

According to the data provided by Oxford Economics, the unemployment rate is fairly stable at 3%, increasing marginally in 2012 and then decreasing for the following two years in 2013 and 2014. The stable unemployment is a good sign while a decrease in 2013 and 2014 is positive and an indicator of the relative soundness of the Swiss labour market.

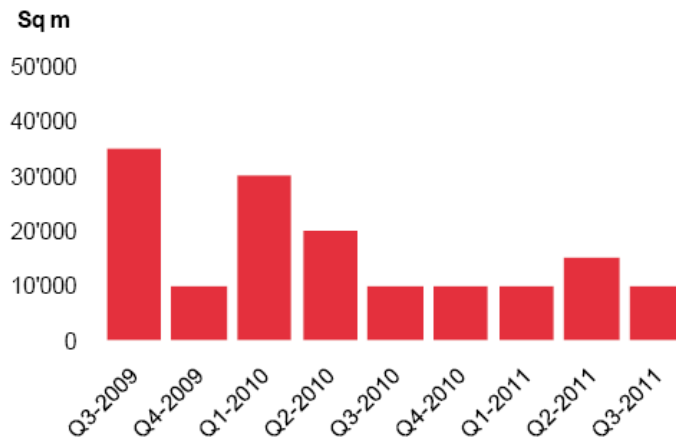
Industrial production has seen a massive decline from 5.4% in Q2 2011 to 1.1% in Q3 2011, partially attributable to the ceiling cap on the Swiss Franc. However, industrial production is expected to increase again in 2012 to 2.5%, with more growth expected as of 2013 and 2014 to approximately 4%.

The SNB has lowered borrowing costs close to zero, at 0.04% in Q3 2011, as a result of the strong Swiss Franc and the deteriorating growth and fiscal problems in the developed nations.

### **4.2 Take Up**

After we have seen a significant increase of take-up in Q2 2011 to a level of 15,000 sq m, take-up has reverted to 10,000 sq m in Q3 2011. It is important to know that significant quarter-to-quarter fluctuations reflected in the chart below are due to the small market size of Zurich and are not unusual.

### Take-up in Zurich



Source : DTZ Research

The decrease in take-up in the current quarter may be partially attributable to the uncertainty whether or not the Swiss Franc will remain at its strong position.

In Q3 2011 it was not uncommon for export driven corporations to postpone or call off their search for additional space, naming the Strong Swiss currency as a major reason. We expect no significant movement of the take-up figure in Q4 2011.

### 4.3 Prime Rents

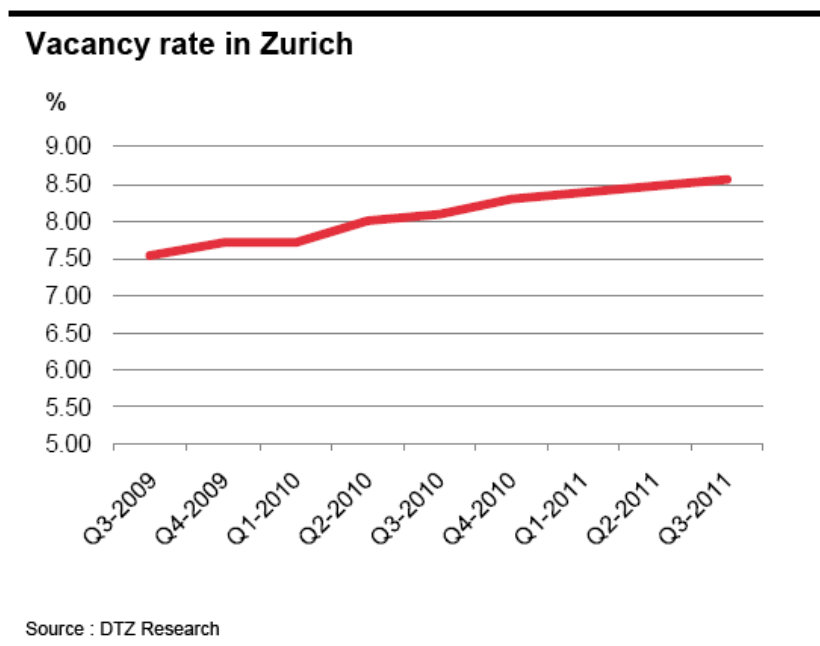
A moderate decline of the prime rent by 1.2% to a level of CHF840 per sq m has occurred in Q3 2011. The decline had been expected for a while due to the existence of a trend among larger corporates to move to more cost-efficient areas such as Zurich-West. However, demand for smaller offices in the CBD (e.g. lawyers, smaller private banks and asset managers etc.) has largely been unaffected by this trend.

No further reduction of the prime rent is expected in Q4 2011. However, in the medium to long term, further reductions are likely to occur. Overall rental levels are expected to remain more stable than the prime rent.

#### 4.4 Vacancy

Again, the vacancy rate in the larger Zurich area has increased in Q3 2011 by 1.1%, following a steady upward trend over the past two years.

The prime rate, even though slightly lower in Q3 2011 than in the previous quarter, is still on a level which leads larger corporates to vacate their expensive offices in the CBD and move to more affordable areas such as Zurich-West, which often offer quality space in newer buildings, thereby increasing vacancies in the CBD. Please note that the vacancy rate in the CBD will however be significantly lower than the overall rate. Consolidation or subletting strategies remain popular among major corporates, which also cause the vacancy rate to increase.



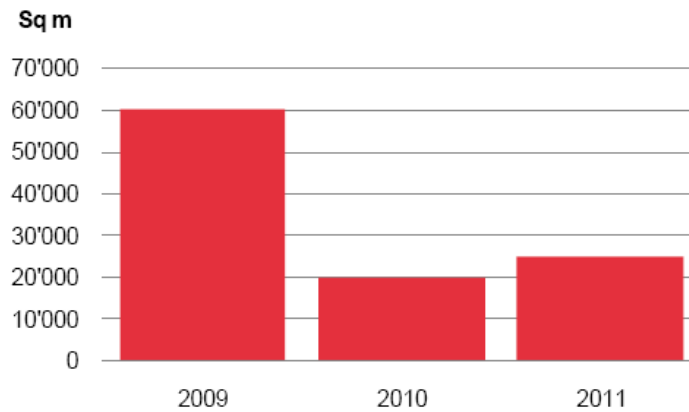
#### 4.5 New Supply

From Q2 to Q3 2011, new supply has increased by 10,000 sq m and is now at a cumulative level of 25,000 sq m for 2011. A moderate increase is expected for Q4 2011.

A significant increase in new supply is expected to occur over the course of 2012 to 2013 as large-scale office developments are gradually entering the market.

Some of the larger office projects which will be contributing to an increase in new supply are in Zurich-West: Fifty-One, Toni Areal, Europaallee, West Link (Altstetten); in Zurich-North: Main Tower, Leutschen Tower, Glattpark, Vertex, SkyKey and the Circle (Airport).

### New supply in Zurich



Source : DTZ Research

Construction companies up until now have been feeling more confident about the economic outlook and the pick-up in demand for commercial space. However, this outlook could change very quickly depending on the local, European and global economic future.

## 4.6 Key Figures

Office market								
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q/Q Change	Y/Y Change	Directional outlook
<b>Zurich</b>								
Take-up	10'000	10'000	10'000	15'000	10'000	-33.33%	+0.00%	►
Immediately available supply	810'000	830'000	840'000	850'000	860'000	+1.18%	+6.17%	▲
Vacancy rate	8.1	8.29	8.39	8.47	8.56	+1.06%	+5.70%	▲
Prime rent in CHF	875	850	850	850	840	- 1.18%	-4.00%	►

Source : DTZ Research



## **5 Valuation Assumptions**

### **5.1 Market Value**

We have valued the Property adopting a discounted cash flow approach, supported by comparable evidence. The valuation date adopted is 31 December 2011. If there are changes regarding information on costs, tenancies and market conditions, the Market Value may change.

#### **Valuation Method**

We have valued the Property on the basis of a ten years discounted cash flow model. The DCF calculation is a valuation of rental income considering non-recoverable costs and applying a discount rate income over the ten years period. After ten years to the net a terminal value (exit scenario) is calculated, using a cap rate reflecting the more uncertain future income.

#### **Assumptions**

We have not taken into account any costs which would be payable by a vendor of the Property. The capital valuation and rents included in this Valuation Report are net of value added tax at the prevailing rate.

#### **Current Rental Income**

The calculated rental income refers to the provided rent roll. Please refer to the template Report in Appendix C. Possible extension options and automatic extensions have not been considered in the valuation.

#### **Calculation of Market Rent**

We verified the contractual rent by lease comparables. We have estimated an overall Market Rent after expiry of the lease terms. This result in a total aggregated Market Rent for the Property of CHF2,452,000 per annum (rounded) as at 31 December 2011. For details please refer to the individual template report in Appendix C.



### **Derivation of the Discount and Cap Rate**

The discount rate represents the unleveraged internal rate of return for the Property. Therefore, we have derived the discount rate from comparable investment evidences considering individual risks regarding the buildings and location qualities. We have adopted individual discount rates and we refer to the template report in Appendix C.

In order to capitalise the net rental income on market level, we have assumed an exit in year ten. To determine the capitalisation rate we have considered the quality of the building and location and compared this to the general investment market and recent transactions as described in the template report.

**Please note: If there are changes regarding information on costs, tenancies and market conditions, the Market Value may change.**



## **6 Valuation Results**

### **6.1 Market Rent**

We are of the opinion that the Market Rent of the Property as at 31 December 2011, subject to the Assumptions and comments contained in this Report and its Appendices is:

**CHF2,452,000 per annum exclusive (rounded)**  
**(Two million, four hundred fifty-two thousand Swiss franc)**

### **6.2 Market Value**

We are of the opinion that the Market Value as at 31 December 2011 of the freehold interest in the Property, subject to the existing tenancies and subject to the Assumptions and comments in this update Valuation Report and the Appendices, excluding purchaser's costs is:

**CHF36,040,000**  
**(Thirty-six million, forty thousand Swiss franc)**

We have provided copies of Argus computer printouts in Appendix C. In order to understand these calculations you should note the comments in Appendix B under "Valuation computer printouts".



## **7 Confidentiality and Disclosure**

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

Unless otherwise agreed in the engagement agreement, such approval is required for the avoidance of doubt whether or not DTZ Zadelhoff Tie Leung GmbH is referred to by name and whether or not the contents of our Report and valuation are combined with others.

Yours sincerely

27 March 2012

27 March 2012

**i.V. Tino Müller MRICS**  
**Associate Director**  
**FOR AND ON BEHALF OF**  
**DTZ ZADELHOFF TIE LEUNG GMBH**

**ppa. Klaus Dallafina MRICS**  
**Senior Director, Head of Valuation**  
**FOR AND ON BEHALF OF**  
**DTZ ZADELHOFF TIE LEUNG GMBH**

### **Appendices**

- A Assumptions and Definitions**
- B Valuation Terms, Conditions and Assumptions**
- C Template Report**
- D Sensitivity Analysis**
- E Appraiser's Education**
- F Terms & Conditions of DTZ Zadelhoff Tie Leung GmbH**



## **Appendix A**

### **Assumptions and Definitions**



## **1 Assumptions and Definitions**

### **1.1 Valuation Conditions and Assumptions**

These are the conditions and Assumptions upon which our valuations and report are normally prepared and form an integral part of our appointment together with our related Engagement Letter and DTZ Terms and Conditions. Unless otherwise referred to in this Valuation Report these conditions and Assumptions apply to the valuation(s) that are the subject of this Valuation Report. We have made certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, our valuations that we have not verified as part of the valuation process but rather, as referred to in the Glossary to the RICS Valuation Standards (Red Book), have treated as “a supposition taken to be true”. In the event that any of these Assumptions prove to be incorrect then our valuation(s) will need to be reviewed.

### **1.2 Bases of Valuation**

The Property has been valued on the bases set out in Section 2.1 of this Valuation Report and defined in Appendix B of this Valuation Report.

### **1.3 Title**

We have not had access to the title deeds of the Property. Unless specifically advised to the contrary by you or your legal adviser, we have made the Assumption that titles are good and marketable and are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We have also made the Assumption that the Property is free from mortgages, charges or other encumbrances.

Where a Certificate of Title has been made available, we have reflected its contents in our valuation(s). Save as disclosed either in any such Certificate of Title or as referred to in our Valuation Report, we have made the Assumption that there is good and marketable title and that the Property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We have also made the Assumption that the Property are free from mortgages, charges or other encumbrances.

Where a Valuation Report contains site plans these are based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, our understanding of the extent of title based on site inspections or copy title plans supplied to us. If verification of the accuracy of these plans is required the matter must be referred by you to your solicitors.



#### **1.4 Condition of Structure and Services, Deleterious Materials**

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

Our valuation(s) has/have taken account of the general condition of the Property as observed from the valuation inspection. Where a separate condition or structural survey has been undertaken and made available to us, we have reflected the contents of the survey report in our valuation(s), and we may have discussed the report with the originating surveyor.

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

Unless access is readily available, we will not be able to gain access to the roof or roof voids and we shall thus make the Assumption that inspection of those parts will not reveal defects of which we are not aware, would have an adverse effect on the value or the saleability of the Property.

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

We have not carried out an asbestos inspection and have not acted as an asbestos inspector in completing the valuation inspection of property that may fall within the Control of Asbestos at Work Regulations 2002. We have not made an enquiry of the duty holder (as defined in the Control of Asbestos at Work Regulations 2002), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made.

Where relevant, we have made the Assumption that there is a duty holder, as defined in the Asbestos at Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract or pre-loan enquiries.

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

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

In the case of new Property, the construction of which has not been commenced or completed, or of Property built within the last ten years, we shall make the Assumption that the construction will be/has been satisfactorily completed and that it will be/has been built according to all relevant statutory requirements.

### **1.5 Plant and Machinery**

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

### **1.6 Goodwill**

No account has been taken in our valuation(s) of any business goodwill that may arise from the present occupation of the Property.

### **1.7 Floor Areas and Inspections**

Unless referred to otherwise in our Valuation Report, we have physically inspected the Property and have either carried out a measured survey or have calculated floor areas from plans provided by the Applicant or their agents, supported by check measurements on site. Measurement has been in accordance with the current Code of Measuring Practice (DIN 277 and/or gif Gesellschaft für Immobilienwirtschaftliche Forschung e.V.).

Where we were not instructed to measure and calculate the floor areas, we have applied floor areas provided by the Applicant or their agents. We have made the Assumption that

these areas have been measured and calculated in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors.

### **1.8 Environmental Matters**

We have made the enquiries referred to in Section 3 of this Valuation Report regarding environmental matters including contamination and flooding, and we have had regard to any environmental reports referred to in Section 3 of this Valuation Report. However, we have not undertaken a formal environmental assessment.

Where our enquiries have lead us to believe that the Property are unaffected by contamination, flooding or other environmental problems, then, unless you have instructed us otherwise, our valuation is based on the Assumption that no contamination or other adverse environmental matters exist in relation to the Property sufficient to affect value.

### **1.9 Statutory Requirements and Planning**

We have made verbal or written enquiries or an inspection of the website of the relevant planning authorities as referred to in Section 3 of this Valuation Report as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect Property values. We have also sought to ascertain whether any outstanding planning applications exist which may affect the Property, and whether it is listed or included in a conservation area. We have also attempted to verify the existing permitted use of the Property, and endeavoured to have sight of any copies of planning permissions. The results of these enquiries are in Section 3 of this Valuation Report.

Save as disclosed in a certificate of title or unless otherwise advised, and unless otherwise referred to in this Valuation Report we have made the Assumption that the building has been constructed in full compliance with valid town planning and building regulations approvals and that where necessary has the benefit of current fire risk assessments compliant with the requirements of the regulatory reform (fire safety) order. Similarly, we have also made the Assumption that the Property are not subject to any outstanding statutory notices as to its construction, use or occupation and that the existing use of the Property are duly authorised or established and that no adverse planning conditions or restrictions apply.

We have made the Assumption that the Property complies with all relevant statutory requirements.

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We assume that, if you should need to rely



upon the information given about town planning matters, your solicitors would be instructed to institute such formal searches.

In instances where we have valued Property with the benefit of a recently granted planning consent or on the Special Assumption that planning consent is granted, we have made an assumption that it will not be challenged under judicial review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the Property, or the area in which it is located) within a period of three months of the granting of a planning consent.

If a planning consent is subject to judicial review, we must be informed and asked to reconsider our opinion of value. Advice would be required from your lawyer and a town planner, to obtain their opinion of the potential outcomes of such a judicial review, which we will reflect in our reconsideration of value.

### **1.10 Leasing**

We have read all the leases and related documents provided to us, subject to the provisions of paragraph 1.12 below. We have made an Assumption that copies of all relevant documents have been sent to us and that they are complete and up to date.

We have not undertaken investigations into the financial strength of any tenant(s). Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have made the Assumption that:

- a. where a Property is occupied under leases then the tenants are financially in a position to meet their obligations, and
- b. there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

However, our valuation(s) reflect the market's general perception of the credit worthiness of the type of tenant(s) actually in occupation or responsible for meeting lease commitments, or likely to be in occupation.

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

### **1.11 Legal Issues**

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted for the true interpretation of the legal position of our client or other parties.



Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the valuation of the Property and our Valuation Report will include a statement to this effect.

### **1.12 Information**

We have made the Assumption that the information provided by the Client, the Applicant and your respective professional advisers in respect of the Property we have valued is both full and correct. We have made the Assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

### **1.13 Deduction of Notional Purchaser's Costs**

The Market Value which we have attributed to the Property is the figure we consider would appear in a contract for sale, subject to the appropriate assumptions for this Basis of Value. Where appropriate, we have made an allowance in respect of stamp duty and purchaser's costs.

### **1.14 Taxation and costs**

No adjustment has been made to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. Furthermore, no allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

Our valuation figure for each Property is that receivable by the willing seller excluding VAT, if applicable. We have made a deduction to reflect a purchaser's acquisition costs.

### **1.15 Vacant Possession Value**

For the assessment of the Vacant Possession Value we assumed void and marketing periods for the Property depending on the location, layout and demand. We applied an increased discount rate in order to reflect the risk of not fully letting the Property and typically of an unchanged exit cap rate.

Unless otherwise stated, all other variables have been chosen in accordance with the assessment of the Market Value.

### **1.16 Estimated Reinstatement Cost Assessment**

We have considered the extent and nature of the building and an estimated reinstatement cost assessment has been undertaken as part of our normal valuation exercise. We have not carried out a formal reinstatement cost assessment through our Building Consultancy Division. Our assessment should be treated as a guide only and should not be relied upon. It should be used for comparative purposes only against the borrower's proposed reinstatement cover. Should any discrepancies arise, a formal reinstatement cost assessment should be commissioned.

The figures set out in our Valuation Report are our assessment of the cost of reconstructing the Property at the date of valuation. They include an allowance for demolition, removal of debris, temporary shoring, statutory and professional fees which are likely to be incurred on reconstruction, but exclude any allowance for VAT. If you are unable to recover VAT, or can recover part only, you should advise your insurers and increase the base sum insured appropriately. The figures make no allowance for loss of rent during the rebuilding period, nor for inflation, nor the cost of dealing with any contamination which may be present and have to be dealt with prior to reconstruction. The assessment does not provide advice in respect of terrorist damage cover and you should consult with your insurers in respect of this.

We have assumed that the reinstated building and its use would be similar to that existing, and the replacement building would be to the original design, in modern materials, using modern techniques to modern standards.

### **1.17 Property in the Course of Development or Requiring Refurbishment**

Unless otherwise referred to in the Valuation Report, we have relied upon information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date, as advised by the owner of the Property or their professional advisers.

Unless otherwise referred to in the Valuation Report, our valuation of the completed building has been based on the Assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specifications, current British standards and any relevant codes of practice. We have also made the Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, which will be assignable to third parties.



## **Appendix B**

### **Valuation Terms, Conditions and Assumptions**

## 2 Definitions of the Bases of Valuation

The Property has been valued in accordance with the relevant parts of the current RICS Valuation Standards (the “Red Book”). In particular, the bases of valuation are as follows:

### 2.1 Market Value

We have assessed Market Value in accordance with Valuation Standard 3.2. Under these provisions, the term “Market Value” means “*The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.*”

In undertaking our valuation on the basis of Market Value we have applied the conceptual framework which has been settled by the International Valuation Standards Committee (IVSC). The conceptual framework is included in VS 3.2 and is reproduced below:

"3.2 The term *property* is used because the focus of these Standards is the valuation of property. Because these Standards encompass financial reporting, the term *Asset* may be substituted for general application of the definition. Each element of the definition has its own conceptual framework.

3.2.1 '***The estimated amount ...***' Refers to a price expressed in terms of money (normally in the local currency) payable for the property in an arm's-length market transaction. *Market Value* is measured as the most probable price reasonably obtainable in the market at the date of valuation in keeping with the *Market Value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *Special Value*.

3.2.2 '***... a property should exchange ...***' Refers to the fact that the value of an asset is an estimated amount rather than a predetermined or actual sale price. It is the price at which the market expects a transaction that meets all other elements of the *Market Value* definition should be completed on the date of valuation.

3.2.3 '***... on the date of valuation ...***' Requires that the estimated *Market Value* is time-specific as of a given date. As markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made.

3.2.4 '***... between a willing buyer ...***' Refers to one who is motivated, but not compelled to buy. This buyer is neither over-eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than on an imaginary or hypothetical market which cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present property owner is included

among those who constitute 'the market'. A valuer must not make unrealistic assumptions about market conditions or assume a level of Market Value above that which is reasonably obtainable.

- 3.2.5 '**... a willing seller ...**' Is neither an over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the property at market terms for the best price attainable in the (open) market after proper marketing, whatever that price may be. The factual circumstances of the actual property owner are not a part of this consideration because the 'willing seller' is a hypothetical owner.
- 3.2.6 '**... in an arm's-length transaction ...**' Is one between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) which may make the price level uncharacteristic of the market or inflated because of an element of *Special Value*, (defined in IVSC Standard 2, para. 3.11). The *Market Value* transaction is presumed to be between unrelated parties each acting independently.
- 3.2.7 '**... after proper marketing ...**' Means that the property would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The length of exposure time may vary with market conditions, but must be sufficient to allow the property to be brought to the attention of an adequate number of potential purchasers. The exposure period occurs prior to the valuation date.
- 3.2.8 '**... wherein the parties had each acted knowledgeably, prudently ...**' Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the property, its actual and potential uses and the state of the market as of the date of valuation. Each is further presumed to act for self-interest with that knowledge and prudently to seek the best price for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the date of valuation, not with benefit of hindsight at some later date. It is not necessarily imprudent for a seller to sell property in a market with falling prices at a price which is lower than previous market levels. In such cases, as is true for other purchase and sale situations in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time.
- 3.2.9 '**... and without compulsion**' Establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.
- 3.3 *Market Value* is understood as the value of a property estimated without regard to costs of sale or purchase and without offset of any associated taxes."

## 2.2 Market Rent

We have assessed Market Rent in accordance with Valuation Standard 3.3. Under these provisions the term “Market Rent” means *‘The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.’*

The commentary is reproduced below.

"1. The definition of Market Rent is the Market Value (MV) definition modified by the substitution of a willing lessor and willing lessee for a willing buyer and willing seller, and an additional Assumption that the letting will be on ‘appropriate lease terms’. This definition must be applied in accordance with the conceptual framework of MV at VS 3.2, together with the following supplementary commentary:

### 1.1 *‘...willing lessor and willing lessee...’*

The change in the description of the parties simply reflects the nature of the transaction. The willing lessor is possessed with the same characteristics as the willing seller, and the willing lessee with the same characteristics as the willing buyer, save that the word ‘price’ in the conceptual framework to MV should be changed to ‘rent’, the word ‘sell’ changed to ‘let’ and the word ‘buy’ changed to ‘lease’.

### 1.2 *‘...appropriate lease terms...’*

MR will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews, and the responsibilities of the parties for maintenance and outgoings, will all impact on MR. In certain states, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate. Valuers must therefore take care to set out clearly the principal lease terms that are assumed when providing MR.

If it is the market norm for lettings to include a payment or concession by one party to the other as an incentive to enter into a lease, and this is reflected in the general level of rents agreed, the MR should also be expressed on this basis. The nature of the incentive assumed must be stated by the valuer, along with the assumed lease terms.

MR will normally be used to indicate the amount for which a vacant property may be let, or for which a let property may re-let when the existing lease terminates. Market Rent is not a suitable basis for settling the amount of rent payable under a rent review provision in a lease, where the actual definitions and Assumptions have to be used."



## 2.3 Yields

References to yields are made in the Report. According to “gif”, Society of Property Researchers, Germany these terms are defined as follows:

Gross initial yield: Contractual rent divided by Market Value (exclusive purchaser’s costs)

Net initial yield: Net rental income (contractual rent less operating costs) divided by gross Market Value (inclusive purchaser’s costs)

If references to the German “Cold” Multiplier are made in the Valuation Report this term is defined as follows:

German “Cold” Multiplier: Market Value divided by contractual rent

## 2.4 Valuation Computer Print Outs – Explanatory Notes

Where we have provided copies of computer print outs produced by Argus Valuation - Capitalisation, you should note the following in order to understand the valuations:

### 2.4.1 Valuation Summary Print Out

#### Gross rent

The current gross rent represents the total income receivable from the Property at the date of valuation. In the case where a rent review is outstanding at the date of valuation and a reversionary increase is anticipated, the gross rent includes the reversionary increase as if it were payable at the date of valuation.

Similarly if a lease has expired but for the purposes of the valuation it is assumed that the tenant will renew the lease at current rental value, the gross rent includes the rental value of that particular lease.



## **Net rent**

The current net rent represents the current gross rent less any or all of the following:

- a. Ground rent
- b. Irrecoverable revenue outgoings
- c. Loss of income due to a permanent void allowance.

## **Running yields**

The running yield at any given point in time represents the return generated by the net rent as a percentage of the gross value before deduction of purchaser's costs. Where we have made capital deductions or additions to reflect matters such as the cost of works or letting fees, or premium receipts, yields are calculated against a sum equal to the net value plus purchaser's costs and any such capital deductions or minus any such capital receipts.

## **Rounding**

The initial, running and equivalent yields are calculated against capital values prior to rounding. The variation in yields calculated before rounding compared with those calculated after rounding is not material.

### **2.4.2 Tenancy Details Print Out**

#### **Gross income**

The actual contracted gross income received at the date of valuation is shown at the foot of the tenancy schedule. This sum ignores potential increases further to outstanding reviews and lease renewals.

#### **Rounded rent**

The rounded rent for each tenancy is reflected in the valuation calculation.



## **Appendix C**

### **Template Report**

**Report for:** Herostraße 7, 9  
CH-8048 Zurich

**Prepared for:** Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin

**Prepared by:** DTZ Zadelhoff Tie Leung GmbH



South elevation



South elevation



North elevation

GENERAL			
<b>Address</b>	Herostraße 7-9 8048 Zurich Switzerland	<b>Date of valuation</b>	31/12/2011
		<b>Date of inspection</b>	13/04/2010
		<b>Valuation methods</b>	DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung

BASIS OF VALUATION	
<b>Scope of work</b>	MARKET VALUE
<p>In accordance with your instructions, we have inspected the above Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (7th Edition).</p>	
<b>Type of information</b>	
- Lease contract	<input checked="" type="checkbox"/>
- Land registry	<input checked="" type="checkbox"/>
- Floor plans	<input checked="" type="checkbox"/>
- Cost schedule (Capex)	<input type="checkbox"/>
- Cadastral map	<input type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>
- Technical due diligence	<input type="checkbox"/>
- Environmental risk assessment	<input checked="" type="checkbox"/>
- Tenancy schedule	<input checked="" type="checkbox"/>
- Area calculation	<input type="checkbox"/>
- Registry of public land charges	<input type="checkbox"/>

DISCLAIMER	
<b>Purpose of valuation</b>	Update valuation for IFRS purpose
<b>Inspection</b>	Full inspection (internally where access was possible)
<b>Information provided by</b>	Client
<p>The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose. Furthermore, it is based on the following:</p>	
<p>A technical due diligence was not conducted. Whenever we have reflected capital expenditure in the valuation, the data has been roughly estimated according to the results of the inspection. We have adopted the lettable areas as stated in the consolidated rent roll as at 06.03.2012.</p>	
<p>This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 06.03.2012. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.</p>	

VALUATION SUMMARY	
Owner	TGE Herostrasse Offices GmbH, Engelberg (OW)
Property type	Office
Year of construction	Approximately in the 1980's
Valuation year	2011
Type of ownership	Freehold
Size of plot	2,198 sq m

LETTABLE AREAS				
	Total	Thereof let	Thereof vacant	in %
Office	12,107 sq m	11,135 sq m	972 sq m	8%
Retail	-	-	-	-
Residential	-	-	-	-
Other	2,716 sq m	2,716 sq m	0 sq m	0%
Units	214 units	202 units	12 units	6%
<b>Total</b>	<b>14,823 sq m</b>	<b>13,851 sq m</b>	<b>972 sq m</b>	<b>7%</b>

RENTAL VALUES	
Current rent per month [CHF]	185,367
Current rent per year [CHF]	2,224,408
Gross rent year 1 [CHF]	2,238,382
Net rent year 1 [CHF]	1,987,716
Market rent [CHF]	2,452,310

MARKET VALUE				
Gross present value [CHF]		37,122,292	Multiplier as-is	16.2
Less purchaser's costs [CHF]	@ 3.00%	1,081,232	NIY on year 1	5.4%
Net present value [CHF]		36,041,060	Multiplier market	14.7
<b>Market Value [CHF]</b>		<b>36,040,000</b>	NRV	5.9%
Market value [CHF] per sq m lettable area		2,431		

**PROPERTY DESCRIPTION****Asset type**

The Property was supposedly built in the 1980s. It comprises two attached seven-storey office blocks. The building has a basement including an underground car park.

**Location on site**

The Property is located on Herostraße within an industrial and office area in Zurich-Altstetten. The subject site is located close to the motorway 1 which runs from the western suburbs to the Zurich city centre.

**Building description**

The building complex has seven storeys and a basement. The building is of concrete frame construction with concrete walls and corrugated aluminium cladding beneath a flat roof. Office accommodation is provided from the ground to the fifth floor and secure parking in the basement. A loading bay with roller shutter doors is on the ground floor level to the front of the Property.

**Description of areas**

The building has two entrances on the south side. There are two staircases with two lifts. Internally, the typical office accommodation includes solid carpeted floors, papered and painted walls, fluorescent strip lighting with diffusers and double-glazed windows. Commercial areas are located on the lower floor levels with a higher tenant-based fit-out. Gas heating is provided via wall-mounted radiators. Approximately 215 parking spaces are on the underground and ground level.

**Fit-out of rental areas**

We understand that the fit-out of the subject property is good.

**PROPERTY CONDITION**

The building condition is average. However, we have not undertaken a condition survey.

**Rating (A very good - D poor)**

Exterior	B
Interior	C
General impression	C

**Comment:****REPORT ON TITLE**

**Owner** TGE Herostrasse Offices GmbH, Engelberg (OW)

**Description of property**

Land registry of	Zurich-Altstetten	Zurich-Altstetten
Page	3452	2380
Size	2,198 sq m	3,211 sq m (thereof 18/30share)
No. of plan	AL7824	AL8031
Type of use	Building and undevel. area	Underground car park

**Easements**

Page 3452: There are seven easements as way-leaves, central heating right, restrictions on street reservation and to parking spaces. Further, there are five rights in favour of the owner of the subject property as way-leaves and facility right entered. Furthermore, the subject property is connecting with 18/30 part-ownership of Zurich-Altstetten, page 2380, AL8031.

Page 2380: There are four easements as right to have buildings and way-leave entered. Further, there are four rights in favour of the owner of the subject property as way-leaves and central heating right entered.

**Comments**

We assume that the entries stated above have no impact on the current use of the subject property. Please note that page 2380 represents a freehold interest of only 18/30 part-ownership.

**Date of copy of title**  
09/03/2010

**INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)**

There is no building restrictions register.

**INFORMATION ON LISTING STATUS**

Building complex not listed	<input checked="" type="checkbox"/>
Building complex listed	<input type="checkbox"/>
Historical monument (Baudenkmal)	<input type="checkbox"/>
Historical building ensemble (Ensembleschutz)	<input type="checkbox"/>
Information not available	<input type="checkbox"/>

**INFORMATION ON SUBSIDIES**

Subsidised	<input type="checkbox"/>
Partly subsidised	<input type="checkbox"/>
Not subsidised	<input checked="" type="checkbox"/>
Information not available	<input type="checkbox"/>

## INFORMATION ON LOCATION

### MACRO LOCATION

Country	Switzerland
Federal state	Zurich
Region	Zurich
City	Zurich
District	Altstetten

### PLANNING SITUATION

Zoning plan	
Legally binding development plan	Yes
Number/name of development plan	AL7824 - Herostraße 7
Development plan dated	
Designated area	
Site coverage (GRZ)	0.8
Cubic index	
Comment	We understand that the maximum height is restricted to seven storeys above ground level.

### DEMOGRAPHIC DATA

Inhabitants	389,992	September 2011
Unemployment rate	3.6%	April 2011

### DESCRIPTION OF LOCATION

Zurich is the largest city in Switzerland and the capital of the canton of Zurich. The metropolitan population is around 1.38 million. The economy of Zurich is characterised by the financial service sector, culture and business service sector.

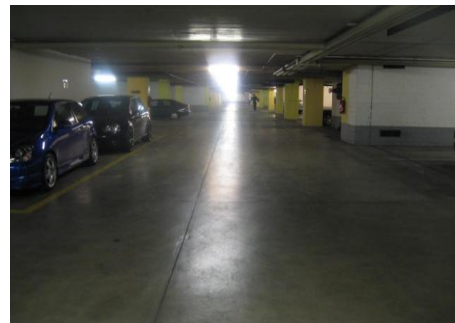
Zurich is connected to several motorways. Access to the next motorway 1 is close to the Property. Moreover, public transportation is provided with several bus lines and the station Altstetten connects the subject site with the surrounding districts and the town centre. The Property is located on Herostraße within an industrial and office area.

#### Rating (A very good - D poor)

Neighbourhood	B
Accessibility	B
General impression	B

#### Comment

The Property is located in a good commercial area.



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The Q3 2011 has started slow but increased slightly towards the end of the quarter with more space being let. The European debt crisis, the uncertainty as to the recovery of the U.S. market and the still strong Swiss franc remain major concerns for many corporates, who are rather reluctant to expand their office space and enter into new lease agreements under these circumstances.

**MARKET OVERVIEW OF LOCATION**

After a prolonged time of stability, the prime rent has decreased moderately by 1.18 percent to a level of CHF 840 per sq m p.a. in Q3 2011. Reduced demand for large-scale office space in the CBD region has been apparent since several years and one of the primary reasons is the prime rent level which leads many of the large and well-known corporate to move to less expensive regions, such as Zurich-West. Demand for smaller or single offices (e.g. attorneys, trustees, family offices etc.) have not been affected to the same degree. Immediate supply has further increased by 1.18 percent in Q3 2011; thereby further exerting pressure on the prime rent. Corporates located in the CBD region are today presented with more options to choose from in growth regions such as Zurich-West and incentives from landlords have become more common. The vacancy rate in the larger Zurich area has increased in Q3 2011 by 1.06% to 8.50%, following a steady upward trend over the past two years.

**OFFICE MARKET ZURICH**

	Take-up [sq m]	Supply [sq m]	Vacancy rate	Prime rent [€/sq m/annum]
<b>Q3/2010</b>	10,000	810,000	8.1%	875
<b>Q4/2010</b>	10,000	830,000	8.3%	850
<b>Q1/2011</b>	10,000	840,000	8.4%	850
<b>Q2/2011</b>	15,000	855,000	8.5%	850
<b>Q3/2011</b>	10,000	860,000	8.6%	840
<b>QoQ Change</b>	-33.0%	1.2%	1.1%	-1.2%
<b>YoY Change</b>	0.0%	6.2%	5.7%	-4.0%
<b>Directional outlook</b>	→	↑	↑	→

Source: DTZ Research

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [CHF/year]	Rent [CHF/sq m/annum]	Year of construction	Refurbished	Transaction/ offer	Building	Location
8064	Storage	705	65,916	93.50	1973	n/a	Offer	Comparable	Comparable
8048	Storage	80	8,004	100.05	1996	Yes	Offer	Comparable	Comparable
8048	Office	4,348	608,724	140.00	1979	n/a	Offer	Comparable	Comparable
8006	Office	75	12,000	160.00	1911	n/a	Offer	Comparable	Comparable
8048	Office	900	171,000	190.00	1980s	n/a	Offer	Subject	Subject

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [CHF/year]	Sale price [CHF]	Sale price [CHF/sq m]	Multiplier	Year of construction	Transaction/ offer	Building	Location
8952	Office	11,395	n/a	13,950,000	1,224	n/a	1983	Offer	Comparable	Worse
8000	Office	240	n/a	530,000	2,208	n/a	2002	Offer	Better	Better
8600	Office	2,058	n/a	4,900,000	2,381	n/a	1927	Offer	Comparable	Comparable
8964	Office	700	n/a	1,400,000	2,000	n/a	1986	offer	Comparable	Worse

TENANCIES														
	Type	Area [sq m]	Unit	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [CHF/year]	Rent [CHF/sq m]	Status	MR [CHF/sq m]	MR [CHF/year]	in %
1	Office	10,419.00	GF-6F	Miscellaneous office or commercial within units with more than 100 sq m					1,484,237	142.45	Let	150.00	1,562,850	72.51%
2	Office	892.00	GF-6F								Vacant	150.00	133,800	6.21%
3	Office	716.00	GF-6F	Miscellaneous office within units with less than 100 sq m					162,985	227.63	Let	235.00	168,260	7.81%
4	Office	80.00	GF-6F								Vacant	235.00	18,800	0.87%
5	Storage	2,716.00	GF-6F	Miscellaneous storage					318,421	117.24	Let	100.00	271,600	12.60%
6														
7														
8														
9														
10														
11														
12														
13														
14														
15														
16														
17														
18														
19														
20														
21														
22														
Total		14,823							1,965,643	132.61		145.40	2,155,310	100%

	Type	Units [No]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [CHF/year]	Rent [CHF/unit]	Status	MR [CHF/unit]	MR [CHF/year]	in %
1	Park. internal	102		Miscellaneous					160,588	1,574	Let	1,800	183,600	62%
2	Park. internal	7		Miscellaneous					-	-	Vacant	1,800	12,600	4%
3	Park. external	100		Miscellaneous					98,177	982	Let	960	96,000	32%
4	Park. external	5		Miscellaneous					-	-	Vacant	960	4,800	2%
5														
6														
7														
8														
9														
Total		214							258,765	1,209.18		1,387.85	297,000	100%

SUMMARY AREAS													
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [CHF/year]	Current rent [in %]	MR areas let [CHF/year]	MR areas let [in %]	MR vacancy [CHF/year]	MR vacancy [in %]	Total MR [Ø CHF]	Total MR [CHF/year]	Total MR [in %]
Office	11,135	972	12,107	8%	1,647,222	74%	1,731,110	76%	152,600	90%	155.59	1,883,710	77%
Retail	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Residential	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Other	2,716	-	2,716	0%	318,421	14%	271,600	12%	0	0%	100.00	271,600	11%
Units	202	12	214	6%	258,765	12%	279,600	12%	17,400	10%	1,387.85	297,000	12%
Total	13,851	972	14,823	7%	2,224,408	100%	2,282,310	100%	170,000	100%	145.40	2,452,310	100%

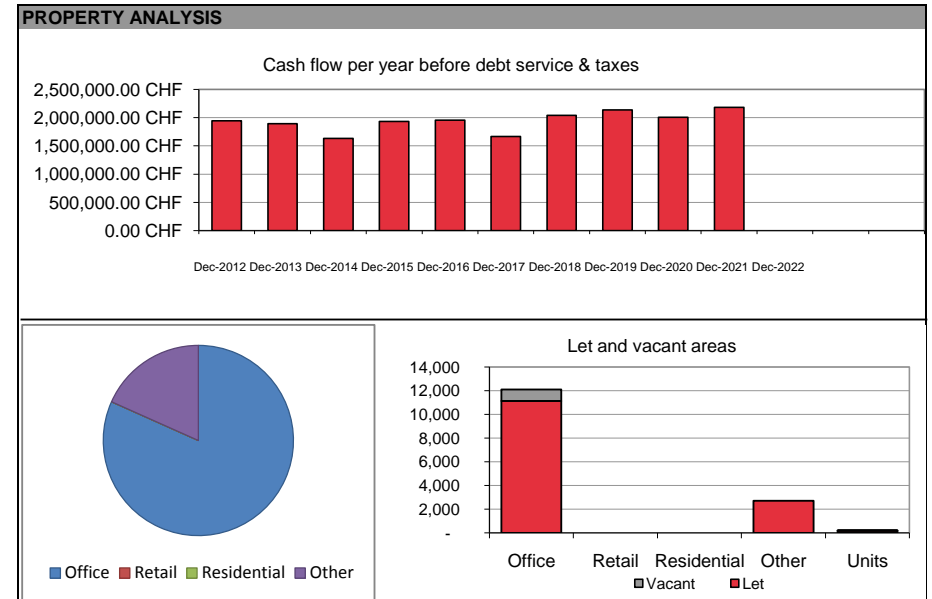
VALUATION ASSUMPTIONS	
Discount rate	5.00%
Exit cap rate	6.00%
Growth rate/inflation	0.00%
Capital expenditure	0 lump sum today
Management costs commercial	4.00% of income
Management costs residential	0 per residential unit
Structural repairs (Dach & Fach)	6.00% of income
Credit & collection loss	0% of income
Local authority charges	0 CHF per sq m
Insurance	0 CHF per sq m
Void periods	6-12 months
Tenant improvements	100 CHF per sq m
Letting fees	24.99% of annual rental value
Purchaser's cost	3.00%
Stamp duty	0.00% of Market Value
Agent's fees	2.00% of Market Value
Legal fees	1.00% of Market Value

DCF VALUATION		
Period of analysis	Cash flow	
	nominal [CHF]	discounted [CHF]
Year 1	1,943,599	1,851,047
Year 2	1,895,804	1,719,550
Year 3	1,633,804	1,411,341
Year 4	1,932,113	1,589,554
Year 5	1,956,371	1,532,868
Year 6	1,667,604	1,244,392
Year 7	2,043,132	1,452,016
Year 8	2,137,019	1,446,418
Year 9	2,006,198	1,293,213
Year 10	2,181,785	1,339,427
Total cash flow	19,397,429	14,879,826
Resale	36,230,633	22,242,466
Gross Present Value [CHF]		37,122,292
Less purchaser's costs [CHF]	@ 3.00%	1,081,232
Net Present Value [CHF]		36,041,060
<b>Market Value [CHF]</b>		<b>36,040,000</b>
Market Value [CHF/sq m]		2,431

**COMMENTS ON VALUATION ASSUMPTIONS**

We have valued the Property based on the re-letting of the lettable area assuming a six to twelve months vacancy period and a re-letting fee of three months' rent. Structural repairs (Dach&Fach) have been considered with 6.0% of the annual rental income in the valuation.

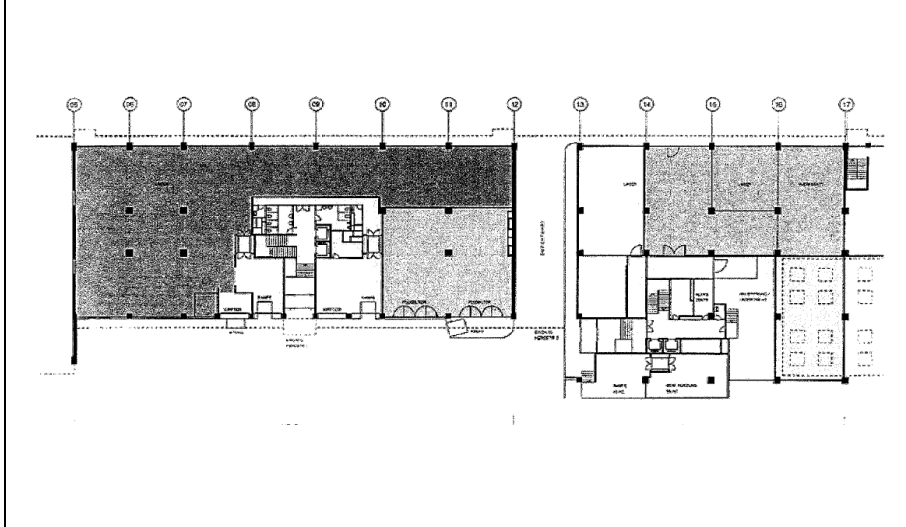
If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.



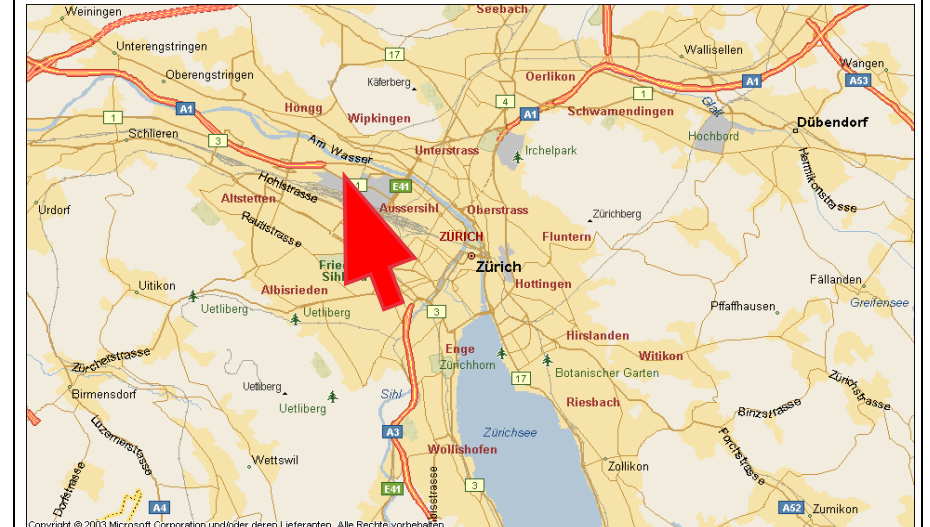
CASH FLOW											
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021	Year 11 Dec-2022
<b>Potential gross revenue</b>											
Base rental revenue	2,394,548	2,408,869	2,487,456	2,504,658	2,562,633	2,438,127	2,425,991	2,432,574	2,448,222	2,450,226	2,452,310
Absorption & turnover vacancy	-156,166	-122,146	-247,822	-135,117	-201,967	-150,188	-64,516	-22,328	-77,156	-15,496	-32,196
Scheduled base rental revenue	2,238,382	2,286,723	2,239,634	2,369,541	2,360,666	2,287,939	2,361,475	2,410,246	2,371,066	2,434,730	2,420,114
<b>Total potential gross revenue</b>	<b>2,238,382</b>	<b>2,286,723</b>	<b>2,239,634</b>	<b>2,369,541</b>	<b>2,360,666</b>	<b>2,287,939</b>	<b>2,361,475</b>	<b>2,410,246</b>	<b>2,371,066</b>	<b>2,434,730</b>	<b>2,420,114</b>
<b>Effective gross revenue</b>	<b>2,238,382</b>	<b>2,286,723</b>	<b>2,239,634</b>	<b>2,369,541</b>	<b>2,360,666</b>	<b>2,287,939</b>	<b>2,361,475</b>	<b>2,410,246</b>	<b>2,371,066</b>	<b>2,434,730</b>	<b>2,420,114</b>
<b>Operating expenses</b>											
Ongoing maintenance	143,673	144,532	149,247	150,279	153,758	146,288	145,559	145,954	146,893	147,014	147,139
Management	95,782	96,355	99,498	100,186	102,505	97,525	97,040	97,303	97,929	98,009	98,092
Vacancy costs	11,211	9,270	19,022	9,633	16,683	12,890	4,094	583	5,195	200	1,045
<b>Total operating expenses</b>	<b>250,666</b>	<b>250,157</b>	<b>267,767</b>	<b>260,098</b>	<b>272,946</b>	<b>256,703</b>	<b>246,693</b>	<b>243,840</b>	<b>250,017</b>	<b>245,223</b>	<b>246,276</b>
<b>Net operating income</b>	<b>1,987,716</b>	<b>2,036,566</b>	<b>1,971,867</b>	<b>2,109,443</b>	<b>2,087,720</b>	<b>2,031,236</b>	<b>2,114,782</b>	<b>2,166,406</b>	<b>2,121,049</b>	<b>2,189,507</b>	<b>2,173,838</b>
<b>Leasing &amp; capital costs</b>											
Leasing commissions	30,300	91,453	188,023	97,617	69,133	192,470	37,011	12,546	63,571		12,903
Tenant improvements	13,817	49,309	150,040	79,713	62,216	171,162	34,639	16,841	51,280	7,722	20,524
<b>Total leasing &amp; capital costs</b>	<b>44,117</b>	<b>140,762</b>	<b>338,063</b>	<b>177,330</b>	<b>131,349</b>	<b>363,632</b>	<b>71,650</b>	<b>29,387</b>	<b>114,851</b>	<b>7,722</b>	
Cash flow before debt service	1,943,599	1,895,804	1,633,804	1,932,113	1,956,371	1,667,604	2,043,132	2,137,019	2,006,198	2,181,785	
Proceeds from resale											36,230,633 €
<b>Cash flow</b>	<b>1,943,599</b>	<b>1,895,804</b>	<b>1,633,804</b>	<b>1,932,113</b>	<b>1,956,371</b>	<b>1,667,604</b>	<b>2,043,132</b>	<b>2,137,019</b>	<b>2,006,198</b>	<b>2,181,785</b>	

All amounts are indicated in CHF.

FLOOR PLAN



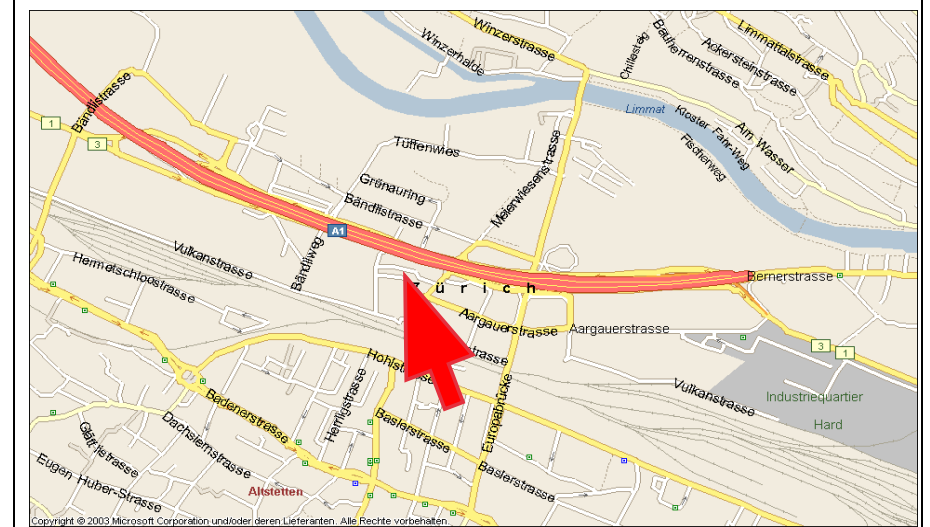
MACRO LOCATION



AERIAL VIEW



MICRO LOCATION





## **Appendix D**

### **Sensitivity Analysis**



### Sensitivity Analysis of the Market Value [CHF]

The following sensitivity analysis includes the Market Value of the Property (please see column 0 and row 0) and the sensitivity values of the Property.

Resale Cap Rate (Added BP's)	Unleveraged Discount Rate (Added BP's)				
	<b>-100</b>	<b>-50</b>	<b>0</b>	<b>50</b>	<b>100</b>
<b>-100</b>	43.710.000	41.990.000	40.360.000	38.800.000	37.320.000
<b>-50</b>	41.120.000	39.520.000	38.000.000	36.560.000	35.180.000
<b>0</b>	38.960.000	37.460.000	36.040.000	34.690.000	33.400.000
<b>50</b>	37.130.000	35.720.000	34.380.000	33.100.000	31.880.000
<b>100</b>	35.560.000	34.230.000	32.960.000	31.740.000	30.590.000

Currencies are indicated in CHF.



## **Appendix E**

### **Appraiser's Education**



## Tino Müller MRICS

Associate Director Valuation

DTZ Zadelhoff Tie Leung GmbH

Linkstraße 2, 10785 Berlin

### Key Skills

Tino Müller has substantial experience of undertaking mortgage lending valuations and analysing residential and commercial real estate portfolios and single properties according to international and German valuation approaches.

### His Background

Tino joined DTZ in April 2006 after five years working as real estate valuer for several mortgage lending banks in Germany.

### His Recent Experience

Almost twelve years of professional experience in real estate valuation within all sectors for all purposes. Tino has been undertaken valuations for properties in Germany and in other European countries.

### Education

#### **Dipl.-Ing. (TU Dresden)**

German equivalent of a master degree in surveying at the Technical University of Dresden

#### **Vermessungsassessor**

Two-year rotation clerkship within the surveying authorities of the federal state of Hesse/Germany

#### **CIS HypZert (F/M)**

Certified valuer for mortgage lending purposes by HypZert

#### **Chartered Surveyor (MRICS)**

Member of the Royal Institution of Chartered Surveyors

#### **Recognized European Valuer (REV)**



**Appendix F**  
**Terms & Conditions of DTZ Zadelhoff Tie Leung GmbH**

### Scope of application

- (1) These contractual conditions apply to contracts between DTZ Zadelhoff Tie Leung GmbH (afterwards called DTZ or the Contractor) and its Clients for surveys, studies, consultancy and other orders, unless expressly agreed otherwise in writing or mandated by law.
- (2) The Client's general terms and conditions are only binding on the Contractor if this has been expressly agreed in writing.
- (3) The contractual relationship between the Client and the Contractor provides no additional protective effect in favour of a third party. In an exceptional individual case third parties might derive rights from the contractual relationship, then the rules laid down in No. 6 also apply to them.
- (4) Versions in another language are purely for information purposes; only the German version is authoritative.

### Scope and fulfilment of the order

- (1) The Contractor is responsible for providing the consultancy activities described in the contract, and not a specific economic result. The Contractor is only obliged to compile a written report on progress and the result, specifically for presentation to a third party, if the contract expressly specifies this. If the Contractor has to present the results of his work in writing then only the written presentation is authoritative. Oral declarations and information from employees of the Contractor over and above the order are always non-binding. The Contractor's work is completed when the necessary analyses, resulting conclusions and recommendations have been completed and explained to the Client, or in the event of a written presentation being agreed, when this is delivered to the Client.
- (2) The Contractor may make use of expert third parties to fulfil his contractual obligations.
- (3) The Contractor shall only examine the data given to him by the Client, and in particular figures, for obvious errors. Otherwise the Contractor may assume the given data to be correct and complete.
- (4) The Client cannot require the order to be carried out by a specific advisor.
- (5) If the conditions which form the basis of the conclusions and recommendations change after the end of the order, the Contractor is not obliged to point out these changes or resulting consequences to the Client.
- (6) Changes and supplements to the order must be made in writing.
- (7) Subsidiary oral agreements are not valid. The requirement of written form also applies for material declarations (e.g. notice of termination, release agreement).
- (8) The order does not cover any legal or tax advice, rather it takes the existing legal and tax conditions as given. This does not exclude non-binding advice being given in individual cases, however there is no liability for this. If necessary we can provide contact to professionally experienced legal advisors.

### The Client's duty of declaration and cooperation

- (1) The Client is obliged, at his expense, to provide the Contractor with all information and physical resources necessary for the proper fulfilment of the order, also without special request. During the contractual relationship the Client must inform the Contractor without delay of all occurrences which may influence the provision of the contractually agreed services. The Contractor is not obliged to check the correctness of such information.
- (2) On request from the Contractor, the Client must confirm the correctness and completeness of the documents he presents and of his information and oral declarations in a written declaration formulated by the Contractor.
- (3) The Client must ensure that there is a suitable back-up, security and virus checking process set up on each computer workplace provided, and must also apply these means whilst the contract is being fulfilled in accordance with general data processing practice.

### Time for performance

- (4) If a deadline is agreed for the completion of the order, this shall extend appropriately in the event of force majeure and for the period of any temporary hindrance preventing work for which the Contractor is not responsible. The party affected by such hindrance must immediately notify the other party of the existence of any hindrance to work and the probable duration of any delay.
- (5) If the Client breaches his duty of cooperation in accordance with No. 3 and the Contractor has notified of this, then agreed schedules and/or deadlines shall be regarded as extended by the period that the Client needs to meet the duty of cooperation. The Contractor is released from his duty of performance for this time. Any additional expense arising to the Contractor due to the breach of the duty of cooperation must be reimbursed by the Client. The Contractor's right to terminate the contractual relationship without notice if the Client breaches the duty of cooperation is unaffected by this.

### Guarantee

If guarantee provisions are applicable on account of the type of services to be provided in accordance with the contract, the following conditions apply:

- (1) The Client has a claim for any defects caused by the Contractor to be remedied, as long as this remedying is possible at reasonable expense. If the defect cannot be remedied or if the remedies fail, the Client retains the right to withdraw from the contract or to reduce payment appropriately. If the Client is a businessman he may only withdraw if the work provided is without interest to him due to failure of the remedy. No. 6 applies to claims for damages exceeding this.
- (2) Obvious defects must be notified in writing by the Client within two weeks of delivery of service. If the Client is a businessman, public law legal entity or a public law special government estate obvious defects must immediately be notified in writing, and non-obvious defects immediately when they become apparent. Otherwise, defects must be notified not later than within twelve months of delivery of service. If the Client does not promptly notify of the defect, any claim for his remedy is excluded if the client is a businessman, a public law legal entity or a public law special government estate.
- (3) Apparent errors, e.g. typographic mistakes, miscalculations and formal errors, in a report or survey, etc., completed by the Contractor, may be corrected by the Contractor at any time and with regard to third parties, too. Errors which might cause recommendations and conclusions to become questionable justify the Contractor to withdraw them, including from third parties. The Client is first given the opportunity to comment.

### Liability

The following applies to the reimbursement of damages:

- (1) In case of an intentional or grossly negligent breach of a duty and in case we culpably cause harm to the life, body or health we are liable without limitation for the damages thereby caused unless the liability is limited by statutory law.
- (2) In case of a grossly negligent breach of contract by one of our senior executives our liability for damages to property and financial loss is limited to the damage typical and predictable under such contract (vertragstypisch vorhersehbarer Schaden).
- (3) In case of minor negligence we are liable for damages to property and financial loss only to the extent such damages are caused by the breach of an essential contractual duty. However our liability is limited to the damage typical and predictable under such contract (vertragstypisch vorhersehbarer Schaden).
- (4) Any liability for damages exceeding the liability described above is hereby waived regardless the basis and nature of such claim. This especially applies to claims based on tort (sec. 823 and 831 German Civil Code) but not to claims based on the German Act on Product Liability (Produkthaftungsgesetz).
- (5) We are not liable if the Client takes entrepreneurial decisions on the basis of our work, which then and on their own give rise to a loss (e.g. in connection with the evaluation of a market situation or a recommendation for use with regard to business policies).

- (6) We are not liable
- a) for non-observance or incorrect observance of foreign law.
  - b) for the correctness of the manufacturer's information on the reliability or performance of a data processing system recommended by DTZ.
  - c) for warranty defects with which a data processing system recommended by DTZ is affected.
  - d) for warranty defects which arise from software which we non-bindingly recommend.

#### Intellectual property protection

- (1) The Client is responsible for the surveys, reports, organisation plans, drafts, drawings, lists and calculations completed by the Contractor within the framework of the order only being used for the purposes contractually agreed and not being published without the express consent of the Contractor in each case. Passing on the consultancy works to a third party, including to companies allied with the Client, requires express written consent from the Contractor.
- (2) The Contractor is not liable to either a third party or the Client in case that the Client – whether or not entitled – makes the results of the work available to third parties; the Client releases DTZ from all third party claims in this event.
- (3) If a copyright or other protected right arises through the work being carried out by DTZ, then the Client is entitled to a non-exclusive, non-transferrable single usage right within the framework of the intended purpose of the contract concluded with the Client.
- (4) Prior consent from the Contractor is required for use of the work results for advertising purposes.
- (5) The (usage) rights granted to the Client do not prevent either DTZ Zadelhoff Tie Leung GmbH or another direct or indirect entity belonging to the world-wide „DTZ“ group from making future use of techniques, ideas, concepts or expertise which are gained whilst fulfilling the contract and are suitable for general use.

#### Return of documents

- (1) After the end of the consultancy agreement, the Contractor must on request from the Client return all documents that the Client or a third party has given him during the fulfilment of the order. This does not apply to correspondence between the parties neither to documents for which the Client already holds an original or copy, or for duplicates of surveys, reports, organisation plans, drafts, drawings, lists and calculations completed within the framework of the order. The Contractor may make copies of the documents which were given to him for the fulfilment of the order and retain these.
- (2) The Contractor may refuse to release documents received from the Client for the fulfilment of the order until his claims are met. This does not apply if the Client is only in arrears with a small portion of his payment.

#### Confidentiality, Data protection

- (1) The Contractor undertakes to maintain discretion about all data and information concerning the Client and not generally known, which become known to him whilst fulfilling the order.
- (2) DTZ is authorised to process personal data entrusted to it within the framework of the intended purpose of the order or to have this processed by a third party. DTZ shall take the necessary care that its staff or third parties commissioned by it observe the legislation on data protection.

#### Fee, offset

- (1) Besides his fee, the Contractor has a claim to reimbursement of expenses and payment of the then legal amount of sales tax. The Contractor can demand reasonable advances on his fee and his reimbursement of expenses.
- (2) The fee is due on presentation of invoice and is payable immediately without deductions.
- (3) If payment obligations are not met promptly the Contractor is entitled to make further provision of work dependent on the satisfaction of his claims.
- (4) If invoiced sums are not paid within 30 days of receipt of invoice, the Contractor is furthermore entitled to charge interest at the rate of 8 % points above the base interest rate. This does not exclude enforcement of further claims for delay.
- (5) Offsetting against claims of the Contractor for the fee and reimbursement of expenses is only permitted with claims which are not contested or are legally set.
- (6) Several Clients are liable jointly and severally.

#### Termination

- (1) Consultancy agreements can be terminated with a period of notice of fourteen days, unless the consultancy agreement provides for the fulfilment of consultancy or procedural support projects that are limited by time or circumstance, and it is for a flat fee (where relevant plus reimbursement of additional expenses). The right to terminate without notice is unaffected. Notice of termination must be given in writing to be effective.

#### Applicable law, place of jurisdiction, other

- (1) German law applies exclusively to the order, its fulfilment and claims arising from this.
- (2) If the Client is a businessman as defined by the German Commercial Code, or a public law legal entity or a public law special government estate, then the place of jurisdiction for all disputes is the legal domicile of DTZ, or at DTZ's discretion also the legal domicile of the Client.
- (3) Rights from the contractual relationship with the Contractor may only be transferred by the Client with prior consent from the Contractor.



Bringing You the Power of One™

# Update Report and Valuation

**Prepared on behalf of  
Elad Europe Ltd.**

Theodor-Heuss-Str. 2, 4, 6, 8,  
Alfred-Delp-Str. 1-4, 6, 8, 10, 12, 14, 16,  
Graf-von-Moltke-Str. 5-10,  
Dietrich-Bonhöfer-Str. 1, 3, 5  
21337 Lueneburg, Germany

Valuation date: 31.12.2011  
Report date: 27.03.2012

1065ELA





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<b>B</b>	<b>Valuation Terms, Conditions and Assumptions</b>
<b>C</b>	<b>Template Report</b>
<b>D</b>	<b>Sensitivity Analysis</b>
<b>E</b>	<b>Appraiser's Education</b>
<b>F</b>	<b>Terms &amp; Conditions of DTZ Zadelhoff Tie Leung GmbH</b>

## **Executive Summary**

**As at 31 December 2011**

**Lueneburg Asset, Germany**

### **Location and Situation**

With a population of approximately 72,000 inhabitants, the city of Lueneburg is the capital of the administrative district of Lueneburg. It is located in the federal state of Lower Saxony in the north of Germany.

### **Description**

The Property comprises 733 residential units. Most of the units have 2-3 rooms; the average unit size is approximately 72 sq m. The Property offers a lettable area of approximately 51,072 sq m.

### **Tenure**

We have been provided with extracts from the land register. As instructed we have valued the German equivalent of freehold and partly long-leasehold interest in the Properties.

### **Tenancies**

The Property is multi-let. The current vacancy rate is 8.0%.

### **Total Contracted Rental Income**

€2,914,000 p. a. (rounded)

(Two million, nine hundred and fourteen thousand euro)

### **Total Market Rent**

€3,149,000 per annum exclusive (rounded)

(Three million, one hundred and forty-nine thousand euro)



### **Necessary Capital Expenditure**

We have been provided with information regarding capital expenditure. Resulting from this we have considered the capital expenditure and have reflected this in our update valuation.

### **Market Value**

€30,990,000

(Thirty million, nine hundred and ninety thousand euro)

### **General Comments**

The update Valuation is based on the information provided as stated in the Report and the Appendices. This Summary should be read in conjunction with the full Valuation Report and the Appendices.



Elad Europe Ltd.  
Rietlandpark 125  
1019 DT Amsterdam  
The Netherlands

27 March 2012

Our ref: TMR  
Direct phone: +49 (0) 30 - 20 17 05-400  
Direct fax: +49 (0) 30 - 20 17 05-499  
Email: tino.mueller@dtz.com

**For the attention of Erez Yaari**

Dear Mr Yaari

## **Valuation of the Lueneburg Asset in Germany**

### **1 Terms of Instruction**

#### **1.1 Introduction**

In accordance with the letter of instruction by our client ELAD Europe Ltd. (the "Client"), dated 2 November 2011, we have re-valued the freehold and long-leasehold interest in the Property in order to advise you of our opinion of the Market Value as at 31 December 2011. We understand that the Property will be held as investment property. The Property is described in Appendix C of this Report, which forms an integral part hereof.

This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.

**DTZ Zadelhoff Tie Leung GmbH**

Potsdamer Platz · Linkstraße 2  
10785 Berlin  
Tel: +49(0)30 - 20 17 05-0  
Fax: +49(0)30 - 20 17 05-499  
www.dtz.com

DTZ Valuation zertifiziert nach DIN EN ISO 9001:2008





## **1.2 Purpose of Valuation**

We have been asked to undertake this update valuation by Mr Erez Yaari, the CFO of Elad Europe Ltd. We understand that the valuation is required for IFRS purpose, means for the financial statements for the year 2011 of Elad Europe Ltd.

We confirm that we have given our full consent to the inclusion of the valuation in its entirety within the 2011 financial statements and the periodic report of Elad Europe Ltd., which due to be published in Israel in March 2012.

### **1.1 Valuation Date**

The valuation date adopted is 31 December 2011.

### **1.2 Currency**

The rental values and the capital values are indicated in euro.

### **1.3 Jurisdiction**

The contents of the contract under which the indication is performed are subject exclusively to the law of the Federal Republic of Germany. The venue for any legal actions, as far as legally allowed, is Frankfurt am Main. This provision also applies to clients who are resident, or whose business is based, outside Germany.

### **1.4 Inspection**

The property was inspected externally and internally in the course of the initial valuation. The inspection has taken place on 14 April 2010.

We were able to inspect all types of use of the Property. We have not inspected woodwork, structural elements or other parts of the Property which are covered, unexposed or inaccessible, and such parts have been assumed to be in good state of repair and condition. We have also assumed that the buildings do not suffer from any design defects.

We have not re-inspected the Property. We assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.



## **1.5 Information**

The valuation is based upon the information provided. The information includes an updated rent roll, dated 07.11.2011.

We have made the Assumption that the information provided by Elad Germany 2011 GmbH to us in respect of the Property is both full and correct. It follows that we have made the Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

## **1.6 Compliance with RICS Valuation Standards**

We confirm that the valuation has been prepared in accordance with the appropriate sections of the RICS Valuation Standards, 7th Edition (the "Red Book"). This is an internationally accepted standard of valuation.

## **1.7 Status of Valuer and Conflicts of Interest**

We confirm that we have the knowledge, skills and understanding to undertake the valuation competently and that we have undertaken the valuation acting as an External Valuer qualified for the purposes of the valuation.

We further confirm that DTZ Zadelhoff Tie Leung GmbH has no current, anticipated or previous recent involvement with the Property and therefore do not consider that any conflict arises in preparing the advice requested.

DTZ Zadelhoff Tie Leung GmbH was a wholly owned subsidiary of DTZ Holdings plc (the "Group") until 5 December 2011, when all the trading subsidiaries of the Group (the "Subsidiaries") were sold to UGL Limited ("UGL"). In the Group's financial year ending 30 April 2011, the proportion of fees payable by the Fund/Company to the total fee income of the Group was less than 5%. UGL's financial year end is 30 June. We anticipate that the proportion of fees payable by the Fund/Company to the Subsidiaries in the financial year to 30 June 2012 will remain at less than 5%.

## **1.8 Limits of Liability**

Our liability for any errors and mistakes in our opinion on Market Value and/or standardised evaluation forms applies only to the extent that these were the result of either malicious intent or gross negligence. We assume no liability for any errors in the analysis which result from false, incomplete or faulty information supplied by the client and/or the vendor and their advisers.



Notwithstanding anything to the contrary contained elsewhere in the instruction, the total liability of DTZ arising under or in connection with this instruction shall not in any event exceed €1,180,000.

## 2 Basis of Valuation

Our opinion of the Market Value of the Property has been primarily derived using an estimate of the future potential net income generated by the use of the Property and comparable recent market transactions on arm's length terms.

In accordance with your instructions, we have undertaken our valuations on the following bases:

- a. Market Rent
- b. Market Value

We have set out the definition of the above-mentioned bases of valuation in Appendix A. Our Valuation Report is subject to our Standard Valuation Terms and Conditions and Assumptions, which are set out in Appendix B of this Valuation Report. In the event that any of our Assumptions prove to be incorrect, then our valuation should be reviewed.

### 2.1 Market Value

The value of the Property has been assessed in accordance with the relevant parts of the current RICS Valuation Standards. In particular, we have assessed Market Value in accordance with VS 3.2. Under these provisions, the term "Market Value" means:

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

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



## 2.2 Valuation Subject to a Special Assumption

The Glossary in the Red Book refers to an Assumption as a "supposition taken to be true". It involves facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. Where appropriate, the client has confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect, our valuation should be reviewed.

A Special Assumption is referred to in the Glossary in the Red Book as an "Assumption that either:

- requires the valuation to be based on facts that differ materially from those that exist at the date of valuation; or
- is one that a prospective purchaser (excluding a purchaser with a special interest) could not reasonably be expected to make at the date of valuation, having regard to prevailing market circumstances."

We have undertaken this valuation without any Special Assumption.

## 3 Property

The Property is described in detail in the template report in Appendix C of this Report. The address of the Property is D-21337 Lueneburg, Theodor-Heuss-Straße 2, 4, 6, 8, Alfred-Delp-Straße 1-4, 6, 8, 10, 12, 14, 16, Dietrich-Bonhoeffer-Straße 1, 3, 5, Graf-von-Moltke-Straße 5-10.

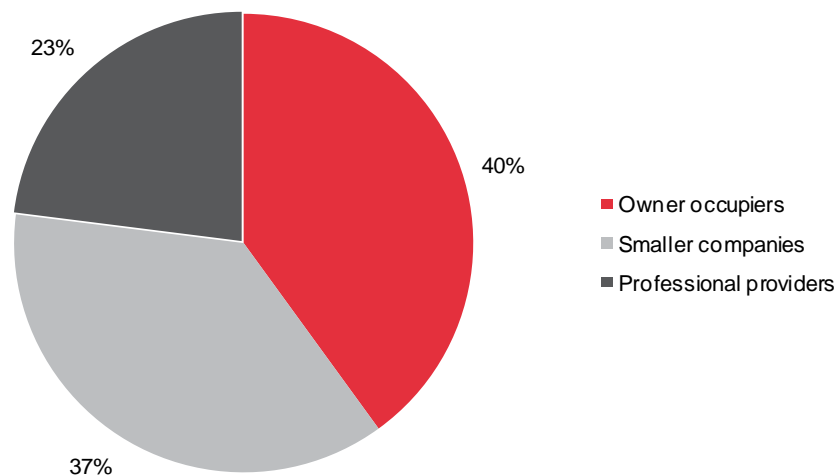
## 4 The German Residential Market

### 4.1 Residential Stock

Estimated by the Federal Statistical Office, at the end of 2010 around 40,318,500 residential units with approx. 3.5 billion sq m residential floor area were monitored statistically in Germany. The average residential unit size amounts to 86.7 sq m. Regarding the ownership structure, in 2006 40% were owned by owner-occupiers, 37% by smaller companies and only 23% by professional suppliers like public or private housing companies or associations.

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#### Ownership structure of the residential unit stock in Germany 2006




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*Source: Bundesministerium für Verkehr, Bau und Stadtentwicklung, Bundesamt für Bauwesen und Raumordnung*

Owner-occupiers and smaller companies, for whom letting is not the main business, make up a significant proportion, leading to market fragmentation. The Bundesinstitut für Bau-, Stadt- und Raumforschung (BBSR) expects that the percentage of owner-occupiers will rise to 45% by the year 2025.

Compared to other real estate sectors, the residential market is characterised by stable development of vacancy rates over the last years. According to the current Techem-empirica-vacancy index 2009, the vacancy rate for residential units in residential buildings with three or more apartments stood at 3.7%, representing no increase compared to 2008.

In East Germany (including Berlin) it decreased from 8.5% in 2001 to 5.8% in 2009, largely due to demolition of oversupply. In West Germany the vacancy rate increased slightly from 2.1% to 2.9% over the same period.

The development is shown in the following chart:

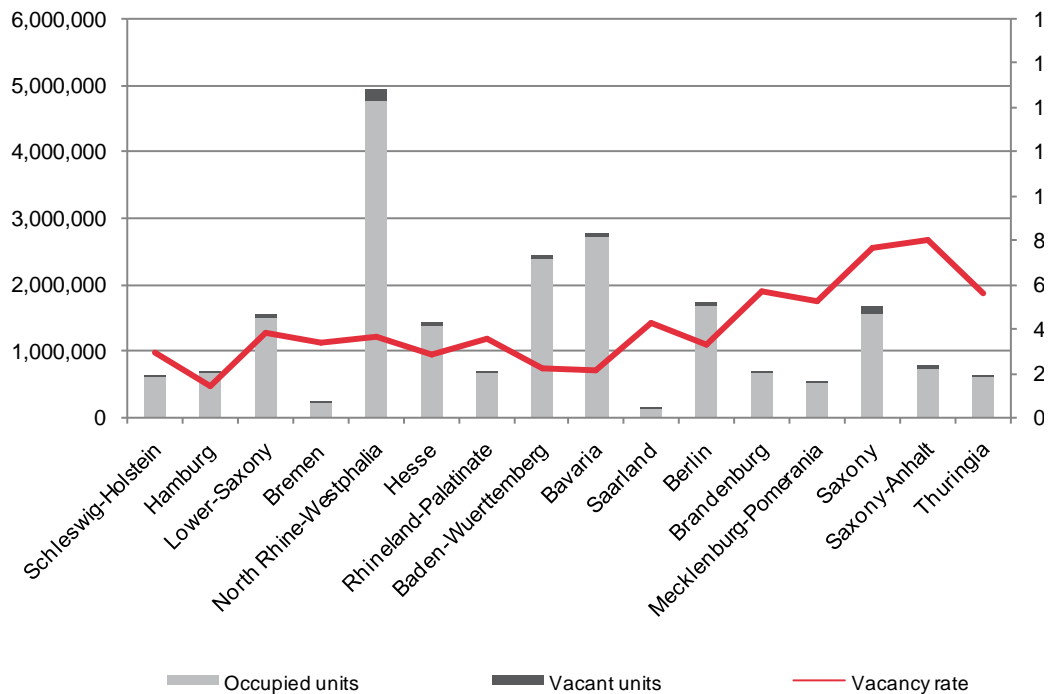
**Vacancy rate (apartment buildings) 2001-2009**



Source: Techem / empirica

The federal states of Hamburg (1.4%), Bavaria (2.1%) and Baden-Wuerttemberg (2.2%) exhibited the lowest vacancy rates, while Saxony (7.7%) and Saxony-Anhalt (8.0%) had the highest vacancy rates. Berlin had an average vacancy rate of 3.8%.

**Vacancy rates (apartment buildings) Federal States 2009**



Source: Techem / empirica

The forecast of housing demand by the BBSR implies that by the year 2025 vacancy rates will rise, particularly in apartment buildings.

According to current information provided by the Federal Statistical Office, between the month of July and September 2011, building permissions for 57,924 residential units were chartered, meaning an increase of approx. 2% compared to Q2 2011 and an increase of approx. 10% compared to Q3 2010. Hence, the trend initiated at the end of 2009 continued.<sup>1</sup>

LBS Research expects that altogether in 2011 225,000 building permissions have been chartered which means an increase of 20% compared to 2010. This increase is mostly due to owner-occupied flats and -homes (70%). For 2012 further growth is expected (5% and 235,000 permissions).

<sup>1</sup> Q4 data not available yet.



However, since 2001 housing construction activity approximately halved to around 160,000 residential units in 2010. But DZ Bank Research evaluates that 175,000 residential units have been built in 2011, meaning the highest increase compared to the respective previous year since 2006. Meanwhile, 80% of the housing construction activity takes place in the existing residential stock. In contrast, the construction activity in the segment of new buildings continues to decline.

## **4.2 Residential Demand**

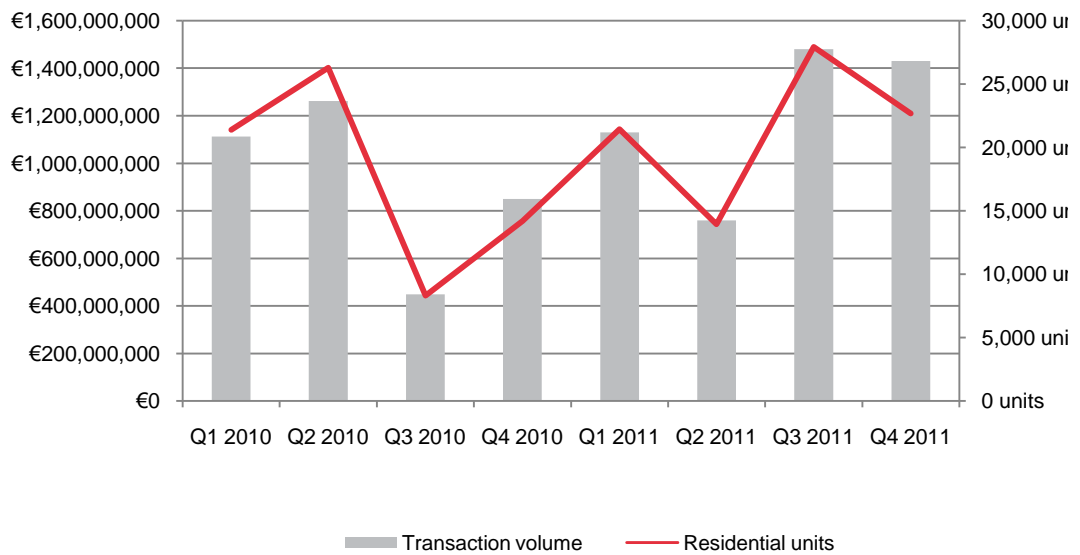
### **Transaction Volume**

According to BulwienGesa in 2011, 203 residential portfolios with a total volume of approx. 86,000 units were sold (stock market transactions excluded). The total investment volume is estimated to be approx. €4.80 billion, representing an increase of approx. 32% in comparison to 2010.

After a slump in activities in the third quarter of 2010, the numbers of transactions and the investment volume have been recovering extraordinarily fast and constantly rising to approx. 21,450 units and approx. €1.13 billion in Q1 2011. However, in Q2 2011 another decrease could be observed. In Q3 the highest transaction volume during the last two years has been reached (€1.48 billion) with only a slight decrease in the following current quarter (€1.43 billion).

The following chart shows the transaction volume and the number of traded units per quarter since Q1 2010:

**Transaction volume of residential portfolios and number of trade units**



Source: BulwienGesa

In comparison to Q3 2011, the average sale price per sq m increased from €790 to €940 (a plus of approx. 19%), reaching the highest level in 2011. In Q4 2011, the average number of units per deal has been significantly lower than in Q3 (405 units compared to 517 units).



The following data table shows the major transactions in Q4 2011:

Date	Type of transaction	Purchaser	Vendor	City/Region	Number of units	Purchase price/ Investment costs in €	Lettable area in sq m
Dec 11	Asset deal	Akelius GmbH	n/a	Berlin-Neukölln, -Wilmsdorf, -Prenzlauer Berg	228	n/a	13,640
Dec 11	Asset deal	FF2 (Luxembourgish subsidiary of Kompass Wohnen (Hamm))	Ohligser Wohnungsbau eG (insolvent company)/Eurohypo (security loan owner)	Solingen	506	n/a	n/a
Dec 11	Asset deal	Deutsche Zinshaus GmbH	Danish consortium of investors	Essen, Hilden, Mönchengladbach, Dortmund, Herne, Gelsenkirchen, Jülich, Oberhausen	140	n/a	7,878
Dec 11	Asset deal	Geld & Grund Immobilien GmbH	n/a	Müllheim/Breisgau	94	n/a	7,400
Dec 11	Asset deal	Südhausbau	n/a	Berlin	280	n/a	19,000
Dec 11	Development	Institutional investor	JK Wohnbau AG	Munich	203	40,000,000	n/a
Dec 11	Share deal	ZBI Zentral Boden Immobilien AG	Kronacher Wohnungsbau Gesellschaft (KWG)	Kronach	750	14,500,000 (94% shares)	n/a
Nov 11	Asset deal	Degewo, Gesobau	Corpus Sireo	Berlin	4,739	n/a	n/a
Nov 11	Asset deal	Westgrund AG	n/a	Berlin	270	9,500,000	n/a
Nov 11	Asset deal	Patrizia Gewerbeinvest	n/a	Mainz, Offenbach	190	n/a	n/a
Nov 11	Asset deal	Bendzko Immobilien	DKH Grundstücksverwaltungsgesellschaft mbH, Alius Berlin GmbH	Berlin	110	10,900,000	9,200

Date	Type of transaction	Purchaser	Vendor	City/Region	Number of units	Purchase price/ Investment costs in €	Lettable area in sq m
Nov 11	Asset deal	n/a	Magnat Real Estate	Eberswalde, Saalfeld, Rostock	1,500	100,000,000	85,000
Nov 11	Asset deal	GSW Immobilien AG	Gagfah	Berlin	4,800	330,000,000	312,000
Oct1 1	Development	n/a	Baywobau/GrundStein	Berlin-Kreuzberg	70	21,000,000	6,150
Oct1 1	Development	Quantum Immobilien KAG	Bauwens Development/Corpus Sireo Projektentwicklung Wohnen	Cologne-Marienburg	92	22,000,000	n/a
Oct1 1	Asset deal	TAG Immobilien AG	Private investor	Chemnitz	420	23,750,000	32,000
Oct1 1	Asset deal	German institutional investor	Foncière Développement Logements	Düsseldorf, Langenfeld, Hilden	1,163	78,000,000	n/a

Source: Thomas Daily

According to Dr. Lübke, in 2011 approx. €6.18 billion<sup>2</sup> (363 transactions, approx. 141,000 units) have been invested in residential accommodation (thereof €2.5 billion in Q4), meaning an increase of approx. 55% compared to 2010. The most popular investment market was Berlin with 82,730 residential units and a transaction volume of €2.5 billion (including the share deal of GSW and Gagfah), followed by Dusseldorf, Munich, Leipzig and Hamburg.

Dr. Lübke expects that in 2012 the total transaction volume will be at least in line with 2011, due to large transactions like LBBW, BayernLB and TLG. The focus of demand will be Berlin again, as the investors anticipate increasing rents due to increasing population and households going along with a relatively small supply of residential accommodation.

### Forecast of Demand

According to the population projection of the Federal Statistical Office, by the year 2025 a decrease of population from 81.5 (2010) to 78.8 million is expected.

<sup>2</sup> Recorded have been transactions with a volume of €1 million and higher.

But this process will go along with domestic migration, mostly of young people, especially towards conurbations with attractive employment opportunities. This will cause further increases in population and further surplus demand in growth regions.

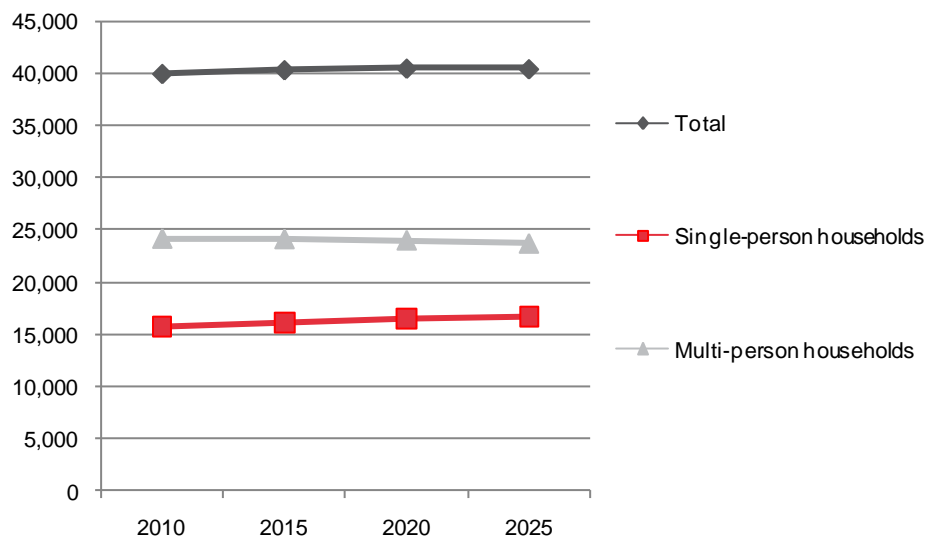
On the other side, according to a Variant of the “population projection” of the Federal Statistical Office, mostly areas in the eastern federal states (-8.5% by the year 2025) and less economically powerful regions in former West Germany will be affected by population decline. Nevertheless, according to Deutsche Bank Research, in regions where the forecasting error is high, opportunistic investors will show some interest.

However, overall demand for residential accommodation throughout Germany is expected to grow over the next ten years, despite of the declining population. The key reasons are the change in lifestyle causing growth in the number of single-person households, the reduction of the average size of households and the replacement requirement, due to aging of the estates.

The Federal Statistical Office predicts that between 2010 and 2025 the number of households will rise by 0.45 million to 40.49 million. The predicted development is shown in the figure below:

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**Expected development of single person and multi person households by 2025**




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*Source: Federal Statistical Office*

Demand will increase for both, affordable housing and high-quality accommodation, particularly in city centre locations, due to the increasing spread of household income.

According to a lower and an upper scenario variant in the forecast of residential unit demand by the Bundesinstitut für Bau-, Stadt- und Raumforschung with different assumptions concerning the population and household development and the national and international migration, housing units in Germany will need to increase by 2025 at an average of 183,000 in the lower variant (West Germany: 154,000, East Germany: 29,000) or 256,000 in the upper variant (West Germany: 215,000, East Germany: 41,000) per year.

The forecasted development in the lower scenario variant, which furthermore differentiates between residential units in one or two family houses and apartment buildings, is shown below:

#### Expected residential unit demand by 2025

<b>New residential units in West Germany</b>	<b>2010 bis 2025 p.a.</b>	<b>2010 bis 2015 p.a.</b>	<b>2016 bis 2020 p.a.</b>	<b>2021 bis 2025 p.a.</b>
Residential units in one and two family houses	<b>98,000</b>	103,000	97,000	93,000
Residential units in apartment buildings	<b>55,000</b>	56,000	58,000	52,000
<b>Total</b>	<b>154,000</b>	159,000	155,000	145,000
<b>New residential units in East Germany</b>	<b>2010 bis 2025 p.a.</b>	<b>2010 bis 2015 p.a.</b>	<b>2016 bis 2020 p.a.</b>	<b>2021 bis 2025 p.a.</b>
Residential units in one and two family houses	<b>17,000</b>	19,000	18,000	14,000
Residential units in apartment buildings	<b>12,000</b>	15,000	12,000	10,000
<b>Total</b>	<b>29,000</b>	33,000	30,000	24,000

Source: BBSR

It has to be pointed out, that the increasing demand will come from owner occupiers (increase by 15.5%) and not from new tenants (decline by 4.9%). Especially demand for rented flats is expected to decrease by an average of 0.5% per year.

Nevertheless a relatively high investment potential for new apartment buildings (ownership and tenancy) is seen in Berlin, the Rhein-Main-Taunus district and the southern regions of Bavaria and Baden-Wuerttemberg.

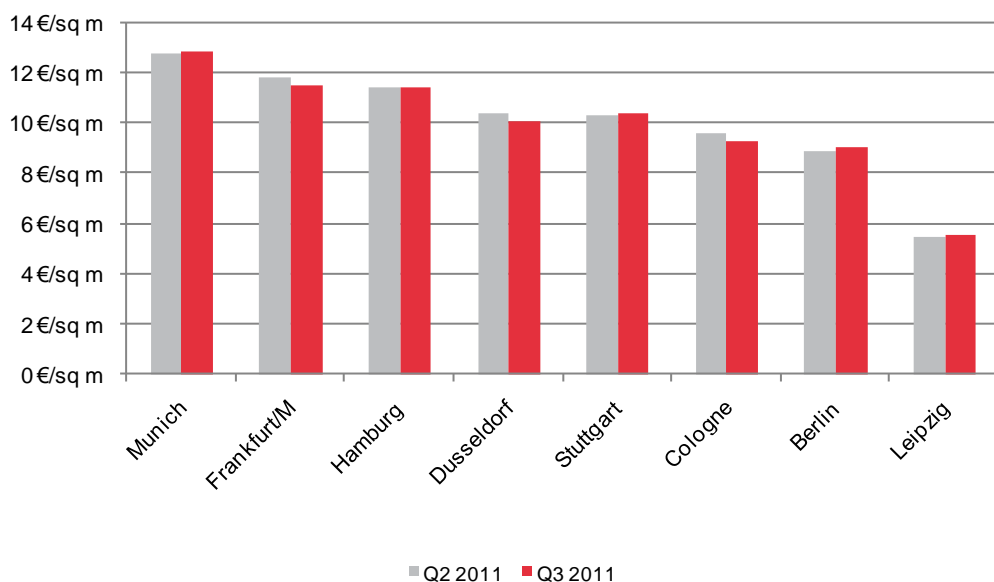
### 4.3 Market Prices

#### Letting Market

According to the BBSR, the average asking rent for apartments in Germany 2010 was €6.20 (West Germany: €6.54, East Germany: €5.32). In 2011, the IVD (Immobilienverband Deutschland) observed an average increase of 2.1% for rents in existing apartments built after 1949 and an increase of 2.9% for existing apartments built before 1948. Taken into account that the average inflation rate in 2011 has been 2.4%, these increases have to be seen in relative terms. However, the development took place differently across the regional markets. For example in big cities the average increase has been 5.8% (apartments built before 1948) and 3.8% (apartments built after 1949).

The changes across the top eight markets in Germany between Q2 2011 and Q3 2011<sup>3</sup> can be seen in the following chart based on the current survey of Empirica concerning the asking rents for residential units between 60-80 sq m that are in good condition and constructed after 2000:

**Development of average asking rents of apartments per sq m (60 to 80 sq m with good quality, constructed after 2000) between Q2 2011 and Q3 2011**



Source: empirica

<sup>3</sup> Q4 data not available yet.

An increase of asking rents of 1% was observed in Munich, Stuttgart and Berlin. A decrease was seen in Frankfurt/M, Dusseldorf and Cologne. In Hamburg and Leipzig the rents remained stable.

The highest residential rents are still achieved in Munich (€12.89 per sq m per month), Frankfurt (€11.56 per sq m per month) and Hamburg (€11.46 per sq m per month).

An increase of asking rents of 1% was observed in Munich, Stuttgart and Berlin. A decrease was seen in Frankfurt/M, Dusseldorf and Cologne. In Hamburg and Leipzig the rents remained stable.

The highest residential rents are still achieved in Munich (€12.89 per sq m per month), Frankfurt (€11.56 per sq m per month) and Hamburg (€11.46 per sq m per month). According to the IVD, in 2012 the rents will rise further in bigger cities due to a backlog of demand.

## **Investment Market**

After the financial crisis the multipliers and average sales prices for residential accommodation recovered on a lower level and remained on a constant level in 2009 and 2010. According to DZ Bank Research, in 2011 the prices for residential accommodation have been rising about approx. 3% compared to 2010 due to a good overall employment situation, favourable financing conditions and the demand for stable investments. However, a limiting factor has been the slight population decrease. The gap between East Germany and West Germany has been reduced in 2011.

The highest increase of purchase prices was observed in attractive big cities. In good locations prices were rising faster than the rents. According to Aengevelt research, multipliers for residential accommodation with good quality in top locations have been ranging up to 20-times.

This development is awaited to continue and may cause a shift towards the office market (portfolio transactions with diversified locations and qualities excluded). In 2012 throughout Germany the same overall increase in prices is expected.



## **5 Valuation Assumptions**

### **5.1 Market Value**

We have valued the Property adopting a discounted cash flow approach, supported by comparable evidence. The valuation date adopted is 31 December 2011. If there are changes regarding information on costs, tenancies and market conditions, the Market Value may change.

#### **Valuation Method**

We have valued the Property on the basis of a ten years discounted cash flow model. The DCF calculation is a valuation of rental income considering non-recoverable costs and applying a discount rate income over the ten years period. After ten years to the net a terminal value (exit scenario) is calculated, using a cap rate reflecting the more uncertain future income.

#### **Assumptions**

We have not taken into account any costs which would be payable by a vendor of the Property. The capital valuation and rents included in this Valuation Report are net of value added tax at the prevailing rate.

#### **Current Rental Income**

The calculated rental income refers to the provided rent roll. Please refer to the template Report in Appendix C. Possible extension options and automatic extensions have not been considered in the valuation.

#### **Calculation of Market Rent**

We verified the contractual rent by lease comparables. We have estimated an overall Market Rent after expiry of the lease terms. This result in a total aggregated Market Rent for the Property of €3,149,000 per annum (rounded) as at 31 December 2011. For details please refer to the individual template report in Appendix C.



### **Derivation of the Discount and Cap Rate**

The discount rate represents the unleveraged internal rate of return for the Property. Therefore, we have derivate the discount rate from comparable investment evidences considering individual risks regarding the buildings and location qualities. We have adopted individual discount rates and we refer to the template report in Appendix C.

In order to capitalise the net rental income on market level, we have assumed an exit in year ten. To determine the capitalisation rate we have considered the quality of the building and location and compared this to the general investment market and recent transactions as described in the template report.

**Please note: If there are changes regarding information on costs, tenancies and market conditions, the Market Value may change.**



## **6 Valuation Results**

### **6.1 Market Rent**

We are of the opinion that the Market Rent of the Property as at 31 December 2011, subject to the Assumptions and comments contained in this Report and its Appendices is:

**€3,149,000 per annum exclusive (rounded)**

**(Three million, one hundred and forty-nine thousand euro)**

### **6.2 Market Value**

We are of the opinion that the Market Value as at 31 December 2011 of the freehold interest in the Property, subject to the existing tenancies and subject to the Assumptions and comments in this update Valuation Report and the Appendices, excluding purchaser's costs is:

**€30,990,000**

**(Thirty million, nine hundred and ninety thousand euro)**

We have provided copies of Argus computer printouts in Appendix C. In order to understand these calculations you should note the comments in Appendix B under "Valuation computer printouts".



## 7 Confidentiality and Disclosure

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

Unless otherwise agreed in the engagement agreement, such approval is required for the avoidance of doubt whether or not DTZ Zadelhoff Tie Leung GmbH is referred to by name and whether or not the contents of our Report and valuation are combined with others.

Yours sincerely

27 March 2012

27 March 2012

**i.V. Tino Müller MRICS**  
**Associate Director**  
**FOR AND ON BEHALF OF**  
**DTZ ZADELHOFF TIE LEUNG GMBH**

**ppa. Klaus Dallafina MRICS**  
**Senior Director, Head of Valuation**  
**FOR AND ON BEHALF OF**  
**DTZ ZADELHOFF TIE LEUNG GMBH**

### Appendices

- A Assumptions and Definitions**
- B Valuation Terms, Conditions and Assumptions**
- C Template Report**
- D Sensitivity Analysis**
- E Appraiser's Education**
- F Terms & Conditions of DTZ Zadelhoff Tie Leung GmbH**



## **Appendix A**

### **Assumptions and Definitions**



## **1 Assumptions and Definitions**

### **1.1 Valuation Conditions and Assumptions**

These are the conditions and Assumptions upon which our valuations and report are normally prepared and form an integral part of our appointment together with our related Engagement Letter and DTZ Terms and Conditions. Unless otherwise referred to in this Valuation Report these conditions and Assumptions apply to the valuation(s) that are the subject of this Valuation Report. We have made certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, our valuations that we have not verified as part of the valuation process but rather, as referred to in the Glossary to the RICS Valuation Standards (Red Book), have treated as “a supposition taken to be true”. In the event that any of these Assumptions prove to be incorrect then our valuation(s) will need to be reviewed.

### **1.2 Bases of Valuation**

The Property has been valued on the bases set out in Section 2.1 of this Valuation Report and defined in Appendix B of this Valuation Report.

### **1.3 Title**

We have not had access to the title deeds of the Property. Unless specifically advised to the contrary by you or your legal adviser, we have made the Assumption that titles are good and marketable and are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also made the Assumption that the Property is free from mortgages, charges or other encumbrances.

Where a Certificate of Title has been made available, we have reflected its contents in our valuation(s). Save as disclosed either in any such Certificate of Title or as referred to in our Valuation Report, we have made the Assumption that there is good and marketable title and that the Property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also made the Assumption that the Property are free from mortgages, charges or other encumbrances.

Where a Valuation Report contains site plans these are based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, our understanding of the extent of title based on site inspections or copy title plans supplied to us. If verification of the accuracy of these plans is required the matter must be referred by you to your solicitors.



#### **1.4 Condition of Structure and Services, Deleterious Materials**

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

Our valuation(s) has/have taken account of the general condition of the Property as observed from the valuation inspection. Where a separate condition or structural survey has been undertaken and made available to us, we have reflected the contents of the survey report in our valuation(s), and we may have discussed the report with the originating surveyor.

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

Unless access is readily available, we will not be able to gain access to the roof or roof voids and we shall thus make the Assumption that inspection of those parts will not reveal defects of which we are not aware, would have an adverse effect on the value or the saleability of the Property.

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

We have not carried out an asbestos inspection and have not acted as an asbestos inspector in completing the valuation inspection of property that may fall within the Control of Asbestos at Work Regulations 2002. We have not made an enquiry of the duty holder (as defined in the Control of Asbestos at Work Regulations 2002), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made.

Where relevant, we have made the Assumption that there is a duty holder, as defined in the Asbestos at Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract or pre-loan enquiries.

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

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

In the case of new Property, the construction of which has not been commenced or completed, or of Property built within the last ten years, we shall make the Assumption that the construction will be/has been satisfactorily completed and that it will be/has been built according to all relevant statutory requirements.

### **1.5 Plant and Machinery**

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

### **1.6 Goodwill**

No account has been taken in our valuation(s) of any business goodwill that may arise from the present occupation of the Property.

### **1.7 Floor Areas and Inspections**

Unless referred to otherwise in our Valuation Report, we have physically inspected the Property and have either carried out a measured survey or have calculated floor areas from plans provided by the Applicant or their agents, supported by check measurements on site. Measurement has been in accordance with the current Code of Measuring Practice (DIN 277 and/or gif Gesellschaft für Immobilienwirtschaftliche Forschung e.V.).

Where we were not instructed to measure and calculate the floor areas, we have applied floor areas provided by the Applicant or their agents. We have made the Assumption that



these areas have been measured and calculated in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors.

## **1.8 Environmental Matters**

We have made the enquiries referred to in Section 3 of this Valuation Report regarding environmental matters including contamination and flooding, and we have had regard to any environmental reports referred to in Section 3 of this Valuation Report. However, we have not undertaken a formal environmental assessment.

Where our enquiries have lead us to believe that the Property are unaffected by contamination, flooding or other environmental problems, then, unless you have instructed us otherwise, our valuation is based on the Assumption that no contamination or other adverse environmental matters exist in relation to the Property sufficient to affect value.

## **1.9 Statutory Requirements and Planning**

We have made verbal or written enquiries or an inspection of the website of the relevant planning authorities as referred to in Section 3 of this Valuation Report as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect Property values. We have also sought to ascertain whether any outstanding planning applications exist which may affect the Property, and whether it is listed or included in a conservation area. We have also attempted to verify the existing permitted use of the Property, and endeavoured to have sight of any copies of planning permissions. The results of these enquiries are in Section 3 of this Valuation Report.

Save as disclosed in a certificate of title or unless otherwise advised, and unless otherwise referred to in this Valuation Report we have made the Assumption that the building has been constructed in full compliance with valid town planning and building regulations approvals and that where necessary has the benefit of current fire risk assessments compliant with the requirements of the regulatory reform (fire safety) order. Similarly, we have also made the Assumption that the Property are not subject to any outstanding statutory notices as to its construction, use or occupation and that the existing use of the Property are duly authorised or established and that no adverse planning conditions or restrictions apply.

We have made the Assumption that the Property complies with all relevant statutory requirements.

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We assume that, if you should need to rely



upon the information given about town planning matters, your solicitors would be instructed to institute such formal searches.

In instances where we have valued Property with the benefit of a recently granted planning consent or on the Special Assumption that planning consent is granted, we have made an assumption that it will not be challenged under judicial review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the Property, or the area in which it is located) within a period of three months of the granting of a planning consent.

If a planning consent is subject to judicial review, we must be informed and asked to reconsider our opinion of value. Advice would be required from your lawyer and a town planner, to obtain their opinion of the potential outcomes of such a judicial review, which we will reflect in our reconsideration of value.

### **1.10 Leasing**

We have read all the leases and related documents provided to us, subject to the provisions of paragraph 1.12 below. We have made an Assumption that copies of all relevant documents have been sent to us and that they are complete and up to date.

We have not undertaken investigations into the financial strength of any tenant(s). Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have made the Assumption that:

- a. where a Property is occupied under leases then the tenants are financially in a position to meet their obligations, and
- b. there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

However, our valuation(s) reflect the market's general perception of the credit worthiness of the type of tenant(s) actually in occupation or responsible for meeting lease commitments, or likely to be in occupation.

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

### **1.11 Legal Issues**

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted for the true interpretation of the legal position of our client or other parties.



Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the valuation of the Property and our Valuation Report will include a statement to this effect.

### **1.12 Information**

We have made the Assumption that the information provided by the Client, the Applicant and your respective professional advisers in respect of the Property we have valued is both full and correct. We have made the Assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

### **1.13 Deduction of Notional Purchaser's Costs**

The Market Value which we have attributed to the Property is the figure we consider would appear in a contract for sale, subject to the appropriate assumptions for this Basis of Value. Where appropriate, we have made an allowance in respect of stamp duty and purchaser's costs.

### **1.14 Taxation and costs**

No adjustment has been made to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. Furthermore, no allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

Our valuation figure for each Property is that receivable by the willing seller excluding VAT, if applicable. We have made a deduction to reflect a purchaser's acquisition costs.

### **1.15 Vacant Possession Value**

For the assessment of the Vacant Possession Value we assumed void and marketing periods for the Property depending on the location, layout and demand. We applied an increased discount rate in order to reflect the risk of not fully letting the Property and typically of an unchanged exit cap rate.

Unless otherwise stated, all other variables have been chosen in accordance with the assessment of the Market Value.

### **1.16 Estimated Reinstatement Cost Assessment**

We have considered the extent and nature of the building and an estimated reinstatement cost assessment has been undertaken as part of our normal valuation exercise. We have not carried out a formal reinstatement cost assessment through our Building Consultancy Division. Our assessment should be treated as a guide only and should not be relied upon. It should be used for comparative purposes only against the borrower's proposed reinstatement cover. Should any discrepancies arise, a formal reinstatement cost assessment should be commissioned.

The figures set out in our Valuation Report are our assessment of the cost of reconstructing the Property at the date of valuation. They include an allowance for demolition, removal of debris, temporary shoring, statutory and professional fees which are likely to be incurred on reconstruction, but exclude any allowance for VAT. If you are unable to recover VAT, or can recover part only, you should advise your insurers and increase the base sum insured appropriately. The figures make no allowance for loss of rent during the rebuilding period, nor for inflation, nor the cost of dealing with any contamination which may be present and have to be dealt with prior to reconstruction. The assessment does not provide advice in respect of terrorist damage cover and you should consult with your insurers in respect of this.

We have assumed that the reinstated building and its use would be similar to that existing, and the replacement building would be to the original design, in modern materials, using modern techniques to modern standards.

### **1.17 Property in the Course of Development or Requiring Refurbishment**

Unless otherwise referred to in the Valuation Report, we have relied upon information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date, as advised by the owner of the Property or their professional advisers.

Unless otherwise referred to in the Valuation Report, our valuation of the completed building has been based on the Assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specifications, current British standards and any relevant codes of practice. We have also made the Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, which will be assignable to third parties.



## **Appendix B**

### **Valuation Terms, Conditions and Assumptions**

## 2 Definitions of the Bases of Valuation

The Property has been valued in accordance with the relevant parts of the current RICS Valuation Standards (the “Red Book”). In particular, the bases of valuation are as follows:

### 2.1 Market Value

We have assessed Market Value in accordance with Valuation Standard 3.2. Under these provisions, the term “Market Value” means “*The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.*”

In undertaking our valuation on the basis of Market Value we have applied the conceptual framework which has been settled by the International Valuation Standards Committee (IVSC). The conceptual framework is included in VS 3.2 and is reproduced below:

"3.2 The term *property* is used because the focus of these Standards is the valuation of property. Because these Standards encompass financial reporting, the term *Asset* may be substituted for general application of the definition. Each element of the definition has its own conceptual framework.

3.2.1 '***The estimated amount ...***' Refers to a price expressed in terms of money (normally in the local currency) payable for the property in an arm's-length market transaction. *Market Value* is measured as the most probable price reasonably obtainable in the market at the date of valuation in keeping with the *Market Value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *Special Value*.

3.2.2 '***... a property should exchange ...***' Refers to the fact that the value of an asset is an estimated amount rather than a predetermined or actual sale price. It is the price at which the market expects a transaction that meets all other elements of the *Market Value* definition should be completed on the date of valuation.

3.2.3 '***... on the date of valuation ...***' Requires that the estimated *Market Value* is time-specific as of a given date. As markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made.

3.2.4 '***... between a willing buyer ...***' Refers to one who is motivated, but not compelled to buy. This buyer is neither over-eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than on an imaginary or hypothetical market which cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present property owner is included

among those who constitute 'the market'. A valuer must not make unrealistic assumptions about market conditions or assume a level of Market Value above that which is reasonably obtainable.

- 3.2.5 '**... a willing seller ...**' Is neither an over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the property at market terms for the best price attainable in the (open) market after proper marketing, whatever that price may be. The factual circumstances of the actual property owner are not a part of this consideration because the 'willing seller' is a hypothetical owner.
- 3.2.6 '**... in an arm's-length transaction ...**' Is one between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) which may make the price level uncharacteristic of the market or inflated because of an element of *Special Value*, (defined in IVSC Standard 2, para. 3.11). The *Market Value* transaction is presumed to be between unrelated parties each acting independently.
- 3.2.7 '**... after proper marketing ...**' Means that the property would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The length of exposure time may vary with market conditions, but must be sufficient to allow the property to be brought to the attention of an adequate number of potential purchasers. The exposure period occurs prior to the valuation date.
- 3.2.8 '**... wherein the parties had each acted knowledgeably, prudently ...**' Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the property, its actual and potential uses and the state of the market as of the date of valuation. Each is further presumed to act for self-interest with that knowledge and prudently to seek the best price for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the date of valuation, not with benefit of hindsight at some later date. It is not necessarily imprudent for a seller to sell property in a market with falling prices at a price which is lower than previous market levels. In such cases, as is true for other purchase and sale situations in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time.
- 3.2.9 '**... and without compulsion**' Establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.
- 3.3 *Market Value* is understood as the value of a property estimated without regard to costs of sale or purchase and without offset of any associated taxes."

## 2.2 Market Rent

We have assessed Market Rent in accordance with Valuation Standard 3.3. Under these provisions the term "Market Rent" means *'The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.'*

The commentary is reproduced below.

"1. The definition of Market Rent is the Market Value (MV) definition modified by the substitution of a willing lessor and willing lessee for a willing buyer and willing seller, and an additional Assumption that the letting will be on 'appropriate lease terms'. This definition must be applied in accordance with the conceptual framework of MV at VS 3.2, together with the following supplementary commentary:

### 1.1 *'...willing lessor and willing lessee...'*

The change in the description of the parties simply reflects the nature of the transaction. The willing lessor is possessed with the same characteristics as the willing seller, and the willing lessee with the same characteristics as the willing buyer, save that the word 'price' in the conceptual framework to MV should be changed to 'rent', the word 'sell' changed to 'let' and the word 'buy' changed to 'lease'.

### 1.2 *'...appropriate lease terms...'*

MR will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews, and the responsibilities of the parties for maintenance and outgoings, will all impact on MR. In certain states, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate. Valuers must therefore take care to set out clearly the principal lease terms that are assumed when providing MR.

If it is the market norm for lettings to include a payment or concession by one party to the other as an incentive to enter into a lease, and this is reflected in the general level of rents agreed, the MR should also be expressed on this basis. The nature of the incentive assumed must be stated by the valuer, along with the assumed lease terms.

MR will normally be used to indicate the amount for which a vacant property may be let, or for which a let property may re-let when the existing lease terminates. Market Rent is not a suitable basis for settling the amount of rent payable under a rent review provision in a lease, where the actual definitions and Assumptions have to be used."



## 2.3 Yields

References to yields are made in the Report. According to “gif”, Society of Property Researchers, Germany these terms are defined as follows:

Gross initial yield: Contractual rent divided by Market Value (exclusive purchaser’s costs)

Net initial yield: Net rental income (contractual rent less operating costs) divided by gross Market Value (inclusive purchaser’s costs)

If references to the German “Cold” Multiplier are made in the Valuation Report this term is defined as follows:

German “Cold” Multiplier: Market Value divided by contractual rent

## 2.4 Valuation Computer Print Outs – Explanatory Notes

Where we have provided copies of computer print outs produced by Argus Valuation - Capitalisation, you should note the following in order to understand the valuations:

### 2.4.1 Valuation Summary Print Out

#### Gross rent

The current gross rent represents the total income receivable from the Property at the date of valuation. In the case where a rent review is outstanding at the date of valuation and a reversionary increase is anticipated, the gross rent includes the reversionary increase as if it were payable at the date of valuation.

Similarly if a lease has expired but for the purposes of the valuation it is assumed that the tenant will renew the lease at current rental value, the gross rent includes the rental value of that particular lease.



## **Net rent**

The current net rent represents the current gross rent less any or all of the following:

- a. Ground rent
- b. Irrecoverable revenue outgoings
- c. Loss of income due to a permanent void allowance.

## **Running yields**

The running yield at any given point in time represents the return generated by the net rent as a percentage of the gross value before deduction of purchaser's costs. Where we have made capital deductions or additions to reflect matters such as the cost of works or letting fees, or premium receipts, yields are calculated against a sum equal to the net value plus purchaser's costs and any such capital deductions or minus any such capital receipts.

## **Rounding**

The initial, running and equivalent yields are calculated against capital values prior to rounding. The variation in yields calculated before rounding compared with those calculated after rounding is not material.

### **2.4.2 Tenancy Details Print Out**

#### **Gross income**

The actual contracted gross income received at the date of valuation is shown at the foot of the tenancy schedule. This sum ignores potential increases further to outstanding reviews and lease renewals.

#### **Rounded rent**

The rounded rent for each tenancy is reflected in the valuation calculation.



## **Appendix C**

### **Template Report**

**Report for:** Theodor-Heuss-Str. 2, 4, 6, 8, Alfred-Delp-Str. 1-4, 6, 8, 10, 12, 14, 16, Graf-von-Moltke-Str. 5-10, Dietrich-Bonhöfer-Str. 1, 3, 5; 21337 Lueneburg

**Prepared for:** Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin

**Prepared by:** DTZ Zadelhoff Tie Leung



Rear part of the building complex



Entrance area



Parking facilities

**GENERAL**

<b>Address</b>	Theodor-Heuss-Str., etc. 21337 Lüneburg Germany	<b>Date of valuation</b>	31/12/2011
		<b>Date of inspection</b>	14/04/2010
		<b>Valuation methods</b>	DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung

**BASIS OF VALUATION**

**Scope of work** MARKET VALUE

In accordance with your instructions, we have inspected the above Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (7th Edition).

**Type of information**

- Draft lease contract	<input type="checkbox"/>	- Technical due diligence	<input type="checkbox"/>
- Land registry	<input checked="" type="checkbox"/>	- Environmental risk assessment	<input type="checkbox"/>
- Floor plans	<input checked="" type="checkbox"/>	- Tenancy schedule	<input checked="" type="checkbox"/>
- Cost schedule (Capex)	<input checked="" type="checkbox"/>	- Area calculation	<input type="checkbox"/>
- Cadastral map	<input checked="" type="checkbox"/>	- Registry of public land charges	<input type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>		

**DISCLAIMER**

<b>Purpose of valuation</b>	Update valuation for IFRS purpose	
<b>Inspection</b>	Full inspection	(internally where access was possible)
<b>Information provided by</b>	Client	

The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose. Furthermore, it is based on the following:

A cost schedule provided by Elad Germany, dated January 2007. Whenever we have reflected capital expenditure in the valuation, the data has been extracted from the preceding source. We have adopted the lettable areas as stated in the rent roll. Please note parts of the Property are held as leasehold. Please refer to our comments on page 3 and 6 of this template report.

This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 07.11.2011. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.

**VALUATION SUMMARY**

<b>Owner</b>	TGE Lüneburg GmbH, Friedberg		
<b>Property type</b>	Residential		
<b>Year of construction</b>	1970		
<b>Valuation year</b>	2011		
<b>Type of ownership</b>	Freehold (Partly leasehold)		
<b>Size of plot</b>	32,571 sq m		

**LETTABLE AREAS**

	Total	Thereof let	Thereof vacant	in %
Office	-	-	-	-
Retail	-	-	-	-
Residential	51,072 sq m	46,989 sq m	4,084 sq m	8%
Other	-	-	-	-
Units	444 units	180 units	264 units	59%
<b>Total</b>	<b>51,072 sq m</b>	<b>46,989 sq m</b>	<b>4,084 sq m</b>	<b>8%</b>

**RENTAL VALUES**

Current rent per month	242,834 €
Current rent per year	2,914,004 €
Gross rent year 1	2,953,014 €
Net rent year 1	2,344,250 €
Market rent	3,148,809 €

**MARKET VALUE**

Gross present value	33,470,192 €	Multiplier as-is	10.6
Less purchaser's costs	@ 8.00%	NIY on year 1	7.0%
Net present value	30,990,919 €	Multiplier market	9.8
<b>Market Value</b>	<b>30,990,000 €</b>	NRV	7.7%
Market Value per sq m lettable area	607 €		



## PROPERTY DESCRIPTION

### Asset type

The Property was built in 1970. It comprises several building parts with up to eight-storeys over basement including 709 residential units, parking facilities and green areas.

### Location on site

The Property is located in Lüneburg in a sole residential area characterised by predominantly multi-family houses. The surrounding area is characterised by similar residential blocks. The area is subject to infrastructural improvements including local services and refurbishments.

### Building description

The Property consists of eight residential blocks, providing high density residential apartments. The building structure is of reinforced concrete with flat bitumen-lined roofs and a red brick facade. The number of storeys varies between three and eight. Furthermore, the Property comprises three car parks constructed of concrete, built over several levels and open parking facilities on site. The Property appears run-down and is likely to require refurbishment works in the near future.

### Description and fit-out of the areas

The Property comprises 735 residential units. Most of the units have 2-3 rooms, the average unit size is 72 sq m. During inspection we were able to inspect several vacant units. According to the information provided during inspection several units have been recently refurbished with new bathrooms, new laminate flooring and the electrical installations within the accommodations have been renewed. We assume that the remaining units are overall in need of refurbishment. All units are fitted with balconies or loggias and each building is fitted with a district heating system. Warm water supply is provided centrally.

## PROPERTY CONDITION

The Property has a considerable repair backlog. For further information we refer to the costs schedule provided by Elad Germany.

Rating (A very good - D poor)

Comment:

Exterior C  
Interior C  
General impression C

## REPORT ON TITLE

**Owner** TGE Lüneburg GmbH, Friedberg; TGE Holdings GmbH, Hamburg

### Registry section

Local court Lüneburg  
Land registry of Lüneburg  
Page freehold 32566, 32064, 32563, 32565, 11388, 32567  
Page leasehold 32571  
No. of parcels freehold 42/629, 42/455, 42/385, 42/387, 42/388, 42/390, 556/1, 556/2, 42/962, 42/451, 42/199, 42/200, 65/60, 65/63, 540, 42/442, 501/1, 501/2, 42/176, 42/177, 42/179, 42/182, 42/184, 42/188, 42/192, 537, 538, 550, 555/1, 555/2, 499/1,  
No. of parcels freehold 42/433, 42/ 434, 42/436

Type of use Building and undeveloped area

### Section II

Limited personal easement (Transformationsstationsrecht) on plot 42/629, 42/391, 42/199, entered 29.8.2000  
Limited personal easement (Parkanlagenrecht) on plot 501/1, 501/2, 42/185, 42/433, 42/434, 42/436, entered 22.9.2000  
Limited personal easement (Brunnenbohrungsrecht) on 42/185, entered 4.9.2000

### Comments

Parts of the Property are held as leasehold following an agreement with the town of Lüneburg expiring in October 2059. The town of Lüneburg has a pre-emption right for the respective areas. Furthermore, major parts of the Property are located within a formally designated redevelopment area.

### Section III

Entries in Section III have not been considered in this valuation.

Date of copy of title  
various

## INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)

We have been provided with an extract from the building restrictions register.

## INFORMATION ON LISTING STATUS

Building complex not listed   
Building complex listed   
Historical monument (Baudenkmal)   
Historical building ensemble (Ensembleschutz)   
Information not available

## INFORMATION ON SUBSIDIES

Subsidised   
Partly subsidised   
Not subsidised   
Information not available

## INFORMATION ON LOCATION

### MACRO LOCATION

Country	Germany
Federal state	Lower Saxony
Region	Lüneburg
City	Lüneburg
District	District
Name of district	n/a

### PLANNING SITUATION

Zoning plan (Flächennutzungsplan)	Yes
Legally binding development plan (Bebauungsplan)	Yes
Number/name of development plan	Kaltenmoor, 5. Änderung
Development plan dated	26/06/1972
Designated area	Pure residential area (WR)
Site coverage (GRZ)	0.9
Plot ratio (GFZ)	1
Comment	

### DEMOGRAPHIC DATA

Inhabitants	71,940	October 2011
Unemployment rate	5.70%	July 2011
Purchasing power index	98.80	2010

### DESCRIPTION OF LOCATION

With a population of approximately 72,000 inhabitants, the city of Lüneburg is the capital of the administrative district of Lüneburg. It is located in the federal state of Lower Saxony in the north of Germany. The Lüneburg agglomeration has approximately 109,000 inhabitants. The town covers a total area of 70.38 sq km.

Lüneburg is directly located in the south of the Hamburg Metropolitan Region. Other next major cities are Hanover, 130 km to the south and Bremen, 140 km to the west. Because of the good access to the major motorway A7, Lüneburg is the residence of many people working in Hamburg. From Lüneburg train station it takes approximately half an hour to Hamburg main train station which is linked to the fast train railway system ICE of Deutsche Bahn which provides hourly connections to major cities such as Berlin, Frankfurt am Main and Cologne.

The economy of Lüneburg is mainly characterised by new and innovative businesses such as mechatronics, environmental technologies, nutrition, information and communication. Because of the Leuphana-University of Lüneburg there is a high potential of future managers and innovative ideas. Furthermore, forecasts expect an population growth of 11% until 2020 for the Lüneburg region.

### Rating (A very good - D poor)

Neighbourhood	C
Accessibility	B
General impression	C

### Comment

The Property is located in a good residential area.



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The residential market is characterised by stable vacancy rates over the last years. After a slump in activities in the third quarter of 2010, the number of transactions and the investment volume has been recovering extraordinarily fast and constantly rising to approx. 29,100 units and approx. €1,340,000,000 in Q1 2011. In Q2 2011 another large decrease could be observed. However, in Q3 the highest transaction volume in the last two years has been reached.

Multipliers show a development ranging from 7- to 10-times for opportunistic portfolios and up to 20-times for large new-built premises or residential developments. The average multiplier in 2010 remained stable at approximately 12.7. Multipliers in prosperous local markets have remained stable or have even slightly increased, whereas markets which are affected by decreasing population are characterised by falling multipliers. In 2011 only a slight decrease in prices is expected in certain areas, but the overall majority is expected to increase. The development of prices and sales is expected to continue.

**MARKET OVERVIEW OF LOCATION**

Lüneburg profits from an increasing population. The stable economic growth of Lüneburg showed also its influence on the real estate market. Therefore, international and national investors have invested intensively from 2005 until the beginning of 2008. Especially smaller multi-family residences in good city locations have been in the focus. Nevertheless, the financial crisis in 2008 has made an impact on the Lüneburg market and the investment market decreased (-14%). This has been enhanced by the now required energy pass for buildings. Despite there is a high demand for rental units, only few apartment buildings are under construction. Traditionally sought-after are locations in the city centre (Rote Feld, Wilschenbruch, Kreideberg) and in the western part of the city (direction Oedeme and Häcklingen). Prime residential rents are in a range of between €6.30 and 8.00 per sq m per month, rents for average locations range between €6.00 and 7.00 per sq m per month and rents for basic residential locations range between € 5.60 and 6.00 per sq m per month.

**RESIDENTIAL MARKET Lüneburg**

Sale prices	Existing use	New build	Investment	Yield
Simple	750 €/sq m	n/a		
Average	1,200 €/sq m	n/a	basic	n/a
Good	1,500 €/sq m	2,300 €/sq m	average	13%
Very good	1,900 €/sq m	2,700 €/sq m	good	n/a
<b>Rental band</b>				
Simple		5.60 €/sq m		
Average		6.30 €/sq m		
Good		8.00 €/sq m		

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Rent [€/sq m/month]	Year of construction	Refurbished	Transaction/ offer	Building	Location
21337	Residential	80.00	5,760	6.00	1970	Yes	Offer	Subject	Subject
21337	Residential	80.00	5,340	5.56	1970	Yes	Offer	Subject	Subject
21337	Residential	56.21	3,900	5.78	1967	Yes	Offer	Comparable	Comparable
21337	Residential	89.61	5,160	4.80	1967	Yes	Offer	Comparable	Comparable

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Sale price [€]	Sale price [€/sq m]	Multiplier	Year of construction	Transaction/ offer	Building	Location
23879	Residential	728	66,000	600,000	824	10.9	1972	Offer	Comparable	Comparable
21481	Residential	249	15,540	149,000	598	n/a	1928	Offer	Comparable	Comparable
21481	Residential	478	19,502	319,000	667	10.9	1974	Offer	Comparable	Comparable
21335	Residential	1,014	75,000	890,000	878	11.9	1988	Offer	Comparable	Comparable



## TENANCIES

TENANCIES														
	Type	Area [sq m]	Units [No]	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/sq m]	Status	MR [€/sq m]	MR [€/month]	in %
1	Residential	46,989	669	Resident. tenant	various	open-ended	-	-	238,195.43	5.07	Let	5.00	234,942.95	92.0%
2	Residential	4,084	66	Vacant	-	-	-	-	0.00	0.00	Vacant	5.00	20,418.75	8.0%
Total		51,072	735						238,195	4.66		5.00	255,362	100%

	Type	Units [No]	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/unit]	Status	MR [€/unit]	MR [€/month]	in %
1	Park. external	178	Resident. tenant	various	open-ended	-	-	4,229.22	23.76	Let	15.00	2,670.00	37.9%
2	Park. external	264	Vacant	-	-	-	-	0.00	0.00	Vacant	15.00	3,960.00	56.3%
3	Antennae	2	Vodafone	n/a	n/a	-	-	409.04	204.52	Let	204.52	409.04	5.8%
Total		444						4,638	10.45		15.85	7,039	100%

SUMMARY AREAS													
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [€/month]	Current rent [in %]	MR areas let [€/month]	MR areas let [in %]	MR vacancy [€/month]	MR vacancy [in %]	Total MR [Ø €]	Total MR [€/month]	Total MR [in %]
Office	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Retail	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Residential	46,989	4,084	51,072	8%	238,195	98%	234,943	99%	20,419	84%	5.00	255,362	97%
Other	-	-	-	0%	-	0%	-	0%	0	0%	-	-	0%
Units	180	264	444	59%	4,638	2%	3,079	1%	3,960	16%	15.85	7,039	3%
Total	46,989	4,084	51,072	8%	242,834	100%	238,022	100%	24,379	100%	5.00	262,401	100%

**VALUATION ASSUMPTIONS**

Discount rate	6.50%
Exit cap rate	7.00%
Growth rate/inflation	0.00%
Capital expenditure	502,685 € lump sum today
Management costs residential	250 € per residential unit
Structural repairs (Dach & Fach)	7.50 € per sq m
Credit & collection loss	0% of income
Local authority charges	0.00 € per sq m
Insurance	0.00 € per sq m
Void periods	6 months
Tenant improvements	50.00 € per sq m
Letting fees	16.67% of annual rental value
Purchaser's cost	8.00%
Stamp duty (4.5% as of 01.01.2011)	4.50% of Market Value
Agent's fees	3.00% of Market Value
Legal fees	0.50% of Market Value

**COMMENTS ON VALUATION ASSUMPTIONS**

The site and building were inspected on 14 April 2010.

We have valued the Property assuming a six months vacancy period and a re-letting fee of two months' rent. Structural repairs (Dach&Fach) have been reflected with € 7.50 per sq m in the valuation. Capital expenditure has been reflected in accordance with the cost schedule provided by Elad. However, refurbishment costs have been assessed separately on the basis of recent average refurbishment costs and considering almost refurbished units.

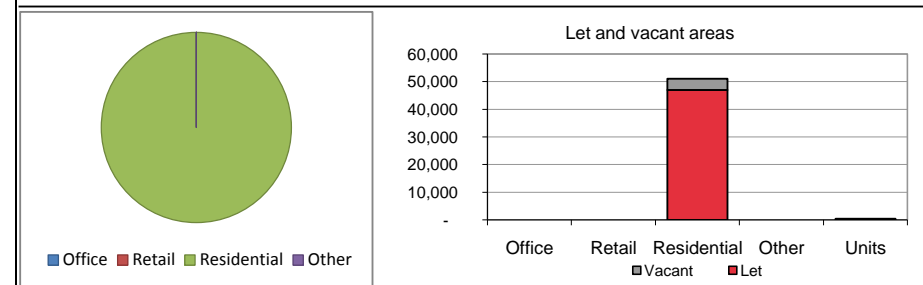
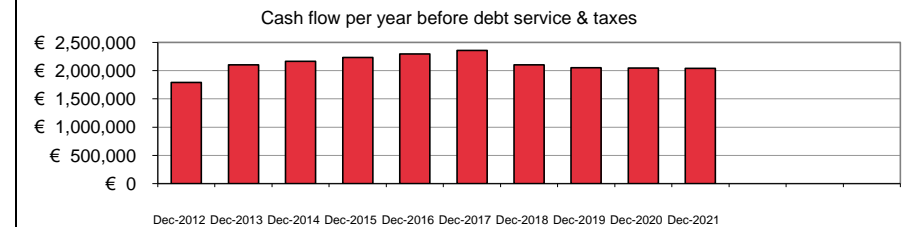
According to the extract from the land register parts of the Property are held freehold whereas other parts are subject to a leasehold agreement. Please refer to page 3 of this report. We have been informed that there are no leasehold payments due to the fact that the leaseholder provides parking space for public use. Therefore, we have not adopted any payment in the valuation. We assume that the easements stated in section II of the land register will not have a detrimental effect on the value of the Property. Please note we have not been provided with the leasehold contract.

If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.

**DCF VALUATION**

Period of analysis	Cash flow	
	nominal	discounted
Year 1	1,790,973 €	1,681,665 €
Year 2	2,105,812 €	1,856,608 €
Year 3	2,168,348 €	1,795,065 €
Year 4	2,230,905 €	1,734,134 €
Year 5	2,293,451 €	1,673,946 €
Year 6	2,361,038 €	1,618,100 €
Year 7	2,104,880 €	1,354,504 €
Year 8	2,051,856 €	1,239,795 €
Year 9	2,046,082 €	1,160,851 €
Year 10	2,040,308 €	1,086,925 €
<b>Total cash flow</b>	<b>21,193,653 €</b>	<b>15,201,593 €</b>
Resale	34,292,671 €	18,268,599 €
Gross present value		33,470,192 €
Less purchaser's costs @ 8.00%		2,479,273 €
Net present value		30,990,919 €
<b>Market Value</b>		<b>30,990,000 €</b>
Market Value per sq m		607 €

**PROPERTY ANALYSIS**

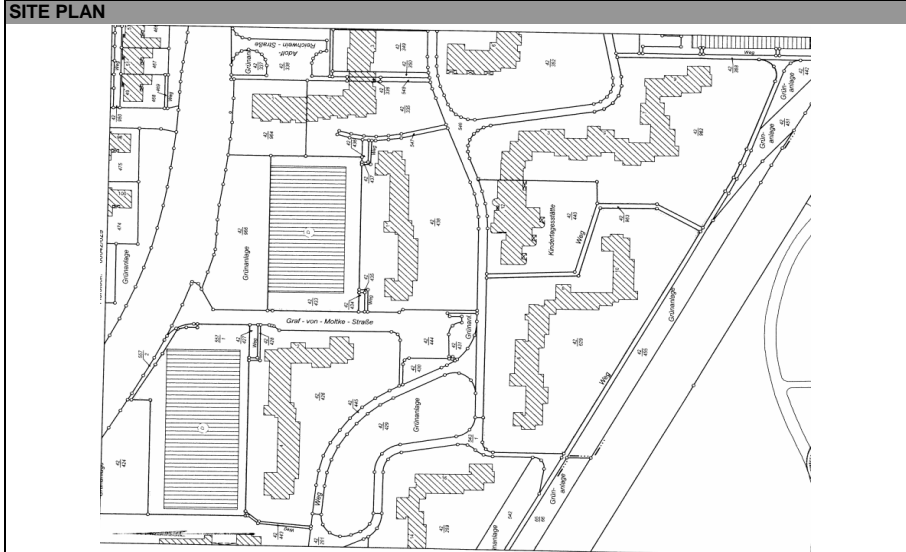




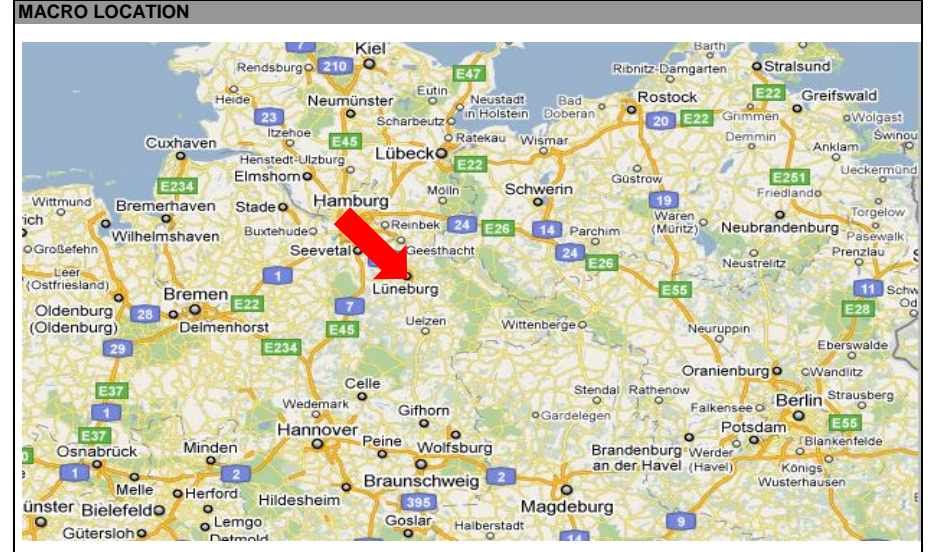
## CASH FLOW

CASH FLOW										
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021
<b>Potential gross revenue</b>										
Base rental revenue	3,206,553 €	3,200,779 €	3,195,005 €	3,189,252 €	3,183,488 €	3,177,714 €	3,171,940 €	3,166,167 €	3,160,393 €	3,154,619 €
Absorption & turnover vacancy	-253,539 €	-266,314 €	-207,805 €	-149,296 €	-90,787 €	-71,284 €	-142,568 €	-157,196 €	-157,196 €	-157,196 €
Scheduled base rental revenue	2,953,014 €	2,934,465 €	2,987,200 €	3,039,956 €	3,092,701 €	3,106,430 €	3,029,372 €	3,008,971 €	3,003,197 €	2,997,423 €
<b>Total potential gross revenue</b>	<b>2,953,014 €</b>	<b>2,934,465 €</b>	<b>2,987,200 €</b>	<b>3,039,956 €</b>	<b>3,092,701 €</b>	<b>3,106,430 €</b>	<b>3,029,372 €</b>	<b>3,008,971 €</b>	<b>3,003,197 €</b>	<b>2,997,423 €</b>
<b>Effective gross revenue</b>	<b>2,953,014 €</b>	<b>2,934,465 €</b>	<b>2,987,200 €</b>	<b>3,039,956 €</b>	<b>3,092,701 €</b>	<b>3,106,430 €</b>	<b>3,029,372 €</b>	<b>3,008,971 €</b>	<b>3,003,197 €</b>	<b>2,997,423 €</b>
<b>Operating expenses</b>										
Ongoing maintenance	383,043 €	383,043 €	383,043 €	383,043 €	383,043 €	383,043 €	383,043 €	383,043 €	383,043 €	383,043 €
Management	183,250 €	183,250 €	183,250 €	183,250 €	183,250 €	183,250 €	183,250 €	183,250 €	183,250 €	183,250 €
Vacancy costs	42,471 €	46,766 €	36,965 €	27,164 €	17,363 €	14,096 €	28,193 €	30,643 €	30,643 €	30,643 €
<b>Total operating expenses</b>	<b>608,764 €</b>	<b>613,059 €</b>	<b>603,258 €</b>	<b>593,457 €</b>	<b>583,656 €</b>	<b>580,389 €</b>	<b>594,486 €</b>	<b>596,936 €</b>	<b>596,936 €</b>	<b>596,936 €</b>
<b>Net operating income</b>	<b>2,344,250 €</b>	<b>2,321,406 €</b>	<b>2,383,942 €</b>	<b>2,446,499 €</b>	<b>2,509,045 €</b>	<b>2,526,041 €</b>	<b>2,434,886 €</b>	<b>2,412,035 €</b>	<b>2,406,261 €</b>	<b>2,400,487 €</b>
<b>Leasing &amp; capital costs</b>										
Tenant Improvements	40,838 €	158,308 €	158,308 €	158,308 €	158,308 €	117,471 €	234,942 €	255,361 €	255,361 €	255,361 €
Leasing Commissions	9,754 €	57,286 €	57,286 €	57,286 €	57,286 €	47,532 €	95,064 €	104,818 €	104,818 €	104,818 €
Capex	502,685 €									
<b>Total leasing &amp; capital costs</b>	<b>553,277 €</b>	<b>215,594 €</b>	<b>215,594 €</b>	<b>215,594 €</b>	<b>215,594 €</b>	<b>165,003 €</b>	<b>330,006 €</b>	<b>360,179 €</b>	<b>360,179 €</b>	<b>360,179 €</b>
Cash flow before debt service	1,790,973 €	2,105,812 €	2,168,348 €	2,230,905 €	2,293,451 €	2,361,038 €	2,104,880 €	2,051,856 €	2,046,082 €	2,040,308 €
Proceeds from resale										34,292,671 €
<b>Cash flow</b>	<b>1,790,973 €</b>	<b>2,105,812 €</b>	<b>2,168,348 €</b>	<b>2,230,905 €</b>	<b>2,293,451 €</b>	<b>2,361,038 €</b>	<b>2,104,880 €</b>	<b>2,051,856 €</b>	<b>2,046,082 €</b>	<b>2,040,308 €</b>

SITE PLAN



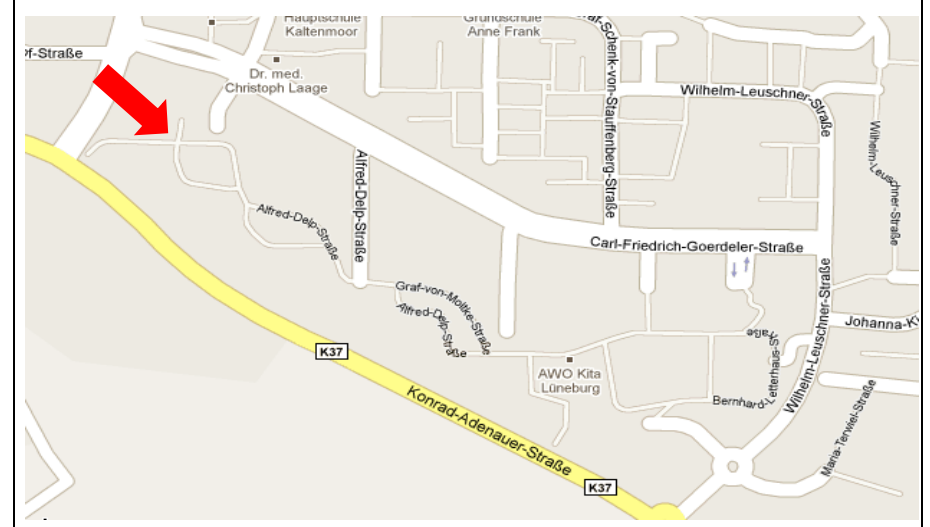
MACRO LOCATION



AERIAL VIEW



MICRO LOCATION





## **Appendix D**

### **Sensitivity Analysis**



### Sensitivity Analysis of the Market Value

The following sensitivity analysis includes the Market Value of the Property (please see column 0 and row 0) and the sensitivity values of the Property.

Resale Cap Rate (Added BP's)	Unleveraged Discount Rate (Added BP's)				
	<b>-100</b>	<b>-50</b>	<b>0</b>	<b>50</b>	<b>100</b>
<b>-100</b>	36.450.000	35.100.000	33.810.000	32.580.000	31.410.000
<b>-50</b>	34.780.000	33.510.000	32.290.000	31.130.000	30.020.000
<b>0</b>	33.350.000	32.140.000	30.990.000	29.890.000	28.840.000
<b>50</b>	32.110.000	30.960.000	29.860.000	28.810.000	27.810.000
<b>100</b>	31.030.000	29.930.000	28.880.000	27.870.000	26.910.000

Currencies are indicated in EUR.



## **Appendix E**

### **Appraiser's Education**



## Tino Müller MRICS

Associate Director Valuation

DTZ Zadelhoff Tie Leung GmbH

Linkstraße 2, 10785 Berlin

### Key Skills

Tino Müller has substantial experience of undertaking mortgage lending valuations and analysing residential and commercial real estate portfolios and single properties according to international and German valuation approaches.

### His Background

Tino joined DTZ in April 2006 after five years working as real estate valuer for several mortgage lending banks in Germany.

### His Recent Experience

Almost twelve years of professional experience in real estate valuation within all sectors for all purposes. Tino has been undertaken valuations for properties in Germany and in other European countries.

### Education

#### **Dipl.-Ing. (TU Dresden)**

German equivalent of a master degree in surveying at the Technical University of Dresden

#### **Vermessungsassessor**

Two-year rotation clerkship within the surveying authorities of the federal state of Hesse/Germany

#### **CIS HypZert (F/M)**

Certified valuer for mortgage lending purposes by HypZert

#### **Chartered Surveyor (MRICS)**

Member of the Royal Institution of Chartered Surveyors

#### **Recognized European Valuer (REV)**



**Appendix F**  
**Terms & Conditions of DTZ Zadelhoff Tie Leung GmbH**

### Scope of application

- (1) These contractual conditions apply to contracts between DTZ Zadelhoff Tie Leung GmbH (afterwards called DTZ or the Contractor) and its Clients for surveys, studies, consultancy and other orders, unless expressly agreed otherwise in writing or mandated by law.
- (2) The Client's general terms and conditions are only binding on the Contractor if this has been expressly agreed in writing.
- (3) The contractual relationship between the Client and the Contractor provides no additional protective effect in favour of a third party. If in an exceptional individual case third parties might derive rights from the contractual relationship, then the rules laid down in No. 6 also apply to them.
- (4) Versions in another language are purely for information purposes; only the German version is authoritative.

### Scope and fulfilment of the order

- (1) The Contractor is responsible for providing the consultancy activities described in the contract, and not a specific economic result. The Contractor is only obliged to compile a written report on progress and the result, specifically for presentation to a third party, if the contract expressly specifies this. If the Contractor has to present the results of his work in writing then only the written presentation is authoritative. Oral declarations and information from employees of the Contractor over and above the order are always non-binding. The Contractor's work is completed when the necessary analyses, resulting conclusions and recommendations have been completed and explained to the Client, or in the event of a written presentation being agreed, when this is delivered to the Client.
- (2) The Contractor may make use of expert third parties to fulfil his contractual obligations.
- (3) The Contractor shall only examine the data given to him by the Client, and in particular figures, for obvious errors. Otherwise the Contractor may assume the given data to be correct and complete.
- (4) The Client cannot require the order to be carried out by a specific advisor.
- (5) If the conditions which form the basis of the conclusions and recommendations change after the end of the order, the Contractor is not obliged to point out these changes or resulting consequences to the Client.
- (6) Changes and supplements to the order must be made in writing.
- (7) Subsidiary oral agreements are not valid. The requirement of written form also applies for material declarations (e.g. notice of termination, release agreement).
- (8) The order does not cover any legal or tax advice, rather it takes the existing legal and tax conditions as given. This does not exclude non-binding advice being given in individual cases, however there is no liability for this. If necessary we can provide contact to professionally experienced legal advisors.

### The Client's duty of declaration and cooperation

- (1) The Client is obliged, at his expense, to provide the Contractor with all information and physical resources necessary for the proper fulfilment of the order, also without special request. During the contractual relationship the Client must inform the Contractor without delay of all occurrences which may influence the provision of the contractually agreed services. The Contractor is not obliged to check the correctness of such information.
- (2) On request from the Contractor, the Client must confirm the correctness and completeness of the documents he presents and of his information and oral declarations in a written declaration formulated by the Contractor.
- (3) The Client must ensure that there is a suitable back-up, security and virus checking process set up on each computer workplace provided, and must also apply these means whilst the contract is being fulfilled in accordance with general data processing practice.

### Time for performance

- (4) If a deadline is agreed for the completion of the order, this shall extend appropriately in the event of force majeure and for the period of any temporary hindrance preventing work for which the Contractor is not responsible. The party affected by such hindrance must immediately notify the other party of the existence of any hindrance to work and the probable duration of any delay.
- (5) If the Client breaches his duty of cooperation in accordance with No. 3 and the Contractor has notified of this, then agreed schedules and/or deadlines shall be regarded as extended by the period that the Client needs to meet the duty of cooperation. The Contractor is released from his duty of performance for this time. Any additional expense arising to the Contractor due to the breach of the duty of cooperation must be reimbursed by the Client. The Contractor's right to terminate the contractual relationship without notice if the Client breaches the duty of cooperation is unaffected by this.

### Guarantee

If guarantee provisions are applicable on account of the type of services to be provided in accordance with the contract, the following conditions apply:

- (1) The Client has a claim for any defects caused by the Contractor to be remedied, as long as this remedying is possible at reasonable expense. If the defect cannot be remedied or if the remedies fail, the Client retains the right to withdraw from the contract or to reduce payment appropriately. If the Client is a businessman he may only withdraw if the work provided is without interest to him due to failure of the remedy. No. 6 applies to claims for damages exceeding this.
- (2) Obvious defects must be notified in writing by the Client within two weeks of delivery of service. If the Client is a businessman, public law legal entity or a public law special government estate obvious defects must immediately be notified in writing, and non-obvious defects immediately when they become apparent. Otherwise, defects must be notified not later than within twelve months of delivery of service. If the Client does not promptly notify of the defect, any claim for his remedy is excluded if the client is a businessman, a public law legal entity or a public law special government estate.
- (3) Apparent errors, e.g. typographic mistakes, miscalculations and formal errors, in a report or survey, etc., completed by the Contractor, may be corrected by the Contractor at any time and with regard to third parties, too. Errors which might cause recommendations and conclusions to become questionable justify the Contractor to withdraw them, including from third parties. The Client is first given the opportunity to comment.

### Liability

The following applies to the reimbursement of damages:

- (1) In case of an intentional or grossly negligent breach of a duty and in case we culpably cause harm to the life, body or health we are liable without limitation for the damages thereby caused unless the liability is limited by statutory law.
- (2) In case of a grossly negligent breach of contract by one of our senior executives our liability for damages to property and financial loss is limited to the damage typical and predictable under such contract (vertragstypisch vorhersehbarer Schaden).
- (3) In case of minor negligence we are liable for damages to property and financial loss only to the extent such damages are caused by the breach of an essential contractual duty. However our liability is limited to the damage typical and predictable under such contract (vertragstypisch vorhersehbarer Schaden).
- (4) Any liability for damages exceeding the liability described above is hereby waived regardless the basis and nature of such claim. This especially applies to claims based on tort (sec. 823 and 831 German Civil Code) but not to claims based on the German Act on Product Liability (Produkthaftungsgesetz).
- (5) We are not liable if the Client takes entrepreneurial decisions on the basis of our work, which then and on their own give rise to a loss (e.g. in connection with the evaluation of a market situation or a recommendation for use with regard to business policies).

- (6) We are not liable
- a) for non-observance or incorrect observance of foreign law.
  - b) for the correctness of the manufacturer's information on the reliability or performance of a data processing system recommended by DTZ.
  - c) for warranty defects with which a data processing system recommended by DTZ is affected.
  - d) for warranty defects which arise from software which we non-bindingly recommend.

#### Intellectual property protection

- (1) The Client is responsible for the surveys, reports, organisation plans, drafts, drawings, lists and calculations completed by the Contractor within the framework of the order only being used for the purposes contractually agreed and not being published without the express consent of the Contractor in each case. Passing on the consultancy works to a third party, including to companies allied with the Client, requires express written consent from the Contractor.
- (2) The Contractor is not liable to either a third party or the Client in case that the Client – whether or not entitled – makes the results of the work available to third parties; the Client releases DTZ from all third party claims in this event.
- (3) If a copyright or other protected right arises through the work being carried out by DTZ, then the Client is entitled to a non-exclusive, non-transferrable single usage right within the framework of the intended purpose of the contract concluded with the Client.
- (4) Prior consent from the Contractor is required for use of the work results for advertising purposes.
- (5) The (usage) rights granted to the Client do not prevent either DTZ Zadelhoff Tie Leung GmbH or another direct or indirect entity belonging to the world-wide „DTZ“ group from making future use of techniques, ideas, concepts or expertise which are gained whilst fulfilling the contract and are suitable for general use.

#### Return of documents

- (1) After the end of the consultancy agreement, the Contractor must on request from the Client return all documents that the Client or a third party has given him during the fulfilment of the order. This does not apply to correspondence between the parties neither to documents for which the Client already holds an original or copy, or for duplicates of surveys, reports, organisation plans, drafts, drawings, lists and calculations completed within the framework of the order. The Contractor may make copies of the documents which were given to him for the fulfilment of the order and retain these.
- (2) The Contractor may refuse to release documents received from the Client for the fulfilment of the order until his claims are met. This does not apply if the Client is only in arrears with a small portion of his payment.

#### Confidentiality, Data protection

- (1) The Contractor undertakes to maintain discretion about all data and information concerning the Client and not generally known, which become known to him whilst fulfilling the order.
- (2) DTZ is authorised to process personal data entrusted to it within the framework of the intended purpose of the order or to have this processed by a third party. DTZ shall take the necessary care that its staff or third parties commissioned by it observe the legislation on data protection.

#### Fee, offset

- (1) Besides his fee, the Contractor has a claim to reimbursement of expenses and payment of the then legal amount of sales tax. The Contractor can demand reasonable advances on his fee and his reimbursement of expenses.
- (2) The fee is due on presentation of invoice and is payable immediately without deductions.
- (3) If payment obligations are not met promptly the Contractor is entitled to make further provision of work dependent on the satisfaction of his claims.
- (4) If invoiced sums are not paid within 30 days of receipt of invoice, the Contractor is furthermore entitled to charge interest at the rate of 8 % points above the base interest rate. This does not exclude enforcement of further claims for delay.
- (5) Offsetting against claims of the Contractor for the fee and reimbursement of expenses is only permitted with claims which are not contested or are legally set.
- (6) Several Clients are liable jointly and severally.

#### Termination

- (1) Consultancy agreements can be terminated with a period of notice of fourteen days, unless the consultancy agreement provides for the fulfilment of consultancy or procedural support projects that are limited by time or circumstance, and it is for a flat fee (where relevant plus reimbursement of additional expenses). The right to terminate without notice is unaffected. Notice of termination must be given in writing to be effective.

#### Applicable law, place of jurisdiction, other

- (1) German law applies exclusively to the order, its fulfilment and claims arising from this.
- (2) If the Client is a businessman as defined by the German Commercial Code, or a public law legal entity or a public law special government estate, then the place of jurisdiction for all disputes is the legal domicile of DTZ, or at DTZ's discretion also the legal domicile of the Client.
- (3) Rights from the contractual relationship with the Contractor may only be transferred by the Client with prior consent from the Contractor.



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# Update Report and Valuation

**Prepared on behalf of  
Elad Europe Ltd.**

Eurovast '92 B.V. Assets  
Twelve Properties  
in Germany

Valuation date: 31.12.2011  
Report date: 27.03.2012

1065ELA





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## **Executive Summary**

**As at 31 December 2011**

**Eurovast '92 B.V. Assets, Twelve Properties in Germany**

### **Location and Situation**

The assets comprise twelve residential Properties in the eastern part of Germany. Four of them are located in the federal state of upper Saxony, three in the federal state of Brandenburg, one in Thüringen and one in Mecklenburg-Vorpommern.

### **Description**

The Properties consist of multi-family apartment buildings. The Properties offer a aggregated lettable area of approximately 57,860 sq m.

### **Tenure**

We have been provided with extracts from the land registers. As instructed we have valued the German equivalent of freehold interest in the Properties.

### **Tenancies**

The Properties are multi-let. The current vacancy rate is 11.0%.

### **Total Contracted Rental Income**

€2,502,000 p. a. (rounded)

(Two million, five hundred and two thousand euro)

### **Total Market Rent**

€2,810,000 per annum exclusive (rounded)

(Two million, eight hundred and ten thousand euro)



### **Necessary Capital Expenditure**

We have been provided with information regarding capital expenditure. Resulting from this we have considered the capital expenditure and have reflected this in our update valuation.

### **Market Value**

€23,760,000

(Twenty-three million, seven hundred and sixty thousand euro)

### **General Comments**

The update Valuation is based on the information provided as stated in the Report and the Appendices. This Summary should be read in conjunction with the full Valuation Report and the Appendices.



Elad Europe Ltd.  
Rietlandpark 125  
1019 DT Amsterdam  
The Netherlands

27 March 2012

Our ref: TMR  
Direct phone: +49 (0) 30 - 20 17 05-400  
Direct fax: +49 (0) 30 - 20 17 05-499  
Email: tino.mueller@dtz.com

**For the attention of Erez Yaari**

Dear Mr Yaari

## **Valuation of the Eurovast '92 B.V. Assets, Twelve Properties in Germany**

### **1 Terms of Instruction**

#### **1.1 Introduction**

In accordance with the letter of instruction by our client ELAD Europe Ltd. (the "Client"), dated 2 November 2011, we have re-valued the freehold interest in the Properties in order to advise you of our opinion of the Market Value as at 31 December 2011. We understand that the Properties will be held as investment properties. The Properties are described in Appendix C of this Report, which forms an integral part hereof.

This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. We have not re-inspected the Properties and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.

**DTZ Zadelhoff Tie Leung GmbH**

Potsdamer Platz · Linkstraße 2  
10785 Berlin  
Tel: +49(0)30 - 20 17 05-0  
Fax: +49(0)30 - 20 17 05-499  
www.dtz.com

DTZ Valuation zertifiziert nach DIN EN ISO 9001:2008





## **1.2 Purpose of Valuation**

We have been asked to undertake this update valuation by Mr Erez Yaari, the CFO of Elad Europe Ltd. We understand that the valuation is required for IFRS purpose, means for the financial statements for the year 2011 of Elad Europe Ltd.

We confirm that we have given our full consent to the inclusion of the valuation in its entirety within the 2011 financial statements and the periodic report of Elad Europe Ltd., which due to be published in Israel in March 2012.

### **1.1 Valuation Date**

The valuation date adopted is 31 December 2011.

### **1.2 Currency**

All values and prices are indicated in euro.

### **1.3 Jurisdiction**

The contents of the contract under which the indication is performed are subject exclusively to the law of the Federal Republic of Germany. The venue for any legal actions, as far as legally allowed, is Frankfurt am Main. This provision also applies to clients who are resident, or whose business is based, outside Germany.

### **1.4 Inspection**

All properties were inspected externally and internally in the course of the initial valuation. The inspections have taken place between on 1 April 2010 and 17 May 2010.

We were able to inspect all types of use of the Properties. We have not inspected woodwork, structural elements or other parts of the Properties which are covered, unexposed or inaccessible, and such parts have been assumed to be in good state of repair and condition. We have also assumed that the buildings do not suffer from any design defects.

We have not re-inspected the Properties. We assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.



## **1.5 Information**

The valuation is based upon the information provided. The information includes an updated rent roll, dated 07.11.2011.

We have made the Assumption that the information provided by Elad Germany 2011 GmbH to us in respect of the Properties is both full and correct. It follows that we have made the Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

## **1.6 Compliance with RICS Valuation Standards**

We confirm that the valuation has been prepared in accordance with the appropriate sections of the RICS Valuation Standards, 7th Edition (the "Red Book"). This is an internationally accepted standard of valuation.

## **1.7 Status of Valuer and Conflicts of Interest**

We confirm that we have the knowledge, skills and understanding to undertake the valuation competently and that we have undertaken the valuation acting as an External Valuer qualified for the purposes of the valuation.

We further confirm that DTZ Zadelhoff Tie Leung GmbH has no current, anticipated or previous recent involvement with the Properties and therefore do not consider that any conflict arises in preparing the advice requested.

DTZ Zadelhoff Tie Leung GmbH was a wholly owned subsidiary of DTZ Holdings plc (the "Group") until 5 December 2011, when all the trading subsidiaries of the Group (the "Subsidiaries") were sold to UGL Limited ("UGL"). In the Group's financial year ending 30 April 2011, the proportion of fees payable by the Fund/Company to the total fee income of the Group was less than 5%. UGL's financial year end is 30 June. We anticipate that the proportion of fees payable by the Fund/Company to the Subsidiaries in the financial year to 30 June 2012 will remain at less than 5%.

## **1.8 Limits of Liability**

Our liability for any errors and mistakes in our opinion on Market Value and/or standardised evaluation forms applies only to the extent that these were the result of either malicious intent or gross negligence. We assume no liability for any errors in the analysis which result from false, incomplete or faulty information supplied by the client and/or the vendor and their advisers.



Notwithstanding anything to the contrary contained elsewhere in the instruction, the total liability of DTZ arising under or in connection with this instruction shall not in any event exceed €910,000.

## 2 Basis of Valuation

Our opinion of the Market Value of the Properties have been primarily derived using an estimate of the future potential net income generated by the use of the Properties and comparable recent market transactions on arm's length terms.

In accordance with your instructions, we have undertaken our valuations on the following bases:

- a. Market Rent
- b. Market Value

We have set out the definition of the above-mentioned bases of valuation in Appendix A. Our Valuation Report is subject to our Standard Valuation Terms and Conditions and Assumptions, which are set out in Appendix B of this Valuation Report. In the event that any of our Assumptions prove to be incorrect, then our valuation should be reviewed.

### 2.1 Market Value

The value of the Properties has been assessed in accordance with the relevant parts of the current RICS Valuation Standards. In particular, we have assessed Market Value in accordance with VS 3.2. Under these provisions, the term "Market Value" means:

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

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



## 2.2 Valuation Subject to a Special Assumption

The Glossary in the Red Book refers to an Assumption as a "supposition taken to be true". It involves facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. Where appropriate, the client has confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect, our valuation should be reviewed.

A Special Assumption is referred to in the Glossary in the Red Book as an "Assumption that either:

- requires the valuation to be based on facts that differ materially from those that exist at the date of valuation; or
- is one that a prospective purchaser (excluding a purchaser with a special interest) could not reasonably be expected to make at the date of valuation, having regard to prevailing market circumstances."

We have undertaken this valuation without any Special Assumption.

### 3 Properties

The Properties are described in detail in the template reports in Appendix C of this Report.

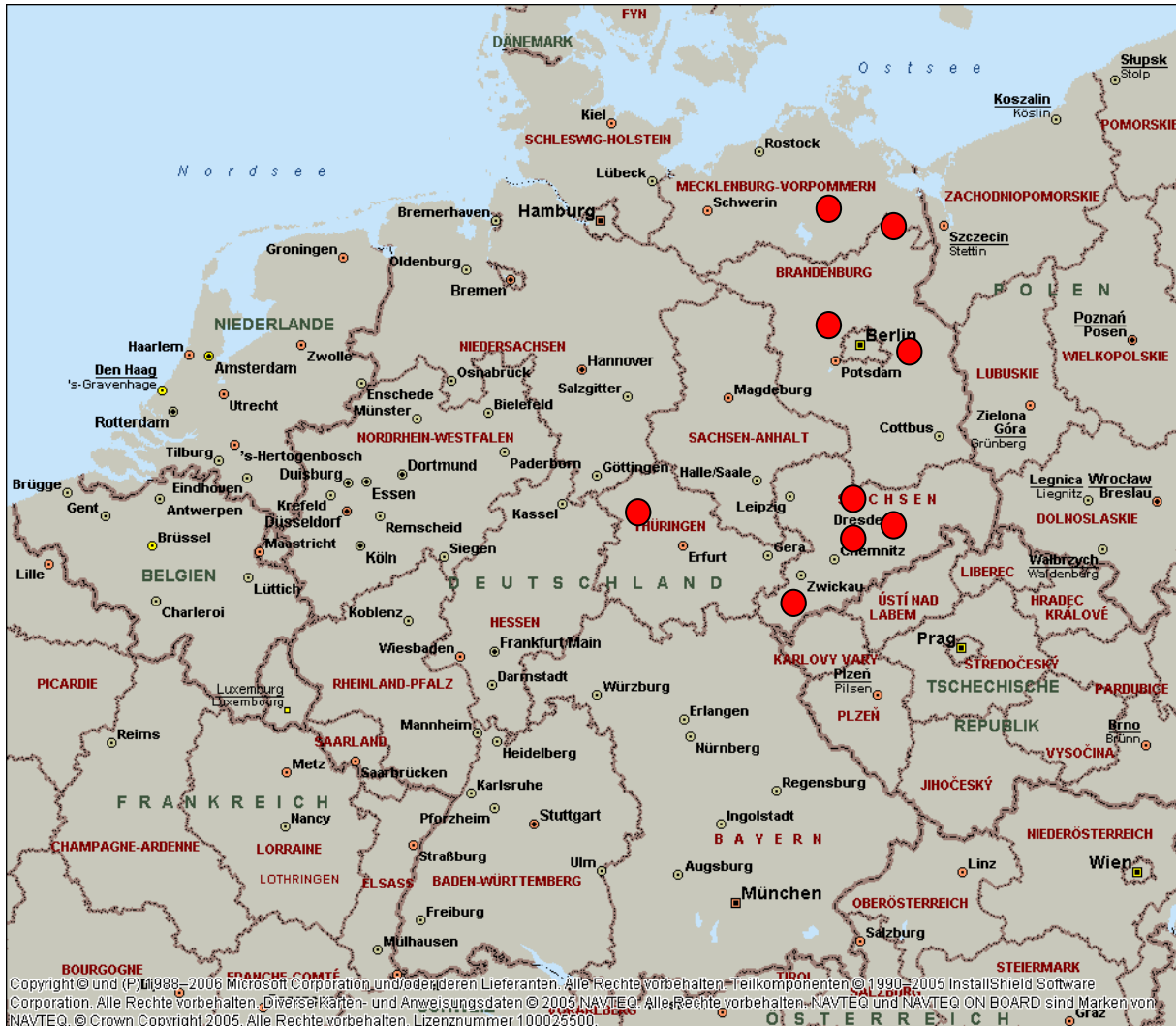
#### 3.1 Addresses

The following Properties have been part of our update valuation:

D-17034	Neubrandenburg	Burgholzstraße 51-57
D-17034	Neubrandenburg	Erich-Zastrow-Str. 33/35
D-17034	Neubrandenburg	Rasgrader Str. 41-47, 49-55; Kurze Str. 2-8, 20
D-17291	Prenzlau	Georg-Dreke-Ring 2-16
D-15537	Kienbaum	Puschkinstraße 8-11
D-01558	Großenhain	Hohe Str. 7/7a
D-01159	Dresden	Reisewitzer Str. 53
D-09599	Freiberg	Tschaikowskistr. 6-16, 59-69, Maxim-Gorki-Str. 66-82
D-99974	Muehlhausen	Menteroeder Strasse 9, 11, 13
D-07926	Gefell	Friedensstraße 1, 3, 5
D-19339	Gloewen	Stölkenstraße 9-16
D-19339	Gloewen	Waldsiedlung 17-35

#### 3.2 Location

The assets comprise twelve residential Properties in the eastern part of Germany. Four of them are located in the federal state of upper Saxony, three in the federal state of Brandenburg, one in Thüringen and one in Mecklenburg-Vorpommern.



### 3.3 Description

#### Areas

The assets include twelve residential buildings. The overall vacancy rate as at 7 November 2011 amounts to 11.0%.

Considering the Properties in terms of the total lettable area, the majority of the lettable area is located in Brandenburg (39%), a minor part is located in Mecklenburg-Vorpommern (30%). Approximately 29% are located in Saxony and 2% are located in Thüringen.

#### Tenancies

The properties are multi-let to residential tenants.



## **Vacancies**

The assets have approximately 6,336 sq m of vacant space, which equates to an overall vacancy rate of approximately 11%. Considering the individual vacancy of the properties there are three properties which have vacancy rates above 20% and the rest of the Properties has vacancy rates less than 10%. The by far highest vacancy rates are in Gloewen (47% and 42%).

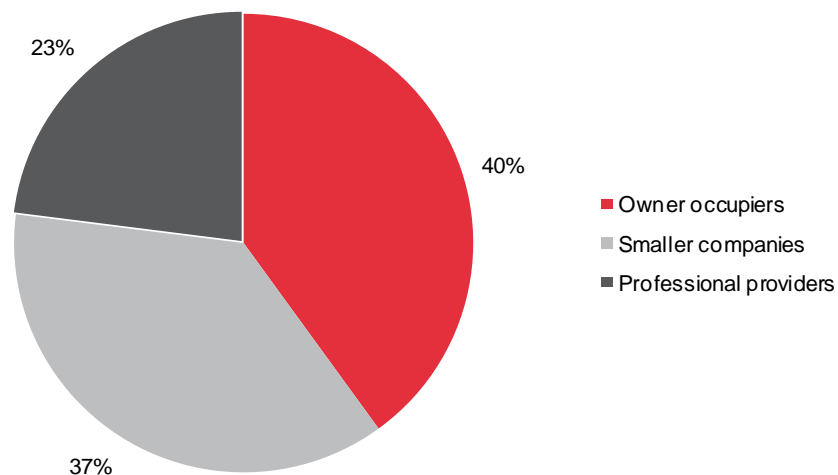
## 4 The German Residential Market

### 4.1 Residential Stock

Estimated by the Federal Statistical Office, at the end of 2010 around 40,318,500 residential units with approx. 3.5 billion sq m residential floor area were monitored statistically in Germany. The average residential unit size amounts to 86.7 sq m. Regarding the ownership structure, in 2006 40% were owned by owner-occupiers, 37% by smaller companies and only 23% by professional suppliers like public or private housing companies or associations.

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#### Ownership structure of the residential unit stock in Germany 2006




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*Source: Bundesministerium für Verkehr, Bau und Stadtentwicklung, Bundesamt für Bauwesen und Raumordnung*

Owner-occupiers and smaller companies, for whom letting is not the main business, make up a significant proportion, leading to market fragmentation. The Bundesinstitut für Bau-, Stadt- und Raumforschung (BBSR) expects that the percentage of owner-occupiers will rise to 45% by the year 2025.

Compared to other real estate sectors, the residential market is characterised by stable development of vacancy rates over the last years. According to the current Techem-empirica-vacancy index 2009, the vacancy rate for residential units in residential buildings with three or more apartments stood at 3.7%, representing no increase compared to 2008.

In East Germany (including Berlin) it decreased from 8.5% in 2001 to 5.8% in 2009, largely due to demolition of oversupply. In West Germany the vacancy rate increased slightly from 2.1% to 2.9% over the same period.

The development is shown in the following chart:

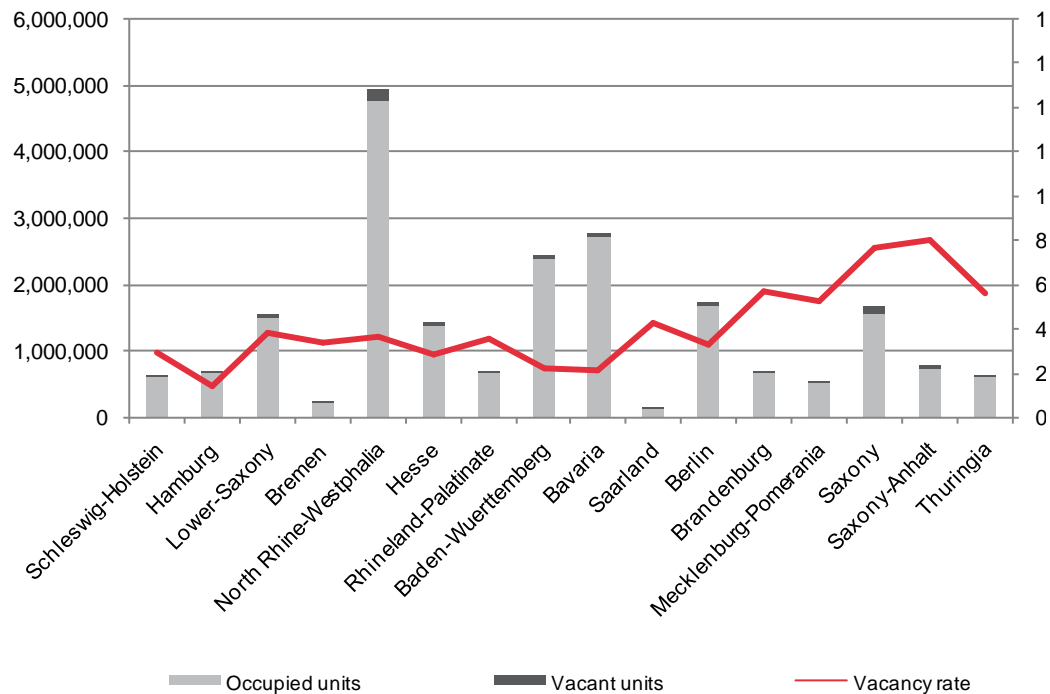
**Vacancy rate (apartment buildings) 2001-2009**



Source: Techem / empirica

The federal states of Hamburg (1.4%), Bavaria (2.1%) and Baden-Wuerttemberg (2.2%) exhibited the lowest vacancy rates, while Saxony (7.7%) and Saxony-Anhalt (8.0%) had the highest vacancy rates. Berlin had an average vacancy rate of 3.8%.

### Vacancy rates (apartment buildings) Federal States 2009



Source: Techem / empirica

The forecast of housing demand by the BBSR implies that by the year 2025 vacancy rates will rise, particularly in apartment buildings.

According to current information provided by the Federal Statistical Office, between the month of July and September 2011, building permissions for 57,924 residential units were chartered, meaning an increase of approx. 2% compared to Q2 2011 and an increase of approx. 10% compared to Q3 2010. Hence, the trend initiated at the end of 2009 continued.<sup>1</sup>

LBS Research expects that altogether in 2011 225,000 building permissions have been chartered which means an increase of 20% compared to 2010. This increase is mostly due to owner-occupied flats and -homes (70%). For 2012 further growth is expected (5% and 235,000 permissions).

<sup>1</sup> Q4 data not available yet.

However, since 2001 housing construction activity approximately halved to around 160,000 residential units in 2010. But DZ Bank Research evaluates that 175,000 residential units have been built in 2011, meaning the highest increase compared to the respective previous year since 2006. Meanwhile, 80% of the housing construction activity takes place in the existing residential stock. In contrast, the construction activity in the segment of new buildings continues to decline.

## **4.2 Residential Demand**

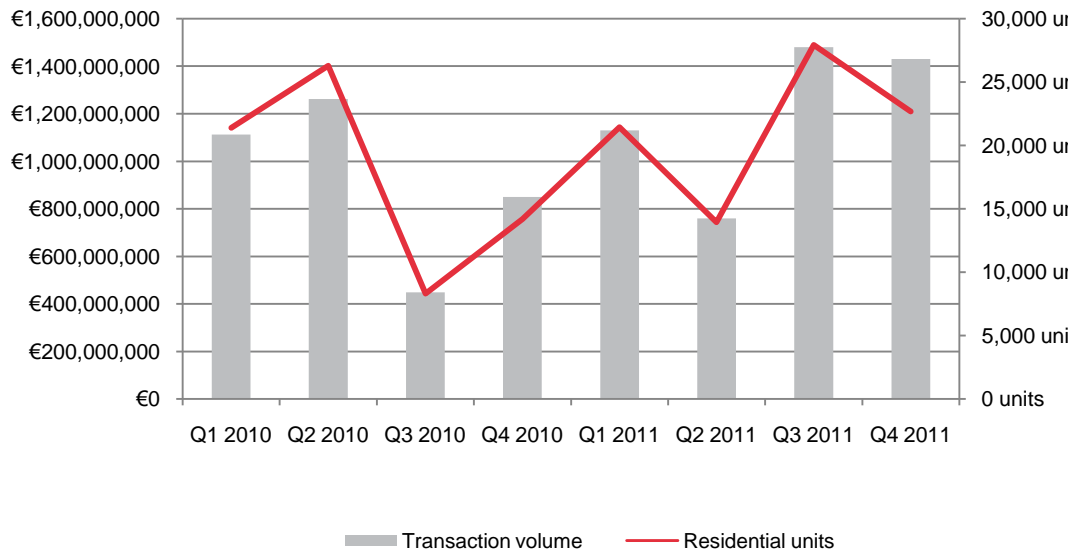
### **Transaction Volume**

According to BulwienGesa in 2011, 203 residential portfolios with a total volume of approx. 86,000 units were sold (stock market transactions excluded). The total investment volume is estimated to be approx. €4.80 billion, representing an increase of approx. 32% in comparison to 2010.

After a slump in activities in the third quarter of 2010, the numbers of transactions and the investment volume have been recovering extraordinarily fast and constantly rising to approx. 21,450 units and approx. €1.13 billion in Q1 2011. However, in Q2 2011 another decrease could be observed. In Q3 the highest transaction volume during the last two years has been reached (€1.48 billion) with only a slight decrease in the following current quarter (€1.43 billion).

The following chart shows the transaction volume and the number of traded units per quarter since Q1 2010:

**Transaction volume of residential portfolios and number of trade units**



Source: BulwienGesa

In comparison to Q3 2011, the average sale price per sq m increased from €790 to €940 (a plus of approx. 19%), reaching the highest level in 2011. In Q4 2011, the average number of units per deal has been significantly lower than in Q3 (405 units compared to 517 units).



The following data table shows the major transactions in Q4 2011:

Date	Type of transaction	Purchaser	Vendor	City/Region	Number of units	Purchase price/ Investment costs in €	Lettable area in sq m
Dec 11	Asset deal	Akelius GmbH	n/a	Berlin-Neukölln, -Wilmerdorf, -Prenzlauer Berg	228	n/a	13,640
Dec 11	Asset deal	FF2 (Luxembourgish subsidiary of Kompass Wohnen (Hamm))	Ohligser Wohnungsbau eG (insolvent company)/Eurohypo (security loan owner)	Solingen	506	n/a	n/a
Dec 11	Asset deal	Deutsche Zinshaus GmbH	Danish consortium of investors	Essen, Hilden, Mönchengladbach, Dortmund, Herne, Gelsenkirchen, Jülich, Oberhausen	140	n/a	7,878
Dec 11	Asset deal	Geld & Grund Immobilien GmbH	n/a	Müllheim/Breisgau	94	n/a	7,400
Dec 11	Asset deal	Südhausbau	n/a	Berlin	280	n/a	19,000
Dec 11	Development	Institutional investor	JK Wohnbau AG	Munich	203	40,000,000	n/a
Dec 11	Share deal	ZBI Zentral Boden Immobilien AG	Kronacher Wohnungsbau Gesellschaft (KWG)	Kronach	750	14,500,000 (94% shares)	n/a
Nov 11	Asset deal	Degewo, Gesobau	Corpus Sireo	Berlin	4,739	n/a	n/a
Nov 11	Asset deal	Westgrund AG	n/a	Berlin	270	9,500,000	n/a
Nov 11	Asset deal	Patrizia Gewerbeinvest	n/a	Mainz, Offenbach	190	n/a	n/a
Nov 11	Asset deal	Bendzko Immobilien	DKH Grundstücksverwaltungsgesellschaft mbH, Alius Berlin GmbH	Berlin	110	10,900,000	9,200

Date	Type of transaction	Purchaser	Vendor	City/Region	Number of units	Purchase price/ Investment costs in €	Lettable area in sq m
Nov 11	Asset deal	n/a	Magnat Real Estate	Eberswalde, Saalfeld, Rostock	1,500	100,000,000	85,000
Nov 11	Asset deal	GSW Immobilien AG	Gagfah	Berlin	4,800	330,000,000	312,000
Oct1 1	Development	n/a	Baywobau/GrundStein	Berlin-Kreuzberg	70	21,000,000	6,150
Oct1 1	Development	Quantum Immobilien KAG	Bauwens Development/Corpus Sireo Projektentwicklung Wohnen	Cologne-Marienburg	92	22,000,000	n/a
Oct1 1	Asset deal	TAG Immobilien AG	Private investor	Chemnitz	420	23,750,000	32,000
Oct1 1	Asset deal	German institutional investor	Foncière Développement Logements	Düsseldorf, Langenfeld, Hilden	1,163	78,000,000	n/a

Source: Thomas Daily

According to Dr. Lübke, in 2011 approx. €6.18 billion<sup>2</sup> (363 transactions, approx. 141,000 units) have been invested in residential accommodation (thereof €2.5 billion in Q4), meaning an increase of approx. 55% compared to 2010. The most popular investment market was Berlin with 82,730 residential units and a transaction volume of €2.5 billion (including the share deal of GSW and Gagfah), followed by Dusseldorf, Munich, Leipzig and Hamburg.

Dr. Lübke expects that in 2012 the total transaction volume will be at least in line with 2011, due to large transactions like LBBW, BayernLB and TLG. The focus of demand will be Berlin again, as the investors anticipate increasing rents due to increasing population and households going along with a relatively small supply of residential accommodation.

### Forecast of Demand

According to the population projection of the Federal Statistical Office, by the year 2025 a decrease of population from 81.5 (2010) to 78.8 million is expected.

<sup>2</sup> Recorded have been transactions with a volume of €1 million and higher.

But this process will go along with domestic migration, mostly of young people, especially towards conurbations with attractive employment opportunities. This will cause further increases in population and further surplus demand in growth regions.

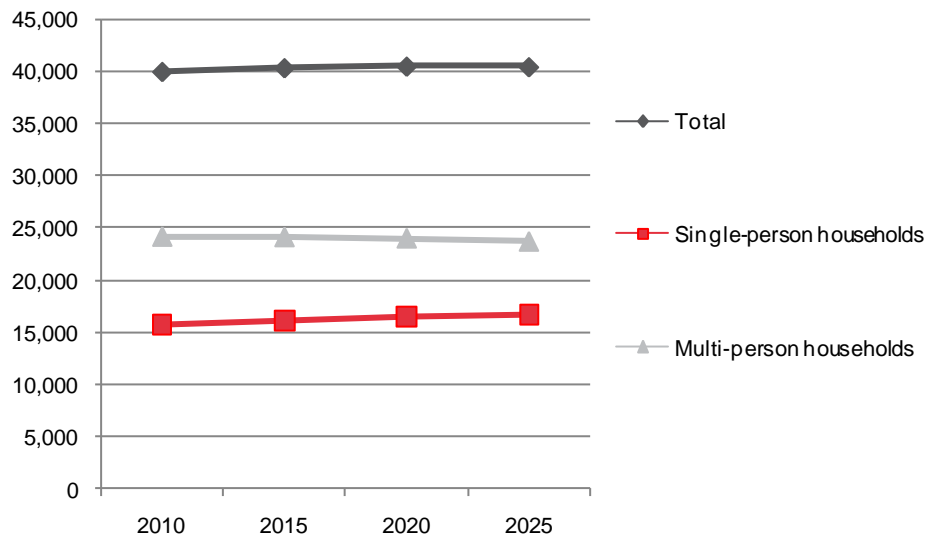
On the other side, according to a Variant of the “population projection” of the Federal Statistical Office, mostly areas in the eastern federal states (-8.5% by the year 2025) and less economically powerful regions in former West Germany will be affected by population decline. Nevertheless, according to Deutsche Bank Research, in regions where the forecasting error is high, opportunistic investors will show some interest.

However, overall demand for residential accommodation throughout Germany is expected to grow over the next ten years, despite of the declining population. The key reasons are the change in lifestyle causing growth in the number of single-person households, the reduction of the average size of households and the replacement requirement, due to aging of the estates.

The Federal Statistical Office predicts that between 2010 and 2025 the number of households will rise by 0.45 million to 40.49 million. The predicted development is shown in the figure below:

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**Expected development of single person and multi person households by 2025**




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Source: Federal Statistical Office

Demand will increase for both, affordable housing and high-quality accommodation, particularly in city centre locations, due to the increasing spread of household income.

According to a lower and an upper scenario variant in the forecast of residential unit demand by the Bundesinstitut für Bau-, Stadt- und Raumforschung with different assumptions concerning the population and household development and the national and international migration, housing units in Germany will need to increase by 2025 at an average of 183,000 in the lower variant (West Germany: 154,000, East Germany: 29,000) or 256,000 in the upper variant (West Germany: 215,000, East Germany: 41,000) per year.

The forecasted development in the lower scenario variant, which furthermore differentiates between residential units in one or two family houses and apartment buildings, is shown below:

#### Expected residential unit demand by 2025

<b>New residential units in West Germany</b>	<b>2010 bis 2025 p.a.</b>	<b>2010 bis 2015 p.a.</b>	<b>2016 bis 2020 p.a.</b>	<b>2021 bis 2025 p.a.</b>
Residential units in one and two family houses	<b>98,000</b>	103,000	97,000	93,000
Residential units in apartment buildings	<b>55,000</b>	56,000	58,000	52,000
<b>Total</b>	<b>154,000</b>	159,000	155,000	145,000
<b>New residential units in East Germany</b>	<b>2010 bis 2025 p.a.</b>	<b>2010 bis 2015 p.a.</b>	<b>2016 bis 2020 p.a.</b>	<b>2021 bis 2025 p.a.</b>
Residential units in one and two family houses	<b>17,000</b>	19,000	18,000	14,000
Residential units in apartment buildings	<b>12,000</b>	15,000	12,000	10,000
<b>Total</b>	<b>29,000</b>	33,000	30,000	24,000

Source: BBSR

It has to be pointed out, that the increasing demand will come from owner occupiers (increase by 15.5%) and not from new tenants (decline by 4.9%). Especially demand for rented flats is expected to decrease by an average of 0.5% per year.

Nevertheless a relatively high investment potential for new apartment buildings (ownership and tenancy) is seen in Berlin, the Rhein-Main-Taunus district and the southern regions of Bavaria and Baden-Wuerttemberg.

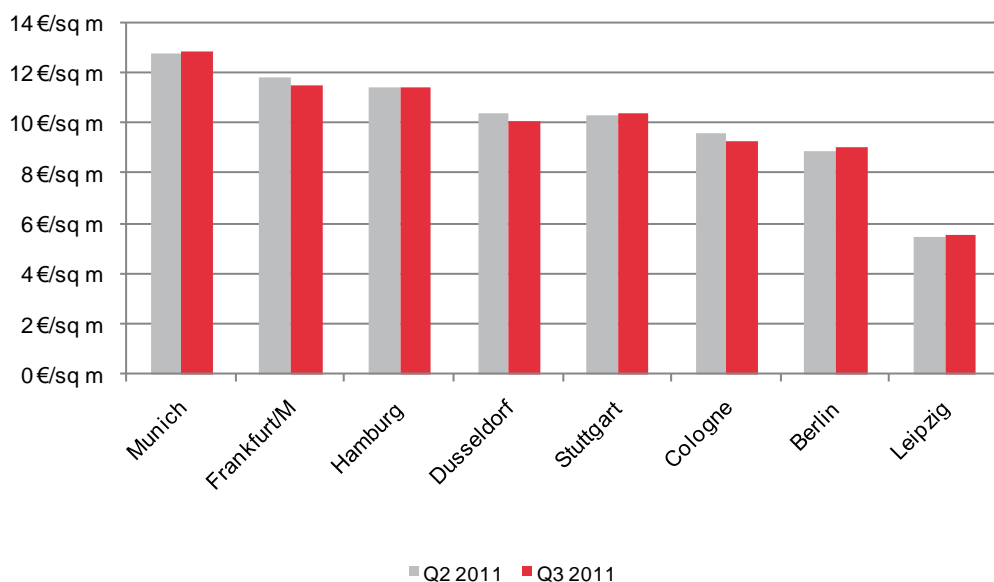
### 4.3 Market Prices

#### Letting Market

According to the BBSR, the average asking rent for apartments in Germany 2010 was €6.20 (West Germany: €6.54, East Germany: €5.32). In 2011, the IVD (Immobilienverband Deutschland) observed an average increase of 2.1% for rents in existing apartments built after 1949 and an increase of 2.9% for existing apartments built before 1948. Taken into account that the average inflation rate in 2011 has been 2.4%, these increases have to be seen in relative terms. However, the development took place differently across the regional markets. For example in big cities the average increase has been 5.8% (apartments built before 1948) and 3.8% (apartments built after 1949).

The changes across the top eight markets in Germany between Q2 2011 and Q3 2011<sup>3</sup> can be seen in the following chart based on the current survey of Empirica concerning the asking rents for residential units between 60-80 sq m that are in good condition and constructed after 2000:

**Development of average asking rents of apartments per sq m (60 to 80 sq m with good quality, constructed after 2000) between Q2 2011 and Q3 2011**



Source: empirica

<sup>3</sup> Q4 data not available yet.

An increase of asking rents of 1% was observed in Munich, Stuttgart and Berlin. A decrease was seen in Frankfurt/M, Dusseldorf and Cologne. In Hamburg and Leipzig the rents remained stable.

The highest residential rents are still achieved in Munich (€12.89 per sq m per month), Frankfurt (€11.56 per sq m per month) and Hamburg (€11.46 per sq m per month).

An increase of asking rents of 1% was observed in Munich, Stuttgart and Berlin. A decrease was seen in Frankfurt/M, Dusseldorf and Cologne. In Hamburg and Leipzig the rents remained stable.

The highest residential rents are still achieved in Munich (€12.89 per sq m per month), Frankfurt (€11.56 per sq m per month) and Hamburg (€11.46 per sq m per month). According to the IVD, in 2012 the rents will rise further in bigger cities due to a backlog of demand.

## **Investment Market**

After the financial crisis the multipliers and average sales prices for residential accommodation recovered on a lower level and remained on a constant level in 2009 and 2010. According to DZ Bank Research, in 2011 the prices for residential accommodation have been rising about approx. 3% compared to 2010 due to a good overall employment situation, favourable financing conditions and the demand for stable investments. However, a limiting factor has been the slight population decrease. The gap between East Germany and West Germany has been reduced in 2011.

The highest increase of purchase prices was observed in attractive big cities. In good locations prices were rising faster than the rents. According to Aengevelt research, multipliers for residential accommodation with good quality in top locations have been ranging up to 20-times.

This development is awaited to continue and may cause a shift towards the office market (portfolio transactions with diversified locations and qualities excluded). In 2012 throughout Germany the same overall increase in prices is expected.



## **5 Valuation Assumptions**

### **5.1 Market Value**

We have valued the Properties adopting a discounted cash flow approach, supported by comparable evidence. The valuation date adopted is 31 December 2011. If there are changes regarding information on costs, tenancies and market conditions, the Market Value may change.

#### **Valuation Method**

We have valued the Properties on the basis of a ten years discounted cash flow model. The DCF calculation is a valuation of rental income considering non-recoverable costs and applying a discount rate income over the ten years period. After ten years to the net a terminal value (exit scenario) is calculated, using a cap rate reflecting the more uncertain future income.

#### **Assumptions**

We have not taken into account any costs which would be payable by a vendor of the Properties. The capital valuation and rents included in this Valuation Report are net of value added tax at the prevailing rate.

#### **Current Rental Income**

The calculated rental income refers to the provided rent roll. Please refer to the template Reports in Appendix C. Possible extension options and automatic extensions have not been considered in the valuation.

#### **Calculation of Market Rent**

We verified the contractual rent by lease comparables. We have estimated an overall Market Rent after expiry of the lease terms. This result in a total aggregated Market Rent for the Properties of €2,810,000 per annum (rounded) as at 31 December 2011. For details please refer to the individual template reports in Appendix C.



### **Derivation of the Discount and Cap Rate**

The discount rate represents the unleveraged internal rate of return for the Properties. Therefore, we have derived the discount rate from comparable investment evidences considering individual risks regarding the buildings and location qualities. We have adopted individual discount rates and we refer to the template reports in Appendix C.

In order to capitalise the net rental income on market level, we have assumed an exit in year ten. To determine the capitalisation rate we have considered the quality of the building and location and compared this to the general investment market and recent transactions as described in the template reports.

**Please note: If there are changes regarding information on costs, tenancies and market conditions, the Market Value may change.**



## **6 Valuation Results**

### **6.1 Market Rent**

We are of the opinion that the aggregated Market Rent of the Properties as at 31 December 2011, subject to the Assumptions and comments contained in this Report and its Appendices is:

**€2,810,000 per annum exclusive (rounded)**

**(Two million, eight hundred and ten thousand euro)**

### **6.2 Market Value**

We are of the opinion that the aggregated Market Value as at 31 December 2011 of the freehold interest in the Properties, subject to the existing tenancies and subject to the Assumptions and comments in this update Valuation Report and the Appendices, excluding purchaser's costs is:

**€23,760,000**

**(Twenty-three million, seven hundred and sixty thousand euro)**

We have provided copies of Argus computer printouts in Appendix C. In order to understand these calculations you should note the comments in Appendix B under "Valuation computer printouts".



## **7 Confidentiality and Disclosure**

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

Unless otherwise agreed in the engagement agreement, such approval is required for the avoidance of doubt whether or not DTZ Zadelhoff Tie Leung GmbH is referred to by name and whether or not the contents of our Report and valuation are combined with others.

Yours sincerely

27 March 2012

27 March 2012

**i.V. Tino Müller MRICS**  
**Associate Director**  
**FOR AND ON BEHALF OF**  
**DTZ ZADELHOFF TIE LEUNG GMBH**

**ppa. Klaus Dallafina MRICS**  
**Senior Director, Head of Valuation**  
**FOR AND ON BEHALF OF**  
**DTZ ZADELHOFF TIE LEUNG GMBH**

### **Appendices**

- A Assumptions and Definitions**
- B Valuation Terms, Conditions and Assumptions**
- C Template Reports**
- D Sensitivity Analysis**
- E Appraiser's Education**
- F Terms & Conditions of DTZ Zadelhoff Tie Leung GmbH**



## **Appendix A**

### **Assumptions and Definitions**



## **1 Assumptions and Definitions**

### **1.1 Valuation Conditions and Assumptions**

These are the conditions and Assumptions upon which our valuations and reports are normally prepared and form an integral part of our appointment together with our related Engagement Letter and DTZ Terms and Conditions. Unless otherwise referred to in this Valuation Report these conditions and Assumptions apply to the valuation(s) that are the subject of this Valuation Report. We have made certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, our valuations that we have not verified as part of the valuation process but rather, as referred to in the Glossary to the RICS Valuation Standards (Red Book), have treated as “a supposition taken to be true”. In the event that any of these Assumptions prove to be incorrect then our valuation(s) will need to be reviewed.

### **1.2 Bases of Valuation**

The Properties have been valued on the bases set out in Section 2.1 of this Valuation Report and defined in Appendix B of this Valuation Report.

### **1.3 Title**

We have not had access to the title deeds of the Properties. Unless specifically advised to the contrary by you or your legal adviser, we have made the Assumption that titles are good and marketable and are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We have also made the Assumption that the Properties are free from mortgages, charges or other encumbrances.

Where a Certificate of Title has been made available, we have reflected its contents in our valuation(s). Save as disclosed either in any such Certificate of Title or as referred to in our Valuation Report, we have made the Assumption that there is good and marketable title and that the Properties are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. We have also made the Assumption that the Properties are free from mortgages, charges or other encumbrances.

Where a Valuation Report contains site plans these are based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, our understanding of the extent of title based on site inspections or copy title plans supplied to us. If verification of the accuracy of these plans is required the matter must be referred by you to your solicitors.



#### **1.4 Condition of Structure and Services, Deleterious Materials**

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

Our valuation(s) has/have taken account of the general condition of the Properties as observed from the valuation inspection. Where a separate condition or structural survey has been undertaken and made available to us, we have reflected the contents of the survey report in our valuation(s), and we may have discussed the report with the originating surveyor.

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

Unless access is readily available, we will not be able to gain access to the roof or roof voids and we shall thus make the Assumption that inspection of those parts will not reveal defects of which we are not aware, would have an adverse effect on the value or the saleability of the Properties.

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

We have not carried out an asbestos inspection and have not acted as an asbestos inspector in completing the valuation inspection of properties that may fall within the Control of Asbestos at Work Regulations 2002. We have not made an enquiry of the duty holder (as defined in the Control of Asbestos at Work Regulations 2002), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made.

Where relevant, we have made the Assumption that there is a duty holder, as defined in the Asbestos at Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract or pre-loan enquiries.

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

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

In the case of new Properties, the construction of which has not been commenced or completed, or of Properties built within the last ten years, we shall make the Assumption that the construction will be/has been satisfactorily completed and that it will be/has been built according to all relevant statutory requirements.

### **1.5 Plant and Machinery**

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

### **1.6 Goodwill**

No account has been taken in our valuation(s) of any business goodwill that may arise from the present occupation of the Properties.

### **1.7 Floor Areas and Inspections**

Unless referred to otherwise in our Valuation Report, we have physically inspected the Properties and have either carried out a measured survey or have calculated floor areas from plans provided by the Applicant or their agents, supported by check measurements on site. Measurement has been in accordance with the current Code of Measuring Practice (DIN 277 and/or gif Gesellschaft für Immobilienwirtschaftliche Forschung e.V.).

Where we were not instructed to measure and calculate the floor areas, we have applied floor areas provided by the Applicant or their agents. We have made the Assumption that



these areas have been measured and calculated in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors.

## **1.8 Environmental Matters**

We have made the enquiries referred to in Section 3 of this Valuation Report regarding environmental matters including contamination and flooding, and we have had regard to any environmental reports referred to in Section 3 of this Valuation Report. However, we have not undertaken a formal environmental assessment.

Where our enquiries have lead us to believe that the Properties are unaffected by contamination, flooding or other environmental problems, then, unless you have instructed us otherwise, our valuation is based on the Assumption that no contamination or other adverse environmental matters exist in relation to the Properties sufficient to affect value.

## **1.9 Statutory Requirements and Planning**

We have made verbal or written enquiries or an inspection of the website of the relevant planning authorities as referred to in Section 3 of this Valuation Report as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect Property values. We have also sought to ascertain whether any outstanding planning applications exist which may affect the Properties, and whether it is listed or included in a conservation area. We have also attempted to verify the existing permitted use of the Properties, and endeavoured to have sight of any copies of planning permissions. The results of these enquiries are in Section 3 of this Valuation Report.

Save as disclosed in a certificate of title or unless otherwise advised, and unless otherwise referred to in this Valuation Report we have made the Assumption that the building has been constructed in full compliance with valid town planning and building regulations approvals and that where necessary has the benefit of current fire risk assessments compliant with the requirements of the regulatory reform (fire safety) order. Similarly, we have also made the Assumption that the Properties are not subject to any outstanding statutory notices as to its construction, use or occupation and that the existing use of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

We have made the Assumption that the Properties complies with all relevant statutory requirements.

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We assume that, if you should need to rely



upon the information given about town planning matters, your solicitors would be instructed to institute such formal searches.

In instances where we have valued Properties with the benefit of a recently granted planning consent or on the Special Assumption that planning consent is granted, we have made an assumption that it will not be challenged under judicial review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the Properties, or the area in which it is located) within a period of three months of the granting of a planning consent.

If a planning consent is subject to judicial review, we must be informed and asked to reconsider our opinion of value. Advice would be required from your lawyer and a town planner, to obtain their opinion of the potential outcomes of such a judicial review, which we will reflect in our reconsideration of value.

### **1.10 Leasing**

We have read all the leases and related documents provided to us, subject to the provisions of paragraph 1.12 below. We have made an Assumption that copies of all relevant documents have been sent to us and that they are complete and up to date.

We have not undertaken investigations into the financial strength of any tenant(s). Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have made the Assumption that:

- a. where a Property is occupied under leases then the tenants are financially in a position to meet their obligations, and
- b. there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

However, our valuation(s) reflect the market's general perception of the credit worthiness of the type of tenant(s) actually in occupation or responsible for meeting lease commitments, or likely to be in occupation.

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

### **1.11 Legal Issues**

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability



will be accepted for the true interpretation of the legal position of our client or other parties. Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the valuation of the Properties and our Valuation Report will include a statement to this effect.

### **1.12 Information**

We have made the Assumption that the information provided by the Client, the Applicant and your respective professional advisers in respect of the Properties we have valued is both full and correct. We have made the Assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

### **1.13 Deduction of Notional Purchaser's Costs**

The Market Values which we have attributed to the Properties are the figure we consider would appear in a contract for sale, subject to the appropriate assumptions for this Basis of Value. Where appropriate, we have made an allowance in respect of stamp duty and purchaser's costs.

### **1.14 Taxation and costs**

No adjustment has been made to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. Furthermore, no allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

Our valuation figure for each Property is that receivable by the willing seller excluding VAT, if applicable. We have made a deduction to reflect a purchaser's acquisition costs.

### **1.15 Vacant Possession Value**

For the assessment of the Vacant Possession Value we assumed void and marketing periods for the Properties depending on the location, layout and demand. We applied an increased discount rate in order to reflect the risk of not fully letting the Properties and typically of an unchanged exit cap rate.



Unless otherwise stated, all other variables have been chosen in accordance with the assessment of the Market Value.

### **1.16 Estimated Reinstatement Cost Assessment**

We have considered the extent and nature of the building and an estimated reinstatement cost assessment has been undertaken as part of our normal valuation exercise. We have not carried out a formal reinstatement cost assessment through our Building Consultancy Division. Our assessment should be treated as a guide only and should not be relied upon. It should be used for comparative purposes only against the borrower's proposed reinstatement cover. Should any discrepancies arise, a formal reinstatement cost assessment should be commissioned.

The figures set out in our Valuation Report are our assessment of the cost of reconstructing the Properties at the date of valuation. They include an allowance for demolition, removal of debris, temporary shoring, statutory and professional fees which are likely to be incurred on reconstruction, but exclude any allowance for VAT. If you are unable to recover VAT, or can recover part only, you should advise your insurers and increase the base sum insured appropriately. The figures make no allowance for loss of rent during the rebuilding period, nor for inflation, nor the cost of dealing with any contamination which may be present and have to be dealt with prior to reconstruction. The assessment does not provide advice in respect of terrorist damage cover and you should consult with your insurers in respect of this.

We have assumed that the reinstated building and its use would be similar to that existing, and the replacement building would be to the original design, in modern materials, using modern techniques to modern standards.

### **1.17 Properties in the Course of Development or Requiring Refurbishment**

Unless otherwise referred to in the Valuation Report, we have relied upon information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date, as advised by the owner of the Properties or their professional advisers.

Unless otherwise referred to in the Valuation Report, our valuation of the completed building has been based on the Assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specifications, current British standards and any relevant codes of practice. We have also made the Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, which will be assignable to third parties.



## **Appendix B**

### **Valuation Terms, Conditions and Assumptions**

## 2 Definitions of the Bases of Valuation

The Properties have been valued in accordance with the relevant parts of the current RICS Valuation Standards (the “Red Book”). In particular, the bases of valuation are as follows:

### 2.1 Market Value

We have assessed Market Value in accordance with Valuation Standard 3.2. Under these provisions, the term “Market Value” means “*The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.*”

In undertaking our valuation on the basis of Market Value we have applied the conceptual framework which has been settled by the International Valuation Standards Committee (IVSC). The conceptual framework is included in VS 3.2 and is reproduced below:

"3.2 The term *property* is used because the focus of these Standards is the valuation of property. Because these Standards encompass financial reporting, the term *Asset* may be substituted for general application of the definition. Each element of the definition has its own conceptual framework.

3.2.1 '***The estimated amount ...***' Refers to a price expressed in terms of money (normally in the local currency) payable for the property in an arm's-length market transaction. *Market Value* is measured as the most probable price reasonably obtainable in the market at the date of valuation in keeping with the *Market Value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *Special Value*.

3.2.2 '***... a property should exchange ...***' Refers to the fact that the value of an asset is an estimated amount rather than a predetermined or actual sale price. It is the price at which the market expects a transaction that meets all other elements of the *Market Value* definition should be completed on the date of valuation.

3.2.3 '***... on the date of valuation ...***' Requires that the estimated *Market Value* is time-specific as of a given date. As markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made.

3.2.4 '***... between a willing buyer ...***' Refers to one who is motivated, but not compelled to buy. This buyer is neither over-eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than on an imaginary or hypothetical market which cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present property owner is included

among those who constitute 'the market'. A valuer must not make unrealistic assumptions about market conditions or assume a level of Market Value above that which is reasonably obtainable.

- 3.2.5 '**... a willing seller ...**' Is neither an over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the property at market terms for the best price attainable in the (open) market after proper marketing, whatever that price may be. The factual circumstances of the actual property owner are not a part of this consideration because the 'willing seller' is a hypothetical owner.
- 3.2.6 '**... in an arm's-length transaction ...**' Is one between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) which may make the price level uncharacteristic of the market or inflated because of an element of *Special Value*, (defined in IVSC Standard 2, para. 3.11). The *Market Value* transaction is presumed to be between unrelated parties each acting independently.
- 3.2.7 '**... after proper marketing ...**' Means that the property would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The length of exposure time may vary with market conditions, but must be sufficient to allow the property to be brought to the attention of an adequate number of potential purchasers. The exposure period occurs prior to the valuation date.
- 3.2.8 '**... wherein the parties had each acted knowledgeably, prudently ...**' Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the property, its actual and potential uses and the state of the market as of the date of valuation. Each is further presumed to act for self-interest with that knowledge and prudently to seek the best price for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the date of valuation, not with benefit of hindsight at some later date. It is not necessarily imprudent for a seller to sell property in a market with falling prices at a price which is lower than previous market levels. In such cases, as is true for other purchase and sale situations in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time.
- 3.2.9 '**... and without compulsion**' Establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.
- 3.3 *Market Value* is understood as the value of a property estimated without regard to costs of sale or purchase and without offset of any associated taxes."

## 2.2 Market Rent

We have assessed Market Rent in accordance with Valuation Standard 3.3. Under these provisions the term "Market Rent" means *'The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.'*

The commentary is reproduced below.

"1. The definition of Market Rent is the Market Value (MV) definition modified by the substitution of a willing lessor and willing lessee for a willing buyer and willing seller, and an additional Assumption that the letting will be on 'appropriate lease terms'. This definition must be applied in accordance with the conceptual framework of MV at VS 3.2, together with the following supplementary commentary:

### 1.1 *'...willing lessor and willing lessee...'*

The change in the description of the parties simply reflects the nature of the transaction. The willing lessor is possessed with the same characteristics as the willing seller, and the willing lessee with the same characteristics as the willing buyer, save that the word 'price' in the conceptual framework to MV should be changed to 'rent', the word 'sell' changed to 'let' and the word 'buy' changed to 'lease'.

### 1.2 *'...appropriate lease terms...'*

MR will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews, and the responsibilities of the parties for maintenance and outgoings, will all impact on MR. In certain states, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate. Valuers must therefore take care to set out clearly the principal lease terms that are assumed when providing MR.

If it is the market norm for lettings to include a payment or concession by one party to the other as an incentive to enter into a lease, and this is reflected in the general level of rents agreed, the MR should also be expressed on this basis. The nature of the incentive assumed must be stated by the valuer, along with the assumed lease terms.

MR will normally be used to indicate the amount for which a vacant property may be let, or for which a let property may re-let when the existing lease terminates. Market Rent is not a suitable basis for settling the amount of rent payable under a rent review provision in a lease, where the actual definitions and Assumptions have to be used."



## 2.3 Yields

References to yields are made in the Report. According to “gif”, Society of Property Researchers, Germany these terms are defined as follows:

Gross initial yield: Contractual rent divided by Market Value (exclusive purchaser’s costs)

Net initial yield: Net rental income (contractual rent less operating costs) divided by gross Market Value (inclusive purchaser’s costs)

If references to the German “Cold” Multiplier are made in the Valuation Report this term is defined as follows:

German “Cold” Multiplier: Market Value divided by contractual rent

## 2.4 Valuation Computer Print Outs – Explanatory Notes

Where we have provided copies of computer print outs produced by Argus Valuation - Capitalisation, you should note the following in order to understand the valuations:

### 2.4.1 Valuation Summary Print Out

#### Gross rent

The current gross rent represents the total income receivable from the Property at the date of valuation. In the case where a rent review is outstanding at the date of valuation and a reversionary increase is anticipated, the gross rent includes the reversionary increase as if it were payable at the date of valuation.

Similarly if a lease has expired but for the purposes of the valuation it is assumed that the tenant will renew the lease at current rental value, the gross rent includes the rental value of that particular lease.



## **Net rent**

The current net rent represents the current gross rent less any or all of the following:

- a. Ground rent
- b. Irrecoverable revenue outgoings
- c. Loss of income due to a permanent void allowance.

## **Running yields**

The running yield at any given point in time represents the return generated by the net rent as a percentage of the gross value before deduction of purchaser's costs. Where we have made capital deductions or additions to reflect matters such as the cost of works or letting fees, or premium receipts, yields are calculated against a sum equal to the net value plus purchaser's costs and any such capital deductions or minus any such capital receipts.

## **Rounding**

The initial, running and equivalent yields are calculated against capital values prior to rounding. The variation in yields calculated before rounding compared with those calculated after rounding is not material.

### **2.4.2 Tenancy Details Print Out**

#### **Gross income**

The actual contracted gross income received at the date of valuation is shown at the foot of the tenancy schedule. This sum ignores potential increases further to outstanding reviews and lease renewals.

#### **Rounded rent**

The rounded rent for each tenancy is reflected in the valuation calculation.



## **Appendix C**

### **Template Reports**

**Report for: Burgholzstraße 51-57  
17034 Neubrandenburg**

**Prepared for: Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin**

**Prepared by: DTZ Zadelhoff Tie Leung GmbH**



Front side of the building



Entrance area



Rear side of the building

GENERAL			
<b>Address</b>	Burgholzstraße 51-57 17034 Neubrandenburg Germany	<b>Date of valuation</b>	31/12/2011
		<b>Date of inspection</b>	13/04/2010
		<b>Valuation methods</b>	DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung GmbH

BASIS OF VALUATION	
<b>Scope of work</b>	MARKET VALUE
<p>In accordance with your instructions, we have inspected the above-mentioned Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (7th Edition).</p>	
<b>Type of information</b>	
- Draft lease contract	<input type="checkbox"/>
- Land registry	<input checked="" type="checkbox"/>
- Floor plans	<input checked="" type="checkbox"/>
- Cost schedule (Capex)	<input checked="" type="checkbox"/>
- Cadastral map	<input checked="" type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>
- Technical due diligence	<input checked="" type="checkbox"/>
- Environmental risk assessment	<input checked="" type="checkbox"/>
- Tenancy schedule	<input checked="" type="checkbox"/>
- Area calculation	<input type="checkbox"/>
- Registry of public land charges	<input checked="" type="checkbox"/>

DISCLAIMER	
<b>Purpose of valuation</b>	Update valuation for IFRS purpose
<b>Inspection</b>	Full inspection (internally where access was possible)
<b>Information provided by</b>	Client
<p>The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose. Furthermore, it is based on the following:</p>	
<p>A technical and environmental due diligence conducted by LandAmerica, dated April 2007. Whenever we have considered capital expenditure in the valuation, the data has been extracted from the preceding source. We have adopted the lettable areas as stated in the rent roll.</p>	
<p>This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 07.11.2011. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.</p>	

VALUATION SUMMARY	
Owner	Eurovast '92 B.V., Amsterdam
Property type	Residential
Year of construction	1969
Valuation year	2011
Type of ownership	Freehold
Size of plot	4,048 sq m

LETTABLE AREAS				
	Total	Thereof let	Thereof vacant	in %
Office	-	-	-	-
Retail	-	-	-	-
Residential	5,616 sq m	5,486 sq m	130 sq m	2%
Other	-	-	-	-
Units	21 units	21 units	0 units	0%
<b>Total</b>	<b>5,616 sq m</b>	<b>5,486 sq m</b>	<b>130 sq m</b>	<b>2%</b>

RENTAL VALUES	
Current rent per month	26,793 €
Current rent per year	321,512 €
Gross rent year 1	327,061 €
Net rent year 1	264,617 €
Market rent	307,674 €

MARKET VALUE			
Gross present value	3,086,747 €	Multiplier as-is	9.0
Less purchaser's costs	@ 7.00% 201,937 €	NIY on year 1	8.6%
Net present value	2,884,810 €	Multiplier market	9.4
<b>Market Value</b>	<b>2,880,000 €</b>	NRY	8.6%
Market Value per sq m lettable area	513 €		

**PROPERTY DESCRIPTION****Asset type**

The Property was constructed in 1969 and comprises a five-storey building complex with 80 residential units.

**Location on site**

The Property is located in a residential area in Neubrandenburg approximately 1.5 km north of the city centre. Neubrandenburg is a city in Mecklenburg-Western Pomerania and is located approximately 135 km north of Berlin.

**Building description**

The Property comprises a five-storey building complex of eight attached building sections which are constructed as a pre-cast reinforced concrete-slab construction. The buildings are fitted with butterfly-shaped flat roofs with bituminous roofing and have full basements. The external walls are of concrete and masonry, rendered and painted. Windows and exterior doors are generally of plastic frames with double-glazing. Interior staircases are constructed of pre-cast reinforced concrete and finished with terrazzo flooring. There are balconies to the rear of the building. Heating and hot water is provided by two separately operating heating systems located in the mechanical rooms in the basements of the building parts Burgholzstraße 50 and 55.

**Description of areas**

The Property comprises 80 residential units, thereof one unit was vacant at the date of valuation. Most of the units offer one to three rooms, the average unit size is 70 sq m. During inspection we were able to inspect one vacant unit.

According to the information provided during inspection only some of the units have been recently refurbished. In particular these units have been fitted with new bathrooms, new laminate flooring and the electrical installations within the accommodations have been renewed. We assume that the remaining units are overall in need of refurbishment. All units are fitted with balconies. Furthermore, all units are fitted with a district heating system and warm water is provided by a central warm water supply. The electrical system is wall-mounted, the internal walls are wallpapered and painted.

**PROPERTY CONDITION**

The Property is overall in good condition.

**Rating** (A very good - D poor)

Exterior B  
Interior B  
General impression B

**Comment:****REPORT ON TITLE**

**Owner** Eurovast '92 B.V., Amsterdam

**Registry section**

Local court Neubrandenburg  
Land registry of Neubrandenburg  
Page 9231  
Size 4,048 sq m  
No. of registry 6, 8  
No. of parcels 657/20, 647/8  
Type of use building and undeveloped area

**Section II**

No entries.

**Comments****Section III**

Entries in Section III have not been considered in this valuation.

**Date of copy of title**

n/a

**INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)**

We have not been provided with an extract from the building restrictions register. Hence, potential building restrictions have not been considered in the valuation.

**Date**

n/a

**INFORMATION ON LISTING STATUS**

Building complex not listed   
Building complex listed   
Historical monument (Baudenkmal)   
Historical building ensemble (Ensembleschutz)   
Information not available

**INFORMATION ON SUBSIDIES**

Subsidised   
Partly subsidised   
Not subsidised   
Information not available

**MACRO LOCATION**

Country	Germany
Federal state	Mecklenburg-Western Pomerania
Region	Neubrandenburg
City	Neubrandenburg
District	District
Name of district	Datzeberg

**PLANNING SITUATION**

Zoning plan (Flächennutzungsplan)	Yes
Legally binding development plan (Bebauungsplan)	No
Number/name of development plan	
Development plan dated	
Designated area	Pure residential area (WR)
Site coverage (GRZ)	
Plot ratio (GFZ)	
Comment	The Property is located within a built-up area (paragraph 34 German Building Law) and is not covered by a legally binding land-use plan.

**DEMOGRAPHIC DATA**

Inhabitants		December 2010
Unemployment rate	18.1%	February 2011
Purchasing power index	85.50	2010

**DESCRIPTION OF LOCATION**

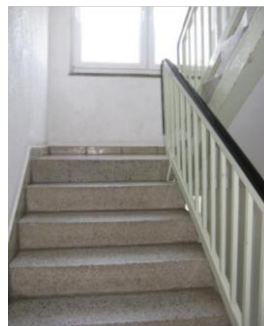
With a population of approximately 65,000 inhabitants Neubrandenburg is one of the biggest cities in Mecklenburg-Western Pomerania. The town exercises key functions in the fields of commerce, services, education, health and culture for a region with a population of over 400,000 inhabitants. Neubrandenburg is the industrial and service centre for the eastern part of Mecklenburg-Western Pomerania, characterised especially by companies in the automotive supply industry, manufacturing systems engineering for animal feedstuffs, food processing industry, healthcare management, building and construction materials industry, technology-oriented companies in the ICT and geoinformatics sectors. The city has a population density of 761 inhabitants per sq km and covers a total area of 85.7 sq km. Next major cities are Berlin, in the south at a distance of approximately 135 km and Rostock, in the north-east at a distance of approximately 100 km. The city of Neubrandenburg has accessibility to a well developed motorway network. Access to the motorways A20 in the north and east is provided via federal roads (B96 Sassnitz-Zittau, B104 Lübeck-Stettin, B192 Wismar). The main station of Neubrandenburg is linked to the train railway system RE of Deutsche Bahn which provides hourly connections to major cities such as Berlin, Rostock and Schwerin. The local railway system provides good connection to regional destinations. The airport of Neubrandenburg is located on the northern border of the city, close to the B96 in Trolenhagen.

**Rating (A very good - D poor)**

Neighbourhood	B
Accessibility	B
General impression	B

**Comment**

The Property is located in a good commercial area.



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The residential market is characterised by stable vacancy rates over the last years. After a slump in activities in the third quarter of 2010, the number of transactions and the investment volume has been recovering extraordinarily fast and constantly rising to approx. 29,100 units and approx. €1,340,000,000 in Q1 2011. However, in Q2 2011 another large decrease could be observed. But in Q3 the highest transaction volume in the last two years has been reached.

Multipliers show a development ranging from 7- to 10-times for opportunistic portfolios and up to 20-times for large new-built premises or residential developments. The average multiplier in 2010 remained stable at approximately 12.7%. Multipliers in prosperous local markets have remained stable or have even slightly increased, whereas markets which are affected by decreasing population are characterised by falling multipliers. In 2011 only a slight decrease in prices is expected in certain areas, but the overall majority is expected to increase. The development of prices and sales is expected to continue.

**MARKET OVERVIEW OF LOCATION**

Neubrandenburg suffers decreasing population, due to the high unemployment rate especially young population is leaving. The district Industrieviertel is located in the northeast of the city. Burgholzstraße is located in the district of Ihlenfelder Vorstadt which is characterised by a mixture of one- and multi-family houses. Industrially and commercially used buildings are located in the south and the east adjacent to the district of Ihlenfelder Vorstadt. The vacancy rate in Neubrandenburg has decreased to approximately 5% due to demolition programs.

Prime residential rents are in a range of between €5.00 and 6.00 per sq m per month, rents for average locations range between €4.00 and 5.00 per sq m per month and rents for basic residential locations range between €3.00 and 4.00 per sq m per month. The investment market in Neubrandenburg is small, stable and basically local.

**RESIDENTIAL MARKET NEUBRANDENBURG**

Sale prices	Existing use	New build	Investment	Yield
Simple	800 €/sq m	n/a		
Average	900 €/sq m	1,000 €/sq m	basic	n/a
Good	1,100 €/sq m	1,200 €/sq m	average	n/a
Very good	1,200 €/sq m	1,500 €/sq m	good	n/a
<b>Rental bands</b>		<b>from</b>	<b>to</b>	
Simple		3.00 €/sq m	4.00 €/sq m	
Average to good		4.00 €/sq m	5.00 €/sq m	
New build		5.00 €/sq m	6.00 €/sq m	

Rent index of the city of Neubrandenburg (03/2010 - 02/2012) for the district of Industrieviertel:  
 Building age 1971 - 02.10.1990 units from 40 - 70 sq m non-renovated € 2.93 - 3.59 sq m/month, renovated € 4.71 - 4.99 sq m/month; units over 70 sq m non-renovated € 2.52 - 3.41 sq m/month.  
 Gross property yield in 2009 for multi-family houses: 3.4 - 5.5% and for residential units 3.16 - 4.28% (real estate market report 2009 Neubrandenburg).

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Rent [€/sq m/month]	Year of construction	Refurbished	Transaction/offer	Building	Location
17034	Residential	64.80	3,996	5.14	1970	Yes	Offer	Subject	Subject
17034	Residential	60.00	2,880	4.00	1982	Yes	Offer	Comparable	Comparable
17034	Residential	59.96	3,000	4.17	1983	Yes	Offer	Comparable	Comparable
17034	Residential	60.00	2,796	3.88	1983	Yes	Offer	Comparable	Comparable
17034	Residential	59.95	2,904	4.04	1983	Yes	Offer	Comparable	Comparable

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Sale price [€]	Sale price [€/sq m]	Multiplier	Year of construction	Transaction/offer	Building	Location
17349	Residential	1,061.00	33,605	279,000	263	8.3	1958	Offer	Comparable	Comparable
17367	Residential	1,168.00		790,000	676	n/a	1958	Offer	Comparable	Comparable
17348	Residential	540.00	24,840	240,000	444	9.7	1900	Offer	Comparable	Comparable
17139	Residential	605.00	30,120	270,000	446	9.0	1900	Offer	Comparable	Comparable
16909	Residential	931.00		418,500	450	n/a	1905	Offer	Comparable	Comparable



## TENANCIES

TENANCIES														
	Type	Area [sq m]	Units [No]	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/sq m]	Status	MR [€/sq m]	MR [€/month]	in %
1	Residential	5,486.40	78	Resident. tenant	various	open-ended	-	-	26,412.25	4.81	Let	4.50	24,688.80	97.69%
2	Residential	129.60	2	Resident. tenant					0.00	0.00	Vacant	4.50	583.20	2.31%
Total		5,616	80						26,412	4.70		4.50	25,272	100%

	Type	Units [No]	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/unit]	Status	MR [€/unit]	MR [€/month]	in %
1	Residential	21	Resident. tenant	various	open-ended	-	-	380.45	18.12	Let	17.50	367.50	100.00%
Total		21						380.45	18.12		17.50	368	100%

SUMMARY AREAS													
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [€/month]	Current rent [in %]	MR areas let [€/month]	MR areas let [in %]	MR vacancy [€/month]	MR vacancy [in %]	Total MR [Ø €]	Total MR [€/month]	Total MR [in %]
Office	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Retail	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Residential	5,486	130	5,616	2%	26,412	99%	24,689	99%	583	100%	4.50	25,272	99%
Other	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Units	21	-	21	0%	380	1%	368	1%	0	0%	17.50	368	1%
<b>Total</b>	5,486	130	5,616	2%	26,793	100%	25,056	100%	583	100%	4.50	25,640	100%

VALUATION ASSUMPTIONS	
Discount rate	7.00%
Exit cap rate	8.00%
Growth rate/inflation	0.00%
Capital expenditure	72,500 € lump sum today
Management costs residential	250.00 € per unit p.a.
Structural repairs (Dach & Fach)	7.50 € per sq m
Credit & collection loss	0% of income
Local authority charges	0.00 € per sq m
Insurance	0.00 € per sq m
Void periods	3 months
Tenant improvements	25.00 € per sq m
Letting fees	16.67% of annual rental value
Purchaser's cost	7.00%
Stamp duty	3.50% of Market Value
Agent's fees	3.00% of Market Value
Legal fees	0.50% of Market Value

DCF VALUATION		
Period of analysis	Cash flow	
	nominal	discounted
Year 1	220,711 €	206,272 €
Year 2	235,335 €	205,551 €
Year 3	233,251 €	190,402 €
Year 4	231,167 €	176,356 €
Year 5	240,083 €	171,176 €
Year 6	233,788 €	155,783 €
Year 7	217,935 €	135,719 €
Year 8	215,851 €	125,627 €
Year 9	213,767 €	116,275 €
Year 10	211,683 €	107,609 €
Total cash flow	2,253,571 €	1,590,770 €
Resale	2,942,813 €	1,495,977 €
Gross present value		3,086,747 €
Less purchaser's costs	@ 7.00%	201,937 €
Net present value		2,884,810 €
<b>Market Value</b>		2,880,000 €
Market Value per sq m		513 €

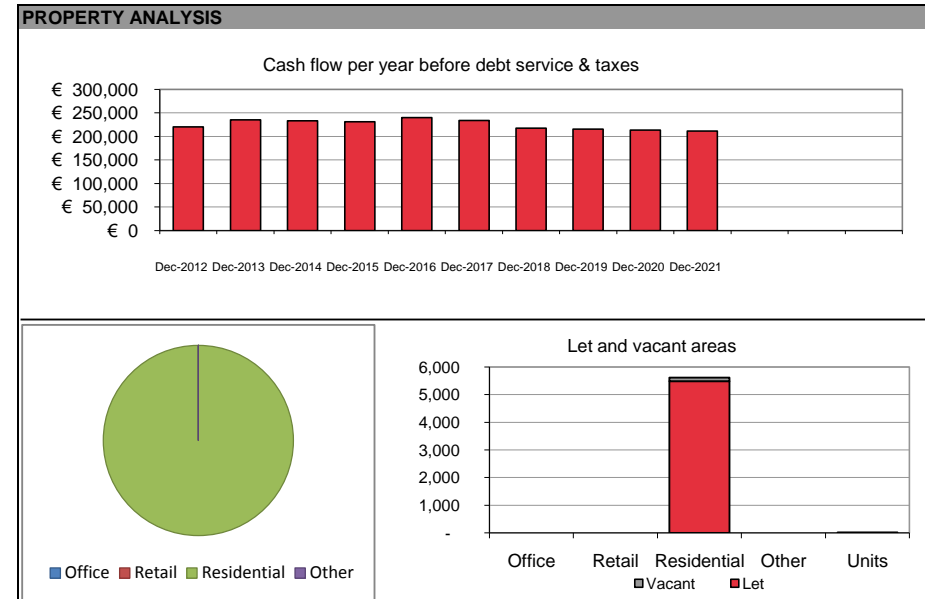
**COMMENTS ON VALUATION ASSUMPTIONS**

The site and building were inspected on 13 April 2010. The valuation date adopted is 31. December 2011.

We have valued the Property assuming a three months vacancy period and a re-letting fee of two months' rent. Structural repairs (Dach&Fach) have been considered with €7,50 per sq m in the valuation. Capital expenditure has been considered in accordance with the technical and environmental due diligence prepared by LandAmerica. However, refurbishment costs have been assessed separately on the basis of recent average refurbishment costs and considering already refurbished units.

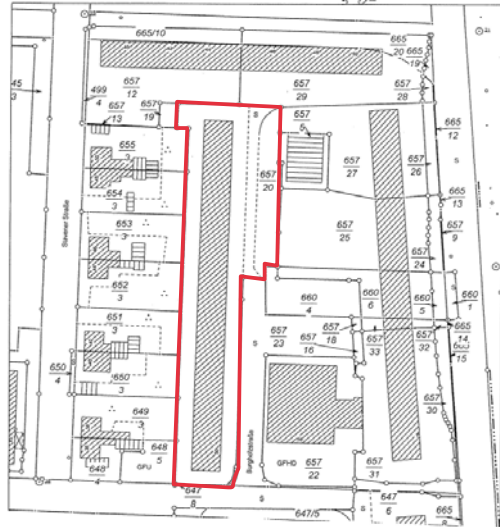
According to the extract from the land register the Property is held as freehold. There are no encumbrances entered in the land register, therefore we have not considered any encumbrances in the valuation.

If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.

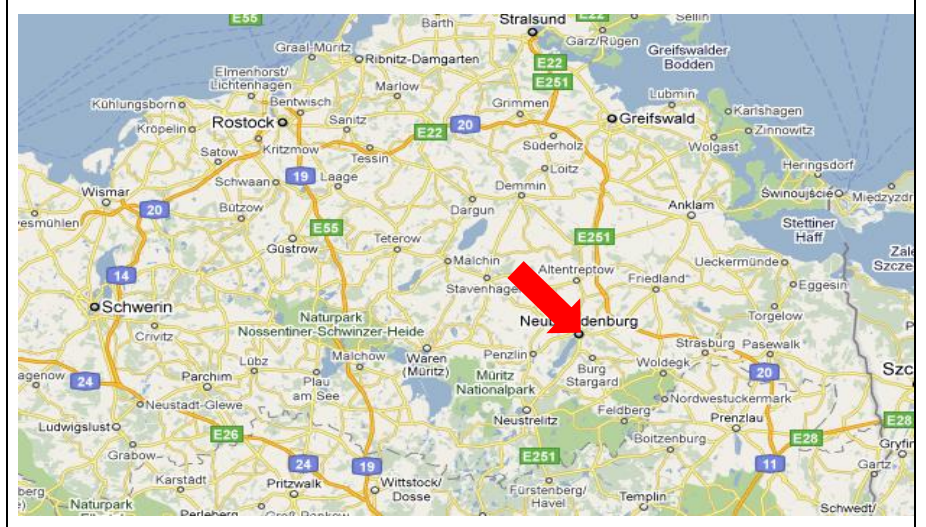


CASH FLOW										
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021
<b>Potential gross revenue</b>										
Base rental revenue	328,519 €	326,435 €	324,351 €	322,267 €	320,183 €	318,099 €	316,016 €	313,932 €	311,848 €	309,764 €
Absorption & turnover vacancy	-1,458 €	-5,012 €	-5,012 €	-5,012 €	-5,012 €	-6,178 €	-10,024 €	-10,024 €	-10,024 €	-10,024 €
Scheduled base rental revenue	327,061 €	321,423 €	319,339 €	317,255 €	315,171 €	311,921 €	305,992 €	303,908 €	301,824 €	299,740 €
<b>Total potential gross revenue</b>	<b>327,061 €</b>	<b>321,423 €</b>	<b>319,339 €</b>	<b>317,255 €</b>	<b>315,171 €</b>	<b>311,921 €</b>	<b>305,992 €</b>	<b>303,908 €</b>	<b>301,824 €</b>	<b>299,740 €</b>
<b>Effective gross revenue</b>	<b>327,061 €</b>	<b>321,423 €</b>	<b>319,339 €</b>	<b>317,255 €</b>	<b>315,171 €</b>	<b>311,921 €</b>	<b>305,992 €</b>	<b>303,908 €</b>	<b>301,824 €</b>	<b>299,740 €</b>
<b>Operating expenses</b>										
Ongoing maintenance	42,120 €	42,120 €	42,120 €	42,120 €	42,120 €	42,120 €	42,120 €	42,120 €	42,120 €	42,120 €
Management	20,000 €	20,000 €	20,000 €	20,000 €	20,000 €	20,000 €	20,000 €	20,000 €	20,000 €	20,000 €
Vacancy costs	324 €	1,097 €	1,097 €	1,097 €	1,097 €	1,356 €	2,195 €	2,195 €	2,195 €	2,195 €
<b>Total operating expenses</b>	<b>62,444 €</b>	<b>63,217 €</b>	<b>63,217 €</b>	<b>63,217 €</b>	<b>63,217 €</b>	<b>63,476 €</b>	<b>64,315 €</b>	<b>64,315 €</b>	<b>64,315 €</b>	<b>64,315 €</b>
<b>Net operating income</b>	<b>264,617 €</b>	<b>258,206 €</b>	<b>256,122 €</b>	<b>254,038 €</b>	<b>251,954 €</b>	<b>248,445 €</b>	<b>241,677 €</b>	<b>239,593 €</b>	<b>237,509 €</b>	<b>235,425 €</b>
<b>Leasing &amp; capital costs</b>										
Tenant Improvements	3,240 €	6,858 €	6,858 €	6,858 €	6,858 €	8,478 €	13,716 €	13,716 €	13,716 €	13,716 €
Leasing Commissions	1,166 €	5,013 €	5,013 €	5,013 €	5,013 €	6,179 €	10,026 €	10,026 €	10,026 €	10,026 €
Capex	39,500 €	11,000 €	11,000 €	11,000 €						
<b>Total leasing &amp; capital costs</b>	<b>43,906 €</b>	<b>22,871 €</b>	<b>22,871 €</b>	<b>22,871 €</b>	<b>11,871 €</b>	<b>14,657 €</b>	<b>23,742 €</b>	<b>23,742 €</b>	<b>23,742 €</b>	<b>23,742 €</b>
Cash flow before debt service	220,711 €	235,335 €	233,251 €	231,167 €	240,083 €	233,788 €	217,935 €	215,851 €	213,767 €	211,683 €
Proceeds from resale										2,942,813 €
<b>Cash flow</b>	<b>220,711 €</b>	<b>235,335 €</b>	<b>233,251 €</b>	<b>231,167 €</b>	<b>240,083 €</b>	<b>233,788 €</b>	<b>217,935 €</b>	<b>215,851 €</b>	<b>213,767 €</b>	<b>211,683 €</b>

SITE PLAN



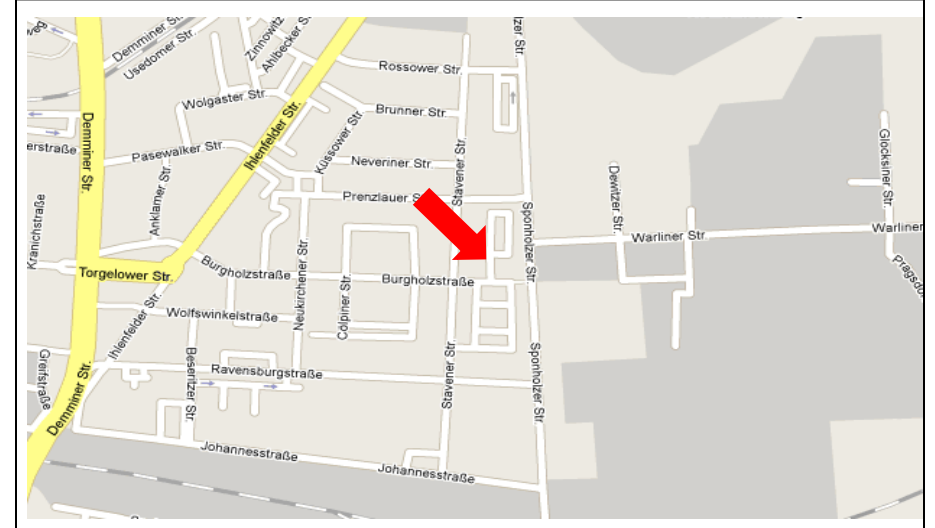
MACRO LOCATION



AERIAL VIEW



MICRO LOCATION



**Report for: Erich-Zastrow-Straße 33/35  
17034 Neubrandenburg**

**Prepared for: Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin**

**Prepared by: DTZ Zadelhoff Tie Leung GmbH**



Part of the building complex



Entrance area



Plot view

GENERAL			
<b>Address</b>	Erich-Zastrow-Straße 33/35 17034 Neubrandenburg Germany	<b>Date of valuation</b>	30/11/2011
		<b>Date of inspection</b>	13/04/2010
		<b>Valuation methods</b>	DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung GmbH

BASIS OF VALUATION	
<b>Scope of work</b>	MARKET VALUE
<p>In accordance with your instructions, we have inspected the above Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (6th Edition).</p>	
<b>Type of information</b>	
- Draft lease contract	<input type="checkbox"/>
- Land registry	<input checked="" type="checkbox"/>
- Floor plans	<input checked="" type="checkbox"/>
- Cost schedule (Capex)	<input checked="" type="checkbox"/>
- Cadastral map	<input checked="" type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>
- Technical due diligence	<input checked="" type="checkbox"/>
- Environmental risk assessment	<input checked="" type="checkbox"/>
- Tenancy schedule	<input checked="" type="checkbox"/>
- Area calculation	<input type="checkbox"/>
- Registry of public land charges	<input type="checkbox"/>

DISCLAIMER	
<b>Purpose of valuation</b>	Update valuation for IFRS purpose
<b>Inspection</b>	Full inspection (internally where access was possible)
<b>Information provided by</b>	Client
<p>The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose. Furthermore, it is based on the following:</p>	
<p>A technical and environmental due diligence conducted by LandAmerica, dated April 2007. Whenever we have considered capital expenditure in the valuation, the data has been extracted from the preceding source. We have adopted the lettable areas as stated in the rent roll.</p>	
<p>This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 07.11.2011. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.</p>	

VALUATION SUMMARY	
Owner	Eurovast '92 B.V., Amsterdam
Property type	Residential
Year of construction	1978
Valuation year	2011
Type of ownership	Freehold
Size of plot	2,949 sq m

LETTABLE AREAS				
	Total	Thereof let	Thereof vacant	in %
Office	-	-	-	-
Retail	-	-	-	-
Residential	2,321 sq m	2,321 sq m	0 sq m	0%
Other	-	-	-	-
Units	-	-	-	-
<b>Total</b>	<b>2,321 sq m</b>	<b>2,321 sq m</b>	<b>sq m</b>	<b>0%</b>

RENTAL VALUES	
Current rent per month	7,017 €
Current rent per year	84,202 €
Gross rent year 1	84,210 €
Net rent year 1	61,802 €
Market rent	83,556 €

MARKET VALUE				
Gross present value		728,030 €	Multiplier as-is	8.1
Less purchaser's costs	@ 7.00%	47,628 €	NIY on year 1	8.5%
Net present value		680,402 €	Multiplier market	8.1
<b>Market Value</b>		<b>680,000 €</b>	NRY	9.1%
Market Value per sq m lettable area		293 €		

**PROPERTY DESCRIPTION****Asset type**

The Property was built in 1978 and comprises a five-storey residential complex. The building complex has a basement and a flat reinforced concrete roof and is currently mostly let.

**Location on site**

The Property is located in Neubrandenburg approximately 2 km north of the city centre in a high density housing location (Plattenbausiedlung) characterised by similar building stock in the close vicinity. Neubrandenburg is a city in Mecklenburg-Western Pomerania and is located approximately 135 km north of Berlin. The Property comprises a five-storey residential block as well as parking facilities located to the north.

**Building description**

The Property comprises a five-storey building complex of two semi-detached building portions that are constructed as pre-cast reinforced concrete slab construction. The buildings are fitted with butterfly-shaped flat roofs with bituminous roofing and have full basements. The facade is fitted with a thermal insulation composite system with plaster coating. Windows and exterior doors are of plastic frames with insulate-glazing. The Property has two interior staircases which are constructed of pre-cast reinforced concrete and finished with terrazzo flooring. The building is equipped with balconies.

**Description of areas**

The Property comprises 20 residential units, thereof one unit was vacant at the date of valuation. Most of the units offer one to three rooms, the average unit size is 116 sq m. During inspection we were able to inspect one vacant unit.

According to the information provided during inspection only a few of the units have been recently refurbished. In particular these units have been fitted with new bathrooms, new laminate flooring and the electrical installations within the accommodations have been renewed. According to the TDD prepared by LandAmerica the fit-out of the other units includes PVC flooring and ceramic tiles, painted-over wallpapered concrete walls and ceilings with wallpaper and paint finish. The electrical system is wall-mounted, walls in restrooms and kitchens are mainly tiled. All units are fitted with balconies. Furthermore, all units are fitted with a central heating system and warm water is provided by a central warm water supply.

**PROPERTY CONDITION**

The Property is overall in average condition, for further information we refer to the technical due diligence prepared by LandAmerica.

**Rating** (A very good - D poor)

Exterior C  
Interior C  
General impression C

**Comment:**

**REPORT ON TITLE**

**Owner** Eurovast '92 B.V., Amsterdam

**Registry section**

Local court Neubrandenburg  
Land registry of Neubrandenburg  
Page 5808  
Size 2,949 sq m  
No. of registry 2, 3, 4  
No. of parcels 160/184, 160/185, 160/186  
Type of use building and undeveloped area

**Section II**

No entries.

**Comments****Section III**

Entries in Section III have not been considered in this valuation.

**Date of copy of title**

n/a

**INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)**

We have not been provided with an extract from the building restrictions register. Hence, potential building restrictions have not been considered in the valuation.

**Date**

n/a

**INFORMATION ON LISTING STATUS**

Building complex not listed   
Building complex listed   
Historical monument (Baudenkmal)   
Historical building ensemble (Ensembleschutz)   
Information not available

**INFORMATION ON SUBSIDIES**

Subsidised   
Partly subsidised   
Not subsidised   
Information not available

**MACRO LOCATION**

Country	Germany
Federal state	Mecklenburg-Western Pomerania
Region	Neubrandenburg
City	Neubrandenburg
District	District
Name of district	Datzeberg

**PLANNING SITUATION**

Zoning plan (Flächennutzungsplan)	Yes
Legally binding development plan (Bebauungsplan)	No
Number/name of development plan	
Development plan dated	
Designated area	Pure residential area (WR)
Site coverage (GRZ)	
Plot ratio (GFZ)	
Comment	The Property is located within a built-up area (paragraph 34 German Building Law) and is not covered by a legally binding land-use plan.

**DEMOGRAPHIC DATA**

Inhabitants	65,226	December 2010
Unemployment rate	18.1%	February 2011
Purchasing power index	85.50	2010

**DESCRIPTION OF LOCATION**

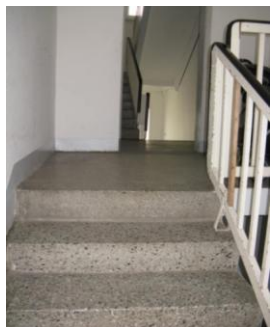
With a population of approximately 65,000 inhabitants Neubrandenburg is one of the biggest cities in Mecklenburg-Western Pomerania. The town exercises key functions in the fields of commerce, services, education, health and culture for a region with a population of over 400,000. Neubrandenburg is the industrial and service centre for the eastern part of Mecklenburg-Western Pomerania, characterised especially by companies in the automotive supply industry, manufacturing systems engineering for animal feedstuffs, food processing industry, healthcare management, building and construction materials industry, technology-oriented companies in the ICT and geoinformatics sectors. The city has a population density of 761 inhabitants per sq km and covers a total area of 85.7 sq km. Next major cities are Berlin, in the south at a distance of approximately 135 km and Rostock, in the north-east at a distance of approximately 100 km. The city of Neubrandenburg has accessibility to a well developed motorway network. Access to the motorways A20 in the north and east is provided via federal roads (B96 Sassnitz-Zittau, B104 Lübeck-Stettin, B192 Wismar). The main station of Neubrandenburg is linked to the train railway system RE of Deutsche Bahn which provides hourly connections to major cities such as Berlin, Rostock and Schwerin. The local railway system provides good connection to regional destinations. The airport of Neubrandenburg is located on the northern border of the city, close to the B96 in Trolenhagen.

**Rating (A very good - D poor)**

Neighbourhood	C
Accessibility	C
General impression	C

**Comment**

The Property is located in a basic residential area.



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The residential market is characterised by stable vacancy rates over the last years. After a slump in activities in the third quarter of 2010, the number of transactions and the investment volume has been recovering extraordinarily fast and constantly rising to approx. 29,100 units and approx. €1,340,000,000 in Q1 2011. However, in Q2 2011 another large decrease could be observed. But in Q3 the highest transaction volume in the last two years has been reached.

Multipliers show a development ranging from 7- to 10-times for opportunistic portfolios and up to 20-times for large new-built premises or residential developments. The average multiplier in 2010 remained stable at approximately 12.7%. Multipliers in prosperous local markets have remained stable or have even slightly increased, whereas markets which are affected by decreasing population are characterised by falling multipliers. In 2011 only a slight decrease in prices is expected in certain areas, but the overall majority is expected to increase. The development of prices and sales is expected to continue.

**MARKET OVERVIEW OF LOCATION**

Neubrandenburg suffers decreasing population, due to the high unemployment rate especially young population is leaving. The district Industrieviertel is located in the northeast of the city. Burgholzstraße is located in the district of Ihlenfelder Vorstadt which is characterised by a mixture of one- and multi-family houses. Industrially and commercially used buildings are located in the south and the east adjacent to the district of Ihlenfelder Vorstadt. The vacancy rate in Neubrandenburg has decreased to approximately 5% due to demolition programs.

Prime residential rents are in a range of between €5.00 and 6.00 per sq m per month, rents for average locations range between €4.00 and 5.00 per sq m per month and rents for basic residential locations range between €3.00 and 4.00 per sq m per month. The investment market in Neubrandenburg is small, stable and basically local.

**RESIDENTIAL MARKET NEUBRANDENBURG**

Sale prices	Existing use	New build	Investment	Yield
Simple	800 €/sq m	n/a		
Average	900 €/sq m	1,000 €/sq m	basic	n/a
Good	1,100 €/sq m	1,200 €/sq m	average	n/a
Very good	1,200 €/sq m	1,500 €/sq m	good	n/a
Rental bands		from	to	
Simple		3.00 €/sq m	4.00 €/sq m	
Average to good		4.00 €/sq m	5.00 €/sq m	
New building		5.00 €/sq m	6.00 €/sq m	

Rent index of the city of Neubrandenburg (03/2010 - 02/2012) for the district of Datzeviertel:

Building age 1971 - 02.10.1990 units under 40 sq m non-renovated €2.82 - 3.60 sq m/month, renovated €3.87 - 5.47 sq m/month; units from 40 - 70 sq m non-renovated € 1.94 - 3.23 sq m/month, renovated €3.06 - 4.63 sq m/month; units over 70 sq m non-renovated €2.14 - 3.16 sq m/month, renovated €2.55 - 4.47 sq m/month.

Gross property yield in 2009 for multi-family houses: 3.4 - 5.5% and for residential units 3.16 - 4.28% (real estate market report 2009 Neubrandenburg).

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Rent [€/sq m/month]	Year of construction	Refurbished	Transaction/ offer	Building	Location
17034	Residential	60.00	2,520	3.50	1983	Yes	Offer	Comparable	Comparable
17034	Residential	60.00	2,880	4.00	1982	Yes	Offer	Comparable	Comparable
17034	Residential	59.96	3,000	4.17	1983	Yes	Offer	Comparable	Comparable
17034	Residential	60.00	2,796	3.88	1983	Yes	Offer	Comparable	Comparable
17034	Residential	59.95	2,904	4.04	1983	Yes	Offer	Comparable	Comparable

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Sale price [€]	Sale price [€/sq m]	Multiplier	Year of construction	Transaction/ offer	Building	Location
17349	Residential	1,061.00	33,605	279,000	263	8.3	1958	Offer	Comparable	Comparable
17367	Residential	1,168.00		790,000	676	n/a	1958	Offer	Comparable	Comparable
17348	Residential	540.00	24,840	240,000	444	9.7	1900	Offer	Comparable	Comparable
17139	Residential	605.00	30,120	270,000	446	9.0	1900	Offer	Comparable	Comparable
16909	Residential	931.00		418,500	450	n/a	1905	Offer	Comparable	Comparable



## TENANCIES

TENANCIES														
	Type	Area [sq m]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/sq m]	Status	MR [€/sq m]	MR [€/month]	in %
1	Residential	2,321.00	n/a	Resident. tenants	various	various	-	-	7,016.80	3.02	Let	3.00	6,963.00	100.00%
Total		2,321							7,016.8	3.02		3.00	6,963	100%

	Type	Units [No]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/unit]	Status	MR [€/unit]	MR [€/month]	in %
Total		0							0	0.00		0.00	-	0%

SUMMARY AREAS													
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [€/month]	Current rent [in %]	MR areas let [€/month]	MR areas let [in %]	MR vacancy [€/month]	MR vacancy [in %]	Total MR [Ø €]	Total MR [€/month]	Total MR [in %]
Office	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Retail	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Residential	2,321	-	2,321	0%	7,017	100%	6,963	100%	0	0%	3.00	6,963	100%
Other	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Units	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
<b>Total</b>	2,321	-	2,321	0%	7,017	100%	6,963	100%	0	0%	3.00	6,963	100%

VALUATION ASSUMPTIONS	
Discount rate	6.25%
Exit cap rate	6.50%
Growth rate/inflation	0.00%
Capital expenditure	154,500 € lump sum today
Management costs residential	250.00 € per residential unit
Structural repairs (Dach & Fach)	7.50 € per sq m
Credit & collection loss	0% of income
Local authority charges	0.00 € per sq m
Insurance	0.00 € per sq m
Void periods	6 months
Tenant improvements	25.00 € per sq m
Letting fees	16.67% of annual rental value
Purchaser's cost	7.00%
Stamp duty	3.50% of Market Value
Agent's fees	3.00% of Market Value
Legal fees	0.50% of Market Value

DCF VALUATION		
Period of analysis	Cash flow	
	nominal	discounted
Year 1	-5,448 €	-5,128 €
Year 2	33,908 €	30,037 €
Year 3	33,843 €	28,215 €
Year 4	33,778 €	26,504 €
Year 5	41,963 €	30,990 €
Year 6	41,898 €	29,122 €
Year 7	54,333 €	35,544 €
Year 8	54,268 €	33,412 €
Year 9	47,123 €	27,307 €
Year 10	47,058 €	25,665 €
Total cash flow	382,724 €	261,668 €
Resale	855,092 €	466,362 €
Gross Present Value		728,030 €
Less purchaser's costs	@ 7.00%	47,628 €
Net Present Value		680,402 €
<b>Market Value</b>		<b>680,000 €</b>
Market Value per sq m		293 €

**COMMENTS ON VALUATION ASSUMPTIONS**

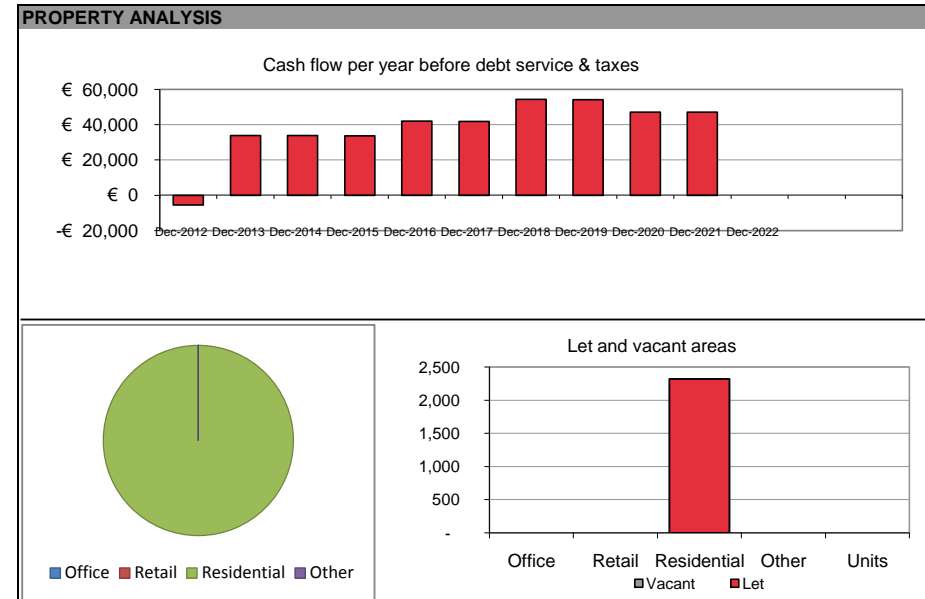
The site and building were inspected on 13 April 2010. The valuation date adopted is 31 December 2011.

We have valued the Property assuming a six months vacancy period and a re-letting fee of two months' rent. Structural repairs (Dach&Fach) have been considered with €7,50 per sq m in the valuation. Capital expenditure has been considered in accordance with the technical and environmental due diligence prepared by LandAmerica. However, refurbishment costs have been assessed separately on the basis of recent average refurbishment costs and considering already refurbished units.

Due to the size of the units (100 - 134 sq m) we have considered a discount on the comparable rents stated on page 5 of this report and we have considered recent lettings within the Property as well.

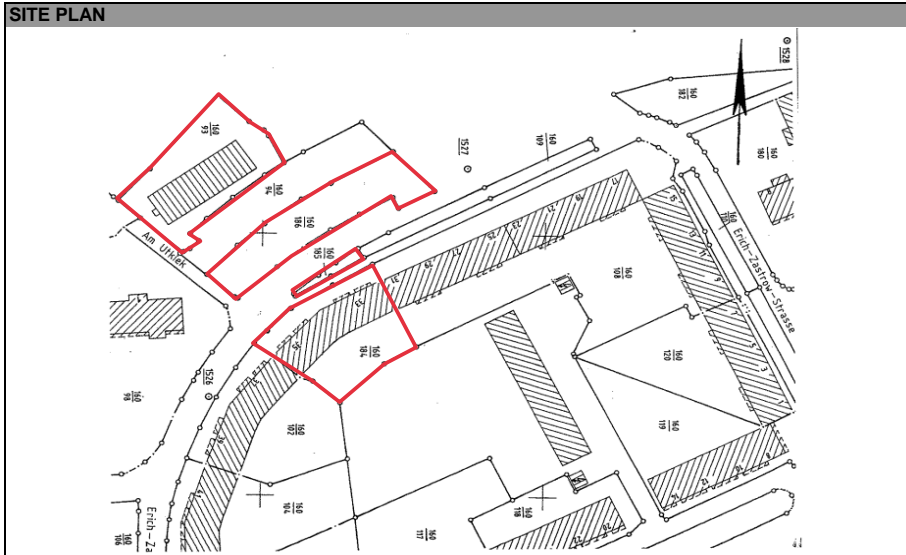
According to the extract from the land register the Property is held as freehold.

If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.

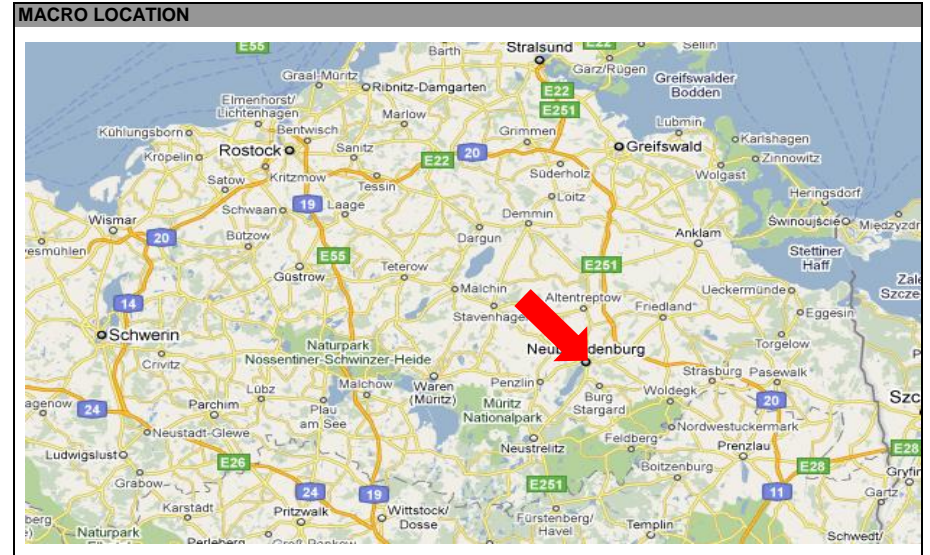


CASH FLOW											
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021	Year 11 Dec-2022
<b>Potential Gross Revenue</b>											
Base Rental Revenue	84,210 €	84,145 €	84,080 €	84,015 €	83,950 €	83,885 €	83,820 €	83,755 €	83,690 €	83,625 €	83,560
Absorption & Turnover Vacanc		-2,089 €	-2,089 €	-2,089 €	-2,089 €	-2,089 €	-2,089 €	-2,089 €	-4,178 €	-4,178 €	-4,178
Scheduled Base Rental Revenu	84,210 €	82,056 €	81,991 €	81,926 €	81,861 €	81,796 €	81,731 €	81,666 €	79,512 €	79,447 €	79,382 €
<b>Total Potential Gross Revenue</b>	<b>84,210 €</b>	<b>82,056 €</b>	<b>81,991 €</b>	<b>81,926 €</b>	<b>81,861 €</b>	<b>81,796 €</b>	<b>81,731 €</b>	<b>81,666 €</b>	<b>79,512 €</b>	<b>79,447 €</b>	<b>79,382 €</b>
<b>Effective Gross Revenue</b>	<b>84,210 €</b>	<b>82,056 €</b>	<b>81,991 €</b>	<b>81,926 €</b>	<b>81,861 €</b>	<b>81,796 €</b>	<b>81,731 €</b>	<b>81,666 €</b>	<b>79,512 €</b>	<b>79,447 €</b>	<b>79,382 €</b>
<b>Operating Expenses</b>											
Ongoing maintenance	17,408 €	17,408 €	17,408 €	17,408 €	17,408 €	17,408 €	17,408 €	17,408 €	17,408 €	17,408 €	17,408 €
Management	5,000 €	5,000 €	5,000 €	5,000 €	5,000 €	5,000 €	5,000 €	5,000 €	5,000 €	5,000 €	5,000 €
Vacancy Costs		696 €	696 €	696 €	696 €	696 €	696 €	696 €	1,393 €	1,393 €	1,393 €
<b>Total Operating Expenses</b>	<b>22,408 €</b>	<b>23,104 €</b>	<b>23,104 €</b>	<b>23,104 €</b>	<b>23,104 €</b>	<b>23,104 €</b>	<b>23,104 €</b>	<b>23,104 €</b>	<b>23,801 €</b>	<b>23,801 €</b>	<b>23,801 €</b>
<b>Net Operating Income</b>	<b>61,802 €</b>	<b>58,952 €</b>	<b>58,887 €</b>	<b>58,822 €</b>	<b>58,757 €</b>	<b>58,692 €</b>	<b>58,627 €</b>	<b>58,562 €</b>	<b>55,711 €</b>	<b>55,646 €</b>	<b>55,581 €</b>
<b>Leasing &amp; Capital Costs</b>											
Tenant Improvements		2,901 €	2,901 €	2,901 €	2,901 €	2,901 €	2,901 €	2,901 €	5,802 €	5,802 €	5,802 €
Leasing Commissions		1,393 €	1,393 €	1,393 €	1,393 €	1,393 €	1,393 €	1,393 €	2,786 €	2,786 €	2,786 €
Capex	67,250 €	20,750 €	20,750 €	20,750 €	12,500 €	12,500 €					
<b>Total Leasing &amp; Capital Costs</b>	<b>67,250 €</b>	<b>25,044 €</b>	<b>25,044 €</b>	<b>25,044 €</b>	<b>16,794 €</b>	<b>16,794 €</b>	<b>4,294 €</b>	<b>4,294 €</b>	<b>8,588 €</b>	<b>8,588 €</b>	
Cash Flow Before Debt Service	-5,448 €	33,908 €	33,843 €	33,778 €	41,963 €	41,898 €	54,333 €	54,268 €	47,123 €	47,058 €	
Proceeds from resale											855,092 €
<b>Cash flow</b>	<b>-5,448 €</b>	<b>33,908 €</b>	<b>33,843 €</b>	<b>33,778 €</b>	<b>41,963 €</b>	<b>41,898 €</b>	<b>54,333 €</b>	<b>54,268 €</b>	<b>47,123 €</b>	<b>47,058 €</b>	

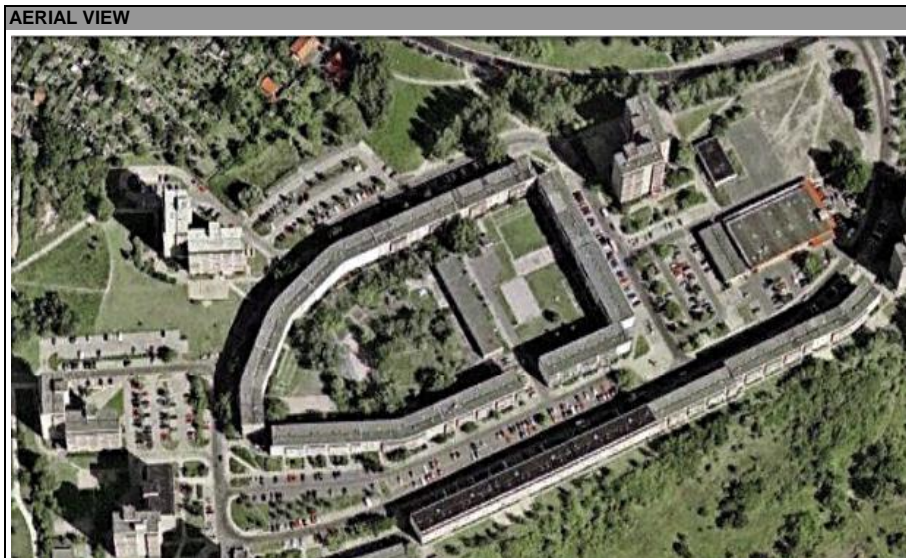
SITE PLAN



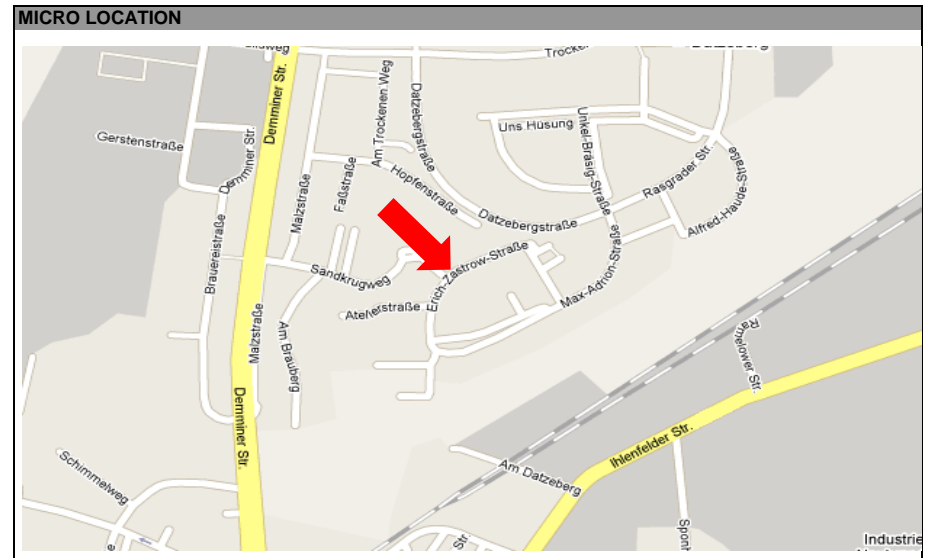
MACRO LOCATION



AERIAL VIEW



MICRO LOCATION



**Report for: Rasgrader Straße 41-47, 49-55 / Kurze Straße 2-8, 20  
17034 Neubrandenburg**

**Prepared for: Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin**

**Prepared by: DTZ Zadelhoff Tie Leung GmbH**



Building complex



Balconies



Building complex

GENERAL			
<b>Address</b>	Rasgrader Str. 41-47, 49-55 Kurze Str. 2-8, 20 17034 Neubrandenburg Germany	<b>Date of valuation</b>	31/12/2011
		<b>Date of inspection</b>	13/04/2010
		<b>Valuation methods</b>	DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung GmbH

BASIS OF VALUATION	
<b>Scope of work</b>	MARKET VALUE
<p>In accordance with your instructions, we have inspected the above Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (7th Edition).</p>	
<b>Type of information</b>	
- Draft lease contract	<input type="checkbox"/>
- Land registry	<input type="checkbox"/>
- Floor plans	<input checked="" type="checkbox"/>
- Cost schedule (Capex)	<input checked="" type="checkbox"/>
- Cadastral map	<input checked="" type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>
- Technical due diligence	<input checked="" type="checkbox"/>
- Environmental risk assessment	<input checked="" type="checkbox"/>
- Tenancy schedule	<input checked="" type="checkbox"/>
- Area calculation	<input type="checkbox"/>
- Registry of public land charges	<input type="checkbox"/>

DISCLAIMER	
<b>Purpose of valuation</b>	Update valuation for IFRS purpose
<b>Inspection</b>	Full inspection (internally where access was possible)
<b>Information provided by</b>	Client
<p>The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose. Furthermore, it is based on the following:</p> <p>A technical and environmental due diligence conducted by LandAmerica, dated April 2007. Whenever we have considered capital expenditure in the valuation, the data has been extracted from the preceding source. We have adopted the lettable areas as stated in the rent roll.</p> <p>This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 07.11.2011. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.</p>	

VALUATION SUMMARY	
Owner	Eurovast '92 B.V., Amsterdam
Property type	Residential
Year of construction	1983
Valuation year	2011
Type of ownership	Freehold
Size of plot	6,664 sq m

LETTABLE AREAS				
	Total	Thereof let	Thereof vacant	in %
Office	-	-	-	-
Retail	-	-	-	-
Residential	9,387 sq m	9,057 sq m	330 sq m	4%
Other	-	-	-	-
Units	26 units	20 units	6 units	23%
<b>Total</b>	<b>9,387 sq m</b>	<b>9,057 sq m</b>	<b>330 sq m</b>	<b>4%</b>

RENTAL VALUES	
Current rent per month	37,255 €
Current rent per year	447,058 €
Gross rent year 1	452,389 €
Net rent year 1	336,707 €
Market rent	410,190 €

MARKET VALUE			
Gross present value	4,333,143 €	Multiplier as-is	9.1
Less purchaser's costs	@ 7.00% 283,477 €	NIY on year 1	7.8%
Net present value	4,049,666 €	Multiplier market	9.9
<b>Market Value</b>	<b>4,050,000 €</b>	NRY	7.8%
Market Value per sq m lettable area	431 €		

**PROPERTY DESCRIPTION****Asset type**

The Property was built between 1983 and 1985 and comprises a six-storey residential building complex of 13 attached building sections. The building complex has a basement and a flat reinforced concrete roof and is currently mostly let.

**Location on site**

The Property is located in Neubrandenburg in a high density housing location (Plattenbausiedlung) characterised by similar building stock in the close vicinity. Neubrandenburg is a city in Mecklenburg-Western Pomerania and is located approximately 135 km north of Berlin. The Property consists of four residential blocks, thereof two blocks are located along Rasgarder Straße (Rasgrader Straße 41-47 and Rasgrader Straße 49-55) and two blocks are located along Kurze Straße (Kurze Str. 2-8 and Kurze Str. 20).

**Building description**

The building complex comprises four six-storey residential blocks, erected as pre-cast reinforced concrete slab constructions. The buildings are fitted with reinforced concrete deck roofs with bituminous roofing and have full basements. The facade is of reinforced concrete and fitted with a thermal insulation. Windows and exterior doors are of plastic frames with insulate glazing. Interior staircases are constructed of pre-cast reinforced concrete and finished with terrazzo flooring.

**Description and fit-out of the areas**

The Property comprises 171 residential units with rentable areas ranging from 26 to 75 sq m, thereof 8 units were vacant at the date of valuation. Most of the units offer 2-3 rooms, the average unit size is 55 sq m.

Floor coverings in the inspected tenant areas include PVC flooring, carpeting and ceramic tiles. Typical interior finishes include painted-over, wallpapered concrete walls and ceilings. Walls in restrooms and kitchens are mainly tiled. Overall the visited apartment units are in a good to fair condition. Each building part is equipped with loggia made of prefabricated reinforced concrete slabs. District heating and hot water is provided by three separately operating heating systems and the Property is equipped with three hydraulic elevators situated in front of Rasgrader Straße 43 and 51 and Kurze Straße 6. The elevators provide access from the ground to the fifth floor.

**PROPERTY CONDITION**

The Property is overall in good to fair condition.

**Rating** (A very good - D poor)

Exterior B  
Interior B  
General impression B

**Comment:****REPORT ON TITLE**

**Owner** Eurovast '92 B.V., Amsterdam

**Registry section**

Local court Neubrandenburg  
Land registry of Neubrandenburg  
Page 5808  
Size 6,664 sq m  
No. of registry 11  
No. of parcels 160/193  
Type of use building and undeveloped area

**Section II**

No entries.

**Comments****Section III**

Entries in Section III have not been considered in this valuation.

**Date of copy of title**

n/a

**INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)**

We have not been provided with an extract from the building restrictions register. Hence, potential building restrictions have not been considered in the valuation.

**INFORMATION ON LISTING STATUS**

Building complex not listed   
Building complex listed   
Historical monument (Baudenkmal)   
Historical building ensemble (Ensembleschutz)   
Information not available

**INFORMATION ON SUBSIDIES**

Subsidised   
Partly subsidised   
Not subsidised   
Information not available

## INFORMATION ON LOCATION

### MACRO LOCATION

Country	Germany
Federal state	Mecklenburg-Western Pomerania
Region	Neubrandenburg
City	Neubrandenburg
District	District
Name of district	Datzeberg

### PLANNING SITUATION

Zoning plan (Flächennutzungsplan)	Yes
Legally binding development plan (Bebauungsplan)	No
Number/name of development plan	
Development plan dated	
Designated area	Pure residential area (WR)
Site coverage (GRZ)	
Plot ratio (GFZ)	
Comment	The Property is located within a built-up area (paragraph 34 German Building Law) and is not covered by a legally binding land-use plan.

### DEMOGRAPHIC DATA

Inhabitants	65,226	December 2010
Unemployment rate	18.1%	February 2011
Purchasing power index	85.50	2010

### DESCRIPTION OF LOCATION

With a population of approximately 65,000 inhabitants Neubrandenburg is one of the biggest cities in Mecklenburg-Western Pomerania. The town exercises key functions in the fields of commerce, services, education, health and culture for a region with a population of over 400,000. Neubrandenburg is the industrial and service centre for the eastern part of Mecklenburg-Western Pomerania, characterised especially by companies in the automotive supply industry, manufacturing systems engineering for animal feedstuffs, food processing industry, healthcare management, building and construction materials industry, technology-oriented companies in the ICT and geoinformatics sectors. The city has a population density of 761 inhabitants per sq km and covers a total area of 85.7 sq km. Next major cities are Berlin, in the south at a distance of approximately 135 km and Rostock, in the north-east at a distance of approximately 100 km. The city of Neubrandenburg has accessibility to a well developed motorway network. Access to the motorways A20 in the north and east is provided via federal roads (B96 Sassnitz-Zittau, B104 Lübeck-Stettin, B192 Wismar). The main station of Neubrandenburg is linked to the train railway system RE of Deutsche Bahn which provides hourly connections to major cities such as Berlin, Rostock and Schwerin. The local railway system provides good connection to regional destinations. The airport of Neubrandenburg is located on the northern border of the city, close to the B96 in Trolenhagen.

Rating (A very good - D poor)	Comment
Neighbourhood	C
Accessibility	C
General impression	C



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The residential market is characterised by stable vacancy rates over the last years. After a slump in activities in the third quarter of 2010, the number of transactions and the investment volume has been recovering extraordinarily fast and constantly rising to approx. 29,100 units and approx. €1,340,000,000 in Q1 2011. However, in Q2 2011 another large decrease could be observed. But in Q3 the highest transaction volume in the last two years has been reached.

Multipliers show a development ranging from 7- to 10-times for opportunistic portfolios and up to 20-times for large new-built premises or residential developments. The average multiplier in 2010 remained stable at approximately 12.7%. Multipliers in prosperous local markets have remained stable or have even slightly increased, whereas markets which are affected by decreasing population are characterised by falling multipliers. In 2011 only a slight decrease in prices is expected in certain areas, but the overall majority is expected to increase. The development of prices and sales is expected to continue.

**MARKET OVERVIEW OF LOCATION**

Neubrandenburg suffers decreasing population, due to the high unemployment rate especially young population is leaving. The district Industrieviertel is located in the northeast of the city. Burgholzstraße is located in the district of Ihlenfelder Vorstadt which is characterised by a mixture of one- and multi-family houses. Industrially and commercially used buildings are located in the south and the east adjacent to the district of Ihlenfelder Vorstadt. The vacancy rate in Neubrandenburg has decreased to approximately 5% due to demolition programs.

Prime residential rents are in a range of between €5.00 and 6.00 per sq m per month, rents for average locations range between €4.00 and 5.00 per sq m per month and rents for basic residential locations range between €3.00 and 4.00 per sq m per month. The investment market in Neubrandenburg is small, stable and basically local.

Sale prices	Existing use	New build	Investment	Yield
Simple	800 € / sq m	n.a.		
Average	900 € / sq m	1,000 €/sq m	basic	n.a
Good	1,100 € / sq m	1,200 €/sq m	average	n.a
Very good	1,200 € / sq m	1,500 €/sq m	good	n.a
Rental bands		from	to	
Simple		3.00 €/sq m	4.00 €/sq m	
Average to good		4.00 €/sq m	5.00 €/sq m	
New building		5.00 €/sq m	6.00 €/sq m	

Rent index of the city of Neubrandenburg (03/2010 - 02/2012) for the district of Datzeviertel:

Building age 1971 - 02.10.1990 units under 40 sq m non-renovated €2.82 - 3.60 sq m/month, renovated €3.87 - 5.47 sq m/month; units from 40 - 70 sq m non-renovated € 1.94 - 3.23 sq m/month, renovated €3.06 - 4.63 sq m/month; units over 70 sq m non-renovated €2.14 - 3.16 sq m/month, renovated €2.55 - 4.47 sq m/month.

Gross property yield in 2009 for multi-family houses: 3.4 - 5.5% and for residential units 3.16 - 4.28% (real estate market report 2009 Neubrandenburg).

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Rent [€/sq m/month]	Year of construction	Refurbished	Transaction/ offer	Building	Location
17034	Residential	60.00	2,520	3.50	1983	Yes	Offer	Subject	Subject
17034	Residential	60.00	2,880	4.00	1982	Yes	Offer	Subject	Subject
17034	Residential	59.96	3,000	4.17	1983	Yes	Offer	Comparable	Comparable
17034	Residential	60.00	2,796	3.88	1983	Yes	Offer	Subject	Subject
17034	Residential	59.95	2,904	4.04	1983	Yes	Offer	Comparable	Comparable

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Sale price [€]	Sale price [€/sq m]	Multiplier	Year of construction	Transaction/ offer	Building	Location
17349	Residential	1,061.00	33,605	279,000	263	8.3	1958	Offer	Comparable	Comparable
17367	Residential	1,168.00		790,000	676	n/a	1958	Offer	Comparable	Comparable
17348	Residential	540.00	24,840	240,000	444	9.7	1900	Offer	Comparable	Comparable
17139	Residential	605.00	30,120	270,000	446	9.0	1900	Offer	Comparable	Comparable
16909	Residential	931.00		418,500	450	n/a	1905	Offer	Comparable	Comparable



## TENANCIES

TENANCIES														
	Type	Area [sq m]	Units [No]	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/sq m]	Status	MR [€/sq m]	MR [€/month]	in %
1	Residential	9,056.70	165	Resident. tenant	various	open-ended	-	-	36,886.04	4.07	Let	3.60	32,604.12	96.48%
2	Residential	330.10	6	Vacant	-	-	-	-	0.00	0.00	Vacant	3.60	1,188.36	3.52%
Total		9,387	171						<b>36,886</b>	3.93		3.60	<b>33,792</b>	100%

	Type	Units [No]	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/unit]	Status	MR [€/unit]	MR [€/month]	in %
1	Park. external	20	Resident. tenant	various	open-ended	-	-	368.76	18.44	Let	15.00	300.00	0.89%
2	Park. external	6	Vacant	various	open-ended	-	-	0.00	0.00	Vacant	15.00	90.00	0.27%
Total		26						<b>368.76</b>	14.18		15.00	<b>390</b>	1%

SUMMARY AREAS													
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [€/month]	Current rent [in %]	MR areas let [€/month]	MR areas let [in %]	MR vacancy [€/month]	MR vacancy [in %]	Total MR [Ø €]	Total MR [€/month]	Total MR [in %]
Office	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Retail	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Residential	9,057	330	<b>9,387</b>	4%	<b>36,886</b>	99%	32,604	99%	1,188	93%	3.60	<b>33,792</b>	99%
Other	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Units	20	6	<b>26</b>	23%	<b>369</b>	1%	300	1%	90	7%	15.00	<b>390</b>	1%
<b>Total</b>	9,057	330	<b>9,387</b>	4%	<b>37,255</b>	100%	32,904	100%	1,278	100%	3.60	<b>34,182</b>	100%

### VALUATION ASSUMPTIONS

Discount rate	6.00%
Exit cap rate	6.50%
Growth rate/inflation	0.00%
Capital expenditure	322,000 € lump sum today
Management costs residential	250.00 € per unit p.a.
Structural repairs (Dach & Fach)	7.50 € per sq m
Credit & collection loss	0% of income
Local authority charges	0.00 € per sq m
Insurance	0.00 € per sq m
Void periods	3 months
Tenant improvements	25.00 € per sq m
Letting fees	16.67% of annual rental value
Purchaser's cost	7.00%
Stamp duty	3.50% of Market Value
Agent's fees	3.00% of Market Value
Legal fees	0.50% of Market Value

### COMMENTS ON VALUATION ASSUMPTIONS

The site and building were inspected on 13 April 2010. The valuation date adopted is 31 December 2011.

We have valued the Property assuming a three months vacancy period and a re-letting fee of two months' rent. Structural repairs (Dach&Fach) have been considered with €7,50 per sq m in the valuation. Capital expenditure has been considered in accordance with the technical and environmental due diligence prepared by LandAmerica. However, refurbishment costs have been assessed separately on the basis of recent average refurbishment costs and considering already refurbished units.

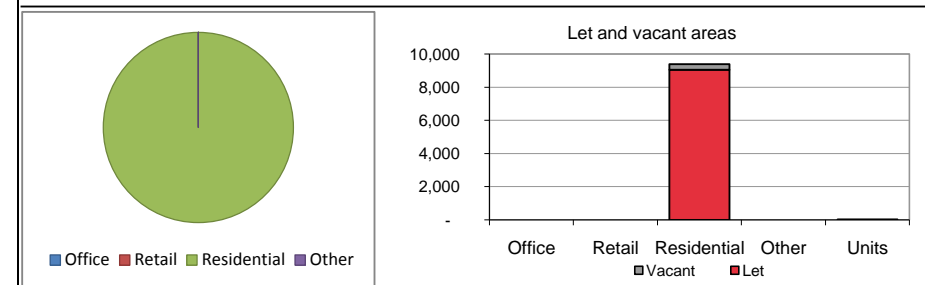
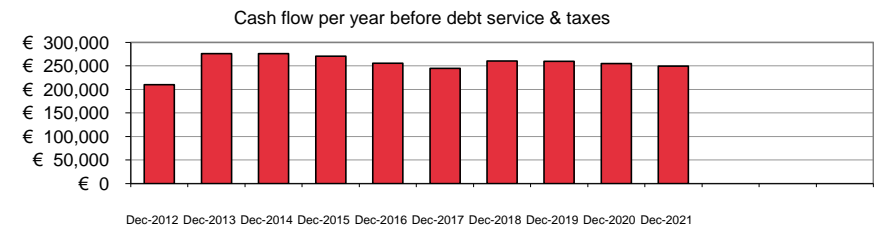
We have not been provided with a copy of the land register. We assume that potential easements stated in section II of the land register will not have a detrimental effect on the value of the Property. However, we would recommend a legal due diligence to be conducted in order to verify our Assumption.

If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.

### DCF VALUATION

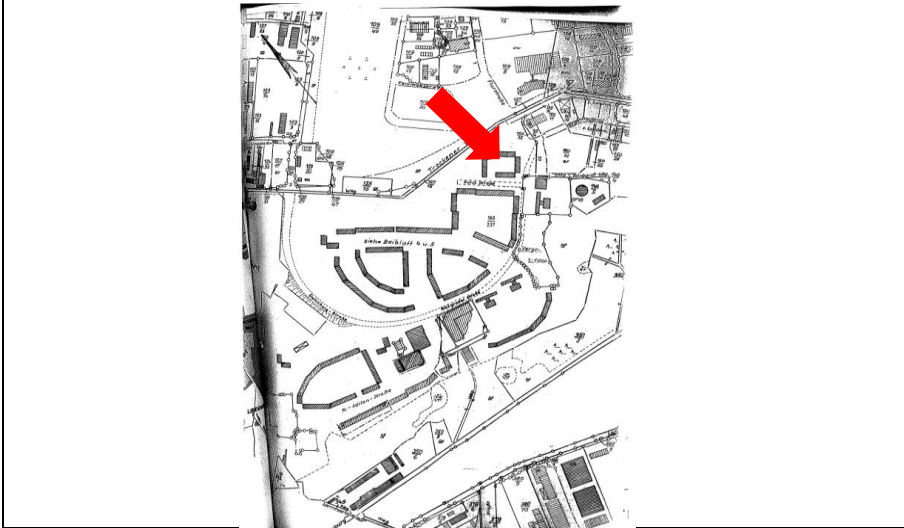
Period of analysis	Cash flow	
	nominal	discounted
Year 1	210,031 €	198,142 €
Year 2	276,109 €	245,736 €
Year 3	276,011 €	231,745 €
Year 4	270,790 €	214,491 €
Year 5	255,569 €	190,976 €
Year 6	244,937 €	172,671 €
Year 7	260,843 €	173,475 €
Year 8	260,111 €	163,197 €
Year 9	254,890 €	150,869 €
Year 10	249,669 €	139,414 €
<b>Total cash flow</b>	<b>2,558,960 €</b>	<b>1,880,716 €</b>
Resale	4,391,923 €	2,452,427 €
Gross Present Value		4,333,143 €
Less purchaser's costs	@ 7.00%	283,477 €
Net Present Value		4,049,666 €
<b>Market Value</b>		<b>4,050,000 €</b>
Market Value per sq m		431 €

### PROPERTY ANALYSIS

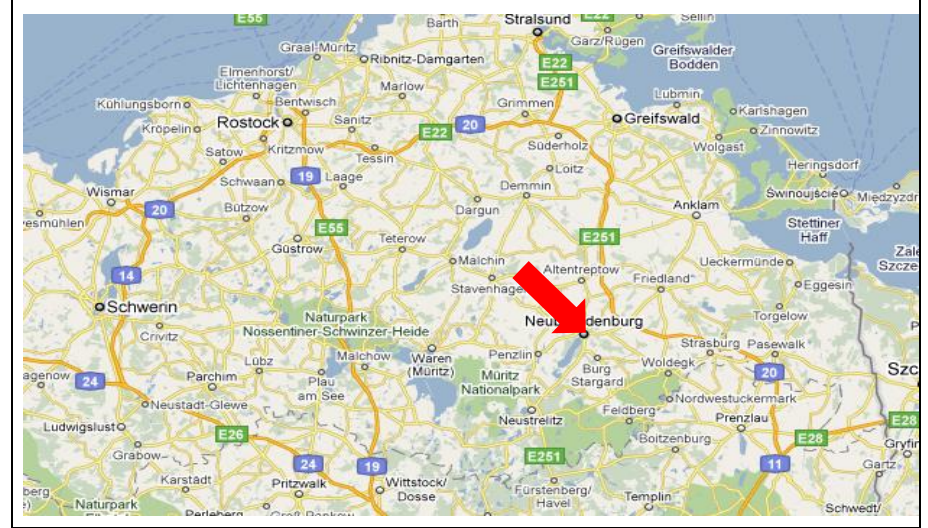


CASH FLOW										
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021
<b>Potential gross revenue</b>										
Base rental revenue	462,400 €	457,179 €	451,958 €	446,737 €	441,516 €	436,295 €	431,074 €	425,853 €	420,632 €	415,411 €
Absorption & turnover vacancy	-10,011 €	-7,796 €	-6,581 €	-6,581 €	-6,581 €	-8,240 €	-14,059 €	-13,162 €	-13,162 €	-13,162 €
Scheduled base rental revenue	452,389 €	449,383 €	445,377 €	440,156 €	434,935 €	428,055 €	417,015 €	412,691 €	407,470 €	402,249 €
<b>Total potential gross revenue</b>	<b>452,389 €</b>	<b>449,383 €</b>	<b>445,377 €</b>	<b>440,156 €</b>	<b>434,935 €</b>	<b>428,055 €</b>	<b>417,015 €</b>	<b>412,691 €</b>	<b>407,470 €</b>	<b>402,249 €</b>
<b>Effective gross revenue</b>	<b>452,389 €</b>	<b>449,383 €</b>	<b>445,377 €</b>	<b>440,156 €</b>	<b>434,935 €</b>	<b>428,055 €</b>	<b>417,015 €</b>	<b>412,691 €</b>	<b>407,470 €</b>	<b>402,249 €</b>
<b>Operating expenses</b>										
Ongoing maintenance	70,401 €	70,401 €	70,401 €	70,401 €	70,401 €	70,401 €	70,401 €	70,401 €	70,401 €	70,401 €
Management	42,750 €	42,750 €	42,750 €	42,750 €	42,750 €	42,750 €	42,750 €	42,750 €	42,750 €	42,750 €
Vacancy costs	2,531 €	2,087 €	1,812 €	1,812 €	1,812 €	2,252 €	3,843 €	3,623 €	3,623 €	3,623 €
<b>Total operating expenses</b>	<b>115,682 €</b>	<b>115,238 €</b>	<b>114,963 €</b>	<b>114,963 €</b>	<b>114,963 €</b>	<b>115,403 €</b>	<b>116,994 €</b>	<b>116,774 €</b>	<b>116,774 €</b>	<b>116,774 €</b>
<b>Net operating income</b>	<b>336,707 €</b>	<b>334,145 €</b>	<b>330,414 €</b>	<b>325,193 €</b>	<b>319,972 €</b>	<b>312,652 €</b>	<b>300,021 €</b>	<b>295,917 €</b>	<b>290,696 €</b>	<b>285,475 €</b>
<b>Leasing &amp; capital costs</b>										
Tenant Improvements	5,502 €	14,072 €	11,321 €	11,321 €	11,321 €	13,385 €	24,706 €	22,642 €	22,642 €	22,642 €
Leasing Commissions	1,674 €	7,464 €	6,582 €	6,582 €	6,582 €	7,830 €	14,472 €	13,164 €	13,164 €	13,164 €
Capex	119,500 €	36,500 €	36,500 €	36,500 €	46,500 €	46,500 €				
<b>Total leasing &amp; capital costs</b>	<b>126,676 €</b>	<b>58,036 €</b>	<b>54,403 €</b>	<b>54,403 €</b>	<b>64,403 €</b>	<b>67,715 €</b>	<b>39,178 €</b>	<b>35,806 €</b>	<b>35,806 €</b>	<b>35,806 €</b>
Cash flow before debt service	210,031 €	276,109 €	276,011 €	270,790 €	255,569 €	244,937 €	260,843 €	260,111 €	254,890 €	249,669 €
Proceeds from resale										4,391,923 €
<b>Cash flow</b>	<b>210,031 €</b>	<b>276,109 €</b>	<b>276,011 €</b>	<b>270,790 €</b>	<b>255,569 €</b>	<b>244,937 €</b>	<b>260,843 €</b>	<b>260,111 €</b>	<b>254,890 €</b>	<b>249,669 €</b>

SITE PLAN



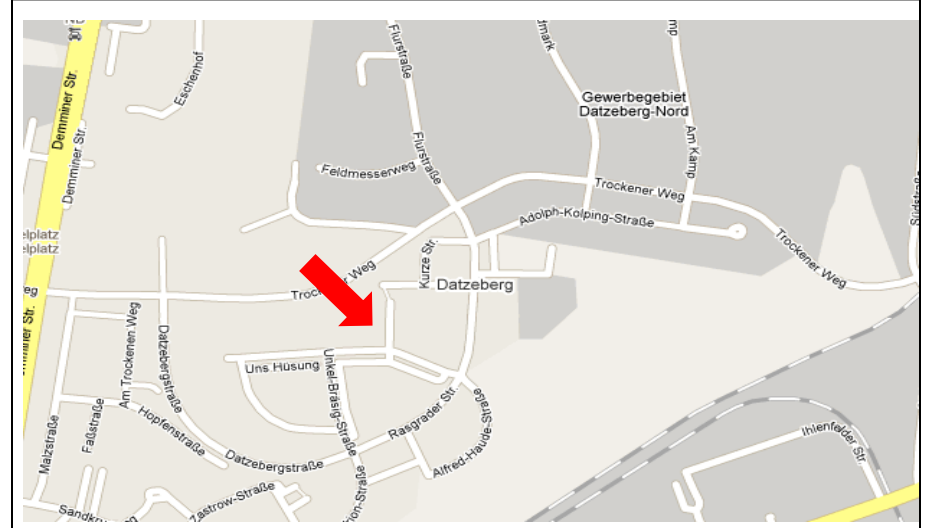
MACRO LOCATION



AERIAL VIEW



MICRO LOCATION



**Report for: Georg-Dreke-Ring 2-24  
17291 Prenzlau**

**Prepared for: Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin**

**Prepared by: DTZ Zadelhoff Tie Leung GmbH**



Front view



Rear view



Entrance areas

GENERAL			
<b>Address</b>	Georg-Dreke-Ring 2-24 17291 Prenzlau Germany	<b>Date of valuation</b>	31/12/2011
		<b>Date of inspection</b>	13/04/2010
		<b>Valuation methods</b>	DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung GmbH

BASIS OF VALUATION	
<b>Scope of work</b>	MARKET VALUE
<p>In accordance with your instructions, we have inspected the above-mentioned Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (7th Edition).</p>	
<b>Type of information</b>	
- Draft lease contract	<input type="checkbox"/>
- Land registry	<input checked="" type="checkbox"/>
- Floor plans	<input checked="" type="checkbox"/>
- Cost schedule (Capex)	<input checked="" type="checkbox"/>
- Cadastral map	<input checked="" type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>
- Technical due diligence	<input checked="" type="checkbox"/>
- Environmental risk assessment	<input checked="" type="checkbox"/>
- Tenancy schedule	<input checked="" type="checkbox"/>
- Area calculation	<input type="checkbox"/>
- Registry of public land charges	<input type="checkbox"/>

DISCLAIMER	
<b>Purpose of valuation</b>	Update valuation for IFRS purpose
<b>Inspection</b>	Full inspection (internally where access was possible)
<b>Information provided by</b>	Client
<p>The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose. Furthermore, it is based on the following:</p>	
<p>A technical due diligence conducted by Land America Assessment Corporation, dated April 2007. Whenever we have considered capital expenditure in the valuation, the data has been extracted from the preceding source. We have adopted the lettable areas as stated in the rent roll provided.</p>	
<p>This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 07.11.2011. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.</p>	

VALUATION SUMMARY	
Owner	Eurovast '92 B.V.
Property type	Residential
Year of construction	1980
Valuation year	2011
Type of ownership	Freehold
Size of plot	7,776 sq m

LETTABLE AREAS				
	Total	Thereof let	Thereof vacant	in %
Office	-	-	-	-
Retail	-	-	-	-
Residential	8,567 sq m	7,873 sq m	694 sq m	8%
Other	-	-	-	-
Units	-	-	-	-
<b>Total</b>	<b>8,567 sq m</b>	<b>7,873 sq m</b>	<b>694 sq m</b>	<b>8%</b>

RENTAL VALUES	
Current rent per month	30,162 €
Current rent per year	361,941 €
Gross rent year 1	375,825 €
Net rent year 1	269,209 €
Market rent	411,235 €

MARKET VALUE				
Gross present value		3,493,540 €	Multiplier as-is	8.9
Less purchaser's costs	@ 8.50%	273,687 €	NIY on year 1	7.7%
Net present value		3,219,853 €	Multiplier market	7.8
<b>Market Value</b>		<b>3,220,000 €</b>	NRY	9.9%
Market Value per sq m		376 €		

**PROPERTY DESCRIPTION****Asset type**

The Property was originally constructed in 1980 and is overall of average condition. The Property comprises three six-storey building complexes over basement with a total of 150 residential units and 20 of these are currently vacant.

**Location on site**

The Property is located in Prenzlau in a fair residential area approximately one km east of the city centre. The surrounding is characterised by large multi-family houses and some retail stores are situated next to the Property. Furthermore, there is a barrack adjacent to the subject property. Access to the motorway A20 is provided to the east and south. A bus stop is directly in front of the Property, the connection to the public transport system is very good.

**Building description**

The Property comprises one detached and two attached six-storey residential buildings with flat roofs and additional basements. The basements appear to be of concrete. The external walls are covered with concrete panels. The windows in the refurbished units are of modern insulate-glazing whereas the windows of the unrefurbished units have wooden frames and need to be replaced.

**Description of areas**

The Property comprises 150 residential units, thereof 4 units were vacant at the date of valuation. Most of the units offer 2 to 3 rooms, the average unit size is 57 sq m. Floors in the apartments are typically covered with carpeting or linoleum. Walls and ceilings are finished with wallpaper and paint. Balconies are located only on the rear side. Primarily, the main entrances are located on the reverse side. The subject site provides no parking units but a lot of public parking spaces are located in front of the Property. There is a small sandpit for children in the garden. Overall the subject property is of average quality and condition typical for it's construction year. Several units are refurbished while others are not.

**PROPERTY CONDITION**

The Property has a considerable repair backlog. Particularly the technical and electrical installations are in need of refurbishment.

**Rating** (A very good - D poor)

Exterior C  
Interior C  
General impression C

**Comment:**

**REPORT ON TITLE**

**Owner** Eurovast '92 B.V.

**Registry section**

Local court Prenzlau  
Land registry of Prenzlau  
Page 6221  
Size 7,776 sq m  
No. of registry 1  
No. of parcels 158/23, 158/29  
Type of use Building and open space

**Section II**

No 1: Limited personal easement (maintenance of heating facilities), registered on 6 February 2003

**Comments**

Entries in Section II have not been considered in this valuation.

**Section III**

Entries in Section III have not been considered in this valuation.

**Date of copy of title**

11/05/2007

**INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)**

We have not been provided with an extract from the building restrictions register. Hence, potential building restrictions have not been considered in the valuation.

**INFORMATION ON LISTING STATUS**

Building complex not listed   
Building complex listed   
Historical monument (Baudenkmal)   
Historical building ensemble (Ensembleschutz)   
Information not available

**INFORMATION ON SUBSIDIES**

Subsidised   
Partly subsidised   
Not subsidised   
Information not available

## INFORMATION ON LOCATION

### MACRO LOCATION

Country	Germany
Federal state	Brandenburg
Region	Uckermark
City	Prenzlau
District	District
Name of district	n/a

### PLANNING SITUATION

Zoning plan (Flächennutzungsplan)	Yes
Legally binding development plan (Bebauungsplan)	No
Number/name of development plan	
Development plan dated	
Designated area	Pure residential area (WR)
Site coverage (GRZ)	
Plot ratio (GFZ)	
Comment	The Property is located within a built-up area (paragraph 34 German Building Law) and is not covered by a legally binding land-use plan.

### DEMOGRAPHIC DATA

Inhabitants	20,078	December 2010
Unemployment rate	17.2%	July 2011
Purchasing power index	92.10	2009

### DESCRIPTION OF LOCATION

Prenzlau is a city in the Uckermark with approximately 20,000 inhabitants. The economy of Prenzlau is characterised by local business companies of the solar, wood and metal branch sector. Major companies are solar AG and Prenzlauer Möbelwerke.

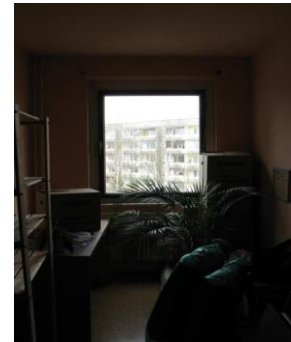
Prenzlau is connected to several motorways. Access to the motorway A11 is provided over Gramzow, 15 km away, access to the motorway A20 is provided to the east and south. Moreover, there are several federal roads to Berlin and Schwedt, public transportation such as several bus lines connect Prenzlau with the surrounding communities and also with Berlin. Furthermore, the airport of Berlin is approximately 120 km away.

### Rating (A very good - D poor)

Neighbourhood	C
Accessibility	B
General impression	C

### Comment

The Property is located in an average residential area.



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The residential market is characterised by stable vacancy rates over the last years. After a slump in activities in the third quarter of 2010, the number of transactions and the investment volume has been recovering extraordinarily fast and constantly rising to approx. 29,100 units and approx. €1,340,000,000 in Q1 2011. However, in Q2 2011 another large decrease could be observed. But in Q3 the highest transaction volume in the last two years has been reached.

Multipliers show a development ranging from 7- to 10-times for opportunistic portfolios and up to 20-times for large new-built premises or residential developments. The average multiplier in 2010 remained stable at approximately 12.7%. Multipliers in prosperous local markets have remained stable or have even slightly increased, whereas markets which are affected by decreasing population are characterised by falling multipliers. In 2011 only a slight decrease in prices is expected in certain areas, but the overall majority is expected to increase. The development of prices and sales is expected to continue.

**MARKET OVERVIEW OF LOCATION**

The population development in Prenzlau is regressive and has decreased from 2001 to 2010 from 22,200 to approximately 20,000 inhabitants. Nevertheless, Prenzlau remains the centre of the Uckermark with a good social infrastructure. Prime residential rents are in a range of between €5.00 and 7.00 per sq m per month, rents for average locations range between €4.30 and 5.50 per sq m per month and rents for basic residential locations range between €3.10 and 4.70 per sq m per month (depending on size and building age).

Sales prices range between €300 per sq m for simple quality and €520 - 600 per sq m for average quality. Sales prices for residential units with good quality range between €900 - 1100 per sq m.

**RESIDENTIAL MARKET Prenzlau**

Sale prices	Existing use	New build	Gross property yield	
Simple	420 €/sq m	n/a	basic	n/a
Average	520 €/sq m	600 €/sq m	average	5.0 - 8.0%
Good	900 €/sq m	1,100 €/sq m	good	n/a
<b>Rental bands residential (rental index Prenzlau 2009)</b>				
40 - 60 sq m		from	to	
Simple		3.10 €/sq m	4.70 €/sq m	
Average		4.60 €/sq m	5.20 €/sq m	
Good		5.00 €/sq m	7.00 €/sq m	
60 - 75 sq m				
Simple		3.30 €/sq m	4.90 €/sq m	
Average		4.30 €/sq m	5.50 €/sq m	
Good		5.20 €/sq m	7.00 €/sq m	
75 - 95 sq m				
Simple		3.30 €/sq m	4.40 €/sq m	
Average		4.30 €/sq m	5.50 €/sq m	
Good		5.00 €/sq m	6.50 €/sq m	

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Rent [€/sq m/month]	Year of construction	Refurbished	Transaction/ offer	Building	Location
17291	Residential	76.27	4,500	4.92	1981	Yes	Offer	Comparable	Comparable
17291	Residential	74.60	3,768	4.21	1982	Yes	Offer	Subject	Subject
17291	Residential	62.86	3,480	4.61	1981	Yes	Offer	Comparable	Comparable
17291	Residential	64.12	3,430	4.46	1980	Yes	Offer	Comparable	Comparable

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Sale price [€]	Sale price [€/sq m]	Multiplier	Year of construction	Transaction/ offer	Building	Location
17349	Residential	1,061.00	33,605	279,000	263	8.3	1958	Offer	Comparable	Comparable
17367	Residential	1,168.00		790,000	676	n/a	1958	Offer	Comparable	Comparable
17358	Residential	508.00		235,000	463	n/a	1903	Offer	Comparable	Comparable



## TENANCIES

TENANCIES														
	Type	Area [sq m]	Units [No]	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/sq m]	Status	MR [€/sq m]	MR [€/month]	in %
1	Residential	7,873.10	139	Resident. tenant	various	open-ended	-	-	30,161.73	3.83	Let	4.00	31,492.40	91.90%
2	Residential	694.30	11	Vacant	-	-	-	-	0.00	0.00	Vacant	4.00	2,777.20	8.10%
Total		8,567	150						30,162	3.52		4.00	34,270	100%

Type	Units [No]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/unit]	Status	MR [€/unit]	MR [€/month]	in %
Total													
Total		0						0	0.00		0.00	-	0%

SUMMARY AREAS													
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [€/month]	Current rent [in %]	MR areas let [€/month]	MR areas let [in %]	MR vacancy [€/month]	MR vacancy [in %]	Total MR [Ø €]	Total MR [€/month]	Total MR [in %]
Office	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Retail	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Residential	7,873	694	8,567	8%	30,162	100%	31,492	100%	2,777	100%	4.00	34,270	100%
Other	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Units	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
<b>Total</b>	7,873	694	8,567	8%	30,162	100%	31,492	100%	2,777	100%	4.00	34,270	100%

### VALUATION ASSUMPTIONS

Discount rate	7.00%
Exit cap rate	7.50%
Growth rate/inflation	0.00%
Capital expenditure	290,000 € lump sum today
Management costs residential	250.00 € per residential unit
Structural repairs (Dach & Fach)	7.50 € per sq m
Credit & collection loss	0% of income
Local authority charges	0.00 € per sq m
Insurance	0.00 € per sq m
Void periods	6 months
Tenant improvements	25.00 € per sq m
Letting fees	16.67% of annual rental value
Purchaser's cost	8.50%
Stamp duty (5% starting from 01.01.2011)	5.00% of Market Value
Agent's fees	3.00% of Market Value
Legal fees	0.50% of Market Value

### COMMENTS ON VALUATION ASSUMPTIONS

We have valued the Property assuming a six months vacancy period and a re-letting fee of two months' rent. Structural repairs (Dach&Fach) have been considered with €7,50 per sq m in the valuation. Capital expenditure has been considered in accordance with the technical and environmental due diligence prepared by LandAmerica. However, refurbishment costs have been assessed separately on the basis of recent average refurbishment costs and considering already refurbished units.

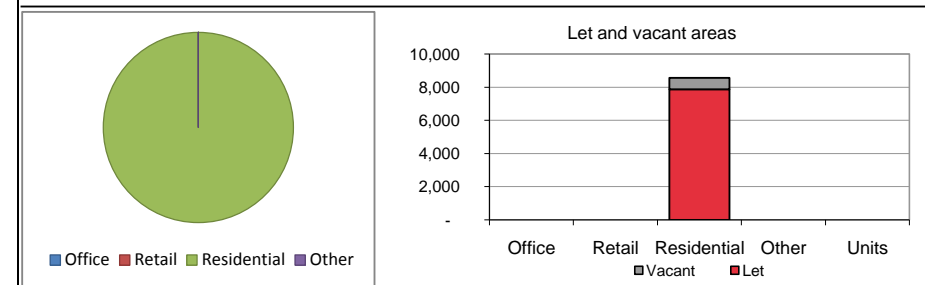
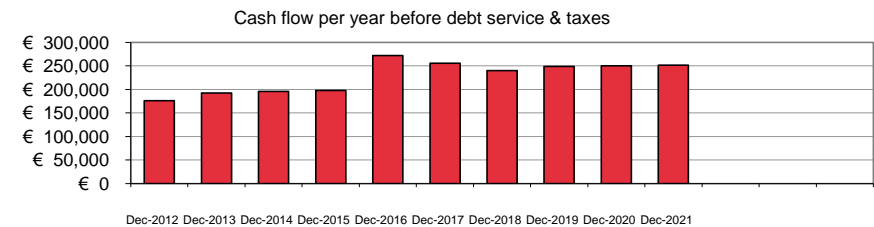
According to the extract from the land register the Property is held as freehold. We are of the opinion that the easements stated in section II of the land register will not have a detrimental effect on the Property and we therefore have not been considered in the valuation.

If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.

### DCF VALUATION

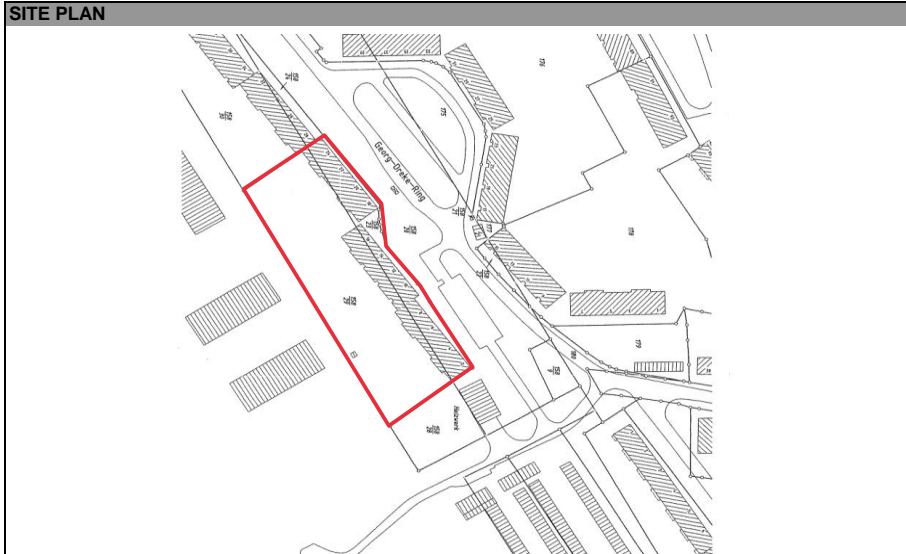
Period of analysis	Cash flow	
	nominal	discounted
Year 1	175,879 €	164,373 €
Year 2	192,575 €	168,202 €
Year 3	196,255 €	160,203 €
Year 4	197,852 €	150,940 €
Year 5	271,949 €	193,896 €
Year 6	255,963 €	170,559 €
Year 7	240,122 €	149,536 €
Year 8	248,789 €	144,797 €
Year 9	250,386 €	136,194 €
Year 10	251,983 €	128,095 €
<b>Total cash flow</b>	<b>2,281,753 €</b>	<b>1,566,795 €</b>
Resale	3,790,200 €	1,926,745 €
Gross present value		3,493,540 €
Less purchaser's costs @ 8.50%		273,687 €
Net present value		3,219,853 €
<b>Market Value</b>		<b>3,220,000 €</b>
Market Value per sq m		376 €

### PROPERTY ANALYSIS

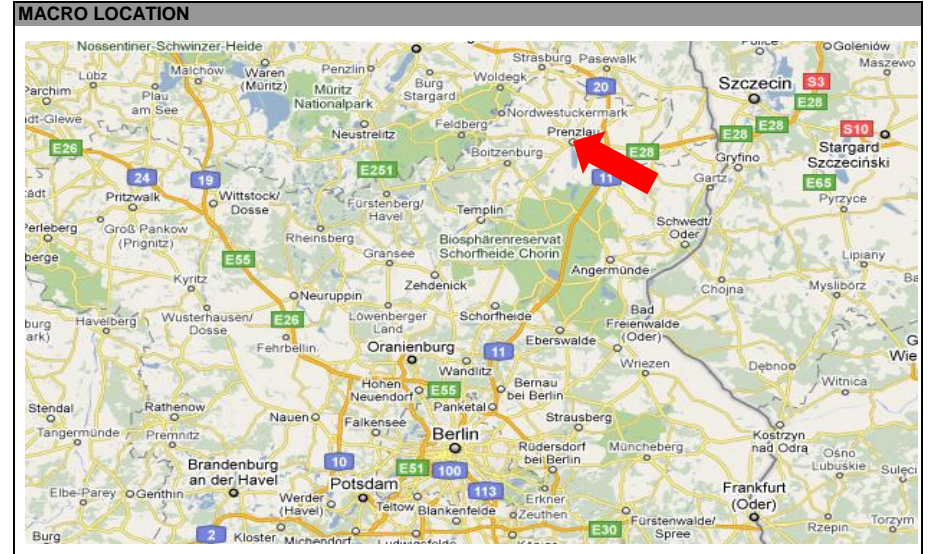


CASH FLOW										
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021
<b>Potential gross revenue</b>										
Base rental revenue	395,264 €	396,865 €	398,462 €	400,059 €	401,656 €	403,245 €	404,849 €	406,447 €	408,044 €	409,641 €
Absorption & turnover vacancy	-19,439 €	-9,448 €	-9,448 €	-9,448 €	-9,448 €	-16,261 €	-20,410 €	-18,896 €	-18,896 €	-18,896 €
Scheduled base rental revenue	375,825 €	387,417 €	389,014 €	390,611 €	392,208 €	386,984 €	384,439 €	387,551 €	389,148 €	390,745 €
<b>Total potential gross revenue</b>	<b>375,825 €</b>	<b>387,417 €</b>	<b>389,014 €</b>	<b>390,611 €</b>	<b>392,208 €</b>	<b>386,984 €</b>	<b>384,439 €</b>	<b>387,551 €</b>	<b>389,148 €</b>	<b>390,745 €</b>
<b>Effective gross revenue</b>	<b>375,825 €</b>	<b>387,417 €</b>	<b>389,014 €</b>	<b>390,611 €</b>	<b>392,208 €</b>	<b>386,984 €</b>	<b>384,439 €</b>	<b>387,551 €</b>	<b>389,148 €</b>	<b>390,745 €</b>
<b>Operating expenses</b>										
Ongoing maintenance	64,256 €	64,256 €	64,256 €	64,256 €	64,256 €	64,256 €	64,256 €	64,256 €	64,256 €	64,256 €
Management	37,500 €	37,500 €	37,500 €	37,500 €	37,500 €	37,500 €	37,500 €	37,500 €	37,500 €	37,500 €
Vacancy costs	4,860 €	2,362 €	2,362 €	2,362 €	2,362 €	4,066 €	5,103 €	4,724 €	4,724 €	4,724 €
<b>Total operating expenses</b>	<b>106,616 €</b>	<b>104,118 €</b>	<b>104,118 €</b>	<b>104,118 €</b>	<b>104,118 €</b>	<b>105,822 €</b>	<b>106,859 €</b>	<b>106,480 €</b>	<b>106,480 €</b>	<b>106,480 €</b>
<b>Net operating income</b>	<b>269,209 €</b>	<b>283,299 €</b>	<b>284,896 €</b>	<b>286,493 €</b>	<b>288,090 €</b>	<b>281,162 €</b>	<b>277,580 €</b>	<b>281,071 €</b>	<b>282,668 €</b>	<b>284,265 €</b>
<b>Leasing &amp; capital costs</b>										
Tenant Improvements	15,780 €	11,419 €	9,841 €	9,841 €	9,841 €	15,364 €	22,838 €	19,682 €	19,682 €	19,682 €
Leasing Commissions	5,050 €	6,805 €	6,300 €	6,300 €	6,300 €	9,835 €	14,620 €	12,600 €	12,600 €	12,600 €
Capex	72,500 €	72,500 €	72,500 €	72,500 €						
<b>Total leasing &amp; capital costs</b>	<b>93,330 €</b>	<b>90,724 €</b>	<b>88,641 €</b>	<b>88,641 €</b>	<b>16,141 €</b>	<b>25,199 €</b>	<b>37,458 €</b>	<b>32,282 €</b>	<b>32,282 €</b>	<b>32,282 €</b>
Cash flow before debt service	175,879 €	192,575 €	196,255 €	197,852 €	271,949 €	255,963 €	240,122 €	248,789 €	250,386 €	251,983 €
Proceeds from resale										3,790,200 €
<b>Cash flow</b>	<b>175,879 €</b>	<b>192,575 €</b>	<b>196,255 €</b>	<b>197,852 €</b>	<b>271,949 €</b>	<b>255,963 €</b>	<b>240,122 €</b>	<b>248,789 €</b>	<b>250,386 €</b>	<b>251,983 €</b>

SITE PLAN



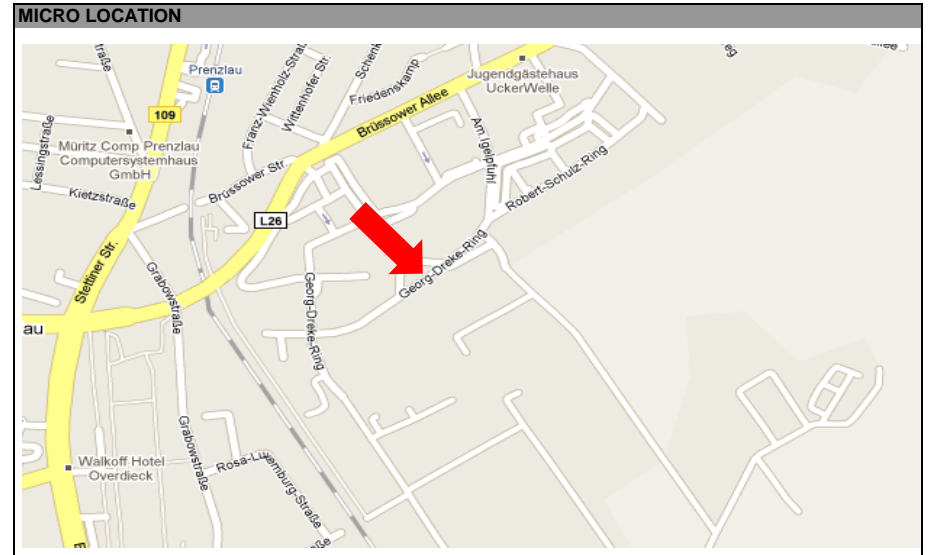
MACRO LOCATION



AERIAL VIEW



MICRO LOCATION



**Report for: Puschkinstraße 8-11  
15537 Kienbaum**

**Prepared for: Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin**

**Prepared by: DTZ Zadelhoff Tie Leung GmbH**



View from Puschkinstraße



View to the rear side



Parking garages on the site

GENERAL			
<b>Address</b>	Puschkinstraße 8-11 15537 Kienbaum Germany	<b>Date of valuation</b>	31/12/2011
		<b>Date of inspection</b>	20/04/2010
		<b>Valuation methods</b>	DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung GmbH

BASIS OF VALUATION	
<b>Scope of work</b>	MARKET VALUE
<p>In accordance with your instructions, we have inspected the above-mentioned Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (7th Edition).</p>	
<b>Type of information</b>	
- Draft lease contract	<input type="checkbox"/>
- Land registry	<input checked="" type="checkbox"/>
- Floor plans	<input type="checkbox"/>
- Cost schedule (Capex)	<input checked="" type="checkbox"/>
- Cadastral map	<input checked="" type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>
- Technical due diligence	<input checked="" type="checkbox"/>
- Environmental risk assessment	<input checked="" type="checkbox"/>
- Tenancy schedule	<input checked="" type="checkbox"/>
- Area calculation	<input type="checkbox"/>
- Registry of public land charges	<input type="checkbox"/>

DISCLAIMER	
<b>Purpose of valuation</b>	Update valuation for IFRS purpose
<b>Inspection</b>	Full inspection (internally where access was possible)
<b>Information provided by</b>	Client
<p>The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose. Furthermore, it is based on the following:</p> <p>A technical due diligence conducted by LandAmerica Assessment Corporation, dated April 2007. Whenever we have considered capital expenditure in the valuation, the data has been extracted from the preceding source. We have adopted the lettable areas as stated in the rent roll provided.</p> <p>This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 07.11.2011. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.</p>	

VALUATION SUMMARY	
Owner	Eurovast '92 B.V.
Property type	Residential
Year of construction	1968, 1972, 1981, partly refurbished in 1998 and 2000
Valuation year	2011
Type of ownership	Freehold
Size of plot	28,538 sq m

LETTABLE AREAS				
	Total	Thereof let	Thereof vacant	in %
Office	-	-	-	-
Retail	-	-	-	-
Residential	5,342 sq m	4,818 sq m	524 sq m	10%
Other	-	-	-	-
Units	30 units	26 units	4 units	13%
<b>Total</b>	<b>5,342 sq m</b>	<b>4,818 sq m</b>	<b>524 sq m</b>	<b>10%</b>

RENTAL VALUES	
Current rent per month	17,401 €
Current rent per year	208,810 €
Gross rent year 1	211,360 €
Net rent year 1	143,082 €
Market rent	229,777 €

MARKET VALUE			
Gross present value	1,780,873 €	Multiplier as-is	7.9
Less purchaser's costs	@ 8.50% 139,515 €	NIY on year 1	8.0%
Net present value	1,641,358 €	Multiplier market	7.1
<b>Market Value</b>	<b>1,640,000 €</b>	NRV	10.7%
Market Value per sq m lettable area	307 €		

**PROPERTY DESCRIPTION****Asset type**

The Property comprises four three-storey residential blocks of buildings. The older buildings (Puschkinstraße 8a-c, 9a-d) were built in 1968 and 1972. The buildings on Puschkinstraße 10a-d and 11a-d were built in 1981. There exist a total of 90 residential units with predominantly two-room-flats and some three-room-flats.

**Location on site**

The Property is located in Kienbaum close to the sport facilities of Kienbaum. Kienbaum is a small village approximately 20 km east of Berlin. The surrounding is characterised by forest, open area and detached houses. The sports centre is opposite of the site in the west. The site was formerly used as open field and forest area.

**Building description**

The buildings have three storeys and a basement. The buildings are generally of masonry construction and are plastered and painted. The buildings are situated parallel to Puschkinstraße have gable roofs covered with bricks and the other buildings have flat roofs covered with bitumen. The roofs, the windows and the exterior doors were refurbished in 2000. Furthermore, the building is fitted with modern insulated plastic windows and two central gas boilers. Warm water is provided by two central boilers installed next to the heating system. Overall, the technical equipment, the external and internal fit-out appears to be in average condition.

**Description of areas**

The building comprises three floors. According to the information provided during inspection only some of the units have been refurbished in recent years. A parking area and a drying area for laundry are arranged in the centre of the site. Furthermore, parking facilities are provided along Puschkinstraße. Access to the parking area is possible from the street Puschkinstraße.

**Fit-out of rental areas**

During inspection we were able to inspect one newly occupied unit. According to the information provided some of the units have been refurbished. Particularly, these units have been fitted with new bathrooms, new linolium flooring and the electrical installations within the accommodations have been renewed. Some of the units are fitted with balconies, however, some of the balconies have to be painted.

**PROPERTY CONDITION**

The Property is overall in average condition. The balconies of the building Puschkinstraße 9 have to be painted. For further information we refer to the technical due diligence prepared by LandAmerica Assessment Corporation.

**Rating (A very good - D poor)**

Exterior C  
Interior C  
General impression C

**Comment:****REPORT ON TITLE**

**Owner** Eurovast '92 B.V.

**Registry Section**  
Local court Fürstenwalde  
Land registry of Kienbaum

Page 377  
Size 28,538 sq m  
No. of registry 40330  
No. of parcels 92, 93, 94, 95, 99, 101  
Type of use Building and open area

**Section II**

No. 1-4 cleared.

**Comments****Section III**

Entries in Section III have not been considered in this valuation.

**Date of copy of title**

16/03/2009

**INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)**

We have not been provided with an extract from the building restrictions register. Hence, potential building restrictions have not been considered in the valuation.

**Date**

n/a

**INFORMATION ON LISTING STATUS**

Building complex not listed   
Building complex listed   
Historical monument (Baudenkmal)   
Historical building ensemble (Ensembleschutz)   
Information not available

**INFORMATION ON SUBSIDIES**

Subsidised   
Partly subsidised   
Not subsidised   
Information not available

## INFORMATION ON LOCATION

### MACRO LOCATION

Country	Germany
Federal state	Brandenburg
Region	Oder-Spree
City	Grünheide
District	District
Name of district	Kienbaum

### PLANNING SITUATION

Zoning plan (Flächennutzungsplan)	Yes
Legally binding development plan (Bebauungsplan)	No
Number/name of development plan	
Development plan dated	
Designated area	General residential area (WA)
Site coverage (GRZ)	
Plot ratio (GFZ)	
Comment	The Property is located within a built-up area (paragraph 34 German Building Law) and is not covered by a legally binding land-use plan.

### DEMOGRAPHIC DATA

Inhabitants	7,982	December 2010
Unemployment rate	12.2%	January 2011
Purchasing power index	99.8	2010

### DESCRIPTION OF LOCATION

Kienbaum is a district of the local authority Grünheide. Grünheide is a small town in the district Oder-Spree with approximately 7,982 inhabitants. Grünheide consists of the following districts: Hangelsberg, Kagel, Kienbaum, Mönchwinkel and Spreeau. The closest major city is Berlin which is situated approximately 20 km to the northwest of Kienbaum.

Kienbaum is a small village which is known for its sports centre.

Kienbaum is located near the federal road B1 and the motorway A10 (Berliner Ring).

The next airport is Berlin-Schoenefeld which is reachable within 40 minutes via motorway A10 (Berliner Ring).

### Rating (A very good - D poor)

Neighbourhood	B
Accessibility	C
General impression	B-C

### Comment

The Property is located in an average residential area.



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The residential market is characterised by stable vacancy rates over the last years. After a slump in activities in the third quarter of 2010, the number of transactions and the investment volume has been recovering extraordinarily fast and constantly rising to approx. 29,100 units and approx. €1,340,000,000 in Q1 2011. However, in Q2 2011 another large decrease could be observed. But in Q3 the highest transaction volume in the last two years has been reached.

Multipliers show a development ranging from 7- to 10-times for opportunistic portfolios and up to 20-times for large new-built premises or residential developments. The average multiplier in 2010 remained stable at approximately 12.7%. Multipliers in prosperous local markets have remained stable or have even slightly increased, whereas markets which are affected by decreasing population are characterised by falling multipliers. In 2011 only a slight decrease in prices is expected in certain areas, but the overall majority is expected to increase. The development of prices and sales is expected to continue.

**MARKET OVERVIEW OF LOCATION**

There are no current market data for Kienbaum available. According to our own research the rents in Kienbaum and surrounding are between €3.50 and 5.00 per sq m per month for average residential locations.

Purchase prices or multipliers have not been published. Offered purchase prices per building area range between €288 per sq m for basic buildings and €600 per sq m for good or almost newly built premises.

**RESIDENTIAL MARKET IVD Frankfurt/Oder**

Sale prices	Existing use	Newly built	Investment	Multipliers
Simple	n/a	n/a	-	-
Average	1,000	1,300	Until 1948	n/a
Good	1,200	1,400	From 1948	n/a
Very good	1,300	1,600	Ground rent	n/a
Rental bands	until 1948	from 1949	Newly built	
Simple	2.80	3.00	n/a	
Average	3.60	3.30	4.80	
Good	5.60	5.20	5.50	

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Rent [€/sq m/month]	Year of construction	Refurbished	Transaction/ offer	Building	Location
15337	Residential	61.10	3,300	4.50	1983	yes	Offer	Comparable	Comparable
15337	Residential	61.10	3,192	4.35	1983	yes	Offer	Comparable	Comparable
15337	Residential	61.10	2,208	3.01	n/a	partly	Offer	Comparable	Comparable
15537	Residential	61.10	3,084	4.21	n/a	yes	Offer	Comparable	Comparable
15537	Residential	35.60	1,932	4.52	n/a	partly	Offer	Worse	Comparable

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Sale price [€]	Sale price [€/sq m]	Multiplier	Year of construction	Transaction/ offer	Building	Location
15345	Residential	270	n/a	149,000	552	n/a	n/a	Offer	Comparable	Comparable
15517	Residential	360	n/a	225,000	625	n/a	n/a	Offer	Better	Slightly better
15517	Residential	360	n/a	227,000	631	n/a	n/a	Offer	Better	Slightly better
15517	Residential	235	n/a	180,000	766	n/a	1920	Offer	Comparable	Better



## TENANCIES

TENANCIES														
	Type	Area [sq m]	Units [No]	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/sq m]	Status	MR [€/sq m]	MR [€/month]	in %
1	Residential	4,817.90	81	Resident. tenant	various	-	-	-	16,975.02	3.52	Let	3.50	16,863	90.18%
2	Residential	524.40	9	Vacant	-	-	-	-	0.00	0.00	Vacant	3.50	1,835	9.82%
<b>Total</b>		<b>5,342.30</b>	<b>90</b>						<b>16,975</b>	<b>3.18</b>		<b>3.50</b>	<b>18,698</b>	<b>100%</b>

	Type	Units [No]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/unit]	Status	MR [€/unit]	MR [€/month]	in %
1	Park. internal	26	Basement	Resident. tenant	various	-	-	-	425.84	16.38	Let	15.00	390	86.67%
2	Park. internal	4	Basement	Vacant	-	-	-	-	0.00	0.00	Vacant	15.00	60	13.33%
<b>Total</b>		<b>30</b>							<b>425.84</b>	<b>14.19</b>		<b>15.00</b>	<b>450</b>	<b>100%</b>

SUMMARY AREAS														
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [€/month]	Current rent [in %]	MR areas let [€/month]	MR areas let [in %]	MR vacancy [€/month]	MR vacancy [in %]	Total MR [Ø €]	Total MR [€/month]	Total MR [in %]	
<b>Office</b>	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%	
<b>Retail</b>	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%	
<b>Residential</b>	4,818	524	<b>5,342</b>	10%	<b>16,975</b>	98%	16,863	98%	1,835	97%	3.50	<b>18,698</b>	98%	
<b>Other</b>	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%	
<b>Units</b>	26	4	<b>30</b>	13%	<b>426</b>	2%	390	2%	60	3%	15.00	<b>450</b>	2%	
<b>Total</b>	<b>4,818</b>	<b>524</b>	<b>5,342</b>	<b>10%</b>	<b>17,401</b>	<b>100%</b>	<b>17,253</b>	<b>100%</b>	<b>1,895</b>	<b>100%</b>	<b>3.50</b>	<b>19,148</b>	<b>100%</b>	

VALUATION ASSUMPTIONS	
Discount rate	7.00%
Exit cap rate	7.50%
Growth rate/inflation	0.00%
Capital expenditure	179,000 € lump sum today
Management costs commercial	0.00% of income
Management costs residential	250 € per residential unit
Structural repairs (Dach & Fach)	7.50 € per sq m
Credit & collection loss	0% of income
Local authority charges	0.00 € per sq m
Insurance	0.00 € per sq m
Void periods	9 months
Tenant improvements	25.00 € per sq m
Letting fees	16.67% of annual rental value
Purchaser's cost	8.50%
Stamp duty	5.00% of Market Value
Agent's fees	2.00% of Market Value
Legal fees	1.50% of Market Value

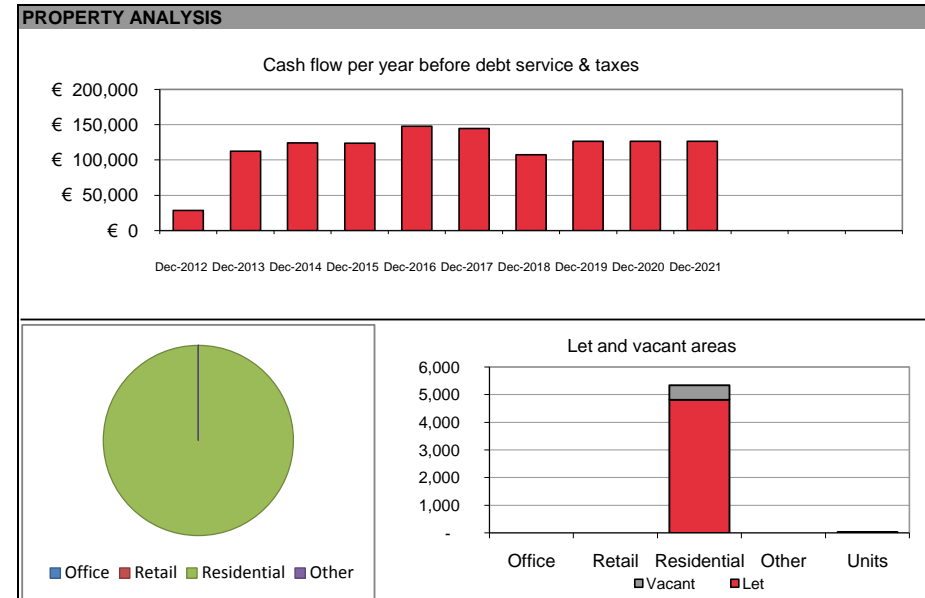
**COMMENTS ON VALUATION ASSUMPTIONS**

We have valued the Property assuming a nine months vacancy period and a re-letting fee of two months' rents. Structural repairs (Dach&Fach) have been considered with €7,50 per sq m in the valuation. Capital expenditure has been considered in accordance with the technical and environmental due diligence prepared by LandAmerica Assessment Corporation.

According to the extract from the land register the Property is held as freehold. There are no encumbrances entered in the land register, therefore we have not considered any encumbrances in the valuation.

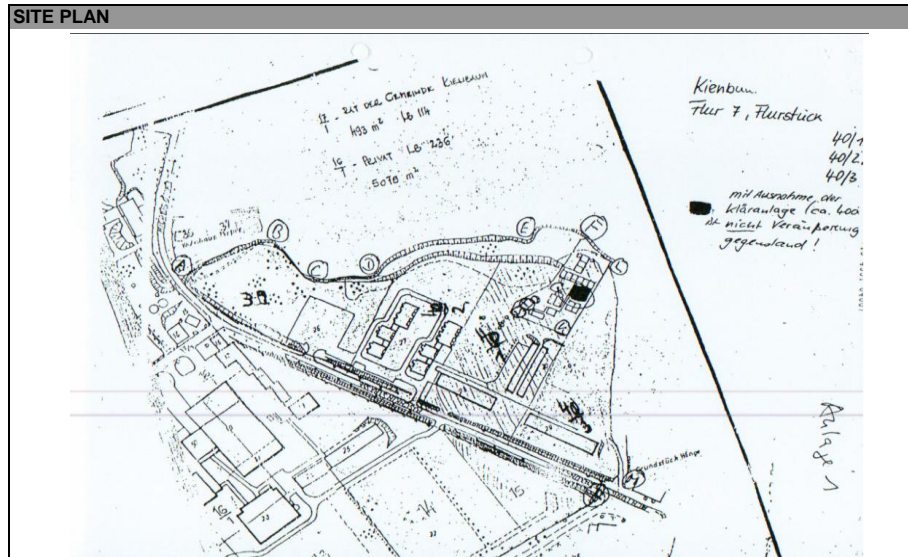
If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.

DCF VALUATION		
Period of analysis	Cash flow	
	nominal	discounted
Year 1	28,462 €	26,600 €
Year 2	112,342 €	98,124 €
Year 3	124,109 €	101,310 €
Year 4	123,931 €	94,546 €
Year 5	147,753 €	105,346 €
Year 6	144,513 €	96,295 €
Year 7	107,477 €	66,931 €
Year 8	126,698 €	73,740 €
Year 9	126,520 €	68,818 €
Year 10	126,342 €	64,226 €
Total cash flow	1,168,147 €	795,936 €
Resale	1,937,520 €	984,937 €
Gross Present Value		1,780,873 €
Less purchaser's costs @ 8.50%		139,515 €
Net Present Value		1,641,358 €
<b>Market Value</b>		<b>1,640,000 €</b>
Market Value per sq m		307 €

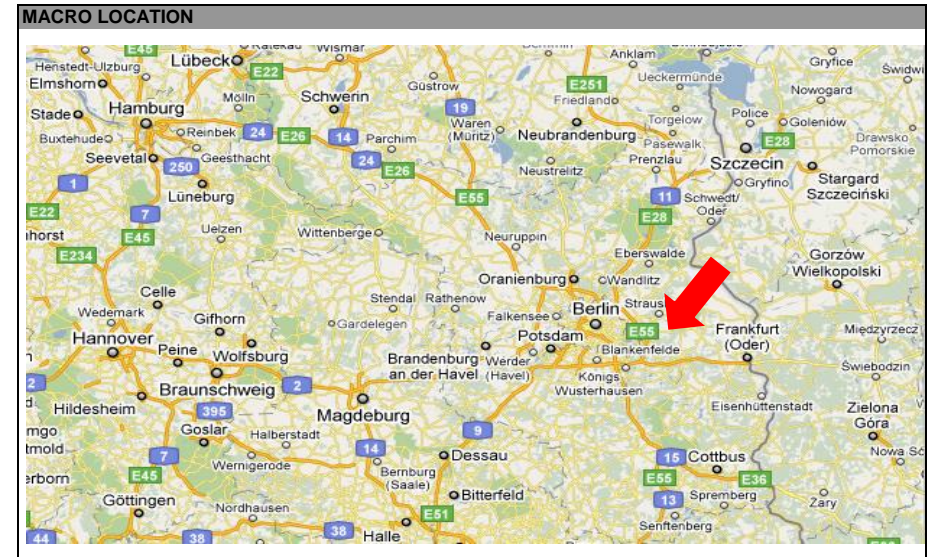


CASH FLOW										
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021
<b>Potential gross revenue</b>										
Base rental revenue	231,554 €	231,376 €	231,197 €	231,019 €	230,841 €	230,664 €	230,490 €	230,307 €	230,129 €	229,951 €
Absorption & turnover vacancy	-20,194 €	-10,666 €	-8,626 €	-8,626 €	-8,626 €	-10,966 €	-24,392 €	-17,252 €	-17,252 €	-17,252 €
Scheduled base rental revenue	211,360 €	220,710 €	222,571 €	222,393 €	222,215 €	219,698 €	206,098 €	213,055 €	212,877 €	212,699 €
<b>Total potential gross revenue</b>	<b>211,360 €</b>	<b>220,710 €</b>	<b>222,571 €</b>	<b>222,393 €</b>	<b>222,215 €</b>	<b>219,698 €</b>	<b>206,098 €</b>	<b>213,055 €</b>	<b>212,877 €</b>	<b>212,699 €</b>
<b>Effective gross revenue</b>	<b>211,360 €</b>	<b>220,710 €</b>	<b>222,571 €</b>	<b>222,393 €</b>	<b>222,215 €</b>	<b>219,698 €</b>	<b>206,098 €</b>	<b>213,055 €</b>	<b>212,877 €</b>	<b>212,699 €</b>
<b>Operating expenses</b>										
Ongoing maintenance	40,067 €	40,067 €	40,067 €	40,067 €	40,067 €	40,067 €	40,067 €	40,067 €	40,067 €	40,067 €
Management	22,500 €	22,500 €	22,500 €	22,500 €	22,500 €	22,500 €	22,500 €	22,500 €	22,500 €	22,500 €
Vacancy costs	5,711 €	2,992 €	2,409 €	2,409 €	2,409 €	2,992 €	6,858 €	4,818 €	4,818 €	4,818 €
<b>Total operating expenses</b>	<b>68,278 €</b>	<b>65,559 €</b>	<b>64,976 €</b>	<b>64,976 €</b>	<b>64,976 €</b>	<b>65,559 €</b>	<b>69,425 €</b>	<b>67,385 €</b>	<b>67,385 €</b>	<b>67,385 €</b>
<b>Net operating income</b>	<b>143,082 €</b>	<b>155,151 €</b>	<b>157,595 €</b>	<b>157,417 €</b>	<b>157,239 €</b>	<b>154,139 €</b>	<b>136,673 €</b>	<b>145,670 €</b>	<b>145,492 €</b>	<b>145,314 €</b>
<b>Leasing &amp; capital costs</b>										
Tenant improvements	5,868 €	13,318 €	6,035 €	6,035 €	6,035 €	6,055 €	18,622 €	12,070 €	12,070 €	12,070 €
Leasing commissions	1,752 €	5,491 €	3,451 €	3,451 €	3,451 €	3,571 €	10,574 €	6,902 €	6,902 €	6,902 €
Capex	107,000 €	24,000 €	24,000 €	24,000 €						
<b>Total leasing &amp; capital costs</b>	<b>114,620 €</b>	<b>42,809 €</b>	<b>33,486 €</b>	<b>33,486 €</b>	<b>9,486 €</b>	<b>9,626 €</b>	<b>29,196 €</b>	<b>18,972 €</b>	<b>18,972 €</b>	<b>18,972 €</b>
Cash flow before debt service	28,462 €	112,342 €	124,109 €	123,931 €	147,753 €	144,513 €	107,477 €	126,698 €	126,520 €	126,342 €
Proceeds from resale										1,937,520 €
<b>Cash flow</b>	<b>28,462 €</b>	<b>112,342 €</b>	<b>124,109 €</b>	<b>123,931 €</b>	<b>147,753 €</b>	<b>144,513 €</b>	<b>107,477 €</b>	<b>126,698 €</b>	<b>126,520 €</b>	<b>126,342 €</b>

SITE PLAN



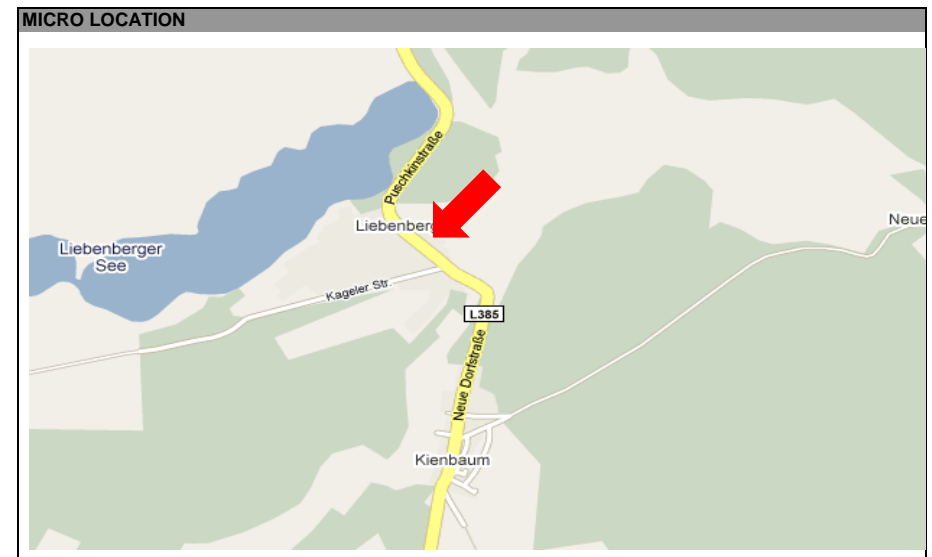
MACRO LOCATION



AERIAL VIEW



MICRO LOCATION



**Report for: Hohe Str. 7-7a  
01558 Großenhain**

**Prepared for: Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin**

**Prepared by: DTZ Zadelhoff Tie Leung GmbH**



Rear of the building



Entrance area



Front of the building

GENERAL			
<b>Address</b>	Hohe Str. 7-7a 01558 Großenhain Germany	<b>Date of valuation</b>	31/12/2011
		<b>Date of inspection</b>	20/04/2010
		<b>Valuation methods</b>	DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung GmbH

BASIS OF VALUATION	
<b>Scope of work</b>	MARKET VALUE
<p>In accordance with your instructions, we have inspected the above-mentioned Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (7th Edition).</p>	
<b>Type of information</b>	
- Draft lease contract	<input type="checkbox"/>
- Land registry	<input checked="" type="checkbox"/>
- Floor plans	<input checked="" type="checkbox"/>
- Cost schedule (Capex)	<input checked="" type="checkbox"/>
- Cadastral map	<input checked="" type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>
- Technical due diligence	<input checked="" type="checkbox"/>
- Environmental risk assessment	<input checked="" type="checkbox"/>
- Tenancy schedule	<input checked="" type="checkbox"/>
- Area calculation	<input type="checkbox"/>
- Registry of public land charges	<input type="checkbox"/>

DISCLAIMER	
<b>Purpose of valuation</b>	Update valuation for IFRS purpose
<b>Inspection</b>	Full inspection (internally where access was possible)
<b>Information provided by</b>	Client
<p>The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose. Furthermore, it is based on the following:</p>	
<p>A technical and environmental due diligence conducted by LandAmerica, dated April 2007. Whenever we have considered capital expenditure in the valuation, the data has been extracted from the preceding source. We have adopted the lettable areas as stated in the rent roll.</p>	
<p>This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 07.11.2011. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.</p>	

VALUATION SUMMARY	
Owner	Eurovast '92 B.V., Arnheim (NL)
Property type	Residential
Year of construction	1950's
Valuation year	2011
Type of ownership	Freehold
Size of plot	980 sq m

LETTABLE AREAS				
	Total	Thereof let	Thereof vacant	in %
Office	-	-	-	-
Retail	-	-	-	-
Residential	929 sq m	929 sq m	0 sq m	0%
Other	-	-	-	-
Units	-	-	-	-
<b>Total</b>	<b>929 sq m</b>	<b>929 sq m</b>	<b>sq m</b>	<b>0%</b>

RENTAL VALUES	
Current rent per month	3,971 €
Current rent per year	47,654 €
Gross rent year 1	47,652 €
Net rent year 1	39,266 €
Market Rent	44,597 €

MARKET VALUE			
Gross present value	599,282 €	Multiplier as-is	11.8
Less purchaser's costs	@ 7.00% 39,205 €	NIY on year 1	6.6%
Net present value	560,077 €	Multiplier market	12.6
<b>Market Value</b>	<b>560,000 €</b>	NRY	6.1%
Market Value per sq m lettable area	603 €		

**PROPERTY DESCRIPTION****Asset type**

The Property was built approximately in 1950 and was recently refurbished. It comprises a four-storey residential building. The building complex has a basement and a developed attic and is currently fully let.

**Location on site**

The Property is located close to the town centre in a predominantly residential area characterised by residential use to the east, north and west and commercial use to south (newly built Lidl discounter). The Hohe Strasse borders the Property to the south and the Gartenweg borders the Property to the east. The Property is located in an overall good residential area and benefits from the new discounter, located adjacent to the south.

**Building description**

The building has three storeys, a developed attic and a basement. The building is generally of masonry construction with metal coverings on the ground floor and a rendered facade on the upper floors. Roof and facade are insulated. Furthermore, the building is fitted with a mansard roof, modern insulated plastic windows and district heating. Warm water is provided by continuous-flow water heaters. Overall, the technical equipment, the external and internal fit-out appear to be in good condition.

**Description of areas**

The Property comprises 16 residential units, thereof all units were occupied at the date of valuation. Most of the units offer 2 to 3 rooms, the average unit size is 58 sq m. The building comprises three floors and a developed attic. According to the information provided during inspection only some of the units have been refurbished in recent years. A parking area is located in front of the building. Access to the parking area is possible from the street Gartenweg.

**Fit-out of rental areas**

During inspection we were able to inspect one occupied unit. According to the information provided some of the units have been refurbished. Particularly these units have been fitted with new bathrooms, new laminate flooring and the electrical installations within the accommodations have been renewed. All of the units are fitted with balconies, however, some of the balconies are affected by serious defects.

**PROPERTY CONDITION**

The Property is overall in a good condition. However, the balconies are in need of immediate refurbishment. For further information we refer to the technical due diligence prepared by LandAmerica.

**Rating** (A very good - D poor)

Exterior B  
Interior B  
General impression B

**Comment:****REPORT ON TITLE**

**Owner** Eurovast '92 B.V., Arnheim (NL)

**Registry section**

Local court Riesa  
Land registry of Großenhain  
Page 2286  
Size 980 sq m  
No. of registry 1  
No. of parcels 450  
Type of use Building and undeveloped area

**Section II**

No entries.

**Comments****Section III**

Entries in Section III have not been considered in this valuation.

**Date of copy of title**

12/03/2009

**INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)****Source**

We have not been provided with an extract from the building restrictions register. Hence, potential building restrictions have not been considered in the valuation.

**Date**

n/a

**INFORMATION ON LISTING STATUS**

Building complex not listed   
Building complex listed   
Historical monument (Baudenkmal)   
Historical building ensemble (Ensembleschutz)   
Information not available

**INFORMATION ON SUBSIDIES**

Subsidised   
Partly subsidised   
Not subsidised   
Information not available

## INFORMATION ON LOCATION

### MACRO LOCATION

Country	Germany
Federal state	Saxony
Region	Riesa
City	Großenhain
District	Town centre
Name of district	n/a

### PLANNING SITUATION

Zoning plan (Flächennutzungsplan)	Yes
Legally binding development plan (Bebauungsplan)	No
Number/name of development plan	n/a
Development plan dated	n/a
Designated area	n/a
Site coverage (GRZ)	n/a
Plot ratio (GFZ)	n/a
Comment	The Property is located within a built-up area (paragraph 34 German Building Law) and is not covered by a legally binding land-use plan.

### DEMOGRAPHIC DATA

Inhabitants	19,509	December 2010
Unemployment rate	10.3%	November 2011
Purchasing power index	84.00	2010
Meißen		

### DESCRIPTION OF LOCATION

Großenhain is located at the river Röder, 30 km northwest of Dresden and 17 km east of Riesa. Overall, Großenhain has approx. 20,000 inhabitants and comprises an area of 97 sq km. The closest major city is Dresden (approx. 520,000 inhabitants). The economy of Großenhain is characterised by business companies of the service sector. Furthermore, the Funke & Will AG is based in Großenhain and is known for the production of Yes! Roadster.

Großenhain is accessible by car via the federal roads B98 and B101. Access to the motorway A13 (Dresden - Berlin) is provided approximately 10 km to the east. Public transportation is provided by several bus lines connecting Großenhain with the surrounding communities. Furthermore, Großenhain has a train station connecting the town with Dresden and Cottbus.

### Rating (A very good - D poor)

Neighbourhood	B
Accessibility	B
General impression	B

### Comment

The Property is located in a good residential area.



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The residential market is characterised by stable vacancy rates over the last years. After a slump in activities in the third quarter of 2010, the number of transactions and the investment volume has been recovering extraordinarily fast and constantly rising to approx. 29,100 units and approx. €1,340,000,000 in Q1 2011. However, in Q2 2011 another large decrease could be observed. But in Q3 the highest transaction volume in the last two years has been reached.

Multipliers show a development ranging from 7- to 10-times for opportunistic portfolios and up to 20-times for large new-built premises or residential developments. The average multiplier in 2010 remained stable at approximately 12.7%. Multipliers in prosperous local markets have remained stable or have even slightly increased, whereas markets which are affected by decreasing population are characterised by falling multipliers. In 2011 only a slight decrease in prices is expected in certain areas, but the overall majority is expected to increase. The development of prices and sales is expected to continue.

**MARKET OVERVIEW OF LOCATION**

There are no current market data for Großenhain available. According to the Property market report 2007 prepared by the communal business agency the average rent for residential space is between €2.48 and 5.66 per sq m per month for accommodation in basic locations and between €4.50 and 5.60 per sq m per month for accommodation in average to good locations. According to our own research the rents vary between €4.00 per sq m per month for basic and €6.00 per sq m per month for almost newly built premises.

Purchase prices or multipliers have not been published. Offered purchase prices per building area range between €300 per sq m for basic premises and €700 per sq m for good or almost newly built premises.

**RESIDENTIAL MARKET Großenhain**

Sale prices	Existing use	New build	Investment	Multipliers
Simple	n/a	n/a	Until 1948	n/a
Average	n/a	n/a	From 1948	n/a
Good	n/a	n/a	Ground rent	n/a
Very good	n/a	n/a		
Rental bands		from	to	
Simple		2.48 €/sq m	5.66 €/sq m	
Average to good		4.50 €/sq m	5.60 €/sq m	

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Rent [€/sq m/month]	Year of construction	Refurbished	Transaction/ offer	Building	Location
01558	Residential	50.00	2,880	4.80	1989	Yes	Offer	Comparable	Comparable
01558	Residential	75.00	4,140	4.60	1996	n/a	Offer	Comparable	Comparable
01558	Residential	85.36	4,452	4.35	ca. 1900	Yes	Offer	Comparable	Comparable
01558	Residential	41.57	2,400	4.81	1986	Yes	Offer	Comparable	Comparable

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Sale price [€]	Sale price [€/sq m]	Multiplier	Year of construction	Transaction/ offer	Building	Location
01689	Residential	761.00	37,645	390,000	512	10.4	approx. 1900	Offer	Comparable	Comparable
01662	Residential	616.00	45,276	490,000	795	10.8	approx. 1900	Offer	Comparable	Better
01561	Residential	800.00	n/a	329,000	411	n/a	approx. 1900	Offer	Worse	Comparable

TENANCIES														
	Type	Area [sq m]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/sq m]	Status	MR [€/sq m]	MR [€/month]	in %
1	Residential	929.10		Resident. tenant					3,971.15	4.27	Let	4.00	3,716.40	100.00%
Total		929.10							3,971	4.27		4.00	3,716	100%

	Type	Units [No]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/unit]	Status	MR [€/unit]	MR [€/month]	in %
Total		0							0	0.00		0.00	-	0%

SUMMARY AREAS													
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [€/month]	Current rent [in %]	MR areas let [€/month]	MR areas let [in %]	MR vacancy [€/month]	MR vacancy [in %]	Total MR [Ø €]	Total MR [€/month]	Total MR [in %]
Office	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Retail	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Residential	929	-	929	0%	3,971	100%	3,716	100%	0	0%	4.00	3,716	100%
Other	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Units	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
<b>Total</b>	929	-	929	0%	3,971	100%	3,716	100%	0	0%	4.00	3,716	100%

**VALUATION ASSUMPTIONS**

Discount rate	5.75%
Exit cap rate	5.75%
Growth rate/inflation	0.00%
Capital expenditure	27,000 €
Management costs residential	2% of income
Structural repairs (Dach & Fach)	8.00 € per sq m
Credit & collection loss	0% of income
Local authority charges	0.00 € per sq m
Insurance	0.00 € per sq m
Void periods	6 months
Tenant improvements	25.00 € per sq m
Letting fees	16.67% of annual rental value
Purchaser's cost	7.00%
Stamp duty	3.50% of Market Value
Agent's fees	3.00% of Market Value
Legal fees	0.50% of Market Value

**COMMENTS ON VALUATION ASSUMPTIONS**

We have valued the Property assuming a six months vacancy period and a re-letting fee of two months' rent. Structural repairs (Dach&Fach) have been considered with €8,00 per sq m in the valuation. Capital expenditure has been considered in accordance with the technical and environmental due diligence prepared by LandAmerica.

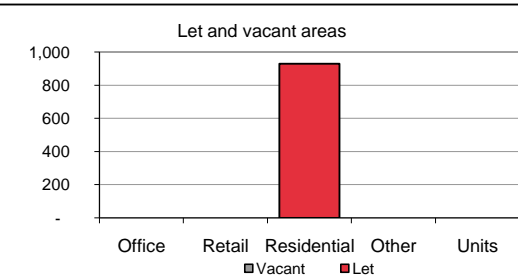
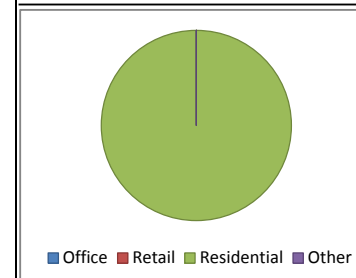
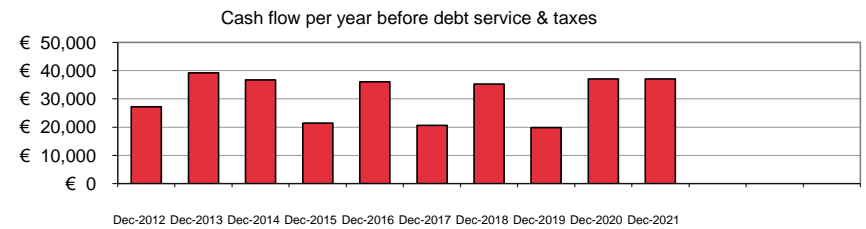
According to the extract from the land register the Property is held as freehold. There are no encumbrances entered in the land register, therefore, we have not considered any encumbrances in the valuation.

If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.

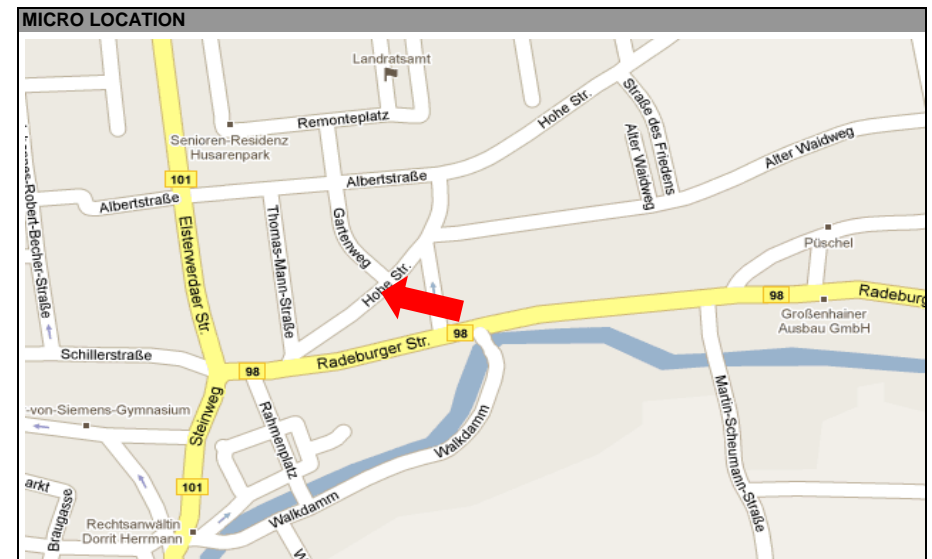
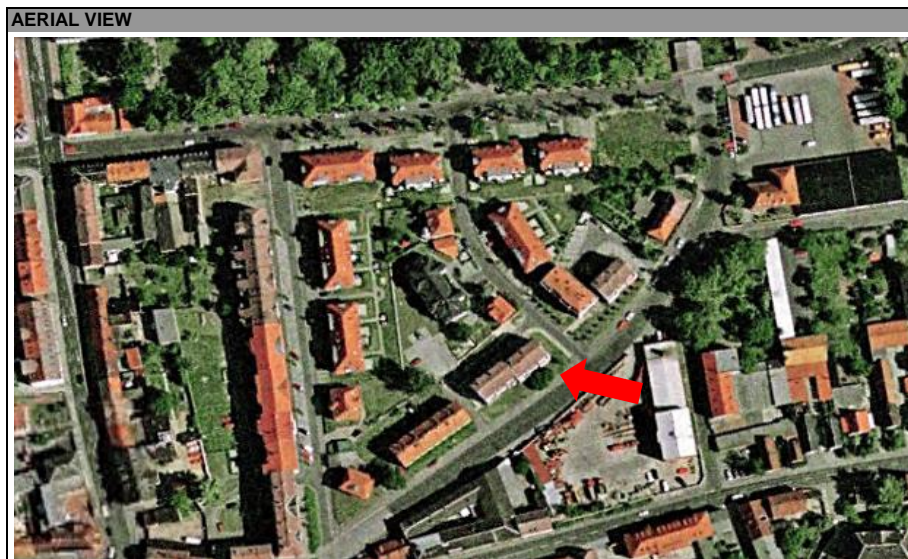
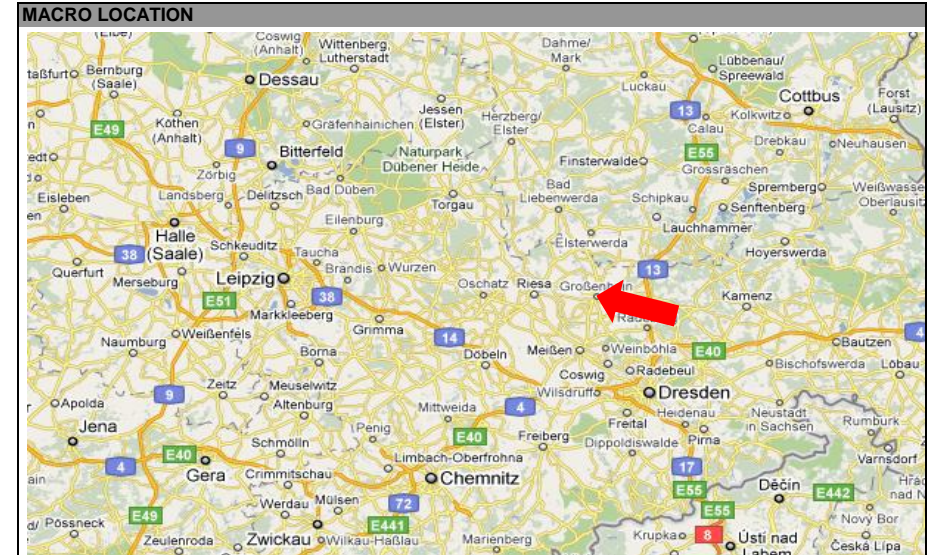
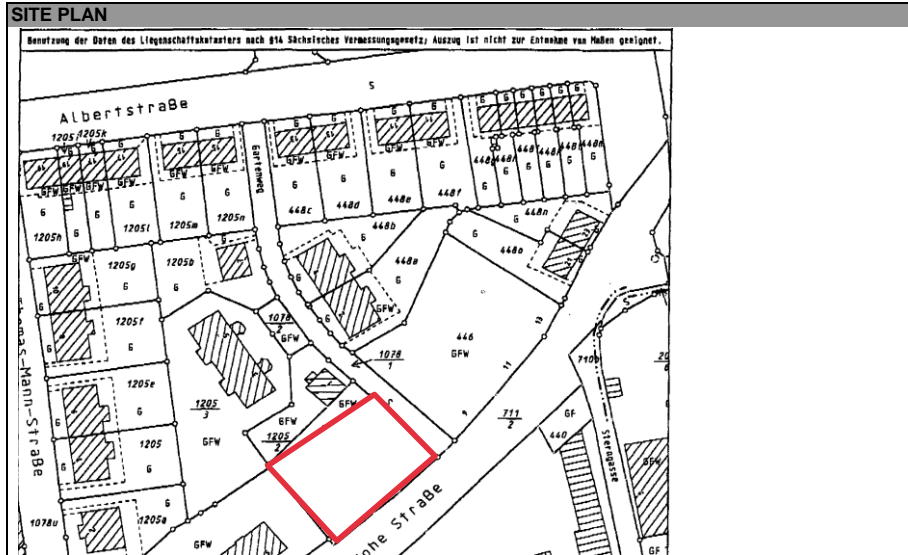
**DCF VALUATION**

Period of analysis	Cash flow	
	nominal	discounted
Year 1	27,266 €	25,783 €
Year 2	39,266 €	35,112 €
Year 3	36,766 €	31,089 €
Year 4	21,384 €	17,099 €
Year 5	36,017 €	27,234 €
Year 6	20,636 €	14,755 €
Year 7	35,269 €	23,847 €
Year 8	19,887 €	12,715 €
Year 9	37,020 €	22,383 €
Year 10	37,020 €	21,166 €
<b>Total cash flow</b>	<b>310,531 €</b>	<b>231,183 €</b>
Resale	643,826 €	368,099 €
Gross present value		599,282 €
Less purchaser's costs @ 7.00%		39,205 €
Net present value		560,077 €
<b>Market Value</b>		<b>560,000 €</b>
Market Value per sq m		603 €

**PROPERTY ANALYSIS**



CASH FLOW										
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021
<b>Potential gross revenue</b>										
Base rental revenue	47,652 €	47,652 €	47,652 €	46,889 €	46,888 €	46,125 €	46,124 €	45,361 €	45,360 €	45,360 €
Absorption & turnover vacancy				-5,575 €		-5,575 €		-5,575 €		
Scheduled base rental revenue	47,652 €	47,652 €	47,652 €	41,314 €	46,888 €	40,550 €	46,124 €	39,786 €	45,360 €	45,360 €
<b>Total potential gross revenue</b>	<b>47,652 €</b>	<b>47,652 €</b>	<b>47,652 €</b>	<b>41,314 €</b>	<b>46,888 €</b>	<b>40,550 €</b>	<b>46,124 €</b>	<b>39,786 €</b>	<b>45,360 €</b>	<b>45,360 €</b>
<b>Effective gross revenue</b>	<b>47,652 €</b>	<b>47,652 €</b>	<b>47,652 €</b>	<b>41,314 €</b>	<b>46,888 €</b>	<b>40,550 €</b>	<b>46,124 €</b>	<b>39,786 €</b>	<b>45,360 €</b>	<b>45,360 €</b>
<b>Operating expenses</b>										
Ongoing maintenance	7,433 €	7,433 €	7,433 €	7,433 €	7,433 €	7,433 €	7,433 €	7,433 €	7,433 €	7,433 €
Management	953 €	953 €	953 €	938 €	938 €	922 €	922 €	907 €	907 €	907 €
Vacancy costs				1,393 €		1,393 €		1,393 €		
<b>Total operating expenses</b>	<b>8,386 €</b>	<b>8,386 €</b>	<b>8,386 €</b>	<b>9,764 €</b>	<b>8,371 €</b>	<b>9,748 €</b>	<b>8,355 €</b>	<b>9,733 €</b>	<b>8,340 €</b>	<b>8,340 €</b>
<b>Net operating income</b>	<b>39,266 €</b>	<b>39,266 €</b>	<b>39,266 €</b>	<b>31,550 €</b>	<b>38,517 €</b>	<b>30,802 €</b>	<b>37,769 €</b>	<b>30,053 €</b>	<b>37,020 €</b>	<b>37,020 €</b>
<b>Leasing &amp; capital costs</b>										
Tenant Improvements				5,807 €		5,807 €		5,807 €		
Leasing Commissions				1,859 €		1,859 €		1,859 €		
Capex	12,000 €		2,500 €	2,500 €	2,500 €	2,500 €	2,500 €	2,500 €		
<b>Total leasing &amp; capital costs</b>	<b>12,000 €</b>		<b>2,500 €</b>	<b>10,166 €</b>	<b>2,500 €</b>	<b>10,166 €</b>	<b>2,500 €</b>	<b>10,166 €</b>		
Cash flow before debt service	27,266 €	39,266 €	36,766 €	21,384 €	36,017 €	20,636 €	35,269 €	19,887 €	37,020 €	37,020 €
Proceeds from resale										643,826 €
<b>Cash flow</b>	<b>27,266 €</b>	<b>39,266 €</b>	<b>36,766 €</b>	<b>21,384 €</b>	<b>36,017 €</b>	<b>20,636 €</b>	<b>35,269 €</b>	<b>19,887 €</b>	<b>37,020 €</b>	<b>37,020 €</b>



**Report for: Reisewitzer Straße 53  
01159 Dresden**

**Prepared for: Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin**

**Prepared by: DTZ Zadelhoff Tie Leung GmbH**



Front of the building



Entrance area



Rear of the building

GENERAL			
<b>Address</b>	Reisewitzer Straße 53 01159 Dresden Germany	<b>Date of valuation</b>	31/12/2011
		<b>Date of inspection</b>	20/04/2010
		<b>Valuation methods</b>	DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung GmbH

BASIS OF VALUATION	
<b>Scope of work</b>	MARKET VALUE
<p>In accordance with your instructions, we have inspected the above Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (7th Edition).</p>	
<b>Type of information</b>	
- Draft lease contract	<input type="checkbox"/>
- Land registry	<input checked="" type="checkbox"/>
- Floor plans	<input checked="" type="checkbox"/>
- Cost schedule (Capex)	<input checked="" type="checkbox"/>
- Cadastral map	<input checked="" type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>
- Technical due diligence	<input checked="" type="checkbox"/>
- Environmental risk assessment	<input checked="" type="checkbox"/>
- Tenancy schedule	<input checked="" type="checkbox"/>
- Area calculation	<input checked="" type="checkbox"/>
- Registry of public land charges	<input type="checkbox"/>

DISCLAIMER	
<b>Purpose of valuation</b>	Update valuation for IFRS purpose
<b>Inspection</b>	Full inspection (internally where access was possible)
<b>Information provided by</b>	Client
<p>The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose. Furthermore, it is based on the following:</p>	
<p>A technical and environmental due diligence conducted by LandAmerica, dated April 2007. Whenever we have considered capital expenditure in the valuation, the data has been extracted from the preceding source. We have adopted the lettable areas as stated in the rent roll.</p>	
<p>This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 07.11.2011. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.</p>	

VALUATION SUMMARY	
Owner	Eurovast '92 B.V., Arnheim (NL)
Property type	Residential
Year of construction	approx. 1875
Valuation year	2011
Type of ownership	Freehold
Size of plot	720 sq m

LETTABLE AREAS				
	Total	Thereof let	Thereof vacant	in %
Office	-	-	-	-
Retail	-	-	-	-
Residential	640 sq m	478 sq m	162 sq m	25%
Other	-	-	-	-
Units	4 units	1 units	3 units	75%
<b>Total</b>	<b>640 sq m</b>	<b>478 sq m</b>	<b>162 sq m</b>	<b>25%</b>

RENTAL VALUES	
Current rent per month	2,447 €
Current rent per year	29,363 €
Gross rent year 1	37,059 €
Net rent year 1	28,325 €
Market rent	39,613 €

MARKET VALUE			
Gross present value	542,989 €	Multiplier as-is	17.4
Less purchaser's costs	@ 7.00%	NIY on year 1	5.2%
Net present value	507,466 €	Multiplier market	12.9
<b>Market Value</b>	<b>510,000 €</b>	NRV	0.0%
Market value per sq m lettable area	797 €		

**PROPERTY DESCRIPTION****Asset type**

The Property was built approximately 1875 and fully refurbished in 1998. It comprises a four-storey residential building. The building complex has a basement and a developed attic and is currently fully let.

**Location on site**

The Property is located close to the town centre in a predominantly residential area characterised by residential use to the east, north, south and west. Reisewitzer Strasse borders the Property to the west and Bonhoefferplatz is located adjacent to the north. The Property is located in a overall average to good residential area and benefits from the overall refurbished building stock in the close vicinity and the green areas in the direct vicinity.

**Building description**

The building has three storeys, a fitted attic and a basement. The building is generally of mansory construction with a face-brick facade on three sides (north, west and south) and a rendered facade on the east side. Roof and facade are not fitted with isolation. Furthermore, the building is fitted with a mansard roof, modern insulated wooden frame windows and central gas heating. Warm water is provided by a central warm water heater. Overall, the technical equipment, the external and internal fit-out appear to be in good condition.

**Description of areas**

The building comprises three floors and a developed attic. According to the information provided during inspection all units have been refurbished in the course of the latest refurbishment works. A parking area is located to the rear of the building. Access to the parking area is possible from Reisewitzer Straße. The staircase is constructed of natural stone treads with painted wood railings and handrails and is likely to require refurbishment works in the near future. Furthermore, almost all walls of the basement are affected by moist and black mould.

The Property comprises 9 residential units, thereof all units were occupied at the date of valuation. Most of the units offer 2 to 3 rooms, the average unit size is 70 sq m.

**Fit-out of rental areas**

During inspection we were not able to inspect residential areas. According to the information provided all units have been refurbished. The units have been fitted with new bathrooms, new flooring and the electrical installations within the accommodations have been renewed. None of the units are fitted with balconies.

**PROPERTY CONDITION**

The Property is overall in fair condition. For further information we refer to the technical due diligence prepared by LandAmerica.

**Rating** (A very good - D poor)

Exterior B  
Interior C  
General impression B

**Comment:****REPORT ON TITLE**

**Owner** Eurovast '92 B.V., Arnheim (NL)

**Registry section**

Local court Dresden  
Land registry of Löbtau  
Page 2002  
Size 720 sq m  
No. of registry 1  
No. of parcels 184 m  
Type of use Building and undeveloped area

**Section II**

No 1: The Property is located in a formally designated redevelopment area, entered 23.09.1995  
No 2: Limited personell easement regarding the limitation of rent and the selection of tenants (Mietpreisbindungs - und Wohnungsbelegungsrecht), entered 30.09.1999  
No 2, 4-7: Deleted

**Comments**

The Property is located within a formally designated redevelopment area. It is to be expected that after redevelopment a compensation payment will be charged to landlords in this area. We have not been provided with the expected amount of the payment and therefore, we have not considered this issue within the valuation.

The Property is subject to limitations regarding the rental level as well as the selection of tenants. For the purpose of the valuation we considered we reflect these limitations in the assessment of the Market Rent.

**Section III**

Entries in Section III have not been considered in this valuation.

**Date of copy of title**

13/03/2009

**INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)****Source**

We have not been provided with an extract from the building restrictions register. Hence, potential building restrictions have not been considered in the valuation.

**Date**

n/a

**INFORMATION ON LISTING STATUS**

Building complex not listed   
Building complex listed   
Historical monument (Baudenkmal)   
Historical building ensemble (Ensembleschutz)   
Information not available

**INFORMATION ON SUBSIDIES**

Subsidised   
Partly subsidised   
Not subsidised   
Information not available

## INFORMATION ON LOCATION

### MACRO LOCATION

Country	Germany
Federal state	Saxony
Region	Dresden
City	Dresden
District	District
Name of district	Löbtau

### PLANNING SITUATION

Zoning plan (Flächennutzungsplan)	Yes
Legally binding development plan (Bebauungsplan)	No
Number/name of development plan	n/a
Development plan dated	n/a
Designated area	n/a
Site coverage (GRZ)	n/a
Plot ratio (GFZ)	n/a
Comment	The Property is located within a built-up area (paragraph 34 German Building Law) and is not covered by a legally binding land-use plan.

### DEMOGRAPHIC DATA

Inhabitants	523,058	December 2010
Unemployment rate	9.1%	October 2011
Purchasing power index	88.80	2010

### DESCRIPTION OF LOCATION

With a population of approximately 523,058 inhabitants Dresden is the capital of the federal state of Saxony. The population of the Dresden agglomeration is approximately 1.1 million. Dresden is one of the regions harbouring the greatest potential for economic development in the former GDR states. The key advantages are the city's standing as a seat of government and as a centre of culture and science. The city covers a total area of 328.3 sq km. Next major cities are Berlin, the capital of Germany, in the north at a distance of approximately 150 km and Leipzig, in the north-west at a distance of approximately 100 km. The economy of Dresden is mainly characterised by the electronics and mechanical engineering industries.

The City of Dresden has accessibility to a well developed motorway network. Access to the motorways A4 and A13 in the north and motorway A17 in the west is provided via federal roads. The main station of Dresden is linked to the fast train railway system ICE of Deutsche Bahn which provides hourly connections to major cities such as Berlin, Leipzig, Hamburg and Frankfurt am Main. Additionally, the tram and local railway system provides good connection to regional destinations.

#### Rating (A very good - D poor)

Neighbourhood	B
Accessibility	B
General impression	B

#### Comment

The Property is located in an average to good residential area.



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The residential market is characterised by stable vacancy rates over the last years. After a slump in activities in the third quarter of 2010, the number of transactions and the investment volume has been recovering extraordinarily fast and constantly rising to approx. 29,100 units and approx. €1,340,000,000 in Q1 2011. However, in Q2 2011 another large decrease could be observed. But in Q3 the highest transaction volume in the last two years has been reached.

Multipliers show a development ranging from 7- to 10-times for opportunistic portfolios and up to 20-times for large new-built premises or residential developments. The average multiplier in 2010 remained stable at approximately 12.7%. Multipliers in prosperous local markets have remained stable or have even slightly increased, whereas markets which are affected by decreasing population are characterised by falling multipliers. In 2011 only a slight decrease in prices is expected in certain areas, but the overall majority is expected to increase. The development of prices and sales is expected to continue.

**MARKET OVERVIEW OF LOCATION**

Despite an increasing population and households the vacancy rate in Dresden still stands at a level of approximately 12%. However, most of the vacancies are located in peripheral locations such as Prohlis. To reduce this vacancy major demolition works is underway to reduce this oversupply. On the other hand increasing demand and rents are stated for preferred residential areas like Neustadt, Plauen, Blasewitz and Löschwitz. Prime residential rents are in a range of between €4.80 and 7.50 per sq m per month, rents for average locations range between €4.50 and 6.00 per sq m per month and rents for basic residential locations range between €4.00 and 5.50 per sq m per month.

**RESIDENTIAL MARKET Dresden**

Sale prices	Existing use	New build	Investment	Gross Yield
Simple	650			
Average		1,300	basic	9.52%
Good	1,200	1,700	average	8.70%
Very good	1,650	2,350	good	6.67%
<b>Rental bands; completion until 1948</b>				
Simple		4.50 €/sq m		
Average		5.60 €/sq m		
Good		6.40 €/sq m		

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Rent [€/sq m/month]	Year of construction	Refurbished	Transaction/ offer	Building	Location
01159	Residential	83.97	5,544	5.50	ca. 1900	yes	Offer	Subject	Subject
01159	Residential	62.00	4,464	6.00	ca. 1900	yes	Offer	Comparable	Comparable
01159	Residential	66.00	4,584	5.79	ca. 1900	yes	Offer	Comparable	Comparable
01159	Residential	62.41	4,080	5.45	ca. 1900	yes	Offer	Comparable	Comparable

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Sale price [€]	Sale price [€/sq m]	Multiplier	Year of construction	Transaction/ offer	Building	Location
01159	Residential	690.00	49,560	850,000	1,232	17.2	1890	Offer	Comparable	Comparable
01159	Residential	341.20		480,000	1,407		ca.1920	Offer	Comparable	Better
01159	Residential	469.50	40,200	620,000	1,321	15.4	ca. 1900	Offer	Comparable	Comparable
01159	Residential	874.00		540,000	618	14.9	ca. 1900	Offer	Worse	Comparable



## TENANCIES

TENANCIES														
	Type	Area [sq m]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/sq m]	Status	MR [€/sq m]	MR [€/month]	in %
1	Residential	478.48		Resident. tenant					2,426.49	5.07	Let	5.00	2,392.40	74.74%
2	Residential	161.73		Resident. tenant					0.00	0.00	Vacant	5.00	808.65	25.26%
Total		640.21							2,426	3.79		5.00	3,201	100%

	Type	Units [No]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/unit]	Status	MR [€/unit]	MR [€/month]	in %
1	Park. external	1	n/a	Resident. tenant	n/a	open-ended	-	-	20.45	20.45	Let	25.00	25.00	25%
2	Park. external	3	n/a	Vacant	-	-	-	-	0.00	0.00	Vacant	25.00	75.00	75%
Total		4							20.45	5.11		25.00	100	100%

SUMMARY AREAS													
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [€/month]	Current rent [in %]	MR areas let [€/month]	MR areas let [in %]	MR vacancy [€/month]	MR vacancy [in %]	Total MR [Ø €]	Total MR [€/month]	Total MR [in %]
Office	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Retail	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Residential	478	162	640	25%	2,426	99%	2,392	99%	809	92%	5.00	3,201	97%
Other	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Units	1	3	4	75%	20	1%	25	1%	75	8%	25.00	100	3%
Total	478	162	640	25%	2,447	100%	2,417	100%	884	100%	5.00	3,301	100%

VALUATION ASSUMPTIONS	
Discount rate	5.25%
Exit cap rate	5.25%
Growth rate/inflation	0.00%
Capital expenditure	27,000 €
Management costs residential	265 € per unit per annum
Structural repairs (Dach & Fach)	9.50 € per sq m
Credit & collection loss	0% of income
Local authority charges	0.00 € per sq m
Insurance	0.00 € per sq m
Void periods	3 months
Tenant improvements	25.00 € per sq m
Letting fees	16.67% of annual rental value
Purchaser's cost	7.00%
Stamp duty	3.50% of Market Value
Agent's fees	3.00% of Market Value
Legal fees	0.50% of Market Value

**COMMENTS ON VALUATION ASSUMPTIONS**

We have valued the Property assuming a three months vacancy period and a re-letting fee of two months' rent. Structural repairs (Dach&Fach) have been considered with €9,50 per sq m in the valuation. Capital expenditure has been considered in accordance with the technical and environmental due diligence prepared by LandAmerica. However, refurbishment costs for reletting have been assessed separately. For the purpose of the valuation we considered tenant improvements of €25 per sq m.

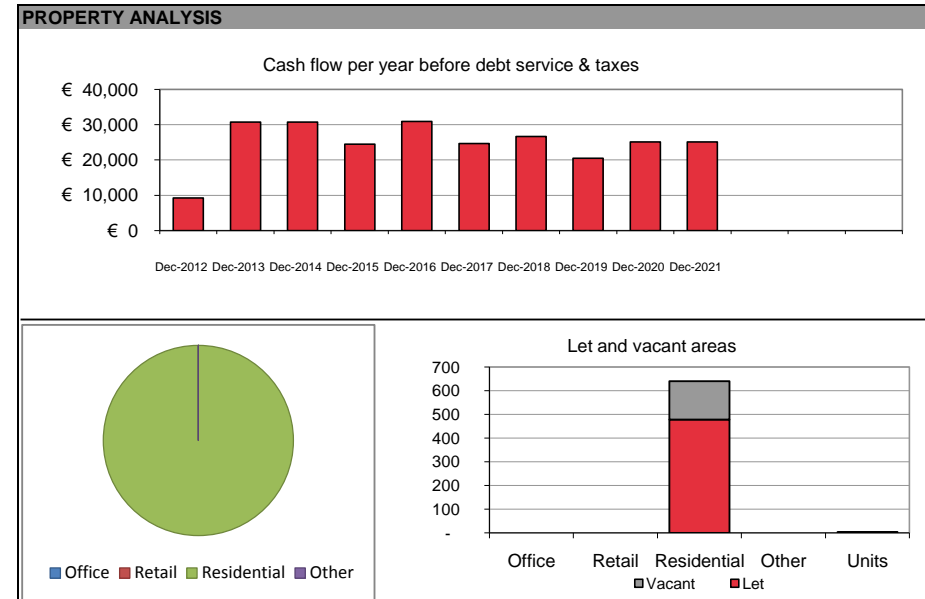
The Property is subject to limitations regarding the rental level as well as the selection of tenants. However, according to the information provided there are no limitations regarding the selection of tenants in the daily business. Furthermore, we have requested but not received information regarding the expiry date of these limitations. For the purpose of the valuation we have considered this issue in the assessment of the Market Rent.

According to the extract from the land register the Property is held as freehold. The Property is located within a formally designated redevelopment area. It is to be expected that after redevelopment a compensation payment will be charged to landlords in this area. We have not been provided with the expected amount of the payment and, therefore, we have not considered this issue within the valuation.

The Property comprises four parking lots. The rent for the parking units are considered within the residential rent. For the purpose of the valuation we have assessed the residential rent and the parking rent separately.

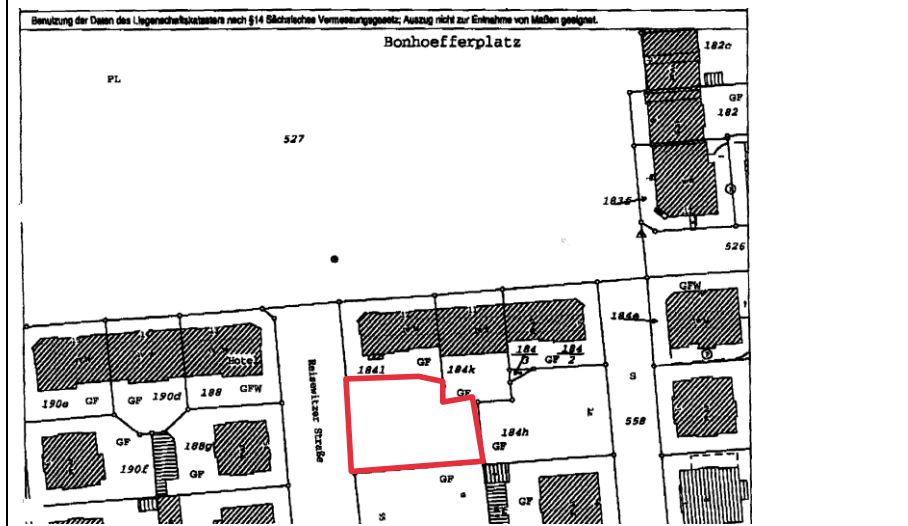
If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.

DCF VALUATION		
Period of analysis	Cash flow	
	nominal	discounted
Year 1	9,282 €	8,819 €
Year 2	30,733 €	27,743 €
Year 3	30,733 €	26,360 €
Year 4	24,466 €	19,938 €
Year 5	30,931 €	23,949 €
Year 6	24,664 €	18,143 €
Year 7	26,679 €	18,648 €
Year 8	20,494 €	13,609 €
Year 9	25,082 €	15,826 €
Year 10	25,082 €	15,036 €
<b>Total cash flow</b>	<b>248,146 €</b>	<b>188,071 €</b>
Resale	592,038 €	354,918 €
Gross present value		542,989 €
Less purchaser's costs @ 7.00%		35,523 €
Net present value		507,466 €
<b>Market Value</b>		<b>510,000 €</b>
Market Value per sq m		797 €

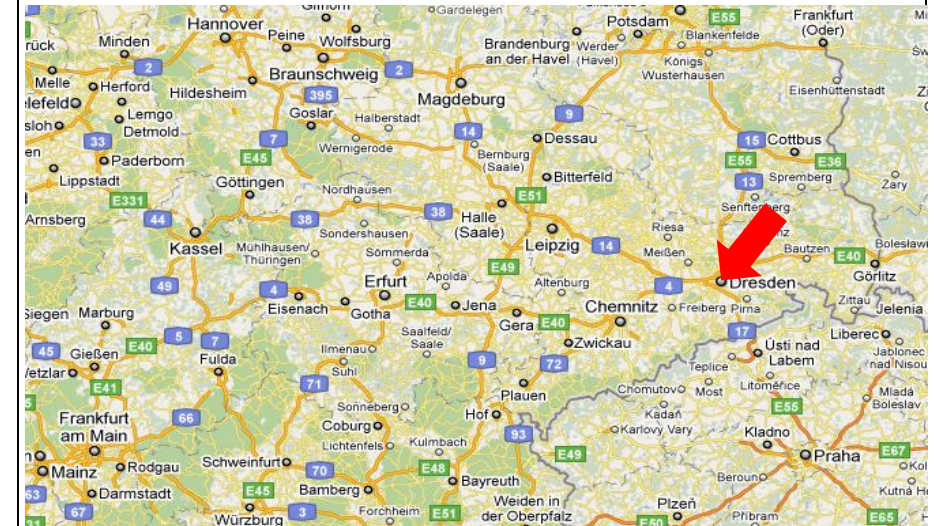


CASH FLOW										
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021
<b>Potential gross revenue</b>										
Base rental revenue	39,065 €	39,065 €	39,065 €	39,263 €	39,263 €	39,461 €	39,462 €	39,413 €	39,414 €	39,414 €
Absorption & turnover vacancy	-2,006 €			-1,869 €		-1,869 €	-1,260 €	-3,035 €		
Scheduled base rental revenue	37,059 €	39,065 €	39,065 €	37,394 €	39,263 €	37,592 €	38,202 €	36,378 €	39,414 €	39,414 €
<b>Total potential gross revenue</b>	<b>37,059 €</b>	<b>39,065 €</b>	<b>39,065 €</b>	<b>37,394 €</b>	<b>39,263 €</b>	<b>37,592 €</b>	<b>38,202 €</b>	<b>36,378 €</b>	<b>39,414 €</b>	<b>39,414 €</b>
<b>Effective gross revenue</b>	<b>37,059 €</b>	<b>39,065 €</b>	<b>39,065 €</b>	<b>37,394 €</b>	<b>39,263 €</b>	<b>37,592 €</b>	<b>38,202 €</b>	<b>36,378 €</b>	<b>39,414 €</b>	<b>39,414 €</b>
<b>Operating expenses</b>										
Ongoing maintenance	6,082 €	6,082 €	6,082 €	6,082 €	6,082 €	6,082 €	6,082 €	6,082 €	6,082 €	6,082 €
Management	2,250 €	2,250 €	2,250 €	2,250 €	2,250 €	2,250 €	2,250 €	2,250 €	2,250 €	2,250 €
Vacancy costs	402 €			359 €		359 €	252 €	593 €		
<b>Total operating expenses</b>	<b>8,734 €</b>	<b>8,332 €</b>	<b>8,332 €</b>	<b>8,691 €</b>	<b>8,332 €</b>	<b>8,691 €</b>	<b>8,584 €</b>	<b>8,925 €</b>	<b>8,332 €</b>	<b>8,332 €</b>
<b>Net operating income</b>	<b>28,325 €</b>	<b>30,733 €</b>	<b>30,733 €</b>	<b>28,703 €</b>	<b>30,931 €</b>	<b>28,901 €</b>	<b>29,618 €</b>	<b>27,453 €</b>	<b>31,082 €</b>	<b>31,082 €</b>
<b>Leasing &amp; capital costs</b>										
Tenant Improvements	4,043 €			2,991 €		2,991 €	2,099 €	4,935 €		
Leasing Commissions				1,246 €		1,246 €	840 €	2,024 €		
Capex	15,000 €								6,000 €	6,000 €
<b>Total leasing &amp; capital costs</b>	<b>19,043 €</b>			<b>4,237 €</b>		<b>4,237 €</b>	<b>2,939 €</b>	<b>6,959 €</b>	<b>6,000 €</b>	<b>6,000 €</b>
Cash flow before debt service	9,282 €	30,733 €	30,733 €	24,466 €	30,931 €	24,664 €	26,679 €	20,494 €	25,082 €	25,082 €
Proceeds from resale										592,038 €
<b>Cash flow</b>	<b>9,282 €</b>	<b>30,733 €</b>	<b>30,733 €</b>	<b>24,466 €</b>	<b>30,931 €</b>	<b>24,664 €</b>	<b>26,679 €</b>	<b>20,494 €</b>	<b>25,082 €</b>	<b>25,082 €</b>

SITE PLAN



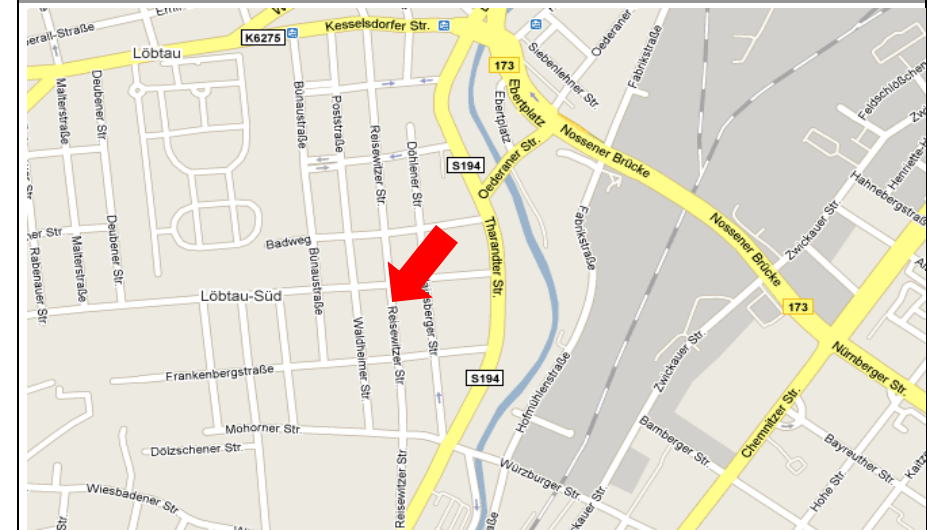
MACRO LOCATION



AERIAL VIEW



MICRO LOCATION



**Report for: Tschaikowskistr. 6-16, 59-69, Maxim-Gorki-Str. 66-82  
09599 Freiberg**

**Prepared for: Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin**

**Prepared by: DTZ Zadelhoff Tie Leung GmbH**



Rear of the building complex



Entrance area



View from Tschaikowskistraße

GENERAL			
<b>Address</b>	Tschaikowskistr. 6-16, 59-69, Maxim-Gorki-Str. 66-82 09599 Freiberg Germany	<b>Date of valuation</b>	31/12/2011
		<b>Date of inspection</b>	20/04/2010
		<b>Valuation methods</b>	DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung GmbH

BASIS OF VALUATION	
<b>Scope of work</b>	MARKET VALUE
<p>In accordance with your instructions, we have inspected the above-mentioned Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (7th Edition).</p>	
<b>Type of information</b>	
- Draft lease contract	<input type="checkbox"/>
- Land registry	<input checked="" type="checkbox"/>
- Floor plans	<input checked="" type="checkbox"/>
- Cost schedule (Capex)	<input checked="" type="checkbox"/>
- Cadastral map	<input checked="" type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>
- Technical due diligence	<input checked="" type="checkbox"/>
- Environmental risk assessment	<input checked="" type="checkbox"/>
- Tenancy schedule	<input checked="" type="checkbox"/>
- Area calculation	<input type="checkbox"/>
- Registry of public land charges	<input type="checkbox"/>

DISCLAIMER	
<b>Purpose of valuation</b>	Update valuation for IFRS purposes
<b>Inspection</b>	Full inspection (internally where access was possible)
<b>Information provided by</b>	Client
<p>The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose.</p>	
<p>We have adopted the lettable areas as stated in the consolidated rent roll as of 07.11.2011.</p>	
<p>This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 07.11.2011. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.</p>	

VALUATION SUMMARY	
Owner	Eurovast '92 B.V., Arnheim (NL)
Property type	Residential
Year of construction	1970's
Valuation year	2011
Type of ownership	Freehold
Size of plot	17,635 sq m

LETTABLE AREAS				
	Total	Thereof let	Thereof vacant	in %
Office	-	-	-	-
Retail	-	-	-	-
Residential	13,858 sq m	13,356 sq m	502 sq m	4%
Other	-	-	-	-
Units	-	-	-	-
<b>Total</b>	<b>13,858 sq m</b>	<b>13,356 sq m</b>	<b>502 sq m</b>	<b>4%</b>

RENTAL VALUES	
Current rent per month	57,237 €
Current rent per year	686,838 €
Gross rent year 1	693,993 €
Net rent year 1	564,302 €
Market rent	789,906 €

MARKET VALUE			
Gross present value	7,006,050 €	Multiplier as-is	9.5
Less purchaser's costs	@ 7.00% 458,340 €	NIY on year 1	8.1%
Net present value	6,547,710 €	Multiplier market	8.3
<b>Market Value</b>	<b>6,550,000 €</b>	NRV	9.5%
Market value per sq m lettable area	473 €		

**PROPERTY DESCRIPTION****Asset type**

The Property was built approximately in 1970 has been partly refurbished between 1998 and 2000. It comprises a five-storey residential complex. The building complex has a basement and a flat reinforced concrete roof and is currently mostly let.

**Location on site**

The Property is located close to the town centre in a high density housing location (Plattenbausiedlung) characterised by similar building stock in the close vicinity. The Property consists of three residential blocks, thereof two blocks are located along Tschaikowskistraße (Tschaikowskistr. 6-16 and Tschaikowskistr. 59-69) and one block is located along Maxim-Gorki-Straße.

**Building description**

The building complex comprises three five-storey residential blocks, erected as pre-cast reinforced concrete slab constructions. The buildings are fitted with reinforced concrete deck roofs with bituminous roofing and have full basements. The facade is of reinforced concrete and fitted with a thermal insulation. Windows and exterior doors are of plastic frames with insulate glazing. Interiour staircases are constructed of of pre-cast reinforced concrete and finished with terazzo flooring.

**Description and fit-out of the areas**

The Property comprises 270 residential units, thereof 18 units were vacant at the date of valuation. Most of the units offer 1 to 2 rooms, the average unit size is 51 sq m. During inspection we were able to inspect several vacant units. According to the information provided during inspection 40 units have been recently refurbished. Particularly these units have been fitted with new bathrooms, new laminate flooring and the electrical installations within the accommodations have been renewed. We assume that the remaining units are overall in need of refurbishment. Especially, the old gas fuelled boilers need to be replaced. All units are fitted with balconies or winter gardens and each building is fitted with a district heating system. Warm water supply is mostly provided by continous-flow water heaters, however, approximately 30 units have central warm water supply.

**PROPERTY CONDITION**

The Property is overall in fair condition. However, the entrance areas, most of the residential units and some of the staircases are in need of refurbishment. For further information we refer to the technical due diligence prepared by LandAmerica.

**Rating** (A very good - D poor)

Exterior B  
Interior B  
General impression B

**Comment:****REPORT ON TITLE****Owner**

Eurovast '92 B.V., Arnheim (NL)

**Registry section**

Local court Freiberg  
Land registry of Freiberg  
Page 10457, 12059  
Size 17,635 sq m  
No. of registry Page 10457: 6; page 12059: 1-5  
No. of parcels 3027/2, 3031/91, 3031/72, 3031/42, 3161/4, 3031/118  
Type of use Building and undeveloped area

**Section II**

No entries.

**Comments****Section III**

Entries in Section III have not been considered in this valuation.

**Date of copy of title**

13/03/2009

**INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)****Source**

We have not been provided with an extract from the building restrictions register. Hence, potential building restrictions have not been considered in the valuation.

**Date**

n/a

**INFORMATION ON LISTING STATUS**

Building complex not listed   
Building complex listed   
Historical monument (Baudenkmal)   
Historical building ensemble (Ensembleschutz)   
Information not available

**INFORMATION ON SUBSIDIES**

Subsidised   
Partly subsidised   
Not subsidised   
Information not available

## INFORMATION ON LOCATION

## MACRO LOCATION

Country	Germany
Federal state	Saxony
Region	Freiberg
City	Freiberg
District	Periphery
Name of district	n/a

## PLANNING SITUATION

Zoning plan (Flächennutzungsplan)	Yes
Legally binding development plan (Bebauungsplan)	No
Number/name of development plan	n/a
Development plan dated	n/a
Designated area	n/a
Site coverage (GRZ)	n/a
Plot ratio (GFZ)	n/a
Comment	The Property is located within a built-up area (paragraph 34 German Building Law) and is not covered by a legally binding land-use plan.

## DEMOGRAPHIC DATA

Inhabitants	41.287	July 2011
Unemployment rate	7.80%	December 2010
Purchasing power index of Dresden	83.40	2011

## DESCRIPTION OF LOCATION

The city was founded in 1186 and has been a center of the mining industry in the Ore Mountains for centuries. The city of Freiberg is situated in the east of Germany. The city is located around 30 km east of Chemnitz, around 30 km west of Dresden and around 180 km south of Berlin in the federal state of Saxony. Freiberg is connected to the federal roads B101 and B173. The next motorway A4 (Dresden – Kassel via A7) is approximately 15 km north of Freiberg. Freiberg's public transport network consists only of busses. The main train station of Freiberg provides regional connections. One of the main economic factors is the university (Technische Universität Bergakademie Freiberg) which is famous for mining and metallurgy studies.

## Rating (A very good - D poor)

Neighbourhood	B
Accessibility	B
General impression	B

## Comment

The Property is located in a basic residential area.



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The residential market is characterised by stable vacancy rates over the last years. After a slump in activities in the third quarter of 2010, the number of transactions and the investment volume has been recovering extraordinarily fast and constantly rising to approx. 29,100 units and approx. €1,340,000,000 in Q1 2011. However, in Q2 2011 another large decrease could be observed. But in Q3 the highest transaction volume in the last two years has been reached.

Multipliers show a development ranging from 7- to 10-times for opportunistic portfolios and up to 20-times for large new-built premises or residential developments. The average multiplier in 2010 remained stable at approximately 12.7%. Multipliers in prosperous local markets have remained stable or have even slightly increased, whereas markets which are affected by decreasing population are characterised by falling multipliers. In 2011 only a slight decrease in prices is expected in certain areas, but the overall majority is expected to increase. The development of prices and sales is expected to continue.

**MARKET OVERVIEW OF LOCATION**

There are no current market data for Freiberg available. The total number of households in the district of Freiberg is around 24,000. According to our market research and current rental offers the average rent for comparable apartments is between €4.00 and 5.00 per sq m per month.

Purchase prices or multipliers have not been published. Offered purchase prices per building area are around €630 per sq m for comparable properties. Multipliers for comparable premises range between 9,5 and 12,50-times on stabilised income.

**RESIDENTIAL MARKET Chemnitz**

Sale prices	Existing use	New build	Investment	Multipliers
Simple	500 €/sq m	n/a		
Average	700 €/sq m	n/a	Until 1948	n/a
Good	900 €/sq m	1,100 €/sq m	From 1948	8.0
Very good	950 €/sq m	1,200 €/sq m	Top	10.0
Rental bands		from	to	
Simple		3.00 €/sq m	3.50 €/sq m	
Average to good		4.30 €/sq m	6.00 €/sq m	

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Rent [€/sq m/month]	Year of construction	Refurbished	Transaction/ offer	Building	Location
09599	Residential	67	4,080	5.07	1972	2009	Offer	Subject	Comparable
09599	Residential	51	2,760	4.49	1972	2009	Offer	Subject	Comparable
09599	Residential	59	2,880	4.07	1975	n/a	Offer	Comparable	Comparable
09599	Residential	42	2,352	4.71	1984	yes	Offer	Comparable	Comparable
09599	Residential	36	2,160	5.07	1980	n/a	Offer	Better	Comparable

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Sale price [€]	Sale price [€/sq m]	Multiplier	Year of construction	Transaction/ offer	Building	Location
09599	Residential	160	24,624	235,000	1,469	9.54	1992	Offer	Better	Comparable
09599	Residential	90	n/a	53,000	589	n/a	1880	Offer	Comparable	Comparable
09599	Residential	421	25,668	290,000	689	11.30	1912/1993	Offer	Better	Comparable
09599	Residential	1,248	88,677	1,108,458	888	12.50	n/a	Offer	Better	Better
09661	Residential	1,015	15,600	156,000	154	10.00	1893/2000	Offer	Comparable	Worse



## TENANCIES

TENANCIES														
	Type	Area [sq m]	Units [No]	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/sq m]	Status	MR [€/sq m]	MR [€/month]	in %
1	Residential	13,356.00	258	Resident. tenant	various	open-ended	-	-	57,237	4.29	Let	4.75	63,441	96.38%
2	Residential	502.00	13	Vacant	-	-	-	-	0.00	0.00	Vacant	4.75	2,385	3.62%
Total		13,858	271						57,237	4.13		4.75	65,826	100%

	Type	Units [No]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/unit]	Status	MR [€/unit]	MR [€/month]	in %
1														
2														
3														
4														
5														
6														
7														
8														
9														
Total		0							0	0.00		0.00	-	0%

SUMMARY AREAS													
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [€/month]	Current rent [in %]	MR areas let [€/month]	MR areas let [in %]	MR vacancy [€/month]	MR vacancy [in %]	Total MR [Ø €]	Total MR [€/month]	Total MR [in %]
Office	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Retail	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Residential	13,356	502	13,858	4%	57,237	100%	63,441	100%	2,385	100%	4.75	65,826	100%
Other	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Units	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
<b>Total</b>	13,356	502	13,858	4%	57,237	100%	63,441	100%	2,385	100%	4.75	65,826	100%

VALUATION ASSUMPTIONS	
Discount rate	6.50%
Exit cap rate	7.50%
Growth rate/inflation	0.00%
Capital expenditure	346,500 €
Management costs residential	2% of income
Structural repairs (Dach & Fach)	8.00 € per sq m
Credit & collection loss	0% of income
Local authority charges	0.00 € per sq m
Insurance	0.00 € per sq m
Void periods	6 months
Tenant improvements	85.00 / 25.00 per sq m
Letting fees	16.67% of annual rental value
Purchaser's cost	7.00%
Stamp duty	3.50% of Market Value
Agent's fees	3.00% of Market Value
Legal fees	0.50% of Market Value

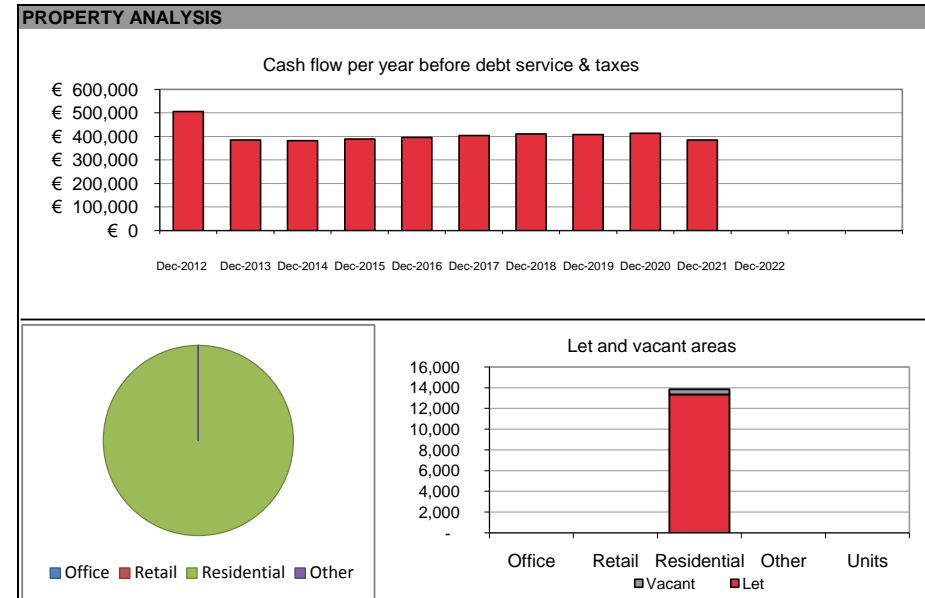
DCF VALUATION		
Period of analysis	Cash flow	
	nominal	discounted
Year 1	506,082 €	475,194 €
Year 2	384,903 €	339,354 €
Year 3	381,913 €	316,166 €
Year 4	389,209 €	302,541 €
Year 5	396,505 €	289,402 €
Year 6	403,801 €	276,738 €
Year 7	411,097 €	264,544 €
Year 8	407,569 €	246,266 €
Year 9	412,959 €	234,293 €
Year 10	384,999 €	205,099 €
Total cash flow	4,079,037 €	2,949,597 €
Resale	7,614,520 €	4,056,453 €
Gross Present Value		7,006,050 €
Less purchaser's costs	@ 7.00%	458,340 €
Net Present Value		6,547,710 €
<b>Market Value (rounded)</b>		<b>6,550,000 €</b>
Market Value per sq m		473 €

**COMMENTS ON VALUATION ASSUMPTIONS**

We have valued the Property assuming a six months vacancy period and a re-letting fee of two months' rent. Structural repairs (Dach&Fach) have been considered with €8,00 per sq m in the valuation. Capital expenditure has been considered in accordance with the technical and environmental due diligence prepared by LandAmerica. However, refurbishment costs have been assessed separately on the basis of recent average refurbishment costs and considering almost refurbished units.

According to the extract from the land register the Property is held as freehold. There are no encumbrances entered in the land register, therefore we have not considered any encumbrances in the valuation.

If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.

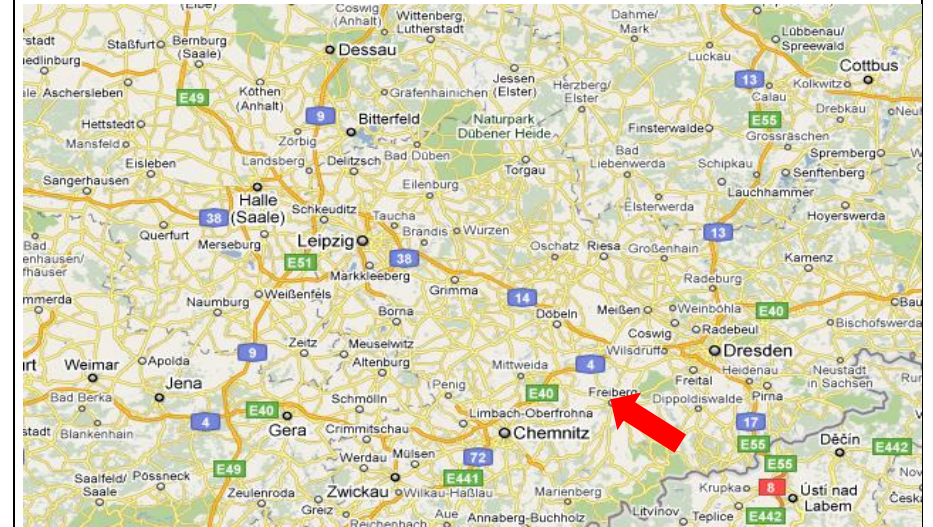


CASH FLOW											
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021	Year 11 Dec-2022
<b>Potential gross revenue</b>											
Base rental revenue	715,454 €	722,900 €	730,347 €	737,792 €	745,237 €	752,682 €	760,127 €	767,571 €	775,016 €	782,462 €	789,908 €
Absorption & turnover vacancy	-21,461 €	-45,218 €	-38,065 €	-38,065 €	-38,065 €	-38,065 €	-38,065 €	-43,430 €	-83,283 €	-77,918 €	-76,130 €
Scheduled base rental revenue	693,993 €	677,682 €	692,282 €	699,727 €	707,172 €	714,617 €	722,062 €	724,141 €	691,733 €	704,544 €	713,778 €
<b>Total potential gross revenue</b>	<b>693,993 €</b>	<b>677,682 €</b>	<b>692,282 €</b>	<b>699,727 €</b>	<b>707,172 €</b>	<b>714,617 €</b>	<b>722,062 €</b>	<b>724,141 €</b>	<b>691,733 €</b>	<b>704,544 €</b>	<b>713,778 €</b>
<b>Effective gross revenue</b>	<b>693,993 €</b>	<b>677,682 €</b>	<b>692,282 €</b>	<b>699,727 €</b>	<b>707,172 €</b>	<b>714,617 €</b>	<b>722,062 €</b>	<b>724,141 €</b>	<b>691,733 €</b>	<b>704,544 €</b>	<b>713,778 €</b>
<b>Operating expenses</b>											
Ongoing maintenance	110,864 €	110,864 €	110,864 €	110,864 €	110,864 €	110,864 €	110,864 €	110,864 €	110,864 €	110,864 €	110,864 €
Management	14,309 €	14,458 €	14,607 €	14,756 €	14,905 €	15,054 €	15,203 €	15,351 €	15,500 €	15,649 €	15,798 €
Vacancy costs	4,518 €	9,520 €	8,014 €	8,014 €	8,014 €	8,014 €	8,014 €	9,143 €	17,533 €	16,404 €	16,027 €
<b>Total operating expenses</b>	<b>129,691 €</b>	<b>134,842 €</b>	<b>133,485 €</b>	<b>133,634 €</b>	<b>133,783 €</b>	<b>133,932 €</b>	<b>134,081 €</b>	<b>135,358 €</b>	<b>143,897 €</b>	<b>142,917 €</b>	<b>142,689 €</b>
<b>Net operating income</b>	<b>564,302 €</b>	<b>542,840 €</b>	<b>558,797 €</b>	<b>566,093 €</b>	<b>573,389 €</b>	<b>580,685 €</b>	<b>587,981 €</b>	<b>588,783 €</b>	<b>547,836 €</b>	<b>561,627 €</b>	<b>571,089 €</b>
<b>Leasing &amp; capital costs</b>											
Tenant Improvements	21,336 €	134,862 €	113,526 €	113,526 €	113,526 €	113,526 €	113,526 €	116,664 €	119,802 €	150,054 €	
Leasing Commissions	2,384 €	15,075 €	12,691 €	12,691 €	12,691 €	12,691 €	12,691 €	13,883 €	15,075 €	26,574 €	
Capex	34,500 €	8,000 €	50,667 €	50,667 €	50,667 €	50,667 €	50,667 €	50,667 €			
<b>Total leasing &amp; capital costs</b>	<b>58,220 €</b>	<b>157,937 €</b>	<b>176,884 €</b>	<b>176,884 €</b>	<b>176,884 €</b>	<b>176,884 €</b>	<b>176,884 €</b>	<b>181,214 €</b>	<b>134,877 €</b>	<b>176,628 €</b>	
Cash flow before debt service	506,082 €	384,903 €	381,913 €	389,209 €	396,505 €	403,801 €	411,097 €	407,569 €	412,959 €	384,999 €	
Proceeds from resale											7,614,520 €
<b>Cash flow</b>	<b>506,082 €</b>	<b>384,903 €</b>	<b>381,913 €</b>	<b>389,209 €</b>	<b>396,505 €</b>	<b>403,801 €</b>	<b>411,097 €</b>	<b>407,569 €</b>	<b>412,959 €</b>	<b>384,999 €</b>	

SITE PLAN



MACRO LOCATION



AERIAL VIEW



MICRO LOCATION



**Report for: Menteröder Straße 9, 11, 13  
99974 Mühlhausen in Thüringen**

Prepared for: **Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin**

Prepared by: DTZ Zadelhoff Tie Leung GmbH



East elevation



South elevation



West elevation

GENERAL			
<b>Address</b>	Menteröder Straße 9, 11, 13 99974 Mühlhausen Germany	<b>Date of valuation</b>	31/12/2011
		<b>Date of inspection</b>	01/04/2010
		<b>Valuation methods</b>	DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung

BASIS OF VALUATION	
<b>Scope of work</b>	MARKET VALUE
<p>In accordance with your instructions, we have inspected the above-mentioned Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (7th Edition).</p>	
<b>Type of information</b>	
- Lease contract	<input type="checkbox"/>
- Land registry	<input checked="" type="checkbox"/>
- Floor plans	<input checked="" type="checkbox"/>
- Cost schedule (Capex)	<input type="checkbox"/>
- Cadastral map	<input checked="" type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>
- Technical due diligence	<input type="checkbox"/>
- Environmental risk assessment	<input checked="" type="checkbox"/>
- Tenancy schedule	<input checked="" type="checkbox"/>
- Area calculation	<input type="checkbox"/>
- Registry of public land charges	<input type="checkbox"/>

DISCLAIMER	
<b>Purpose of valuation</b>	Update valuation for IFRS purposes
<b>Inspection</b>	Full inspection (internally where access was possible)
<b>Information provided by</b>	Client
<p>The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose. Furthermore, it is based on the following:</p>	
<p>A technical due diligence was not conducted. Whenever we have considered capital expenditure in the valuation, the data has been roughly estimated according to the results of the inspection. We have adopted the lettable areas as stated in the consolidated rent roll provided as of 07.11.2011.</p>	
<p>This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 07.11.2011. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.</p>	

VALUATION SUMMARY	
Owner	Eurovast '92 B.V. Arnheim, Niederlande
Property type	Residential
Year of construction	Approximately 1960, refurbished 1998
Valuation year	2011
Type of ownership	Freehold
Size of plot	2,178 sq m

LETTABLE AREAS				
	Total	Thereof let	Thereof vacant	in %
Office	-	-	-	-
Retail	-	-	-	-
Residential	1,246 sq m	1,188 sq m	58 sq m	5%
Other	-	-	-	-
Units	-	-	-	-
<b>Total</b>	<b>1,246 sq m</b>	<b>1,188 sq m</b>	<b>58 sq m</b>	<b>5%</b>

RENTAL VALUES	
Current rent per month	4,886 €
Current rent per year	58,627 €
Gross rent year 1	61,037 €
Net rent year 1	45,579 €
Market rent	62,031 €

MARKET VALUE			
Gross present value	667,172 €	Multiplier as-is	10.4
Less purchaser's costs	@ 8.50%	NIY on year 1	6.8%
Net present value	614,905 €	Multiplier market	9.8
<b>Market Value</b>	<b>610,000 €</b>	NRV	7.9%
Market value per sq m lettable area	490 €		

**PROPERTY DESCRIPTION****Asset type**

The Property was built approximately in the 1960's. It comprises a four-storey residential block. The building complex has a basement and is currently almost fully let.

**Location on site**

The Property is located in the district Forstbergviertel in a residential area characterised by multi-family houses. The Property is located in an established residential area. We consider visibility and general access to be good.

**Building description**

The building complex has four storeys and a basement. The detached building is generally of massive construction with mostly plaster coverings and has a gabled roof. The building is fitted with insulated windows which are in good condition. There are balconies to the east. The Property has central oil heating.

**Description of areas**

The Property is constructed for residential purposes with storage areas for the tenants in the basement. The building has three entrances on the west side and three staircases without lifts. There is no parking area on the site. The building comprises 24 two/three-room residential units with an average of 51.9 sq m per unit.

**Fit-out of rental areas**

The entrance areas have stone floors. The residential areas are fitted with laminate, carpet or PVC floor covering. The walls are wallpapered and painted. Balconies are provided for the three-room-apartments only.

**PROPERTY CONDITION**

The building condition is good due to its latest refurbishment in 1998.

**Rating (A very good - D poor)**

Exterior	A
Interior	B
General impression	B

**Comment:****REPORT ON TITLE**

**Owner** Eurovast '92 B.V. Arnheim, Niederlande

**Registry section**

Local court	Mühlhausen
Land registry of	Mühlhausen
Page	17146
Size	2,178 sq m
No. of registry	1
No. of parcels	60/36
Type of use	Building and undeveloped area

**Section II**

All entries deleted.

**Comments****Section III**

Entries in Section III have not been considered in this valuation.

**Date of copy of title**

12/03/2009

**INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)****Source**

We have not been provided with an extract from the building restrictions register. Hence, potential building restrictions have not been considered in the valuation.

**Date**

n/a

**INFORMATION ON LISTING STATUS**

Building complex not listed	<input checked="" type="checkbox"/>
Building complex listed	<input type="checkbox"/>
Historical monument (Baudenkmal)	<input type="checkbox"/>
Historical building ensemble (Ensembleschutz)	<input type="checkbox"/>
Information not available	<input type="checkbox"/>

**INFORMATION ON SUBSIDIES**

Subsidised	<input type="checkbox"/>
Partly subsidised	<input type="checkbox"/>
Not subsidised	<input checked="" type="checkbox"/>
Information not available	<input type="checkbox"/>

## INFORMATION ON LOCATION

### MACRO LOCATION

Country	Germany
Federal state	Thuringia
Region	Mühlhausen
City	Mühlhausen
District	Periphery
Name of district	

### PLANNING SITUATION

Zoning plan (Flächennutzungsplan)	Yes
Legally binding development plan (Bebauungsplan)	No
Number/name of development plan	
Development plan dated	
Designated area	General residential area (WA)
Site coverage (GRZ)	
Plot ratio (GFZ)	
Comment	There is no development plan. The Zoning plan shows residential area.

### DEMOGRAPHIC DATA

Inhabitants	35,978	December 2010
Unemployment rate	9.7%	October 2011
Purchasing power index of Unstrut-Hainich-Kreis	79.50	2011

### DESCRIPTION OF LOCATION

Mühlhausen is a town of the federal state of Thuringia with approximately 34,000 inhabitants. The economy of Mühlhausen is characterised by agriculture related business and business of the service sector.

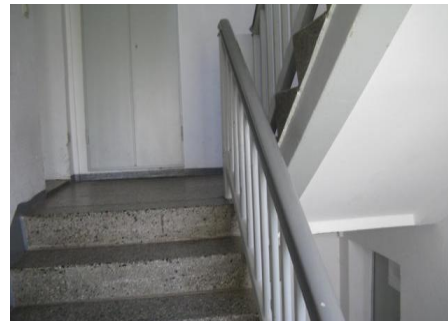
Mühlhausen is connected to several federal roads. Access to the next motorway A38 is provided approximately 20 km to the north. Moreover, public transportation is provided with several bus lines connecting the subject site with the surrounding districts and the town centre.

### Rating (A very good - D poor)

Neighbourhood	B
Accessibility	A
General impression	A-B

### Comment

The Property is located in a good residential area.



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The residential market is characterised by stable vacancy rates over the last years. After a slump in activities in the third quarter of 2010, the number of transactions and the investment volume has been recovering extraordinarily fast and constantly rising to approx. 29,100 units and approx. €1,340,000,000 in Q1 2011. However, in Q2 2011 another large decrease could be observed. But in Q3 the highest transaction volume in the last two years has been reached.

Multipliers show a development ranging from 7- to 10-times for opportunistic portfolios and up to 20-times for large new-built premises or residential developments. The average multiplier in 2010 remained stable at approximately 12.7%. Multipliers in prosperous local markets have remained stable or have even slightly increased, whereas markets which are affected by decreasing population are characterised by falling multipliers. In 2011 only a slight decrease in prices is expected in certain areas, but the overall majority is expected to increase. The development of prices and sales is expected to continue.

**MARKET OVERVIEW OF LOCATION**

According to IVD, residential rents vary between €4.80 per sq m per month for basic space and €5.20 per sq m per month for good space. According to our own research the rents vary between €4.00 and €5.00 per sq m per month for residential areas.

Offered purchase prices per gross rent are around 11.0-times for comparable buildings.

**RESIDENTIAL MARKET IVD Mühlhausen**

Sale prices co	Existing use	New build	Not let	Investment	Multipliers
Simple	600 €/sq m	n/a			
Average	700 €/sq m	958 €/sq m		Until 1948	7.5
Good	750 €/sq m	1,050 €/sq m		From 1948	9.0
Very good	850 €/sq m	1,200 €/sq m		Premium	10.5
Rental bands	until 1948	from 1949	New build	Plots	Sale prices
Simple	4.80 €/sq m	4.80 €/sq m	n/a	Simple	n/a
Average	5.00 €/sq m	5.00 €/sq m	5.00 €/sq m	Average	n/a
Good	5.25 €/sq m	5.20 €/sq m	5.20 €/sq m	Good	n/a

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Rent [€/sq m/month]	Year of construction	Refurbished	Transaction/ offer	Building	Location
99974	Residential	80	4,200	4.36	n/a	Yes	Offer	Better	Comparable
99974	Residential	67	3,216	4.00	n/a	Yes	Offer	Comparable	Comparable
99974	Residential	63	3,750	5.00	n/a	n/a	Offer	Better	Comparable
99974	Residential	74	3,960	4.46	n/a	n/a	Offer	Better	Comparable

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Sale price [€]	Sale price [€/sq m]	Multiplier	Year of construction	Transaction/ offer	Building	Location
99974	Residential	1,450.00	35,400	390,000	269	11.0	1924/200	Offer	Comparable	Comparable
99974	Residential	277.00	17,088	189,000	682	11.1	1998 ref.	Offer	Better	Comparable
99974	Residential	205.00	n/a	87,900	429	n/a	1900/1992	Offer	Comparable	Comparable



## TENANCIES

TENANCIES														
	Type	Area [sq m]	Units [No]	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/sq m]	Status	MR [€/sq m]	MR [€/month]	in %
1	Residential	1,187.60	23	Resident. tenant	various	-	-	-	4,885.56	4.11	Let	4.15	4,929	95.34%
2	Residential	58.00	1	Vacant	-	-	-	-	0.00	0.00	Vacant	4.15	241	4.66%
Total		1,246	24						4,886	3.92		4.15	5,169	100%

Type	Units [No]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/unit]	Status	MR [€/unit]	MR [€/month]	in %
													0%
Total		0						0	0.00		0.00	-	0%

SUMMARY AREAS													
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [€/month]	Current rent [in %]	MR areas let [€/month]	MR areas let [in %]	MR vacancy [€/month]	MR vacancy [in %]	Total MR [Ø €]	Total MR [€/month]	Total MR [in %]
Office	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Retail	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Residential	1,188	58	1,246	5%	4,886	100%	4,929	100%	241	100%	4.15	5,169	100%
Other	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Units	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
<b>Total</b>	1,188	58	1,246	5%	4,886	100%	4,929	100%	241	100%	4.15	5,169	100%

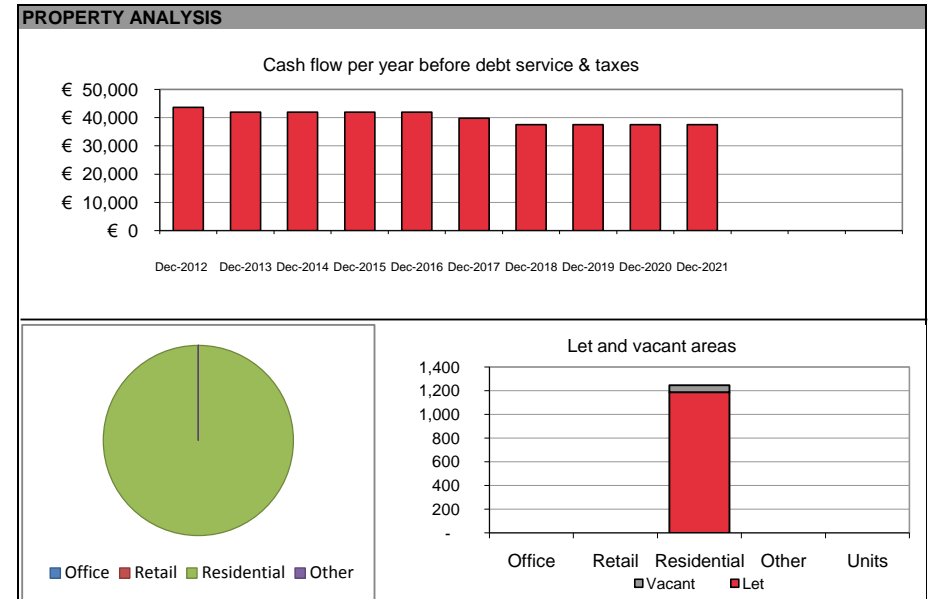
VALUATION ASSUMPTIONS	
Discount rate	6.00%
Exit cap rate	6.50%
Growth rate/inflation	
Capital expenditure	0 € lump sum today
Management costs commercial	of income
Management costs residential	250 € per residential unit
Structural repairs (Dach & Fach)	7.50 € per sq m
Credit & collection loss	0% of income
Local authority charges	0.00 € per sq m
Insurance	0.00 € per sq m
Void periods	3-6 months
Tenant improvements	25 € per sq m
Letting fees	16.67% of annual rental value
Purchaser's cost	8.50%
Stamp duty	5.00% of Market Value
Agent's fees	2.00% of Market Value
Legal fees	1.50% of Market Value

DCF VALUATION		
Period of analysis	Cash flow	
	nominal	discounted
Year 1	43,648 €	41,177 €
Year 2	41,897 €	37,289 €
Year 3	41,923 €	35,199 €
Year 4	41,947 €	33,226 €
Year 5	41,972 €	31,364 €
Year 6	39,830 €	28,078 €
Year 7	37,556 €	24,977 €
Year 8	37,553 €	23,561 €
Year 9	37,546 €	22,224 €
Year 10	37,539 €	20,961 €
Total cash flow	401,411 €	298,056 €
Resale	661,031 €	369,116 €
Gross Present Value		667,172 €
Less purchaser's costs	@ 8.50%	52,267 €
Net Present Value		614,905 €
<b>Market Value (rounded)</b>		<b>610,000 €</b>
Market Value per sq m		490 €

**COMMENTS ON VALUATION ASSUMPTIONS**

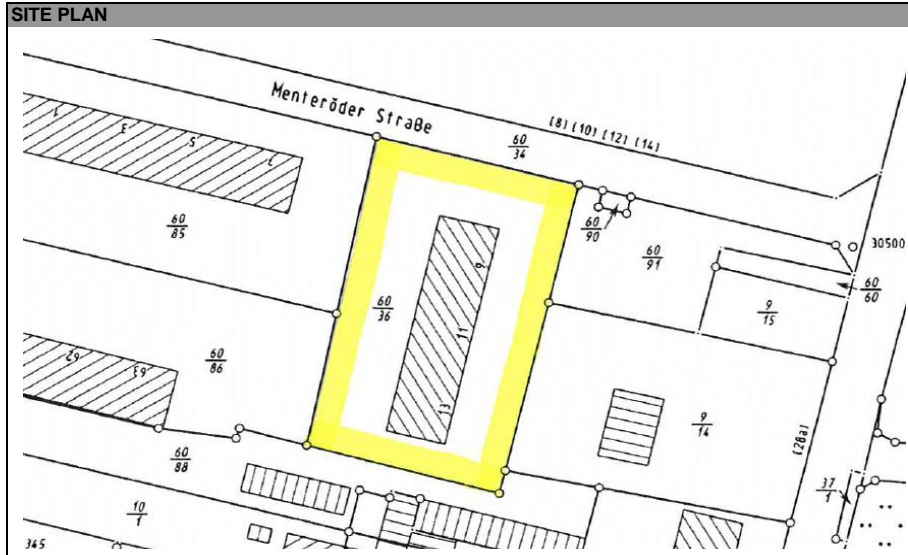
We have valued the Property based on the re-letting of the residential space assuming a 3-6 months vacancy period and a re-letting fee of two months' rent. Structural repairs (Dach&Fach) have been considered with €7,50 per sq m in the valuation.

If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.

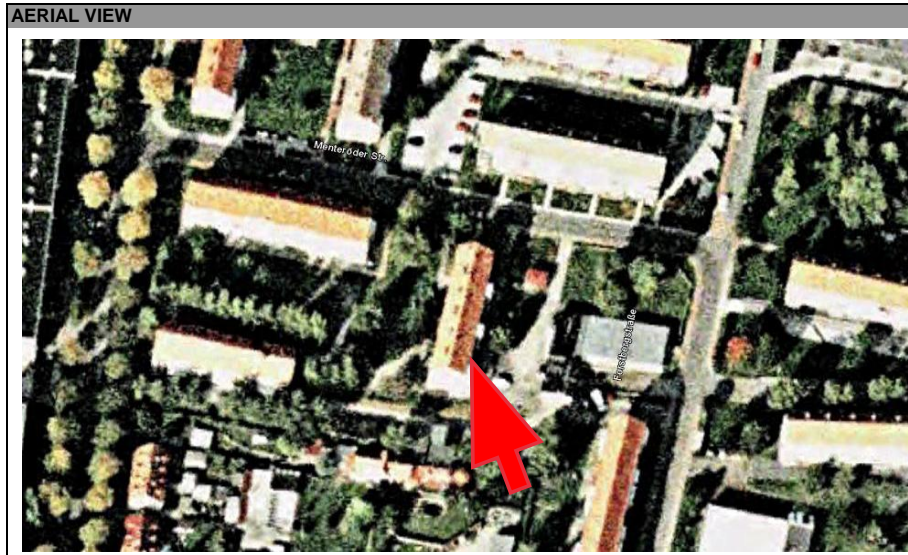


CASH FLOW										
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021
<b>Potential gross revenue</b>										
Base rental revenue	61,518 €	61,570 €	61,621 €	61,672 €	61,723 €	61,774 €	61,826 €	61,877 €	61,928 €	61,979 €
Absorption & turnover vacancy	-481 €	-1,479 €	-1,479 €	-1,479 €	-1,479 €	-2,201 €	-2,958 €	-2,958 €	-2,958 €	-2,958 €
Scheduled base rental revenue	61,037 €	60,091 €	60,142 €	60,193 €	60,244 €	59,573 €	58,868 €	58,919 €	58,970 €	59,021 €
<b>Total potential gross revenue</b>	<b>61,037 €</b>	<b>60,091 €</b>	<b>60,142 €</b>	<b>60,193 €</b>	<b>60,244 €</b>	<b>59,573 €</b>	<b>58,868 €</b>	<b>58,919 €</b>	<b>58,970 €</b>	<b>59,021 €</b>
<b>Effective gross revenue</b>	<b>61,037 €</b>	<b>60,091 €</b>	<b>60,142 €</b>	<b>60,193 €</b>	<b>60,244 €</b>	<b>59,573 €</b>	<b>58,868 €</b>	<b>58,919 €</b>	<b>58,970 €</b>	<b>59,021 €</b>
<b>Operating expenses</b>										
Ongoing maintenance	9,342 €	9,342 €	9,342 €	9,342 €	9,342 €	9,342 €	9,342 €	9,342 €	9,342 €	9,342 €
Management	6,000 €	6,000 €	6,000 €	6,000 €	6,000 €	6,000 €	6,000 €	6,000 €	6,000 €	6,000 €
Vacancy costs	116 €	356 €	356 €	356 €	356 €	530 €	712 €	712 €	712 €	712 €
<b>Total operating expenses</b>	<b>15,458 €</b>	<b>15,698 €</b>	<b>15,698 €</b>	<b>15,698 €</b>	<b>15,698 €</b>	<b>15,872 €</b>	<b>16,054 €</b>	<b>16,054 €</b>	<b>16,054 €</b>	<b>16,054 €</b>
<b>Net operating income</b>	<b>45,579 €</b>	<b>44,393 €</b>	<b>44,444 €</b>	<b>44,495 €</b>	<b>44,546 €</b>	<b>43,701 €</b>	<b>42,814 €</b>	<b>42,865 €</b>	<b>42,916 €</b>	<b>42,967 €</b>
<b>Leasing &amp; capital costs</b>										
Tenant improvements	1,450 €	1,510 €	1,535 €	1,562 €	1,588 €	2,404 €	3,286 €	3,340 €	3,398 €	3,456 €
Leasing commissions	481 €	986 €	986 €	986 €	986 €	1,467 €	1,972 €	1,972 €	1,972 €	1,972 €
<b>Total leasing &amp; capital costs</b>	<b>1,931 €</b>	<b>2,496 €</b>	<b>2,521 €</b>	<b>2,548 €</b>	<b>2,574 €</b>	<b>3,871 €</b>	<b>5,258 €</b>	<b>5,312 €</b>	<b>5,370 €</b>	<b>5,428 €</b>
Cash flow before debt service	43,648 €	41,897 €	41,923 €	41,947 €	41,972 €	39,830 €	37,556 €	37,553 €	37,546 €	37,539 €
Proceeds from resale										661,031 €
<b>Cash flow</b>	<b>43,648 €</b>	<b>41,897 €</b>	<b>41,923 €</b>	<b>41,947 €</b>	<b>41,972 €</b>	<b>39,830 €</b>	<b>37,556 €</b>	<b>37,553 €</b>	<b>37,546 €</b>	<b>37,539 €</b>

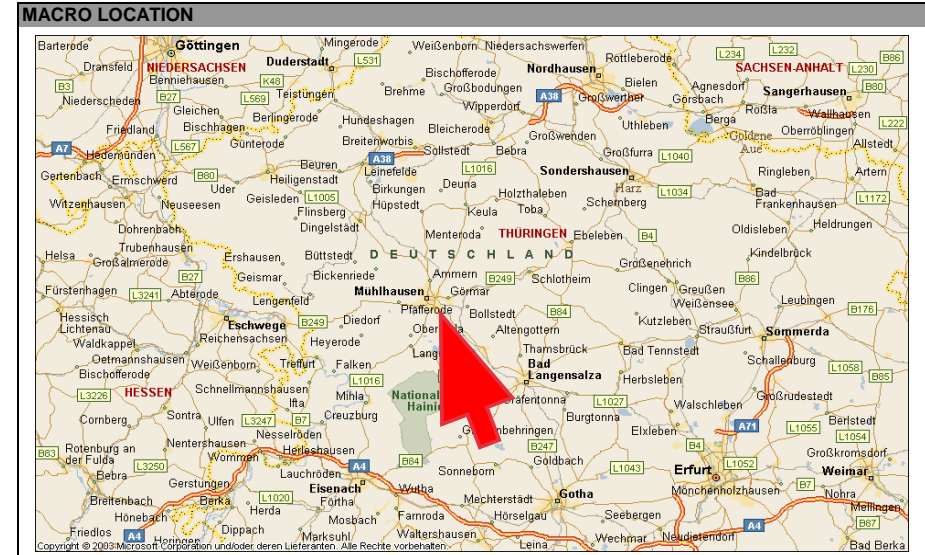
SITE PLAN



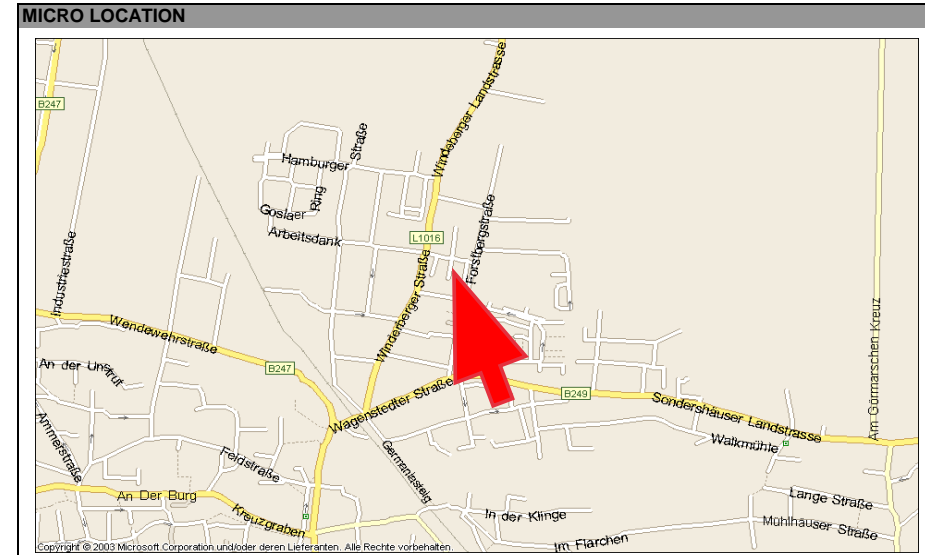
AERIAL VIEW



MACRO LOCATION



MICRO LOCATION



**Report for: Friedensstraße 1, 3, 5  
07926 Gefell**

**Prepared for: Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin**

**Prepared by: DTZ Zadelhoff Tie Leung GmbH**



North-west elevation



North-east elevation



South-west elevation with car park

GENERAL			
<b>Address</b>	Friedensstraße 1, 3, 5 07926 Gefell Germany	<b>Date of valuation</b>	31/12/2011
		<b>Date of inspection</b>	21/04/2010
		<b>Valuation methods</b>	DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung

BASIS OF VALUATION	
<b>Scope of work</b>	MARKET VALUE
<p>In accordance with your instructions, we have inspected the above-mentioned Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (7th Edition).</p>	
<b>Type of information</b>	
- Lease contract	<input type="checkbox"/>
- Land registry	<input checked="" type="checkbox"/>
- Floor plans	<input checked="" type="checkbox"/>
- Cost schedule (Capex)	<input type="checkbox"/>
- Cadastral map	<input checked="" type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>
- Technical due diligence	<input type="checkbox"/>
- Environmental risk assessment	<input checked="" type="checkbox"/>
- Tenancy schedule	<input checked="" type="checkbox"/>
- Area calculation	<input type="checkbox"/>
- Registry of public land charges	<input type="checkbox"/>

DISCLAIMER	
<b>Purpose of valuation</b>	Update valuation for IFRS purposes
<b>Inspection</b>	Full inspection (internally where access was possible)
<b>Information provided by</b>	Client
<p>The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose.</p>	
<p>A technical due diligence was not conducted. Whenever we have considered capital expenditure in the valuation, the data has been roughly estimated according to the results of the inspection. We have adopted the lettable areas as stated in the consolidated rent roll provided as of 07.11.2011.</p>	
<p>This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 07.11.2011. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.</p>	

VALUATION SUMMARY	
Owner	Eurovast '92 B.V. Arnheim, The Netherlands
Property type	Residential
Year of construction	Approximately 1960, refurbished 1998
Valuation year	2011
Type of ownership	Freehold
Size of plot	2,982 sq m

LETTABLE AREAS				
	Total	Thereof let	Thereof vacant	in %
Office	-	-	-	-
Retail	-	-	-	-
Residential	1,358 sq m	1,292 sq m	67 sq m	5%
Other	-	-	-	-
Units	6 units	4 units	2 units	33%
<b>Total</b>	<b>1,358 sq m</b>	<b>1,292 sq m</b>	<b>67 sq m</b>	<b>5%</b>

RENTAL VALUES	
Current rent per month	5,507 €
Current rent per year	66,087 €
Gross rent year 1	68,068 €
Net rent year 1	51,548 €
Market rent	69,994 €

MARKET VALUE			
Gross present value	689,192 €	Multiplier as-is	9.7
Less purchaser's costs	@ 8.50% 53,992 €	NIY on year 1	7.5%
Net present value	635,200 €	Multiplier market	9.1
<b>Market Value</b>	<b>640,000 €</b>	NRV	10.2%
Market value per sq m lettable area	471 €		

**PROPERTY DESCRIPTION****Asset type**

The Property was built approximately in the 1960's. It comprises a four-storey residential block. The building has a basement and is currently almost fully let.

**Location on site**

The Property is located in the town centre of Gefell in a mainly residential-use area characterised by multi-family houses. The Property is located in an established residential area. We consider visibility and general access to be good. The subject property is situated close to a discounter.

**Building description**

The building has four storeys and a basement. The detached building is generally of massive construction with mainly plaster coverings and has a gabled roof. The building is fitted with insulated windows which are in good condition. There are balconies to the south. The Property has central oil heating. Further there are approximately eight external parking units (for visitors, without rental income) and a parking garage with six units.

**Description of areas**

The Property is constructed for residential purposes with storage areas for the tenants in the basement. The building has three entrances on the north side and three staircases without lifts. There are in total 24 two- and three-room apartments with averagely 56,6 sq m per unit.

**Fit-out of rental areas**

The entrance areas have stone floors. The residential areas are fitted with laminate, carpet or PVC floor covering. The walls are wallpapered and painted. Balconies are provided for the right-situated flats only.

**PROPERTY CONDITION**

The building condition is good due to the last refurbishment in 1998. Please note that the Property has still an own waste water treatment plant. Therefore, it is possible that there will be a connecting charge due to connection to the local waste water network system.

**Rating (A very good - D poor)**

Exterior B  
Interior B  
General impression B

**Comment:****REPORT ON TITLE**

**Owner** Eurovast '92 B.V. Arnheim, The Netherlands

**Registry section**

Local court Pößneck Branch Lobenstein  
Land registry of Gefell  
Page 1017  
Size 2,982 sq m  
No. of registry 1  
No. of parcels 65/5  
Type of use Building and undeveloped area

**Section II**

No entries.

**Comments****Section III**

Entries in Section III have not been considered in this valuation.

**Date of copy of title**

13/03/2009

**INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)****Source**

We have not been provided with an extract from the building restrictions register. Hence, potential building restrictions have not been considered in the valuation.

**Date**

n/a

**INFORMATION ON LISTING STATUS**

Building complex not listed   
Building complex listed   
Historical monument (Baudenkmal)   
Historical building ensemble (Ensembleschutz)   
Information not available

**INFORMATION ON SUBSIDIES**

Subsidised   
Partly subsidised   
Not subsidised   
Information not available

## INFORMATION ON LOCATION

### MACRO LOCATION

Country	Germany
Federal state	Thuringia
Region	Saale-Orla-Kreis
City	Gefell
District	City Centre
Name of district	

### PLANNING SITUATION

Zoning plan (Flächennutzungsplan)	No
Legally binding development plan (Bebauungsplan)	No
Number/name of development plan	
Development plan dated	
Designated area	General residential area (WA)
Site coverage (GRZ)	
Plot ratio (GFZ)	
Comment	There is no development plan. Building permissions will be based according to section 34 German building act.

### DEMOGRAPHIC DATA

Inhabitants	2,675	December 2010
Unemployment rate (Saale-Orl)	6.2%	October 2011
Purchasing power index	80.40	2011

### DESCRIPTION OF LOCATION

Gefell is a town of the federal state of Thuringia with approximately 2,700 inhabitants. The economy of Gefell is characterised by agriculture related business and business of the service sector. Gefell is situated in the Saale-Orla district.

Gefell is connected to the federal roads B90 and B2. Access to the next motorway A9 is provided approximately 5 km to the north. Moreover, public transportation is provided with several bus lines connecting the subject site with the surrounding districts.

### Rating (A very good - D poor)

Neighbourhood	B
Accessibility	A
General impression	A-B

### Comment

The Property is located in a good residential area.



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The residential market is characterised by stable vacancy rates over the last years. After a slump in activities in the third quarter of 2010, the number of transactions and the investment volume has been recovering extraordinarily fast and constantly rising to approx. 29,100 units and approx. €1,340,000,000 in Q1 2011. However, in Q2 2011 another large decrease could be observed. But in Q3 the highest transaction volume in the last two years has been reached.

Multipliers show a development ranging from 7- to 10-times for opportunistic portfolios and up to 20-times for large new-built premises or residential developments. The average multiplier in 2010 remained stable at approximately 12.7%. Multipliers in prosperous local markets have remained stable or have even slightly increased, whereas markets which are affected by decreasing population are characterised by falling multipliers. In 2011 only a slight decrease in prices is expected in certain areas, but the overall majority is expected to increase. The development of prices and sales is expected to continue.

**MARKET OVERVIEW OF LOCATION**

According to IVD, residential rents in Plauen vary between €2.80 and €4.00 per sq m per month for basic space and €4.00 and €6.50 per sq m per month for average till good space. According to our own research the rents vary between €2.90 and €5.25 per sq m per month for residential areas. Gross multipliers range between 9,2-times and 12,0-times for comparable buildings.

**RESIDENTIAL MARKET IVD Plauen**

Sale prices	Existing use	New build	Investment	Multipliers	
Simple	n/a	n/a			
Average	400 €/sq m	n/a	Until 1948	8.0	
Good	600 €/sq m	n/a	From 1948	10.0	
Very good	n/a	n/a	Premium	12.0	
Rental bands	until 1948	from 1949	New build	Plots	Sale prices
Simple	2.80 €/sq m	4.00 €/sq m	n/a	Simple	n/a
Average	4.00 €/sq m	4.80 €/sq m	5.50 €/sq m	Average	40 €/sq m
Good	4.80 €/sq m	5.50 €/sq m	6.50 €/sq m	Good	n/a

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Rent [€/sq m/month]	Year of construction	Refurbished	Transaction/ offer	Building	Location
07926	Residential	67	3,240	4.06	1960	2008	Offer	Subject	Comparable
07928	Residential	59	3,720	5.25	1978	2010	Offer	Comparable	Comparable
07926	Residential	70	2,400	2.86	n/a	2009	Offer	Worse	Comparable
07927	Residential	110	6,000	4.55	1967	n/a	Offer	Comparable	Better

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Sale price [€]	Sale price [€/sq m]	Multiplier	Year of construction	Transaction/ offer	Building	Location
07926	Mixed use	350.00	2,208	75,000	214	n/a	n/a	Offer	Worse	Comparable
07927	Residential	242.00	n/a	90,000	372	n/a	1949	Offer	Worse	Comparable
95189	Residential	252.00	9,580	115,000	456	12.0	1950	Offer	Comparable	Comparable
07907	Residential	1,890.00	40,200	370,000	196	9.2	n/a	Offer	Worse	Comparable
95028	Residential	365.00	n/a	315,000	863	n/a	n/a	Offer	Comparable	Better

TENANCIES														
	Type	Area [sq m]	Units [No]	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/sq m]	Status	MR [€/sq m]	MR [€/month]	in %
1	Residential	1,291.81	23	Resident. tenant	various	-	-	-	5,440.60	4.21	Let	4.25	5,490	95.10%
2	Residential	66.50	1	Vacant	-	-	-	-	-	-	Vacant	4.25	283	4.90%
Total		1,358	24						5,441	4.01		4.25	5,773	100%

	Type	Units [No]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/unit]	Status	MR [€/unit]	MR [€/month]	in %
1	Park. internal	4	n/a	Resident. tenant	various	-	-	-	66.68	16.67	Let	15.00	60.00	100.00%
2	Park. internal	2	n/a	Vacant	-	-	-	-	0.00	0.00	Vacant	0.00	-	0.00%
Total		6							66.68	11.11		10.00	60	100%

SUMMARY AREAS													
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [€/month]	Current rent [in %]	MR areas let [€/month]	MR areas let [in %]	MR vacancy [€/month]	MR vacancy [in %]	Total MR [Ø €]	Total MR [€/month]	Total MR [in %]
Office	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Retail	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Residential	1,292	67	1,358	5%	5,441	99%	5,490	99%	283	100%	4.25	5,773	99%
Other	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Units	4	2	6	33%	67	1%	60	1%	0	0%	10.00	60	1%
<b>Total</b>	1,292	67	1,358	5%	5,507	100%	5,550	100%	283	100%	4.25	5,833	100%

**VALUATION ASSUMPTIONS**

Discount rate	6.50%
Exit cap rate	7.50%
Growth rate/inflation	
Capital expenditure	0 € lump sum today
Management costs commercial	of income
Management costs residential	250 € per residential unit
Structural repairs (Dach & Fach)	7.50 € per sq m
Credit & collection loss	0% of income
Local authority charges	0.00 € per sq m
Insurance	0.00 € per sq m
Void periods	3-6 months
Tenant improvements	25 € per sq m
Letting fees	16.67% of annual rental value
Purchaser's cost	8.50%
Stamp duty	5.00% of Market Value
Agent's fees	2.00% of Market Value
Legal fees	1.50% of Market Value

**COMMENTS ON VALUATION ASSUMPTIONS**

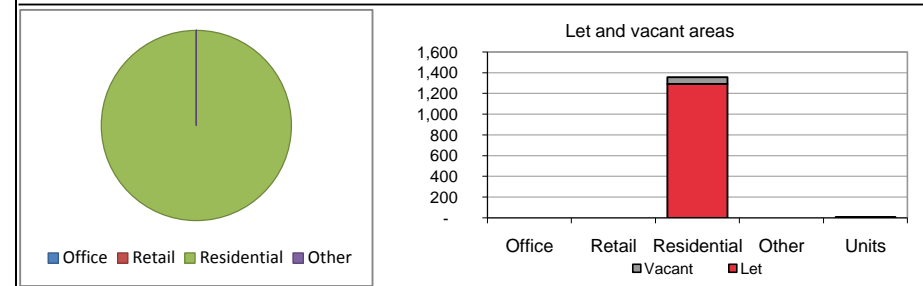
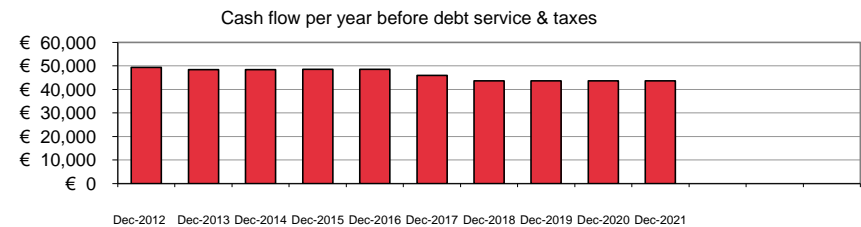
We have valued the Property based on the re-letting of the residential space assuming a three to six months vacancy period and a re-letting fee of two months' rent. Structural repairs (Dach&Fach) after lease term expiry have been considered with €7,50 per sq m in the valuation.

If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.

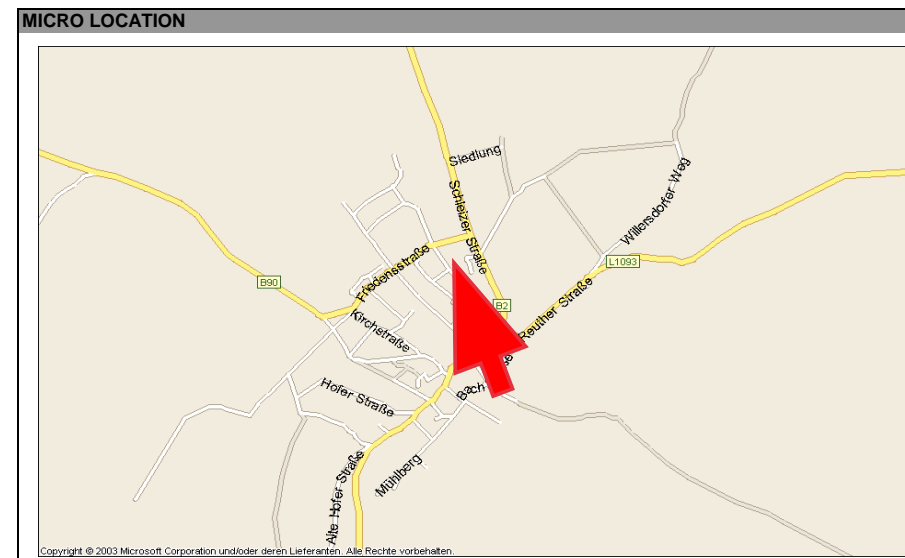
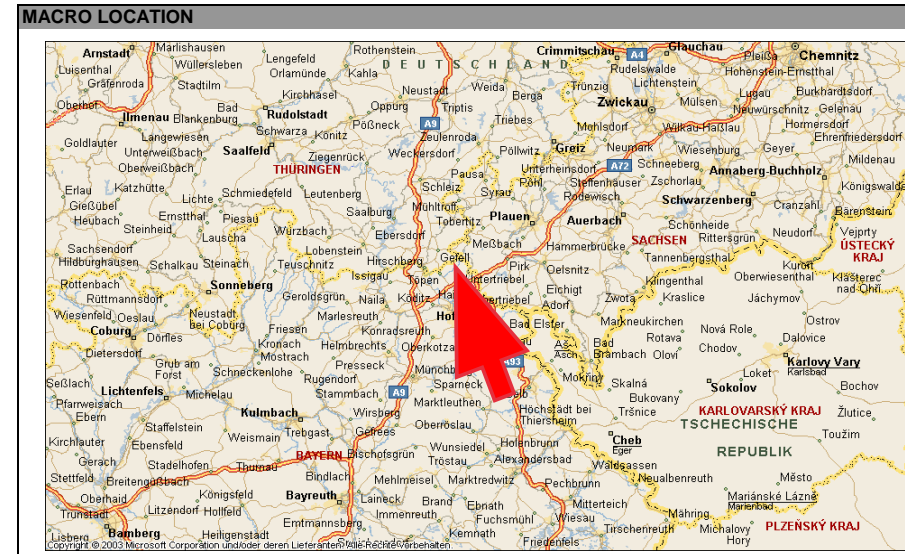
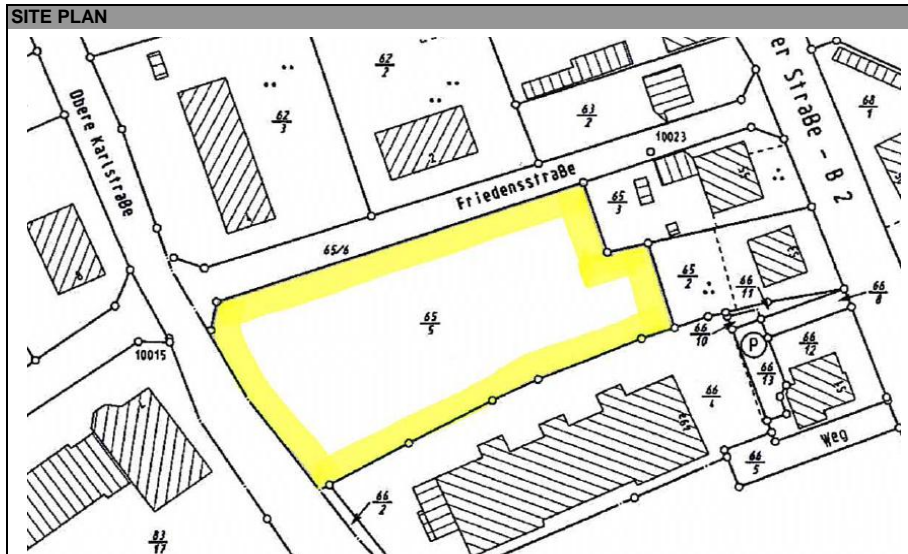
**DCF VALUATION**

Period of analysis	Cash flow	
	nominal	discounted
Year 1	49,320 €	46,310 €
Year 2	48,459 €	42,724 €
Year 3	48,502 €	40,153 €
Year 4	48,538 €	37,729 €
Year 5	48,523 €	35,416 €
Year 6	46,029 €	31,545 €
Year 7	43,655 €	28,093 €
Year 8	43,729 €	26,422 €
Year 9	43,651 €	24,766 €
Year 10	43,708 €	23,284 €
<b>Total cash flow</b>	<b>464,114 €</b>	<b>336,442 €</b>
Resale	662,160 €	352,750 €
Gross Present Value		689,192 €
Less purchaser's costs	@ 8.50%	53,992 €
Net Present Value		635,200 €
<b>Market Value (rounded)</b>		<b>640,000 €</b>
Market Value per sq m		471 €

**PROPERTY ANALYSIS**



CASH FLOW										
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021
<b>Potential gross revenue</b>										
Base rental revenue	69,481 €	69,496 €	69,537 €	69,587 €	69,645 €	69,697 €	69,756 €	69,815 €	69,874 €	69,933 €
Absorption & turnover vacancy	-1,413 €	-1,692 €	-1,692 €	-1,647 €	-1,692 €	-2,540 €	-3,339 €	-3,294 €	-3,339 €	-3,309 €
Scheduled base rental revenue	68,068 €	67,804 €	67,845 €	67,940 €	67,953 €	67,157 €	66,417 €	66,521 €	66,535 €	66,624 €
<b>Total potential gross revenue</b>	<b>68,068 €</b>	<b>67,804 €</b>	<b>67,845 €</b>	<b>67,940 €</b>	<b>67,953 €</b>	<b>67,157 €</b>	<b>66,417 €</b>	<b>66,521 €</b>	<b>66,535 €</b>	<b>66,624 €</b>
<b>Effective gross revenue</b>	<b>68,068 €</b>	<b>67,804 €</b>	<b>67,845 €</b>	<b>67,940 €</b>	<b>67,953 €</b>	<b>67,157 €</b>	<b>66,417 €</b>	<b>66,521 €</b>	<b>66,535 €</b>	<b>66,624 €</b>
<b>Operating expenses</b>										
Ongoing maintenance	10,187 €	10,187 €	10,187 €	10,187 €	10,187 €	10,187 €	10,187 €	10,187 €	10,187 €	10,187 €
Management	6,000 €	6,000 €	6,000 €	6,000 €	6,000 €	6,000 €	6,000 €	6,000 €	6,000 €	6,000 €
Vacancy costs	333 €	388 €	388 €	388 €	388 €	587 €	775 €	775 €	775 €	775 €
<b>Total operating expenses</b>	<b>16,520 €</b>	<b>16,575 €</b>	<b>16,575 €</b>	<b>16,575 €</b>	<b>16,575 €</b>	<b>16,774 €</b>	<b>16,962 €</b>	<b>16,962 €</b>	<b>16,962 €</b>	<b>16,962 €</b>
<b>Net operating income</b>	<b>51,548 €</b>	<b>51,229 €</b>	<b>51,270 €</b>	<b>51,365 €</b>	<b>51,378 €</b>	<b>50,383 €</b>	<b>49,455 €</b>	<b>49,559 €</b>	<b>49,573 €</b>	<b>49,662 €</b>
<b>Leasing &amp; capital costs</b>										
Tenant Improvements	1,663 €	1,642 €	1,670 €	1,699 €	1,727 €	2,661 €	3,574 €	3,634 €	3,696 €	3,758 €
Leasing Commissions	565 €	1,128 €	1,098 €	1,128 €	1,128 €	1,693 €	2,226 €	2,196 €	2,226 €	2,196 €
<b>Total leasing &amp; capital costs</b>	<b>2,228 €</b>	<b>2,770 €</b>	<b>2,768 €</b>	<b>2,827 €</b>	<b>2,855 €</b>	<b>4,354 €</b>	<b>5,800 €</b>	<b>5,830 €</b>	<b>5,922 €</b>	<b>5,954 €</b>
Cash flow before debt service	49,320 €	48,459 €	48,502 €	48,538 €	48,523 €	46,029 €	43,655 €	43,729 €	43,651 €	43,708 €
Proceeds from resale										662,160 €
<b>Cash flow</b>	<b>49,320 €</b>	<b>48,459 €</b>	<b>48,502 €</b>	<b>48,538 €</b>	<b>48,523 €</b>	<b>46,029 €</b>	<b>43,655 €</b>	<b>43,729 €</b>	<b>43,651 €</b>	<b>43,708 €</b>



**Report for: Stölkenstraße 9-16  
19339 Glöwen**

**Prepared for: Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin**

**Prepared by: DTZ Zadelhoff Tie Leung GmbH**



Front part of the building complex



Rear part of the building complex



Parking facilities

GENERAL			
<b>Address</b>	Stölkenstraße 9-16 19339 Glöwen Germany	<b>Date of valuation</b>	31/12/2011
		<b>Date of inspection</b>	13/04/2010
		<b>Valuation methods</b>	DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung GmbH

BASIS OF VALUATION	
<b>Scope of work</b>	MARKET VALUE
<p>In accordance with your instructions, we have inspected the above-mentioned Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (7th Edition).</p>	
<b>Type of information</b>	
- Draft lease contract	<input type="checkbox"/>
- Land registry	<input checked="" type="checkbox"/>
- Floor plans	<input type="checkbox"/>
- Cost schedule (Capex)	<input checked="" type="checkbox"/>
- Cadastral map	<input checked="" type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>
- Technical due diligence	<input checked="" type="checkbox"/>
- Environmental risk assessment	<input type="checkbox"/>
- Tenancy schedule	<input checked="" type="checkbox"/>
- Area calculation	<input type="checkbox"/>
- Registry of public land charges	<input type="checkbox"/>

DISCLAIMER	
<b>Purpose of valuation</b>	Update valuation for IFRS purposes
<b>Inspection</b>	Full inspection (internally where access was possible)
<b>Information provided by</b>	Client
<p>The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose.</p>	
<p>A technical due diligence conducted by LandAmerica Assessment Corporation, dated April 2007. Whenever we have considered capital expenditure in the valuation, the data has been extracted from the preceding source. We have adopted the lettable areas as stated in the consolidated rent roll provided as 07.11.2011.</p>	
<p>This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 07.11.2011. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.</p>	

VALUATION SUMMARY	
Owner	Eurovast '92 B.V., Amsterdam
Property type	Residential
Year of construction	1987, refurbished in 2001/2002
Valuation year	2011
Type of ownership	Freehold
Size of plot	5,737 sq m

LETTABLE AREAS				
	Total	Thereof let	Thereof vacant	in %
Office	-	-	-	-
Retail	-	-	-	-
Residential	5,013 sq m	2,658 sq m	2,355 sq m	47%
Other	-	-	-	-
Units	-	-	-	-
<b>Total</b>	<b>5,013 sq m</b>	<b>2,658 sq m</b>	<b>2,355 sq m</b>	<b>47%</b>

RENTAL VALUES	
Current rent per month	8,678 €
Current rent per year	104,134 €
Gross rent year 1	106,420 €
Net rent year 1	27,007 €
Market rent	210,542 €

MARKET VALUE			
Gross present value	1,517,342 €	Multiplier as-is	13.4
Less purchaser's costs	@ 8.50% 118,870 €	NIY on year 1	1.8%
Net present value	1,398,472 €	Multiplier market	6.6
<b>Market Value</b>	<b>1,400,000 €</b>	NRV	11.9%
Market value per sq m lettable area	279 €		

**PROPERTY DESCRIPTION****Asset type**

The Property was built in 1987 and refurbished in 2001/2002. It comprises two buildings with five storeys and a basement.

**Location on site**

The Property is located in the west of Gloewen in a residential area. The surrounding is characterised by detached houses and woodland. The Property is located on a landscaped site. Stoelkenstraße is a quiet street.

**Building description**

The Property comprises two five-storey residential buildings with flat roofs and additional basements. The walls consist of prefabricated reinforced concrete panels supporting prefabricated reinforced concrete floor slabs and roof decks. The concrete stairs are made of prefabricated concrete stringers with solid terrazzo treads. Exterior enclosures were renovated in 2001 and received a layer of thermal insulation covered by plaster and paint. The windows and entry doors have plastic frames with insulated glazing. The buildings have no elevators. The Property has a flat roof which is covered with bitumen sheetings. The Property is fitted with a central oil heating system. It has two oil-fuelled boilers. Overall the technical equipment is in average condition.

**Description of areas**

The Property is used for residential purposes and comprises five storeys with 81 units. Each building has four staircases. All apartments are equipped with balconies in a southward direction. Two central oil-fuelled boilers provide heat to radiators throughout the buildings. Elevators are not available. A playground and drying areas for laundry are arranged along the southern site area. The northern area of the site provides entrances, parking and walled waste collection areas. Parking is located in front of the buildings. Access to the parking area is possible from the street "Stoelkenstraße".

**Fit-out of rental areas**

The entrance areas have prefabricated concrete floors. The storage areas as well as the areas for building equipment are covered with an industrial floor pavement. The floors of the apartments are covered with linoleum or are carpeted. The renovated units have laminate floors. The walls are wallpapered and painted.

**PROPERTY CONDITION**

The plumbing and electrical installations of the occupied apartment units need to be replaced in the course of the renovation due to fluctuation. Overall the condition of the Property is average. For further information we refer to the technical due diligence prepared by LandAmerica Assessment Corporation.

**Rating** (A very good - D poor)

Exterior	B-C
Interior	C
General impression	C

**Comment:****REPORT ON TITLE**

**Owner** Eurovast '92 B.V., Amsterdam

**Registry section**

Local court	Perleberg
Land registry of	Gloewen
Page	717
Size	5,737 sq m
No. of registry	18-19
No. of parcels	233, 234, 229, 230
Type of use	Building and undeveloped area

**Section II**

No entries.

**Comments****Section III**

Entries in Section III have not been considered in this valuation.

**Date of copy of title**

16/09/2009

**INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)**

We have not been provided with an extract from the building restrictions register. Hence, potential building restrictions have not been considered in the valuation.

**Date**

n/a

**INFORMATION ON LISTING STATUS**

Building complex not listed	<input checked="" type="checkbox"/>
Building complex listed	<input type="checkbox"/>
Historical monument (Baudenkmal)	<input type="checkbox"/>
Historical building ensemble (Ensembleschutz)	<input type="checkbox"/>
Information not available	<input type="checkbox"/>

**INFORMATION ON SUBSIDIES**

Subsidised	<input type="checkbox"/>
Partly subsidised	<input type="checkbox"/>
Not subsidised	<input type="checkbox"/>
Information not available	<input checked="" type="checkbox"/>

## INFORMATION ON LOCATION

### MACRO LOCATION

Country	Germany
Federal state	Brandenburg
Region	Prignitz
City	Plattenburg
District	District
Name of district	Glöwen

### PLANNING SITUATION

Zoning plan (Flächennutzungsplan)	Yes
Legally binding development plan (Bebauungsplan)	No
Number/name of development plan	
Development plan dated	
Designated area	Mixed use area (MI)
Site coverage (GRZ)	
Plot ratio (GFZ)	
Comment	The Property is located within a built-up area (paragraph 34 German Building Law) and is not covered by a legally binding land-use plan.

### DEMOGRAPHIC DATA

Inhabitants	3,712	December 2011
Unemployment rate Prignitz	13.3%	September 2011
Purchasing power index of Stendal	79.60	2011

### DESCRIPTION OF LOCATION

Gloewen is a district of the municipality of Plattenburg with approximately 3,700 inhabitants. Plattenburg comprises an area of 200 sq km. Gloewen, Groß Leppin, Storbeckshof, Zernikow, Bendelin, Zichtow, Netzow, Klein Leppin, Söllenthin, Hoppenrade, Garz, Kleinow, Burghagen, Ponitz, Uenze, Krampfer, Groß Gottschow, Kletzke, Plattenburg, Viesecke, Rambow und Groß Werzin are parts of Plattenburg. The economy of Gloewen is characterised by smaller local companies of the service sector.

There is a federal road to Berlin and Hamburg (B5) and a federal road to Pritzwalk (B107), public transportation such as several bus lines connect Gloewen with the surrounding communities. Furthermore, a local train connects Gloewen with Berlin, the capital of Germany.

### Rating (A very good - D poor)

Neighbourhood	C
Accessibility	B
General impression	B-C

### Comment

The Property is located in a rural mixed-use area.



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The residential market is characterised by stable vacancy rates over the last years. After a slump in activities in the third quarter of 2010, the number of transactions and the investment volume has been recovering extraordinarily fast and constantly rising to approx. 29,100 units and approx. €1,340,000,000 in Q1 2011. However, in Q2 2011 another large decrease could be observed. But in Q3 the highest transaction volume in the last two years has been reached.

Multipliers show a development ranging from 7- to 10-times for opportunistic portfolios and up to 20-times for large new-built premises or residential developments. The average multiplier in 2010 remained stable at approximately 12.7%. Multipliers in prosperous local markets have remained stable or have even slightly increased, whereas markets which are affected by decreasing population are characterised by falling multipliers. In 2011 only a slight decrease in prices is expected in certain areas, but the overall majority is expected to increase. The development of prices and sales is expected to continue.

**MARKET OVERVIEW OF LOCATION**

The market for residential properties in Gloewen is characterised by a relatively low volume of transactions and is affected by local owner occupiers.

According to IVD, residential rents in Stendal vary between €4.60 per sq m per month for basic space and €6.00 per sq m per month for good space. There are no statistical data for the micro-location Gloewen (Plattenburg-Prignitz) available. According to our own research the rents in Plattenburg vary between €2.50 per sq m per month for basic and almost €3.70 per sq m per month for good areas. Offered purchase prices per building area range between €300 per sq m for basic premises and €750 per sq m for good premises.

**RESIDENTIAL MARKET IVD Stendal**

Sale prices	Existing use	New build	Investment	Multipliers	
Simple	300 €/ sq m	n/a			
Average	600 €/ sq m	n/a	Until 1948	6.5	
Good	800 €/ sq m	1,000 €/ sq m	From 1948	8.0	
Very good	1,000 €/ sq m	1,100 €/ sq m	Top	10.0	
Rental bands	until 1948	from 1949	New build	Plots	Sale prices
Simple	4.60 €/ sq m	4.40 €/ sq m	n/a	Simple	
Average	5.30 €/ sq m	5.30 €/ sq m	5.00 €/ sq m	Average	n/a
Good	6.00 €/ sq m	6.00 €/ sq m	6.00 €/ sq m	Good	n/a
Very good			7.00 €/ sq m		

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Rent [€/sq m/month]	Year of construction	Refurbished	Transaction/ offer	Building	Location
19339	Residential	819	35,988	3.66	1948	1998	Offer	Comparable	Comparable
19339	Residential	83	2,484	2.50	1987	2000	Offer	Subject	Comparable
19339	Residential	46	1,667	3.00	1987	2000	Offer	Subject	Comparable
39539	Residential	80	3,600	3.75	n/a	2011	Offer	Better	Better

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Sale price [€]	Sale price [€/sq m]	Multiplier	Year of construction	Transaction/ offer	Building	Location
39539	Residential	230	n/a	69,000	300	n/a	1900/2002	Offer	Comparable	Comparable
39615	Residential	230	n/a	89,000	387	n/a	1900/2007	Offer	Better	Comparable
19336	Residential	300	n/a	225,000	750	n/a	1906/2005	Offer	Comparable	Better
16866	Residential	320	n/a	198,000	619	n/a	n/a	Offer	Better	Comparable



## TENANCIES

TENANCIES														
	Type	Area [sq m]	Units [No]	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/sq m]	Status	MR [€/sq m]	MR [€/month]	in %
1	Residential	2,657.92	46	Resident. tenant	various	-	-	-	8,677.80	3.26	Let	3.50	9,302.72	53.02%
2	Residential	2,354.98	36	Vacant	-	-	-	-	0.00	0.00	Vacant	3.50	8,242.43	46.98%
Total		5,013	82						8,678	1.73		3.50	17,545	100%

Type	Units [No]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/ month]	Rent [€/ unit]	Status	MR [€/ unit]	MR [€/ month]	in %					
Total													0	0	0.00	0.00	-	0%

SUMMARY AREAS													
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [€/month]	Current rent [in %]	MR areas let [€/month]	MR areas let [in %]	MR vacancy [€/month]	MR vacancy [in %]	Total MR [Ø €]	Total MR [€/month]	Total MR [in %]
Office	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Retail	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Residential	2,658	2,355	5,013	47%	8,678	100%	9,303	100%	8,242	100%	3.50	17,545	100%
Other	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Units	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
<b>Total</b>	2,658	2,355	5,013	47%	8,678	100%	9,303	100%	8,242	100%	3.50	17,545	100%

VALUATION ASSUMPTIONS	
Discount rate	7.00%
Exit cap rate	7.00%
Growth rate/inflation	0.00%
Capital expenditure	101,300 € lump sum today
Management costs residential	265.00 € per residential unit
Structural repairs (Dach & Fach)	6.00 € per sq m
Credit & collection loss	0% of income
Local authority charges	0.00 € per sq m
Insurance	0.00 € per sq m
Void periods	9 months
Tenant improvements	25.00 € per sq m
Letting fees	16.67% of annual rental value
Purchaser's cost	8.50%
Stamp duty	5.00% of Market Value
Agent's fees	2.00% of Market Value
Legal fees	1.50% of Market Value

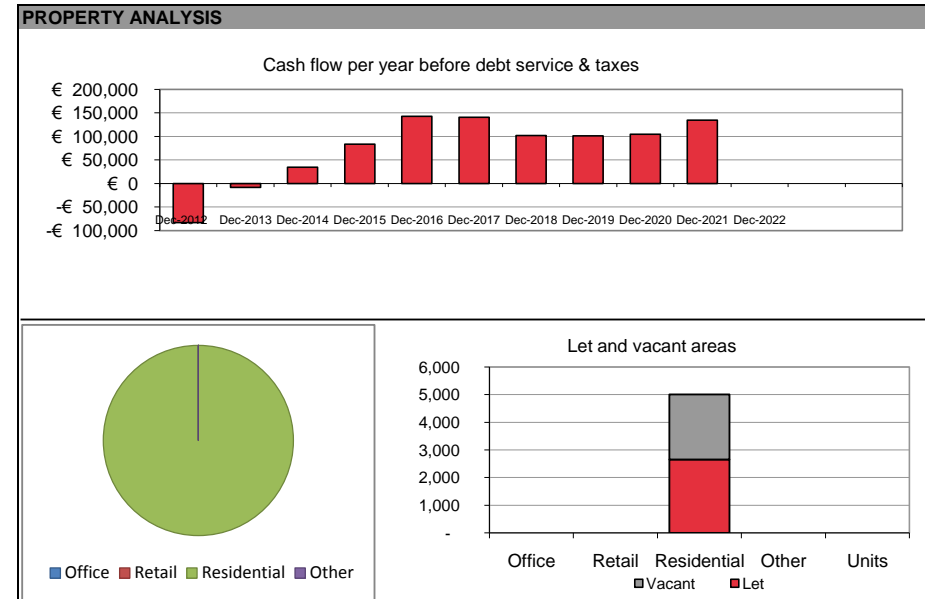
DCF VALUATION		
Period of analysis	Cash flow	
	nominal	discounted
Year 1	-82,666 €	-77,258 €
Year 2	-8,145 €	-7,114 €
Year 3	34,996 €	28,567 €
Year 4	83,567 €	63,753 €
Year 5	143,074 €	102,010 €
Year 6	140,879 €	93,873 €
Year 7	101,713 €	63,342 €
Year 8	101,187 €	58,892 €
Year 9	104,881 €	57,048 €
Year 10	134,385 €	68,315 €
Total cash flow	753,871 €	451,428 €
Resale	2,096,814 €	1,065,914 €
Gross Present Value		1,517,342 €
Less purchaser's costs	@ 8.50%	118,870 €
Net Present Value		1,398,472 €
<b>Market Value (rounded)</b>		1,400,000 €
Market Value per sq m		279 €

**COMMENTS ON VALUATION ASSUMPTIONS**

We have valued the Property assuming a nine months vacancy period and a re-letting fee of two months' rent. Structural repairs (Dach&Fach) after lease term expiry have been considered with €6,00 per sq m in the valuation. Capital expenditure has been considered in accordance with the technical and environmental due diligence prepared by LandAmerica.

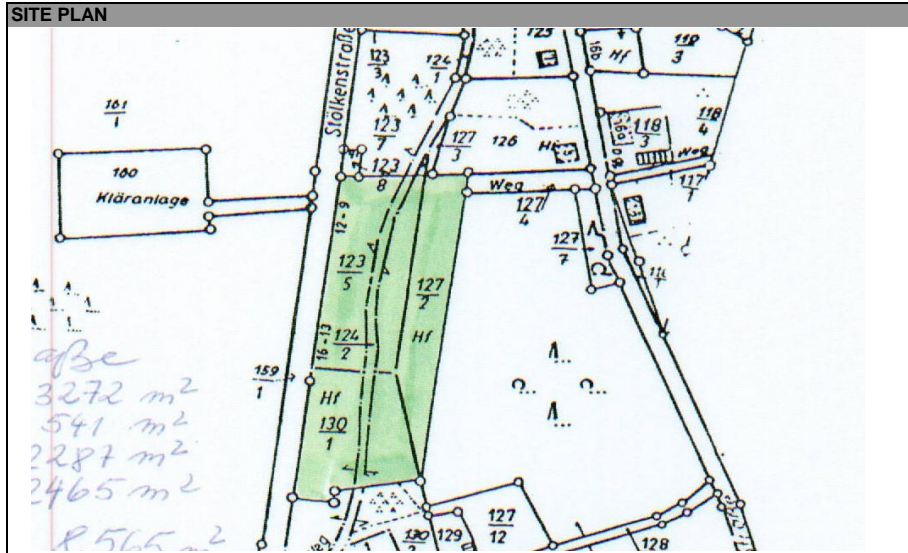
According to the extract from the land register the Property is held as freehold.

If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.

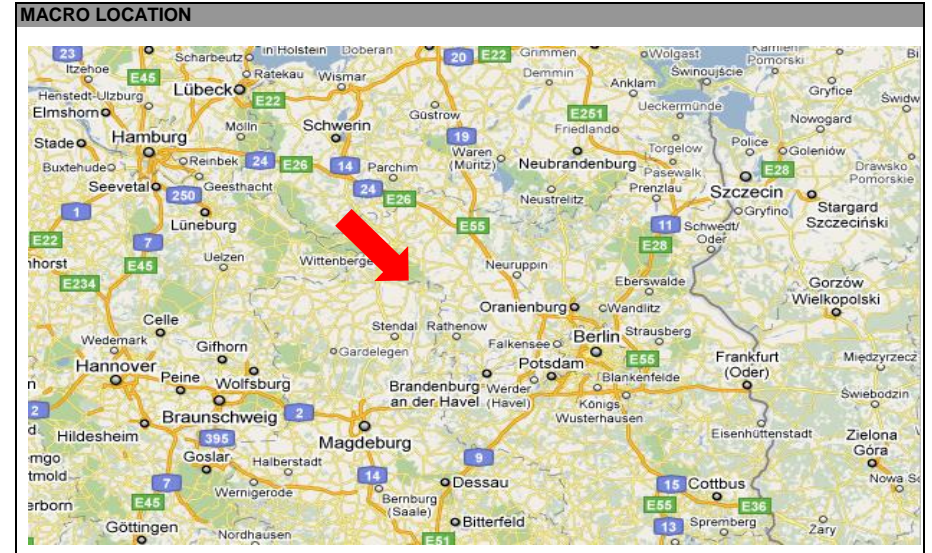


CASH FLOW											
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021	Year 11 Dec-2022
<b>Potential gross revenue</b>											
Base rental revenue	203,044 €	203,796 €	204,545 €	205,295 €	206,044 €	206,794 €	207,547 €	208,297 €	209,047 €	209,794 €	210,544 €
Absorption & turnover vacancy	-96,624 €	-74,716 €	-41,744 €	-11,063 €	-4,651 €	-6,941 €	-23,042 €	-23,042 €	-20,752 €	-9,302 €	-9,302 €
Scheduled base rental revenue	106,420 €	129,080 €	162,801 €	194,232 €	201,393 €	199,853 €	184,505 €	185,255 €	188,295 €	200,492 €	201,242 €
<b>Total potential gross revenue</b>	<b>106,420 €</b>	<b>129,080 €</b>	<b>162,801 €</b>	<b>194,232 €</b>	<b>201,393 €</b>	<b>199,853 €</b>	<b>184,505 €</b>	<b>185,255 €</b>	<b>188,295 €</b>	<b>200,492 €</b>	<b>201,242 €</b>
<b>Effective gross revenue</b>	<b>106,420 €</b>	<b>129,080 €</b>	<b>162,801 €</b>	<b>194,232 €</b>	<b>201,393 €</b>	<b>199,853 €</b>	<b>184,505 €</b>	<b>185,255 €</b>	<b>188,295 €</b>	<b>200,492 €</b>	<b>201,242 €</b>
<b>Operating expenses</b>											
Ongoing maintenance	30,077 €	30,077 €	30,077 €	30,077 €	30,077 €	30,077 €	30,077 €	30,077 €	30,077 €	30,077 €	30,077 €
Management	21,730 €	21,730 €	21,730 €	21,730 €	21,730 €	21,730 €	21,730 €	21,730 €	21,730 €	21,730 €	21,730 €
Vacancy costs	27,606 €	21,347 €	11,927 €	3,161 €	1,329 €	1,984 €	6,583 €	6,583 €	5,929 €	2,658 €	2,658 €
<b>Total operating expenses</b>	<b>79,413 €</b>	<b>73,154 €</b>	<b>63,734 €</b>	<b>54,968 €</b>	<b>53,136 €</b>	<b>53,791 €</b>	<b>58,390 €</b>	<b>58,390 €</b>	<b>57,736 €</b>	<b>54,465 €</b>	<b>54,465 €</b>
<b>Net operating income</b>	<b>27,007 €</b>	<b>55,926 €</b>	<b>99,067 €</b>	<b>139,264 €</b>	<b>148,257 €</b>	<b>146,062 €</b>	<b>126,115 €</b>	<b>126,865 €</b>	<b>130,559 €</b>	<b>146,027 €</b>	<b>146,777 €</b>
<b>Leasing &amp; capital costs</b>											
Tenant improvements	6,541 €	22,947 €	22,947 €	16,406 €	3,322 €	3,322 €	15,642 €	16,460 €	16,460 €	7,462 €	
Leasing commissions	1,832 €	7,357 €	7,357 €	5,525 €	1,861 €	1,861 €	8,760 €	9,218 €	9,218 €	4,180 €	
Capex	101,300 €	33,767 €	33,767 €	33,766 €							
<b>Total leasing &amp; capital costs</b>	<b>109,673 €</b>	<b>64,071 €</b>	<b>64,071 €</b>	<b>55,697 €</b>	<b>5,183 €</b>	<b>5,183 €</b>	<b>24,402 €</b>	<b>25,678 €</b>	<b>25,678 €</b>	<b>11,642 €</b>	
Cash flow before debt service	-82,666 €	-8,145 €	34,996 €	83,567 €	143,074 €	140,879 €	101,713 €	101,187 €	104,881 €	134,385 €	
Proceeds from resale											2,096,814 €
<b>Cash flow</b>	<b>-82,666 €</b>	<b>-8,145 €</b>	<b>34,996 €</b>	<b>83,567 €</b>	<b>143,074 €</b>	<b>140,879 €</b>	<b>101,713 €</b>	<b>101,187 €</b>	<b>104,881 €</b>	<b>134,385 €</b>	

SITE PLAN



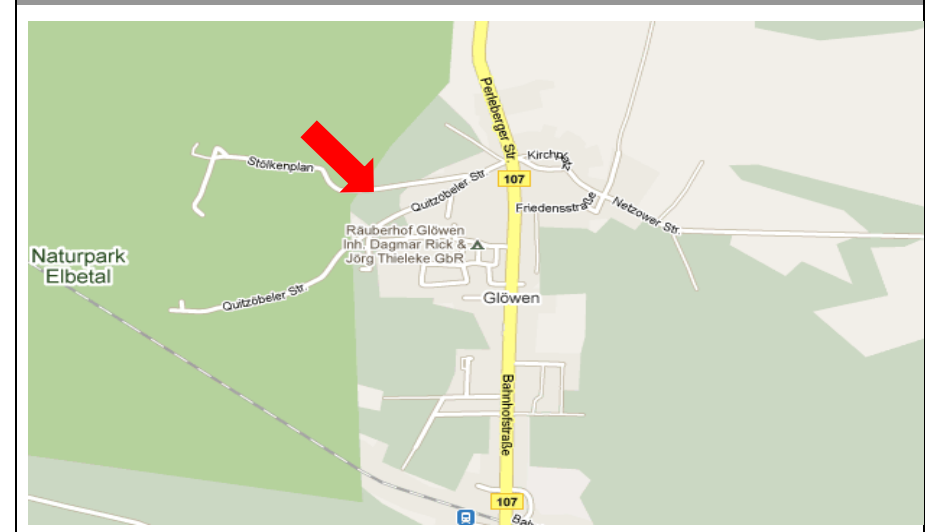
MACRO LOCATION



AERIAL VIEW



MICRO LOCATION



**Report for: Waldsiedlung 17-35  
19339 Glöwen**

**Prepared for: Elad Europe Ltd.  
Lietzenburger Straße 107  
10707 Berlin**

**Prepared by: DTZ Zadelhoff Tie Leung GmbH**



Entrance area



Unrefurbished building



Open area between the buildings

GENERAL			
<b>Address</b>	Waldsiedlung 17-35 19339 Glöwen Germany	<b>Date of valuation</b> <b>Date of inspection</b> <b>Valuation methods</b>	31/12/2011 13/04/2010 DCF
<b>Client</b>	Elad Europe Ltd.	<b>Valuer</b>	DTZ Zadelhoff Tie Leung GmbH

BASIS OF VALUATION	
<b>Scope of work</b>	MARKET VALUE
<p>In accordance with your instructions, we have inspected the above Property in order to advise you of our opinion of the Market Value of the German equivalent of the freehold interest in the Property. The Market Value has been prepared in accordance with the RICS Valuation Standards documented in the "Red Book" (7th Edition).</p>	
<b>Type of information</b>	
- Draft lease contract	<input type="checkbox"/>
- Land registry	<input checked="" type="checkbox"/>
- Floor plans	<input type="checkbox"/>
- Cost schedule (Capex)	<input checked="" type="checkbox"/>
- Cadastral map	<input checked="" type="checkbox"/>
- Purchase agreement	<input type="checkbox"/>
- Technical due diligence	<input checked="" type="checkbox"/>
- Environmental risk assessment	<input type="checkbox"/>
- Tenancy schedule	<input checked="" type="checkbox"/>
- Area calculation	<input type="checkbox"/>
- Registry of public land charges	<input type="checkbox"/>

DISCLAIMER	
<b>Purpose of valuation</b>	Update valuation for IFRS purposes
<b>Inspection</b>	Full inspection (internally where access was possible)
<b>Information provided by</b>	Client
<p>The valuation is based on the above-mentioned information provided and has been prepared exclusively for the client and the above purpose. Furthermore, it is based on the following:</p> <p>A technical due diligence conducted by LandAmerica Assessment Corporation, dated April 2007. Whenever we have considered capital expenditure in the valuation, the data has been extracted from the preceding source. We have adopted the lettable areas as stated in the consolidated rent roll as of 07.11.2011.</p> <p>This is an update valuation which is based on the initial valuation dated 24.09.2010 as at 31.12.2009 and the update valuations of the following quarters. We refer to the initial information provided and our analysis of the initial valuation and the following updates. However, we have been provided with a new rent roll as at 07.11.2011. We have not re-inspected the Property and we assume that there were no significant changes with regard to the building condition and other building-related parameters between the date of inspection and the date of valuation.</p>	

VALUATION SUMMARY	
Owner	Eurovast '92 B.V., Amsterdam
Property type	Residential
Year of construction	1948, 1957, partly refurbished between 2000 and 2001
Valuation year	2011
Type of ownership	Freehold
Size of plot	38,542 sq m

LETTABLE AREAS				
	Total	Thereof let	Thereof vacant	in %
Office	-	-	-	-
Retail	-	-	-	-
Residential	3,583 sq m	2,068 sq m	1,515 sq m	42%
Other	-	-	-	-
Units	-	-	-	-
<b>Total</b>	<b>3,583 sq m</b>	<b>2,068 sq m</b>	<b>1,515 sq m</b>	<b>42%</b>

RENTAL VALUES	
Current rent per month	7,138 €
Current rent per year	85,650 €
Gross rent year 1	87,613 €
Net rent year 1	31,276 €
Market rent	150,469 €

MARKET VALUE			
Gross present value	1,102,258 €	Multiplier as-is	11.9
Less purchaser's costs	@ 8.50% 86,352 €	NIY on year 1	2.8%
Net present value	1,015,906 €	Multiplier market	6.8
<b>Market Value</b>	<b>1,020,000 €</b>	NRV	11.7%
Market value per sq m lettable area	285 €		

**PROPERTY DESCRIPTION****Asset type**

The building complex was built in 1948 (brick-faced buildings) and 1957 (plastered buildings). It comprises five buildings with two storeys with three units on each floor.

**Location on site**

The Property is located approximately 500 m from the centre of Gloewen in a residential area. The site is developed with five residential buildings. Additionally one-storey garages cover various areas of the site. The surrounding is characterised by detached houses and woodland.

**Building description**

The buildings comprise five two-storey residential buildings with 65 residential units. The buildings have sloped roofs and are covered with concrete tiles. The roofs are timber-framed. All buildings have basements which are used as storage space and for the technical facilities. The walls consist of masonry. Stairs are made of concrete stringers, there are no elevators. Two buildings have a brick facade and three buildings have a plastered and painted facade. Except for few units the buildings do not provide balconies. Heating is provided by an oil-fuelled boiler in each building section. Parking is provided across the site.

**Description of areas**

Stairs are covered with linoleum and paint. The exteriors were renovated in 2000 and consist of exposed brick facing or plaster with paint finish. The initial windows and patio doors were replaced by insulated windows with plastic frames in 2001. New aluminium framed entry doors were also installed in 2001. The apartments in the three plastered buildings have been partly refurbished. The refurbished units have laminated or carpet floors, the unrefurbished units have linoleum floors. Drying areas for laundry are arranged around the buildings. The Property provides open parking spaces along the access road to Waldsiedlung, along the paths crossing the site and in the garages.

**Fit-out of rental areas**

The entrance areas have concrete floors. The storage areas as well as the areas for building equipment are covered with an industrial floor pavement. The floors of the apartments are covered with linoleum or are carpeted. The renovated units have laminate or carpet floors. The walls are wallpapered and painted.

**PROPERTY CONDITION**

Overall the condition of the Property is average. We were not able to inspect the brick-faced buildings. According to the information provided the interior of these buildings are not refurbished. For further information we refer to the technical due diligence prepared by LandAmerica Assessment Corporation.

**Rating** (A very good - D poor)

Exterior C  
Interior C  
General impression C

**Comment:****REPORT ON TITLE**

**Owner** Eurovast '92 B.V., Amsterdam

**Registry Section**

Local court Perleberg  
Land registry of Gloewen  
Page 717  
Size 38,542 sq m  
No. of registry 1-13, 15-16  
No. of parcels 107/3, 107/4, 116/39, 116/40, 116/41, 116/42, 116/43, 116/44, 116/45, 116/46, 116/47, 116/49, 116/50, 124/2, 127/2  
Type of use Building and undeveloped area

**Section II**

No. 1: Limited personal easement (cable right) in favour of the Westmecklenburger Wasser GmbH in Wittenberge, registered on 12 October 1993.

No. 2: Limited personal easement (right to maintain heating and hot water facilities), registered on 23 April 2002.

**Comments**

We have not been provided with the allowance for registration. We assume that the entry as stated above has no impact on the current use of the subject property.

**Section III**

Entries in Section III have not been considered in this valuation.

**Date of copy of title**

16/09/2009

**INFORMATION ON BUILDING RESTRICTIONS (BAULASTENAUSKUNFT)**

We have not been provided with an extract from the building restrictions register. Hence, potential building restrictions have not been considered in the valuation.

**Date**

n/a

**INFORMATION ON LISTING STATUS**

Building complex not listed   
Building complex listed   
Historical monument (Baudenkmal)   
Historical building ensemble (Ensembleschutz)   
Information not available

**INFORMATION ON SUBSIDIES**

Subsidised   
Partly subsidised   
Not subsidised   
Information not available

**MACRO LOCATION**

Country	Germany
Federal state	Brandenburg
Region	Prignitz
City	Plattenburg
District	District
Name of district	Glöwen

**PLANNING SITUATION**

Zoning plan (Flächennutzungsplan)	Yes
Legally binding development plan (Bebauungsplan)	No
Number/name of development plan	
Development plan dated	
Designated area	Mixed use area (MI)
Site coverage (GRZ)	
Plot ratio (GFZ)	
Comment	The Property is located within a built-up area (paragraph 34 German Building Law) and is not covered by a legally binding land-use plan.

**DEMOGRAPHIC DATA**

Inhabitants	3,712	December 2011
Unemployment rate Prignitz	13.3%	September 2011
Purchasing power index	79.60	2011
Stendal		

**DESCRIPTION OF LOCATION**

Gloewen is a district of the municipality of Plattenburg with approximately 3,700 inhabitants. Plattenburg comprises an area of 200 sq km. Gloewen, Groß Leppin, Storbeckshof, Zernikow, Bendelin, Zichtow, Netzow, Klein Leppin, Söllenthin, Hoppenrade, Garz, Kleinow, Burghagen, Ponitz, Uenze, Krampfer, Groß Gottschow, Kletzke, Plattenburg, Viesecke, Rambow und Groß Werzin are parts of Plattenburg. The economy of Gloewen is characterised by smaller local companies of the service sector.

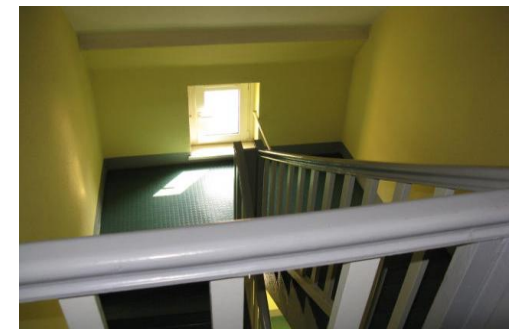
There is a federal road to Berlin and Hamburg (B5) and a federal road to Pritzwalk (B107), public transportation such as several bus lines connect Gloewen with the surrounding communities. Furthermore, a local train connects Gloewen with Berlin, the capital of Germany.

**Rating (A very good - D poor)**

Neighbourhood	C
Accessibility	B
General impression	B-C

**Comment**

The Property is located in a rural mixed-use area.



**GENERAL OVERVIEW FOR PROPERTY TYPE**

The residential market is characterised by stable vacancy rates over the last years. After a slump in activities in the third quarter of 2010, the number of transactions and the investment volume has been recovering extraordinarily fast and constantly rising to approx. 29,100 units and approx. €1,340,000,000 in Q1 2011. However, in Q2 2011 another large decrease could be observed. But in Q3 the highest transaction volume in the last two years has been reached.

Multipliers show a development ranging from 7- to 10-times for opportunistic portfolios and up to 20-times for large new-built premises or residential developments. The average multiplier in 2010 remained stable at approximately 12.7%. Multipliers in prosperous local markets have remained stable or have even slightly increased, whereas markets which are affected by decreasing population are characterised by falling multipliers. In 2011 only a slight decrease in prices is expected in certain areas, but the overall majority is expected to increase. The development of prices and sales is expected to continue.

**MARKET OVERVIEW OF LOCATION**

The market for residential properties in Gloewen is characterised by a relatively low volume of transactions and is affected by local owner occupiers.

According to IVD, residential rents in Stendal vary between €4.60 per sq m per month for basic space and €6.00 per sq m per month for good space. There are no statistical data for the micro-location Gloewen (Plattenburg-Prignitz) available. According to our own research the rents in Plattenburg vary between €2.50 per sq m per month for basic and almost €3.70 per sq m per month for good areas. Offered purchase prices per building area range between €300 per sq m for basic premises and €750 per sq m for good premises.

**RESIDENTIAL MARKET IVD Stendal**

Sale prices	Existing use	New build	Investment	Multiples
Simple	300 €/ sq m	n/a		
Average	600 €/ sq m	n/a	Until 1948	6.5
Good	800 €/ sq m	1,000 €/ sq m	From 1948	8.0
Very good	1,000 €/ sq m	1,100 €/ sq m	Top	10.0

Rental bands	until 1948	from 1949	New build	Plots	Sale prices
Simple	4.60 €/ sq m	4.40 €/ sq m	n/a	Simple	
Average	5.30 €/ sq m	5.30 €/ sq m	5.00 €/ sq m	Average	n/a
Good	6.00 €/ sq m	6.00 €/ sq m	6.00 €/ sq m	Good	n/a
Very good			7.00 €/ sq m		

**LEASE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Rent [€/sq m/month]	Year of construction	Refurbished	Transaction/offer	Building	Location
19339	Residential	819	35,988	3.66	1948	1998	Offer	Subject	Comparable
19339	Residential	83	2,484	2.50	1987	2000	Offer	Comparable	Comparable
19339	Residential	46	1,667	3.00	1987	2000	Offer	Comparable	Comparable
39539	Residential	80	3,600	3.75	n/a	2011	Offer	Better	Better

**SALE COMPARABLES**

Post code	Asset type	Rental area [sq m]	Rent [€/year]	Sale price [€]	Sale price [€/sq m]	Multiplier	Year of construction	Transaction/offer	Building	Location
39539	Residential	230	n/a	69,000	300	n/a	1900/2002	Offer	Comparable	Comparable
39615	Residential	230	n/a	89,000	387	n/a	1900/2007	Offer	Better	Comparable
19336	Residential	300	n/a	225,000	750	n/a	1906/2005	Offer	Comparable	Better
16866	Residential	320	n/a	198,000	619	n/a	n/a	Offer	Better	Comparable



## TENANCIES

TENANCIES														
	Type	Area [sq m]	Units [No]	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/sq m]	Status	MR [€/sq m]	MR [€/month]	in %
1	Residential	2,067.78	38	Resident. tenant	various	-	-	-	7,137.50	3.45	Let	3.50	7,237.23	57.72%
2	Residential	1,514.82	27	Vacant	-	-	-	-	0.00	0.00	Vacant	3.50	5,301.87	42.28%
Total		3,583	65						7,138	1.99		3.50	12,539	100%

Type	Units [No]	Storey	Name	Lease start [Date]	Lease end [Date]	Option [years]	Indexation	Rent [€/month]	Rent [€/unit]	Status	MR [€/unit]	MR [€/month]	in %
													0%
Total		0						0	0.00		0.00	-	0%

SUMMARY AREAS													
	Let [sq m/units]	Vacant [sq m/units]	Total [sq m/units]	Vacancy [in %]	Current rent [€/month]	Current rent [in %]	MR areas let [€/month]	MR areas let [in %]	MR vacancy [€/month]	MR vacancy [in %]	Total MR [Ø €]	Total MR [€/month]	Total MR [in %]
Office	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Retail	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Residential	2,068	1,515	3,583	42%	7,138	100%	7,237	100%	5,302	100%	3.50	12,539	100%
Other	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
Units	-	-	-	0%	-	0%	-	0%	0	0%	0.00	-	0%
<b>Total</b>	2,068	1,515	3,583	42%	7,138	100%	7,237	100%	5,302	100%	3.50	12,539	100%

VALUATION ASSUMPTIONS	
Discount rate	7.00%
Exit cap rate	7.00%
Growth rate/inflation	0.00%
Capital expenditure	80,000 € lump sum today
Management costs residential	265.00 € per residential unit
Structural repairs (Dach & Fach)	6.00 € per sq m
Credit & collection loss	0% of income
Local authority charges	0.00 € per sq m
Insurance	0.00 € per sq m
Void periods	9 months
Tenant improvements	25.00 € per sq m
Letting fees	16.67% of annual rental value
Purchaser's cost	8.50%
Stamp duty	5.00% of Market Value
Agent's fees	2.00% of Market Value
Legal fees	1.50% of Market Value

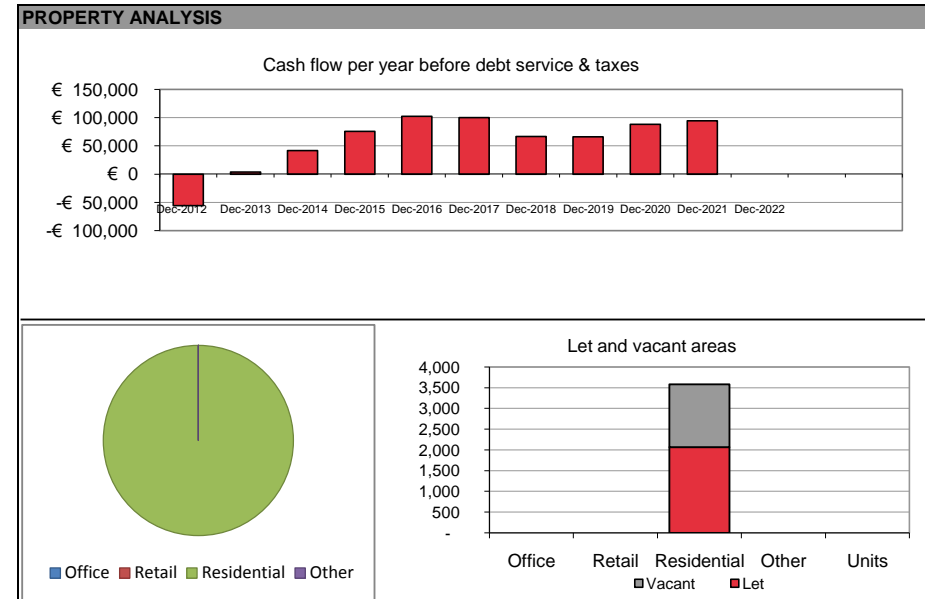
DCF VALUATION		
	Cash flow	
Period of analysis	nominal	discounted
Year 1	-55,908 €	-52,250 €
Year 2	3,781 €	3,302 €
Year 3	41,801 €	34,122 €
Year 4	75,562 €	57,646 €
Year 5	102,348 €	72,973 €
Year 6	99,943 €	66,596 €
Year 7	66,717 €	41,548 €
Year 8	65,995 €	38,410 €
Year 9	88,251 €	48,002 €
Year 10	94,262 €	47,918 €
Total cash flow	582,752 €	358,267 €
Resale	1,463,543 €	743,991 €
Gross Present Value		1,102,258 €
Less purchaser's costs	@ 8.50%	86,352 €
Net Present Value		1,015,906 €
<b>Market Value (rounded)</b>		<b>1,020,000 €</b>
Market Value per sq m		285 €

**COMMENTS ON VALUATION ASSUMPTIONS**

We have valued the Property assuming a nine months vacancy period and a re-letting fee of two months' rent. Structural repairs (Dach&Fach) have been considered with €6,00 per sq m in the valuation. Capital expenditure has been considered in accordance with the technical and environmental due diligence prepared by LandAmerica.

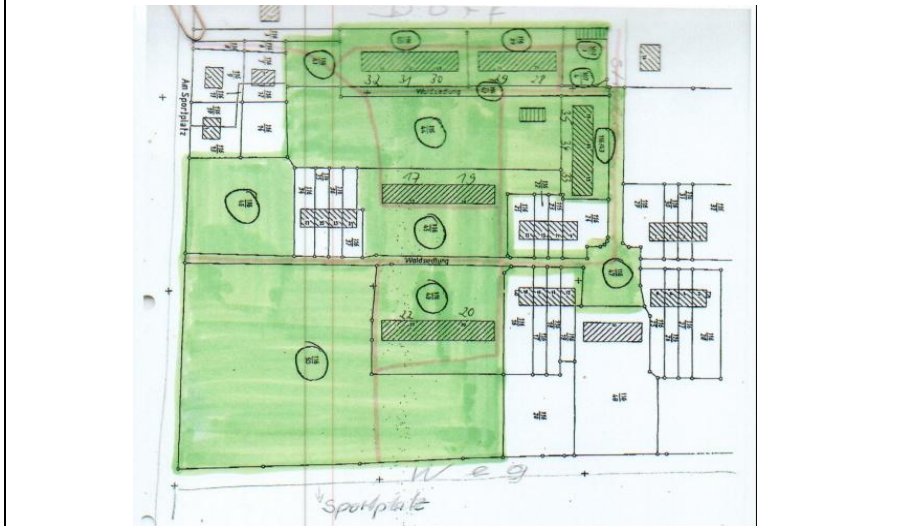
According to the extract from the land register the Property is held as freehold.

If there are changes regarding information on costs, tenancies and market conditions, our opinion of the Market Value may change.

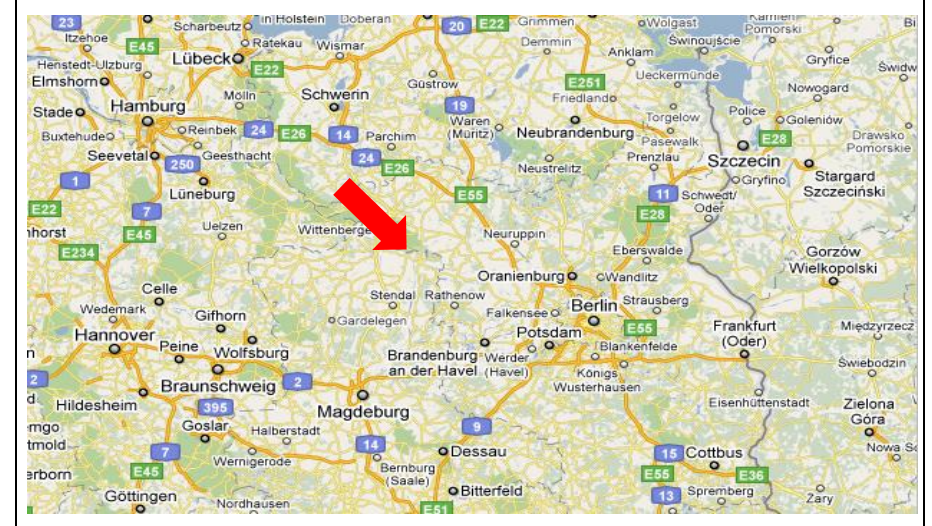


CASH FLOW											
For the years ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021	Year 11 Dec-2022
<b>Potential gross revenue</b>											
Base rental revenue	149,273 €	149,392 €	149,513 €	149,634 €	149,754 €	149,873 €	149,994 €	150,112 €	150,234 €	150,354 €	150,474 €
Absorption & turnover vacancy	-61,660 €	-42,499 €	-14,418 €	-3,619 €	-3,619 €	-5,582 €	-19,022 €	-18,824 €	-8,416 €	-7,238 €	-7,238 €
Scheduled base rental revenue	87,613 €	106,893 €	135,095 €	146,015 €	146,135 €	144,291 €	130,972 €	131,288 €	141,818 €	143,116 €	143,236 €
<b>Total potential gross revenue</b>	<b>87,613 €</b>	<b>106,893 €</b>	<b>135,095 €</b>	<b>146,015 €</b>	<b>146,135 €</b>	<b>144,291 €</b>	<b>130,972 €</b>	<b>131,288 €</b>	<b>141,818 €</b>	<b>143,116 €</b>	<b>143,236 €</b>
<b>Effective gross revenue</b>	<b>87,613 €</b>	<b>106,893 €</b>	<b>135,095 €</b>	<b>146,015 €</b>	<b>146,135 €</b>	<b>144,291 €</b>	<b>130,972 €</b>	<b>131,288 €</b>	<b>141,818 €</b>	<b>143,116 €</b>	<b>143,236 €</b>
<b>Operating expenses</b>											
Ongoing maintenance	21,496 €	21,496 €	21,496 €	21,496 €	21,496 €	21,496 €	21,496 €	21,496 €	21,496 €	21,496 €	21,496 €
Management	17,225 €	17,225 €	17,225 €	17,225 €	17,225 €	17,225 €	17,225 €	17,225 €	17,225 €	17,225 €	17,225 €
Vacancy costs	17,616 €	12,142 €	4,119 €	1,033 €	1,033 €	1,594 €	5,434 €	5,378 €	2,404 €	2,067 €	2,067 €
<b>Total operating expenses</b>	<b>56,337 €</b>	<b>50,863 €</b>	<b>42,840 €</b>	<b>39,754 €</b>	<b>39,754 €</b>	<b>40,315 €</b>	<b>44,155 €</b>	<b>44,099 €</b>	<b>41,125 €</b>	<b>40,788 €</b>	<b>40,788 €</b>
<b>Net operating income</b>	<b>31,276 €</b>	<b>56,030 €</b>	<b>92,255 €</b>	<b>106,261 €</b>	<b>106,381 €</b>	<b>103,976 €</b>	<b>86,817 €</b>	<b>87,189 €</b>	<b>100,693 €</b>	<b>102,328 €</b>	<b>102,448 €</b>
<b>Leasing &amp; capital costs</b>											
Tenant improvements	5,612 €	19,418 €	18,016 €	2,585 €	2,585 €	2,585 €	12,881 €	13,582 €	7,974 €	5,170 €	
Leasing commissions	1,572 €	6,164 €	5,771 €	1,448 €	1,448 €	1,448 €	7,219 €	7,612 €	4,468 €	2,896 €	
Capex	80,000 €	26,667 €	26,667 €	26,666 €							
<b>Total leasing &amp; capital costs</b>	<b>87,184 €</b>	<b>52,249 €</b>	<b>50,454 €</b>	<b>30,699 €</b>	<b>4,033 €</b>	<b>4,033 €</b>	<b>20,100 €</b>	<b>21,194 €</b>	<b>12,442 €</b>	<b>8,066 €</b>	
Cash flow before debt service	-55,908 €	3,781 €	41,801 €	75,562 €	102,348 €	99,943 €	66,717 €	65,995 €	88,251 €	94,262 €	
Proceeds from resale											1,463,543 €
<b>Cash flow</b>	<b>-55,908 €</b>	<b>3,781 €</b>	<b>41,801 €</b>	<b>75,562 €</b>	<b>102,348 €</b>	<b>99,943 €</b>	<b>66,717 €</b>	<b>65,995 €</b>	<b>88,251 €</b>	<b>94,262 €</b>	

SITE PLAN



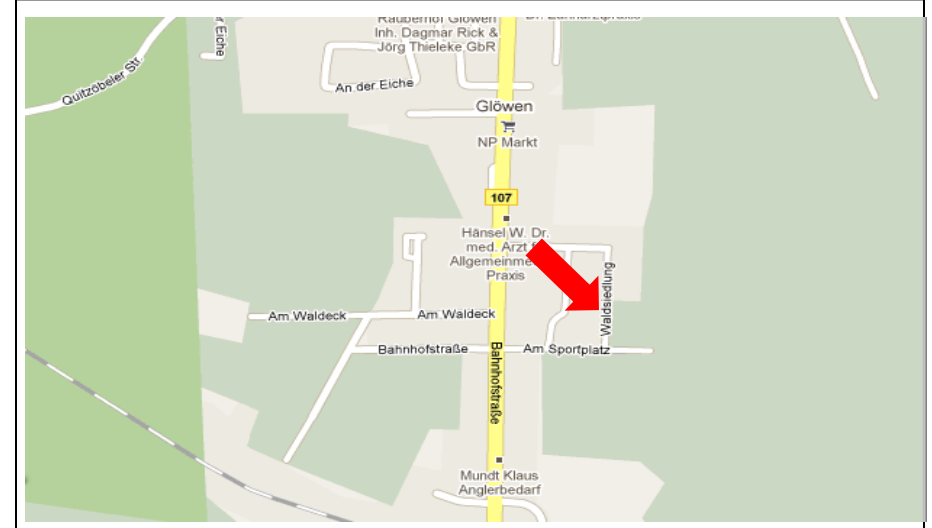
MACRO LOCATION



AERIAL VIEW



MICRO LOCATION





## **Appendix D**

### **Sensitivity Analysis**



### Sensitivity Analysis of the Total Market Value

The following sensitivity analysis includes the total sum of the Market Values of the Properties (please see column 0 and row 0) and total sums of the sensitivity values of the Properties. All Properties valued on an individual basis.

Resale Cap Rate (Added BP's)	Unleveraged Discount Rate (Added BP's)				
	<b>-100</b>	<b>-50</b>	<b>0</b>	<b>50</b>	<b>100</b>
<b>-100</b>	28.050.000	26.990.000	25.970.000	24.990.000	24.080.000
<b>-50</b>	26.730.000	25.720.000	24.770.000	23.850.000	22.970.000
<b>0</b>	25.600.000	24.640.000	23.760.000	22.850.000	22.030.000
<b>50</b>	24.610.000	23.710.000	22.830.000	22.020.000	21.200.000
<b>100</b>	23.740.000	22.880.000	22.050.000	21.270.000	20.520.000

Currencies are indicated in EUR.



## **Appendix E**

### **Appraiser's Education**



## Tino Müller MRICS

Associate Director Valuation

DTZ Zadelhoff Tie Leung GmbH

Linkstraße 2, 10785 Berlin

### Key Skills

Tino Müller has substantial experience of undertaking mortgage lending valuations and analysing residential and commercial real estate portfolios and single properties according to international and German valuation approaches.

### His Background

Tino joined DTZ in April 2006 after five years working as real estate valuer for several mortgage lending banks in Germany.

### His Recent Experience

Almost twelve years of professional experience in real estate valuation within all sectors for all purposes. Tino has been undertaken valuations for properties in Germany and in other European countries.

### Education

#### **Dipl.-Ing. (TU Dresden)**

German equivalent of a master degree in surveying at the Technical University of Dresden

#### **Vermessungsassessor**

Two-year rotation clerkship within the surveying authorities of the federal state of Hesse/Germany

#### **CIS HypZert (F/M)**

Certified valuer for mortgage lending purposes by HypZert

#### **Chartered Surveyor (MRICS)**

Member of the Royal Institution of Chartered Surveyors

#### **Recognized European Valuer (REV)**



**Appendix F**  
**Terms & Conditions of DTZ Zadelhoff Tie Leung GmbH**

### Scope of application

- (1) These contractual conditions apply to contracts between DTZ Zadelhoff Tie Leung GmbH (afterwards called DTZ or the Contractor) and its Clients for surveys, studies, consultancy and other orders, unless expressly agreed otherwise in writing or mandated by law.
- (2) The Client's general terms and conditions are only binding on the Contractor if this has been expressly agreed in writing.
- (3) The contractual relationship between the Client and the Contractor provides no additional protective effect in favour of a third party. If in an exceptional individual case third parties might derive rights from the contractual relationship, then the rules laid down in No. 6 also apply to them.
- (4) Versions in another language are purely for information purposes; only the German version is authoritative.

### Scope and fulfilment of the order

- (1) The Contractor is responsible for providing the consultancy activities described in the contract, and not a specific economic result. The Contractor is only obliged to compile a written report on progress and the result, specifically for presentation to a third party, if the contract expressly specifies this. If the Contractor has to present the results of his work in writing then only the written presentation is authoritative. Oral declarations and information from employees of the Contractor over and above the order are always non-binding. The Contractor's work is completed when the necessary analyses, resulting conclusions and recommendations have been completed and explained to the Client, or in the event of a written presentation being agreed, when this is delivered to the Client.
- (2) The Contractor may make use of expert third parties to fulfil his contractual obligations.
- (3) The Contractor shall only examine the data given to him by the Client, and in particular figures, for obvious errors. Otherwise the Contractor may assume the given data to be correct and complete.
- (4) The Client cannot require the order to be carried out by a specific advisor.
- (5) If the conditions which form the basis of the conclusions and recommendations change after the end of the order, the Contractor is not obliged to point out these changes or resulting consequences to the Client.
- (6) Changes and supplements to the order must be made in writing.
- (7) Subsidiary oral agreements are not valid. The requirement of written form also applies for material declarations (e.g. notice of termination, release agreement).
- (8) The order does not cover any legal or tax advice, rather it takes the existing legal and tax conditions as given. This does not exclude non-binding advice being given in individual cases, however there is no liability for this. If necessary we can provide contact to professionally experienced legal advisors.

### The Client's duty of declaration and cooperation

- (1) The Client is obliged, at his expense, to provide the Contractor with all information and physical resources necessary for the proper fulfilment of the order, also without special request. During the contractual relationship the Client must inform the Contractor without delay of all occurrences which may influence the provision of the contractually agreed services. The Contractor is not obliged to check the correctness of such information.
- (2) On request from the Contractor, the Client must confirm the correctness and completeness of the documents he presents and of his information and oral declarations in a written declaration formulated by the Contractor.
- (3) The Client must ensure that there is a suitable back-up, security and virus checking process set up on each computer workplace provided, and must also apply these means whilst the contract is being fulfilled in accordance with general data processing practice.

### Time for performance

- (4) If a deadline is agreed for the completion of the order, this shall extend appropriately in the event of force majeure and for the period of any temporary hindrance preventing work for which the Contractor is not responsible. The party affected by such hindrance must immediately notify the other party of the existence of any hindrance to work and the probable duration of any delay.
- (5) If the Client breaches his duty of cooperation in accordance with No. 3 and the Contractor has notified of this, then agreed schedules and/or deadlines shall be regarded as extended by the period that the Client needs to meet the duty of cooperation. The Contractor is released from his duty of performance for this time. Any additional expense arising to the Contractor due to the breach of the duty of cooperation must be reimbursed by the Client. The Contractor's right to terminate the contractual relationship without notice if the Client breaches the duty of cooperation is unaffected by this.

### Guarantee

If guarantee provisions are applicable on account of the type of services to be provided in accordance with the contract, the following conditions apply:

- (1) The Client has a claim for any defects caused by the Contractor to be remedied, as long as this remedying is possible at reasonable expense. If the defect cannot be remedied or if the remedies fail, the Client retains the right to withdraw from the contract or to reduce payment appropriately. If the Client is a businessman he may only withdraw if the work provided is without interest to him due to failure of the remedy. No. 6 applies to claims for damages exceeding this.
- (2) Obvious defects must be notified in writing by the Client within two weeks of delivery of service. If the Client is a businessman, public law legal entity or a public law special government estate obvious defects must immediately be notified in writing, and non-obvious defects immediately when they become apparent. Otherwise, defects must be notified not later than within twelve months of delivery of service. If the Client does not promptly notify of the defect, any claim for his remedy is excluded if the client is a businessman, a public law legal entity or a public law special government estate.
- (3) Apparent errors, e.g. typographic mistakes, miscalculations and formal errors, in a report or survey, etc., completed by the Contractor, may be corrected by the Contractor at any time and with regard to third parties, too. Errors which might cause recommendations and conclusions to become questionable justify the Contractor to withdraw them, including from third parties. The Client is first given the opportunity to comment.

### Liability

The following applies to the reimbursement of damages:

- (1) In case of an intentional or grossly negligent breach of a duty and in case we culpably cause harm to the life, body or health we are liable without limitation for the damages thereby caused unless the liability is limited by statutory law.
- (2) In case of a grossly negligent breach of contract by one of our senior executives our liability for damages to property and financial loss is limited to the damage typical and predictable under such contract (vertragstypisch vorhersehbarer Schaden).
- (3) In case of minor negligence we are liable for damages to property and financial loss only to the extent such damages are caused by the breach of an essential contractual duty. However our liability is limited to the damage typical and predictable under such contract (vertragstypisch vorhersehbarer Schaden).
- (4) Any liability for damages exceeding the liability described above is hereby waived regardless the basis and nature of such claim. This especially applies to claims based on tort (sec. 823 and 831 German Civil Code) but not to claims based on the German Act on Product Liability (Produkthaftungsgesetz).
- (5) We are not liable if the Client takes entrepreneurial decisions on the basis of our work, which then and on their own give rise to a loss (e.g. in connection with the evaluation of a market situation or a recommendation for use with regard to business policies).

- (6) We are not liable
- a) for non-observance or incorrect observance of foreign law.
  - b) for the correctness of the manufacturer's information on the reliability or performance of a data processing system recommended by DTZ.
  - c) for warranty defects with which a data processing system recommended by DTZ is affected.
  - d) for warranty defects which arise from software which we non-bindingly recommend.

#### Intellectual property protection

- (1) The Client is responsible for the surveys, reports, organisation plans, drafts, drawings, lists and calculations completed by the Contractor within the framework of the order only being used for the purposes contractually agreed and not being published without the express consent of the Contractor in each case. Passing on the consultancy works to a third party, including to companies allied with the Client, requires express written consent from the Contractor.
- (2) The Contractor is not liable to either a third party or the Client in case that the Client – whether or not entitled – makes the results of the work available to third parties; the Client releases DTZ from all third party claims in this event.
- (3) If a copyright or other protected right arises through the work being carried out by DTZ, then the Client is entitled to a non-exclusive, non-transferrable single usage right within the framework of the intended purpose of the contract concluded with the Client.
- (4) Prior consent from the Contractor is required for use of the work results for advertising purposes.
- (5) The (usage) rights granted to the Client do not prevent either DTZ Zadelhoff Tie Leung GmbH or another direct or indirect entity belonging to the world-wide „DTZ“ group from making future use of techniques, ideas, concepts or expertise which are gained whilst fulfilling the contract and are suitable for general use.

#### Return of documents

- (1) After the end of the consultancy agreement, the Contractor must on request from the Client return all documents that the Client or a third party has given him during the fulfilment of the order. This does not apply to correspondence between the parties neither to documents for which the Client already holds an original or copy, or for duplicates of surveys, reports, organisation plans, drafts, drawings, lists and calculations completed within the framework of the order. The Contractor may make copies of the documents which were given to him for the fulfilment of the order and retain these.
- (2) The Contractor may refuse to release documents received from the Client for the fulfilment of the order until his claims are met. This does not apply if the Client is only in arrears with a small portion of his payment.

#### Confidentiality, Data protection

- (1) The Contractor undertakes to maintain discretion about all data and information concerning the Client and not generally known, which become known to him whilst fulfilling the order.
- (2) DTZ is authorised to process personal data entrusted to it within the framework of the intended purpose of the order or to have this processed by a third party. DTZ shall take the necessary care that its staff or third parties commissioned by it observe the legislation on data protection.

#### Fee, offset

- (1) Besides his fee, the Contractor has a claim to reimbursement of expenses and payment of the then legal amount of sales tax. The Contractor can demand reasonable advances on his fee and his reimbursement of expenses.
- (2) The fee is due on presentation of invoice and is payable immediately without deductions.
- (3) If payment obligations are not met promptly the Contractor is entitled to make further provision of work dependent on the satisfaction of his claims.
- (4) If invoiced sums are not paid within 30 days of receipt of invoice, the Contractor is furthermore entitled to charge interest at the rate of 8 % points above the base interest rate. This does not exclude enforcement of further claims for delay.
- (5) Offsetting against claims of the Contractor for the fee and reimbursement of expenses is only permitted with claims which are not contested or are legally set.
- (6) Several Clients are liable jointly and severally.

#### Termination

- (1) Consultancy agreements can be terminated with a period of notice of fourteen days, unless the consultancy agreement provides for the fulfilment of consultancy or procedural support projects that are limited by time or circumstance, and it is for a flat fee (where relevant plus reimbursement of additional expenses). The right to terminate without notice is unaffected. Notice of termination must be given in writing to be effective.

#### Applicable law, place of jurisdiction, other

- (1) German law applies exclusively to the order, its fulfilment and claims arising from this.
- (2) If the Client is a businessman as defined by the German Commercial Code, or a public law legal entity or a public law special government estate, then the place of jurisdiction for all disputes is the legal domicile of DTZ, or at DTZ's discretion also the legal domicile of the Client.
- (3) Rights from the contractual relationship with the Contractor may only be transferred by the Client with prior consent from the Contractor.