Valuation Report

Subject Property

Brahmsbogen 1-27 (odd numbers)
06124 Halle
Germany

Client

MAITRA DRESDEN GRUNDSTÜCKS GMBH
Möckernstraße 139-141
10963 Berlin
Germany

30 March 2015
This Valuation Report was prepared exclusively for accounting purposes for MAITRA DRESDEN GRUNDSTÜCKS GMBH.

MAITRA DRESDEN GRUNDSTÜCKS GMBH is indirectly owned by SOHO REALESTATE LTD, trading on the regulated market (regulierter Markt) of the Tel Aviv Stock Exchange. The Financial Statement of SOHO REALESTATE LTD refers to the requirements of ‘Securities Regulations (Periodic and Immediate Reports), 1970’.

Investors could not rely on the valuation only in making their decision to invest into the companies.

The author of the Valuation Report agreed with the principal, that the principal will use the valuation report and further documents, drafted in the course of the valuation, exclusively for the defined purpose mentioned above.

The Valuation Report does not take into account interests of third parties. A liability to a third party is only possible in case the Author of the Valuation Report declares in written form, that such liability is accepted.
Valuation Report

This Valuation Report has been prepared by Knight Frank HSC GmbH (the ‘Valuer’), Berlin, in accordance with the International Standards for the Valuation of Real Estate for Investment Purposes ('International Valuation Standards') and the Valuation Standards of the Royal Institution of Chartered Surveyors ('Red Book') following the completion of our assessment of Market Value, as at 30 September 2014, of the following property:

Subject Property
Brahmsbogen 1-27 (odd numbers)
06124 Halle
Germany

Client
Maitra Dresden Grundstücks GmbH
Möckernstraße 139-14
10963 Berlin
Germany
represented by the Managing Director Efrat Abuav

Valuer
Knight Frank HSC GmbH
Charlottenstraße 43
10117 Berlin
Germany
represented by the Managing Director Sascha Hettrich

Date of Valuation:
30 September 2014

Date of this Valuation Report:
30 March 2015
Summary of Valuation

Knight Frank HSC GmbH is of the opinion that the Market Value, based on the information provided by the client, and subject to the assumptions and comments detailed in this report, of the freehold property as confirmed on 30 September 2014, was as follows

€ 3,840,000
(THREE-MILLION-EIGHT-HUNDRED-FOURTY-THOUSAND-EUROS)

The above figure represents the individual property Market Value and is understood as the value deducting costs of purchase, such as land transfer tax, legal costs and agents’ fees.

The following table shows key property data as at 30 September 2014:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total lettable area (residential space)</td>
<td>10,716 m²</td>
</tr>
<tr>
<td>Number of residential units</td>
<td>167</td>
</tr>
<tr>
<td>Occupation</td>
<td>65.4%</td>
</tr>
<tr>
<td>Vacancy</td>
<td>34.6%</td>
</tr>
<tr>
<td>Total car parking spaces</td>
<td>0</td>
</tr>
<tr>
<td>Current rental income (gross) per annum</td>
<td>€ 330,646</td>
</tr>
<tr>
<td>Market Rental Value (gross) per annum¹</td>
<td>€ 607,743</td>
</tr>
</tbody>
</table>

Market Value Analysis

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiplier, based on current rent</td>
<td>11.6</td>
</tr>
<tr>
<td>Multiplier, based on Market Rent</td>
<td>6.3</td>
</tr>
<tr>
<td>Net initial yield</td>
<td>3.9%</td>
</tr>
<tr>
<td>Reversionary yield</td>
<td>8.6%</td>
</tr>
<tr>
<td>Market Value per m²</td>
<td>€ 358</td>
</tr>
</tbody>
</table>

¹ The market rent has been estimated with reference to the scheduled refurbishment.
1 Brief and Scope of Valuation Instruction

1.1 Instruction & Purpose of Valuation Report

As instructed by MAITRA DRESDEN GRUNDESTÜCKS GMBH (the ‘client’), Knight Frank HSC GmbH (hereinafter 'Knight Frank') has examined the property and carried a valuation (the 'Valuation') to determine the Market Value, as at 30 September 2014, of the freehold interest of the property.

We understand that this Valuation Report is required firstly, to confirm the Market Value of the real estate assets as at 30 September 2014, respectively.

Furthermore this Valuation Report will be included in the Financial Statement of MAITRA DRESDEN GRUNDESTÜCKS GMBH and SOHO REALESTATE LTD. SOHO REALESTATE LTD is a listed firm on the regulated market (regulierter Markt) of the Tel Aviv Stock Exchange and is one indirect owner of MAITRA GRUNDESTÜCKS GMBH. The Financial Statement of SOHO REALESTATE LTD refers to the requirements of ‘Securities Regulations (Periodic and Immediate Reports), 1970’.

1.2 Addressees

This Valuation Report is addressed to and may be relied upon only by:

- MAITRA DRESDEN GRUNDESTÜCKS GMBH
- SOHO REALESTATE LTD

The valuation report is intended solely for the addressees and may be used only for the purpose specified here.

1.3 Publication

Knight Frank HSC GmbH acknowledges and agrees that the Valuation Report will appear in unchanged format in the Financial Statement. Before this Valuation, or any part thereof, is reproduced or referred to in any other document, circular or statement and before its contents, or any part thereof, are otherwise disclosed verbally or otherwise to a third party, the valuer’s written approval as to the form and context of such publication or disclosure must be first obtained. For the avoidance of doubt, such approval is required whether or not Knight Frank HSC GmbH is referred to by name and whether or not the contents of our Valuation are combined with others.

1.4 Assignment of Rights to Third Parties

The addressees of the Valuation Report are not entitled to assign their rights - either in whole or in part - to third parties.
1.5 Status of Valuer and Conflicts of Interest

We confirm that Knight Frank has undertaken the Valuation acting as External Valuer, as defined by the RICS Red Book, qualified for the purpose of the Valuation. Finally we confirm that we are not aware of any actual or potential conflict of interest that may have influenced our status as External or Independent Valuer. The Subject Property has been previously valued by Knight Frank HSC GmbH for MAITRA DRESDEN GRUNDSTÜCKS GMBH for financial purposes as at 12 February 2014.

1.6 Scope of Work

The scope of work has been carried out for the Market Valuation, including the following processes:

- Analysis and evaluation of the property information (e.g. property database, rent roll) provided by the client;
- Analysis, evaluation and interpretation of the property (e.g. location, type of property etc.);
- Inspection of the property, as well as the determination of a qualified sample of representative units for the internal inspection;
- Individual market and locational analysis of the property;
- Determination of the Market Value.

1.6 Valuer, Expertise

The valuer, on behalf of Knight Frank HSC GmbH, with the responsibility for this report is Sascha Hettrich FRICS, a RICS Registered Valuer. Sascha Hettrich has extensive experience in commercial and residential valuations within Germany and has also gained experience in other European Countries and in the USA. He values a wide range of property assets and portfolios including office, retail, retail warehousing, industrial, logistics and residential portfolios. Parts of this valuation have been undertaken by additional valuers, as listed on our file in accordance with VS1.6.4 of the Red Book. We confirm that the valuer and additional valuers meet the requirements of RICS Valuation – Professional Standards VS 1.6, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

1.7 Subject of Valuation

The Subject Property of this report is a residential building located at Brahmsbogen 1-27 (odd numbers), 06124 Halle, Germany.
2 Valuation Definitions

2.1 Market Value

Our Valuation has been prepared in accordance with the appropriate sections of the current Valuation Standards (VS) contained within the RICS Valuation - Professional Standards 2014 (the Red Book) published by the Royal Institution of Chartered Surveyors (RICS) and in accordance with IVS International Valuation Standards (included within the Red Book).

This is included in the General Principles adopted in the Preparation of Valuations and Reports of Knight Frank HSC GmbH. This is an internationally accepted basis of valuation; the Market Value therefore is defined as

‘The estimated amount for which an asset or liability 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 knowledgeably, prudently and without compulsion.’

The valuations for accounting purposes carried out by Knight Frank HSC GmbH are based on the current IFRS 13 – Standards of the ‘Highest and Best Use’ Approach. Future capital expenditures have been taken into account regarding the determination of the fair value to the extent that any market participant would choose this approach in the determination of the fair value. We assume that the measures are physically possible, legally permissible and financially feasible.

In undertaking our Valuation on the basis of Market Value, we have considered the comments made by the International Valuation Standards Council, which are included in the Red Book standards. According to VS 3.2, Commentary 3

'Market value ignores any existing mortgage, debenture or other charge over the property.'

2.2 Market Rent

The Market Rent is assessed in accordance with VS 3.3, which has been approved by the International Valuation Standards Committee. Under these provisions, the Market Rent represents

‘The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.’

In accordance with the above, where the property or parts thereof are vacant at the date of Valuation, the rental value reflects the Market Rent that we consider obtainable on an open market letting for vacant areas (except for estimated structural vacancy) as at the date of Valuation.
2.3 Assumptions and Sources of Information

An assumption is defined in the Glossary to the Red Book to be a 'supposition taken to be true' (‘Assumption’). Assumptions are

‘Facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement needs not be verified by a valuer as part of the valuation process.’

In undertaking our Valuation, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, we have let the client confirm that our assumptions are correct to the best of their knowledge. In the event that any of these assumptions prove to be incorrect, then our Valuation would require to be reviewed.

2.4 Data Base

The client has provided Knight Frank with the currently available property-related database. This included key information such as addresses, number of units, lettable areas, vacancy rates and current rental income on a single unit basis. We have assumed that the information the client has supplied us with in respect to the Subject Property is complete, correct and up to date and that the accuracy of all such documents has been confirmed by the client.

Knight Frank has carried out a plausibility check of such data on the basis of qualified samples, which were then checked to apply for the valuation process and for accuracy.

In accordance with common German market practice the buildings were not measured and we recommend measuring the lettable areas, because during the inspection of the properties it could only checked roughly that the area information provided is plausible. However, no abnormalities were detected in the results.

Further documents were checked for plausibility accordingly, whereby Knight Frank again detected no abnormalities. We have assumed the accuracy of the documents that have been provided to us by the client and that all such documents have been verified by the client. However, as we have not been provided with lease contracts for every single unit leased we had to base some calculations on assumptions regarding lease durations.

We have not been provided with any information as to heritable building rights, building encumbrances and contamination sites.

2.5 Valuation Timeline

Confirmation of instruction is 11 March 2015.

Delivery of Valuation Report is 30 March 2015.
2.6 Date of Valuation

The date of the Valuation was 30 September 2014; the Valuation Date was confirmed by Knight Frank.

2.7 Taxation and Costs

We have not made any adjustments to reflect any liability to taxation that may arise on disposal (e.g. valuation gains) nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, or taxation allowance that may arise upon disposals.

2.8 Value Added Tax (VAT)

The Market Values and Market Rents listed in this Valuation Report do not include the relevant Value Added Tax at the prevailing rate.

2.9 Currency

The currency referred to in the Valuation Report is Euros (€).

2.10 Rounding

Due to the calculation basis, marginal differences can occur in the rounding of the numbers (€, %, etc.).

2.11 Legal Terms

The Valuation is conducted on the following legal basis:

- **Commercial leases**: German Civil Code
- **Residential leases**:  
  (a) Rent increase: §§ 556 - 561 BGB (German Civil Code, Chapter 2, Rent)  
  (b) Non-recoverable costs: Betriebskostenverordnung 2004 (valid for rental contracts from January 2004 onwards) and II. Berechnungsverordnung 2004  
- **Valuation methods**: RICS Valuation - Professional Standards 2014 (the Red Book)
3 Property Overview

3.1 Location

3.1.1 Macro Location

Halle is situated in the southern part of Saxony-Anhalt with good infrastructure access, e.g. Leipzig-Halle airport (some 25 km southeast) and junction of the A9 and A14 motorways. With about 230,000 inhabitants, Halle is the largest city in Saxony-Anhalt. Together with the neighbouring Leipzig, Halle forms a conurbation with more than one million inhabitants.

3.1.1 Micro Location

The Subject Property is located at the south-western part of the district ‘Südliche Neustadt’. The vicinity is mainly characterized by large industrialized apartment blocks (prefabricated concrete slabs). Schools and kindergartens can be found in the surrounding. Some green areas are available at the ‘Süd Park’ in the east and the conservation area ‘Rabeninsel’ in the south east.
3.2 Property Description

The Subject Property comprises an irregular-shaped residential building with a lettable area of 10,716 m² residential space. The building provides 14 entrances, one per house number (1-27, odd numbers). It comprises six full storeys above ground with a butterfly roof (easy V-shape) and is fully cellared. Due to the butterfly roof, the wet weather flow runs internally. It has one service core per entrance, each equipped with one staircase, elevator installations are not provided. The property provides 167 residential units in total, of which more than 90% are equipped with balconies. All flats are equipped with an interior bathroom (no windows) and connection for electric stoves. The building is outdated and shows only a moderate appearance and an unattractive architecture and is in need of a refurbishment to ensure a proper lettability. The refurbishment is already planned and has been considered (including CapEx and TIs) in the estimation of Market Value.

3.3 Tenancies, Current Rent and Occupation

The Subject Property is multi-tenanted to local residents, the occupation as at the date of valuation amounts to some 65.4%. The current rental income is € 330,646 per annum (excluding service charges and VAT). Regarding the current vacant areas we have estimated a structural vacancy of 10% and an appropriate void period. With the exception of the estimated structural vacancy above, we have assumed that the remaining area is lettable on market conditions upon completion of the scheduled refurbishment.

3.4 Property Owner, Tenure and Site Area

According to the land registry extracts the owner respectively the holder of the Subject Site is Maitra Dresden Grundstücks GmbH. The land registry stated that the property of the subject site (12,560 m²) is freehold.

3.5 Planning

The Land Use Plan for Halle designates the subject area as Residential Development Land (W). According to information provided by the local authority the Subject Property is not within a zone which will lie within the scope of a Development Plan. Therefore development of the site should currently be assessed in line with the provisions of BauGB §34 (undesignated built-up area).
4 Valuation Approach

4.1 Subject Valuation Property

The Subject Property comprises two residential buildings located in Halle. The valuation reflects the property-specific data and situation, e.g. current rent roll, occupational situation, freehold or rights and duties of the Subject Sites (entries in Section II of the land registers) adequately and correctly.

4.2 Site Inspections

Property and site inspections were carried out on 12 February 2014 and 21 January 2015.

All areas of the individual property relevant for the evaluation process have been inspected as well as the surrounding micro location. During the internal inspections, at least the entrance areas, staircases, the basement, the attic/roof (if applicable and accessible) and all common areas as well as main technical rooms (but without any specific performance check) and vacant/occupied respectively leased areas were inspected either with the property manager in charge for the individual property and/or a caretaker.

4.3 Valuation Method

Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

Our valuation has been carried out using the comparative and investment method “Term & Reversion”. In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the Subject Property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, terms, covenant and other material factors.
5 Assumptions

5.1 Title/ Restrictions/ Encumbrances

The available information on title, legal restrictions, building and other encumbrances has been made available to Knight Frank by the client. This information was checked of plausibility and no discrepancies of issues of concern were identified or – in case of unclear situations or missing information – assumptions were made and defined within this paragraph or in the valuation parameters.

Title entries registered in Section II of the land register were considered to have no influence on value.

The assumption has been made, that the copies of the available documents for the property provided to us are up to date, correct and complete, the client assured us, that the information made available to us is true.

It has further been assumed, that the Subject Property is marketable within its specific sub-markets and is free from any depreciating rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings.

5.2 Structural Conditions/ Contamination/ Soil Conditions/ Deleterious Materials

Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal remit of a valuation. Since we have not carried out any of these investigations, we are unable to report that the property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials; therefore the assumption was made, that the property is free from defect.

We assume here to be no unidentified adverse ground or soil conditions including such caused by mining activities and that the load bearing qualities of the site is sufficient to support the building constructed thereon.

Investigations into environmental matters would usually be commissioned of suitably qualified environmental specialists if there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified. We have not been provided with the conclusive results of such investigations, on which we are instructed to rely. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries. We are not, however, environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation will be on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified by reference to appropriate sections of The Red Book.
5.3 Building and Planning Law/ Highways/ other Statutory Regulations

Enquiries of the relevant Planning and Highways Authorities in respect of matters affecting the property, where considered appropriate, are normally only obtained verbally or from a Local Authority web site, and this information is given to us, and accepted by us, on the basis that it should not be relied upon. Written enquiries can take several weeks for response and incur charges. Where reassurance is required on planning matters, we recommend that formal written enquiries should be undertaken by the client’s solicitors who should also confirm the position with regard to any legal matters referred to in our report. We assume that property has been constructed, or are being constructed, and are occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices. We assume that the premises comply with all relevant statutory requirements including fire and building regulations. According to client there is no information regarding value-relevant impact available.

5.4 Technical Equipment/ Plant & Machinery

During the inspection of the property no tests have been carried out as to electrical, electronic, heating, plant and machinery equipment or any other service nor the drains been tested; therefore the assumption has been made, that all services to the property are functioning satisfactory. All technical equipment (e.g. heating systems and air-conditioning, passenger and goods lifts and other usual building systems) in the Subject Property has been considered as integral parts of the properties. Furniture and furnishings, fixtures, fittings, stock and loose tools have been excluded. No allowance has been made for any items of plant or machinery and equipment installed wholly or primarily in connection with the business of tenants or occupants.

5.5 Areas/ Boundaries

The properties have not been measured, but have applied floor areas (lettable areas) provided by the client from quoted or unquoted source. Plans accompanying reports are for identification purposes only and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with information given to us and/or our understanding of the boundaries.

5.6 Leases and Tenancy Information

We rely upon the information provided by the client, by the sources listed, as to details of tenure and tenancies and other relevant matters regarding tenancy. We assume that this information is complete and correct.

5.7 Property Insurance

Our valuation assumes that the property would, in all respects, be insurable against all usual risks by material and personal liability insurances including fire, storm and water damage as well as by glass insurance, liability insurance on the building, the oil tank and the elevator at normal, commercially acceptable premiums.
6 Market Analysis

6.1 GDP

In 2014 the Federal Statistical Office reported an increase of GDP of +1.5%, following an annual increase of 0.4% in 2013. The key economic sector was the consumption sector. The German economy was burdened by the persistent recessionary trends in other European countries. EU GDP showed a slow growth estimated at 0.2% in the year 2014. Among the larger western Eurozone countries, Germany reported the strongest GDP growth, although on a modest level. For 2015, most institutes forecast a growth between 1.4% and 1.7%. For the Eurozone an increase of 1.1% is expected, representing a solid parameter following the years of stagnation.

![GDP chart](chart.png)

Source: Federal Statistical Office / Forecast: combined average of various research institutes

6.2 Consumer Price Index

The Federal Statistical Office set the year 2010 as the base year and defined the prices to be 100% for 2010. The CPI fell to 105.5 in January 2015, an annual decrease of -0.4%. In particular, prices for energy and fuel decreased over the last months. The graph below shows the trend of the consumer price index over the last years. The general inflation target of the ECB is within a corridor of below 2% per annum.

![CPI chart](chart.png)

Source: Federal Statistical Office
6.3 Unemployment

Throughout Germany, the unemployment rate was at 6.3% as of October 2014. The figure below provides an overview of the unemployment rate history. The average EU unemployment rate stands at 10.0% in September 2014 and experts forecast a further increase until 2015. This is mainly due to the high unemployment rate of South European countries due to the debt crisis.

6.4 Retail Sales

According to the Federal Bureau of Statistics, the retail turnover in 2014 was about € 459.3 billion, which is an increase of 1.9% in comparison to 2013. Generally, there is a trend that online turnovers continue to grow at the expense of the over-the-counter retailing.

Source: Knight Frank Research
6.5 Interest Rates

The EMU interest rate dropped during the last 12 months: Until July 2012 it stood at 0.75%, then was lowered to 0.50% and was reduced again to 0.05% in September 2014.

It appeared as if this level was to remain over the short and the mid-term, as inflation in the Eurozone was still at a very low level. But in September 2014 the ECB lowered the interest rate by further 0.1% to the historical low of now 0.05%.

6.6 Residential Market Halle

The rental market of Halle remained relatively stable at lower price segment during recent years. New construction activities within the residential segment have remained at low level since 2002. With approximately 90% of the total stock most of the flats are located in multi-family buildings, solely 10% of the flats count as single- or two-family houses. Most of the houses were built between 1949 and 1989 due to the market segment of the GDR prefabricated buildings.

Halle is also subject to the urban redevelopment project ‘Stadtumbau Ost’, a project for stabilisation and restructuring of the housing stock in eastern Germany. Some 12,400 flats were demolished until the end of 2010, whereof 11,700 flats were demolished by using public subsidies. Most of the demolitions have taken place in the urban districts ‘Silberhöhe’ and ‘Neustadt’. The demolition has significantly contributed to reduce vacancy and therefore to stabilise the residential market in Halle.

The Halle residential market offers:

- Stable rent level in the lower price segment
- Slightly increasing rent level in mid and high price segment
- Decreasing vacancy rate over the last years
- Increasing capital values for flats in modernised old buildings
- Stable capital values for flats in buildings, constructed after 1991

The web site wohnungsboerse.net provides the following data considering local customary rents for flats in Halle in 2014. Average rents for the whole of Halle, broken down according to flat size are as follows:

- 30 m² flat: \( \varnothing \text{ € 7.02/ m}^2 \text{ monthly} \)
- 60 m² flat: \( \varnothing \text{ € 5.03/ m}^2 \text{ monthly} \)
- 100 m² flat: \( \varnothing \text{ € 5.63/ m}^2 \text{ monthly} \)
7 Valuation Parameters

7.1 Market Rent

Market rents have been determined by comparable lease transactions for the relevant asset class and/or actual asking rents within the individual market situation for a property, if applicable by the actual rent roll of the individual property in relation with actual lettings during the past months’ time, by official Rent Index (in case of residential use only) of the relevant cities/communities.

Having regard to the relevant factors and comparables and taking account of the size, fit out of the subject units, location of the property and current situation in the residential property market, our opinion of the Market Rent of the property is based upon the following:

<table>
<thead>
<tr>
<th>Use</th>
<th>Lettable Area in m²</th>
<th>No of Parking Spaces</th>
<th>Market Rent per m² or unit</th>
<th>Market Rent p.a.*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>9,646.72</td>
<td>-</td>
<td>€ 5.25</td>
<td>€ 607,743</td>
</tr>
<tr>
<td>Residential (structural vacant)</td>
<td>1,069.48</td>
<td>-</td>
<td>€ 0.00</td>
<td>€ 0</td>
</tr>
<tr>
<td>Total</td>
<td>10,716.20</td>
<td>-</td>
<td></td>
<td>€ 607,743</td>
</tr>
</tbody>
</table>

7.2 Rent Adjustments

No rental growth has been assumed in evaluating the Market Value. For the purpose of this valuation we have assumed that the current tenants will remain in the properties for another 5 years and the rents will increase to the market rental level upon the assumed expiry and the scheduled refurbishment.

7.3 Maintenance Costs/Deferred Maintenance/Tenant Improvements/Capital Expenditure

Maintenance costs are costs incurred during the economic useful lifetime of a property to ensure the proper use of the building, mainly costs of the structural building, roof and often related to modernization of building services. With reference to commercial leases most costs are reimbursable, regarding residential leases less costs are reimbursable from the tenant. Assumptions made by Knight Frank on non-reimbursable costs are Sinking Fund Contribution in the amount of € 4.50/m² per annum.

Costs associated with tenant turnover (Tenant Improvements\(^2\) of € 125/m²) for re-letting of space have been assumed within the evaluation, as well as immediate and short term maintenance (Capital Expenditure of some € 1,060,000); therefore the Market Value includes such costs already to ensure a proper lettability.

\(^2\) Fit-out costs have not been applied for the structural vacant space of some 10% (or approx. 1,069 m²)
7.4 Non-recoverable Other Costs

Asset management costs, costs of audit of annual financial statements, etc. and depending on market cycle and/or the strength of a tenant (regarding tenant covenant and his negotiation power), some costs are or become non-reimbursable. With regard to residential use, by law management costs (property management) as well as some other costs, e.g. ground tax, insurance costs, are non-reimbursable. These costs are calculated as a percentage of the current rental income, therefore Knight Frank assumed non-reimbursable costs for the residential properties of 5.0% of the rental income. We also have applied vacancy costs of € 0.25/m² per month.

7.5 Equivalent Yield

Any Equivalent Yield (all risk yield) used in the real estate industry has to reflect the opportunity and risk of the real estate property investment in general and shall take into account the market yield profile correlated with specific assets by real estate investors (initial yields or average yields and reversionary yields).

The Equivalent Yield has been determined by specific circumstances (general market and individual property risks and opportunities) such as:

- Quality of macro location; orientated to the size of the agglomeration room
- Quality of micro location; orientated to the specific quality of the micro location due to the requirement of the specific asset class
- General and specific property related risks (e.g. Asset Class)
- Age (e.g. economic lifetime) and Quality of the Building
- Other specific property related risks (e.g. Credit and Collection Loss)
- Market date for similar transactions

Considering the property, location, demand criteria and rental factors adopted, we have therefore applied an equivalent yield (All Risk Yield) of 8.0%. However, expenditure for the scheduled refurbishment as well as estimated structural vacancy (10% or approx. 1,069 m²) have been applied separately and are not included in the equivalent yield. The fit-out costs are estimated by € 125/m² (except structural vacant areas) and Capital Expenditure of some € 1,060,000.

7.7 Purchasers’ On-Costs

Purchasers’ On-Costs for legal fees for the purchase, land transfer tax, deed registration and agents’ fee have been considered as a percentage of the Market Value. Land transfer tax in Saxony-Anhalt was as at the day of valuation at 5.0%; notary and associated deed/land register costs are assumed at 1.0% and agents’ fees at 2.25%.
7.7 Valuation Considerations

- Secondary location within the sub-district of ‘Südliche Neustadt’ with residential uses and unattractive neighbourhood, characterized by large industrialized apartment blocks (Plattenbau)
- Current rents according to the rent roll we have been provided with
- The current leases are on average slightly under-rented (with reference to the scheduled refurbishment)
- Current vacancy of some 34.6%
- Structural vacancy of some 10% (or approx. 1,069 m²)
- We assume a remaining term of the rental agreements of some 5 years
- Building not refurbished. Consideration of capital expenditure requirements of some €1,060,000 and for repair and maintenance (e.g. roof, facades) and fit-out costs of €125/m² for the residential space\(^3\)
- The Market Value has been assessed using the investment method ‘Term and Reversion’

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\(^3\) Fit-out costs have not been applied for the structural vacant space of some 10% (or approx. 1,069 m²).
8 Valuation Analysis

8.1 Market Value

Knight Frank HSC GmbH is of the opinion that the Market Value, based on the information provided by the client, and subject to the assumptions and comments detailed in this report, of the freehold property as confirmed on 30 September 2014, was as follows

€ 3,840,000

(THREE-MILLION-EIGHT-HUNDRED-FOURTY-THOUSAND-EUROS)

The above figure represents the individual property Market Value and is understood as the value deducting costs of purchase, such as land transfer tax, legal costs and agents’ fees.

The following table shows key property data as at 30 September 2014:

<table>
<thead>
<tr>
<th>Property Data</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total lettable area (residential space)</td>
<td>10,716 m²</td>
</tr>
<tr>
<td>Number of residential units</td>
<td>167</td>
</tr>
<tr>
<td>Occupation</td>
<td>65.4%</td>
</tr>
<tr>
<td>Vacancy</td>
<td>34.6%</td>
</tr>
<tr>
<td>Total car parking spaces</td>
<td>0</td>
</tr>
<tr>
<td>Current rental income (gross) per annum</td>
<td>€ 330,646</td>
</tr>
<tr>
<td>Market Rental Value (gross) per annum⁴</td>
<td>€ 607,743</td>
</tr>
</tbody>
</table>

**Market Value Analysis**

<table>
<thead>
<tr>
<th>Analysis</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiplier, based on current rent</td>
<td>11.6</td>
</tr>
<tr>
<td>Multiplier, based on Market Rent</td>
<td>6.3</td>
</tr>
<tr>
<td>Net initial yield</td>
<td>3.9%</td>
</tr>
<tr>
<td>Reversionary yield</td>
<td>8.6%</td>
</tr>
<tr>
<td>Market Value per m²</td>
<td>€ 358</td>
</tr>
</tbody>
</table>

⁴ The market rent has been estimated with reference to the scheduled refurbishment.
9 Risk Analysis (Factors that may affect the Estimation)

- Decentralised location in the ‘Südliche Neustadt’ urban district, in an estate of prefabricated houses
- The building is erected in a not attractive and somehow obsolet GDR prefabricated style (so-called ‘Plattenbau’)
- The vacant units of the Subject Property are generally in a very poor condition and in need of higher refurbishment
- Damages of the façade as well as roofs are a common problem because of the interior drainage system
- Relative high level of vacancy in the Subject Property as well as in the vicinity and therefore a higher risk on letting of vacant units (vacancy of around 34.6%)
- Some of the competitive properties in the vicinity are modernised and are therefore more attractive to potential tenants
- Our estimations, especially of the market rent and equivalent yield are based on the assumption that the scheduled refurbishment will take place.
- Limited information provided (missing: e.g. floor area measurement, floor plans, overview of non-recoverable costs)

10 Conclusions

This Valuation Report was prepared by Knight Frank HSC GmbH, Berlin, dated 30 March 2015 and has been authorised for use by MAITRA DRESDEN GRUNDSTÜCKS GMBH, as well as the addressees listed in Section 1.2 of this report.

Berlin, 30 March 2015
Knight Frank HSC GmbH

Sascha Hettrich FRICS
Managing Director

ppa. Anja Becker
Dipl. Ing. (Architecture)

Simon Volz
Valuation Surveyor
Valuation Report

Subject Property
Mendelssohn-Bartholdy-Str. 19, Offenbachstraße 21
06124 Halle
Germany

Client
MAITRA DRESDEN GRUNDSTÜCKS GMBH
Möckernstraße 139-141
10963 Berlin
Germany

30 March 2015
This Valuation Report was prepared exclusively for accounting purposes for MAITRA DRESDEN GRUNDSTÜCKS GMBH.

MAITRA DRESDEN GRUNDSTÜCKS GMBH is indirectly owned by SOHO REALESTATE LTD, trading on the regulated market ('regulierter Markt') of the Tel Aviv Stock Exchange. The Financial Statement of SOHO REALESTATE LTD refers to the requirements of ‘Securities Regulations (Periodic and Immediate Reports), 1970’.

Investors could not rely on the valuation only in making their decision to invest into the companies.

The author of the Valuation Report agreed with the principal, that the principal will use the valuation report and further documents, drafted in the course of the valuation, exclusively for the defined purpose mentioned above.

The Valuation Report does not take into account interests of third parties. A liability to a third party is only possible in case the Author of the Valuation Report declares in written form, that such liability is accepted.
Valuation Report

This Valuation Report has been prepared by Knight Frank HSC GmbH (the 'Valuer'), Berlin, in accordance with the International Standards for the Valuation of Real Estate for Investment Purposes ('International Valuation Standards') and the Valuation Standards of the Royal Institution of Chartered Surveyors ('Red Book') following the completion of our assessment of Market Value, as at 30 September 2014, of the following property:

Subject Property
Mendelssohn-Bartholdy- Str. 19, Offenbachstraße 21
06124 Halle
Germany

Client
Maitra Dresden Grundstücks GmbH
Möckernstraße 139-14
10963 Berlin
Germany
represented by the Managing Director Efrat Abuav

Valuer
Knight Frank HSC GmbH
Charlottenstraße 43
10117 Berlin
Germany
represented by the Managing Director Sascha Hettrich

Date of Valuation:
30 September 2014

Date of this Valuation Report:
30 March 2015
Summary of Valuation

Knight Frank HSC GmbH is of the opinion that the Market Value, based on the information provided by the client, and subject to the assumptions and comments detailed in this report, of the freehold property as confirmed on 30 September 2014, was as follows

€ 3,100,000
(THREE-MILLION-ONE-HUNDRED-THOUSAND-EUROS)

The above figure represents the individual property Market Value and is understood as the value deducting costs of purchase, such as land transfer tax, legal costs and agents’ fees.

The following table shows key property data as at 30 September 2014:

| Total lettable area (residential space) | 5,282 m² |
| Number of residential units | 167 |
| Occupation | 74.7% |
| Vacancy | 25.3% |
| Total car parking spaces | 6 |
| Current rental income (gross) per annum | € 267,480 |
| Market Rental Value (gross) per annum¹ | € 347,227 |

Market Value Analysis

| Multiplier, based on current rent | 11.6 |
| Multiplier, based on Market Rent | 8.9 |
| Net initial yield | 5.9% |
| Reversionary yield | 8.1% |
| Market Value per m² | € 587 |

¹ The market rent has been estimated with reference to the scheduled refurbishment.
1 Brief and Scope of Valuation Instruction

1.1 Instruction & Purpose of Valuation Report

As instructed by MAITRA DRESDEN GRUNDESTÜCKS GMBH (the ‘client’), Knight Frank HSC GmbH (hereinafter ‘Knight Frank’) has examined the property and carried a valuation (the 'Valuation') to determine the Market Value, as at 30 September 2014, of the freehold interest of the property.

We understand that this Valuation Report is required firstly, to confirm the Market Value of the real estate assets as at 30 September 2014, respectively.

Furthermore this Valuation Report will be included in the Financial Statement of MAITRA DRESDEN GRUNDESTÜCKS GMBH and SOHO REALESTATE LTD. SOHO REALESTATE LTD is a listed firm on the regulated market (regulierter Markt) of the Tel Aviv Stock Exchange and is one indirect owner of MAITRA GRUNDESTÜCKS GMBH. The Financial Statement of SOHO REALESTATE LTD refers to the requirements of ‘Securities Regulations (Periodic and Immediate Reports), 1970’.

1.2 Addressees

This Valuation Report is addressed to and may be relied upon only by:

- MAITRA DRESDEN GRUNDESTÜCKS GMBH
- SOHO REALESTATE LTD

The valuation report is intended solely for the addressees and may be used only for the purpose specified here.

1.3 Publication

Knight Frank HSC GmbH acknowledges and agrees that the Valuation Report will appear in unchanged format in the Financial Statement. Before this Valuation, or any part thereof, is reproduced or referred to in any other document, circular or statement and before its contents, or any part thereof, are otherwise disclosed verbally or otherwise to a third party, the valuer’s written approval as to the form and context of such publication or disclosure must be first obtained. For the avoidance of doubt, such approval is required whether or not Knight Frank HSC GmbH is referred to by name and whether or not the contents of our Valuation are combined with others.

1.4 Assignment of Rights to Third Parties

The addressees of the Valuation Report are not entitled to assign their rights - either in whole or in part - to third parties.
1.5 Status of Valuer and Conflicts of Interest

We confirm that Knight Frank has undertaken the Valuation acting as External Valuer, as defined by the RICS Red Book, qualified for the purpose of the Valuation. Finally we confirm that we are not aware of any actual or potential conflict of interest that may have influenced our status as External or Independent Valuer. The Subject Property has been previously valued by Knight Frank HSC GmbH for MAITRA DRESDEN GRUNDSTÜCKS GMBH for financial purposes as at 12 February 2014.

1.6 Scope of Work

The scope of work has been carried out for the Market Valuation, including the following processes:

- Analysis and evaluation of the property information (e.g. property database, rent roll) provided by the client;
- Analysis, evaluation and interpretation of the property (e.g. location, type of property etc.);
- Inspection of the property, as well as the determination of a qualified sample of representative units for the internal inspection;
- Individual market and locational analysis of the property;
- Determination of the Market Value.

1.6 Valuer, Expertise

The valuer, on behalf of Knight Frank HSC GmbH, with the responsibility for this report is Sascha Hettrich FRICS, a RICS Registered Valuer. Sascha Hettrich has extensive experience in commercial and residential valuations within Germany and has also gained experience in other European Countries and in the USA. He values a wide range of property assets and portfolios including office, retail, retail warehousing, industrial, logistics and residential portfolios. Parts of this valuation have been undertaken by additional valuers, as listed on our file in accordance with VS1.6.4 of the Red Book. We confirm that the valuer and additional valuers meet the requirements of RICS Valuation – Professional Standards VS 1.6, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

1.7 Subject of Valuation

The Subject Property of this report are two residential buildings located at Mendelssohn-Bartholdy-Str. 19 respective Offenbachstraße 21, 06124 Halle, Germany.
2 Valuation Definitions

2.1 Market Value

Our Valuation has been prepared in accordance with the appropriate sections of the current Valuation Standards (VS) contained within the RICS Valuation - Professional Standards 2014 (the Red Book) published by the Royal Institution of Chartered Surveyors (RICS) and in accordance with IVS International Valuation Standards (included within the Red Book).

This is included in the General Principles adopted in the Preparation of Valuations and Reports of Knight Frank HSC GmbH. This is an internationally accepted basis of valuation; the Market Value therefore is defined as

‘The estimated amount for which an asset or liability 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 knowledgeably, prudently and without compulsion.’

The valuations for accounting purposes carried out by Knight Frank HSC GmbH are based on the current IFRS 13 – Standards of the ‘Highest and Best Use’ Approach. Future capital expenditures have been taken into account regarding the determination of the fair value to the extent that any market participant would choose this approach in the determination of the fair value. We assume that the measures are physically possible, legally permissible and financially feasible.

In undertaking our Valuation on the basis of Market Value, we have considered the comments made by the International Valuation Standards Council, which are included in the Red Book standards. According to VS 3.2, Commentary 3

‘Market value ignores any existing mortgage, debenture or other charge over the property.’

2.2 Market Rent

The Market Rent is assessed in accordance with VS 3.3, which has been approved by the International Valuation Standards Committee. Under these provisions, the Market Rent represents

‘The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.’

In accordance with the above, where the property or parts thereof are vacant at the date of Valuation, the rental value reflects the Market Rent that we consider obtainable on an open market letting for vacant areas (except for estimated structural vacancy) as at the date of Valuation.
2.3 Assumptions and Sources of Information

An assumption is defined in the Glossary to the Red Book to be a 'supposition taken to be true' (‘Assumption’). Assumptions are

'Facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement needs not be verified by a valuer as part of the valuation process.'

In undertaking our Valuation, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, we have let the client confirm that our assumptions are correct to the best of their knowledge. In the event that any of these assumptions prove to be incorrect, then our Valuation would require to be reviewed.

2.4 Data Base

The client has provided Knight Frank with the currently available property-related database. This included key information such as addresses, number of units, lettable areas, vacancy rates and current rental income on a single unit basis. We have assumed that the information the client has supplied us with in respect to the Subject Property is complete, correct and up to date and that the accuracy of all such documents has been confirmed by the client.

Knight Frank has carried out a plausibility check of such data on the basis of qualified samples, which were then checked to apply for the valuation process and for accuracy.

In accordance with common German market practice the buildings were not measured and we recommend measuring the lettable areas, because during the inspection of the properties it could only checked roughly that the area information provided is plausible. However, no abnormalities were detected in the results.

Further documents were checked for plausibility accordingly, whereby Knight Frank again detected no abnormalities. We have assumed the accuracy of the documents that have been provided to us by the client and that all such documents have been verified by the client. However, as we have not been provided with lease contracts for every single unit leased we had to base some calculations on assumptions regarding lease durations.

We have not been provided with any information as to heritable building rights, building encumbrances and contamination sites.

2.5 Valuation Timeline

Confirmation of instruction is 11 March 2015.

Delivery of Valuation Report is 30 March 2015.
2.6 Date of Valuation

The date of the Valuation was 30 September 2014; the Valuation Date was confirmed by Knight Frank.

2.7 Taxation and Costs

We have not made any adjustments to reflect any liability to taxation that may arise on disposal (e.g. valuation gains) nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, or taxation allowance that may arise upon disposals.

2.8 Value Added Tax (VAT)

The Market Values and Market Rents listed in this Valuation Report do not include the relevant Value Added Tax at the prevailing rate.

2.9 Currency

The currency referred to in the Valuation Report is Euros (€).

2.10 Rounding

Due to the calculation basis, marginal differences can occur in the rounding of the numbers (€, %, etc.).

2.11 Legal Terms

The Valuation is conducted on the following legal basis:

- **Commercial leases:** German Civil Code
- **Residential leases:**
  - (a) Rent increase: §§ 556 - 561 BGB (German Civil Code, Chapter 2, Rent)
  - (b) Non-recoverable costs: Betriebskostenverordnung 2004 (valid for rental contracts from January 2004 onwards) and II. Berechnungsverordnung 2004
- **Valuation methods:** RICS Valuation - Professional Standards 2014 (the Red Book)
3 Property Overview

3.1 Location

3.1.1 Macro Location

Halle is situated in the southern part of Saxony-Anhalt with good infrastructure access, e.g. Leipzig-Halle airport (some 25 km southeast) and junction of the A9 and A14 motorways. With about 230,000 inhabitants, Halle is the largest city in Saxony-Anhalt. Together with the neighbouring Leipzig, Halle forms a conurbation with more than one million inhabitants.

3.1.1 Micro Location

The Subject Property is located at the southern part of the district ‘Südliche Neustadt’. The vicinity is mainly characterized by large industrialized apartment blocks (prefabricated concrete slabs). Schools and kindergartens can be found in the surrounding. Some green areas are available at the ‘Süd Park’ and the conservation area ‘Rabeninsel’.
3.2 Property Description

The Subject Property comprises two rectangular-shaped residential buildings on one site (Offenbachstraße 21 and Mendelssohn-Bartholdy-Straße 19) with a total lettable area of 5,282 m². Both buildings were built in a distinguishing prefabricated construction style around 1980. They have a flat roof and are fully cellared. Each of the buildings has one service core equipped with one staircase, but solely the building 'Mendelssohn-Bartholdy-Straße 19' has a lift installation outside the building (installed afterwards). The apartments have an interior bathroom (no windows) and a connection for electric stoves; nearly all apartments are equipped with a balcony. The buildings are outdated and show only a moderate appearance and an unattractive architecture. The vacant units are in need of a refurbishment to ensure a proper lettability. The refurbishment is already planned and has been considered (Tenant Improvements) in the estimation of Market Value.

3.3 Tenancies, Current Rent and Occupation

The Subject Property is multi-tenanted, the occupation as at the date of valuation amounts to some 74.7%. The current rental income is € 267,480 per annum (excluding service charges and VAT). Regarding the current vacant areas we have estimated a structural vacancy of 10% (refers only to Offenbachstraße 19) and an appropriate void period. With the exception of the estimated structural vacancy above, we have assumed that the remaining area is lettable on market conditions upon completion of the scheduled refurbishment.

3.4 Property Owner, Tenure and Site Area

According to the land registry extracts the owner respectively the holder of the Subject Site is Maitra Dresden Grundstücks GmbH. The land registry stated that the property of the subject site (6,095 m²) is freehold.

3.5 Planning

The Land Use Plan for Halle designates the subject area as Residential Development Land (W). According to information provided by the local authority the Subject Property is not within a zone which will lie within the scope of a Development Plan. Therefore development of the site should currently be assessed in line with the provisions of BauGB §34 (undesignated built-up area).
4 Valuation Approach

4.1 Subject Valuation Property

The Subject Property comprises two residential buildings located in Halle. The valuation reflects the property-specific data and situation, e.g. current rent roll, occupational situation, freehold or rights and duties of the Subject Sites (entries in Section II of the land registers) adequately and correctly.

4.2 Site Inspections

Property and site inspections were carried out on 12 February 2014 and 21 January 2015. All areas of the individual property relevant for the evaluation process have been inspected as well as the surrounding micro location. During the internal inspections, at least the entrance areas, staircases, the basement, the attic/roof (if applicable and accessible) and all common areas as well as main technical rooms (but without any specific performance check) and vacant/occupied respectively leased areas were inspected either with the property manager in charge for the individual property and/or a caretaker.

4.3 Valuation Method

Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

Our valuation has been carried out using the comparative and investment method “Term & Reversion”. In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the Subject Property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, terms, covenant and other material factors.
5 Assumptions

5.1 Title/ Restrictions/ Encumbrances

The available information on title, legal restrictions, building and other encumbrances has been made available to Knight Frank by the client. This information was checked for plausibility and no discrepancies of issues of concern were identified or – in case of unclear situations or missing information – assumptions were made and defined within this paragraph or in the valuation parameters.

Title entries registered in Section II of the land register were considered to have no influence on value.

The assumption has been made, that the copies of the available documents for the property provided to us are up to date, correct and complete, the client assured us, that the information made available to us is true.

It has further been assumed, that the Subject Property is marketable within its specific sub-markets and is free from any depreciating rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings.

5.2 Structural Conditions/ Contamination/ Soil Conditions/ Deleterious Materials

Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal remit of a valuation. Since we have not carried out any of these investigations, we are unable to report that the property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials; therefore the assumption was made, that the property is free from defect.

We assume here to be no unidentified adverse ground or soil conditions including such caused by mining activities and that the load bearing qualities of the site is sufficient to support the building constructed thereon.

Investigations into environmental matters would usually be commissioned of suitably qualified environmental specialists if there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified. We have not been provided with the conclusive results of such investigations, on which we are instructed to rely. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries. We are not, however, environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation will be on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified by reference to appropriate sections of The Red Book.
5.3 Building and Planning Law/ Highways/ other Statutory Regulations

Enquiries of the relevant Planning and Highways Authorities in respect of matters affecting the property, where considered appropriate, are normally only obtained verbally or from a Local Authority web site, and this information is given to us, and accepted by us, on the basis that it should not be relied upon. Written enquiries can take several weeks for response and incur charges. Where reassurance is required on planning matters, we recommend that formal written enquiries should be undertaken by the client’s solicitors who should also confirm the position with regard to any legal matters referred to in our report. We assume that property has been constructed, or are being constructed, and are occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices. We assume that the premises comply with all relevant statutory requirements including fire and building regulations. According to client there is no information regarding value-relevant impact available.

5.4 Technical Equipment/ Plant & Machinery

During the inspection of the property no tests have been carried out as to electrical, electronic, heating, plant and machinery equipment or any other service nor the drains been tested; therefore the assumption has been made, that all services to the property are functioning satisfactory. All technical equipment (e.g. heating systems and air-conditioning, passenger and goods lifts and other usual building systems) in the Subject Property has been considered as integral parts of the properties. Furniture and furnishings, fixtures, fittings, stock and loose tools have been excluded. No allowance has been made for any items of plant or machinery and equipment installed wholly or primarily in connection with the business of tenants or occupants.

5.5 Areas/ Boundaries

The properties have not been measured, but have applied floor areas (lettable areas) provided by the client from quoted or unquoted source. Plans accompanying reports are for identification purposes only and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with information given to us and/or our understanding of the boundaries.

5.6 Leases and Tenancy Information

We rely upon the information provided by the client, by the sources listed, as to details of tenure and tenancies and other relevant matters regarding tenancy. We assume that this information is complete and correct.

5.7 Property Insurance

Our valuation assumes that the property would, in all respects, be insurable against all usual risks by material and personal liability insurances including fire, storm and water damage as well as by glass insurance, liability insurance on the building, the oil tank and the elevator at normal, commercially acceptable premiums.
6 Market Analysis

6.1 GDP

In 2014 the Federal Statistical Office reported an increase of GDP of +1.5%, following an annual increase of 0.4% in 2013. The key economic sector was the consumption sector. The German economy was burdened by the persistent recessionary trends in other European countries. EU GDP showed a slow growth estimated at 0.2% in the year 2014. Among the larger western Eurozone countries, Germany reported the strongest GDP growth, although on a modest level. For 2015, most institutes forecast a growth between 1.4% and 1.7%. For the Eurozone an increase of 1.1% is expected, representing a solid parameter following the years of stagnation.

6.2 Consumer Price Index

The Federal Statistical Office set the year 2010 as the base year and defined the prices to be 100% for 2010. The CPI fell to 105.5 in January 2015, an annual decrease of -0.4%. In particular, prices for energy and fuel decreased over the last months. The graph below shows the trend of the consumer price index over the last years. The general inflation target of the ECB is within a corridor of below 2% per annum.
6.3 Unemployment

Throughout Germany, the unemployment rate was at 6.3% as of October 2014. The figure below provides an overview of the unemployment rate history. The average EU unemployment rate stands at 10.0% in September 2014 and experts forecast a further increase until 2015. This is mainly due to the high unemployment rate of South European countries due to the debt crisis.

6.4 Retail Sales

According to the Federal Bureau of Statistics, the retail turnover in 2014 was about €459.3 billion, which is an increase of 1.9% in comparison to 2013. Generally, there is a trend that online turnovers continue to grow at the expense of the over-the-counter retailing.
6.5 Interest Rates

The EMU interest rate dropped during the last 12 months: Until July 2012 it stood at 0.75%, then was lowered to 0.50% and was reduced again to 0.05% in September 2014.


It appeared as if this level was to remain over the short and the mid-term, as inflation in the Eurozone was still at a very low level. But in September 2014 the ECB lowered the interest rate by further 0.1% to the historical low of now 0.05%. 
6.6 Residential Market Halle

The rental market of Halle remained relatively stable at lower price segment during recent years. New construction activities within the residential segment have remained at low level since 2002. With approximately 90% of the total stock most of the flats are located in multi-family buildings, solely 10% of the flats count as single- or two-family houses. Most of the houses were built between 1949 and 1989 due to the market segment of the GDR prefabricated buildings.

Halle is also subject to the urban redevelopment project ‘Stadtumbau Ost’, a project for stabilisation and restructuring of the housing stock in eastern Germany. Some 12,400 flats were demolished until the end of 2010, whereof 11,700 flats were demolished by using public subsidies. Most of the demolitions have taken place in the urban districts ‘Silberhöhe’ and ‘Neustadt’. The demolition has significantly contributed to reduce vacancy and therefore to stabilise the residential market in Halle.

The Halle residential market offers:

- Stable rent level in the lower price segment
- Slightly increasing rent level in mid and high price segment
- Decreasing vacancy rate over the last years
- Increasing capital values for flats in modernised old buildings
- Stable capital values for flats in buildings, constructed after 1991

The web site wohnungsboerse.net provides the following data considering local customary rents for flats in Halle in 2014. Average rents for the whole of Halle, broken down according to flat size are as follows:

- 30 m² flat: \( \varnothing \text{ } 7.02/ \text{m}^2 \text{ monthly} \)
- 60 m² flat: \( \varnothing \text{ } 5.03/ \text{m}^2 \text{ monthly} \)
- 100 m² flat: \( \varnothing \text{ } 5.63/ \text{m}^2 \text{ monthly} \)
7 Valuation Parameters

7.1 Market Rent

Market rents have been determined by comparable lease transactions for the relevant asset class and/or actual asking rents within the individual market situation for a property, if applicable by the actual rent roll of the individual property in relation with actual lettings during the past months’ time, by official Rent Index (in case of residential use only) of the relevant cities/communities.

Having regard to the relevant factors and comparables and taking account of the size, fit out of the subject units, location of the property and current situation in the residential property market, our opinion of the Market Rent of the property is based upon the following:

<table>
<thead>
<tr>
<th>Use</th>
<th>Lettable Area in m²</th>
<th>No of Parking Spaces</th>
<th>Market Rent per m² or unit</th>
<th>Market Rent p.a.*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>5,011.40</td>
<td>-</td>
<td>€ 5.75</td>
<td>€ 345,787</td>
</tr>
<tr>
<td>Residential (structural vacant)</td>
<td>270.30</td>
<td>-</td>
<td>€ 0.00</td>
<td>€ 0</td>
</tr>
<tr>
<td>Parking (external)</td>
<td>-</td>
<td>6</td>
<td>€ 20.00</td>
<td>€ 1,440</td>
</tr>
<tr>
<td>Total</td>
<td>5,281.70</td>
<td>6</td>
<td></td>
<td>€ 347,227</td>
</tr>
</tbody>
</table>

7.2 Rent Adjustments

No rental growth has been assumed in evaluating the Market Value. For the purpose of this valuation we have assumed that the current tenants with unlimited contracts will remain in the properties for another 5 years and the rents will increase to the market rental level upon the assumed expiry and the scheduled refurbishment.

7.3 Maintenance Costs/ Deferred Maintenance/ Tenant Improvements/ Capital Expenditure

Maintenance costs are costs incurred during the economic useful lifetime of a property to ensure the proper use of the building, mainly costs of the structural building, roof and often related to modernization of building services. With reference to commercial leases most costs are reimbursable, regarding residential leases less costs are reimbursable from the tenant. Assumptions made by Knight Frank on non-reimbursable costs are Sinking Fund Contribution in the amount of € 4.50/ m² per annum.

Costs associated with tenant turnover (Tenant Improvements$^2$ of € 125 per m² residential space / € 50 per m² residential care home) for re-letting of space have been assumed within the evaluation; therefore the Market Value includes such costs already to ensure a proper lettability.

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$^2$ Fit-out costs have not been applied for the structural vacant space of some 10% (or approx. 270 m²) in Offenbachstraße 19
7.4 Non-recoverable Other Costs

Asset management costs, costs of audit of annual financial statements, etc. and depending on market cycle and/or the strength of a tenant (regarding tenant covenant and his negotiation power), some costs are or become non-reimbursable. With regard to residential use, by law management costs (property management) as well as some other costs, e.g. ground tax, insurance costs, are non-reimbursable. These costs are calculated as a percentage of the current rental income, therefore Knight Frank assumed non-reimbursable costs for the residential properties of 5.0% of the rental income. We also have applied vacancy costs of € 0.25/m² per month.

7.5 Equivalent Yield

Any Equivalent Yield (all risk yield) used in the real estate industry has to reflect the opportunity and risk of the real estate property investment in general and shall take into account the market yield profile correlated with specific assets by real estate investors (initial yields or average yields and reversionary yields).

The Equivalent Yield has been determined by specific circumstances (general market and individual property risks and opportunities) such as:

- Quality of macro location; orientated to the size of the agglomeration room
- Quality of micro location; orientated to the specific quality of the micro location due to the requirement of the specific asset class
- General and specific property related risks (e.g. Asset Class)
- Age (e.g. economic lifetime) and Quality of the Building
- Other specific property related risks (e.g. Credit and Collection Loss)
- Market date for similar transactions

Considering the property, location, demand criteria and rental factors adopted, we have therefore applied an equivalent yield (All Risk Yield) of 8.0% for Mendelssohn-Bartholdy-Str. 19 and an equivalent yield of 8.5% for Offenbachstr. 21. However, expenditure for the scheduled refurbishment as well as estimated structural vacancy (10% or approx. 270 m² in Offenbachstraße 21) have been applied separately and are not included in the equivalent yield. The fit-out costs are estimated by € 125 per m² residential space and € 50 per m² residential care home (except structural vacant areas in Offenbachstraße 21).

7.7 Purchasers’ On-Costs

Purchasers’ On-Costs for legal fees for the purchase, land transfer tax, deed registration and agents’ fee have been considered as a percentage of the Market Value. Land transfer tax in Saxony-Anhalt was as at the day of valuation at 5.0%; notary and associated deed/land register costs are assumed at 1.0% and agents’ fees at 2.25%.
7.7 Valuation Considerations

- Secondary location within the sub-district of ‘Südliche Neustadt’ with residential uses and unattractive neighbourhood, characterized by large industrialized apartment blocks (Plattenbau)
- Current rents and current vacancy (25.3%) according to the rent roll we have been provided with
- The current leases are on average slightly under-rented (with reference to the scheduled refurbishment)
- Structural vacancy of some 10% (or approx. 270 m²) refers only to Offenbachstraße 21
- We assume a remaining term of the unlimited rental agreements of some 5 years
- Consideration of fit-out costs of € 125 per m² residential space and € 50 per m² residential care home3
- The Market Value has been assessed using the investment method ‘Term and Reversion’

3 Fit-out costs have not been applied for the structural vacant space of some 10% (or approx. 270 m²) refers only to Offenbachstraße 21.
8 Valuation Analysis

8.1 Market Value

Knight Frank HSC GmbH is of the opinion that the Market Value, based on the information provided by the client, and subject to the assumptions and comments detailed in this report, of the freehold property as confirmed on 30 September 2014, was as follows

**€ 3,100,000**

*(THREE-MILLION-ONE-HUNDRED-THOUSAND-EUROS)*

The above figure represents the individual property Market Value and is understood as the value deducting costs of purchase, such as land transfer tax, legal costs and agents’ fees.

The following table shows key property data as at 30 September 2014:

<table>
<thead>
<tr>
<th>Property Data</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total lettable area (residential space)</td>
<td>5,282 m²</td>
</tr>
<tr>
<td>Number of residential units</td>
<td>167</td>
</tr>
<tr>
<td>Occupation</td>
<td>74.7%</td>
</tr>
<tr>
<td>Vacancy</td>
<td>25.3%</td>
</tr>
<tr>
<td>Total car parking spaces</td>
<td>6</td>
</tr>
<tr>
<td>Current rental income (gross) per annum</td>
<td>€ 267,480</td>
</tr>
<tr>
<td>Market Rental Value (gross) per annum*</td>
<td>€ 347,227</td>
</tr>
</tbody>
</table>

**Market Value Analysis**

<table>
<thead>
<tr>
<th>Analysis</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiplier, based on current rent</td>
<td>11.6</td>
</tr>
<tr>
<td>Multiplier, based on Market Rent</td>
<td>8.9</td>
</tr>
<tr>
<td>Net initial yield</td>
<td>5.9%</td>
</tr>
<tr>
<td>Reversionary yield</td>
<td>8.1%</td>
</tr>
<tr>
<td>Market Value per m²</td>
<td>€ 587</td>
</tr>
</tbody>
</table>

*The market rent has been estimated with reference to the scheduled refurbishment.*
9 Risk Analysis (Factors that may affect the Estimation)

- Decentralised location in the ‘Südliche Neustadt’ urban district, in an estate of prefabricated houses
- The building is erected in a not attractive and somehow obsolet GDR prefabricated style (so-called ‘Plattenbau’)
- The vacant units of the Subject Property are generally in a very poor condition and in need of higher refurbishment
- Relative high level of vacancy in the Subject Property as well as in the vicinity and therefore a higher risk on letting of vacant units (vacancy of around 25.3%)
- Some of the competitive properties in the vicinity are modernised and are therefore more attractive to potential tenants
- Our estimations, especially of the market rent and equivalent yield are based on the assumption that the scheduled refurbishment will take place.
- Limited information provided (missing: e.g. floor area measurement, floor plans, overview of non-recoverable costs)

10 Conclusions

This Valuation Report was prepared by Knight Frank HSC GmbH, Berlin, dated 30 March 2015 and has been authorised for use by MAITRA DRESDEN GRUNDSTÜCKS GMBH, as well as the addressees listed in Section 1.2 of this report.

Berlin, 30 March 2015
Knight Frank HSC GmbH

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