Valuation Report
Brasov / December 2012

Valuated Property: Real property - plot of land, located within the built-up area
Location: Brasov County, Brasov City, Plot no. 1168/2
Date of Valuation: December 31st, 2012
Performed by: SIGMA BUSINESS CONSULT S.R.L.
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Bucharest - ROMANIA
Tel / Fax: 021 – 335.23 36/ 021 – 335.23.30
evaluare@sigmaconsult.ro
1. Executive summary

BENEFICIARY: S.C. PROGEO DEVELOPMENT S.R.L.  
S.C. PROMODO DEVELOPMENT S.R.L.

OWNERS: S.C. PROGEO DEVELOPMENT S.R.L.  
S.C. PROMODO DEVELOPMENT S.R.L.

VALUER: EUGEN BREAZU – VALUER, UNEAR MEMBER, Identification Card No. 10958

VERIFIED BY: MARIAN ȚUȚUI - TASK MANAGER, VALUATION DEPARTMENT, VALUER, UNEAR MEMBER, Identification Card No. 16891

OBJECT OF VALUATION: Real property land within the built-up area in the total surface of 88,443 sq. m in accordance with the Land Book, located in Brasov County, Brasov, Plot 1168/2, registered in the Land Book 48981, identified by the cadastral number 8717.

PURPOSE OF VALUATION: Establishing the fair value of the real-estate for financial reporting. We hereby consent that the valuation report will be included in the financial statement of New horizon Group Ltd dated 31 December 2012 and will be published in public in the periodic report that will be published on March 2013.

PROPERTY RIGHTS APPRAISED: Fee Simple Estate

DATE OF VALUATION: 12.31.2012

REFERENCE EXCHANGE RATE: 4.4291 lei/Euro

ESTIMATED MARKET VALUE

<table>
<thead>
<tr>
<th>Real estate property located in Brasov City, Brasov County, Plot 1168/2, S=88,443 sqm</th>
<th>Total Value [Euro]</th>
<th>Value [Euro/sqm]</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Land within the build-up area through the direct comparison method - rounded</em></td>
<td>3,537,720</td>
<td>40</td>
</tr>
</tbody>
</table>

SIGMA BUSINESS CONSULT S.R.L.

MARIAN ȚUȚUI - TASK MANAGER, VALUATION DEPARTMENT

EUGEN BREAZU – VALUER

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2. INTRODUCTION

2.1 Scope and object of the valuation

Valuation object: land within the built-up area identified by cadastral number, i.e. 8717.

We mention that the land was previously valued, for the same purpose, on December 2008, 2009, 2010 and on 2011. The results of the previous yearly valuations are as follows:

<table>
<thead>
<tr>
<th>Date of valuation</th>
<th>Value</th>
<th>Reference exchange rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.31.2008</td>
<td>V= 12,000,000 Euro (136 Euro/sqm)</td>
<td>1 Euro= 3.9852 lei</td>
</tr>
<tr>
<td>12.31.2009</td>
<td>V= 8,400,000 Euro (95 Euro/sqm)</td>
<td>1 Euro= 4.2282 lei</td>
</tr>
<tr>
<td>12.31.2010</td>
<td>V= 5,310,000 Euro (60 Euro/sqm)</td>
<td>1 Euro= 4.2848 lei</td>
</tr>
<tr>
<td>12.31.2011</td>
<td>V= 4,420,000 Euro (50 Euro/sqm)</td>
<td>1 Euro= 4.3197 lei</td>
</tr>
</tbody>
</table>

Also, several market surveys were performed in 2009, 2010, 2011 and 2012 in order to determine the evolution of unitary market value of the land.

The elements from the previous report are to be found in what follows, the changes from the previous situation being signaled, especially those that have influenced the value variation in this time interval.

By comparing the present valuation with the previous yearly one, it will be registered a 20% drop in value, from 50 Euro/sqm to 40 Euro/sqm. All values were provided in the same kind of approach: the direct comparison method.

We consider this decline to be normal and justified by the evolution of the real estate market since December 2008 in direct correlation with financial crisis and macroeconomic evolution of Romania, and the current situation of real estate market in Brasov.

The valuation aim – determining the fair value for financial reporting.

Definitions:

✓ The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (IFRS 13 Fair Value Measurement).

✓ Market value. The estimated amount for which an asset should exchange on the valuation date, between a willing buyer and a willing seller, in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeable, prudently and without compulsion. (2011 edition, IVS-Framework, 30th, paragraph)
The correlation between terms *market value* and *fair value (in IFRS)* is explained in IVS, 2011 edition: “… The commentary in IFRS 13 and, in particular, the references to market participants, an orderly transaction, the transaction taking place in the principal or the most advantageous market and to the highest and best use of an asset, make it clear that *fair value under IFRS* is generally consistent with the concept of *market value* as defined and discussed in the IVS Framework. For most practical purposes, therefore, market value under IVS will meet the fair value measurement requirement under IFRS 13 subject to some specific assumptions required by the accounting standard such as stipulations as to the unit of account or ignoring restrictions on sale. (2011 edition, IVS-300 Valuation for financial reporting, G2 paragraph).

This valuation is made in accordance with the International Valuation Standards in force, out of which, taking into account the valuation aim, mainly with IVS 300 - Valuation for Financial Reporting.

### 2.2 Value acknowledgement

- The following Valuation Report was performed by Mr. Eng. Breazu Eugen, Valuer, UNEAR member, Identification Card No. 10958;
- The valuer is acting as an **External Valuer**, having no recent or future interest in the valued property;
- All data and information used in the Valuation Report are true and accurate and have been verified by the valuer, when possible;
- All analysis, opinions and conclusions of the report are personal and limited by different assumptions and specific restrictive conditions, and are not influenced by any moral or financial obligations.
- The valuer undertakes to preserve the independence and integrity in carrying out the valuation report. The amount which represents the payment for the drafting of the report, paid by the Owners, has no relation to the declaration of a certain market value or a range of values of the property plot which favors the Owners;
- The valuation has been performed in accordance with the Deontological Code of the valuer's profession and with the International Valuation Standards 2011. The beneficiary has agreed on the content of the Report;
- The Valuation Report was verified by Mr. Marian Țuțui, Task Manager, Valuation Department - S.C. SIGMA BUSINESS CONSULT S.R.L., valuer and UNEAR member, Identification Card No. 16891;
- The company SIGMA BUSINESS CONSULT S.R.L. is an associated member of ANEVAR, the National Association of Romanian Valuers, with the Identification no. F09/0229;
- Since 2006, SIGMA BUSINESS CONSULT S.R.L. has been a recommended valuation company for BRD Groupe Societe Generale;
- Up to the present, the number of valuation reports has reached over 2,500 units. These reports refer to buildings, pieces of land, commercial centers, office spaces, warehouses, dwellings, etc.

### 2.3. Inspection date and effective valuation date

The documentation for valuation was made between 12.15.2012– 01.30.2013, period of time in which the field inspection was also performed.
The inspection was made without the participation of a representative of the owner, since we know the land from previous visits.

Value estimation date: 12.31.2012.

It is mentioned that the result of the valuation is subject to variation on the real estate market, making it valid for a limited period of time (usually up to 3 months).

### 2.4 Assumptions and restrictive conditions

The valuer assumes whole responsibility regarding the opinions he provided in this valuation report.

During the elaboration of the Report, several hypotheses and restrictive conditions were considered, as follows:

- The valuation is made, assuming that the property is not entailed.
- It was assumed by the valuer that there are no hidden or unknown property conditions which may change the value of the property. The valuer declines his responsibility regarding the existence of the above mentioned conditions, or regarding any necessarily professional investigations in order to reveal such conditions;
- No investigations were performed in order to determine whether soil contaminants are present on site or not, so we are unable to confirm that the valuation is free of risk on this regard. Therefore, for the purpose of the valuation, it was assumed that there are no soil contaminants on the property, which could pollute the environment and diminish the property value;
- Any value estimation from this report is related to the valuated property, as a whole; any splitting of the property (not mentioned in the report) or partial rights on the property would invalidate this value;
- It was assumed by the valuer that all data and information are genuine and accurate;
- It was assumed by the valuer that the property is well hold and managed;
- The valuer will not be asked to offer subsequent support regarding the valuated property or to testify, unless previous arrangements were made between parties;
- The content of this Valuation Report could be reproduced, partially or as a whole, in other documents, circulars or statements. S.C. SIGMA BUSINESS CONSULT S.R.L. and its valuer are not responsible to the beneficiary or any third party if, by publishing this report, prejudices should occur to them. This Valuation Report does not contain investment suggestions, therefore, neither the valuer, nor the company S.C. SIGMA BUSINESS CONSULT S.R.L., are responsible for any prejudices occurred to the beneficiary, or other third party, following the use of these data as investment decision.

### Additional hypotheses

- A hypothesis with generic character refers to the merging possibility of more lands considere as being a compact plot. The eventual discontinuities (of relatively small proportion) cannot influence these hypotheses, because the whole can rather form itself around bigger plots rather than missing strips. Moreover, it should be mentioned that a compaction of the valuated land can be physically can be also made by exchanging lands in favor of those who own big surfaces (e.g. the actual owners), who have this option as opposed to the other owners, who are divided. The real estate market acknowledges the compact plot for the valued land, and placed the emphasis on lands which were initially divided and which have been bought by the same owner.
2.5. Highest and best use appraisal

The “Highest and best use” is a market concept. Through “Highest and best use” analysis of the valuated property one can indentify the most competitive and profitable use. In accordance with the International Valuation Standards, the “Highest and best use” concept is defined as “the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued”.

Physically possible
The valuated property could have multiple uses, but, as market data shows, the micro zone specific aims towards the residential sector, collective or individual.

Probable use
It is valuer’s opinion that the specific of the area could change in the near future, and the investments that could be made on the land subject of this report could only have a residential or commercial use. For this reason, the “Highest and Best Use” will be limited to the above considerations, regarding the property use.

Legally permissible
At this moment, the land has an agriculture destination and it is located within the built-up area, in the west area of Brasov City, near to new residential projects (Avantgarden and Ireland House) and commercial (Arabesque, Eliana Mall and Real HyperMarket). Also near to the land was announced to be built a new university campus. The land location can be seen as an element that could stimulate residential type investments (collective and individual) or commercial. I consider that the possibility of building in this area is plausible, formal.

Financially feasible
By analyzing the above facts and, also, by applying the appropriate justification filtration, the valuer considers that the best use of the property, in the near future, is collective residential estate.
3. DESCRIPTION OF THE SUBJECT PROPERTY

3.1 Description of the location and of the area

The real estate property, i.e. the real property subjected to the valuation presents itself as a compact plot for which the technical and economic regime suffers changes.

The land is located in the western side of Brasov City, in Bartolomeu district, near to Calea Fagarasului and the exit road E68 towards Sibiu.

The plot of land has an opening to the road DCL 1163 of 509 m (paved road from Fanarului Street to Potatoes Institute).

Main characteristics of the area:

- 5 kilometers from the site to the city’s downtown;
- On the road DCL 1163 it’s a low traffic;
- Access - is made from Fanarului street, with access from Calea Fagarasului or from Bartolomeu district;
• Easy access to E68, European highway, toward Sibiu City;
• Vicinities:
  o Residential:
    ▪ Avantgarden Project, Ireland Project, at 500 m;
    ▪ old block of flats neighborhood “Bartolomeu”;
    ▪ future University Campus;
  o Commercials:
    ▪ Real Hypermarket;
    ▪ Arabesque – home decoration;
    ▪ Eliana Mall;
    ▪ Cars dealers: Audi&Wolkswagen;
  o Industrial:
    ▪ Losan Factory – wood processing, located on E68;
    ▪ Ina Shaefler – automotive parts factory, with 3,500 employees, located in Cristian;
    ▪ Small enterprises on Fanarului Street;
• Utilities already existing at Fanarului Street: electricity, water, sewage, gas and heating from the city networks.

3.2 Judicial status of the subject property – ownership rights

The ownership right is given by the sell-purchase agreement:
• Sell – purchase agreement with authentification completion no. 741/06.05.2008;

3.3 Land description

The plot is flat, good for backing the foundation.

Main characteristics:
• Compact surface: 88,443 sqm;
• The land has a triangular shape, with the next dimensions: 327 m the North side, 503 m the East side and 509 m on the South-West side. The land is favorable for residential developments, easy to organize;
• On the North side of the land there is a high voltage electric network.

Utilities: No.
Access: Has access on paved road
Build restrictions required by:

• high voltage aerial networks: yes
• main gas pipes: no
• railway networks: no
• existing or designed public roads (extension of county highways, roads, highways): no
• public projects in progress: no
4. MARKET ANALYSIS

4.1. National economy overview

With an average annual GDP growth of 6.3% from 2001 to 2008, Romania was one of Europe's fastest-growing economies in Europe.

However, it took a severe downturn during the euro zone crisis, with real GDP contracting by 6.6% in 2009 and by another 1.6% in 2010. In 2009, Romania was forced to turn to the International Monetary Fund for emergency loans totalling 20 billion Euro at the exchange rates at the time, which required the government to take drastic measures to curtail deficits, including cutting government salaries and raising the sales tax.

In 2011, due to the evolution beyond expectations of the agricultural sector (up by 11.3%) and the expansion of the industrial sector (up by 5%), real GDP grew by 2.5%.

Amidst weak agricultural production, domestic political turmoil and the ongoing euro-zone debt crisis, in the first nine months of 2012, the GDP grew by 0.2% as compared to the same period of 2011 (source: National Statistics Institute - INS).

As the euro crisis has deepened, it has helped that Romania has kept its own currency. Doing so has given Romania the flexibility to set interest rates, control liquidity and allow the currency to depreciate to help rein in the deficit, according to Mugur Isarescu, the governor of the National Bank of Romania. In the absence of control over monetary policy, he noted, euro zone countries like Greece are forced to rely primarily on fiscal policy: taxing and spending.

Maintaining the lei has made its exports — two-thirds of which go to the euro zone — more competitive and given it a lower cost of living that has made the country a sudden draw for highly qualified workers from struggling euro zone countries.

The deficit is forecast to decrease to 2.4% of GDP in 2013 under a no-policy-change assumption (as no draft budget was available at the time), which includes the full impact of the rise in public sector wages.

The government is also expected to foresee 0.2% of GDP in funding for the contracts that were signed under the PNDI programme and to ensure the necessary funding in the healthcare sector. After increasing further to 34.8% of GDP in 2013 from 34.6% in 2012, Romania's public debt is expected to start to stabilize in 2014 following several years of rapid growth during the crisis.
Romania also benefited from the exodus of nearly three million Romanians, mainly to Spain and Italy, which kept unemployment relatively low and lessened the financial strain on the state. In fall 2012, Spanish unemployment reached 25%, while in Romania it was about 7%.

While employment growth turned positive in the second quarter of 2012, job creation is forecast to remain subdued in 2012 due to the difficult economic climate and to recover only modestly in 2013.

The National Bank of Romania (BNR) targeted inflation of between 2% to 4% at the end of 2012, from 3.1 percent in 2011 when it met its target for the first time since 2007. The bank forecast inflation at 5.1 percent at the end of December because of a drought-induced increase in food prices.

According to the European Economic Forecast – Autumn 2012, released by the European Commission, the Directorate General for Economic and Financial Affairs, „modest recovery ahead” is, in brief, the forecast for the Romanian economy in 2013. (source:http://ec.europa.eu)

<table>
<thead>
<tr>
<th>Economic forecast</th>
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<tbody>
<tr>
<td><strong>Indicators</strong></td>
</tr>
<tr>
<td>GDP In million EUR</td>
</tr>
<tr>
<td>Per capita (in FPS)</td>
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<tr>
<td><strong>Annual % change</strong></td>
</tr>
<tr>
<td>GDP growth (at constant prices)</td>
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<tr>
<td>GDP deflator</td>
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<tr>
<td>Harmonised index of consumer prices</td>
</tr>
<tr>
<td>Exports (goods and services)</td>
</tr>
<tr>
<td>Imports (goods and services)</td>
</tr>
<tr>
<td><strong>% of total employment</strong></td>
</tr>
<tr>
<td>Unemployment rate</td>
</tr>
<tr>
<td>As % of GDP</td>
</tr>
<tr>
<td>Trade balance</td>
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<tr>
<td>Current account balance</td>
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<tr>
<td>General government balance</td>
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<tr>
<td>General government gross debt</td>
</tr>
</tbody>
</table>


Romania local-currency credit-rating is: S&P (BB+), Moody’s (Baa3), and Fitch (BBB).

4.2 Real estate market

At the level of the European Union, investment volumes (to the end of Q3 2012) have declined on a y-o-y basis in all key investment markets: Germany, down 11% to 11 billion Euro; France, down 22.4% to 8.3 billion Euro; Italy, down 65%, to 1 billion euro; and Spain, down 62%, to 600 million Euro.

According to Cushman & Wakefield investment activity in the core Central European markets increased marginally to 536 million Euro in Q3 2012. This is ahead of the 435 million Euro invested in Q2, however, volumes are significantly down on previous years, despite strong underlying activity in several markets.
Year to date, 1.90 billion Euro has been invested in the core CE markets, a mere 40.7% of the previous years 4.66 billion Euro, but in line with the volume invested for the same period in 2010.

Significantly, investors’ preferences across Central Europe have moved to the office sector from retail, with the share of investment volumes at 53% and 36.5% respectively. Industrial fell further behind accounting for just 8% of investment volumes.

While investment is the main component behind growth, due to depressed activity in the rest of the EU and domestic uncertainties, the Romanian real estate market had, the fourth year in a row, a really poor performance compared to 2007.

The value of real estate transactions in 2012 stood at about 340 million Euro, slightly up from 320 million Euro in 2011, distributed as follows:

- offices, with transactions worth about 160 million Euro (47% of the total amount)
- retail, with a value of 116 million Euro (34% of the total).
- industrial and hotel sectors also recorded transactions in 2012, but for smaller amounts.

According to Mediafax, who provided the above calculations, the total amount includes the transactions of land bound for real estate development. Bucharest covers almost half of the total amount, the remaining transactions targeting cities like Timisoara, Sibiu, Brasov and Pitesti.

In 2007 the value of real estate transactions reached 2 billion Euro, hence the level reached in 2012 represents only 16% of the one reached in the year when the Romanian real estate market reached its peak.

However, even if 2012 did not bring the awaited rebound on the Romanian real estate market, it was the best year since 2008. Experts say that the interest in real estate development is back again, mainly due to the significant drop in the ratio between the price asked by owners and the one offered by developers.

According to the report released by the real estate consultancy company Capital Property Advisors, in 2012, the most popular with investors were the income generating properties, namely the quality office buildings, leased to financially solid tenants, with reasonable rents and with low risk for vacancy.
Also investor’s interest was focused on “prime” properties, for future residential or office development; location in easily accessible areas and proximity to subway/public transportation being some of the main selection criteria.

**Residential Market**

2012 has not brought major changes in the residential market; due to financing problems, to reduced demand and generous supply of offers, and also because of lack of new real estate projects, the downward trend has continued, for the 4th consecutive year.

**Offer**

According to data published by INS, in 2012, 37,863 construction permits for residential buildings were released, a 4.0% decrease compared to the year 2011. Significant drops in the number of construction permits released for residential buildings were reported in the following development regions: North-East (-615 permits), South-Muntenia (-423 permits) and South-East (-415 permits).

Increases were recorded in the West development region (+260 permits) and the Bucharest-Ilfov development region (+60 permits).

Also, in terms of actual number of homes that have received approval to be built, the decrease in the past years is significant. Thus, if in 2008 a number of 118,643 residential housing units were authorized; their volume fell in 2011 to 46,423 units and to 37,863 units in 2012.

The 68% decrease shows that, in addition to the fact that the number of housing projects dropped from over 100 projects announced in 2007-2008, to about 70 (already started or finalised) in 2012, local builders prefer now to make blocks with fewer apartments, since they involve less investment and smaller risk.

Bucharest recorded a significant drop in dwelling completions, only 850 apartments being delivered in 2012, most of those coming from 7 projects: Cosmopolis, FeliCity, Militari Residence and New Town Residence. According to NIS it is the worst result since the peak in 2008, when about 3,000 dwelling were completed in Bucharest.

According to the consultants from “The Advisers / Knight Frank”, from the existing stock of new residential units (over 24,000 dwellings), 8 - 10,000 new apartments are available for sale, 70% of those being located at the periphery of Bucharest.
Prices

According to imobiliare.ro, in December 2012, the average price requested by owners for apartments was about 978 Euro / sqm, with -0.8% (8 Euro/sqm) higher than in November 2012, but with -1.3% (-13 Euro/sqm) lower than the same month, in 2011.

Residential property prices in Romania dropped, as compared to the previous year, by 4.1% in 2011, by 16% in 2010 and by 21% in 2009. In December 2011, the national average price for one square meter of built-up residential area dropped below the psychological 1,000 Euro threshold, to 991 Euro.

“First House IV”

According to data made available by FNGCIMM to Businessday.ro, 77,000 requests were received from the start of the First House program, until December, 2012, worth 3,000,000 Euro, with an average financing of 37,677 euro, down from 41,574 euro (First House I).

Land market

According to data generated by imopedia.ro, in 2012 the average price of building land in Bucharest decreased by 7% and with 11% in the suburbs.

Since 2008, real estate prices dropped by 80% in the city, but the differences are even more drastic in the suburbs, where lots were cheaper by up to 94% (for land located outside the built-up area). Significant price decreases were reported in:

- North: București Noi area - up to 50%, and up to 65% in the City Belt area;
- West: 69% less for Soseauiu Alexandriai and Domnești areas, and 63% in Prelungirea Ghencea area
- South: 55% in Giurgiului area, and 63% in Popesti Leordeni
- East: Olteniței and Pantelimon areas, up to 54%.

In terms of demand, 77% of those interested in the purchase of land in Bucharest or in neighbouring areas are looking for lots within the city limits. Regarding the size of the purchased land, 59% of imopedia.ro visitors were interested in surfaces between 250 and 500 sqm, 22% of them were interested in plots between 500 to 1,000 sqm and only 19% were looking for areas over 1,000 sqm.

A paradox, in 2012, only the cheapest and the most expensive plots of land have been sold.
The biggest land transactions made in 2012 were as follows:

1. **Benevo Capital** acquired the former industrial platform of Vulcan plant in Bucharest – February, 2012

   The real estate investment company Benevo Capital, with Canadian shareholders, acquired from the Romanian businessman Ovidiu Tender the former industrial platform of Vulcan plant in Bucharest, with 23 million Euro. The company acquired the 77,000 sqm platform in order to develop in partnership with NEPI (New Europe Property Investments), a retail park of 35,000 sqm, to comprise a do-it-yourself unit, a hypermarket of 10,500 sqm and a commercial gallery of 10,000 sqm.

2. **Auchan** bought the 100 ha platform of the former factory “Tractorul” Brasov - April, 2012

   The French retailer Auchan and its real estate branch Immochan will invest 60 million Euro in developing the first phase of the Coresi Real estate project in Brasov: a 24 ha plot, where it will build a store on some 16,000 sqm, a shopping mall on some 25,000 sqm, and a 300 place car parking.

   Flavus Investitii, owned by Cheynee Capital, first bought the land of the former factory “Tractorul” Brasov in 2007, for some 77 million Euro plus VAT. According to the Romanian media, quoting market sources, the deal for the 100-hectare platform, was valued at 25 million Euro, less than a third of the price paid for the site in 2007.

3. **Skanska** bought 15,000 sqm in Bucharest for green office project – November 2012

   The Romanian unit of giant listed Swedish builder Skanska has bought its first plot in Bucharest, marking its entry into the Romanian market. It plans to build a 52,000 sq.m. LEED Gold certified office complex on the site, which it bought from Romanian businessman Gabriel Popoviciu for 14 million Euro (without VAT), news service Mediafax reports.

   The highly sustainable office complex – dubbed Green Court Bucharest - is to be built on the 15,000 sq.m. plot next to a metro station in the Floreasca - Barbu Vacarescu area. This area has developed into the most dynamic office sub-market in the city, said Skanska Romania president Andreas Lindelöf. Skanska is also general contractor and construction is expected to start in Q1 of 2013.

4. **Volumetric** purchased part of the former Pepsi platform, in Filaret - Carol Park area in Bucharest – Q1 of 2012

   The Spanish developer, Volumetric, wants to start construction of a residential complex in Bucharest on a 5,300 sqm land, a part of the former Pepsi platform which has an area of about 16,000 sqm.

5. **Businessman Ioannis Papalekas** bought the Porsche Showroom Site in Floreasca– Barbu Vacarescu area in Bucharest – October 2012

   The Greek businessman Ioannis Papalekas bought the site of Porsche Aviatiei showroom, near the entrance to Pipera overpass and the metro station Aurel Vlaicu (northern Bucharest) and intents to build an office building. No other details of the transaction were disclosed.

6. **Businessman Tasos Gkotsis** bought a 1,500 sqm plot in the Floreasca area – November 2012

   Willbrook International, owned by the Israeli businessman Eyal Ofer, sold a plot in the Floreasca area to the Greek businessman Tasos Gkotsis, who developed the Polona 68 office
building in Bucharest. Gkotsis plans to build an eight-story office building on the 1,500 sqm property, according to Wall Street. No other details of the transaction were disclosed.

7. **NEPI** has concluded an agreement for the purpose of acquiring a plot of land of approximately 12.7 hectares in Galati – November 2012

NEPI, through its wholly-owned subsidiary NEPI Nine Investment Development SRL, has concluded an agreement for the purpose of acquiring a plot of land of 12.7 hectares on one of the main boulevards of Galati. NEPI Nine has entered into the transaction with the intention of developing the first retail center in Galati, anchored by a hypermarket and several international value brands.

According to [www.nepinvest.com/news.php](http://www.nepinvest.com/news.php), the Galati transaction is subject to the fulfilment of a number of conditions.

8. **Carpathian** sold its stake in a 12.5 ha plot of land in Satu Mare – June 2012

The land in Baia Mare, with an area of 125,238 sqm, was bought by the British to develop a mall worth 50 million euros, together with the management of Atrium Centers. Carpathian sold its 75% participation on the company owning the land with 300,000 euro.

Carpathian PLC was created in 2005 for the purpose of investing in Central and Eastern European retail properties, primarily shopping centers, supermarkets and retail warehousing.

<table>
<thead>
<tr>
<th>Buyer</th>
<th>Area</th>
<th>Surface (ha)</th>
<th>Price (Euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Benevo Capital (Canada)</td>
<td>Former “Vulcan” Industrial Site, Bucharest</td>
<td>7.7</td>
<td>23,000,000 (299 Euro/sqm)</td>
</tr>
<tr>
<td>2 Auchan / Immochan (France)</td>
<td>Former “Tractorul” platform, Brasov</td>
<td>100</td>
<td>25,000,000 (25 Euro/sqm)</td>
</tr>
<tr>
<td>3 Skanska (Sweden)</td>
<td>Floreasca – Barbu Vacarescu area, Bucharest</td>
<td>1.5</td>
<td>17,000,000 (1,133 Euro/sqm)</td>
</tr>
<tr>
<td>4 Volumetric (Spain)</td>
<td>Filaret - Carol Park area, Bucharest</td>
<td>0.53</td>
<td>Not available</td>
</tr>
<tr>
<td>5 Ioannis Papalekas (Greece)</td>
<td>Floreasca – Barbu Vacarescu area, Bucharest</td>
<td>0.4-0.5</td>
<td>Not available (worth 2,000,000 to 4,000,000 Euro)</td>
</tr>
<tr>
<td>6 Tasos Gkotsis (Greece)</td>
<td>Floreasca area, Bucharest</td>
<td>0.15</td>
<td>Not available (worth 1,500,000 Euro)</td>
</tr>
<tr>
<td>7 NEPI*/NEPI Nine Investment Development S.R.L.</td>
<td>Galati (former industrial site, on Cosbuc Blvd. according to <a href="http://www.viata-libera.ro">www.viata-libera.ro</a>)</td>
<td>12.7</td>
<td>Not available</td>
</tr>
<tr>
<td>8 Carpathian</td>
<td>Satu Mare</td>
<td>12.5</td>
<td>300,000 Euro</td>
</tr>
</tbody>
</table>

*NEPI - New Europe Property Investments PLC

**Office buildings and commercial activities**

The most important real estate deals in 2012 were related to the office building segment, with transactions worth about 160 million Euro (47% of the total amount in 2012).
Projects that have been subject to direct purchases by investment funds are City Business Center office complex in Timișoara, purchased by New Europe Property Investors (NEPI) also building HQ Victoriei in Bucharest, acquired Greek Zeus Capital Partners fund.

Other two important sale transactions in Bucharest, in 2012, were related to the office building Tower Center, sold to Dragoș Bilteanu and Ioannis Papalekas for 50 million Euro, and the selling of Litexco Stirbey Center office in Bucharest, for 4 million Euro, to Lizaos Ventures Limited.

In 2012, office construction activity was limited, with few sites completed, among which:

- Sky Tower, near Aurel Vlaicu subway station in Bucharest - bought by Raiffeisen Bank Vienna, for headquarters of the local subsidiary – completed;
- AFI Business Park, a complex of five office buildings located near the AFI Cotroceni Palace – phase I completed
- The Aviatorilor Plaza building - located between Piata Victoriei and Piata Charles de Gaulle – completed;
- Barbu Văcărescu Office in Bucharest – completed in H1 2012;
- "Bd. Magheru, nr. 1" in Bucharest – owned by the Austrian group S + B Gruppe, which also owns the building Bucharest Pipera Business Tower (the renovation of a building of 4,000 sqm downtown Bucharest) – completed;
- Palas Iasi, the largest real estate investment outside Bucharest - a development that includes also a shopping center, hotels, a park and an underground parking – completed.

Bucharest's total office stock (Grade A & B) reached approximately 2.19 million sqm at the end of Q3 2012, with another 20,000 sqm to be completed by the end of the 2012. (source: CBRE Research).

Rents for prime office remain stable, around 19 euro / sqm / month, and the overall vacancy rate increased to 15.12% in Q3 2012.

Technology & Telecom sector continues to perform, largest transactions by area being closed two quarters in a row by companies from this particular sector. Also, Manufacturing Industrial & Energy sector has demonstrated a strong activity in Q3, amounting to 20% of total take-up.
According to “Capital Property Advisors”, the Romanian market still has the advantage of being attractive for developing shopping centers, taking into account the existing stock of 130 sqm / thousand inhabitants, below the European average of 259 sqm / thousand inhabitants.

Thus, in 2012, several retail projects were completed:

- In Bucharest: Crangasi Shopping Centre, InterCora Mihai Bravu and Cora Rahova,
- Palas Mall Iasi, Era Shopping Park Iasi – phase II, Ploieşti Shopping City and Cora Bacau.

Main transactions with commercial spaces in 2012:

- Auchan bought a hypermarket in Pitesti owned by NEPI, for 28.7 million Euro
- Liberty Center in Bucharest has been auctioned off for 60 million Euro and the buyer is Rosequeens Properties, owned by Rosequeens Properties Limited, registered in Cyprus.
4.3. Specific market of the valuated property

Brasov County, with the capital city at Brasov, is situated in the central part of Romania and it is part of the “Centru” Development Region. Across the mountains to the South and East there are Wallachia and Moldavia, to the West the Banat region and to the North is Transylvania region.

The county has a total area of 5,363 km² and according to the provisional results of Population and Housing Census (RPL 2011), a population of 505,442 inhabitants.

Due to its location, Brasov County has a well represented network of public roads and the density of the railway lines (67.7 km/1000 km²) is above the medium of the country.

Brasov County is crossed by E81, E68, E60 European driveways.

A major infrastructure project is the Transylvania motorway Brasov - Cluj – Bors. Works on the Comarnic - Brasov, the most difficult segment of the motorway, were due to begin in 2010 and take around 4 years to complete, but the French – Greek consortium Vinci – Aktor denounced the contract and construction was canceled. The feasibility study of the project was tendered for review in September 2012. Construction may be awarded as a lease contract or as a public–private partnership and could begin in 2014.

The long-awaited airport in the central county of Brasov has received the go-ahead, the Brasov County Council has signed the building contract for the Brasov-Ghimbav International airport runway with local construction firm Vectra Service. Valued at 13 million Euro, the works for the construction of the runway are expected to start in the spring of 2013.

According to the feasibility study of the project made by Mott McDonald, in the first year of operation, the airport would have traffic of 300,000 passengers, and it would only exceed 1 million passengers in its eighth year of operation. The passenger traffic would continue to increase to over two million in the 25th year of operation. According to the studies, in the 25 years of operation, the airport will have a total traffic of 34,367,000 passengers.

The Brasov County contains some of the most attractive tourist destinations in Romania, its natural tourist potential being closely connected with its relief. Three important resorts (Poiana Brasov, Predeal, Sinai) offer tourists a wide range of winter and summer sports. In December 2011, the Ministry of Regional Development and Tourism (MRDT) inaugurated a 29 mil. Euro investment in ski infrastructure in Poiana Brasov.

Geographically Brasov is located on the most important development axis, Bucharest-Ploiesti-Iasi axis (the North-South axis), which will increase in importance in the following years, both economically and logistically. The forecasts regarding the economical, social and territorial cohesion made at European Union level indicate, in 2020, a major importance of the metropolitan areas from Romania, with accent on Brasov, Bucharest and Constanta.
Future project in Brasov:

- Multifunctional complex – located on the former Hidromecanica factory site
  - in an area of 4 ha will operate **Corall Shopping Center (Cora Hipermarket)**, a 14 floor hotel, office buildings and also apartment buildings
  - the area will benefit from 1,264 parking spaces.
- **Coresi Shopping Center Brasov** - the French retailer Auchan and its real estate branch Immochan will invest 60 million Euro in developing the first phase of the Coresi Real estate project in Brasov: a 24 ha plot, where it will build a store on some 16,000 sqm, a shopping mall on some 25,000 sqm, and a 300 place car parking.

**Real–estate market in Brasov**

2012 has not brought major changes in the residential market; due to financing problems, to reduced demand and generous supply of offers, and also because of lack of new real estate projects, the downward trend has continued, for the 4th consecutive year.

However, 2012 was the best year since 2008 as the interest in real estate development is back again, mainly due to the significant drop in the ratio between the price asked by owners and the one offered by developers.

For the local residential market, 2012 was characterized by a clear trend towards price stability, as from December 2011 to December 2012, apartment prices in Brasov slightly fell from an average of 859 euro/sqm to 857 euros/sqm.

According to the same source, imobiliare.ro, in 2012 the price difference was reduced significantly (only by 0.2%), compared to the last four years, when prices fell by about 21% in 2009, by 16% in 2010 and by 4.1% in 2011.

![Price trend graph]

**Land market in Brasov**

One of the most transactions in 2012 was the purchase of the 100 ha platform of the former factory “Tractorul” Brasov - April, 2012 by Auchan.

Flavus Investitii, owned by Cheyne Capital, first bought the land of the former factory “Tractorul” Brasov in 2007, for some 77 million Euro plus VAT. According to the Romanian media, quoting market sources, the deal for the 100-hectare platform, was valued at 25 million Euro, less than a third of the price paid for the site in 2007.
Main residential projects in Brasov

1. Avantgarden Residential Ensemble
   - A 3 stages project, developed by Maurer&Kasper, with 300 apartments per stage, located in Bartolomeu district, near to exit road toward Sibiu.
   - Location: 500 m from the land appraised;
   - Avantgarden 1 is completed since December 2008.
   - was planned to be finalized in August 2009, but it was delayed.
   - Avantgarden 2: prices starting with 31,000 Euro (for 36.96 sqm), for studios, 41,300 Euro for 2 rooms apartment (52.47 sqm) and 52.500 Euro (61.34 sqm) for a 3 rooms apartment.
   - Avantgarden 3: prices starting with 27,000 Euro for studios, 36,000 Euro for 2 rooms apartment and 49.000 Euro for a 3 rooms apartment.
   - The residential ensemble includes green areas, medical facilities and pharmacies, sports facilities and commercial units for convenience shopping, parking.

2. Alphaville Brasov
   - Developed by: Bermo Group
   - Location: Racadau neighborhood, near the exit to Bucharest
   - Term of the commencement: November 2010.
   - Phase I: completed in June 2012 (buildings B2 and C)
   - Phase II: started in March, 2012. should be completed in Q1 2013 (B1)
   - The project contains a set of premium apartment buildings from P 4 to P 11;
   - Price, including VAT:
     - two rooms apartment: starting with 44.462 Euro (57.91 sqm)
     - three rooms apartment: 65.712 Euro (74.85 sqm).
3. Evocasa Viva residential district

- Developed by Adama Holding LTD. In 2011, the Austrian investment fund Immofinanz has acquired the 69.22% stake owned by Israeli developer Adama, making it sole shareholder of the company.
- The project is located in the Noua neighborhood and consists of 5 buildings and 8 block of flats with 1, 2, 3 or 4 rooms.
- Term of commencement: January 2009
- Term of completion: 1st stage finalized in 2011 (two block of flats with 1, 2 and 3 rooms - a total of 148 apartments). According to the developer, in June 2011, half of the apartments were sold.
- Price (VAT included): from 45,000 Euro for studios, from 65,000 Euro for 2 rooms apartment and from 99,000 Euro for 3 rooms apartment + 1 parking space (special offer)

4. Privilegio Brasov

- Developed by Volumetric Romania, company of Volumetric Group Spain.
- One stage project, started on September 7th, 2009, and completed in May, 2011
- Is located downtown Brasov, 2 min. away from the City Hall and near the Orizont Commercial Area. It consists of a single, 11 floors building, with 156 apartments, commercial area at the 1st Floor, courtyard and 156 parking spaces.
- Prices: starting from 46,000 Euro + VAT.
Comparables for the valuated property, considered free of buildings

The following offers will be detailed in what follows, and those are only the ones taken into account in establishing the value of the valuated property.

➢ 1st Offer (see annexes): Vacant land located in Bartolomeu area, 200 m away from the future Exhibition Center Brasov and the Transilvania University Campus
   - Offer ID no. XVD003888 from www.imobiliare.ro, posted by the owner, IANNESCU Gheorghe, tel: 0740.012.914
   - Land within the build-up area, with a total surface of 62,000 sqm and opening of 240 m to paved road from Fanarului Street to Potatoes Institute;
   - Existing utilities networks: no;
   - Fit for residential/commercial development;
   - PUZ approved G+9 (35m), POT 40%, CUT 3.5.;
   - Offer price: 30 Euro/sqm.

➢ 2nd Offer (see annexes): Vacant land located in Bartolomeu area - Spicului Street
   - Offer ID no. X56U03001 from www.imobiliare.ro, posted by Radu Valsan, RE/MAX Central, 72 Branduselor street, Brasov;
   - Vacant land, within the build-up area, with the surface of 23,500 sqm, with a 400 m opening to the road;
   - Existing utility networks: water, electricity, sewerage and gas;
   - Residential destination;
   - PUZ approved G+17, POT 35%, CUT 4.0 ;
   - The offer price: 38 Euro/sqm.

➢ 3rd Offer (see annexes): Vacant land located in Bartolomeu area, the exit to Cristian
   - Offer ID no. X31013003 from www.imobiliare.ro, posted by Alexandru Muntean, Coldwell Banker Alpin, Brasov, 2 Nicolae Titulescu street, Carpatex building, North Wing, tel. 0268322377, 0730177204
   - Vacant land, within the build-up area, of 65,900 sqm, with a 98.5 m opening to DN 73 road, to the exit to Cristian, and 669 m opening to I.Clopotel Street;
   - Existing utility networks: water, electricity, and sewerage;
   - Residential/commercial destination;
   - The offer price is of 60 Euro/sqm.
5. PROPERTY VALUATION

In accordance with International Valuation Standards, “Market value: is 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 where in the parties had each acted knowledgeable, prudently and without compulsion”.

If there isn’t an active market or the property is specialized, an asset can be valuated taking into consideration the potential of services it can generate in the future, for instance the future economic benefits represented by the asset in the sense of its potential to have a direct or indirect contribution to the cash flows and the cash equivalents for the entity.

In this case, it would be used the fair value. The fair value of the asset is generally used in the financial reporting of the market value and also, of other, not based on market value, amounts. If the market value of an asset can be determined, this amount will be equal with the fair value.

In addition to the facts presented above, the property valuation made in this report presupposes:

- approach based on market elements - through direct comparison and revenues (the later just exist at the date of the evaluation of the documentation elaborated for that purpose (local council decision for the inclusion in the built-up area, zoning land use plan (PUZ), detailed land use plan (PUD), notes, permits, etc);
- the established value is the Market value (in this case is equal with the Fair value).

5.1 The direct comparison method

The major premises of the direct comparison approach are that the market value of a real estate property is in direct relation with the prices of competitive and comparable real estate properties. The method of the direct comparison uses the process in which the Market value is estimated by analyzing the market in order to find similar properties and compare them to the evaluated property. The comparative analysis is based on the resemblances and the differences between properties and transactions that influence the value. Regarding the subject property, it can be applied the direct comparison method, because there are enough offers for similar properties.

The selection of comparables was made, according to previous mentioning, following mainly:

- The closeness to the valuated property;
- The closeness of transaction/offer date to the valuation date.

In using the comparison method, respectively in making the data grid, the following comparison criteria shall be used:

- 1st Criteria (transaction/offer): refers to the date of transaction/offer, reflecting the market conditions and the possibility of negotiating the price which is valid at that time. The correction applied in accordance with this criterion expresses:
  - The hardening of financial conditions related to the financial effort;
  - The sellers’ willingness to negotiate in the analyzed area (it has been shown that there is a pretty limited interval for negotiation under normal conditions, the sellers knowing the history of past transactions to which they refer);
A -5% negative correction was applied on offers no. 1 and 2, and also we used a -10% negative corrections on the third offer.

We have obtained these margins after discussing with real estate agents, who know the minimum limit up to which the buyers are willing to negotiate, and after talking to the owners (offer no. 3). In the present economic conditions, the number of investors has diminished, and the sellers accept these margins, especially when it comes to important transactions.

2nd Criteria (the surface of the land): it is known that by increasing the surface of the land the financial effort increases and thus the number of potential buyers decrease, thus the unitary price tends to decrease. In the case of lots jointed, the largest jointed area is taken into consideration;

Because smaller surfaces are much easily sold, due to the smaller transaction sums, a -5% negative correction was used on offers no. 1 and 3 (with surfaces smaller with about 30% than the subject property) and a -10% negative correction was applied on the 2nd offer (with an area of about 25% of the subject property).

3rd Criteria (the location): built-up/unincorporated area or the belonging to field considered better. The correction is of 15-20 E/sqm in favor of the land located in the built-up area. It offers the possibility of immediate construction, of course providing that one has obtained all legal documents (as for the valued plot, the terms necessary for obtaining the permits have already been met, according to the hypotheses).

All offers are located within the built-up area of Brasov. For a better location (frontage on main road) we have applied a negative correction of -5 Euro on offer no. 3. For the rest, with worse locations, we have applied positive corrections, as follows: 10 Euro on offer no.2 and 15 Euro on offers no.1.

4th Criteria: the technical and urbanite equipment and the distance from the public networks of gas, water, sewage, electricity (if they exist), the type of road to which the land has access. The coefficients vary with the distance to the utilities and they cumulate one with each other;

The first offer have similar endowment, thus no correction was made. A -5% negative correction has been applied on offers no. 2 and 3 as it have better access to the utilities/roads.

5th Criteria (the shape and the dimensions, the possibility of future division in lots): max. 25%. This criterion makes practical impossible to diminish the unitary price for the transaction for the big surface. This explains why lands with big surfaces have practically the same value with small plots, only in as much as it creates the premises of a future residential development;

All lands are fitted for real estate development; therefore no correction should be applied. However, as the third offer has opening to two roads, a -5% negative correction was applied.

6th Criteria: strong points given by the proximity to the forest (or an opening at the forest skirt), the lake, future projects (highway, belt highway), variable according to the precise location of the valued land;

The third offer is located near a commercial area, therefore a -5% negative correction was applied. For the first two offers no corrections were applied.

7th Criteria: possible restrictions/limitations given by the location (gas pipes, L.E.A., public roads extension, the routes of future public roads);

A -5% negative correction was applied on all offers, as it presents no restrictions given by the location.

8th Additional criteria: in the case of lands within the built-up area, the building restrictions imposed by the Urbanism Certificate will be additionally analyzed (P.O.T. max., C.U.T. max., alignment retreat) which express the most efficient use of the land.

On the third offer a 5 Euro correction was applied, which represents the cost for obtaining its approval. For the first two offers no corrections were applied.
In order to reach a value, the valuer calculates what the amount of the corrections is and a bigger trust will be granted to that property that registers the smallest total net correction reported to the price of the transaction/offer.

The grid of the market data - is annexed to the present report.

The unitary value of the land is rounded to:

\[ V = 40 \text{ Euro/sqm} \]

The total value of the land is rounded to:

\[ V = 3,537,720 \text{ Euro} \]
6. Appendix

- Comparison grid
- Offers of similar properties
- Copies of valuer’s Identification Card
### ANNEX: SALES COMPARISON GRID

**Address:** Brasov County, Brasov City, Plot 1168/2

**Property:** Land

**Date:** 12/31/2012

<table>
<thead>
<tr>
<th>Comparison element</th>
<th>Valued land</th>
<th>Offer no. 1</th>
<th>Offer no. 2</th>
<th>Offer no. 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>ID - Real Estate Agency:</td>
<td>XVD003888</td>
<td>X56U03001</td>
<td>X3I013003</td>
<td></td>
</tr>
<tr>
<td>Unitary price [Euro/sqm]</td>
<td>???</td>
<td>30</td>
<td>38</td>
<td>60</td>
</tr>
<tr>
<td>1. Tranzaction/ offer</td>
<td>offer</td>
<td>offer</td>
<td>offer</td>
<td></td>
</tr>
<tr>
<td>Correction [%]</td>
<td>-5%</td>
<td>-5%</td>
<td>-10%</td>
<td></td>
</tr>
<tr>
<td>Corrected price [Euro/sqm]</td>
<td>29</td>
<td>37</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>2. Surface</td>
<td>88,443</td>
<td>62,000</td>
<td>23,500</td>
<td>65,900</td>
</tr>
<tr>
<td>Surface correction[%]</td>
<td>-5%</td>
<td>-10%</td>
<td>-5%</td>
<td></td>
</tr>
<tr>
<td>Corrected price</td>
<td>28</td>
<td>34</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>3. Location</td>
<td>further than city buildings: Avantgarden project and old city limit</td>
<td>worse position</td>
<td>worse position</td>
<td>better position at the DN73 frontage</td>
</tr>
<tr>
<td>Correction [EURO/sqm]</td>
<td>15</td>
<td>10</td>
<td>-5</td>
<td></td>
</tr>
<tr>
<td>Corrected price [Euro/sqm]</td>
<td>43</td>
<td>44</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>4. Infrastructure (utilities systems, access road)</td>
<td>access by paved road, without water, sewerage and gas systems</td>
<td>similar</td>
<td>access by paved roads, with water, sewerage and gas system</td>
<td>access by paved roads, with water and sewerage</td>
</tr>
<tr>
<td>Correction [%]</td>
<td>0%</td>
<td>-5%</td>
<td>-5%</td>
<td></td>
</tr>
<tr>
<td>Corrected price [Euro/sqm]</td>
<td>43</td>
<td>42</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>5. Shape and size (possibility to parcel out for future residential development)</td>
<td>yes</td>
<td>1:1.1</td>
<td>similar shape</td>
<td>acces to 2 main roads 1:6.8</td>
</tr>
<tr>
<td>Correction [%]</td>
<td>0%</td>
<td>0%</td>
<td>-5%</td>
<td></td>
</tr>
<tr>
<td>Corrected price [Euro/sqm]</td>
<td>43</td>
<td>42</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>6. Strengths (vecinatate forest/ lake/ DN vicinity, future projects, etc.)</td>
<td>close vecinity to future university campus and Avantgarden Project</td>
<td>similar</td>
<td>similar</td>
<td>near commercial area</td>
</tr>
<tr>
<td>Correction [%]</td>
<td>0%</td>
<td>0%</td>
<td>-5%</td>
<td></td>
</tr>
<tr>
<td>Corrected price</td>
<td>43</td>
<td>42</td>
<td>42</td>
<td></td>
</tr>
</tbody>
</table>
### Valuation Report - Real Estate Property – Land

#### Possible Restrictions
- Network electricity, main gas pipe line, public roads (existing or in project) etc.

**Correction [%]**

<table>
<thead>
<tr>
<th></th>
<th>No restrictions</th>
<th>No restrictions</th>
<th>No restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrected price [Euro/sqm]</td>
<td>41</td>
<td>40</td>
<td>38</td>
</tr>
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</table>

**Possible Restrictions**

#### Building Restrictions
- Established by the urbanism regulations (the coefficients cumulative)

**Correction [EURO]**

<table>
<thead>
<tr>
<th></th>
<th>G+9</th>
<th>similar</th>
<th>no</th>
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</thead>
<tbody>
<tr>
<td>Corrected price [Euro/sqm]</td>
<td>41</td>
<td>40</td>
<td>43</td>
</tr>
</tbody>
</table>

#### Unitary Value Resulted
- [EUR/sqm]: 40

#### Total Value Rounded [EUR]:
- **3,537,720**

#### Brut correction

<table>
<thead>
<tr>
<th></th>
<th>19</th>
<th>19</th>
<th>26</th>
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</thead>
</table>

#### % Brut Correction

<table>
<thead>
<tr>
<th></th>
<th>63%</th>
<th>50%</th>
<th>43%</th>
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</thead>
</table>

#### Net correction related to offer

<table>
<thead>
<tr>
<th></th>
<th>11</th>
<th>2</th>
<th>-17</th>
</tr>
</thead>
</table>

#### % Net correction related to offer

<table>
<thead>
<tr>
<th></th>
<th>0</th>
<th>0</th>
<th>0</th>
</tr>
</thead>
</table>
Warszawa, dnia 19.02.2013 r.

We hereby consent that the valuation report of Metropol NH real estate will be included in the financial statement of New Horizon Group Ltd dated 31 December 2012 and will be published in public in the periodic report that will be published on March 2013.

Metropol NH real estate situated in Warsaw at Nowogrodzka Str. 84/86.

The subject of this report is to determine the value of the rights to a real estate developed with a complex of office, warehouse and retail buildings (long-term leasehold of land and ownership of the buildings and structures),

Real estate consist of land plot no 28/4 and 28/5, total area 2887m² – Land and Mortgage Register No WA1M/00150704/5 and buildings total area 8498m².

mgr inż. Jolanta Łopacińska REV
RECOGNISED EUROPEAN VALUER
Certificate No. REV-PL/PFVA/2013/131
Property valuer licensed by the Minister of the Spatial Economy and Construction Industry no. 979
tel. 0602 648 881

mgr inż. Irena Sobiech REV
RECOGNISED EUROPEAN VALUER
Certificate No. REV-PL/PFVA/2013/127
Property valuer licensed by the Minister of the Spatial Economy and Construction Industry no. 980
tel. 0602 634962
REAL ESTATE VALUATION REPORT

Real estate address
Warsaw, ul. Nowogrodzka 84/86

Prepared by:

mgr inż. Jolanta Łopacińska REV
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Property valuer
licensed by the Minister of the Spatial Economy and Construction Industry no. 979
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Certificate No. REV-PL/PPVA/2013/127
Property valuer
licensed by the Minister of the Spatial Economy and Construction Industry no. 980
tel. 0602 634962

Warsaw, January 2012
## Valuation Report Extract

Prepared pursuant to art. 158 of the Real Estate Management Act of 21 August 1997 (Dz. U. No. 261 item 2603 of 2004 – unified text as amended)

<table>
<thead>
<tr>
<th>Real Estate Type:</th>
<th>A real estate developed with an office buildings complex (long-term leasehold of land + ownership of buildings and structures), land plots No. 28/4 and 28/5, cadastral unit 2-01-01 of total surface area of 2781 m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate address:</td>
<td>Warsaw, ul. Nowogrodzka 84/86 Land plots No. 28/4 and 28/5, cadastral unit 2-01-01</td>
</tr>
<tr>
<td>Valuation purpose:</td>
<td>Determination of the fair value of a developed real estate for the purpose of financial statements as defined in the Accounting Act, in accordance with the National Valuation Standard - KSWS 2 and the International Accounting Standard - IAS 2</td>
</tr>
<tr>
<td>Value of the real estate as at 31.12.2012 including</td>
<td><strong>EUR 9,850,000</strong> say: nine million eight hundred fifty thousand Euros</td>
</tr>
<tr>
<td>Valuation Method</td>
<td>The income based approach, investment method, discounted cash flow technique, Mixed approach</td>
</tr>
<tr>
<td>Date of on-site inspection</td>
<td>4 February 2012</td>
</tr>
<tr>
<td><strong>Author of the Valuation Report</strong></td>
<td></td>
</tr>
</tbody>
</table>

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RECOGNISED EUROPEAN VALUER  
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1. OBJECT AND SCOPE OF VALUATION

The subject of this report is to determine the value of the rights to a real estate developed with a complex of office, warehouse and retail buildings (long-term leasehold of land and ownership of the buildings and structures), situated in Warsaw at ul. Nowogrodzka 84/86.

The aforementioned real estate has the following markings in the land register:

<table>
<thead>
<tr>
<th>No.</th>
<th>Land Plot No.</th>
<th>Surface Area</th>
<th>Cadastral Unit</th>
<th>Land and Mortgage Register No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>28/4</td>
<td>1,344 m²</td>
<td>2-01-01</td>
<td>WA1M/00150704/5</td>
</tr>
<tr>
<td>2</td>
<td>28/5</td>
<td>1,543 m²</td>
<td>2-01-01</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Surface Area</td>
<td>2,887 m²</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The land and mortgage register for the aforementioned real estate is maintained by the District Court of Warsaw Mokotów, the 6th Land and Mortgage Register Division.

On the aforementioned land plots there are three buildings with extensions. On the land plot no. 28/4 at ul. Nowogrodzka there is a contemporary two-storey building with a basement and a four-storey building, with partial basement constructed in 1939 situated at the back of the land plot with a one-storey tall extension in the north-western corner of the land plot.

On land plot no. 28/5 there is a four-storey building with a basement that was modernised in 1998 and a two-storey building situated at the back of the land plot and connected to adjacent building at Al. Jerozolimskie 125/127 by a walkway on the 1st floor.

Detailed description of the buildings and structures is presented in point 5.3 of this report.

The valuation includes:

- determination of the value of the rights to the real estate as an organised whole (long-term leasehold of land and separate ownership of the buildings) as at 31.12.2012

2. VALUATION PURPOSE

The purpose of the valuation is to determine the fair value of the rights to the developed real estate for the purpose of financial statements as defined in the Accounting Act, in accordance with the National Valuation Standard - KSWS 2 and the International Accounting Standard - IAS 2.

3. VALUATION REPORT BASIS

3.1. Formal basis

The formal basis for the report is the contract between Metropol NH Sp. z o.o. with its registered office in Warsaw at ul. Jagiellońskiej 82 represented by Moshe Mor and TERRA s.c. Zespół Rzeczoznawców Majątkowych – Jolanta Łopacińska, Irena Sobiech, with its registered office in Konstancin – Jeziorna at ul. Pańska 18.
The Valuation Report was prepared by

- Irena Sobiech – property valuer with a license to valuate real estates No. 980 issued by the Minister of the Spatial Economy and Construction Industry on 24.06.1994 certified with the Certificate of professional license issued on 30.05.2005 by the Ministry of the Infrastructure, RECOGNISED EUROPEAN VALUER Certificate No. REV-PL/PFVA/2013/127

- Jolanta Łopacińska – property valuer with a license to valuate real estates No. 979 issued by the Minister of the Spatial Economy and Construction Industry on 24.06.1994 certified with the Certificate of professional license issued on 3.10.2001 by the Ministry of the Infrastructure, RECOGNISED EUROPEAN VALUER Certificate No. REV-PL/PFVA/2013/128.

3.2. Legal grounds of the appraisal

- The Act of September 21st, 1997 on Real Estate Management (Journal of Laws No. 102, item 651, consolidated text, as amended)
- Decree of the Cabinet of September 21st, 2004 on real property appraisal and appraisal report drafting (Journal of Laws of 2004, No. 207, item 2109)
- The Act of April 23rd 1964, the Civil Code (Journal of Laws No. 16 of 1971, item 93, as amended)
- The Act of September 29th, 1994 – the Accounting Act (Journal of Laws no. 76 of 2002 item 694 – consolidated text, as amended)
- International Accounting Standards – IAS 2.
- The Act of March 27th 2003 on spatial planning and development (Journal of Laws No. 80 of 2003, item 717, as amended)

3.3. Methodological basis

- Common National Valuation Rules (PKZW - Powszechne Krajowe Zasady Wyceny) including Base National Valuation Standards (KSWP - Krajowe Standardy Wyceny Podstawowe):
  – KSWP1 - market and replacement value
  – KSWP 3 – the appraisal report
- Specific National Valuation Standards (KSWS - Krajowe Standardy Wyceny Szczegółowe)
  – KSWS2 – real property valuation for the purpose of financial statements as defined in the Accounting Act
- Interpretative Note No. 2 - income approach in real estate valuation
- International Valuation Standards IVS – issue VII, Warsaw 2005
- Property Experts’ Standards of Conduct (Standardy Zawodowe Rzeczoznawców Majątkowych) issued by the Polish Federation of Property Expert Associations (Polska Federacja Stowarzyszeń Rzeczoznawców Majątkowych), issue VIII – applicable as temporary clarification notes
- Specialist literature.
3.4. Sources of substantive data

This valuation report was prepared on the basis of the following documents:

- on-site inspection and detailed inspection of the real-estate
- excerpt from the mortgage book KW WA1M/00150704/5
- excerpt from the land register,
- registration map of the real estate
- information concerning the volume and surface parameters of the buildings
- additional information obtained from the Client
- comparison of lease contracts for individual buildings
- information obtained from the spatial development plan
- information from the Price Registration System of the County Geodetic and Cartographic Documentation Centre in Warsaw about the concluded purchase and sale transactions of similar real estate in the Warsaw area
- own database
- specialist literature

4. VALUATION PREPARATION DATE

Date of the appraisal drafting

February 8th, 2013

Date as of which the value of the appraisal subject matter is determined

December 31st, 2012

Date as of which the status of the valuation subject was used in the valuation

December 31st, 2012

Date of on-site inspection

February 4th, 2013

5. REAL ESTATE CHARACTERISTICS

5.1. Legal Condition

Land and mortgage register KW WA1M/00150704/5 is maintained for the real estate by the District Court of Warsaw Mokotów, the 6th Land and Mortgage Register Division.

Based on a personal inspection of the mentioned Land and Mortgage Register on 5 Feb. 2013, the following entries were discovered:

Section I – Warsaw, Ochota District, ul. Nowogrodzka 84/86, land plots no. 28/4 and 28/5 in cadastral unit 2-01-01, land plots. Total surface area of 2887 m²

Printing house building of total usable area of 5,546 m², printing house building of total surface area of 2,952 m².

The long-term lessee of the real estate revealed in the land and mortgage register has the right to land servitudes established on the land plots No. 28/3 and 28/6.
The long-term lessee and the owner of the buildings situated thereon and described in the land
and mortgage register has the right to a land servitude established on land plots no. 28/3 and
28/6 entailing the right of use of the garage and workshop-warehouse premises and spaces
and the exit corridor situated under surface of the land plots no. 28/3 and 28/6, which
premises are integral to the operation of the underground premises of the governing real
estate.

Land plots are in long-term lease until 29.12.2093 and the building of the printing house of
total usable area of 5,546 m² and the printing house building of total usable area of 2,952 m²
constitute a separate property.

Section II – State Treasury

“Metropol NH” Sp. z o.o. as the long-term lessee of the land and owner of the buildings.

Section III – servitude was established on land plot No. 28/5 inuring to every long-term
lessee of the land plot No. 28/1 and to every long-term lessee of the land plots No. 28/3 and
28/6.

Section IV – mortgages

- bond mortgage in the amount of EUR 11,250,000 for the benefit of Raiffeisen Bank

The buildings are registered in the building files. On the land plot 28/4 there is a 4-storey non-
residential building of footprint area of 1268 m² and on the land plot 28/5 there is a 4-storey
office building with footprint area of 1513 m².

5.2. Designation of the area in the local spatial development plan

According to the Local Spatial Development Plan Part II, the area situated along the
diametrical line of railway, a distance from Central Station to the Main Train Station,
approved by Resolution No. XCIV/2808/2010 City Council of Warsaw dated 11.09.2010
published in Official Journal No. 207, poz.6568 – the land on which the property is situated
is designed for administration, service / trade, industrial and is marked
A/U (UP) / G8.

For areas of administration and services AU

- it is allowed only to carry out the objects of the functions in the designated
  administrative and service functions of supra-commerce, gastronomy, culture,
  entertainment
- determined using ground-floor street fronts on a public service premises on the scope
  of above
- excluded locating residential functions (with the exception of places where the
  planning function allow residential), industrial buildings and facilities and equipment,
  which goes beyond the boundaries of nuisance own land, in the case of services and
  facilities constructed beyond the boundaries of the property
- parking needs on their own plots

For terrain AU / (UP) / G8 shall include:

- Recommended to replace the buildings on plots with ul. Nowogrodzkiej 84/86 for the
  redevelopment of the functions of administration and services, while allowing the hotel and
  set up a maintenance building at the level I min.22 max 27 m
- The maximum building intensity I = 4.5.
5.3. Real Estate Description

5.3.1. Location and utilisation of the real estate

The aforementioned real estate is situated in Warsaw at ul. Nowogrodzka 84/86 near the junction of ul. Nowogrodzka, Koszykowa and Raszyńska in the Ochota District.

The real estate is situated near one of the main traffic arteries of Warsaw – Aleje Jerozolimskie.

On the aforementioned land plots there are three buildings with extensions. On the land plot no. 28/4 at ul. Nowogrodzka there is a two-storey building and a four-storey building, with partial basement constructed in 1939 situated at the back of the land plot with a one-storey tall extension in the north-western corner of the land plot.

On land plot no. 28/5 there is a four-storey building with a basement that was modernised in 1998 and a two-storey building situated at the back of the land plot and connected to adjacent building at Al. Jerozolimskie 125/127 by a walkway on the 1st floor.

The area of the building being subject to lease, in accordance with the signed contracts amounts to 4784 sqm., including office space = 2905 sqm., production-warehouse space = 1197 sqm., and basement = 818 sqm., according to the statement provided by the building’s Owner.

Vacant space: 2097 sqm. Total leasable space: 6883 sqm.

Vacant space covers 31% of total leasable area.

The building complex originally constituted the headquarters, warehouse facilities and printing house of “RSW RUCH”, after the adaptation the buildings serve as offices, stores, restaurants and warehouses.

On the ground floor of the buildings there are office premises and a billiards club. Floors I to III contain offices of numerous institutions, whereas the largest premises are occupied by the Centrum Rozwoju Medycyny, Polska Japońska Wyższa Szkoła Technik Komputerowych and the headquarters of the Law and Justice political party.

In the basement there are warehouse-production premises and they are currently used as photoshop as well as a large underground garage.

At the eastern boundary of the real estate there are office buildings; at the western and northern boundary there is a parking courtyard as well as office and residential buildings.

The property owner plans to replace the current building on the property with the building at a height of min.22 m and max 27 m, built with maximum intensity I = 4.5 - as set out in the local development plan.

For the property Feasibility Study was prepared by Colliers International Poland for the office building and hotel.

The basic parameters of the planned investments are shown in the table below.

Hotel - Recommendations Colliers - main parameters required to fulfil the requirements of the global hotel operators.
<table>
<thead>
<tr>
<th>Parameter</th>
<th>Mid-scale Hotel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branded Hotel Category</td>
<td>Up to 4</td>
</tr>
<tr>
<td># of Rooms</td>
<td>160 - 200</td>
</tr>
<tr>
<td>Minimum size of room (NET)</td>
<td>28 m² (including bathroom and entrance)</td>
</tr>
<tr>
<td>Room Size (GROSS)</td>
<td>ca. 42 m²</td>
</tr>
<tr>
<td>Hotel Area (GROSS)</td>
<td>6 720 m² - 8 400 m²</td>
</tr>
<tr>
<td>Conference &amp; Banquet space</td>
<td>400 – 700 m²</td>
</tr>
<tr>
<td>Restaurant</td>
<td>135 seats</td>
</tr>
<tr>
<td>Lobby Bar</td>
<td>65 seats</td>
</tr>
<tr>
<td>Fitness Center</td>
<td>Not less than 50 m² as mandated by global hotel Brand standards</td>
</tr>
<tr>
<td>Basen / SPA</td>
<td>not required</td>
</tr>
<tr>
<td># of parking space</td>
<td>75 for hotel + 25 for hotel conferences</td>
</tr>
</tbody>
</table>

**Office – Recommendations Colliers.**

<table>
<thead>
<tr>
<th>Cecha</th>
<th>Parametry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branded building</td>
<td>Building klas A</td>
</tr>
<tr>
<td>Estimated amount of rent (office)</td>
<td>19 €/m²/month</td>
</tr>
<tr>
<td>Storey height</td>
<td>storey height</td>
</tr>
<tr>
<td>Minimum floor area</td>
<td>450 - 500 m²</td>
</tr>
<tr>
<td>Share of joint</td>
<td>The smaller the better,</td>
</tr>
<tr>
<td>Reception / entrance hall</td>
<td>Reception / entrance hall open round the clock</td>
</tr>
<tr>
<td>Parking</td>
<td>Standard in the center of town was, until recently, one parking spaces per 100 m2 of office space. Now, thanks to the development of public transport and urban policy change, the rate of change. Even the building with no parking spaces are located buyers (eg Nowogrodzka 21, but these are small projects)</td>
</tr>
<tr>
<td>LEED, BREEM or other energy efficiency ceryfikat</td>
<td>This is not strictly required standard but having one gives you more competitive advantage</td>
</tr>
<tr>
<td>Access to daylight</td>
<td>At least 70% of the office space should be located no more than 6 m from the window</td>
</tr>
</tbody>
</table>

Sketch of location and position of individual buildings are shown on the map below.
5.3.2. Description of buildings - as shown on the drawing object situational

**Building A**

Object 2 storey (2 floors and basement).
- ceramic construction,
- reinforced concrete ceiling - monolithic,
- ventilated flat roof,
- roof structure with precast concrete panels on the walls of openwork
- reinforced concrete stairs slab-rib construction.

**Building B (Hall after the old print shop)**

Two-storey facility, complete with a basement
- A frame construction,
- two-aisled ceiling system,
- Reinforced concrete skeleton - monolithic pole-bolt,
- Ceramic wall,
- indirect ceiling-monolithic reinforced concrete slab construction,
- rib in different parts of the ground floor building is equipped with mezzanines, made in the supporting structure of steel reinforced concrete slab.

**Building C**

The object of varied height, with basement. Underground parking beyond the boundary of the plot. The building has cargo and passenger a lift. In the basement is located transformer station and the unloading ramp.
- A frame construction type columns, reinforced concrete beams.
- Ceilings with precast concrete panels for prefabricated beams,
- flat roof part of the ventilated office space on the walls of openwork,
- prefabricated panels of cellular concrete in the part of the production halls constructed in part from the beams or steel frames and precast slabs of cellular concrete, external walls in the basement concrete,
- in-ground parts in-ground made of brick

**Building D**

4-storey facility, part basement - basements in the area of the staircase in the western part of the building and outside the contour of the building.
- brick construction,
- ceilings Klein type,
- walls of ceramic brick,
- Reinforced concrete stairs slab construction,
- ceilings ventilated,
- roof structure with reinforced concrete slabs,
- loft without access from the stairwell.
Building E

Object 1-storey, no basement

Construction of brick, flat roof ventilation, roof loft-type Klein

All buildings are equipped with the following installations:
- electricity
- telephone, internet
- mechanical ventilation in garages and air conditioning in selected rooms
- central heating and c.w.
- fire protection

6. SPECIFICATION OF THE VALUATION METHOD, TYPE OF THE DETERMINED VALUE, APPROACH SELECTION AND VALUATION METHOD

6.1. Specification of the type of the appraised value

Pursuant to the KSWS 2 standard of “valuation for the purpose of financial statements as defined in the Accounting Act” this valuation study states

- fair value of the real state as an organised whole (long-term leasehold of land and separate ownership of the buildings) as at 31.12.2012

Pursuant to the Accounting Act – art. 28 par. 6 – fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.”

In the case of an active market the value is determined as the net sale price. In the case of lack of access to such data the fair value is estimated using the commonly acceptable estimation methods resulting in the most likely net sale price attainable on the market.

The property valuer valuates using the approach, method and technique in accordance with the regulations of the law and the professional standards. The valuation procedures used are in accordance with those included in the Accounting Act, Polish GAAP standards and the International Accounting Standards.

In accordance with the principles defined in KSWS 2 the fair value of land, buildings and structures is usually their market value determined on the basis of a valuation conducted by a valuer.

In accordance with IAS 2 goal is to prescribe the accounting treatment of inventories. Inventories include assets held for sale in the ordinary course of business (finished goods), the assets in the process of production to sales in the ordinary course of business.
6.2. Selection of the Valuation Approach and Method

Pursuant to art. 150-156 of the Real Estate Management Act, the following was taken into account in selection of the correct approach to the valuation:

- purpose of the valuation
- type and location of the real estate
- function designated for it in the local spatial development plant
- degree to which it is equipped with technical infrastructure
- degree of its development
- availability of information on similar real estates.

The following was determined in the valuation procedure:

- fair value of the developed real estate (long-term lease of land and separate ownership of buildings) in accordance with the Accounting Act, in accordance with the International Accounting Standards – IAS 2 and in accordance with the National Valuation Standard – KSWS 2.

The valuation procedure takes into account the following values:

- value of the rights to the real estate as an organised whole (long-term leasehold of land and separate ownership of the buildings) as at 31.12.2012

The value of the real estate currently developed with the buildings being leased out was determined using the income-based approach, with the application of the investment method, using the discounted cash flow technique.

The market rate rents, after the expiry of the agreements was set out in the comparative approach, using average price adjustment.

Adopted definitions of the estimated values comply with the PFSRM and TEGOVA standards.

6.3. Valuation Procedure Description

6.3.1. Methodology – income-based approach, investment method – discounted cash flow technique

The income-based approach entails determination of the real estate value on the assumption that the buyer pays a price the amount of which depends on the expected income to be obtained from the real estate and does not pay more than the price of another real estate of the same profitability and risk.

The investment method is used to determine the value of real estates generating income in the form of lease rent, the amount of which could be determined on the basis of the current leased premises structure sought after by lessees and the market lease rent analysis.

The discounted cash flow technique is used to determine the value of the real estate in the case of which the actual income might change in the foreseeable future.
Variance of the income cash flow may be caused by many factors e.g.
- factors resulting from lease conditions,
- gradual “maturation” of real-estate to reach its maximum income generating potential,
- market cycle,
- changes in the region’s activity

The discounted cash flow technique is used to estimate the income to be generated by the real estate in consecutive years of the projection.

Rules of appraising the value of the real-estate using the discounted cash flow method require the following parameters to be determined:
- income as at the end of consecutive years of the forecast (PDB, EDB, DON)
- residual (end) value after the end of the forecasted period,
- discount rate,
- discounting of the income generated in the consecutive years and the residual value as at the valuation date.

6.3.3. Methodology – Comparative approach, average price adjustment method

In the case of the comparative approach the market rent rate is the adjustment of the average rate calculated on the basis of a representative sample observed on the market.

The methodology presented below was used in the valuation procedure:
- the market of comparable office premises in the Warsaw area was analyzed
- the type and quantity of price-influencing factors having impact on the lease rental rates were determined
- a description of the real estate was provided and its market attributes were presented
- the average rent rate $C_{aver}$ from the group of representative real estate (representative sample) was determined
- the range of sum of the adjustment rates was determined,
- the weight of each market feature and the range of adjustment rates of these features were determined
- the market lease rental rate was determined
- 1 m² of the office space is the basis for the comparison

7. REAL ESTATE MARKET CHARACTERISTICS AND ANALYSIS

For the purpose of this valuation the following market features were determined:
- market of real properties developed with commercial premises with office building in respect of transactions and rent rates
- area – Warsaw with particular focus on the Ochota District and neighbouring districts
- market analysis period – 2009-2012

The valuated real estate is situated in Warsaw at ul. Nowogrodzka 84/86 in the Ochota district.
7.1. Commercial Premises Market in Warsaw

Warsaw is becoming an increasing important financial center in Central Europe and Poland is enjoying the reputation of a rapidly developing country which causes many multinational corporations to transfer their activities here. In addition, factors such as relatively low labor costs and qualified human resources cause that many important companies have discovered the potential of Poland and outsourced some of their operations and services here.

All the aforementioned factors stimulate demand for modern office and retail space and accompanying logistics.

The commercial real property market in Warsaw should be divided into the following use sectors:
- modern class A and B office buildings in the central districts of Warsaw (COB)
- office complexes outside the COB, offering large office space often with the accompanying warehouse and logistics facilities
- shopping malls, entertainment and shopping centers as well as expo and shopping centers
- logistics parks offering modern warehouse facilities with accompanying office space and specialized functions
- specialized real property constituting corporate headquarters of companies with diversified business profile

The reduction of investments in the years 2008 and 2009 caused by the global financial crisis, economic deceleration and implementation of a restrictive credit policy by the financial institutions changed the supply and demand relationship, resulted in decreasing prices and the lower number of new investments on the real property market.

Currently the situation has been stabilised. Positive changes can be seen in all the market segments. There is a noticeable growth in the interest in office space, store and warehouse premises.

Warsaw is certainly the largest office space market in Poland, with modern premises covering almost 4 million sqm. For over 20 years of its existence, the office market in Warsaw has undergone significant changes. The first modern office buildings from the early 1990s are now becoming modernised and sometimes demolished and replaced with new office projects. In the long run, the siting of new office space zones largely depends on infrastructural investments. Office zones showing up ten years ago have been subject to serious makeover since then. In many cases, their borders are very different today. For example, the city centre is gradually moving towards the west of Warsaw while Mokotów and Okęcie zones are merging together.

Office tenants remained very active also in Q3 2012. During the initial three quarters of 2012, 455,000 sqm. of office space were leased out and it seems like the total office space leased in 2012 will surpass the record-breaking year of 2011 (573,000 sqm.).

Preliminary lease agreements constituted 41% of all lease contracts concluded in Q3, and contract extensions 22%.

Poland is one of very few states in Europe marking a GDP rise of 2.4% in Q2 2012. However, it rose by 1.4% only in Q3 2012. The GDP projections for 2013 show lower rates of the growth. The consumer price index (inflation) was 3.7% in 2012.

In 2011, investors showed positive sentiment. Total transactions for 2012 should reach 2.5 billion EUR. It includes the office, retail and warehouse sectors.
Regardless of the lowering GDP, the demand for office space has been staying on a rather fixed level.

The rental rates for top-quality office space in the best sites remain the same. In the city centre, the best buildings are leased out for 25-27 EUR/sqm. monthly, and 14/16 EUR in non-centre locations. The rising competition from property developers has been without any major effect on the rental rates for the best buildings in the best sites. However, more incentives are proposed to tenants (such as rental-free grace periods, subsidies to office finishing). Thus, the effective rates could be even 25% lower than the starting point.

According to Jones Lang LaSalle, the total value of investments in Polish commercial real estate was around 2,75 billion EUR in 2012.

Divided among the respective segments, office space transactions amounted to 1,08 billion EUR (39,5% of the total volume), retail space 1,07 billion EUR (39,0%), warehouse space 0,5 billion EUR (17,8%), hotel space 0,1 billion EUR (3,7%).

In total, there were 17 office space transactions, 13 retail space transactions and 10 warehouse transactions observed in 2012. Investors were interested mostly in the best-location projects of high prestige, found in Warsaw and the top cities of the regions.

In 2012, commercial space investors in Poland came mainly from Germany, USA and the Great Britain. Polish investors held a share of around 5% in the total volume of 2012 investments.

According to Jones Lang LaSalle, the total volume of commercial space transactions should be similar in 2013 to the last two years.

According to Jones Lang LaSalle, the total volume of commercial space transactions should be similar in 2013 to the last two years.

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Transaction Date</th>
<th>Office building</th>
<th>Seller</th>
<th>Buyer</th>
<th>Location</th>
<th>Leasable area</th>
<th>Price in mln EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>4Q 2012</td>
<td>Nordea House i Green Corner</td>
<td>Skanska Property Poland</td>
<td>PREEF</td>
<td>ul. Chłodna</td>
<td>27 000</td>
<td>94,6</td>
</tr>
<tr>
<td>2.</td>
<td>4Q 2012</td>
<td>Green Towers</td>
<td>Skanska Property Poland</td>
<td>Credit Suisse</td>
<td>ul. Strzegomska Wrocław</td>
<td>23 300</td>
<td>64</td>
</tr>
<tr>
<td>3.</td>
<td>4Q 2012</td>
<td>International Business Centre</td>
<td>Accession Fund SICAV</td>
<td>Deka Immobilienn</td>
<td>Al. Armii Ludowej</td>
<td>37 000</td>
<td>148</td>
</tr>
<tr>
<td>4.</td>
<td>4Q 2012</td>
<td>Marynarska Business Park</td>
<td>Aberdeen</td>
<td>Heitman European Property Partners IV</td>
<td>ul. Marynarska</td>
<td>45 000</td>
<td>no data</td>
</tr>
<tr>
<td>5.</td>
<td>4Q 2012</td>
<td>Platinum Business</td>
<td>Globe Trade Center</td>
<td>Allianz Real Estate Germany</td>
<td>ul. Domaniewska</td>
<td>56 000</td>
<td>173</td>
</tr>
<tr>
<td>6.</td>
<td>3Q 2012</td>
<td>Twarda Tower</td>
<td>BPT Optima</td>
<td>Europa Capital LLP</td>
<td>ul. Twarda</td>
<td>27 000</td>
<td>no data</td>
</tr>
<tr>
<td>7.</td>
<td>3Q 2012</td>
<td>Warsaw Financial Centre</td>
<td>CA Immok &amp; Pramerica Real Estate Investors</td>
<td>Allianz &amp; Curzon Capital Partners III</td>
<td>ul. Emilii Plater</td>
<td>50 000</td>
<td>210</td>
</tr>
<tr>
<td>8.</td>
<td>3Q 2012</td>
<td>two historical office buildings</td>
<td>Hochtief Development Poland</td>
<td>Kuleczky Silverstein Properties</td>
<td>Pl. Małachowskiego ul. Mazowiecka</td>
<td>7 600</td>
<td>3 000</td>
</tr>
<tr>
<td>9.</td>
<td>2Q 2012</td>
<td>Harmony Oficce Center II (3 budynki)</td>
<td>NSB (Eko Park Group)</td>
<td>Zaora Europa</td>
<td>ul. Zaryna</td>
<td>18 100</td>
<td>54</td>
</tr>
<tr>
<td>10.</td>
<td>1Q 2012</td>
<td>Palac Młodziejewskiego</td>
<td>Mermaid Properties</td>
<td>IVG Institutional Funds</td>
<td>ul. Miodowa</td>
<td>6 900</td>
<td>22,4</td>
</tr>
</tbody>
</table>

Source: Emmerson, Dział Badań i Analiz

In Q3 2012, there were 8.1% vacant premises (9.4% in the core business zone (COB), 8.2% around the Centre, and 7.8% outside COB). The vacancy rate is moving slightly up.

All of the real property market sectors are currently stabilizing as compared to the previous period, nevertheless in 2009 the capitalization rates have increased, and in 2012 they have stabilized. Currently, the capitalization rates are at the level of 6.5 for class A office building
in the core business zone (COB). Outside COB, the capitalization rates very depending on the standard and the location, and reach 7-8%.

Properties of individual sectors of the commercial property market in the Warsaw area at the end of 2011 are summarized in the following table.

<table>
<thead>
<tr>
<th>Type of premises</th>
<th>Total Surface Area</th>
<th>Secondary Average Rent</th>
<th>Vacancies</th>
<th>Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office space, including:</td>
<td>4.0 million m²</td>
<td>14-27 EUR/m²</td>
<td>8,1%</td>
<td>6,5-8</td>
</tr>
<tr>
<td>within CBD</td>
<td>40%</td>
<td>25-27 EUR/m²</td>
<td>9,4%</td>
<td>6,5</td>
</tr>
<tr>
<td>outside CBD</td>
<td>60%</td>
<td>14-16 EUR/m²</td>
<td>7,8%</td>
<td>7-8</td>
</tr>
</tbody>
</table>

Source: CB Richard Ellis Jones Lang La Salle

7.2. Transactions Market

In 2012 the activity in the market of investors, developers and lessees in the office real estate sector has remained at stable level.

Transactions recorded in the recent period in the office, office-warehouse or production real property market show significant diversification in terms of quality and price.

Sale transactions for commercial real property with office function – of B class- in Warsaw in the years 2009 – 2012 are presented in the table below.

The survey covered premises of smaller usable area (1,000 – 9,000 sqm.).
The estimation of the average transaction price covered 11 transactions but excluded two transactions with boundary parameters and transactions without specified usable area (transactions 2, 4, 6 and 13).

The range of transaction prices of office space buildings was as follows.

<table>
<thead>
<tr>
<th>Usable area of buildings (1 m²)</th>
<th>( P_{\text{avg}} )</th>
<th>( P_{\text{min}} )</th>
<th>( P_{\text{max}} )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PLN 6,613/m²&lt;sup&gt;2&lt;/sup&gt;</td>
<td>PLN 4,414/m²&lt;sup&gt;2&lt;/sup&gt;</td>
<td>PLN 12,019/m²&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>1,590 EUR/m²&lt;sup&gt;2&lt;/sup&gt;</td>
<td>EUR 1,061/m²&lt;sup&gt;2&lt;/sup&gt;</td>
<td>EUR 2,889/m²&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

8. DETERMINATION OF FAIR VALUE OF THE REAL ESTATE IN THE INCOME-BASED APPROACH

The income-based approach entails determination of the real estate value on the assumption that the buyer pays a price the amount of which depends on the expected income to be obtained from the real estate and does not pay more than the price of another real estate of the same profitability and risk.

The investment method is used to determine the value of real estates generating income in the form of lease rent, the amount of which could be determined on the basis of the market lease rent analysis.

The discounted cash flow technique is used to determine the value of the real estate in the case of which the actual income might change in the foreseeable future.

8.1. Valuation assumptions

- Average rent for office and accompanying premises as at the valuation date was determined on the basis of fixed-period lease contracts and the commercial real estate market data.
- The 5-year forecast period was assumed, resulting from the expected period of volatility of income from the real estate and the market analysis.
- The profit forecast was based on the principle of prudential expectations, according to which the forecasted financial performance was accepted at the level resulting from the current level of space lease.
- Forecasted income was determined on the basis of the lease contracts and the identified market rent rates.

8.2. Determination of the market rental rate of office space

The table below presents rental rates used in the valuation procedure.

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Location</th>
<th>Surface area</th>
<th>Function</th>
<th>Rent rate EUR/m²&lt;sup&gt;2&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Al. Jerozolimskie</td>
<td>110</td>
<td>office building</td>
<td>12.5</td>
</tr>
<tr>
<td>2.</td>
<td>Al. Jerozolimskie</td>
<td>70</td>
<td>office building</td>
<td>12.0</td>
</tr>
<tr>
<td>3.</td>
<td>Ochota/Filtry</td>
<td>165</td>
<td>office building</td>
<td>10.0</td>
</tr>
<tr>
<td>4.</td>
<td>Ochota</td>
<td>175</td>
<td>office building</td>
<td>17.0</td>
</tr>
<tr>
<td>5.</td>
<td>Al. Jerozolimskie</td>
<td>77</td>
<td>office building</td>
<td>11.5</td>
</tr>
<tr>
<td>6.</td>
<td>ul. Filtry</td>
<td>165</td>
<td>office building</td>
<td>10.0</td>
</tr>
<tr>
<td>7.</td>
<td>Ochota</td>
<td>150</td>
<td>office building</td>
<td>14.0</td>
</tr>
<tr>
<td>8.</td>
<td>ul. Filtry</td>
<td>81</td>
<td>office building</td>
<td>14.0</td>
</tr>
<tr>
<td>9.</td>
<td>Ochota Office Park</td>
<td>115</td>
<td>office building</td>
<td>13.0</td>
</tr>
<tr>
<td>10.</td>
<td>Ochota</td>
<td>160</td>
<td>office building</td>
<td>10.0</td>
</tr>
<tr>
<td>11.</td>
<td>Ochota/Rakowiec</td>
<td>265</td>
<td>office building</td>
<td>12.0</td>
</tr>
<tr>
<td>12.</td>
<td>Ochota/Rakowiec</td>
<td>297</td>
<td>office building</td>
<td>12.0</td>
</tr>
</tbody>
</table>
Following values were captured by the sample:

- maximum rental rate - \( C_{\text{max}} = 17.00 \text{ EUR/m}^2 \)
- minimum rental rate - \( C_{\text{min}} = 10.00 \text{ EUR/m}^2 \)
- average rental rate – \( C_{\text{avg}} 12.33 \text{ EUR/m}^2 \)

In addition to rent rate also service charges are collected. They are mostly determined on fixed fee basis and amount to EUR 2-4/m². Payment method may be also agreed differently in the contract.

The range of adjustment factors was determined based on the following formula:

\[
\frac{C_{\text{min}}}{C_{\text{fr}}} < u_i < \frac{C_{\text{max}}}{C_{\text{fr}}}
\]

and equals:

\[
0.811 < u_i < 1.378
\]

Comparative analysis was presented in the table below.

<table>
<thead>
<tr>
<th>No.</th>
<th>Market Features</th>
<th>Weight of the feature in %</th>
<th>Range of adjustment factors</th>
<th>Adjustment factor for the valuated building</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Attractiveness of the location, location with regard to the transportation possibilities, distance from the city centre</td>
<td>40</td>
<td>0.325 - 0.552</td>
<td>0.400</td>
</tr>
<tr>
<td>2</td>
<td>Office space ratio, functionality, standard, parking places</td>
<td>30</td>
<td>0.243 - 0.413</td>
<td>0.299</td>
</tr>
<tr>
<td>3</td>
<td>Technology, technical condition of the building, functional wear, telecommunication infrastructure</td>
<td>30</td>
<td>0.243 - 0.413</td>
<td>0.243</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100</td>
<td>0.811 - 1.378</td>
<td>0.942</td>
</tr>
</tbody>
</table>

Adjusted value of the market rental rate of 1 m² of office space is:

\[
12.33 \text{ EUR/m}^2 \times 0.942 \times 0.9 \text{ (low standard)} = 10.45 \text{ EUR/m}^2
\]

**8.3. Determination of the discount rate**

By the end of 2008 expected capitalization rates for the best products of the office sector have reached the level of 5.6 to 7% and as such have reached levels as in capitals of West European countries and were the lowest reported so far.

In the first half of 2012, the capitalization rate increased up to 7.4 - 8.5%.

In key transactions of A class office buildings, that were effected in the years 2011-2012 the following rates of return were recorded:
Average rate of return for A class office building in 2011 and 2012 amounted to 7.6%

Changes in rates of return in major Polish cities in 2002-2010 are represented by the below figure.

Changes in return rates for office, commercial and warehouse premises has been presented below.

Source: Colliers International
The discount rate has been assumed at the level of 8% due to satisfactory standard of real estate and lessees' credibility.

For the appraised real property the discount rate was also determined basing on the capital market while taking into account the rate of return expected by the investors in relation to the risk of investment in real properties.

In this case the base value was increased by the risk resulting from the investment on the real property market and by the result of the external and internal conditions of the real property, i.e. the operating risk.

Discount rate \( r \) will therefore comprise:

\[
rb \text{ base value defined as average interest rate for long-term bank deposits or treasury bonds – so called reference rate} \\
rr \text{ additional value for the investment risk in the current market conditions – so-called market risk,} \\
ro \text{ additional value for the individual risk – so-called operating risk.}
\]

\[ rb = 4.0\% \]

According to data obtained professional publications, the real property investment risk factors were grouped and assigned with score range in the following manner:

### Market risk (\( rb \)) determining factors

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment advancement level in the region</td>
<td>high</td>
<td>0,5</td>
<td>average</td>
<td>1,0</td>
<td>low</td>
<td>1,5</td>
</tr>
<tr>
<td>Local market stability</td>
<td>stable</td>
<td>0,25</td>
<td>average stability</td>
<td>0,75</td>
<td>unstable</td>
<td>1,5</td>
</tr>
<tr>
<td>Funding sources</td>
<td>own funds / external</td>
<td>0,75</td>
<td>external</td>
<td>1,5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Operating risk (\( ro \)) determining factors

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real property demand</td>
<td>high</td>
<td>0,5</td>
<td>average</td>
<td>0,5</td>
<td>low</td>
<td>1,0</td>
</tr>
<tr>
<td>Competition on the real property market</td>
<td>low</td>
<td>0,5</td>
<td>average</td>
<td>0,8</td>
<td>high</td>
<td>1,2</td>
</tr>
<tr>
<td>Return on equity which is real property</td>
<td>high</td>
<td>0,3</td>
<td>average</td>
<td>0,5</td>
<td>low</td>
<td>1,2</td>
</tr>
<tr>
<td>Forecasted sector development</td>
<td>optimistic</td>
<td>0,2</td>
<td>unknown</td>
<td>0,5</td>
<td>pessimistic</td>
<td>1,3</td>
</tr>
</tbody>
</table>

**Market risk (\( rb \)) determination:**

- investment level in the region average 1.00%
- local market stability stability 0.25%
- funding sources own funds / external 0.75%

Total 2.00%

**Operating risk (\( ro \)) determination:**

- real property demand average 0.5%
- competition average 0.8%
- return on equity average 0.5%
- development forecasts optimistic 0.2%

Total 2.0%

– due to the nature of the real property the ultimately adopted discount rate is **8 %** and the capitalization rate is **7.5%**.
8.4. Valuation Procedure

The value of the real estate was determined according to the following formula:

\[ W = \frac{C_{F1}}{(1 + r)} + \frac{C_{F2}}{(1 + r)^2} + \frac{C_{F3}}{(1 + r)^3} + \frac{C_{F4}}{(1 + r)^4} + \ldots + \frac{C_{Fn}}{(1 + r)^n} + RV \frac{1}{(1 + r)^n} \]

whereas:

- \( W \) – real estate value,
- \( CF \) – income cash flow at the end of each year of the forecast
- \( RV \) – residual value of the real estate in the last year of the forecast
- \( r \) – discount rate,

The following assumptions have been made in the valuation procedure to determine the flow of income.

The forecast covers 5 years. The forecasted period starts in January 2013.

According to the recommendation of the World Bank the cash flows in the next years shall be calculated as fixed prices in the year in which the valuation is prepared.

Spaces used for offices purposes were accepted as income-generating spaces. Cash flow volatility was assumed in accordance to lease structure changes.

The lease rental rates resulting from the concluded agreements were accepted for the spaces covered by the fixed period contracts. Rates defined in pt. 8.2 of this report were used for spaces after the lease contract expiration.

- For office premises, the rate of 10.45 EUR/m² has been assumed. For basement premises, the rate of 5.0 EUR/m² has been assumed.
- For car parking places the rate of 80 EUR/place has been assumed.

20% service charges overhead was applied to the rent rate.

The residual value of the real estate was determined as the capitalized income from the last year of the forecast using 7.75% capitalisation rate.

Owner’s operating expenses related to the maintenance of the premises include the following:

- ensuring uninterrupted supply of utilities
- maintenance and current-basis repairs
- administrative and management costs
- real estate tax
- building insurance

Operating expenses borne by the owner of the building were set at 10% of lease income since most of the expenses are reimbursed by the owner.
Operating expenses in 2012 were as follows

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Type of expense</th>
<th>Amount [PLN]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>repairs and services</td>
<td>PLN 48,017</td>
</tr>
<tr>
<td>2.</td>
<td>waste disposal</td>
<td>PLN 17,860</td>
</tr>
<tr>
<td>3.</td>
<td>security service</td>
<td>PLN 177,688</td>
</tr>
<tr>
<td>4.</td>
<td>real estate tax</td>
<td>PLN 185,650</td>
</tr>
<tr>
<td>5.</td>
<td>land perpetual usufruct</td>
<td>PLN 140,365</td>
</tr>
<tr>
<td>6.</td>
<td>Property insurance</td>
<td>PLN 12,228</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total operating expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount [PLN]</td>
</tr>
<tr>
<td>581 808</td>
</tr>
</tbody>
</table>

Average EUR exchange rate as at 31.12.2012
PLN 4.09

581 808
EUR 142,251

Basing on the market analysis, these costs shall be assumed at the level of 10-25% of the gross income. In case of real-estate in question these costs constituted approx. 23%, which means that they fitted within the limits of market costs.

8.1% vacancy and overdue rent level was adopted in accordance with the market analysis results presented in point 7 of this study.

The procedure for determining the size of flow of income and real estate values is presented in the table below.
## Lease Income Comparison

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Leased area in m²</th>
<th>Fixed-term agreements Rent (EUR/month/m²)</th>
<th>Annual income</th>
<th>Indefinite term agreements Rent</th>
<th>Potential annual gross income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2014</td>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>office - ground floor</td>
<td>734.50</td>
<td>0.98</td>
<td>87.964</td>
<td>734.50</td>
<td>10.45</td>
</tr>
<tr>
<td>office - ground floor</td>
<td>48.00</td>
<td>8.00</td>
<td>115.200</td>
<td>48.00</td>
<td>10.45</td>
</tr>
<tr>
<td>office - second floor</td>
<td>366.00</td>
<td>8.75</td>
<td>38.430</td>
<td>366.00</td>
<td>8.75</td>
</tr>
<tr>
<td>office - second floor</td>
<td>124.30</td>
<td>8.75</td>
<td>13.052</td>
<td>124.30</td>
<td>8.75</td>
</tr>
<tr>
<td>Advertising</td>
<td>1.00</td>
<td>75.00</td>
<td>900</td>
<td>1.00</td>
<td>75.00</td>
</tr>
<tr>
<td>basement</td>
<td>305.40</td>
<td>9.38</td>
<td>34.376</td>
<td>305.40</td>
<td>9.38</td>
</tr>
<tr>
<td>basement</td>
<td>32.40</td>
<td>0.00</td>
<td>0</td>
<td>32.40</td>
<td>0.00</td>
</tr>
<tr>
<td>basement</td>
<td>88.50</td>
<td>5.53</td>
<td>5.873</td>
<td>88.50</td>
<td>5.53</td>
</tr>
<tr>
<td>Advertising</td>
<td>1.00</td>
<td>69.72</td>
<td>837</td>
<td>1.00</td>
<td>69.72</td>
</tr>
<tr>
<td>office - third floor</td>
<td>275.00</td>
<td>10.00</td>
<td>5.500</td>
<td>275.00</td>
<td>10.00</td>
</tr>
<tr>
<td>basement</td>
<td>147.00</td>
<td>5.00</td>
<td>8.820</td>
<td>147.00</td>
<td>5.00</td>
</tr>
<tr>
<td>basement</td>
<td>10.00</td>
<td>3.00</td>
<td>360</td>
<td>10.00</td>
<td>3.00</td>
</tr>
<tr>
<td>basement</td>
<td>907.71</td>
<td>3.17</td>
<td>34.529</td>
<td>907.71</td>
<td>3.17</td>
</tr>
<tr>
<td>office - second floor</td>
<td>776.80</td>
<td>6.50</td>
<td>60.590</td>
<td>776.80</td>
<td>10.45</td>
</tr>
<tr>
<td>office - first floor</td>
<td>251.00</td>
<td>6.50</td>
<td>19.578</td>
<td>251.00</td>
<td>10.45</td>
</tr>
<tr>
<td>office - first floor</td>
<td>154.00</td>
<td>6.50</td>
<td>12.062</td>
<td>154.00</td>
<td>10.45</td>
</tr>
<tr>
<td>office - ground floor</td>
<td>123.92</td>
<td>6.50</td>
<td>9.666</td>
<td>123.92</td>
<td>10.45</td>
</tr>
<tr>
<td>basement</td>
<td>80.11</td>
<td>4.60</td>
<td>4.422</td>
<td>80.11</td>
<td>5.00</td>
</tr>
<tr>
<td>office</td>
<td>117.00</td>
<td>10.00</td>
<td>14.040</td>
<td>117.00</td>
<td>10.45</td>
</tr>
<tr>
<td>basement</td>
<td>154.97</td>
<td>5.00</td>
<td>7.74</td>
<td>154.97</td>
<td>5.00</td>
</tr>
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TERRA s.c. Zespół Rzeczoznawców Majątkowych, Jolanta Łopacińska, Irena Sobiech
05-510 Konstancin - Jeziorna, ul. Pańska 18 82-786 Warszawa, ul. Jastrzębskiego 22 p.11; tel./fax 6444171
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### Valuation Procedure

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<th>Revenues and expenses</th>
<th>Forecasted Years</th>
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<tr>
<td>Total annual revenue – potential gross income</td>
<td>597,355</td>
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<tr>
<td>Effective gross income including 20% operating expenses</td>
<td>119,471</td>
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<td>Overdue rentals and vacancies were assumed according to the market rate – 8.1%</td>
<td>-48,386</td>
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<tr>
<td>EGI total</td>
<td>668,441</td>
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<td>Operating expenses 20% PGI</td>
<td>133,688</td>
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<td>Net operating income</td>
<td>534,753</td>
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<td>Discount factor for r = 8% and capitalisation rate r = 7.5%</td>
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<td>Discounted income value</td>
<td>495,141</td>
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<tr>
<td>Residual discounted value</td>
<td>6,384,443</td>
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<tr>
<td>Value of the real property – adjustment factor 1.1 was applied considering the prepared Feasibility Study and the planned replacement of the current buildings with modern office and hotel facilities.</td>
<td>EUR 9,846,380</td>
</tr>
</tbody>
</table>

The estimated value is the fair value of the real estate. The value reflects the most probable net sale price in reference to the attainable income from the real estate including the market lease rent in similar buildings and taking into account the market risk level for the real estate market.

Estimated value does not exceed the amount for which a prospective buyer might purchase another real estate offering the same profitability and risk level.

The estimated value of the building usable area is EUR 1,431/sqm. and is below the average transaction price (EUR 1,590/sqm.).

These estimated values result from the building standard and the low development density of the land.

The value of the real property in question was evaluated by authors of the present study also in preceding years, and the following table presents a list of these appraisal values obtained during recent years.

Average EUR exchange rate as at 31.12.2012 – PLN 4.09

Value of the rights to the real estate (long-term leasehold of land + ownership of the buildings) comprised of developed land plots no. 28/4 and 28/5, rounded, is

EUR 9,850,000

say: nine million eight hundred fifty thousand euro
9. SENSITIVITY ANALYSIS

The sensitivity analysis is based on the projected result that assumes certain variables impacting the result. The analysis is used mainly for determining how sensitive the project profitability is to changing parameters in a given business model. The analysis can be used to determine the potential effect of various structures related to various production or operational systems.

The analysis of key appraisal assumptions’ volatility during the real property appraisal procedure utilizing the cash flows discounting technique requires the following parameters to be analyzed:

- the income amount at the end of subsequent years of the forecast
- operating expenses
- discount rate level

The volatility of income streams may be caused by many factors, e.g.:

- resulting from lease conditions determined in the lease agreement,
- gradual acquisition by the real property of its maximum potential to generate income
- the course of an economic cycle

The income cash flow parameter has material impact on the obtained valuation result. A change in income cash flow by 10% results in approx. 10% change in real estate value. Also the level of the discount rate has impact on the obtained appraisal result, e.g.: a change of the rate by 0.5% results with the value changing by ca. 6% whereas a change of the rate by 1% results with the value changing by ca. 12%. 2% whereas a change of the rate by 1% results with the value changing by ca. 4%.

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<th>Year</th>
<th>Market Value - EURO</th>
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<td>Average EUR exchange rate as at 31.12.2012 PLN 4.09</td>
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10. COMMENTS AND RESTRICTIONS

- This valuation report has been prepared in accordance with the property expert professional standards of the Polish Federation of Property Expert Associations and the International Valuation Standards.

- The valuation has been prepared only for the purpose determined in item 2 of this study and the author is not liable if it is used for other purposes.

- The valuation is based on information and documents delivered by the Principal and obtained in the course of an on-site inspection; the person performing the valuation is not liable for hidden defects of the real estate and the undisclosed legal impairments which would have impact on its value.

- The market value of the real estate determined in this study may change along with changes to the supply-demand relation on the local market.

- Pursuant to art. 156 par. 3 of the Real-estate Management Act of 21 August 1997 the valuation report can be used for a period of 12 months of the date of the report unless there are changes in legal conditions or material changes in market factors.

- This valuation report does not constitute a technical expert’s assessment of the building.

- Authors shall not be held liable by any third parties.

- The valuers declare that they fulfil the impartiality requirement necessary for the preparing this valuation report. The valuers are not related with the owners of the aforementioned real-estate or persons having a legal title to the aforementioned real-estate or their relatives as defined in art. 4 point 13 of the Real-estate Management Act of 21 August 1997 (Dz. U. of 2004 no. 261 item 2603 as amended), their legal , tax or property advisors by blood or in any professional capacity or in any way which might limit the impartiality of the valuation

- Fee for the preparation of the valuation report does not depend on the real-estate value.

- Valuers have taken out the following insurance policies:
  - nr E 169337 – PZU SA
  - nr E 169338 – PZU SA

- Publication and copying of the whole valuation report or its parts in any document requires the authors’ consent as to both form and content of such publication.

- Authors of the report hereby consent for this report to be attached to the financial statements of Metropol NH Ltd., Profit Building Industries Ltd., Jeruzalem Economic Corporation Ltd.
Date: January 23, 2013

To: New Horizon Group Ltd.

Gibor Sport Building
7 Menachem Begin St.
Ramat-Gan 52681 Israel

Dear Sirs/Mmes.,

At the request of New Horizon Group Ltd. on behalf of POLIVALENTA BUILDING SRL ("the Company") in connection with your opinion of the Company's financial statements¹ as of December, 2012 and in connection with the Company's preparations for adopting IAS 2, we have prepared a calculation for measuring the fair value of the Company's assets hereby attached on a document with our letterhead.

We refer to our valuation report in connection with vacant plot of land within the built-up area of 27,476 sqm dated December 2012 and registered with reg. no. DRS 590/23-01-2013 addressed to Polivalenta Buiding SRL.

We hereby declare that the objectivity required of us in expressing this opinion has not been impaired whatsoever by any economic and/or employer-employee relations, as the case may be, maintained between us and the Company.

We hereby consent that the valuation report will be included in the financial statement of New Horizon Group Ltd dated December 31, 2012 and will be published in public in the periodic report that will be published on March 2013.

Expert:
SC DARIAN DRS SA

Yours truly,

¹ In the event of valuation obtained in the quarter, please update the date accordingly.
Valuation report

Real estate property: VACANT PLOT OF LAND WITHIN THE BUILT-UP AREA OF 27,476 sqm

Location: Neamt County, Piatra Neamt City, Mihai Viteazul street, without number assigned, Romania

Landlord: S.C. Polivalenta Building SRL
Applicant: S.C. Polivalenta Building SRL
Addressee: S.C. Polivalenta Building SRL

All data and information contained in this material are confidential and will not be disclosed or copied, partially or totally, without the prior written consent and approval of “DARIAN DRS S.A.” and the customer and the addressee S.C. POLIVALENTA BUILDING SRL

December 2012
### SUMMARY OF VALUATION

<table>
<thead>
<tr>
<th>TYPE OF REAL ESTATE PROPERTY</th>
<th>OBJECT OF VALUATION</th>
<th>RESIDENTIAL LAND</th>
<th>vacant plot of land within the built-up area of 27.476 sqm</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOLDER</td>
<td>S.C. POLIVALENTA BUILDING SRL</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| LOCATION OF PROPERTY          | - Neamț county, Piatra Neamț city;  
- Street: Mihai Viteazul, without no  
- The subject property is situated in a peripheral area of Piatra Neamț city,  
  exit to Roman at DN 15. The area is mixed and here we can find  
  headquarters of commercial companies (Trust Eurotherm SRL, WV Car  
  dealership), Sala Polivalenta, various storage warehouses, gas station,  
  boarding houses, single family houses, vacant land, etc |
| SHORT DESCRIPTION OF THE PROPERTY | - The subject consists in a plot of land with a surface of 27.476 sqm  
  registered in Land Book as follows:  
  26.002 sqm registered in Land Book 19052/N  
  1.474 sqm registered in Land Book 19053/N  
- According to Urbanism Planning Certificate no. 484 the location of the  
  ensemble consisting of commercial spaces and collective dwellings  
  2UG+GF+11F, private access road form DN15D and parking places, was  
  approved by PUZ and afferent RLU approved by HCL no.387.  
- According to PUC the land is in category UTR 30 ensemble with mix  
  function of commercial spaces and collective dwellings |
| CADAstral NUMBER IN THE LAND REGISTER BOOK | - Plot of land with a surface of 27.476 sqm registered in Land Book as follows:  
  26.002 sqm registered in Land Book 19052/N cadastral no.4782  
  1.474 sqm registered in Land Book 19053/N cadastral no. 4784 |
| TYPE OF VALUE VALUATION STANDARDS PURPOSE OF THE VALUATION | - Estimate the **fair value** according to its definition in the Standards of  
  UNEAR (National Association of Romanian Valuers) according to:  
  - the international valuation standard IVS Framework  
  - and IVS 300 – Valuations for Financial Reporting (in accordance with  
  IAS 2)  
- The purpose of the valuation is estimating the **fair value (market value)** of  
  the real estate property for financial reporting of the client.  
- IAS2. The objective of IAS2 is to prescribe the accounting treatment of  
  inventories. This Standard deals with calculation of the cost of inventory  
  recognized as an asset, the determination of cost, the recognition of  
  inventories as an expense, and any write-downs to net realizable value.  
  This Standard deals with all inventories of assets that are:  
  - held for sale in the ordinary course of business  
  - in the process of production for sale  
  - in the form of materials or supplies to be consumed in the production  
  process  
  - in the rendering of services  
  The inventories include the goods bought and held for resale such as the  
  goods purchased from a retailer to be resale or the lands and other real  
  estate properties held to be resale.  
  The net realizable value (NRV) refers to the amount that an entity expects to
realize from selling of its inventory during normal activity. The fair value reflects the amount for which the same inventory could be exchanged on the market, between interested and informed buyers and sellers. The first is an entity-specific value, the second is not.

“Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date” (IVS 300 – Valuations for Financial Reporting).

**Assumptions regarding the value:**

- The value is valid under the conditions and assumptions presented in this report (see appendices);
- Value does not take into account the environmental responsibilities and costs of compliance to legal requirements;
- The estimated value is valid only for the subject plot of land considered buildable; it is considered that the development is made according to the existing urbanism certificate (considered to be valid at the valuation date), and the development of the immediate vicinities will not influence the utility of the subject property;
- The final opinion was expressed in strong currency at the currency exchange rate 4.4287 Ron /1 Eur;
- The value is a prediction;
- The value is subjective;
- The valuation is an opinion of a value;
- The value does not include VAT;
- The report was drawn up on the basis of the international standards 2011, recommendations, and methodology of UNEAR (The National Association of Romanian Valuators);
- We hereby agree that this report can be attached to the financial statements of Profit Building Industries Ltd.
DATA PRESENTATION

REAL ESTATE PROPERTY – SUBJECT OF THE VALUATION REPORT

<table>
<thead>
<tr>
<th>TYPE OF REAL ESTATE PROPERTY</th>
<th>RESIDENTIAL LAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>OBJECT OF VALUATION</td>
<td>vacant plot of land within the built-up area of 27.476 sqm</td>
</tr>
</tbody>
</table>

| HOLDER                      | S.C. POLIVALENTA BUILDING SRL |

| LOCATION OF PROPERTY        | Neamt county, Piatra Neamt city; Street: Mihai Viteazul, without no. Neighborhoods: Area is mixed and here we can find headquarters of commercial companies (Trust Eurotherm SRL, WV Car dealership), Sala Polivalenta, various storage warehouses, gas station, boarding houses, single family houses, vacant land |

| DESCRIPTION OF THE PROPERTY | The subject consists in a plot of land with a surface of 27.476 sqm. It has an approx. rectangular shape and an frontage to Mihai vitezul street. |

| CADASTRAL NUMBER IN THE LAND REGISTER BOOK | The subject consists in a plot of land with a surface of 27.476 sqm registered in Land Book as follows:  
- 26.002 sqm registered in Land Book 19052/N cadastral no.4782  
- 1.474 sqm registered in Land Book 19053/N cadastral no. 4784 |

PROPERTY RIGHT APPRAISED. LEGAL DESCRIPTION.

| PROPERTY RIGHTS APPRAISED – LEGAL DESCRIPTION | It has been valued the integral property right of the real estate property mentioned above, considered free, valid and marketable being property of S.C. POLIVALENTA BUILDING SRL |
|OWNERS (HOLDERS)                              | |

| PROPERTY DEEDS (PUT AT DISPOSAL BY THE CLIENT) | Sale-purchase agreement no. 3260/11.01.2007 |

| OTHER DOCUMENTS | property layout plans with indication of borders to adjoining properties; |

| OBSERVATIONS DIFFERENCES IN PROPERTY DEEDS OR OTHER DOCUMENTS | - |
LOCATION OF THE REAL ESTATE PROPERTY.

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>The subject property is situated in a peripheric area of Piatra Neamt city, exit to Roman at DN 15.</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEIGHBORHOODS</td>
<td>The area is mixed and here we can find headquarters of commercial companies (Trust Eurotherm SRL, WV Car dealership ), Sala Polivalenta, various storage warehouses, gas station, boarding houses, single family houses, vacant land, etc</td>
</tr>
<tr>
<td>UTILITIES ON THE SITE/IN THE AREA</td>
<td>electricity, methane gas in the area</td>
</tr>
</tbody>
</table>

PROPERTY DESCRIPTION

<table>
<thead>
<tr>
<th>LAND</th>
<th>The subject consists in a plot of land with a surface of 27,476 sqm. It has an app. rectangular shape and an frontage to Mihai viteazul street.</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAND JOINT SHARES</td>
<td>Is not the case</td>
</tr>
<tr>
<td>LEGAL REGIME OF THE LAND</td>
<td>According to Urbanism Planning Certificate no. 484 the location of the ensemble consisting of commercial spaces and collectiv dwellings 2UG+GF+11F, private acces road form DN15D and parking places, was approved by PUZ and afferent RLU approved by HCL no.387. According to PUC the land is in category UTR 30 ensemble with mix function of commercial spaces and collective dwellings.</td>
</tr>
<tr>
<td>CONSTRUCTIONS ON THE LAND</td>
<td>Not the case: vacant plot of land</td>
</tr>
<tr>
<td>UNCONFORMITIES (OBSERVATIONS)</td>
<td>Not the case;</td>
</tr>
</tbody>
</table>

REAL ESTATE MARKET OVERVIEW

<table>
<thead>
<tr>
<th>GENERAL DATA SPECIFIC MARKET</th>
<th>RESIDENTIAL LAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piatra Neamt area</td>
<td></td>
</tr>
<tr>
<td>OFFER</td>
<td>The global financial crisis determined on the Neamt real estate market and outskirts of Neamt real estate market an emphasis of lowering prices and increasing supply for sale. As it was expected, the following periods marks the significant growth of market sales offers of plots of land but also a dramatic decrease of prices for the fourth consecutive year. Now we can speak of a relative stagnation in the land market.</td>
</tr>
<tr>
<td></td>
<td>The worsening economic crisis reflecting in the decline of all real estate segments led to the strong contraction of the land market. Despite the obvious price decline and growing supply, the number of land transactions decreased significantly, major deals being virtually non-existent. The supply had a balanced geographical dispersion, with</td>
</tr>
</tbody>
</table>
differences regarding the size, urban planning, infrastructure and available utilities. Although developers faced many difficulties, the supply was not significantly completed by distressed properties, especially considering that the marketing for this type of assets is less evident and finance institutions avoided creating such situations. The active demand targeted exclusively the plots with high development potential, located in good areas and resulting from the granted urban planning. Potential buyers focused on small and medium-sized areas that do not imply major risks and financial efforts. The demand came from equity opportunistic investors who tried to take advantage of a low liquidity market.

Even in the context of diminishing asking prices there are still major discrepancies in price expectations between buyers and sellers. Except the landlords who are experiencing financial difficulties, the other owners are not willing to lower the price below a certain level. Both sellers and buyers had a cautious approach that severely limited the number of transactions. The owners know that they can’t sell the land in this moment at a reasonable price (at least at the acquisition price) so they are expecting better times and they can sell now only for a lower price and the prices are decided now by the buyers.

Based on the analysis of the real estate market in the area, the offer intervals for land, yards, constructions in urban for commercial residential purpose is of **15-25 EUR /sqm** in adjacent areas of Piatra Neamt city and between **25-40 EUR /sqm** in median semi-central areas or commercial developed areas. The transaction price trend is decreasing, the offer for sale is generally high and buyers negotiate the offer prices far below. There have not been transactions with these plots lately.

<table>
<thead>
<tr>
<th>DEMAND</th>
<th>Decreasing; The ones interested in buying of similar properties with the analyzed one are developers which could develop an residential building taking into account the potential generous urban coefficients (max. G+11F)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHORT ANALYSIS OF THE SPECIFIC MARKET</td>
<td>Supply was increasing/stagnation in present. Demand is decresing. There is an imbalance between offer and demand. Offer outperforms existing demand, so that real estate prices have a downward trend. This will keep short-term and medium at least. The offer for plots of land in the subject area is situated between <strong>15 and 30 EUR/sq m.</strong> Please note that there are offer prices which generally are negociated quite drastically in this period of time.</td>
</tr>
</tbody>
</table>
PROPERTY VALUATION

THE HIGHEST AND BEST USE

The highest and best use of the land is defined as follows:

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

Practically, taking into account the type of the building, the location and existing endowments for the analyzed asset the highest and best use is that of real estate property – vacant land with residential use.

Under the criteria that define the concept CMBU this approach is:
⇒ Legally permissible
⇒ Physically possible
⇒ Financial feasible
⇒ Maximize its benefits (is referring to the real estate property value under conditions of highest and best use (destination).

REAL ESTATE LAND MARKET OVERVIEW – SUBJECT AREA

In what follows is an extract from existing offers on market in the subject area:

<table>
<thead>
<tr>
<th>Location area</th>
<th>area –sqm-</th>
<th>description</th>
<th>price eur/sqm (not included VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neamt Steaua Nordului</td>
<td>10.000</td>
<td>Vanzare teren Neamt Steaua Nordului, 10.000 mp, utilitati, telefon contact 0722747342, 0233231331, Sursa presa locala Monitorul de Neamt</td>
<td>15 eur/sqm</td>
</tr>
<tr>
<td>Caprioara restaurant area</td>
<td>15.000</td>
<td>15000 sqm land in the city, caprioara restaurant area in Piatra Neamt, with own driveway from the paved road, PUZ spa hotel approved, with possibilities of connection to all utilities, and opening to the city. Sale price 30 eur / sqm negotiable.</td>
<td>30 eur/sqm</td>
</tr>
<tr>
<td>N-V area Neamt</td>
<td>10.000</td>
<td>Compact land in the city, which is plotted in lots of 1000 square meters plus the undivided share of road. In the neighborhood there are villas, houses. Utilities: water, gas, sewage. The land is intended for residential. Plotting is wanted to achieve a neighborhood. Description: street in the center of 8 m width and on the left and right there are plots of 1000 sqm with 20x50 addition desc plus the undivided share of road in surface of 200 square meters, achieving lots of 1200 square meters.Price is 25 euro / sqm negotiable.</td>
<td>25 eur/sqm</td>
</tr>
<tr>
<td>Dumbrava Rosie area</td>
<td>5.700</td>
<td>Terenul se afla la DN Piatra Neamt-Bacau, are 34 ml deschidere, pretabil pentru constructii sedii, spatii comerciale, service, stalpul de curent electric si apa se afla la marginea terenului, dinspre drumul national.</td>
<td>27 eur/sqm</td>
</tr>
</tbody>
</table>
**STEPS OF VALUATION**

In estimating the values, as mentioned above, the following steps have been followed:

- Gathering documentation regarding the situation of the land (regarding the ownership, legal and juridical situation, and cadastral documentation)
- Discussions with the customer’ representatives about the physical identification of the construction on the site, physical condition, exploitation and utilization degree
- Inspection on the site and practical verification between land situation and supplied documentation.
- Selection of the type values to be estimated in the present report.
- Selection and estimation of the assumption and limiting conditions specific for the appraised property.
- Analysis of selected information, interpretation of the results.
- Applying the valuation the convenient methods considered appropriate in estimating the market values

**METHODOLOGY AND BASIS OF VALUATION**

- Estimate the **fair value** according to its definition in the Standards of UNEAR (National Association of Romanian Valuers) according to:
  - the international valuation standard IVS 1- Framework
  - and IVS 300 – Valuations for Financial Reporting (in accordance with IAS 2)
- The purpose of the valuation is estimating the **fair value** (market value) of the real estate property for financial reporting of the client.

*According to the client (reporting entity) this asset is classified as inventories* (in accordance with IAS 2).

**IAS2.** The objective of IAS2 is to prescribe the accounting treatment of inventories. This Standard deals with calculation of the cost of inventory recognized as an asset, the determination of cost, the recognition of inventories as an expense, and any write-downs to net realizable value. This Standard deals with all inventories of assets that are:

- **held for sale in the ordinary course of business**
- in the process of production for sale
- in the form of materials or supplies to be consumed in the production process
- in the rendering of services

The inventories include the goods bought and held for resale such as the goods purchased from a retailer to be resale or the **lands and other real estate properties held to be resale.**

The net realizable value (NRV) refers to the amount that an entity expects to realize from selling of its inventory during normal activity.

The fair value reflects the amount for which the same inventory could be exchanged on the market, between interested and informed buyers and sellers.

The first is an entity-specific value, the second is not.

*“Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”*.1

We used sales comparison approach for estimating the market value (fair value) of the subject land.

---

1 IVS 300 – Valuations for Financial Reporting
SALES COMPARISON APPROACH

The sales comparison approach has its basis in market analysis and uses the comparative analysis, respectively the estimate of the value is done through a market analysis to find similar properties, comparing these properties with the one “to be valuated”.

The major premise of the method is that the market value of a real estate property is in direct relation with the transaction prices (offer) of comparable and competitive properties. The comparative analysis is based on the similarities and differences in properties between the elements that influence transaction prices.

For estimating the value of the property through this method the valuer took into consideration the information he had at his disposal.

<table>
<thead>
<tr>
<th>Crt. No</th>
<th>Criteria and elements of comparison</th>
<th>Evaluate land</th>
<th>Lands for comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Type of comparability</td>
<td></td>
<td>A</td>
</tr>
<tr>
<td>1</td>
<td>Transmitted property rights</td>
<td>no restrictions</td>
<td>no restrictions</td>
</tr>
<tr>
<td>2</td>
<td>Legal restrictions</td>
<td>not known</td>
<td>Similar</td>
</tr>
<tr>
<td>3</td>
<td>Financing conditions</td>
<td>normal</td>
<td>Similar</td>
</tr>
<tr>
<td>4</td>
<td>Selling conditions</td>
<td>normal</td>
<td>normal</td>
</tr>
<tr>
<td>5</td>
<td>Market conditions</td>
<td>present</td>
<td>present</td>
</tr>
<tr>
<td>6</td>
<td>Location</td>
<td>Sala Polivalenta</td>
<td>Nordului Street, Piatra-Neamt City, Piatra-Neamt County weaker</td>
</tr>
<tr>
<td>7</td>
<td>Physical Characteristics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Utilities (electricity / water / sewer / gas / heat / others)</td>
<td>yes / yes / yes / no / no / no / - at the property border</td>
<td>no / no / no / - at the property border</td>
</tr>
<tr>
<td>9</td>
<td>Zoning - the allowed use</td>
<td>industrial residential</td>
<td>mix</td>
</tr>
<tr>
<td>10</td>
<td>HIGHEST AND BEST USE</td>
<td>industrial residential</td>
<td>mix</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Subject property</th>
<th>A Comparable</th>
<th>B Comparable</th>
<th>C Comparable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification</td>
<td>Sala Polivalenta</td>
<td>Nordului Street, Piatra-Neamt City, Piatra-Neamt County weaker</td>
<td>Neamt, Strand area</td>
<td>Neamt exit onto Targul Neamt</td>
</tr>
<tr>
<td>Date</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
<td>Present</td>
</tr>
<tr>
<td>Area sq.m.</td>
<td>27,476</td>
<td>10,000</td>
<td>15,000</td>
<td>11,000</td>
</tr>
<tr>
<td>SALE PRICE</td>
<td>150,000</td>
<td>450,000</td>
<td>2,400,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Element of comparison</th>
<th>Subject property</th>
<th>A Comparable</th>
<th>B Comparable</th>
<th>C Comparable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmitted property rights</td>
<td>no restrictions</td>
<td>no restrictions</td>
<td>no restrictions</td>
<td>no restrictions</td>
</tr>
<tr>
<td>Unitary or percentage correction</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Total correction for Property rights</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td></td>
</tr>
</tbody>
</table>
DARIAN DRS S.A
Valuation report of 27.476 sqm plot of land located in Neamt County, Piatra Neamt City, Mihai Viteazul street, Romania

### Corrected price (EUR / sqm)

<table>
<thead>
<tr>
<th></th>
<th>€ 13.00</th>
<th>€ 25.00</th>
<th>€ 20.00</th>
</tr>
</thead>
</table>

### LEGAL RESTRICTIONS

#### Legal restrictions

- **Unitary or percentage correction**: not known
- **Total correction for legal restrictions**: € 0.00
- **Corrected price (EUR / sqm)**: € 13.00

### FINANCING CONDITIONS

#### Financing conditions

- **Unitary or percentage correction**: 0%
- **Total correction for financing**: € 0.00
- **Corrected price (EUR / sqm)**: € 13.00

### SALE CONDITIONS

#### Sale conditions

- **Unitary or percentage correction**: 0%
- **Total correction for sale conditions**: € 0.00
- **Corrected price (EUR / sqm)**: € 13.00

### MARKET CONDITIONS

#### Market conditions

- **Unitary or percentage correction**: 0%
- **Total correction for market conditions**: € 0.00
- **Corrected price (EUR / sqm)**: € 13.00

### LOCATION

#### Location

- **Sala Polivalenta**, Nordului Street, Piatra-Neamt City, Piatra-Neamt County weaker
- **Neamt, Strand area**
- **Neamt exit onto Tg Neamt**

#### Total correction for location

- **Unitary or percentage correction**: 15.0%
- **Corrected price (EUR / sqm)**: € 15.00

### PHYSICAL CHARACTERISTICS

#### Size and shape

- **27,476**
- **10,000**
- **15,000**
- **11,000**

#### Front street – opening at front street

- **la DN**
- **mare la drum propriu wide at own road**
- **mare la drum wide at road**

#### Topography

- **partly plan partly slope**
- **partly plan partly slope**
- **partly plan partly slope**

#### Corrected price (EUR / sqm)

- **€ 16.50**
- **€ 20.20**
- **€ 19.80**

### UTILITIES AVAILABLE

- **Utilities (electricity / water / sewer / gas / heat / others)**
  - at the property border
- **Correctie unitara sau procentuală Unitary or percentage correction**: 0%

### Page 10/29
| Total correction for available utilities | € 0.00 | € 0.00 | € 0.00 |
| Corrected price (EUR / sqm) | € 16.50 | € 20.20 | € 19.80 |

**SURROUNDING AREA**

<table>
<thead>
<tr>
<th>Zoning- the allowed use</th>
<th>residential</th>
<th>industrial</th>
<th>Mixt</th>
<th>residential/commercial</th>
<th>Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitary or percentage correction</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total correction for surrounding area</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Corrected price (EUR / sqm)</td>
<td>€ 16.50</td>
<td>€ 20.20</td>
<td>€ 19.80</td>
<td>0.0%</td>
<td></td>
</tr>
</tbody>
</table>

**HIGHEST AND BEST USE**

<table>
<thead>
<tr>
<th>Best utilization</th>
<th>residential</th>
<th>industrial</th>
<th>residential/commercial</th>
<th>hostels</th>
<th>houses</th>
<th>Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitary or percentage correction</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Total correction for best utilization</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>€ 0.00</td>
<td>0.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corrected price</td>
<td>€ 16.50</td>
<td>€ 20.20</td>
<td>€ 19.80</td>
<td>0.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Corrected price (Eur/sqm)**

| | € 17 | € 20 | € 20 |
| Net total correction | € 3.50 | -€ 4.80 | -€ 0.20 |
| (procentual) | 27% | -19% | -1% |
| Gross total correction | € 6.50 | € 4.80 | € 4.20 |
| (procentual) | 50.00% | 19.20% | 21.0% |

**Area**

| 27,476.0 |

**Opinion/sqm**

| € 20 |

**Total land area**

| 27,476 |

**Total land valued area (sq.m.)**

| Total land value (EUR) | € 550,000 |

After the suitable corrections, the corrected value of Comparable no. 2 was selected because it has the lowest gross overall correction (19,2%) when compared with the other comparables. The resulted value of 20 EUR / sq m was then applied to the area of the subject property resulting in the market value of the property.

\[ V_{\text{comparison}} = 550,000 \text{ eur} \]
VALUATION RESULTS

By applying the valuation approaches presented above the results are as follows:

\[ V_{\text{comparison}} = 550,000 \text{ EUR} \]

Thus, the valuer’s opinion regarding the market value of the real estate property, subject of the valuation, is of:

550,000 EUR
(2,435,785 RON)

The report was drawn up on the basis of the international standards, recommendations, and methodology of UNEAR (The National Association of Romanian Valuators).

APPENDICES

1. Photographs of the property
2. Certification
3. Special assumptions and limiting conditions
4. Assumption and limiting conditions
5. Map
6. Comparables
7. Copies of property deeds/Cadastral documents
1. PHOTOGRAPHS OF THE PROPERTY
2. Certification

We hereby certify, to our best knowledge and belief that the facts 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 our personal, unbiased professional analyses, opinions, and conclusions. We also certify that we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stimulated result, or the occurrence of a subsequent event. Our analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the standards and methodology recommended by UNEAR (National Association of Romanian Appraisers).

The valuer inspected the property personally. At the moment of drawing up the present report the valuers, who undersign this report did not get significant assistance from the side of other persons.

The present report is subject to UNEAR norms and can be, on request, reviewed by its specially authorised members. At the time when this report was drawn, the undersigned are UNEAR members, have completed the continuous professional training program of UNEAR and have necessary competence for such work.
DARIAN DRS SA and its team are insured for professional responsibility with ALLIANZ – TIRIAC ASIGURARI S.A.

Tatiana Cristea
Valuer of real estate properties
Member of UNEAR
3. Special assumptions and limiting conditions

The valuer is not a topographer/topometrist/geodesist and he does not have the due qualification to measure and guarantee that the property location and boundaries as they have been pointed out by the owner at the time of the inspection and described in the report correspond to those written down in the property/cadastral documents.

This report is meant to develop a value of the property identified and described in the report provided that it corresponds to the one written down in the property documents. Any discordance between the identified property and the one written down in the property documents invalidates the correspondance between the estimated property and the property certified by the property documents, but the estimated value remains valid for the property identified in the report.

4. Assumption and limiting conditions

The basis of this valuation consists in a range of hypothesis and limiting conditions presented below.

The valuer opinion is expressed in concordance with both hypotheses and conclusions and the other assessments part of this report.

The main assumptions and limiting conditions, which were considered in this report, are presented below:

Assumptions:

⇒ Legal aspects are entirely based on information and documents provided by the client and were presented without any further verification or investigations. Title to the property is assumed to be good and marketable, unless otherwise stated.
⇒ The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
⇒ It is assumed that there are no hidden or non-apparent conditions of the property, soil, which would influence the value of the property. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover this;
⇒ The estimated value strictly corresponds to properties identified and described in the report provided that the property identification and description performed by the valuer fully correspond to those written down in the property documents.
⇒ The estimated value is valid provided that the property identified at the time of the inspection and described by the valuer fully corresponds to the property identified and described in the cadastral documents.
⇒ The present situation of the property and the purpose of the present valuation were the basis in selecting and applying the valuation method, so that the resulted values will lead to the most probable estimate of the value, considering the selected value type.
⇒ We suppose that there are no type of contaminants, and the cost of decontamination does not affect the value; we were not informed of any inspection or report that would indicate the presence of the contaminants or other dangerous materials;
⇒ In order to carry out the valuation, were taken into consideration all the factors that have influence over the value of the investment property subjected to valuation and were not omitted in a deliberate way no other kind of information that could have importance over the valuation and which, in our knowledge are correct and reasonable in the elaboration at the present report.
⇒ The estimated value is valid at the valuation date. Whereas the market, market conditions may change, the estimated value may be incorrect or inappropriate at another time.
⇒ We assumed that the current legislation will remain the same and were not taken into account any changes that may occur in the following period.
⇒ The valuer believes that the assumptions made at the application of the methods of valuation were reasonable in light of facts that are available at the valuation date.
⇒ When estimating the value the valuer used only information available at disposal at the time of drawing
the report and it is possible that there were other information unknown to the valuer.

Limiting conditions:

⇒ Any estimated values provided in the report apply to the entire property and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.

⇒ The estimated value is valid only for the subject plot of land considered buildable; it is considered that the development is made according to the existing urbanism certificate, and the development of the immediate vicinities will not influence the utility of the subject property;

⇒ any allocation of component values is valid only if presented in the report using. Assigned separate values should not be used in connection with another valuation and are invalid if so used.

⇒ obtaining one copy of this valuation report does not imply also publication rights;

⇒ the valuer, through the nature of its work, is not forced to offer further counselling or to testify in court regarding the object of the report, unless prior agreements have been signed with the client;

⇒ nor the present report, nor parts of it (especially the conclusions regarding the market value, the valuer’s identity) must not be made public without the valuer’s prior agreement; the valuation report is valid in the economical, fiscal, legal and political conditions from its date of preparation. If these conditions will modify the conclusions of this report may lose their validity.
5. Map location

![Map Location Image]

6. Comparables

1. Ziarul Monitorul de Neamț

Vind teren intravilan, str. Nordului, 10.000 mp, utilități, toate utilitățile, 15 E/mp. ☎️
0722 747 342; 0233 231 331
Comparabila B

Pret: 30 EUR

Tip anunt: Oferta vanzare
Localitate: Piatra Neamt
Tip teren: Intravilan
Suprafata: 15000 mp
Zona: 1 Mai

Teren intravilan de 15000 mp, zona restaurant caprioca, din Piatra Neamț, cu drum de acces propiu din sosia astfel, gat avioane hotel spa, cu posibilitate de reciclare a toate utilitățile, și cu deschidere spre crasă. Terenul se află situat într-o zonă limită, înconjurat de pădure, unde bănci și apă, cantucul parcă e unul al spațiuului, crea un domeniul ideal de relaxare și confort.

Utilizatorul nu dorind ca fie contactat de agenti comerciali.


Comparabila C

Pret: 25 EUR

Tip anunt: Oferta vanzare
Localitate: Piatra Neamț
Tip teren: Intravilan
Suprafata: 11200 mp
Zona: Nord-Vest

Teren intravilan, compact, para se petrece în totul de 11000 mp plus partea de două bucati...
DARIAN DRS S.A  

Valuation report of 27.476 sqm plot of land located in Neamt County, Piatra Neamt City, Mihai Viteazul street, Romania


http://mercador.ro/oferta/teren-dumbrava-rosie-judetul-neamt-IDky2Y.html#5935d8282e;r:24;s:247

Teren intravilan, compact, care se parcheaza in loturi de 1000 mp plus cota de drum indivizat.
In vecinatate sunt vile, case, utilitati: apa, gaz, canalizare.
Terenul este destinat pentru rezidential. Se doreste lotizarea pentru realizarea unui cartier.
Descreri: drum pe centru de 8 m latime, iar stanga si dreapta avf il loturi de 1000 mp util cu veci 20x50 plus cota de drum indivizat in spatiul de 200 mp, realizandu-se loturi de 1300 mp.
Pretul este de 25 eur/mp si va descreste pe masura ce se departeaza de strada principala.

http://mercador.ro/oferta/teren-dumbrava-rosie-judetul-neamt-IDky2Y.html#5935d8282e;r:24;s:247
7. Copies of property deeds/Cadastral documents
DARIAN DRS S.A  

Valuation report of 27.476 sqm plot of land located in Neamț County, Piatra Neamț City, Mihai Viteazul street, Romania

DECLARĂȚII, GARANȚII ÎI OBLIGĂȚII ALE VÂNZĂTORULUI

Vânzătorul vădă compatibilul, după propunerea supra băncii și declara,

garantarea să se efectueze după cum urmează:

1. Vânzătorul are capacitatea să îndeplinească obligațiile cu excepția din proiectul Contract și se îndreaptă

2. Proiectul Contract a fost semnat din partea Vântătorului cu băncile și reprezentând obligațiile legale ale acestuia, aduse în conformitate cu termenii acestuia.

3. Vântătorul nu a fost să îndeplinească prevederile din contract, în fișelele sau înformările de proprietate, sau în terenul lemnului, de către Compania, având consemnul îndeplinit de la contract.

4. Vântătorul devine dispozitiv de proprietate integrant în exclusivitate supra băncii, în circuitul civil. Imobilul este liber de urmări, cu privire la înnamorat, fie că este într-un stat sau nu, sau pentru alte scopuri, având în vedere că este și, în acest caz, intermediar înregistrat cu băncile, întocmită de băncile, în proporție de 90.000.010.000 lei, având obiectul în cartea fiscală nr. 19920, în conformitate cu proiectul Contract.

5. La data inițială, proiectul Contract, nu este următorul cu privire la înnamorat, fie că este într-un stat sau nu, sau pentru alte scopuri, având în vedere că este și, în acest caz, intermediar înregistrat cu băncile, întocmită de băncile, în proporție de 90.000.010.000 lei, având obiectul în cartea fiscală nr. 19920, în conformitate cu proiectul Contract.

6. La data inițială, proiectul Contract, nu este următorul cu privire la înnamorat, fie că este într-un stat sau nu, sau pentru alte scopuri, având în vedere că este și, în acest caz, intermediar înregistrat cu băncile, întocmită de băncile, în proporție de 90.000.010.000 lei, având obiectul în cartea fiscală nr. 19920, în conformitate cu proiectul Contract.

7. Nu a fost semnat în conformitate cu propunerea supra băncii și declara, garantarea să se efectueze după cum urmează:

8. Imobilul a fost semnat în conformitate cu propunerea supra băncii și declara, garantarea să se efectueze după cum urmează:

DARIAN DRS S.A
Valuation report of 27.476 sqm plot of land located in Neamț County, Piatra Neamț City, Mihai Viteazul street, Romania

7. DESCĂRBAREA
7.1 Vanzătorul împlinește obligațiile sale de cameră și comparatie în cazul în care daunele au fost comise de către Vanzător, precum și în cazul în care daunele au fost comise de către Compunătoare sau persoane fizice sau juridice cu care Vanzătorul a locuit în același perioadă.

7.2 În caz de execuție, uzură sau parială, Vanzătorul împlinește obligațiile sale de cameră în proporție, proporție sau proporțional cu valorile pe care ele au fost valuate de Firma Vâlcea Intermedia și cu valorile pe care ele au fost valuate de Consiliu camera. Vanzătorul împlinește obligațiile sale de cameră în proporție, proporție sau proporțional cu valorile pe care ele au fost valuate de Firma Vâlcea Intermedia și cu valorile pe care ele au fost valuate de Consiliu camera.

8. ADUCERE LA EȘENA
8.1 Vanzătorul împlinește obligațiile sale de cameră în cazul în care daunele au fost comise de către Vanzător, precum și în cazul în care daunele au fost comise de către Compunătoare sau persoane fizice sau juridice cu care Vanzătorul a locuit în același perioadă.

8.2 Vanzătorul împlinește obligațiile sale de cameră în cazul în care daunele au fost comise de către Vanzător, precum și în cazul în care daunele au fost comise de către Compunătoare sau persoane fizice sau juridice cu care Vanzătorul a locuit în același perioadă.

8.3 Vanzătorul împlinește obligațiile sale de cameră în cazul în care daunele au fost comise de către Vanzător, precum și în cazul în care daunele au fost comise de către Compunătoare sau persoane fizice sau juridice cu care Vanzătorul a locuit în același perioadă.

8.4 Vanzătorul împlinește obligațiile sale de cameră în cazul în care daunele au fost comise de către Vanzător, precum și în cazul în care daunele au fost comise de către Compunătoare sau persoane fizice sau juridice cu care Vanzătorul a locuit în același perioadă.
HOTĂRÂRE

Consiliul Local al municipiului Piatra Neamț


HOTĂRĂȘTE:

Art. 1 - Care Articolul 43 alin. 2 din 22.10.2007, care prevede în conformitate cu legile în vigoare, a varfului actualei închirierii.

Art. 2 - Dacă avizul P.N. și D.L. alburn - întrunirea în conformitate cu legile în vigoare, pentru a nu viola normele legale în ceea ce privește contracția închirierii.

Art. 3 - Dacă avizul P.N. și D.L. alburn - întrunirea în conformitate cu legile în vigoare, pentru a nu viola normele legale în ceea ce privește contracția închirierii.

Art. 4 - Dacă avizul P.N. și D.L. alburn - întrunirea în conformitate cu legile în vigoare, pentru a nu viola normele legale în ceea ce privește contracția închirierii.

Art. 5 - Dacă avizul P.N. și D.L. alburn - întrunirea în conformitate cu legile în vigoare, pentru a nu viola normele legale în ceea ce privește contracția închirierii.
Prelucrarea Căruia a fost executat de Darian DRS S.A, peba pela whattex

4. DECLARATIILE GARANȚII ALE VÂNȚÂTORULUI

Vântătorul încheie Carțea Fisică ca urmă a față, în conformitate cu dispozițiile legale, care evidențiază datele care pot fi obligatorii pentru vânzătorul acestui document.

4.1. Vântătorul este obligat să îndeplinească obiectivul de la comenzi în conformitate cu documentul_contractual.

4.2. Conform Contractului, vânzătorul este obligat să evidențeze datele legale, care evidențiază datele care pot fi obligatorii pentru vânzătorul acestui document.

4.3. Vântătorul este obligat să îndeplinească obiectivul de la comenzi în conformitate cu documentul_contractual.

4.4. Vântătorul este obligat să îndeplinească obiectivul de la comenzi în conformitate cu documentul_contractual.

4.5. Vântătorul este obligat să îndeplinească obiectivul de la comenzi în conformitate cu documentul_contractual.