APPRAISAL REPORT

LE MERIDIEN HOTEL BUDAPEST
HUNGARY

December 31, 2011

Contract No.: 3411/2012

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American Appraisal Magyarország Vagyonértékelő Kft.
American Appraisal Hungary Co. Ltd.
H-1132 Budapest, Váci út 18.
tel +36 1 388 9903 / 388 4189
fax +36 1 388 9594

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Contract No.: 3411/2012

Mr. Orly Paran

CEE Hotel Holdings B.V
Narvitaweg 165
Telestone 8
Amsterdam, 1043BW
The Netherlands

January 31, 2012

Subject: **Valuation of Le Meridien Hotel Budapest, Hungary**

Dear Sir:

We have completed the appraisal of the real estate property identified to us as the Le Meridien Hotel Budapest, Hungary, and submit our findings in this report.

The appraisal was made to express an opinion, as of December 31, 2011, of the fair market value in the subject property appraised on the premise of open market sale and orderly liquidation. We understand that our opinion of value is to serve as basis for reporting purposes for the Israel Securities Exchange and for the financial statements of the company, as of December 31, 2011, which will be publically published.

Fair market value is defined as the estimated amount at which the property might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, with equity to both.

When fair market value is established on the premise of orderly liquidation, orderly liquidation value is defined as the estimated gross amount a property should realize if sold piecemeal on a negotiated basis, given a reasonable amount of time to find a purchaser. The property would be offered for sale in an "as-is, where-is" condition and location.

Our appraisal report consists of:

This letter identifying the property appraised, summarizing the nature and extent of our investigation, and presenting the conclusions reached

Assumptions and Limiting Conditions

A narrative report, setting forth the purpose and scope of the appraisal, a description of the property, a presentation of the valuation techniques employed, and the conclusions of value

Exhibits including:

- Discounted Cash Flow and Valuation Model
- Land Register Paper
- Le Meridien Management Letter
- Certificate of Appraiser

Before arriving at our opinions of value, we personally inspected the designated property and considered:

Location, size, and land values in Budapest's premier hotel district.

Condition of Hotel and its facilities including both Hotel and retail units

Development and infrastructure projects in city center District V

Branding and operating management agreement with Le Meridien

Net income expectation of the Hotel subject to the current hotel operator and capitalization of that income into an indication of value

We have completed the appraisal taking into consideration data provided by the operator and owner of the property, information compiled on location, and hotel market indicators in Hungary. The value of the 5-star hotel was estimated by application of the income approach based on operating income, expense data and EBITDA results.

We have been provided with some evidence of hotel market transactions in the recent past, including the sale of the Four Seasons in 2011. However, there has been a lack of other significant hotel sales in Budapest of similar quality in the past few years. Thus, we have not taken into consideration the market approach to value the hotel, because it would have resulted in an unreliable indication of value due to an illiquid transaction market, namely because of a lack of market comparables of premium category hotels in Hungary and the wider Central and Eastern European region.

We have also excluded from consideration the cost approach because the hotel is operating in a market environment, the original cost data of the investment were not available and only an approximate estimate can be made of the costs of the development.

Based on the investigation of the premises outlined in the report, it is our opinion that, as of December 31, 2011, the **Fair Market Value** of the 5-star Le Meridien Hotel Budapest appraised under the premise of an **open market sale** is reasonably represented by the amount of **FIFTY FIVE MILLION EUROS (EUR 55,000,000**). Further, it is our opinion that, as of the same date, the designated property's **Fair Market Valu**e on the premise of **an Orderly Liquidation** is reasonably represented by the amount **of FORTY ONE MILLION FIVE HUNDRED THOUSAND EUROS (EUR 41,500,000).**

The values are excluding VAT, if applicable.

This appraisal summary letter constitutes part of the narrative report. We have not investigated the title to or any liabilities against the properties appraised and no responsibility is assumed for these matters.

Respectfully submitted,

AMERICAN APPRAISAL HUNGARY CO. LTD.

Ágoston Jakab
Managing Director

Investigation and Report
By: Ágoston Jakab MRICS

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ASSUMPTIONS AND LIMITING CONDITIONS

This service was performed with the following general assumptions and limiting conditions:

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.

2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.

3. The value or values presented in this report are based upon the premises outlined herein.

4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion presented therein is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.

5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.

6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of American Appraisal.

7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.

8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis. Nonetheless, a defect that requires further inspection will be indicated in the report.

9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural or environmental defects, the existence of which could have a material impact on value.

10. If we made a physical inspection of the property, the inspection was made by individuals generally familiar with real estate and building construction. However, we do not opine on, nor are we responsible for, the structural integrity of the property including its conformity to specific governmental code requirements, such as fire, building and safety, earthquake, and occupancy, or any physical defects that were not readily apparent to the appraisers during their inspection. Nonetheless, the report will state all the known defects that require further inspection.

11. It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless non-conformity has been stated, defined, and considered in the report. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property described and that no encroachment or trespass exists unless noted in the report.

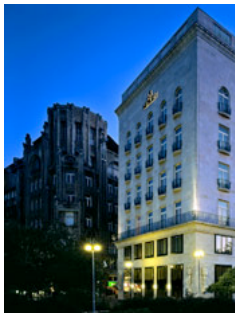
12. No soil analysis or geological studies were ordered or made in conjunction with the report, nor were any water, oil, gas, or other subsurface mineral and use rights or conditions investigated, unless stated to the contrary in the report.

13. No responsibility is assumed for changes in values occurring often in extraordinary economic situations resulting from economic processes that cannot be detected or foreseen during the appraisal process and may have impact on the value of the real estate property.

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SUMMARY OF PERTINENT FACTS AND CONCLUSIONS

APPRAISAL DATE:	31 December, 2011
LOCATION:	The Property is located at Erzsébet Tér 9-10, Budapest, within the city-center area with convenient accessibility to the major tourist sites and commercial part of Budapest.
DESCRIPTION:	The Property consists of 218-guest rooms of a 5-star hotel rating. Some of the main features of the hotel includes: • 3 food and beverage outlets; • 1 ballroom and 6 meeting rooms; • Spa & indoor swimming pool; and • 6 retail units with plans to increase to 435 s.qm. and 7 units from second quarter 2012. The Hotel opened in October 2000 and has a total floor area of c. 16,836 square meters.
TENURE:	We understand that the Property is held freehold. We have been provided with a copy of the cadastral extract and understand that the Property is located on one plot comprising 2,084 square meters. The land plot is registered in the Land Registry in Budapest District V. The current owner is Adria – Palace Ingatlanhasznosito Kft.
TENANCIES:	We understand Starwood operates the Hotel with a signed 15-year management agreement under the Le Meridien Hotel brand. This Agreement started from the opening of the Hotel in October 2000. An amendment to the management agreement was made in 2005 to revise the management fee structure to its current levels. We have been provided with a copy of these documents.



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PURPOSE OF VALUATION:

We have completed the appraisal to determine the fair market value of the Property for reporting purposes for the Israel Securities Exchange and for the financial statements of the company, as of December 31, 2011, which will be publically announced and published. We have taken into consideration the following scenario:
Valuation of the Hotel with the benefit of the existing Management Agreement with Starwood (Le Meridien Brand).

FAIR MARKET VALUE:

EURO 55,000,000
(FIFTY FIVE MILLION EUROS)
(c.EUR 252,300 per room)

Our opinion of value is exclusive of VAT and is based upon the Scope of Work and Valuation Assumptions attached. We point out that this is our opinion of the value of the Property on the basis of market evidence as of today's date.

We confirm that the Net Market Value represents the Fair Value according to International Financial Reporting Standards.

Based on our knowledge of land prices in the prime District V of Budapest, we have apportioned a value ratio between land and building as follows:

Land: 18,150,000
Building: 36,850,000

FAIR MARKET VALUE BASED ON THE PREMISE OF ORDERLY LIQUIDATION

EURO 41,500,000
(FORTY ONE MILLION FIVE HUNDRED THOUSAND EUROS)
(c. EUR 190,370 per room)

Our opinion of value is exclusive of VAT and is based upon the Scope of Work and Valuation Assumptions attached. We point out that this is our opinion of the value of the Property on the basis of market evidence as of today's date.

We confirm that the Net Market Value represents the Fair Value according to International Financial Reporting Standards.
In the event the Property was to be closed down, which would have negative impact on the value, the difference depending on the nature and length of the closure and the steps required to re-open. In accordance with the requirements of the Red Book, we provide within our report details of the anticipated effect on Market Value that such a closure would have, subject to certain assumptions, namely that the hotel operations was not ongoing.

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DESCRIPTIVE INFORMATION

Introduction

The appraisal was made to express an opinion, as of 31 December 2011, of the fair market value of the Le Meridien Hotel Budapest, Hungary, appraised on the premise of open market sale and orderly liquidation. We understand that our opinion of value is to serve as basis for reporting purposes for the Israel Securities Exchange and for the financial statements of the company, as of 31 December 2011, which will be publically published.

Fair market value is defined as the estimated amount at which the property might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, with equity to both.

When fair market value is established on the premise of orderly liquidation, orderly liquidation value is defined as the estimated gross amount a property should realize if sold piecemeal on a negotiated basis, given a reasonable amount of time (6-9 months) to find a purchaser. The property would be offered for sale in an "as-is, where-is" condition and location.

The following report sections include a brief overview of the Hungarian economy and the hotel market, a description of the subject neighborhood and general area; description of the appraised property; introduction and application of valuation procedures; conclusion; and exhibits.

Overview of the Hungarian Economy

During the third quarter of 2011, the growth prospects of the Hungarian economy have been lowered compared to the previous forecasts. Among the major causes are the worsening external conditions (the slowdown in global growth in both the US and the Eurozone and the persistent difficulties of the European banking system) that restrain the export-led recovery of Hungary's open economy. In its updated issue of the *Report on Inflation,* published on September 22, 2011[1], the Central Bank of Hungary substantially lowered the growth prospects

[1] This analysis is based partly on Section 1 titled "Inflation and Real Economic Outlook" of the Report on Inflation published on September 22, 2011 by the Central Bank of Hungary. The forecasts reflect the information available as of September 13, 2011 but do not contain the effects of the government's measures made public after this date, and having significant impact on the 2012 year state budget, on the real economic outlook.

of the real economy compared to its June forecast, with 1 percentage point to 1.6% year-on-year in 2011, and with 1.2 percentage point to 1.5% in 2012. Growth continues to be driven by net exports, and domestic demand may only effectively contribute to GDP growth later, in 2013. The output hence may fall short of its potential level until 2012, and could only return to it in 2013 (2.5% y/y at the end of 2013).

The consumer price index likely be anchored above the target of 3% until the end of 2012 due the announced increase in excise taxes, but inflation may decrease rapidly afterwards as the one-off effect of the increase in excise taxes wear off and the weak domestic demand holds, driving the rate below the 3 percent target by the beginning of 2013. The central bank base rate can stagnate in the short term due to turbulences of the financial markets and may be reduced gradually over the medium run in line with the weak economic growth and the induced disinflationary environment.

The weakening economic environment also draws a less favorable picture on the labor market prospects. Since the beginning of 2011, only some more flexible forms have been able to improve the private sector employment instead of the full-time fix form of employment. Companies primarily fulfilled their new orders by utilizing their existing workforce more intensely that came together with a relatively strong wage dynamics in the H1. However, the loose labor market environment and the severely deteriorating growth prospects may together lead to a substantial slowdown in private sector wages in the remaining part of the year. Overall, owing to the measures adopted by the Government to stimulate labor supply on the one hand, and the downgrading labor demand on the other, the rate of unemployment is expected to stabilize at a high level: it is not forecasted to drop below 10% until the end of 2013 from above 11% currently. Notwithstanding, the Hungarian labor markets may undergo in the meantime a favorable evolution too, as the activity rate is set to increase continuously: from around the current 56% to close to 58% until the end of 2013. The employment may gradually increase in parallel with a pick-up in economic growth, only anticipated from 2013.
The challenges facing the European banking system and the fiscal austerity measures aimed at ensuring the sustainability of government debt will result in slower growth on Hungary‘s major export markets, including the biggest European economies. The growth in developing economies may partly offset the poor performance of their developed counterparts, but signs of overheating, for example on the Chinese real estate market, exacerbate the downside growth risks affecting also the developing countries. Due to the gradual activation of large-scale investments initiated in the automotive industry, the net export dynamics may

continuously contribute positively to Hungary‘s GDP growth in the coming quarters. On the contrary, the continuously sluggish household consumption is expected to severely weigh on the economy. Households’ cautiousness is fed by the increasing interest rates driven by the turmoil in the financial markets, the restrained credit supply as well as the recent appreciation of some major currencies that, through their net credit position, decreased considerably the households’ disposable income. Even the expected positive effect of the disbursements to members of the real returns on private pension fund in the H2 could be offset by the increased uncertainty stemming from the deteriorating growth prospects and the more flexible labor market conditions.

Investments in the private sector will likely lag behind to what have been forecasted previously. The slowdown in production during the crisis resulted in substantial surplus capacity, while utilization of capacities is only inching slowly towards pre-crisis levels, in particular in the service sector. In the manufacturing which has been in a rather favorable situation so far, the downturn is global economic outlooks may lead to the postponement of corporate investments. Based on credit statistics, the conditions of bank lending have tightened further in recent months, and thus over the short term the banking system is also not supporting any pick-up in investment. Households’ investment may decline until the end of 2011, and from that bottom no quick growth is foreseen in the coming periods. The stagnation of construction permits at historically low levels and the continuation of subdued home price developments point to weak housing market activity that are strengthened by very tight lending conditions.

Among the main GDP factors, the general government expenditure will be influenced the most in the coming years by the continuous and deepening fiscal austerity measures. In 2011 the cut of redundancies and wage freezes are announced already while further cuts in operating costs and weak government investment activity in a long run are expected to be dominant in 2012.

Hungary – Main Macroeconomic Indicators
(in % year-on-year)*

	2007	2008	2009	2010	2011e	2012e
GDP	103.9	100.6	93.7	101.2	101.6	101.5
Household final consumption	101.5	99.3	93.3	97.9	100.4	100.6
Fixed capital formation	101.6	100.4	93.5	94.4	96.2	101.6
Export	115.8	104.2	87.8	114.1	109.4	108.5
Import	112.0	104.3	83.0	112.0	107.6	107.7
Rate of unemployment (yearly average)	7.4	7.8	10.0	11.2	10.1[1]	10.6[1]
Gross nominal wages	108.0	107.5	100.5	101.4	102.1	102.3
Net real wages	95.2	100.7	97.6			
Current account balance (million euros)	-6.606	-7.504	+186	+2.017		
in % of GDP	-6.5	-7.1	+0.2	+2.0	+3.0	+4.2
Government budget balance (billion HUFs)	-1.308	-907	-919			
in % of GDP	-5.0	-3.8	-4.0	-4.3	+1.9	-3.7
Consumer price index (yearly average)	108.0	106.1	104.2	104.9	103.9	103.9
Central bank base rate (%, year-end)	7.50	10.00	6.25	5.75	6.00[2]	
10-year zero-coupon yield (%, year-end)	7.08	8.25	7.99	7.92	8.23[2]	
HUF/EUR exchange rate (yearly average)	251.31	251.25	280.58	275.41	292.15[2]	

*: if not noted otherwise, [1] year-end, [2] Fact figures, September 22, 2011

Hotel Market Overview, Trends

We have outlined some of the main aspects of consideration when preparing this report concerning including the hotel performance and hotel investment market in Budapest, which has provided us guidance in developing our medium to long-term projections for the Le Meridien, Budapest.

- Le Meridien's ability to consistently derive a positive operating cash flow performance since the opening in Year 2000. This fact provides hotel investors with increased confidence compared to newly opened hotel and a general willingness to consider paying above market price for a fully operating hotel with a track history.

- There is a belief within the hotel investment market that when key operating factors, such as room occupancy and average room rate are compared to other major secondary European hotel markets, such as Vienna, Barcelona, Prague and others, that Budapest performance indicators are below anticipated rates for the perceived quality and status of the city. In turn, this provides potential upside for the city. We have noticed that during 2011 hotel operators within the 5-star segment experienced higher occupancy levels compared to the previous year.

- In respect to hotel developments, a significant pipeline was announced to be completed in the coming years. Only in Budapest, there were plans to increase capacity by15% compared to the current number of rooms. However, due to a lack of bank financing for new hotel developments, there has been stagnation in the number of new projects since the end of 2008. Only hotel projects that had a signed loan facility with a bank before 2009 could expect to receive financing in the past years, however approval for new loans have become extremely difficult to obtain and this trend is anticipated to continue over the short to medium term.

- The lack of possibilities to finance new hotel projects combined with less appetite to invest in new developments by institutions or private investors have provided a reprieve for the industry in stabilizing the number of guest rooms entering the market. Our opinion in the past was that an oversupply of hotel rooms could have flooded the city, had the financial crisis not restricted development. This fact has actually helped existing and operating hotels to reach their performance targets and relieved the city of an oversupply of guest rooms. At present, banks are primarily focusing on re-financing options for operating hotels with a proven track record of positive operating cash flow.

- Our comparison's of hotel markets in the CEE region, is most closely compared to Prague, which we consider a benchmark city for Budapest, provides us a guide to the future potential of operating indicators, like occupancy and average room rates. Although Prague can obtain actual higher Average Daily Rates (ADR) within the 5-star segment compared to Budapest, we found that when we analyse the percentage rate of growth, Budapest was on a par with Prague. For instance, according to STR Global, in the first half of 2011 the hotel market reported an increase of 4% in ADR and 10.4% Occupancy in Budapest. In addition, Prague reported almost identical results for the same period, indicating that Budapest is able to compete and report growth in the hotel sector.

- In our analysis of the hotel investment market in Budapest, we confirm that there is only limited transaction and comparable data in the past years. The only significant sale was the Four Seasons Hotel Gresham Palace in the city, which was sold in 2011 for an undisclosed amount, however we have been informed that the sale price range was EUR 447,000 per room according to HVS transaction report 2011. In addition, other comparable data for the 5-star market was taken from other similar properties within

Central and Eastern Europe. This includes the sale of Mandarin Oriental Hotel in Prague for a reported EUR 394,000 and the Kempinski in the High Tatras Slovakia for EUR 227,000 per room.

- Based on our knowledge of market transactions since 2001, we estimate that historic (period) buildings have risen overall in price by 25% in the city centre of Budapest. However during 2011 there were more government buildings privatised and less appetite by investors to buy and renovate old period buildings, and thus a reduction in price occurred. In turn, the overall increase since 2001 was decreased from 30% to 25% in this report compared to last year.

- Reinstatement values for hotels have fallen over the past few years in Budapest due to a decrease in construction costs and land values. Based on our conversations with local developers we estimate a fall of 3-5% for total construction costs during 2011, and 5% for FF&E and a range of 5 to 10 % in vacant land/building values in 2011 Budapest.

  However, the actual values will vary depending on the location and hotel category type. The 5-star hotel reinstatement value would have experienced the least reduction during the year due to the fact that these hotels are in the prime locations and the cost of construction materials and FF+E that need to be imported have not seen significant discounting.

- The hotel of significance that opened in 2011 was the Eurostars hotel close to Szabadsag Ter in the V district. The Racz Furdo Spa Hotel delayed their opening due to legal reasons and not should open in 2012. The Buddha-Bar Hotel, which is the first themed hotel, will open in April 2012.

- In Hungary, the sphere of Israeli, Spanish, Irish investors has lessened and there is more of a focus by Chinese, Middle Eastern, Russian, German and Austrian investors presently on the market.

- Over 90% of hotel guests within the 5-star segment are international guests mainly originating from Europe, with major inbound markets of UK, France, Benelux, Germany and Scandinavia. The number of passenger traffic to Budapest airport has been stable during the international financial crisis consistently ranging from 8 to 8.2 million passengers. Total official results have not been reported for total passenger traffic in 2011, however the year-to-date figure in November is higher then the total for 2010 being 8.19 million passengers. The estimated number for 2011 is 8.6 to 8.7 million, indicating a significant growth and reflecting on the increase in hotel occupancy across the city.

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Area Description

The Property is located at Erzsébet Tér 9-10, in District V of Budapest. The neighboring area is predominantly characterized by areas of historical significance, up-market retail, office, and hotel and restaurant facilities. It is generally considered to be one the most prestigious area of Budapest.

The Property is easily accessible by both automobile and public transportation and is located directly next to the Deak Ferenc Tér metro stop, where all the metro lines stop and lead to multiple directions within Budapest. Bus numbers 16 and 105 stop across the road from the Property and tram stops are located in close vicinity, including trams number 2 and 2A. The hotel is situated approximately twenty minutes drive from the airport.

The Property is located downtown within short walking distance from the central, downtown attractions of the city and a short, five minute walk from the river Danube.

The Property Appraised

The Property is a 218-room 5-star hotel that opened in October, 2000. The building was originally built in 1910 and served as the headquarters of the Adria Insurance Company. In 1950, it became the headquarters of the National Police Department. The reconstruction of the building to the present Le Meridien Hotel was initiated in April, 1998 and completed in September, 2000. We have checked with the local government of District V and the Addressee, and confirm that all the necessary building permits were received for the reconstruction of the building to Le Meridien Hotel.

The property is “heritage listed” and the original façade of the building was refurbished. The reconstruction process involved replacing horizontal load bearing structure and inner structures with monolithic concrete slabs. The Property was reconstructed according to Le Meridien operator standards provided for in their manuals and technical services during the development phase. The hotel was taken over for management by Le Meridien once a hand-over procedure had taken place in September and October, 2000 which included a detailed check that the hotel conformed international standards of a 5-star Le Meridien Hotel. We are not aware of any additional building rights for any re-development plans or permissions for the Property.

The hotel is comprises of one building which is arranged over 11 levels with a basement, ground floor, mezzanine and eight upper floors.

The floor plan of the hotel is roughly triangular is shape. The floors are serviced by three guest elevators and two service elevators. There are also two staircases going all the way from the basement to the top floor.

There are no car parking spaces available at the Property although we understand that valet service is provided and an agreement is in place with the neighboring Kempinski Hotel for the use of their underground car parking spaces. In addition, there is a public garage parking across the road from the Property at Erzsébet Tér.

For the purpose of our valuation, we have assumed that the building specification fulfils all the requirements of a modern hotel regarding soundproofing systems, high voltage power supply, and fire security.

The Property is connected to main water, hot water, gas, electricity and sewage lines. The building is air-conditioned. The air-conditioning is a four pipe system with filters. The air-conditioning in guest bedrooms is provided by individual recessed fan coil units that can be separately controlled.

There is a fire alarm system with detector heads and sprinklers in all guest bedrooms and common parts of the building.

Bedrooms:

The Hotel offers 218 guest rooms on seven floors. The superior rooms range in size from 28 – 32 square meters and the deluxe rooms from 33 to 39 square meters. The combined total of superior and deluxe guest rooms represent 88% of total room count. The remaining 12% of rooms available are suites ranging in size from 42 to 82 square meters. The rooms are equipped with high speed Internet access, mini bar, coffee & tea maker, hairdryer, TV with satellite programs and safe. There are on average 31 rooms per floor.

Food and Beverage:

There will be three main food and beverage facilities located on the premises, including the Le Bourbon Restaurant, the Atrium Café and the Adria Palace Bar.

Fixtures, Furnishings and Equipment:
All rooms and guest areas are equipped with high quality FF&E being in line with the quality of the Property and the demands of Le Meridien management agreement.

Other Hotel Facilities:
The Hotel provides six conference rooms and a ballroom with a capacity of up to 250 people and a fully equipped business center. These facilities are located mainly on the basement floor and have a total area of c. 511 square meters. We have been informed by the owner that an intention exists to re-figure some of the public areas in order to maximise potential revenue. The plan is to convert the ground floor meeting room into a retail unit and relocate the meeting room to where the bar is currently located. The bar would be integrated with the restaurant and atrium café.

The hotel also provides an indoor swimming pool, jacuzzi, sauna, steam room and spa area on the upper floor of the building.

Retail Units:
There are currently six retail units during 2011 accounting for 335.73, however during 2012 we anticipate and have budgeted seven retail units. With the conversion of the meeting room, it will increase the total net letable area to 435.73 square meters.

We have not undertaken a structural survey or tested any of the services. At the time of our inspection, the Property generally appeared to be in good condition and reflected a 5-star international hotel standard. In order to ensure the future position of the Hotel in the market, we advise the Addressee to undertake a minor refurbishment of the rooms including change of carpets. There will be a need to upgrade some of the current flooring in the reception and other common areas. This refurbishment should not require exceptional capital expenditure and should be financed by the existing Maintenance.

We have not been provided with a copy of any building surveys or structural reports, and have assumed that there are no defects that could have an impact on value.

We have not carried out any investigations or tests, nor have been supplied with any information from the Addressee or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).
In view of the characteristics and history of the Property, we do not expect any outstanding

environmental or archaeological issues and therefore these are not expressly excluded from the relevance of this valuation.

Statutory Consideration

We have received information from the General District Development Ordinance (GDDO) of District V and confirm that the Property received the VK-V zoning classification. This entails that land plots in the VK-V building zone should be developed according to the following types of buildings:

- Office Building;
- Public institution;
- Administration building;
- **Lodging and accommodation building;**
- Sports related building; and
- Parking garage

The buildings within the VK-V zone can utilize the building for the following purposes:

- Retail;
- Office;
- Service;
- Cultural;
- **Hospitality;**
- Entertainment;
- Medical;
- Ecclesiastical;
- Social; and
- Unobtrusive handcraft.

It is stipulated in the zoning requirement that residential development is not permitted on the ground floor of the building. In addition, additional floors may not be added onto the existing roof structure that faces the street. A new floor can be added on the interior façade with the interior courtyard enlarged by 4.5 meters.

There are limitations on the area size of possible retail ground floor of the Property to a maximum of Gross 6,000 square meters within the Lipótváros. If there were plans to develop an underground garage the requirement would be one parking space per guest room.

Tenure

We have been provided with a copy of the Land Registry Extract and cadastral map relating to the Property, set out in the Appendices.

We understand that the Property and Site is held freehold and is registered in District V of Budapest and the current owner is Adria – Palace Ingatlanhasznosito Kft. According to information provided by the Addressee, the ownership structure as of December 31, 2011 is the following:

- CEE Hotel Holdings B.V is the 100% owner of Adria – Palace Ingatlanhasznosito Kft.

As a further clarification, the Addressee has advised us that CEE Hotels Holding B.V. is fully owned by Inventech Co.

The existing building is situated on plot registered under Id. No. 24446 and comprises extends to 2,084 square meters. We understand that the building is a nationally protected building.

The property is registered under four different addresses on the ownership paper due to the streets that the building encompasses, as follows:

1052 BUDAPEST V.KER. Deák Ferenc utca 18.
1052 BUDAPEST V.KER. Deák Ferenc utca 16.
1051 BUDAPEST V.KER. Erzsébet tér 9.
1051 BUDAPEST V.KER. Erzsébet tér 10.

Details of title/tenure under which the Property is held were based on documents supplied to us. We have not generally examined nor had access to all the deeds or other documents relating thereto. Where information from deeds or other documents is recorded in this report this represents our understanding of the relevant documents based on the information received.

American Appraisal

Tenancy

We understand that Starwood operates the Hotel under a 15-year management agreement using the Le Meridien Hotel Brand. This agreement started at the opening of the Hotel in October, 2000. An amendment to the Management Agreement was signed in 2005 revising the management fees to their current level. We have been provided with a copy of these Amended terms and conditions, which we have summarized below:

TERMS:	Definite period of 15 years from the opening of the hotel (October, 2000)
FEES:	Base Management Fee: (based on Net House Profit) NHP = EBITDA (in our model) • Up to NHP of EUR 3,000,000: 1 % of Total Revenue; • Up to NHP of EUR 3,240,000: 1,5 % of Total Revenue; • Above NHP of EUR 3,240,000: 2 % of Total Revenue. Incentive Fee: • Up to NHP of EUR 2,700,000: No Incentive Fee; • Up to NHP of EUR 2,900,000: 5% of NHP; • Up to NHP of EUR 3,100,000: an additional 7% fee of NHP between 2,900,001 and 3,100,000 (i.e. 7% of up to EUR 200,000); • Up to NHP of EUR 3,300,000: an additional 8% fee of NHP between 3,100,001 and 3,300,000 (i.e. 8% of up to EUR 200,000); • Up to NHP of EUR 3,600,000: an additional 9% fee of NHP between 3,300,001 and 3,600,000 (i.e. 9% of up to EUR 300,000); • Above NHP of EUR 3,600,001: an additional 10% fee of the amount of NHP above EUR 3,600,000.
ADVERTISING COSTS:	Advertising & Promotional Activities cost: 1% of Total Revenue.

Retail:

We detail below the future tenancy schedule that we anticipate during 2012 for the retail units that are located on the ground floor of the Le Meridien building. The units have direct street access and we have included the new space, which is anticipated to open in Year 2012.

Le Meridien Retail - Tenant List						
Tenant	Purpose	Area (sq.m.)	Net Annual Rent (EUR)	Beginning of Lease	End of Lease	Option to Extend
Program Centrum Kft	travel agency	22.60	13,680.00	02.05.2001	30.04.2012	Extension Option
Zólyomi Parfüm Kft.	perfumes, books	57.00	18,810.00	01.09.2009	31.08.2014	5 Years
Empty Space 3		50.00	21,000.00			Enquiry
Empty Space 4	Current Meeting Room	100.00	65,000.00			Enquiry
Exclusive Outlet Kft.	Betty Barclay fashion	105.54	72,721.30	01.08.2009	01.08.2014	5 Years
Unity V Group Kft.	watch, jewelry, gift	22.00	10,560.00	01.01.2001	31.08.2015	not mentioned
Edormat Kft. / Bizanc	quality footwear/bags	78.59	58,942.50	09.07.2010	08.072015	5 years
TOTAL POTENTIAL RETAIL INCOME		435.73	260,713.80			

The retail monthly rents have increased in the past years, predominately due to improvements and upgrading of Deák Ferenc utca (Fashion Street), which is attracting more middle to higher end retailers. We are aware that new rental agreements in 2011 have stabilised in fashion street and have decreased from a peak, and in the range of EUR 70 to 90 per square meters and will depend on the tenant, area size, length of contract and whether the landlord or tenant invests in refurbishment costs. This provides a guide to the market prices and even with a discounted price due to economic circumstances c. EUR 60 per square meters is an achievable rate based on current market conditions on Fashion Street. We have summarized the potential income from retail leasing from 2012 onwards. We have discounted the amount of rental income in 2012 reflecting on the new retail unit 4 will only start from May 2012, subject to tenancy agreement and there will be a void period for shop unit 3.

Annual rental increases are expected from indexation and new lease negotiations that are reflected in the Non-Hotel EBITDA figures within the projections sheets in the appendix.

Operating Licenses

We have inspected and reviewed the hotel operating licenses and health and safety certifications necessary for hotel operations on the premises and are satisfied for the purpose of this valuation that all necessary consents and required services relative to the operation of the hotel business (e.g. health and safety, fire certificate and operating licenses) are valid and in place. The hotel operating license "Működési Engedély" was received on July 2, 2001 from the District V local government, and is valid indefinitely or until the usage of the property is to change based on the request of the owners or if the Property is no longer considered to be appropriately managed as a hotel by the local government. The operational permit reference number for Le Meridien, Budapest is V-3697/2001 and has been presented to the owning company Adria-Palace Kft.

A separate operational permit was given to the food and beverage outlets, including the "Le Bourbon" restaurant (permit number V-3331/2000) and "Adria Palace Bar" (permit number V3332/2000). Both are for an undefined period and are dependent on the hotel and facilities remaining operational and operated in accordance with the Hungarian food and beverage rules and regulations.

In our opinion all the necessary licenses and permits are in place for the operations of a fully functioning hotel including sales of guest rooms, food and beverage and other outlets. We have not been advised or heard of any reasons why these operational permits will not continue to be valid in the future.

Previous Valuations

Within the past three years, we have been advised and received information from the Addressee that a valuation was done by Cushman and Wakefield in Hungary for June, 2009. The valuation purpose was for "reporting purposes for the Israel Securities Exchange and for the financial statements of the company, as of June 30, 2009". In addition, American Appraisal completed a valuation of the Property as of December 31, 2009 and 2010. In both reports, the difference in value between these reports does not signify a value difference of 20% or more.

American Appraisal

VALUATION

Introduction/Methods

The appraisal was made to express an opinion, as of December 31, 2011, of the fair market value of the **Le Meridien Hotel Budapest, Hungary,** appraised on the premise of open market sale and orderly liquidation. We have completed the appraisal to determine the fair market value of the Property for reporting purposes for the Israel Securities Exchange and for the financial statements of the company as of December 31, 2011, which will be publically published.

Definitions of the fair market value and the valuation premises appear in the introduction and descriptive information section of this report. The appraisal included a personal inspection of the designated property.

There are three internationally accepted approaches to value, namely the **cost, market and income approaches**.

Briefly, the **cost approach** considers the cost to reproduce or replace the property appraised. From this amount an allowance is deducted for any depreciation or obsolescence present, whether arising from physical, functional, or economic causes. The cost approach entails adding a market derived land value to an adjusted (depreciated) cost estimate of the improvements in order to arrive at a value for the property as a whole.

The **sales comparison approach** considers prices recently paid for similar property, with adjustments made to the indicated market prices to reflect the condition and utility of the appraised property relative to the market comparative.

In the **income capitalization approach**, an estimate is made of prospective economic benefits of ownership. These amounts are converted into an indication of net present value through discounting and capitalization techniques.

In any appraisal study, all three approaches to value a property must be considered, and then a decision made which one or more may be applicable to the subject property.

In this appraisal, the market approach was considered inapplicable due to the lack of market sales comparables. Moreover, we are of the opinion that valuation of the subject by utilising the net replacement cost method would not be feasible and is suitable for valuation of facilities under construction, but its application is not advisable for completed facilities already in operation, therefore, the cost approach was also excluded from consideration.

The income approach was applied for the valuation of the subject real estate, Le Meridien Budapest.

Income Approach

Investment properties such as the subject real estate are normally valued based on their ability to generate income and on anticipated change in value. Hence, analysis of a property in terms of its ability to provide sufficient net annual return on investment capital is an important means of developing a value indication. This estimate is developed in the income approach by capitalizing the projected Total EBITDA at a rate reflective of investment risks inherent to the ownership of the property. Such a conversion of income considers competitive returns offered by alternate investment opportunities. When property applied, this approach is generally considered to provide a reliable indication of value for income-producing properties.

The first step in the income capitalization approach is to estimate the gross income which can be generated by the appraised property. The value of the property can then be estimated through two capitalization techniques; the direct capitalization technique and discounted cash flow analysis. The direct capitalization technique involves converting the hotel properties stabilised Total EBITDA income into an indication of value. The discounted cash flow technique considers the conversion (discounting) of variable income streams over a multi-year projection period into a net present value estimate. The discounted cash flow analysis takes into consideration the timing, frequency, and magnitude of the variable income stream, which the property is expected to generate. With this method, the future cash flows are projected over a holding period; these amounts plus the reversion value are discounted at an appropriate yield (discount) rate to a present worth estimate. Discounting is a form of capitalization by which the projected future income receipts are converted to a present worth estimate.

Both income methods were applied for the valuation of the subject property and the average of the two was considered to be the Gross Fair Value.

Historical Performances

We have been provided with the historical numbers for Le Meridien Budapest including Profit & Loss Hotel Operational Reports for 2009, 2010 and 2011 from the Addressee. These figures have been recast, with our best understanding of the line items, into the Uniform System of Accounts for Hotels and Restaurants and have formed part of the basis used to derive future projections, along with our experience of the market and industry standards in CEE for a hotel of 5-star standards in Budapest.

Historical Numbers:

	2009 Actual		2010 Actual		2011 Actual	
Occupancy %	66.9%		66.9%		71.7%	
ADR (EUR)	109		113		110	
	EUR '000	*%*	*EUR '000*	*%*	*EUR '000*	*%*
Rooms Rev.	5,806	73.84%	5,997	73.37%	6,282	74.33
F&B Rev.	1,650	21.00%	1,794	21.95%	1,824	21.59
Other Rev.	406	5.16	382	4.68	345	4.09
Total Rev.	**7,862**	**100%**	**8,173**	**100%**	8,451	100%
Total Dept. Costs	**3,087**	**39,26%**	**3,116**	**38,07%**	3,222	38.12%
IBFC	**1,921**	**24.43%**	**2,310**	**28.27%**	2,437	28.83%
EBIDTA HOTEL	**1,615**	**20.54%**	**1,988**	**24.33%**	**2,097**	**24.82%**
Total Rental Income	**180**	**N/A**	**219**	**N/A**	203	N/A
TOTAL EBIDTA	**1,795**	**22.83%**	**2,207**	**27.00%**	**2,300**	**27.2%**

The analysis of the historical performance indicates that 2009 was the most difficult operating year in the recent past for the Hotel, and is reflective of the impact the global financial crisis and local economic factors had on the overall Budapest hotel market. In the years 2005 to 2007, total revenue exceeded EUR 11 million, thus the significant reduction in revenue in 2009 was extraordinary in comparison to other operating years. However, we notice an upward movement in total revenue since 2010 and this trend continued through to 2011, with a growth of 4.75% in room revenue and 3.4% in total revenue compared to year 2010. These indicators are reflective of the higher occupancy result in 2011 of 71.7% compared to 66.9% in the previous years. Higher occupancy led to more in house guests utilising other facilities and services in the hotel, resulting in higher overall revenue. In addition, improvements in the local hotel market resulted from more international business and leisure activity to the city.

American Appraisal

Future projections

	Year 1		Year 2		Stabilised Year 4	
Occupancy (%)	74%		77%		78%	
ADR (EUR)	115		117		124	
	EUR '000	%	*EUR '000*	%	*EUR '000*	%
Rooms Revenue.	6,771	73.0%	7,168	72.3%	7,696	70.8%
F&B Revenue.	2,041	22.0%	2,231	22.5%	2,587	23.8%
Other Revenue.	464	5.0%	516	5.2%	587	5.4%
Total Revenue.	**9,276**	**100.0%**	**9,915**	**100.0%**	**10,870**	**100.0%**
Total Dept. Costs	**3,283**	**35.4%**	**3,453**	**34.8%**	**3,715**	**34.2%**
IBFC	**3,136**	**33.8%**	**3,527**	**35.6%**	**4,133**	**38.0%**
EBIDTA HOTEL	**2,669**	**28.8%**	**2,968**	**29.9%**	**3,440**	**31.6%**
Total Rental Income	**230**	**N/A**	**260**	**N/A**	**290**	**N/A**
TOTAL EBIDTA	**2,899**	**31.3%**	**3,228**	**32.6%**	**3,730**	**34.3%**

The projections in the table above are a summary of present value numbers, which provides the basis for valuing the Le Meridien Budapest. The budget for the Property is based upon our local knowledge of the 5-star hotel market in Budapest and more specifically the performance potential of the Property. We have crossed referenced our knowledge with industry norms and taken into consideration past performance of the Hotel to provide guidance for future expectations. In addition, we have had numerous discussions with the management of Le Meridien and the Addressee on the budget and future earnings. Please note that a full breakdown of the projected performances is in accordance with the Uniform System of Accounts for Hotels, and are set out in the Appendices.

We have provided an outline of some key points in preparing our operating projections:

- A five-year non-inflated and ten-year inflated cash flow projection was considered in determining operational performance and for valuation purposes.

- We have considered the continuation of the management agreement with Le Meridien as the operator past the initial contractual period. Our discussion with management confirms the interest of Le Meridien and their parent company Starwood to exercise their option to prolong the agreement for another minimum 5-year period. The management fees associated with the management agreement have been reflected in the projections and we consider the terms and conditions to be within market norms.

- The Property achieved a drop in Average Daily Rate (ADR) in 2011 of 2.65% compared to the previous year. This can be attributed to a strategy of focusing on increasing occupancy and driving volume and overall higher total revenue. In addition, there were certain 5-star hotels in the market that engaged in larger then expected discounting during the second half of 2011 in order to attract and maintain business to their hotels, which drove other hotels to lower rates. However, the price war was not as severe in 2011 compared to 2009.

- Hotel Occupancy recorded a significant increase in 2011 compared to 2010 recording a 7.17% growth, which is a sign that guest volume returned to the city, and the figure was in line with our previous estimates for the year. In addition, Le Meridien is a Hotel that historically generated an occupancy level of 80% and we envisage the Property continuing on this trend path of gradual occupancy growth in 2012 and beyond. Leisure tourism, which is the main segment of guest demand in Budapest, increased their interest to visit the city and this can be reflected in the growth of airport passenger turnover during 2012.

- The depreciated local currency (HUF) will help in making Budapest more affordable for tourist, but at the same time does not affect the ADR of the hotel because that rate is priced in EUR. However, other non-room spending during their stay becomes less expensive. It should be considered that during October 2012 there would be an international oil conference in the city, which will boost occupancy levels and overall spending during the guest stay. The Le Meridien will be fully occupied during this period.

- Significantly higher occupancy levels primarily drove total Hotel Revenue increase during 2011. Total Revenue could have been higher by an additional EUR 50,000 if the hotel was not forced to payout penalty fees for having to cancel and relocate guests to other hotels due to the visit of the U.S. Secretary of State Hillary Clinton.

- Hotel EBITDA was higher in 2011 compared to 2010 by 5.48% mainly the result of higher Total Hotel Revenue due to strong occupancy resulting in more room revenue, and guest spending on food and beverage.

- LE Meridien management initiatives to reduce operational costs in the past years have resulted in improved Hotel EBITDA results in 2011. These include a reduction in sales and marketing, and administration and General cost percentages compared to the

previous year. We analysed one aspect of sales and marketing operations and noticed that direct property room sales, which are sales coming directly through the hotel has increased from 46% in 2009 to 54.2% in 2011, meaning that sales efforts at the hotel are more effective and potentially cost effective due to lower commissions paid to external partners. With the present restructuring in place and a consciences focus on reducing operating costs, we anticipate EBITDA performance to continue improving in 2012 and future years, and provide a path towards reaching previous achieved targets prior to the economic downturn. Le Meridien back in 2005 recorded a Total EBITDA of EUR 4.79 Million recorded and in the years from 2006 to 2008 was above EUR 3 Million, indicating that the hotel has the potential to derive a much healthier cash flow from operations. Both Le Meridiens' management and Owners are confident of reaching these targets in the proceeding years.

- We have based our future projections on historical data, current and anticipated hotel market conditions for the 5-star segment in Budapest, discussions with other management teams of hotels, and discussions with key executives of Le Meridien about their operational strategy.

- The depreciating Hungarian Forint during 2011 continued to provide cost benefits for Le Meridien, due to the fact that room prices are contracted in Euros but paid in Hungarian forints by the guest or customer. Hence, a significant portion of operational costs is fixed in Forints and thus the Hotel benefits from having more Hungarian forints to pay its dues. We anticipate the local currency to continue to trade in the range of 280 to 300 during 2012, as apposed to a level of 250 to the euro prior to 2008.

- We have applied an occupancy rate of 74.00% for 2012, and a stabilized (built up) rate of 78.00% from 2015. The stabilized year is where we consider that further increases in occupancy will be more difficult to achieve, based on today's market. To arrive at these projections, we have crossed referenced our knowledge of market conditions of the 5-star segment in this location and wider industry. In addition, this is the range of the occupancy levels that Le Meridien has reached in the past such as in 2005, 2007 and 2008. Le Meridien executives in Budapest have confirmed that this occupancy rate is achievable going forward. In addition, we anticipate a reduction in the number of newly developed hotel properties compared with the originally planned due to a lack of financing for new projects and weary developers of starting new projects. This will lessen the pressure on existing hotel operators from new supply flooding the market and increasing further competition.

- Our occupancy projections take account of general market levels and make positive adjustments for:

  - Prime locations;
  - Internationally successful hotel brand
  - Established hotel property on the market;
  - Centralized sales marketing and reservation systems; and
  - Increased leisure activity in Budapest over the medium to long term.

- We are on the opinion that (ADR) in present values (excluding inflation) is built up from EUR 115.00 in 2012 to EUR 124 in the stabilized (built up) Year 2015, which reflects a compound annual growth rate (CAGR) of 2.54% per year during this period. We consider this level attainable and to be cautionary we have reduced the CAGR compared to the last report. ADR increased in 2010 compared to 2009 by 3.7%, highlighting that our estimates are in line with performance in the recent past and over the short to medium term. In addition, we are projecting that Le Meridien's ADR in the built up Year of 2015, will actually be lower than in historic year levels, including 2006 and 2007. We have made revisions to our budget to take into consideration the current rate increases in the coming years due to a general lack of significant economic growth in Europe, which affects business travel. However, we have evidence to indicate that the leisure market is growing and can compensate for any reductions in business travel over the coming years. In addition, corporate hotel rates produce lower yields compared to leisure rates, thus can derive higher ADR.

- We have noticed a strong rebound in Meeting Incentives Conference and Meeting demand for Budapest in during 2011, as Budapest is now considered a value destination for hosting company events. The current renovations and expansion of Budapest Ferihegy Airport and new direct intercontinental flights from the United States and Middle East will assist the market as travel convenience for delegates improves in Budapest. In addition, conference guests assist both to increase food and beverage revenue and hotel room sales.

- Cost Profile: We have assumed that Total Departmental Costs will stabilise at approximately 34.2% of Total Revenue by 2015, which is in line with reduced cost

measures implemented in the previous years. In addition, the percentage amount is now lower then the previous report and projections due to cost measures impacting and fixed costs being covered by higher total revenue.

- In our conversations with Le Meridien management, they confirmed that the cost reductions outlined below are part of their long-term strategy and will be maintained. These points of cost savings were outlined in our previous report, and we are highlighting once again the types of initiatives management have undertaken and plan to continue:

    1. Cancellation of 13th Month Salary
    2. Improved staff productivity and multi-skilling
    3. Online training instead of class based
    4. Management salary cost control
    5. Implementation of an energy efficiency program including changing of items
    6. Lower energy costs per unit
    7. Material cost reductions based on newly negotiated supplier contracts
    8. Savings on administrative services

Capitalization and Discount Rate

In conclusion of the Market Value of the Property we have applied an investment yield to our estimated EBITDA projections. We have also undertaken a discounted cash flow on the future estimated income streams. We have continued to assume a 7.0% capitalization rate on the stabilized Total EBITDA cash flow and applied a discount rate of 9.4% for our discounted cash flow. The capitalization rate is what we consider to be appropriate for the Le Meridien Hotel given its location, operating history, management, stable cash flow and consideration that the building is considered a prime asset in Budapest. We have not changed the capitalization rate from last year reflecting on the stabilization of the Budapest real-estate market.

Our interpretation of the hotel market is that hotel investors are prepared to pay this yield for prime locations, such as Le Meridien with the current Hotel Operator Agreement and potential cash flow in the future. In addition, we are aware that bank financing for real estate investors in Budapest is primarily available for existing hotels with a solid cash flow track record, which is an additional potential advantage of the Le Meridien Budapest.

The rate is based on comparisons of hotel yields of 5-star hotels and general prime real estate in the city that are on offer both on-market and off-market in Budapest. In this report we highlighted some transactions in the city including the main transaction for 2011 being the Four Seasons Gresham Palace that sold for an undisclosed amount but rumored to be in the range of 447,000 per room according to HVS with a possible investment yield of c.5%. In addition, the Mandarin Oriental Hotel in Prague sale was sold for an estimated yield of c.6%. Another transaction in recent years included the Rogner Hotel in Heviz, which sold for a 7,5% yield. This property is located in a resort town in Hungary and not in the city center of Budapest. In deriving our yield we made adjustments for location, number of operating years, performance, aesthetic aspects of the buildings, access, visibility, condition of the building, marketability of the hotel and investors offers.

This reflects our opinion of what the investment market would pay at the valuation date based on the hotel as detailed herein.

The Le Meridien Hotel is considered a high value asset in Budapest and is within a limited group of hotels that command a premium investment yield given the potential goodwill attributed to the location in the city-centre of Budapest's District V. In addition, consideration should be given to the growing barriers to entry for new hotel developments in this catchments area, the quality and good maintenance of guest rooms and the building, and the 5-star rating on the Property places it amongst the top tier hotels in Budapest.

The DCF model used for valuation of the subject, including the above-mentioned parameters, is included in the exhibit section to the report.

American Appraisal

CONCLUSION

Based on the investigation of the premises outlined in the report, it is our opinion that, as of December 31, 2011, the **Fair Market Value** of the 5-star Le Meridien Hotel Budapest appraised under the premise of an **open market sale** is reasonably represented by the amount of **FIFTY FIVE MILLION EUROS (EUR 55,000,000**). Further, it is our opinion that, as of the same date, the designated property's **Fair Market Valu**e on the premise of **an Orderly Liquidation** is reasonably represented by the amount **of FORTY ONE MILLION FIVE HUNDRED THOUSAND EUROS (EUR 41,500,000).**

Our concluded values are net values excluding VAT.

We have not investigated the title to or any liabilities against the properties appraised and no responsibility are assumed for these matters.

EXHIBITS

- **Discounted Cash Flow and Valuation Model**
- **Certificate of Appraiser**

American Appraisal

DISCOUNTED CASH FLOW CALCULATION

	Forecast in present values									
YEAR	2012		2013		2014		2015		2016	
No of Rooms	218		218		218		218		218	
Rooms Sold	58,882		61,269		62,065		62,065		62,065	
Occupancy	74.0%		77.0%		78.0%		78.0%		78.0%	
ADR	115.00		117.00		121.00		124.00		127.00	
RevPAR	85.10		90.09		94.38		96.72		99.06	
Growth (RevPAR)			5.9%		4.8%		2.5%		2.4%	
REVENUES ('000s)										
Rooms	6,771.4	73.0%	7,168.5	72.3%	7,509.8	71.5%	7,696.0	70.8%	7,882.2	70.5%
Restaurant and Bar Food	*1,113.1*	*12.0%*	*1,239.4*	12.5%	*1,333.9*	12.7%	*1,413.1*	*13.0%*	*1,453.5*	*13.0%*
Restaurant and Bar Beverage	*463.8*	*5.0%*	*495.7*	5.0%	*577.7*	5.5%	*630.5*	*5.8%*	*670.8*	*6.0%*
Banqueting (inc. Conferencing F&B)	*278.3*	*3.0%*	*297.4*	3.0%	*315.1*	3.0%	*326.1*	*3.0%*	*335.4*	*3.0%*
Other F&B	*185.5*	*2.0%*	*198.3*	2.0%	*210.1*	2.0%	*217.4*	*2.0%*	*223.6*	*2.0%*
Total Food and Beverage	2,040.7	22.0%	2,230.8	22.5%	2,436.8	23.2%	2,587.1	23.8%	2,683.3	24.0%
Conferencing (Room Rental)	185.5	2.0%	198.3	2.0%	210.1	2.0%	217.4	2.0%	223.6	2.0%
Other Income	278.3	3.0%	317.3	3.2%	346.6	3.3%	369.6	3.4%	391.3	3.5%
TOTAL REVENUE	9,275.9	100.0%	9,914.9	100.0%	10,503.2	100.0%	10,870.1	100.0%	11,180.4	100.0%
DEPARTMENTAL COSTS										
Rooms	1,422.0	21.0%	1,433.7	20.0%	1,426.9	19.0%	1,423.8	18.5%	1,418.8	18.0%
Total Food and Beverage	1,693.8	83.0%	1,829.3	82.0%	1,973.8	81.0%	2,069.7	80.0%	2,146.6	80.0%
Other Income	167.0	60.0%	190.4	60.0%	208.0	60.0%	221.7	60.0%	234.8	60.0%
TOTAL DEPARTMENTAL COSTS	3,282.7	35.4%	3,453.4	34.8%	3,608.6	34.4%	3,715.2	34.2%	3,800.2	34.0%
DEPARTMENTAL PROFIT	5,993.2	64.6%	6,461.5	65.2%	6,894.6	65.6%	7,154.9	65.8%	7,380.2	66.0%
UNDISTRIBUTED OPERATING EXPENSES										
Administrative & General	1,178.0	12.7%	1,209.6	12.2%	1,228.9	11.7%	1,217.4	11.2%	1,229.8	11.0%
Sales & Marketing	695.7	7.5%	694.0	7.0%	703.7	6.7%	706.6	6.5%	704.4	6.3%
Property Operations and Maintenance	417.4	4.5%	456.1	4.6%	493.7	4.7%	521.8	4.8%	536.7	4.8%
Utility Costs	565.8	6.1%	575.1	5.8%	577.7	5.5%	576.1	5.3%	581.4	5.2%
TOTAL UNDISTRIBUTED EXPENSES	2,857.0	30.8%	2,934.8	29.6%	3,003.9	28.6%	3,021.9	27.8%	3,052.3	27.3%
INCOME BEFORE FIXED CHARGES	3,136.2	33.8%	3,526.7	35.6%	3,890.7	37.0%	4,133.0	38.0%	4,327.9	38.7%
FIXED CHARGES										
Property Taxes & Insurance	213.3	2.3%	228.0	2.3%	241.6	2.3%	250.0	2.3%	257.1	2.3%
Insurance	27.8	0.3%	29.7	0.3%	31.5	0.3%	32.6	0.3%	33.5	0.3%
Notional Management Fee	92.8	1.0%	148.7	1.5%	210.1	2.0%	217.4	2.0%	223.6	2.0%
TOTAL FIXED CHARGES	333.9	3.6%	406.5	4.1%	483.1	4.6%	500.0	4.6%	514.3	4.6%
Notional Management fee - incentive	133.0	1.4%	152.0	1.5%	174.0	1.7%	193.0	1.8%	210.0	1.9%
EBITDA HOTEL	2,669.2	28.8%	2,968.2	29.9%	3,233.6	30.8%	3,440.0	31.6%	3,603.6	32.2%
RENTAL INCOME										
TOTAL RENTAL INCOME	230.0	N/A	260.0	N/A	275.0	N/A	290.0	N/A	300.0	N/A
TOTAL EBITDA	2,899.2	31.3%	3,228.2	32.6%	3,508.6	33.4%	3,730.0	34.3%	3,903.6	34.9%
SHORTFALL TO STABILISATION			1554.0							

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	Projection in future values																			
YEAR	2012		2013		2014		2015		2016		2017		2018		2019		2020		2021	
No of Rooms	218		218		218		218		218		218		218		218		218		218	
Rooms Sold	58,882		61,269		62,065		62,065		62,065		62,065		62,065		62,065		62,065		62,065	
Occupancy	74.0%		77.0%		78.0%		78.0%		78.0%		78.0%		78.0%		78.0%		78.0%		78.0%	
ADR	115.00		121.68		130.87		139.48		148.57		154.51		160.70		167.12		173.81		180.76	
RevPAR	85.10		93.69		102.08		108.80		115.89		120.52		125.34		130.36		135.57		140.99	
Growth (RevPAR)	N/A		10.1%		9.0%		6.6%		6.5%		4.0%		4.0%		4.0%		4.0%		4.0%	
REVENUES ('000s)																				
Rooms	6,771.4	73.0%	7,455.2	72.3%	8,122.6	71.5%	8,657.0	70.8%	9,221.1	70.5%	9,589.9	70.5%	9,973.5	70.5%	10,372.4	70.5%	10,787.3	70.5%	11,218.8	70.5%
Restaurant and Bar Food	*1,113.1*	*12.0%*	*1,288.9*	*12.5%*	*1,442.8*	*12.7%*	*1,589.6*	*13.0%*	*1,700.3*	*13.0%*	*1,768.4*	*13.0%*	*1,839.1*	*13.0%*	*1,912.6*	*13.0%*	*1,989.2*	*13.0%*	*2,068.7*	*13.0%*
Restaurant and Bar Beverage	*463.8*	*5.0%*	*515.6*	*5.0%*	*624.8*	*5.5%*	*709.2*	*5.8%*	*784.8*	*6.0%*	*816.2*	*6.0%*	*848.8*	*6.0%*	*882.8*	*6.0%*	*918.1*	*6.0%*	*954.8*	*6.0%*
Banqueting (inc. Conferencing F&B)	*278.3*	*3.0%*	*309.3*	*3.0%*	*340.8*	*3.0%*	*366.8*	*3.0%*	*392.4*	*3.0%*	*408.1*	*3.0%*	*424.4*	*3.0%*	*441.4*	*3.0%*	*459.0*	*3.0%*	*477.4*	*3.0%*
Other F&B	*185.5*	*2.0%*	*206.2*	*2.0%*	*227.2*	*2.0%*	*244.5*	*2.0%*	*261.6*	*2.0%*	*272.1*	*2.0%*	*282.9*	*2.0%*	*294.3*	*2.0%*	*306.0*	*2.0%*	*318.3*	*2.0%*
Total Food and Beverage	2,040.7	22.0%	2,320.1	22.5%	2,635.6	23.2%	2,910.1	23.8%	3,139.1	24.0%	3,264.6	24.0%	3,395.2	24.0%	3,531.0	24.0%	3,672.3	24.0%	3,819.2	24.0%
Conferencing (Room Rental)	185.5	2.0%	206.2	2.0%	227.2	2.0%	244.5	2.0%	261.6	2.0%	272.1	2.0%	282.9	2.0%	294.3	2.0%	306.0	2.0%	318.3	2.0%
Other Income	278.3	3.0%	330.0	3.2%	374.9	3.3%	415.7	3.4%	457.8	3.5%	476.1	3.5%	495.1	3.5%	514.9	3.5%	535.5	3.5%	557.0	3.5%
TOTAL REVENUE	9,275.9	100.0%	10,311.5	100.0%	11,360.3	100.0%	12,227.4	100.0%	13,079.5	100.0%	13,602.7	100.0%	14,146.8	100.0%	14,712.7	100.0%	15,301.2	100.0%	15,913.2	100.0%
DEPARTMENTAL COSTS																				
Rooms	1,422.0	21.0%	1,491.0	20.0%	1,543.3	19.0%	1,601.5	18.5%	1,659.8	18.0%	1,726.2	18.0%	1,795.2	18.0%	1,867.0	18.0%	1,941.7	18.0%	2,019.4	18.0%
Total Food and Beverage	1,693.8	83.0%	1,902.5	82.0%	2,134.8	81.0%	2,328.1	80.0%	2,511.3	80.0%	2,611.7	80.0%	2,716.2	80.0%	2,824.8	80.0%	2,937.8	80.0%	3,055.3	80.0%
Other Income	167.0	60.0%	198.0	60.0%	224.9	60.0%	249.4	60.0%	274.7	60.0%	285.7	60.0%	297.1	60.0%	309.0	60.0%	321.3	60.0%	334.2	60.0%
TOTAL DEPARTMENTAL COSTS	3,282.7	35.4%	3,591.5	34.8%	3,903.1	34.4%	4,179.1	34.2%	4,445.7	34.0%	4,623.6	34.0%	4,808.5	34.0%	5,000.8	34.0%	5,200.9	34.0%	5,408.9	34.0%
DEPARTMENTAL PROFIT	5,993.2	64.6%	6,720.0	65.2%	7,457.2	65.6%	8,048.3	65.8%	8,633.8	66.0%	8,979.1	66.0%	9,338.3	66.0%	9,711.8	66.0%	10,100.3	66.0%	10,504.3	66.0%
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	1,178.0	12.7%	1,258.0	12.2%	1,329.2	11.7%	1,369.5	11.2%	1,438.7	11.0%	1,496.3	11.0%	1,556.1	11.0%	1,618.4	11.0%	1,683.1	11.0%	1,750.5	11.0%
Sales & Marketing	695.7	7.5%	721.8	7.0%	761.1	6.7%	794.8	6.5%	824.0	6.3%	857.0	6.3%	891.2	6.3%	926.9	6.3%	964.0	6.3%	1,002.5	6.3%
Property Operations and Maintenance	417.4	4.5%	474.3	4.6%	533.9	4.7%	586.9	4.8%	627.8	4.8%	652.9	4.8%	679.0	4.8%	706.2	4.8%	734.5	4.8%	763.8	4.8%
Utility Costs	565.8	6.1%	598.1	5.8%	624.8	5.5%	648.0	5.3%	680.1	5.2%	707.3	5.2%	735.6	5.2%	765.1	5.2%	795.7	5.2%	827.5	5.2%
TOTAL UNDISTRIBUTED EXPENSES	2,857.0	30.8%	3,052.2	29.6%	3,249.0	28.6%	3,399.2	27.8%	3,570.7	27.3%	3,713.5	27.3%	3,862.1	27.3%	4,016.6	27.3%	4,177.2	27.3%	4,344.3	27.3%
INCOME BEFORE FIXED CHARGES	3,136.2	33.8%	3,667.8	35.6%	4,208.2	37.0%	4,649.1	38.0%	5,063.1	38.7%	5,265.6	38.7%	5,476.2	38.7%	5,695.3	38.7%	5,923.1	38.7%	6,160.0	38.7%
FIXED CHARGES																				
Property Taxes & Insurance	213.3	2.3%	237.2	2.3%	261.3	2.3%	281.2	2.3%	300.8	2.3%	312.9	2.3%	325.4	2.3%	338.4	2.3%	351.9	2.3%	366.0	2.3%
Insurance	27.8	0.3%	30.9	0.3%	34.1	0.3%	36.7	0.3%	39.2	0.3%	40.8	0.3%	42.4	0.3%	44.1	0.3%	45.9	0.3%	47.7	0.3%
Notional Management Fee	92.8	1.0%	154.7	1.5%	227.2	2.0%	244.5	2.0%	261.6	2.0%	272.1	2.0%	282.9	2.0%	294.3	2.0%	306.0	2.0%	318.3	2.0%
TOTAL FIXED CHARGES	333.9	3.6%	422.8	4.1%	522.6	4.6%	562.5	4.6%	601.7	4.6%	625.7	4.6%	650.8	4.6%	676.8	4.6%	703.9	4.6%	732.0	4.6%
Notional Management fee - incentive	133.0	1.4%	158.1	1.5%	188.2	1.7%	217.1	1.8%	245.7	1.9%	255.5	1.9%	265.7	1.9%	276.3	1.9%	287.4	1.9%	298.9	1.9%
EBITDA HOTEL	2,669.2	28.8%	3,086.9	29.9%	3,497.4	30.8%	3,869.5	31.6%	4,215.8	32.2%	4,384.4	32.2%	4,559.8	32.2%	4,742.2	32.2%	4,931.8	32.2%	5,129.1	32.2%
RENTAL INCOME																				
TOTAL RENTAL INCOME	230.0	N/A	270.4	N/A	297.4	N/A	326.2	N/A	351.0	N/A	365.0	0.0	379.6	N/A	394.8	N/A	410.6	N/A	427.0	N/A
TOTAL EBITDA	2,899.2	31.3%	3,357.3	32.6%	3,794.9	33.4%	4,195.7	34.3%	4,566.7	34.9%	4,749.4	34.9%	4,939.4	34.9%	5,136.9	34.9%	5,342.4	34.9%	5,556.1	34.9%

WE DO NOT WARRANT THAT THE PROJECTED FIGURES WILL BE ACHIEVED BUT BASED ON OUR KNOWLEDGE OF CURRENT MARKET CONDITIONS AT THE DATE OF VALUATION WE ARE OF THE OPINION THAT THEY ARE SUITABLE FOR VALUATION PURPOSES

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PURPOSE OF THE VALUATION

SUBJECT TO CURRENT OPERATOR AGREEMENT

VALUATION DATE

31/12/2011

VALUATIONS - ON BASIS OF SALES YIELD OF 7.00% FREEHOLD

CASH FLOW ESTIMATES - FROM P&L ESTIMATES ('000s)

YEARS	1	2	3	4	5	6	7	8	9	10		
EBITDA	2,899	3,357	3,795	4,196	4,567	4,749	4,939	5,137	5,342	5,556	End Value	
LESS Capital Expenditure	0	0	0	0	0							
Net Cash Flow	2,899	3,357	3,795	4,196	4,567	4,749	4,939	5,137	5,342	5,556	79,373	7.00%

INCOME CAPITALISATION METHOD (Based on Stabilised EBITDA expressed in Present Value)		51,731,690
DISCOUNTED CASH FLOW METHOD		59,069,115
GROSS VALUE	Say	55,400,000
ACQUISITION/SALE FEES	0.50%	277,000
NET VALUE		55,120,000
NET VALUE PER ROOM		252,844
INTERNAL RATE OF RETURN		10.30%

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CERTIFICATE OF APPRAISER

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved.

My compensation is not contingent on any action or event resulting from the analyses, opinions or conclusions in, or the use of, this report.

The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the national and international uniform standards of professional appraisal practice.

I have made a personal inspection of the property that is the subject of this report.

Anyone providing significant professional assistance is identified on the signature page of this report.



……..

Ágoston Jakab

American Appraisal

APPRAISAL REPORT

DEVELOPMENT OF
5-STAR STEIGENBERGER HOTEL
BUDAPEST HUNGARY

December 31, 2011

Contract No.: 3410/2012

American Appraisal

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American Appraisal Magyarország Vagyonértékelő Kft.
American Appraisal Hungary Co. Ltd.
H-1132 Budapest, Váci út 18.
tel +36 1 388 9903 / 388 4189
fax +36 1 388 9594

American Appraisal

Leading / Thinking / Performing

Contract No.: 3410/2012

Mr. Orly Paran

Central European Estates HH B.V.
Narvitaweg 165
Telestone 8
Amsterdam, 1043BW
The Netherlands

February 6, 2012

Subject: **Valuation of building at the corner of Nádor József tér 1 and József Attila utca 3 Budapest**

Dear Sir:

We have completed the appraisal of the real estate property identified to us as the building located at the corner of **Nádor József tér 1 and József Attila utca 3 in Budapest**, and submit our findings in this report.

The appraisal was made to express an opinion, as of 31 December 2011, of the **fair market value** in the subject property appraised on the premise of **open market sale** and **orderly liquidation**. We understand that our opinion of value is to serve as a basis for reporting purposes for the Israel Securities Exchange and for the financial statements of the company as of 31 December 2011, which will be publically published.

Fair market value is defined as the estimated amount at which the property might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts.

When fair market value is established on the premise of orderly liquidation, **orderly liquidation value** is defined as the estimated gross amount a property should realize if sold piecemeal on a negotiated basis, given a reasonable amount of time to find a purchaser. The property would be offered for sale in an "as-is, where-is" condition and location.

Our appraisal report consists of:

The property appraised, summarizing the nature and extent of our investigation and presenting the conclusions reached

Assumptions and Limiting Conditions

A narrative report, setting forth the purpose and scope of the appraisal, a description of the property, a presentation of the valuation techniques employed, and the conclusions of value

Exhibits including:

- Development Appraisal
- Projections Present Value
- Projection Future Value
- Valuation Model
- Land Register Paper
- Steigenberger Hotels Public Announcement of Signing Lease Agreement
- Extension of Building Permit
- Certificate of Appraiser

Our investigation included the real estate.

Before arriving at our opinions of value, we personally inspected the designated property and considered:

- Location, size, and land values in District V of Budapest
- Condition of the Building
- Historical value of the building
- Development and improvement projects in the area of District V and specifically in Nádor József tér and surrounding part.
- Signed Lease Agreement with the Steigenberger operating company to manage the future Hotel under the same brand name.
- Lease income expectation of the Hotel subject to the Steigenberger Operator Agreement and capitalization of that income into an indicative value.

We have completed the appraisal and considered the subject property based on information provided by the owning company of the property, data compiled on location, consideration of the future

operator and brand, and hotel market information in Hungary. The value of the property with consideration for the development of a 5-star hotel was estimated by application of the income approach based on the potential income derived from a Variable Lease structure and the development cost appraisal. We have subtracted the development cost of the hotel from the value of the property based on an income approach in order to derive the current residual value of the land and building, and determine the Fair Market Value.

We have provided some evidence of hotel market transactions in the recent past; however there has been a lack of significant hotel sales in Budapest in the past few years. Thus we have not taken into consideration the market approach to value, because it would have resulted in an unreliable indication of value due to market conditions, namely due to the lack of market comparables of the premium category hotels in the city. However, we have outlined some hotel sales in the recent past both in Hungary and Central and Eastern European region.

Based on the investigation and premises outlined in the report, it is our opinion that, as of 31 December 2011, the **Fair Market Value** of the property located on the corner of **Nádor József tér 1 and József Attila utca 3 in Budapest** appraised under the premise **open market sale** is reasonably represented by the amount of **ELEVEN MILLION AND NINE HUNDRED THOUSAND EUROS (EUR 11,900,000).** Further, it is our opinion that, as of the same date, the designated property's **Fair Market Value** on the premise of **Orderly Liquidation** is reasonably represented by the amount of **SEVEN MILLION AND NINE HUNDRED THOUSAND EUROS (EUR 7,900,000).**

Our concluded values are net values excluding VAT.

This appraisal summary letter constitutes part of the narrative report. We have not investigated the title to or any liabilities against the properties appraised and no responsibility are assumed for these matters.

Respectfully submitted,
AMERICAN APPRAISAL HUNGARY CO. LTD.

Ágoston Jakab
Managing Director

Investigation and Report
By: Ágoston Jakab MRICS

American Appraisal

ASSUMPTIONS AND LIMITING CONDITIONS

This service was performed with the following general assumptions and limiting conditions:

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.

2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.

3. The value or values presented in this report are based upon the premises outlined herein.

4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion presented therein is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.

5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.

6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of American Appraisal.

7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.

8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organisation either have been or can be obtained or renewed for any use that is relevant to this analysis. Nonetheless, a defect that requires further inspection will be indicated in the report.

9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural or environmental defects, the existence of which could have a material impact on value.

10. If we made a physical inspection of the property, the inspection was made by individuals generally familiar with real estate and building construction. However, we do not opine on, nor are we responsible for, the structural integrity of the property including its conformity to specific governmental code requirements, such as fire, building and safety, earthquake, and occupancy, or any physical defects that were not readily apparent to the appraisers during their inspection. Nonetheless, the report will state all the known defects that require further inspection.

11. It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless non-conformity has been stated, defined, and considered in the report. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property described and that no encroachment or trespass exists unless noted in the report.

12. No soil analysis or geological studies were ordered or made in conjunction with the report, nor were any water, oil, gas, or other subsurface mineral and use rights or conditions investigated, unless stated to the contrary in the report.

13. No responsibility is assumed for changes in values occurring often in extraordinary economic situations resulting from economic processes that cannot be detected or foreseen during the appraisal process and may have impact on the value of the real estate property.

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SUMMARY OF PERTINENT FACTS AND CONCLUSIONS

The Site consists of an existing period building which is presently empty. According to the Addressee, the buildings façade will be restored to its original form and additional floors added within the internal part of the building with a glass atrium on the roof to be developed.

The completed hotel development is planned to consist of 100-guest rooms and suites according to the standards of Steigenberger Hotels. The property will be categorized as a 5-star hotel with an estimated gross area of 7,923 sq.m. upon completion of development. There was a decrease in the overall built up area compared to the last report, due to Steigenberger Hotels analysing their brand requirements in more detail and subsequently finalising their specifications with the Addressee simultaneously with signing the lease agreement.

The proposed future hotel facilities will include a themed signature restaurant; lobby lounge/bar, fitness/spa and a conference/meeting which is now planned to encompass 335 sq.m. It is an important fact considering the benefits conference and meetings have in providing extra room nights.

The restaurant and bar will be focused on servicing both Hotel guests and outside patrons. Our understanding is that the hotel will portray a boutique style décor and ambience within the interior of the Hotel and a more classical exterior.

According to current development plans provided by the Addressee guest room size will vary and the average will be a net 30 sq.m. The actual total number of guest rooms will be 100, which has now been confirmed by Steigenberger Hotels and approved by the owner. The building permit allows for the development of up to 100 guest rooms, thus enabling the project to maximise its built up area potential.

The Property will be developed over eight levels above ground, including the ground floor and seven upper levels. In addition, two below ground levels will be utilised. We have received floor plans for all the sections of the hotel development. The hotel's main entrance will be József Nádor tér. The planned circulation in the building will be provided by two guest lifts from the ground up to all the floors on the guest room and basement levels. A staircase will also lead from ground floor to upper and basement levels.

According to the Addressee we understand that the re-construction works will be for a Total Gross Development Area of c. 7,923 sq.m. This new build up area total was agreed with the hotel operator and we have relied upon the areas provided by the Addressee to be correct at the date of this report. We also understand that the total construction area might be lower due to the difference between net and gross areas, which would potentially reduce construction costs. However we have considered the Gross Development Area as communicated to us by the Addressee.

We indicated in the previous report that an extension of the building permit was necessary, and we confirm that it was obtained and copy attached in the exhibit section. The development is planned to start by September 2012. According to the building permit, the completion of construction and issuance of a usage permit needs to be finalised by the 28.09.2016. We anticipate an opening date of February 2015, thus the building will be completed prior to the expiry of the building permit. The final Lease Agreement has been signed on the 19 January 2012 was signed with Steigenberger Hotels A.G. with the operating commercial terms and conditions remaining the same that was outlined in the Memorandum of Understanding. The only significant change in the development agreement was the increase in the Furniture, Fixtures and Equipment (FF+E) budget. We have taken this fact into consideration in undertaking the valuation and further elaboration is provided in the other sections of this report.

In our opinion, the decision to sign an operator agreement with Steigenberger Hotels was a positive change for the project, primarily considering that a Lease Agreement, compared to a management agreement is the preferred business model of the financing banks for this project. In addition, Steigenberger Hotels are considered a more established and prestigious hotel operator in Europe, and given that most hotel guests to Budapest are European, it will be an advantage to have recognised European brand operating the hotel.

We consider a turnover based Lease Agreement to be an operational structure preferred by most investors in the current economic circumstances, because it provides a balance between a minimum fixed amount of rent and the possibility of further upside potential in income over the term of the lease agreement, which could be above and beyond only Consumer Price Index (CPI) increases.

American Appraisal

DESCRIPTIVE INFORMATION

Introduction

The appraisal was made to express an opinion, as of 31 December 2011, for the fair market value of the future 5-star Steigenberger Hotel Budapest located at the corner of **Nádor József tér 1 and József Attila utca 3 in Budapest,** appraised on the premise of open market sale and orderly liquidation. We understand that our opinion of value is for reporting purposes for the Israel Securities Exchange and for the financial statements of the company as of 31 December 2011, which will be publically published.

Fair market value is defined as the estimated amount at which the property might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts.

When fair market value is established on the premise of orderly liquidation, **orderly liquidation value** is defined as the estimated gross amount a property should realize if sold piecemeal on a negotiated basis, given a reasonable amount of time (6-9 months) to find a purchaser. The property would be offered for sale in an "as-is, where-is" condition and location.

The following report sections include a description of the subject neighborhood and general area; description of the appraised property; introduction and application of valuation procedures; conclusion; and exhibits.

Hotel Market Overview and Hotel Brand

We have outlined some of the main factors that we considered in this report regarding the hotel performance and hotel investment market in Budapest, which assisted us in developing our medium to long-term revenue projections for the Steigenberger Hotel in Budapest. These revenue forecasts are necessary to determine the potential lease income for the owner, because according to the signed Lease Agreement, rental income is derived from a percentage of total Hotel revenue.

- The Steigenberger Hotel brand is position within the prime segment of the hotel industry, and is considered a leading operator, predominately in Europe with good track record in operating upscale properties. The company originates from Germany where most of the companies' properties are located and with some hotels in neighboring countries and the Middle East. The group is well respected in Europe and positioned within the upper segments of the hotel market. The company has the advantage of an established European distribution network for inbound traffic to the city, which signifies a good potential for the future Steigenberger hotel in Budapest.

- There is a belief within the hotel investment market that when key operating factors, such as room occupancy and average room rate are compared to other major secondary European hotel markets, such as Vienna, Barcelona, Prague and others, that Budapest performance indicators are below anticipated rates for the perceived quality and status of the city. In turn, this provides potential upside for the city. We have noticed that during 2011 hotel operators within the 5-star segment experienced higher occupancy levels compared to the previous year.

- In respect to hotel developments, a significant pipeline was supposed to be completed in the coming years. Only in Budapest, there were plans to increase capacity by 15% compared to the current number of rooms. However, due to a lack of bank financing for new hotel developments, there has been stagnation in the number of new projects since the end of 2008. Only hotel projects, which had a signed loan facility with a financial institution prior to 2009, could expect to receive financing in the past years. However approvals for new loans have become extremely difficult to obtain and this trend is anticipated to continue over the short to medium term.

- The lack of possibilities to finance new hotel projects combined with less appetite to invest in new developments by institutions or private investors have provided a reprieve for the industry in stabilizing the number of guest rooms entering the market. Our opinion in the past was that an oversupply of hotel rooms could have flooded the city, had the financial crisis not restricted development. This fact has actually helped existing hotels to reach their performance targets and relieved the city of an oversupply of guest rooms. At present, banks are primarily focusing on re-financing options for operating hotels with a proven track record of positive operating cash flow.

- Our comparison's of hotel markets in the CEE region, is most closely compared to Prague, which we consider a benchmark city for Budapest, provides us a guide to the future potential of operating indicators, like occupancy and average room rates. Although Prague can obtain actual higher Average Daily Rates (ADR) within the 5-star segment compared to Budapest, we found that when we analyse the percentage rate of growth, Budapest was on a par with Prague. For instance, according to STR Global, in the first half of 2011 the hotel market reported an increase of 4% in ADR and 10.4% Occupancy in Budapest. In addition, Prague reported almost identical results for the same period, indicating that Budapest is able to compete and report growth in the hotel sector.

- Based on our knowledge of market transactions since 2001, we estimate that historic (period) buildings have risen overall in price by 25% in the city centre of Budapest. However during 2011 there were more government buildings privatised and less appetite by investors to buy and renovate old period buildings, and thus a reduction in price occurred. In turn, the overall increase since 2001 was decreased from 30% to 25% in this report compared to last year.

- Reinstatement values for hotels have fallen over the past few years in Budapest due to a decrease in construction costs and land values. Based on our conversations with local developers we estimate a fall of 3-5% for total construction costs during 2011, and 5% for FF&E and a range of 5 to 10 % in vacant land/building values in 2011 Budapest.

  However, the actual values will vary depending on the location and hotel category type. The 5-star hotel reinstatement value would have experienced the least reduction during the year due to the fact that these hotels are in the prime locations and the cost of construction materials and FF+E that need to be imported have not seen significant discounting.

- The hotel of significance that opened in 2011 was the Eurostars hotel close to Szabadsag Ter in the V district. The Racz Furdo Spa Hotel delayed their opening due to legal reasons and not should open in 2012. The Buddha-Bar Hotel, which is the first themed hotel, will open in April 2012.

- We are aware of another project in addition to the Steigenberger Hotel that is awaiting bank financing and has obtained a binding building permit. In our opinion, only unique projects with prime locations and signed lease structured agreements with operator guarantees have the chance to receive financing, otherwise regular and standardized hotel products with management agreements are not of interest to banks.

- Over 90% of hotel guests within the 5-star segment are international guests mainly originating from Europe, with major inbound markets of UK, France, Benelux, Germany and Scandinavia. The number of passenger traffic to Budapest airport has been stable during the international financial crisis consistently ranging from 8 to 8.2 million passengers. Total official results have not been reported for total passenger traffic in 2011, however the year-to-date figure in November is higher then the total for 2010 being 8.19 million passengers. The estimated number for 2011 is 8.6 to 8.7 million, indicating a significant growth and reflecting on the increase in hotel occupancy across the city.

- The reconstruction and improvements at Nádor József square, such as a new parking facility and upgrade of the park in the surrounding area will assist the Hotel in the future given its prime attraction for both leisure and corporate visitors.

Hotel Investment Climate

In Hungary, the sphere of Israeli, Spanish, Irish investors has lessened and there is more of a focus by Chinese, Middle Eastern, Russian, German and Austrian investors presently on the market.

We have taken into consideration the hotel investment climate in Budapest and the wider Central and Eastern European region, which is consider to be the most appropriate gauge of “market evidence” in terms of hotel value.

Investor interest in the hotel investment market sector in Budapest and the wider CEE region has actually started to rise again during 2011 compared to 2010, where the demand only stabilised. From Q3 in 2010 interest in the market started to return from the lows of Q4 in 2008, with a number of international investors starting to evaluate projects and take advantage of more realistic real estate prices. The main consideration for new investment within the hotel sector is a focus on quality, including both existing assets and new development projects, with a preference for operating hotels with stabilised cash flow. There is a clear flight to quality in the market, however given the limited number of properties placed for sale, a yield premium and price can be achieved in Budapest for hotels with recognised management companies in place and located with the main V district Danube hotel hub.

Budapest is considered a mature but relatively secure hotel investment market with medium to long-term upside potential for the investor. We estimate that a typical hotel investment takes approximately seven to ten years to gain a Return on Investment (ROI) for new hotels. The stabilized year of operation tends to be shorter in Hungary, mainly as a result of lower operating costs.

There have been only limited significant hotel transactions since 2008. They include, Heviz in mid 2009 with the sale of the Rogner Hotel for a reported c. EUR 50 Million equating to a c.7,5% yield, which is a good result for a hotel outside of Budapest city center where yields are lower and during a more difficult economic period. In addition, the most prominent sale was Four Seasons Hotel Gresham Palace, which sold in 2011 for an undisclosed amount, however we have been informed that the sale price range was between EUR 350,000 to EUR 400,000 per room.

Other comparable recent sales data for the 5-star market within Central and Eastern Europe includes the sale of Mandarin Oriental Hotel in Prague for a reported EUR 394,000 and the Kempinski in the High Tatras Slovakia for EUR 227,000 per room.

In addition, we have listed some of the hotel investment sales in the past within CEE region in order to provide an overview of market price indicators for hotel assets.

- The Carlton hotel operated by Rezidor SAS was sold in Bratislava in February 2006 for EUR 240,000 per room;

- The Art'otel in Budapest was sold in 2004 at a price of c. EUR 25 million. The yield of the transaction was 8% and later in 2007 the hotel was sold for a reported yield of 6.5% (EUR 32.5 million) indicating the compression of the hotel investment market;

Hungarian Economic Indicators

During the third quarter of 2011, the growth prospects of the Hungarian economy have been lowered compared to the previous forecasts. Among the major causes are the worsening external conditions (the slowdown in global growth in both the US and the Eurozone and the persistent difficulties of the European banking system) that restrain the export-led recovery of

Hungary's open economy. In its updated issue of the Report on Inflation, published on September 22, 20111, the Central Bank of Hungary substantially lowered the growth prospects of the real economy compared to its June forecast, with 1 percentage point to 1.6% year-on-year in 2011, and with 1.2 percentage point to 1.5% in 2012. Growth continues to be driven by net exports, and domestic demand may only effectively contribute to GDP growth later, in 2013. The output hence may fall short of its potential level until 2012, and could only return to it in 2013 (2.5% y/y at the end of 2013).

The consumer price index likely be anchored above the target of 3% until the end of 2012 due to the announced increase in VAT taxes, but inflation may decrease rapidly afterwards as the one-off effect of the increase in excise taxes wear off and the weak domestic demand holds, driving the rate below the 3 percent target by the beginning of 2013. The central bank base rate can stagnate in the short term due to turbulences of the financial markets and may be reduced gradually over the medium run in line with the weak economic growth and the induced disinflationary environment.

The weakening economic environment also draws a less favorable picture on the labor market prospects. Since the beginning of 2011, only some more flexible forms have been able to improve the private sector employment instead of the full-time fix form of employment. Companies primarily fulfilled their new orders by utilizing their existing workforce more intensely that came together with a relatively strong wage dynamics in the H1. However, the loose labor market environment and the deteriorating growth prospects may together lead to a slowdown in growth of private sector wages in the remaining part of the year. Overall, owing to the measures adopted by the Government to stimulate labor supply on the one hand, and the downgrading labor demand on the other, the rate of unemployment is expected to stabilise at above 10%: it is not forecasted to drop below 10% until the end of 2013.

The participation rate is set to increase continuously: from around the current 56% to approximately 58% until the end of 2013. The employment may gradually increase in parallel with a pick-up in economic growth, only anticipated from 2013.

[1] This analysis is based partly on Section 1 titled "Inflation and Real Economic Outlook" of the Report on Inflation published on September 22, 2011 by the Central Bank of Hungary. The forecasts reflect the information available as of September 13, 2011 but do not contain the effects of the government's measures made public after this date, and having significant impact on the 2012 year state budget, on the real economic outlook.

The challenges facing the European banking system and the fiscal austerity measures aimed at ensuring the sustainability of government debt will result in slower growth on Hungary's major export markets, including the largest European economies. The growth in developing economies may partly offset the poor performance of their developed counterparts, but signs of overheating, for example on the Chinese real estate market, exacerbate the downside growth risks affecting also the developing countries. Due to the gradual activation of large-scale investments initiated in the automotive industry, the net export dynamics may continuously contribute positively to Hungary's GDP growth in the coming quarters. On the contrary, the continuously sluggish household consumption is expected to severely weigh on the economy. Households' cautiousness is fed by the increasing interest rates driven by the turmoil in the financial markets, the restrained credit supply as well as the recent appreciation of some major currencies that, through their net credit position, decreased considerably the households' disposable income. Even the expected positive effect of the disbursements to members of the real returns on private pension fund in the H2 could be offset by the increased uncertainty stemming from the deteriorating growth prospects and the more flexible labor market conditions.

Investments in the private sector will most likely lag behind the previously forecasted amount. The slowdown in production during the past years resulted in substantial surplus capacity, while utilization of capacities is only inching slowly towards pre-crisis levels, in particular in the service sector. The manufacturing sector has held up well during the financial crisis, however a downturn is global economic activity may lead to the postponement of corporate investments. Based on credit statistics, the conditions of bank lending have tightened further in recent months, and thus over the short term the banking system is also not supporting any pick-up in investment. Households' investment may decline until the end of 2011, and from that bottom no quick growth is foreseen in the coming periods. The stagnation of construction permits at historically low levels and the continuation of subdued home price developments point to weak housing market activity, which is a result of tight lending conditions.

Among the main GDP factors, the general government expenditure will mainly be influenced in the coming years by the continuous and deepening fiscal austerity measures.

The main economic indicators are outlined below.

Hungary – Main Macroeconomic Indicators
(% year-on-year)*

	2007	2008	2009	2010	2011e	2012e
GDP	103.9	100.6	93.7	101.2	101.6	101.5
Household final consumption	101.5	99.3	93.3	97.9	100.4	100.6
Fixed capital formation	101.6	100.4	93.5	94.4	96.2	101.6
Export	115.8	104.2	87.8	114.1	109.4	108.5
Import	112.0	104.3	83.0	112.0	107.6	107.7
Rate of unemployment (yearly average)	7.4	7.8	10.0	11.2	10.1[1]	10.6[1]
Gross nominal wages	108.0	107.5	100.5	101.4	102.1	102.3
Net real wages	95.2	100.7	97.6			
Current account balance (million euros)	-6.606	-7.504	+186	+2.017		
in % of GDP	-6.5	-7.1	+0.2	+2.0	+3.0	+4.2
Government budget balance (billion HUFs)	-1.308	-907	-919			
in % of GDP	-5.0	-3.8	-4.0	-4.3	+1.9	-3.7
Consumer price index (yearly average)	108.0	106.1	104.2	104.9	103.9	103.9
Central bank base rate (%, year-end)	7.50	10.00	6.25	5.75	6.00[2]	
10-year zero-coupon yield (%, year-end)	7.08	8.25	7.99	7.92	8.23[2]	
HUF/EUR exchange rate (yearly average)	251.31	251.25	280.58	275.41	292.15[2]	

*: if not noted otherwise, [1] year-end, [2] Fact figures, September 22, 2011

The Central Bank base rate was 6% at the beginning of 2011 however was increased in the later part of the year to 7% in response to a depreciating forint. The Hungarian Forint (HUF) fluctuated during 2011, at a rate of 264 to 317, which had a direct effect on households who tended to hold their mortgages in Swiss Franc and Euro. Although households cost of borrowing on EUR stabilised, the strength of the Swiss Franc made the situation worst for those who are exposed to the CHF. Hungary is an export oriented economy with up to 90% of GDP orientated around exporting industries, and depreciation of the Hungarian Forint has assisted exporting companies to lessen the burden of the downturn in volumes and demand.

The hotel sector benefited with a lower HUF because room prices are quoted in EUR but paid in HUF at the daily exchange rate, which means that more HUF was collected to pay for operational costs that are primarily denominated in HUF.

The Hungarian government instigated significant changes with income tax legislation beginning from 2011 by introducing a flat tax system - 16% personal tax income - affecting major part of the population. This is supplemented by the measure according to which families raising children can reduce their income tax in ratio with the number of dependants. It needs to be noted that the 16% flat tax is to be applied for taxation of capital gains, namely of dividends, interest and exchange rate gains, and profit realised from real estate sales. From 2012 the VAT rate will increase to 27% compared to 25% during 2011, which makes the rate the highest in Europe for most goods and services. However, the hotel room VAT remains at a preferential rate of 18%, and there are no discussions for changing this rate.

Area Description

The Property is located on the Pest side of the city, in close proximity to the Danube and within the prime hotel city-center hotel district. It is situated predominately within the tourist and commercial city-centre with József Attila utca being a road arterial linking the Danube area to the fashionable Andrassy utca. The District V is continuing to experience growth in new retail, restaurant and offices development, which has provided uplift to the heart of Budapest. The Property benefits from being located close to the major bridges crossing to/from Pest and Buda, which are Lánchíd, Margit and Erzsébet.

There are good communication links, with the closest metro station being Vörösmarty tér with Metro line 1 running, and the metro interchange of Deák Ferenc tér. In addition bus stop 16 and 105 are stopping close to the Property, and trams 2 and 2A are within short a distance.

At present, there is no car park garage amongst the properties however there are confirmed plans by the local authorities to construct an underground car parking facility with possible direct access to the future hotel. Our understanding is that the hotel will conclude an agreement with the future garage operator to provide a number of dedicated parking spaces.

Liszt Ferenc Airport (Terminals 1 and 2) is 21 kilometers south-east of József Attila tér and is most conveniently accessible by automobile; however there are bus and train travel possibilities. It takes approximately 25 minutes to travel by car to the airports. The Property also benefits from its close proximity to the main arterial routes of M5 (South to Serbia, Romania), M1 (West to Vienna and Western Europe), M7 (Balaton, Croatian and Slovenia) and M3 (Eastern Hungary and Ukraine).

The Hotel is centrally located and within short walking distance to most central attractions of the city and a few minutes walk to the river Danube.

The Property Appraised

The Hotel is configured to provide the full scope of facilities required to provide a 5-star service. The food and beverage outlets will service both hotel guests and outside patrons with an aim of developing a signature restaurant, lobby lounge/bar with a net area of about 370 square meters for the department. Conference/meeting space was significantly extended compared to the previous plans to encompass approximately 335 square meters of space. It is an important fact considering the benefits conference and meetings have in providing extra room nights.

According to current development plans provided by the Addressee guest room size will vary and the average of net 30 square meters. The total number of guest rooms is 100, which is according to the request by Steigenberger Hotels and approved by the owner. The building permit allows for the development of up to 100 guest rooms, thus enabling the project to maximise its development and revenue potential.

The Property will be developed over eight levels above ground, including the ground floor and seven upper levels, in addition two below ground levels will be utilised. We have received floor plans for all the sections of the hotel development.

The actual facilities and area size for the Steigenberger Hotel within each level is outlined in the table below:

Summary of Net Areas

		Net areas sq.m.	Net areas in%	NGF %	Area per room in sq.m.
1.	**Guest rooms**	3,044	61.0	44.2	30.4
2.	**Public areas**	259	5.2	3.8	2.6
3.	**Food & Beverage**	370	7.4	5.4	3.7
4.	**Conferences**	335	6.7	4.9	3.4
5.	**SPA area**	223	4.5	3.2	2.2
6.	**Swimming area**	0	0.0	0.0	0.0
7.	**Other areas**	0	0.0	0.0	0.0
8.	**Administration**	147	2.9	2.1	1.5
9.	**Back of the house areas**	578	11.6	8.4	5.8
10.	**Repair & Maintenance areas**	36	0.7	0.5	0.4
11.	**Parking**	0	0.0	0.0	0.0
	TOTAL	**4,992**	**100.0**	**72.4**	**49.9**

American Appraisal

Summary of Gross Areas	
Net area	4,992
sq.m. per room	50
Net area + function area	5,742
sq.m. per room	57
Net area +	
Function area	5,742
Circulation area =	1,148
Net ground area	6,890
sq.m. per room	69
Net ground area +	6,890
Construction area =	1,033
Gross Area	7,923
sq.m. per room	79

From the tables above, we have determined that the total gross development area is estimated at 7,923 sq.m., as indicated by the Addressees technical team and Steigenberger Hotels. In addition, we consider that a gross area of 79 sq.m. per room is within the norms for a 5-star development. We have not been provided with a copy of any building surveys or structural reports, and have assumed that there are no defects that could have an impact on value.

We have not carried out any investigations or tests, nor have been supplied with any information from the Addressee or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the Property we would not expect there to be any outstanding environmental or archaeological issues and therefore these are not expressly excluded from the relevance of this valuation.

Based on our knowledge of the land prices in the prime District V of Budapest, we consider a split of value between Land and Building based on the current residual price of EUR 11,900,000 below, with consideration to the present condition of the building and land values within the District V and surrounding districts of Budapest based on comparative information:

- **Land:** EUR 9,900,000
- **Building:** EUR 2,000,000

American Appraisal

Statutory Consideration

We have assumed that the building specification are able to satisfy all the requirements of modern 5-star international hotel building regarding safety, soundproofing systems, high voltage power supply, fire, security, energy efficiency and other technical aspects. In addition, the hotel property will be developed in consultation with the technical services team of Steigenberger Hotels in advising the company's standards and to monitor its conformity.

Our valuation has been undertaken on the basis that the external and internal design and layout will be completed to fulfill the standards and requirements of the hotel operator.

We understand that the conceptual development has received local government consent and that zoning for a hotel in the area is acceptable. In addition, the legally building permit and the extension permit were received. Construction of the Steigenberger Hotel needs to be completed by 2016. The Addressee has advised us that plans are underway to start construction works in September 2012 subject to bank financing approval.

We have received information from the General District Development Ordinance (GDDO) and have sighted the appropriate zoning plan reference 29/2004.VI.04. B-LÖ. for the District V and confirm that the Property has received the VK-V zoning classification as outlined in the appendices. This entails that land plots in the VK-V building zone should be developed according to the following types of buildings:

- Office Building;
- Public institution;
- Administration building;
- **Lodging and accommodation building;**
- Sports related building; and
- Parking garage

The buildings within the VK-V zone can utilize the building for the following purposes:

- Retail;
- Office;
- Service;
- Cultural;
- **Hospitality;**
- Entertainment;

- Medical;
- Ecclesiastical;
- Social; and
- Unobtrusive handcraft.

The subject zoning does not allow a residential function on the ground floor areas. It is stipulated in the zoning requirement that additional floors may not be added onto the existing roof structure that faces the street. A new floor can be added on the interior façade with the interior courtyard enlarged by 4.5 meters.

The main criteria of the "VK-V" zoning are as follows:

Description	VK-V
Minimum land size	800 sq m
Minimum land width	18 m
Maximum built-up ratio*	80% (100%)
Minimum landscaped area**	10% (0%)
Floor Area /Land ratio***	5.5 (6.0) sq m / sq m
Minimum building height	16 m
Maximum building height	25 m

* 100% built-up ratio can be applied for parking garages. In case of retail, 100% built-up ratio can be applied for the basement, the ground and 1-2 floors only.
** 0% landscaped area can only be applied in case of construction underground parking facilities.
*** Maximum 6.0 sqm/sqm Floor Area /Land ratio can be applied if some areas on the ground floor are given to public use.

We have valued the Property on the basis that zoning, planning and building permits have been received for a maximum of 100-guest room and suite hotel of 5-star standard.

It should be pointed out that we are not planning consultants and a more detailed commentary is not included in the scope of this report. Should the Addressee require additional information in this regard, they should consult a specialised firm of planning consultants.

Upon completion of construction our valuation assumes that the Property has the benefit of all trading licenses and hotel operating authorisation from the local government required for its unhindered hotel function.

American Appraisal

Tenure

We have been provided with a copy of the Land Registry Extract and cadastral map relating to the Property, included in the Appendices.

We understand that the Property is located on a plot with a total land surface area of 1,779 sq.m. The land plot is registered in the Land Registry of the Budapest V district, under the land register number 24484. The current owner according to the land registry is still "Nádor Palace Ingatlanhasznosító Kft". Our understanding is that the owning company is part of CEE Hotel Holdings B.V, which is owned 100% by Inventech Central Hotels from Tel Aviv.

There is no reference to the plot being subject to approval by the archaeological surveys. According to the Land Registry the Property is a heritage listed/protected building, however there has been an additional reference made on the 03.09.2004 that the building's character is like a heritage building "Műemlék jelentőségű terület" and approval is required by the heritage environmental office. This means that changes to the building, such as developing more floors are now permitted subject to approval. This approval has now been granted as part of the Building Permit.

There is a mortgage placed on the building by HVB Bank Hungary ZRT., and a "right of first refusal" on behalf of HVB Bank Hungary ZRT for the duration of the financing term, which expires on 15.11.2011 by the same bank. The amount of mortgage placed on the Property is to the value of EUR 8,996,000.

Further notations in the land registry include pipeline easement right to the benefit of ELMŰ Hálozati Kft. for six square meters area and request of ELMŰ Hálozati Kft. for registration of pipeline easement right.

Details of title/tenure under which the Property is held was provided. However we have not generally examined nor had access to all the deeds or other documents relating thereto. Where information from deeds or other documents is recorded in this report this represents our understanding of the relevant documents based on the information received.

American Appraisal

Tenancy

We understand that the owner of the Property Nador Palace Kft. signed the final Lease Agreement with Steigenberger Hotels A.G. The commercial terms of the agreement are in line with the Memorandum of Understanding that was outlined in the previous report. The signing of the agreement has been anticipated and now finalised in January 2012.

We summarize the principle terms of the signed lease agreement with Steigenberger Hotels.

Term of Lease Agreement: The initial term of the operator agreement is 20 years with a mutual agreed right to renew the agreement with two additional and consecutive periods of 5 years each.

Proposed Lease Rent: Variable Lease: 26% of the hotel's total net revenue

Minimum fixed lease rent:

- Year 1: EUR 730 per room per month
- Year 2: EUR 750 per room per month
- Year 3: EUR 770 per room per month
- Year 4 and subsequent years: rent rises by 75% of the MUICP index published by the European Commission

A cap of EUR 2.77 Million is placed on the total shortfall amount between the minimum rent and variable rent, if any.

Guarantees: Corporate Guarantee from Steigenberger Hotels AG, which is the holding company of the group. The amount of guarantee is effectively EUR 2.77 million.

Maintenance responsibility:

- Lessee is responsible to pay for operational related maintenance and for replacement of FF+E;
- Lessor is obligated to repair and maintain the structural aspects of the building only.

Right of First Refusal: The Lessee has the right to acquire the property in the future should Lessor decide to sell.

FF+E Budget: The maximum amount that can be spent for FF+E, which includes the kitchen and Small Operating Equipment is EUR 29,000.

Pre-opening Budget: The Lessor will invest into a pre-opening budget of EUR 300,000 to cover this phase of the development.

Development Consultancy Services or Technical Services: The Lessor will pay a technical services fee of EUR 150,000 to the Operator in installments during the development.

The agreed terms of the Lease Agreement will affect the viability of the Property in the long term and its investment value.

Previous Valuations

Within the past 3 years, we have been advised and viewed the previous report provided by the Addressee of the valuation completed by Cushman and Wakefield in Hungary for June 2009. The valuation purpose of the previous valuation was for "reporting purposes for the Israel Securities Exchange and for the financial statements of the company as of 30 June 2009". In addition, we completed a valuation report for year-end 31 December 2009 and 2010 for reporting purposes. The difference in value between these reports does not signify a value difference of 20% or more.

American Appraisal

VALUATION

Introduction/Methods

The appraisal was made to express an opinion, as of 31 December 2011, of the fair market value of the corner building at **Nádor József tér 1 and József Attila utca 3 in Budapest,** appraised on the premise of open market sale and orderly liquidation. We have valued the Property for deriving the fair market value of the Property for reporting purposes for the Israel Securities Exchange and for the financial statements of the company as of 31 December 2011 that will be publically published.

Definitions of the fair market value and the valuation premises appear in the introduction and descriptive information section of this report. The appraisal included a personal inspection of the designated property.

There are three internationally accepted approaches to value, namely the cost, market and **income approaches**.

Briefly, the **cost approach** considers the cost to reproduce or replace the property appraised. From this amount an allowance is deducted for any depreciation or obsolescence present, whether arising from physical, functional, or economic causes. The cost approach entails adding a market derived land value to an adjusted (depreciated) cost estimate of the improvements in order to arrive at a value for the property as a whole.

The **sales comparison approach** considers prices recently paid for similar property, with adjustments made to the indicated market prices to reflect the condition and utility of the appraised property relative to the market comparative.

In the **income capitalization approach**, an estimate is made of prospective economic benefits of ownership. These amounts are converted into an indication of net present value through discounting and capitalization techniques.

In any appraisal study, all three approaches to value must be considered, as one or more may be applicable to the subject property. In this appraisal, the market approach was considered

inapplicable due to the lack of market sales comparables. We have considered the development cost of the project in order to determine the residual value of the land and building. The income approach was applied for the valuation of the subject real estate with consideration and benefit of the potential cash flow from operations under a Steigenberger Hotel brand. Once the value of the income approach was determined we deducted the development cost to reach the residual fair value of the property.

Income Approach

Investment properties such as the subject are normally valued based on their ability to generate income and on anticipated change in value. Hence, analysis of a property in terms of its ability to provide sufficient net annual return on investment capital is an important means of developing a value indication. This estimate is developed in the income approach by capitalizing the projected total EBITDA at a rate acceptable with investment risks inherent to the ownership of the property. Such a conversion of income considers competitive returns offered by alternate investment opportunities.

The first step in the income capitalization approach is to estimate the gross income, which can be generated by the appraised property. In this case it is the estimated turnover rental income, calculated on the basis of the Total Net Hotel Revenue and multiplied by 26%. The value of the property can then be estimated through two capitalization techniques; the direct capitalization technique and discounted cash flow analysis. The direct capitalization technique involves converting the stabilize years total EBITDA income into an indication of value. The discounted cash flow technique considers the conversion (discounting) of variable income streams over a multi-year projection period into a net present value estimate. The discounted cash flow analysis takes into consideration the timing, frequency, and magnitude of the variable income stream, which the property is expected to generate. With this method, the future cash flows are projected over a holding period; these amounts plus the reversion value are discounted at an appropriate yield (discount) rate to a present value estimate.
This method defines the differences in the timing of the cash flows by discounting their present worth and recognizes that income due and receivable sometime in the future is less than income received today. Both income methods were applied for the valuation of the subject property and the average of the two was considered to be the gross Fair Value.

We have projected and valued the Property based upon our local knowledge of the 5-star

boutique hotel market in Budapest and have crossed referenced our knowledge of market conditions with industry norms. In addition, we have had input from Steigenberger Hotels regarding their anticipated revenue over a 10-year period. Our estimated revenue turnover amounts for future years were vital to calculate and determine rental income based on a turnover lease agreement with Steigenberger Hotels. Please note that a full breakdown of the projected performances is in accordance with the Uniform System of Accounts for Hotels, and are set out in the Appendices.

Future projections in present values

YEAR	1		2		3		4	
Occupancy (%)	58%		65%		68%		72%	
ADR (EUR)	142		148		154		158	
	EUR '000	%	*EUR '000*	%	*EUR '000*	%	*EUR '000*	%
Rooms Revenue.	3,006	67.0%	3,511	64.2%	3,822	60.3%	4,152	56.8%
F&B Revenue.	1,279	28.5%	1,668	30.5%	2,155	34.0%	2,705	37.0%
Other Revenue	202	4.5%	290	5.3%	361	5.7%	453	6.2%
Total Revenue	4,487	100.0%	5,469	100.0%	6,339	100.0%	7,310	100.0%
Rental Income	1,167	26%	1,422	26%	1,648	26%	1,900	26%

We detail below the primary points we have considered in the preparation of our operating projections:

- 10-year projection period was employed in the cash flow model in order to derive Total Revenue from operations. This is pivotal in determining the reasonable total rental income that the Lessor can anticipate in the initial ten years.

- We have taken into consideration the future Lease agreement with Steigenberger Hotel and have reflected these proposed operating conditions in our valuation. We consider them at market levels. In addition, we cross-referenced with the anticipated results of the operator. We have made some changes in our operating projections compared to the previous report.

- We have applied an occupancy rate of 58.00% in Year 1, 65.00% Year 2 and 72.00% in the stabilised Year 4. The stabilised year is where we consider that no further increase in occupancy will be achieved, based on today's market. To arrive at these

projections, we have crossed referenced our knowledge of market conditions in Budapest, number of guest rooms available and Steigenbergers' operating experience and brand positioning. We have slightly increased the anticipated occupancy rate in the future compared to the previous report, to reflect on the rebound in occupancy levels in Budapest in 2011 and planned improvement for 5-star hotel occupancy by the year the hotel will open.

- We consider occupancy should be sustained over time due to continual improvement of Budapest as a prominent leisure tourist and business destination. We anticipate the Steigenberger Hotel will target both the leisure and corporate market, which is the case in other countries.

- Our occupancy projections take account of general market levels and make positive adjustments for:
  - Prime location;
  - New hotel concept and brand on the market;
  - European market focused operator;
  - Strong sales and marketing presence in key inbound countries for the current Budapest market;
  - Central reservation system within the Steigenberger; and
  - Increased leisure and corporate activity in Budapest over the medium to long-term.

- We have built up the occupancy over a 4 year period in order to reflect that the hotel and brand will be new to the Budapest market and will require time before it can operate at its full potential. It is usual that upon opening, hotels report lower levels of occupancy, before the market gets acquainted with the hotel and occupancy levels stabilise at a certain level.

- We are of an opinion that the ADR in present values (excluding inflation) is built up from EUR 142 in Year 1 to EUR 158 in the stabilized Year 4, representing a compound annual growth rate of 3.62%, which we consider reasonable and a conservative estimation. However we have adjusted our actual ADR projection compared to the previous report, where we budgeted an ADR of EUR 150 in Year 1. The reason is that 5-star hotels entering the market in Budapest over the coming years will face more challenging pricing conditions during the properties stabilisation period.

- Revenue Profile - We have assumed (from the stabilised year) that 56.80% of total hotel income is derived from room sales, 37.0% from food & beverages, 2.00% from conference, 2.2% spa and 2% other income, grouped together represents 6.2% in the table above. This revenue mix will fluctuate year on year, especially during the initial stabilisation period; however we estimate that this will be a sufficient guide to the hotels operating business model. The well-proportioned mix between rooms and food and beverage is reflective of the anticipated high profile restaurant and bar that is planned for the location, which is planned to cater to both guests and local community visitors.

- Rental Income – The proposed rental amount is based on a percentage, i.e. 26%, of Total Net Hotel Revenue. The percentage is fixed during the initial term of the Lease, which is 20 years. Although, there is a minimum fixed rental payment agreed for each year between the parties, based on future projections the Lessor can expect to receive rental payment above the minimum rent during the initial contractual term.

Capitalization and Discount Rate

In assessing the Fair Value of the Property we have applied an investment yield to our estimated EBITDA projections. We have also undertaken a discounted cash flow on the future estimated income streams assuming a 7.5% capitalization rate on the stabilized Total EBITDA cash flow and applied a discount rate of 10.5%% for our discounted cash flow. The capitalization rate is what we consider to be appropriate for the Steigenberger Hotel given its location, market positioning, earning capacity, management expertise and branding. This reflects our opinion of what the investment market would pay at the valuation date based on the hotel being developed as detailed herein.

The yield allocated for the future Steigenberger Hotel takes into consideration not only the prime city-center location, but also the premium paid for lease agreements compared to a management agreement structure.

The DCF model used for valuation of the subject property, including the above-mentioned parameters, is included in the exhibit section of this report.

American Appraisal

Gross Development Value

We undertook a Gross Development Appraisal to determine the projected cost of development and have taken into account the residual value of the land and building after subtracting the Investment value of the future hotel. Our Gross Development Value, amongst other factors, is sensitive to certain assumptions. We have not run a sensitivity analysis on different factors such as capitalization yield, inflationary increases and other factors that may influence. It must be borne in mind that development appraisals are inherently dependent on accuracy of information supplied and as the development progresses we recommend that any potential lender or third parties have further development appraisals carried out when actual costs are known.

We have relied upon the development timing as provided to us and have cross referenced with our own experience and have assumed that re-construction and refurbishment works will start by September 2012 and that the existing building will be reconstructed/refurbished to a hotel. We have taken into consideration that the hotel will be completed by January of 2015, for an opening in February 2015.

The timing of the development is dependent on the specification of the hotel and the timescale proposed by the developer. We believe that the construction timing is appropriate for a development of this type of property. If the development alters from that contained herein then we reserve the right to adjust our valuation accordingly.

We have applied a Developer's Profit on Cost of 15.00% in this appraisal, which is higher compared to the previous report. In our opinion this is a reasonable allowance that a Developer would consider to reflect the risk of such project, and within the current anticipated developer's profit margins in Budapest, and consideration has been given to the stage of the development process.

We have applied an average construction cost of c. EUR 800 per sq.m. for the hotel (c. 7,923 sq.m.). This reflects both the refurbishment and new construction works. The construction costs per sq.m. remains the same compares to the previous year because there is no real construction price increases in the market. There might be an opportunity to negotiate a lower rate, however we are not willing to reduce the construction cost per sq.m. until we receive tangible evidence. We have reviewed the actual layout and configuration demands by the

Steigenberger Hotels and they have changed compared to the previous report. The gross sq.m. is now lower, which affects the construction and refurbishment costs. The reduced amount is indicated in the Development Appraisal.

Construction costs do not include Furniture, Fixture & Equipment (FF&E), which based on the agreed Steigenberger Hotel standards was increased to an estimated c. EUR 17,500 per room (including public areas). In addition, Kitchen and operating equipment costs are projected to be in range of EUR 450,000. In total, FF&E and kitchen/operating equipment costs are estimated in the range of EUR 2,200,000.

Typically hotel development costs are higher then office or residential. The variance in price usually correlates with the degree of specification and the FF&E level of standard requested by the operator. The construction cost of the proposed hotel is at the market range when considering this type of hotel and the fact that part of the building will be just a refurbishment. We have taken into consideration the present downturn in the construction industry in Budapest, and the opportunity to negotiate more favorable terms and prices with constructors.

We have included an additional cost to reflect the pre opening expenses the Developer has agreed with Steigenberger Hotels, which is EUR 300,000. This includes costs such as the general manager's pre opening salary, staff training, travel costs and sales & marketing activities. However it does not include working capital necessary at the onset of opening the hotel. The Lessee will provide the working capital, which is the normal circumstance under a Lease Agreement.

We have relied upon our own experience of soft construction cost information. The percentages that were relied upon for our valuation are based on a percentage of construction cost and are based on our market experience in the CEE region of similar projects of this scale and typically payable in open market situations though this may differ depending on the degree of difficulty of the project and owner.

In addition to these soft construction costs, we have assumed EUR 150,000 as Technical Service Fee. The technical services fee is specific to hotel developments and represents the cost for using the hotel operator technical services team during the development phase of the project. It is generally the norm that technical services teams start advising on the plans and

interior design at the early stage of the development process up to the completion of the project in order to assure the developer that the hotel is being constructed to the necessary standards. This will help developers to create a built-to-suit type of hotel that will comply with the operator brand standards.

A finance rate of 5.00% is employed in our appraisal. We took into consideration present EURIBOR rate plus banking margins. Obviously this will be a point of negotiation with a lender; in the meantime we have adopted a currently realistic and achievable rate.

CONCLUSION

Based on the investigation and premises outlined in the report, it is our opinion that, as of 31 December 2011, the **Fair Market Value** of the property located on the corner of **Nádor József tér 1 and József Attila utca 3 in Budapest** appraised under the premise **open market sale** is reasonably represented by the amount of **ELEVEN MILLION AND NINE HUNDRED THOUSAND EUROS (EUR 11,900,000).** Further, it is our opinion that, as of the same date, the designated property's **Fair Market Value** on the premise of **Orderly Liquidation** is reasonably represented by the amount of **SEVEN MILLION AND NINE HUNDRED THOUSAND EUROS (EUR 7,900,000).**

Our concluded values are net values excluding VAT.

We have not investigated the title to or any liabilities against the properties appraised and no responsibility is assumed for these matters.

American Appraisal

EXHIBITS

- Development Appraisal
- Projections Present Value
- Projection Future Value
- Valuation Model
- Land Register Paper
- Steigenberger Hotels Public Announcement of Signing Lease Agreement
- Extension of Building Permit
- Certificate of Appraiser

Steigenberger Hotel
Hotel Development Appraisal

REVENUE				
Investment Valuation (Steigenberger Hotel Budapest)				
Manual Value				
NET REALISATION				**25,010,000**
OUTLAY				
ACQUISITION COSTS				**11,865,132**
Residual Land and Building Price				
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
Steigenberger Hotel	7,923.00	€800.00	6,338,400	**6,338,400**
Developers Contingency		5.00%	316,920	**316,920**
Other Construction				
Furniture, Fixtures and Equipment			1,750,000	
Kitchen & Operating equipment			450,000	
Pre-opening Expenses			300,000	**2,500,000**
PROFESSIONAL FEES				
Architect			100,000	
Quantity Surveyor			50,000	
Structural Engineer			75,000	
Mech./Elec.Engineer			75,000	
Project Manager			75,000	
C.D. Manager			50,000	
Technical Service Fee			150,000	**575,000**
FINANCE				
Interest at 5.00%				
Land and Building			1,200,000	
Construction			500,000	
Total Finance Cost				**1,700,000**
TOTAL COSTS				**23,295,452**
OWNER'S PROFIT				**1,714,548**

American Appraisal

DISCOUNTED CASHFLOW AND VALUATION MODEL

Steigenberger, Budapest

		Projection in future values																	
YEAR		1		2		3		4		5		6		7		8		9		10	
No of Rooms		100		100		100		100		100		100		100		100		100		100	
Rooms Sold		21,170		23,725		24,820		26,280		27,010		27,010		27,010		27,010		27,010		27,010	
Occupancy		58.0%		65.0%		68.0%		72.0%		74.0%		74.0%		74.0%		74.0%		74.0%		74.0%	
ADR		142.00		153.92		166.57		177.73		189.52		197.10		204.98		213.18		221.71		230.58	
RevPAR		82.36		100.05		113.27		127.96		140.24		145.85		151.69		157.75		164.06		170.63	
Growth (RevPAR)		N/A		21.5%		13.2%		13.0%		9.6%		4.0%		4.0%		4.0%		4.0%		4.0%	
REVENUES ('000s)																					
Rooms		3,006.1	67.0%	3,651.8	64.2%	4,134.2	60.3%	4,670.7	56.8%	5,118.9	56.8%	5,323.6	56.8%	5,536.6	56.8%	5,758.0	56.8%	5,988.3	56.8%	6,227.9	56.8%
Food		*785.2*	*17.5%*	*1,023.9*	*18.0%*	*1,371.2*	*20.0%*	*1,809.1*	*22.0%*	*1,982.7*	*22.0%*	*2,062.0*	*22.0%*	*2,144.4*	*22.0%*	*2,230.2*	*22.0%*	*2,319.4*	*22.0%*	*2,412.2*	*22.0%*
Beverage		*358.9*	*8.0%*	*511.9*	*9.0%*	*685.6*	*10.0%*	*904.5*	*11.0%*	*991.3*	*11.0%*	*1,031.0*	*11.0%*	*1,072.2*	*11.0%*	*1,115.1*	*11.0%*	*1,159.7*	*11.0%*	*1,206.1*	*11.0%*
Banqueting (inc. Conferencing F&B)		*134.6*	*3.0%*	*199.1*	*3.5%*	*274.2*	*4.0%*	*328.9*	*4.0%*	*360.5*	*4.0%*	*374.9*	*4.0%*	*389.9*	*4.0%*	*405.5*	*4.0%*	*421.7*	*4.0%*	*438.6*	*4.0%*
Total Food and Beverage		1,278.7	28.5%	1,734.9	30.5%	2,331.0	34.0%	3,042.5	37.0%	3,334.5	37.0%	3,467.8	37.0%	3,606.6	37.0%	3,750.8	37.0%	3,900.9	37.0%	4,056.9	37.0%
Conferencing (Room Rental Revenue)		44.9	1.0%	85.3	1.5%	116.6	1.7%	164.5	2.0%	180.2	2.0%	187.5	2.0%	194.9	2.0%	202.7	2.0%	210.9	2.0%	219.3	2.0%
Spa		67.3	1.5%	102.4	1.8%	137.1	2.0%	180.9	2.2%	198.3	2.2%	206.2	2.2%	214.4	2.2%	223.0	2.2%	231.9	2.2%	241.2	2.2%
Other Income		89.7	2.0%	113.8	2.0%	137.1	2.0%	164.5	2.0%	180.2	2.0%	187.5	2.0%	194.9	2.0%	202.7	2.0%	210.9	2.0%	219.3	2.0%
TOTAL REVENUE		4,486.8	100.0%	5,688.1	100.0%	6,856.0	100.0%	8,223.1	100.0%	9,012.1	100.0%	9,372.6	100.0%	9,747.5	100.0%	10,137.4	100.0%	10,542.8	100.0%	10,964.6	100.0%
RENTAL INCOME																					
TOTAL RENTAL INCOME	26.00%	1,167	N/A	1,478.9	N/A	1,782.6	N/A	2,138.0	N/A	2,343.1	N/A	2,436.9	N/A	2,534.3	N/A	2,635.7	N/A	2,741.1	N/A	2,850.8	N/A
TOTAL EBITDA		1,167	N/A	1,478.9	N/A	1,782.6	N/A	2,138.0	N/A	2,343.1	N/A	2,436.9	N/A	2,534.3	N/A	2,635.7	N/A	2,741.1	N/A	2,850.8	N/A

WE DO NOT WARRANT THAT THE PROJECTED FIGURES WILL BE ACHIEVED BUT BASED ON OUR KNOWLEDGE OF CURRENT MARKET CONDITIONS AT THE DATE OF VALUATION WE ARE OF THE OPINION THAT THEY ARE SUITABLE FOR VALUATION PURPOSES

American Appraisal

Steigenberger, Budapest

		Forecast in present values									
YEAR		1		2		3		4		5	
No of Rooms		100		100		100		100		100	
Rooms Sold		21,170		23,725		24,820		26,280		27,010	
Occupancy		58.0%		65.0%		68.0%		72.0%		74.0%	
ADR		142.00		148.00		154.00		158.00		162.00	
RevPAR		82.36		96.20		104.72		113.76		119.88	
Growth (RevPAR)		N/A		16.8%		8.9%		8.6%		5.4%	
REVENUES ('000s)											
Rooms		3,006.1	67.0%	3,511.3	64.2%	3,822.3	60.3%	4,152.2	56.8%	4,375.6	56.8%
Food		*785.2*	*17.5%*	*984.5*	*18.0%*	*1,267.8*	*20.0%*	*1,608.3*	*22.0%*	*1,694.8*	*22.0%*
Beverage		*358.9*	*8.0%*	*492.2*	*9.0%*	*633.9*	*10.0%*	*804.1*	*11.0%*	*847.4*	*11.0%*
Banqueting (inc. Conferencing F&B)		*134.6*	*3.0%*	*191.4*	*3.5%*	*253.6*	*4.0%*	*292.4*	*4.0%*	*308.1*	*4.0%*
Total Food and Beverage		1,278.7	28.5%	1,668.1	30.5%	2,155.2	34.0%	2,704.8	37.0%	2,850.3	37.0%
Conferencing (Room Rental Revenue)		44.9	1.0%	82.0	1.5%	107.8	1.7%	146.2	2.0%	154.1	2.0%
Spa		67.3	1.5%	98.4	1.8%	126.8	2.0%	160.8	2.2%	169.5	2.2%
Other Income		89.7	2.0%	109.4	2.0%	126.8	2.0%	146.2	2.0%	154.1	2.0%
TOTAL REVENUE		4,486.8	100.0%	5,469.3	100.0%	6,338.8	100.0%	7,310.3	100.0%	7,703.6	100.0%
RENTAL INCOME											
TOTAL RENTAL INCOME	26.00%	1,167	N/A	1,422	N/A	1,648	N/A	1,901	N/A	2,003	N/A
TOTAL EBITDA		1,167	N/A	1,422.0	N/A	1,648.1	N/A	1,900.7	N/A	2,002.9	N/A
		SHORTFALL TO STABILISATION			1456.1						

American Appraisal

PURPOSE OF THE VALUATION

SUBJECT TO CURRENT OPERATOR AGREEMENT

VALUATION DATE
31/12/2011

VALUATIONS - ON BASIS OF SALES YIELD OF 7.50% FREEHOLD

CASH FLOW ESTIMATES - FROM P&L ESTIMATES ('000s)

YEARS	1	2	3	4	5	6	7	8	9	10		
EBITDA	1,167	1,479	1,783	2,138	2,343	2,437	2,534	2,636	2,741	2,851	End Value	
LESS Capital Expenditure	0	0	0	0	0							
Net Cash Flow	1,167	1,479	1,783	2,138	2,343	2,437	2,534	2,636	2,741	2,851	38,010	7.50%

INCOME CAPITALISATION METHOD (Based on Stabilised EBITDA expressed in Present Value)		23,886,190
DISCOUNTED CASH FLOW METHOD		26,399,967
GROSS VALUE	Say	25,140,000
ACQUISITION/SALE FEES	0.50%	125,700
NET VALUE		25,010,000
NET VALUE PER ROOM		277,889

E-hiteles tulajdoni lap - Szemle másolat

Megrendelés szám:8000004/43715/2012

2012.02.07

BUDAPEST V.KER. Szektor : 34

Belterület **24484 helyrajzi szám**

1051 BUDAPEST V.KER. József Attila utca 3.

I. RÉSZ

1. Az ingatlan adatai:

alrészlet adatok / mûvelési ág/kivett megnevezés/	min.o	terület ha m2	kat.t.jöv. k.fill.	alosztály adatok ter. ha m2	alosztály adatok kat.jöv k.fill
- Kivett irodaház -	0	1779	0.00		

4. bejegyzõ határozat: 197855/1995/95.10.31
Mûemlék

5. bejegyzõ határozat: 292342/2/2004/04.09.03
Mûemléki jelentõségû terület

6. bejegyzõ határozat: 75188/1/2009/08.03.06
Mûemléki környezet
7/2005.(III.1.)NKÖM. sz. rendelet.

II. RÉSZ

9. tulajdoni hányad: 1/1
bejegyzõ határozat, érkezési idõ: 39152/2/2007/06.11.15
jogcím: adásvétel
jogállás: tulajdonos
név: NÁDOR PALACE INGATLANHASZNOSITÓ KFT.
cím: 1052 BUDAPEST V.KER. Váci utca 12.1/4

III. RÉSZ

12. bejegyzõ határozat, érkezési idõ: 62305/1/2008/08.05.26
Egyetemleges keretbiztosítéki jelzálog 8 996 000 EUR,azaz
nyolcmillió-kilencszázkilencvenhatezer EUR erejéig.
jogosult:
név: HVB BANK HUNGARY ZRT.
cím : 1054 BUDAPEST V.KER. Szabadság tér 5-6.

13. bejegyzõ határozat, érkezési idõ: 62305/1/2008/08.05.26
Vételi jog 2011.11.15-ig
jogosult:
név: HVB BANK HUNGARY ZRT.
cím : 1054 BUDAPEST V.KER. Szabadság tér 5-6.

14. bejegyzõ határozat, érkezési idõ: 62305/1/2008/08.05.26

- a 24481/1 és a 24484 hrsz-ú ingatlanok lejegyzés után egyesítve 24484 hrsz alatt 1779 m2. területtel,változatlan tulajdoni állás mellett.

Folytatás a következõ lapon

E-hiteles tulajdoni lap - Szemle másolat

Megrendelés szám:8000004/43715/2012

2012.02.07

BUDAPEST V.KER. Szektor : 34

Belterület **24484 helyrajzi szám**

Folytatás az elõzõ lapról

III. R É S Z

17. bejegyzõ határozat, érkezési idõ: 66625/1/2010/10.08.05
Vezetékjog
6 m2 területre.
jogosult:
név: ELMÛ HÁLÓZATI KFT. törzsszám: 72741132
cím : 1132 BUDAPEST XIII.KER. Váci út 72-74.

18. bejegyzõ határozat, érkezési idõ: 76639/2/2010/10.10.19
Vezetékjog
2 m2 területre, VMB-143/2010.
jogosult:
név: ELMÛ HÁLÓZATI KFT. törzsszám: 72741132
cím : 1132 BUDAPEST XIII.KER. Váci út 72-74.

19. bejegyzõ határozat, érkezési idõ: 214919/1/2011/11.04.11
Vételi jog 2016.04.04-ig
jogosult:
név: UNICREDIT BANK HUNGARY ZRT.
cím : 1054 BUDAPEST Szabadság tér 5-6.

Az E-hiteles tulajdoni lap másolat tartalma a kiadást megelõzõ napig megegyezik az ingatlan-nyilvántartásban szereplõ adatokkal. A szemle másolat a fennálló bejegyzéseket, a teljes másolat valamennyi bejegyzést tartalmazza. Ez az elektronikus dokumentum kinyomtatva nem minõsül hiteles bizonyító erejû dokumentumnak.

TULAJDONI LAP VÉGE

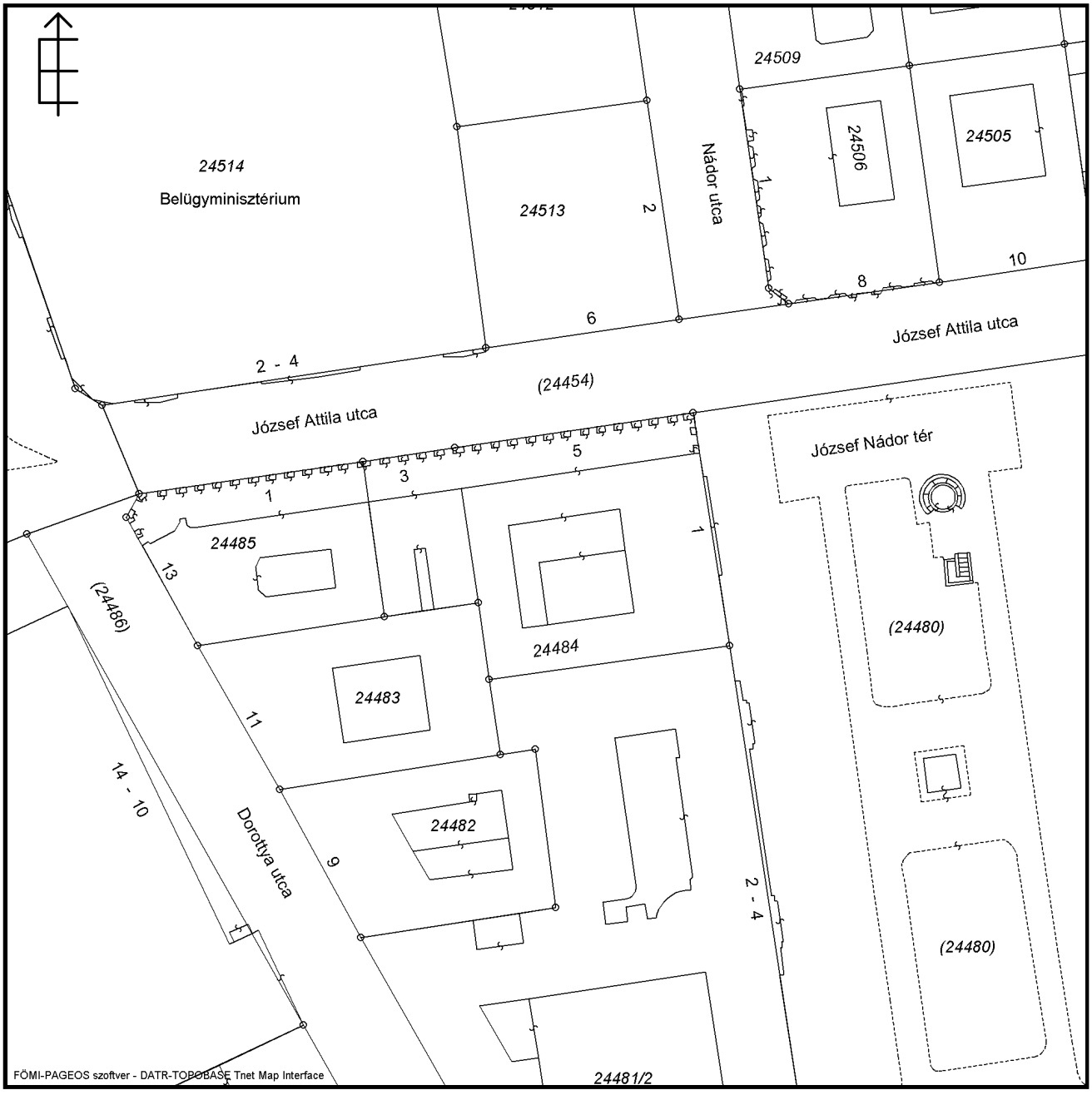
Budapesti 2. számú Körzeti Földhivatal
Budapest,XIV.,Bosnyák tér 5. 1590 Pf. 101

Térképmásolat

Helyrajzi szám: BUDAPEST V.KER. belterület 24484

Megrendelés szám: 9000/584/2012

Méretarány: 1 : 1000



2012.02.07 10:07:56

American Appraisal

SIGNING OF LEASE AGREEMENT ANNOUNCEMENT

Inventech Central Hotels Ltd (hereinafter: the Company)

Tel Aviv Stock Exchange Ltd
(Through the electronic reporting system)

Dear Lady, Sir,

Subject: Immediate report

Following immediate report of the Company from 2nd of December 2011(ref no:2010-01-705402), the Company is reporting that a subsidiary of the Company, Nador Palace Kft(hereinafter: "Nador" or "Lessor") signed on 19th of January 2012 with Steigenberger Hotels AG(hereinafter: "SH" or "Lessor") an agreement to lease hotel "Nador Palace"(hereinafter: the Agreement")
Based on the Agreement, Nador will lease to SH the 5 star hotel (under development) and is named "Nador Palace", located in Budapest, Hungary (hereinafter:"the Hotel").

Based on the Agreement, inter alia, the following agreed terms were set:
1) Lessee will lease the Hotel from the day it becomes operative, after receiving the occupancy permit and will operate it in a 5 star standard under the name: "Steigenberger Hotel Nador Palace"
2) Lessor leases the Hotel for a period of twenty years as of completion of construction with an option for either party to extend the lease with further two periods of five years each
3) As a consideration for the lease fee, Lessee will pay to Lessor 26% of its revenues in the Hotel, revenues which are not less then the agreed minimum annual lease fee as set in the Agreement equal to a total of 924 thousand Eur. For this purpose, Lessee will provide Lessor with Lessee's mother company guarantee.
4) During the construction period and till the opening for operation, Lessee will provide technical consulting.
5) Furthermore, Lessee has a first refusal right in case of sale of the Hotel by the Lessor. In

addition, parties agreed that after eight years of operation, Lessor may terminate the Agreement with entitlement for an agreed minimum compensation of 500 thousand Eur to Lessee which is gradually reduced along the operation period so that as of year 15 of operation no compensation is paid.

6) Lessor is entitled to terminate the Agreement if either building permit or bank finance were not obtained within four months from the Agreement becoming effective. The Agreement is subject to receipt of approvals from the authorized organs of each of the parties. It is agreed that if within eight weeks from signing of the Agreement either of the parties did not approve the Agreement, the Agreement is terminated.

Note is given to the company's assessment to the progress and completion of the Hotel and its operation thereof, including the obtaining of the required occupancy permits as specified, is future forecast information, as defined in the "Law decree on securities 1968". Such assessments may not materialize, in part or entirely, or may materialize with deviation in compare to what was expected, as a result of changes in time table set for the project or expectations regarding the obtaining the required permits.

Sincerely

Inventech Central Hotels Ltd

Dr. Szengofszky Richárd Ügyvédi Iroda
1052 Budapest, Haris köz 6. mfsz. 1.
Tel.:4110396, 06702342024, Fax: 4110397
e-mail: sengoiur@hotmail.com

Nádor Palace Kft.
Várkonyi Andor projektigazgató úr részére

tárgy: Tájékoztató

Tisztelt Projektigazgató Úr!

Kérésének megfelelően tájékoztatom Önt, hogy a cége tulajdonában álló 24484. hrsz-ú, 15363 műemléki törzsszámú és természetben a Budapest V. kerület József Nádor tér 1. és József Attila u.3. számú egyedileg védett műemléki és műemléki környezeti védelem alatt álló ingatlant érintő, meglévő irodaépületekből „Buotique" Hotel kialakítása kapcsán, a Budapest Főváros Kormányhivatalának Kulturális Örökségvédelmi Irodája által 460/0684/25/2008. számú 2008. 10. 30-án kelt jogerős építési engedélyének megfelelően az építésigazgatási eljárás jelenlegi állása a következő:

1. a nevezett építési engedély a kulturális örökség védelméről szóló 2001. évi LXIV. törvény 43.§ (1). és (2). bekezdései alapján műemléki és örökségvédelmi kikötéseket tartalmaz. Ennek megfelelően az ingatlan kő és fém elemeire 2011. 09. 28-án restaurátori-kutatási engedélykérelmet adtunk be a Budapest Főváros Kormányhivatalának Kulturális Örökségvédelmi Irodájához, mely Iroda a 460/2201/6/2011. számú 2011. 10. 18-án kelt határozatában ezt engedélyezte. További kötelezettség, hogy a nevezett műemléki kikötések közül a fal és faanyag restaurátori-kutatásokra engedélykérelmet kell még előterjesztenünk a Budapest Főváros Kormányhivatalának Kulturális Örökségvédelmi Irodájához,

2. továbbá nevezett kutatási engedélykérelmünkkel kérvényeztük, hogy a restaurátori-kutatási tevékenység megkezdését, mint építőipari kivitelezési munkálatok megkezdését, az építésügyi hatósági eljárásokról és az építésügyi hatósági ellenőrzésekről szóló 193/2009.(IX.15.) Kormány rendelet 45/A.§ (2). bekezdés a.) pontja szerinti az építésügyi hatósági eljárásokról, valamint a telekalakítási és építészeti-tervdokumentációk tartalmáról szóló 37/2007. (XII.13) ÖTM rend 1. melléklet IV. oszlop 1. pont a.) alpontja, illetve I. oszlop 5. pont a.) alpontja alapján a 193/2009. (IX. 15.) Kormány rendelet 45/C.§ (1). bekezdése szerint az Iroda nyilvántartásba vegye. Nevezett kérelmünk iktatását követően 2011. 09. 28. napjától 5 éven belül használatbavételi engedélyt kell kérni a nevezett ingatlanra, azaz a teljes kivitelezési munkálatokat a meghatározott véghatáridőig be kell fejezni.

Kérem levelemben foglaltak tudomásulvételét, és állok további szíves tájékoztatásukra, várom utasításaikat.

Budapest, 2011. november 3.

Tisztelettel:

dr. Szengofszky Richárd

ügyvéd

Attn: Nádor Palace Kft.

Project Manager

Re: Information

Dear Sir,

Upon your request please find below update on the construction administration process due for today, regarding the real estate owned by Nádor Palace , located in Budapest József nádor tér 1. and listed as a National Monument and to be reconstructed into a „Boutique Hotel" under the legally binding building permit no. 460/0684/25/2008. dated 30.10.2008.:

1. The above referred building permit contains conditions set forth by law 2001. LXIV. §.43. (1) and (2) on protection of national monuments. Following these rules we have requested an archaeological survey permit for the stone and metal elements of the building on 28.09.2011. from the Office of National Monument Protection of Budapest, and this permit was granted to Nádor palace on 18.10.2011, in permit No. 460/2201/6/2011.
   Additional obligation is that we shall have to submit a request to receive permit for surveying the walls and the wooden elements to the same office,

2. also, in the above mentioned request of ours we have asked the authority to register /consider the start of the archaeological survey as start of the construction in line with regulations 193/2009. (IX.15) §. 45./A (2) section a) on construction administration, law 37/2007. (XII.13.) ÖTM appendix 1, column IV section 1.a) and column I section 5a) on construction permit processes and 193/2009 (IX.15.) §. 45/c (1).
   Within 5 years from receipt of our request by the authority, which was 28.09.2011. the investor has to get a use permit for the real estate, meaning that all the construction works must be completed until that time.

Should you have further questions please do not hesitate to contact me.
Budapest, 3 November, 2011.

Dr. Richárd Szengofszky
lawyer

BEÉRKEZETT
2011 -10- 21 /1621

BUDAPEST FŐVÁROS
KORMÁNYHIVATALA

KULTURÁLIS ÖRÖKSÉGVÉDELMI IRODÁJA

Ügyiratszám: **460/2201/6/2011**
Ügyintéző: Leposa László/JJ
Telefon: 224-5559
E-mail: laszlo.leposa@koh.hu

Tárgy: **Budapest V. ker. József Nádor tér 1. sz.** és József Attila u. 3. sz. alatti meglévő irodaépületekből „Boutique" Hotel kialakításához szükséges restaurátori kutatás
(**kutatási engedély megadása**)
Műemléki törzsszám: M15363 és MK

HATÁROZAT

A Nádor Palace Kft. (székhely: 1052 Budapest, Váci u. 12. I/4., jogi képviselő: Dr. Szengofszky Richárd Ügyvédi Iroda (1052 Budapest, Haris köz 6. mfsz. 1.)) kérelmezőnek engedélyt adok arra, hogy a Budapest, V. ker. József nádor tér 1. sz. és József Attila u. 3. sz., 24484 hrsz. alatti ingatlanon álló műemlék és műemléki környezetben lévő irodaépületekből „Boutique" Hotel kialakításához szükséges kő- és fémrestaurátori kutatást a REKO KONZULT Restaurátor, Kivitelező és Tanácsadó Kft. (székhely: 1222 Budapest, Lőcsei u. 13. sz.) irányításával Szabó Péter és Révai Szabó Zsófia köszobrász–restaurátorokkal, Dr. Horváth Zoltán András okl. geológus, építésföldtani és mérnökföldtan szakértővel, Séd Gábor fémrestaurátorral elvégeztesse.

A kutatási engedély végrehajthatóságától számított 1 év után érvényét veszti, kivéve, ha az engedélyezett tevékenységet megkezdték és 2 éven belül a kutatás befejezését – annak megtörténtét követő 8 napon belül - a hivatalnál bejelentik.

Ha a kutatás közben az építménnyel összefüggésben olyan körülmény merül fel, amely a kutatási terv módosítását teszi szükségessé, a kérelmező köteles azt haladéktalanul bejelenteni a Hivatalnál.

A kérelmező a kutatás befejezését követő 90 napon belül köteles a Hivatalnak kutatási, illetve restaurátori kutatási dokumentációt benyújtani, mely tartalmazza:

a) a kutatás tárgyát képező kulturális örökségi elem történeti leírását,

b) a kutatás folyamatának leírását, eredményének összefoglalását, rajzi, és fényképes dokumentálását,

c) a felhasznált szakirodalmat, a történeti forrásokat és ezek feldolgozását,

d) helyreállítási, illetve restaurálási javaslatot.

E határozat ellen a kézhezvételtől számított 15 napon belül a Kulturális Örökségvédelmi Hivatal elnökéhez címzett, de hatóságomnál benyújtandó 5.000,- Ft-os illetékbélyeggel ellátott fellebbezéssel lehet élni.

INDOKOLÁS

Jogelődöm a Kulturális Örökségvédelmi Hivatal Közép-magyarországi Iroda 2008. október 30-án kelt 460/0684/25/2008 számú jogerős határozatával engedélyt adott a Budapest, V., József nádor tér 1. sz.-József Attila utca 3. sz., 24484 hrsz. alatti ingatlanon álló irodaépület „Boutique" hotellé történő átalakítására. Hivatkozott határozat a/ pont alatti műemléki kikötéseiben felsoroltakra az építtető nevében eljáró jogi képviselő dr. Szengofszky Richárd 2011. szeptember 28-án érkeztetett beadványában a kovácsoltvas elemek, valamint a függőfolyosó és kőlépcsők kutatására kért restaurátori kutatási engedélyt, ami azok restaurátori felújítási munkáira nem vonatkozik.

A *kulturális örökség védelméről* szóló módosított 2001. évi LXIV törvény (a továbbiakban: Kötv.) 63. § (2) bekezdésének *e)* pontja és *A Kulturális örökségvédelmi Hivatal eljárásaira vonatkozó szabályokról* szóló 10/2006 (V. 9.) NKÖM rendelet (a továbbiakban: eljárási rendelet) 11.§ (1) bekezdés a-b) pontjai alapján a Hivataltól kutatási engedélyt kell kérni műemléki védelem alatt álló építmények fizikai beavatkozással, mintavétellel, roncsolással járó vizsgálatához (elemzéséhez), valamint restaurátori kutatási engedélyt kell kérni a műemlék tartozékát (alkotórészét) képező műemlékként védett képző- és iparművészeti alkotás roncsolásos vizsgálatához.
Az eljárási rendelet 11.§ (4) bekezdése alapján a Hivatal engedélyében feltételeket írhat elő, a (6) bekezdés előírja, hogy az engedélyezett kutatás befejezését 8 napon belül a Hivatalnál be kell jelenteni. A kutatási, illetőleg restaurálási kutatási dokumentáció benyújtásáról és annak tartalmáról az eljárási rendelet 11.§ (8) bekezdése szól.

Hatáskörömet a Kulturális Örökségvédelmi Hivatalról, a kulturális örökségvédelmi szakigazgatási szervekről, és eljárásaikra vonatkozó általános szabályokról szóló 324/2010.(XII.27.) Korm. rendelet 5. § (1) bekezdése, illetékességem az 1. sz. melléklet 9. pontja határozza meg.

A fellebbezési lehetőséget a Ket. 98. § (1) – (4) bekezdései, valamint a 99. § (1) bekezdése alapján adtam meg.

A fellebbezési illeték mértékét *az illetékekről* szóló többször módosított 1990. évi XCIII. évi törvény 29. § (1) és (2) bekezdései alapján állapítottam meg.

Budapest, 2011. október 18.

Budapest Főváros Kormányhivatala Kulturális Örökségvédelmi Irodája 1.

Tahi-Tóth Nándorné s. k.
mb. irodavezető

Kiadmány hiteléül:
(Janthó Judit)

Erről értesül:

1/ Nádor Palace Kft.
1052 Budapest, Váci u. 12. I/4.

2/ Dr. Szengofszky Richárd Ügyvédi Iroda
1052 Budapest, Haris köz 6. mfsz. 1.

3/ REKO KONZULT Restaurátor, Kivitelező és Tanácsadó Kft.,
Szabó Péter és Révai Szabó Zsófia
1222 Budapest, Lőcsei u. 13.

4/ Dr. Horváth Zoltán András
1031 Budapest, Vízimolnár u. 37.

5/ Séd Gábor
1034 Budapest, Zápor u.5/a. I/6.

6/ Böcskei Péter
2111 Szada, Kisfaludy u. 19/c.

7/ Sámson András
2330 Dunaharaszti, Orgona u. 25/a.

8/ ART-HITECK XXI Kft.
1022 Budapest, Felvinci út 3.

9/ Belváros-Lipótváros V.ker. Önkormányzat Műszaki Osztály
1051 Budapest, Erzsébet tér

10/ BFKH KÖI - ea., irattár

11/ KÖH – nyilvt.

American Appraisal

CERTIFICATE OF APPRAISER

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved.

My compensation is not contingent on any action or event resulting from the analyses, opinions or conclusions in, or the use of, this report.

The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the national and international uniform standards of professional appraisal practice.

I have made a personal inspection of the property that is the subject of this report.

Anyone providing significant professional assistance is identified on the signature page of this report.

.....

Ágoston Jakab

APPRAISAL REPORT

MARCALI SPA HOTEL DEVELOPMENT
MARCALI, HUNGARY

December 31, 2011

Contract No.: 3409/2012

American Appraisal

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American Appraisal Magyarország Vagyonértékelő Kft.
American Appraisal Hungary Co. Ltd.
H-1132 Budapest, Váci út 18.
tel +36 1 388 9903 / 388 4189
fax +36 1 388 9594

American Appraisal

Leading / Thinking / Performing

Contract No. 3409/2012

Mr. Orly Paran

CEE Hotel Holdings B.V.
Narvitaweg 165
Telestone 8
Amsterdam, 1043BW
The Netherlands

February 13, 2012

Subject: **Valuation of land plot at Gizella utca, Marcali 8700**

Dear Sir:

We have completed the appraisal of the real estate property identified to us as the land plot designated for a 4-star hotel development and located at **Gizella utca, Marcali, Hungary** and submit our findings in this report.

The appraisal was made to express an opinion, as of December 31, 2011, of the **fair market value** of the subject property appraised on the premise of **open market sale** and **orderly liquidation**. We understand that our opinion of value is to be used for reporting purposes for the Israel Securities Exchange and is to serve as basis for the financial statements of the company, as of December 31, 2011, which will be made public. We hereby agree that our valuation report will form part of the financial statements of Central European Estates N.V.

Fair market value is defined as the estimated amount at which the property might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts.

When fair market value is established on the premise of orderly liquidation, **orderly liquidation value** is defined, as the estimated gross amount a property should realize if sold piecemeal on a negotiated basis, given a reasonable amount of time (6-9 months) to find a purchaser. The property would be offered for sale in an "as-is, where-is" condition and location.

Our appraisal report consists of:

This letter identifying the property appraised, summarizing the nature and extent of our investigation, and presenting the conclusions reached

Assumptions and Limiting Conditions

A narrative report, setting forth the purpose and scope of the appraisal, a description of the property, a presentation of the valuation techniques employed, and the conclusions of value

Exhibits including:

- Development Valuation
- Discounted Cash Flow and Valuation Model
- Land Register Paper
- Building Permit
- Photos
- Certificate of Appraiser

Our investigation included the real estate.

Before arriving at our opinions of value, we personally inspected the designated property and considered:

- Location, size, and land values within the Balaton region
- Condition of the land and the present development phase
- Development and infrastructure improvement projects in the Balaton area
- Performance of 4-star hotels along the Balaton
- Net income expectations of the Hotel subject to an owner operator hotel operating model and capitalization of that income into an indicative value.

We have completed the appraisal consideration given to data furnished by the owner of the property, data compiled on location, demand for spa hotels along the Balaton and hotel market information in Hungary. The value of the property with consideration given to the development of a 4-star hotel was estimated by application of the income approach based on the potential EBITDA of the hotel and development cost appraisal. We have subtracted the development cost of the hotel from the value of the property arrived at by application of the income approach in order to derive the current residual value of the land and building, and determine the Fair Market Value.

There have been limited hotel market transactions in recent years within Hungary, and the only major transaction that occurred at the Balaton was the sale of the Rogner Hotel at a reported EUR 200,000 per guest room at a yield of 7.5%. In turn, due to a lack of more hotel transactions we have not taken into consideration the market approach to value, because it would have resulted in unreliable indication of value due to the market conditions, namely due to the lack of market comparables of spa hotels in the Hungarian countryside.

Based on the investigation and premises outlined in the report, it is our opinion that, as of December 31, 2011, the **Fair Market Value** of the future 4-star Marcali Spa Hotel located at **Gizella utca, Marcali 8700 Hungary** appraised under the premise **open market sale** is reasonably represented by the amount of **SIX MILLION EUROS (EUR 6,000,000).** Further, it is our opinion that, as of the same date, the designated property's **Fair Market Value** on the premise of **Orderly Liquidation** is reasonably represented by the amount of **FOUR MILLION FIVE HUNDRED THOUSAND EUROS (EUR 4,500,000).**

For this appraisal, the subject land was taken into consideration as a construction site and the income approach or residual value method was applied to arrive at a value indication for the subject land and partly built up area of the hotel building. It needs to be noted however, that according to furnished information provided by the Company and our site inspection, the subject development is approximately 56.2% completed. The photos taken of the subject development and attached to the exhibit section to the report reveal the progress and state of readiness of the project.

Our concluded values are net values excluding VAT.

This appraisal summary letter constitutes part of the narrative report.

We have not investigated the title to or any liabilities against the properties appraised and no responsibility are assumed for these matters.

Respectfully submitted,
AMERICAN APPRAISAL HUNGARY CO. LTD.

Ágoston Jakab
Managing Director

Investigation and Report
By: Ágoston Jakab MRICS

American Appraisal

ASSUMPTIONS AND LIMITING CONDITIONS

This service was performed with the following general assumptions and limiting conditions:

1. To the best of our knowledge, all data, including historical financial data, if any, relied upon in reaching opinions and conclusions or set forth in this report are true and accurate. Although gathered from sources that we believe are reliable, no guarantee is made nor liability assumed for the truth or accuracy of any data, opinions, or estimates furnished by others that have been used in this analysis.

2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. We have assumed that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances that cannot be cleared through normal processes, unless otherwise stated in the report.

3. The value or values presented in this report are based upon the premises outlined herein.

4. The date of value to which the conclusions and opinions expressed apply is set forth in the report. The value opinion presented therein is based on the status of the economy and on the purchasing power of the currency stated in the report as of the date of value.

5. This report has been made only for the use or uses stated, and it is neither intended nor valid for any other use.

6. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion, the identity of any individuals signing or associated with this report or the firms with which they are connected, or any reference to the professional associations or organizations with which they are affiliated or the designations awarded by those organizations) shall be disseminated to third parties through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of American Appraisal.

7. Areas, dimensions, and descriptions of property, if any, used in this analysis have not been verified, unless stated to the contrary in the report. Any areas, dimensions, and descriptions of property included in the report are provided for identification purposes only, and no one should use this information in a conveyance or other legal document. Plats, if any, presented in the report are intended only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size.

8. Unless stated to the contrary in the report, no environmental impact study has been ordered or made. Full compliance with all applicable laws and governmental regulations is assumed unless otherwise stated, defined, and considered in the report. We have also assumed responsible ownership and that all required licenses, consents, or other legislative or administrative authority from any applicable government or private entity organization either have been or can be obtained or renewed for any use that is relevant to this analysis. Nonetheless, a defect that requires further inspection will be indicated in the report.

9. The value estimate contained within the report specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes, unless stated to the contrary in the report. It is recommended that the reader of the report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural or environmental defects, the existence of which could have a material impact on value.

10. If we made a physical inspection of the property, individuals made the inspection generally familiar with real estate and building construction. However, we do not opine on, nor are we responsible for, the structural integrity of the property including its conformity to specific governmental code requirements, such as fire, building and safety, earthquake, and occupancy, or any physical defects that were not readily apparent to the appraisers during their inspection. Nonetheless, the report will state all the known defects that require further inspection.

11. It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless non-conformity has been stated, defined, and considered in the report. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property described and that no encroachment or trespass exists unless noted in the report.

12. No soil analysis or geological studies were ordered or made in conjunction with the report, nor were any water, oil, gas, or other subsurface mineral and use rights or conditions investigated, unless stated to the contrary in the report.

13. No responsibility is assumed for changes in values occurring often in extraordinary economic situations resulting from economic processes that cannot be detected or foreseen during the appraisal process and may have impact on the value of the real estate property.

American Appraisal

SUMMARY OF PERTINENT FACTS AND CONCLUSIONS

The subject site consists of a land plot of 45,000 square meters and the constructed concrete skeleton of the future hotel. The area will be developed and used for the purpose of a spa hotel with related facilities including swimming pools, therapy rooms, conference areas and food and beverage venues.

The completed hotel development is planned to consist of 116-guest rooms and suites according to the requirements of the owner. The property will be categorized as a 4-star hotel.

The proposed future hotel facilities will include a restaurant, café, Pool bar, conference and meeting rooms, fitness/spa and pool area, which will encompass a spa resort hotel with the reflective décor and ambience.

According to the current development plans provided by the Client, guest room size will be average net room size of 30 square meters, which we consider to be above average for a 4-star hotel in Hungary located in the countryside.

The property will comprise six levels, including two basement, ground floor and three upper levels. We have received floor plans for all the sections of the hotel development. Two guest elevators from the ground floor to all floors on the guest room levels will provide passage between the levels in the building. A staircase will also lead from the ground floor to the upper levels. The hotel will include 4 swimming pools, both indoor and out, including a pool for children, thermal pool and standard pools. In addition, the wellness center will consist of a weight bath, sauna/steam areas and massage tables. The 3 therapeutic rooms are targeted for medical related tourism requirements. The parking facility will consist of 116 underground parking places.

We understand that the Total Gross Development Area will be approximately 13,986 square meters upon completion of construction. We have relied upon the area data provided by the Client as being correct as of the date of this report.

The projects completion date for the second quarter 2011 was delayed and construction works halted primarily due to a delay in receiving the financing facility from the MFB (Hungarian Development Bank), which then resulted in the building contractor entering into bankruptcy.

In the meantime, the investor, Marcali Szalloda Kft. has now received a binding offer from MNB, which needs to be finalized and activated by 31 March 2012. We have been advised by the owner that the agreed bank financing of HUF 1,6 Billion (c. EUR 5 Million) which represents 52% of total project investment. This amount of debt financing will be sufficient to complete the hotel development given the current development cost estimates. The owner is now working towards re-starting construction works in early April 2012, with a new construction company, once the bank agreement is signed by the end of March 2012. The hotel will be operated as an independent hotel entity, whereby the owner of the hotel property will establish a separate operating company that will have the sole purpose of managing the hotel, thus dividing the ownership of the land and building with that of the operating company. We consider this business model to be appropriate for a countryside Spa hotel where it is not necessary to engage an international branded hotel company to manage with only limited upside benefits but high management fees, which countryside hotels are not in position to afford. Hungarian countryside hotels are predominately operated under an independent name and operator, and we have taken this model into consideration when valuing the property.

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DESCRIPTIVE INFORMATION

Introduction

The appraisal was made to express an opinion, as of December 31, 2011, of the fair market value of the simple interest in the future 4-star Marcali Spa Hotel located at **Gizella utca Marcali, Hungary,** appraised on the premise of **open market sale** and **orderly liquidation**. We understand that our opinion of value is to be used for reporting purposes for the Israel Securities Exchange and is to serve as basis for the financial statements of the company, as of December 31, 2011, which will be published and made public.

Fair market value is defined as the estimated amount at which the property might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts.

When fair market value is established on the premise of orderly liquidation, **orderly liquidation value** is defined, as the estimated gross amount a property should realize if sold piecemeal on a negotiated basis, given a reasonable amount of time (6-9 months) to find a purchaser. The property would be offered for sale in an "as-is, where-is" condition and location.

The following report sections include a market overview; description of the subject neighborhood and general area; description of the appraised property; introduction and application of valuation procedures; conclusion; and exhibits.

Hotel Market Overview, Trends

We have outlined some of the main factors that we took into consideration when undertaking this report concerning hotel performance and investment market within the Balaton region of Hungary, which have assisted us in developing our medium to long-term projections for the property.

Although Budapest is the key tourist destination within Hungary and one of the main leisure orientated cities in Central and Eastern Europe (CEE), there has been a growing interest by hotel investors to diversify into countryside developments. This has benefited Hungary's spa tourism sector over the past 7 years, which gained focus and new projects. The interest in Spa Hotel

developments originated from a government objective to promote the segment, long considered an asset in the country, which was helped by the availability of European Union (EU) subsidy funding opportunities. The combination of real estate investor interest in the countryside of Hungary, available funding and a demand by local and international guests for better quality hotel establishments led to an increase in the number of hotels in and around the Balaton region.

From 2004 growth in tourism arrivals accelerated following membership to the European Union (EU) and Hungary's entrance to the European open sky agreement, paving the way for increased competition within the airline industry and more flights to and from Hungary. In addition, the country entered the Schengen visa and borderless community in 2007, thus enabling visitors to freely cross the border without customs procedure. This reduces the time of travel to the destination, especially when we consider the main source markets for the Balaton region is coming from Austria, Germany, Czech Republic, Slovakia and Poland.

Significant hotel demand potential lies with Asian markets, such as China and India, which today are minor visitor groups to Hungary. Contrary to today's major source markets, the population of these countries will spend a growing share of their income on travel, as income and rapid economic development continues. General economic and disposable income growth within the CEE region will also positively impact hotel demand in Hungary, both from leisure and business travelers. The trend of growing demand from neighboring Central and Eastern European countries will therefore continue. These include new markets from CEE including Serbia, Croatia and Romania. International airport arrivals results have not been reported for total passenger traffic in 2011, however the year-to-date figure in November is higher then the total for 2010 being 8.19 million passengers. The estimated number for 2011 is 8.6 to 8.7 million. We project that international arrivals will likely be static in 2012, given some impact on the industry from the grounding of Malev Hungarian national airline. However, guests to Spa hotels around the Balaton primarily travel by road, either car or bus travel.

Fiscal austerity measures continuously being introduced to Hungary during 2011 and 2012 have become an advantage for domestic tourism, due to a shift by locals to spend their time and resources visiting domestic tourism venues and encouraged by the Hungarian government through initiatives like the SZEP card, which enables local employers to deposit funds into individual employee tax incentivized cards that can be spent on domestic tourism services. This initiative could increase demand for the Balaton region and within the country. In 2010, the number of domestic trips accounted for 59.1% of the total compared to 40.9% for international travel, thus indicating the importance of domestic tourism to Hungary.

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Lake Balaton Hotel Supply

We have surveyed the quality supply (4- and 5-star hotels) situated along or within close vicinity of Lake Balaton. Supply of guest rooms has expanded in recent years; with an investor focus on higher graded and niche hotels. We are familiar with a number of groups, including SCD who have purchased a number of land plots for development. The reason for investor interest in the Balaton region is due to increase in demand, especially from the domestic market. The trend in recent years is for locals to spend more funds on local tourism compared to traveling abroad, thus increasing local tourism. Hungarians have become more cost conscious and are spending less on international travel and holidays.

Some of the other major spa Hotels across Hungary include:

Spa Hotels in Hungary	
Name	Location
Karos Spa Hotel	Zalakaros
Kehida Thermal Gyógy -és Élményfürdő	Kehidakustány
Kolping Hotel Spa and Family Resort	Alsópáhok
Mendan Thermal Hotel and Aqualand	Zalakaros
Velence Resort and Spa	Velence
Apolló Thermalhotel and Apartments	Hajdúszoboszló
Aquaticum Thermal and Wellness Hotel	Debrecen
Danubius Health Spa and Wellness Hotel Bük	Bükfürdő
Danubius Health Spa and Wellness Hotel	Sárvár
Hotel Caramell	Bükfürdő
Dráva Thermal Resort	Harkány
Thermal Hotel Heviz Thermal Hotel Visegrád Hotel Europa Fit Spirit Hotel Greenfield Resort	Heviz Visegrád Heviz Sárvár Bükfürdő

In comparison to Budapest or city hotels, there are only limited “branded” hotels within the Balaton region, which only includes the brands of Best Western, Ramada and Danubius. However, the first two are under a franchise or license agreement, thus having no direct property management service included. In addition, although the Birdland Hotel was previously operated under a management agreement with Rezidor, it has subsequently changed ownership and now operates under an independent name, Greenfield Hotel. We consider the number and lack of international hotel management brands as a potential impediment to further position and market the Lake Balaton region amongst an increased number of international visitors who rely on branded hotels in making their travel and accommodation decisions.

There is scope for internationally recognized hotel brands that are present in Budapest to expand their portfolio outside of the city, thus benefiting from possible operational synergies; however we consider this will be a gradual process and will be driven by market and financial performance. One of the major reasons independent hotels at the Balaton region are more hesitant to install an internationally recognized brand is due to inhibitive management fees and strict brand standards of these operators, which tends to increase the overall development and later operating costs.

The Balaton region is primarily serviced by Budapest Airport for international guests traveling by air or alternatively, Vienna or Bratislava airports. The existing highway infrastructure allows for convenient and effective access to the Balaton region. The new M0 ring road from the airport provides a direct connection from certain parts of the city and a direct link to the M7 highway leading to the Balaton. The M1 highway from Austria provides for accessibility from Vienna, however there is not a highway built directly to the Balaton only partially. The M7 highway is complete to the border with Croatia and Slovenia, and passes along the south side of the Balaton.

Fly Balaton Airport opened service in 2005 and is the closest link to the Balaton region, with seasonal direct flights from a growing number of airlines. However, the airport experienced financial difficulties and is currently closed and unsure when it will re-open.

Strategic Development Plans for the Balaton Region

The Hungarian national regional development office continues to implement a key development plan for the region under the auspices of the “Balaton Development Plan” 2007 to 2013. Funding is provided by the national government and EU structural funds, and plans are to focus on the following issues and improvements;

- Increase revenue-generating capability of the tourism industry through renewal and creation of tourist attractions and increase the quality of services provided, this is expected to result in the expansion of season. The opportunities of expanding the high summer season is through a conferencing market, cultural tourism, niche areas such as wine and food, and eco-tourism.
- Improve transportation in the region, by improving accessibility to the Northern Shore by rail and road and by improving services of the regional airport. Intra-regional traffic is to be improved by increasing the quality and availability of public transport facilities and by upgrading the municipal road network. Developments,

therefore, aim to increase the region's attractiveness for both inward investment and tourist visits, and simultaneously reducing adverse transport-related environmental effects.

- To preserve natural value and cultural heritage in order to promote the unique original attractiveness of the region through continuous improvement the lake ecology, preservation and rehabilitation of the built environment and encouraging the use of renewable energy sources in the region.

We have been to a number of events where the Ministry for Economic and Regional Development has continuously mentioned the importance of the Lake Balaton and Spa tourism as one of the main future sources of focus and development, and a potential GDP earner for Hungary. This increased focus by national and local authorities is encouraging for the spa and leisure segments in the country.

Medical Spa Tourism

Central and Eastern Europe has emerged as a significant and popular destination for health tourism over the past 20 years. The region has a developed medical infrastructure with highly qualified professionals in this field, but sometimes at one-third of the cost than in more developed countries in Western Europe. In addition, the proximity to Western Europe is another major advantage for medical tourists choosing their care in the region. Hungary, together with Czech Republic and Poland are considered a leader in spa treatments.

Some of the main drivers of medical tourism in the recent past were due to the arrival of inexpensive air travel, international accreditation programs and dedicated service providers in developing nations acquiring state of the art technologies in line with Western standards. The internet has opened up a global market for potential guests and users of medical services enabling customers to select facilities and compare costs.

The major benefit for hotels within the segment of medical tourism lies with preventative and cosmetic treatments. It is reported that the largest profit margins are derived for "Wellness" services, including spas, stress relief, rejuvenation centers and Central and Eastern Europe is within the top 4 destinations for providing such services. The others include Thailand, India and Turkey.

The spa industry comprises several revenue centers with sales extending into leisure, lifestyle and wellness segments. The Property in Marcali has the potential to develop a profit centre within its treatment areas by offering spa treatments, fitness, yoga, massage for preventative and existing medical conditions and other wellness related treatments.

The wellness/spa market provides for high profit margins at minimal additional costs. Medical tourists offer a distinct advantage for hotels with reservations often made well in advance and these guests staying for longer as opposed to traditional customers. A significant potential in Hungary is the opportunity to cooperate with Western European insurance companies that provide funds for their members to have treatments at spa and medical establishments in other countries. This type of business is expanding due to the cost advantages experienced in Hungary compared to the home country.

Hungary is recognized as a country of thermal and medicinal waters, which has not been fully utilized and the hotel industry has recognized the long-term benefit of investing in this market segment, especially considering Hungary's relative competitive advantage in the spa tourism sector.

Competitive Set

The primary and secondary competitors of the subject Marcali Hotel project are briefly described as follows:

PRIMARY COMPETITORS

Hotel Azúr, Siófok

The one of the largest four-star hotel of the Balaton region, Hotel Azúr opened its doors in 2004 at Siófok. The Hotel has 222 air-conditioned balconied rooms equipped with extras, of which 18 are luxury suites with their own sauna, Jacuzzi and sitting room for private discussions. The Hotel is also the largest conference and wellness centre of the Balaton region. Outdoor and indoor amusement pools, a thermal pool, Jacuzzi, children's pools serve guests and additional services include: Finnish sauna, steam bath, scent room, salt room and Kneipp bath.

Danubius Health Resort Aqua, Hévíz

Danubius Health Resort Aqua, spa and wellness hotel is located in Kossuth Lajos utca 13-15 in Hévíz, next to the famous thermal lake Hévíz. Location of Hévíz: 13 km from Fly Balaton Airport, 190 km from Budapest Airport. In the heart of Hévíz, the four-star Danubius Health Spa Resort Hévíz is only 500 m away from Lake Hévíz. The hotel is waiting for guests with 210 rooms (203 double rooms and 7 suites) with air-condition and a wide range of spa, wellness, fitness and beauty services.

European Lakes Golf & Country Hotel – Hencse

Located amongst the hills of the Zselic Natural Reserve close to the town Hencse, European Lakes is a region in South Western Hungary. European Lakes offers the best of both worlds combining an 18 hole Golf Course set in breathtaking scenery with The Country House Hotel & its facilities a luxury. Additional services include: Sauna, Jacuzzi, health Spa Pool, massage rooms, conference and meeting rooms, tennis courts, horse riding, hunting, and fishing.

SECONDARY COMPETITORS

Hotel Panorama, Siófok

The four-star Hotel Panorama is situated on the southern part of Lake Balaton, in Siófok on Aranypart and it is only one kilometer from the city centre. The hotel has 148 fully equipped double rooms and 8 apartments, and it is open all year round.

Services: swimming pool, sauna, solarium, infrared heat cabin with light therapy, steam cabin, cave bath, ice fountain, buzz shower, fitness room and a tennis court.

Palace Hotel Hévíz

The Hotel situated in the pedestrian street of the town Hévíz and just only 200 meters from the Thermal Lake Hévíz. The hotel features 165 non-smoking rooms and apartments. Car parking is available in the hotel garage.

Services: Wellness pool, Jacuzzi, Finnish sauna, fitness room, restaurant and bar, playroom.

Hotel Európa Fit, Hévíz

The spa & wellness resort, Hotel Európa Fit superior has an exclusive, Mediterranean style building, with 236 air-conditioned rooms are spread across five floors and 120 underground parking lots. The Hotel is located in a quiet neighborhood in Hévíz, and 400 meters from the Thermal Lake Hévíz.

Services: An indoor pool also opens throughout the year. The wellness centre offers body treatments such as Shiatsu, Thai and Chinese massages, acupressure, Balneotherapy treatments are available, and Sauna-land has five different types of saunas.

GreenField Resort & Spa Bük

The Hotel was the former Radisson SAS Birdland Resort & Spa in Bükfürdö, however the ownership changed and the property no longer operates under an international brand. It is located in Western Hungary, the northern part of Vas County. The hotel is just a 90 minutes drive from Vienna, Graz and Bratislava and a little over two hours away from Budapest.

The hotel features 202 elegant double rooms including 15 suites and luxury apartments.

Services: Spa, Birdland Golf and Country Club,
Meeting rooms: Flamingo 201 square meters, Cormoran 36 square meters, Colibri 26 square meters,
Pelikan 18 square meters, Business Suite 63 square meters

Key Aspects: Six meeting rooms spread over 340 square meters, Business Centre, High-Speed Internet Access, Flipcharts overhead projectors, Wireless microphone and high-quality sound system, Video beamer and DVD, VCR and television, Customized menus from our experienced chefs, Dedicated Meetings & Events coordinator.

Spirit Hotel Thermal Spa Sárvár

The hotel is located besides the seven lakes of Sárvár, within 25 kilometers from Bükfürdő. The town is easily accessible from both Austria and Hungary.

The hotel has 275 rooms with twin beds, apartments, and exclusive suits among them. The conference centre equipped with the latest technological facilities, has capacity at least 500 guests. 5 section rooms might be created in the 600 square meter hall +34 square meter stage.

Services: Therapies, Wellness, Medical-wellness treatments, Beauty care, Sport

Hotel Investment Climate

We have taken into consideration the hotel investment climate in Hungary and the wider region, which is consider to be the most appropriate gauge of “market evidence” in terms of hotel value.

Investor interest in the hotel investment market sector in Budapest and the wider CEE region has been limited from 2009, with only hotel developments that had signed financing agreements prior to the advent of the international financial crisis, continuing to complete projects although they have been delayed. Otherwise, bank debt has been difficult to obtain for new hotel projects in Hungary. The Balaton region is considered a developing region within Hungary and usually part of a diversification strategy for real-estate developers.

However, the present liquidity crisis has temporarily halted major financing primarily of new hotel developments and investor yield expectations for new hotel developments have softened and are now in the range of 9 to 12% as of the last quarter of 2011 for hotels in the Balaton region, however it will be dependent on the location, operator, quality of building, number of operating years and cash flow earning capacity. From the middle of 2011, we have noticed that investor sentiment has improved since the last quarter of 2010 and investors are focusing on more quality hotel developments that have received financing or have the perspective to be financed.

There have been only limited sales transactions in the recent years at the Balaton region, with the largest sale occurring in Hévíz with the sale of the Rogner Hotel for a reported c. EUR 50 million equaling c. 7.5% yield, which is a good result for a countryside hotel. In addition, we are aware that the Azur Hotel is currently on the market for an estimated EUR 126,000 per room.

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SWOT Analysis

Strengths	Weaknesses
Location is close to the Balaton and an all year round resort.	Infrastructure projects not realized including local public transport and parking places
Good accessibility to Marcali from M7 highway, Budapest and Vienna	Lack of other activity, places of interest and entertainment venues in the immediate catchment area
Strengthening local economic activity	Delay in construction works creating uncertainty of opening date
Quality hotel development with a significant spa and medicinal theme. Maximizing revenue streams	
Thermal Water access on site. Public thermal baths located next to Hotel.	
Opportunities	**Threats**
Higher Passenger turnover growth since joining the European Union in 2004	Growing room supply in the Balaton area
Increasing interest in spa/wellness related tourism from domestic and international tourism.	Slow economic growth in target international markets
Increasing interest and development in MICE segment in the past years within regional Hungary	Changes tax structure may influence profitability margins including VAT changes and minimum wage
Regional Hungarian development encouraged by government. Incentives provided by EU and local funds.	Competitive quality hotel operating environment
New Szep Card initiative	Lack of qualified employees due to move abroad for higher salaries
Increased public funds for promoting regional cities	

American Appraisal

Hungarian Economic Indicators

During the third quarter of 2011, the growth prospects of the Hungarian economy have been lowered compared to the previous forecasts. Among the major causes are the worsening external conditions (the slowdown in global growth in both the US and the Eurozone and the persistent difficulties of the European banking system) that restrain the export-led recovery of Hungary's open economy. In its updated issue of the Report on Inflation, published on September 22, 2011[1], the Central Bank of Hungary substantially lowered the growth prospects of the real economy compared to its June forecast, with 1 percentage point to 1.6% year-on-year in 2011, and with 1.2 percentage point to 1.5% in 2012. Growth continues to be driven by net exports, and domestic demand may only effectively contribute to GDP growth later, in 2013. The output hence may fall short of its potential level until 2012, and could only return to it in 2013 (2.5% y/y at the end of 2013).

The consumer price index likely be anchored above the target of 3% until the end of 2012 due to the announced increase in VAT taxes, but inflation may decrease rapidly afterwards as the one-off effect of the increase in excise taxes wear off and the weak domestic demand holds, driving the rate below the 3 percent target by the beginning of 2013. The central bank base rate can stagnate in the short term due to turbulences of the financial markets and may be reduced gradually over the medium run in line with the weak economic growth and the induced disinflationary environment.

The weakening economic environment also draws a less favorable picture on the labor market prospects. Since the beginning of 2011, only some more flexible forms have been able to improve the private sector employment instead of the full-time fix form of employment. Companies primarily fulfilled their new orders by utilizing their existing workforce more intensely that came together with a relatively strong wage dynamics in the H1. However, the loose labor market environment and the deteriorating growth prospects may together lead to a slowdown in growth of private sector wages in the remaining part of the year. Overall, owing to the measures adopted by the Government to stimulate labor supply on the one hand, and the downgrading labor demand on the other, the rate of unemployment is expected to stabilize at above 10%: it is not forecasted to drop below 10% until the end of 2013.

[1] This analysis is based partly on Section 1 titled "Inflation and Real Economic Outlook" of the Report on Inflation published on September 22, 2011 by the Central Bank of Hungary. The forecasts reflect the information available as of September 13, 2011 but do not contain the effects of the government's measures made public after this date, and having significant impact on the 2012 year state budget, on the real economic outlook.

The participation rate is set to increase continuously: from around the current 56% to approximately 58% until the end of 2013. The employment may gradually increase in parallel with a pick-up in economic growth, only anticipated from 2013.

The challenges facing the European banking system and the fiscal austerity measures aimed at ensuring the sustainability of government debt will result in slower growth on Hungary‘s major export markets, including the largest European economies. The growth in developing economies may partly offset the poor performance of their developed counterparts, but signs of overheating, for example on the Chinese real estate market, exacerbate the downside growth risks affecting also the developing countries. Due to the gradual activation of large-scale investments initiated in the automotive industry, the net export dynamics may continuously contribute positively to Hungary‘s GDP growth in the coming quarters. On the contrary, the continuously sluggish household consumption is expected to severely weigh on the economy. Households’ cautiousness is fed by the increasing interest rates driven by the turmoil in the financial markets, the restrained credit supply as well as the recent appreciation of some major currencies that, through their net credit position, decreased considerably the households’ disposable income. Even the expected positive effect of the disbursements to members of the real returns on private pension fund in the H2 could be offset by the increased uncertainty stemming from the deteriorating growth prospects and the more flexible labor market conditions.

Investments in the private sector will most likely lag behind the previously forecasted amount. The slowdown in production during the past years resulted in substantial surplus capacity, while utilization of capacities is only inching slowly towards pre-crisis levels, in particular in the service sector. The manufacturing sector has held up well during the financial crisis, however a downturn is global economic activity may lead to the postponement of corporate investments. Based on credit statistics, the conditions of bank lending have tightened further in recent months, and thus over the short term the banking system is also not supporting any pick-up in investment. Households’ investment may decline until the end of 2011, and from that bottom no quick growth is foreseen in the coming periods. The stagnation of construction permits at historically low levels and the continuation of subdued home price developments point to weak housing market activity, which is a result of tight lending conditions.

Among the main GDP factors, the general government expenditure will mainly be influenced in the coming years by the continuous and deepening fiscal austerity measures.
Outlines of the main economic indicators are outlined below.

Hungary – Main Macroeconomic Indicators
(% year-on-year)*

	2007	2008	2009	2010	2011e	2012e
GDP	103.9	100.6	93.7	101.2	101.6	101.5
Household final consumption	101.5	99.3	93.3	97.9	100.4	100.6
Fixed capital formation	101.6	100.4	93.5	94.4	96.2	101.6
Export	115.8	104.2	87.8	114.1	109.4	108.5
Import	112.0	104.3	83.0	112.0	107.6	107.7
Rate of unemployment (yearly average)	7.4	7.8	10.0	11.2	10.1[1]	10.6[1]
Gross nominal wages	108.0	107.5	100.5	101.4	102.1	102.3
Net real wages	95.2	100.7	97.6			
Current account balance (million euros)	-6.606	-7.504	+186	+2.017		
in % of GDP	-6.5	-7.1	+0.2	+2.0	+3.0	+4.2
Government budget balance (billion HUFs)	-1.308	-907	-919			
in % of GDP	-5.0	-3.8	-4.0	-4.3	+1.9	-3.7
Consumer price index (yearly average)	108.0	106.1	104.2	104.9	103.9	103.9
Central bank base rate (%, year-end)	7.50	10.00	6.25	5.75	6.00[2]	
10-year zero-coupon yield (%, year-end)	7.08	8.25	7.99	7.92	8.23[2]	
HUF/EUR exchange rate (yearly average)	251.31	251.25	280.58	275.41	292.15[2]	

*: if not noted otherwise, [1] year-end, [2] Fact figures, September 22, 2011

The Central Bank base rate was 6% at the beginning of 2011 however was increased in the later part of the year to 7% in response to a depreciating forint. The Hungarian Forint (HUF) fluctuated during 2011, at a rate of 264 to 317, which had a direct effect on households who tended to hold their mortgages in Swiss Franc and Euro. Although households cost of borrowing on EUR stabilized, the strength of the Swiss Franc made the situation worst for those who are exposed to the CHF. Hungary is an export oriented economy with up to 90% of GDP orientated around exporting industries, and depreciation of the Hungarian Forint has assisted exporting companies to lessen the burden of the downturn in volumes and demand.

The hotel sector benefited with a lower HUF because room prices are quoted in EUR but paid in HUF at the daily exchange rate, which means that more HUF was collected to pay for operational costs that are primarily denominated in HUF.

The Hungarian government instigated significant changes with income tax legislation beginning from 2011 by introducing a flat tax system - 16% personal tax income - affecting major part of the population. This is supplemented by the measure according to which families raising children can reduce their income tax in ratio with the number of dependants. It needs to be noted that the 16% flat tax is to be applied for taxation of capital gains, namely of dividends, interest and exchange rate gains, and profit realized from real estate sales. From 2012 the VAT rate will increase to 27% compared to 25% during 2011, which makes the rate the highest in Europe for most goods and services. However, the hotel room VAT remains at a preferential rate of 18%, and there are no discussions for changing this rate

The Property Appraised

The property is located in the northern part of Marcali, in Rózsa utca, west of the Marcali Gyógyfürdő and Szabadidőközpont. The site is bordered by the Gizella utca and Rózsa utca. The subject property is situated only thirteen kilometers from Lake Balaton.

The property is easily accessible by automobile and private bus lines. The property is situated near Main Road 68 and within close vicinity to the M7 motorway and another main road, road number 7. The site is situated close to most major attractions, such as the Marcali Gyógyfürdő and Szabadidőközpont, Hencse European Lakes Golf & Country Hotel, Keszthely, Kaposvár and Balaton. The Marcali Gyógyfürdő is within walking distance from the Hotel and the guests have the advantage of utilizing thermal the well known thermal baths, providing more choice and diversity of activities and attractions for guests.

The completed hotel development is planned to consist of 116-guest rooms and suites according to the requirements of the owner. The property will be categorized as a 4-star hotel with an estimated gross area of 13,986 square meters upon completion of development.

The proposed future hotel facilities will include a restaurant, café, pool bar, conference and meeting rooms, fitness/spa and pool area, encompassing a spa resort hotel with a décor and ambience reflective of a resort look and feel.

According to current development plans provided by the owner, average guest room size will be 30 square meters, which we consider to be above average size for a 4-star hotel.

The property will comprise of six levels, including two basement, ground floor and three upper levels. We have received floor plans for all the sections of the hotel development. Two guest elevators will service guests and staff from the ground floor to all levels of the building. A staircase will also lead from the ground floor to upper levels. The hotel will include 4 swimming pools, both indoor and out, and a child pool, thermal baths and standard pools. In addition, the wellness center will consist of a weight bath, sauna/steam areas and massage tables. The 3 therapeutic rooms are targeted for medical related tourism requirements. The parking facility will consist of 116 underground parking places.

The area data of the planned hotel are shown in the following table:

PROGRAM RECAP	Net Area (SM)	Gross Area (SM)	Gross SM/Key	Percent
SUMMARY				
Guest Rooms	3,545	3,722	27	27
Public Areas	5,554	5,832	41	42
Administration	135	142	1	1
Back of House	2,207	2,317	17	17
Mechanical/Electrical Equipment	1,879	1,973	14	14
TOTAL - SUMMARY PROGRAM	**13,320**	**13,986**	**100**	**100**
PUBLIC AREAS				
Corridor	1,611	1,692	16	29
Public Lounge	457	480	11	8
Food & Beverages	572	601	15	10
Function Space	704	739	18	13
Recreation (excl. spa)	873	917	22	16
SPA	1,337	1,404	34	24
TOTAL - PUBLIC AREAS	**5,554**	**5,832**	**100**	**100**
BACK OF HOUSE				
Food Preparation Areas	480	504	22	22
Receiving and Storage	263	276	12	12
Employee Areas	1,310	1,376	59	59
Laundry and Housekeeping	154	162	7	7
Maintenance Office and Shops	0	0	0	0
TOTAL - BACK OF HOUSE	**2.207**	**2.317**	**100**	**100**

FACILITIES RECAP	QTY	KEYS	BAYS	% KEYS
GUESTROOM MIX				
Single	4	4	4	3

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Doubles	100	100	100	86
Executive	6	6	6	5
Suites	2	2	4	2
Disabled	4	4	8	3
TOTAL - GUESTROOMS	**116**	**116**	**122**	**100**
PUBLIC AREAS				
Food Outlets	1	1	1	3
Beverages Outlets	5	5	5	16
Grand Ballroom	0	0	0	0
Total Other function Rooms	7	7	7	22
Total Function	0	0	0	0
Swimming Pool	1	1	1	3
Sweat (Fitness Center)	4	4	4	13
SPA	14	14	14	44
TOTAL - PUBLIC AREAS	**32**	**32**	**32**	**100**

PUBLIC AREAS - FRONT OF HOUSE (FOH) DETAIL

ITEM		TOTAL NSM	NSM / KEY	
Reception				
Public Lounge		122	3	4
Store		0	0	0
Concierge		30	2	2
Restrooms		180	45	56
Woman's Powder Room		122	30	37
Fire Command		3	1	1
Sub-Total Reception / Living Room		**457**	**81**	**100**
Food & Beverages	seats			
Restaurant	228	415	1	52
Restaurant	80	157	1	18
Lounge / Cafe	32	25	1	7
Bar - Seating Area	80	1	1	18
Bar - Related Areas	20	1	1	5
Sub-Total Food & Beverages	**440**	**599**	**5**	**100**
Function / Meeting Area	seats			
Great Room	400	446	1	69
Studios	138	176	4	24
Board Room	45	75	2	8
Net Meeting Area	**583**	**697**	**7**	**100**

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Overview of Regional Development

The Regional Development Agency of Southern Transdanubia submitted an invitation to tender for the development of hospitality bed accommodation. In more detail, the tender called for the creation of new or modernization of existing accommodation, providing funds for up to 30% of the total cost in case of new developments and 40% where the project involves renovation. Additional funding of 5% could be achieved on projects realized in less advantageous areas. We confirm that the Property (Hotel Medical és Életerő Center in Marcali) was accepted and received European Union Funding in the form of a non-repayable grant that forms part of the overall development financing. We have attached a copy of the public confirmation document stating the Marcali hotel is a recipient of such funds.

The amount of the grant totals HUF 567,869,851 (c. EUR 2,000,000) has been approved for the 4* hotel, wellness centre and health spa which will provide quality accommodation for 228 persons for 116 guest rooms. The development will also notably ease the shortage of quality supply typical for the region South-West of Lake Balaton.

We have not been provided with a copy of any building surveys or structural reports, and have assumed that there are no defects that could have an impact on value.

We have not carried out any investigations or tests, nor have been supplied with any information from the Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

In view of the characteristics and history of the subject property we do not expect any outstanding environmental or archaeological issues and therefore these are not expressly excluded from the relevance of this valuation.

Statutory Consideration

The building permit for the current project has been issued on the 1st October 2008, and the project needs to start construction within two years from the date of issue. It is necessary to receive an occupancy permit within 5 years from the start of construction; otherwise the validity of

the current building permit will cease to be valid. A copy of the building permit is attached in the appendix.
We have valued the property on the basis that zoning, planning and building permits have been received for a 116 guest room and suite hotel of 4-star standard.

If construction works re-started during April or May 2012, and given the current status of the building, there should be sufficient time for the completion of the project in April 2013.

We need to mention that we are not planning consultants and a more detailed commentary is not included in the scope of this report. Should the Client require additional information in this regard, they should consult a specialized firm of planning consultants.

Upon completion of construction our valuation assumes that the property has the benefit of all trading licenses and operational certificates required for its unhindered operation.

Tenure

The property is located on a plot with a total land area of 45,000 square meters. The plot is registered in the Land Registry of the Körzeti Földhivatal Marcali and relates to Marcali; under the land register number outlined below. The current owner according to the land registry papers is “Marcali Szálloda Kft.”.

All land register papers relating to the property are attached in the appendix. The plot number 2027/11 is the final result of a merger between plots 2027/7, 2027/8, 2027/9, 2027/10 in May 2005.

The land ownership paper includes a notation of mortgage in the amount HUF 378,000,000 + increments for coverage of the subsidy received from the Nemzeti Fejlesztési Ügynökség, and a notation of general mortgage + increments in the amount of HUF 567,869,851 to the entitlement of Nemzeti Fejlesztési Ügynökség. The ownership paper also contains notations of pipelines easements for 1,905 square meters area and for 122 square meters area, respectively to the entitlement of E.ON Déltunántúli Áromhálózati Zrt.

Our understanding is that the owner company is part of CEE Hotel Holdings B.V, which is owned 100% by Inventech Central Hotels from Tel Aviv.

Details of title/tenure under which the property is held have been received and we have checked the latest version. In general we have not examined nor had access to all the deeds or other documents relating thereto. Where information from deeds or other documents is recorded in this report this represents our understanding of the relevant documents based on the information received. We need to emphasize, however, that the interpretation of the documents of title (including relevant deeds and planning consents) is the responsibility of your legal adviser.

Legal advice indicates that cadastral register information should not be relied upon alone to verify title. We therefore recommend that the Clients' lawyers verify the current position.

We consider total value division between land and built up area as follows:

- Land value: EUR 1,800,000
- Current built up area value: EUR 4, 200,000

Previous Valuations

Within the past 3 years, we have been advised and reviewed the previous report provided by the Client of the valuation completed by Cushman and Wakefield in Hungary for June 2009. The valuation purpose of the previous valuation was for "financing purposes as of 30 June 2009". In addition we completed a valuation for 31 March 2010. The difference in value between these reports is more than 20%. The reason for the higher valuation is related to progress in construction works and development of the hotel building since 31 March 2010.

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VALUATION

Introduction/Methods

The appraisal was made to express an opinion, as of December 31, 2011, of the **fair market value** of the subject property appraised on the premise of **open market sale** and **orderly liquidation**. We understand that our opinion of value is to be used for reporting purposes for the Israel Securities Exchange and is to serve as basis for the financial statements of the company, as of December 31, 2011, which will be made public. We hereby agree that our valuation report will form part of the financial statements of Central European Estates N.V.

Definitions of the fair market value and the valuation premises appear in the introduction and descriptive information section of this report. The appraisal included a personal inspection of the designated property.

There are three internationally accepted approaches to value, namely the **cost, market and income approaches**.

Briefly, the **cost approach** considers the cost to reproduce or replace the property appraised. From this amount an allowance is deducted for any depreciation or obsolescence present, whether arising from physical, functional, or economic causes. The cost approach entails adding a market derived land value to an adjusted (depreciated) cost estimate of the improvements in order to arrive at a value for the property as a whole.

The **sales comparison approach** considers prices recently paid for similar property, with adjustments made to the indicated market prices to reflect the condition and utility of the appraised property relative to the market comparative.

In the **income capitalization approach**, an estimate is made of prospective economic benefits of ownership. These amounts are converted into an indication of net present value through discounting and capitalization techniques.

In any appraisal study, all three approaches to value must be considered, as one or more may be applicable to the subject property. In this appraisal, the market approach was considered inapplicable due to the lack of market sales comparables. We have considered the development

cost of the project in order to determine the residual value of the land and building. The income approach was applied for the valuation of the subject real estate with consideration and benefit of the potential cash flow from operations under an owner managed business model. Once the value of the income approach was determined we deducted the development cost to reach the residual fair value of the property.

Income Approach

Investment properties such as the subject are normally valued based on their ability to generate income and on anticipated change in value. Hence, analysis of a property in terms of its ability to provide sufficient net annual return on investment capital is an important means of developing a value indication. This estimate is developed in the income approach by capitalizing the projected net income at a rate commensurate with investment risks inherent to the ownership of the property. Such a conversion of income considers competitive returns offered by alternate investment opportunities.

The first step in the income capitalization approach is to estimate the gross income, which can be generated by the appraised property. The value of the property can then be estimated through two capitalization techniques; the direct capitalization technique and discounted cash flow analysis. The direct capitalization technique involves converting the stabilized hotels year EBITDA income into an indication of value. The discounted cash flow technique considers the conversion (discounting) of variable income streams over a multi-year projection period into a net present value estimate.

Investment properties, such as the subject hotel facility, are normally valued based on their ability to generate income. The net cash flow of the property is discounted to a present value indication for the appraised property

The discounted cash flow analysis takes into consideration the timing, frequency, and magnitude of the variable income stream, which the property is expected to generate. With this method, the future cash flows are projected over a holding period; these amounts plus the reversion value are discounted at an appropriate yield (discount) rate to a present estimate.

Discounting is a form of capitalization by which the projected future income receipts are converted to a present worth. This method defines the differences in the timing of the cash

flows by discounting their present worth and recognizes that income due and receivable sometime in the future is less than income received today.

We have made projections and valued the property based upon our local knowledge of the 4-star hotel market along the Balaton region and have correlated our knowledge of market conditions with industry norms. Please note that a full breakdown of the projected performances is in accordance with the Uniform System of Accounts for Hotels, and are set out in the Appendices

Future Projections

	Year 1		Year 2		Stabilized Year 5	
Occupancy (%)	48%		53%		62%	
ADR (EUR)	65		67		72	
	EUR '000	%	*EUR '000*	%	*EUR '000*	%
Rooms Revenue	1,321	46.0%	1,503	41.0%	1,890	34.0%
F&B Revenue	1,177	41.0%	1,650	45.0%	2,835	51.0%
Other Revenue	373	13.0%	513	14.0%	834	15.0%
Total Revenue	2,872	100.0%	3,667	100.0%	5,559	100.0%
Total Dept. Costs	1,333	46.4%	1,730	47.2%	2,638	47.5%
IBFC	763	26.6%	1,002	27.3%	1,670	30.1%
EBIDTA HOTEL	**720**	**25.1%**	**947**	**25.8%**	**1,587**	**28.6%**

We detail below the primary points we have considered in preparation of our operating projections:

- 10 year projection period was employed in the cash flow model.

- It is our understanding and confirmed by the Client that the property will be operated as an independent hotel and the owner will create a separate operating company to manage the hotel. In turn, a separation between asset and operating company will be created.

- We have applied an occupancy rate of 48.00% in Year 1, 53.00% in Year 2 and 62.00% in the stabilized Year 5. The stabilized year is where we consider that no further increase in occupancy will be achieved, based on today's market. To arrive at these projections, we have correlated our knowledge of market conditions with industry norms and gave careful consideration to the location and potential room night demand. We consider a 5-year stabilization period is required for the hotel, which is typically longer then a city hotel, however necessary period to build business for a new countryside hotel.

- We consider occupancy should be sustainable at an average level of 62% over time due to anticipated continual improvement and interest in the area as a prominent leisure tourism destination catering predominately for the domestic and neighboring countries within Central and Eastern Europe. This can be reflected in anticipated steady growth in international passenger arrivals to the Balaton region primarily by road transport and Budapest Airport, and a general trend amongst the domestic tourism market for vacationing in Hungary instead of abroad.

- Our occupancy projections take account the general market levels and make necessary adjustments for:
  - Locations;
  - Anticipated quality of hotel building and facilities;
  - Similar developments and supply within the immediate catchment area and the Balaton region;
  - Spa/Wellness demand;
  - Quality of existing hotel supply;
  - Increased leisure activity.

- We are of an opinion that the average daily rate (ADR) in present values (excluding inflation) is built up from EUR 65.00 in Year 1 to EUR 72 in Year 5, which reflects a compound annual growth rate (CAGR) of 2.59% per year during this period. We made a comparison of projected ADR and growth rate of other 4-star quality spa hotel establishments within the countryside of Hungary. The Marcali Hotel will be the main quality property in the city providing accommodation and spa services.

- Revenue Profile: In our sales projections we have included revenue from guest room sales, food and beverage, conferencing spa usage, which we have estimated in “other income”. The project was compared with existing hotels to determine the amount of potential revenue from spa treatments and adjustments were made to reflect on the size, number of potential guests, facilities, quality of the property against the same parameters from the other hotels.

- Food and Beverage Revenue: The high proportion of food and beverage (F+B) revenue in relation to the total revenue is attributed to the fact that the hotel is a resort concept, whereby the captured guests tend to have all their meals and beverages in the hotel compared to visiting other restaurants in the town. In addition, the future hotel is relatively isolated from other F+B venues outside of the hotel area. We have compared F+B spending patterns in other resort hotels around the Balaton region and took this into consideration when projecting potential F+B revenue. In addition, there is a tendency by hotel operators of resorts to discount the room price to increase occupancy levels and average stay. The higher guest volume can subsequently lead to increased F+B spending. This aspect has been reflected in our key operating projections.

- Cost Profile: We have assumed that Total Departmental Costs will stabilize at approximately 47.5% of Total Hotel Revenue. We have projected that Undistributed Expenses will be maintained at a range of c. 22.5% of Total Revenue, which we have increased above the average hotel range partly due to anticipated increases in utility prices, and additional expense associated to maintaining the thermal water, Spa and pool heating.

- Undistributed Operating Expenses – Include weighted costs that allow for the fact the subject hotel is new and will have greater outlays in percentages of total revenue in the first few years prior to stabilization predominately within Administration and General and Sales and Marketing costs.

- Profit Profile - We have assumed that the Total Hotel EBITDA will be in the range of 25 to 30.0% of Total Revenue, which is considered to be at the low range.

- Taxes & Insurance – We have made standard deductions for land and building taxes and building insurance.

Capitalization and Discount Rate

In assessing the Fair Value of the property we have applied an investment yield to our estimated EBITDA projections. We have also undertaken a discounted cash flow on the future estimated income streams.

We assumed an 11.0% capitalization rate on the stabilized Total EBITDA cash flow and applied a discount rate of 14.5% for our discounted cash flow. The capitalization rate is what we consider to be appropriate for the Hotel given its location, market positioning, earning capacity, and management expertise. This reflects our opinion of what the investment market would pay at the valuation date based on the hotel being developed as detailed herein. We have increased both the capitalization and discount rate compared to the previous report in order to reflect on the increased demands of investors for countryside hotels. Investors for hotel investments outside of Budapest demand higher yields and discount rates.

The DCF model used for valuation of the subject, including the above-mentioned parameters, is included in the exhibit section to the report.

Gross Development Value

We have calculated a Gross Development Value to determine the projected cost of development and taken into account the residual value of the land and building after subtracting from the investment value of the hotel. Our Gross Development Value, amongst other factors, is sensitive to certain assumptions. We have not run a sensitivity analysis on different factors such as capitalization yield, inflationary increases and other factors that may influence the value. It needs to be noted that we have taken into consideration the progress of construction up to the December 31, 2011 within the development appraisal in order to provide us with an accurate fair value of the property, which includes both the land and built up area. In addition, as the development progresses we recommend that any potential lender or third

parties have further development appraisals carried out as payments and investments in the project are known.

We have relied upon the development schedule and physical inspection of the property to provide us with guidance to the actual percentage of construction works completed to date. We anticipate that works will recommence in April 2012 once finalization of MFB financing, which could lead to a completion of development and opening in April 2013.

If the development alters from that contained herein then we reserve the right to adjust our valuation accordingly.

We have applied a Developer's Profit on Total Construction Cost of 15.00% in our appraisal. In our opinion this is a reasonable allowance that a developer would consider to reflect the risk of such project, and within the present developer's profit margins in the Balaton region, and consideration has been given to the stage of the development process. In addition, given the current real estate market conditions, investors are anticipating lower profit margins on their developments, not because of development cost inputs (construction costs are generally lower at present), but because of lower revenue (sales) from their developments, which equates to lower profit expectations.

We have applied a total construction cost for works of EUR 8,531,460 based on the gross square meters (13,986 square meters). This amount is the actual contracted total concluded with the original construction company. We anticipate that the future construction company who will be contracted to complete the building works will not be in position to negotiate higher costs due to the economic difficulties of the industry in Hungary. In turn, we anticipate the overall construction costs to complete the project will not be higher then originally estimated. We have taken considered the amount of construction costs paid to date up to December 31, 2011 and only included the amount remaining to be paid from January 1, 2012 onwards within the development appraisal, which we have calculated to represent a further 43.8% of the total construction budget including Furniture, Fixtures (FF&E) and Equipment. In turn, based on the amount of payments made by the owner to the contractors, and a list provided to us by the owner, we have determined that 56.2% of the total development budget was paid till the end of 2011. This provides us with the fair value of the plot and total construction costs invested up to December 31, 2011.

The FF&E budget is estimated to be c. EUR 1,500,000 (including public areas) equaling EUR 12,931 per guest room, which we consider within the market range for a spa hotel of 4-star quality in the Hungarian countryside and is necessary to furnish the Hotel.

We have taken into consideration the “total construction budget” of EUR 10,035,000 (c. HUF 2,864,315,878), which includes both the construction costs and FF&E. However, we have outlined these two separately in our development valuation, with total building construction of EUR 8,531,460 and FF&E amount of EUR 1,500,000.

In our allocation of the amount paid from the total construction budget, i.e. EUR 10,035,000, we considered the owner paid the amount of 56.2% and 43.8% of the total construction budget to be further invested till completion. Although, FF&E has not been purchased to date and will be in the last phase, it was irrelevant to the calculation because the actual amount spent from the total construction budget, i.e. HUF 2,864,315,878, was important to determine present valuation.

We have included an additional EUR 110,000 cost to reflect the pre opening expenses the owner is anticipated to invest in the opening of the hotel. This includes costs like general manager’s pre opening salary, staff training, travel costs and sales & marketing activities.

A finance rate of 5.00% is employed in all areas of our appraisal. We took into consideration present EURIBOR rate plus banking margin. The current Euribor rate is c. 1%. The bank margin was negotiated with MFB bank and set at 4%. The binding commercial financing terms have been attached in the exhibit section of the report.

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CONCLUSION

Based on the investigation and premises outlined in the report, it is our opinion that, as of December 31, 2011, the **Fair Market Value** of the land located in **Gizella utca, Marcali, Hungary,** appraised under the premise **open market sale,** is reasonably represented by the amount of **SIX MILLION EUROS (EUR 6,000,000).** Further, it is our opinion that, as of the same date, the designated property's **Fair Market Value** on the premise of **Orderly Liquidation** is reasonably represented by the amount of **FOUR MILLION AND FIVE HUNDRED THOUSAND EUROS (EUR 4,500,000).**

Our concluded values are net values excluding VAT.

We have not investigated the title to or any liabilities against the properties appraised and no responsibility are assumed for these matters.

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EXHIBITS

- Development Valuation
- Discounted Cash Flow and Valuation Model
- Land Register Paper
- Building Permit
- Confirmation of EU Funding
- Binding MFB Bank Offer
- Photos
- Certificate of Appraiser

Marcali Spa Hotel
Hotel Development Valuation

REVENUE				
Investment Valuation (Marcali Spa Hotel)				**EUR**
Manual Value				
NET REALISATION				**12,600,000**
OUTLAY				
ACQUISITION COSTS				
Land and Built Up Area Residual Value				5,959,752
				5,959,752
CONSTRUCTION COSTS				
Building Construction	**Gross m²**	**Rate m²**	**Total Cost**	
Marcali Hotel Spa Total Budget	13,986	€610.00	8,531,460	
Construction cost remaining to completion @ 43,8% of Total Budget				**3,736,779**
Other Construction				
Furniture, Fixtures and Equipment (FF+E)			1,500,000	
FF+E including in construction budget with same ratio of completion @ 43.8%				**657,000**
Pre-opening Expenses				**110,000**
PROFESSIONAL FEES				
Architect, Structural Engineer, Project Manager				**285,000**
FINANCE				
Interest at 5.00% (Euribor +4%)				
Total Finance Cost				**250,000**
TOTAL CONSTRUCTION, PROFESSIONAL AND FINANCE COSTS			**10,676,460**	
PROFIT				**1,601,469**

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DISCOUNTED CASH FLOW

	Forecast in present values									
YEAR	1		2		3		4		5	
No of Rooms	116		116		116		116		116	
Rooms Sold	20,323		22,440		24,134		25,404		26,251	
Occupancy	48.0%		53.0%		57.0%		60.0%		62.0%	
ADR	65.00		67.00		69.00		70.00		72.00	
RevPAR	31.20		35.51		39.33		42.00		44.64	
Growth (RevPAR)			13.8%		10.8%		6.8%		6.3%	
REVENUES ('000s)										
Rooms	1,321.0	46.0%	1,503.5	41.0%	1,665.2	37.2%	1,778.3	34.5%	1,890.1	34.0%
Food	*689.2*	*24.0%*	*898.4*	24.5%	*1,119.1*	25.0%	*1,340.2*	*26.0%*	*1,445.3*	*26.0%*
Beverage	*287.2*	*10.0%*	*440.0*	12.0%	*581.9*	13.0%	*721.6*	*14.0%*	*778.3*	*14.0%*
Banqueting (inc. Conferencing F&B)	*143.6*	*5.0%*	*220.0*	6.0%	*313.4*	7.0%	*386.6*	*7.5%*	*444.7*	*8.0%*
Other F&B	*57.4*	*2.0%*	*91.7*	2.5%	*125.3*	2.8%	*154.6*	*3.0%*	*166.8*	*3.0%*
Total Food and Beverage	1,177.4	41.0%	1,650.2	45.0%	2,139.7	47.8%	2,603.0	50.5%	2,835.1	51.0%
Other Income	373.3	13.0%	513.4	14.0%	671.5	15.0%	773.2	15.0%	833.8	15.0%
TOTAL REVENUE	2,871.8	100.0%	3,667.1	100.0%	4,476.4	100.0%	5,154.4	100.0%	5,559.0	100.0%
DEPARTMENTAL COSTS										
Rooms	303.8	23.0%	330.8	22.0%	349.7	21.0%	355.7	20.0%	378.0	20.0%
Total Food and Beverage	824.2	70.0%	1,122.1	68.0%	1,433.6	67.0%	1,691.9	65.0%	1,842.8	65.0%
Other Income	205.3	55.0%	277.2	54.0%	355.9	53.0%	386.6	50.0%	416.9	50.0%
TOTAL DEPARTMENTAL COSTS	1,333.4	46.4%	1,730.1	47.2%	2,139.2	47.8%	2,434.2	47.2%	2,637.7	47.5%
DEPARTMENTAL PROFIT	1,538.4	53.6%	1,936.9	52.8%	2,337.2	52.2%	2,720.3	52.8%	2,921.3	52.6%
UNDISTRIBUTED OPERATING EXPENSES										
Administrative & General	287.2	10.0%	348.4	9.5%	402.9	9.0%	412.4	8.0%	444.7	8.0%
Sales & Marketing	172.3	6.0%	201.7	5.5%	223.8	5.0%	257.7	5.0%	277.9	5.0%
Property Operations and Maintenance	86.2	3.0%	110.0	3.0%	143.2	3.2%	175.3	3.4%	194.6	3.5%
Utility Costs	229.7	8.0%	275.0	7.5%	322.3	7.2%	335.0	6.5%	333.5	6.0%
TOTAL UNDISTRIBUTED EXPENSES	775.4	27.0%	935.1	25.5%	1,092.2	24.4%	1,180.4	22.9%	1,250.8	22.5%
INCOME BEFORE FIXED CHARGES	763.0	26.6%	1,001.8	27.3%	1,245.0	27.8%	1,539.9	29.9%	1,670.5	30.1%
FIXED CHARGES										
Property Taxes	14.4	0.5%	18.3	0.5%	22.4	0.5%	25.8	0.5%	27.8	0.5%
Insurance	14.4	0.5%	18.3	0.5%	22.4	0.5%	25.8	0.5%	27.8	0.5%
Land Taxes	14.4	0.5%	18.3	0.5%	22.4	0.5%	25.8	0.5%	27.8	0.5%
TOTAL FIXED CHARGES	43.1	1.5%	55.0	1.5%	67.1	1.5%	77.3	1.5%	83.4	1.5%
EBITDA HOTEL	719.9	25.1%	946.8	25.8%	1,177.8	26.3%	1,462.6	28.4%	1,587.1	28.6%
SHORTFALL TO STABILISATION	2041.2									

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CALCULATION

	Projection in future values																			
YEAR	1		2		3		4		5		6		7		8		9		10	
No of Rooms	116		116		116		116		116		116		116		116		116		116	
Rooms Sold	20,323		22,440		24,134		25,404		26,251		26,251		26,251		26,251		26,251		26,251	
Occupancy	48.0%		53.0%		57.0%		60.0%		62.0%		62.0%		62.0%		62.0%		62.0%		62.0%	
ADR	65.00		69.68		74.63		78.74		84.23		87.60		91.10		94.75		98.54		102.48	
RevPAR	31.20		36.93		42.54		47.24		52.22		54.31		56.48		58.74		61.09		63.54	
Growth (RevPAR)	N/A		18.4%		15.2%		11.1%		10.5%		4.0%		4.0%		4.0%		4.0%		4.0%	
REVENUES ('000s)																				
Rooms	1,321.0	46.0%	1,563.6	41.0%	1,801.1	37.2%	2,000.3	34.5%	2,211.1	34.0%	2,299.5	34.0%	2,391.5	34.0%	2,487.2	34.0%	2,586.7	34.0%	2,690.1	34.0%
Food	*689.2*	*24.0%*	*934.4*	*24.5%*	*1,210.4*	*25.0%*	*1,507.5*	*26.0%*	*1,690.8*	*26.0%*	*1,758.5*	*26.0%*	*1,828.8*	*26.0%*	*1,902.0*	*26.0%*	*1,978.0*	*26.0%*	*2,057.2*	*26.0%*
Beverage	*287.2*	*10.0%*	*457.6*	*12.0%*	*629.4*	*13.0%*	*811.7*	*14.0%*	*910.5*	*14.0%*	*946.9*	*14.0%*	*984.7*	*14.0%*	*1,024.1*	*14.0%*	*1,065.1*	*14.0%*	*1,107.7*	*14.0%*
Banqueting (inc. Conferencing F&B)	*143.6*	*5.0%*	*228.8*	*6.0%*	*338.9*	*7.0%*	*434.9*	*7.5%*	*520.3*	*8.0%*	*541.1*	*8.0%*	*562.7*	*8.0%*	*585.2*	*8.0%*	*608.6*	*8.0%*	*633.0*	*8.0%*
Other F&B	*57.4*	*2.0%*	*95.3*	*2.5%*	*135.6*	*2.8%*	*173.9*	*3.0%*	*195.1*	*3.0%*	*202.9*	*3.0%*	*211.0*	*3.0%*	*219.5*	*3.0%*	*228.2*	*3.0%*	*237.4*	*3.0%*
Total Food and Beverage	1,177.4	41.0%	1,716.2	45.0%	2,314.3	47.8%	2,928.0	50.5%	3,316.7	51.0%	3,449.3	51.0%	3,587.3	51.0%	3,730.8	51.0%	3,880.0	51.0%	4,035.2	51.0%
Other Income	373.3	13.0%	533.9	14.0%	726.3	15.0%	869.7	15.0%	975.5	15.0%	1,014.5	15.0%	1,055.1	15.0%	1,097.3	15.0%	1,141.2	15.0%	1,186.8	15.0%
TOTAL REVENUE	2,871.8	100.0%	3,813.7	100.0%	4,841.7	100.0%	5,798.0	100.0%	6,503.2	100.0%	6,763.4	100.0%	7,033.9	100.0%	7,315.3	100.0%	7,607.9	100.0%	7,912.2	100.0%
DEPARTMENTAL COSTS																				
Rooms	303.8	23.0%	344.0	22.0%	378.2	21.0%	400.1	20.0%	442.2	20.0%	459.9	20.0%	478.3	20.0%	497.4	20.0%	517.3	20.0%	538.0	20.0%
Total Food and Beverage	824.2	70.0%	1,167.0	68.0%	1,550.6	67.0%	1,903.2	65.0%	2,155.8	65.0%	2,242.1	65.0%	2,331.7	65.0%	2,425.0	65.0%	2,522.0	65.0%	2,622.9	65.0%
Other Income	205.3	55.0%	288.3	54.0%	384.9	53.0%	434.9	50.0%	487.7	50.0%	507.3	50.0%	527.5	50.0%	548.6	50.0%	570.6	50.0%	593.4	50.0%
TOTAL DEPARTMENTAL COSTS	1,333.4	46.4%	1,799.3	47.2%	2,313.8	47.8%	2,738.1	47.2%	3,085.8	47.5%	3,209.2	47.5%	3,337.6	47.5%	3,471.1	47.5%	3,609.9	47.5%	3,754.3	47.5%
DEPARTMENTAL PROFIT	1,538.4	53.6%	2,014.4	52.8%	2,528.0	52.2%	3,059.9	52.8%	3,417.5	52.6%	3,554.1	52.6%	3,696.3	52.6%	3,844.2	52.6%	3,997.9	52.6%	4,157.9	52.6%
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	287.2	10.0%	362.3	9.5%	435.8	9.0%	463.8	8.0%	520.3	8.0%	541.1	8.0%	562.7	8.0%	585.2	8.0%	608.6	8.0%	633.0	8.0%
Sales & Marketing	172.3	6.0%	209.8	5.5%	242.1	5.0%	289.9	5.0%	325.2	5.0%	338.2	5.0%	351.7	5.0%	365.8	5.0%	380.4	5.0%	395.6	5.0%
Property Operations and Maintenance	86.2	3.0%	114.4	3.0%	154.9	3.2%	197.1	3.4%	227.6	3.5%	236.7	3.5%	246.2	3.5%	256.0	3.5%	266.3	3.5%	276.9	3.5%
Utility Costs	229.7	8.0%	286.0	7.5%	348.6	7.2%	376.9	6.5%	390.2	6.0%	405.8	6.0%	422.0	6.0%	438.9	6.0%	456.5	6.0%	474.7	6.0%
TOTAL UNDISTRIBUTED EXPENSES	775.4	27.0%	972.5	25.5%	1,181.4	24.4%	1,327.8	22.9%	1,463.2	22.5%	1,521.8	22.5%	1,582.6	22.5%	1,645.9	22.5%	1,711.8	22.5%	1,780.2	22.5%
INCOME BEFORE FIXED CHARGES	763.0	26.6%	1,041.9	27.3%	1,346.6	27.8%	1,732.2	29.9%	1,954.2	30.1%	2,032.4	30.1%	2,113.7	30.1%	2,198.2	30.1%	2,286.2	30.1%	2,377.6	30.1%
FIXED CHARGES																				
Property Taxes	14.4	0.5%	19.1	0.5%	24.2	0.5%	29.0	0.5%	32.5	0.5%	33.8	0.5%	35.2	0.5%	36.6	0.5%	38.0	0.5%	39.6	0.5%
Insurance	14.4	0.5%	19.1	0.5%	24.2	0.5%	29.0	0.5%	32.5	0.5%	33.8	0.5%	35.2	0.5%	36.6	0.5%	38.0	0.5%	39.6	0.5%
Land Taxes	14.4	0.5%	19.1	0.5%	24.2	0.5%	29.0	0.5%	32.5	0.5%	33.8	0.5%	35.2	0.5%	36.6	0.5%	38.0	0.5%	39.6	0.5%
TOTAL FIXED CHARGES	43.1	1.5%	57.2	1.5%	72.6	1.5%	87.0	1.5%	97.5	1.5%	101.5	1.5%	105.5	1.5%	109.7	1.5%	114.1	1.5%	118.7	1.5%
EBITDA HOTEL	719.9	25.1%	984.7	25.8%	1,274.0	26.3%	1,645.2	28.4%	1,856.7	28.6%	1,930.9	28.6%	2,008.2	28.6%	2,088.5	28.6%	2,172.0	28.6%	2,258.9	28.6%

American Appraisal

VALUATION DATE

31/12/2011

VALUATIONS - ON BASIS OF SALES YIELD OF 11.00% FREEHOLD

M P&L ESTIMATES ('000s)

1	2	3	4	5	6	7	8	9	10		
720	985	1,274	1,645	1,857	1,931	2,008	2,089	2,172	2,259	End Value	
0	0	0	0	0							
720	985	1,274	1,645	1,857	1,931	2,008	2,089	2,172	2,259	20,536	11.00%

INCOME CAPITALISATION METHOD (Based on Stabilised EBITDA expressed in Present Value)		12,386,936
DISCOUNTED CASH FLOW METHOD		12,998,893
GROSS VALUE	Say	12,690,000
ACQUISITION/SALE FEES	0.50%	63,450
NET VALUE		12,630,000
NET VALUE PER ROOM		108,879

E-hiteles tulajdoni lap - Szemle másolat

Megrendelés szám:30005/7515/2012

2012.02.13

MARCALI Szektor : 33

Belterület **2027/11 helyrajzi szám**

8700 MARCALI Gizella utca 1.

I. RÉSZ

1. Az ingatlan adatai:

alrészlet adatok / mûvelési ág/kivett megnevezés/	min.o	terület ha m2	kat.t.jöv. k.fill.	alosztály adatok ter. ha m2	kat.jöv k.fill
. Kivett beépítetlen terület	0	4.5000	0.00		

2. bejegyzõ határozat: 31040/8/1993.03.10
Kárpótlás

II. RÉSZ

2. tulajdoni hányad: 1/1
bejegyzõ határozat, érkezési idõ: 36424/2000.07.27
jogcím: apport
jogállás: tulajdonos
név: MARCALI SZÁLLODA KFT.
cím: 8700 MARCALI Rákóczi utca 11.
törzsszám: 11486550

III. RÉSZ

1. bejegyzõ határozat, érkezési idõ: 36299/3/1999.08.11

Önálló szöveges bejegyzés a 2027/4 és a 2027/5.hrsz-ok újraosztá- sával keletkezett.

2. bejegyzõ határozat, érkezési idõ: 33950/153/2005.05.27

Önálló szöveges bejegyzés a 2027/7, 2027/8, 2027/9, 2027/10 és a 2027/11 hrsz-ú ingatlan 2027/11 helyrajzi szám alatt összevonva.

4. bejegyzõ határozat, érkezési idõ: 39177/2009.10.30
Jelzálogjog 378 000 000 FT,azaz háromszázhetvennyolcmillió FT támogatás és járuléka erejéig.
jogosult:
név: NEMZETI FEJLESZTÉSI ÜGYNÖKSÉG törzsszám: 15597683
cím : 1077 BUDAPEST Wesselényi utca 20-22.

5. bejegyzõ határozat, érkezési idõ: 39343/2010.10.19
Vezetékjog
1905 m2 nagyságú területre.
jogosult:
név: E.ON DÉL-DUNÁNTÚLI ÁRAMHÁLÓZATI ZÁRTKÖRÛEN MÛKÖDÕ RÉSZVÉNYTÁRSASÁG törzsszám: 10732614
cím : 7626 PÉCS Búza tér 8/A.

Folytatás a következõ lapon

E-hiteles tulajdoni lap - Szemle másolat

Megrendelés szám:30005/7515/2012

2012.02.13

MARCALI Szektor : 33

Belterület **2027/11 helyrajzi szám**

Folytatás az elõzõ lapról

III. R É S Z

6. bejegyzõ határozat, érkezési idõ: 40841/2010.11.02
   Vezetékjog
   122 m2 nagyságú területre.
   jogosult:
     név: E.ON DÉL-DUNÁNTÚLI ÁRAMHÁLÓZATI ZÁRTKÖRÛEN MÛKÖDÕ RÉSZVÉNYTÁRSASÁG törzsszám: 10732614
     cím : 7626 PÉCS Búza tér 8/A.

7. bejegyzõ határozat, érkezési idõ: 41848/5/2010.11.22
   Keretbiztosítéki jelzálogjog 567 869 851 FT,azaz
   ötszázhatvanhétmillió-nyolcszázhatvankilencezer-nyolcszázötvenegy FT támogatás és járuléka
   erejéig.
   bankhitelszerzõdés alapján nyújtott kölcsön biztosítására A jogosultat megilleti az elsõ
   zálogjogi ranghely.
   jogosult:
     név: NEMZETI FEJLESZTÉSI ÜGYNÖKSÉG törzsszám: 15597683
     cím : 1077 BUDAPEST Wesselényi utca 20-22.

Az E-hiteles tulajdoni lap másolat tartalma a kiadást megelõzõ napig megegyezik az ingatlan-nyilvántartásban szereplõ adatokkal. A szemle másolat a fennálló bejegyzéseket, a teljes másolat valamennyi bejegyzést tartalmazza. Ez az elektronikus dokumentum kinyomtatva nem minõsül hiteles bizonyító erejû dokumentumnak.

TULAJDONI LAP VÉGE

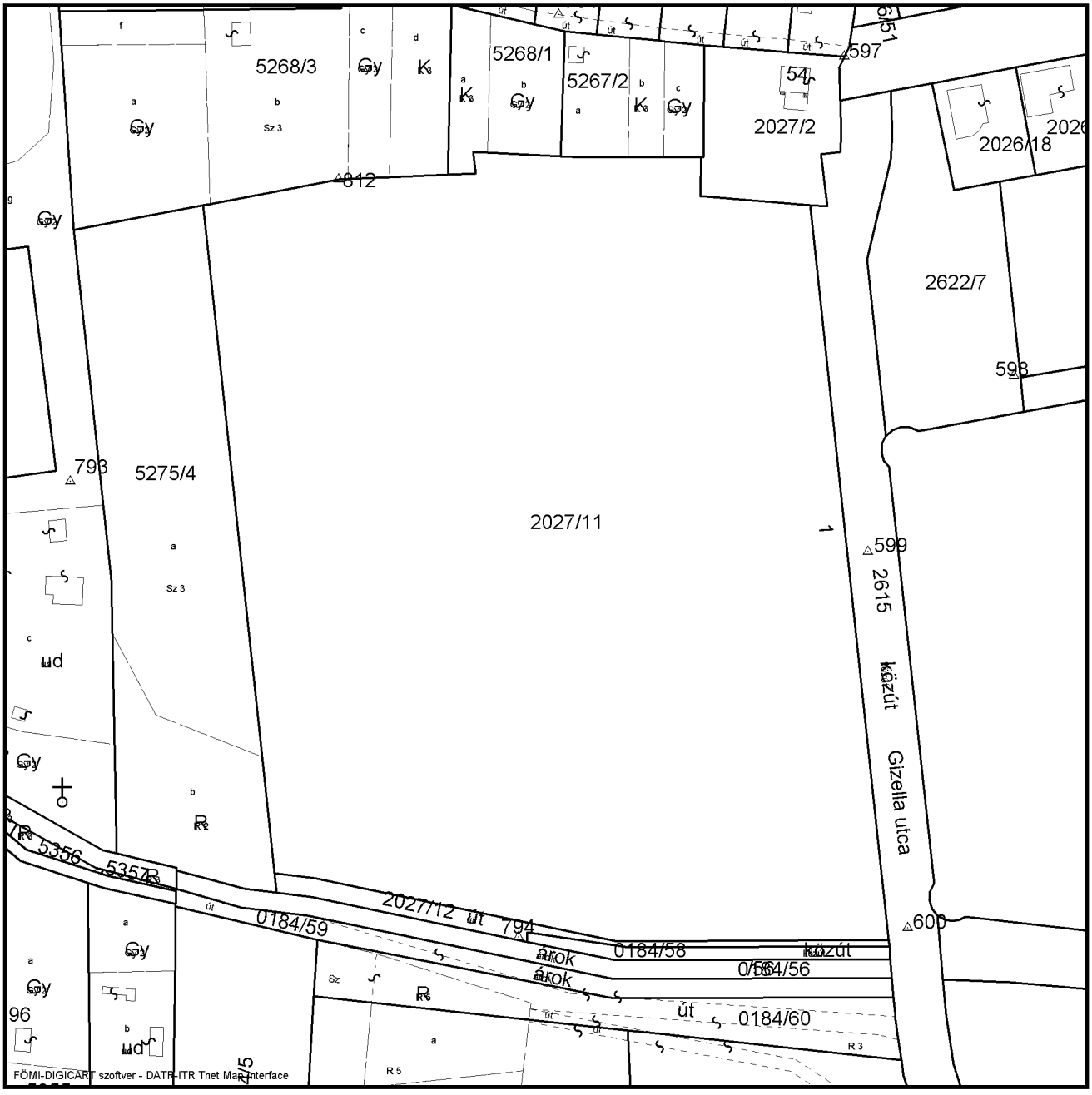
Körzeti Földhivatal Marcali
Marcali 8700 Széchenyi u. 44. Pf.: 14.

Térképmásolat

Helyrajzi szám: MARCALI belterület 2027/11

Megrendelés szám: 7/71/2012

Méretarány: 1 : 2000



2012.02.13 12:13:28

ÉRKEZETT 2008 OKT. 9.

Marcali Város Önkormányzatának

Jegyzője

Ügyiratszám: 923-9/2008.
Tel.: 85/501-050

Tárgy: Marcali Szálloda Kft. 8700 Marcali, 2027/11. helyrajzi szám alatt gyógyszálló építési engedélye

HATÁROZAT

Építési engedélyt adok, Marcali Szálloda Kft. 8700 Marcali, Rákóczi u. 11. szám alatti építtetőnek, a Marcali Körzeti Földhivatalnál **8700 Marcali, 2027/11.** helyrajzi számon felvett ingatlanon, **gyógyszálló építésére** a jelen építési engedély mellékletét képező építészeti műszaki tervdokumentációnak és műszaki leírásoknak megfelelően, a következő helyiségekkel:

alagsor alatti szinten: *vízgépészeti-, szellőző berendezések elhelyezésére szolgáló helyiségekkel és raktárhelyiségekkel, valamint lépcsőtérrel;*

alagsori szinten:

- az épület északi részén: *raktározási, hulladékkezelési és gépészeti funkciókat kiszolgáló helyiségekkel, gazdasági-, személyzeti bejárattal, személyzeti öltözőblokkal, személyzeti étteremmel, valamint iroda helyiségekkel és lépcsőtérrel;*
- az épület déli részén: *gyógyászati funkciókat kiszolgáló helyiségekkel (orvosi szoba, elektroterápia, hidroterápia, masszázs, vizesblokk, öltöző, iszappakoló helyiségekkel és gyógytornateremmel), medence térrel (szauna, gőzkamra, vizesblokk helyiségekkel, valamint 36 és 38 fokos medencével és külső medencével);*
- az épület központi részén: *gyógyászati előcsarnokkal (gyógyászati recepció, fogorvosi rendelő, fodrászat, kozmetika és szolárium helyiségekkel) és lépcsőterekkel;*

földszinten:

- az épület központi részén: *előcsarnokkal (vizesblokk, ruhatár, recepció helyiségekkel), valamint lépcsőterekkel;*
- az épület északi részén: *konyha- és szobaszerviz funkciókat ellátó helyiségekkel;*
- az épület déli részén: *20 szoba (4 akadálymentes) a hozzájuk tartozó előtér-fürdő-wc helyiségekkel, különteremmel és iroda helyiségekkel;*
- az épület keleti részén: *étteremmel;*

I. emeleti szinten: *45 szoba és a hozzájuk tartozó előtér-fürdő-wc, lakosztály (előtér, szoba, háló, gardrób, fürdő-wc), szobaasszony szoba, társalgó és raktárhelyiségekkel, valamint lépcsőterekkel, padlástérrel és loggiákkal;*

II. emeleti szinten: *33 szoba és a hozzájuk tartozó előtér-fürdő-wc, szobaasszony szoba és társalgó helyiségekkel, valamint lépcsőterekkel, padlástérrel és loggiákkal;*

tetőtéri szinten: *szobaasszony szoba, kazánház, 15 szoba és a hozzájuk tartozó előtér-fürdő-wc, lakosztály (előtér, gardrób, fürdő-wc, háló) helyiségekkel, valamint lépcsőterekkel, terasszal, padlástérrel;*

Az épület rendelkezik továbbá:

-2 db 630 kg teherbírású személyfelvonóval (EMI alkalmassági nyilatkozatszám: 7775.)
-2 db 630 kg teherbírású személy-teher felvonóval (ÉMI alkalmassági nyilatkozatszám: 7776)
-1 db 300 kg teherbírású kisteher felvonóval (ÉMI alkalmassági nyilatkozatszám: 7777)
-1 db 630 kg teherbírású személy-teher felvonóval (ÉMI alkalmassági nyilatkozatszám: 7778)

Az engedélynek a következő feltételei vannak:

1. Az OTÉK 253/1997. (XII. 20.) Korm. rendelet 42. § (7) bekezdése alapján a 10 gépjárműnél nagyobb befogadóképességű felszíni várakozóhelyet fásítani kell. A fásítást minden megkezdett 4 db várakozóhely után 1 db, nagy lombkoronát növelő, környezettűrő, túlkoros lombos fa telepítésével kell megoldani. A 16/2003. (X.16.) számú Marcali város helyi építési szabályzat 11. § (4) bekezdése alapján a telken a teljes telekméret minden 200 m^2-e után 1 db, min. 16/18 cm törzs körméretű lombos fa ültetendő. 45000 m^2-es telek esetén 225 db. A fákat a használatbavételi engedély kérelmezéséig el kell ültetni, a **használatbavételi engedély csak az ültetés után adható ki.**

2. A *Marcali Városi Önkormányzat Hivatásos Tűzoltóparancsnoksága* B-150/2/2007. számú szakhatósági állásfoglalásában a következőket nyilatkozta:
Értesítem, hogy a tárgyi üggyel (Marcali Szálloda Kft. Marcali, 2027/11. hrsz. alatti szálloda építési engedély hosszabbítás) kapcsolatban az építési engedélyének megadásához tűzvédelmi szempontból hozzájárulok.

3. Az *ÁNTSZ Marcali-, Fonyódi-, Lengyeltóti Városi Intézete* 5037-4/2007. számú szakhatósági állásfoglalásában a következőket nyilatkozta:
A Marcali, 2027/11 hrsz. alatti Termál Hotel építési engedélyének kiadásához -építtető: Marcali, Szálloda Kft. Marcali, Rákóczi u. 11. -a megküldött D-2005/5-EM munkaszámú engedélyezési tervdokumentáció és a hiánypótlásként megküldött nyilatkozat alapján közegészségügyi szempontból a hozzájárulást megadom.

4. Dél-dunántúli Környezetvédelmi, Természetvédelmi és Vízügyi Felügyelőség 1727-2/2008. számú szakhatósági állásfoglalásában a következőket nyilatkozta:
A Marcali V áros Önkormányzatának Polgármesteri Hivatala Műszaki és Városüzemeltetési Iroda (8700 Marcali, Rákóczi u. 11.) megkeresésére szakhatósági állásfoglalásunkat az alábbiak szerint adjuk meg.
A tárgyi ingatlanon tervezett szálloda építési engedélyének kiadásához a rendelkezésre álló adatok, tények alapján a következő feltételekkel hozzájárulunk.

1. A próbaüzem során a P1 (VITOPLEX kazán 1) és P2 (VITOPLEX kazán 2) azonosítószámú bejelentés köteles pontforrásokon a 17/2001. (VIII.3.) KöM rendeletnek megfelelő módon, akkreditált mérőszervezettel végeztetett szabványos emisszió méréssel meg kell határozni a légszennyező anyag kibocsátást, és igazolni kell a vonatkozó kibocsátási határértékek teljesülését.
2. A mérési szakvéleményt, a 21/2001 (II.14.) Korm. rendelet 4.1. melléklete alapján elkészített levegővédelmi működési engedély kérelmet és az alapbejelentést -LAL-formanyomtatványon -a használatbavételi engedélykérelemmel egyidőben kell felügyelőségünkre benyújtani.
3. Az építtető az építési és bontási hulladék kezelésének részletes szabályairól szóló 45/2004.(VII.26.) BM-KvVM együttes rendelet 10. §-ban előírt nyilvántartó lapokat és a hulladékok adott hulladékfajta kezelésére engedéllyel rendelkező hulladékkezelőnek történő átadását igazoló bizonylatokat köteles a használatbavételi eljárás során felügyelőségünknek benyújtani.
4. Az építési munkálatok során keletkező hulladékok lehetőség szerinti minél nagyobb arányú hasznosításáról gondoskodni kell.
5. A beruházást érintő valamennyi vízjogi engedély köteles műtárgy engedélyeztetéséről, megvalósításáról a használatbavételig gondoskodni kell.

5. A Pécsi Bányakapitányság 4329-4/2008. számú szakhatósági állásfoglalásában a következőket nyilatkozta:

A Pécsi Bányakapitányság (továbbiakban: Bk.) a Marcali, 2027/11. hrsz. alatti ingatlanon létesítendő szálloda építési engedélyezési eljárása tárgyában beterjesztett, a megkereséshez, mellékelt engedélyezési tervdokumentáció és talajmechanikai szakvélemény alapján szakhatósági hozzájárulását az alábbi feltételekkel adja meg:

1. Az építés során az építés engedélyese (Marcali Szálloda Kft, Marcali) az építési területen a természetes előfordulási helyéről kitermelt ásványi nyersanyagot azon csak külön jogszabály szerint tulajdonjogot szerezve értékesítheti, illetve hasznosíthatja üzletszerűen. A hatályos szabályozás alapján (1993. évi XLVIII. törvény 49.§ 1.) ásványi nyersanyagnak minősül minden, a humuszon kívüli földtömeg, függetlenül annak ásványi anyag összetételétől. Az ásványi nyersanyagok fajtáiról, megnevezéséről a 118/2003. (VIII.8.) Korm. rendelet ad tájékoztatást.
2. Az engedélyezett építési területről az építési tevékenység során üzletszerű hasznosítási illetve értékesítési céllal történő ásványi nyersanyag kitermelése esetén (bevágásból származó ásványi nyersanyag "felesleg"-nek az építési területről külső helyre történő elszállításakor) az 1993. évi XL VIII. törvény 1.§ (7) és 20.§ (2) b./ pontja alapján a kitermelési tevékenységet végzőnek bányajáradék önbevallási és befizetési kötelezettsége áll fenn.
3. Az építési munkákhoz szükséges ásványi nyersanyagok (homok, agyag, homokos kavics, zúzottkő, stb.) az építési területről kitermelt mennyiségen felül csak érvényes hatósági engedéllyel rendelkező kitermelőhelyről (bányából) származhatnak. Az előzőekben leírtaktól eltérően végzett ásványi nyersanyag kitermelés az 1993. évi XLVIII. törvény. 41.§ (1) c./ alapján jogosulatlan bányászati tevékenységnek minősül és bányászati bírsággal sújtható.
4. A talajmechanikai szakvélemény V. fejezetében megadott egyedi feltételeket betartva kell végezni az építési tevékenységet.

6. A Nemzet Közlekedési Hatóság Dél-dunántúli Regionális Igazgatósága KA/2089/1/2007. számú szakhatósági állásfoglalásában a következőket nyilatkozta:
A Marcali, 2027/11. hrsz. alatti ingatlanon -Marcali Szálloda Kft. 8700 Marcali, Rákóczi u. 11. sz. alatti építtető részére -szálloda építési engedély kiadásához, -a benyújtott tervdokumentáció alapján, -a szakhatósági hozzájárulást a következő feltételekkel megadjuk:
1. A 253/1997. (XII.20.) Kormányrendeletben (OTÉK) előírt **–tervdokumentációban megjelölt 117 db -parkolóhelyet biztosítaniuk kell.** A közterületen -nem a szálloda területén belül -létesülő parkolók építése engedélyköteles tevékenység.
2. A csatlakozó út kezelőjének útkezelői hozzájárulását engedélyesnek be kell szerezni és az abban foglaltakat köteles betartani.
3. A fenti létesítmények használatba-vételének feltétele, az OTÉK előírásai szerinti parkolók kialakítása, és az építési engedélyköteles parkolók jogerős forgalomba helyezési határozatának megléte.
4. Az engedélyezési terveket, a csapadék-vízelvezetési rendszerrel együtt, a hatályos műszaki ágazati előírások betartásával, el kell készíttetni.
5. Az építési terveket a 15/2000. (XI. 16.) KöViM rendeletben előírt mellékletekkel felszerelve, hét példányban, az engedélyezési eljárás lefolytatása céljából, hivatalunkhoz be kell nyújtani.
6. Szakhatósági hozzájárulásunkat az ügyben eljáró hatóság határozatába köteles belefoglalni és a határozat egy példányát részünkre megküldeni.

7. A Pécsi Mérésügyi és Műszaki Biztonsági Hatóság P-2241-1/2007. számú szakhatósági állásfoglalásában a következőket nyilatkozta:
Hivatkozva 16584/1/2007 sz. levelükre az alábbiakban adom meg a Pécsi Mérésügyi és Műszaki Biztonsági Hatóság szakhatósági hozzájárulását. Hozzájárulásunk feltétele:

1. A kazánház gázellátásánál, kialakításánál a jelenleg érvényes 11/2004. (11.13.) GKM. rendelet, valamint a 2006. 06. 26.-án közzé tett „A gáz csatlakozóvezetékek és fogyasztói

berendezések létesítési és üzembe helyezési Műszaki Biztonsági Szabályzata" szerint járjanak el.
2. A hűtőberendezések kialakításánál, amennyiben az nyomástartó berendezést is tartalmaz a jelenleg érvényes 63/2004. (IV .27) GKM rendelet alapján Hatóságunk engedélyező hatóság, így ezen berendezésekre létesítési engedély kérelmezendő. Hi: a használatbavételi engedély kérelem begyújtásig.
3. Nyomvonalas létesítmények (elektromos földkábel, légvezeték, Transzformátor állomás...stb.) vonatkozásában a 8/2001. (111.30.) GM. rendelet; illetve a 2001. évi CX törvény; 180/2002. (VIII.23.) kormányrendelet alapján, vezetékjogi-, illetve sajátos építmény építési engedély kérelmezendő. Hi: a használatbavételi engedély kérelem begyújtásig.
4. Felhívjuk a beruházó, generál kivitelező figyelmét, hogy jelen szakhatósági hozzájárulásunkban szereplő kikötésekkel kapcsolatos tájékoztatási kötelezettségének az alvállalkozók felé tegyen eleget, hogy azok az építési használatbavételi kérelem benyújtása előtt teljesíthetők legyenek!
5. A megtett intézkedéseket az építési használatbavételi eljárás alkalmával ellenőrizni fogjuk. A fentiekben szereplő feltételekkel, szakhatósági hozzájárulásunkat megadjuk.

8. A Somogy Megyei Állategészségügyi és Élelmiszer Ellenőrző Állomás Kerület Főállatorvosa 479/2007. számú szakhatósági állásfoglalásában a következőket nyilatkozta:
A fenti tárgyra és számra való hivatkozással értesítem, hogy Marcali szálloda Kft. 8700 Marcali, 2027/11. szám alatt szálloda építési engedélyezési ügyében szakhatóságom részére megküldött tervet és műszaki leírást áttanulmányoztam, a tervek szerint történő kivitelezéshez hozzájárulok.

9. Jelen építési engedélyben szereplő építési munkákat az 1997. évi LXXVIII. Törvény (építési törvény) és az országos településrendezési és építési követelményekről szóló 253/1997. (XII. 20.) Korm. rendelet szerint, az engedélyezett és jóváhagyási záradékkal ellátott építészeti - műszaki tervdokumentációk szerint lehet csak végezni.

10. Az építtetők csak a jogerős és végrehajtható építési engedély és az ahhoz tartozó - engedélyezési záradékkal ellátott - építészeti - műszaki tervdokumentáció alapján, az engedély érvényességének időtartama alatt, továbbá a saját felelősségükre és veszélyére építkezhetnek.

11. Az építőipari kivitelezési tevékenységről, az építési naplóról és a kivitelezési dokumentáció tartalmáról szóló 290/2007. (X. 31.) Korm. rendelet 16. § alapján: „Az építésügyi hatósági engedélyhez kötött **építési tevékenység** – a (3) bekezdésben foglaltak figyelembevételével – az 1. mellékletben meghatározott tartalmú és részletezettségű **kivitelezési dokumentáció alapján végezhető.**"

12. Az építtetőket az építési engedély jogerőre emelkedéséről és végrehajthatóságáról az engedélyezési záradékkal ellátott építészeti műszaki tervdokumentáció **2 példányának** megküldésével külön értesíteni fogom.

13. Az építési munka végzésével kapcsolatban szükségessé váló közterület használatát a Marcali Város Önkormányzatától kell kérniük.

14. Az építtető a kivitelezési munkák megkezdése előtt legalább 8 munkanappal köteles az I. fokú építésügyi hatóságnak írásban **bejelenteni a felelős műszaki vezető nevét címét, jogosultságának igazolását.**

A bejelentés elmulasztása esetén – annak pótlásáig – az építésügyi hatóság az építési munkák végzését leállítja.

15. **Felhívom az építtető figyelmét, hogy az építésügyi hatósági engedélyhez kötött és az építésügyi bírság megállapításának részletes szabályairól szóló jogszabály szerint számított 3o millió forint értéket meghaladó, vagy a közbeszerzésről szóló törvény hatálya alá tartozó építési tevékenység akkor kezdhető meg, illetve akkor folytatható, ha az elsőfokú építésfelügyeleti hatóságnak (Kaposvár, Csokonai u. 3.) a kivitelezési munkák megkezdése előtt legalább 15 munkanappal bejelenti a fentieken túl az építtető nevét, címét, építési helyszín címét, helyrajzi számát, a kivitelező (vállalkozó) nevét, címét, kivitelezési jogosultságának (vállalkozói engedély, cégbírósági bejegyzés) külön jogszabály szerinti igazolását, építési műszaki ellenőr nevét, címét, jogosultságának igazolását, a jogszabályban előírt esetekben a kiviteli tervek meglétéről szóló tervezői nyilatkozatot, valamint egyéb, jogszabályban meghatározott dokumentumot. Ezzel egyidejűleg az építési tevékenységre vonatkozó kivitelezési értéket, az építés helyszínének címét és helyrajzi számát az építés helye szerinti illetékes APEH-nak is be kell jelenteni.**
Ha az építési tevékenységet bejelentés nélkül, vagy az építésfelügyeleti hatóság hiánypótlási felhívása illetve tiltása ellenére kezdik meg, illetve végzik, azonnali intézkedés keretében az építésügyi vagy építésfelügyeleti hatóság tiltja meg az építési tevékenység végzését, amelyik az ellenőrzése során a szabálytalanságot észlelte. A határozat azonnali végrehajtása fellebbezésre tekintet nélkül elrendelhető

16. Ha az építési tevékenységet bejelentés nélkül vagy az építés-felügyeleti hatóság hiánypótlási felhívása illetve tiltása ellenére kezdik meg, illetve végzik, azonnali intézkedés keretében az építésügyi vagy építés-felügyeleti hatóság tiltja meg az építési tevékenység végzését, amelyik az ellenőrzése során a szabálytalanságot észlelte. A határozat azonnali végrehajtása fellebbezésre tekintet nélkül elrendelhető.

17. Az építtetők kötelesek haladéktalanul bejelenteni a fentiekben meghatározott adatokban történt változásokat.

18. Felhívom az építtetők figyelmét, hogy az építési, illetve bontási tevékenység befejezését követően, a használatbavételi engedélykérelem benyújtásával egy időben - **a külön jogszabályban meghatározott minőségű és mennyiségű hulladék keletkezése esetén** - köteles elkészíteni az építési tevékenység során ténylegesen keletkezett hulladékról az előírt építési hulladék nyilvántartó lapot, illetve a bontási tevékenység során ténylegesen keletkezett hulladékról az előírt bontási hulladék nyilvántartó lapot, melyet a környezetvédelmi hatósághoz kell benyújtania.

19. **Felhívom az** építtetők **figyelmét, hogy az építménybe építési terméket, berendezést, szerkezetet beépíteni csak annak megfelelőség-igazolása mellett lehet.**

20. Megállapítom, hogy az engedélyezett építés felelős műszaki tervezője:
Dévényi Sándor okl. építészmérnök
Címe: **7621 Pécs, Teréz u. 11.**
Kamarai tagsági száma: **SMÉK É1 02-0046**

21. Felhívom az építtetők, valamint a felelős műszaki vezető figyelmét, az építési engedély jogerőre emelkedése előtt végzett építési munkaépítési engedély nélkül végzett tevékenységnek minősül, amely esetben az építtetővel szemben az Étv. 48. § /1/

bekezdésében meghatározott fennmaradási engedélyezési eljárást kell lefolytatni, és az építtetőt építésügyi bírsággal kell sújtani, amelynek mértékét a 245/2006. (XII. 5.) Kormány rendelet szerint kell megállapítani.

22. Felhívom az építtetők, a felelős műszaki vezető figyelmét arra, hogy az építési munkák során, az építkezés helyszínén kell tartani a jogerős építési engedélyt és a jóváhagyási záradékkal ellátott műszaki tervdokumentációt.

23. Az építés ellenőrzése érdekében biztosítani kell, hogy az építést jogszabály alapján ellenőrző építésügyi hatóság, és az építés-felügyeleti ellenőrzést végző szervek, ellenőrzési feladataik végzéséhez szükséges adatok és bizonyítékok az építkezés helyszínén rendelkezésre álljanak. Így különösen a felelős műszaki vezető és kivitelező előírt képesítési és más szakmai feltételei meglétére, a beépített anyagok épületszerkezetek megfelelősségének bizonyítására szolgáló iratok, a külön jogszabályban meghatározott esetekben az építési napló, rendelkezésre álljon, valamint az állékonyságra, életre, egészségre, köz- és vagyonbiztonságra vonatkozó előírások betartása ellenőrizhető legyen.

24. Felhívom az építtetők figyelmét arra, hogy az építmény használatbavételéhez hatóságomtól használatbavételi engedélyt kell kérniük **akkor, ha az építés rendeltetésszerű és biztonságos használatra alkalmassá válik. Az építményt csak jogerős és végrehajtható használatbavételi engedély alapján szabad használatba venni.**

25. Felhívom az építtetők figyelmét, hogy az építésügyi hatósági (létesítési) engedélyhez kötött építmények építőipari kivitelezési, bontási tevékenysége akkor folytatható,
- ha az építőipari kivitelezés, bontás az építési tevékenységet folytató egyéni vállalkozó vagy gazdasági társaság tevékenységi körében szerepel,
- a kivitelezési tevékenységet névjegyzékbe vett olyan felelős műszaki vezető irányítja, aki a kivitelező tagsági, alkalmazotti vagy megbízotti jogviszonyban áll, és aki a kivitelezési tevékenység szakirányának megfelelő jogosultsággal és egyéb feltételekkel, továbbá a kivitelezési tevékenységet végzők felett közvetlen irányítási joggal rendelkezik,
- a kivitelező és a műszaki vezető rendelkezik kötelező szakmai felelősségbiztosítással,
- az építőipari munkák tervezett megkezdését - jogszabályban meghatározott esetekben és módon - az építésfelügyeleti hatóságnak a kivitelezés tervezett megkezdése előtt 15 nappal az építtető bejelentette, és az építésfelügyeleti hatóság a kivitelezési tevékenység megkezdését, végzését a bejelentéstől számított 15 napon belül nem tiltotta meg.

26. Tájékoztatom az építtetőket, hogy a jogerős építési engedélyben foglaltaktól a megvalósítás során nem lehet eltérni. Az engedélyezett állapottól eltérő építési engedélyezési kötelezettség alá eső módosulás esetén az építési engedély módosítását kell kérniük az építési hatóságtól.

27. Ha a megvalósítás során a jogerős és végrehajtható építési engedélytől, valamint az építészeti műszaki tervdokumentációtól eltérően végezték az építést, de az eltérés nem minősül építési engedélyhez kötött építési munkának, akkor a használatbavételi engedélyhez szükséges jogszabályban meghatározott mellékleteket ki kell egészíteni a felelős műszaki vezető eltérést ismertető nyilatkozatával és az azt ábrázoló állapottervvel.

28. Az építési engedély érvényességi idejét e határozat jogerőssé és végrehajthatóvá válását követő **2 évben** állapítom meg.

29. Jelen építési engedélyem a fenti időpontot követően érvényét veszti, kivéve, ha az érvényességi időn belül az építési tevékenységet megkezdték és az építés a megkezdésétől számított **5 éven** belül a használatbavételi engedély megadására alkalmassá válik.

30. Tájékoztatom az építtetőket, hogy az engedély érvényességi idejének lejárta előtt előterjesztett kérelmükre mindaddig, amíg az engedély megadásakor fennálló szabályok vagy hatósági előírások nem változnak meg, az építési engedély érvényességi ideje meghosszabbítható. Amennyiben az érvényességi idő lejár és annak meghosszabbítását elmulasztják, továbbá az építmény használatbavételre még nem alkalmas, az építési engedélyt az építéshatóságtól ismételten meg kell kérniük.

31. Tájékoztatom az építtetőket, hogy az építésügyi hatósági engedély nem mentesít az egyéb jogszabályokban előírt engedélyek, hozzájárulások megszerzésének kötelezettsége alól.

32. Tájékoztatom az érdekelt ügyfeleket, hogy a jogorvoslatra nyitva álló idő alatt az engedélyezés tárgyát dokumentáló építészeti-műszaki dokumentációját, a Marcali Város Polgármesteri Hivatal I. fokú kiemelt építésügyi hatóság fszt. 12. számú irodájában tekinthetik meg.

33. Az építési engedély az építési munkával kapcsolatos polgári jogi vitákat nem dönti el.

34. Az építési engedélyt az építtetők jogutódja is felhasználhatják, de köteles a jogutódlást annak megfelelő igazolása mellett az építkezés megkezdésének vagy folytatásának megkezdése előtt az I. fokú építési hatóságnak írásban bejelenteni, és az építést folytatni csak jogerős névátírási határozat birtokában lehet.

35. Felhívom az építésben érdekelt ügyfeleket, hogy a külön jogszabályokban meghatározott rendelkezések szerint kötelesek tűrni a jogerős és végrehajtható építési engedélynek megfelelő építési munkák végzését, s amennyiben ezzel összefüggésben káruk keletkezik, úgy annak megtérítését a Polgári Törvénykönyv szabályai szerint az építtetőktől kérhetik.

36. Az építtetőknek és a kivitelezőnek az építési tevékenység során keletkezett építési hulladékot, maradék építőanyagot és építési segédeszközöket el kell szállíttatnia a környezetet és a terep felszínét az eredeti, illetve engedélyezett állapotában kell átadnia, a környezetben okozott károkat meg kell szüntetnie a munkálatok befejezését követő 30 napon belül.

37. Az eljárás során költségek nem merültek fel.

Döntésem ellen a kézhezvételétől számított **15 napon** belül a Dél-Dunántúli Regionális Közigazgatási Hivatalhoz (Kaposvár, Csokonai u. 3.) címzett, de hivatalomnál benyújtandó **2 példányos 30.000 Ft** illetékbélyeggel ellátott fellebbezéssel lehet élni. A fellebbezés elektronikus úton történő benyújtására nincs lehetőség.

Indokolás

Marcali Szálloda Kft. 8700 Marcali, Rákóczi u. 11. szám alatti építtető irodámhoz benyújtott kérelmében kérte, hogy a Marcali Körzeti Földhivatalnál 8700 Marcali, 2027/11. helyrajzi számon felvett ingatlanon, a rendelkező részben körülírt építést engedélyezzük.

A 2008. szeptember 24. napján lefolytatott helyszíni ellenőrzés során megállapítottam, hogy a benyújtott kérelem és építészeti műszaki tervdokumentáció a tényleges valóságos állapottal egyezik, annak megfelel.

A tervezőként feltüntetett személy, tervezési jogosultsággal rendelkezik.

A helyszíni szemle, valamint az engedélyezésre benyújtott tervdokumentáció alapján megállapítottam, hogy az építés az 1997. évi LXXVIII törvény 18 - 22 §-aiban, illetőleg 31. és 36§-aiban foglalt követelményeknek, valamint a 253/1997.(XII. 2o.) Kormány számú rendeletben (OTÉK) rögzített követelményeknek megfelel. A rendelkező részben foglalt kikötéseket a 46/1997.(XII. 29.) KTM. számú rendelet 2o.§ /1/ bekezdés d./ pontjában biztosított jogkörömben írtam elő.

Eljárásom során megállapítottam, hogy a kérelmezett építési munka megfelel Marcali Város Önkormányzata 16/2003. (X. 16.) számú rendeletben meghatározott helyi építési előírásoknak.

A *Marcali Városi Önkormányzat Hivatásos Tűzoltóparancsnoksága* szakhatósági nyilatkozatát az alábbiakkal indokolta:
A Marcali Szálloda Kft. Marcali, 2027/11. hrsz. alatti szálloda létesítési engedélyezéséhez irányuló kérelmét az 1996. évi XXXI. törvény 12. §-a, a 79/2007. (IV. 24.) Korm. Rendelet 3. § (1) bekezdése, a 11/2007. (IV. 24.) ÖTM rendelet 1. § (1) bekezdés, a 46/1997. (XII.29.) KTM. számú rendelet 7. § (1) bekezdése és a Közigazgatási hatósági eljárás és szolgáltatás általános szabályairól szóló 2004. CXL. törvény alapján felülvizsgáltam. A terv megfelel a tűzvédelmi követelményeknek, ezért a tárgyi engedély megadásához kikötés nélkül hozzájárulok. Állásfoglalásom ellenjogorvoslattal élni csak az engedélyező hatóság által az ügy érdemében hozott I. fokú határozat ellen benyújtott fellebbezésben lehet.

Az ÁNTSZ Marcali-, Fonyódi-, Lengyeltóti Városi Intézete szakhatósági nyilatkozatát az alábbiakkal indokolta:
A szakhatósági állásfoglalást a 46/1997. (XII. 29.) KTM rendelet 7. §-a alapján adtam ki. A szakhatósági állásfoglalás ellen önálló jogorvoslatnak helye nincs, az érdemi határozat elleni fellebbezéssel támadható.

A Dél-dunántúli Környezetvédelmi, Természetvédelmi és Vízügyi Felügyelőség szakhatósági nyilatkozatát az alábbiakkal indokolta:
A hatáskörünkbe tartozó kérdéseket megvizsgálva megállapítottuk, hogy a tárgyi ingatlanon tervezett szálloda építése az általános jogszabályi előírásoknak és a benyújtott dokumentációnak megfelel, Felügyelőségünk részéről nem kifogásolt, ezért ahhoz hozzájárulásunkat megadtuk. A zaj- és rezgésvédelmi követelmények előírása és teljesülésének ellenőrzése a jegyző feladat- és hatáskörébe tartozik a 12/1983. (V.12.)MT rendelet 25.§ - a alapján. A Dél-dunántúli Környezetvédelmi, Természetvédelmi és Vízügyi Felügyelőség a környezetvédelmi, természetvédelmi, vízügyi hatósági és igazgatási feladatokat ellátó szervek kijelöléséről szóló 347/2006. (XII. 23.) Korm. rendelet 8. § (2) és 38.§ (1) bekezdése alapján járt el, a Felügyelőség illetékességi területéről az 1. számú melléklet IV. 4. pontja rendelkezik. Szakhatósági állásfoglalásunk előírásait a 21/2001 (II.14.) Korm. rendelet, a hulladékgazdálkodásról szóló 2000. évi XLIII. törvény 5. §-a, és a 72/1996. (V.22.) Korm. rendelet 3. §-a alapján a 46/1997.(XII.29.) KTM rendelet 7. § (1) bekezdésében foglalt hatáskörünkben adtuk meg.

A Pécsi Bányakapitányság szakhatósági nyilatkozatát az alábbiakkal indokolta:
Marcali Város Önkormányzatának Polgármesteri Hivatala 16584/1/2007. számú levelében szakhatósági állásfoglalás kérése céljából kereste meg a Bk-ot a tárgyban megjelölt ingatlanon létesítendő szálloda építési engedélyezési eljárásában. A megkereséshez mellékelte a Dévényi és Társa Építész Kft. által 2005. júliusában készített engedélyezési tervdokumentációt és talajmechanikai szakvéleményt. A Bk. a rendelkezésre álló dokumentációk alapján az alábbiakat állapított meg:
-A talajmechanikai szakvélemény a teherviselő altalajokat feltárta és azonosította. A megismerésre került rétegrend nem mutatott eltérést az általános földtani viszonyoktól. A laboratóriumi vizsgálati eredmények alapján rögzítésre kerültek az azonosító és állapotjellemzők. A feltáráskori állapotok és a megállapított talajfizikai jellemzők alapján megadásra kerültek az altalajok teherviselő képességére jellemző határfeszültségi alapérték. A szakvélemény a teherviselő rétegek térbeli kiterjedése és feltáráskori állapota alapján értékelte az építésföldtani viszonyokat és követelményeket. A talajmechanikai szakvélemény V. fejezetében részletezte és adta meg azon egyedi feltételeket (alapozási mód, alaptest kialakítása, földmunkák, felszíni vizek kezelése, stb.), melyeknek betartása a tervezett épített környezet hosszú távú fennmaradását és stabilitását szolgálja kimosódásra alkalmas kőzettér ismeretében.
-A tervezett építés a Bk. hatáskörébe tartozó szilárdásvány bányatelket, CH -szállító és gázelosztó vezetéket, ezek biztonsági övezetét, valamint CH-bányászati célú létesítményt nem érint.
Az 1. pontban leírtakat a 203/1998. (XII.19.) Korm. rendelet l/A. §-ában előírtakra hivatkozással tartotta szükségesnek rögzíteni. A hivatkozott külön jogszabály, az 1992. évi XXXVIII. törvény 109/B.§ a./, 109/G.§ (1), 109/H.§ (1), mely arra vonatkozóan ad előírást, hogy a Magyar Állam kizárólagos tulajdonában lévő ásványi nyersanyag milyen formában kerülhet a kitermelést végző tulajdonába. A külön jogszabályban leírtak értelmében a kitermelt ásványi nyersanyag üzletszerű hasznosításával illetve értékesítésével kapcsolatban a Kincstári Vagyoni Igazgatóság Hasznosítási Vezérigazgató-helyettese (1054 Budapest, Zoltán u. 16.) engedélyét (tulajdonosi hozzájárulását) a létesítés megkezdését megelőzően be kell szerezni. A Bk. szakhatósági állásfoglalását az építésügyi hatósági engedélyezési eljárásról szóló 46/1997. (XII.29.) KTM rendelet 7. §, valamint a 267/2006. Korm. rendelet alapján, a közigazgatási hatósági eljárás és szolgáltatás általános szabályairól szóló 2004. évi CXL. Törvény 44.§ (1)-(2) bekezdése szerint adta meg.

A Nemzeti Közlekedési Hatóság Dél-dunántúli Regionális Igazgatósága szakhatósági nyilatkozatát az alábbiakkal indokolta:
A szakhatósági hozzájárulást, a közúti közlekedésről szóló 1988. évi I. törvény, a 253/1997. (XII.20.) Kormányrendelet, és a közigazgatási hatósági eljárás és szolgáltatás általános szabályairól szóló 2004. évi CXL. törvény 44. §-a alapján adta ki az első fokú közlekedési hatóság.

A Magyar Kereskedelmi Engedélyezési Hivatal Pécsi Mérésügyi és Műszaki Biztonsági Hivatal szakhatósági nyilatkozatát az alábbiakkal indokolta:
Jelen szakhatósági hozzájárulásunkat a Marcali Szálloda Kft. Marcali, 2027/11 hrsz. alatti ingatlanon szálloda építési engedélye vonatkozásában, az eddig tudomásunkra jutott adatok alapján, a 46/1997. (XII.29) KTM sz. rendelet 7. § értelmében adtuk ki.

A Somogy Megyei Állategészségügyi és Élelmiszer Ellenőrző Állomás Kerület Főállatorvosa szakhatósági nyilatkozatában az építési engedély kiadásához kikötés nélkül hozzájárult.

A fellebbezés lehetőségét a közigazgatási hatósági eljárás és szolgáltatás általános szabályairól szóló 2oo4. évi CXL. törvény (Ket) 98. § (1), 99. § (1) és 1o7. § (2) bekezdései alapján adtam meg.

A fellebbezési illeték mértékét az illetékekről szóló 199o. évi XCII. törvény 15. mellékletének 5. pontja alapján állapítottam meg.

Hatóságom hatáskörét és illetékességét a 343/2006 (XII.23.) Korm. rendelet 1 §-a, az 1/A. melléklete, a Ket. 12. § (3) bekezdés c) pontja, és a 21. § (1) bekezdés b) pontja állapítja meg.

Marcali, 2008. október 1.

A jegyző megbízásából:
Ph.

.....
Mozsár Erik
tanácsos

A 923-9/2008. számú határozat értesülői külön jegyzéken

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M202923

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Marcali Szálloda Korlátolt Felelősségű Társaság
Várkonyi Andor ügyvezető igazgató részére

8700 Marcali
Rákóczi u. 11.

Ikt .szám:...2056-46..../2011.06.21.
Ügyintéző: Habetler Károlyné
Tel.: 428-1549
e-mail: habetler@mfb.hu

Tárgy: Kötelező érvényű finanszírozási ajánlat

Tisztelt Ügyvezető Igazgató Úr!

A MFB Magyar Fejlesztési Bank Zártkörűen Működő Részvénytársaság (továbbiakban: MFB Zrt., Bank) és Marcali Szálloda Korlátolt Felelősségű Társaság (továbbiakban: Marcali Kft., Hitelfelvevő, Ügyfél) 2010. október 11-én H-VFH/029545/2010/305173/001.; H-EHIT/031149/2010/305173/001.; és H-EHIT/032148/2010/305173/001. számon a Marcali város Termál- és Szabadidő Központja mellé tervezett gyógy- és wellness szálloda beruházás finanszírozására beruházási, ÁFA finanszírozási kölcsönszerződéseket és forgóeszköz hitelszerződést kötöttek magánokirati formában.
Az Ügyfél kérésére az ügylet feltételrendszerének módosítására, felülvizsgálatára került sor, amelyre vonatkozóan a Bank illetékes döntéshozó fóruma a Marcali Kft. részére Marcaliban fejlesztendő hotel ingatlan finanszírozása céljából nyújtandó kölcsön feltételeiről ismételten döntött az alábbiak szerint. Az alábbi Kötelező érvényű finanszírozási ajánlat egységes szerkezetbe foglaltan tartalmazza feltételeket, ahol a Bank a korábbi magánokiratban megkötött szerződésekhez viszonyított módosítások vastagon szedett formában a törlésre került feltételek pedig áthúzottan jelennek meg.

Megnevezés	Feltételek
Projekt célja:	Marcali város Termál- és Szabadidő Központja mellé tervezett 4 csillagos, 116 szobás gyógy-, és wellness szálloda megépítése és üzemeltetése
Hitelfelvevő	Marcali Szálloda Korlátolt Felelősségű Társaság
A projekt tervezett nettó költsége:	3.077.815.239,-Ft
A beruházás megvalósítási határnapja:	**2012. március 31.**
Egyszeri díj:	**Egyszeri projektvizsgálati díj 13.840.000,-Ft (megfizetésre került a magánokiratba foglaláskor)**
Közokiratba foglalás:	Hitelszerződések és mellékkötelmi szerződések, valamint a tulajdonosi nyilatkozatok.
Díjak és egyéb megelőlegezett kiadások:	Az ügylet előkészítése és végrehajtása során felmerülő minden költséget a Hitelfelvevő állja, így különösen a jogi dokumentáció közjegyzői okiratba foglalásával és a Független Műszaki Ellenőrrel kapcsolatos, továbbá a biztosítékok rendszeres banki értékelésével kapcsolatos költségeket.
Független Műszaki Ellenőr:	Bank és a Hitelfelvevő háromoldalú megállapodás keretében, a Hitelfelvevő költségére Független Műszaki Ellenőrt bíznak meg a Projekt műszaki megvalósításának és pénzügyi folyamatainak ellenőrzésére a Bank projektfinanszírozási gyakorlatának és a szabályzatainak megfelelő feladatokkal. A műszaki ellenőr a jelentéseiben folyamatosan térjen ki arra, hogy a jogerős építési engedélyben előírt feltételek teljesítése milyen stádiumban tart.

dr. Gáspárdy László
ügyvéd

BERUHÁZÁSI HITELNYÚJTÁS FELTÉTELEI	
Hitelösszeg:	Beruházási hitel **1.600.000.000,- Ft**
Hitelprogram:	A projekt az Új Magyarország Vállalkozásfejlesztési Hitelprogramjának keretén belül finanszírozásra.
Nyilvántartási deviza:	HUF
Folyósítási deviza:	HUF
Saját erő értéke:	**909.945.388,- Ft**, amelyből **61.200.000,- Ft** a Banknál vezett óvadék számlára **(ÓVADÉK II.)** kerül elhelyezésre
Rendelkezésre tartás kezdete:	Szerződéskötés napjától
Rendelkezésre tartás vége:	**2012. június 30.**
Rendelkezésre tartási jutalék:	A rendelkezésre tartási időszak alatt, a hitelszerződés aláírásától kezdve a le nem hívott összegekre vetítve évi 0,25%, megfizetése a kamatfizetéssel egy időben.
Hitelezési futamidő:	15 év (60 negyedév)
Tőketörlesztésre türelmi idő:	**2013. június 14-ig**
Végső lejárat:	**2026. március 15.**
Kamatmérték:	3 M EURIBOR + 4%
Projektvizsgálati díj	13.840.000,-Ft **(megfizetésre került a magánokiratba foglaláskor)**
Első kamatfizetés:	A szerződéskötés utáni lehívást követő negyedév 15-én.
Kamatperiódus:	A kamatperiódus negyedévenként, a naptári negyedév utolsó hónapjának 15. napjától a következő naptári negyedév utolsó hónapjának 14. napjáig tart.
Kamat megállapítás:	A kamatperiódus kezdő napját megelőző 2 munkanappal fixált 3 hónapos EURIBOR alapján kell megállapítani, amennyiben a kamatperiódus kezdő napja nem munkanapra esik, akkor a kamatperiódus kezdő napját megelőző első banki munkanapra (azt megelőző 2 munkanappal) fixált 3 hónapos EURIBOR alapján kell a kamatot megállapítani. Első folyósítás esetében a kamatot a folyósítás napjára fixált 3 hónapos EURIBOR alapján kell megállapítani.
Kamatfizetés:	A Hitelfelvevő által fizetendő kamat mindenkor utólag, a vonatkozó kamatidőszak utolsó hónapjának 15. napján, valamint a végső lejárati napon.
Késedelmi kamat	A Hitelfelvevő késedelmi kamatot fizet minden olyan összeg után, amelynek jóváírására az esedékesség napján nem kerül sor. Tőke után az ügyleti kamaton felül évi 6%, kamatfizetés késedelme esetén a Ptk. 301/A § (2) szerint.
Hitelvisszafizetés:	HUF
Törlesztés/Lejárat:	Évente 4-szer, az adott negyedév utolsó hónapjának 15. napján, az utolsó negyedévi tőkerészlet kivételével egyenlő tőkerészlet hányaddal.

I.	2013		2018	1,92%	2023	1,92%
II.		1,92%		1,92%		1,92%
III.		1,92%		1,92%		1,92%
IV.		1,92%		1,92%		1,92%
I.	2014	1,92%	2019	1,92%	2024	1,92%
II.		1,92%		1,92%		1,92%
III.		1,92%		1,92%		1,92%
IV.		1,92%		1,92%		1,92%
I.	2015	1,92%	2020	1,92%	2025	1,92%
II.		1,92%		1,92%		1,92%
III.		1,92%		1,92%		1,92%
IV.		1,92%		1,92%		1,92%

dr. Gáspády László
jogtanácsos

		I.	2016	1,92%	2021	1,92%	2026	2,08%
		II.		1,92%		1,92%		
		III.		1,92%		1,92%		
		IV.		1,92%		1,92%		
		I.	2017	1,92%	2022	1,92%		
		II.		1,92%		1,92%		
		III.		1,92%		1,92%		
		IV.		1,92%		1,92%		

Hitellehívás:	A beruházási-kivitelezési ütemtervhez igazodóan (a műszaki ellenőr igazolja), naptári havonta **2 (két)** alkalommal.
Folyósítási jutalék:	Nem kerül felszámításra.
Előtörlesztés:	A kamatforduló napon díjmentesen, más időpontokban az előtörlesztett összeg 0,2%-ának megfelelő díjat kell fizetni. A Hitelfelvevő előtörlesztési értesítője legkésőbb a tervezett előtörlesztést megelőző 5 munkanappal kézbesítendő a Bank részére. Az önkéntesen előtörleszthető legkisebb összege: 5 millió Ft. Az önkéntes előtörlesztés összege a soron következő törlesztő részletet csökkenti.
Szerződéskötési feltételek, amelyek magánokiratba foglaláskor teljesültek:	1. Az egyszeri díj megfizetése. 2. Műszaki szakértő kijelölése közös megállapodás alapján. 3. A Hitelfelvevő megfelelő döntéshozó fórumának határozata a hitel felvételéről és futamidejéről, a biztosítékok nyújtásáról. 4. A vállalkozói szerződés tervezetek Banknak történő bemutatása és a Bank általi elfogadása. 5. A támogatási szerződés összköltségének módosítása és Nemzeti Fejlesztési Ügynökség (DDRFÜ) általi elfogadása. 6. APEH végrehajtás törlésének igazolása (benyújtva), továbbá a Kft. nyilatkozata, miszerint ellene csőd-, felszámolási- ill. végrehajtási eljárás nincs folyamatban. 7. Az Önkormányzat és a Szálloda közötti megállapodás (az Önkormányzat Vállalásairól, kút használati jogáról) bemutatása és Bank általi elfogadása. 8. A támogatási szerződés Bank számára megfelelő meghosszabbítása (benyújtva, a támogatási szerződés hatályba lépett). 9. KPMG tanulmány Bank általi elfogadása (benyújtva, elfogadva). 10. A fejlesztés alapjául szolgáló telekingatlan Bank által elfogadott értékbecslővel készítetett értékbecslésének bemutatása. Az értékbecslés minimum 405.258.000,- Ft összegről kell szóljon (benyújtva, elfogadva). 11. A Danubius Hotels Nyrt., vagy más nemzetközi szállodalánc által adott szándéknyilatkozat arra vonatkozóan, hogy a szálloda megépítése esetén üzemeltetési szerződést köt a Hitelfelvevővel. 12. A Bank és az ügyfél megállapodnak az üzletrészre alapított opciós szerződés tekintetében a szerződésben kijelölésre kerülő szakértő – könyvvizsgáló - személyében, illetve az ingatlanra alapított opció esetében az ott kijelölt három ingatlan értékbecslő személyében. 13. A Fővállalkozó közjegyzői okiratba foglalt visszavonhatatlan, egyoldalú nyilatkozatának benyújtása, amely szerint a fővállalkozói szerződéshez kapcsolódóan az anyagi-műszaki összetételben figyelembe vett 58,5 MFt építési tartalékon túlmenően esetlegesen keletkező (független műszaki szakértő által elfogadott, leigazolt) maximum 100 MFt többletköltségek fedezetére, annak ellenértékeként Marcali Önkormányzat által biztosított Marcali 0184/61 hrsz-ú és 0184/62 hrsz-ú ingatlanokat elfogadja és további igényérvényesítésének jogáról lemond. 14. A Nemzeti Fejlesztési Ügynökség nyilatkozatának benyújtása, amellyel engedi az MFB Zrt. részére az első ranghelyi 2,5 Mrd Ft legmagasabb összegű keretbiztosítéki jelzálogjog bejegyzését Marcali 2027/11 hrzs-ú ingatlanra.

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A szerződés közokiratba foglalásának feltételei:	**1. A Hitelfelvevő megfelelő döntéshozó fórumának határozata a hitel felvételéről és futamidejéről, a biztosítékok nyújtásáról.** **2. A fővállalkozói szerződés módosítása a befejezési határidő tekintetében, és a Banknak történő bemutatása.** **3. A Marcali Szálloda Kft. nyilatkozata, miszerint ellene csőd-, felszámolási- illetve végrehajtási eljárás nincs folyamatban.** **4. A Marcali Szálloda Kft. vonatkozásában 2011. május 5-én bejegyzett végrehajtás törlése/lezárása.** **5. A Bank és az Ügyfél megállapodnak az üzletrészre alapított opciós szerződés tekintetében a szerződésben kijelölésre kerülő szakértő – könyvvizsgáló - személyében, illetve az ingatlanra alapított opció esetében az ott kijelölt három ingatlan értékbecslő személyében. Ezek: KPMG Hungária Kft., vagy a Bank szakértői listáján szereplő egyéb értékbecslő.** **6. A Fővállalkozó közjegyzői okiratba foglalt visszavonhatatlan, egyoldalú nyilatkozatának benyújtása, amely szerint az anyagi-műszaki összetételben figyelembe vett 58,5 MFt építési tartalékon túlmenően esetlegesen keletkező (független műszaki szakértő által elfogadott, leigazolt) maximum 100 MFt többletköltségek fedezetére, 100 MFt óvadékot helyez el az MFB Zrt.-nél. A betét elhelyezése az első hitelfolyósításból a Fővállalkozót megillető, számla ellenértékének visszatartásával, vagy a Fővállalkozó általi visszautalásával történik. Amennyiben igazolt többletköltség merül fel, annak ellenértékeként a Marcali Önkormányzat által biztosított Marcali 0184/61 hrsz-ú és 0184/62 hrsz-ú ingatlanokat elfogadja és további igényérvényesítésének jogáról lemond.**
Hitellehívási előfeltételek:	**A. Az aktualizált Fővállalkozói szerződés (befejezési határidő) módosítása Banknak történő bemutatása és a Bank általi elfogadása.** **B. A beruházás tervezett befejezési határidejének módosítása és a Nemzeti Fejlesztési Ügynökség képviseletében eljáró DDRFÜ Nonprofit Kft. általi elfogadása/tudomásul vétele.** **C. A beruházás helyéül szolgáló ingatlan (Marcali 2027/11 hrsz.) aktualizált értékbecslésének elkészítése és benyújtása KPMG Hungária Kft., vagy más a Bank szakértői listájáról választott egyéb szakértő által.** 1. A hitelszerződések és mellékkötelmi szerződések, valamint a tulajdonosi nyilatkozat közokiratba foglalása. 2. A zálogjogok és vételi opció közhiteles nyilvántartásba való bejegyzése (MOKK és a Földhivatali nyilvántartásban legalább széljegy) az üzletrészre alapított jelzálogjog bejegyzése (cégkivonattal történő igazolása). 3. **A Bank szakértői listájáról kiválasztott** a projekt műszaki megvalósításának és pénzügyi folyamatainak ellenőrzésével megbízott, Független Műszaki Ellenőrrel megkötött háromoldalú megbízási szerződés, az MFB Zrt. projekthitelezési gyakorlatának megfelelő tartalommal. 4. A Független Műszaki Ellenőr Zéró riportjának a banki gyakorlatnak megfelelő tartalommal történő elkészítése. 5. Saját erő felhasználása az alábbiak szerint történik: **834.945.388,-Ft** felhasználása az anyagi-műszaki összetétel szerinti szerkezetépítésre, továbbá a 61.200.000,- Ft Banknál vezetett óvadéki számlára (ÓVADÉK II.) történő elhelyezése, 13.840.000,- Ft egyszeri projektvizsgálati díj megfizetése **(megfizetésre került a magánokiratba foglaláskor).** **6. Inkasszós felhatalmazás a Hitelfelvevő Magyarországon vezetett bankszámláira, a számlavezető bank(ok) által visszaigazolt, záradékkal ellátott eredeti példányának benyújtása.** 7. Az első folyósítás kért értéknapjánál 30 nappal nem régebben kiállított 0-ás

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igazolás az APEH-től, VPOP-tól, és önkormányzati adóigazolás.

8. **Az üzleti terv szerinti első 4 év veszteségének finanszírozására az OTP Banknál, vagy más magyarországi székhelyű kereskedelmi banknál vezetett óvadéki zárolt számlán 115 MFt óvadéki összeg elhelyezése az első 4 év működésének biztosítékaként (ÓVADÉK III.). Az óvadék a jogerős használatbavételi engedély kézhezvételétől számított első 4 évben használható fel, kizárólag a törlesztő részletek hiányának pótlására. Az óvadék a jogerős használatbavételi engedélytől számított 4 év utáni kiengedésére csak a Bank erre irányuló jóváhagyása esetén van lehetőség és felhasználása a PTK idevonatkozó szabályai szerint történhet. A betétről kifizetés csak az MFB Zrt. hozzájárulásával történhet. Az óvadék nem váltható ki bankgaranciával.**
   ~~**A teljes projektköltség 2,6%-ának megfelelő mértékű tartalék (de legalább 100 millió Ft) képzése az MFB-nél vezetett óvadéki számlán elhelyezve, vagy azonos összegű, a Marcali Önkormányzat által a beruházási időszak + 90 napra szóló, feltétel nélküli és visszavonhatatlan bankgaranciával történő kiváltása, vagy Marcali Város Önkormányzata által felajánlott Marcali 0184/61 hrsz. és 0184/62 hrsz. ingatlanok, amelyek legfeljebb 100 MFt összegű fővállalkozói költségtúllépés esetén a Fővállalkozó által követelt összeg fedezetére szolgálnak. Ezért a Fővállalkozó közjegyzői okiratba foglalt visszavonhatatlan egyoldalú nyilatkozatában kijelenti, hogy a legfeljebb 100 MFt költségtúllépés esetén köteles az ingatlanokat a költségtúllépés ellenértékeként elfogadni és további igényérvényesítésének jogáról lemond. A bankgarancia az építési költségekhez tartalékot biztosít. Amennyiben a 3.077.815.239,- Ft összegű költségvetéshez képest a műszaki ellenőr a havi jelentésében többletköltséget jelez vagy az egyes költségsorokon túl többletmunka jelentkezik és a 58.499.361 Ft tartalékkeret kimerült, akkor a 100 millió Ft összegű bankgarancia lehívható építési költségek finanszírozására. A bankgarancia mögött kizárólag a Projekttől független fedezet szolgálhat. Az óvadék bankgaranciával történő kiváltás feltétele a Bankgarancia nyilatkozat benyújtása, a bankgarancia megbízási szerződés és biztosítéki szerződések bemutatása és Bank általi elfogadása. A bankgarancia nyújtása, fenntartása, esetleges beváltása, a Hitelfelvevő számára többletkötelezettséget nem jelenthet. A bankgarancia beváltásáról (lehívásáról) az MFB Zrt. önállóan, Marcali Város Önkormányzatától és a Hitelfelvevőtől függetlenül kell, hogy dönthessen.**~~
9. A folyósítás megtagadható, amennyiben nincs rendelkezésre álló ÁFA kölcsön.
10. A generál kivitelezői szerződés bemutatása, amely 2.834.315.878,- Ft összegű átalányárról szól. A szerződésnek tartalmaznia kell minden, a piaci szokványoknak megfelelő garanciális elemet (5 % jóteljesítési garancia vagy díjvisszatartás és 5% szavatossági garancia vagy díjvisszatartás). A bankgaranciák korlátozás nélküliek és visszavonhatatlanok, továbbá a Bankra kerül engedményezésre, vagy kedvezményezettként a Bank kerül megnevezésre.
11. Az Új Magyarország Vállalkozásfejlesztési Hitelprogram keretében nyújtott hitel banki finanszírozásához szükséges EIB forrás rendelkezésre állása.
12. **Az OTP Bank Nyrt. vagy más magyarországi székhelyű kereskedelmi banknál elhelyezett és az MFB Zrt. javára zárolt 250 MFt összegű óvadéki betét (ÓVADÉK IV.) elhelyezése a Hitelfelvevő fizetési kötelezettségének teljesítésére. Amennyiben két teljes működési év auditált pénzügyi adatai alapján számított ADSCR mutató eléri az 1,2-t és nem állt be semmilyen más egyéb felmondási esemény a Bank felülvizsgálja az óvadéki betét, illetve az óvadéki betét egy részének kiengedésének lehetőségét. A betétről kifizetés csak az MFB Zrt. hozzájárulásával történhet. Az óvadék helyett bankgarancia nem fogadható el.**

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	13. **A megkötött üzemeltetési előszerződés aktualizálása (a szálloda nyitásának várható időpontja), Banknak történő benyújtása.** ~~**14.**~~ 14. A Műszaki ellenőr a zéro riport keretén belül igazolja, hogy a folyósított támogatáselőlegből milyen összeg került felhasználásra, a felhasznált támogatás előleg megfelel az anyagi-műszaki összetételnek és csatolja a kollaudált számlákat a teljesítésigazolásokat és a kifizetést igazoló bankszámlakivonatokat. ~~**A Garantiqua Hitelgarancia Zrt.-vel megkötött kezességvállalási szerződés a tőke és kamattartozás 60 %-ának erejéig.**~~ 15. Marcali Város Önkormányzatának nyilatkozata arra vonatkozóan, hogy ismeri a projektet és a projekt megvalósításához szükséges infrastruktúrát biztosítani fogja. 16. A támogatási összeg fogadására megjelölt, a K&H Bank Zrt.-nél vezetett 10402142-349555654-54521020 sz. alszámla zárolása (csak az MFB Zrt. hozzájárulásával történhet utalás a számláról) és ennek K&H Bank általi visszaigazolásának benyújtása. 17. Marcali Város Önkormányzata és a Fővállalkozó (EFEBCO Kft.) között létrejövő szerződés/megállapodás benyújtása, amelyben Marcali Város Önkormányzata – mint a Hitelfelvevő résztulajdonosa – vállalja, hogy a Hitelfelvevő beruházásában megvalósuló 4 csillagos Marcali Thermál Hotel, kivitelezése során, a fővállalkozási szerződéshez kapcsolódóan esetlegesen felmerülő (a beruházás befejezéséhez szükséges, független műszaki ellenőr által leigazolt) maximum 100 MFt költségtúllépés fejében, annak ellenértékeként a Marcali 0184/61 hrsz-ú és 0184/62 hrsz-ú ingatlanokat átadja. Az Önkormányzat vállalja, hogy **2011.december 31.**-ig a hatályos városi rendezési terv alapján az ingatlanokat átminősíti, művelés alól kivonja, Fővállalkozó pedig visszavonhatatlan kötelezettséget vállal a költségtúllépés ellenértékeként a két ingatlan elfogadására, azzal, hogy további igényérvényesítési jogáról lemond. 18. **A Hitelfelvevő társaságnál pénzügyi, gazdasági vezető alkalmazása, annak munkaszerződéssel történő igazolása.**
Második folyósítást megelőző feltétel:	**1. Az első hitellehívásból a Fővállalkozót megillető számlakifizetésből a Fővállalkozó 100 MFt összeget elhelyez az MFB Zrt.-nél nyitott Óvadéki I. zárolt betétszámlára. A zárolt számláról kifizetésre csak a beruházás műszaki lezárását követően kerülhet sor a műszaki ellenőr javaslata alapján. Amennyiben a 3.077.815.239,- Ft összegű költségvetéshez képest a műszaki ellenőr a havi jelentésében többletköltséget jelez vagy az egyes költségsorokon túl többletmunka jelentkezik és a 58.499.361 Ft tartalékkeret kimerült, akkor a 100 MFt összegű (ÓVADÉKI I.) betét terhére a költségek finanszírozhatók. Az így keletkezett költségnövekedést a Fővállalkozó (a megkötött Megállapodás szerint) nem követelheti a Marcali Szálloda Kft-től, annak ellenértékeként a Marcali Önkormányzat által biztosított Marcali 0184/61 hrsz-ú és 0184/62 hrsz-ú ingatlanokat elfogadja és minden további igényérvényesítési jogáról lemond.** **2. A Marcali 2027/11 hrsz-ú ingatlanra a Bank első helyi keretjelzálogjoga bejegyzésre került, ennek tulajdoni lappal történő igazolása.**
Folyósítás:	1. Hitellehívási előfeltételek teljesültek. **2. Folyósításra a műszaki szakértő által kollaudált és lehívási jelentéssel (melyben a Műszaki ellenőr igazolja, hogy a teljesített szállítások, szolgáltatások a projekt megvalósításához lettek felhasználva és összhangban vannak az anyagi- műszaki-forrás összetétellel, valamint az egyéb szerződéses feltételek 12. és 13. pontjában előírtakat is, stb.) megerősített számlák nettó összegéig a támogatással nem érintett számlák esetében, a támogatással érintett számlák esetében forrásarányosan (támogatás + hitel arány), közvetlenül a beruházási szállító részére, vagy amennyiben a követelés idő közben faktorálásra került, akkor a követelés**

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	vásárlására vonatkozó dokumentum/értesítő benyújtása mellett a faktor cég által megjelölt számlára kerülhet sor. 3. A forrásarány teljesülését a műszaki ellenőr igazolja a lehívási jelentésben. A támogatás és a beruházási hitel felhasználását a még igénybe nem vett szabad keretet a műszaki ellenőr minden lehívási jelentésben göngyölített módon bemutatja. **4. A saját erőn felül, bankszámlakivonattal igazoltan kifizetett számlák utófinanszírozása lehetséges a Műszaki Szakértő által kollaudált számlák erejéig, közvetlenül a Hitelfelvevő részére történő utalással.** 5. Ha az állami támogatás folyósítását a Támogató bármely okból megtagadja, akkor a beruházási hitel sem folyósítható. 6. A Bank a fővállalkozói szerződéshez kapcsolódó – a saját erő független műszaki szakértő által igazolt elköltését követően – minden benyújtott számla **nettó összegének 100 %-át folyósítja mindaddig, míg a finanszírozási arány helyre nem áll (fővállalkozói szerződés esetében a hitelarány 50,51 %).** 7. Amennyiben a támogatási összeg fogadására elkülönített zárolt számlán nem áll rendelkezésre a szükséges összeg, az Ügyfél köteles a zárolt számlára a hiányzó összeget saját forrásból átutalni. Ennek megtörténtéig folyósítás nem történhet. 8. Amennyiben a Hitelfelvevő saját forrásból „megelőlegezte" a támogató általi folyósítást a hitel folyósítás érdekében, a Támogató által történt átutalást követően a zárolt számláról ez az összeg az Ügyfélnek átutalható. A Bank szükség szerint kérhet, a Hitelfelvevő pedig köteles adni bankszámlakivonatot a támogatási összeg fogadására szolgáló, elkülönített zárolt számláról. 9. A támogatással nem érintett (nem szerkezetépítési) számlák nettó összegét folyósítja a Bank. 10. Tartalékkeret terhére kibocsátott számlák esetén akkor történhet folyósítás, ha a műszaki ellenőr igazolja a költségtúllépést és a tartalék igénybevételének indokoltságát. 11. A Műszaki ellenőr a lehívási jelentéseiben göngyölített kimutatást készít az anyagi-műszaki összetétel sorainak megfelelő bontásban a banki kölcsönök és a támogatás felhasználásról, igazolja, hogy a Támogató a kifizetés igénylés dokumentációját elfogadta, amennyiben visszaadta hiánypótlásra, ennek okait bemutatja, és rendkívüli jelentés keretében igazolja a hiánypótlás megtörténtét és a Támogató általi elfogadását. Amennyiben a Támogató a kifizetési igénylést elutasította, a Műszaki ellenőr ezt a tényt az okok bemutatásával rendkívüli jelentésben közli a bankkal, az érintett számlák adatainak bemutatásával az anyagi-műszaki összetétel soraihoz rendelve, a nettó összegek, az áfa összegek és a bruttó összegek feltüntetésével, a számlák csatolásával. 12. Garanciális visszatartás esetén a folyósítás a műszaki ellenőr igazolása, lehívási jelentése alapján a számla és nem fordított ÁFA esetében annak megfizetését igazoló bankszámlakivonat benyújtása mellet történhet. Amennyiben az esetleges hibát nem az arra kötelezett javítja ki, a műszaki ellenőr igazolás alapján és a számla és esetleges ÁFA megfizetését igazoló bankszámlakivonat alapján a hiba kijavítójának fizethető ki az összeg. **13.** Amennyiben a garanciális visszatartás folyósítása a rendelkezésre tartás lejáratáig nem esedékes, a Bank annak összegét a műszaki ellenőr erre vonatkozó lehívási jelentése alapján a rendelkezésre tartás utolsó napján erre a célra nyitott zárolt számlára folyósítja, ahonnan a felhasználás az előző pontban írtak szerint történik. Ennek a számlának a kamatával az Ügyfél szabadon rendelkezhet.
Biztosítékok:	1. Első helyi ingatlan keretbiztosítéki jelzálogjog a projekt ingatlanon (8700 Marcali, Rákóczi utca 11. hrsz.: 2027/11) 2,5 Mrd Ft legmagasabb összegig. 2. Első helyi keretbiztosítéki jelzálogjog a beruházás keretében beszerzésre kerülő

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	ingóságokon 2,5 Mrd Ft legmagasabb összegig. 3. Keretbiztosítéki Vagyont terhelő zálogjog 2,5 Mrd Ft legmagasabb összegig. 4. Óvadék az Adósságszolgálati tartalékra, mely számla feltöltése az első tőketörlesztést megelőző 3 hónapon belül kötelező, **a negyedéves adósságszolgálat mindenkori összegére, de minimum** 68,5 MFt összegben (ÓVADÉK V). 5. Üzletrészt terhelő keretbiztosítéki zálogjog 2,5 Mrd Ft legmagasabb összeg erejéig. **6. Az üzleti terv szerinti első 4 év veszteségének finanszírozására az OTP Banknál, vagy más magyarországi székhelyű hitelintézetnél vezetett óvadéki zárolt számlán 115 MFt elhelyezése az első 4 év működésének biztosítékaként (ÓVADÉK III.). Az óvadék a jogerős használatbavételi engedély kézhezvételétől számított első 4 évben használható fel, kizárólag a törlesztő részletek hiányának pótlására. Az óvadék a jogerős használatbavételi engedélytől számított 5 év utáni kiengedésére csak a Bank erre irányuló közös jóváhagyása esetén van lehetőség és felhasználása a PTK idevonatkozó szabályai szerint történhet. Az óvadéki betétről kifizetés csak az MFB Zrt. hozzájárulásával történhet.** 7. Opciós jog üzletrészre, az opciós szerződésben kijelölt – **KPMG Hungária Kft., vagy a Bank szakértői listáján szereplő egyéb értékbecslő** - által megállapított értéken. ~~**A Garantiqua Hitelgarancia Zrt. kezessége a tőke és kamattartozás 60%-ának erejéig.**~~ **8. Projektingatlanon opciós vételi jog meghatározása a felek (Bank és a Hitelfelvevő) részéről kijelölt – KPMG Hungária Kft., vagy a Bank szakértői listáján szereplő egyéb –értékbecslők által meghatározott forgalmi érték figyelembevételével történik. Az opció érvényesítésekor 5 napon belül az ügyfél választhat, hogy ki meghatározza meg az ingatlan forgalmi értékét. Amennyiben az ügyfél – figyelmeztetés ellenére – a megjelölt értékbecslő közül nem választ, úgy a választás joga a Bankra száll át.** **9. Az OTP Bank Nyrt.-nél, vagy más magyarországi székhelyű hitelintézetnél elhelyezett és az MFB Zrt. javára zárolt, 250 MFt összegű óvadéki betét (IV.) elhelyezése a Hitelfelvevő fizetési kötelezettségének teljesítésére.** **10. A teljes projektköltség 2,6%-ának megfelelő mértékű tartalék (de legalább 100 MFt) képzése MFB Zrt.-nél vezetett óvadéki számlán elhelyezve (ÓVADÉK I.) a Fővállalkozó által legkésőbb a második folyósítás előtt.**
Egyéb kötelezettség-vállalások, feltételek:	**A megelőző évre számított ADSCR minden évben el kell, hogy érje az 1,15-ös értéket, kivéve az első 4 évben.** **A Bank a ADSCR-t a projekt üzemeltetési fázisának megkezdésétől kezdődően minden év december 31-ét követően harminc napon belül ellenőrzi. További biztosíték kikötésére abban az esetben kerül sor, ha a mutatószám értéke nem éri el az előírt szintet és a következő két negyedév adatai alapján végzett ellenőrzéskor is elmarad az elvárt értéktől.** 1. A **Fővállalkozói**/kivitelezői szerződések és a biztosítási szerződés(ek) nem szüntethetők meg és nem módosíthatóak a Bank előzetes írásbeli engedélye nélkül. **2.** Hitelfelvevő nem terhelheti meg a projekttel kapcsolatos eszközöket és egyéb más módon sem adósodhat el, egyéb pénzügyi kötelezettséget nem vállalhat a Bank előzetes engedélye nélkül **(kivétel a DDRFŰ második (és harmadik) helyi jelzálogjoga).** 3. All risk típusú vagyonbiztosítás megkötése és fenntartása jelen projektre vonatkozóan, továbbá a Bank kedvezményezetti jogosultságának biztosítása a CAR biztosítás megszűnésével egyidejűleg a 2 MFt feletti kártérítésekre. 4. Szolgáltatói felelősségbiztosítás megkötése az üzemeltetés megkezdésével egyidejűleg.

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	5. A jogerős használatbavételi engedély bemutatása a kézhezvételtől számított 5 napon belül. A felépítmény ingatlan nyilvántartásban történő feltüntetésének kezdeményezése. **6. A Hitelfelvevő vállalja, hogy legkésőbb a használatbavételei engedély jogerőre emelkedéséig a Danubius Hotels Nyrt.-vel, vagy más nemzetközi szállodalánccal kötött üzemeltetési szerződést a Bank részére benyújtja. Ennek elmaradása szerződésszegésnek minősül.** 7. Az adózott nyereség bárminemű felosztása vagy tulajdonosi kölcsön visszafizetése hátrasorolt a Hitelfelvevő adósságszolgálati, biztosítási díjfizetési és adó- és járulékfizetési kötelezettségeihez képest csak a Bank előzetes engedélyével lehetséges. 8. A Hitelfelvevő osztalékot, vagy egyéb, a Tulajdonosok és az Inventech Central Hotels Ltd. felé történő kifizetést a Bank engedélyével csak akkor eszközöl, ha a Projekt a Hitelező által megszabott ADSCR értéket teljesíti, és nincs lejárt tartozása. 9. A Hitelfelvevő tevékenységét, megkötött szerződéseiből eredő jogait és kötelezettségeit nem ruházza át semmilyen más cégre. 10. A Hitelfelvevő vállalja, hogy a beruházással létrehozott kapacitásokat, szolgáltatásokat az eredeti célnak megfelelően a hitel futamidejének végéig folyamatosan fenntartja és működteti. 11. Hitelfelvevő a tevékenységét, megkötött szerződéseiből eredő jogait és kötelezettségeit a Bank előzetes írásbeli hozzájárulása nélkül nem ruházza át, a szerződéseket nem módosítja és nem szünteti meg. 12. Műszaki ellenőrnek minden egyes jelentésében nyilatkoznia kell arról, hogy a beruházás az eredeti – Bank által elfogadott – anyagi-műszaki-forrás összetételhez képest, hogyan alakul, illetve hogy műszakilag és pénzügyileg szükség van-e beruházási tartalékra. 13. Műszaki ellenőr jelentéseiben folyamatosan köteles tájékoztatást adni arról, hogy az építési engedélyben előírt feltételek, a vízjogi létesítési és a vízjogi üzemeltetési engedélyben előírt feltételek teljesítése hogy áll. 14. Támogatási szerződésben rögzített kötelezettségek megszegése, mely a támogatási szerződés felmondását, vagy a támogatási összeg csökkentését vonja maga után a beruházási hitel esetében is felmondási oknak minősül. **15. Óvadék elhelyezése az adósságszolgálati fedezeti számlára – a negyedéves adósságszolgálat mindenkori összegének megfelelő, de minimum 68,5 MFt összegben – az első tőketörlesztést megelőző 3 hónapon belül. - A feltétel nem teljesülése súlyos szerződésszegésnek minősül. Az adósságszolgálati fedezeti számlán elhelyezett összeg után a Bank kamatot fizet. A kamat mértékét a Bank határozza meg. Az adósságszolgálati fedezeti számlát a hitel futamideje alatt folyamatosan fenn kell tartani, fel kell tölteni .** 16. Cross Default (hitelfelmondási opció) a támogatás szerződés tekintetében is. 17. Negative pledge (Teheralapítási tilalom). 18. Pari Passu (követelések azonos rangsorolása). 19. A Hitelfelvevő köteles az opciós jog szerződéseket megújítani az 5 év lejáratát megelőzően legalább 15 nappal. **20.** Az Inventech Central Hotels Ltd. (a CEE HOTELS **69 %**-os tulajdonosa) vállalja, hogy közjegyző előtt, a tulajdonosokkal egy időben, a Marcali Hotel Kft. hitelügyletére vonatkozó, a tulajdonosi kötelezettségvállalásokkal azonos tartalmú nyilatkozatokat tesz. **21. A teljes projektköltség 2,6 %-ának megfelelő mértékű tartalék (100 millió Ft) igénybevételéhez a műszaki szakértő számla ellenében igazolja a költségkeret túllépését és lehívási jelentést készít a folyósítással azonos módon. A beruházás befejezését – sikeres műszaki átvétel – követően a tartalék felszabadítható és a Fővállalkozó részére kifizethető.**

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	22. A Hitelfelvevő kötelezettséget vállal, hogy a támogatást/támogatáselőleget nem veszi igénybe vállalkozói előlegfinanszírozásra (Támogatási szerződés Pénzügyi elszámolás részletes szabályai 3.1.11 pont) 23. A Hitelfelvevő kötelezettséget vállal, hogy támogatást (támogatási előleget kivéve) kizárólag utófinanszírozásra veszi igénybe, (Támogatási szerződés Pénzügyi elszámolás részletes szabályai 2.1 pont). ~~**1. A Műszaki ellenőr jelentéseiben folyamatosan köteles tájékoztatást adni arról, hogy az építési engedélyben előírt feltételek, a vízjogi létesítési és a vízjogi üzemeltetési engedélyben előírt feltételek teljesítése hogy áll.**~~ 24. Nem igényli a Kölcsönszerződések módosítását, ha a beruházás anyagi-műszaki összetétele úgy változik, hogy a kategóriák közötti arányok a Támogatási szerződés Pénzügyi elszámolás részletes szabályai 3.1.12 pontjában nem meghaladó mértékben módosulnak, és az átcsoportosítás mértéke nem haladja meg a beruházás összköltségének a 3%-át, úgy hogy e változás mellett a beruházás összköltsége változatlan marad. 25. Amennyiben a Támogató bármilyen okból felfüggeszti a folyósítást (Támogatási szerződés Pénzügyi elszámolás részletes szabályai 3.4 pont) a Bank valamennyi hitel folyósítását felfüggeszti. 26. Amennyiben a Támogató valamely számlát nem fogad el a kifizetési igénylés keretében, az Ügyfél köteles az arra eső ki nem fizetett támogatás összegét a zárolt számlára haladéktalanul (**ÓVADÉK II. zárolt számla**), de legkésőbb az elutasítás kézhezvételét követő 10 munkanapon belül átutalni saját forrásból. 27. A Műszaki ellenőr köteles a támogatás elszámolásokat figyelemmel kísérni, a Támogatóhoz benyújtásra kerülő dokumentumokat ellenőrizni és a tapasztaltalakról a jelentéseiben beszámolni. 28. A Műszaki ellenőr a záró riportban köteles a Támogatóval történt záró kifizetési igénylésről beszámolni, az előleg elszámolás megfelelőségéről meggyőződni és ezt igazolni. A záró jelentéshez köteles csatolni a záró projekt-előrehaladási jelentést, a könyvvizsgálói igazolást és a jogerős használatbavételi engedélyt csatolni. 29. A Műszaki ellenőr köteles valamennyi jelentését elektronikusan is megküldeni, a csatolt táblázatokat excel file-ban is.
Adatszolgáltatási kötelezettségek	1. Független Műszaki Ellenőri zéró riport, a folyósításhoz lehívási jelentések, azt követően a kivitelezés időszakában havi jelentések, továbbá záró riport a műszaki átadás-átvételt követő 30 napon belül. 2. Üzemeltetési időszakban: féléves mérleg, cash-flow és eredmény kimutatás. 3. Hitelfelvevő éves, könyvvizsgálói jelentéssel/záradékkal ellátott és legfőbb szerve által elfogadott pénzügyi beszámoló, vagyonleltár, vevőkimutatás, ADSCR számítás megküldése a Bank részére, amint az rendelkezésre áll, de legkésőbb az üzleti év végét követő 180. napig. **4. Az egyes lehívásokat megelőzően/követően a Bank jogosult helyszíni ellenőrzést végezni, amelynek során meggyőződik a munkálatok terv és számla szerinti alakulásáról, a hitelcél megvalósulásáról. A helyszíni szemle a folyósítási időszakban - amennyiben az MFB Zrt. szükségesnek ítéli - a folyósítást megelőzően, a beruházás befejezését követően évente. A helyszíni szemle megtartása történhet a Bank, illetve meghatalmazottja által.** 5. Biztosítási díjak befizetésének igazolása az esedékességet követő 5 napon belül. 6. A Bank által időszakosan kért gazdasági, és pénzügyi és egyéb információk teljesítése a Bank által megjelölt határidőre. 7. Biztosítékok értékbecslése: Az ingatlan évenkénti gyakorisággal (**auditált éves beszámoló leadásával egyidejűleg**) a Bank szakértői listájáról kiválasztott értékbecslővel elkészített értékbecslésének bemutatása, **első alkalommal**

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	legkésőbb 2012. június 30-ig. 8. **A 200.000 Ft egyedi értéket meghaladó tárgyi eszközökre, és készletekre – a tárolási helyet is megjelölve, készletcsoportonként – vonatkozó részletező kimutatás készítése, félévente (minden naptári félévet követő hónap 30. napjáig).**
Tulajdonosi kötelezettségek:	1. Esetleges költségtúllépés finanszírozása a hiteleknek alárendelt módon. 2. A tulajdonrészek folyamatos fenntartása a Hitelfelvevőben. 3. A fejlesztés saját erejét a hitelfelvevő és/vagy annak tulajdonosai biztosítják. Önkormányzat esetében a mindenkori hitelfelvételi korlát figyelembe vételével. 4. A tulajdonos(ok) nyilatkozatban vállalják a fejlesztés esetleges többlet költségeinek biztosítását (amennyiben annak a Hitelfelvevő nem tesz eleget) alárendelt tagi kölcsön, vagy jegyzett tőkeemelés formájában. Önkormányzat esetében a mindenkori hitelfelvételi korlát figyelembe vételével. 5. A beruházási időszak alatt az üzleti modellben szereplő és jóváhagyott összeg feletti kamat rendelkezésre bocsátása (amennyiben ez tagi hitel nyújtásával történik, akkor a Bank már most hozzájárul a tagi hitel nyújtásához). 6. A társaság cégjogi formájának megváltozásához, szervezeti átalakításhoz, a törzstőke változtatásához, tulajdonos változáshoz,, a tulajdonosi összetétel . a tulajdoni részarányok megváltoztatásához üzletrész elidegenítéshez a Bank előzetes írásbeli jóváhagyása szükséges. 7. A tulajdonosok részére osztalékfizetés és bármilyen jogcímen történő kifizetés csak a Bank előzetes engedélyével történhet. 8. A tulajdonosi jogcímen keletkezett Követelések– osztalék, tulajdonosi kölcsön (az adósságszolgálati számla feltöltésére nyújtott tulajdonosi kölcsön kivételével) – a Bank által nyújtott hiteleknek való alárendelése. 9. A tulajdonosok a türelmi idő lejártát követően és kizárólag a Bank előzetes írásbeli hozzájárulásának birtokában határozhatnak osztalékelőleg, valamint osztalék fizetéséről. 10. A tagi kölcsön társaság általi visszafizetése csak a Bank írásbeli engedélye alapján, a kölcsönök türelmi idejét követően lehetséges. 11. A tulajdonosok vállalják, hogy a beruházással létrehozott kapacitásokat, szolgáltatásokat az eredeti célnak megfelelően a hitelek futamidejének végéig folyamatosan fenntartják és működtetik.
ÁFA HITELNYÚJTÁS FELTÉTELEI	
Hitelösszeg:	100.000.000,- Ft
Nyilvántartási deviza:	HUF
Rulírozás	Igen
Folyósítási deviza:	HUF
Rendelkezésre tartás kezdete:	A közokiratban történő szerződéskötést követően.
Rendelkezésre tartás vége:	**2012. június 30.**
Rendelkezésre tartási jutalék:	A rendelkezésre tartási időszak alatt a le nem hívott összegekre vetítve évi 0,25%.
A kölcsön lejáratának napja:	**2012. október 15.**
Előtörlesztés:	Az APEH-től érkező kifizetések ütemében az APEH által visszautalt áfa összegét a Bank elszámolja az áfakölcsön törlesztésére. A maradványösszeg a kölcsön lejáratának napján egy összegben esedékes.
Kamatmérték:	3 hónapos BUBOR + 4 %/év

dr. Gáspárdy László
jogtanácsos

Kamatperiódus	3 hónap úgy, hogy az első kamatperiódus a folyósítás napjától a naptári negyedév utolsó hónapjának 14. napjáig tart, a további kamatperiódusok a naptári negyedév utolsó hónapjának 15. napjától a következő naptári negyedév utolsó hónapjának 14. napjáig tartanak.
Első kamatfizetés:	A szerződéskötés utáni lehívást követő negyedév 15-én.
Kamat megállapítás:	A kamatperiódus kezdő napját megelőző 2 munkanappal fixált 3 hónapos BUBOR alapján kell megállapítani, amennyiben a kamatperiódus kezdő napja nem munkanapra esik, akkor a kamatperiódus kezdő napját megelőző első banki munkanapra (azt megelőző 2 munkanappal) fixált 3 hónapos BUBOR alapján kell a kamatot megállapítani. Első folyósítás esetében a kamatot a folyósítás napjára fixált 3 hónapos BUBOR alapján kell megállapítani.
Kamatfizetés:	A hitelfelvevők által fizetendő kamat mindenkor utólag, a vonatkozó kamatidőszak utolsó hónapjának 15. napján, valamint a végső lejárati napon.
Késedelmi kamat	Az Adós késedelmi kamatot fizet minden olyan összeg után, amelynek jóváírására az esedékesség napján nem kerül sor. Tőke után az ügyleti kamaton felül évi 6%, kamatfizetés késedelme esetén a Ptk. 301/A § (2) szerint.
Szerződéskötési feltételek:	Megegyezik a beruházási hitelnél leírtakkal.
Hitellehívási feltételek:	Hitelfolyósítási feltételek: - Az ÁFA hitel szerződés és ÁFA (csendes) engedményezési szerződés közjegyzői okiratba foglalása megtörtént, - A visszaigényelendő ÁFA teljesítési helyéül szolgáló zárolt számla megnyitásának kereskedelmi bank általi igazolása, - A számlavezető bank által visszaigazolt inkasszó az ÁFA teljesítési helyéül szolgáló (al)számlára, - A beruházási hitel folyósítási feltételeinek teljesítése. Hitelfolyósítások közös feltételei: Az ÁFA hitel akkor folyósítható, ha a beruházási hitel is folyósítható. - A beruházási hitel folyósítási feltételei teljes mértékben teljesültek, - Az ÁFA hitel folyósítása független műszaki ellenőr által ellenjegyzett számla (rész száma, előleg számla), valamint a számla az anyagi műszaki összetételnek való megfelelés igazolásának a műszaki ellenőr által és a műszaki ellenőr teljesítés igazolása ellenében történhet, a számla ÁFA összegének erejéig a szállító számlájára (amennyiben a számla fordított ÁFA alá esik, nem kerül sor ÁFA hitel igénybevételére). A számla nettó és ÁFA összege egy lehívó levéllel hívható le (amennyiben a számla fordított ÁFA alá esik, nem kerül sor ÁFA hitel igénybevételére).
Biztosítékok:	Megegyezik a beruházási hitelnél leírtakkal valamint ÁFA engedményezése
Egyéb kötelezettség-vállalások, feltételek:	Megegyezik a beruházási hitelnél leírtakkal, valamint: 1. Az ÁFA visszaigénylések célszámlájaként a kereskedelmi banknál nyitott, az MFB Zrt. javára zárolt számlát kell az APEH-nál megjelölni. A számlán az MFB Zrt.-nek inkasszós joga is van. 2. Az APEH által érkeztetett, az áfa visszaigénylések célszámláját tartalmazó ÁFA bevallás másolatának bemutatása az MFB Zrt.-nek az APEH-hez történő benyújtást követő 3 munkanapon belül. Nem teljesítése súlyos szerződésszegés.
Tulajdonosi kötelezettségvállalások	Megegyezik a beruházási hitelnél leírtakkal.
Adatszolgáltatási kötelezettségek	Megegyezik a beruházási hitelnél leírtakkal.

dr. Gáspárdy László
jogtanácsos

FORGÓESZKÖZ HITELNYÚJTÁS FELTÉTELEI	
Hitelösszeg	72.484.000 Ft
Hitel típusa	Saját forrású forint hitel
Kamat	3 hónapos BUBOR + 4%
Nyilvántartási deviza:	HUF
Folyósítási deviza:	HUF
Rendelkezésre tartási időszak	**2012. január 2-2012. június 30 ig. (Amennyiben a szálloda műszaki készültsége 2012. január 2. előtt éri el a 90 %-os mértéket, úgy a rendelkezésre tartás kezdete a műszaki szakértő által benyújtott igazolást követő nap.)**
Első kamatfizetés:	A szerződéskötés utáni lehívást követő negyedév 15-én.
Kamatperiódus:	A kamatperiódus negyedévenként, a naptári negyedév utolsó hónapjának 15. napjától a következő naptári negyedév utolsó hónapjának 14. napjáig tart
Kamat megállapítás:	A kamatperiódus kezdő napját megelőző 2 munkanappal fixált 3 hónapos BUBOR alapján kell megállapítani, amennyiben a kamatperiódus kezdő napja nem munkanapra esik, akkor a kamatperiódus kezdő napját megelőző első banki munkanapra (azt megelőző 2 munkanappal) fixált 3 hónapos BUBOR alapján kell a kamatot megállapítani. Első folyósítás esetében a kamatot a folyósítás napjára fixált 3 hónapos BUBOR alapján kell megállapítani.
Kamatfizetés:	A hitelfelvevők által fizetendő kamat mindenkor utólag, a vonatkozó kamatidőszak utolsó hónapjának 15. napján, valamint a végső lejárati napon.
Késedelmi kamat	A Hitelfelvevő késedelmi kamatot fizet minden olyan összeg után, amelynek jóváírására az esedékesség napján nem kerül sor. Tőke után az ügyleti kamaton felül évi 6%, kamatfizetés késedelme esetén a Ptk. 301/A § (2) szerint
Rendelkezésre tartási jutalék:	A rendelkezésre tartási időszak alatt a le nem hívott összegekre vetítve évi 0,25%.
Futamidő	**4,2** év
Türelmi időszak	**1,5** év
Előtörlesztés	Megegyezik a beruházási hitellel
Törlesztés	Negyedévente egyenlő tőkerészletek a negyedév utolsó hónapjának 15. napján
Törlesztés első időpontja	**2013. június 15.**
Végső lejárat	**2016. március 15.**
Szerződéskötési feltétel	A beruházási hitellel megegyezően
Lehívási feltételek	1. A beruházás **90 %-os** készültségi fokát igazoló műszaki ellenőri jelentés, valamint nyilatkoznia kell az ügyfélnek, hogy ÁFA finanszírozásra nem fordítja. **2. A szálloda üzemeltetésére vonatkozó szerződés megkötése, Banknak történő benyújtása és Bank általi elfogadása.** **3. Marcali Város Önkormányzata által vállalt út- és közművek elkészültének igazolása a műszaki átadás-átvétellel (jegyzőkönyv csatolásával), és a műszaki ellenőr igazolásával.**
Egyéb kötelezettség-vállalások, feltételek:	A beruházási hitellel megegyezően.
Tulajdonosi kötelezettségvállalások	Megegyezik a beruházási hitelnél leírtakkal.
Biztosítékok	A beruházási hitellel megegyezően
Adatszolgáltatási kötelezettségek	A beruházási hitellel megegyezően

dr. Gáspárdy László
jogtanácsos

A projekt eredeti és elfogadott módosított anyagi-műszaki és forrás összetétele:

Költségek	Elfogadott költség	Elfogadott finanszírozás forrása			Módosított költség	Módosított finanszírozás forrása		
		Saját erő	Állami támogatás	Hitel		Saját erő	Állami támogatás	Hitel
A támogatási szerződésben szereplő elszámolható projektköltségek	***2 834 315 878***				***2 809 845 878***			
Fővállalkozói szerződés	***2 834 315 878***	***700 000 000***	***572 815 239***	***1 561 500 639***	***2 834 315 878***	***834 945 388***	***567 869 851***	***1 431 500 639***
szerkezetépítés	1 828 008 000	700 000 000	572 815 239	555 192 761	1 929 850 000	834 945 388	385 077 297	709 827 315
gépészet, elektromos munkák, víz	472 676 500			472 676 500	479 676 500		96 942 621	382 733 879
földmunkák	241 927 000			241 927 000	147 726 378		29 855 501	117 870 877
belsőépítészet, berendezés	291 704 378			291 704 378	277 063 000		55 994 432	221 068 568
Egyéb költségek	***185 000 000***	***75 000 000***	***0***	***110 000 000***	***185 000 000***	***75 000 000***	***0***	***110 000 000***
szakértői díjak	20 000 000			20 000 000	20 000 000			20 000 000
marketing	30 000 000			30 000 000	30 000 000			30 000 000
pre-opening költségek	30 000 000			30 000 000	30 000 000			30 000 000
irodai, adminisztrációs ktg-ek	10 000 000			10 000 000	10 000 000			10 000 000
ügyvéd	20 000 000			20 000 000	20 000 000			20 000 000
finanszírozási költségek	75 000 000	75 000 000			75 000 000	75 000 000		
üzem. hatékonyság növelő eszközök						0		
Tartalék	*58 499 361*			*58 499 361*	*58 499 361*			58 499 361
Összesen	**3 077 815 239**	**775 000 000**	**572 815 239**	**1 730 000 000**	**3 077 815 239**	**909 945 388**	**567 869 851**	**1 600 000 000**
Forrás arány %		25,18	18,61	56,21		29,56	18,45	51,98
Forrás arány % az elfog. költségszinten			20,21				20,21	

dr. Csepánky László
polgármester

ZÁRADÉK

Az MFB Zrt tekintetében a jelen kötelező érvényű finanszírozási ajánlat az MFB Zrt által ismert információk változatlansága esetén az Ügyfél elfogadó nyilatkozatának kézhezvételétől 2011. október 20-ig jelent szerződéskötési kötelezettséget, amennyiben az Ügyfél a kötelező érvényű ajánlatban megjelölt feltételeket maradéktalanul elfogadja és egyben vállalja, hogy az MFB Zrt-nek megfelelő tartalommal a vonatkozó szerződéseket a 2010. október 11-én magánokiratban megkötött szerződések helyébe lépő közjegyzői okiratban ugyanezen időpontig megköti.

Budapest, 2011. június 21.

Tisztelettel:

Jónás Judit
igazgató

Kishegyi Marianna
osztályvezető

MFB MAGYAR FEJLESZTÉSI BANK
Zártkörűen Működő Részvénytársaság
1081 Budapest, Nádor u. 31.
2.

dr. Gáspárdy László
jogtanácsos

ELFOGADÓ NYILATKOZAT

A Marcali Szálloda Kft. képviseletében kijelentem, hogy az MFB Magyar Fejlesztési Bank Zrt. 2011. június 21-én- kibocsátott Kötelező Érvényű ajánlatát elfogadom.

Ezúton vállalom a Projekt megvalósításához kapcsolódó költségek, szakértők, így különös tekintettel a Független Műszaki Ellenőr alkalmazásának, esetlegesen felmerülő további jogi és független külső szakértők alkalmazásának, és a jogi dokumentáció közjegyzői okiratba foglalásának saját forrásból történő finanszírozását.

, 2011.....

Marcali Szálloda Kft.

dr. Gáspárdy László
jogtanácsos

American Appraisal

CERTIFICATE OF APPRAISER

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved.

My compensation is not contingent on any action or event resulting from the analyses, opinions or conclusions in, or the use of, this report.

The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the national and international uniform standards of professional appraisal practice.

I have made a personal inspection of the property that is the subject of this report.

Anyone providing significant professional assistance is identified on the signature page of this report.

……..

Ágoston Jakab

Jones Lang LaSalle

Real value in a changing world

Valuation *Report* on Office Building, Hungary

Szugló u. 9-15. Budapest 1145, Hungary

December 2011



Central European Estates N. V.
1051 Budapest, Szent István tér 11/b. VII.floor

To the attention of Orly Paran, Managing Director

Jones Lang LaSalle Kft.
Széchenyi tér 7-8., 1051 Budapest

Jaroslav Kopac
János Tóth

Tel: +36 1 489 02 02
Fax: +36 1 489 02 03

jaroslav.kopac@eu.jll.com
janos.toth@eu.jll.com

6th February 2012

Dear Sir,

VALUATION AND REPORT ON OFFICE BUILDING, LOCATED IN SZUGLÓ U. 9-15. H-1145 BUDAPEST, HUNGARY

We have pleasure in reporting to you in accordance with our valuation engagement letter dated January 10 2012 regarding the above property. We understand that the valuation is required for the financial reporting purposes and auditing purposes of CEE.

We inspected the property on 26th February 2012 and have carried out all the necessary enquiries with regard to rental and investment value, planning issues and investment considerations.

We have not been instructed to carry out a building survey or environmental risk assessment. We have been provided with floor areas by Heitman European Property Partners ("HEPP III") and have assumed that these have been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Code of Measuring Practice (7th Edition).

Basis of Valuation

Our Valuation has been prepared in accordance with the RICS Valuation Standards - Global (7th Edition). The basis of valuation is the Market Value of the property, as at the date of valuation, defined by the RICS as:

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

The full interpretive commentary on this definition is attached at Appendix 3. The report is subject to, and should be read in conjunction with, the attached General Terms and Conditions of Business and our General Principles Adopted in the Preparation of Valuations and Reports, which are attached in the Appendices 1 and 2.

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Having regard to the contents of this Report, we are of the opinion that the Market Value of the Office Building located in Szugló u. 9-15. H-1145 Budapest, Hungary subject to the assumptions outlined in the following Report, as at 31th December 2011, was in the region of:

MARKET VALUE OF THE PROPERTY

€ 4,300,000

(Four *MillionThree Hundred Thousand Euros*)

Market Value of the subject property as of 31st December 2011 was HUF 1,338,000,000 (One Billion Three Hundred and Thirty Eight Million Forints)

Market Value is understood as the value of the property estimated without regard to cost of sale or purchase, and without offset for any associated taxes. Therefore no allowances have been made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. The property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

Transaction costs typically comprise the following:

(a) Transfer tax (4% for commercial property up to value of approx. € 3.7 mil., 2% for properties with value above € 3.7 mil., with cap of € 750,000 (value of € 37 mil.) (paid by buyer), applicable in case of both asset and share deal, share deal defined as purchase of more than 75% of shares of Property SPV (more than 75% of the SPV value derived from real estate);

(b) Court registration fees: vary according to transaction price;

(c) Notarial fees vary according to transaction price;

(d) VAT at 25% on buildings and land; (as of 1st of January 2012 it is increased to 27%)

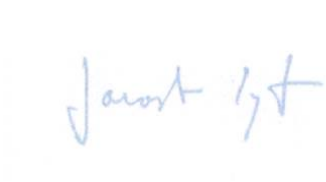
(e) Agent's fees at 1-2% of purchase price plus VAT.

This Report on Sample Property, has been prepared for and only for Heitman European Property Partners ("HEPP III") for the purposes of assisting Heitman European Property Partners ("HEPP III") to value the property as at 30th November 2011 on the basis of Market Value and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility or liability in respect of the whole or any part of the report or valuation for any other purpose or to any other person or entity to whom the report or valuation is shown or disclosed or into whose hands it may come, whether published with our consent or otherwise, except where expressly agreed by our prior consent in writing.

Finally, and in accordance with our normal practice we confirm that this report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it is to appear.

Yours faithfully,

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Jaroslav Kopac MRICS
Head of Valuation Hungary
Jones Lang LaSalle Kft.



János Tóth
Senior Valuer
Jones Lang LaSalle Kft.

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Appendix 4 ..... Location Map
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Appendix 6 ..... Extracts from Land Register
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Appendix 8 ..... Calculations

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1 Executive Summary



Address

Szugló u. 9-15., 1145 Budapest, Hungary

Location

The subject facility is located in Pest in the XIVth. District, called Zugló. The District is traditionally middle-class residential area, on 18.1 km2, with a population of 120,000 people. The subject site is near to Hungária krt., between Thököly and Egressy streets. The facility is located by Szugló út, which is a quiet road in the Törökőr area.

Description

The subject property lies on the plot number HRSZ: 32175/10 which extends to 3,283 m2. The office building previously belonged to Hungarian Post, as central office. The building was built in 1968, and in 2003 was totally refurbished in 2003. Access to the property can be gained either from Szugló út, or from Törökőri, and Kolumbusz utca.

Accommodation

The property provides the following accommodation:

Table 1. Sample Property accommodation schedule

Accommoda ion	Share	Gross Rentable Area (sq m)
Office	62.8	5,860
Other	21.4%	2,005
Parking, storage -1	15.7%	1,467
Total	100%	9,332

Source: CEE

We valued the office area only.

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Tenure	We have been supplied with a copy of the extract from Cadastral Land Register of Title List N°32175/10 cadastral district no. 2. of Budapest, dated 24th January 2012 confirming the interest of Zugló Irodacentrum Kft. over the subject property. The document identifies the site as a single plot comprising a total area of 3,283 sq m.
Tenancy	At the date of valuation the property was 26.24% occupied and leased to 11 tenants. The weighted average unexpired lease term within the subject property is approximately 2.30 years. The current rental income from the property is equal to € 142,622 per annum.
Gross Rental Income in Year 1	€ 288,788
Estimated Market Rental Value	€ 432,882
Key DCF Assumptions	We have applied exit yield of 8.75% Based on the property's location, projected achievable rental income stream and its position in the market we have applied a discount rate of 9.75% showing a net initial yield of 6.70%, in the following years yields stay between 6.79% and 10.91%.
Valuation at 31th December 2011	Having regard to the contents of this Report, we are of the opinion that the Market Value of the Office Building in Szugló u. 9-15 H -1145 Budapest, Hungary subject to the assumptions outlined in the following Report, as at 31th December 2011, was in the region of: MARKET VALUE OF SAMPLE PROPERTY €4,300,000 (Four *Million Three Hundred Thousand Euros*)

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2 Location

2.1 Macro Location

The subject property is located in Budapest, the capital of Hungary, a landlocked country strategically situated in central Europe. The country has made strong progress over the last 10 years culminating in Hungary's accession to the EU in May 2004. The country is bounded by Croatia and Serbia to the south, Austria and Slovenia to the west, Slovakia to the north, Ukraine to the north-east and Romania to the south-east.

The map below shows the location of Budapest in national context of Hungary.

Map 1: Location of Budapest in national context of Hungary



Hungary's domestic market is the third-largest in Central Eastern Europe in US dollar terms (after Poland and the Czech Republic). Hungary is also one of the region's most open economies, with significant sectors now tied closely to Western Europe via trade and foreign investment. Given its high exposure to EU markets, the strength of EU demand has a clear impact on the economy.

Foreign direct investment (FDI) has played a significant role in modernising production and redirecting trade from east to west, in large part thanks to an aggressive privatisation policy in the mid-1990s. The vast majority of the telecommunications, banking, utilities, manufacturing and television sectors are now in private hands, and the private sector accounts for about 80% of GDP, one of the highest shares in the region.

Hungary has rapidly become a service-focused economy, like its fellow EU states. Budapest is the administrative and business focus of Hungary with a population of approximately 1.7 million, and is one of the most attractive financial and commercial centres in the Central Eastern European region with a relatively low level of unemployment. Due to its proximity to Western Europe and enormous market and workforce potential driven by the full EU membership, it offers an attractive business environment with a full range of modern business services and well-trained professionals familiar with Western standards.

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The major economic indicators for Budapest are as follows:

Table 2: Budapest indicators

City	Population	Unemployment Rate	Economic Entities	Average Gross Monthly Salary (HUF)
Budapest	1 733 685	6.6%*	413,000	211,400

Source: Statistics Office of Hungary, Q3 2011

*Unemployment Rate of Central Hungary Region Q3 2011 based on the database of Hungarian Public Employment Service (ÁFSZ)

Budapest is in north-central Hungary, some 250km southeast of Vienna. The focal point is the Danube River, which bisects the city into two distinct parts: Buda and Pest. Sample Property is situated on the Buda side on Y Road, in the 11th administrative district of the City.

2.2 Micro Location

Zugló is situated on the Pest side of Budapest. It is bordered by the IVth District to the North, by the XVth from to North-East, by the XVIth to the East, by the VIIIth and the Xth to the South, by the XIIIth , VIth and VII to the West. The middle sized district has an area of 18.15 m2 and has a population of 120 148 residents. In spite to the relative closeness to the city centre the District is still commanding one of largest green area of the capital although in the last 15 years several 10 stores housing projects have been built such as Füredi út. The district used to be called as the „lung" of Pest as one of the largest park the Városliget is situated in Zugló. Major roads and notable squares of the district are Hungária krt., Dózsa György, Nagy Lajos krt., Thököly út, Bosnyák tér, Hősök tér, Örs Vezér tér.

Historical parts of the districts are Városrészek: Alsórákos, Herminamező, Istvánmező, Kiszugló, Nagyzugló, Rákosfalva, Törökőr, Városliget.The site is near to the conjunction of Hungária krt. and Thököly út., which connects Keleti terminal with Bosnyák tér, the centre of the District. Along busy Hungária krt., there is a line going to Nyugati terminal. Via Hungária krt. and Thököly út as well, the subject property has efficient access to downtown and outer areas of Pest, and through Lágymányosi Bridge, there is a convenient connection to south Buda directions as well. The subject site is in a well-established predominantly residential with some institutions and some old industrial facility.

A location plan is attached in the Appendix 4 to this report.

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3 Description

3.1 Site

Characteristics

The site extends : 3,283 m² and is irregular square in shape. The site consists of one plot: Hrsz: 32175/10. The site is flat; it is easy to parking around the building. There is a concrete covered surface car-parking along the east side of the building. There is a small fenced garden at the back of the building.

A site map is attached in Appendix 5 of this Report.

Access

The subject property is easily accessible both by public and private transportation. The facility is easy to access by car from all directions of the city from Thököly út, or Hungária krt., by public transportation, the easiest way to take metro line 1. up to Mexikói u. terminal, or to take tram no: 1 or buses: 7, or 173.

The subject property is bounded by streets from 3 borders: Szugló, Törökőr and Kolumbusz utca.

3.2 Services

We understand that the subject property has all the main services including: water, sewage, electricity, gas and telephone.

3.3 Property Description, Construction and Condition

The stand-alone building was built in 1968, and was refurbished entirely in 2003. The reinforced concrete structure building consists of a 10 storey main building with a wing building of 4 storeys. The building has an underground level of 1,467 m2 for car-parking, storages and machinery. The entrance for the underground level is from Kolumbusz utca. The main building is 7,865 m2 consisting of ground floor and 10 levels. The wing building is built together the main building and it has 4 levels. The rentable office area is 5,866 m2 with a common area ratio of some 75%. The internal height is 3.4 m at the ground floor and 2.77 m at the office areas. The building has a massive structure of reinforced concrete with light plate covered flat roof structure. The partitioning is plaster board, the

CONSTRUCTION

The building has a massive structure of reinforced concrete with light plate covered flat roof structure.

External Facade

The outer walls are covered by insulated Dryvit color painting. The windows are openable.

Walls

In the halls of the central stairways walls are covered with emulsion paint whilst in the offices the walls are covered with a smooth render skim and painted with a neutral colour emulsion.

Partition walls are gyps mounting panels with a metal sub-construction, there are also glass partition walls to some of the offices.

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The building is principally fitted out to a 'B' class standard and also it has THE building specification is as follows:

- Machinery:
- -2 units of REHEMA gas-boilers in the underground level
- -hot ware is provided by central in-house boiler
- -the property has its own transformation station providing 1,000 Kw.
- -heating is provided by fan-coil system and radiators
- -cooling is provided by fan-coil system.
- -4 OTIS elevator
- Office fit out:
- -Partly provided suspended ceiling
- -carpet floor covering
- -tapestry
- -fan coil heating/cooling

Condition

The property, where inspected, is presented to a satisfactory standard.

Photographs taken on the date of inspection are included within the Appendix 7 of this report.

3.4 Soil Conditions and Contamination

We understand that the subject building does not have any negative impact on the environment, humans or surrounding buildings. It has been built using materials that do not have any deleterious effect on the natural environment or human health.

Additionally we are not aware of the content of any environmental audit or other environmental investigation or report which may have been carried out on the property, and which may draw attention to the existence or possibility of any contamination. The property has been assessed on the basis of no actual or potential contamination and that the building is fit for its intended usage.

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4 Legal

4.1 Tenure

We understand that company Zugló Irodacentrum Kft. holds the Right of Freehold over the subject property registered in Cadastral Land Register (Budapest 2. sz. Körzeti Földhivatal) as detailed in the table below.

Table 3: Plots of land schedule

No.	Plot no.	Use	Area (sq m)	Owner
1	32175/10	Office Building	3,283	Zugló Irodacentrum Kft.
Total			3,283	

Source: Extract from Cadastral Register, dated 24th January 2012

4.2 Title No.

We have been supplied with a copy of the extract from Cadastral Land Register of Title List N°32175/10 cadastral district of Budapest, dated 24th January 2012 confirming the interest of Zugló Irodacentrum Kft. over the subject property. These documents identify the site as a single plot of a total area of 3,283 sq m.

The cadastral extract records the following mortgages and rights as well:

- € 20,000,000 in favour of CIB Bank.
- HUF 2,000,000,000 in favour of CIB Bank.
- Purchase right in favour of CIB Bank up to February 25 2013.
- Sale with ownership right reserve in favour of Top Plot Kft.
- Mortgage rights in favour of the local Municipality in total of HUF 18.3 million
- Cable right for area of 26 sq m in favour of Elmű Kft.
- Execution rights in total of HUF 301,000,000.

We understand that none of these easements cause any defects on the subject property and have no impact on the ownership of the site.

For the purpose of this valuation we have assumed that all the loans were repaid and settled as of the date of valuation and all the rights of ways are fully transferable to any other successive owner and have no financial obligations.

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4.3 Planning

The property lies in an area administered by the Municipality of District 14. We understand the area is regulated by the 19/2003. (VII.8.) Zoning Restriction of the Local Municipality, which is the local zoning plan. The subject property is situated in the L1-XIV. Building Restriction which has the following development parameters:

Table 5: Summary of Zoning Plan (L1-XIV)

Building Plot					Building	
Smallest Land Parcel Allowed	Maximum Allowed			Minimum Mandatory	Minimum Mandatory	Maximum Allowed
Size (sq m)	Built in Ratio (%)	Floor Area ratio (sq m / sq m)	Built in Ratio Below Ground (%)	Green Surface Ratio (%)	Height of the Building (m)	
-	80	5.0	100	15	16.5	22.5

Source: 19/2003. (VII.218) Zoning Restriction of Local Municipality

4.4 Tenancy

We have been provided with the tenancy schedule dated December 2011 by CEE for the subject property and we understand that the subject building provides 5,860 sq m of total gross lettable area, and additional 1,467 sq m gross area in the basement for parking and storages. The property provides in-house, underground accommodation for 24 parking spaces, and 16 surface parking spaces currently there are 15 parking spaces let.

At the date of valuation the property was 26.24% occupied and leased to 8 office tenants and 3 antenna tenants. The weighted average unexpired lease term within the subject property is approximately 2.30 years.

The current rental income from the property is equal to € 142,622 per annum. The EMRV from vacant areas equals to € 285,450 per annum.

The Estimated Market Rental Value ("EMRV") from the whole property is equal to € 432,882 per annum.

According to the provided information the rents are generally subject to the annual indexation. The lease agreements are indexed annually according to Eurozone CPI. The lease agreements of the non-office tenants are indexed according to the Hungarian CPI. The majority of the rents are denominated in EUR. The rents of the non-office tenants are denominated in HUF. The majority of rents are paid monthly.

The majority of the tenants signed the lease agreement for a definite time period. Two tenants signed the lease agreement for indefinite time period.

The rents do not include service charges which are paid separately.

The detailed tenancy schedule can be found in the Appendix 8 to this report.

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Below we summarise the main provisions of a standard lease agreement for the subject Property:

Landlord	Zugló Irodacentrum Kft.
Tenant	Infopatika Kft.
Lease Term	The lease has been granted and accepted for a definite period of three years commencing on June, 2010..
Option to Extend	Provided that the tenant has not breached any of its material obligations under the Lease or applicable laws, the tenant may claim to extend the Lease under the terms agreed and to do so only one time and just for additional period of either five (5) or three (3) years upon its discretion commencing on the first date after the last date of the original Lease.
Base/Current Rent	Table 6: Current Rent

Use	Lettable Area (sq m)	Parking Places	Rent (EUR/sq m p.m.)
Officel	183.02		6.88

Indexation	With effect from 1st January 2008 and each year thereafter. Harmonised Index of Consumer Prices of the European Union (Euro Zone), published by Eurostat.
Service Charge	4.00 Euro/ sq m/ month.
Bank Guarantee & Guarantee Deposit	Guarantee deposit guaranteeing financial obligations of the tenant under the lease in the amount of € 4,044
Property Taxes	The tenant shall pay all taxes, levies, administrative charges, fees and similar sums pertaining to its use and occupation of the leased premises, provided that the tenant shall not be obliged to bear the cost of levies, taxes, charges payable by the landlord on the rent received.
Insurance	The tenant undertakes to obtain and keep in force during the term of the lease at its own expense adequate civil liability insurance against third party claims arising from physical injury and property loss or damage in the leased premises and insurance against damage and loss of all property in the leased premises including all landlords moveable fixtures and lettings and adequate business interruption insurance.
Termination	The Lease may only be terminated by notice give under the conditions set out in the

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	Lease.
Repairs	The tenant undertakes at its own expense to maintain the leased premises in good order and to keep the car parking spaces in good order and free from rubbish. The tenant shall also be responsible for maintenance and repair of the interior of the leased premises, the fit out works, the tenant's own works and all other additions, modifications or improvements made to the leased premises by the tenant.
Alienation	The tenant may not assign or sub-let the leased premises without the prior written consent of the landlord excluding exceptions stated in the lease.
Alterations	The tenant shall not carry out any alterations, modification or improvements to the leased premises without the prior written approval of the landlord.
Delivery	The tenant shall deliver possession of the leased premises to the landlord in such state of repair and condition, and complete with all such fixtures, fittings and other items as is consistent with the full performance by the tenant of all its obligations under the lease.
Other restrictions	Subject always to the landlord's right to require the tenant to remove alterations at the end of the lease term in accordance with the conditions provided in the lease.

A detailed tenancy schedule can be found in the Appendix 8 to this report.

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5 Market Commentary

5.1 Hungarian Economy Key Macro-Economic Indicators

Key Macro-Economic Indicators: 2008-2014	2008	2009	2010	2011F	2012F	2013F	2014F
Real GDP (% change)	0.6	-6.5	1.1	1.5	-0.8	2.1	3.4
Real Consumer Spending (% change)	-0.2	-5.7	-2.7	0.1	-2.7	3.0	4.2
Real Imports of Goods and Services (% change)	5.5	-14.8	12.8	5.9	-2.8	2.5	4.4
Real Exports of Goods and Services (% change)	5.7	-10.2	14.3	9.0	0.6	3.7	4.6
Industrial Production Index (% change)	-0.1	-17.6	10.5	5.3	3.0	4.4	5.0
Consumer Price Index (% change)	6.1	4.2	4.9	4.1	4.8	2.3	3.2
Policy Interest Rate (%)	10.0	6.25	5.75	7.0	7.75	6.0	5.25
Population (mil.)	10.02	10.0	9.98	9.97	9.95	9.93	9.92
Unemployment Rate (%)	7.8	10.0	11.2	10.9	11.0	10.9	10.8
Current Account Balance (% of GDP)	-7.3	-0.1	1.1	1.4	1.5	1.8	1.5
Exchange Rate (LCU/US$, end of period)	187.91	188.07	208.65	240.68	243.08	233.64	228.06
Exchange Rate (LCU/Euro, end of period)	261.53	270.92	278.79	312.93	320.85	320.10	321.57

Source: IHS Global Insight, January 2012; F=forecast

General overview

The open Hungarian economy is largely exposed to deteriorations in the economic and financial conditions in the Eurozone. This comes from its relatively high levels of public and external debt, financing ratios, sizeable stock of portfolio investment, Swiss franc-denominated mortgage debt and a mainly Western European-owned banking sector. Due to the high debt levels, weak growth prospects and uncertainty about the country's ability to meet fiscal goals, Moody's decided to lower Hungary's debt rating from investment grade to speculative in November. Default insurance costs of the country's sovereign debt rapidly surged to a record high and the government announced its outline for a new economic growth plan and acquire a financial safety net from the IMF based on a precautionary agreement. In the wake of the downgrade the Hungarian Monetary Council raised the key rate by 50 bps to 6.50% to defend the currency and limit capital flight, which was according to market expectations.

In December, the government recalculated the 2012 budget, as weaker growth forecasts and devaluing HUF put a HUF 320 billion dent in the budget. To reach the 2.5% of GDP deficit target with a GDP growth at 0.5% for 2012 and a weaker HUF, the government decided to use HUF 200 billion from the national protection reserves, HUF 120 billion from further contributions of citizens who remained in the private pension funds and another HUF 20 billion from higher excise tax on tobacco products.

The national development minister submitted his resignation to focus on talks with the IMF and the EU in the hope of reaching an agreement by mid January. Informal talks between the delegations broke down in mid December after the Parliament scheduled to debate a bill on the new Central Bank Act which aimed to give the central bank more rate-setters, a third deputy governor and require the board of directors to submit their agenda to the government. The bill was passed at the end of December and although several changes were applied to please the European Central Bank it made communication with the IMF bitter. The NBH hiked the base rate up to 7% at the end of December while the next rate settling meeting is scheduled for 24th January. A further increase of 50bps is expected in an attempt to strengthen the Forint until the government secures an IMF/EU safety net.

By mid-January both S&P and Fitch downgraded the country, reflecting on the problematic situation with the IMF, the EU and the deterioration in the country's fiscal and external financing environment and growth outlook. Informal talks with the IMF continued and it became clear that the country can only obtain a stand-by-agreement instead of a precautionary one and only in case it shows a strong commitment to engage on all the

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policy issues that are relevant to macroeconomic stability. The communication between Hungary and the IMF/ EU is changing remarkably as the government finally started to show signs of its willingness to change the criticised laws. IMF representatives also commented on the discussions as being “useful” and due to the easing tensions, the HUF started to strengthen back.

Statistical figures

The global economic boom considerably lost impetus to date in 2011. Developed countries are forecast to increase their economic performance this year by 1.6% on average, while developing and emerging states by 6.4%. A more dynamic growth in case of developed national economies is prevented by adjustments needed because of problems on labour markets and fiscal disequilibria (high budget deficits and indebtedness). The growth of the economic performance of the United States was slowing down to date in the year. The GDP became 1.8% higher on average in the first three quarters of the year. In addition to expenditures on consumption exports contributed to the expansion of the northern America economy. In the region of Asia the gross domestic product of Japan was declining from the beginning of the year, the performance decreasing by 0.8% in January–September 2010. The economy of China grew by 9.4%in the first three quarters of the year, though the rate of increase was gradually losing momentum. Despite the slowdown the economy of the European Union (EU-27) increased by 1.8% on average in the 1st–3rd quarters of 2011 compared to the corresponding period of the previous year. The engine of growth remained Germany (3.4%), although the rate of its expansion fell significantly. In the euro zone a 1.8% growth was recorded in the first three quarters. Similarly to the majority of developed countries the economic growth of Hungary also lost impetus. The gross domestic product of Hungary increased by 1.4% in quarter 3 of 2011 and by 1.8% in the first three quarters of 2011 compared to the same period of the previous year. According to seasonally and calendar-adjusted data, used for international comparisons, the rate of increase was 1.7% compared to January–September 2010, which put Hungary in the middle of the ranking of Euro .

Although the external boom becoming less favourable was reflected by the external trade performance of Hungary, too, on the expenditure side external trade is still the only factor of growth for the Hungarian economy. In the first three quarters of 2011 the volume of exports and imports – along with a continuous deceleration measured within the period – rose by 10% and 7.7% respectively. In the first nine months a surplus of HUF 1754 billion was generated on external trade, which was equal to 8.6% of gross domestic product. In January–September the exports and imports at constant prices of external trade in goods, accounting for the majority of international trade, rose by 12% and 8.7% respectively. In the field of services exports and imports also expanded, by 4.4% and 1.7% respectively. Domestic demand did not start to recover: in the period of January–September a decrease of 1.0% occurred in domestic use as a consequence of the stagnation of actual final consumption and a significant fall of gross fixed capital formation. Actual final consumption, representing more than eight-tenths of domestic use, essentially stagnated on average in the first three quarters (- 0.1%). Within this the actual final consumption of households hardly changed as well (+0.1%), while the volume of actual final consumption of government, accounting for about one-eighth of actual final consumption, decreased by 1.4%.

Household final consumption expenditure was essentially unchanged in the first nine months of 2011 (-0.1%) compared to the corresponding period of the previous year. In effect, final consumption expenditure was not affected by the payment of real returns by private pension funds in August. However, the volume of social transfers in kind – from the government and the non-profit institutions serving households – to households increased by 0.9%. The volume of gross fixed capital formation was 6.4% lower in the first nine months this year than one year before, and the decreasing trend was further strengthened by a fall of 8.6% in the 3rd quarter. All this considerably lowered the expansion of economic performance. According to investment statistics investments in the national economy, accounting for the overwhelming part of gross fixed capital formation, were down by 5.4% in quarter 3 and by 4.5% in the first nine months. In January–September construction investments were significantly (15%) lower than one year earlier, while investments in machinery and equipment rose (by 10%). The output of investments was lowered in the majority of industries. As dwelling constructions went on decreasing investments in real estate activities were 22% less than in the same period of the previous year. In case of transportation and storage a fall of 23% was recorded, since investments were completed in several transport branches. Out of industries having relatively large weight a considerable rise occurred only in

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manufacturing (28%), within which volume increases were observed for the majority of branches as well. Primarily individual large investments showed substantial growths in a few industries of relatively low weight: in mining and quarrying (33%) and in human health and social work activities (44%). Additional rises were measured in scientific and technical activities (12%) and in agriculture (4.3%). The stock of inventories in the 3rd quarter increased by HUF 175 billion at current prices, however, the change of inventories had a negative impact on economic expansion for the first time after six consecutive quarters. In quarters 1–3 the level of inventories rose by HUF 250 billion. In January–September 2011 the performance of the Hungarian economy from production (output) side was influenced by the continuously decelerating industry as well as agriculture. The performance of agriculture rose by 27% over nine months, within which very significantly, too, by 29% in the 3rd quarter. The considerable volume increase in the branch was caused by improving yields. In January–September 2011 the gross value added by industry grew by 6.8%, mainly as a consequence of the expansion of manufacturing by 8.1%, thus contributing significantly to GDP growth. In quarter 3 the slowdown of the performance, lasting for a year, continued. The volume of industry rose by 3.5%, while that of manufacturing by 4.6%. The slowdown was due to the high base as well as the deceleration of external demand. The performance of export-oriented enterprises continues to be considered as the engine of industrial production. Among manufacturing branches production increased considerably in the manufacture of transport equipment, basic metals and fabricated metal products as well as machinery and equipment n.e.c. and in textile industry.

According to the latest available data broken down by branches, the volume of industrial production in October – along with deteriorating external conditions of recovery and the high base registered one year before – increased by 3.0% compared to the corresponding period last year. Exports were up by 1.0%, while domestic sales fell by 6.3%. In the first ten months of the year the volume of production was 5.8% higher than one year earlier, with an 8.1% expansion of sales on external markets and a 5.3% decrease of domestic sales. Among the sections of industry the volume of production in manufacturing in January–October grew by 6.2%, while the output of the energy sector diminished by 1.4%. The volume of production in mining, having small weight in production, was 13.2% higher than in the same period of the previous year.

The forint price level of external trade grew by 1.5% in exports and by 2.7% in imports in January–September, so the terms of trade deteriorated by 1.2%. Our national currency strengthened over a year by 2.4% against the major currencies in the first nine months of the year, within which revaluations of 1.4% and 7.9% were measured against the EUR and the USD respectively.

In the period of August–October 2011 and considering the 15–64 year-old population 36 thousand more people were working than one year earlier. The number of employed persons came to 3 million 828 thousand, which was 0.9% higher than in August–October 2010. The employment rate of 56.6% calculated for this age group was 0.6 percentage point higher than in the corresponding period of the previous year.

According to the latest staff number data of institutional labour statistics there were 2 million 693 thousand employees in the observed group of organizations in the national economy in the period of January–October 2011, 6 thousand (0.2%) less than one year before, which means a practically unchanged level. In the first four months within the period somewhat more people were working, while in the months of May–October slight decreases were observed in the staff number. In the different areas of the national economy trends of opposite direction continued to be recorded.

In the first ten months of the year average gross earnings – based on accounting records – were HUF 209 900,, 4.6% higher in nominal terms than one year before. The monthly average amount of net earnings equalled HUF 139,200, which was 5.8% higher than in January–October 2010. Net earnings were HUF 142,200 at enterprises, HUF 133,200 in the public sector and HUF 124,600 in the non-profit sector. Relatively significant, 7.4% and 8.1% increases were recorded in earnings in the private and the non-profit sectors respectively, while a more modest, 1.3% rise was observed in the public sector.

The rate of increase of consumer prices – because of the substantial price rises of motor fuels as well as electricity, gas and other fuels – accelerated further, so prices increased by 4.3% in November compared to the same month of the previous year. The price rise in January–November was 3.9% on average.

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The consolidated, cash-based deficit of the general government (without local governments) – according to preliminary data of the Ministry for National Economy – was HUF 1248 billion in the period of January–November 2011, HUF 57 billion less than in the same period of the previous year. The revenue of the general government amounted to over HUF 11.9 trillion, its expenditure to HUF 13.2 trillion, which was 3.5% and 2.7% more respectively than one year before. The purchase of a parcel of MOL shares increased expenditures by some HUF 500 billion, while the revenue from the Pension Reform and Debt Reduction Fund, received during the months of October and November and amounting in total to about HUF 420 billion, raised the level of revenues. Among the sub-systems the balance of the central government shows a deficit of HUF 1296 billion following a deterioration of HUF 14 billion. Improvement was recorded in case of social security funds: the deficit of HUF 30 billion was HUF 71 billion less than in the same period last year. A surplus of HUF 79 billion was measured for extra-budgetary funds, the same amount as in January–November 2010.

Source: KSH, 20 / 12 / 2011

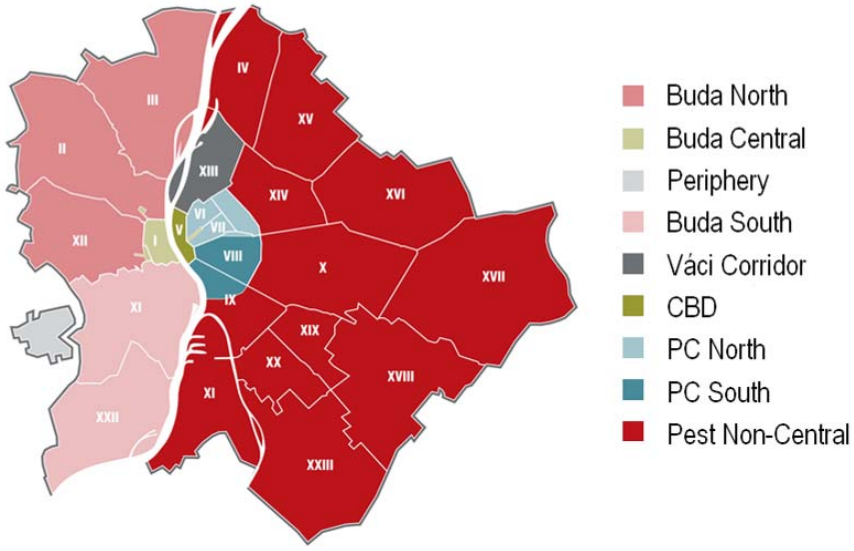
5.2 Budapest Office Market Overview

Stock and Supply

At Q4 2011 the Budapest modern office stock consisted of 3,158,900 sq m modern Grade 'A' and 'B' office space. During the last 5 years the market saw a significant increase in the volume of supply as several new projects have been completed, but it is important to mention that due to the strickt financing conditions and the uncertain market environment the volume of speculative developments show a significant fall compared to years such as 2008 and 2009.

In 2011, a total of 87,425 sq m new office space was completed, which is the lowest annual volume of the past 7 years. Only six new office buildings were completed, out of which one was an owner occupied development. The new buildings of K&H Bank; Millennium H (11,980 sq m) and Millennium K (38,900 sq m) were handed over in Pest Central South submarket while Laurus office building (14,016 sq m) and the office component of KÖKI Terminál (6,325 sq m) were added to the stock of the Pest Non Central submarket. All four buildings were completed in Q4 2011. Additionally two other developments were completed at the first half of 2011: Calasanz Downtown Offices in the CBD on 1,700 sq m and Officium, the office component of Akadémia Park development on 14,500 sq m in Buda North. The average vacancy of the buildings completed in 2011 was 15.7% at completion which clearly shows the trend that developers are not willing to start new constructions on a purely speculative basis anymore.

Map 1: Budapest Submarket Map



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Source: Jones Lang LaSalle 2011

Table 1: Office Completions in 2011

Building name	Size (sq m)	Date of completion	Type
CDO	1 700	Q1 2011	speculative
Officium	14500	Q2 2011	speculative
Millennium K	38 900	Q4 2011	Owner occupied
Millennium H	11 984	Q4 2011	speculative
Laurus	14 016	Q4 2011	speculative
KÖKI	6 325	Q4 2011	speculative

Source: Jones Lang LaSalle Q4 2011

Looking ahead there is a very limited pipeline, hence annual volume of new completions will reach a historic low in 2012. We expect only 35,500 sq m new office space to be handed over in three buildings, all of them being speculative projects. That said the completion of these project might be postponed further to 2013 as they did not manage to secure any pre-leases so far making construction works and further financing problematic. At the moment we expect the following projects to be handed over: V 67 in Váci Corridor by Spanish developers on 2,200 sq m (H1 2012), Green House by Skanska on 17,800 sq m in H2 2012 and Váci Greens by Atenor on 15,500 sq m in H2 2012. Completion of the latest project is highly questionable as construction works have been pending since year end 2011.

There are three offices in the pipeline to be handed over between 2013 and 2014 amounting to 53,000 sq m: the third phase of Office Garden on nearly 18,500 sq m, the new KPMG headquarter on 20,500 sq m by Futureal, and the prestigious Eiffel Palace 14,000 sq m in the CBD which will serve as PWC's new headquarter upon completion. Neither of these developments started yet.

Table 2: Future Supply 2012-2014

Building name	Size (sq m)	Year	Quarter	Refurbishment or new development	Type
Green House	17 800	2012	Q4	New	speculative
Váci Greens A	15 500	2012	Q4	New	speculative
V67	2 200	2012	Q2	new	speculative
Office Garden Phase III	18 513	2013	H2	New	speculative
Eiffel Palace	14 000	2014	Q1	New	64% prelet
K4	20 500	2014	Q1	New	50% prelet

Source: Jones Lang LaSalle Research Q4 2011

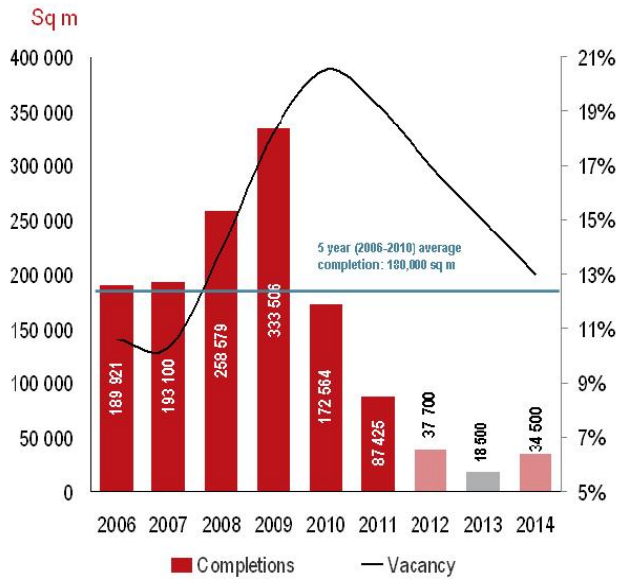
Table 3: Office completions in 2011 by Submarkets

Submarket	Size (sq m)	Percentage
CBD	1,700	1.9%
Pest Central South	50,880	58.2%
Pest Non-Central	20,340	23.3%
Buda North	14,500	16.6%

Source: Jones Lang LaSalle Q4 2011

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Graph 1: Office Completion Levels and Future Supply



Source: Jones Lang LaSalle Q4 2011

Demand / Take-up

In 2010 total demand reached 306,650 sq m out of which 34.9% were lease renewals. Net take-up (including new leases, expansions and pre-leases) represented 58.8% of the total demand and 6.3% was owner occupied office occupancy. However the total demand slightly decreased compared to the previous year, the ratio of new lease transactions versus renewals remained stable. In 2009 total demand reached 373,150 sq m out of which renewals amounted to 121,620 sq m. apart of the large share of renewals there were several BTS transaction in 2009 as well which represented 78,700 sq m altogether.

Pre-lease activity within the market was low until 2008 (around 25,000 sq m per year) but in 2008 and 2009 the market saw more significant pre-lease activity with 82,572 sq m and 52,181 sq m respectively per year. This trend stopped in 2010 and pre-leases practically disappeared from the market as we registered only 7,468 sq m of pre-lease activity. In 2010 only GTC Metro has managed to secure 100% tenancy before its completion but this pre-lease agreement was signed in 2009.

The most significant office transaction was the move of Allianz Insurance into their new 17,202 sq m in owner occupied office at K3. The three largest speculative transactions were all lease renewals: Ericsson in Science Park (12,829 sq m), Sanoma in Szépvölgyi Office Park (8,500 sq m) and SAP in Graphisoft Park (8,500 sq m). A total of 483 leasing transactions were closed throughout the year with an average size of 635 sq m.

Involvement of tenant representation agencies gains increasing importance by large occupiers as many future office projects are offered for pre-lease and/or built-to-suit HQ. Tenants can now achieve favourable conditions and rents with the experience of a professional advisor.

According to market expectations demand strengthened in 2011 on 2010. Gross take-up reached 394,650 sq m which is a massive increase of 28.7% year on year . Net take up was also above the 2010 level. The volume of

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new transactions, expansions, preleases and owner occupation reached 242,226 sq m which indicates an increase of 21.6% year on year, again a positive trend in terms of demand.

The composition of the annual demand shows that renewals represented a high share in 2011, similarly to 2010 and 2009. Lease renewals had a share of 38.6% almost the same ratio as new leases with 38.8%. Expansions represented 16.2% while preleases 5.8%. There was only one owner occupation accounting for a mere 0.6%. The largest transactions were new leases signed in Q4 2011, a company from the public leased 20,800 sq m in Spirál, while KFKI signed for 15,100 sq m in South Buda Business Park. Both buildings have been vacant for several quarters therefore these new leases play an important role in the quarterly net absorption. There were several large renewals as well: NSN extended its lease in CityGate on 13,000 sq m so did Raiffeisen on 11,900 sq m in Akadémia Center. Unlike 2010 two larger preleases were also signed in 2011. KPMG decided to move in 2014 into a new office at Váci Corridor, developed by Futureal on a total of 20,500 sq m. KPMG will occupy 8,500 sq m at first with a further expansion option on nearly 1,500 sq m. The other prelease transaction was also signed by PWC on 9,000 sq m in Eiffel Palace located in the CBD.

Graph 2: Structure of Take-up in Budapest



Source: Jones Lang LaSalle Q4 2011

Having a closer look at the graph above, we can see that Budapest has been witnessing continuous growth in net take-up until 2008. As the economic crisis hit the market the ratio of renewals rose while the share of new transactions and expansions decreased. In 2011 renewals took 38.6% of the total demand while this ratio was 34.9% in 2010, 36% in 2009 and only 19% in 2008. Large corporations opted to renegotiate their current premises and renew their lease, in some cases even before the lease expiry to be able to lock-in rents considered by many to be at the lowest point of the cycle.

Although we expected that in 2011 we would record a lower share of renewals compared to 2010, there were still many companies who decide to extend their lease agreements at their current locations. That said net take up shows an increasing trend since 2009 even in case the growth is very limited.

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Table 4: Major Deals 2011

Sub-market	Building	Tenant	Size (sq m)	Type of deal	Quarter
Pest Central South	Millennium Tower I	Vodafone	10,500	renewal	Q1 2011
Buda North	Maross utca BC	Edukacio	3,750	new	Q1 2011
Buda Central	Margit Ház	Magyar Takarékszövetkezeti Bank	3,670	new	Q1 2011
Pest Non-Central	Laurus Offices	BDO Forte	3,600	prelease	Q1 2011
Pest Central South	Millennium Tower III	MSD	2,500	new	Q1 2011
Buda South	K2	Sykes	2,230	renewal	Q1 2011
Pest Central South	Citygate	NSN	13,000	renewal	Q2 2011
CBD	Akadémia Center	Raiffeisen	11,900	renewal	Q2 2011
Váci Corridor	WECC	Unisys	4,100	renewal	Q2 2011
Pest Central South	IP West	BT	3,300	renewal	Q2 2011
Buda North	Officium	confidential	3,000	new	Q2 2011
Buda Central	Imperial Krisztina	confidential	12,000	renewal	Q3 2011
CBD	confidential	confidential	9,000	prelease	Q3 2011
Váci Corridor	K4	KPMG	8,500	prelease	Q3 2011
Pest Central South	Studium	Nokia	6,500	renewal	Q3 2011
PCN	Park Atrium	Deloitte	4,800	renewal	Q3 2011
Váci Corridor	Optima A	Zepter	3,345	renewal	Q3 2011
Pest Central South	Arena Corner	Citibank	3,140	expansion	Q3 2011
Pest Central South	Arena Corner	Citibank	3,000	renewal	Q3 2011
Buda South	IP West I	NXP	2,600	renewal	Q3 2011
CBD	Ybl Palota	Cameron Mckenna	2,500	renewal	Q3 2011
CBD	First Site Offices	Plug and Work	2,400	new	Q3 2011
Váci Corridor	Spirál	confidential	2,000	new	Q4 2011
Buda South	South Buda BP	KFKI	15,136	new	Q4 2011
Váci Corridor	Spirál	confidential	8,000	renewal	Q4 2011
Pest Central North	Rumbach Center	confidential	4,860	new	Q4 2011
CBD	Bank Center	Citibank	3,485	new	Q4 2011

Source: Jones Lang LaSalle Q4 2011

Out of the 596 transactions, which were signed in 2011, only 76 were signed for office space above 1,000 sq m totalling to 249,770 sq m (66.3% of the total demand). Many smaller scale deals were signed hence currently the average transaction size is around 663 sq m in Budapest, which shows an increase compared to previous years.

Table 5: Average deal sizes in Budapest from 2004 to 2011

Year	Average Deal Size (sq m)
2011	600
2010	635
2009	788
2008	745
2007	701
2006	590
2005	638
2004	663

Source: Jones Lang LaSalle Q4 2011

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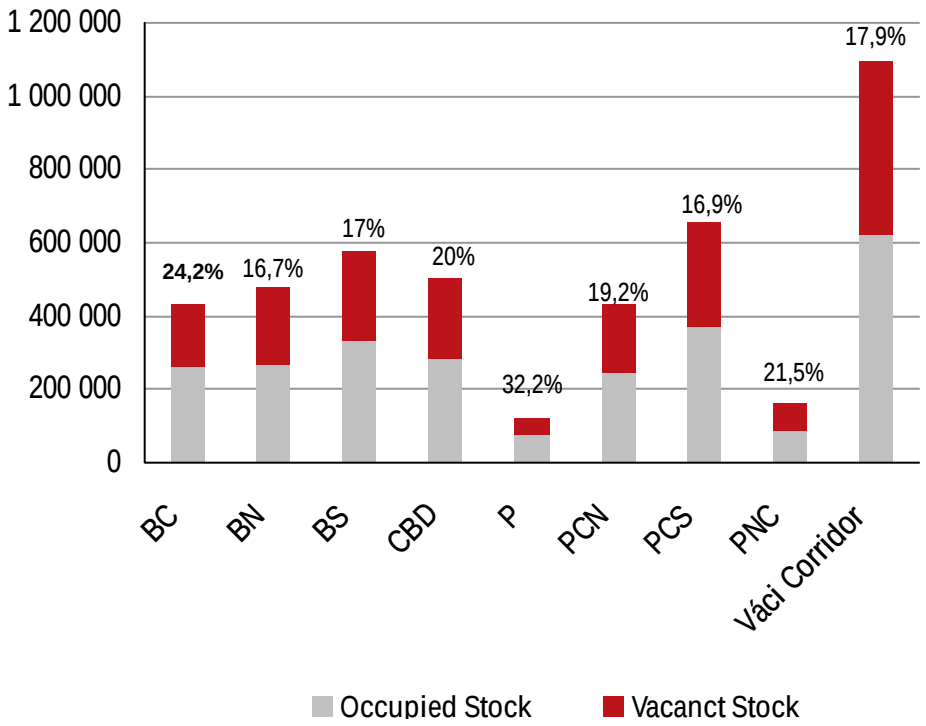
Vacancy

During 2011 the vacancy rate fluctuated between 20-21% reaching its lowest level of 19.2% by year end. This was the result of the limited new supply with high prelease rations so as the strong net take up in Q4 2011. The shrinking availability might seem convincing, but it is important to mention that several larger office buildings will be vacated during H1 2012 after their former occupiers will relocate to their new headquarters. These buildings are mainly old and of less modern quality therefore their new usages is highly questionable.

The highest vacancy rate is registered in the Periphery (32.2%) while Buda North has the lowest vacancy rate (16.7%). The submarkets show significant difference in terms of vacancy. Buda Central (24.2%) and Pest North Central (21.5%) are the two most oversupplied submarkets in Budapest apart of Periphery.

The below chart presents the stock and vacancy of each submarkets.

Graph 3: Vacancy and Stock in the Submarkets as at Q4 2011



Source: Jones Lang LaSalle Research, Q4 2011

Rents

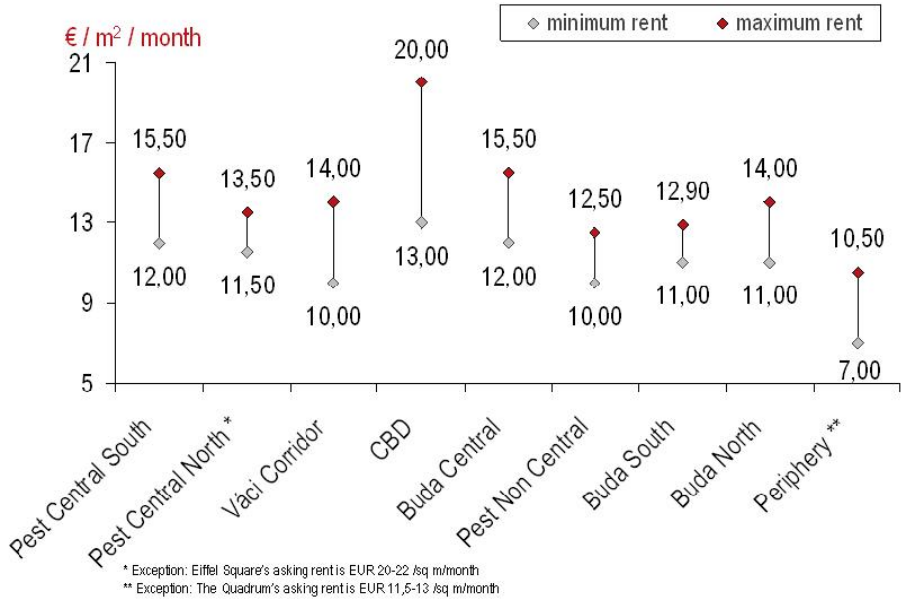
Office prime rents stood at €20/sq m/month at Q4 2011. This rental level can only be achieved in the best office buildings in the CBD. Rental bands of each submarkets show a wide range as the pricing depends on the location and the quality of the building as well as the public transportation access. Until the end of 2010 most landlords were forced to decrease their asking rents and offer generous incentives in order to attract tenants. This trend seems to be abating as we have experienced rental growth in some of the most popular and best located buildings. This however only concerns a very limited number of buildings at the moment but we expect rental stabilisation in the course of 2011 once the high oversupply starts to be absorbed. That said, rental stabilisation applies for mainly modern, A category buildings. Older, B category offices might face difficulties as

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their tenants leave behind their old premises to move into newer, more effective buildings. This will automatically result in jumping availabilities which will have an impact on rental levels. Therefore we forecast a deepening rental gap between A and B category buildings.

The rental decline caused by the crisis showed different patterns in each submarket. Prime products in prime locations were able to maintain their asking rents relatively unchanged or experienced only a moderate fall. At the same time the projects located in Non-Central submarkets did have to offer significant discounts. The greatest rental decline was seen in the Periphery and the Buda South submarkets.

Graph 4: Rental Bands in the Submarkets



Source: Jones Lang LaSalle Research, Q4 2011

In order to secure tenants in their buildings landlords are offering greater rental incentives. Beside the average incentives (standard 70-30% fit-out, rent free period) landlords are willing to pay further incentives, such as moving contributions or higher quality fit-out/greater fit out contribution. Projects outside the CBD and the most popular office locations are still under pressure of oversupply, therefore the highest level of extra incentives are available in these submarkets.

5.3 Investment Market Overview

While in 2010 the total transaction volumes in commercial real estate in Hungary for 2010 remained below € 300 million with less than € 200 million of institutional investment deals recorded for the full year by Jones Lang LaSalle, Investment activity picked up in 2011 with more than € 230 million transacted in Hungarian assets during the 4th quarter. The total volume of investment transactions for 2011 reached € 650 million.

The last weeks of 2011 were active with the closing of two major office portfolio transactions with Heitman, the Chicago based real estate investment manager as the buyer in both cases. The first transaction was the creation of a Joint Venture with TriGranit who sold a 74% interest in 4 office buildings located in the Millennium City Centre project (Tower I, II, II and the newly delivered Building H); the total consideration of the transaction amounted to € 151 million. The buildings located along the Danube, South of the city centre, are one of the most successful office schemes in the city and have attracted prime tenants such as Vodafone, KBC, Nestle, Morgan

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Stanley, Prologis and Lufthansa / Swiss. The second transaction was the disposal by the AVIVA Investors Central European Property Fund of Alkotás Point, anchored by Unicredit Bank and Bayer and Science Park anchored by Ericsson and Tata Consulting.

All major asset classes have traded during the year: The hotel segment was active with the transaction of 2 five-star hotels (Intercontinental, Four Seasons), the retail segment witnessed the disposal of a partial interest in Arkád Shopping Centre to ECE and the acquisition by Erste Real Estate of the Napfény Park in Szeged. The industrial asset class was represented by Aerozone and M1 Business Park as part of the Europolis portfolio, however, close to 60% of the total volume was transacted on office buildings with the Europolis, TriGranit and AVIVA assets representing the main transactions of the year.

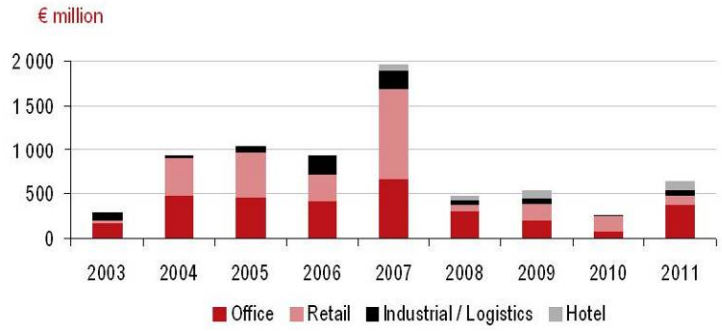
Some transactions which were expected to close in 2011 have been delayed – cancelled due to difficulties with bank financing and this will remain a serious bottle neck in 2012 as a consequence of the general de-leveraging, the evolution of financial markets but also the specific situation of Hungary on a macro-economic and political front.

Further developments on the investment market are dependant upon the evolution of the financial markets in view of the sovereign debt crisis and downgrades in the Euro zone and on the capacity to raise debt finance.

Based on our assessment of the market and relative pricing with Poland and the Czech Republic, we keep our views on prime yields unchanged compared to Q3 2011 with a stable outlook.

The graph below shows transaction volumes in 2003 – 2011.

Graph 1: Investment volumes in Hungary 2003-2011



Source: Jones Lang LaSalle, Q4 2011

The tables below shows Budapest's prime yield levels compared with other major European cities.

Table 12: Indicative summary of prime retail investment yields in selected European cities

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	Berlin	Paris	London	Warsaw	Prague	Budapest
Q4 2011	4.60%	4.50%	3.50%	6.00%	6.25%	7.00%

- Source: Jones Lang LaSalle, Q4 2011

The following table shows the main transaction in Hungary in 2011.

Table 13: Transactions in Hungary 2011

Sector	Property Name	Area (sq m)	City	Quarter, Year	Estimated NIY(%)	Vendor	Purchaser
Office	City Gate (65%)	24,200	Budapest	Q1, 2011	8.50%*	Oesterreichische Volksbanken	CA Immo
Office	Infopark A (51%)	12,200	Budapest	Q1, 2011	8.35%*	Oesterreichische Volksbanken	CA Immo
Office	IP West I - V (65%)	31,000	Budapest	Q1, 2011	8.00%*	Oesterreichische Volksbanken	CA Immo
Industrial	Aerozone Budapest (51%)	65,000	Vecsés	Q1, 2011	8.50%*	Oesterreichische Volksbanken	CA Immo
Industrial	M1 BP (51%)	69,000	Páty	Q1, 2011	9.50%*	Oesterreichische Volksbanken	CA Immo
Retail	Árkád Shopping Centre (33%)	48,400	Budapest	Q1, 2011	Conf.	Unibail Rodamco	ECE
Retail	Napfény Park	29,477	Szeged	Q1, 2011	7.80%*	Carion	Erste Real Estate
Retail	Tesco (solus)	6,804	Kőszeg	Q1, 2011	8.25%*	Private syndicate	Erste Real Estate
Retail	Tesco (solus)	5,116	Dabas	Q1, 2011	8.25%*	Private syndicate	Erste Real Estate
Hotel	InterContinental Hotel	398*	Budapest	Q2, 2011	n/a	Morgan Stanley (MSREF VI)	Toufic Aboukhater
Office	Focus Point	7,200	Budapest	Q2, 2011	n/a	ORCO (Endurance Fund)	Indotek
Office	Portfolio of 21 class B office buildings	45,000	Various	Q2, 2011	11.00%	Magyar Telekom	Associated Network
Retail	OBI	12,800	Budapest	Q3, 2011	8.25%	Endurance Fund	Erste Real Estate
Office	Raiffeisen Back Office	14,750	Budapest	Q3, 2011	n/a	Raiffeisen Real Estate Fund	Private Investor
Hotel	Four Seasons	179*	Budapest	Q3, 2011	n/a	Avestus Capital Partners	State Reserve Fund of Oman
Office	Millennium Towers I,II,III,H (74%)	70,000	Budapest	Q4, 2011	n/a	TriGránit	Heitman
Office	Alkotás Point, Science Park	53,000	Budapest	Q4, 2011	n/a	AVIVA	Heitman

Source: Jones Lang LaSalle Capital Markets, Q4 2011 (* JLL estimation)

Capital Market Highlights

- Macro-economics declining with GDP growth expected at 0% in 2012
- Financial safety net is being discussed by IMF, Stand by agreement is likely to be provided

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- Potential hike of personal income tax
- Market fundamentals still worse than for peer CEE capitals
- Lower, but remaining gap in pricing between vendors and buyers
- A yield discount of approximately 50-75 bps compared to Poland / Czech Republic
- Core institutional investors remain to be opportunity-driven for prime office and retail opportunities
- Industrial and hotel investments will happen only in exceptional cases

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6. Valuation Commentary

6.1 Valuation Methodology

Market Value Definition (*RICS Valuation Standards -Global, 7th Edition)*

Market Value is defined by the Royal Institution of Chartered Surveyors (RICS) as the following:

"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".

Income Approach

The Income Approach is a method used to convert the anticipated economic benefits of property ownership into a value estimate through a capitalisation approach.

The two most common methods of converting net income into value are the discounted cash flow technique (DCF) wherein anticipated future income streams and a reversionary value are discounted to a present value estimate and the direct capitalisation technique, where an overall rate is extracted directly from pertinent market sales.

For the purposes of valuation of the office building we have adopted the Income Approach, Discounted Cash flow technique, analysed over a 10-year period. The cash flow assumes a ten-year hold period with the exit value calculated on 11th year income. We have adopted a discount rate and terminal capitalisation rate for the subject property having regard to recent investment sales evidence known to us together with our general knowledge and opinion based on discussions with investors within the Central and Eastern European region. This opinion is also based on prevailing interest rates and relative yields on 10-year Government bonds.
In formulating our opinion we have also had regard to investment rates recorded by Jones Lang LaSalle in other major Eastern European countries.

6.2 General Valuation Assumptions

Our valuation was prepared in accordance with the information obtained from the Client and specifically on the basis of the following assumptions:

The subject property has clear and fully marketable title without any historical claims.

(a) That all necessary planning, building and other consents have been obtained.

(b) We have relied upon the information provided to us by CEE, as being complete and correct as to tenure, measurements and capacities of properties, planning consents and other relevant information.

(c) There are no Rights of Way, easements, and outgoings of an onerous nature or restrictions on use affecting the property, which may have a material effect on the value.

(d) The site is not subject to any form of environmental contamination.

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(e) The premises are constructed and used in accordance with all necessary building and planning permissions, and there are no disputes with neighbouring owners or occupiers or with the local municipal authorities.

(f) The property complies with any fire and life security codes, environmental codes and any other regulatory requirements that may exist.

(g) No structural surveys of the building have been undertaken. We are not therefore able to report that it is free of structural faults, rot, infestation or defects of any other nature, including inherent weaknesses due to the use of construction materials now suspect. No tests were carried out on any of the services.

6.3 Specific Cash Flow Assumptions

Estimating the Market Value of the subject property we have made allowances for the following:-

(a) Our calculations start from 1st January 2012;

(b) We have not carried out a building measurement survey. Our calculations are based on the tenancy schedule provided by CEE., dated December 2011, showing Gross Lettable Area of 5,860 sq m;

(c) The rents are subject to annual indexation according to CPI adopted at the level of 3.0% in Year 1 (except where no indexation is applicable);

(d) For the currently vacant space we have adopted 3-year lease contracts with rents at the EMRV levels;

(e) After expiry of the existing lease contracts we have adopted voids of 6 months and thereafter 5-year or 10-year lease agreements. We have adopted the Estimated Market Rental Values representing effective market rents;

(f) After expiry of the current lease agreements we have adopted the annual indexation according to the EUR-CPI applied on the anniversary of signing the lease agreement;

(g) As a result, the Base Rental Revenue has been estimated at €428,072 in the first year of our projection;

(h) Due to the fact that the office building in some places needs refurbishment, we have adopted a Capital Expenditure of €60.0/sq m ;

(i) We have assumed an allowance of 10.0% with regard to leasing commissions for currently vacant space;

(j) Based on the property's location, projected achievable rental income stream and expected position in the market we have applied the discount rate at the level of 9.75% and exit yield at 8.75%, showing an initial yield of 6.70% (NOI/PV), 9.82% in the second year and 9.77% in the third year.

(k)

Our calculations have been attached in the Appendices to this report.

Market Value Conclusion

Having regard to the foregoing, we are of the opinion that the Market Value of the Office Building, as at 31th December 2011 was in the region of €4,300,000 (Four Million, Three Hundred Thousand Euros)

6.4 SWOT Analysis

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In considering this property as investment opportunity, we would draw your attention to the following SWOT analysis.

Table 10: SWOT Analysis

Strengths	Weaknesses
• Easy access from city centre via busy Hungária krt.; • Excellent vehicular access to major motorways.; • Good public transportation including metro line 2.; • Nearby Arena Plaza shopping centre.	• Low occupancy level;

Opportunities	Threats
• Low overall unemployment in Budapest region; • Relatively small competition in XIV. district;	• Pressure on rental level due to existing and planned competition.

Source: Jones Lang LaSalle, December 2011

6.5 Valuation Summary

Having regard to the foregoing, we are of the opinion that the Market Value of the Office Building, as at 31th December 2011 was in the region of:

MARKET VALUE

€4,300,000

(Four *Million Three Hundred Thousand Euros*)

Market Value is understood as the value of a property estimated without regard to costs of sale or purchase, and without offset for any associated taxes. Therefore, no allowances have been made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. The property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

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7. List of Documents Used in Valuation Report

The following documents were used in the Valuation Report on Sample Property located in Budapest, Hungary:

- Extract form Land Register dated 24th January 2012;
- Site map;
- Tenancy schedule dated December 2011;

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Appendix 1

General Principles Adopted in the Preparation of Report and Valuations

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General Principles Adopted In The Preparation Of Valuations And Reports

These General Principles should be read in conjunction with the firm's General Terms and Conditions of Business.

It is our objective to discuss and agree the terms of our instructions and the purpose and basis of the valuation, at the outset, to ensure that we fully understand and meet our client's requirements. Following are the general principles upon which our Valuations and Reports are normally prepared; they apply unless we have agreed otherwise and specifically mentioned the variation in the body of the report. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances, or to arrange for the execution of structural or site surveys, or any other more detailed enquiries.

1. Valuation Standards:

All work is carried out in accordance with:

(a) The Practice Statements contained in the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors (Sixth Edition), by valuers who conform to the requirements thereof;
(b) The Approved European Property Valuation Standards of the European Group of Valuers Associations (TEGoVA).

The standard adopted is set out in our report.

2. Valuation Basis:

Our reports state the purpose of the valuation and unless otherwise noted, the basis of valuation is as defined in the appropriate valuation standard. The full definition of the basis which we have adopted is either set out in our report or appended to these General Principles.

3. Source of Information:

We accept as being complete and correct the information provided to us by the sources listed, as details of tenant, tenancies, tenant's improvements, planning consents and other relevant matters, as summarised in our report.

4. Disposal Costs and Liabilities:

No allowances are made for any expenses of realisation, or for taxation which might arise in the event of disposal. All property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

5. Documentation:

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers.

6. Tenants:

Although we reflect our general understanding of a tenant's status in our valuations, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

7. Measurements:

We do not normally measure premises unless specifically requested and base our valuation on the information made available to us. Where measurement is undertaken this is carried out in accordance with either the relevant local codes or the Code of Measuring Practices issued by the Royal Institution of Chartered Surveyors except in the case of agricultural properties or where we specifically state that we have relied on another source.

8. Town Planning and Other Statutory Regulations:

Information on town planning is, wherever possible, obtained verbally from the local planning authority and, if confirmation is required, we recommend that verification be obtained from lawyers that:-

(a) the position is correctly stated in our report;
(b) the property is not adversely affected by any other discussions made or conditions prescribed by public authorities;
(c) that there are no outstanding statutory notices.

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Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including enactments relating to fire regulations.

9. Structural Surveys:
Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we therefore do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair which we note during our inspection or costs of repair which are brought to our attention.

10. Deleterious Materials:
We do not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, wood wool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

11. Site Conditions:
We do not normally carry out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses or delays will be incurred during the construction period due to these matters.

12. Environmental Conditions:
Unless expressly instructed, we do not carry out site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

13. Value Added Tax
Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

14. Outstanding Debts:
In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

15. Confidentiality:
Our Valuations and Reports are confidential to the party to whom they are addressed for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

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Appendix 2

General Terms and Conditions of Business

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General Terms And Conditions Of Business

1. Introduction

These General Terms and Conditions of Business shall apply to all dealings between Jones Lang LaSalle and the Client and, for the avoidance of doubt, shall be treated as applying separately to each instruction given by the Client to Jones Lang LaSalle.

These General Terms and Conditions of Business apply where Jones Lang LaSalle provides services to a Client and there is no written agreement for the provision of these services or, if there is, to the extent that these General Terms and Conditions of Business do not conflict with the terms of that written agreement. Reference in these General Terms and Conditions to the agreement means the written or informal agreement that is subject to these General Terms and Conditions of Business.

2. Jones Lang LaSalle

Jones Lang LaSalle means Jones Lang LaSalle Kft., with its seat at Alkotas ut. 50, 1123 Budapest or the other member of the Jones Lang LaSalle group of companies that provides services or the relevant part of services.

3. Services

Jones Lang LaSalle is to provide all services to the specification and performance level stated in writing or, if none is stated, to the specification and performance level that it ordinarily provides. Jones Lang LaSalle has no responsibility for anything that is beyond the scope of the services so defined.

Jones Lang LaSalle performs all services through properly licensed agents.

4. Time

Jones Lang LaSalle is to use reasonable endeavors to comply with the Client's timetable, but is not responsible for non-compliance unless the consequences of non-compliance have been agreed in writing. Even then, Jones Lang LaSalle is not liable for delay that is beyond its control.

5. E-mail and on-line services

The Client agrees that Jones Lang LaSalle may where appropriate use the available electronic communication and systems in providing services, making available to the Client any software required that is not generally available.

6. Duty of care to the Client

Jones Lang LaSalle owes to the Client a duty to act with reasonable skill and care in providing services, complying with the Client's instructions where those instructions do not conflict with (a) these General Terms and Conditions of Business, (b) the agreement or (c) applicable law and professional rules, including the code of ethics.

Jones Lang LaSalle has no liability for the consequences of any failure by the Client or any agent of the Client promptly to provide information or other material that Jones Lang LaSalle reasonably requires, or where that information or material is inaccurate or incomplete.

7. Duty of care to third parties

Jones Lang LaSalle owes a duty of care to no one but its Client. No third party has any rights unless there is specific written agreement to the contrary.

8. Liability for third parties

Jones Lang LaSalle has no liability for products or services that it reasonably needs to obtain from others in order to provide services.

(a) Jones Lang LaSalle may delegate to a third party the provision of any part of services, but if it does so:
(b) without the Client's approval, Jones Lang LaSalle is responsible for what that third party does;
(c) with the Client's approval or at the Client's request, Jones Lang LaSalle is not responsible for what that third party does.

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9. Liability to the Client

The liability of Jones Lang LaSalle to the Client for its own negligence causing death or personal injury is unlimited, but otherwise its liability is:

(a) limited to 2 (two) times the fixed fees amount agreed with Jones Lang LaSalle per occurrence or series of occurrences arising from one event,
(b) excluded to the extent that the Client is responsible, or someone on the Client's behalf for whom Jones Lang LaSalle is not responsible under these General Terms and Conditions of Business,
(c) limited to direct and reasonably foreseeable loss or damage with no liability for indirect or consequential loss,
(d) (where Jones Lang LaSalle is but one of the parties liable) limited to the share of loss reasonably attributable to Jones Lang LaSalle on the assumption that all other parties pay the share of loss attributable to them (whether or not they do),
(e) not (so far as permitted by law) increased by any implied condition or warranty,
(f) in any case limited to a maximum of € 1,000,000 (one million euro) in aggregate per annum.

Jones Lang LaSalle shall not be liable for any hidden defects in the real property sold, bought or leased, unless Jones Lang LaSalle was aware of these defect and did not inform the client hereof.

10. Insurance

Jones Lang LaSalle agrees to purchase and maintain appropriate insurance policies, in particular professional indemnity insurance, for an amount of not less than € 1million per occurrence or series of occurrences arising from one event.

11. Indemnity from the Client

The Client agrees to indemnify Jones Lang LaSalle against all liability (including without limitation all actions, claims, proceedings, loss, damages, costs and expenses) that relates in any way to the provision of services, except a liability that a court of competent jurisdiction decides (or Jones Lang LaSalle agrees) was caused by the fraud, willful default or negligence of Jones Lang LaSalle or of a delegate for whom Jones Lang LaSalle is responsible under the agreement.

12. Protection of employees

The Client agrees that (except for fraud or a criminal offence) no employee of the Jones Lang LaSalle group of companies has any personal liability to the Client, and that neither the Client nor anyone representing the Client will make a claim or bring proceedings against an employee personally.

13. Complaints resolution procedure

The Client agrees that it will not take any action or commence any proceedings against Jones Lang LaSalle before it has first referred its complaint to Jones Lang LaSalle in accordance with Jones Lang LaSalle's complaints procedure, details of which are available upon request from the Compliance Officer, Jones Lang LaSalle Sp. z o.o., ul. Saski Crescent, ul. Królewska 16, 00-103 Warsaw.

14. Conflict of interest

If Jones Lang LaSalle becomes aware of a conflict of interest it is to advise the Client promptly and recommend an appropriate course of action.

15. Confidential information

Jones Lang LaSalle must keep confidential all information of commercial value to the Client of which it becomes aware solely as a result of providing services, but it may:

(a) use it to the extent reasonably required in providing services,
(b) disclose it if the Client agrees,
(c) disclose it if required to do so by law, regulation or other competent authority.

Jones Lang LaSalle will comply with personal data protection regulation.

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16. Publicity

Neither Jones Lang LaSalle nor its Client may publicize or issue any specific information to the media about services or its subject matter without the consent of the other.

17. Intellectual property

Copyrights, patents, trademarks, design and other intellectual property rights in any material supplied by the Client, or in any material prepared by Jones Lang LaSalle exclusively for the Client, belong to the Client.

Such rights in any other material prepared by Jones Lang LaSalle in providing services belong to Jones Lang LaSalle, but the Client has a non-exclusive right to use it for the purposes for which it was prepared.

18. Remuneration

Where the fees and expenses payable for services are not specified in writing, Jones Lang LaSalle is entitled to:

(a) the fee specified by the relevant Regional Association of Real Property Intermediaries or other applicable professional body or, if none is specified, to a fair and reasonable fee by reference to time spent, and
(b) reimbursement of expenses properly incurred on the Client's behalf.

Where services are not performed in full, Jones Lang LaSalle is entitled to a reasonable fee proportionate to services provided as estimated by Jones Lang LaSalle.

The Client must pay VAT at the rate then current on the date of issuance of a VAT invoice.

If an invoice is not paid in full within 30 (thirty) days from the date of issuance, Jones Lang LaSalle may charge interest on the balance due at a daily rate of 2% above the base rate of PKO BP S.A. for real estate loans.

19. Assignment

The Client may assign rights and obligations arising from the agreement, but must first get the written consent of Jones Lang LaSalle, which will not be unreasonably withheld.

20. Termination

The Client or Jones Lang LaSalle may terminate the agreement immediately by written notice to the other, if the other has not satisfactorily rectified a substantial or persistent breach of the agreement within the reasonable period specified in an earlier notice to rectify it.

Termination of the agreement does not affect any claims that arise before termination or the entitlement of Jones Lang LaSalle to its proper fees or to be reimbursed its expenses up to the date of termination.

On termination Jones Lang LaSalle must return to the Client or, if the Client so wishes, destroy all Client information that is to be kept confidential, but Jones Lang LaSalle may keep (and must continue to keep confidential) one copy of that information to comply with legal, regulatory or professional requirements.

21. Notices

A notice is valid if in writing addressed to the last known address of the addressee and is to be treated as served:

(a) when delivered, if delivered by hand during normal business hours (where business hours next commence – if delivered after),
(b) when actually received, if posted by recorded delivery,
(c) when actually received, if sent by ordinary mail, fax or electronic mail.

22. Governing Law

These General Terms and Conditions of Business and the terms of the instruction shall be governed and construed in accordance with the laws of Hungary. All disputes shall be finally settled by the court of arbitration of the Hungarian Chamber of Commerce in Budapest in accordance with the rules set forth for this court.

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Appendix 3

Definition of Market Value

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The Basis of Valuation

Our valuation is carried out on the basis of the property's *Market Value*. This is defined in the RICS Red Book as:

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

Interpretive Commentary, as published in International Valuation Standard 1 of the RICS Red Book:

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 asset 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 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. Because 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 asset 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 asset owner are not a part of this consideration because the 'willing seller' is a hypothetical owner.

3.2.6. '...in an arms-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 of inflated because of an element of Special Value. The *Market Value* transaction is presumed to be between unrelated parties each acting independently.

3.2.7. '...after proper marketing...'

Means that the asset 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

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market conditions, but must be sufficient to allow the asset 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 and prudently...'

Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, 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 the asset estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

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Appendix 4

Location Map

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http://maps.google.hu

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Appendix 5

Site Map

SITE PLAN / ZONING PLAN

Budapesti 2. számú Körzeti Földhivatal
Budapest,XIV.,Bosnyák tér 5. 1590 Pf. 101

Térképmásolat

Helyrajzi szám: BUDAPEST XIV.KER. belterület 32175/10 Megrendelés szám: 9000/515/2012
Mértékarány: 1 : 1000



2012.01.30 17:33:14

Appendix 6

Extracts from Land Register

Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap

Budapesti 2. számú Kerületi Földhivatal
Budapest,XIV. Bosnyák tér 5. 1590 Pf. 101

Nem hiteles tulajdoni lap - Szemle másolat

Megrendelés száma:8000004/28110/2012

2012.01.24

BUDAPEST XIV.KER. Szektor : 14

Belterület 32175/10 helyrajzi szám

1145 BUDAPEST XIV.KER. Szugló utca 9.

I.RÉSZ

1. Az ingatlan adatai:

alrészlet adatok / művelési ág/kivett megnevezés/	min.ö	terület ha m2	kat.t.jöv. k.föll.	alosztály adatok tag.	kat.jöv ha m2 k.föll
Kivett irodaház	0	3283	0,00		

II.RÉSZ

5. tulajdoni hányad: 1/1
bejegyző határozat, érkezési idő: 48196/1/2009/09.03.13
jogcím: adásvétel
jogállás: tulajdonos
név: ZUGLÓ INGATLANFORGALMAZÓ KFT.
cím: 1052 BUDAPEST V.KER. Deák Ferenc utca 10.

III.RÉSZ

6. bejegyző határozat, érkezési idő: 46046/1/2009/09.03.06
Keretbiztosítéki jelzálogjog 2 000 000 000 FT,azaz kétmilliárd FT erejéig.
jogosult:
név: CIB MÖGÉP - EURÓPAI BERUHÁZÁSI BANK ZRT.
cím : 1027 BUDAPEST II.KER. Medve utca 4-14.

7. bejegyző határozat, érkezési idő: 46046/1/2009/09.03.06
Vételi jog 2013.02.25-ig
jogosult:
név: CIB MÖGÉP - EURÓPAI BERUHÁZÁSI BANK ZRT.
cím : 1027 BUDAPEST II.KER. Medve utca 4-14.

10. bejegyző határozat, érkezési idő: 31010/2/2010/10.03.19
Jelzálogjog 5 402 700 FT,azaz ötmillió-négyszázkétezer-hétszáz FT és járulékai erejéig.
jogosult:
név: XIV.KER.ÖNKORMÁNYZAT
cím : 1145 BUDAPEST XIV.KER Pétervárad utca 2

11. bejegyző határozat, érkezési idő: 57471/1/2010/10.06.30
Tulajdonjog fenntartással történt eladás
jogosult:
név: TOP-PLOT INGATLANFORGALMAZÓ KFT.
cím : 1052 BUDAPEST V.KER. Váci utca 12. I.em.2.

12. bejegyző határozat, érkezési idő: 60189/2/2010/10.07.20
Vezetékjog
26 m2 területre, VIG-32/2010.
jogosult:
név: ELSŐ MAGYAR KFT.
cím : 1113 BUDAPEST Váci út 72-74.

Folytatás a következő lapon

Bizonyító erővel nem rendelkezik

Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap

Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap

Budapesti 2. számú Kerületi Földhivatal
Budapest,XIV. Bosnyák tér 5. 1590 Pf. 101

Nem hiteles tulajdoni lap - Szemle másolat

Megrendelés száma:8000004/28110/2012

2012.01.24

BUDAPEST XIV.KER. Szektor : 14

Belterület 32175/10 helyrajzi szám

Folytatás az előző lapról

III.RÉSZ

14. bejegyző határozat, érkezési idő: 39302/1/2011/11.02.23
Jelzálogjog 507 326 FT,azaz ötszázhétezer-háromszázhuszonhat FT erejéig .
Ügyiratszám: 3/358/6/2011, végrehajtási költség tartozás.
jogosult:
név: BUDAPEST-ZUGLÓ POLGÁRMESTERI HIVATAL ADÓÜGYI OSZTÁLY
cím : 1145 BUDAPEST XIV.KER Pétervárad utca 2

16. bejegyző határozat, érkezési idő: 39956/4/2011/11.03.10
Jelzálogjog 12 355 770 FT,azaz tizenkétmillió-háromszázötvenötezer-hétszázhetven FT és járulékai erejéig.
3/65563/1/2011. ügyirat.
jogosult:
név: XIV.KER.ÖNKORMÁNYZAT
cím : 1145 BUDAPEST XIV.KER Pétervárad utca 2

17. bejegyző határozat, érkezési idő: 58448/1/2011/11.09.01
Egyetemleges keretbiztosítéki jelzálog 20 000 000 EUR,azaz húszmillió EUR erejéig .
Eredeti bejegyző határozat száma: 39544/2/2011/11.04.00, kijavítás alapján a III/15. alatti bejegyzés rangsorában.
jogosult:
név: CIB BANK ZRT
cím : 1027 BUDAPEST II.KER Medve utca 4-14.

18. bejegyző határozat, érkezési idő: 65667/1/2011/11.10.03
Végrehajtási jog 280 335 047 FT,azaz kettőszáznyolcvanmillió-háromszázharmincötezer-negyvenhét FT főkövetelés és járulékai erejéig.
A NAV képviseletében eljár a NAV Észak- Budapesti Adóigazgatóság 6970083115 ügyszámú megkeresése alapján adótartozás jogcímen.
jogosult:
név: MAGYAR ÁLLAM
cím : 1054 BUDAPEST V.KER. Széchenyi utca 2.

19. bejegyző határozat, érkezési idő: 69265/1/2011/11.10.27
Végrehajtási jog 12 863 290 FT,azaz tizenkétmillió-nyolcszázhatvanháromezer-kilencvenhat FT főkövetelés és járulékai erejéig.
Radics Csaba önálló bírósági végrehajtó, vh ügyszám: 0223.NV.275/2011/5 építményadó és bírság jogcímen.
jogosult:
név: BUDAPEST FŐVÁROS XIV.KERÜLET ZUGLÓ ÖNKORMÁNYZATA
cím : 1145 BUDAPEST Pétervárad utca 2.

TULAJDONI LAP VÉGE

Bizonyító erővel nem rendelkezik

Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap

Appendix 7

Photographs



Front Façade of the building from Szugló u.



Entrance area



Rear section of the building



Central corridor –office area



Typical Office



Toilet

Appendix 8

Calculations

Szugló Office Building, Budapest, Hungary

Exchange Rates at 31st December 2011 according to the Hungarian National Bank			
	1 HUF =	0,00321	EUR
	1 EUR =	1,34850	USD
	1 HUF =	0,00415	USD
	1 USD =	0,74156	EUR

Indexation EUR-CPI	3,03%
Indexation US-CPI	3,53%
Indexation Fixed	0,00%
Indexation HUF-CPI	3,85%
Indexation EMRV	2,00%

Gross rental income per annum

€	288 788
US$	389 430

Net rental income per annum

€	285 900
US$	385 536

Annual EMRV

€	432 882
US$	583 742

Valuation date	31/12/2011	
CF start date	2012.01.01	
Exit Yield	8,75%	
Discount Rate	9,75%	
Initial Yield	6,70%	
Yield on EMRV	9,81%	
Vacant duration	6	months
Cash flow calculation	10 year(s)	
Valuation Currency	EURO	
Cash Flow calculated	monthly	
Total Lettable Area	5 863,67	
Vacant Area	4 325,00	
Vacancy	73,76%	

Market Value in EURO

€	4 300 000

Market Value in USD

US$	5 800 000

Value per sq m

€	733

Value per sq m

US$	989

Local Currency HUF

No.	Area Status	Tenants	Type of Space Category	Units #	Area	Parking spaces in lease underground	Lease start in CF	Lease start	Lease End	Renewal probability	Vacant	Void Period	Next tenant lease start	Unexpired Term (Years)	Lease length	Rent in leases	Currency	Rent in CF	Annual income	Parking rent in leases underground	Parking rent in leases external	Currency	Parking rent in CF underground	Parking rent in CF external	Annual income from Parking	Total Rent Income (Office+Parking) per month	Total Rent Income (Office+Parking) per annum	Over rented	Indexation Month	Indexation Frequency	Indexation Type	EMRV Level	EMRV Rate	EMRV Currency	EMRV in CF	Parking EMRV underground	Parking EMRV external	Currency	EMRV underground	EMRV external	EMRV monthly	EMRV annually	EMRV Indexation month	EMRV Indexation level	Month of EMRV
												month			year			€/sqm	€/sqm				€/sqm	€/sqm	€/sqm	€	€	%							€/sqm				€/sqm	€/sqm	€	€			
1	Signed	Infopatika Kft.	Office < 200		183,02		2010.04.21	2010.04.21	2013.04.20				2013.10.20	1,3	3	6,88	EUR	6,88	15 110			EUR	-	-	0,0	1 259,2	15 110,1	-20,64%	jan	Annually	EUR-CPI	3,0%	8,3	EUR	8,3			EUR	-	-	1 519,1	18 228,8	nov.14	2,00%	17
2	Signed	NeTinfobank Kft.	Office < 200		97,92		2010.09.16	2010.09.16	2013.09.15				2014.03.15	1,7	3	7,38	EUR	7,38	8 672			EUR	-	-	0,0	722,6	8 671,8	-12,47%	jan	Annually	EUR-CPI	3,0%	8,3	EUR	8,3			EUR	-	-	812,7	9 752,8	ápr.15	2,00%	21
3	Signed	Poli-Computer	Office > 200		239,65		2011.02.23	2011.02.23	2016.02.22				2016.08.22	4,1	5	6,31	EUR	6,31	18 146			EUR	-	-	0,0	1 512,2	18 146,3	16,01%	jan	Annually	EUR-CPI	3,0%	5,3	EUR	5,3	30,0		EUR	-	30,0	1 420,1	17 041,7	szept.17	2,00%	51
4	Signed	IMG Solution Kft.	Office < 200		46,03		2011.09.22	2011.09.22	2012.09.21				2013.03.21	0,7	1	6,19	EUR	6,19	3 419			EUR	-	-	0,0	284,9	3 419,1	-34,99%	jan	Annually	EUR-CPI	3,0%	8,3	EUR	8,3			EUR	-	-	382,0	4 584,6	ápr.14	2,00%	10
5	Signed	Winform	Office < 200		195,21		2010.09.09	2010.09.15	2017.09.08				2018.03.08	5,7	7	5,76	EUR	5,76	13 493			EUR	-	-	0,0	1 124,4	13 492,9	-44,15%	jan	Annually	EUR-CPI	3,0%	8,3	EUR	8,3	30,0		EUR	-	30,0	1 710,2	20 522,9	ápr.19	2,00%	69
6	Signed	Maxildo Kft.	Office < 200		140,15		2010.08.03	2010.08.03	2014.08.02				2015.02.02	2,6	4	8,66	EUR	8,66	14 564				-	-	0,0	1 213,7	14 564,4	4,16%	jan	Annually	EUR-CPI	3,0%	8,3	EUR	8,3	30,0		EUR	-	30,0	1 223,2	14 678,9	márc.16	2,00%	32
7	HOT	TransOcean Shipping Ltd.	Office < 200		63,33		2010.08.03	2010.08.03	2015.08.02				2014.02.02	1,6	3	8,00	EUR	8,00	6 080				-	-	0,0	506,6	6 079,7	-3,75%	jan	Annually	EUR-CPI	3,0%	8,3	EUR	8,3			EUR	-	-	525,6	6 307,7	márc.15	2,00%	20
8	Signed	Használtkaszto Kft.	Office > 200		285,27		2011.03.11	2011.03.11	2014.03.10				2014.09.10	2,2	3	6,00	EUR	6,00	20 539				-	-	0,0	1 711,6	20 539,4	11,67%	jan	Annually	EUR-CPI	3,0%	5,3	EUR	5,3	30,0		EUR	-	30,0	1 601,9	19 223,2	okt.15	2,00%	27
9	Signed	Amarone Kft.	Office > 200		285,09		2010.08.13	2010.08.13	2015.08.12				2016.02.12	3,6	5	7,12	EUR	7,12	24 358				-	-	0,0	2 029,8	24 358,1	25,56%	jan	Annually	EUR-CPI	3,0%	5,3	EUR	5,3	30,0		EUR	-	30,0	1 541,0	18 491,7	márc.17	2,00%	44
10	Signed	Invitel Zrt.	Other 3		1,00		2009.01.01	2009.01.01	2013.12.31				2014.06.30	2,0	5	965,00	EUR	965,00	11 580			EUR	-	-	0,0	965,0	11 580,0	0,00%	jan	Annually	EUR-CPI	3,0%	965,0	EUR	965,0			EUR	-	-	965,0	11 580,0	júl.15	2,00%	25
11	Signed	Pannon GSM	Other 4		1,00		2009.01.01	2009.01.01	2013.12.31				2014.06.30	2,0	5	517,00	EUR	517,00	6 204			EUR	-	-	0,0	517,0	6 204,0	0,00%	jan	Annually	EUR-CPI	3,0%	517,0	EUR	517,0			EUR	-	-	517,0	6 204,0	júl.15	2,00%	25
12	Signed	Peiss Wilmos	Other 5		1,00		2010.11.19	2010.11.19	2015.11.18				2016.03.18	3,9	5	38,00	EUR	38,00	456			EUR	-	-	0,0	38,0	456,0	0,00%	jan	Annually	EUR-CPI	3,0%	38,0	EUR	38,0	30,0		EUR	-	30,0	68,0	816,0	jún.17	2,00%	48
13	Vacant		Office > 1000		4 325,00		2012.07.01		2015.06.30		vacant	6	2015.12.30	3,0	3	5,50	EUR	5,50	285 450			EUR	-	-	0,0	23 787,5	285 450,0	0,00%	jan	Annually	EUR-CPI	3,0%	5,5	EUR	5,5			EUR	-	-	23 787,5	285 450,0			43
			office		5 083,67	0						Average unexpired term		2,78					428 072						0,0	35 672,7	428 073,8															422 882			

Discount rate	9,75%
Monthly discount	0,78%

Year	1	2	3	4	5	6	7	8	9	10
Annual CAPEX (nominal)	351 820									
Annual Fit-out (nominal)	48 030									
Letting fee	10,00%									

Year	1	2	3	4	5	6	7	8	9	10
Annual Letting Fee (nominal)	458	5 207	3 390	30 476	1 704	2 052	0	0	0	0
Monthly CAPEX + Fit-out + Letting (nominal)	33 359	434	283	2 540	142	171	0	0	0	0

Year						1						
Month	1	2	3	4	5	6	7	8	9	10	11	12
	1,0000	0,9923	0,9846	0,9770	0,9695	0,9620	0,9545	0,9472	0,9399	0,9326	0,9254	0,9183
Monthly CAPEX + Fit-out + Letting (nominal)	33 359	33 359	33 359	33 359	33 359	33 359	33 359	33 359	33 359	33 359	33 359	33 359
Monthly CAPEX + Fit-out + Letting (discounted)	33 359	33 101	32 846	32 592	32 340	32 091	31 843	31 597	31 353	31 111	30 870	30 632

Annual CAPEX + Fit-out + Letting (discounted)	383 735	4 548	2 698	22 099	1 126	1 236	0	0	0	0

Market Value	4 300 000

Szugló Office Building, Budapest, Hungary

Cash Flows calculated monthly — All figures shown are annuities

		1.jan.2012 30.dec.2012	31.dec.2012 30.dec.2013	31.dec.2013 30.dec.2014	31.dec.2014 30.dec.2015	31.dec.2015 29.dec.2016	30.dec.2016 29.dec.2017	30.dec.2017 29.dec.2018	30.dec.2018 29.dec.2019	30.dec.2019 28.dec.2020	29.dec.2020 28.dec.2021
	YEAR	1 year	2 year	3 year	4 year	5 year	6 year	7 year	8 year	9 year	10 year
TOTAL INCOME		288 788	431 891	429 940	298 680	421 192	434 027	448 835	461 198	470 422	479 830
EXPENSES	% on income										
Management fees	0,00%	0	0	0	0	0	0	0	0	0	0
Vacancy rate	2,00%	0	8 638	8 599	5 974	8 424	8 681	8 977	9 224	9 408	9 597
Unpaid rent	0,00%	0	0	0	0	0	0	0	0	0	0
Other non-recoverable costs	1,00%	2 888	4 319	4 299	2 987	4 212	4 340	4 488	4 612	4 704	4 798
Marketing	0,00%	0	0	0	0	0	0	0	0	0	0
Property tax	0,00%	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	3,00%	2 888	12 957	12 898	8 960	12 636	13 021	13 465	13 836	14 113	14 395
NET OPERATING INCOME		285 900	418 935	417 042	289 719	408 556	421 006	435 370	447 362	456 309	465 436
RUNNING YIELD (Before CAPEX)		6,11%	8,95%	8,91%	6,19%	8,72%	8,99%	9,30%	9,55%	9,74%	9,94%
RUNNING YIELD (After CAPEX)		6,70%	9,82%	9,77%	6,79%	9,57%	9,87%	10,20%	10,48%	10,69%	10,91%
DISCOUNT RATE	9,75%										
NPV NET INCOME PAID IN ADVANCE	monthly (in arrear)	*270 911*	*366 068*	*331 767*	*212 898*	*269 857*	*253 543*	*238 733*	*223 583*	*207 795*	*193 121* *2 114 332*
EXIT YIELD	8,75%										
YIELD on EMRV	9,81%										
Average YIELD	9,48%										
CAPEX + Fit-out + Letting fees (nominal)	Amount	400 309	5 207	3 390	30 476	1 704	2 052	0	0	0	0
CAPEX + Fit-out + Letting fees (discounted)	Amount	383 735	4 548	2 698	22 099	1 126	1 236	0	0	0	0

MARKET VALUE (after capex) 4 300 000 EURO € 733 / per sqm

					EURÓ	EURÓ	EURÓ	EURÓ			
Properties	Tenant	Period	Office (m2)	Parking	Rent /month	Service	Services /m2	Caution	Contract Date	Floor	
Zugló	Infopatika Kft.	2010.06.30 - 2013.06.30	183,02	0	1 260 €	688 €	4,00 €	4 044,83 €	2010.04.21	1	
Zugló	NETinfobank Kft.	2010.10.01 - 2013.09.30	97,92	0	723 €	392 €	4,00 €	2 526,00 €	2010.09.16	1	
Zugló	Poli-Computer	2011.03.01 - 2016.03.01	239,65	5	1 513 €	890 €	3,70 €	6 009,00 €	2011.02.23	2	
Zugló	IMG Solution Kft.	2011.09.26 - 2012.03.31	46,03	0	285 €	184 €	4,00 €	1 760,00 €	2011.09.22	4	
Zugló	Winform	2010.09.20 - 2017.09.20	195,21	3	1 125 €	761 €	3,90 €	7 075,00 €	2010.09.09	4	
Zugló	Maxaldo Kft.	2010.08.23 - 2014.09.01	140,15	2	1 214 €	533 €	3,80 €	5 729,00 €	2010.08.03	7	
Zugló	TransOcean Shipping Ltd	2012.03.01 - 2014.02.28	63,33	0	506 €	153 €	2,50 €	1 718,00 €		7	negotiation
Zugló	Használtautó Kft.	2011.05.01 - 2014.04.30	285,27	3	1 712 €	1 141 €	4,00 €	7 132,00 €	2011.03.11	8	
Zugló	Amarone Kft.	2010.10.01 - 2015.09.30	285,09	1	2 032 €	1 020 €	3,40 €	8 000,00 €	2010.08.13	9	
Zugló	Invitel Zrt.	indefinite	0	0	965 €	0	0	0	0	10	
Zugló	Pannon GSM	indefinite	0	0	517 €	0	0	0	0	10	
Zugló	Paiss Vilmos	2010.11.19	0	1	38 €	0 €	0,00 €	15 625,00 €	2010.11.19		
			1254,73	14	11 890 €	5 761 €		37 423,00 €			
			25,0%		17 651 €			Gross			



Real value in a changing world

Jaroslav Kopac MRICS
Head of Valuation Hungary
Jones Lang LaSalle

Alkotas ut. 50
1123 Budapest
+ 36 (1) 489 0202
jaroslav.kopac@eu.jll.com

János Tóth
Senior Valuer
Jones Lang LaSalle

Alkotas ut. 50
1123 Budapest
+ 36 (1) 489 0202
janos.toth@eu.jll.com

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Real value in a changing world

Valuation *Report* on Office Building, Hungary

Andrássy u.40-42. Budapest 1061, Hungary

Prepared for
Central European Estates N. V.

December 2011



Central European Estates N. V.
1051 Budapest, Szent István tér 11/b. VII.floor

To the attention of Orly Paran, Managing Director

Jones Lang LaSalle Kft.
Széchenyi tér 7-8., 1051 Budapest

Jaroslav Kopac
János Tóth

Tel: +36 1 489 02 02
Fax: +36 1 489 02 03

jaroslav.kopac@eu.jll.com
janos.toth@eu.jll.com

6th February 2012

Dear Sir,

VALUATION AND REPORT ON OFFICE BUILDING, LOCATED IN ANDRÁSSY U. 40-42. H-1061 BUDAPEST, HUNGARY

We have pleasure in reporting to you in accordance with our valuation engagement letter dated January 10 2012 regarding the above property. We understand that the valuation is required for the financial reporting purposes and auditing purposes of CEE.

We inspected the property on 26th January 2012 and have carried out all the necessary enquiries with regard to rental and investment value, planning issues and investment considerations.

We have not been instructed to carry out a building survey or environmental risk assessment. We have been provided with floor areas by CEE and have assumed that these have been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Code of Measuring Practice (7th Edition).

Basis of Valuation

Our Valuation has been prepared in accordance with the RICS Valuation Standards - Global (7th Edition). The basis of valuation is the Market Value of the property, as at the date of valuation, defined by the RICS as:

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

The full interpretive commentary on this definition is attached at Appendix 3. The report is subject to, and should be read in conjunction with, the attached General Terms and Conditions of Business and our General Principles Adopted in the Preparation of Valuations and Reports, which are attached in the Appendices 1 and 2.

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Having regard to the contents of this Report, we are of the opinion that the Market Value of the Office Building located at Andrássy u. 40-42. H-1061 Budapest, Hungary subject to the assumptions outlined in the following Report, as at 31th December 2011, was in the region of:

MARKET VALUE OF THE PROPERTY

€ 5,000,000

(Five *Million Euros*)

Market Value of the subject property as of 31st December 2011 was HUF 1,555,000,000 (One Billion Five Hundred and Fifty Five Million Forints)

No allowance has been made for any expenses of realization or for taxation, which might arise in the event of a disposal. The property is considered as if free and clear of all mortgages or other charges, which may be secured thereon.

We have not made any deductions for purchaser's or vendor's legal or agents' fees, associated within a purchase or sale, nor have we taken account of any capital gains or other taxes that either party might have to pay as a result of such a transaction.

The property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

Transaction costs typically comprise the following:

(a) Transfer tax (4% for commercial property up to value of approx. € 3.7 mil., 2% for properties with value above € 3.7 mil., with cap of € 750,000 (value of € 37 mil.) (paid by buyer), applicable in case of both asset and share deal, share deal defined as purchase of more than 75% of shares of Property SPV (more than 75% of the SPV value derived from real estate);

(b) Court registration fees: vary according to transaction price;

(c) Notarial fees vary according to transaction price;

(d) VAT at 25% on buildings and land; (as of 1st of January 2012 it is increased to 27%)

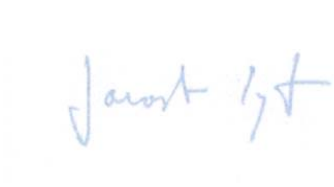
(e) Agent's fees at 1-2% of purchase price plus VAT.

This Report on Property, has been prepared for and only for CEE N.V. for the purposes of assisting to value the property as at 31th December 2011 on the basis of Market Value and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility or liability in respect of the whole or any part of the report or valuation for any other purpose or to any other person or entity to whom the report or valuation is shown or disclosed or into whose hands it may come, whether published with our consent or otherwise, except where expressly agreed by our prior consent in writing.

Finally, and in accordance with our normal practice we confirm that this report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it is to appear.

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Yours faithfully,



Jaroslav Kopac MRICS
Head of Valuation Hungary
Jones Lang LaSalle Kft.



János Tóth
Senior Valuer
Jones Lang LaSalle Kft.

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Appendix 5 ..... Site Map
Appendix 6 ..... Extracts from Land Register
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1 Executive Summary



Address	Andrássy u.40-42., 1061 Budapest, Hungary
Location	The subject facility is located in Pest in the VIth. District, called Terézváros. The District is traditionally middle-class residential area, on 2.3 km^2, with a population of 42,000 people. The subject site is by elegant Andrássy u., between Oktogon and the Opera. Andrássy út is 2.3 km Long Boulevard between Deák tér and Heroes' Square. Together with Heroes' Square, Andrássy út was elected to World Heritage in 2002. The property is also near to busy Teréz /Erzsébet krt. as well. The subject property has efficient access to downtown and outer areas of Pest as well, via the main arterial roads like: Andrássy út or Teréz/Erzsébet krt. The subject property is in a well-established and high-prestige residential and retail area. Major fashion brands like Gucci, Roberto Cavalli and Louis Vuitton are within a walking distance from the valued real-estate.
Description	The building was built in the years of 1870/1880, and in 2000 was totally refurbished. Access to the property can be gained either from Oktogon, or from Deák tér, along Andrássy út. The subject property is easily accessible both by public and private transportation. The sites are surrounded by buildings of similar neo-classical style. The subject property is in a block surrounded by: Andrássy, Nagymező, Mozsár u. and Jókai tér. The property is opposite the newly refurbished Divatcsarnok/Paris Big Dept. Store by Orco. The building was built in the years of 1870's and was refurbished entirely in 2000. The neo-classical style mansion was designed by Ybl Miklós. The building is a twin building, consists of a 5 storey above ground building with cellar and pitched roof. The building has an underground level of 492 m^2 for storages and machinery. The building is 492+2,854 m^2, altogether 3,346 m^2 consisting of ground floor, 3 levels and an attic level. On the street front of the ground floor, there are two retail units with additional

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levels in the basement and on the first floor as well. The rentable retail area is 583 m^2, the average floor plan is between 549 - 589 m^2. The internal height of the offices is 3 - 3.2 m on average, as for the ground floor retail areas, the internal height is 4.1 m. The building has a massive structure of thick brick walls. The street façade is nicely decorated with ornaments of classical style. The pitched roof is covered by tiles. The partitioning is plaster board, the vertical traffic is provided by 2 nicely designed staircases and 1 elevator for 3 persons. The office areas are arranged by central corridors. The toilets and kitchenettes are situated at the ends of each floor. The common areas, the water blocks are covered by GRES, the office areas are covered by carpets. The inner walls are painted and covered by wallpaper. Smoke-detectors are provided.

The natural light is acceptable throughout the whole building.

Accomodation

The property provides the following accommodation:

Table 1. Sample Property accommodation schedule

Accommodation	Share	Gross Rentable Area (sq m)
Office	74.8%	2,070
Retail	21.0%	583
Storage	4.0%	113
Total	100%	2,766

Source: CEE

Tenure

We have been supplied with a copy of the extract from Cadastral Land Register of Title List N°29068 and 29069 cadastral district no. 2. of Budapest, dated 24th January 2012 confirming the interest of Andrássy-Viola Kft. over the subject property. The document identifies the sites comprising a total area of 854 sq m.

Tenancy

At the date of valuation the property was 40.0% occupied and leased to 2 tenants. The weighted average unexpired lease term within the subject property is approximately 6.21 years.

The current rental income from the property is equal to € 197,048 per annum.

Gross Rental Income in Year 1

€ 342,207

Estimated Market Rental Value

€ 475,425 p.a.

Key DCF Assumptions

We have applied exit yield of 8.5%

Based on the property's location, projected achievable rental income stream and its position in the market we have applied a discount rate of 9.5% showing a net initial yield of 6.82%, in the following years yields stay

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between 6.49% and 10.60%.

Valuation at 31th December 2011

Having regard to the contents of this Report, we are of the opinion that the Market Value of the Office Building in Budapest, Hungary subject to the assumptions outlined in the following Report, as at 31th December 2011, was in the region of:

MARKET VALUE OF PROPERTY

€5,000,000

(Five M*illion Euros*)

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2 Location

2.1 Macro Location

The subject property is located in Budapest, the capital of Hungary, a landlocked country strategically situated in central Europe. The country has made strong progress over the last 10 years culminating in Hungary's accession to the EU in May 2004. The country is bounded by Croatia and Serbia to the south, Austria and Slovenia to the west, Slovakia to the north, Ukraine to the north-east and Romania to the south-east.

The map below shows the location of Budapest in national context of Hungary.

Map 1: Location of Budapest in national context of Hungary



Hungary's domestic market is the third-largest in Central Eastern Europe in US dollar terms (after Poland and the Czech Republic). Hungary is also one of the region's most open economies, with significant sectors now tied closely to Western Europe via trade and foreign investment. Given its high exposure to EU markets, the strength of EU demand has a clear impact on the economy.

Foreign direct investment (FDI) has played a significant role in modernising production and redirecting trade from east to west, in large part thanks to an aggressive privatisation policy in the mid-1990s. The vast majority of the telecommunications, banking, utilities, manufacturing and television sectors are now in private hands, and the private sector accounts for about 80% of GDP, one of the highest shares in the region.

Hungary has rapidly become a service-focused economy, like its fellow EU states. Budapest is the administrative and business focus of Hungary with a population of approximately 1.7 million, and is one of the most attractive financial and commercial centres in the Central Eastern European region with a relatively low level of unemployment. Due to its proximity to Western Europe and enormous market and workforce potential driven by the full EU membership, it offers an attractive business environment with a full range of modern business services and well-trained professionals familiar with Western standards.

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The major economic indicators for Budapest are as follows:

Table 2: Budapest indicators

City	Population	Unemployment Rate	Economic Entities	Average Gross Monthly Salary (HUF)
Budapest	1 733 685	6.6%*	413,000	211,400

Source: Statistics Office of Hungary, Q3 2011

*Unemployment Rate of Central Hungary Region Q3 2011 based on the database of Hungarian Public Employment Service (ÁFSZ)

Budapest is in north-central Hungary, some 250km southeast of Vienna. The focal point is the Danube River, which bisects the city into two distinct parts: Buda and Pest. Sample Property is situated on the Buda side on Y Road, in the 11th administrative district of the City.

2.2 Micro Location

Offices along Andrássy út have a special feature of being nicely refurbished old palaces which were built at the end of the XIX.century in a classical / neorenessaince style of architect. The size of these palaces is between 1,500 – 8,000 sq m in general, offering high ceiling office accommodation in a historical environment. The offices are benefiting from the unique location of Andrássy út, which is a real boulevard of Budapest. The 2.3 km long boulevard became a member of World Heritage in 2002. The first underground line of the Continent built in 1896, has a line under the Andrássy út, enhancing the historic atmosphere of the area.

The following refurbished A class office accommodations are situated along Andrássy út, near to the subject palace, between Oktogon and Hero's Square: Andrássy u. 100. Office was built in 1890 offers 6,000 sq m office space and 124 units of car-parking. The rental fee is between: EUR 12.0 – 12.5 / sq m/month. In the Andrássy u. 70. Office of 3,300 sq m office area with 14 units of car-parking, offices are available for EUR 13.70 / sq m/month. Andrássy Palace Office Building in Andrássy u. 62., was built in 1880, and was refurbished in 1989 offering 1,500 sq m office solution for EUR 10.0 – 16.0/ sq m/month without in-house parking.

A location plan is attached in the Appendix 4 to this report.

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3 Description

3.1 Site

Characteristics

The subject sites are located in the 6th district. They are flat and regular rectangular shape and extends to 854 m2. The site consists of two plos: plot n° 29068 and plot n° 29069.

The subject Property benefits from excellent visibility from Andrássy u.

A site map is attached in Appendix 5 of this Report.

Access

The subject property is easily accessible both by public and private transportation. The facility is easy to access by car from all directions of the city from Andrássy út, or Teréz/Erzsébet krt., by public transportation, the easiest way to take metro line 1. up to Oktogon or Opera terminal, or to take trolley-bus no: 70 or 78.

3.2 Services

We understand that the subject property has all the main services including: water, sewage, electricity, gas and telephone.

3.3 Property Description, Construction and Condition

The building was built in the years of 1870's and was refurbished entirely in 2000. The neo-classical style mansion was designed by Ybl Miklós. The building is a twin building, consists of a 5 storey above ground building with cellar and pitched roof. The building has an underground level of 492 m2 for storages and machinery. The building is 492+2,854 m2, altogether 3,346 m2 consisting of ground floor, 3 levels and an attic level. On the street front of the ground floor, there are two retail units with additional levels in the basement and on the first floor as well. The rentable retail area is 583 m2, the average floor plan is between 549 - 589 m2. The internal height of the offices is 3 - 3.2 m on average, as for the ground floor retail areas, the internal height is 4.1 m.

CONSTRUCTION

The building was built by the traditional construction meterials of its age. The building is brick-built. The vertical traffic is provided by 2 nicely designed staircases and 1 elevator for 3 persons. The office areas are arranged by central corridors. The toilets and kitchenettes are situated at the ends of each floor. Smoke-detectors are provided.

External Facade

The street façade is nicely decorated with ornaments of classical style. The pitched roof is covered by tiles. The partitioning is plaster board, the vertical traffic is The windows are openable and with traditional wood frames and equipped with insulation.

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Walls

The building has a massive structure of thick brick walls. The partitioning is plasterboard. The inner walls are painted and covered by wallpaper.

Floors

The common areas, the water blocks are covered by GRES, the office areas are covered by carpets. The inner walls are painted and covered by wallpaper.

The building is principally fitted out to an 'A' class standard and also it has high quality, environment friendly building specification is as follows:

Office fit out:

- -Partly provided suspended ceiling
- -carpet floor covering
- -wall paper
- -fan coil heating/cooling
- -computer connections

Condition

The property, where inspected, is presented to a satisfactory standard.

Photographs taken on the date of inspection are included within the Appendix 7 of this report.

3.4 Soil Conditions and Contamination

We understand that the subject building does not have any negative impact on the environment, humans or surrounding buildings. It has been built using materials that do not have any deleterious effect on the natural environment or human health.

Additionally we are not aware of the content of any environmental audit or other environmental investigation or report which may have been carried out on the property, and which may draw attention to the existence or possibility of any contamination. The property has been assessed on the basis of no actual or potential contamination and that the building is fit for its intended usage.

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4 Legal

4.1 Tenure

We understand that company Andrássy-Viola Kft. holds the Right of Freehold over the subject property registered in Cadastral Land Register (Budapest 2. sz. Körzeti Földhivatal) as detailed in the table below.

Table 4: Plots of land schedule

No.	Plot no.	Use	Area (sq m)	Owner
1	29068	Office Building	422	Andrássy-Viola Kft.
2	29069	Office Building	432	
Total			854	

Source: Extract from Cadastral Register, dated 24th January 2012

4.2 Title No.

We have been supplied with a copy of the extract from Cadastral Land Register of Title List N°29068 and N°29069 of cadastral district of no. 2. Budapest, dated 24th January 2012 confirming the interest of Andrássy-Viola Kft. over the subject property. These documents identify the sites have a a total area of 854 sq m.

The cadastral extract records a mortgage in the amount of € 10,500,000 in favour of CIB Bank, who esatblished a buying option on the property up to January 10 2016 as well.

BC TP Kft. established a right of sale with ownership reserve on the subject as well.

For the purpose of this valuation we have assumed that all the loans were repaid and settled as of the date of valuation and all the rights of ways are fully transferable to any other successive owner and have no financial obligations.

4.3 Planning

The property lies in an area administered by the Municipality of District VI. We understand the area is regulated by the 321/2011. (III.23.) Zoning Restriction of the Metropolitan Municipality, which is the local zoning plan. The subject property is situated in the VK-VI-R. Building Restriction which has the following development parameters:

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Table 5: Summary of Zoning Plan (VK-VI-R)

Building Plot					Building	
Smallest Land Parcel Allowed	Maximum Allowed			Minimum Mandatory	Minimum Mandatory	Maximum Allowed
Size (sq m)	Built in Ratio (%)	Floor Area ratio (sq m / sq m)	Built in Ratio Below Ground (%)	Green Surface Ratio (%)	Height of the Building (m)	
800	80	5.5	90	10	16	25

Source: 51/2005. (XI.23.) Zoning Restriction of Local Municipality

4.4 Tenancy

We have been provided with the tenancy schedule dated December 2011 by CEE for the subject property and we understand that the subject building provides 2,766 sq m of total gross lettable area, including 2,070 sq m of office space, 583 sq m of retail area, 113 sq m of storage area. The property does not provide in-house, accommodation for parking.

At the date of valuation the property was 40.0% occupied and leased to 2 office tenants, who are leasing storages as well. The weighted average unexpired lease term within the subject property is approximately 6.21 years.

The current rental income from the property is equal to € 197,232 per annum. The EMRV from vacant areas equals to € 278,376 per annum.

The Estimated Market Rental Value ("EMRV") from the whole property is equal to € 475,425 per annum.

According to the provided information the rents are generally subject to the annual indexation. The lease agreements are indexed annually according to Eurozone CPI. The rents are denominated in EUR. The rents are paid monthly.

The tenants signed the lease agreement for a definite time period.

The rents do not include service charges which are paid separately.

The detailed tenancy schedule can be found in the Appendix 8 to this report.

Below we summarise the main provisions of a standard lease agreement for the subject Property:

Landlord	Andrássy Viola Kft.
Tenant	CIB Bank
Lease Term	The lease has been granted and accepted for a definite period of 10 years commencing on March 29, 2010.

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Option to Extend	Provided that the tenant has not breached any of its material obligations under the Lease or applicable laws, the tenant may claim to extend the Lease under the terms agreed and to do so only one time and just for additional period of either five (5) or three (3) years upon its discretion commencing on the first date after the last date of the original Lease.
Base/Current Rent	Table 6: Current Rent

Use	Lettable Area (sq m)	Parking Places	Rent (EUR/sq m p.m.)
Retail	995.25		40.00
Storage	113.57		3.00

Indexation	With effect from 1st January 2011 and each year thereafter. Harmonised Index of Consumer Prices of the European Union (Euro Zone), published by Eurostat.
Service Charge	4.00 Euro/ sq m/ month.
Bank Guarantee & Guarantee Deposit	Guarantee deposit guaranteeing financial obligations of the tenant under the lease in the amount of € 25,307
Property Taxes	The tenant shall pay all taxes, levies, administrative charges, fees and similar sums pertaining to its use and occupation of the leased premises, provided that the tenant shall not be obliged to bear the cost of levies, taxes, charges payable by the landlord on the rent received.
Insurance	The tenant undertakes to obtain and keep in force during the term of the lease at its own expense adequate civil liability insurance against third party claims arising from physical injury and property loss or damage in the leased premises and insurance against damage and loss of all property in the leased premises including all landlords moveable fixtures and lettings and adequate business interruption insurance.
Termination	The Lease may only be terminated by notice give under the conditions set out in the Lease.
Repairs	The tenant undertakes at its own expense to maintain the leased premises in good order and to keep the car parking spaces in good order and free from rubbish. The tenant shall also be responsible for maintenance and repair of the interior of the leased premises, the fit out works, the tenant's own works and all other additions, modifications or improvements made to the leased premises by the tenant.
Alienation	The tenant may not assign or sub-let the leased premises without the prior written consent of the landlord excluding exceptions stated in the lease.
Alterations	The tenant shall not carry out any alterations, modification or improvements to the leased premises without the prior written approval of the landlord.

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Delivery	The tenant shall deliver possession of the leased premises to the landlord in such state of repair and condition, and complete with all such fixtures, fittings and other items as is consistent with the full performance by the tenant of all its obligations under the lease.
Other restrictions	Subject always to the landlord's right to require the tenant to remove alterations at the end of the lease term in accordance with the conditions provided in the lease.

A detailed tenancy schedule can be found in the Appendix 8 to this report.

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5 Market Commentary

5.1 Hungarian Economy Key Macro-Economic Indicators

Key Macro-Economic Indicators: 2008-2014	2008	2009	2010	2011F	2012F	2013F	2014F
Real GDP (% change)	0.6	-6.5	1.1	1.5	-0.8	2.1	3.4
Real Consumer Spending (% change)	-0.2	-5.7	-2.7	0.1	-2.7	3.0	4.2
Real Imports of Goods and Services (% change)	5.5	-14.8	12.8	5.9	-2.8	2.5	4.4
Real Exports of Goods and Services (% change)	5.7	-10.2	14.3	9.0	0.6	3.7	4.6
Industrial Production Index (% change)	-0.1	-17.6	10.5	5.3	3.0	4.4	5.0
Consumer Price Index (% change)	6.1	4.2	4.9	4.1	4.8	2.3	3.2
Policy Interest Rate (%)	10.0	6.25	5.75	7.0	7.75	6.0	5.25
Population (mil.)	10.02	10.0	9.98	9.97	9.95	9.93	9.92
Unemployment Rate (%)	7.8	10.0	11.2	10.9	11.0	10.9	10.8
Current Account Balance (% of GDP)	-7.3	-0.1	1.1	1.4	1.5	1.8	1.5
Exchange Rate (LCU/US$, end of period)	187.91	188.07	208.65	240.68	243.08	233.64	228.06
Exchange Rate (LCU/Euro, end of period)	261.53	270.92	278.79	312.93	320.85	320.10	321.57

Source: IHS Global Insight, January 2012; F=forecast

General overview

The open Hungarian economy is largely exposed to deteriorations in the economic and financial conditions in the Eurozone. This comes from its relatively high levels of public and external debt, financing ratios, sizeable stock of portfolio investment, Swiss franc-denominated mortgage debt and a mainly Western European-owned banking sector. Due to the high debt levels, weak growth prospects and uncertainty about the country's ability to meet fiscal goals, Moody's decided to lower Hungary's debt rating from investment grade to speculative in November. Default insurance costs of the country's sovereign debt rapidly surged to a record high and the government announced its outline for a new economic growth plan and acquire a financial safety net from the IMF based on a precautionary agreement. In the wake of the downgrade the Hungarian Monetary Council raised the key rate by 50 bps to 6.50% to defend the currency and limit capital flight, which was according to market expectations.

In December, the government recalculated the 2012 budget, as weaker growth forecasts and devaluing HUF put a HUF 320 billion dent in the budget. To reach the 2.5% of GDP deficit target with a GDP growth at 0.5% for 2012 and a weaker HUF, the government decided to use HUF 200 billion from the national protection reserves, HUF 120 billion from further contributions of citizens who remained in the private pension funds and another HUF 20 billion from higher excise tax on tobacco products.

The national development minister submitted his resignation to focus on talks with the IMF and the EU in the hope of reaching an agreement by mid January. Informal talks between the delegations broke down in mid December after the Parliament scheduled to debate a bill on the new Central Bank Act which aimed to give the central bank more rate-setters, a third deputy governor and require the board of directors to submit their agenda to the government. The bill was passed at the end of December and although several changes were applied to please the European Central Bank it made communication with the IMF bitter. The NBH hiked the base rate up to 7% at the end of December while the next rate settling meeting is scheduled for 24th January. A further increase of 50bps is expected in an attempt to strengthen the Forint until the government secures an IMF/EU safety net.

By mid-January both S&P and Fitch downgraded the country, reflecting on the problematic situation with the IMF, the EU and the deterioration in the country's fiscal and external financing environment and growth outlook. Informal talks with the IMF continued and it became clear that the country can only obtain a stand-by-agreement instead of a precautionary one and only in case it shows a strong commitment to engage on all the

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policy issues that are relevant to macroeconomic stability. The communication between Hungary and the IMF/ EU is changing remarkably as the government finally started to show signs of its willingness to change the criticised laws. IMF representatives also commented on the discussions as being “useful” and due to the easing tensions, the HUF started to strengthen back.

Statistical figures

The global economic boom considerably lost impetus to date in 2011. Developed countries are forecast to increase their economic performance this year by 1.6% on average, while developing and emerging states by 6.4%. A more dynamic growth in case of developed national economies is prevented by adjustments needed because of problems on labour markets and fiscal disequilibria (high budget deficits and indebtedness). The growth of the economic performance of the United States was slowing down to date in the year. The GDP became 1.8% higher on average in the first three quarters of the year. In addition to expenditures on consumption exports contributed to the expansion of the northern America economy. In the region of Asia the gross domestic product of Japan was declining from the beginning of the year, the performance decreasing by 0.8% in January–September 2010. The economy of China grew by 9.4%in the first three quarters of the year, though the rate of increase was gradually losing momentum. Despite the slowdown the economy of the European Union (EU-27) increased by 1.8% on average in the 1st–3rd quarters of 2011 compared to the corresponding period of the previous year. The engine of growth remained Germany (3.4%), although the rate of its expansion fell significantly. In the euro zone a 1.8% growth was recorded in the first three quarters. Similarly to the majority of developed countries the economic growth of Hungary also lost impetus. The gross domestic product of Hungary increased by 1.4% in quarter 3 of 2011 and by 1.8% in the first three quarters of 2011 compared to the same period of the previous year. According to seasonally and calendar-adjusted data, used for international comparisons, the rate of increase was 1.7% compared to January–September 2010, which put Hungary in the middle of the ranking of Euro .

Although the external boom becoming less favourable was reflected by the external trade performance of Hungary, too, on the expenditure side external trade is still the only factor of growth for the Hungarian economy. In the first three quarters of 2011 the volume of exports and imports – along with a continuous deceleration measured within the period – rose by 10% and 7.7% respectively. In the first nine months a surplus of HUF 1754 billion was generated on external trade, which was equal to 8.6% of gross domestic product. In January–September the exports and imports at constant prices of external trade in goods, accounting for the majority of international trade, rose by 12% and 8.7% respectively. In the field of services exports and imports also expanded, by 4.4% and 1.7% respectively. Domestic demand did not start to recover: in the period of January–September a decrease of 1.0% occurred in domestic use as a consequence of the stagnation of actual final consumption and a significant fall of gross fixed capital formation. Actual final consumption, representing more than eight-tenths of domestic use, essentially stagnated on average in the first three quarters (- 0.1%). Within this the actual final consumption of households hardly changed as well (+0.1%), while the volume of actual final consumption of government, accounting for about one-eighth of actual final consumption, decreased by 1.4%.

Household final consumption expenditure was essentially unchanged in the first nine months of 2011 (-0.1%) compared to the corresponding period of the previous year. In effect, final consumption expenditure was not affected by the payment of real returns by private pension funds in August. However, the volume of social transfers in kind – from the government and the non-profit institutions serving households – to households increased by 0.9%. The volume of gross fixed capital formation was 6.4% lower in the first nine months this year than one year before, and the decreasing trend was further strengthened by a fall of 8.6% in the 3rd quarter. All this considerably lowered the expansion of economic performance. According to investment statistics investments in the national economy, accounting for the overwhelming part of gross fixed capital formation, were down by 5.4% in quarter 3 and by 4.5% in the first nine months. In January–September construction investments were significantly (15%) lower than one year earlier, while investments in machinery and equipment rose (by 10%). The output of investments was lowered in the majority of industries. As dwelling constructions went on decreasing investments in real estate activities were 22% less than in the same period of the previous year. In case of transportation and storage a fall of 23% was recorded, since investments were completed in several transport branches. Out of industries having relatively large weight a considerable rise occurred only in

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manufacturing (28%), within which volume increases were observed for the majority of branches as well. Primarily individual large investments showed substantial growths in a few industries of relatively low weight: in mining and quarrying (33%) and in human health and social work activities (44%). Additional rises were measured in scientific and technical activities (12%) and in agriculture (4.3%). The stock of inventories in the 3rd quarter increased by HUF 175 billion at current prices, however, the change of inventories had a negative impact on economic expansion for the first time after six consecutive quarters. In quarters 1–3 the level of inventories rose by HUF 250 billion. In January–September 2011 the performance of the Hungarian economy from production (output) side was influenced by the continuously decelerating industry as well as agriculture. The performance of agriculture rose by 27% over nine months, within which very significantly, too, by 29% in the 3rd quarter. The considerable volume increase in the branch was caused by improving yields. In January–September 2011 the gross value added by industry grew by 6.8%, mainly as a consequence of the expansion of manufacturing by 8.1%, thus contributing significantly to GDP growth. In quarter 3 the slowdown of the performance, lasting for a year, continued. The volume of industry rose by 3.5%, while that of manufacturing by 4.6%. The slowdown was due to the high base as well as the deceleration of external demand. The performance of export-oriented enterprises continues to be considered as the engine of industrial production. Among manufacturing branches production increased considerably in the manufacture of transport equipment, basic metals and fabricated metal products as well as machinery and equipment n.e.c. and in textile industry.

According to the latest available data broken down by branches, the volume of industrial production in October – along with deteriorating external conditions of recovery and the high base registered one year before – increased by 3.0% compared to the corresponding period last year. Exports were up by 1.0%, while domestic sales fell by 6.3%. In the first ten months of the year the volume of production was 5.8% higher than one year earlier, with an 8.1% expansion of sales on external markets and a 5.3% decrease of domestic sales. Among the sections of industry the volume of production in manufacturing in January–October grew by 6.2%, while the output of the energy sector diminished by 1.4%. The volume of production in mining, having small weight in production, was 13.2% higher than in the same period of the previous year.

The forint price level of external trade grew by 1.5% in exports and by 2.7% in imports in January–September, so the terms of trade deteriorated by 1.2%. Our national currency strengthened over a year by 2.4% against the major currencies in the first nine months of the year, within which revaluations of 1.4% and 7.9% were measured against the EUR and the USD respectively.

In the period of August–October 2011 and considering the 15–64 year-old population 36 thousand more people were working than one year earlier. The number of employed persons came to 3 million 828 thousand, which was 0.9% higher than in August–October 2010. The employment rate of 56.6% calculated for this age group was 0.6 percentage point higher than in the corresponding period of the previous year.

According to the latest staff number data of institutional labour statistics there were 2 million 693 thousand employees in the observed group of organizations in the national economy in the period of January–October 2011, 6 thousand (0.2%) less than one year before, which means a practically unchanged level. In the first four months within the period somewhat more people were working, while in the months of May–October slight decreases were observed in the staff number. In the different areas of the national economy trends of opposite direction continued to be recorded.

In the first ten months of the year average gross earnings – based on accounting records – were HUF 209 900,, 4.6% higher in nominal terms than one year before. The monthly average amount of net earnings equalled HUF 139,200, which was 5.8% higher than in January–October 2010. Net earnings were HUF 142,200 at enterprises, HUF 133,200 in the public sector and HUF 124,600 in the non-profit sector. Relatively significant, 7.4% and 8.1% increases were recorded in earnings in the private and the non-profit sectors respectively, while a more modest, 1.3% rise was observed in the public sector.

The rate of increase of consumer prices – because of the substantial price rises of motor fuels as well as electricity, gas and other fuels – accelerated further, so prices increased by 4.3% in November compared to the same month of the previous year. The price rise in January–November was 3.9% on average.

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The consolidated, cash-based deficit of the general government (without local governments) – according to preliminary data of the Ministry for National Economy – was HUF 1248 billion in the period of January–November 2011, HUF 57 billion less than in the same period of the previous year. The revenue of the general government amounted to over HUF 11.9 trillion, its expenditure to HUF 13.2 trillion, which was 3.5% and 2.7% more respectively than one year before. The purchase of a parcel of MOL shares increased expenditures by some HUF 500 billion, while the revenue from the Pension Reform and Debt Reduction Fund, received during the months of October and November and amounting in total to about HUF 420 billion, raised the level of revenues. Among the sub-systems the balance of the central government shows a deficit of HUF 1296 billion following a deterioration of HUF 14 billion. Improvement was recorded in case of social security funds: the deficit of HUF 30 billion was HUF 71 billion less than in the same period last year. A surplus of HUF 79 billion was measured for extra-budgetary funds, the same amount as in January–November 2010.

Source: KSH, 20 / 12 / 2011

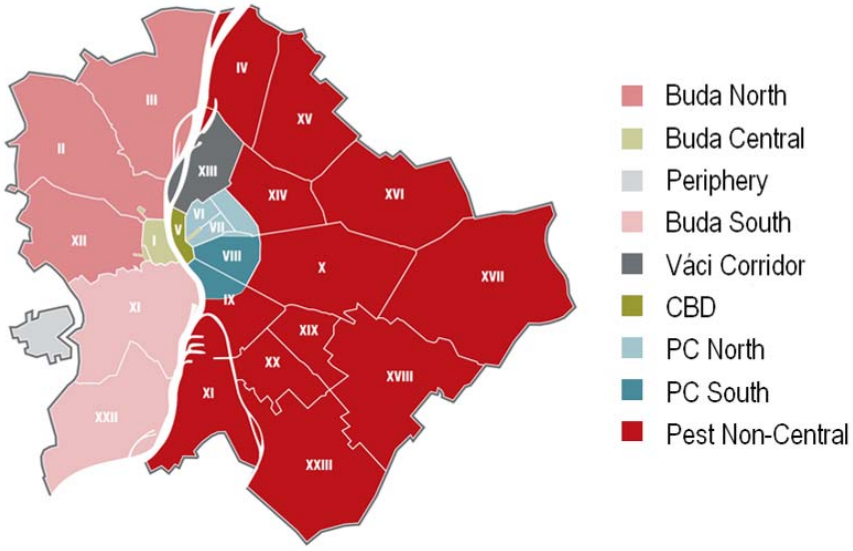
5.2 Budapest Office Market Overview

Stock and Supply

At Q4 2011 the Budapest modern office stock consisted of 3,158,900 sq m modern Grade 'A' and 'B' office space. During the last 5 years the market saw a significant increase in the volume of supply as several new projects have been completed, but it is important to mention that due to the strickt financing conditions and the uncertain market environment the volume of speculative developments show a significant fall compared to years such as 2008 and 2009.

In 2011, a total of 87,425 sq m new office space was completed, which is the lowest annual volume of the past 7 years. Only six new office buildings were completed, out of which one was an owner occupied development. The new buildings of K&H Bank; Millennium H (11,980 sq m) and Millennium K (38,900 sq m) were handed over in Pest Central South submarket while Laurus office building (14,016 sq m) and the office component of KÖKI Terminál (6,325 sq m) were added to the stock of the Pest Non Central submarket. All four buildings were completed in Q4 2011. Additionally two other developments were completed at the first half of 2011: Calasanz Downtown Offices in the CBD on 1,700 sq m and Officium, the office component of Akadémia Park development on 14,500 sq m in Buda North. The average vacancy of the buildings completed in 2011 was 15.7% at completion which clearly shows the trend that developers are not willing to start new constructions on a purely speculative basis anymore.

Map 1: Budapest Submarket Map



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Source: Jones Lang LaSalle 2011

Table 1: Office Completions in 2011

Building name	Size (sq m)	Date of completion	Type
CDO	1 700	Q1 2011	speculative
Officium	14500	Q2 2011	speculative
Millennium K	38 900	Q4 2011	Owner occupied
Millennium H	11 984	Q4 2011	speculative
Laurus	14 016	Q4 2011	speculative
KÖKI	6 325	Q4 2011	speculative

Source: Jones Lang LaSalle Q4 2011

Looking ahead there is a very limited pipeline, hence annual volume of new completions will reach a historic low in 2012. We expect only 35,500 sq m new office space to be handed over in three buildings, all of them being speculative projects. That said the completion of these project might be postponed further to 2013 as they did not manage to secure any pre-leases so far making construction works and further financing problematic. At the moment we expect the following projects to be handed over: V 67 in Váci Corridor by Spanish developers on 2,200 sq m (H1 2012), Green House by Skanska on 17,800 sq m in H2 2012 and Váci Greens by Atenor on 15,500 sq m in H2 2012. Completion of the latest project is highly questionable as construction works have been pending since year end 2011.

There are three offices in the pipeline to be handed over between 2013 and 2014 amounting to 53,000 sq m: the third phase of Office Garden on nearly 18,500 sq m, the new KPMG headquarter on 20,500 sq m by Futureal, and the prestigious Eiffel Palace 14,000 sq m in the CBD which will serve as PWC's new headquarter upon completion. Neither of these developments started yet.

Table 2: Future Supply 2012-2014

Building name	Size (sq m)	Year	Quarter	Refurbishment or new development	Type
Green House	17 800	2012	Q4	New	speculative
Váci Greens A	15 500	2012	Q4	New	speculative
V67	2 200	2012	Q2	new	speculative
Office Garden Phase III	18 513	2013	H2	New	speculative
Eiffel Palace	14 000	2014	Q1	New	64% prelet
K4	20 500	2014	Q1	New	50% prelet

Source: Jones Lang LaSalle Research Q4 2011

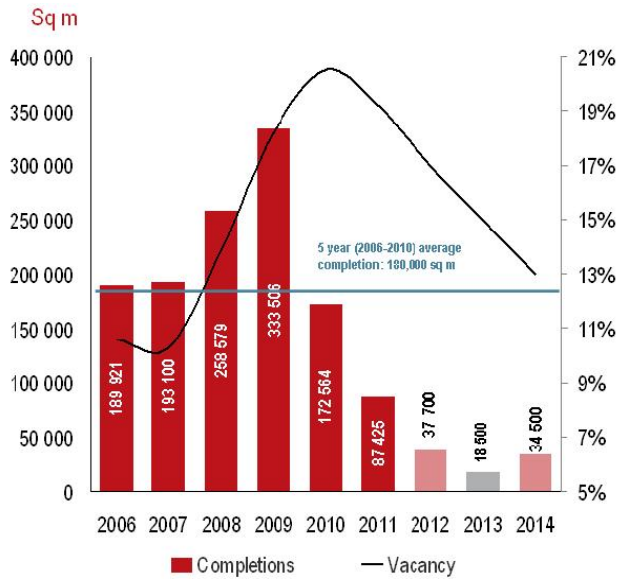
Table 3: Office completions in 2011 by Submarkets

Submarket	Size (sq m)	Percentage
CBD	1,700	1.9%
Pest Central South	50,880	58.2%
Pest Non-Central	20,340	23.3%
Buda North	14,500	16.6%

Source: Jones Lang LaSalle Q4 2011

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Graph 1: Office Completion Levels and Future Supply



Source: Jones Lang LaSalle Q4 2011

Demand / Take-up

In 2010 total demand reached 306,650 sq m out of which 34.9% were lease renewals. Net take-up (including new leases, expansions and pre-leases) represented 58.8% of the total demand and 6.3% was owner occupied office occupancy. However the total demand slightly decreased compared to the previous year, the ratio of new lease transactions versus renewals remained stable. In 2009 total demand reached 373,150 sq m out of which renewals amounted to 121,620 sq m. apart of the large share of renewals there were several BTS transaction in 2009 as well which represented 78,700 sq m altogether.

Pre-lease activity within the market was low until 2008 (around 25,000 sq m per year) but in 2008 and 2009 the market saw more significant pre-lease activity with 82,572 sq m and 52,181 sq m respectively per year. This trend stopped in 2010 and pre-leases practically disappeared from the market as we registered only 7,468 sq m of pre-lease activity. In 2010 only GTC Metro has managed to secure 100% tenancy before its completion but this pre-lease agreement was signed in 2009.

The most significant office transaction was the move of Allianz Insurance into their new 17,202 sq m in owner occupied office at K3. The three largest speculative transactions were all lease renewals: Ericsson in Science Park (12,829 sq m), Sanoma in Szépvölgyi Office Park (8,500 sq m) and SAP in Graphisoft Park (8,500 sq m). A total of 483 leasing transactions were closed throughout the year with an average size of 635 sq m.

Involvement of tenant representation agencies gains increasing importance by large occupiers as many future office projects are offered for pre-lease and/or built-to-suit HQ. Tenants can now achieve favourable conditions and rents with the experience of a professional advisor.

According to market expectations demand strengthened in 2011 on 2010. Gross take-up reached 394,650 sq m which is a massive increase of 28.7% year on year . Net take up was also above the 2010 level. The volume of

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new transactions, expansions, preleases and owner occupation reached 242,226 sq m which indicates an increase of 21.6% year on year, again a positive trend in terms of demand.

The composition of the annual demand shows that renewals represented a high share in 2011, similarly to 2010 and 2009. Lease renewals had a share of 38.6% almost the same ratio as new leases with 38.8%. Expansions represented 16.2% while preleases 5.8%. There was only one owner occupation accounting for a mere 0.6%. The largest transactions were new leases signed in Q4 2011, a company from the public leased 20,800 sq m in Spirál, while KFKI signed for 15,100 sq m in South Buda Business Park. Both buildings have been vacant for several quarters therefore these new leases play an important role in the quarterly net absorption. There were several large renewals as well: NSN extended its lease in CityGate on 13,000 sq m so did Raiffeisen on 11,900 sq m in Akadémia Center. Unlike 2010 two larger preleases were also signed in 2011. KPMG decided to move in 2014 into a new office at Váci Corridor, developed by Futureal on a total of 20,500 sq m. KPMG will occupy 8,500 sq m at first with a further expansion option on nearly 1,500 sq m. The other prelease transaction was also signed by PWC on 9,000 sq m in Eiffel Palace located in the CBD.

Graph 2: Structure of Take-up in Budapest



Source: Jones Lang LaSalle Q4 2011

Having a closer look at the graph above, we can see that Budapest has been witnessing continuous growth in net take-up until 2008. As the economic crisis hit the market the ratio of renewals rose while the share of new transactions and expansions decreased. In 2011 renewals took 38.6% of the total demand while this ratio was 34.9% in 2010, 36% in 2009 and only 19% in 2008. Large corporations opted to renegotiate their current premises and renew their lease, in some cases even before the lease expiry to be able to lock-in rents considered by many to be at the lowest point of the cycle.

Although we expected that in 2011 we would record a lower share of renewals compared to 2010, there were still many companies who decide to extend their lease agreements at their current locations. That said net take up shows an increasing trend since 2009 even in case the growth is very limited.

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Table 4: Major Deals 2011

Sub-market	Building	Tenant	Size (sq m)	Type of deal	Quarter
Pest Central South	Millennium Tower I	Vodafone	10,500	renewal	Q1 2011
Buda North	Maross utca BC	Edukacio	3,750	new	Q1 2011
Buda Central	Margit Ház	Magyar Takarékszövetkezeti Bank	3,670	new	Q1 2011
Pest Non-Central	Laurus Offices	BDO Forte	3,600	prelease	Q1 2011
Pest Central South	Millennium Tower III	MSD	2,500	new	Q1 2011
Buda South	K2	Sykes	2,230	renewal	Q1 2011
Pest Central South	Citygate	NSN	13,000	renewal	Q2 2011
CBD	Akadémia Center	Raiffeisen	11,900	renewal	Q2 2011
Váci Corridor	WECC	Unisys	4,100	renewal	Q2 2011
Pest Central South	IP West	BT	3,300	renewal	Q2 2011
Buda North	Officium	confidential	3,000	new	Q2 2011
Buda Central	Imperial Krisztina	confidential	12,000	renewal	Q3 2011
CBD	confidential	confidential	9,000	prelease	Q3 2011
Váci Corridor	K4	KPMG	8,500	prelease	Q3 2011
Pest Central South	Studium	Nokia	6,500	renewal	Q3 2011
PCN	Park Atrium	Deloitte	4,800	renewal	Q3 2011
Váci Corridor	Optima A	Zepter	3,345	renewal	Q3 2011
Pest Central South	Arena Corner	Citibank	3,140	expansion	Q3 2011
Pest Central South	Arena Corner	Citibank	3,000	renewal	Q3 2011
Buda South	IP West I	NXP	2,600	renewal	Q3 2011
CBD	Ybl Palota	Cameron Mckenna	2,500	renewal	Q3 2011
CBD	First Site Offices	Plug and Work	2,400	new	Q3 2011
Váci Corridor	Spirál	confidential	2,000	new	Q4 2011
Buda South	South Buda BP	KFKI	15,136	new	Q4 2011
Váci Corridor	Spirál	confidential	8,000	renewal	Q4 2011
Pest Central North	Rumbach Center	confidential	4,860	new	Q4 2011
CBD	Bank Center	Citibank	3,485	new	Q4 2011

Source: Jones Lang LaSalle Q4 2011

Out of the 596 transactions, which were signed in 2011, only 76 were signed for office space above 1,000 sq m totalling to 249,770 sq m (66.3% of the total demand). Many smaller scale deals were signed hence currently the average transaction size is around 663 sq m in Budapest, which shows an increase compared to previous years.

Table 5: Average deal sizes in Budapest from 2004 to 2011

Year	Average Deal Size (sq m)
2011	600
2010	635
2009	788
2008	745
2007	701
2006	590
2005	638
2004	663

Source: Jones Lang LaSalle Q4 2011

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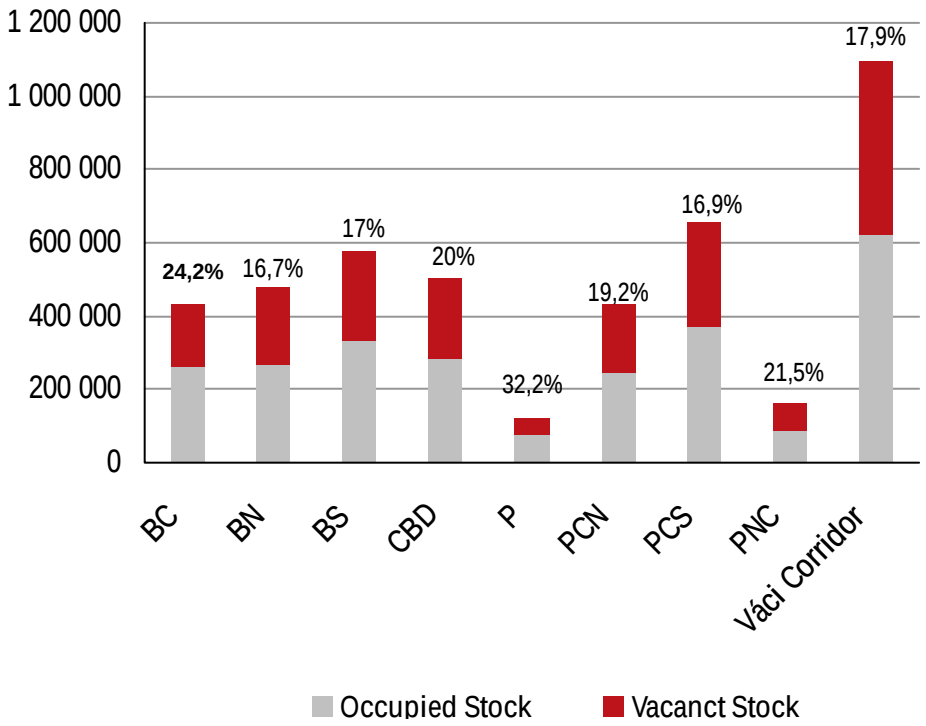
Vacancy

During 2011 the vacancy rate fluctuated between 20-21% reaching its lowest level of 19.2% by year end. This was the result of the limited new supply with high prelease rations so as the strong net take up in Q4 2011. The shrinking availability might seem convincing, but it is important to mention that several larger office buildings will be vacated during H1 2012 after their former occupiers will relocate to their new headquarters. These buildings are mainly old and of less modern quality therefore their new usages is highly questionable.

The highest vacancy rate is registered in the Periphery (32.2%) while Buda North has the lowest vacancy rate (16.7%). The submarkets show significant difference in terms of vacancy. Buda Central (24.2%) and Pest North Central (21.5%) are the two most oversupplied submarkets in Budapest apart of Periphery.

The below chart presents the stock and vacancy of each submarkets.

Graph 3: Vacancy and Stock in the Submarkets as at Q4 2011



Source: Jones Lang LaSalle Research, Q4 2011

Rents

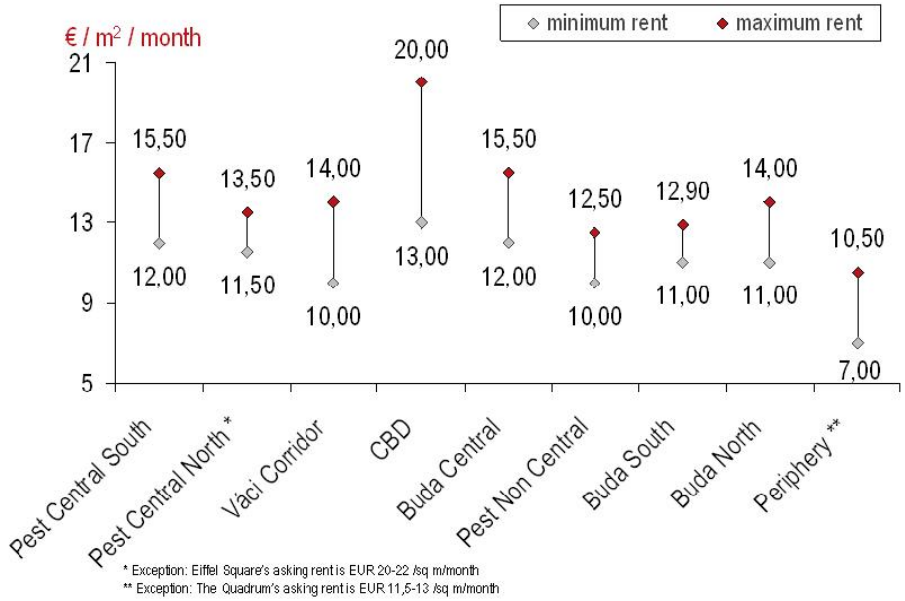
Office prime rents stood at €20/sq m/month at Q4 2011. This rental level can only be achieved in the best office buildings in the CBD. Rental bands of each submarkets show a wide range as the pricing depends on the location and the quality of the building as well as the public transportation access. Until the end of 2010 most landlords were forced to decrease their asking rents and offer generous incentives in order to attract tenants. This trend seems to be abating as we have experienced rental growth in some of the most popular and best located buildings. This however only concerns a very limited number of buildings at the moment but we expect rental stabilisation in the course of 2011 once the high oversupply starts to be absorbed. That said, rental stabilisation applies for mainly modern, A category buildings. Older, B category offices might face difficulties as

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their tenants leave behind their old premises to move into newer, more effective buildings. This will automatically result in jumping availabilities which will have an impact on rental levels. Therefore we forecast a deepening rental gap between A and B category buildings.

The rental decline caused by the crisis showed different patterns in each submarket. Prime products in prime locations were able to maintain their asking rents relatively unchanged or experienced only a moderate fall. At the same time the projects located in Non-Central submarkets did have to offer significant discounts. The greatest rental decline was seen in the Periphery and the Buda South submarkets.

Graph 4: Rental Bands in the Submarkets



Source: Jones Lang LaSalle Research, Q4 2011

In order to secure tenants in their buildings landlords are offering greater rental incentives. Beside the average incentives (standard 70-30% fit-out, rent free period) landlords are willing to pay further incentives, such as moving contributions or higher quality fit-out/greater fit out contribution. Projects outside the CBD and the most popular office locations are still under pressure of oversupply, therefore the highest level of extra incentives are available in these submarkets.

5.3 Investment Market Overview

While in 2010 the total transaction volumes in commercial real estate in Hungary for 2010 remained below € 300 million with less than € 200 million of institutional investment deals recorded for the full year by Jones Lang LaSalle, Investment activity picked up in 2011 with more than € 230 million transacted in Hungarian assets during the 4th quarter. The total volume of investment transactions for 2011 reached € 650 million.

The last weeks of 2011 were active with the closing of two major office portfolio transactions with Heitman, the Chicago based real estate investment manager as the buyer in both cases. The first transaction was the creation of a Joint Venture with TriGranit who sold a 74% interest in 4 office buildings located in the Millennium City Centre project (Tower I, II, II and the newly delivered Building H); the total consideration of the transaction amounted to € 151 million. The buildings located along the Danube, South of the city centre, are one of the most successful office schemes in the city and have attracted prime tenants such as Vodafone, KBC, Nestle, Morgan

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Stanley, Prologis and Lufthansa / Swiss. The second transaction was the disposal by the AVIVA Investors Central European Property Fund of Alkotás Point, anchored by Unicredit Bank and Bayer and Science Park anchored by Ericsson and Tata Consulting.

All major asset classes have traded during the year: The hotel segment was active with the transaction of 2 five-star hotels (Intercontinental, Four Seasons), the retail segment witnessed the disposal of a partial interest in Arkád Shopping Centre to ECE and the acquisition by Erste Real Estate of the Napfény Park in Szeged. The industrial asset class was represented by Aerozone and M1 Business Park as part of the Europolis portfolio, however, close to 60% of the total volume was transacted on office buildings with the Europolis, TriGranit and AVIVA assets representing the main transactions of the year.

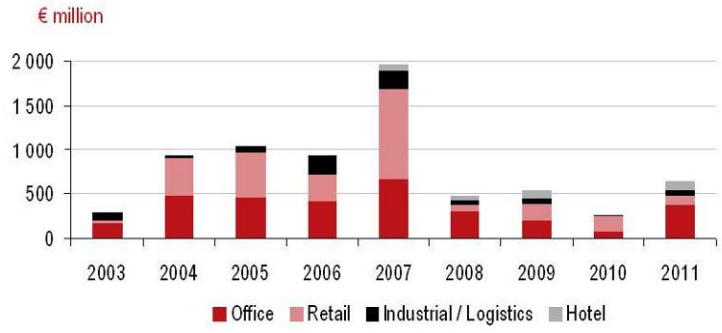
Some transactions which were expected to close in 2011 have been delayed – cancelled due to difficulties with bank financing and this will remain a serious bottle neck in 2012 as a consequence of the general de-leveraging, the evolution of financial markets but also the specific situation of Hungary on a macro-economic and political front.

Further developments on the investment market are dependant upon the evolution of the financial markets in view of the sovereign debt crisis and downgrades in the Euro zone and on the capacity to raise debt finance.

Based on our assessment of the market and relative pricing with Poland and the Czech Republic, we keep our views on prime yields unchanged compared to Q3 2011 with a stable outlook.

The graph below shows transaction volumes in 2003 – 2011.

Graph 1: Investment volumes in Hungary 2003-2011



Source: Jones Lang LaSalle, Q4 2011

The tables below shows Budapest's prime yield levels compared with other major European cities.

Table 12: Indicative summary of prime retail investment yields in selected European cities

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	Berlin	Paris	London	Warsaw	Prague	Budapest
Q4 2011	4.60%	4.50%	3.50%	6.00%	6.25%	7.00%

- Source: Jones Lang LaSalle, Q4 2011

The following table shows the main transaction in Hungary in 2011.

Table 13: Transactions in Hungary 2011

Sector	Property Name	Area (sq m)	City	Quarter, Year	Estimated NIY(%)	Vendor	Purchaser
Office	City Gate (65%)	24,200	Budapest	Q1, 2011	8.50%*	Oesterreichische Volksbanken	CA Immo
Office	Infopark A (51%)	12,200	Budapest	Q1, 2011	8.35%*	Oesterreichische Volksbanken	CA Immo
Office	IP West I - V (65%)	31,000	Budapest	Q1, 2011	8.00%*	Oesterreichische Volksbanken	CA Immo
Industrial	Aerozone Budapest (51%)	65,000	Vecsés	Q1, 2011	8.50%*	Oesterreichische Volksbanken	CA Immo
Industrial	M1 BP (51%)	69,000	Páty	Q1, 2011	9.50%*	Oesterreichische Volksbanken	CA Immo
Retail	Árkád Shopping Centre (33%)	48,400	Budapest	Q1, 2011	Conf.	Unibail Rodamco	ECE
Retail	Napfény Park	29,477	Szeged	Q1, 2011	7.80%*	Carion	Erste Real Estate
Retail	Tesco (solus)	6,804	Kőszeg	Q1, 2011	8.25%*	Private syndicate	Erste Real Estate
Retail	Tesco (solus)	5,116	Dabas	Q1, 2011	8.25%*	Private syndicate	Erste Real Estate
Hotel	InterContinental Hotel	398*	Budapest	Q2, 2011	n/a	Morgan Stanley (MSREF VI)	Toufic Aboukhater
Office	Focus Point	7,200	Budapest	Q2, 2011	n/a	ORCO (Endurance Fund)	Indotek
Office	Portfolio of 21 class B office buildings	45,000	Various	Q2, 2011	11.00%	Magyar Telekom	Associated Network
Retail	OBI	12,800	Budapest	Q3, 2011	8.25%	Endurance Fund	Erste Real Estate
Office	Raiffeisen Back Office	14,750	Budapest	Q3, 2011	n/a	Raiffeisen Real Estate Fund	Private Investor
Hotel	Four Seasons	179*	Budapest	Q3, 2011	n/a	Avestus Capital Partners	State Reserve Fund of Oman
Office	Millennium Towers I,II,III,H (74%)	70,000	Budapest	Q4, 2011	n/a	TriGránit	Heitman
Office	Alkotás Point, Science Park	53,000	Budapest	Q4, 2011	n/a	AVIVA	Heitman

Source: Jones Lang LaSalle Capital Markets, Q4 2011 (* JLL estimation)

Capital Market Highlights

- Macro-economics declining with GDP growth expected at 0% in 2012
- Financial safety net is being discussed by IMF, Stand by agreement is likely to be provided

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- Potential hike of personal income tax
- Market fundamentals still worse than for peer CEE capitals
- Lower, but remaining gap in pricing between vendors and buyers
- A yield discount of approximately 50-75 bps compared to Poland / Czech Republic
- Core institutional investors remain to be opportunity-driven for prime office and retail opportunities
- Industrial and hotel investments will happen only in exceptional cases

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6. Valuation Commentary

6.1 Valuation Methodology

Market Value Definition (*RICS Valuation Standards -Global, 7th Edition)*

Market Value is defined by the Royal Institution of Chartered Surveyors (RICS) as the following:

"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".

Income Approach

The Income Approach is a method used to convert the anticipated economic benefits of property ownership into a value estimate through a capitalisation approach.

The two most common methods of converting net income into value are the discounted cash flow technique (DCF) wherein anticipated future income streams and a reversionary value are discounted to a present value estimate and the direct capitalisation technique, where an overall rate is extracted directly from pertinent market sales.

For the purposes of valuation of the subject property we have adopted the Income Approach, Discounted Cash flow technique, analysed over a 10-year period. The cash flow assumes a ten-year hold period with the exit value calculated on 11th year income. We have adopted a discount rate and terminal capitalisation rate for the subject property having regard to recent investment sales evidence known to us together with our general knowledge and opinion based on discussions with investors within the Central and Eastern European region. This opinion is also based on prevailing interest rates and relative yields on 10-year Government bonds.
In formulating our opinion we have also had regard to investment rates recorded by Jones Lang LaSalle in other major Eastern European countries.

6.2 General Valuation Assumptions

Our valuation was prepared in accordance with the information obtained from the Client and specifically on the basis of the following assumptions:

The subject property has clear and fully marketable title without any historical claims.

(a) That all necessary planning, building and other consents have been obtained.

(b) We have relied upon the information provided to us by CEE, as being complete and correct as to tenure, measurements and capacities of properties, planning consents and other relevant information.

(c) There are no Rights of Way, easements, and outgoings of an onerous nature or restrictions on use affecting the property, which may have a material effect on the value.

(d) The site is not subject to any form of environmental contamination.

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(e) The premises are constructed and used in accordance with all necessary building and planning permissions, and there are no disputes with neighbouring owners or occupiers or with the local municipal authorities.

(f) The property complies with any fire and life security codes, environmental codes and any other regulatory requirements that may exist.

(g) No structural surveys of the building have been undertaken. We are not therefore able to report that it is free of structural faults, rot, infestation or defects of any other nature, including inherent weaknesses due to the use of construction materials now suspect. No tests were carried out on any of the services.

6.3 Specific Cash Flow Assumptions

Estimating the Market Value of the subject property we have made allowances for the following:-

(a) Our calculations start from 1st January 2012;

(b) We have not carried out a building measurement survey. Our calculations are based on the tenancy schedule provided by CEE., dated December 2011, showing Gross Lettable Area of 2,766 sq m;

(c) The rents are subject to annual indexation according to CPI adopted at the level of 3.0% in Year 1 (except where no indexation is applicable);

(d) For the currently vacant space we have adopted 5-year lease contracts with rents at the EMRV levels.

(e) After expiry of the existing lease contracts we have adopted voids of 6 months and thereafter 5-year or 10-year lease agreements. We have adopted the Estimated Market Rental Values representing effective market rents. We used €14.0 /sq m /month EMR for the vacant area.

(f) After expiry of the current lease agreements we have adopted the annual indexation according to the EUR-CPI applied on the anniversary of signing the lease agreement;

(g) As a result, the Base Rental Revenue has been estimated at €475,425 in the first year of our projection;

(h) Due to the fact that the office building in some places needs refurbishment, we have adopted a Capital Expenditure of €60.0/sq m ;

(i) We have assumed an allowance of 10.0% with regard to leasing commissions for currently vacant space;

(j) Based on the property's location, projected achievable rental income stream and expected position in the market we have applied the discount rate at the level of 9.5% and exit yield at 8.5%, showing an initial yield of 6.82% (NOI/PV), 9.69% in the second year and 9.99% in the third year.

Our calculations have been attached in the Appendices to this report.

Market Value Conclusion

Having regard to the foregoing, we are of the opinion that the Market Value of the Office Building, as at 31th December 2011 was in the region of €5,000,000 (Five Million Euros)

6.4 SWOT Analysis

In considering this property as investment opportunity, we would draw your attention to the following SWOT analysis.

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Table 10: SWOT Analysis

Strengths	Weaknesses
• Easy access from all directions; • High prestige location; • The prestige of Andrássy u. is on increae, due to the world leading fashion shops;	• No in-house parking

Opportunities	Threats
• Low overall unemployment in Budapest region; • Relatively low number of competition in the close vicinity;	• Pressure on rental level due to existing and planned competition.

Source: Jones Lang LaSalle, December 2011

6.5 Valuation Summary

Having regard to the foregoing, we are of the opinion that the Market Value of the Office Building, as at 31th December 2011 was in the region of:

MARKET VALUE

€ 5,000,000

(Five *Million Euros*)

Market Value is understood as the value of a property estimated without regard to costs of sale or purchase, and without offset for any associated taxes. Therefore, no allowances have been made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. The property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

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7. List of Documents Used in Valuation Report

The following documents were used in the Valuation Report on Sample Property located in Budapest, Hungary:

- Extract form Land Register dated 24th January 2012;
- Site map;
- Tenancy schedule dated December 2011;

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Appendix 1

General Principles Adopted in the Preparation of Report and Valuations

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General Principles Adopted In The Preparation Of Valuations And Reports

These General Principles should be read in conjunction with the firm's General Terms and Conditions of Business.

It is our objective to discuss and agree the terms of our instructions and the purpose and basis of the valuation, at the outset, to ensure that we fully understand and meet our client's requirements. Following are the general principles upon which our Valuations and Reports are normally prepared; they apply unless we have agreed otherwise and specifically mentioned the variation in the body of the report. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances, or to arrange for the execution of structural or site surveys, or any other more detailed enquiries.

1. Valuation Standards:

All work is carried out in accordance with:

(a) The Practice Statements contained in the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors (Sixth Edition), by valuers who conform to the requirements thereof;
(b) The Approved European Property Valuation Standards of the European Group of Valuers Associations (TEGoVA).

The standard adopted is set out in our report.

2. Valuation Basis:

Our reports state the purpose of the valuation and unless otherwise noted, the basis of valuation is as defined in the appropriate valuation standard. The full definition of the basis which we have adopted is either set out in our report or appended to these General Principles.

3. Source of Information:

We accept as being complete and correct the information provided to us by the sources listed, as details of tenant, tenancies, tenant's improvements, planning consents and other relevant matters, as summarised in our report.

4. Disposal Costs and Liabilities:

No allowances are made for any expenses of realisation, or for taxation which might arise in the event of disposal. All property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

5. Documentation:

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers.

6. Tenants:

Although we reflect our general understanding of a tenant's status in our valuations, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

7. Measurements:

We do not normally measure premises unless specifically requested and base our valuation on the information made available to us. Where measurement is undertaken this is carried out in accordance with either the relevant local codes or the Code of Measuring Practices issued by the Royal Institution of Chartered Surveyors except in the case of agricultural properties or where we specifically state that we have relied on another source.

8. Town Planning and Other Statutory Regulations:

Information on town planning is, wherever possible, obtained verbally from the local planning authority and, if confirmation is required, we recommend that verification be obtained from lawyers that:-

(a) the position is correctly stated in our report;
(b) the property is not adversely affected by any other discussions made or conditions prescribed by public authorities;
(c) that there are no outstanding statutory notices.

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Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including enactments relating to fire regulations.

9. Structural Surveys:
Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we therefore do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair which we note during our inspection or costs of repair which are brought to our attention.

10. Deleterious Materials:
We do not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, wood wool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

11. Site Conditions:
We do not normally carry out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses or delays will be incurred during the construction period due to these matters.

12. Environmental Conditions:
Unless expressly instructed, we do not carry out site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

13. Value Added Tax
Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

14. Outstanding Debts:
In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

15. Confidentiality:
Our Valuations and Reports are confidential to the party to whom they are addressed for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

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Appendix 2

General Terms and Conditions of Business

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General Terms And Conditions Of Business

1. Introduction

These General Terms and Conditions of Business shall apply to all dealings between Jones Lang LaSalle and the Client and, for the avoidance of doubt, shall be treated as applying separately to each instruction given by the Client to Jones Lang LaSalle.

These General Terms and Conditions of Business apply where Jones Lang LaSalle provides services to a Client and there is no written agreement for the provision of these services or, if there is, to the extent that these General Terms and Conditions of Business do not conflict with the terms of that written agreement. Reference in these General Terms and Conditions to the agreement means the written or informal agreement that is subject to these General Terms and Conditions of Business.

2. Jones Lang LaSalle

Jones Lang LaSalle means Jones Lang LaSalle Kft., with its seat at Alkotas ut. 50, 1123 Budapest or the other member of the Jones Lang LaSalle group of companies that provides services or the relevant part of services.

3. Services

Jones Lang LaSalle is to provide all services to the specification and performance level stated in writing or, if none is stated, to the specification and performance level that it ordinarily provides. Jones Lang LaSalle has no responsibility for anything that is beyond the scope of the services so defined.

Jones Lang LaSalle performs all services through properly licensed agents.

4. Time

Jones Lang LaSalle is to use reasonable endeavors to comply with the Client's timetable, but is not responsible for non-compliance unless the consequences of non-compliance have been agreed in writing. Even then, Jones Lang LaSalle is not liable for delay that is beyond its control.

5. E-mail and on-line services

The Client agrees that Jones Lang LaSalle may where appropriate use the available electronic communication and systems in providing services, making available to the Client any software required that is not generally available.

6. Duty of care to the Client

Jones Lang LaSalle owes to the Client a duty to act with reasonable skill and care in providing services, complying with the Client's instructions where those instructions do not conflict with (a) these General Terms and Conditions of Business, (b) the agreement or (c) applicable law and professional rules, including the code of ethics.

Jones Lang LaSalle has no liability for the consequences of any failure by the Client or any agent of the Client promptly to provide information or other material that Jones Lang LaSalle reasonably requires, or where that information or material is inaccurate or incomplete.

7. Duty of care to third parties

Jones Lang LaSalle owes a duty of care to no one but its Client. No third party has any rights unless there is specific written agreement to the contrary.

8. Liability for third parties

Jones Lang LaSalle has no liability for products or services that it reasonably needs to obtain from others in order to provide services.

(a) Jones Lang LaSalle may delegate to a third party the provision of any part of services, but if it does so:
(b) without the Client's approval, Jones Lang LaSalle is responsible for what that third party does;
(c) with the Client's approval or at the Client's request, Jones Lang LaSalle is not responsible for what that third party does.

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9. Liability to the Client

The liability of Jones Lang LaSalle to the Client for its own negligence causing death or personal injury is unlimited, but otherwise its liability is:

(a) limited to 2 (two) times the fixed fees amount agreed with Jones Lang LaSalle per occurrence or series of occurrences arising from one event,
(b) excluded to the extent that the Client is responsible, or someone on the Client's behalf for whom Jones Lang LaSalle is not responsible under these General Terms and Conditions of Business,
(c) limited to direct and reasonably foreseeable loss or damage with no liability for indirect or consequential loss,
(d) (where Jones Lang LaSalle is but one of the parties liable) limited to the share of loss reasonably attributable to Jones Lang LaSalle on the assumption that all other parties pay the share of loss attributable to them (whether or not they do),
(e) not (so far as permitted by law) increased by any implied condition or warranty,
(f) in any case limited to a maximum of € 1,000,000 (one million euro) in aggregate per annum.

Jones Lang LaSalle shall not be liable for any hidden defects in the real property sold, bought or leased, unless Jones Lang LaSalle was aware of these defect and did not inform the client hereof.

10. Insurance

Jones Lang LaSalle agrees to purchase and maintain appropriate insurance policies, in particular professional indemnity insurance, for an amount of not less than € 1million per occurrence or series of occurrences arising from one event.

11. Indemnity from the Client

The Client agrees to indemnify Jones Lang LaSalle against all liability (including without limitation all actions, claims, proceedings, loss, damages, costs and expenses) that relates in any way to the provision of services, except a liability that a court of competent jurisdiction decides (or Jones Lang LaSalle agrees) was caused by the fraud, willful default or negligence of Jones Lang LaSalle or of a delegate for whom Jones Lang LaSalle is responsible under the agreement.

12. Protection of employees

The Client agrees that (except for fraud or a criminal offence) no employee of the Jones Lang LaSalle group of companies has any personal liability to the Client, and that neither the Client nor anyone representing the Client will make a claim or bring proceedings against an employee personally.

13. Complaints resolution procedure

The Client agrees that it will not take any action or commence any proceedings against Jones Lang LaSalle before it has first referred its complaint to Jones Lang LaSalle in accordance with Jones Lang LaSalle's complaints procedure, details of which are available upon request from the Compliance Officer, Jones Lang LaSalle Sp. z o.o., ul. Saski Crescent, ul. Królewska 16, 00-103 Warsaw.

14. Conflict of interest

If Jones Lang LaSalle becomes aware of a conflict of interest it is to advise the Client promptly and recommend an appropriate course of action.

15. Confidential information

Jones Lang LaSalle must keep confidential all information of commercial value to the Client of which it becomes aware solely as a result of providing services, but it may:

(a) use it to the extent reasonably required in providing services,
(b) disclose it if the Client agrees,
(c) disclose it if required to do so by law, regulation or other competent authority.

Jones Lang LaSalle will comply with personal data protection regulation.

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16. Publicity

Neither Jones Lang LaSalle nor its Client may publicize or issue any specific information to the media about services or its subject matter without the consent of the other.

17. Intellectual property

Copyrights, patents, trademarks, design and other intellectual property rights in any material supplied by the Client, or in any material prepared by Jones Lang LaSalle exclusively for the Client, belong to the Client.

Such rights in any other material prepared by Jones Lang LaSalle in providing services belong to Jones Lang LaSalle, but the Client has a non-exclusive right to use it for the purposes for which it was prepared.

18. Remuneration

Where the fees and expenses payable for services are not specified in writing, Jones Lang LaSalle is entitled to:

(a) the fee specified by the relevant Regional Association of Real Property Intermediaries or other applicable professional body or, if none is specified, to a fair and reasonable fee by reference to time spent, and
(b) reimbursement of expenses properly incurred on the Client's behalf.

Where services are not performed in full, Jones Lang LaSalle is entitled to a reasonable fee proportionate to services provided as estimated by Jones Lang LaSalle.

The Client must pay VAT at the rate then current on the date of issuance of a VAT invoice.

If an invoice is not paid in full within 30 (thirty) days from the date of issuance, Jones Lang LaSalle may charge interest on the balance due at a daily rate of 2% above the base rate of PKO BP S.A. for real estate loans.

19. Assignment

The Client may assign rights and obligations arising from the agreement, but must first get the written consent of Jones Lang LaSalle, which will not be unreasonably withheld.

20. Termination

The Client or Jones Lang LaSalle may terminate the agreement immediately by written notice to the other, if the other has not satisfactorily rectified a substantial or persistent breach of the agreement within the reasonable period specified in an earlier notice to rectify it.

Termination of the agreement does not affect any claims that arise before termination or the entitlement of Jones Lang LaSalle to its proper fees or to be reimbursed its expenses up to the date of termination.

On termination Jones Lang LaSalle must return to the Client or, if the Client so wishes, destroy all Client information that is to be kept confidential, but Jones Lang LaSalle may keep (and must continue to keep confidential) one copy of that information to comply with legal, regulatory or professional requirements.

21. Notices

A notice is valid if in writing addressed to the last known address of the addressee and is to be treated as served:

(a) when delivered, if delivered by hand during normal business hours (where business hours next commence – if delivered after),
(b) when actually received, if posted by recorded delivery,
(c) when actually received, if sent by ordinary mail, fax or electronic mail.

22. Governing Law

These General Terms and Conditions of Business and the terms of the instruction shall be governed and construed in accordance with the laws of Hungary. All disputes shall be finally settled by the court of arbitration of the Hungarian Chamber of Commerce in Budapest in accordance with the rules set forth for this court.

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Appendix 3

Definition of Market Value

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The Basis of Valuation

Our valuation is carried out on the basis of the property's *Market Value*. This is defined in the RICS Red Book as:

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

Interpretive Commentary, as published in International Valuation Standard 1 of the RICS Red Book:

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 asset 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 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. Because 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 asset 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 asset owner are not a part of this consideration because the 'willing seller' is a hypothetical owner.

3.2.6. '...in an arms-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 of inflated because of an element of Special Value. The *Market Value* transaction is presumed to be between unrelated parties each acting independently.

3.2.7. '...after proper marketing...'

Means that the asset 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

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market conditions, but must be sufficient to allow the asset 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 and prudently...'

Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, 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.

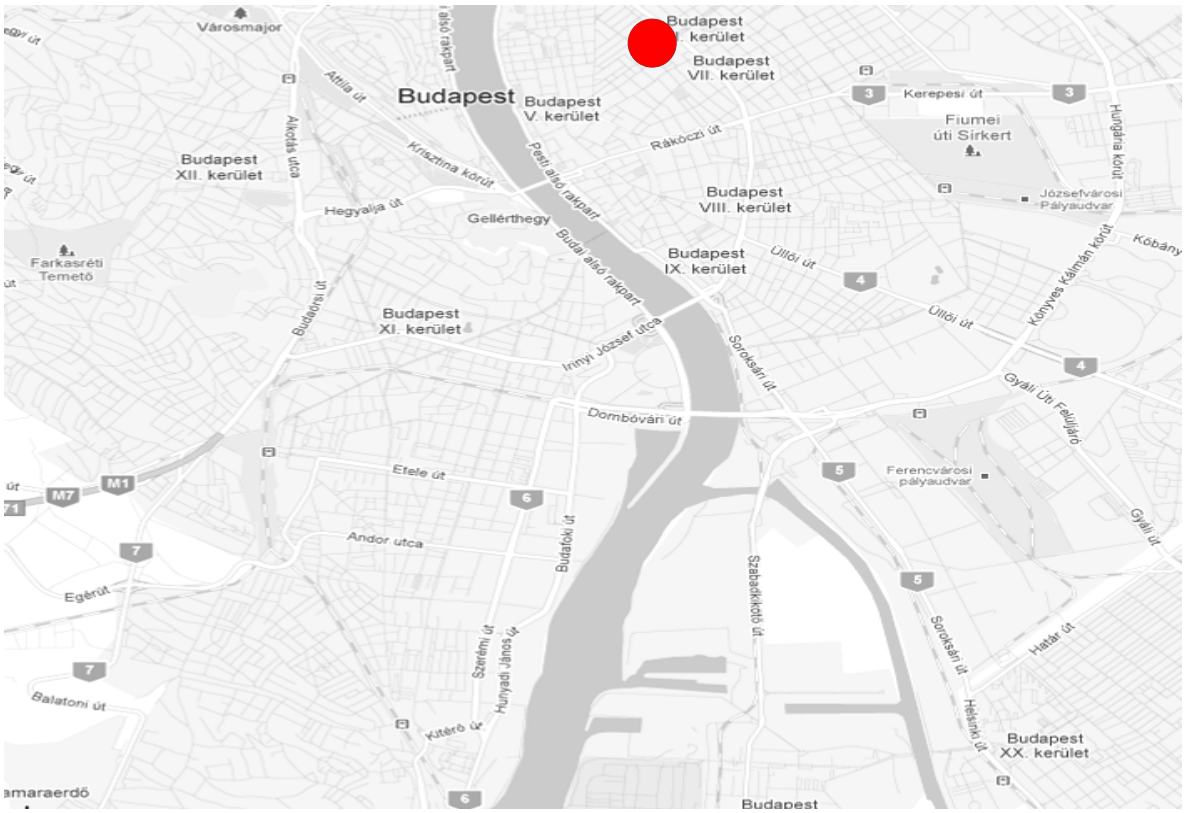
3.3 *Market Value* is understood as the value of the asset estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

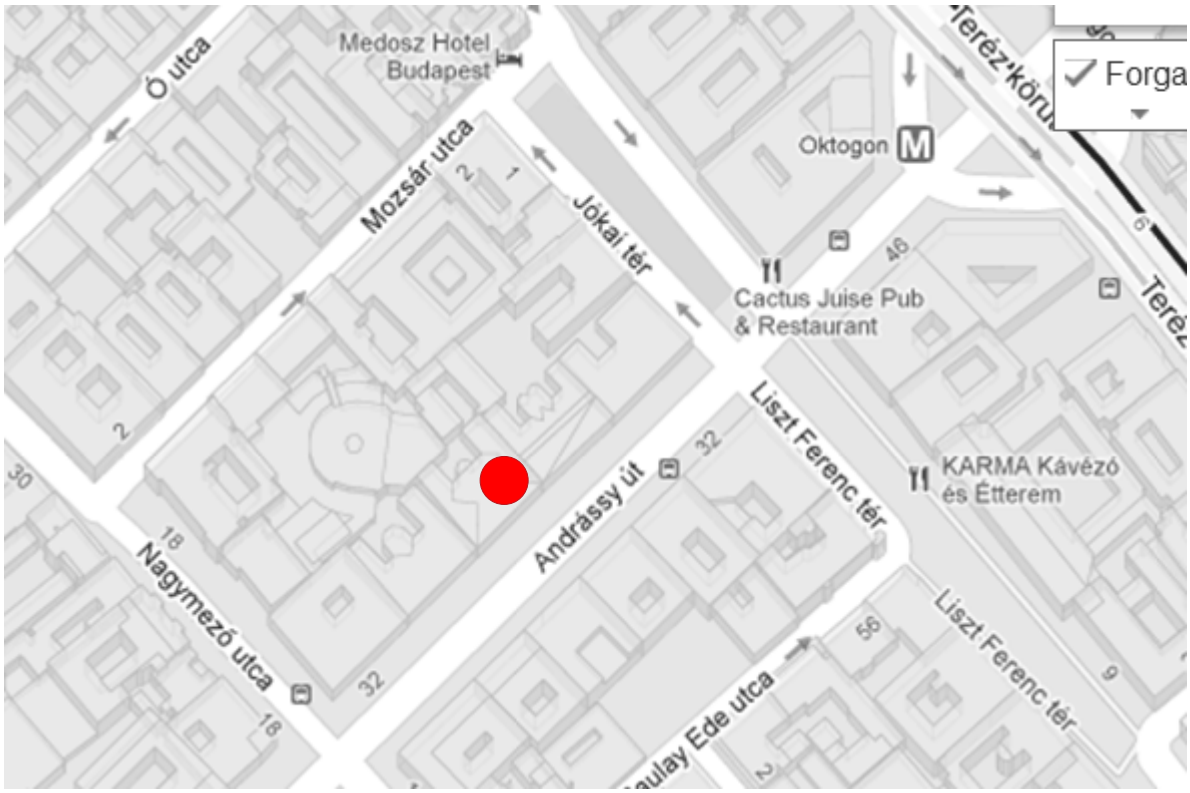
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Appendix 4

Location Map

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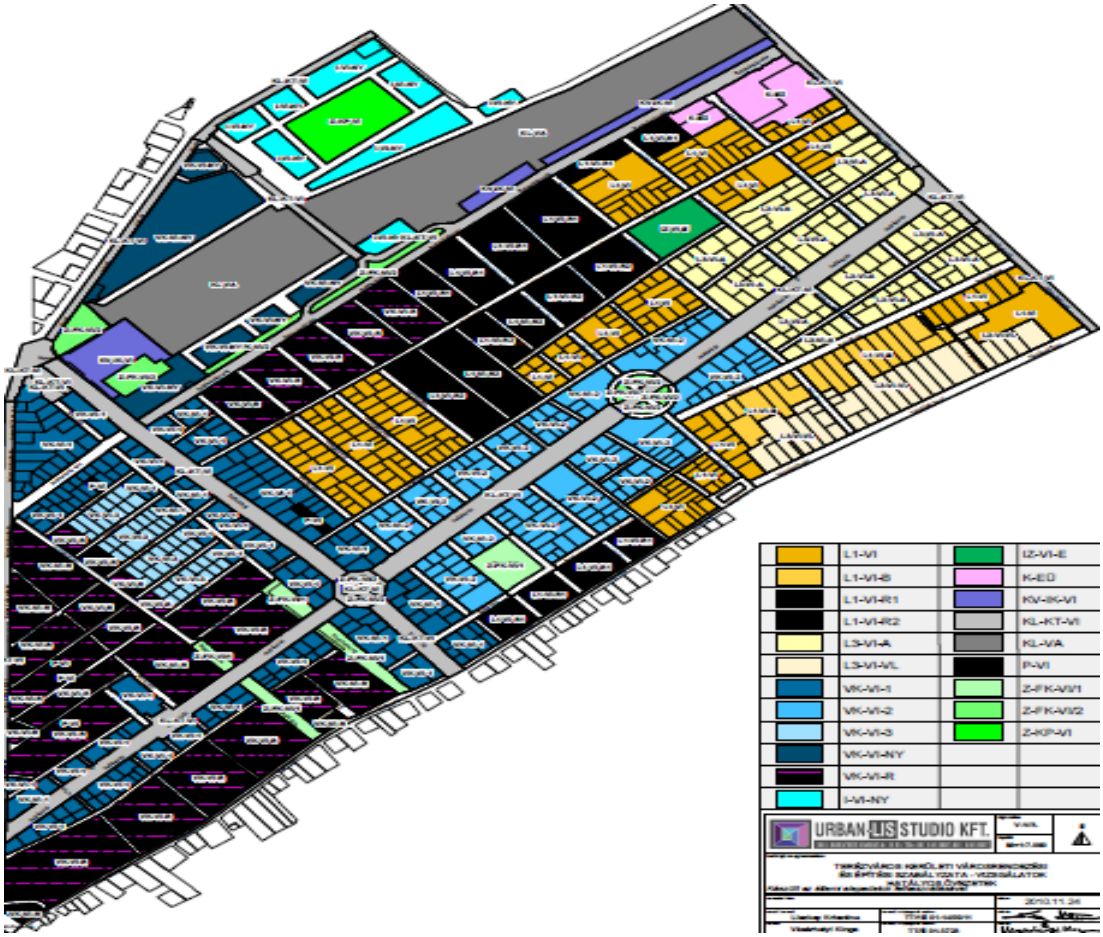
http://maps.google.hu

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Appendix 5

Site Map

SITE PLAN / ZONING PLAN



3. számú táblázat														
az építési övezet jele	Beépítési mód	az építési telek										az épület	
		legkisebb kialakítható		legnagyobb megengedett						legkisebb kötelező		legkisebb kötelező	legnagyobb megengedett
		területe	szélessége	beépítési mértéke		szintterületi mutatója		terepszint alatti beépítési mértéke		zöldfelületi mértéke		építménymagassága	
		m²	m	%		m² /m²		%		%		m	
VK-VI-1	Z	700	18	Á	80	Á	5,5	Á	90	Á	10	21	25
				F+1e	100	ÖK	6,0	MG_1	100	MG_1	0		
VK-VI-2	Z	700	18	Á	80	4,5		Á	90	Á	10	16	21
				F+1e	100			MG_1	100	MG_1	0		
VK-VI-3	Z	700	18	Á	80	4,0		Á	90	10		16	21
				F+1e	100			MG_1	100				
VK-VI-4	Z	2000*	18	Á	80	Á	4,5	Á	90	Á	10	19	30
				ÖK	100	ÖK	5,0	MG_2	100	MG_2	10		
VK-VI-5	Z	2000*	18	Á	80	Á	5,5	Á	90	Á	10	–	30
				ÖK	100	ÖK	5,5	MG_2	100	MG_2	10		
VK-VI-6	Z	2000	50	100		3,5		100		0		–	–
VK-VI-R	Z	800	18	Á	80	Á	5,5	Á	90	Á	10	16	25
				F+1e	100	ÖK	6,0	MG_1	100	MG_1	0		

Alkalmazhatóság

Á	általános esetben
F+1e	földszinti és első emeleti beépítés mértéke az övezetben meghatározott feltételek esetén
MG_1	mélygarázs létesítése érdekében [illegible] m²-nél
MG_2	kizárólag mélygarázs létesítése érdekében, (telekmérettől függetlenül)
ÖK	kizárólag az önkormányzatokkal kötött megállapodás alapján alkalmazható engedményes érték

24 / 45

Appendix 6

Extracts from Land Register

Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap

Budapesti 2. számú Körzeti Földhivatal
Budapest,XIV.,Bosnyák tér 5. 1590 Pf. 101

Oldal: 1/2

Nem hiteles tulajdoni lap - Szemle másolat

Megrendelés száma:8000004/28109/2012

2012.01.24

BUDAPEST VI.KER. Szektor : 53
Belterület 29068 helyrajzi szám

1061 BUDAPEST VI.KER. Andrássy út 42.

I.RÉSZ

1. Az ingatlan adatai:
alrészlet adatok terület kat.t.jöv. alosztály adatok
művelési ág/kivett megnevezés/ min.o ha m2 k.fill. ha m2 k.jöv k.fill

. Kivett irodaház 0 422 0.00

1. bejegyző határozat: 55497/1/2009/08.03.06
Műemléki környezet

2. bejegyző határozat: 20245505/1/2011/11.12.14
Műemlék
53/2011.(VIII.25.)NEFMI rendelet alapján.

II.RÉSZ

0. tulajdoni hányad: 1/1
bejegyző határozat, érkezési idő: 33717/6/2006/06.01.20
jogcím: adásvétel
utalás: II /7.
jogállás: tulajdonos
név: ANDRÁSSY-VIOLA INGATLANFORGALMAZÓ KFT.
cím: 8200 VESZPRÉM Egyetem utca 14. III.14.

III.RÉSZ

3. bejegyző határozat, érkezési idő: 76014/1/2006/06.11.24
Egyetemlegesen keretbiztosítéki jelzálog 10.500.000 EUR,azaz tízmillió-ötszázezer EUR erejéig.
lásd még:Bp.VI.ker.29069 hrsz-t is.
jogosult:
név: CIB BANK ZRT.
cím : 1027 BUDAPEST II.KER. Medve utca 4-14

5. bejegyző határozat, érkezési idő: 49960/1/2007/06.10.06
Vételi jog 2011.01.27-ig
34261/2/2006/06.02.02.sz.bejegyzés rangsorában.
jogosult:
név: CIB BANK ZRT.
cím : 1027 BUDAPEST II.KER. Medve utca 4-14

8. bejegyző határozat, érkezési idő: 101149/1/2008/08.12.05
Tulajdonjog fenntartással történt eladás
jogosult:
név: SC-IP PROJEKT INGATLANFORGALMAZÓ KFT.
cím : 8200 VESZPRÉM Levendula utca 1

Folytatás a következő lapon

Bizonyító erővel nem rendelkezik

Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap

Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap

Budapesti 2. számú Körzeti Földhivatal
Budapest,XIV.,Bosnyák tér 5. 1590 Pf. 101

Oldal: 2/2

Nem hiteles tulajdoni lap - Szemle másolat

Megrendelés száma:8000004/28109/2012

2012.01.24

BUDAPEST VI.KER. Szektor : 53
Belterület 29068 helyrajzi szám

Folytatás az előző lapról

III.RÉSZ

10. bejegyző határozat, érkezési idő: 203970/1/2011/11.01.24
Vételi jog 2016.01.10-ig
jogosult:
név: CIB BANK ZRT.
cím : 1027 BUDAPEST II.KER. Medve utca 4-14

TULAJDONI LAP VÉGE

Bizonyító erővel nem rendelkezik

Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap

Budapesti 2. számú Kerületi Földhivatal
Budapest,XIV.,Bosnyák tér 5. 1590 Pf. 101

Nem hiteles tulajdoni lap - Szerzői másolat

Megrendelés száma:8000004/28102/2012

2012.01.24

Szektor : 54

BUDAPEST VI.KER.
Belterület 29069 helyrajzi szám

1061 BUDAPEST VI.KER. Andrássy út 40.

I.RÉSZ

1. Az ingatlan adatai:

alrészlet adatok művelési ág/kivett megnevezése/	min.o	terület ha m2	kat.t.jöv. k.föld.	alosztály adatok tart.	kat.jöv ha m2	k.föld
. Kivett irodaház	0	432	0,00			

1. bejegyző határozat: 55490/1/2009/08.03.06
Műemléki környezet

2. bejegyző határozat: 20245505/1/2011/11.12.14
Műemlék
53/2011.(VIII.25.)NEFMI rendelet alapján.

II.RÉSZ

8. tulajdoni hányad: 1/1
bejegyző határozat, érkezési idő: 33717/6/2006/06.01.19
jogcím: adásvétel
utalás: II /7.
jogállás: tulajdonos
név: ANDRÁSSY-VIOLA INGATLANFORGALMAZÓ KFT.
cím: 8200 VESZPRÉM Egyetem utca 14. III.14.

III.RÉSZ

7. bejegyző határozat, érkezési idő: 49960/1/2007/07.05.00
Egyetemleges keretbiztosítéki jelzálog 10 500 000 EUR,azaz tízmillió-ötszázezer EUR erejéig.
lásd még:Bp.VI.ker.29068 hrsz-t is.. Kijavítás jogcímén a 76014/1/2006/06.11.24.sz.bejegyzés rangsorában.
jogosult:
név: CIB BANK ZRT.
cím : 1027 BUDAPEST II.KER. Medve utca 4-14

8. bejegyző határozat, érkezési idő: 49960/1/2007/07.05.00
Vételi jog 2011.01.27-ig
34261/2/2006/06.02.02.sz.bejegyzés rangsorában.
jogosult:
név: CIB BANK ZRT.
cím : 1027 BUDAPEST II.KER. Medve utca 4-14

11. bejegyző határozat, érkezési idő: 101149/1/2008/08.12.05
Tulajdonjog fenntartásával történt eladás
jogosult:
név: BC-TU PROJEKT INGATLANFORGALMAZÓ KFT.
cím : 8200 VESZPRÉM Levendula utca 1

Folytatás a következő lapon

Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap Nem hiteles tulajdoni lap

Budapesti 2. számú Kerületi Földhivatal
Budapest,XIV.,Bosnyák tér 5. 1590 Pf. 101

Nem hiteles tulajdoni lap - Szerzői másolat

Megrendelés száma:8000004/28102/2012

2012.01.24

Szektor : 54

BUDAPEST VI.KER.
Belterület 29069 helyrajzi szám

Folytatás az előző lapról

III.RÉSZ

13. bejegyző határozat, érkezési idő: 203970/1/2011/11.01.24
Vételi jog 2016.01.10-ig
jogosult:
név: CIB BANK ZRT.
cím : 1027 BUDAPEST II.KER. Medve utca 4-14

TULAJDONI LAP VÉGE

Bizonyító erővel nem rendelkezik
Bizonyító erővel nem rendelkezik

Appendix 7

Photographs



Front Façade of the building from Andrássy u.



Street front area



Staircase



Office -streetfront



Street-front retail aria



Typical office-overlooking Andrássy u.

Appendix 8

Calculations

Cash Flow Input Assumptions

Andrássy Office Building, Budapest, Hungary

Exchange Rates at 31st December 2011 according to the Hungarian National Bank	1 HUF =	0,00321	EUR
	1 EUR =	1,34850	USD
	1 HUF =	0,00415	USD
	1 USD =	0,74156	EUR

Indexation EUR-CPI	3,03%
Indexation US-CPI	3,53%
Indexation Fixed	0,00%
Indexation HUF-CPI	3,85%
Indexation EMRV	2,00%

Gross rental income per annum

€	342 207
US$	461 466

Net rental income per annum

€	338 785
US$	456 852

Annual EMRV

€	475 425
US$	641 110

Valuation date	31/12/2011	
CF start date	2012.01.01	
Exit Yield	8,50%	
Discount Rate	9,50%	
Initial Yield	6,82%	
Yield on EMRV	9,28%	
Vacant duration	6	months
Cash flow calculation	10 year(s)	
Valuation Currency	EURO	
Cash Flow calculated	monthly	
Total Lettable Area	2 765,82	
Vacant Area	1 657,00	
Vacancy	59,91%	

Market Value in EURO

€	5 000 000

Market Value in USD

US$	6 700 000

Value per sq m

€	1 808

Value per sq m

US$	2 438

Local Currency: HUF

No.	Area Status	Tenants	Type of Space Category	Units #	Area	Parking spaces in lease	Lease start in CF	Lease start	Lease End	Renewal probability	Vacant	Void Period	Next tenant lease start	Unexpired Term (Years)	Lease length	Rent in leases	Currency	Rent in CF	Annual income	Total Rent Income (Office+Parking)		Over rented	Indexation				EMRV			Parking EMRV				EMRV		EMRV Indexation	
						underground														per month	per annum		Month	Frequency	Type	Level	Rate	Currency	EMRV in CF	underground	external	Currency	underground	external	monthly	annually	month	level
												month			year			€/sqm	€/sqm	€	€	%							€/sqm				€/sqm	€/sqm	€	€		
1	Signed	CIB Bank	Retail		204,25		2010.03.29	2010.03.29	2020.03.28			6	2020.09.28	7,7	10	40,00	EUR	40,00	98 040	8 170,0	98 040,0	0,00%	jan	Annually	EUR-CPI	3,0%	40,0	EUR	40,0			EUR	-	-	8 170,0	98 040,0	okt.21	2,00%
	Signed	CIB Bank	Storage		88,57		2010.03.29	2010.03.29	2020.03.28			6	2020.09.28	7,7	10	3,00	EUR	3,00	3 189	265,7	3 188,5	0,00%	jan	Annually	EUR-CPI	3,0%	3,0	EUR	3,0			EUR	-	-	265,7	3 188,5	okt.21	2,00%
29	Signed	LM Neoprofessional Kft.	Office > 200		791,00		2011.12.07	2011.12.07	2017.02.06			6	2017.08.06	4,6	5	10,00	EUR	10,00	94 920	7 910,0	94 920,0	0,00%	jan	Annually	EUR-CPI	3,0%	10,0	EUR	10,0			EUR	-	-	7 910,0	94 920,0	szept.18	2,00%
30	Signed	LM Neoprofessional Kft.	Storage		25,00		2011.12.07	2011.12.07	2017.02.06			6	2017.08.06	4,6	5	3,00	EUR	3,00	900	75,0	900,0	0,00%	jan	Annually	EUR-CPI	3,0%	3,0	EUR	3,0			EUR	-	-	75,0	900,0	szept.18	2,00%
31	Vacant		Office > 1000		1 657,00		2012.07.01	2012.07.01	2017.06.30		vacant	6	2017.12.30	5,0	5	14,00	EUR	14,00	278 376	23 198,0	278 376,0	0,00%	jan	Annually	EUR-CPI	3,0%	14,0	EUR	14,0			EUR	-	-	23 198,0	278 376,0	jan.19	2,00%
			office		2 765,82	0						Average unexpired term		6,21					475 425	39 618,7	475 424,5														475 425		

Discount rate	9,50%
Monthly discount	0,76%

Year	1	2	3	4	5	6	7	8	9	10
Annual CAPEX (nominal)	165 949									
Annual Fit-out (nominal)	165 700									
Letting fee	10,00%									

Year	1	2	3	4	5	6	7	8	9	10
Annual Letting Fee (nominal)	0	0	0	0	0	37 420	0	0	10 123	0
Monthly CAPEX + Fit-out + Letting (nominal)	27 637	0	0	0	0	3 118	0	0	844	0

Year						1						
Month	1	2	3	4	5	6	7	8	9	10	11	12
	1,0000	0,9925	0,9850	0,9776	0,9702	0,9629	0,9556	0,9484	0,9413	0,9342	0,9272	0,9202
Monthly CAPEX + Fit-out + Letting (nominal)	27 637	27 637	27 637	27 637	27 637	27 637	27 637	27 637	27 637	27 637	27 637	27 637
Monthly CAPEX + Fit-out + Letting (discounted)	27 637	27 429	27 223	27 017	26 814	26 612	26 411	26 212	26 015	25 819	25 624	25 431

Annual CAPEX + Fit-out + Letting (discounted)	318 245	0	0	0	0	22 809	0	0	4 700	0

Market Value	5 000 000

Andrássy Office Building, Budapest, Hungary

Cash Flows calculated	monthly	All figures shown are annuities									
		1.jan.2012 *30.dec.2012*	*31.dec.2012* *30.dec.2013*	*31.dec.2013* *30.dec.2014*	*31.dec.2014* *30.dec.2015*	*31.dec.2015* *29.dec.2016*	*30.dec.2016* *29.dec.2017*	*30.dec.2017* *29.dec.2018*	*30.dec.2018* *29.dec.2019*	*30.dec.2019* *28.dec.2020*	*29.dec.2020* *28.dec.2021*
	YEAR	1 year	2 year	3 year	4 year	5 year	6 year	7 year	8 year	9 year	10 year
TOTAL INCOME		342 207	495 981	511 010	526 493	542 446	332 152	499 587	510 864	448 392	499 512
EXPENSES	% on income										
Management fees	0,00%	0	0	0	0	0	0	0	0	0	0
Vacancy rate	2,00%	0	9 920	10 220	10 530	10 849	6 643	9 992	10 217	8 968	9 990
Unpaid rent	0,00%	0	0	0	0	0	0	0	0	0	0
Other non-recoverable costs	1,00%	3 422	4 960	5 110	5 265	5 424	3 322	4 996	5 109	4 484	4 995
Marketing	0,00%	0	0	0	0	0	0	0	0	0	0
Property tax	0,00%	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	3,00%	3 422	14 879	15 330	15 795	16 273	9 965	14 988	15 326	13 452	14 985
NET OPERATING INCOME		338 785	481 102	495 679	510 698	526 173	322 187	484 600	495 538	434 940	484 527
RUNNING YIELD (Before CAPEX)		6,38%	9,06%	9,34%	9,62%	9,91%	6,07%	9,13%	9,33%	8,19%	9,13%
RUNNING YIELD (After CAPEX)		6,82%	9,69%	9,99%	10,29%	10,60%	6,49%	9,76%	9,98%	8,76%	9,76%
DISCOUNT RATE	9,50%										
NPV NET INCOME PAID IN ADVANCE	monthly (in arrear)	*322 063*	*421 605*	*396 694*	*373 255*	*351 200*	*198 228*	*269 752*	*251 909*	*202 050*	*205 419* *2 317 621*
EXIT YIELD	8,50%										
YIELD on EMRV	9,28%										
Average YIELD	9,21%										
CAPEX + Fit-out + Letting fees (nominal)	Amount	331 649	0	0	0	0	37 420	0	0	10 123	0
CAPEX + Fit-out + Letting fees (discounted)	Amount	318 245	0	0	0	0	22 809	0	0	4 700	0

MARKET VALUE (after capex) 5 000 000 EURO € 1 808 / per sqm

Properties	*Tenant*	*Period*	*Office (m2)*	*Storages*	*Rent /month*	*Service*	*Caution*	*Contract Date*
Andrássy	**CIB Bank Zrt.**	2010.03.29 - 2020.03.29	204,25	88,57	8 436 €	4	25 307 €	2010.03.29
Andrássy	**LM Neoprofessional Kft.**	2011.12.07 - 2017.02.06	791	25	8 000 €		16 000 €	2011.12.07
			995,25	***113,57***	***16 436 €***		***41 307 €***	

Jones Lang LaSalle

Real value in a changing world

Jaroslav Kopac MRICS
Head of Valuation Hungary
Jones Lang LaSalle

Széchenyi tér 7-8.
1051 Budapest
+ 36 (1) 489 0202
jaroslav.kopac@eu.jll.com

János Tóth
Senior Valuer
Jones Lang LaSalle

Széchenyi tér 7-8.
1051 Budapest
+ 36 (1) 489 0202
janos.toth@eu.jll.com

János Tóth
Senior Valuer
Jones Lang LaSalle

Alkotas ut. 50
1123 Budapest
+ 36 (1) 489 0202
janos.toth@eu.jll.com

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Jones Lang LaSalle

Real value in a changing world

Valuation *Report* on Office Building Alkotmány u.3. H-1054 Budapest, Hungary

Prepared for
Central European Estates N. V.

December 2011



Central European Estates N. V.
1051 Budapest, Szent István tér 11/b.
VII.floor

To the attention of Orly Paran,
Managing Director

Jones Lang LaSalle Kft.
Széchenyi tér 7-8., 1051 Budapest

Jaroslav Kopac
János Tóth

Tel: +36 1 489 02 02
Fax: +36 1 489 02 03

jaroslav.kopac@eu.jll.com
janos.toth@eu.jll.com

6th February 2012

Dear Sir,

REPORT AND VALUATION ON OFFICE BUILDING, ALKOTMÁNY U.3. H-1054 BUDAPEST, HUNGARY

We have pleasure in reporting to you in accordance with the agreement dated January 10 2012 regarding the above property. We understand that the valuation is required for financial reporting purposes and that these financial statements are being prepared in accordance with International Financial Reporting Standards (IFRS).

We have inspected the property on 30th January 2012 in respect of valuation. We have assumed unchanged circumstances in terms of immediate neighbourhood and physical characteristics of the property if only CEE has provided opposing information that we have reflected in this report. We have carried out all the necessary enquiries with regard to rental values, investment yields, planning issues and investment considerations.

We have not been instructed to carry out a building survey or environmental risk assessment. We have been provided with floor areas, tenure and tenancy details by CEE and assumed they are complete and accurate.

We confirm that Jones Lang LaSalle provides the valuation services in the capacity as External Valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards.

We are confident of the manner in which we are managing the potential conflict and that the best interests of the Client will continue to be carefully maintained. Additionally, we are not aware of any other potential conflict of interest that could prevent us from valuing this property on your behalf.

Basis of Valuation

Our Valuation has been prepared in accordance with the RICS Valuation Standards – Global (7th Edition). The basis of valuation is the Market Value of the property, as at the date of valuation, defined by the RICS as:

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

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The full interpretive commentary on this definition is attached at Appendix 2.

The report is subject to, and should be read in conjunction with our General Principles Adopted in the Preparation of Valuations and Reports, which are attached in the Appendix 1.

Having regard to the foregoing, we are of the opinion that the Market Value of Office Building located at ALKOTMÁNY U.3. H-1054 BUDAPEST, as at 31st December 2011, was:

MARKET VALUE
€ 6,200,000
(Six *Million Two Hundred Thousand Euros*)

Market Value of the subject property as of 31st December 2011 was HUF 1,930,000,000 (One Billion Nine Hundred and Thirty Million Forints)

No allowance has been made for any expenses of realization or for taxation, which might arise in the event of a disposal. The property is considered as if free and clear of all mortgages or other charges, which may be secured thereon.

We have not made any deductions for purchaser's or vendor's legal or agents' fees, associated within a purchase or sale, nor have we taken account of any capital gains or other taxes that either party might have to pay as a result of such a transaction.

Transaction costs generally comprise the following:

(a) Transfer tax (4% for commercial property up to value of approx. € 3.7 mil., 2% for properties with value above € 3.7 mil., with cap of € 750,000 (value of € 37 mil.) (paid by buyer), applicable in case of both asset and share deal, share deal defined as purchase of more than 75% of shares of Property SPV (more than 75% of the SPV value derived from real estate);

(b) Court registration fees: vary according to transaction price;

(c) Notarial fees vary according to transaction price;

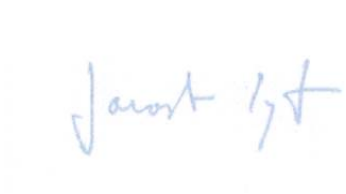
(d) VAT at 25% on buildings and land;(as of 1st of January 2012 it is increased to 27%)

(e) Agent's fees at 1-2% of purchase price plus VAT.

Finally, and in accordance with our normal practice we confirm that this report is confidential to the party to whom it is addressed and the party's business partners for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it is to appear.

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Yours faithfully,



Jaroslav Kopac MRICS
Head of Valuation Hungary
Jones Lang LaSalle Kft.



János Tóth
Senior Valuer
Jones Lang LaSalle Kft.

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Executive Summary



Property Address	Alkotmány u.3. H-1054 Budapest
Basis of Valuation	Our Valuation has been prepared in accordance with the 'RICS Valuation Standards – Global ' 7th Edition of the Royal Institution of Chartered Surveyors on the basis of Market Value defined in Appendix 2 of this report. The valuations presented in this Report are subject to special assumptions outlined in section 'Specific Valuation Assumptions' below. The Report is subject to, and should be read in conjunction with, the attached General Principles Adopted in the Preparation of Valuations and Reports, which are attached in Appendices.
Date of Valuation	31st December 2011
Tenure	We have been supplied with a copy of the extract from Cadastral Land Register of Title N°24889, cadastral district of no.2., dated 24th January 2012, confirming the interest of Y.O. Global Kft. over the subject property. These documents identify the site as a single plot of 768 sq m.
Category for Financial Reporting	IFRS
Location	The subject office building is located in Pest in the Vth. District, called Lipótváros. The District is the heart of the capital, traditionally a mixed institutional and residential area, on 2.59 km^2, with a population of 27,000 people. The subject property is next to Kossuth tér, by Alkotmány u., which connects Kossuth tér with Bajcsy-Zs. út. In the close vicinity of the property, there are significant historic buildings of different architectural styles: neo-gothic, eclectic, classical etc. around Kossuth square: Parliament, Industry art Museum, Ministry of Agriculture, which are listed buildings by the World Heritage. The Danube river and Szabadság tér is also within a walking distance. Within this area of Lipótváros there are many ministries, banks,

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insurance companies. In the Alkotmány u. there are also many institutions, preliminary courts. Next to the subject building, there is the robust building of a College of Tourism. The subject property is in a well- established and high-prestige residential and institutional area. The buildings have 4-7 floors on average, and situated side-by-side in dense provision. The vicinity of the subject property belongs to national monument area.

Site

As confirmed by the land register the site extends to a total of 768 m². It is level, regular in shape and bordered by buildings. It is surrounded by streets of Alkotmány and Kozma F. u. from north and west. The building is bordered by other buildings with five floors and of similar style and origin from east and south. The subject property is in a block surrounded by: Alkotmány, Kozma F., Kálmán Imre u. and Honvéd u. The site is fully built-in. The property is opposite the building of Ministry of Agriculture. Access and egress is via Alkotmány and Kálmán Imre u.

Services

We understand that all mains services are available to the property including electricity, municipality heating, gas, telephone/internet lines, water and mains drainage.

Zoning

We understand the area is regulated by the 2004/29. Zoning Restriction the Local Municipality. Accordingly the land is situated in city zone with the following regulation parameters:

Sign of Zoning	Building Plot					Building	
	Smallest Allowed		Maximum Allowed		Minimum Mandatory	Min	Max
	Size	With	Built in Ratio	Floor Area ratio	Green Surface Ratio	Height of the Building	
	(sq m)	(m)	(%)	(sq m / sq m)	(%)	(m)	
VK-V	-	-	80	-	-	-	25
Explanations, notes:							

Source: 2004/29. Zoning Restriction of Local Municipality

Description

The building was built at the turn of the XXth century. It was totally refurbished in 1993, and partially in 2004. It consists of the following:

The building consists of a 6 levels : cellar, ground floor, 3 levels and an attic level. The building has an underground level of 542 m^2 for a big-sized meeting-room of 81.2 m^2 for 30 persons and machinery. The footprint of the building is 575 m^2 . The building has 3,150 m^2 useful area and 309 m^2 staircase area. The average ceiling height is 3.8 m on the ground floor and 3.3 m on other floors. The building has a central inner yard, which is covered by steel-structured glass roof. The building has a massive structure of thick brick walls (there is bauxite-concrete in some places). The street façade is nicely decorated with ornaments of mixed style. The pitched roof is covered by tiles. The double windows and doors are of wooden structures, in the attic level, there are skylights. The partitioning is plaster board, the vertical traffic is provided by a nicely designed staircases and 2 elevators. The office areas are arranged around the central yard. The

toilets and kitchenettes are situated at the ends of each floor. The common areas, the water blocks are covered by GRES, the office areas are covered by parquettes. The inner walls are painted and covered by wallpaper. Smoke-detectors are provided. The property has 6 car-parkings situated in the basement of the connected building, with entrance from Kálmán I. u. There is a CCTV video recording system installed. The main entrance is from Alkotmány u., there is a staircase equipment for disabled person access as well.
The natural light is acceptable throughout the whole building.

Accommodation

We have been supplied with the following areas and assumed that these have been prepared accurately:

Table 1: Accommodation

Building	Accommodation	Gross Rentable Area (sq m)
Alkotmány Office Building	Office	3,150
	Staircase	309
Total		3,459

Source: CEE

Environmental matters

We are not aware of the content of any environmental audit or other environmental investigation or report which may have been carried out on the property, and which may draw attention to the existence or possibility of any contamination.

The property has been assessed on the basis of no actual or potential contamination.

Local market commentary

The Central Business District (CBD) includes the Vth district of Budapest and Andrássy út from Deák tér to Oktogon, both traditional office territories. The CBD office stock includes many classical buildings, which have been refurbished over the past 5-10 years. The lack of vacant land parcels and the heritage protection status of the majority of the building limit the development possibilities. The prime office market has remained a relatively small and tightly constrained market. This has predominantly been caused by the difficulties of being able to carry out larger scale developments within the CBD area. Bank Center and Roosevelt 7/8 are larger prime category buildings which have been popular among clients in the past although they were priced with a premium. Law firms so as financial and energy companies preferred the prestigious submarket even though on top of the high rents, lack of available parking spaces is also problematic often. The lack of suitable sites within the CBD that can accommodate suitable developments has resulted in a number of much smaller developments such as Deak Palota, Palazzo Dorottya or First Site Offices or CDO (Calasanz Downtown Offices).

The total office stock of this submarket is 356,460 sq m out of which 75,730 sq m is owner occupied. Due to the difficulties of new developments the stock of this submarket didn't grow as rapidly as in other submarkets. The vacancy rate of the submarket stood at 18.9% in Q3 2011. The rate showed steady but slow increase between 2009 and 2010 as several new

developments were handed over. As the office buildings in CBD are priced on a higher level than in other parts of the city vacated spaces needs longer time to be absorbed. Although this availability is still lower than the city average of 20.7% it is important to note that there is a significant amount of owner occupied space in the CBD. Taking into account only the speculative office stock the vacancy rate stands at 24.2% in the submarket which is just slightly below the city average of 24.9%

Prime office rent is achievable only in this submarket in a handful of buildings standing at EUR 20/ sq m/month. Average asking rent is between EUR 14-16/sq m/month in the submarket but there is a wide gap between asking rents depending on buildings. In the newly completed luxurious, prime offices such as Szabadság tér 14. asking rent stands between EUR 18-20/sq m/month but in older buildings it starts from EUR 14/sqm/month.

General Valuation Assumptions

Our valuation was prepared in accordance with the information obtained from the Client and specifically on the basis of the following assumptions:

a) The subject property has clear and fully marketable title without any historical claims;

b) That all necessary planning, building and other consents have been obtained;

c) We have relied upon the information mentioned in Section: 'Source of Information';

d) There are no Rights of Way, easements, and outgoings of an onerous nature or restrictions on use affecting the property, which may have a material effect on the value;

e) The site is not subject to any form of environmental contamination;

f) The property complies with any fire and life security codes, environmental codes and any other regulatory requirements that may exist.

g) The Market Value of the Property estimated by the Valuer is time-specific and is valid as of the Date of Valuation. The Valuer shall not be liable for any change in economic, legal or other factors which may arise after that date and affect the Market Value of the Property;

h) Forecasts and projections contained in the valuation must be read strictly in conjunction with the explanations, qualifications and assumptions set out in the text. Such forecasts and projections involve a significant element of subjective judgement and are designed to assist buyers in considering possible outcomes. They are not intended to give any assurance that any particular result or outcome will occur. The assumptions on which forecasts and projections are based are considered reasonable at the time of issue of the valuation, but no assurance is given that they are correct or exhaustive or that they will continue to be so in the future.

Tenancy

The building is totally occupied by a single tenant, which uses the whole building for its own purposes. The tenants is a Government organisation who rents the entire building for undefinite period. The rental contract was signed in May 2006. The current monthly rent is €52,083, which is €16.5/sq m/month. The per annum current rent is €625,000.

Specific Valuation Assumptions

a) Our calculations start from 1st January 2012;

b) We have adopted voids of 6 months;

c) We assumed that the present single tenant –Government Treasury - will stay in the property for additional 5 years.

d) We have adopted the following rent based on contract presented below:

Area Type	Actual rent (€ / sq m/ mnth)
Office < 1,000	16.53

Source Jones Lang Lasalle;

e) We have also adopted allowance in respect of other non-recoverable operating expenses at 1.00% of total income throughout our calculations;

f) ERV we applied: €12.5

g) We have assumed annual capex – € 63,000 in the first year of the calculation;

h) Based on the property's location, projected achievable rental income stream and expected position in the market we have applied a discount rate of 9.00% and exit yield of 8.50%;

i) As a result the initial yield has been adopted at the level of 9.39% before Capex deduction and 9.55 after Capex deduction.

Based on the above mentioned assumptions we are of the opinion that Market Value of the Office Building at Alkotmány u. 3 H-1054 Budapest was € 6,200,000 as at 31st December 2011. Six Million Two Hundred Thousand Euros (In words)

Appendix 1

General Principles Adopted in the Preparation of Report and Valuations

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General Principles Adopted In The Preparation Of Valuations And Reports

These General Principles should be read in conjunction with the firm's General Terms and Conditions of Business.

It is our objective to discuss and agree the terms of our instructions and the purpose and basis of the valuation, at the outset, to ensure that we fully understand and meet our client's requirements. Following are the general principles upon which our Valuations and Reports are normally prepared; they apply unless we have agreed otherwise and specifically mentioned the variation in the body of the report. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances, or to arrange for the execution of structural or site surveys, or any other more detailed enquiries.

1. Valuation Standards:

All work is carried out in accordance with:

(a) The Practice Statements contained in the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors (Sixth Edition), by valuers who conform to the requirements thereof;
(b) The Approved European Property Valuation Standards of the European Group of Valuers Associations (TEGoVA).

The standard adopted is set out in our report.

2. Valuation Basis:

Our reports state the purpose of the valuation and unless otherwise noted, the basis of valuation is as defined in the appropriate valuation standard. The full definition of the basis which we have adopted is either set out in our report or appended to these General Principles.

3. Source of Information:

We accept as being complete and correct the information provided to us by the sources listed, as details of tenant, tenancies, tenant's improvements, planning consents and other relevant matters, as summarised in our report.

4. Disposal Costs and Liabilities:

No allowances are made for any expenses of realisation, or for taxation which might arise in the event of disposal. All property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

5. Documentation:

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers.

6. Tenants:

Although we reflect our general understanding of a tenant's status in our valuations, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

7. Measurements:

We do not normally measure premises unless specifically requested and base our valuation on the information made available to us. Where measurement is undertaken this is carried out in accordance with either the relevant local codes or the Code of Measuring Practices issued by the Royal Institution of Chartered Surveyors except in the case of agricultural properties or where we specifically state that we have relied on another source.

8. Town Planning and Other Statutory Regulations:

Information on town planning is, wherever possible, obtained verbally from the local planning authority and, if confirmation is required, we recommend that verification be obtained from lawyers that:-

(a) the position is correctly stated in our report;
(b) the property is not adversely affected by any other discussions made or conditions prescribed by public authorities;
(c) that there are no outstanding statutory notices.

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Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including enactments relating to fire regulations.

9. Structural Surveys:

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we therefore do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair which we note during our inspection or costs of repair which are brought to our attention.

10. Deleterious Materials:

We do not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, wood wool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

11. Site Conditions:

We do not normally carry out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses or delays will be incurred during the construction period due to these matters.

12. Environmental Conditions:

Unless expressly instructed, we do not carry out site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

13. Value Added Tax

Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

14. Outstanding Debts:

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

15. Confidentiality:

Our Valuations and Reports are confidential to the party to whom they are addressed for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

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Appendix 2

General Terms and Conditions of Business

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General Terms And Conditions Of Business

1. Introduction

These General Terms and Conditions of Business shall apply to all dealings between Jones Lang LaSalle and the Client and, for the avoidance of doubt, shall be treated as applying separately to each instruction given by the Client to Jones Lang LaSalle.

These General Terms and Conditions of Business apply where Jones Lang LaSalle provides services to a Client and there is no written agreement for the provision of these services or, if there is, to the extent that these General Terms and Conditions of Business do not conflict with the terms of that written agreement. Reference in these General Terms and Conditions to the agreement means the written or informal agreement that is subject to these General Terms and Conditions of Business.

2. Jones Lang LaSalle

Jones Lang LaSalle means Jones Lang LaSalle Kft., with its seat at Alkotas ut. 50, 1123 Budapest or the other member of the Jones Lang LaSalle group of companies that provides services or the relevant part of services.

3. Services

Jones Lang LaSalle is to provide all services to the specification and performance level stated in writing or, if none is stated, to the specification and performance level that it ordinarily provides. Jones Lang LaSalle has no responsibility for anything that is beyond the scope of the services so defined.

Jones Lang LaSalle performs all services through properly licensed agents.

4. Time

Jones Lang LaSalle is to use reasonable endeavors to comply with the Client's timetable, but is not responsible for non-compliance unless the consequences of non-compliance have been agreed in writing. Even then, Jones Lang LaSalle is not liable for delay that is beyond its control.

5. E-mail and on-line services

The Client agrees that Jones Lang LaSalle may where appropriate use the available electronic communication and systems in providing services, making available to the Client any software required that is not generally available.

6. Duty of care to the Client

Jones Lang LaSalle owes to the Client a duty to act with reasonable skill and care in providing services, complying with the Client's instructions where those instructions do not conflict with (a) these General Terms and Conditions of Business, (b) the agreement or (c) applicable law and professional rules, including the code of ethics.

Jones Lang LaSalle has no liability for the consequences of any failure by the Client or any agent of the Client promptly to provide information or other material that Jones Lang LaSalle reasonably requires, or where that information or material is inaccurate or incomplete.

7. Duty of care to third parties

Jones Lang LaSalle owes a duty of care to no one but its Client. No third party has any rights unless there is specific written agreement to the contrary.

8. Liability for third parties

Jones Lang LaSalle has no liability for products or services that it reasonably needs to obtain from others in order to provide services.

(a) Jones Lang LaSalle may delegate to a third party the provision of any part of services, but if it does so:
(b) without the Client's approval, Jones Lang LaSalle is responsible for what that third party does;
(c) with the Client's approval or at the Client's request, Jones Lang LaSalle is not responsible for what that third party does.

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9. Liability to the Client

The liability of Jones Lang LaSalle to the Client for its own negligence causing death or personal injury is unlimited, but otherwise its liability is:

(a) limited to 2 (two) times the fixed fees amount agreed with Jones Lang LaSalle per occurrence or series of occurrences arising from one event,
(b) excluded to the extent that the Client is responsible, or someone on the Client's behalf for whom Jones Lang LaSalle is not responsible under these General Terms and Conditions of Business,
(c) limited to direct and reasonably foreseeable loss or damage with no liability for indirect or consequential loss,
(d) (where Jones Lang LaSalle is but one of the parties liable) limited to the share of loss reasonably attributable to Jones Lang LaSalle on the assumption that all other parties pay the share of loss attributable to them (whether or not they do),
(e) not (so far as permitted by law) increased by any implied condition or warranty,
(f) in any case limited to a maximum of € 1,000,000 (one million euro) in aggregate per annum.

Jones Lang LaSalle shall not be liable for any hidden defects in the real property sold, bought or leased, unless Jones Lang LaSalle was aware of these defect and did not inform the client hereof.

10. Insurance

Jones Lang LaSalle agrees to purchase and maintain appropriate insurance policies, in particular professional indemnity insurance, for an amount of not less than € 1 million per occurrence or series of occurrences arising from one event.

11. Indemnity from the Client

The Client agrees to indemnify Jones Lang LaSalle against all liability (including without limitation all actions, claims, proceedings, loss, damages, costs and expenses) that relates in any way to the provision of services, except a liability that a court of competent jurisdiction decides (or Jones Lang LaSalle agrees) was caused by the fraud, willful default or negligence of Jones Lang LaSalle or of a delegate for whom Jones Lang LaSalle is responsible under the agreement.

12. Protection of employees

The Client agrees that (except for fraud or a criminal offence) no employee of the Jones Lang LaSalle group of companies has any personal liability to the Client, and that neither the Client nor anyone representing the Client will make a claim or bring proceedings against an employee personally.

13. Complaints resolution procedure

The Client agrees that it will not take any action or commence any proceedings against Jones Lang LaSalle before it has first referred its complaint to Jones Lang LaSalle in accordance with Jones Lang LaSalle's complaints procedure, details of which are available upon request from the Compliance Officer, Jones Lang LaSalle Sp. z o.o., ul. Saski Crescent, ul. Królewska 16, 00-103 Warsaw.

14. Conflict of interest

If Jones Lang LaSalle becomes aware of a conflict of interest it is to advise the Client promptly and recommend an appropriate course of action.

15. Confidential information

Jones Lang LaSalle must keep confidential all information of commercial value to the Client of which it becomes aware solely as a result of providing services, but it may:

(a) use it to the extent reasonably required in providing services,
(b) disclose it if the Client agrees,
(c) disclose it if required to do so by law, regulation or other competent authority.

Jones Lang LaSalle will comply with personal data protection regulation.

16. Publicity

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Neither Jones Lang LaSalle nor its Client may publicize or issue any specific information to the media about services or its subject matter without the consent of the other.

17. Intellectual property

Copyrights, patents, trademarks, design and other intellectual property rights in any material supplied by the Client, or in any material prepared by Jones Lang LaSalle exclusively for the Client, belong to the Client.

Such rights in any other material prepared by Jones Lang LaSalle in providing services belong to Jones Lang LaSalle, but the Client has a non-exclusive right to use it for the purposes for which it was prepared.

18. Remuneration

Where the fees and expenses payable for services are not specified in writing, Jones Lang LaSalle is entitled to:

(a) the fee specified by the relevant Regional Association of Real Property Intermediaries or other applicable professional body or, if none is specified, to a fair and reasonable fee by reference to time spent, and
(b) reimbursement of expenses properly incurred on the Client's behalf.

Where services are not performed in full, Jones Lang LaSalle is entitled to a reasonable fee proportionate to services provided as estimated by Jones Lang LaSalle.

The Client must pay VAT at the rate then current on the date of issuance of a VAT invoice.

If an invoice is not paid in full within 30 (thirty) days from the date of issuance, Jones Lang LaSalle may charge interest on the balance due at a daily rate of 2% above the base rate of PKO BP S.A. for real estate loans.

19. Assignment

The Client may assign rights and obligations arising from the agreement, but must first get the written consent of Jones Lang LaSalle, which will not be unreasonably withheld.

20. Termination

The Client or Jones Lang LaSalle may terminate the agreement immediately by written notice to the other, if the other has not satisfactorily rectified a substantial or persistent breach of the agreement within the reasonable period specified in an earlier notice to rectify it.

Termination of the agreement does not affect any claims that arise before termination or the entitlement of Jones Lang LaSalle to its proper fees or to be reimbursed its expenses up to the date of termination.

On termination Jones Lang LaSalle must return to the Client or, if the Client so wishes, destroy all Client information that is to be kept confidential, but Jones Lang LaSalle may keep (and must continue to keep confidential) one copy of that information to comply with legal, regulatory or professional requirements.

21. Notices

A notice is valid if in writing addressed to the last known address of the addressee and is to be treated as served:

(a) when delivered, if delivered by hand during normal business hours (where business hours next commence – if delivered after),
(b) when actually received, if posted by recorded delivery,
(c) when actually received, if sent by ordinary mail, fax or electronic mail.

22. Governing Law

These General Terms and Conditions of Business and the terms of the instruction shall be governed and construed in accordance with the laws of Hungary. All disputes shall be finally settled by the court of arbitration of the Hungarian Chamber of Commerce in Budapest in accordance with the rules set forth for this court.

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Appendix 3

DEFINITION OF MARKET VALUE

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The Basis of Valuation

Our valuation is carried out on the basis of the property's *Market Value*. This is defined in the RICS Red Book as:

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

Interpretive Commentary, as published in International Valuation Standard 1 of the RICS Red Book:

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 asset 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 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. Because 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 asset 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 asset owner are not a part of this consideration because the 'willing seller' is a hypothetical owner.

3.2.6. '…in an arms-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 of inflated because of an element of Special Value. The *Market Value* transaction is presumed to be between unrelated parties each acting independently.

3.2.7. '…after proper marketing…'

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Means that the asset 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 asset 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 and prudently...'

Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, 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 the asset estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

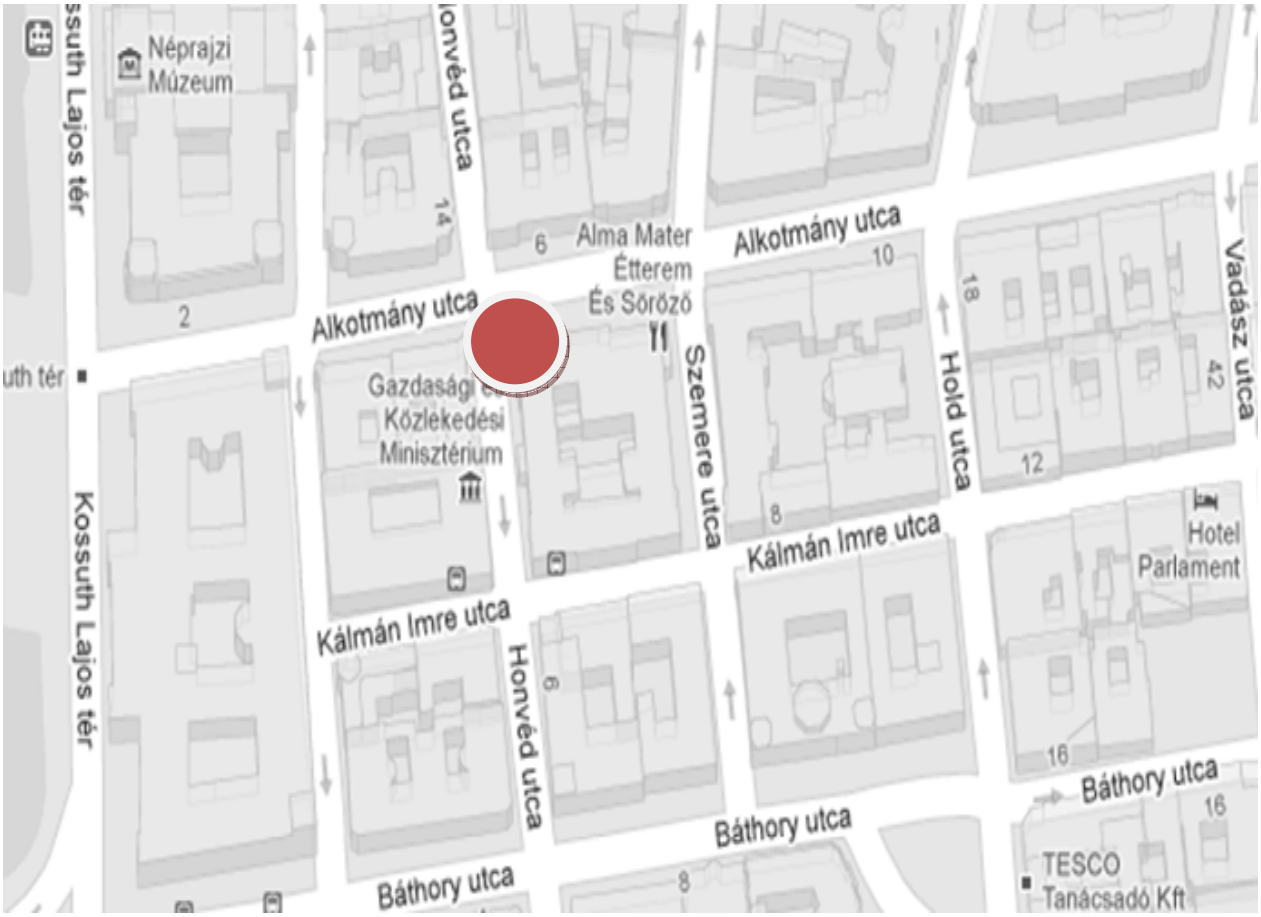
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Appendix 4

LOCATION MAP

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http://maps.google.hu/

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Appendix 5

SITE PLAN

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Appendix 6

CALCULATIONS

Cash Flow Input Assumptions

Alkotmány Office Building, Budapest, Hungary

Exchange Rates at 31st December 2011 according to the Hungarian National Bank

1 HUF =	0,00321	EUR
1 EUR =	1,34850	USD
1 HUF =	0,00415	USD
1 USD =	0,74156	EUR

Indexation EUR-CPI	3,03%
Indexation US-CPI	3,53%
Indexation Fixed	0,00%
Indexation HUF-CPI	3,85%
Indexation EMRV	2,00%

Gross rental income per annum

€	643 766
US$	868 119

Net rental income per annum

€	637 329
US$	859 438

Annual EMRV

€	472 500
US$	637 166

Valuation date	31/12/2011
CF start date	2012.01.01
Exit Yield	8,50%
Discount Rate	9,00%
Initial Yield	10,32%
Yield on EMRV	7,41%
Vacant duration	6 months
Cash flow calculation	10 year(s)
Valuation Currency	EURO
Cash Flow calculated	monthly
Total Lettable Area	3 150,00
Vacant Area	0,00
Vacancy	0,00%

Market Value in EURO

€	6 200 000

Market Value in USD

US$	8 400 000

Value per sq m

€	1 968

Value per sq m

US$	2 654

Local Currency: HUF

No.	Area Status	Tenants	Type of Space Category	Units #	Area	Parking spaces in lease		Lease start in CF	Lease start	Lease End	Renewal probability	Next tenant lease start	Unexpired Term (Years)	Lease length	Rent in leases	Currency	Rent in CF	Annual income	Total Rent Income (Office+Parking)		Over rented	Indexation			EMRV				Parking EMRV				EMRV		EMRV Indexation		Month of EMRV
						underground													per month	per annum		Month	Frequency	Type	Level	Rate	Currency	EMRV in CF	underground	external	Currency	underground	external	monthly	annually	month	level	
														year			€/sqm	€/sqm	€	€	%							€/sqm				€/sqm	€/sqm	€	€			
1	Signed	Government-Treasury	Office > 1000		3 150,00			2011.12.30	2011.12.30	2016.12.29		2017.06.29	4,3	5	16,53	EUR	16,53	624 834	52 069,5	624 834,0	24,38%	jan	Annually	EUR-CPI	3,0%	12,5	EUR	12,5			EUR	-	-	39 375,0	472 500,0	jul.18	2,00%	61
			office		3 150,00	0						Average unexpired term	4,32					624 834	52 069,5	624 834,0													472 500			

Discount rate	9,00%
Monthly discount	0,72%

Year	1	2	3	4	5	6	7	8	9	10
Annual CAPEX (nominal)	63 000									
Annual Fit-out (nominal)	0									
Letting fee	10,00%									

Year	1	2	3	4	5	6	7	8	9	10
Annual Letting Fee (nominal)	0	0	0	0	47 250	0	0	0	0	0
Monthly CAPEX + Fit-out + Letting (nominal)	5 250	0	0	0	3 938	0	0	0	0	0

Year						1						
Month	1	2	3	4	5	6	7	8	9	10	11	12
	1,0000	0,9928	0,9857	0,9787	0,9717	0,9647	0,9578	0,9510	0,9442	0,9374	0,9307	0,9240
Monthly CAPEX + Fit-out + Letting (nominal)	5 250	5 250	5 250	5 250	5 250	5 250	5 250	5 250	5 250	5 250	5 250	5 250
Monthly CAPEX + Fit-out + Letting (discounted)	5 250	5 212	5 175	5 138	5 101	5 065	5 029	4 993	4 957	4 921	4 886	4 851

Year	1	2	3	4	5	6	7	8	9	10
Annual CAPEX + Fit-out + Letting (discounted)	60 579	0	0	0	32 187	0	0	0	0	0

Market Value	6 200 000

Alkotmány Office Building, Budapest, Hungary

Cash Flows calculated	monthly	All figures shown are annuities									
		1.jan.2012 *30.dec.2012*	*31.dec.2012* *30.dec.2013*	*31.dec.2013* *30.dec.2014*	*31.dec.2014* *30.dec.2015*	*31.dec.2015* *29.dec.2016*	*30.dec.2016* *29.dec.2017*	*30.dec.2017* *29.dec.2018*	*30.dec.2018* *29.dec.2019*	*30.dec.2019* *28.dec.2020*	*29.dec.2020* *28.dec.2021*
	YEAR	1 year	2 year	3 year	4 year	5 year	6 year	7 year	8 year	9 year	10 year
TOTAL INCOME		643 766	663 273	683 370	704 076	725 409	236 250	477 225	486 770	496 505	506 435
EXPENSES	% on income										
Management fees	0,00%	0	0	0	0	0	0	0	0	0	0
Vacancy rate	2,00%	0	13 265	13 667	14 082	14 508	4 725	9 545	9 735	9 930	10 129
Unpaid rent	0,00%	0	0	0	0	0	0	0	0	0	0
Other non-recoverable costs	1,00%	6 438	6 633	6 834	7 041	7 254	2 363	4 772	4 868	4 965	5 064
Marketing	0,00%	0	0	0	0	0	0	0	0	0	0
Property tax	0,00%	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	3,00%	6 438	19 898	20 501	21 122	21 762	7 088	14 317	14 603	14 895	15 193
NET OPERATING INCOME		637 329	643 374	662 869	682 954	703 647	229 163	462 908	472 166	481 610	491 242
RUNNING YIELD (Before CAPEX)		10,17%	10,27%	10,58%	10,90%	11,23%	3,66%	7,39%	7,54%	7,69%	7,84%
RUNNING YIELD (After CAPEX)		10,32%	10,42%	10,74%	11,06%	11,40%	3,71%	7,50%	7,65%	7,80%	7,96%
DISCOUNT RATE	9,00%										
NPV NET INCOME PAID IN ADVANCE	monthly (in arrear)	*612 834*	*567 567*	*536 481*	*507 097*	*479 323*	*140 035*	*265 351*	*248 310*	*232 363*	*217 441* *2 458 841*
EXIT YIELD	8,50%										
YIELD on EMRV	7,41%										
Average YIELD	8,86%										
CAPEX + Fit-out + Letting fees (nominal)	Amount	63 000	0	0	0	47 250	0	0	0	0	0
CAPEX + Fit-out + Letting fees (discounted)	Amount	60 579	0	0	0	32 187	0	0	0	0	0

MARKET VALUE (after capex) 6 200 000 EURO € 1 968 / per sqm

Appendix 7

MARKET COMMENTARY

Hungarian Economy

Key Macro-Economic Indicators

Key Macro-Economic Indicators: 2008-2014	2008	2009	2010	2011F	2012F	2013F	2014F
Real GDP (% change)	0.6	-6.5	1.1	1.5	-0.8	2.1	3.4
Real Consumer Spending (% change)	-0.2	-5.7	-2.7	0.1	-2.7	3.0	4.2
Real Imports of Goods and Services (% change)	5.5	-14.8	12.8	5.9	-2.8	2.5	4.4
Real Exports of Goods and Services (% change)	5.7	-10.2	14.3	9.0	0.6	3.7	4.6
Industrial Production Index (% change)	-0.1	-17.6	10.5	5.3	3.0	4.4	5.0
Consumer Price Index (% change)	6.1	4.2	4.9	4.1	4.8	2.3	3.2
Policy Interest Rate (%)	10.0	6.25	5.75	7.0	7.75	6.0	5.25
Population (mil.)	10.02	10.0	9.98	9.97	9.95	9.93	9.92
Unemployment Rate (%)	7.8	10.0	11.2	10.9	11.0	10.9	10.8
Current Account Balance (% of GDP)	-7.3	-0.1	1.1	1.4	1.5	1.8	1.5
Exchange Rate (LCU/US$, end of period)	187.91	188.07	208.65	240.68	243.08	233.64	228.06
Exchange Rate (LCU/Euro, end of period)	261.53	270.92	278.79	312.93	320.85	320.10	321.57

- Source: IHS Global Insight, January 2012; F=forecast

General overview

The open Hungarian economy is largely exposed to deteriorations in the economic and financial conditions in the Eurozone. This comes from its relatively high levels of public and external debt, financing ratios, sizeable stock of portfolio investment, Swiss franc-denominated mortgage debt and a mainly Western European-owned banking sector. Due to the high debt levels, weak growth prospects and uncertainty about the country's ability to meet fiscal goals, Moody's decided to lower Hungary's debt rating from investment grade to speculative in November. Default insurance costs of the country's sovereign debt rapidly surged to a record high and the government announced its outline for a new economic growth plan and acquire a financial safety net from the IMF based on a precautionary agreement. In the wake of the downgrade the Hungarian Monetary Council raised the key rate by 50 bps to 6.50% to defend the currency and limit capital flight, which was according to market expectations.

In December, the government recalculated the 2012 budget, as weaker growth forecasts and devaluing HUF put a HUF 320 billion dent in the budget. To reach the 2.5% of GDP deficit target with a GDP growth at 0.5% for 2012 and a weaker HUF, the government decided to use HUF 200 billion from the national protection reserves, HUF 120 billion from further contributions of citizens who remained in the private pension funds and another HUF 20 billion from higher excise tax on tobacco products.

The national development minister submitted his resignation to focus on talks with the IMF and the EU in the hope of reaching an agreement by mid January. Informal talks between the delegations broke down in mid December after the Parliament scheduled to debate a bill on the new Central Bank Act which aimed to give the central bank more rate-setters, a third deputy governor and require the board of directors to submit their agenda to the government. The bill was passed at the end of December and although several changes were applied to please the European Central Bank it made communication with the IMF bitter. The NBH hiked the base rate up to 7% at the end of December while the next rate settling meeting is scheduled for 24th January. A further increase of 50bps is expected in an attempt to strengthen the Forint until the government secures an IMF/EU safety net.

By mid-January both S&P and Fitch downgraded the country, reflecting on the problematic situation with the IMF, the EU and the deterioration in the country's fiscal and external financing environment and growth outlook. Informal talks with the IMF continued and it became clear that the country can only obtain a stand-by-agreement instead of a precautionary one and only in case it shows a strong commitment to engage on all the policy issues that are relevant to macroeconomic stability. The communication between Hungary and the IMF/ EU is changing remarkably as the government finally started to show signs of its willingness to change the criticised laws. IMF

representatives also commented on the discussions as being “useful” and due to the easing tensions, the HUF started to strengthen back.

Statistical figures

The global economic boom considerably lost impetus to date in 2011. Developed countries are forecast to increase their economic performance this year by 1.6% on average, while developing and emerging states by 6.4%. A more dynamic growth in case of developed national economies is prevented by adjustments needed because of problems on labour markets and fiscal disequilibria (high budget deficits and indebtedness). The growth of the economic performance of the United States was slowing down to date in the year. The GDP became 1.8% higher on average in the first three quarters of the year. In addition to expenditures on consumption exports contributed to the expansion of the northern America economy. In the region of Asia the gross domestic product of Japan was declining from the beginning of the year, the performance decreasing by 0.8% in January–September 2010. The economy of China grew by 9.4%in the first three quarters of the year, though the rate of increase was gradually losing momentum. Despite the slowdown the economy of the European Union (EU-27) increased by 1.8% on average in the 1st–3rd quarters of 2011 compared to the corresponding period of the previous year. The engine of growth remained Germany (3.4%), although the rate of its expansion fell significantly. In the euro zone a 1.8% growth was recorded in the first three quarters. Similarly to the majority of developed countries the economic growth of Hungary also lost impetus. The gross domestic product of Hungary increased by 1.4% in quarter 3 of 2011 and by 1.8% in the first three quarters of 2011 compared to the same period of the previous year. According to seasonally and calendar-adjusted data, used for international comparisons, the rate of increase was 1.7% compared to January–September 2010, which put Hungary in the middle of the ranking of Euro .

Although the external boom becoming less favourable was reflected by the external trade performance of Hungary, too, on the expenditure side external trade is still the only factor of growth for the Hungarian economy. In the first three quarters of 2011 the volume of exports and imports – along with a continuous deceleration measured within the period – rose by 10% and 7.7% respectively. In the first nine months a surplus of HUF 1754 billion was generated on external trade, which was equal to 8.6% of gross domestic product. In January–September the exports and imports at constant prices of external trade in goods, accounting for the majority of international trade, rose by 12% and 8.7% respectively. In the field of services exports and imports also expanded, by 4.4% and 1.7% respectively. Domestic demand did not start to recover: in the period of January– September a decrease of 1.0% occurred in domestic use as a consequence of the stagnation of actual final consumption and a significant fall of gross fixed capital formation. Actual final consumption, representing more than eight-tenths of domestic use, essentially stagnated on average in the first three quarters (- 0.1%). Within this the actual final consumption of households hardly changed as well (+0.1%), while the volume of actual final consumption of government, accounting for about one-eighth of actual final consumption, decreased by 1.4%.

Household final consumption expenditure was essentially unchanged in the first nine months of 2011 (-0.1%) compared to the corresponding period of the previous year. In effect, final consumption expenditure was not affected by the payment of real returns by private pension funds in August. However, the volume of social transfers in kind – from the government and the non-profit institutions serving households – to households increased by 0.9%. The volume of gross fixed capital formation was 6.4% lower in the first nine months this year than one year before, and the decreasing trend was further strengthened by a fall of 8.6% in the 3rd quarter. All this considerably lowered the expansion of economic performance. According to investment statistics investments in the national economy, accounting for the overwhelming part of gross fixed capital formation, were down by 5.4% in quarter 3 and by 4.5% in the first nine months. In January–September construction investments were significantly (15%) lower than one year earlier, while investments in machinery and equipment rose (by 10%). The output of investments was lowered in the majority of industries. As dwelling constructions went on decreasing investments in real estate activities were 22% less than in the same period of the previous year. In case of transportation and storage a fall of 23% was recorded, since investments were completed in several transport branches. Out of industries having relatively large weight a considerable rise occurred only in manufacturing (28%), within which volume increases were observed for the majority of branches as well. Primarily individual large investments showed substantial growths in a few industries of relatively low weight: in mining and quarrying (33%) and in human health and social work activities (44%). Additional rises were measured in scientific and technical activities (12%) and in agriculture (4.3%). The stock of inventories in the 3rd quarter increased by HUF 175 billion at current

prices, however, the change of inventories had a negative impact on economic expansion for the first time after six consecutive quarters. In quarters 1–3 the level of inventories rose by HUF 250 billion. In January–September 2011 the performance of the Hungarian economy from production (output) side was influenced by the continuously decelerating industry as well as agriculture. The performance of agriculture rose by 27% over nine months, within which very significantly, too, by 29% in the 3rd quarter. The considerable volume increase in the branch was caused by improving yields. In January–September 2011 the gross value added by industry grew by 6.8%, mainly as a consequence of the expansion of manufacturing by 8.1%, thus contributing significantly to GDP growth. In quarter 3 the slowdown of the performance, lasting for a year, continued. The volume of industry rose by 3.5%, while that of manufacturing by 4.6%. The slowdown was due to the high base as well as the deceleration of external demand. The performance of export-oriented enterprises continues to be considered as the engine of industrial production. Among manufacturing branches production increased considerably in the manufacture of transport equipment, basic metals and fabricated metal products as well as machinery and equipment n.e.c. and in textile industry.

According to the latest available data broken down by branches, the volume of industrial production in October – along with deteriorating external conditions of recovery and the high base registered one year before – increased by 3.0% compared to the corresponding period last year. Exports were up by 1.0%, while domestic sales fell by 6.3%. In the first ten months of the year the volume of production was 5.8% higher than one year earlier, with an 8.1% expansion of sales on external markets and a 5.3% decrease of domestic sales. Among the sections of industry the volume of production in manufacturing in January–October grew by 6.2%, while the output of the energy sector diminished by 1.4%. The volume of production in mining, having small weight in production, was 13.2% higher than in the same period of the previous year.

The forint price level of external trade grew by 1.5% in exports and by 2.7% in imports in January–September, so the terms of trade deteriorated by 1.2%. Our national currency strengthened over a year by 2.4% against the major currencies in the first nine months of the year, within which revaluations of 1.4% and 7.9% were measured against the EUR and the USD respectively.

In the period of August–October 2011 and considering the 15–64 year-old population 36 thousand more people were working than one year earlier. The number of employed persons came to 3 million 828 thousand, which was 0.9% higher than in August–October 2010. The employment rate of 56.6% calculated for this age group was 0.6 percentage point higher than in the corresponding period of the previous year.

According to the latest staff number data of institutional labour statistics there were 2 million 693 thousand employees in the observed group of organizations in the national economy in the period of January–October 2011, 6 thousand (0.2%) less than one year before, which means a practically unchanged level. In the first four months within the period somewhat more people were working, while in the months of May–October slight decreases were observed in the staff number. In the different areas of the national economy trends of opposite direction continued to be recorded.

In the first ten months of the year average gross earnings – based on accounting records – were HUF 209 900,, 4.6% higher in nominal terms than one year before. The monthly average amount of net earnings equalled HUF 139,200, which was 5.8% higher than in January–October 2010. Net earnings were HUF 142,200 at enterprises, HUF 133,200 in the public sector and HUF 124,600 in the non-profit sector. Relatively significant, 7.4% and 8.1% increases were recorded in earnings in the private and the non-profit sectors respectively, while a more modest, 1.3% rise was observed in the public sector.

The rate of increase of consumer prices – because of the substantial price rises of motor fuels as well as electricity, gas and other fuels – accelerated further, so prices increased by 4.3% in November compared to the same month of the previous year. The price rise in January–November was 3.9% on average.

The consolidated, cash-based deficit of the general government (without local governments) – according to preliminary data of the Ministry for National Economy – was HUF 1248 billion in the period of January– November 2011, HUF 57 billion less than in the same period of the previous year. The revenue of the general government amounted to over HUF 11.9 trillion, its expenditure to HUF 13.2 trillion, which was 3.5% and 2.7% more

respectively than one year before. The purchase of a parcel of MOL shares increased expenditures by some HUF 500 billion, while the revenue from the Pension Reform and Debt Reduction Fund, received during the months of October and November and amounting in total to about HUF 420 billion, raised the level of revenues. Among the sub-systems the balance of the central government shows a deficit of HUF 1296 billion following a deterioration of HUF 14 billion. Improvement was recorded in case of social security funds: the deficit of HUF 30 billion was HUF 71 billion less than in the same period last year. A surplus of HUF 79 billion was measured for extra-budgetary funds, the same amount as in January–November 2010.

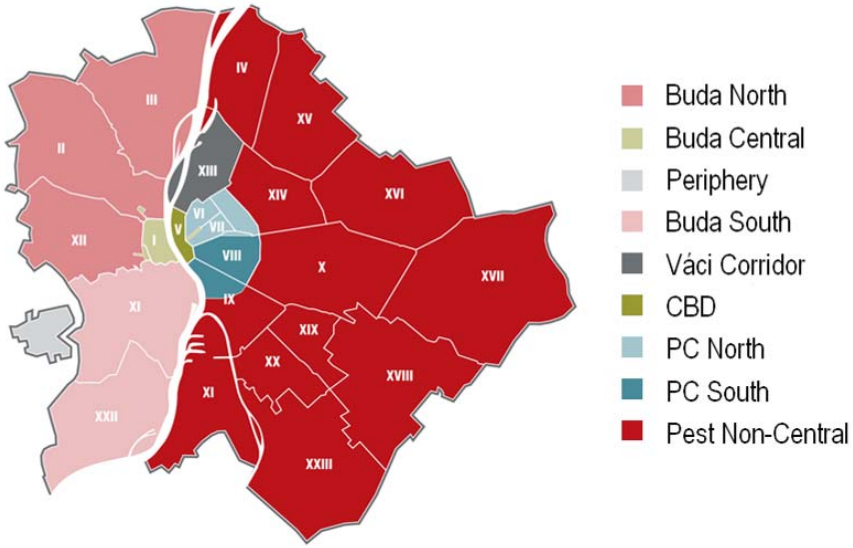
Source: KSH, 20 / 12 / 2011

Budapest Office Market Overview

1 Stock and Supply

At Q4 2011 the Budapest modern office stock consisted of 3,158,900 sq m modern Grade 'A' and 'B' office space. During the last 5 years the market saw a significant increase in the volume of supply as several new projects have been completed, but it is important to mention that due to the strickt financing conditions and the uncertain market environment the volume of speculative developments show a significant fall compared to years such as 2008 and 2009.

In 2011, a total of 87,425 sq m new office space was completed, which is the lowest annual volume of the past 7 years. Only six new office buildings were completed, out of which one was an owner occupied development. The new buildings of K&H Bank; Millennium H (11,980 sq m) and Millennium K (38,900 sq m) were handed over in Pest Central South submarket while Laurus office building (14,016 sq m) and the office component of KÖKI Terminál (6,325 sq m) were added to the stock of the Pest Non Central submarket. All four buildings were completed in Q4 2011. Additionally two other developments were completed at the first half of 2011: Calasanz Downtown Offices in the CBD on 1,700 sq m and Officium, the office component of Akadémia Park development on 14,500 sq m in Buda North. The average vacancy of the buildings completed in 2011 was 15.7% at completion which clearly shows the trend that developers are not willing to start new constructions on a purely speculative basis anymore.



Source: Jones Lang LaSalle 2011

Table 1: Office Completions in 2011

Building name	Size (sq m)	Date of completion	Type
CDO	1 700	Q1 2011	speculative
Officium	14500	Q2 2011	speculative
Millennium K	38 900	Q4 2011	Owner occupied
Millennium H	11 984	Q4 2011	speculative
Laurus	14 016	Q4 2011	speculative
KÖKI	6 325	Q4 2011	speculative

Source: Jones Lang LaSalle Q4 2011

Looking ahead there is a very limited pipeline, hence annual volume of new completions will reach a historic low in 2012. We expect only 35,500 sq m new office space to be handed over in three buildings, all of them being speculative projects. That said the completion of these project might be postponed further to 2013 as they did not manage to secure any pre-leases so far making construction works and further financing problematic. At the moment we expect the following projects to be handed over: V 67 in Váci Corridor by Spanish developers on 2,200 sq m (H1 2012), Green House by Skanska on 17,800 sq m in H2 2012 and Váci Greens by Atenor on 15,500 sq m in H2 2012. Completion of the latest project is highly questionable as construction works have been pending since year end 2011.

There are three offices in the pipeline to be handed over between 2013 and 2014 amounting to 53,000 sq m: the third phase of Office Garden on nearly 18,500 sq m, the new KPMG headquarter on 20,500 sq m by Futureal, and the prestigious Eiffel Palace 14,000 sq m in the CBD which will serve as PWC's new headquarter upon completion. Neither of these developments started yet.

Table 2: Future Supply 2012-2014

Building name	Size (sq m)	Year	Quarter	Refurbishment or new development	Type
Green House	17 800	2012	Q4	New	speculative
Váci Greens A	15 500	2012	Q4	New	speculative
V67	2 200	2012	Q2	new	speculative
Office Garden Phase III	18 513	2013	H2	New	speculative
Eiffel Palace	14 000	2014	Q1	New	64% prelet
K4	20 500	2014	Q1	New	50% prelet

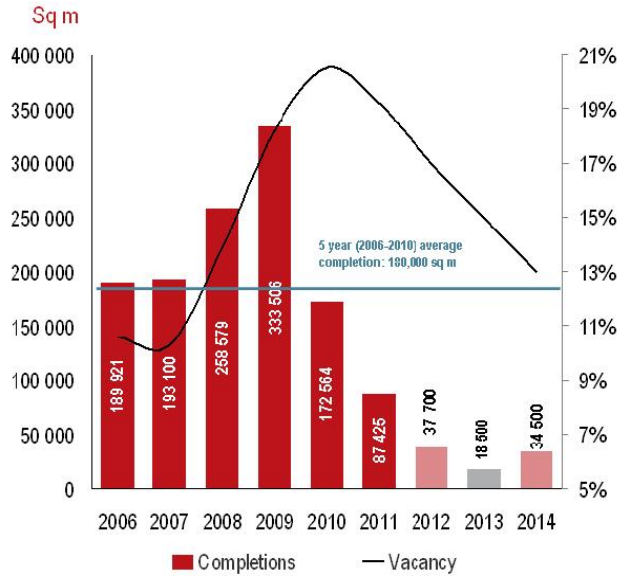
Source: Jones Lang LaSalle Research Q4 2011

Table 3: Office completions in 2011 by Submarkets

Submarket	Size (sq m)	Percentage
CBD	1,700	1.9%
Pest Central South	50,880	58.2%
Pest Non-Central	20,340	23.3%
Buda North	14,500	16.6%

Source: Jones Lang LaSalle Q4 2011

Graph 1: Office Completion Levels and Future Supply



•Source: Jones Lang LaSalle Q4 2011

Demand / Take-up

In 2010 total demand reached 306,650 sq m out of which 34.9% were lease renewals. Net take-up (including new leases, expansions and pre-leases) represented 58.8% of the total demand and 6.3% was owner occupied office occupancy. However the total demand slightly decreased compared to the previous year, the ratio of new lease transactions versus renewals remained stable. In 2009 total demand reached 373,150 sq m out of which renewals amounted to 121,620 sq m. apart of the large share of renewals there were several BTS transaction in 2009 as well which represented 78,700 sq m altogether.

Pre-lease activity within the market was low until 2008 (around 25,000 sq m per year) but in 2008 and 2009 the market saw more significant pre-lease activity with 82,572 sq m and 52,181 sq m respectively per year. This trend stopped in 2010 and pre-leases practically disappeared from the market as we registered only 7,468 sq m of pre-lease activity. In 2010 only GTC Metro has managed to secure 100% tenancy before its completion but this pre-lease agreement was signed in 2009.

The most significant office transaction was the move of Allianz Insurance into their new 17,202 sq m in owner occupied office at K3. The three largest speculative transactions were all lease renewals: Ericsson in Science Park (12,829 sq m), Sanoma in Szépvölgyi Office Park (8,500 sq m) and SAP in Graphisoft Park (8,500 sq m). A total of 483 leasing transactions were closed throughout the year with an average size of 635 sq m.

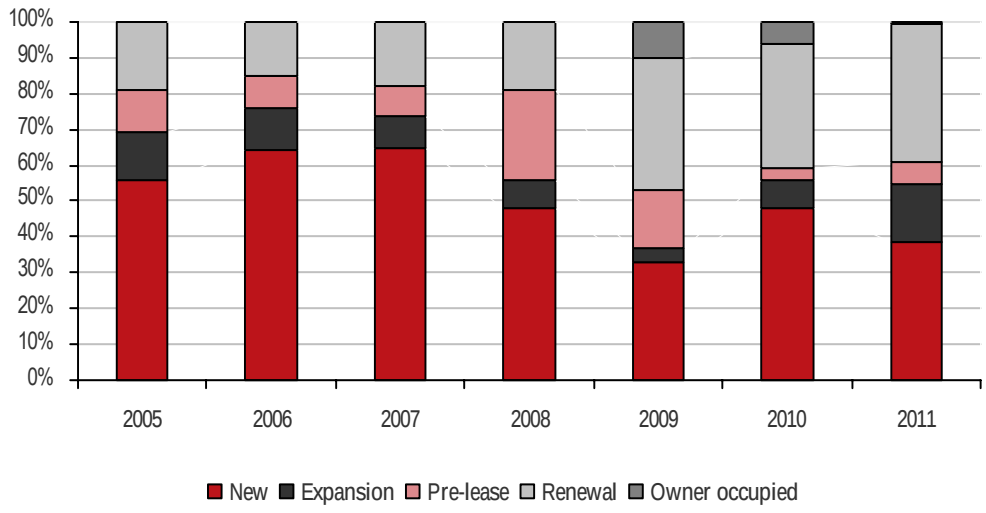
Involvement of tenant representation agencies gains increasing importance by large occupiers as many future office projects are offered for pre-lease and/or built-to-suit HQ. Tenants can now achieve favourable conditions and rents with the experience of a professional advisor.

According to market expectations demand strengthened in 2011 on 2010. Gross take-up reached 394,650 sq m which is a massive increase of 28.7% year on year . Net take up was also above the 2010 level. The volume of

new transactions, expansions, preleases and owner occupation reached 242,226 sq m which indicates an increase of 21.6% year on year, again a positive trend in terms of demand.

The composition of the annual demand shows that renewals represented a high share in 2011, similarly to 2010 and 2009. Lease renewals had a share of 38.6% almost the same ratio as new leases with 38.8%. Expansions represented 16.2% while preleases 5.8%. There was only one owner occupation accounting for a mere 0.6%. The largest transactions were new leases signed in Q4 2011, a company from the public leased 20,800 sq m in Spirál, while KFKI signed for 15,100 sq m in South Buda Business Park. Both buildings have been vacant for several quarters therefore these new leases play an important role in the quarterly net absorption. There were several large renewals as well: NSN extended its lease in CityGate on 13,000 sq m so did Raiffeisen on 11,900 sq m in Akadémia Center. Unlike 2010 two larger preleases were also signed in 2011. KPMG decided to move in 2014 into a new office at Váci Corridor, developed by Futureal on a total of 20,500 sq m. KPMG will occupy 8,500 sq m at first with a further expansion option on nearly 1,500 sq m. The other prelease transaction was also signed by PWC on 9,000 sq m in Eiffel Palace located in the CBD.

Graph 2: Structure of Take-up in Budapest



•Source: Jones Lang LaSalle Q4 2011

Having a closer look at the graph above, we can see that Budapest has been witnessing continuous growth in net take-up until 2008. As the economic crisis hit the market the ratio of renewals rose while the share of new transactions and expansions decreased. In 2011 renewals took 38.6% of the total demand while this ratio was 34.9% in 2010, 36% in 2009 and only 19% in 2008. Large corporations opted to renegotiate their current premises and renew their lease, in some cases even before the lease expiry to be able to lock-in rents considered by many to be at the lowest point of the cycle.

Although we expected that in 2011 we would record a lower share of renewals compared to 2010, there were still many companies who decide to extend their lease agreements at their current locations. That said net take up shows an increasing trend since 2009 even in case the growth is very limited.

4 Table 4: Major Deals 2011

Sub-market	Building	Tenant	Size (sq m)	Type of deal	Quarter
Pest Central South	Millennium Tower I	Vodafone	10,500	renewal	Q1 2011
Buda North	Maross utca BC	Edukacio	3,750	new	Q1 2011
Buda Central	Margit Ház	Magyar Tak.szöv.Bank	3,670	new	Q1 2011
Pest Non-Central	Laurus Offices	BDO Forte	3,600	prelease	Q1 2011
Pest Central South	Millennium Tower III	MSD	2,500	new	Q1 2011
Buda South	K2	Sykes	2,230	renewal	Q1 2011
Pest Central South	Citygate	NSN	13,000	renewal	Q2 2011
CBD	Akadémia Center	Raiffeisen	11,900	renewal	Q2 2011
Váci Corridor	WECC	Unisys	4,100	renewal	Q2 2011
Pest Central South	IP West	BT	3,300	renewal	Q2 2011
Buda North	Officium	confidential	3,000	new	Q2 2011
Buda Central	Imperial Krisztina	confidential	12,000	renewal	Q3 2011
CBD	confidential	confidential	9,000	prelease	Q3 2011
Váci Corridor	K4	KPMG	8,500	prelease	Q3 2011
Pest Central South	Studium	Nokia	6,500	renewal	Q3 2011
PCN	Park Atrium	Deloitte	4,800	renewal	Q3 2011
Váci Corridor	Optima A	Zepter	3,345	renewal	Q3 2011
Pest Central South	Arena Corner	Citibank	3,140	expansion	Q3 2011
Pest Central South	Arena Corner	Citibank	3,000	renewal	Q3 2011
Buda South	IP West I	NXP	2,600	renewal	Q3 2011
CBD	Ybl Palota	Cameron Mckenna	2,500	renewal	Q3 2011
CBD	First Site Offices	Plug and Work	2,400	new	Q3 2011
Váci Corridor	Spirál	confidential	2,000	new	Q4 2011
Buda South	South Buda BP	KFKI	15,136	new	Q4 2011
Váci Corridor	Spirál	confidential	8,000	renewal	Q4 2011
Pest Central North	Rumbach Center	confidential	4,860	new	Q4 2011
CBD	Bank Center	Citibank	3,485	new	Q4 2011

•Source: Jones Lang LaSalle Q4 2011

Out of the 596 transactions, which were signed in 2011, only 76 were signed for office space above 1,000 sq m totalling to 249,770 sq m (66.3% of the total demand). Many smaller scale deals were signed hence currently the average transaction size is around 663 sq m in Budapest, which shows an increase compared to previous years.

5 Table 5: Average deal sizes in Budapest from 2004 to 2011

Year	Average Deal Size (sq m)
2011	600
2010	635
2009	788
2008	745
2007	701
2006	590
2005	638
2004	663

Source: Jones Lang LaSalle Q4 2011

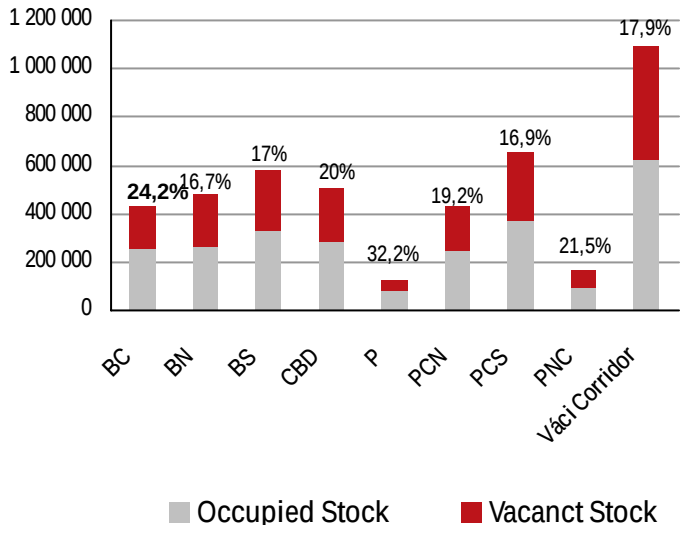
Vacancy

During 2011 the vacancy rate fluctuated between 20-21% reaching its lowest level of 19.2% by year end. This was the result of the limited new supply with high prelease rations so as the strong net take up in Q4 2011. The shrinking availability might seem convincing, but it is important to mention that several larger office buildings will be vacated during H1 2012 after their former occupiers will relocate to their new headquarters. These buildings are mainly old and of less modern quality therefore their new usages is highly questionable.

The highest vacancy rate is registered in the Periphery (32.2%) while Buda North has the lowest vacancy rate (16.7%). The submarkets show significant difference in terms of vacancy. Buda Central (24.2%) and Pest North Central (21.5%) are the two most oversupplied submarkets in Budapest apart of Periphery.

The below chart presents the stock and vacancy of each submarkets.

Graph 3: Vacancy and Stock in the Submarkets as at Q4 2011

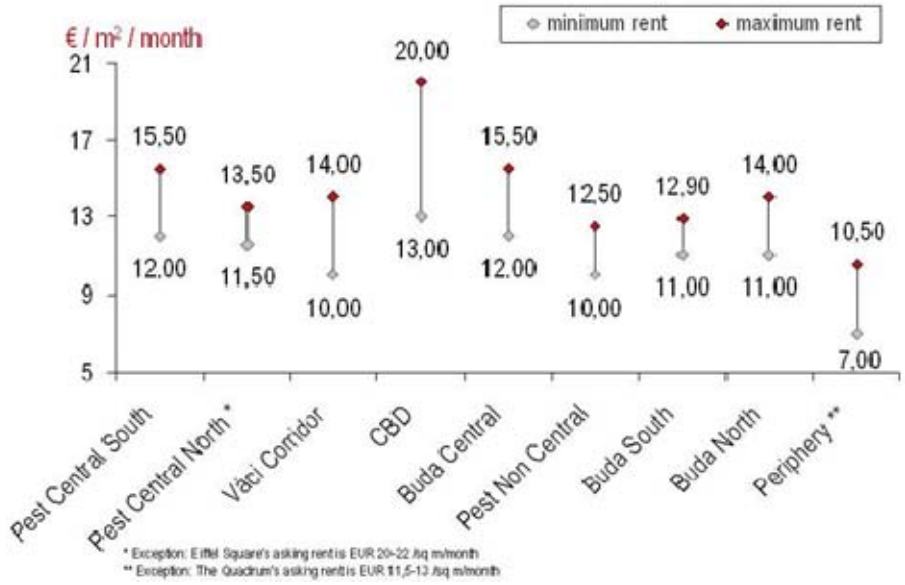


Rents

Office prime rents stood at €20/sq m/month at Q4 2011. This rental level can only be achieved in the best office buildings in the CBD. Rental bands of each submarkets show a wide range as the pricing depends on the location and the quality of the building as well as the public transportation access. Until the end of 2010 most landlords were forced to decrease their asking rents and offer generous incentives in order to attract tenants. This trend seems to be abating as we have experienced rental growth in some of the most popular and best located buildings. This however only concerns a very limited number of buildings at the moment but we expect rental stabilisation in the course of 2011 once the high oversupply starts to be absorbed. That said, rental stabilisation applies for mainly modern, A category buildings. Older, B category offices might face difficulties as their tenants leave behind their old premises to move into newer, more effective buildings. This will automatically result in jumping availabilities which will have an impact on rental levels. Therefore we forecast a deepening rental gap between A and B category buildings.

The rental decline caused by the crisis showed different patterns in each submarket. Prime products in prime locations were able to maintain their asking rents relatively unchanged or experienced only a moderate fall. At the same time the projects located in Non-Central submarkets did have to offer significant discounts. The greatest rental decline was seen in the Periphery and the Buda South submarkets.

Graph 4: Rental Bands in the Submarkets



Source: Jones Lang LaSalle Research, Q4 2011

In order to secure tenants in their buildings landlords are offering greater rental incentives. Beside the average incentives (standard 70-30% fit-out, rent free period) landlords are willing to pay further incentives, such as moving contributions or higher quality fit-out/greater fit out contribution. Projects outside the CBD and the most popular office locations are still under pressure of oversupply, therefore the highest level of extra incentives are available in these submarkets.

Investment Market Overview

While in 2010 the total transaction volumes in commercial real estate in Hungary for 2010 remained below € 300 million with less than € 200 million of institutional investment deals recorded for the full year by Jones Lang LaSalle, Investment activity picked up in 2011 with more than € 230 million transacted in Hungarian assets during the 4th quarter. The total volume of investment transactions for 2011 reached € 650 million.

The last weeks of 2011 were active with the closing of two major office portfolio transactions with Heitman, the Chicago based real estate investment manager as the buyer in both cases. The first transaction was the creation of a Joint Venture with TriGranit who sold a 74% interest in 4 office buildings located in the Millennium City Centre project (Tower I, II, II and the newly delivered Building H); the total consideration of the transaction amounted to € 151 million. The buildings located along the Danube, South of the city centre, are one of the most successful office schemes in the city and have attracted prime tenants such as Vodafone, KBC, Nestle, Morgan Stanley, Prologis and Lufthansa / Swiss. The second transaction was the disposal by the AVIVA Investors Central European Property Fund of Alkotás Point, anchored by Unicredit Bank and Bayer and Science Park anchored by Ericsson and Tata Consulting.

All major asset classes have traded during the year: The hotel segment was active with the transaction of 2 five-star hotels (Intercontinental, Four Seasons), the retail segment witnessed the disposal of a partial interest in Arkád Shopping Centre to ECE and the acquisition by Erste Real Estate of the Napfény Park in Szeged. The industrial asset class was represented by Aerozone and M1 Business Park as part of the Europolis portfolio, however, close to 60% of the total volume was transacted on office buildings with the Europolis, TriGranit and AVIVA assets representing the main transactions of the year.

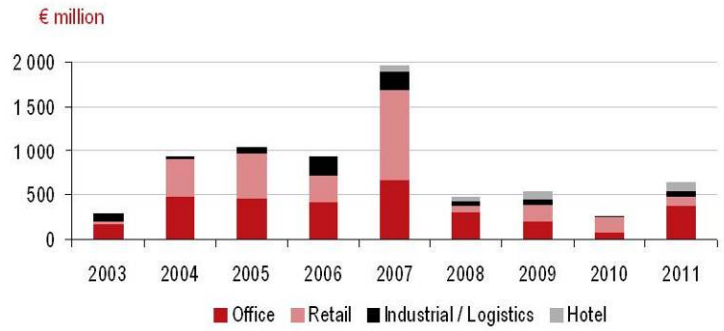
Some transactions which were expected to close in 2011 have been delayed – cancelled due to difficulties with bank financing and this will remain a serious bottle neck in 2012 as a consequence of the general de-leveraging, the evolution of financial markets but also the specific situation of Hungary on a macro-economic and political front.

Further developments on the investment market are dependant upon the evolution of the financial markets in view of the sovereign debt crisis and downgrades in the Euro zone and on the capacity to raise debt finance.

Based on our assessment of the market and relative pricing with Poland and the Czech Republic, we keep our views on prime yields unchanged compared to Q3 2011 with a stable outlook.

The graph below shows transaction volumes in 2003 – 2011.

Graph 1: Investment volumes in Hungary 2003-2011



Source: Jones Lang LaSalle, Q4 2011

The following table shows the main transaction in Hungary in 2011.

Table 14: Transactions in Hungary 2011

1 Sector	2 Property Name	3 Area (sq m)	5 City	6 Quarter, Year	7 Estimated NIY(%)	8 Vendor	9 Purchaser
Office	City Gate (65%)	24,200	Budapest	1, 2011	8.50%*	Oesterreichische Volksbanken	CA Immo
Office	Infopark A (51%)	12,200	Budapest	Q1, 2011	8.35%*	Oesterreichische Volksbanken	CA Immo
Office	IP West I - V (65%)	31,000	Budapest	Q1, 2011	8.00%*	Oesterreichische Volksbanken	CA Immo
Industrial	Aerozone Budapest (51%)	65,000	Vecsés	Q1, 2011	8.50%*	Oesterreichische Volksbanken	CA Immo
Industrial	M1 BP (51%)	69,000	Páty	Q1, 2011	.50%*	Oesterreichische Volksbanken	CA Immo
Retail	Árkád Shopping Centre (33%)	48,400	Budapest	Q1, 2011	onf.	Unibail Rodamco	ECE
Retail	Napfény Park	29,477	Szeged	Q1, 2011	7.80%*	Carion	Erste Real Estate
Retail	Tesco (solus)	6,804	Kőszeg	Q1, 2011	8.25%*	Private syndicate	Erste Real Estate
Retail	Tesco (solus)	5,116	Dabas	Q1, 2011	8.25%*	Private syndicate	Erste Real Estate

Hotel	InterContinental Hotel	398*	Budapest	Q2, 2011	n/a	Morgan Stanley (MSREF VI)	Toufic Aboukhater
Office	Focus Point	7,200	Budapest	Q2, 2011	n/a	ORCO (Endurance Fund)	Indotek
Office	Portfolio of 21 class B office buildings	45,000	Various	Q2, 2011	11.00%	Magyar Telekom	Associated Network
Retail	OBI	12,800	Budapest	Q3, 2011	8.25%	Endurance Fund	Erste Real Estate
Office	Raiffeisen Back Office	14,750	Budapest	Q3, 2011	n/a	Raiffeisen Real Estate Fund	Private Investor
Hotel	Four Seasons	179*	Budapest	Q3, 2011	n/a	Avestus Capital Partners	State Reserve Fund of Oman
Office	Millennium Towers I,II,III,H (74%)	70,000	Budapest	Q4, 2011	n/a	TriGránit	Heitman
Office	Alkotás Point, Science Park	53,000	Budapest	Q4, 2011	n/a	AVIVA	Heitman

Source: Jones Lang LaSalle Capital Markets, Q4 2011 (* JLL estimation)

Capital Market Highlights

- Macro-economics declining with GDP growth expected at 0% in 2012
- Financial safety net is being discussed by IMF, Stand by agreement is likely to be provided
- Potential hike of personal income tax
- Market fundamentals still worse than for peer CEE capitals
- Lower, but remaining gap in pricing between vendors and buyers
- A yield discount of approximately 50-75 bps compared to Poland / Czech Republic
- Core institutional investors remain to be opportunity-driven for prime office and retail opportunities
- Industrial and hotel investments will happen only in exceptional cases



Real value in a changing world

Jaroslav Kopac MRICS
Head of Valuation Hungary
Jones Lang LaSalle

Széchenyi tér 7-8.
1051 Budapest
+ 36 (1) 489 0202
jaroslav.kopac@eu.jll.com

János Tóth
Senior Valuer
Jones Lang LaSalle

Széchenyi tér 7-8.
1051 Budapest
+ 36 (1) 489 0202
janos.toth@eu.jll.com

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