



Report and Valuation as at 31 March 2016

Prepared on behalf of
“Construction company
“Zhytlobudinvest” LLC

Land Plot

39/2 Anri Barbyusa Str.,
Kyiv, Ukraine

15 April 2016


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Executive Summary

<p>39/2 Anri Barbyusa Str., Kyiv, Ukraine</p>	
<p>Property type</p>	<p>Real property (Land plot in course of development) The subject land plot is irregular in form, slopes from west to east. It currently accommodates non-operating production facilities formerly related to bread production.</p>
<p>Property name</p>	<p>Land plot</p>
<p>Areas</p>	<p>The subject property is a land plot held for development with total area of 1.6303 ha, the cadastre # is 8000000000:79:059:0001. There is an additional land plot with total area of 0.1495 ha (currently vacant site which is adjoined to 1.6303 ha land plot and intended for allocation of supporting area for construction organization), the cadastre # is 8000000000:79:059:0002.</p>
<p>Location</p>	<p>The subject site is located on the crossroads of Anri Barbyusa, Tverska and Patrisa Lumumby Streets, in Pecherskyi district, near the central business district of Kyiv. The area surrounding the site is currently experiencing complete redevelopment from industrial into residential and commercial use. Old industrial and soviet-era administrative buildings are being replaced by modern residential and office complexes. Location benefits from a frontage to three streets. It is bordered by Patrisa Lumumby Street to the north, by Anri Barbyusa Streets to the west and by Saperne Pole Street to the east.</p>
<p>Tenure</p>	<p>Leasehold The subject property (land plot with total area of 1.6303 ha) is held by way of a 10-year leasehold by "Construction company "Zhytlobudinvest" LLC until 8th October 2017. According to Addendum to Lease Agreement dated 19th of April 2012 between "Zhytlobudinvest" LLC and Kyiv City Council there were some changes into the significant conditions of the main agreement. The subject property (land plot with total area of 0.1495 ha) was held by way of a-5 year leasehold by construction company "Zhytlobudinvest" LLC until 8th of October, 2012. Addendum to Lease Agreement dated 19th of April 2012 between "Zhytlobudinvest" LLC and Kyiv City Council there were some changes into the significant conditions of the main agreement. As of the date of valuation the lease agreement for 0.1495 ha dated 8th of October has expired. We were provided with the copy of official letter from Construction Company "Zhytlobudinvest" LLC to Kyiv City Council applying for prolongation. (According to the terms of the expired land lease agreement the Client has pre-emptive right to prolong the land lease).</p>

Zoning	Zoning specified under the lease is for construction, operation and maintenance of residential and office complex with social and retail premises as well as basement and surface car parking.
Fair Value	\$ 8,656,000 (Eight Million Six Hundred and Fifty Six Thousand) US Dollars exclusive of VAT
Valuation date	31 March 2016
Report date	15 April 2016

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Your ref:
Our ref:

15 April 2016

Dear Sirs,

Client: "Construction company "Zhytlobudinvest" LLC (acting on behalf of SCORPIO Real Estate Ltd)
Property: Land plot at 39/2 Anri Barbyusa Str., Kyiv, Ukraine

1. Terms of instruction, Valuation, disclosure and confidentiality

1.1. Terms of Instruction

1.1.1. Our appointment and valuation date

We, "DTZ Consulting" LLC (DTZ), have prepared a Valuation for the property (as described in Section Two of this report) in accordance with the consultancy agreement #V15-1526 dated 01 April 2016 signed between "DTZ Consulting" LLC and "Construction company "Zhytlobudinvest" LLC (acting on behalf of SCORPIO Real Estate Ltd).

We understand that our report and valuation is required for accounting purposes. Details of the valuation are to be published in the company accounts in accordance with the International Financial Reporting Standards (IFRS) pursuant to IAS 40 and IFRS 13. The Client has also confirmed that the property has been classified for this purpose as an investment property.

This report is for this purpose only and should not be relied upon for loan security, sale / purchase, or Ukrainian tax reporting purposes. This Report shall not be regarded as a property valuation report (a property valuation act) prepared by certified appraisers on the basis of the Ukrainian national valuation standards.

In accordance with our instruction we have valued the interest in the subject property as at 31 March 2016.

We have prepared a Valuation for the property in accordance with the terms set out in this Valuation Report and its Appendices.

The report has been undertaken in an impartial and objective manner, and all information and data contained herein is to the best of our knowledge true and accurate.

1.1.2. Compliance with RICS Valuation - Professional Standards 2014

We confirm that the valuation has been prepared in accordance with the appropriate sections of the Professional Standards (PS) and Valuation Practice Statements (VPS) contained within the RICS Valuation – Professional Standards 2014 (the "Red Book") and in accordance with the local market practice.

In addition, the valuations and report has been prepared in accordance with the International Valuation Standards (IVS) 2013. RICS professional standards (PS), valuation practice statements (VPS), and valuation practice guidance – applications (VPGA) require members to adopt and comply with the International Valuation Standards (IVS), and set out specific requirements for, together with additional guidance on, their practical implementation. Thus RICS considers that compliance with the RICS professional standards and valuation practice statements gives assurance of compliance with the IVS.

We can confirm that our valuation is not made on the basis of any departures from the Valuation Standards contained in the Red Book.

1.1.3. Status of valuer and conflicts of interest

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. We also confirm that we have undertaken the valuations acting as an External Valuer, qualified for the purpose of the valuation.

The valuation was prepared by Volodymyr Terzov (Associate Director, Valuation Certificate MF # 5361, issued by the State Property Fund of Ukraine) under the supervision of Nicholas Cotton, FRICS, Managing Director, DTZ Ukraine. The signee of the Report, has a B.Sc. Degree in Urban Land Administration (1988), MRICS - 1992 with FRICS status awarded – 2009, has post Graduate Diploma in Property Investment – 2009.

This valuation is classified by the Red Book as a Regulated Purpose Valuation and we are therefore required to disclose the following information.

Under PS 2.8 of Red Book, we confirm that Nicholas Cotton has been signatory to the valuation of the subject property provided to Construction company "Zhytlobudinvest" LLC for the same purposes as this Valuation Report in Q2 2009 for accounting purposes and has since then carried out quarterly / yearly valuations for accounting purposes.

DTZ Consulting LLC previously valued the subject property for accounting purposes of Construction Company "Zhytlobudinvest" LLC in Q2 2009 and has since then carried out quarterly / yearly valuations for accounting purposes.

We further confirm that we have no current, anticipated or previous recent involvement with the properties and/or parties to the transaction (except the valuations mentioned above) and therefore do not consider that any conflict arises in preparing the advice requested.

DTZ Consulting LLC is an independent company being part of the DTZ Central and Eastern European Network. In relation to the preceding financial year the proportion of the total fees payable to DTZ by the Company was less than 5% of DTZ's turnover in the financial year to 31st December 2015 and we anticipate that it will remain less than 5% in the financial year to 31st December 2016 which is considered to be "minimal" according to p. 8.6 of PS 2 Proportion of fees in Red Book (PS 2.8 Disclosures where the public has an interest or upon which third parties may rely).

1.2. Inspection

The property was inspected on 01 April 2016 by Volodymyr Terzov, Associate Director (licensed valuer, Valuation Certificate MF # 5361, issued by the State Property Fund of Ukraine); the property was inspected externally.

We were satisfied that our inspection of the property provided us with a representative view of the property as a whole. We have assumed that details of all matters likely to affect value have been made available to us.

1.3. Valuation

The property is described in Section Two of this Valuation Report and our market analysis and valuation approach are discussed in Section Three and Section Five of this Valuation Report. The valuations referred to below must be read in conjunction with the other sections of this Valuation Report.

The Appendices to this Valuation Report comprise details of the property and our calculation details. The Appendices also contain various plans, location maps and photographs where available. Any plans, location maps and photographs contained within the Report and Appendices are for identification purposes only.

1.3.1. Basis of valuation

We have undertaken our valuation on the basis of Fair Value as in accordance with the VPGA 1 '*Where the entity has adopted IFRS the basis of value will be fair value (see para 1.5) and IFRS 13 Fair Value Measurement will apply*'.

VPS 4, para 1.5.1 states that valuations based on fair value shall adopt one of two definitions:

- The definition adopted by the IVSC: '*The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the perspective interests of those parties*'.
- The definition adopted by the International Accounting Standards Board (IASB): '*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*'.

In preparation of our valuation report the IASB definition of fair value has been applied.

We refer to the paragraphs 39-43 of the IVS Framework which states that the definition of fair value in IFRS is different from the definition adopted by the IVSC. The IVSB considers that the definition of fair value in IFRS is generally consistent with market value.

In addition, IVS 300, G2, states that '*fair value under IFRS is a different concept to fair value as defined and discussed in the IVS Framework. ... fair value under IFRSs 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*'.

In the light of these facts, the basis of fair value has been adopted in this valuation report, which in current case is consistent with the market value concept.

We have set out the definitions of the above basis of valuation in Appendix B to this Valuation Report.

Our Valuation Report is subject to our standard Valuation Conditions and Assumptions which are included in Appendix A to this Valuation Report. In the event that any of our Assumptions prove to be incorrect then our valuations should be reviewed.

Our opinion of the Fair Value of the property has been derived using comparable recent market transactions (offerings) on arm's length terms and an estimate of the Gross Development Value of the development on completion less the development costs.

1.3.2. Valuation methods

In arriving at our opinion of Fair Value of the subject property we have adopted:

- Market Approach;
- Residual Approach (Development Appraisal).

1.3.3. Fair Value

We are of the opinion that the Fair Value of the leasehold interest in the above property as at 31 March 2016 subject to the Assumptions and comments in this Report and the Appendices was:

US \$8,656,000	(Eight Million Six Hundred and Fifty Six Thousand) US Dollars exclusive of VAT
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1.3.4. Currency

All calculations are made in US Dollars. Where it has been required, data has been converted to US Dollars, adopting an exchange rate of the National Bank of Ukraine as of date of valuation (UAH/USD 26.218056 UAH for 1 USD).

1.3.5. Valuations undertaken based on "Special Assumptions"

The Glossary within the Red Book defines a 'Special Assumption' as an assumption that either:

- assumes facts that differ from the actual facts existing at the valuation date, or
- that would not be made by a typical market participant in a transaction on the valuation date.

We can confirm that our valuation is not made on the basis of any special assumptions or any departures from the Valuation Standards contained in the Red Book.

1.4. Information provided

We have been provided by the Client with the following documents related to this report:

- Copy of Land Lease Agreement for the land plot with the total area of 1.6303 ha, located at 39/2 Anri Barbyusa Street, Kyiv, Ukraine, between the Kyiv City Council and "Construction company "Zhytlobudinvest" LLC, as of 8 October 2007, BEX #916236;
- Copy of Land Lease Agreement for the land plot with the total area of 0.1495 ha, located at 39/2 Anri Barbyusa Street, Kyiv, Ukraine, between the Kyiv City Council and "Construction company "Zhytlobudinvest" LLC, as of 26 September 2007, BEX #916240;
- The main characteristics of the planned project;
- Addendum to Lease Agreement dated 19th of April 2012 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 1.6303 ha;
- Addendum to Lease Agreement dated 25th of December 2015 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 1.6303 ha;
- Addendum to Lease Agreement dated 19th of April 2012 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 0.1495 ha;
- Official application from Construction Company "Zhytlobudinvest" LLC to Kyiv City Council dated 28th of August 2012 for 5 years prolongation of expiring in October 2012 land lease for 0.1495 ha land plot located at 39/2 Anri Barbyusa Street, Pecherskyi administrative district, Kyiv without changing zoning;
- Official Letter from Kyiv City Administration dated 18th of September 2009 confirming that the respective request of "Zhytlobudinvest" LLC to Kyiv City Council dated 28th of August 2012 was considered and corresponding land surveying documentation should be elaborated by Liga Expert LLC;
- Extract from the State Land Cadastre # HB-8000024752013 dated 25 June 2013 in relation to the land plot of 0.1495 ha (cadastral number is 8000000000:79:059:0002) located at 39/2 Anri Barbyusa Street in Kyiv, Ukraine;
- Extract from the technical documentation as to the statutory value of the land plot of 0.1495 ha (cadastral number is 8000000000:79:059:0002) located at 39/2 Anri Barbyusa Street in Kyiv, Ukraine, #2660 dated 20 June 2013 and issued by State Agency of Land in Ukraine;
- Copy of Expert report regarding the consideration of project documentation for construction of residential and administrative complex at 39/2 Anri Barbyusa Street, Kyiv, Ukraine.

We have assumed that the information provided to us in respect of the property is both full and correct. It follows that we have assumed that details of all matters likely to affect value have been made available to us and that the information is up to date.

1.5. Disclosure and confidentiality

The contents of this Valuation Report, together with its Appendices and Schedules may be used only for specific purpose to which they refer and we hereby give our consent for this Valuation Report and any Appendices and Schedules to be included within the Publication for that purpose. Consequently, and in accordance with current practice, no responsibility is accepted to any party in respect of the whole or any part of their contents other than in connection with the purpose of this Valuation Report. Such publication or disclosure will not be permitted unless, where relevant, it incorporates the Special Assumptions referred to herein.

We hereby give consent to the inclusion of a copy of the valuation report for the property and dated 15 April 2016 into the publications of Scorpio Real Estate Ltd.

You must not modify, alter (including altering the context in which the report is displayed) or reproduce the contents of this valuation report (or any part) without first obtaining our written approval. Any person who contravenes this provision shall be responsible for all of the consequences of the same, including indemnifying DTZ against all consequences of the contravention. DTZ accepts no liability for any use of the Report that is in contravention of this section.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Nicholas M.A. Cotton', with a stylized flourish at the end.

NICHOLAS M.A. COTTON B.SC. FRICS
Managing Director
For and on behalf of
DTZ Consulting LLC

2. Subject Property

2.1. Location and situation

2.1.1. Geographic location

The subject property is located in Pecherskyi administrative district at the border with Golosiivskyi district of Kyiv which runs along Velyka Vasylkivska Street.

The site is located along Anri Barbyusa Street on its intersection with Patrisa Lumumby and Tverska Streets. The physical address specified in the tenure documentation is 39/2 Anri Barbyusa Street.

The subject is situated 3 km away from the city centre and only 1 km from the southern boundary of Kyiv CBD denoted by Dilova Street, in the quarter formed by Patrisa Lumumby, Kovpaka and Saperne Pole Streets.

Map 1 – Location of the subject property within Kyiv urban structure



Anri Barbyusa Street runs parallel to Velyka Vasylkivska Street - one of the main transport corridors of the city. It originates from the intersection with Dilova Street in the east and runs south-east where intersects the Filatova Street 400 meters far from its connection with Druzhby Narodiv Blvrd. Anri Barbyusa Street passes through the industrial areas of factory "Radar", closed to through passage.

The subject locality is of mixed use. It is developed generally with residential premises, with more diversified infrastructure along Velyka Vasylkivska Street. There is a building of National Palace of Art "Ukraina", as well as a park found to the east of the site.

The area surrounding the site is currently experiencing complete redevelopment from industrial into residential and commercial use. Old industrial and soviet-era administrative buildings are being replaced by modern office and residential complexes.

There is a number of modern residential and mix-use complexes either delivered during the recent 3 years or under construction in the immediate vicinity of the subject site. This includes an extensive residential and office complex, Prestige Hall (37/1 Barbyusa Street, first two phases were delivered during 2011-2012, the third and fourth phases - to be delivered in 2016).

Along Patrisa Lumumby Street there is one more residential complex under construction named "Boulevard of Fountains" (the first phase was delivered in Q4 2013, the second phase is planned to be delivered in Q2 2016). Within the quarter formed by Anri Barbyusa Street, Kovpaka Street, and Filatova Street there is a large scale residential development "Frantsuzskiy Kvartal" initiated by "KyivMiskBud" development company in 2013 (I and II phases of which have been already delivered and the phases III and IV are scheduled for delivery for 2016).

2.1.2. Public transport accessibility

Public transport in subject locality is presented by route buses that run along Velyka Vasylkivska Street. It takes several minutes to reach the metro station "Palats Ukraina", which is approximately 600 meters from the subject site. Another metro station "Lybidska" is about 800 m from the subject property.

2.1.3. Vehicle access

Vehicular access to the site is presently possible from two streets – Anri Barbyusa and Patrisa Lumumby.

Anri Barbyusa Street leads eastward to Filatova Street which in its turn leads to Druzhby Narodiv Boulevard which is an important transportation route that runs to the south-western border of Kyiv.

Patrisa Lumumby Street provides access to Druzhby Narodiv Boulevard and to Velyka Vasylkivska Street.

So the vehicular accessibility of the subject property can therefore be generally described as good. However it is necessary to mention that due to lack of adequate car parking facilities on the streets surrounding the site, traffic flow can be restricted by often chaotic parking that may also affect site access.

2.1.4. Pedestrian flows

The major pedestrian flows are concentrated along Velyka Vasylkivska Street where the metro stations, transportation terminals of trolleybuses, buses and shuttle buses are located. As in the immediate proximity to the subject property there are predominantly non-residential areas pedestrian flows along the subject site are moderate.

To summarize, the overall quality of the subject property's situation for the residential and commercial premises is good. This is ensured by its location close to the city centre in an area with developed infrastructure. However, due to its situation in an area which is currently surrounded by poor-quality administrative and non-residential schemes, the subject area will need to establish itself as a quality office or residential destination.

2.2. Subject property description

2.2.1. Land plot size

According to the ground lease agreement the overall area of the subject site totals to 1.6303 ha (16,303 sq m) cadastre # is 8000000000:79:059:0001. (During our inspection we did not undertake any additional site measurements and have relied on information regarding the site area and its boundaries provided by the Client).

2.2.2. Shape and boundaries

The site is irregular in shape. It benefits from a frontage to two streets. It is bordered by Patrisa Lumumby Street to the north, by Anri Barbyusa Streets to the west; while at the south the site is abutted by a six-storey residential block dated back to the 1950-60s as well as lower rise non-operating industrial premises.

The location of the subject site is represented on the schematic plan below.

Plan 1 – The shape of the subject site



Site plan is attached at Appendix E.

2.2.3. Relief and topography

The site slopes from west to east.

We would like to emphasize that we have not carried out any investigations, nor been supplied with any information from the Company or from any relevant expert that determines the presence of either any restrictions preventing the intended use of the site or contamination. Accordingly, our opinion on value has been prepared on the basis that there are no such matters which would materially affect the site value. Photographs of the subject property are attached at Appendix D.

2.2.4. Improvements and utilities

Presently the subject site accommodates the buildings of a former bakery. According to the information from the Client all main engineering networks including gas, water and electricity are in the close proximity to the subject site.

In July 25, 2008 the Client was granted permission by the Kyiv City Authorities for preparation of the site for connection to engineering networks and systems that provides for clearance of its territory from all existing industrial buildings and constructions.

In Q1 2014 the Client started the demolition of existing building and structures on the site, however, due to the uncertain economic situation the demolition has not been finished, and as at the date of valuation there was no any construction activity on the subject site.

2.3. Tenure

As it was mentioned above the subject property is a land plot the total area of 1.6303 ha (16,303 sq m, cadastre # is 8000000000:79:059:0001 is held by way of a 10-year lease agreement until 8th October 2017 by Construction company (Budivel'na kompaniya) "Zhytlobudinvest" LLC. Zoning specified under the lease is for construction, operation and maintenance of residential and office complex with social and retail premises as well as basement and surface car parking. We were also provided by the copy of additional lease agreement for an adjacent land plot with the total area of 0.1495 ha zoned for organization of construction works valid till year 2012.

Based on the information from the Client the subject site is not subject to any planning restrictions or servitudes.

Also, on 25th July 2008 the Client was granted permission by the Kyiv City Authorities for demolition of the existing buildings on the site.

The following documents provided by the Client:

- Copy of Land Lease Agreement for the land plot with the total area of 1.6303 ha, located at 39/2 Anri Barbyusa Street, Kyiv, Ukraine, between the Kyiv City Council and "Budivel'na kompaniya "Zhytlobudinvest" LLC, as of 8 October 2007, BEX #916236;
- Copy of Land Lease Agreement for the land plot with the total area of 0.1495 ha, located at 39/2 Anri Barbyusa Street, Kyiv, Ukraine, between the Kyiv City Council and "Budivel'na kompaniya "Zhytlobudinvest" LLC, as of 26 September 2007, BEX #916240.
- Addendum to Lease Agreement dated 19th of April 2012 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 1.6303 ha;
- Addendum to Lease Agreement dated 25th of December 2015 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 1.6303 ha;
- Addendum to Lease Agreement dated 19th of April 2012 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 0.1495 ha;
- Extract from the State Land Cadastre # HB-8000024752013 dated 25 June 2013 in relation to the land plot of 0.1495 ha (cadastral number is 8000000000:79:059:0002) located at 39/2 Anri Barbyusa Street in Kyiv, Ukraine.
- Extract from the technical documentation as to the monetary value of the land plot of 0.1495 ha (cadastral number is 8000000000:79:059:0002) located at 39/2 Anri Barbyusa Street in Kyiv, Ukraine, #2660 dated 20 June 2013 and issued by State Agency of Land in Ukraine.
- It is necessary to mention that according to the addendums to lease agreements mentioned above there were some changes into the significant conditions of the main agreement, among them:
 - the statutory values of the land plots have been decreased which has led to reduction of the land lease payments;
 - the obligation to contribute 20% of residential areas in the subject development to the Kyiv City Council for use as social housing has been cancelled.
- According to the Extract from the technical documentation as to the statutory value of the land plot of 0.1495 ha (cadastral number is 8000000000:79:059:0002) the statutory value of the land plot has not been changed.

According to the Addendum to Lease Agreement dated 25th of December 2015 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 1.6303 ha, copy of which has been provided by the Client, the annual land lease payment for the subject site of 1.6303 ha is 4% from the statutory value (UAH 32,997,829.99). After putting into operation the annual land lease payment is 3% from the statutory value (for part of the land plot which is allocated to the residential development), 4% from the statutory value (for part of the land plot which is allocated to the development of commercial premises and parking), and 6% from the statutory value (for part of the land plot which is allocated to the retail development).

It should be noted, that legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted for the true interpretation of the legal position of our Client or other parties. Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the Client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the Client or other parties in respect of the valuation of the property.

2.4. Planning

In accordance with the Land Lease Agreements the subject land plot is zoned for construction and maintenance of residential and office complex with social and retail premises as well as basement and surface car parking.

From the information provided by the Client, we understand the proposals for the subject site is development of a mixed use complex. The project foresees development of three residential buildings and one office building. The complex will be delivered in four phases. The main characteristics are provided in the table below.

Table 1 – Project characteristics

Description	GBA, sq m				
	Phase 1	Phase 2	Phase 3	Phase 4	Total
Residential	24,048.68	29,133.70	33,106.12		86,288.50
Parking residential	6,281.21	8,153.54	7,884.51		22,319.26
Commercial, including:	3,716.19	2,387.25	2,717.64	4,730.45	13,551.53
<i>Offices</i>	1,445.72	861.40	2,531.18	4,730.45	9,568.75
<i>Health and physical training</i>	1,657.68				1,657.68
<i>Public catering</i>	453.11	317.37			770.48
<i>Storages</i>	159.68	1,208.48	186.46		1,554.62
Parking commercial	3,308.68	611.43	506.64		4,426.75
Gas boiler	365.60				365.60
Total	37,720.36	40,285.92	44,214.91	4,730.45	126,951.6

It is necessary to mention that some changes have been made into the project characteristics comparing with its characteristics as of 30 June 2013. Namely, the total GBA of the project has been reduced, while the area of residential part has been increased.

Visualisation of the proposed development is included in Appendix F.

According to the Addendum to Lease Agreement dated 19th of April 2012 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 1.6303 ha the obligations to the city authorities were changed in conformity with the Kyiv City Council Regulation dated 30.12.2010 #573/5385. In conformity with the latest regulations, the Client's obligation is to contribute 10% of construction costs for commercial projects, 4% respectively for residential projects.

2.5. Project Status

Some buildings and structures on the subject site were demolished during Q1 2014. However, as of the date of valuation the project development was suspended.

2.6. Structure

We have neither carried out a structural survey of the Property, nor tested any services or other plant or machinery. We are therefore unable to give any opinion on the condition of the structure or services at the Property. The valuation takes into account any information supplied to us and any defects noted during our inspection, but otherwise are on the basis that there are no latent defects, wants of repair or other matters which would materially affect each valuation.

We have not inspected those parts of the Property which are covered, unexposed or inaccessible and each valuation is on the basis that they are in good repair and condition.

We have not investigated the presence or absence of High Alumina Cement, Calcium Chloride, Asbestos and other deleterious materials. In the absence of information to the contrary, the valuation is on the basis that no hazardous or suspect materials or techniques have been used in the construction of the property.

2.7. Flooding

We have been unable to assess the risk of flooding in respect of the site and have assumed that the property is not located in the flood area.

2.8. Environmental matters

We have not made any investigations in relation to the presence or potential presence of contamination in land or buildings, and assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value. We have not carried out any investigation into past uses, either of the property or any adjacent land, to establish whether there is any potential for contamination from such uses or sites, and have therefore assumed that none exists.

In practice, purchasers in the property market do not make such an assumption about contamination and a purchaser of the property may require appropriate investigations to be made so as to assess any risk before completing a transaction.

We have no basis upon which to assess the reasonableness of this Assumption. If it were to prove invalid then the value would fall by an unspecified amount.

3. Market analysis

3.1. Economic overview

Aggravated by the ongoing conflict in the East and sharp depreciation of the hryvnya, in the first quarter of 2015 the economic recession in Ukraine deepened. During the following three months Ukraine's economy remained weak, but the first signs of stabilization were apparent and the pace of economic decline moderated. Return to modest annual growth of around 2-3% is projected in 2016-2018.

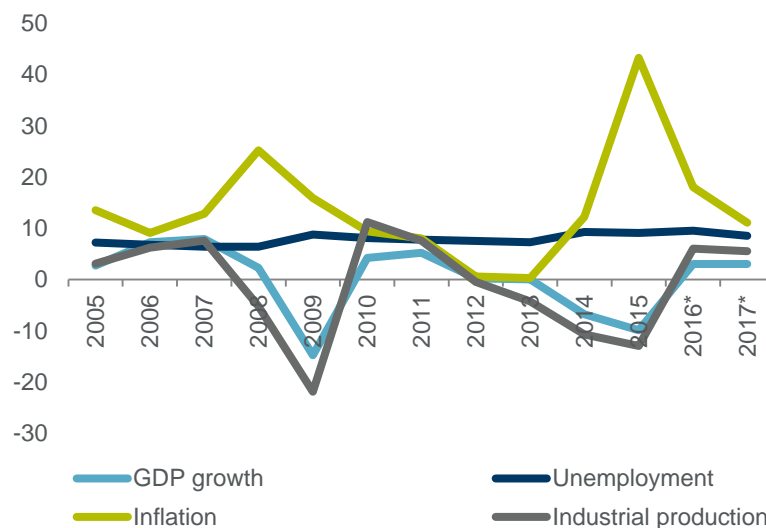
Despite still high country risks due to the ongoing armed conflict in Eastern Ukraine and unfavourable economic situation, in the second half of 2015 investors' interest to opportunities on the property market in the country strengthened. In 2015, total secondary investment volume on the Ukrainian property market amounted to around USD 65 million, excluding the deals of value less USD 1 million.

3.1.1. Economic growth

Aggravated by the ongoing conflict in the East and sharp depreciation of the hryvnya, in the first quarter of 2015 the economic recession in Ukraine deepened with real GDP decreasing by (-17.2%) year-on-year. During the following three quarters of 2015, Ukraine's economy remained weak, but the first signs of stabilization were apparent and the pace of economic decline was moderating.

In Q2 2015, the annual decline in GDP eased to (-14.7%) year-on-year and was followed by (-7.2%) year-on-year registered in Q3 2015 and (-1.4%) year-on-year registered in Q4 2015. As a result GDP declined by (-9.9%) during 2015.

Figure 1 - Macroeconomic indicators in Ukraine (%)



Source: Source: State Statistics Committee of Ukraine, Consensus Forecast, Oxford Economics,
 *Projections

Quarterly decline in real GDP has been witnessed to slow down during 2015 due to industry gradually adapting to the significant changes in the business environment since late 2014 and switching away from the Russian markets towards the EU.

The experts of Oxford Economics consider that, a more stable exchange rate and a small current account surplus in H2 2015 indicated some success for the year-old reform programme in Ukraine.

Ukraine remains dependent on the USD 17.5 billion IMF loan, which was approved in March 2015 to support the Ukrainian government's economic program. After the review of the authorities' performance under the programme, the IMF allocated the second tranche amounting to USD 1.7 billion in early August 2015. However, failure in implementation of structural reforms, which are required by international institutions, calls into question further IMF financing.

As of late January 2016, Oxford Economics projected that real GDP in Ukraine will return to modest annual growth of 2% in 2016 and 3% in 2017-2018. The State Budget of Ukraine for 2016, which was approved in December 2015, is based on the projection of the economic growth in 2016 at 2%.

Whilst the Crimea remains part of Ukraine, in March 2014 it was annexed by Russia. Therefore, the Crimea is excluded from the official Ukrainian statistics data, as well as the territory of armed conflict in the Donbas region of Ukraine.

3.1.2. Industrial production

In 2015 industrial production in Ukraine contracted by (-13%) year-on-year, while production outside the conflict regions has been gradually stabilizing.

Though negative growth dynamics was witnessed across all industrial sectors in Ukraine, since August 2015 the rate of industrial decline eased due to a minor growth in mining, as well as slowdown in contraction of processing industry and construction.

3.1.3. Agriculture

In 2015, agricultural output in all categories of agricultural enterprises decreased by 4.8% year-on-year, compared to the annual growth by 2.2% during 2014.

3.1.4. Retail sales

In 2015, retail sales in Ukraine decreased by (-20.7%) year-on-year, compared to the contraction by (-8.9%) registered during 2014.

Negative dynamics of the retail sector in 2015 resulted from overall economic recession in Ukraine, consumer price inflation, sharp devaluation of the Ukrainian hryvnya and decrease in real household incomes, combined with uncertainty over further development of the country related to the military conflict in the East.

3.1.5. Inflation

Since the end of 2014, consumer price inflation reached 43.3% in December 2015, compared to 24.9% inflation in 2014. Major sources of price inflation during 2015 were sharp depreciation of the hryvnya and the resultant increase in prices for imported goods, increase in the state-regulated tariffs and high inflation expectations.

The basic consumer price index, which reflects demand pressure, increased by 34.7% in December 2015 compared to December 2014.

As a result of lower inflation in the third quarter of 2015, the National Bank of Ukraine lowered discount rate to 27% in August 2015 (from 30%), and in September 2015 set it at 22%. As of April 2016 the discount rate of NBU remained at the level of 22%.

In the late January 2016, Oxford Economics forecasted consumer price inflation to reach 18% in 2016 and 11.1% in 2017. The State Budget of Ukraine for 2016 is based on the projection of the inflation in 2016 at 12%.

3.1.6. Labour market

In accordance with the ILO methodology, the unemployment rate in Ukraine reached 9.1% in January-December 2015, decreasing from 9.6% in the first quarter of the year.

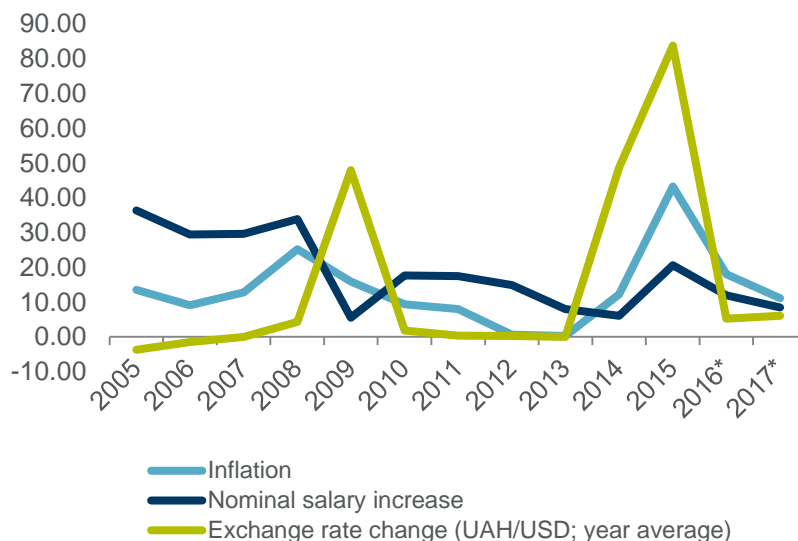
According to data published by the State Statistics Committee of Ukraine, the average nominal monthly salary in Ukraine in January-December 2015 was UAH 4,195 (equivalent to around USD 192 based on the official average exchange rate in 2015), increasing by 20.6% in the hryvnya equivalent compared to the respective period in 2014, but dropping by 34.4% in the US dollar equivalent.

In 2015, real salaries in Ukraine decreased by 20.2% year-on-year. When analysing household income in Ukraine, it is worth noting that a considerable unregistered 'grey' salary segment exists.

3.1.7. National currency

During the year from the first quarter of 2014, the Ukrainian hryvnya was subject to significant devaluation (Fig. 2).

Figure 2 - Annual dynamics of currency exchange rates, inflation and nominal salaries in Ukraine (%)



Source: State Statistics Committee of Ukraine

* Forecast

Note: Since June 2014, the data for 2014 excludes the Crimea, which was annexed by Russia. The data for 2015 excludes the Crimea and the conflict zone in the Donbas region.

Starting from 7.99 UAH / USD in February 2014, the official exchange rate depreciated to 15.78 UAH / USD at the end of 2014 and reached its record low of 30 UAH/USD in February 2015. By the end of the first quarter of 2015 the official exchange rate was at around 23 UAH/USD.

During Q2 and Q3 2015 the official exchange rate varied in the range of 20.5-23.5 UAH/USD. Devaluation to 24 UAH/USD was registered at the end of 2015, but in January 2016 the official exchange

rate stabilised at around 23.5 UAH/USD. During the first quarter of 2016 the official exchange rate of UAH against USD dropped by 8.5% from 24 UAH/USD as of 31 December 2015 to 26.22 UAH/USD as of 31 March 2016.

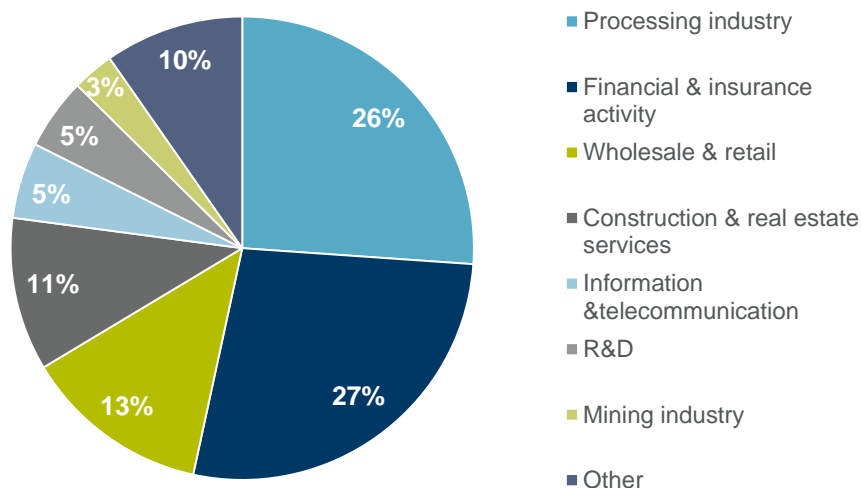
The experts of Oxford Economics project, that lower inflation and a rescheduling plan for foreign commercial debt will help to keep the Ukrainian hryvnya stable at around current levels during 2016. The State Budget of Ukraine for 2016 is based on the average exchange rate of 24.1 UAH/USD during the year.

3.1.8. Foreign trade and foreign direct investment

In 2015, exports of goods from Ukraine decreased by (-29.3%) year-on-year. At the same time, imports of goods into the country contracted by (-31.1%), falling faster than exports and resulting in a small current account surplus.

According to Oxford Economics, a small current account surplus is forecast for 2016-2018, ensuring that the Ukrainian hryvnya will devalue much more slowly, and reassuring creditors sufficiently to allow rising investment in reconstruction once the domestic conflict is resolved.

Figure 3 - Gross FDI by industries in Ukraine, as of 31 December 2015



State Statistics Committee of Ukraine

Note: Since June 2014, the data for 2014 excludes the Crimea, which was annexed by Russia. The data for 2015 excludes the Crimea and the conflict zone in the Donbas region.

As of 31 December 2015, gross FDI into Ukraine (equity capital) amounted to USD 43.37 billion since 1994, decreasing in the fourth quarter by USD 0.58 billion shifting from the positive dynamics of FDI inflow witnessed during the second and third quarter in 2015. At the same time, since December 2014 gross FDI decreased by 3.9% due to the sharp hryvnya depreciation during 2015 and the resultant capital loss.

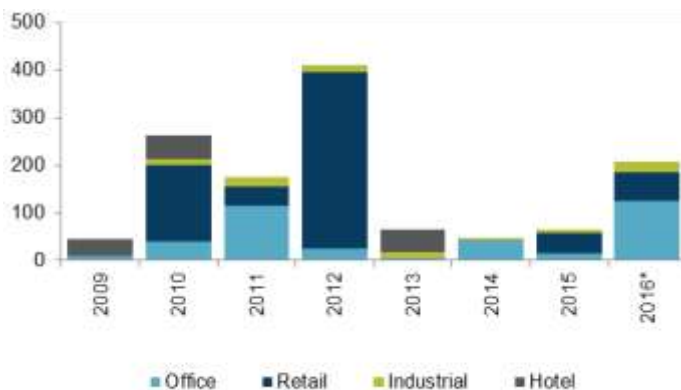
3.2. Investment market overview

Despite still high country risks due to the ongoing armed conflict in Eastern Ukraine and unfavourable economic situation, in the second half of 2015 investors' interest to opportunities on the property market in the country strengthened.

3.2.1. Transactions

In 2015, total secondary investment volume on the Ukrainian property market amounted to around USD 65 million compared to USD 47 million in 2014 and USD 66 million in 2013 (Fig. 4).

Figure 4 – Investment volume in Ukraine* (million USD)



Source: DTZ Research

Note: All figures are period end.

The figure includes the secondary investment deals, value of which exceeds USD 1 million and which were openly reported on the property market in Ukraine.

There were 4 major secondary investment transactions reported in property sector in Ukraine in the first half of 2015:

- The company Petricol Investment acquired the shopping and entertainment centre 'Kvadrat' on Perova Boulevard on the eastern bank of the Dnipro River in Kyiv. Total area of the property extends to around 41,000 sq m, and its GLA is 19,100 sq m. Petricol Investment is also owner of the shopping and entertainment centre 'Komod' and the retail centre 'Kvadrat' near the metro station 'Lukyanivska', both in Kyiv. The deal structure is confidential.
- The 1,000 sq m business centre at 30 Fizkultury Street in Kyiv is known to have changed hands in the first half of 2015. The deal volume is estimated at around USD 1.7 million.
- A Ukrainian company acquired an 11,000 sq m pharmaceutical warehouse in the Greater Kyiv area for owner-occupation purposes. The deal volume is estimated at approximately USD 2.4 million.
- A 15,000 sq m ambient warehouse in the Kyiv Greater area was purchased by the private Ukrainian company. The deal structure is confidential.

No major secondary investment deals are known to be concluded in July-September 2015. Nevertheless, during the period there were some changes reported in the ownership structure of the operating retail and entertainment centre 'Arena-City'.

In the fourth quarter of 2015, total volume of secondary investment deals amounted to around USD 23 million, including the following transactions:

- The retail centre 'Opera Passage' of total area around 4,500 sq m, which is located in the core city centre of Lviv and was developed by Finnish investors, is known to have changed hands in November 2015. DTZ represented the vendor. The deal volume is confidential.
- A Ukrainian pharmaceutical company acquired the pharmaceutical warehouse of area around 9,800 sq m in the Greater Kyiv area. The deal is estimated at approximately USD 2 million.
- An administrative building of 10,000 sq m, located in the non-central area on the western bank of the Dnipro River in Kyiv, is known to change hands in the fourth quarter of 2015. The deal is estimated at USD 6.5 million.
- The Ukrainian Public Joint Stock Company 'Energobank', through the Deposit Insurance Fund of Ukraine, sold the office building 'Lyubava Grad' of total area 15,000 sq m located at 9 Semena Sklyarenka Street in Kyiv. The deal value was reported at around USD 2.8 million.

In 2015, in response to significant devaluation of the Ukrainian hryvnya and overall economic uncertainty in the country, DTZ witnessed an increased activity of private individuals, who have been investing into commercial real estate with a particular focus on Kyiv. However, volume of each of these transactions was under US\$1 million, and therefore was not covered by DTZ's analysis.

In 2015, an increased availability of investment opportunities in real estate was provided by the banking sector in Ukraine. A number of commercial banks are in the process of winding up, and their assets are offered for sale through the Deposit Insurance Fund of Ukraine or other licensed trading platforms. Similarly, the majority of such deals are of volume smaller than USD 1 million, and as such were not covered by our analysis.

In 2015, the most active vendors, willing to dispose and disposing their property assets in Ukraine, were the commercial banks, which have repossessed assets from borrowers who defaulted on loans. The banks have been considering discounts in the range of 10-30% from balance sheet values for the assets, which they put up for sale.

Significant interest to exit their assets in Ukraine was also demonstrated by some international investment funds and developers. Some had acquired real estate assets in the country prior to economic downturn, have managed them for over 5 years and now need to exit in order to make returns for their shareholders.

The opportunities on the investment property market in Ukraine are most actively considered by the national logistics companies, big box retailers, local private investment companies, as well as local private individuals that dominate the market.

Since the second half of 2014, DTZ has also witnessed an increased interest from companies willing to purchase properties for owner-occupation purposes, taking advantage of downward correction of values on the market.

Quality income generating office, retail and logistics properties located in Kyiv remain the most attractive investment assets in the country. Some investors are also prepared to consider good quality existing retail properties in other major cities of Ukraine, except for eastern regions of the country.

Due to the military conflict and economic decline in Ukraine, many investors and developers put their activity on hold. At the same time, more opportunistic investors demonstrated stronger interest to opportunities on the Ukrainian property market, as they realise the country's long-term potential and intend to take benefit from the decreased 'price of entry'.

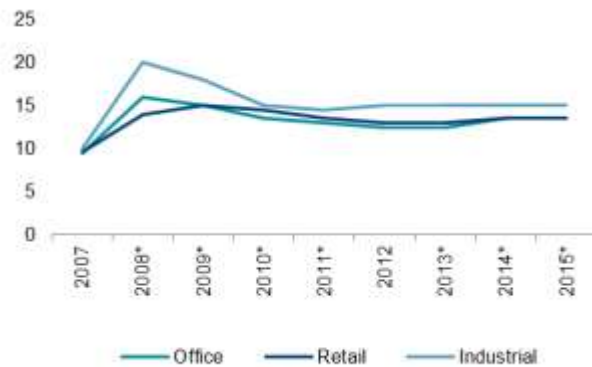
Despite a broad range of prime and secondary assets in all classes now being available for sale, liquidity has remained low due to the still largely unattractive investment climate in Ukraine and, near-zero

availability of debt finance. In view of this, where assets are available with the transfer of some debt then, this materially adds to potential liquidity.

3.2.2. Yields

Since mid-2014, prime yields for commercial property in Kyiv remained generally unchanged. At the end of 2015, prime net initial yields stood at around 13.5% for prime office and retail space and, at 15% for prime logistics properties (Fig. 5).

Figure 5 - Prime yields in Kyiv (%)



Source: DTZ Research

Note: All figures are period-end

*No true open-market secondary investment transactions, yield perceived by market players.

However, in view of the lack of arm's length investment transactions on the property market in Ukraine, this analysis is based upon investor sentiment demonstrated in interest being expressed for a number of assets.

During the period from June 2014 through until December 2015, capital values across all property sectors in Ukraine decreased as a consequence of considerable reduction of rents in the US dollar equivalent combined with a nominal investment activity on the local market. However, most of the vendors have not been prepared to accept bids at heavily discounted prices, particularly as some assets are in negative equity positions.

3.2.3. Outlook

Other things being equal, during at least the first half of 2016 investors will further take a highly cautious approach to Ukraine due to the continuing military conflict and overall economic decline in the country.

However, we expect that further implementation of institutional reforms in Ukraine will reverse the momentum and enhance investors' interest to opportunities on the property market in the country. This is due to overall positive expectations of the industry-leading businesses on the long term economic development of Ukraine, the declared intentions of Ukraine's authorities to implement the necessary reforms to enhance foreign investments in the country, as well as the comprehensive support to the country demonstrated by the EU and the Group of 7, and major international financial institutions such as the IMF, World Bank and EBRD.

As of January 2016, DTZ projects that total volume of secondary investment transactions in Ukraine during 2016 may potentially amount to around USD 50 million, and may potentially reach USD 210 million. It is however, extremely difficult to make any projections due to the current instability in Ukraine, uncertainty over further development of the country and relatively small size of the local market.

DTZ expects that in 2016 prime net initial yields in Kyiv will remain generally flat across all property sectors.

In the medium to long term, several scenarios are possible. As the Ukrainian property market matures, there is a scope for some yield compression, coming off comparatively high present levels down to around 12% for prime income-generating office and retail property assets.

In the beginning of 2016 the overall investment climate in Ukraine has worsened because of general negative trends, particularly associated with high level of political uncertainty; weak implementation of structural reforms and tensions around Ukraine-EU association agreement connected with anticipation of results of Consultative Referendum Act in Netherlands.

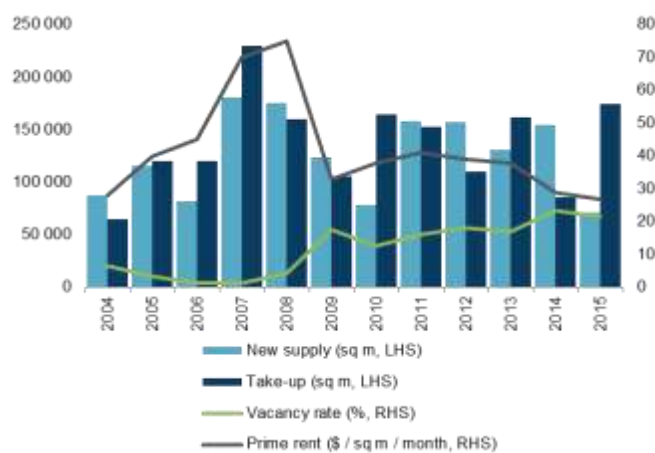
3.3. Office market overview

During 2015 occupiers were increasingly taking advantage of their dominant negotiating position on the office property market in Kyiv. The improved demand dynamics resulted in the primary vacancy decreasing to 21.6% at the year-end.

3.3.1. Supply

The total office stock in Kyiv reached almost 1.8 million sq m (GLA) at the end of 2015. The figure includes speculatively delivered office buildings, excluding government buildings and offices built for owner-occupation purposes (Fig. 6).

Figure 6 - Major indicators of the office property market in Kyiv



Source: DTZ Research

Note: All figures are period-end

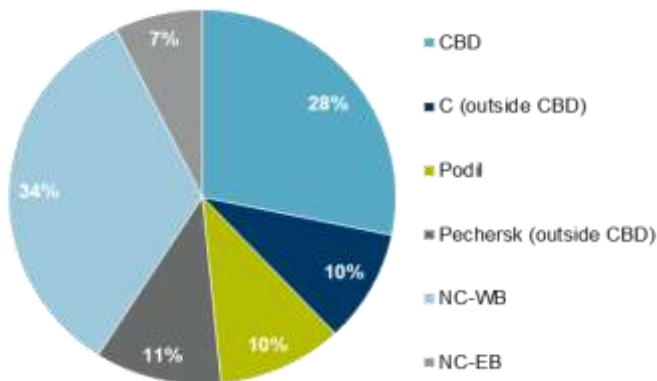
In H1 2015, new office supply delivered in Kyiv amounted to 54,850 sq m (GLA) with additional 15,000 sq m (GLA) of space added during the following six months of the year.

The cumulative new office supply in Kyiv in 2015 reached around 70,000 sq m (GLA), which accounts for only 45% of new office supply in 2014 and represents a decrease by 47% compared to the figure recorded in 2013.

Ten new office properties were delivered in Kyiv during 2015. These included the business centre 'Forum West Side', the business centres at the crossroads of Vasylykivska and Akademika Hlushkova Streets, 12 Laboratorniy Lane, 8 Dorohozhytska Street and 56 Chervonozoryanyi Avenue, as well as several smaller properties.

Out of total office stock in Kyiv, almost 93% is located on the western bank of the Dnipro River, split between the non-central areas in this part of the city (34%), the Central Business District (28%), Podil (10%) and other central areas outside CBD (21%) (Fig. 7).

Figure 7 - Existing office stock in Kyiv by sub-locations as of late December 2015 (%)



Source: DTZ Research

Note: All figures are period-end

As of January 2016, only around 31,000 sq m (GLA) of new office space was under construction in Kyiv, scheduled for delivery during 2016.

Though more office projects are in the pipeline, developers of several sizeable pipeline schemes decided to defer their speculative commissioning to later periods beyond 2016, waiting for economic resurgence of Ukraine. Some of the developers are ready to resume development of their schemes based on the built-to-suit contracts.

Table 2 - Key office property market indicators in Kyiv

	2013	2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Outlook for 2016
Stock (sq m)	1,564,150	1,714,280	1,714,280	1,769,130	1,777,840	1,784,240	▲
New supply (sq m)	131,100	154,760	0	54,850	8,710	6,400	▼
Take up (sq m)	162,300	86,100	26,000	32,000	42,800	73,600	↔
Net absorption (sq m)	124,300	17,700	3,100	25,000	6,400	53,500	↔
Vacancy rate (%)	17.0	23.5	23.3	24.3	24.2	21.6	▼
Prime rents (USD/ sq m/ month)	25-38	18-29	18-29	18-29	17-28	17-28	↔/ ▲

Source: DTZ Research

Notes: All figures are period-end and due to non-transparency of the market are subject to continued revision. Take-up and vacancy figures do not include sub-lease opportunities.

Table 3 - Major office schemes delivered in Kyiv in 2015

Period	Project	Location*	Size (sq m)	Developer	Occupancy** (%)
Q2, 2015	BC at Vasylykivska Str. / Akademika Hlushkova Str.	NC-WB	13,000	Rele Invest	70
Q2, 2015	Forum West Side	NC-WB	12,000	FMG	12
Q3, 2015	BC at 56 Chervonozoryanyi Ave.	NC-WB	8,710	local developer	38
Q2, 2015	BC at 8 Dorohozhytska Str.	NC-WB	8,000	Granit	0
Q2, 2015	BC at 12 Laboratornyi Lane	C	8,000	local developer	0
Q2, 2015	BC Dynasty	CBD	7,400	INOR	56
Q2, 2015	BC at 3 Novovokzalna Str.	NC-WB	5,460	local developer	8

Period	Project	Location*	Size (sq m)	Developer	Occupancy** (%)
Q1, 2015	BC at 32-36 Zhylyanska Str.	CBD	3,125	local developer	0
Q2, 2015	BC at 22 Panasa Myrnoho Str.	Pechersk	2,900	local developer	100

Source: DTZ Research

* CBD – Central Business District; C – central outside CBD; NC-WB-non-central area on the western bank of Dnipro River, NC-EB-non-central area on the eastern bank of Dnipro River.

Table 4 - Major office projects scheduled for completion in Kyiv in 2016

Project	Location*	Size (sq m)	Developer	Developer's nationality
BC Astarta (phase 1)	Podil	15,130	Energoinvest	UA
BC Lahoda (phase 3)	NC-WB	9,000	Georgiy	UA
BC at 98 Velyka Vasylkivska Str.	C	6,300	VS Energy International	UA / RUS

Source: DTZ Research

* CBD – Central Business District; C – central outside CBD; NC-WB – non-central area on the western bank of Dnipro River, NC-EB – non-central area on the eastern bank of Dnipro River.

3.3.2. Demand

Majority of corporate occupiers in Ukraine remain conservative in their short-term growth projections in view of the vague macroeconomic outlook for the country. Many of them, however, expect an improvement of the overall situation in Ukraine and therefore anticipate the possibility of some upward correction of office rents in the short to medium term.

Therefore, during 2015 DTZ witnessed an increased activity of office occupiers in Kyiv, many of whom used the opportunity to improve their lease conditions either by moving to a better location at more advantageous price, or by renegotiating better terms in relation to their current premises.

In 2015, take-up in the office property sector in Kyiv amounted to over 174,000 sq m (GLA), almost half of which was registered during the last quarter of the year. Total take-up in 2015 was twice as high as the figure registered during 2014.

Table 5 - Selected major new office lease transactions in Kyiv in 2015

Period	Tenant	Area (sq m)	Occupier sector*	Building	Location**	Deal type
Q3, 2015	Ciklum	14,031	IT	Gulliver BC	CBD	Renegotiations
Q3, 2015	Cogniance	4,636	IT	Forum Victoria Park BC	NC-WB	Relocation
Q4, 2015	Embassy of Turkey	4,204	Embassy	BC at 22 Panasa Myrnoho Str.	Pechersk	Relocation
Q3, 2015	P&G	2,790	FMCG	BC at 13/5 Ihorivska Str.	Podil	Renewal
Q1, 2015	Siemens	2,430	Electronics	Horizon Park BC	NC-WB	Renewal / expansion
Q2, 2015	Ericsson	2,209	Electronics	Forum Business City	C	Renewal
Q3, 2015	Watsons	2,165	Retail	SP Hall BC	NC-WB	Relocation
Q4, 2015	GSK	2,040	Pharmaceutical	Silver Breeze	NC-EB	Renegotiation
Q1, 2015	EUAM Ukraine	1,800	Governmental	BC at 4V Volodymyrskyi descent	Podil	Relocation
Q4, 2015	JDE	1,970	FMCG	IQ BC	Pechersk	Relocation

Period	Tenant	Area (sq m)	Occupier sector*	Building	Location**	Deal type
Q3, 2015	L'Oreal	1,916	FMCG	Horizon Park BC	NC-WB	Renewal

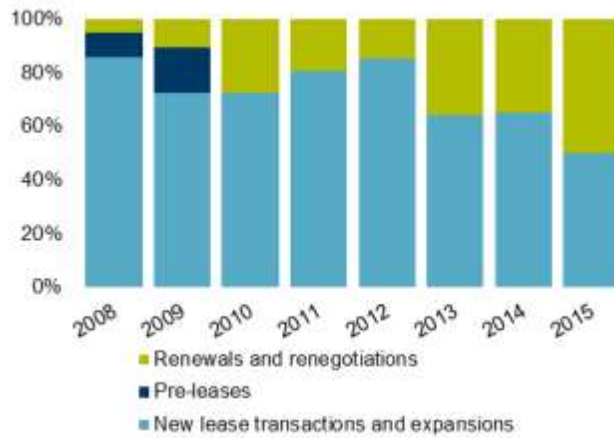
Source: DTZ Research

* FIRE – Finance, Insurance, Real Estate; ICT – Information and Communication Technologies.

** CBD – Central Business District, C – central outside the CBD, NC-WB – non-central area on the western bank of Dnipro River, NC-EB – non-central area on the eastern bank of Dnipro River.

By type, in 2015 lease transactions were almost evenly divided between lease renewals/renegotiations and relocations (Fig.3).

Figure 3 - The office lease transactions by type in Kyiv (%)



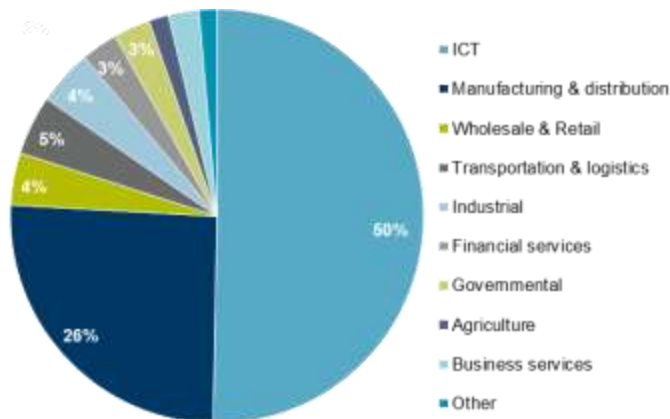
Source: DTZ Research

Following the trend that emerged after the financial crisis of 2008, pre-lets on the office property market in Kyiv were effectively absent during 2015.

Net absorption, which reflects the real change in the amount of space occupied, reached around 88,000 sq m (GLA) in 2015. It is more than four times higher compared to the figure in 2014 and accounts for 70% of net absorption in 2013.

In 2015, the office property demand in Kyiv was traditionally driven by the companies operating in ICT and manufacturing and distribution industries (particularly, FMCG and pharmaceutical sectors). During the period, retail, industrial and logistics companies, and governmental organisations also demonstrated increased relocation activity (Fig. 8).

Figure 8 - Office net take-up in Kyiv by sectors in 2015 (%)



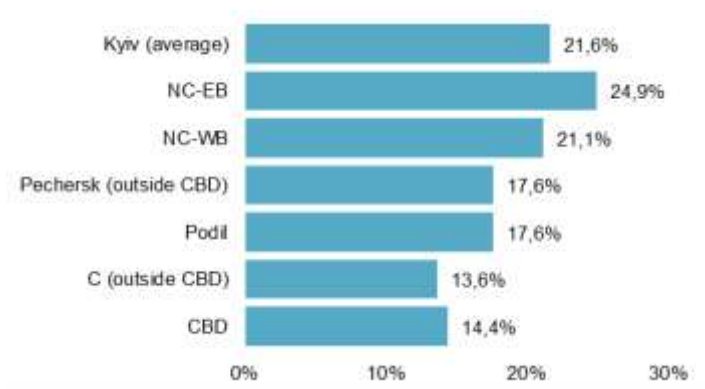
Source: DTZ Research

3.3.3. Vacancy

The primary vacancy in the office property sector in Kyiv varied between 23% and 24% during Q1-Q3 2015, and decreased to around 21.6% by the year-end. Shell&core office space accounted for around 43% of primary vacancy in the sector.

As of late December 2015, the highest vacancy was registered in non-central areas of Kyiv, whilst the lowest vacancy was in the Central Business District and the central area of the city outside the CBD (Fig. 9).

Figure 9 - Vacancy rate by subzones in Kyiv as of December 2015 (%)



DTZ Research

Note: All figures are period-end

CBD – Central Business District, C – central outside the CBD, NC-WB and – non-central area on the western bank of Dnipro River, NC-EB – non-central area on the eastern bank of Dnipro River.

Taking advantage of the lowered occupational costs, in 2015 many tenants moved to a better class space or newly delivered properties in the CBD and other central areas of Kyiv.

During Q4 2015, vacancy dropped by almost 27% in Pechersk outside the CBD, which struggled the highest vacancy after several sizeable properties were delivered there in 2013-2014.

3.3.4. Rents

During 2015, DTZ witnessed a further downward correction of rents in the classes B and C, whilst the rents for class A properties remained largely unchanged.

In late December 2015, prime office rents in Kyiv varied in the range of USD 17-28 per sq m per month (Fig. 10).

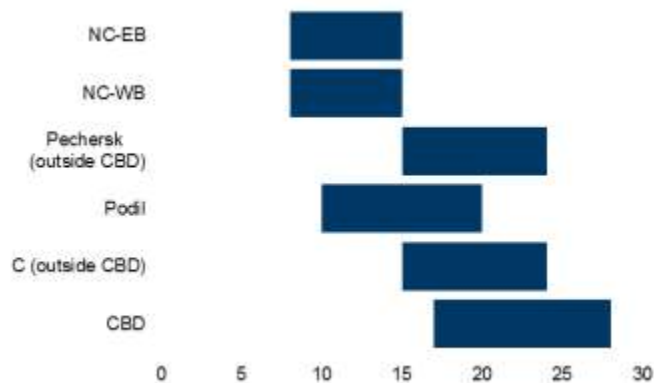
Figure 10 - Prime office rent and overall market vacancy in Kyiv



Source: DTZ Research

At the same time, the office space in the classes B and C commanded the achievable monthly rents of USD 7-20 per sq m and USD 5-9 per sq m respectively (Fig. 11).

Figure 11 - Prime achievable rents for offices in Kyiv by subzones as of December 2015 (USD per sq m per month)



Source: DTZ Research

CBD – Central Business District, C – central outside the CBD, NC-WB and – non-central area on the western bank of Dnipro River, NC-EB – non-central area on the eastern bank of Dnipro River.

The economic decline in Ukraine and high vacancy resulted in increased competition between landlords in the office property sector in Kyiv. To address the current market conditions, landlords often offer incentive packages, which typically include rent-free periods and fixed exchange rate pegging for up to six months and offering some fit-out contributions in relation to class A and class B office space.

3.3.5. Outlook

DTZ projects that overall dynamics of the office property market in Kyiv will remain generally unchanged in H1 2016.

In H2 2016-2017, the economic performance of Ukraine is commonly projected to start improving with a resultant strengthening of occupier demand for offices in Kyiv and some upward pressure on rents.

Development activity in the sector is unlikely to recommence until 2017, as major international and local developers would like to ascertain that major corporate occupiers form sustainable demand for quality office space in Kyiv, and reasonable project financing returns to Ukraine.

The dynamics of prime office rents and vacancy in Kyiv in the medium term remains highly sensitive to general economic and political conditions in Ukraine, as well as new delivery dynamics and the pricing strategies applied in relation to sizeable business centres competing with each other for quality occupiers.

On the positive side, increased availability of office space and a lack of a unified pricing strategy, undertaken by landlords operating on the market in Kyiv, still provide opportunities for occupiers to optimise their longer-term occupational conditions in the city.

3.4. Residential market overview

3.4.1. Supply

At the end of 2015 the total residential area in Kiev amounted to about 65.0 million sq m, and residential area per capita reached 22.35 sq m (assuming the official number of population in the city, which is 2,907,810 people). According to the current Kyiv development master plan until 2025, residential areas per capita in the Ukrainian capital until the end of the plan period should be increased to 38.5 sq m per capita. Thus, to achieve the goals in the city, additional 47 mln sq m of living space need to be put into operation. This difference is calculated on the basis of official statistics on Kyiv population at about 2.8 mln people, but many experts believe that real population of the city is about 4 million people, which further increases the need for living space in the Ukrainian capital.

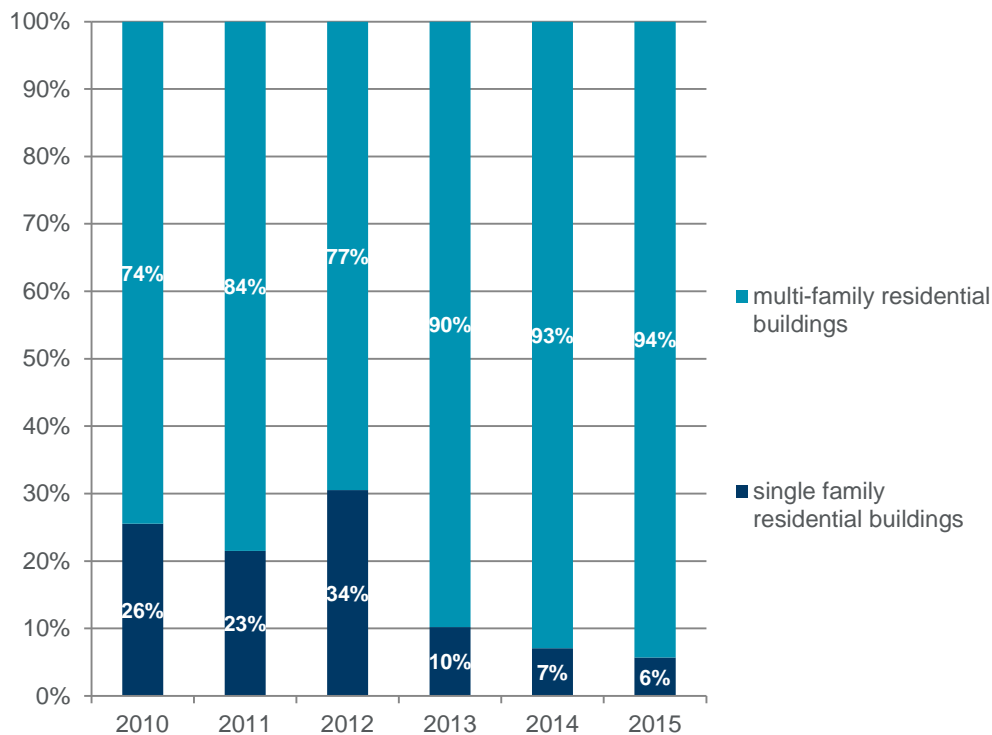
Figure 12 – Total residential areas and new annual residential supply in Kyiv



Source: Kyiv statistics main branch <http://kiev.ukrstat.gov.ua/>

The existing residential areas of Kyiv, as well as the new supply on the residential market, are dominated by multi-family residential buildings.

Figure 13 – New annual supply of residential areas (new supply in Kyiv) by type of buildings



Source: Kyiv statistics main branch <http://kiev.ukrstat.gov.ua/>

The highest construction activity in the sector of residential real estate in Kiev was observed in 2007-2008 on the back of a price boom. In 2009, following the effects of the global economic and financial crisis, the total volume of commissioned facilities decreased by 33.7% compared with year 2008, reflecting a significant slowdown in construction activity in the sector. However, residential market showed a slight recovery in 2010, with growth of 6.8% compared to the low levels of construction, registered in 2009.

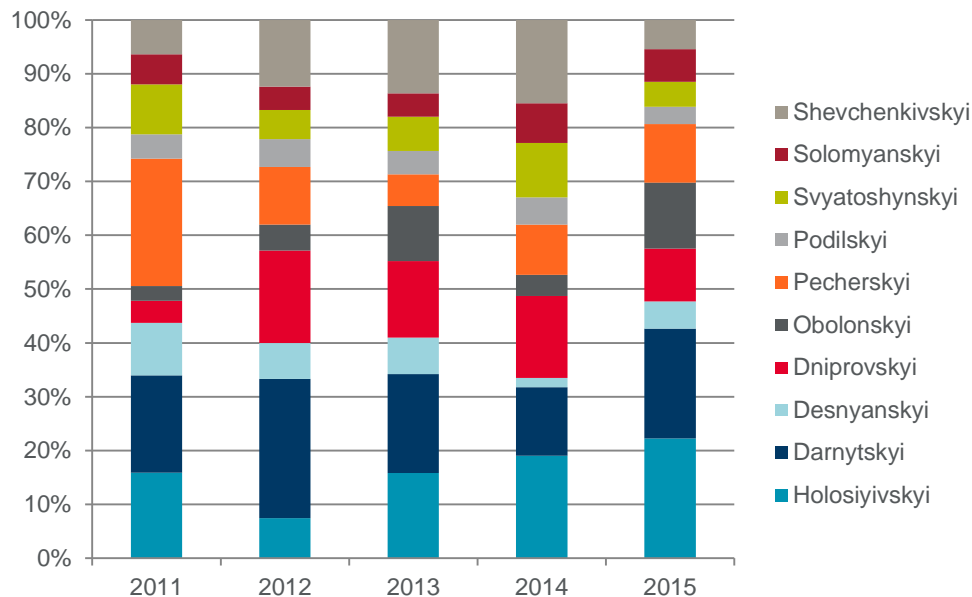
The volume of new residential real estate in Kyiv in 2013 reached 1.509 mln sq m, an increase by nearly 40% compared with 2009. In 2013, the volume of new supply in the segment of residential real estate in the Ukrainian capital amounted to approximately 13.5% of the total annual new supply in the country (11.217 mln sq m). In 2014 in Ukraine was commissioned 9,741 mln sq m of residential space, of which 1.442 mln sq m (or about 15%) in Kyiv. The index of commissioning of residential space in Ukraine (excluding the occupied Crimea) in 2014 decreased by 13.2% compared with 2013.

In 2014 the total volume of commissioned residential real estate in Kiev amounted to 1,442 mln sq m, a decrease of 4.44% compared to the respective period of 2013. During 2015 the volume of commissioned residential property amounted to 1,366,000 sq m, which is 94.7% of total supply in 2014. The largest share of new residential supply was commissioned in Holosiyivskiyi (22%), Darnytskyi (20%) and Obolonskyi (12%) administrative districts.

In 2015 in Kyiv about 40 residential projects entered the market in Kyiv, most of which are in the budget segment. In 2014, 37 new objects (or 13,500 apartments) entered the residential real estate market in Kyiv, which is 29% less than in 2013, when more than 19,000 apartments came into the market. Also activity was commenced in new phases of existing developments.

As of the end of 2015 the primary residential market in Kyiv was represented by around 200 objects (40,000 apartments). In Q4 2015, the structure of new supply reflected that 80% of the objects are presented in the segments of economy and comfort class. The number of residential properties of economy and comfort class in the overall structure of the market continues to grow. The share of business and elite segments in new supply was 17% and 3% respectively.

Figure 14 – Volume of growth of residential real estate in Kyiv by administrative districts



Source: Kyiv statistics main branch <http://kiev.ukrstat.gov.ua/>

It should be noted that in the period from 2009 to 2015, the share of one-bedroom apartments in the total supply of new residential space has increased from 8% in 2009 to 25% in 2010, 15% in 2011 and 23% in 2012, reflecting the demand for this category of accommodation. In 2015 about 50% of the supply was presented by 1-room apartments.

According to the State Statistics Committee, the average size of apartments, commissioned in 2014 in Kyiv, was 77.3 sq m compared to 79 sq m in 2013 and 83.2 sq m in 2012.

In the primary residential market of Kyiv, as a rule, apartments are commissioned without fit out.

Questions of residential space in Kyiv and its quality were considered separately in the draft Master Plan of Kyiv until 2025. According to this document, one of the main problems of Kyiv development is disproportion between the place of residence and place of employment of city residents. Other problems and development trends of residential market in Ukrainian capital, which were recorded in the period of 2011-2015 and emphasized in the draft Master Plan of Kyiv development until 2025, are listed below:

- The volume of residential areas in Kyiv reached 63.9 mln sq m, but the average supply of residential space comprises only 22.1 sq m per capita (planned to increase not less than to 25.5 sq m per capita);
- Provision of social objects is behind the regulatory requirements, particularly in the bedroom suburbs on the left bank of Dnipro River and remote areas on the right bank of Dnipro in Kyiv;

- Provision of public green areas is 14.4 sq m per capita at the rate of 20 sq m per person (according to General Plan it is planned to increase green areas up to 25 sq m per capita);
- The volume of construction quality and affordable housing, housing for young families and social housing for the population in need of social support, do not correspond to the actual needs;

The volume of construction of qualitative and affordable residential space, housing for young families and social housing for the population in need of social support, does not correspond to the actual needs.

3.4.2. General comments on demand for residential properties in Kyiv

Kyiv is the capital of Ukraine, as well as its economic and political centre. Thus the city attracts wealthy people and young professionals who create stable, but often pent-up demand for quality residential space in the city. However, the current demand for residential areas is difficult to estimate correctly, because there is no access to the registry, which contains information about transactions on purchase and sale of real estate in Ukraine.

In 2014, the share of the primary residential segment in Kyiv in the overall structure of transactions reached 67%. The devaluation of hryvnya stimulated the market and increased in the number of transactions in primary segment, where in contrast to the secondary residential market, pricing was taking place in hryvnya. Real estate became to be perceived as one of the most reliable ways of citizens' savings accumulation, which resulted in the positive dynamics of transactions during the year.

According to CDS company, the peak of consumer activity fell on February (due to exchange rate's fluctuations) and June (due to discount programs of most of the developers) 2015. In general, the total number of apartments sold on the primary market during 2015 was 40% less comparing to 2014.

80% of the demand falls on the segment of budget accommodation (residential complexes of economy and comfort class). Also noted was a shift in demand into satellite towns of Kyiv: the purchase of apartments in satellite towns in complexes with a good infrastructure has become a real alternative to purchasing apartments in new developments in the suburbs of Kyiv.

Exchange rate fluctuations in February and March 2015 had a direct impact on the price dynamics of primary real estate market. Many developers have returned to dollar pricing - this trend is particularly relevant for new developments of comfort class. A significant increase of prices in national currency is witnessed during 2015 on the primary residential real estate recorded in economy and business segments – on 33% and 31% respectively

An increasing number of customers prefer to buy real estate properties in the satellite towns of Kyiv and not in the capital. The percentage of sales volume in satellite towns in some residential complexes exceed by sale of apartments in comparable suburban complexes due to active development of segment and loyal pricing. Also the interest to secondary residential real estate sector has increased relative to the primary market.

3.4.3. Overview of prices for multi-family residential properties in Kyiv

Prices on primary and secondary residential real estate markets in Kyiv were subject to sustained growth over the period to the end of 2007. During the first nine months of 2008, prices for different types of residential areas in the city remained broadly stable, while IV quarter 2008, in response to the global economic crisis, the pace of construction in the sector slowed down and the demand weakened.

In IV quarter of 2008 price reduction on residential space in Kyiv was particularly noticeable on secondary residential real estate, while on primary market price changes were less because many developers in the

segment deferred decision making. New market conditions had different impact on the behaviour of developers in the residential real estate market in the Ukrainian capital, depending on their financial situation at that time. Those companies which had a stable funding even raised the prices of apartments in their projects, while others (which were in majority) began to offer attractive conditions for potential buyers, including fixed prices in national currency, the prices indicated in US dollars at a fixed rate below the market, offering a phased payment of apartment's cost and substantial discounts on the final stages of negotiation, etc.

From the point of view of demand on residential real estate market in Kyiv and Ukraine as a whole, since the end of 2008 it is clear that purchasing capacity has fallen significantly due to the economic crisis, and as a result of loan interest rate increases by commercial banks in all currencies and introduction of tight credits. In IV quarter 2008, mortgage charges, on average, accounted for 20-30% in Ukrainian hryvnya and 14-20% in US dollars and Euro. In addition, commercial banks have tightened the requirements for potential borrowers, in particular, have started to request additional documents confirming their purchasing capacity, and imposed tough requirements on age and borrowers' state of health. Some commercial banks in general have stopped their program of mortgage lending on primary residential market in Ukraine, and others have continued to cooperate only with certain developers of residential real estate, with whom banks entered into a partnership agreement.

As a result, the trend of apartments' acquisition with a view of their further speculative resale, popular in 2004-2007, has largely disappeared on residential real estate market in Kyiv.

In 2009 continued the negative impact of the global financial crisis on Ukrainian economy and residential real estate market in Kyiv. Most programs on mortgage lending were suspended, and the demand for residential purchase continued to slow down. In March 2009 commercial banks stopped providing mortgage loans on primary and secondary residential real estate market in Ukraine. Many developers have also been forced to reconsider the financial feasibility of their projects (as well as suspend the development or sell some of them) and reduce the number of staff.

In 2009, the residential real estate market in Kyiv is completely transformed from a "seller's market" to "buyer's market" and most buyers deferred commitments to buy, hoping for further price reductions. As a result, during the year was recorded a reduced number of transactions in residential real estate in Kyiv and Ukraine as a whole, and prices fell. In 2009 asking price for apartments in multi-family residential buildings on the secondary market in Kyiv decreased by about 50% compared to year 2008.

Signs of economic stabilization in Ukraine in first half of 2010 and absence of currency fluctuations resulted in a slight improvement of overall dynamics of residential real estate market in Kyiv and increase of viewings of apartments according to company CDS. However, the overall uncertainty in the market and minor availability of bank loans in 2010 led to a further decline of prices on residential real estate in the city.

Some banks in partnership with certain residential developers have introduced special programs for mortgage lending, which provided loans to buyers of apartments on primary real estate market. As a part of mortgage programs banks offered mortgage charges by 5-10 basis points lower than the market average. In other circumstances, if the developer did not cooperate with a commercial bank, the borrowers usually had to provide additional mortgage security for guarantee when buying a residential space on primary market.

In 2011-2013 residential real estate market in Kyiv in general demonstrated a positive dynamics. In particular, construction works on several large-scale multi-family residential complexes in the city were recommenced and work on a number of new projects started. At the same time, demand for residential

real estate in Ukrainian capital, as well as average prices for different categories of apartments in the city during the period didn't change.

Since 2011, the tendency towards gradual restoration of consumers' credibility in residential real estate market in Kyiv was observed, more and more people were willing to buy apartments in multi-family residential buildings before commissioning, but on condition that the developer is a well-known company with good long-term reputation. Many developers in the segment of residential real estate in Kyiv offer apartments for sale in their projects on advanced stages of construction to maximize the income.

In 2012-2013 on Kyiv primary real estate market there was price stability. Residential construction has demonstrated good growth, both due to the construction of new properties, as well as by commissioning of long-delayed constructions. Developers actively offered instalments for the purchase of residential space and joint mortgage programs with partner banks. There was a general increase in buying activity and increase of transactions number. Qualitative residential space in the satellite towns of Kiev with good transport accessibility became more preferable than apartments in the sleeping suburbs on the outskirts of Kyiv.

In 2014 the weighted average dollar price on apartments in new developments in Kyiv has lost its relevance, because by the end of the year most of the offers on primary market were nominated in national currency.

According to CDS company, during year 2014 prices in hryvnya rose as due to strengthening dollar rate to hryvnia (over the year the hryvnya against the US dollar depreciated by more than twofold), and the high activity of buyers for whom the purchase of apartments has become an alternative and more reliable way of savings accumulation. Another conditioning factor of change in hryvnya prices was the increase in construction cost of residential space, as the hard currency component in construction cost depends on the class ranges from 20-40% with the higher dependency being related to the higher quality of apartments. Hryvnya prices in all segments of the residential real estate showed an increase in the range of 40-114%.

As a result, dollar prices fell above all in economy class - by 29% and in hryvnya equivalent increased by 40% - the least among the other classes of residential property. This was due to high competition among developers, minimal hard currency component in construction cost, and certain psychological "limit" of price in economy class residential property, above which customers simply will not buy apartments.

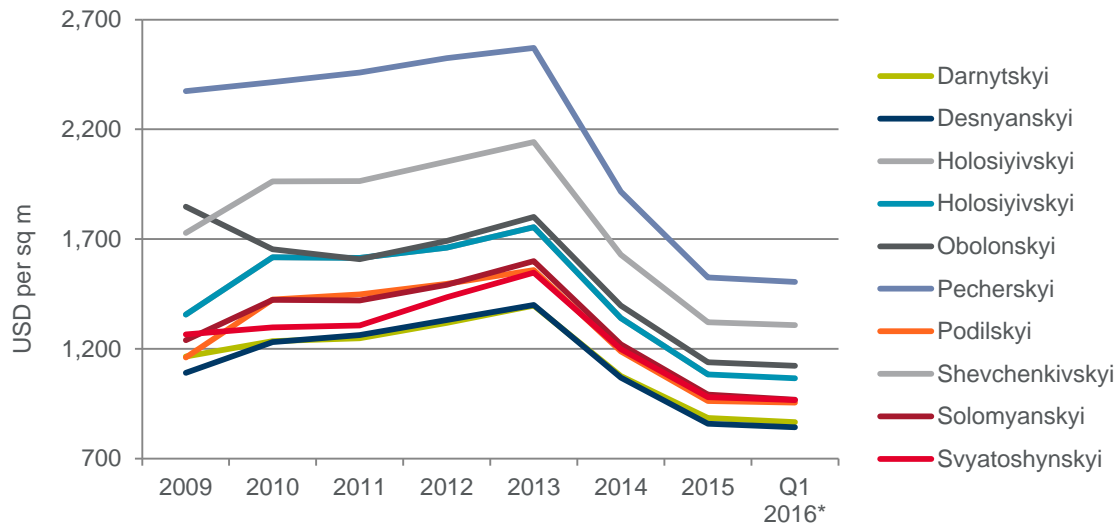
Properties of business and comfort classes showed high resistance to signs of crisis and competitiveness - dollar price reduction on apartments in an average comprised 10.6% and 9.2% respectively. Hryvnya price increase at the year-end 2014 reached 76.1% and 79.1% respectively.

In February 2015 on the peak of devaluation of the hryvnya, when the exchange rate jumped to 30 UAH / \$ 1, the majority of developers suspended sales and indexed prices, making provision for currency risks. As a result, in Q1 2015 the prices of supply in residential complexes of economy and comfort class grew by 45.6% and 33.7% respectively.

In March-April 2015 against the strengthening of hryvnya towards major currencies, the volume of transactions has decreased considerably, as buyers took a wait-and-see approach, expecting the price reduction. During May - June 2015, prices on primary residential market came down within the range from 8% to 15% depending on the segment, and in some residential schemes had reached 20-25% reduction (in USD equivalent). At the same time most in-demand apartments in economy class residential complexes showed the increase of average prices on 33% (in UAH equivalent) during first 6 months of 2015 compared to December 2014.

In general, during 2015 the prices for business and economy class apartments showed more considerable growth (31% and 33% respectively) comparing to the prices for elite and comfort class properties (23% and 15%). However in USD equivalent the prices showed negative dynamics during 2015.

Figure 15 – Average prices of supply on apartments in Kyiv by administrative districts (primary market)



Source: SV Development

* Figures for the period January – March 2016

Table 6 – Average prices of supply for apartments in Kyiv by administrative districts (primary market)

	2009	2010	2011	2012	2013	2014	2015	Q1 2016
Darnytskyi	1,165	1,235	1,248	1,319	1,397	1,075	885	866
Desnyanskyi	1,091	1,230	1,263	1,331	1,400	1,069	859	842
Dniproviskyi	1,185	1,286	1,318	1,469	1,523	1,166	927	906
Holosiyivskyi	1,356	1,618	1,614	1,661	1,755	1,339	1,083	1,065
Obolonskyi	1,848	1,654	1,608	1,692	1,801	1,397	1,139	1,122
Pecherskyi	2,375	2,415	2,459	2,524	2,572	1,915	1,525	1,504
Podilskyi	1,161	1,425	1,448	1,496	1,559	1,188	962	954
Shevchenkivskyi	1,727	1,963	1,964	2,053	2,142	1,628	1,322	1,308
Solomyanskyi	1,240	1,422	1,421	1,491	1,600	1,221	992	968
Svyatoshynskyi	1,265	1,297	1,306	1,435	1,547	1,198	979	966

Source: SV Development

Table 7 – Annual price dynamics of supply for apartments in Kyiv by administrative districts

	2010	2011	2012	2013	2014	2015	Q1 2016
Darnytskyi	5.9%	1.1%	5.7%	6.0%	-23%	-18%	-2%
Desnyanskyi	12.8%	2.7%	5.4%	5.2%	-24%	-20%	-2%
Dniprovskyi	8.5%	2.5%	11.4%	3.7%	-23%	-20%	-2%
Holosiyivskyi	19.3%	-0.2%	2.9%	5.6%	-24%	-19%	-2%
Obolonskyi	-10.5%	-2.8%	5.3%	6.4%	-22%	-18%	-1%
Pecherskyi	1.7%	1.8%	2.6%	1.9%	-26%	-20%	-1%
Podilskyi	22.7%	1.6%	3.3%	4.2%	-24%	-19%	-1%
Shevchenkivskyi	13.6%	0.1%	4.5%	4.3%	-24%	-19%	-1%
Solomyanskyi	14.7%	-0.1%	5.0%	7.3%	-24%	-19%	-2%
Svyatoshynskyi	2.6%	0.7%	9.8%	7.8%	-23%	-18%	-1%

Note: The indicators reflect the annual price dynamics; for example, the figure for 2014 is presented as a percentage of average prices at the beginning of 2015 to the level of prices at the beginning of 2014.

Source: SV Development

* Figures for the period January – March 2016

3.4.4. Outlook

Based on forecasts of CDS company, during 2016 a significant expansion of supply is not expected due to unstable market situation and orientation of buyers on Kyiv suburbs. New supply will be presented by the residential schemes located predominantly on the right bank of the Dnipro River in Kyiv.

In 2016, as in 2014-20115, real estate is still perceived as one of the most reliable ways of savings accumulation, but political and economic situation in the country have an adverse impact on number of sale-purchase transactions. Small apartments in residential complexes of economy segment still remain the most marketable lot on real estate market. USD currency exchange rate will influence the price policy on primary residential market in 2016 – although prices of developers are in hryvnyas, the benchmark for estimation of UAH price is USD equivalent (however, the prices in hryvnyas will not change proportionally to the dynamics of UAH/USD exchange rate).

In 2016 the most popular among customers will be properties on advanced stage of construction and projects that are being built quickly and in compliance with the declared construction timetable and plans.

DTZ believes that as soon as the banks will provide affordable mortgages, many borrowers in Kyiv will decide on purchase of apartments, especially in low-price and mid-price segments. However, taking into account overall economic and political situation in the country, in our opinion, the mortgage financing will unlikely be available for the potential buyers in the short-term perspective; which will have further downward pressure on residential prices.

In addition, starting from 2016 negative expectations of the buyers regarding the future price movements were enforced, which has been caused by worsening of economic situation, currency devaluation, increased political instability, and continuing diminishing purchasing power of households. These factors will continue to force sellers to provide additional discounts and further decrease the prices for apartments.

In the longer term, we consider that on residential real estate market in the Ukrainian capital still remain a lot of opportunities for construction of affordable and qualitative residential space of mid-price segment with the necessary social infrastructure.

4. SWOT Analysis

We have carefully considered the subject property and the current market situation. We have summarised the following strengths, weaknesses, opportunities and threats relating to the property.

STRENGTHS	WEAKNESSES
Location & Accessibility	
<ul style="list-style-type: none"> • Location in a sought after neighbourhood close to the city centre. • Lack of good quality land plots in the centre of Kyiv with full and transferrable tenure and permits. • There are three major arterial routes within walking distance from the site; Druzhby Narodiv Boulevard, Velyka Vasylkivska Street (former Chervonoarmiyska Street), and Lesi Ukrainky Boulevard. • The nearest metro station is within 5-10 minutes walk from the site. 	<ul style="list-style-type: none"> • The subject locality is of mixed-use (currently the site is surrounded by poor-quality administrative and non-residential schemes). • Due to lack of adequate car parking facilities on the streets surrounding the site, traffic flow can be restricted by often chaotic parking that may also affect site access. • Insufficient capacity of existing engineering networks in the vicinity of the subject site.
Physical characteristics / Tenure / Tenancies	
<ul style="list-style-type: none"> • Site is quite regularly shaped. • The size of the land plot is large enough for the development of a scale project (residential and office use). 	<ul style="list-style-type: none"> • The subject site is held by way of a 10-year lease agreement, which expires in 2017, as opposed to be freehold. • The land plot currently has buildings and structures which should be demolished.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • The location of the subject site is appropriate for residential and office development. • The social amenities are likely to improve in the medium to long term in the area. • The increasing development activity in the area proves its potential and popularity among end-users. • Long-term international experience of the developer allows implementing new development techniques and anticipating the changing consumer's preferences. 	<ul style="list-style-type: none"> • Many similar competing residential and office developments under construction or at the planning stage in the neighbourhood. • Development of adjoining and neighbouring sites could provide serious competition for any development on this site that can be minimized by proper positioning and marketing. • The increasing tough competition in the micro district makes such factors as demand testing and development concept optimizing to be vital for marketability and success of subject scheme. • Lack of mortgage financing for end-users imposes additional risks associated with difficulties in projecting demand. • The country is currently facing the most challenging economic and political shocks which are aggravated by external inference of Russian Federation. • The military conflict in eastern regions of Ukraine can be protracted for long period of time and negatively affect investment climate and overall economic situation in Ukraine.

STRENGTHS	WEAKNESSES
	<ul style="list-style-type: none"><li data-bbox="821 331 1409 486">• Risks of further national currency devaluation which may have downward pressure on USD rents and prices (equivalent in UAH oriented on local real estate markets).

5. Valuation statements

5.1. Specific Comments and Valuation Approach

5.1.1. Highest and Best Use

The market value of an asset reflects its highest and best use. The highest and best use is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible (Paragraph 33, IVS Framework).

The determination of the highest and best use involves consideration of the following:

- a) to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,
- b) to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, eg zoning designations, need to be taken into account,
- c) the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use.

Taking into account information from the previous paragraphs of the report, we have valued the subject property based on the assumption that the highest and best use of the subject site (as vacant) is the development of mixed use project (residential / commercial) based on preliminary concept developed and provided by the Client.

For the purposes of this assignment we have utilised project's data and development concept provided by the Client. However, critical analysis of the data has been executed by us to set up a correspondence with general market conditions.

As it was mentioned earlier in the report, some changes have been made into the project characteristics comparing with its characteristics as of 30 June 2013. Namely, the total GBA of the project has been reduced, while the area of residential part has been increased. Taking into consideration the volume of office projects recently delivered and scheduled for completion in 2016-2017 in the subject locality (Pechersk area) and active re-development of the neighbourhood territories into residential use, we consider that amended project characteristics reflect the situation on the market.

Therefore, in this valuation we proceed from the critical assumption that the development concepts of the Client are highest and best use of the property under valuation.

5.1.2. Justification of Accepted Valuation Approach

In IVS Framework, paragraph 56 stated that *'One or more valuation approaches may be used in order to arrive at the valuation defined by the appropriate basis of value (see paras 26 to 29 above). The three approaches described and defined in this Framework are the main approaches used in valuation. They all are based on the economic principles of price equilibrium, anticipation of benefits or substitution'*.

Under IVS 102: *'The most appropriate valuation approach or method will depend upon consideration of the following:*

- *the adopted basis of value, determined by the purpose of the valuation,*
- *the availability of valuation inputs and data,*

- *the approaches or methods used by participants in the relevant market*'.

In arriving at our opinion of Fair Value of the subject property, we have adopted the market (comparison) and the residual methods of valuation. Although we have applied two approaches we have based our opinion on market value on land residual approach. The reasons for this are follows:

- 1) The subject property can be characterized as the property which is in course of development: the Client was granted permission for demolition of the existing buildings on the site; also there is an approved by the City's Authorities development scheme, which we consider to be the highest and best use of the site. In Q1 2014 the Client started the demolition of existing building and structures on the site (however, due to the uncertain economic situation the demolition has not been finished, and as at the date of valuation there was no any construction activity on the subject site).
- 2) There is lack of reliable market evidence on comparable development projects available for sale in the city as well as presently there is lack of market transactions. Although we have based our estimations on asking prices of the land plots available for sale in the locality and comparable locations in Kyiv, which have been adjusted for differences in characteristics compared to the subject property, the main distinction between the subject property and the comparables (the subject property is the development project, whereas the comparables are the land plots without necessary construction and planning permissions) cannot be easily reflected by such adjustment due to the unique nature of the development project and costs, time constraints associated with them. So, in the case with the subject property, the results obtained by market comparable approach do not in full measure reflect the different stages of project development of the subject property and the properties which have been chosen as comparables.
- 3) Residual approach is implemented when determining the value of real estate which can be subject to development, and allows estimating the maximum value, which the potential investor may pay for the real estate in its present condition in connection with the investment project envisaged for implementation.
- 4) Having assessed the progress made in terms of project development, we are at the opinion that the result obtained by means of residual approach is more accurate in comparison with the market comparison approach as it takes into account the current stage of the project and more precisely reflects the costs which have already been invested in the project.
- 5) Sufficient market data exists to supply the necessary inputs and parameters.

The Cost Approach has not been applied because it is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialised nature of the asset. This Approach is also relevant in assessing the value of different types of specialised asset 'a property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise', (Red Book, Glossary), which doesn't relate to the subject property.

5.1.3. Methodology of Market Approach

This method involves analysing all available information on sales of comparable properties that have taken place and making adjustments in the prices achieved to reflect the differences in the properties sold and the property to be valued. This approach hinges on the availability of reliable market evidence of comparable sales. Distinction must be drawn between information that is known to be accurate and reported information that is second hand or at best hearsay. Only information that is known to be accurate can be relied upon with any degree of comfort to provide an accurate valuation.

There are severe difficulties of applying this valuation approach in emerging real estate markets, including Ukraine, as due to their comparative immaturity the availability of reliable market information is very limited. To reflect this, the International Valuation Standards Committee (IVSC) devoted a recent White Paper to the study. It identifies specific problems for valuers in emerging markets, which apply very well to Ukraine – and these problems also tend to inhibit the operation of the market as a whole, in particular as regards investment.

The principal problem is a lack of transparency and a relatively low volume of recorded deals. In mature property markets there is a wealth of information available on completed sales transactions, in the form of yields and total sales prices, and this makes it relatively straight-forward to apply this valuation technique to any property. In Ukraine this sort of information is often not available, and where the details of transactions are publicized their accuracy cannot always be guaranteed. In addition, a large number of sales transactions in Ukraine take place "off-market" and therefore details of them are seldom known beyond those who were party to the deal.

The volume of completed deals is very low in all sectors of the Ukraine real estate market. In addition – as outlined above, deal information is rarely reported accurately and is often manipulated for other reasons benefiting the separate parties to any sale deal. Therefore it is often necessary to use offered prices as a basis for assessing the opinion as to value using the sales comparison approach.

Properties in the course of development are rarely transacted and there is therefore very little comparable information for properties of this type. Development sites are transacted, but these transactions are usually "off-market" and therefore reliable comparable information is therefore only available to the parties to the transactions and their advisers – who are usually bound by confidentiality restrictions. We are aware of the details of a number of transactions of land held for development. This comparable information has been taken into account in assessing the valuations herein, and where possible these comparables are referred to.

5.1.4. Methodology of Residual Method

Residual site appraisal methodology is standard accepted practice for calculating Market Value of development sites. The methodology is straightforward: firstly, we calculate the valuation of the development on completion, termed the Gross Development Value (GDV). For commercial property this is undertaken by applying our opinion of achievable rent per sq m (at today's prices) to the predicted net area of the building on completion. We then apply a market capitalization rate to the resultant net operating income. In the case of residential property, we apply our opinion of an appropriate capital rate per sq m to gross internal area. This gives us the GDV of the proposed development.

Having calculated the end value, we must then subtract all costs associated with the development. This includes not only build costs, but also infrastructure, drainage etc., plus all professional fees involved in the construction of the project – architect, project manager, structural engineer, etc. In addition, we must also take full account of sales and letting fees throughout the development process plus the developer's profit (developer's profit levels must be disassociated with that of contractor's profit, which is included in

the build cost per sq m). Once all outgoings have been deducted, the sum left is the residual site value, i.e. the sum of money left that a third party developer can pay for the site, given the construction of the proposed subject development.

Typically, positive land values are generated but on occasions residual site appraisal results in a negative land value. This would mean that on the basis of the financial and technical assumptions employed by the developer, the development is financially unviable.

A main point to note in residual site appraisal methodology is that all revenues and costs are those that are achievable in the current market. In all cases, we are not projecting rents, capital values, capitalization rates or construction costs.

This methodology to date has not been prevalent within the Ukrainian property market. Generally, we have seen a DCF valuation approach adopted, which includes rent and yield projections. This, in our opinion, is not such a robust valuation methodology. Firstly, valuation of development sites in Ukraine is particularly difficult due to a lack of transparency in the market and the shortage of detailed comparable evidence that can be corroborated. Moreover, the Ukrainian market, although growing rapidly, remains immature and we would question the accuracy of any projections as to rents and sale prices, particularly in light of the level of proposed supply coming to the market in the short to medium term.

In adopting the residual approach to valuation, there are two different methodologies which can be used by the valuer to assess Market Value. First, the discounted cash flow (DCF) methodology, which involves the calculation of the net present value (NPV), of all future costs and income to be incurred and generated by the development of the property. This cash flow is discounted at an appropriate rate and in turn generates a NPV of the cash flow which is the sum available for the purchase of the site at the date of valuation. This methodology is used by DTZ for larger development sites where development will take place in phases over a number of years. We would stress, however, that in all cases, we are utilizing today's revenues and costs.

The second methodology, using the residual valuation adopts the more straightforward residual method, which does not entail the use of a full discounted cash flow. In this case, the timing of the development and letting stages are not straightforwardly reflected as it could be done with the help of DCF method, but they are reflected indirectly by means of the appropriate level of the developer's profit.

In undertaking the land plot valuations on behalf of the Company, DTZ have utilized residual valuations with the use of 'Argus Developer' (formerly Circle Developer) valuation software. The 'Argus' residual method contains a variety of different variables, each of which are significant drivers to value. The main drivers to value are income (be it rent or sale prices), development costs, capitalization rate/exit yield and within the DCF model, discount rate. From our experience, we are aware that small changes in any one of these variables can result in relatively significant changes in Market Value of land and it is therefore important that each of these variables be thoroughly market tested in order for the inputs to be deemed supportable. The fact that these variables can have such a significant impact on value has led DTZ to not incorporate any projections within our valuations, as in our opinion this will call into question the robustness of the market values. This is in accordance with RICS guidelines.

DTZ have relied on rent comparisons in calculating appropriate Gross Development Values of the subject development stock. We are able to obtain sufficient detail on individual lettings in the market to be able to utilize these figures as a benchmark, from which appropriate adjustments can be then be made.

5.2. Valuation Consideration

5.2.1. Market Approach

Comparable evidence

We are not aware of the details of transactions of land held for development comparable to the subject one. So we have used details of the comparable properties currently offered for sale on the open market. Information on the relevant comparables is shown in the tables below.

Table 8 – Comparable properties – Residential

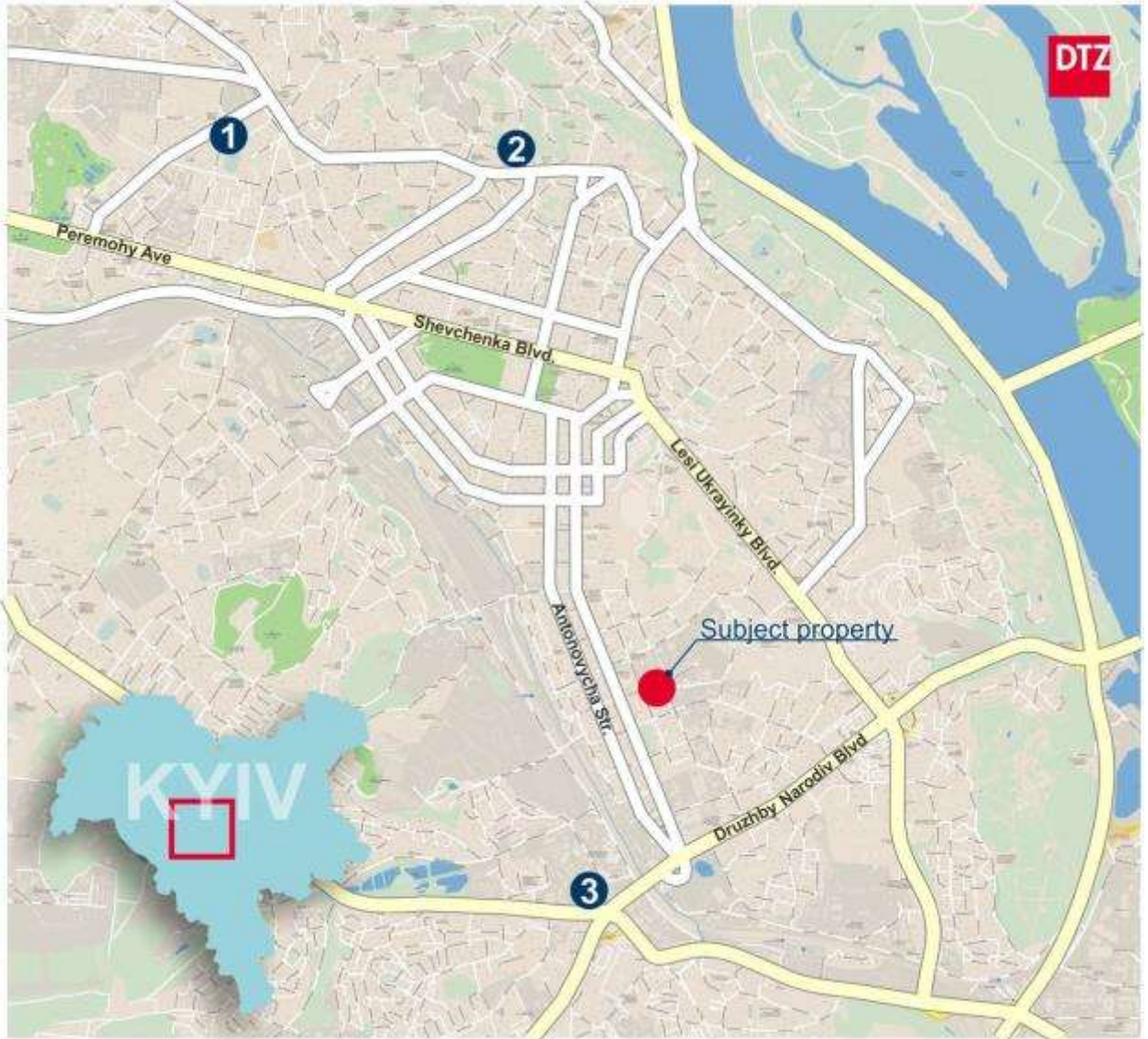
#	Address	Land area, ha	Land use	Title	Description	Total price of the land plot as of 31 March 2016, \$	Price of Supply/ \$ per 100 sq m as of 31 March 2016	Source
1	30 Sholudenka Street, Shevchenkivsyi district	1.7042	Construction, servicing and operation of office and residential complex with social amenities and underground parking	Leasehold (10 years starting from 2012)	<p>The property is located close to the central part of the city within Lukyaniivka residential neighbourhood. The development of the area is mixed in character, comprising residential buildings, office and retail centres.</p> <p>The land plot is irregular in form. The site currently accommodates the part of dilapidated industrial facilities, previously used as workshop and administrative premises of OJSC 'Kyiv Plant of Gas Equipment and Machinery'. At present the major part of the building is highly dilapidated. According to the title deeds the total area of buildings and structures which are planned to be demolished is 12,507.8 sq m. No project approvals and permits available so far.</p>	\$5,000,000	\$29,339	DTZ Land Agency
2	Kyyanovskiy Lane, Shevchenkivsyi district	0.5445	Residential	Land plot status 0.3 ha freehold; 0.2445 ha leased until 2020	<p>Land plot size 0.5445 ha</p> <p>Gross buildable area is 27,890 sq m, residential area 20,140 sq m, commercial area 4,750 sq m, number of floors from 8 to 11, parking - 100 places. Status of the project - zoning approved, concept design completed. The asking price has been decreased by 53% since Q3 2015.</p>	\$3,500,000	\$64,279	DTZ Land Agency
3	8 40-richchya Zhovtnya, Holosiivskiy district	3.3400	Operation and maintenance of existing buildings and structures	3.02 ha - Freehold 0.32 ha - Leasehold (till 2026)	<p>The land site is occupied by the former brewery production facilities which are partly dilapidated now. The site is located on road junction at Moskovska Square and accessed from Chervonozoryanyi Avenue. The nearest metro station 'Demiivska' is within short walking distance. The utilities are available on the site servicing the former production facilities. No project approvals and permits available so far. The total area of buildings and structures subject to demolishing is 14,930 sq m. The asking price has not changed since Q2 2014.</p>	\$15,000,000	\$44,910	www.brg.in.ua (067) 403 80 62

Table 9 – Comparable properties – Commercial

#	Address	Land area, 100 sq m	Land use	Title	Description	Total price of the land plot as of 31 March 2016, \$	Price of Supply/ \$ per 100 sq m as of 31 March 2016	Source	Photo / Project visualisation
1	16-20 Korolenkivska Street, Holosiivskyi district	1.58	Mixed-use	Freehold	The footprint- 70%. The LOI from hotel operator Crowm Plaza is available. The project characteristics are the following: 4 office towers with total area of 88 605 sq m, underground parking for 637 parking spaces. Construction permit is in place. The seller is in the process of making reconcept to residential. The asking pricedid not change during Q3-Q4 2014, and decreased by 37% during Q1 2015.	\$17,000,000	\$107,595	DTZ Land Agency	-
2	4 Korolenkivska Street, Holosiivskyi district	1.22	Office center with amenities	Leasehold for 49 years	Total area of the project – 77,498 sq m. Land area – 1.22 ha The project of class A business center in Kyiv center which consists of a 9-storey building stretching along Korolenkivska street and 24-storey tower. The land plot is in long-term lease for 49 years for the trade-office complex construction. Land use coefficient – 70%. The asking price did not change during Q3-Q4 2014, and decreased by 41% during Q1 2015.	\$10,000,000	\$81,967	DTZ Land Agency	-
3	136 Horkoho Street Holosiivskyi district	0.3426	Office centre with underground parking with play and sports ground	Leasehold for 10 years (from 16.08.2007)	The land plot is located in the central part of Kiev, 5 minutes walk from subways station "Palats "Urkaina" on 136-138 Gorkogo Street. One side of the land plot is façade to Gorkogo Street. Good visibility and accessibility of the land plot. Developed infrastructure of the district. The concept provides around 36,000 sq m of construction. The asking price has not changed since Q2 2014.	\$5,000,000	\$145,943	DTZ Land Agency	-

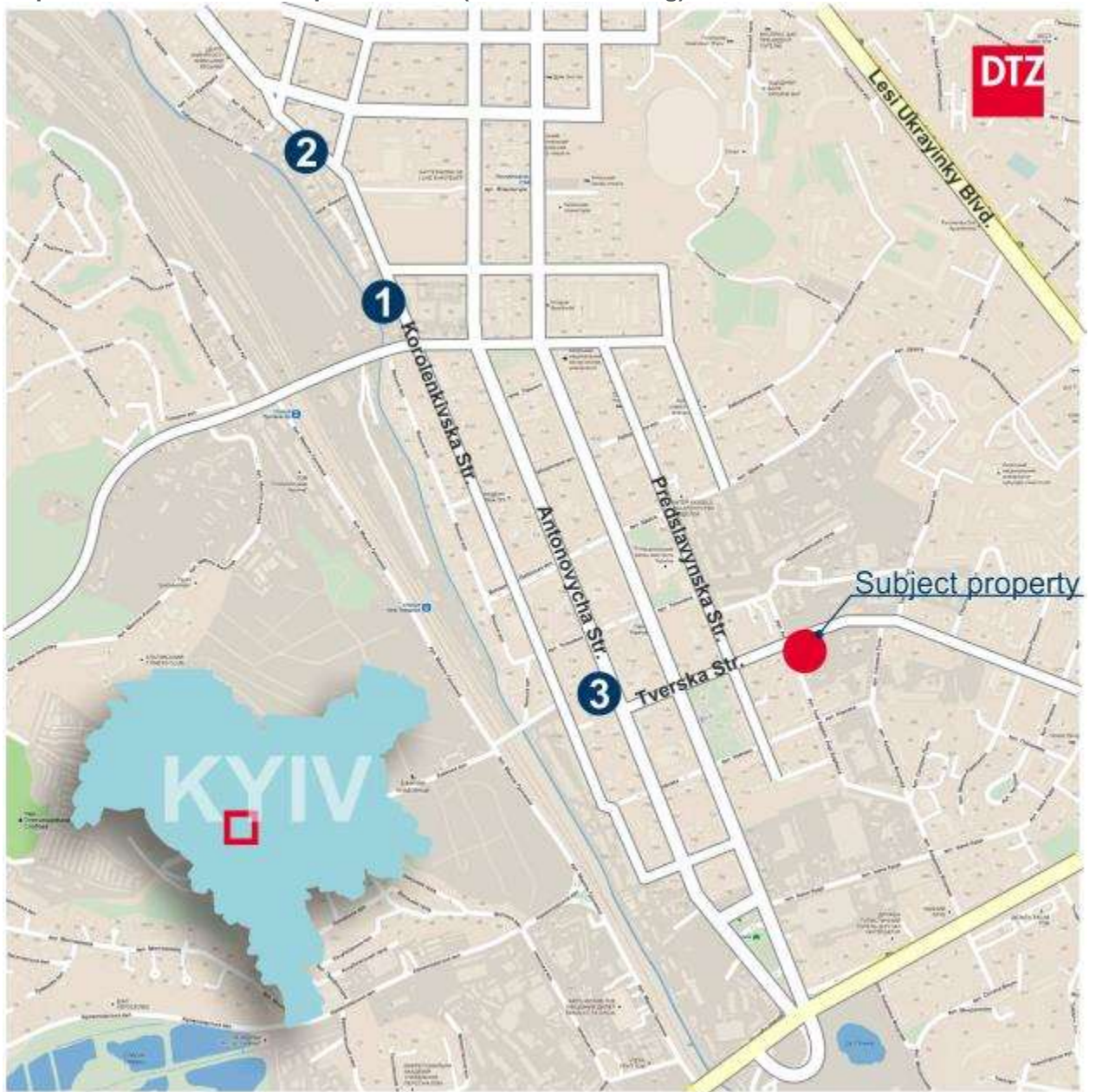
Location of the comparable properties is shown on the maps below.

Map 2 – Location of the comparable sites (residential zoning)



Comparable 1	30 Sholudenka Street, Shevchenkivsyi district
Comparable 2	Kyyanovskiy Lane, Shevchenkivsyi district
Comparable 3	8 40-richchya Zhovtnya, Holosiivskiy district

Map 3 – Location of the comparable sites (commercial zoning)



Comparable 1	16-20 Korolenkivska Street, Holosiivskiy district
Comparable 2	4 Korolenkivska Street, Holosiivskiy district
Comparable 3	136 Antonovycha (Horkoho) Street Holosiivskiy district

Adjustments applied

Using the comparison approach we have adopted the following rationale in reconciling specific comparables with the subject property:

Price of Supply. There is always a difference between asking price and transacted price on the market. In the current period of instability many Landlords are still reluctant to reflect change in quoted prices from the levels of the last year. However, due to lack of interest from potential investors many of them are ready to significantly negotiate down prices as soon as they see an interest. This contributes to a much higher level of asking price discount. The adjustments for difference between offer price and transaction price levels have been applied as within the range 15%-20% (for the land plot with commercial zoning) and 10-20% (for the site with residential zoning) (based on DTZ market research data).

Period of exposition. If the land plot has been offered on the market for a larger period of time compared to its marketing period, we have added additional 0-15% to decrease the asking price and show the sellers' expectations are above the market level.

Location. The locations of the comparable properties and the subject property are compared to ascertain whether location and the immediate environs are influencing the prices paid. This adjustment has been split into two sub-adjustments. Firstly, the location within the city urban structure of the subject property and comparable sites was compared. And secondly, as there is an industrial area in the vicinity to the subject site which affects its residential development as well as it is located in an area with less developed public transport infrastructure in comparison with some comparable properties the appropriate adjustments for micro-location have been used. The adjustments for location within the city urban structure / macro-location have been applied within the range of -5-25%, and the adjustments for micro location / transportation accessibility have been applied within the range of 0-10%.

Area. In general, prices for sites with a smaller size are higher per unit of comparison. On the other hand, very small sites cannot be suitable for development and less attractive for purchasers. The adjustments for the area / liquidity have been applied within the range of -15-20%.

Physical Characteristics. Attributes such as the shape, configuration and physical condition of the land plot influenced its value. Sometimes the physical characteristics of a comparable land plots vary from those of the subject properties, so such differences has been considered. The subject site slopes from west to east and is regular in shape. The adjustments for physical characteristics have been applied within the range of -5-0%.

Demolition / removal of existing buildings / structures required. The subject site currently accommodates non-operating production facilities formerly related to bread production, which in accordance with the development plan are planned to be demolished (some of them were demolished as of the date of valuation). Given that there are no any buildings and structures on the some comparable sites we have adjusted their prices for required demolition within the range of -3-3%.

Real Property Rights Conveyed / Tenure. A precise identification of the real property rights conveyed for each comparable selected for analysis has been made because the price is always predicated on the property interest conveyed. We understand that the City's Authorities presently grant only shorter term leases for land in the city centre. However, we are aware of the fact that banks nowadays are not going to provide project finance unless land is held freehold. We believe that investors would also prefer freehold site in order to meet this requirement. In addition, it is worth mentioning that the lease agreement for the subject site expires in 2017, which imposes additional investment risks. Thus, this may influence the

overall liquidity of the subject site, as well as contribute to a higher margin to the fair value of the site. Taking into account abovementioned we have applied adjustments for tenure within the range of -20-0%.

Land Use / Zoning. Zoning and other restrictions or limitations affect the use of a property. If there is a difference in the current use of a comparable property and that of the subject property, its impact on value is considered. As all comparable land plots have the same zoning as the subject site, the adjustments for land use/zoning have been applied at the level of 0%.

Permits and Approvals. The existence of the project documentation, geological surveys, permits etc. Has a great impact on the value of the site. Taking into account that comparable properties which have roughly the same documentation, the adjustments of 0% have been applied.

Valuation results are provided in the tables below.

Table 10 – Calculations by means of Market (Sales Comparison) approach (1.3994 ha land plot with residential zoning)

#	Location	Land area, ha	Zoning	Title	Asking Price/ \$ per 100 sq m	Itemized Adjustments, %																		Indicated Net Sale Price, \$/ 100 sq m				
						Asking Price	Adjusted, \$	Exposition period	Adjusted, \$	Location within the urban structure	Adjusted, \$	Microlocation / Transportation accessibility	Adjusted, \$	Difference in area / Liquidity	Adjusted, \$	Physical characteristics of the site	Adjusted, \$	Demolition of the buildings required	Adjusted, \$	Tenure	Adjusted, \$	Zoning	Adjusted, \$		Permits / Approvals	Adjusted, \$	Absolute sum of the adjustments, % (excluding the adjustments for asking price and exposition period)	Specific weight of the comparable, %
1	30 Sholudenka Street, Shevchenkivsiy district	1.704	Construction, servicing and operation of office and residential complex with social amenities and underground parking	Leasehold (10 years starting from 2012)	\$29,339	-15%	\$24,938	-5%	\$23,691	20%	\$28,430	0%	\$28,430	0%	\$28,430	0%	\$28,430	0%	\$28,430	-5%	\$27,008	0%	\$27,008	0%	\$27,008	25%	54%	\$27,008
2	Kyyanovskiy Lane, Shevchenkivsiy district	0.545	Residential	Land plot status 0.3 ha freehold; 0.2445 ha leased until 2020	\$64,279	-10%	\$57,851	0%	\$57,851	-5%	\$54,959	10%	\$60,455	-15%	\$51,386	0%	\$51,386	-3%	\$49,845	-18%	\$40,873	0%	\$40,873	0%	\$40,873	51%	26%	\$40,873
3	8 40-richhya Zhovtnya, Holosiivskiy district	3.340	Operation and maintenance of existing buildings and structures	3.02 ha - Freehold 0.32 ha - Leasehold (till 2026)	\$44,910	-20%	\$35,928	-15%	\$30,539	25%	\$38,174	0%	\$38,174	20%	\$45,808	0%	\$45,808	3%	\$47,183	-20%	\$37,746	0%	\$37,746	0%	\$37,746	68%	20%	\$37,746
						Typical Indicated Price of Acquisition per 100 sq m																		\$32,791				
						Total area of the land plot, 100 sq m																		139.9425				
						Fair Value of the land plot (rounded)																		\$4,589,000				

Table 11 – Calculations by means of Market (Sales Comparison) approach (0.2309 ha land plot with commercial zoning)

#	Location	Land area, ha	Zoning	Title	Asking Price/ \$ per 100 sq m	Itemized Adjustments, %																		Indicated Net Sale Price, \$/ 100 sq m
						Asking Price Adjusted, \$	Exposition period Adjusted, \$	Location within the urban structure Adjusted, \$	Microlocation / Transportation accessibility Adjusted, \$	Difference in area / Liquidity Adjusted, \$	Physical characteristics of the site Adjusted, \$	Demolition of the buildings required Adjusted, \$	Tenure Adjusted, \$	Zoning Adjusted, \$	Permits / Approvals Adjusted, \$	Absolute sum of the adjustments, % (excluding the adjustments for asking price and exposition period)	Specific weight of the comparable, %							
1	16-20 Korolenkivska Street, Holiivskyi district	1.58	Mixed-use	Freehold	\$107,595	-20%	\$86,076	-10%	\$77,468	0%	\$77,468	10%	\$85,215	-5%	\$80,954	0%	\$80,954	-25%	\$60,716	0%	\$60,716	40%	18%	\$60,716
2	4 Korolenkivska Street, Holiivskyi district	1.22	Office center with amenities	Leasehold for 49 years	\$81,967	-20%	\$65,574	-10%	\$59,016	0%	\$59,016	7%	\$63,148	0%	\$63,148	0%	\$63,148	-15%	\$53,675	0%	\$53,675	22%	32%	\$53,675
3	136 Horkoho Street Holiivskyi district	0.34	Office centre with underground parking with play and sports ground	Leasehold for 10 years (from 16.08.2007)	\$145,943	-15%	\$124,051	-10%	\$111,646	0%	\$111,646	-3%	\$108,297	-3%	\$105,048	-3%	\$101,897	-5%	\$96,802	0%	\$96,802	14%	50%	\$96,802
Typical Indicated Price of Acquisition per 100 sq m																						\$76,627		
Total area of the land plot, 100 sq m																						23.0875		
Fair Value of the land plot (rounded)																						\$1,769,000		

Thus, based on our assumptions and calculations within the Market Approach overall rounded value of the subject site extending to 1.6303 ha at 39/2 Anri Barbyusa Str. in Pechersky district in Kyiv is (rounded): \$6,358,000 net of VAT.

5.2.2. The Residual Approach

Comments on Achievable Rental Income

Offices

Open market rent is derived from the market. The estimation of achievable rental rates is based on current open market offerings of properties of comparable quality, location and specification.

The table below summarizes brief information on comparable office properties available for lease in Kyiv in the late March – April 2016.

The calculations are provided in the tables below.

Table 12 – Competitive Analysis of Rental Rates for Barbyusa project (Offices)

#	Address	Name	Class	Area for lease, sq m	Rental Rate, \$/sq m/month, excl. VAT as of 31/03/2015	Rental Rate, UAH/sq m/month, excl. VAT as of 30/09/2015	Rental Rate, \$/sq m/month, excl. VAT as of 30/09/2015	Rental Rate, UAH/sq m/month, excl. VAT as of 31/03/2016	Rental Rate, \$/sq m/month, excl. VAT as of 31/03/2016	OPEX, UAH/sq m/month, excl. VAT as of 30/09/2015	OPEX, \$/sq m/month, excl. VAT as of 30/09/2015	OPEX, UAH/sq m/month, excl. VAT as of 31/03/2016	OPEX, \$/sq m/month, excl. VAT as of 31/03/2016	R / U Ratio	Description	Ceiling's Height, m	Rental Rate for Parking, \$/place/month, excl. VAT	Source	Photo
1	5, Dilova Street	Renome	B	85; 90; 362	\$11.6	250.0	\$11.6	250.0	\$9.5	50.0	\$2.3	50.0	\$1.9	-	Office units are located in the business centre 'Renome' and offered with basic fit-out.	-	-	DTZ office agency (044) 220 30 60	
2	7a, Kloviskiy Spusk Street	Carnegie Centre	B	73.00	\$17.0	-	\$14.0	-	\$13.8	-	-	-	-	9.5%	Office premises are located in the business centre. The building is supplied with centralized ventilation and air conditioning system. Basic fit-out.	2.90	-	(050) 364-77-30 http://olx.ua/obyavlenie/arenda-ofisa-73-m-kv-v-zhk-carnegie-centre-metro-klovskaya-5-min-IDjZnq.html#87cc1b95d1	
3	15, Leiptsigiska Street	-	B+	350; 1,650	\$18.0	-	\$18.0	-	\$17.0	-	\$5.5	-	\$1.0	10%	Office premises located in a standalone newly built office centre. Basic fit-out.	2.85	-	DTZ office agency (044) 220 30 60	
4	64-16, Antonovicha (Gorkogo)	Kuznetsky	B+	from 145	\$17.0	-	\$17.0	-	\$18.0	-	\$5.0	-	\$5.0	12%	Office premises located in a standalone office centre. Basic fit-out.	-	\$100.0	(044) 353 01 03 http://anbk.com.ua/ru/arenda/ofisy/golosevskij/tem/ofisnye-pomeshheniya-ot-145-kvm-biznes-centr-klassa	

Adjustments applied

We have adopted the following rationale in reconciling specific comparable with the subject property:

Asking price

For commercial properties there is often a difference between asking rent and transacted rent under the current market conditions. The asking rental rates for comparable properties were adjusted to reflect the most likely estimated amount acceptable to both a tenant and a landlord. The adjustments for difference between rent price and transaction rent levels have been applied at the level of -5-10% (based on DTZ market research data).

Location

The locations of the comparable properties and the subject property are compared to ascertain whether the location and immediate environment are influencing the rents paid. The adjustments have been applied within the range of -3-0%.

Fit-out of the premises

This adjustment accounts for internal fit-out and quality of interior. The premises of the subject property are assumed to have standard office fit out. As the comparable properties are proposed for rent with standard office fit out, the adjustments for fit out have not been applied.

R/U ratio application

Common practice in Kyiv is for many landlords to adopt an 'approximate' (which does not necessarily reflect the true common area apportionment but, more typically reflects the quality of the common areas and services) common area uplift (rentable/usable ratio), which for the comparable properties ranges from 9.5% to 12%. As we have calculated the net rental rate, and the rental rate for comparable property #1 does not foresee the application of such coefficient, we have applied adjustment of -10% for such comparable. For comparable property #4, where the coefficient of 12% is applied, we have used adjustment of 2%.

Quality and class of the building

The applied adjustment considers not only functional correspondence to the modern office properties but also physical state of the building, age, and quality of construction material and design. The property #1, we have assumed that the quality of the subject offices will be more attractive to the tenants, so its rent has been adjusted by 5% upwards.

The calculations are provided in the table below.

Table 13 – Estimation of market rent for offices within the subject scheme

Number	Address	Name	Fit-out	Asking Rental Rate, \$/sq m/month, excl. VAT and OPEX	Itemized Adjustments, %										Absolute sum of the adjustments, %	Specific weight of the comparable, %	Indicated Net Rental Rate
					Asking price	Adjusted, \$	Location	Adjusted, \$	Fitting-out	Adjusted, \$	R/U ratio application	Adjusted, \$	Class of the building	Adjusted, \$			
1	5, Dilova Street	Renome	basic fit-out	\$9.5	-5%	\$9.1	0%	\$9.1	0%	\$9.1	-10%	\$8.2	5%	\$8.6	20%	10.91%	\$8.6
2	7a, Klovskiy Spusk Street	Carnegie Centre	basic fit-out	\$13.8	-5%	\$13.1	-3%	\$12.7	0%	\$12.7	0%	\$12.7	0%	\$12.7	8%	27.27%	\$12.7
3	15, Leiptsigaska Street	-	basic fit-out	\$17.0	-5%	\$16.2	0%	\$16.2	0%	\$16.2	0%	\$16.2	0%	\$16.2	5%	43.64%	\$16.2
4	64-16, Antonovicha (Gorkogo)	-	basic fit-out	\$18.0	-10%	\$16.2	0%	\$16.2	0%	\$16.2	2%	\$16.5	0%	\$16.5	12%	18.18%	\$16.5

Typical Indicated Rental Rate, \$/sq m/month, excl. VAT (rounded)









\$14

Retail

Taking into consideration the area of the retail component (gross buildable area is 2,572.29 sq m, premises from 110 to 283 sq m) and its location in an area with low pedestrian flows we have assumed that the retail component of the subject development will be used for service premises allocation (e.g. bank, drug store, grocery shop). When choosing the comparables this factor has been considered.

The table below summarizes brief information on comparable retail areas available for lease in Kyiv in the late March – April 2016.

Table 14 – Comparable retail premises

#	Address	Area, sq m	Floor	Asking rental rate/ \$ / sq m as of 31 March 2015	Asking rental rate/ \$ / sq m as of 31 March 2015, excl. VAT	Asking rental rate/ \$ / sq m as of 30 September 2015	Asking rental rate/ \$ / sq m as of 30 September 2015, excl. VAT	Asking rental rate/ \$ / sq m as of 31 March 2016	Asking rental rate/ \$ / sq m as of 31 March 2016, excl. VAT	Description	Contact	Source	Photo / Plan
1	44A Konovaltsa Street, Pecherskiy administrative district, Kyiv	136.0	1	\$22.1	\$18.4	\$18.4	\$15.32	\$15.07	\$12.56	Commercial premises within newly-built residential complex, individual entrance, extensive shop windows. Shell & core. The asking rent decreased by 16.7% during Q2-Q3 2015, and by 16.5% during Q4 2015 - Q1 2016.	098 634 21 18	http://100realty.ua/object/371137112	 
2	6/1 P. Lumumby Street, Pecherskiy district	187.0	1	\$20.0	\$16.7	\$18.7	\$15.60	\$19.95	\$16.62	Commercial premises within newly-built residential complex 'Bulvar fontanov', two individual entrances. Shop windows. H=4m. Shell & core. The asking rent decreased by 6.4% in Q1-Q3 2015, and increased by 6.7% during Q4 2015 - Q1 2016.	097 940 82 56	http://100realty.ua/uk/object/369869983	 
3	36d Konovaltsa Street, Pecherskiy administrative district, Kyiv	172.0	1	-	-	-	-	\$13.35	\$11.12	Commercial premises within newly-built business centre. H=3.2 m. Shell & core.	098 717 14 44, 063 952 79 99	http://olx.ua/obvyavlenie/po-meschenie-pecherskiy-rayon-pechersk-ul-schorsa-36d-IDixuCl.html#23c4c70803	 
4	Konovaltsa Street, Pecherskiy administrative district, Kyiv	168.7	1/24	-	-	-	-	\$23.71	\$19.76	Commercial premises within newly-built residential complex, two individual entrances. Shell & core.	044 495 00 61, 050 424 46 60	http://100realty.ua/object/420081167	 

Adjustments applied

We have adopted the following rationale in reconciling specific comparable with the subject property:

Asking price

For commercial properties there is often a difference between asking rent and transacted rent under the current market conditions. The asking rental rates for comparable properties were adjusted to reflect the most likely estimated amount acceptable to both a tenant and a landlord. The adjustments for difference between rent price and transaction rent levels have been applied at the level of -15 – -5% (based on DTZ market research data).

Location

The locations of the comparable properties and the subject property are compared to ascertain whether the location and immediate environment are influencing the rents paid. The adjustments have been applied at the level of 0% as comparable properties have roughly the same location characteristics.

Total area

This adjustment reflects liquidity of the premises on the market. Taking into consideration the area of (gross buildable area is 2,572.29 sq m, premises from 110 to 283 sq m) and its location in an area with low pedestrian flows we have assumed that the retail component of the subject development will be used for service premises allocation (e.g. bank, drug store, grocery shop). When choosing the comparables this factor has been considered. The adjustments for total area have been applied at the level of 0% as the area of all comparable properties is within the range of 136-187 sq m.

Quality of the scheme

The applied adjustment considers functional correspondence to the modern residential (or office) properties (infrastructure and amenities, parking provision etc.) as well as physical state of the building, age, and quality of construction material and design. Although all comparable properties are positioned as business class residential complexes as well as the subject scheme, we are at the opinion that the comparable complexes #1 and 2 are slightly lower quality in comparison with the subject scheme. So, for these comparables upward adjustments of 5% have been applied.

Internal planning, shop windows and flexibility of the premises

The applied adjustment considers internal planning peculiarities of the comparable properties, layout on the floor, as well as availability of shop windows and individual facade entrances which influences the rental rates. The adjustments have been applied at the level of 0% as comparable properties have roughly the same planning characteristics.

Fit-out of the premises

This adjustment accounts for internal fit-out and quality of interior. The premises of the subject property are assumed to be proposed prepared for final finishing. The adjustments for fit-out of the premises have not been applied.

The calculations are provided in the table below.

Table 15 – Comparable retail calculations

Number	Address	Area, sq m	Fit-out	Asking rental rate/ \$/ sq m as of 30 September 2014, excl. VAT	Itemized Adjustments, %														Total Indicated Net Rental Rate
					Price of supply Adjusted, \$	Location Adjusted, \$	Total area Adjusted, \$	Quality of the scheme Adjusted, \$	Internal planning, shop windows, and flexibility of the premises, total area	Adjusted, \$	Fit-out Adjusted, \$	Absolute sum of the adjustments, %	Specific weight of the comparable, %						
1	44A Konovaltsa Street, Pecherskiy administrative district, Kyiv	136.0	shell & core	\$12.6	-5%	\$11.9	0%	\$11.9	0%	\$11.9	5%	\$12.5	0%	\$12.5	0%	\$12.5	10%	21%	\$12.5
2	6/1 P. Lumumby Street, Pechersky district	187.0	shell & core	\$16.6	-15%	\$14.1	0%	\$14.1	0%	\$14.1	0%	\$14.1	0%	\$14.1	0%	\$14.1	15%	14%	\$14.1
3	36d Konovaltsa Street, Pecherskiy administrative district, Kyiv	172.0	shell & core	\$11.1	-5%	\$10.6	0%	\$10.6	0%	\$10.6	0%	\$10.6	0%	\$10.6	0%	\$10.6	5%	43%	\$10.6
4	Konovaltsa Street, Pecherskiy administrative district, Kyiv	168.7	shell & core	\$19.8	-5%	\$18.8	0%	\$18.8	0%	\$18.8	5%	\$19.7	0%	\$19.7	0%	\$19.7	10%	21%	\$19.7
Typical Indicated Rental Rate per 1 sq m of retail premises (rounded)																			\$13.0

Thus, based on market evidence we have applied **\$13.0** per sq m per month, net of VAT rent for retail premises within the subject scheme (public catering).

Regarding fitness centre (health and physical training) which is planned within the subject scheme, currently a number of large fitness centre operators are actively expanding only to the projects which potentially will be viable to support reasonable profitability and required level of demand. Taking into consideration the high uncertainty of this business sustainability in the long-term perspective the rental rate being considered by fitness centre operators is around \$5-10 per month per sq m, net of VAT and OPEX. Following conservative approach in our valuation, we consider rental rate for fitness centre (health and physical training) of **\$7.0** per month per sq m, VAT and OPEX exclusive to be reasonable for subject scheme.

Residential premises and underground parking

The sale prices for apartments and underground parking are derived from the market. The estimation of achievable sale prices is based on current open market offerings of properties of comparable quality, location and specification.

The table below summarizes brief information on comparable residential schemes as of the late march – April 2016.

Table 16 – Comparable residential schemes

Number	Address	Name	Class	Status	Description	Delivery Date	# of Floors	# of Apartments	Apartment's Area, sq m	Asking Price for Apartment, USD/sq m, announced by the seller/developer as of 30 September 2015	Asking Price for Apartment, \$/sq m, as of 30 September 2015 (based on the official exchange rate as of 30 September 2015 - 21.527544 UAH/USD)	Asking Price for Apartment, USD/sq m, announced by the seller/developer as of 31 March 2016	Asking Price for Apartment, \$/sq m, as of 31 March 2016 (based on the official exchange rate as of 31 March 2016 - 26.218056 UAH/USD)	Comment	
1	1.1	37/1 A. Barbusa Street, Pechersky district	"Prestige Hall", Phase II, Phase III section 1	Business	Existing	The price is for 2-room apartment of 75 sq m.	delivered - Q2 2012	25	151	108	\$1,948	\$1,948	\$2,006	\$2,006	Secondary market. The asking price is for 2-room apartment of 87 sq m located on the 11th floor. (There are no apartments left for sale on the primary market).
	1.3	37/1 A. Barbusa Street, Pechersky district	"Prestige Hall", Phase IV, section 4	Business	UC	The price is for 2-room apartment of 73.5 sq m located on the 10th floor.	Q4 2016	22	100	51-97	\$1,950	\$1,950	\$1,950	\$1,950	The asking price is quoted in USD (paid in UAH according to the official exchange rate published by National bank of Ukraine as of the date of contract signing. In case of 100% pre-payment, additional discount can be granted.
2	2.2	6/1 P. Lumumby Street, Pechersky district	"Bulvar Fontanov" phase II	Business	UC	The phase II will include three multisectional buildings for 671 apartments and 717 parking places.	Q2 2016	8-16	671	49-337	\$2,550	\$2,550	\$2,600	\$2,600	The asking price is for 2-room apartments of 71/74.5 sq m located on the 5th floor. The prices are quoted in USD and are paid in UAH according to the official exchange rate published by National bank of Ukraine as of the date of contract signing. In case of 100% pre-payment, additional discount of 5% can be granted.
3	3.1	51/2 Barbusa Street, Pechersky district	"Frantsuzskiy kvartal" - phase 2	Business	Existing	-	delivered - Q1 2015	7-25	1229	40 - 159	\$1,934	\$1,934	\$1,688	\$1,688	The prices are quoted in UAH.






Table 16 – Comparable residential schemes (continued)

Number	Address	Name	Class	Status	Asking Price for parking, \$/ place, as September 2015 (based on the official exchange rate as of 30 September 2015 21.527544 UAH/USD)	Asking Price for parking, \$/ place, as March 2016 (based on the official exchange rate as of 31 March 2016 - 26.218056 UAH/USD)	Contacts	Internet link	Project vizualisation	Photo (as of March 2016)	
1	1.1	37/1 A. Barbuisa Street, Pechersky district	"Prestige Hall", Phase II, Phase III - section 1	Business	Existing	-	-	097 669 88 20	http://100realty.ua/object/369604451		
	1.3	37/1 A. Barbuisa Street, Pechersky district	"Prestige Hall", Phase IV, section 4	Business	UC	\$31,000	\$32,000	044 220 21 11	http://www.prestigehall.com.ua		
2	2.2	6/1 P. Lumumby Street, Pechersky district	"Bulvar Fontanov" phase II	Business	UC	from \$30,000	from \$30,000 to \$45,000 (depending on the area of the parking place) paid in UAH according to the NBU exchange rate published by National bank of Ukraine as of the date of contract signing).	044 238 29 87	http://bfontanov.com/		
3	3.1	51/2 Barbuisa Street, Pechersky district	"Frantsuzskiy kvartal" - phase 2	Business	Existing	-	-	044 521 68 68	http://www.kmb-sale.com/ru/all-real-estate/zhk-francuzskij-kvartal-i-ochered-stroitelstva-465/#		

Table 16 – Comparable residential schemes (continued)

Number	Address	Name	Class	Status	Description	Delivery Date	# of Floors	# of Apartments	Apartment's Area, sq m	Asking Price for Apartment, USD/sq m, announced by the seller/developer as of 30 September 2015	Asking Price for Apartment, \$/sq m, as of 30 September 2015 (based on the official exchange rate as of 30 September 2015 - 21.527544 UAH/USD)	Asking Price for Apartment, USD/sq m, announced by the seller/developer as of 31 March 2016	Asking Price for Apartment, \$/sq m, as of 31 March 2016 (based on the official exchange rate as of 31 March 2016 - 26.218056 UAH/USD)	Comment
4	4.1	7 Ivana Kudri Street, Pechersky district	Business	Existing	Residential complex will amount to 65,953.64 sq m total area and will be equipped with threelevel underground parking for 560 cars, surface parking, terraces, commercial premises. Price depends on apartment area and location on floor (higher price for top floors with panoramic views).	delivered - Q3 2015	22-23	-	42-205	\$1,908	\$1,908	\$2,056	\$2,056	Secondary market. The asking price is for 2-room apartment of 72 sq m located on the 16th floor.
5	5.1	1/2 Dilova Street, Pechersky district	Business	UC	Residential complex will amount to 24,070 sq m total area.	Q3 2016	24	188	-	-	-	-	The prices will be finalized in Q2 2016.	-
6	6.1	Konovaltsa Street, Pechersky district	Business	Existing	The price is for 2-room apartments of 106.68 sq m located on 2-3 floors.	delivered - Q1 2015	25	112	-	-	-	\$2,400-\$2,500	\$2,400-\$2,500	The price is for 2-room apartments of 106.68 sq m located on 2-3 floors. The asking price is quoted in USD (paid in UAH according to the commercial exchange rate as of the date of contract signing). In case of 100% pre-payment, additional discount can be granted.

Table 16 – Comparable residential schemes (continued)

Number	Address	Name	Class	Status	Asking Price for parking, \$/ place, as September 2015 (based on the official exchange rate as of 30 September 2015 21.527544 UAH/USD)	Asking Price for parking, \$/ place, as March 2016 (based on the official exchange rate as of 31 March 2016 - 26.218056 UAH/USD)	Contacts	Internet link	Project vizualisation	Photo (as of March 2016)
4	4.1	7 Ivana Kudri Street, Pechersky district	"Central Park"	Business	Existing	from \$30,000	-	066 838 79 99, 093 565 98 88	http://fn.ua/view.php?ad_id=9397485	 
5	5.1	1/2 Dilova Street, Pechersky district	"Tetris Hall"	Business	UC	The prices will be finalized in Q2 2016.	-	044 374 11 11	http://tetrishall.com.ua/fl/at/	 
6	6.1	Konovaltsa Street, Pechersky district	SkyLine	Business	Existing	-	\$40,000-43,000 (depending on the area of the parking place) paid in UAH according to the commercial exchange rate published by National bank of Ukraine as of the date of contract signing).	044 585 10 08	http://skyline-kyiv.com/	

Adjustments applied

We have adopted the following rationale in reconciling specific comparable with the subject property:

Asking price

For residential properties there is often a difference between asking price and transacted price under the current market conditions. The asking prices for comparable properties were adjusted to reflect the most likely estimated amount acceptable to both a seller and a buyer. It should be noted that no clear precedent can be identified in terms of the likely amount of bargain coefficient. In our valuation we applied a discounts within the range of -15-3% for comparable properties.

Location

The locations of the comparable properties and the subject property are compared to ascertain whether the location and immediate environment are influencing the prices. The adjustments have been applied within the range of -5-0%.

Quality and class of the building

The applied adjustment considers functional correspondence to the modern residential properties (infrastructure and amenities, parking provision etc.) as well as physical state of the building, age, and quality of construction material and design. Although all comparable properties are positioned as business class residential complexes as well as the subject scheme, we are at the opinion that the comparable complex #3 (which envisages the development of 1,229 apartments, and is being developed by the developer which mainly specializes in large scale economy class residential development) is a slightly lower quality in comparison with the subject scheme. So, upward adjustment of 10% has been applied. Regarding the comparable property #6.1 (residential complex SkyLine), we consider that it is positioned in the slightly upper price category comparing to the subject scheme, so downward adjustment of -10% has been applied.

Project stage

This adjustment reflects that fact that the prices for apartments in residential complexes under construction are lower in comparison with the prices for apartments in schemes which have been put into operation. As the calculation of gross development value within the residual method based on the assumption that the property is already put into operation, for the comparable properties which are under construction upward adjustments within the range of 0-10% have been applied depending on the stage of construction of each residential complex.

Floor

The applied adjustment considers the difference in price for apartments located on the various floors of the building. Taking into account that for the subject scheme we calculate the price for the apartments located on the middle floors, in case if comparable apartments are located on higher floors, appropriate downward adjustments have been applied, and vice versa. Comparable apartment #4.1 is located on the 16th floor and provides panoramic views, so downward adjustment of -15% has been applied. Comparable apartments #6.1 are located on the 2-3 floors of the building, therefore upward adjustment of 15% has been applied.

Table 17 – Competitive Analysis of sale prices for Barbyusa project (residential)

Number	Address	Name	Asking price / \$ per sq m, net of VAT	Itemized Adjustments, %																Total Indicated Net Sale Price
				Asking Price, %	Adjusted, \$	Location	Adjusted, \$	Quality	Adjusted, \$	Amenities	Adjusted, \$	Parking	Adjusted, \$	Project Stage, %	Adjusted, \$	Floor	Adjusted, \$	Absolute sum of the adjustments, %	Specific weight of the comparable, %	
1.1	Street, Pechersky district	"Prestige Hall", Phase II, Phase III - section 1	\$2,006	-15%	\$1,705	0%	\$1,705	0%	\$1,707	0%	\$1,707	0%	\$1,707	0%	\$1,707	0%	\$1,707	15%	21.95%	\$1,707
1.3	Street, Pechersky district	"Prestige Hall", Phase IV, section 4	\$1,950	-15%	\$1,658	0%	\$1,658	0%	\$1,658	0%	\$1,658	0%	\$1,658	10%	\$1,823	0%	\$1,823	25%	13.26%	\$1,823
2.2	6/1 P. Lumumby Street, Pechersky district	"Bulvar Fontanov" - phase II	\$2,600	-15%	\$2,210	0%	\$2,210	0%	\$2,210	0%	\$2,210	0%	\$2,210	5%	\$2,321	0%	\$2,321	20%	16.57%	\$2,321
3.1	51/2 Barbyusa Street, Pechersky district	"Frantsuzskiy kvartal" - phase 2	\$1,688	-3%	\$1,637	0%	\$1,637	10%	\$1,801	0%	\$1,801	0%	\$1,801	0%	\$1,801	0%	\$1,801	13%	25.49%	\$1,801
4.1	7 Ivana Kudri Street, Pechersky district	"Central Park"	\$2,056	-5%	\$1,953	-5%	\$1,855	0%	\$1,855	0%	\$1,855	0%	\$1,855	0%	\$1,855	-15%	\$1,577	25%	13.26%	\$1,577
6.1	Konovaltsa Street, Pechersky district	SkyLine	\$2,450	-10%	\$2,205	0%	\$2,205	-10%	\$1,985	0%	\$1,985	0%	\$1,985	0%	\$1,985	15%	\$2,282	35%	9.47%	\$2,282
Typical Indicated Sale price per 1 sq m of apartments (rounded)																			\$1,890	

* Taking into consideration information regarding asking prices for parking from the previous table we have accepted parking the sale price at \$30,000/ per one space for the subject property.

Rental rates and asking prices have been converted to US Dollars adopting the exchange rate of the National Bank of Ukraine as of the date of valuation (UAH/USD 26.218056UAH for 1 USD).

Value Added Tax

The VAT rate has been taken at the current rate of 20%. The VAT rate is of importance because although in theory VAT is immediately recoverable from the government, the practice is slightly different. The VAT paid on construction and other development costs is considered as a VAT credit account in favour of the landowner/developer. VAT on future rents can be retained and offset against the VAT account until the credit is eliminated. This has a significant effect on cash flow.

In the case of the development sites earmarked for commercial development, it has been assumed that all of the costs in association with the development of each Property will be subject to VAT and also that all of the tenants (where appropriate) will pay VAT. As such, these transactions are tax neutral (although they have an effect on cash flow) and therefore we express the valuations net of VAT.

In relation to residential development, under the Tax Code of Ukraine, VAT paid by the developer on construction materials, labour and services costs, is included in development costs. The residential sales on the primary sales are subject to VAT. Taken into consideration the fact that each residential scheme is delivered by implementation of different commissioning schemes, and usually residential projects are VAT neutral, we have not incorporated VAT in development costs as well as sale proceeds. Our calculations are implicit of wide market practice implemented by developers actively involved in residential sector, being the major pattern of market value.

Capitalisation Rates

Our opinion of yield in the absence of true comparables is based on market sentiment. We have relied on advice from our capital markets / investments teams, who actively represent buyers or sellers in property transactions. From their market knowledge, and from our own discussions with investors and finance institutions, we are able to draw conclusions as to appropriate yields for use in our valuation.

It should be also noted that DTZ is a party to investment transactions (as a multi-faceted real estate company) and able to derive our own judgment of yields. From our enquiries to a number of active investors, it seems that opportunities may be considered at 12.5-15% level net initial yield for modern business centres and 13.5-15.5% yield for comparable retail premises leased at market rents in Kyiv.

Taking the abovementioned into consideration as well as the overall quality of the property's location, its specific planning and physical features, and current risks of the city, we consider a capitalisation rate of **15.5%** for offices and retail areas to be reasonable for the subject property.

A number of other general assumptions have been made in our approach to the residual valuations, in addition to the assumptions and conditions stated in Appendixes to this Report. These are summarised below:

Purchaser's Acquisition Cost

Acquisition costs are included in the calculation where appropriate.

Development Proposals

It has been assumed where project documentation exists; any development would conform to the overall size as provided to us unless it is reasonable to assume that development could take place in some other form.

Utilities and Road Improvement

In Ukraine, the cost of providing utilities and executing necessary road improvements can vary widely. Where utilities need to be provided or road works executed it has been assumed that the cost estimates supplied to us are accurate. Where these have not been provided, we have taken estimates based upon our experience in this market.

Construction Phasing

We have made assumptions as regards to phasing as appropriate.

Construction Costs

Construction costs supplied by the Company have been utilised in our development appraisals, benchmarked against standard rates in the market. Rates used are assumed to equal what a third party developer/purchaser would be expected to incur in the course of the development of each project.

Construction Contract

Construction payments are assumed to follow S curve distribution.

Permit and Contribution Costs

Where there are outstanding permit costs or contributions payable to the local authorities, these have been assessed in line with the forecasts as supplied by the Company. Where we have made our own estimates, these have been based upon our general experience in this market.

In order to assess the capital value of a completed development, DTZ assume that a property is to be held upon completion for a period until the net income stabilises (typically one year), and that the property is then sold. This is a valuation technique and does not necessarily represent the intention of the owner in each circumstance.

Delivery Condition

In Ukraine, residential properties are delivered in a shell and core condition and are typically exposed to pre-sales from an early stage. For office properties we have assumed that they will have standard office finishing specification which is to a standard expected for a quality office premises, with features such as passenger lift access, air conditioning, full building management, etc.

Developers Profit

In our appraisals we have applied Developer's Profit on Cost as it is an internationally accepted market practice to assess what level of profit would be considered as reasonable when reconciling the numerous and varied risks associated with a particular project and the stage of the development process.

We have estimated profit on cost guided by our experience, market knowledge of our investment team and investment sentiment. Before the crisis investors and developers were considering profit on cost of 25-30%. Taking into consideration under current market conditions investors have become much more specific in terms of their investment, also minding the shortage of well located land plots with proper zoning in the city center, we have accepted 25-40% profit on cost to reflect the risk associated with planned development (40% for phase I, 35% - for phase II, 30% - for phase III, and 25% - for phase IV).

Review/Renewal Period

This is the length of the initial leases. The initial rents will depend upon the prevailing market rental rate in the year of completion and will be subject to annual indexation. The length of initial leases has been assumed at 3 years.

Vacancy Rate

Void periods have been considered in relation to each development and depend upon the property class and the relative merits of each anticipated project.

Operating Expenses

For commercial properties these are assumed to be paid by the tenant at cost, and they are therefore cash flow and VAT neutral and they are not included in the valuation. An element of the non-recoverable service charges is included to reflect void areas. For residential properties it is also assumed that operating expenses will be passed through to residents in the form of a service charge or similar, which will be deemed to operate without surplus or deficit, that is "cash inflow equals cash outflow".

Inflation

All payments are projected in nominal US Dollar amounts and thus no inflation of local currency is considered. Any risk of inflation is accounted for in the discount rates (profit on cost) used in the residual models.

Debt Assumptions

There are wide variations as to the financing terms available in the as yet immature property finance market and it is not therefore possible to apply standard terms. We are not aware of any proposed loan terms negotiated with a lending institution and in any use such negotiated terms are individual to a borrower and are likely to be based on, at least the financial strength of the borrower, their existing relationship with the bank and their own criteria for lending. To include such variations would make our valuation an opinion of worth and not Market Value. Consequently, in this valuation we have not applied debt financing.

Agents and Brokers Fees

Standard market practice is to use brokers to lease commercial space. Residential space is typically sold by developers directly to the public. In both cases there are costs either in the form of brokers' fees or to the developer which have been accounted for in our valuations.

Taxes

No account of property or, corporation tax is included in the Valuation as reported herein.

Thus, based on our assumptions and calculations within the Residual Approach overall rounded value of the subject site extending to 1.6303 ha at 39/2 Anri Barbyusa Str. in Pechersky district in Kyiv is (rounded): \$8,656,000 net of VAT.

A copy of our valuation calculations forming valuation summary is attached to this report as Appendix H.

5.2.3. Reconciliation

In arriving at our opinion of Fair Value of the subject property, we have adopted the market approach and the residual method of valuation.

Table 18 – Reconciliation

		Value by means of Market Approach	Value by means of Residual Approach	Fair Value (based on Residual Approach)
Overall value of 1.6303 ha		\$6,358,000	\$8,656,000	\$8,656,000
Residential land plot, 1.3994 ha		\$4,589,000	\$6,247,623	\$6,247,623
	- Phase 1	\$1,292,624	\$1,759,823	\$1,759,823
	- Phase 2	\$1,570,211	\$2,137,739	\$2,137,739
	- Phase 3	\$1,726,165	\$2,350,059	\$2,350,059
	- Phase 4	\$0	\$0	\$0
Commercial land plot, 0.2309 ha		\$1,769,000	\$2,408,377	\$2,408,377
	- Phase 1	\$691,223	\$941,054	\$941,054
	- Phase 2	\$295,060	\$401,704	\$401,704
	- Phase 3	\$317,258	\$431,926	\$431,926
	- Phase 4	\$465,460	\$633,693	\$633,693

We have based our opinion of the market value of the subject property on the residual method (for information regarding justification of the applied approach please see Section 5.1 of the Report).

Based on our assumptions and calculations within the Residual Approach overall rounded value of the leasehold interest of the subject property - land plot extending to 1.6303 ha located at 39/2 Anri Barbyusa Street in Kyiv as of 31 March 2016 is:

US\$ 8,656,000
(Eight Million Six Hundred and Fifty Six Thousand United States Dollars)
net of VAT

5.3. Concluding Remarks

We have valued the property using residual valuation method. To form an opinion of value we have had to rely on market sentiment, in the absence of true comparables. We have relied on advice from our capital markets / investments teams, who actively represent buyers or sellers in property transactions. From their market knowledge, and from our own discussions with investors and finance institutions, we are able to draw conclusions as to appropriate discount rate for use in our valuation. Accordingly, you should be aware that the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

The financial markets have seen significant turbulence over the last years, resulting in severe liquidity shortages. The turmoil in the credit markets had an immediate effect on the real estate investment market resulting in some transactions failing and/or prices being repeatedly renegotiated downwards. This has caused a marked reduction in the volume of transactions with activity below the levels of recent years. The negotiation of price chips prior to the completion of transactions remains common. Generally, there is greater volatility in the evidence generated by comparable transactions and in these circumstances there is a greater degree of uncertainty than that which exists in a more active and stronger market in forming an opinion of the realization prices of property assets. Whereas transaction evidence underpins the valuation process, the definition of Market Value, requires the valuer to reflect the realities of the current market. In this context valuers must use their market knowledge and professional judgment and not rely only upon historic market sentiment based on historic transactional comparables.

We are of the opinion that, in the market conditions which currently prevail, there is likely to be a greater than usual degree of uncertainty in respect of valuations. Under VPGA 9 Valuation Certainty matters that may affect valuation certainty include liquidity and market activity, and market instability.

According to 1.4. of Introduction section of VPGA 9 "Valuation in markets susceptible to change": certainty and uncertainty of RICS Valuation – Professional Standards issued in January 2014 – "The Valuers should not treat a statement expressing less confidence in a valuation than usual as an admission of weakness. Indeed, if a failure to draw attention to material uncertainty gave a client the impression that greater weight could be attached to the opinion that was warranted, the report would be misleading and in breach of VPS, Valuation reports."

According to para 2.5 "Liquidity and market activity" "In markets that are inactive with low levels of liquidity or restricted debt availability there is a reduced amount of data to provide empirical support for valuations. In such cases the value should be as explicit and transparent as possible to demonstrate the degree to which the conclusion is based on subjectivity. Similarly, in liquid and functioning markets the valuer should state that there is an abundance of imperial data to support the conclusions drawn."

According to para. 2.6 "Market volatility" "Disruption of markets can arise due to unforeseen financial, macro-economic, legal, political or even natural events. If the valuation date coincides with, or is the immediate aftermath of, such as event there may be a reduced level of certainty that can be attached to valuation, due to inconsistent, or absence of, empirical data, or the valuer being faced with an unprecedented set of circumstances on which to base a judgment. In such situations demands placed on valuer can be unusually testing. Although valuers should remain to make a judgment, it is important that the context of that is clearly expressed."

Ukraine has been undergoing rapid social, political and economic upheaval.

As at the date of report preparation the political situation in Ukraine remained tense, with a lingering risk of a further escalation of the conflict with Russia and in the eastern Ukraine.

There are therefore a number of factors to be considered in what remains an extremely uncertain and volatile political and, economic environment but, these are particularly.

In general it should also be appreciated that maximum risk levels may be inherent to real estate in the Eastern Ukraine and the Autonomous Republic of Crimea (which was annexed by the Russian Federation in March 2014, though such annexation was not recognised by the international community as legitimate and referred to as a military occupation in Ukraine), whilst the risks diminish in Kyiv and western Ukraine as any further military conflict escalation is unlikely to extend beyond eastern and southern Ukraine.

As at the time of writing, given the recent volatility and uncertainty in Ukraine it is simply not possible to factor in each consideration as, these are literally changing on a daily basis. There is also the effective absence of any capital transactions since December 2013 and, no tangible evidence of current investor sentiment.

We therefore seek as far as possible to apply what we consider to be a reasonable additional of risk to all values in Ukraine however, this is to a degree tempered by the anticipation of potential investors and developers that Ukraine will in the medium term move more towards European values with the reduction of bureaucracy and corruption which, has been endemic for the last 20 years.

The fair value of the subject property has decreased comparing to the previous valuation, which has been caused mainly by the following external factors:

- Failure in implementation of structural reforms, which are required by international institutions, has worsened the relations between Ukraine and USA, and calls into question further IMF financing;
- The anticipation of results of Consultative Referendum Act in Netherlands, which could potentially put under question further implementation of Ukraine-EU association agreement;
- Political crisis, which was escalated in Q1 2016, increased the level of uncertainty and negatively affected the investment climate of the country;
- Since the date of previous valuation, significant devaluation of the Ukrainian Hryvnya has taken place in Ukraine (the local currency has dropped by 18% from 21.53 UAH/USD as of 30 September 2015 to 26.22 UAH/USD as of 31 March 2016);
- Although as at the date of report writing the official statistical information on macroeconomic indicators for Q1 2016 were not released yet, we can state that the political situation in the country remains tense, and, in general, the economic conditions continue to deteriorate;
- Despite the fact that during the second half of 2015 the pace of economic decline was moderating, the response of marker prices for real estate to deteriorating macroeconomic conditions is not simultaneous, as the prices are adjusted with some time lag (it especially relates to the land market, which is characterised by the lowest liquidity comparing to other market segments). So, the price decline of the subject property during Q1 2016 is partially the result of deterioration of market conditions observed in 2015.

Among the internal factors which have affected the value of the subject property can be distinguished the following:

- The lease agreement for the subject site expires in 2017, which imposes additional investment risks, and affects the overall liquidity of the subject site.

To summarise, as of the date of this Report the real estate market is very uncertain with all major participants taking 'wait and see' position. In this regard we would advise that you regularly review the value of the subject asset going forward.

Appendix A

Valuation conditions and Assumptions

Valuation conditions and Assumptions

These are the conditions and Assumptions upon which our valuations and reports are normally prepared and form an integral part of our appointment together with our related Engagement Letter and DTZ Terms and Conditions. Unless otherwise referred to in this Valuation Report these conditions and Assumptions apply to the valuation(s) that are the subject of this Valuation Report. We have made certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, our valuations that we have not verified as part of the valuation process but rather, as referred to in the Glossary to the RICS Valuation – Professional Standards 2014 (the "Red Book"), have treated as "a supposition taken to be true". In the event that any of these Assumptions prove to be incorrect then our valuation(s) will need to be reviewed.

Basis/Bases of valuation

The property has been valued on the basis/bases set out in Section 1.2 of this Valuation Report and defined in Appendix B of this Valuation Report.

Title

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

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

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

Condition of structure and services, deleterious materials

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

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

Due regard has been paid to the apparent state of repair and condition of the property, but a condition survey has not been undertaken, nor has woodwork or other parts of the structure which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to report that the property is structurally sound or is free from any defects. We have made an Assumption that the property is free from

any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than such as may be mentioned in our Valuation Report.

Unless access was readily available, we have not been able to gain access to the roof or roof voids and we have thus made the Assumption that inspection of those parts will not reveal defects of which we are not aware, such as would have an adverse effect on the value or the saleability of the property.

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

We have not carried out an asbestos inspection. We advise that such enquiries be undertaken by a lawyer during normal pre-contract or pre-loan enquiries.

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

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

In the case of a new property, the construction of which has not been commenced or completed, or of a property built within the last ten years, we have made the Assumption that the construction will be/has been satisfactorily completed and that it will be/has been built in compliance with national building regulations and standards.

Plant and machinery

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

Goodwill

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

Floor areas and inspections

As we were not instructed to measure and calculate the floor areas, we have applied floor areas provided by the Client or their agents. We have made an Assumption that these areas have been measured and calculated in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors or local equivalent.

Environmental matters

We have made the enquiries referred to in Section 2 of this Valuation Report regarding environmental matters including contamination and flooding, and we have had regard to any environmental reports referred to in Section 2 of this Valuation Report. However, we have not undertaken a formal environmental assessment.

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

Statutory requirements and planning

We have not made any written enquiries to the planning authority.

Save as disclosed in a Certificate of Title or unless otherwise advised, and unless otherwise referred to in this Valuation Report we have made the Assumption that the building has been constructed in full compliance with valid town planning and building regulations approvals and that where necessary has the benefit of current Fire Risk Assessments compliant with the local requirements. Similarly, we have also made the Assumption that the property is not subject to any outstanding statutory notices as to its construction, use or occupation and that the existing use(s) of the property is/are duly authorised or established and that no adverse planning conditions or restrictions apply.

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

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

In instances where we have valued a property with the benefit of a recently granted planning consent or on the Special Assumption that planning consent is granted, we have made an assumption that it will not be challenged under Judicial Review.

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

Leasing

Unless referred to otherwise in our Valuation Report, we have read all the leases and related documents provided to us, subject to the provisions of the paragraph below. We have made an Assumption that copies of all relevant documents have been sent to us and that they are complete and up to date.

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

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

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

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

Legal issues

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted for the true interpretation of the legal position of our client or other parties. Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the valuation of the property and our Valuation Report will include a statement to this effect.

Information

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

Estimated reinstatement cost assessment

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

The figures set out in our Valuation Report are our assessment of the cost of constructing the property at the valuation date. They exclude any allowance for VAT.

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

Deduction of notional purchaser's costs

The Market Value which we have attributed to the property is the figure we consider would appear in a contract for sale, subject to the appropriate assumptions for this basis of value. We have not made an allowance in respect of stamp duty and purchaser's costs.

Taxation

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

Our valuation figure for each property is that receivable by the willing seller excluding VAT, if applicable.

Properties in the course of development or requiring refurbishment

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

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

Appendix B

Definitions of bases of valuation

Definitions of bases of valuations

Market value

Market Value as defined in Valuation Practice Statement 4 of the RICS Valuation Standards ("the Red Book") and applying the conceptual framework which has been settled by the International Valuation Standards Committee (IVSC). Under VPS 4 (para 1.2) , the term "Market Value" means "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 conceptual framework settled by the IVSC is set out in paragraph 30 of the IVS Framework and is reproduced below:

"30. The definition of market value shall be applied in accordance with the following conceptual framework:

- (a) "the estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probably price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;
- (b) "an asset or liability should exchange" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;
- (c) "on the valuation date" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made;
- (d) "between a willing buyer" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";
- (e) "and a willing seller" is neither an over eager or a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;
- (f) "in an arm's length transaction" is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price

level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

- (g) "after proper marketing" means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonable obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;
- (h) "where the parties had each acted knowledgeably, prudently" presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;
- (i) "and without compulsion" establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

31. The concept of market value presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged (see paras 15 to 19 above).

32. The market value of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

33. The highest and best use of an asset valued on a stand-alone basis may be different from its highest and best use as part of a group, when its contribution to the overall value of the group must be considered.

34. The determination of the highest and best use involves consideration of the following:
- (a) to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,
 - (b) to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, eg zoning designations, need to be taken into account,
 - (c) the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use."

Market rent

Market Rent as defined in Valuation Practice Statement 4 of the Red Book. Under VPS 4 (para 1.3) the term "Market Rent" means "the estimated amount for which an interest in real 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".

Whenever Market Rent is provided the "appropriate lease terms" which it reflects should also be stated.

The commentary from the Red Book is reproduced below:

"1. The definition of market rent is a modified definition of market value; paragraphs C8- C11 in IVS 230 provide additional commentary.

2. Market rent will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews and the responsibilities of the parties for maintenance and outgoings will all impact the market rent. In certain states, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate.

3. Valuers must therefore take care to set out clearly the principal lease terms that are assumed when providing market rent. If it is the market norm for lettings to include a payment or concession by one party to the other as an incentive to enter into a lease, and this is reflected in the general level of rents agreed, the market rent should also be expressed on this basis. The nature of the incentive assumed must be stated by the valuer, along with the assumed lease terms.

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

Fair Value

VPS 4, para 1.5.1 states that valuations based on fair value shall adopt one of two definitions:

- The definition adopted by the IVSC: '*The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the perspective interests of those parties*'.
- The definition adopted by the International Accounting Standards Board (IASB): '*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*'.

It is important to recognise that the two definitions of fair value are not the same. When adopting the basis of fair value it is essential that the valuer establishes the correct definition for the purpose and sets it out in full in the terms of engagement and the report.

In applying the IVS definition, reference should be made to paragraphs 38–42 of the IVS Framework.

The guidance in IFRS 13 includes the fair value measurement approach:

'B2 The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. A fair value measurement requires an entity to determine all the following:

(a) the particular asset or liability that is the subject of the measurement (consistently with its unit of account)

(b) for a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use)

(c) the principal (or most advantageous) market for the asset or liability

(d) the valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorised.

Appendix C

Draft Reference for Publication

Draft Reference for Publication (under IFRS)

The subject property was valued on 31 March 2016 by DTZ, acting as External Valuer. The valuation was in accordance with the requirements of the RICS Valuation Standards and the International Valuation Standards. The valuation of the property was on the basis of Fair Value, subject to the following assumption:

- Property in course of development: that the property would be developed, leased and sold on the market.

In preparation of our valuation report the International Accounting Standards Board definition of fair value has been applied.

The valuer's opinion of Fair Value was primarily derived using the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which include site assembly, build costs, professional fees, planning, marketing costs and developer's profit).

The valuation was prepared by Volodymyr Terzov (Associate Director, Valuation Certificate MF # 5361, issued by the State Property Fund of Ukraine) under the supervision of Nicholas Cotton, FRICS, Managing Director, DTZ Ukraine. The signee of the Report, has a B.Sc. Degree in Urban Land Administration (1988), MRICS - 1992 with FRICS status awarded – 2009, has post Graduate Diploma in Property Investment – 2009.

We confirm that the Valuers contributing in the valuation do comply with the requirements of PS 1 of Red Book and have necessary knowledge and skills. The requirements of PS 2.3 of the Red Book are satisfied.

Under PS 2.8 of Red Book, we confirm that Nicholas Cotton has been signatory to the valuation of the subject property provided to Construction company "Zhytlobudinvest" LLC for the same purposes as this Valuation Report in Q2 2009 for accounting purposes and has since then carried out quarterly / yearly valuations for accounting purposes.

DTZ Consulting LLC previously valued the subject property for accounting purposes of Construction Company "Zhytlobudinvest" LLC in Q2 2009 for the same purposes as this Valuation Report in Q2 2009 for accounting purposes and has since then carried out quarterly / yearly valuations for accounting purposes.

We further confirm that we have no current, anticipated or previous recent involvement with the properties and/or parties to the transaction (except the valuations mentioned above) and therefore do not consider that any conflict arises in preparing the advice requested.

DTZ Consulting LLC is an independent company being part of the DTZ Central and Eastern European Network. In relation to the preceding financial year the proportion of the total fees payable to DTZ by the Company was less than 5% of DTZ's turnover in the financial year to 31st December 2015 and we anticipate that it will remain less than 5% in the financial year to 31st December 2016 which is considered to be "minimal" according to p. 8.6 of PS 2 Proportion of fees in Red Book (PS 2.8 Disclosures where the public has an interest or upon which third parties may rely).

Appendix D

Photographs



View on the site from A. Barbyusa and Tverska Streets intersection (south-western part)



View on the site from Tverska Street (western part)



View from Barbyusa Street on the south-eastern part of the site



View from Tverska Street on the northern part of the site



View on the site (some of the buildings and structures have already been removed) (as of April 2015)





Development of residential complex "Prestige Hall" (phase IV) close to the subject site (source: <http://www.prestigehall.com.ua>)



Development of residential complex "Frantsuzsky kvartal" close to the subject site (phases 1 and 2 are already commissioned)



Residential complex "Bulvar Fontanov" (phase II) is under construction close to the subject site



Development of residential complex "Central Park" at 7 Kudri Street in the subject micro-district



Recently developed residential complex "Chelsea Tower" at 2 Dilova Street in the subject micro-district

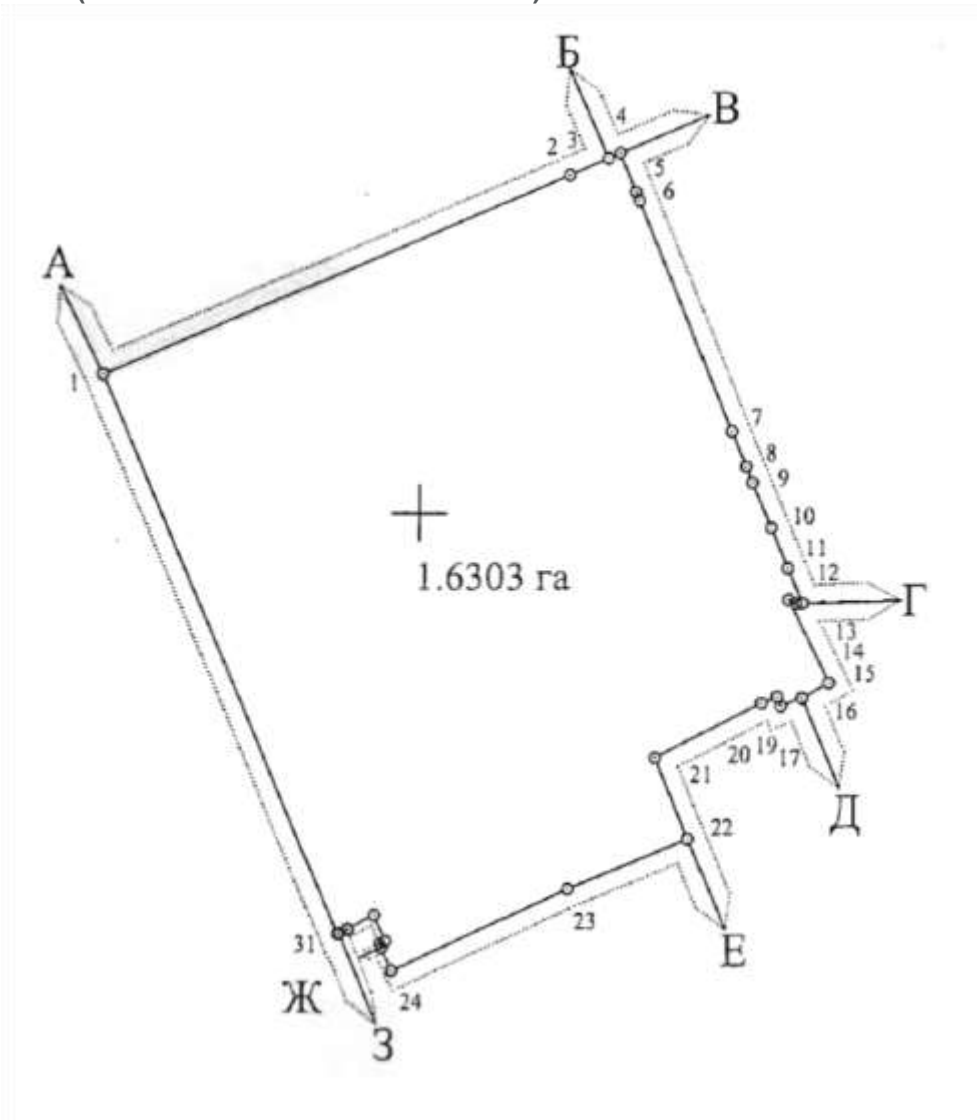


Development of residential complex "Tetris Hall" at 1/2 Dilova Street in the subject micro-district

Appendix E

Site Plan

Site 1 (cadastre # 8000000000:79:059:0001)



The above plan was provided with the Land Lease Agreement.

Appendix F

Project Visualization

General views of the project*



*provided by the Client

Appendix G

Schedule of Documentation

Land Lease Agreement for the land plot with the total area of 1.6303 ha, located at 39/2 Anri Barbyusa Street, Kyiv, Ukraine (page 1 of 7)

ДОГОВІР
оренди земельної ділянки

м. Київ, восьмого лютого дві тисячі сьомого року.

Київська міська рада (ідентифікаційний номер 22883141, м. Київ, вул. Хрещатик, 36) – далі у тексті – „Орендодавець”, в особі Київського міського голови **Черновецького Леоніда Михайловича**, який діє на підставі ст. 42 Закону України „Про місцеве самоврядування в Україні” – з однієї сторони, та Товариство з обмеженою відповідальністю „**БУДІВЕЛЬНА КОМПАНІЯ “ЖИТЛОБУДІНВЕСТ”**” (ідентифікаційний номер 34809461, м. Київ, вул. Михайла Грушевського, 28/2, Н.П. №43, зареєстроване Печерською районною у місті Києві державною адміністрацією 22.12.2006р. за № 1 070 102 0000 024915) - далі у тексті - „Орендар”, в особі Генерального директора **Тютюнникова Максима Володимировича** (зареєстрований за адресою: м. Київ, пр-т. 40-річчя Жовтня, буд. 100/2, кв. 1), та в особі Фінансового директора **Друбешького Сергія Олександровича** (зареєстрований за адресою: м. Одеса, вул. Буніна, буд. 35, кв. 73), які діють на підставі Статуту, - з другої сторони, уклали договір оренди земельної ділянки (далі у тексті – Договір) про нижченаведене:

1. Предмет Договору

1.1. Орендодавець, на підставі рішення Київської міської ради від 26.06.2007р. за № 983/1644, за Актом приймання-передачі передає, а Орендар приймає в оренду (строкове платне користування) земельну ділянку (далі – об’єкт оренди або земельна ділянка), визначену цим Договором.

2. Об’єкт оренди

2.1. Об’єктом оренди відповідно до цього Договору є Земельна ділянка з наступними характеристиками:

- місце розташування – вул. **Анрі Барбюса, 39/2** (тридцять дев’ять дріб два) у **Печерському районі м. Києва**;
- розмір – **1,6303** (одна ціла і шість тисяч триста три десятитисячних) га;
- цільове призначення – для будівництва, експлуатації та обслуговування житлово-адміністративного комплексу з вбудованими та прибудованими приміщеннями громадського і торговельного призначення та наземним і підземним паркінгами;
- кадастровий номер **8000000000:79:059:0001**.

2.2. Згідно з витягом з технічної документації № **Ю-00997/2007** Головного управління земельних ресурсів виконавчого органу Київради (Київської міської державної адміністрації) від 25.09.2007р. за № **53** нормативна грошова оцінка земельної ділянки становить **70499645** (сімдесят мільйонів чотириста дев’яносто дев’ять тисяч шістьсот сорок п’ять) грн. 73 коп.

2.3. Земельна ділянка, яка передається в оренду, не має недоліків, що можуть перешкодити її ефективному використанню.

3. Строк дії Договору

3.1. Договір укладено на **10** (десять) років.

4. Орендна плата

4.1. Визначена цим Договором орендна плата за Земельну ділянку становить платіж, який Орендар самостійно розраховує та вносить Орендодавцеві за користування Земельною ділянкою у грошовій формі.

4.2. Річна орендна плата за Земельну ділянку встановлюється у розмірі **4** (чотирьох) відсотків від нормативної грошової оцінки земельної ділянки. Обчислення розміру орендної плати за земельну ділянку здійснюється з урахуванням цільового призначення та коефіцієнтів індексації, визначених законодавством.

4.3. У випадку, якщо цей Договір не підписаний Орендарем в установленому законодавством порядку протягом п’яти місяців з моменту набуття чинності рішенням Київської міської ради, зазначеного у п. 1.1. цього Договору, орендна плата (визначений у п. 4.2. Договору) на період, аналогічний терміну прострочення цього договору, зростає зростає, встановлюється у п’ятикратному розмірі, але не більше десяти відсотків від нормативної грошової оцінки земельної ділянки.

4.4. Після закінчення строку, за який сплачується орендна плата у п’ятикратному розмірі, орендна плата розраховується та сплачується відповідно до п. 4.2. Договору.

Land Lease Agreement for the land plot with the total area of 1.6303 ha, located at 39/2 Anri Barbyusa Street, Kyiv, Ukraine (page 2 of 7)

- 4.5. Розмір орендної плати може змінюватись за згодою сторін шляхом прийняття відповідно рішення Київської міської радою та внесення змін до цього Договору.
- 4.6. Зміна нормативної грошової оцінки Земельної ділянки та її індексація проводиться без внесення змін та доповнень до цього Договору у порядку та у випадках, передбачених законодавством України.
- 4.7. Орендна плата вноситься Орендарем рівними частинами за базовий податковий (літній) період, який дорівнює календарному місяцю, щомісячно протягом тридцяти календарних днів, наступних : останнім календарним днем звітного (податкового) місяця на рахунок 33219812700007, КЕК 13050200 в ГУ ДКУ у м.Києві, МФО 820019. Одержувач: УДК у Печерському р-ні м.Києва ідентифікаційний код 26077922. Питання сплати податку на додану вартість та інших податкових платежів, що пов'язані з виконанням Договору, вирішуються Орендарем в установленому законодавством України порядку.
- 4.8. Зміна отримувача орендної плати та його банківських реквізитів може здійснюватись Орендодавцем в односторонньому порядку і не потребує внесення змін до цього Договору. Орендар зобов'язується уточнювати банківські реквізити і назву отримувача орендної плати.
- 4.9. Розмір орендної плати може переглядатись у разі зміни розмірів земельного податку, підвищення цін і тарифів, зміни коефіцієнтів індексації, визначених законодавством та у випадках, передбачених законом, за згодою сторін, але не частіше, ніж один раз у рік.
- 4.10. За несвочасне внесення орендної плати справляється пеня в розмірі 120 (ста двадцяти) відсотків річних облікової ставки Національного банку України, діючої на день виникнення такого боргу або на день його (його частини) погашення, при цьому для розрахунку використовується більша із зазначених ставок. Розрахунок пені здійснюється на дату погашення суми боргу (частини боргу) за кожний календарний день прострочення платежу, включаючи день такого погашення.
- 4.11. Контроль за правильністю обчислення і справляння орендної плати, нарахування пені за несвочасну сплату орендної плати та її стягнення здійснює районний податковий орган за місцем розташування земельної ділянки.

5. Умови використання та обмеження (обтяження) щодо використання земельної ділянки

- 5.1. Умови збереження стану об'єкта оренди:
- на Земельній ділянці не дозволяється діяльність, не пов'язана з цільовим призначенням Земельної ділянки. Зміна цільового призначення Земельної ділянки можлива лише в разі прийняття Київською міською радою рішення про затвердження проекту землеустрою щодо відведення Земельної ділянки у зв'язку зі зміною цільового призначення Земельної ділянки та внесення відповідних змін до Договору. Роботи по розробці проекту землеустрою щодо відведення сплачує Орендар;
- 5.2. Обмеження та сервітути щодо Земельної ділянки на день підписання цього Договору відсутні.

6. Умови і строки передачі земельної ділянки в оренду

- 6.1. Передача Земельної ділянки здійснюється за Актом приймання-передачі об'єкта оренди в день державної реєстрації цього Договору.
- 6.2. Право на оренду Земельної ділянки виникає після державної реєстрації цього Договору.

7. Умови повернення земельної ділянки

- 7.1. Після припинення дії договору Орендар повертає Орендодавцеві земельну ділянку у стані, не гіршому порівняно з тим, у якому він одержав її в оренду.
Орендодавець у разі погіршення корисних властивостей орендованої земельної ділянки, пов'язаних із зміною її стану, має право на відшкодування збитків у розмірі, визначеному сторонами. Якщо сторонами не досягнуто згоди про розмір відшкодування збитків, спір розв'язується у судовому порядку.

8. Права та обов'язки Сторін

- 8.1. Орендодавець має право вимагати від Орендаря:
- використання земельної ділянки за цільовим призначенням згідно з цим Договором;
- дотримання місцевих правил забудови;
- своєчасного внесення орендної плати;
- дострокового розірвання цього Договору;
- відшкодування понесених збитків, в тому числі не отриманих доходів, відповідно до чинного законодавства у разі розірвання цього Договору.
- 8.2. Орендодавець зобов'язаний:

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- повідомити в письмовій формі Орендаря про намір продати земельну ділянку третій особі із зазначенням її ціни та інших умов, на яких вона продається;
- не вчиняти дій, які б перешкоджали Орендарю користуватися земельною ділянкою;
- передати в користування земельну ділянку у стані, що відповідає умовам цього Договору.

8.3. Орендар має право:

- самостійно господарювати на землі з дотриманням вимог чинного законодавства України та умов цього Договору;
- за письмовою згодою Орендодавця зводити в установленому законодавством порядку жили, виробничі, культурно-побутові та інші будівлі і споруди;
- у разі розірвання цього Договору, за погодженням сторін, має право вимагати відшкодування нанесених збитків відповідно до чинного законодавства;
- після закінчення строку, на який було укладено цей Договір при умові належного виконання обов'язків відповідно до умов цього Договору, Орендар має за інших рівних умов переважне право на поновлення договору;
- переважне право на купівлю Земельної ділянки у разі її продажу.

8.4. Орендар зобов'язаний:

- приступати до використання земельної ділянки в строк, встановлений цим Договором, та після підписання цього Договору і Акту приймання-передачі земельної ділянки та державної реєстрації Договору;
- використовувати земельну ділянку відповідно до її цільового призначення;
- своєчасно вносити орендну плату;
- завершити забудову земельної ділянки в строки, встановлені проектною документацією на будівництво, затвердженою в установленому порядку;
- при зміні функціонального використання об'єкта нерухомості, що розташований на Земельній ділянці, у десятиденний термін в письмовій формі замовити у Головному управлінні земельних ресурсів виконавчого органу Київради (Київської міської державної адміністрації) витяг з технічної документації про нову нормативну грошову оцінку Земельної ділянки або її частини з урахуванням зазначених змін та після одержання цього витягу передати його до податкового органу за місцем розташування Земельної ділянки;
- письмово повідомити Орендодавця про відчуження об'єктів (їх частин), що розташовані на земельній ділянці і належать Орендарю, на протязі десяти днів з моменту вчинення відповідного правочину, а також повідомити про наміри подальшого використання Земельної ділянки. У випадку, якщо Орендар має намір припинити право користування Земельною ділянкою (її частиною), цей Договір розривається за згодою сторін або до цього Договору вноситься відповідні зміни з моменту укладання Договору оренди Земельної ділянки з новим власником об'єктів, які були відчужені;
- забезпечити вільний доступ до земельної ділянки представнику контролюючих органів;
- повернути Земельну ділянку Орендодавцю у стані, придатному для її подальшого використання після припинення дії цього Договору;
- у строки, встановлені чинним законодавством звітувати перед податковими органами району за місцем розташування Земельної ділянки про сплату орендної плати;
- питання майнових відносин вирішувати в установленому порядку;
- виконати вимоги, викладені в листах Головного управління містобудування, архітектури та дизайну міського середовища від 06.06.2007р. за №19-5368, Київської міської санепідстанції від 22.06.2007р. за № 4732, Державного управління охорони навколишнього природного середовища в м.Києві від 11.06.2007р. за № 05-08/3837 та Державної служби з питань національної культурної спадщини від 05.06.2007р. за № 22-1370/35;
- забезпечити вільний доступ для прокладання нових, ремонту та експлуатації існуючих інженерних мереж і споруд, що знаходяться в межах земельної ділянки;
- проектом будівництва передбачити місця постійного зберігання автотранспорту (крім відкритих автостоянок) із кількістю машиноміст відповідно до державних будівельних норм;
- питання пайової участі вирішити до початку будівництва, відповідно до рішення Київради від 27.02.2003р. за №271/431 «Про пайову участь (внески) інвесторів (забудовників) у створенні соціальної та інженерно-транспортної інфраструктури м. Києва»;
- передати Головному управлінню житлового забезпечення виконавчого органу Київської міської ради (Київської міської державної адміністрації) 20 % загальної площі комплексу (крім службової) на здіставі пункту 36 рішення Київської міської ради від 28.12.2006р. за № 531/588 "Про бюджет міста Києва на 2007 рік";

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- сплатити до цільового фонду спеціального фонду бюджету міста Києва на розвиток житлового будівництва до моменту здачі в експлуатацію збудованої житлової площі кошти в розмірі 5% витрат з будівництва загальної площі цього будинку, виходячи з опосередкованої вартості спорудження житла, установлені Державним комітетом України з будівництва та архітектури для міста Києва станом на 1 січня року, в якому проводиться оплата, на підставі пункту 84 рішення Київської міської ради від 28.12.2006р. за № 531/588 "Про бюджет міста Києва на 2007 рік";
 - у п'ятиденний строк після державної реєстрації договору оренди земельної ділянки надати копію цього Договору до районного податкового органу за місцем розташування земельної ділянки.
- 8.5. Сторони також мають інші права і несуть інші обов'язки, визначені законодавством України.

9. Ризик випадкового знищення або пошкодження об'єкта оренди чи його частини

Ризик випадкового знищення або пошкодження об'єкта оренди чи його частини несе орендар.

10. Страхування об'єкта оренди

Сторони домовилися про те, що Орендар має право застрахувати об'єкт оренди.

11. Зміна умов договору та припинення і поновлення Договору

11.1. Всі зміни та/або доповнення до цього Договору вносяться за згодою сторін. Згодою або запереченням Орендодавця на зміни та/або доповнення до цього Договору, є його рішення, прийняте в установленому законодавством порядку.

11.2. Витрати, пов'язані з внесенням зміни та/або доповнення до цього Договору, сплачує Орендар.

11.3. Договір оренди припиняється в разі:

- закінчення строку, на який його було укладено;
- викупу Земельної ділянки для суспільних потреб та примусового відчуження Земельної ділянки з мотивів суспільної необхідності в порядку, встановленому законодавством України;
- поєднання в одній особі власника Земельної ділянки та орендаря;
- ліквідації юридичної особи – орендаря.

Договір припиняється також в інших випадках, передбачених законом.

11.4. Припинення Договору шляхом розірвання.

Договір може бути розірваний:

- за взаємною згодою сторін;
- за рішенням суду, в порядку, встановленому законом;

11.5. Поновлення Договору:

- Після закінчення строку, на який було укладено цей Договір, Орендар, за умов належного виконання своїх обов'язків, має за інших рівних умов переважне право на поновлення Договору. У цьому разі Орендар повинен не пізніше ніж за 3 (три) місяці до закінчення строку дії Договору повідомити письмово орендодавця про намір продовжити його дію.

- У разі поновлення Договору на новий строк його умови можуть бути змінені за згодою сторін.

11.6. У разі припинення або розірвання цього Договору Орендар зобов'язаний повернути Орендодавцеві земельну ділянку, на умовах, визначених цим Договором. У разі невиконання Орендарем обов'язку щодо умов повернення Орендодавцеві земельної ділянки Орендар зобов'язаний відшкодувати Орендодавцеві завдані збитки.

11.7. Перехід права власності на орендовану земельну ділянку до третьої особи, а також реорганізація юридичної особи-орендаря не є підставою для зміни умов або розірвання договору.

12. Відповідальність сторін за невиконання або неналежне виконання договору та вирішення спорів

12.1. У разі невиконання своїх зобов'язань за цим Договором Сторони несуть відповідальність, визначену цим Договором та законодавством.

12.2. У разі невиконання орендарем умов цього Договору та обов'язків, передбачених законодавством України, Договір може бути достроково розірваний.

12.3. Сторона, яка порушила зобов'язання, звільняється від відповідальності, якщо вона доведе, що не порушення сталося не з її вини.

12.4. Усі спори, що пов'язані із виконанням умов цього Договору, вирішуються судами України, при неможливості досудового врегулювання спорів, що виникають при виконанні умов цього Договору.

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13. Суборенда земельної ділянки

- 13.1. Орендар має право передати земельну ділянку або її частину у суборенду виключно за письмовою згодою Орендодавця.
13.2. Орендодавець надає свою згоду чи заперечення щодо передачі земельної ділянки або її частини у суборенду шляхом прийняття в установленому законодавством порядку відповідного рішення.
13.3. Умови договору суборенди земельної ділянки повинні обмежуватися умовами даного Договору і не суперечити йому.

14. Прікiпцеві положення

- 14.1. Витрати, пов'язані з нотаріальним посвідченням цього договору, сплачує Орендар.
14.2. Цей Договір складений у трьох примірниках. Один примірник – для зберігання у Орендаря, один – для Орендодавця (знаходиться на зберіганні у Головному управлінні земельних ресурсів виконавчого органу Київської міської державної адміністрації), один – для зберігання у приватного нотаріуса.
14.3. Невід'ємною частиною цього Договору є:
- план Земельної ділянки;
- кадастровий план земельної ділянки;
- акт визначення меж Земельної ділянки в натурі (на місцевості);
- акт приймання-передачі земельної ділянки.
14.4. Керуючись принципом свободи договору, закріпленим в ст. 6 Цивільного кодексу України, приписами ст. 207 Цивільного кодексу України, сторони досягли згоди, що даний договір може бути підписаний уповноваженими посадовими особами сторін як власноручно так і в будь-який спосіб, не заборонений чинним законодавством України.
14.5. Сторонам роз'яснено зміст ст. 18 Закону України "Про оренду землі" та ст. 125 Земельного кодексу України.

Київський міський голова _____

Орендар _____

Місто Ки-



БЕХ N 916236

Land Lease Agreement for the land plot with the total area of 1.6303 ha, located at 39/2 Anri Barbyusa Street, Kyiv, Ukraine (page 6 of 7)



Land Lease Agreement for the land plot with the total area of 1.6303 ha, located at 39/2 Anri Barbyusa Street, Kyiv, Ukraine (page 7 of 7)

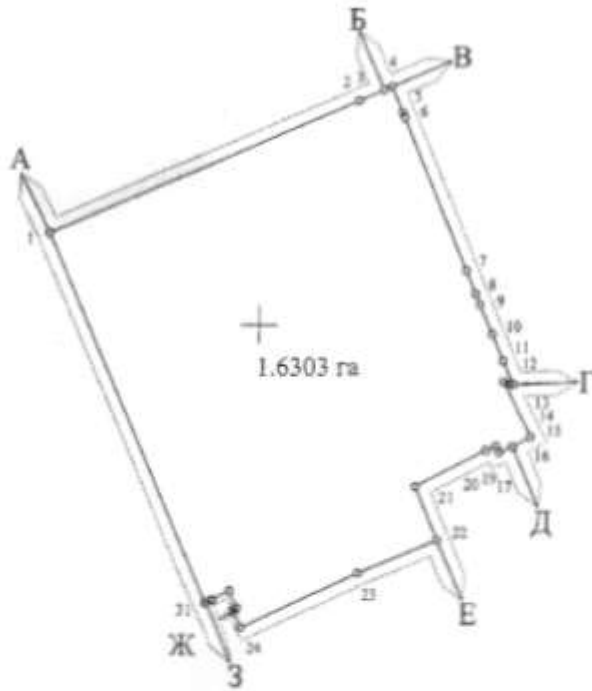
ПЛАН ЗЕМЕЛЬНОЇ ДІЛЯНКИ, ЯКА НАДАЄТЬСЯ В ДОВГОСТРОКОВУ ОРЕНДУ

Товариству з обмеженою відповідальністю "БУДІВЕЛЬНА КОМПАНІЯ "ЖИТЛОБУДІНВЕСТ"

адреса ділянки : вул. Анрі Барбюса, 39/2 у Печерському районі м. Києва

Кадстровий номер 800000000.79-029-0001

ТАБЛИЦЯ ДІЛІВ



№	ДІЛКА
1	119.58
2	9.16
3	2.85
4	9.11
5	2.02
6	53.46
7	8.15
8	3.74
9	10.51
10	9.59
11	8.29
12	1.35
13	1.81
14	20.20
15	8.89
16	8.18
17	4.85
18	2.19
19	3.88
20	25.97
21	18.93
22	28.37
23	42.36
24	5.34
25	1.05
26	1.34
27	6.13
28	6.50
29	0.22
30	2.85
31	8.40
32	131.37
Σ	

Масштаб 1:2000

ОПИС МЕЖ

- Від А до Б Товариство з обмеженою відповідальністю "БУДІВЕЛЬНА КОМПАНІЯ "ЖИТЛОБУДІНВЕСТ"
- Від Б до В Міські землі, не надані у власність чи користування
- Від В до Г Закрыте акціонерне товариство "Агробуз-Г"
- Від Г до Д Товариство з обмеженою відповідальністю з ініціаторами (інвесторами) "Королівська компанія розетку"
- Від Д до Е Марченко А. А., Луцько А. М., Михайлов В. С.
- Від Е до Ж Кооперативне підприємство житлового господарства Печерського району м.Києва "Печерськежитло"
- Від Ж до З АЕК "Кайзерго"
- Від З до А Землі загального користування (вул. Анрі Барбюса)

Начальник Головного управління земельних ресурсів виконавчого органу
 Київської міської ради (Київської міської державної адміністрації)


 А. Мухомінов

Land Lease Agreement for the land plot with the total area of 0.1495 ha, located at 39/2 Anri Barbyusa Street, Kyiv, Ukraine (page 1 of 7)

ДОГОВІР
оренди земельної ділянки

м. Київ, восемнадцятого червня дві тисячі сьомого року.

Київська міська рада (ідентифікаційний номер 22883141, м. Київ, вул. Хрещатик, 36) – далі у тексті – „Орендодавець”, в особі Київського міського голови **Черновецького Леоніда Михайловича**, який діє на підставі ст. 42 Закону України „Про місцеве самоврядування в Україні” – з однієї сторони, та Товариство з обмеженою відповідальністю „**БУДІВЕЛЬНА КОМПАНІЯ „ЖИТЛОБУДІНВЕСТ”**” (ідентифікаційний номер 34809461, м. Київ, вул. Михайла Грушевського, 28/2, Н.П. №43, зареєстроване Печерською районною у місті Києві державною адміністрацією 22.12.2006р. за № 1 070 102 0000 024915) - далі у тексті - «Орендар», в особі Генерального директора **Тютюнника Максима Володимировича** (зареєстрований за адресою: м. Київ, пр-т. 40-річчя Жовтня, буд. 100/2, кв. 1), та в особі Фінансового директора **Друбенького Сергія Олександровича** (зареєстрований за адресою: м. Одеса, вул. Буніна, буд. 35, кв. 73), які діють на підставі Статуту, - з другої сторони, уклали договір оренди земельної ділянки (далі у тексті – Договір) про нижченаведене:

1. Предмет Договору

1.1. Орендодавець, на підставі рішення Київської міської ради від 26.06.2007р. за № 983/1644, за Актом приймання-передачі передає, а Орендар приймає в оренду (строкове платне користування) земельну ділянку (далі – об'єкт оренди або земельна ділянка), визначену цим Договором.

2. Об'єкт оренди

2.1. Об'єктом оренди відповідно до цього Договору є Земельна ділянка з наступними характеристиками:

- місце розташування – вул. Анрі Барбюса, 39/2 (тридцять дев'ять дріб два) у Печерському районі м. Києва;
- розмір – **0,1495** (нуль цілих і одна тисяча чотириста дев'яносто п'ять десятитисячних) га (в межах червоних ліній);
- цільове призначення - для організації будівельних робіт та благоустрою прилеглої території;
- кадастровий номер **8000000000:79:059:0002**.

2.2. Згідно з витягом з технічної документації № Ю-00998/2007 Головного управління земельних ресурсів виконавчого органу Київради (Київської міської державної адміністрації) від 25.09.2007р. за №54 нормативна грошова оцінка земельної ділянки становить 6596818 (шість мільйонів п'ятсот дев'яносто шість тисяч вісімсот вісімнадцять) грн. 31 коп.

2.3. Земельна ділянка, яка передається в оренду, не має недоліків, що можуть перешкоджати її ефективному використанню.



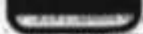

3. Строк дії Договору

3.1. Договір укладено на **5** (п'ять) років.

4. Орендна плата

4.1. Визначена цим Договором орендна плата за Земельну ділянку становить платіж, який Орендар самостійно розраховує та вносить Орендодавцеві за користування Земельною ділянкою у грошовій формі.

4.2. Річна орендна плата за Земельну ділянку встановлюється у розмірі **4** (чотирьох) відсотків від нормативної грошової оцінки земельної ділянки. Обчислення розміру орендної плати за земельну ділянку здійснюється з урахуванням цільового призначення та коефіцієнтів індексації, визначених законодавством.

4.3. У випадку  Договір не підписаний Орендарем в установленому законодавством порядку протягом  з моменту набуття чинності рішенням Київської міської ради, зазначеного у  Договору, розмір орендної плати (зазначений у п. 4.2-Договору) на період, аналогічний терміну прострочення укладання договору оренди землі, встановлюється у 

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п'ятикратному розмірі, але не більше десяти відсотків на місяць від нормативної грошової оцінки земельної ділянки.

4.4. Після закінчення періоду, за який сплачується орендна плата у п'ятикратному розмірі, орендна плата розраховується та сплачується відповідно до п. 4.2. Договору.

4.5. Розмір орендної плати може змінюватись за згодою сторін шляхом прийняття відповідного рішення Київської міської радою та внесення змін до цього Договору.

4.6. Зміна нормативної грошової оцінки Земельної ділянки та її індексація проводиться без внесення змін та доповнень до цього Договору у порядку та у випадках, передбачених законодавством України.

4.7. Орендна плата вноситься Орендарем рівними частинами за базовий податковий (звітний) період, який дорівнює календарному місяцю, щомісячно протягом тридцяти календарних днів, наступних за останнім календарним днем звітного (податкового) місяця на рахунок 33219812700007, КЕКД 13050200 в ГУ ДКУ у м.Києві, МФО 820019. Одержувач: УДК у Печерському р-ні м.Києва, ідентифікаційний код 26077922. Питання сплати податку на подану вартість та інших податкових платежів, що пов'язані з виконанням Договору, вирішуються Орендарем в установленому законодавством України порядку.

4.8. Зміна отримувача орендної плати та його банківських реквізитів може здійснюватися Орендодавцем в односторонньому порядку і не потребує внесення змін до цього Договору. Орендар зобов'язується уточнювати банківські реквізити і назву отримувача орендної плати.

4.9. Розмір орендної плати може переглядатись у разі зміни розмірів земельного податку, підвищення цін і тарифів, зміни коефіцієнтів індексації, визначених законодавством та у випадках, передбачених законом, за згодою сторін, але не частіше, ніж один раз у рік.

4.10. За несвочасне внесення орендної плати справляється пеня в розмірі 120 (ста двадцяти) відсотків річних облікової ставки Національного банку України, діючої на день виникнення такого боргу або на день його (його частини) погашення, при цьому для розрахунку використовується більша із зазначених ставок. Розрахунок пені здійснюється на дату погашення суми боргу (частини боргу) за кожний календарний день прострочення платежу, включючи день такого погашення.

4.11. Контроль за правильністю обчислення і справляння орендної плати, нарахування пені за несвочасну сплату орендної плати та її стягнення здійснює районний податковий орган за місцем розташування земельної ділянки.

5. Умови використання та обмеження (обтяження) щодо використання земельної ділянки

5.1. Умови збереження стану об'єкта оренди:

- на Земельній ділянці не дозволяється діяльність, не пов'язана з цільовим призначенням Земельної ділянки. Зміна цільового призначення Земельної ділянки можлива лише в разі прийняття Київською міською радою рішення про затвердження проекту землеустрою щодо відведення Земельної ділянки у зв'язку зі зміною цільового призначення Земельної ділянки та внесення відповідних змін до Договору. Роботи по розробці проекту землеустрою щодо відведення сплачує Орендар;

5.2. Сервітути щодо Земельної ділянки на день підписання цього Договору відсутні.

6. Умови і строки передачі земельної ділянки в оренду

6.1. Передача Земельної ділянки здійснюється за Актом приймання-передачі об'єкта оренди в день державної реєстрації цього Договору.

6.2. Право на оренду Земельної ділянки виникає після державної реєстрації цього Договору.

7. Умови повернення земельної ділянки

7.1. Після припинення дії договору Орендар повертає Орендодавцеві земельну ділянку у стані, не гіршому порівняно з тим, у якому він одержав її в оренду.

Орендодавець у разі погіршення корисних властивостей орендованої земельної ділянки, пов'язаних із зміною її стану, має право на відшкодування збитків у розмірі, визначеному сторонами. Якщо сторонами не досягнуто згоди про розмір відшкодування збитків, спір розв'язується у судовому порядку.

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8. Права та обов'язки Сторін

8.1. Орендодавець має право вимагати від Орендаря:

- використання земельної ділянки за цільовим призначенням згідно з цим Договором;
- дотримання місцевих правил забудови;
- своєчасного внесення орендної плати;
- дострокового розірвання цього Договору;
- відшкодування понесених збитків, в тому числі не отриманих доходів, відповідно до чинного законодавства у разі розірвання цього Договору.

8.2. Орендодавець зобов'язаний:

- повідомити в письмовій формі Орендаря про намір продати земельну ділянку третій особі із зазначенням її ціни та інших умов, на яких вона продається;
- не вчиняти дій, які б перешкоджали Орендарю користуватися земельною ділянкою;
- передати в користування земельну ділянку у стані, що відповідає умовам цього Договору.

8.3. Орендар має право:

- самостійно господарювати на землі з дотриманням вимог чинного законодавства України та умов цього Договору;
- за письмовою згодою Орендодавця зводити в установленому законодавством порядку жилі, виробничі, культурно-побутові та інші будівлі і споруди;
- у разі розірвання цього Договору, за погодженням сторін, має право вимагати відшкодування нанесених збитків відповідно до чинного законодавства;
- після закінчення строку, на який було укладено цей Договір при умові належного виконання обов'язків відповідно до умов цього Договору, Орендар має за інших рівних умов переважне право на поновлення договору;
- переважне право на купівлю Земельної ділянки у разі її продажу.

8.4. Орендар зобов'язаний:

- приступати до використання земельної ділянки в строк, встановлений цим Договором, та після підписання цього Договору і Акту приймання-передачі земельної ділянки та державної реєстрації Договору;
- використовувати земельну ділянку відповідно до її цільового призначення;
- своєчасно вносити орендну плату;
- забезпечити вільний доступ до земельної ділянки представнику контролюючих органів;
- повернути Земельну ділянку Орендодавцю у стані, придатному для її подальшого використання після припинення дії цього Договору;
- у строки, встановлені чинним законодавством звітувати перед податковими органами району за місцем розташування Земельної ділянки про оплату орендної плати;
- питання майнових відносин вирішувати в установленому порядку;
- виконати вимоги, викладені в листах Головного управління містобудування, архітектури та дизайну міського середовища від 06.06.2007р. за №19-5368, Київської міської саєспідстанції від 22.06.2007р. за № 4732, Державного управління охорони навколишнього природного середовища в м. Києві від 11.06.2007р. за № 05-08/3837 та Державної служби з питань національної культурної спадщини від 05.06.2007р. за № 22-1370/35;
- забезпечити вільний доступ для прокладання нових, ремонту та експлуатації існуючих інженерних мереж і споруд, що знаходяться в межах земельної ділянки;
- проектом будівництва передбачити місця постійного зберігання автотранспорту (крім відкритих автостоянок) із кількістю машиномісць відповідно до державних будівельних норм;
- питання пайової участі вирішити до початку будівництва, відповідно до рішення Київради від 27.02.2003р. за №271/431 «Про пайову участь (внески) інвесторів (забудовників) у створенні соціальної та інженерно-транспортної інфраструктури м. Києва»;
- передати Головному управлінню житлового забезпечення виконавчого органу Київської міської ради (Київської міської державної адміністрації) 20 % загальної площі комплексу (крім службової) на підставі пункту 36 рішення Київської міської ради від 28.12.2006р. за № 531/588 "Про бюджет міста Києва на 2007 рік";
- сплатити до цільового фонду спеціального фонду бюджету міста Києва на розвиток житлового будівництва до моменту здачі в експлуатацію збудованої житлової площі кошти в розмірі 5%

Land Lease Agreement for the land plot with the total area of 0.1495 ha, located at 39/2 Anri Barbyusa Street, Kyiv, Ukraine (page 4 of 7)

архітектури для міста Києва станом на 1 січня року, в якому проводиться оплата, на підставі пункту 84 рішення Київської міської ради від 28.12.2006р. за № 531/588 "Про бюджет міста Києва на 2007 рік";

- у п'ятиденний строк після державної реєстрації договору оренди земельної ділянки надати копію цього Договору до районного податкового органу за місцем розташування земельної ділянки.

8.5. Сторони також мають інші права і несуть інші обов'язки, визначені законодавством України.

9. Ризик випадкового знищення або пошкодження об'єкта оренди чи його частини
Ризик випадкового знищення або пошкодження об'єкта оренди чи його частини несе орендар.

10. Страхування об'єкта оренди

Сторони домовилися про те, що Орендар має право застрахувати об'єкт оренди.

11. Зміна умов договору та припинення і поновлення Договору

11.1. Всі зміни та/або доповнення до цього Договору вносяться за згодою сторін. Згодою або запереченням Орендодавця на зміни та/або доповнення до цього Договору, є його рішення, прийняте в установленому законодавством порядку.

11.2. Витрати, пов'язані з внесенням зміни та/або доповнення до цього Договору, сплачує Орендар.

11.3. Договір оренди припиняється в разі:

- закінчення строку, на який його було укладено;
- викупу Земельної ділянки для суспільних потреб та примусового відчуження Земельної ділянки з мотивів суспільної необхідності в порядку, встановленому законодавством України;
- подання в одній особі власника Земельної ділянки та орендаря;
- ліквідації юридичної особи – орендаря.

Договір припиняється також в інших випадках, передбачених законом.

11.4. Припинення Договору шляхом розірвання.

Договір може бути розірваний:

- за взаємною згодою сторін;
- за рішенням суду, в порядку, встановленому законом;

11.5. Поновлення Договору:

- Після закінчення строку, на який було укладено цей Договір, Орендар, за умов належного виконання своїх обов'язків, має за інших рівних умов переважне право на поновлення Договору. У цьому разі Орендар повинен не пізніше ніж за 3 (три) місяці до закінчення строку дії Договору повідомити письмово орендодавця про намір продовжити його дію.

- У разі поновлення Договору на новий строк його умови можуть бути змінені за згодою сторін.

11.6. У разі припинення або розірвання цього Договору Орендар зобов'язаний повернути Орендодавцеві земельну ділянку, на умовах, визначених цим Договором. У разі невиконання Орендарем обов'язку щодо умов повернення Орендодавцеві земельної ділянки Орендар зобов'язаний відшкодувати Орендодавцеві завдані збитки.

11.7. Перехід права власності на орендовану земельну ділянку до третьої особи, а також реорганізація юридичної особи-орендаря не є підставою для зміни умов або розірвання договору.

12. Відповідальність сторін за невиконання або неналежне виконання договору та вирішення спорів

12.1. У разі невиконання своїх зобов'язань за цим Договором Сторони несуть відповідальність, визначену цим Договором та законодавством.

12.2. У разі невиконання орендарем умов цього Договору та обов'язків, передбачених законодавством України, Договір може бути достроково розірваний.

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12.4. Усі спори, що пов'язані із виконанням умов цього Договору, вирішуються судами України, при неможливості досудового врегулювання спорів, що виникають при виконанні умов цього Договору.

13. Суборенда земельної ділянки

13.1. Орендар має право передати земельну ділянку або її частину у суборенду виключно за письмовою згодою Орендодавця.

13.2. Орендодавець надає свою згоду чи заперечення щодо передачі земельної ділянки або її частини у суборенду шляхом прийняття в установленому законодавством порядку відповідного рішення.

13.3. Умови договору суборенди земельної ділянки повинні обмежуватися умовами даного Договору і не суперечити йому.

14. Прикінцеві положення

14.1. Витрати, пов'язані з нотаріальним посвідченням цього договору, сплачує Орендар.

14.2. Цей Договір складений у трьох примірниках. Один примірник – для зберігання у Орендара, один – для Орендодавця (знаходиться на зберіганні у Головному управлінні земельних ресурсів виконавчого органу Київради (Київської міської державної адміністрації), один – для зберігання у приватного нотаріуса.

14.3. Невід'ємною частиною цього Договору є:

- план Земельної ділянки;
- кадастровий план земельної ділянки;
- акт визначення меж Земельної ділянки в натурі (на місцевості);
- акт приймання-передачі земельної ділянки.

14.4. Керуючись принципом свободи договору, закріпленим в ст. 6 Цивільного кодексу України, приписами ст. 207 Цивільного кодексу України, сторони досягли згоди, що даний договір може бути підписаний уповноваженими посадовими особами сторін як власноручно так і в будь-який спосіб, не заборонений чинним законодавством України.

14.5. Сторонам роз'яснено зміст ст. 18 Закону України "Про оренду землі" та ст. 125 Земельного кодексу України.

Київський міський голова _____

Орендар _____

Місто Ки-



БЕХ № 916240

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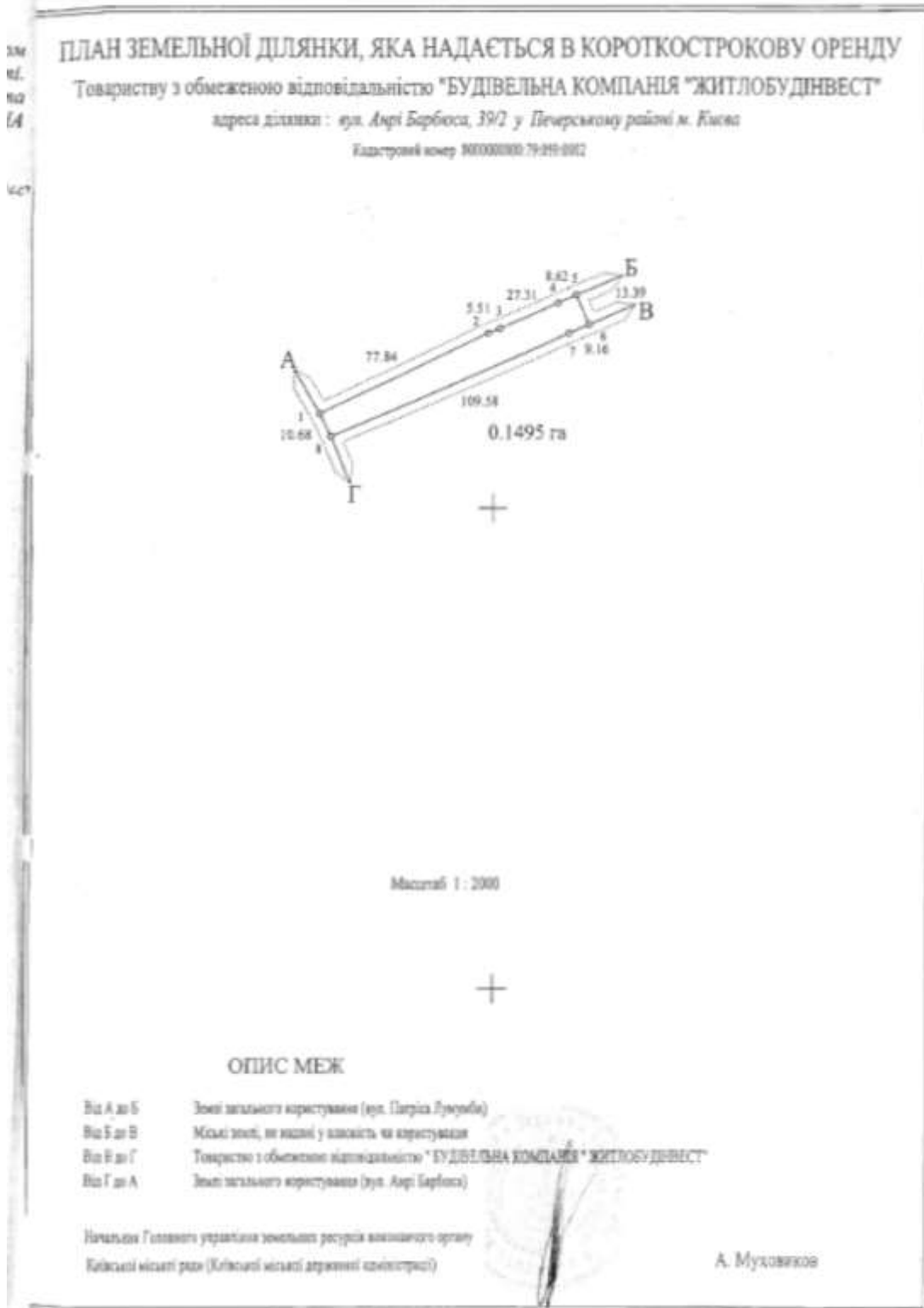
Ін. 13.04.2016 року цей договір посвідчено мною, Дем'яненко Т.М., приватним нотаріусом Київського міського нотаріального округу. Договір підписано сторонами у моїй присутності. Особу громадян, які підписали договір встановлено, їх дієздатність, а також правоздатність та дієздатність Київської міської ради, Товариства з обмеженою відповідальністю "БУДІВЕЛЬНА КОМПАНІЯ "ЖИТЛОБУДІНВЕСТ" і повноваження їхніх представників перевірено. Цей договір підлягає реєстрації в уповноваженому органі.



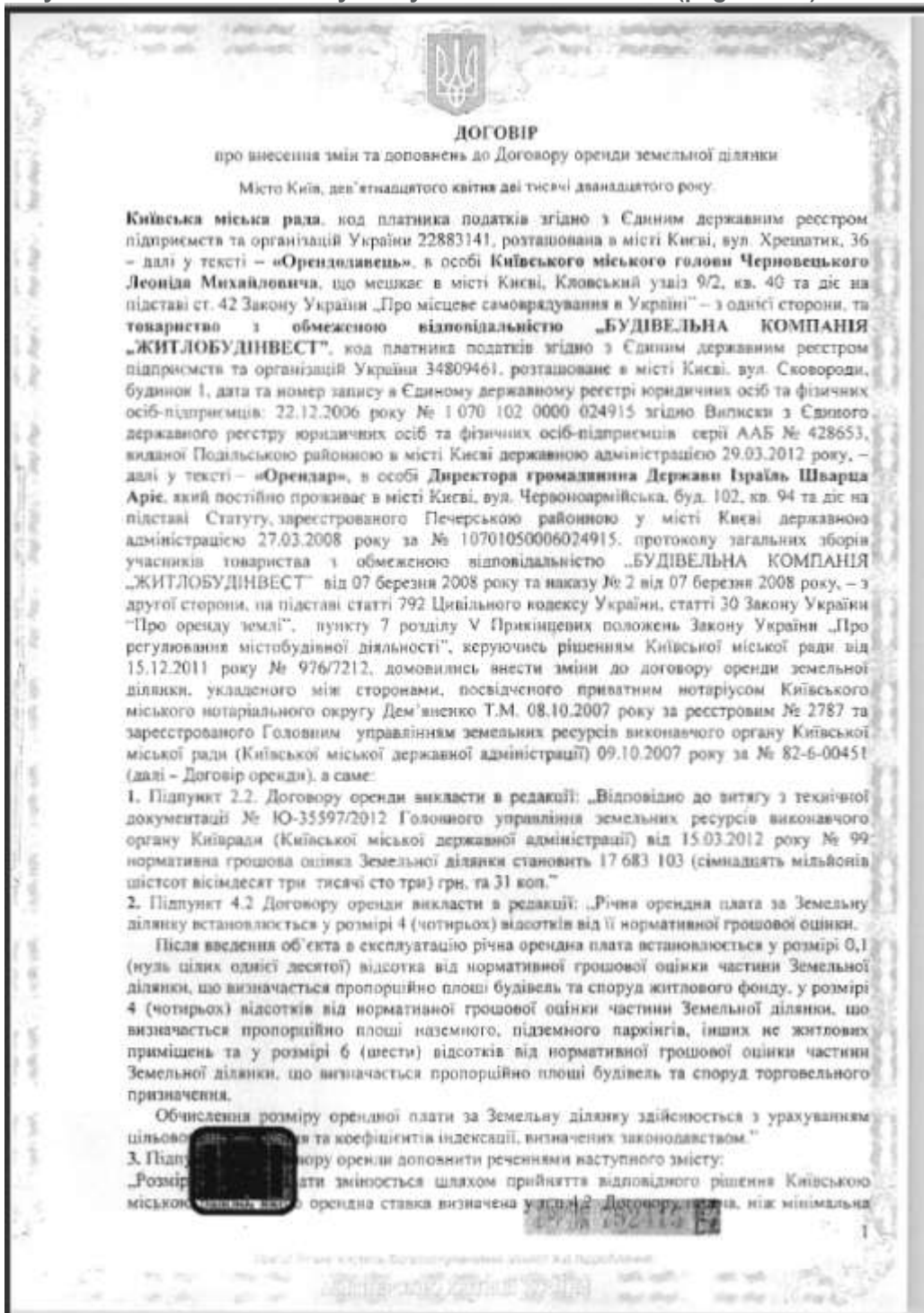
Handwritten signatures and a circular stamp of the company "ЗЖИТЛОБУДІНВЕСТ" (ZHYTLOBUDINVEST) are present. The stamp includes the text: "ЗЖИТЛОБУДІНВЕСТ", "ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ", "Київська міська рада", "39/2 Анри Барбуся Стр.", "01011 Київ".

Договір зареєстровано Головним управлінням земельних ресурсів виконавчого органу Київської міської ради (Київської міської державної адміністрації), про що зроблено запис від "13" квітня 2016 р. за № 12-6-00450 у книзі записів державної реєстрації договорів.

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Addendum to Lease Agreement dated 19th of April 2012 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 1.6303 ha (page 1 of 4)



Addendum to Lease Agreement dated 19th of April 2012 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 1.6303 ha (page 2 of 4)

орендна ставка визначена чинним законодавством України. Після прийняття відповідного рішення Київської міської ради та доведення даного рішення до Орендаря для ознайомлення, Орендар зобов'язаний сплачувати орендну плату відповідно до нової орендної ставки."

4. Підпункт 4.9. Договору оренди викласти в редакції:

"Розмір орендної плати переглядається за згодою сторін у разі зміни умов господарювання, передбачених Договором, зміни розмірів земельного податку, зміни мінімального розміру орендної плати, підвищення цін і тарифів, зміни коефіцієнтів індексації, визначених законодавством, погіршення стану орендованої Земельної ділянки не з вини Орендаря, що підтверджено документами, та у інших випадках, передбачених законом, але не частіше, ніж один раз у рік."

5. Підпункт 8.4 Договору оренди викласти в такій редакції:

- приступати до використання Земельної ділянки в строк, встановлений цим Договором, та після підписання цього Договору і Акта приймання-передачі Земельної ділянки та державної реєстрації Договору;

- завершити забудову Земельної ділянки в строки, встановлені проектною документацією на будівництво, затвердженою в установленому порядку;

- при зміні функціонального використання об'єкта нерухомості, що розташований на Земельній ділянці, у десятиденний термін в письмовій формі замовити у Головному управлінні земельних ресурсів виконавчого органу Київради (Київської міської державної адміністрації) витяг з технічної документації про нову нормативну грошову оцінку Земельної ділянки або її частини з урахуванням зазначених змін та після одержання цього витягу передати його до податкового органу за місцем розташування Земельної ділянки;

- використовувати Земельну ділянку відповідно до її цільового призначення;

- своєчасно вносити орендну плату;

- забезпечити вільний доступ до Земельної ділянки представнику контролюючих органів;

- повернути Земельну ділянку Орендодавцю у стані, придатному для її подальшого використання після припинення дії цього Договору;

- у строки, встановлені чинним законодавством, звітувати перед податковими органами району за місцем розташування Земельної ділянки про сплату орендної плати;

- питання майнових відносин вирішувати в установленому порядку;

- виконати вимоги, викладені в листах Головного управління містобудування, архітектури та дизайну міського середовища від 06.06.2007 №19-5368, Київської міської санепістанції від 22.06.2007 № 4732, Державного управління охорони навколишнього природного середовища в м.Києві від 11.06.2007 № 05-08/3837 та Державної служби з питань національної культурної спадщини від 05.06.2007 № 22-1370/35;

- забезпечити вільний доступ для прокладання нових, ремонту та експлуатації існуючих інженерних мереж і споруд, що знаходяться в межах Земельної ділянки;

- проектом будівництва передбачити місця постійного зберігання автотранспорту (крім відкритих автостоянок) із кількістю машиномісць відповідно до державних будівельних норм;

- питання пайової участі вирішити відповідно до рішення Київради від 30.12.2010 № 573/5385 "Про бюджет міста Києва на 2011 рік";

- у п'ятиденний строк після державної реєстрації договору оренди Земельної ділянки надати копію цього Договору до районного податкового органу за місцем розташування Земельної ділянки."

6. Доповнити пункт 8. Договору оренди підпунктом 8.6. наступного змісту: "Право на оренду Земельної ділянки державної або комунальної власності не може бути відчужено її Орендарем іншим особам, внесено до статутного фонду, передано у заставу."

7. Підпункт 11.5. Договору оренди викласти в редакції:

"11.5. Повнення Договору:

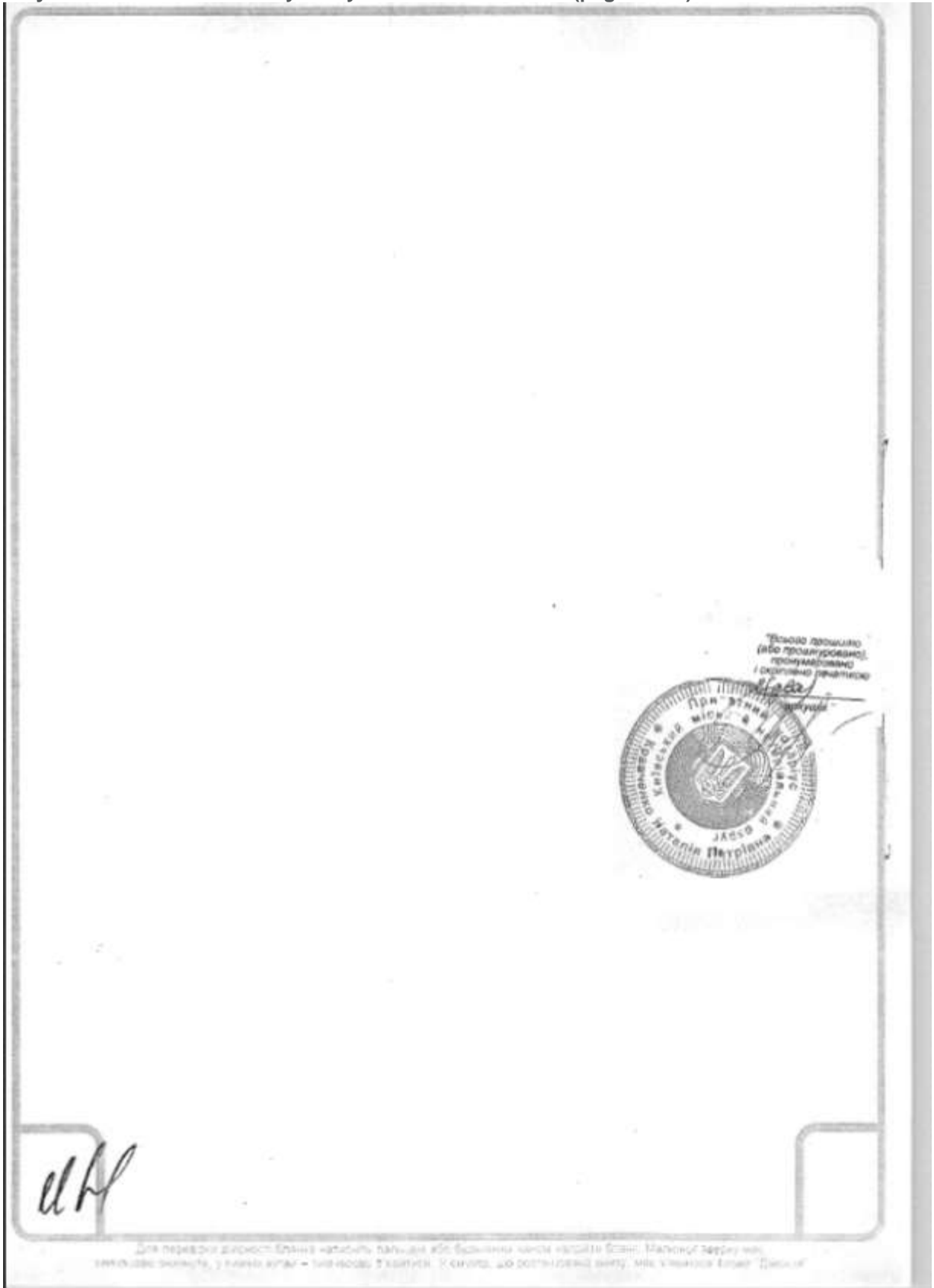
- Після закінчення строку, на який було укладено цей Договір, Орендар, за умов належного виконання своїх обов'язків, має за інших рівних умов переважне право на поновлення

У.У.

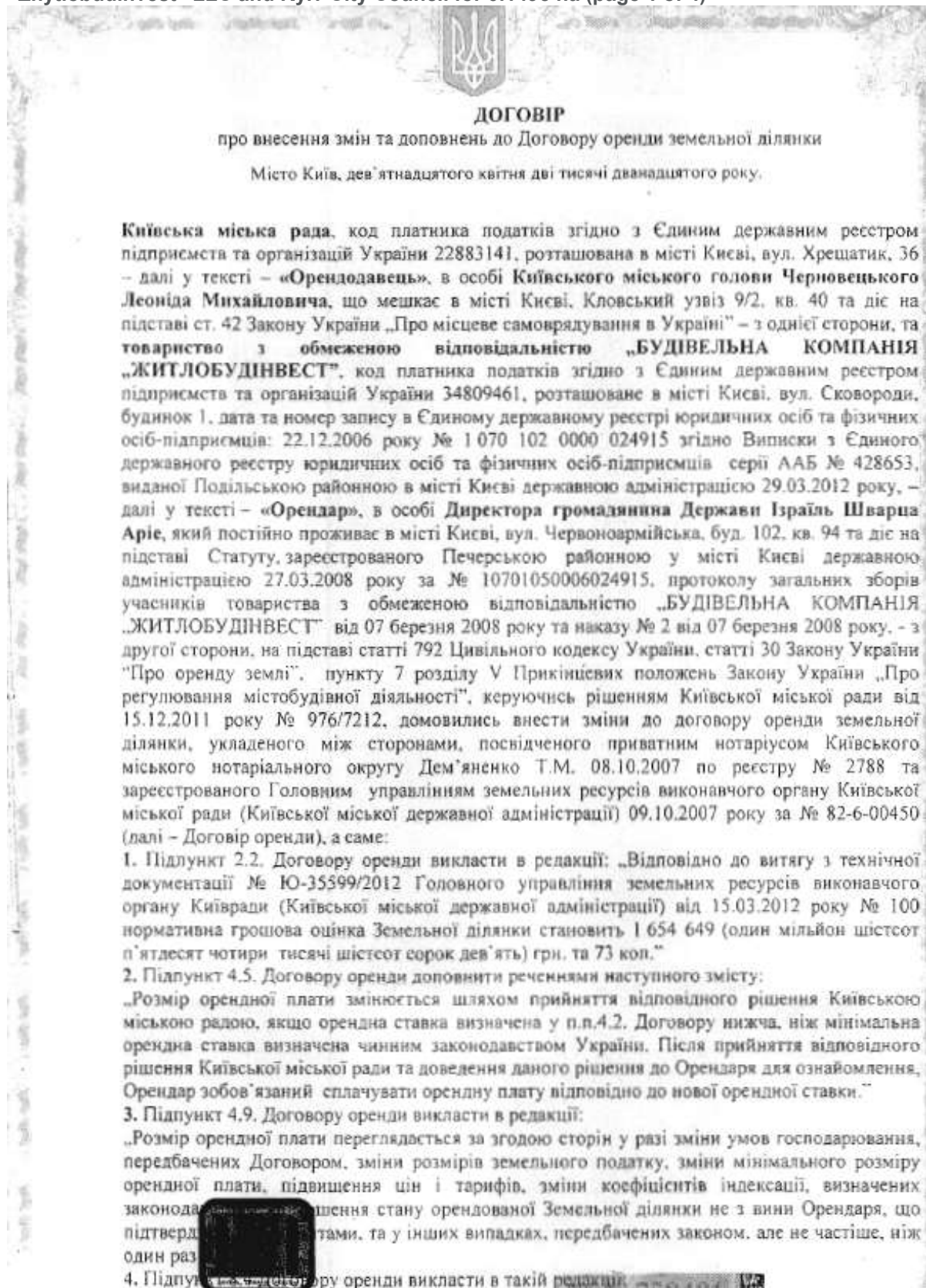
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Addendum to Lease Agreement dated 19th of April 2012 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 1.6303 ha (page 4 of 4)



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- приступати до використання Земельної ділянки в строк, встановлений цим Договором, та після підписання цього Договору і Акта приймання-передачі Земельної ділянки та державної реєстрації Договору;
- використовувати Земельну ділянку відповідно до її цільового призначення;
- своєчасно вносити орендну плату;
- забезпечити вільний доступ до Земельної ділянки представнику контролюючих органів;
- повернути Земельну ділянку Орендодавцю у стані, придатному для її подальшого використання після припинення дії цього Договору;
- у строки, встановлені чинним законодавством, звітувати перед податковими органами району за місцем розташування Земельної ділянки про сплату орендної плати;
- питання майнових відносин вирішувати в установленому порядку;
- виконати вимоги, висладені в листах Головного управління містобудування, архітектури та дизайну міського середовища від 06.06.2007 №19-5368, Київської міської саєніпастанції від 22.06.2007 № 4732, Державного управління охорони навколишнього природного середовища в м.Києві від 11.06.2007 № 05-08/3837 та Державної служби з питань національної культурної спадщини від 05.06.2007 № 22-1370/35;
- забезпечити вільний доступ для прокладання нових, ремонту та експлуатації існуючих інженерних мереж і споруд, що знаходяться в межах Земельної ділянки;
- проектом будівництва передбачити місця постійного зберігання автотранспорту (крім відкритих автостоянок) із кількістю машиномісць відповідно до державних будівельних норм;
- питання пайової участі вирішити відповідно до рішення Київради від 30.12.2010 № 573/5385 „Про бюджет міста Києва на 2011 рік“;
- у п'ятиденний строк після державної реєстрації договору оренди Земельної ділянки надати копію цього Договору до районного податкового органу за місцем розташування Земельної ділянки."

5. Доповнити пункт 8. Договору оренди підпунктом 8.6. наступного змісту: „Право на оренду Земельної ділянки державної або комунальної власності не може бути відчужено її Орендарем іншим особам, внесено до статутного фонду, передано у заставу.“

6. Підпункт 11.5. Договору оренди викласти в редакції:

„11.5. Поновлення Договору:

- Після закінчення строку, на який було укладено цей Договір, Орендар, за умов належного виконання своїх обов'язків, має за інших рівних умов переважне право на поновлення Договору. У цьому разі Орендар повинен не пізніше, ніж за 3 (три) місяці до закінчення строку дії Договору повідомити письмово Орендодавця про намір продовжити його дію та сплачувати орендну плату за період від дня закінчення дії цього Договору до дня поновлення його дії у порядку та у розмірах, встановлених цим Договором.

- У разі поновлення Договору на новий строк його умови можуть бути змінені за згодою сторін.“

7. Договір набуває чинності з дня його державної реєстрації.

8. Усі спори, що пов'язані із виконанням умов цього Договору, вирішуються судами України, при неможливості досудового врегулювання спору, що виникають при виконанні умов цього Договору.

9. Витрати, пов'язані з нотаріальним посвідченням цього Договору, сплачує Орендар.

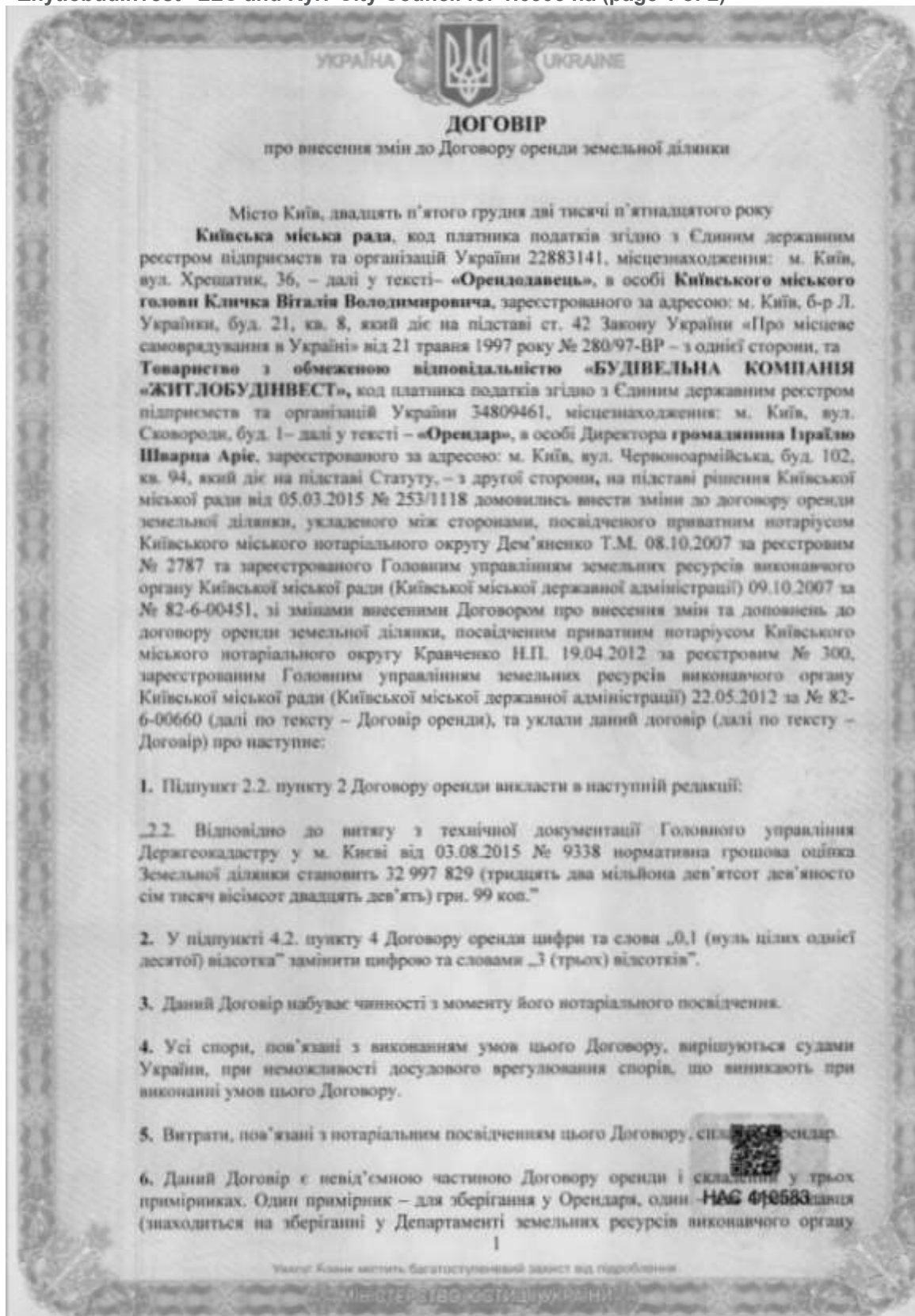
10. Цей Договір є невід'ємною частиною Договору оренди і складений у трьох примірниках. Один примірник – для зберігання у Орендаря, один – для Орендодавця (знаходиться на зберіганні у Головному управлінні земельних ресурсів виконавчого органу Київради (Київської міської державної адміністрації), один – для зберігання у справах приватного нотаріуса.

11. Керуючись принципом свободи договору, закріпленим в ст. 6 Цивільного кодексу України, приписами ст. 207 Цивільного кодексу України, сторони досягли згоди, що даний

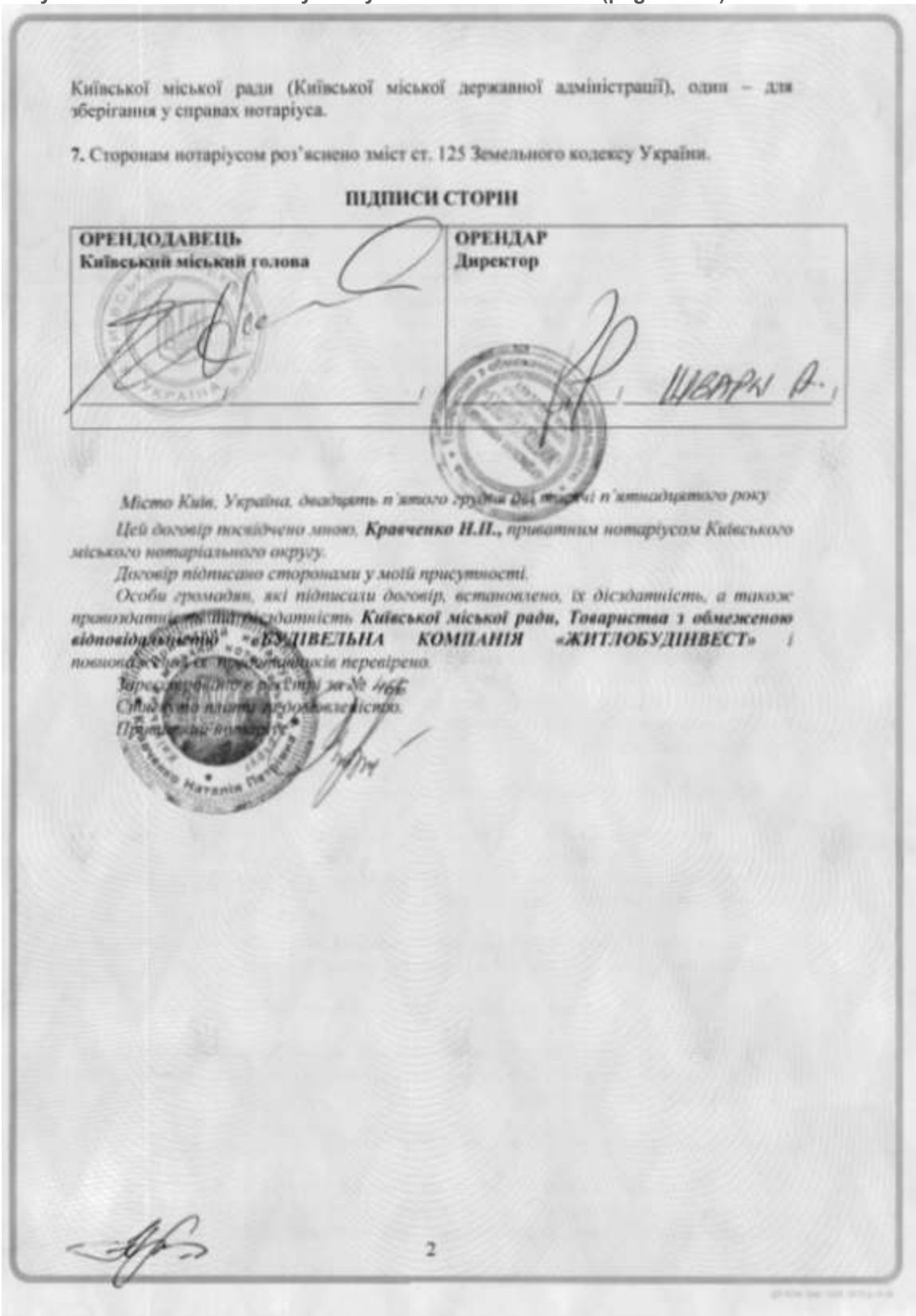
Addendum to Lease Agreement dated 19th of April 2012 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 0.1495 ha (page 3 of 4)



Addendum to Lease Agreement dated 25th of December 2015 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 1.6303 ha (page 1 of 2)



Addendum to Lease Agreement dated 25th of December 2015 between Construction Company "Zhytlobudinvest" LLC and Kyiv City Council for 1.6303 ha (page 2 of 2)



Appendix H

Valuation Calculations

Extract from Argus Developer Software

Timescale (Duration in months)

Project commences Apr 2016

Phase 1

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Apr 2016				
Construction	24	Apr 2016	Mar 2018	Pre-Construction	End	0
Sale	12	Apr 2018	Mar 2019	Income Flow	End	0
Phase End		Apr 2020				
Phase Length	36					

Phase 2

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Apr 2017				
Construction	24	Apr 2017	Mar 2019	Pre-Construction	End	0
Sale	13	Apr 2019	Apr 2020	Income Flow	End	0
Phase End		Apr 2020				
Phase Length	37					

Phase 3

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Jul 2017				
Construction	27	Jul 2017	Sep 2019	Pre-Construction	End	0
Sale	11	Oct 2019	Aug 2020	Income Flow	End	0
Phase End		Aug 2020				
Phase Length	38					

Phase 4

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Jul 2019				
Construction	9	Jul 2019	Mar 2020	Pre-Construction	End	0
Letting	5	Apr 2020	Aug 2020	Post Development	End	0
Phase End		Sep 2020				
Phase Length	14					

Project Length 54 (Merged Phases - Includes Exit Period)

Summary Appraisal for Merged Phases 1 2 3 4

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Residential	1	16,308.68	\$1,890.00	\$30,823,405	30,823,405
Underground parking	1	4,082.78	\$815.62	\$3,330,000	3,330,000
Parking commercial	1	1,949.68	\$815.52	\$1,590,000	1,590,000
Residential	1	18,700.04	\$1,890.00	\$35,343,076	35,343,076
Underground parking	1	5,299.80	\$1,154.76	\$6,120,000	6,120,000
Parking commercial	1	259.79	\$1,154.78	\$300,000	300,000
Residential	1	21,299.02	\$1,890.00	\$40,255,148	40,255,148
Underground parking	1	5,124.92	\$1,457.58	\$7,470,000	7,470,000
Parking commercial	1	329.31	\$1,457.59	\$480,000	480,000
Totals	9	73,354.02			125,711,629

Rental Area Summary

	Units	m ²	Rate m ²	MRV/Unit	Initial at Sale	Net Rent MRV	Initial at Sale
Health and physical training	1	914.61	\$90.00	\$82,315	82,315	82,315	82,315
Public catering	1	250.00	\$156.00	\$39,000	37,050	39,000	37,050
Storages	1	159.68		\$0	0		
Inbuilt offices	1	797.66	\$173.00	\$137,995	117,296	137,995	117,296
Gas boiler	1	365.60		\$0	0		
Public catering	1	110.53	\$156.00	\$17,243	16,381	17,243	16,381
Storages	1	1,208.48		\$0	0		
Inbuilt offices	1	300.00	\$173.00	\$51,900	44,115	51,900	44,115
Storages	1	186.46		\$0	0		
Inbuilt offices	1	1,620.74	\$173.00	\$280,388	238,330	280,388	238,330
Office building	1	3,522.89	\$173.00	\$609,460	518,041	609,460	518,041
Totals	11	9,436.65			1,053,527	1,218,301	1,053,527

Investment Valuation

Health and physical training					
Current Rent	82,315	YP @	15.5000%	6.4516	531,064
Public catering					
Current Rent	37,050	YP @	15.5000%	6.4516	239,032
Inbuilt offices					
Current Rent	117,296	YP @	15.5000%	6.4516	756,748
Public catering					
Current Rent	16,381	YP @	15.5000%	6.4516	105,681
Inbuilt offices					
Current Rent	44,115	YP @	15.5000%	6.4516	284,613
Inbuilt offices					
Current Rent	238,330	YP @	15.5000%	6.4516	1,537,612
Office building					
Current Rent	518,041	YP @	15.5000%	6.4516	3,342,200
					6,796,949

GROSS DEVELOPMENT VALUE 132,508,578

NET REALISATION 132,508,578

OUTLAY

ACQUISITION COSTS

Residualised Price	8,655,800			8,655,800
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CONSTRUCTION COSTS

Construction		m ²	Rate m ²	Cost
Health and physical training	1,657.68	\$616.00	1,021,131	
Public catering	453.11	\$616.00	279,116	
Storages	159.68	\$362.00	57,804	
Inbuilt offices	1,445.72	\$616.00	890,564	
Gas boiler	365.60	\$362.00	132,347	
Public catering	317.37	\$616.00	195,500	
Storages	1,208.48	\$362.00	437,470	
Inbuilt offices	861.40	\$616.00	530,622	
Storages	186.46	\$362.00	67,499	
Inbuilt offices	2,531.18	\$616.00	1,559,207	
Office building	4,730.45	\$685.00	3,240,358	
Residential	24,048.68	\$616.00	14,813,987	
Underground parking	6,281.21	\$362.00	2,273,798	
Parking commercial	3,308.68	\$362.00	1,197,742	
Residential	29,133.70	\$616.00	17,946,359	
Underground parking	8,153.55	\$362.00	2,951,586	
Parking commercial	611.43	\$362.00	221,338	
Residential	33,106.12	\$616.00	20,393,370	
Underground parking	7,884.51	\$362.00	2,854,193	
Parking commercial	506.64	\$362.00	183,404	
Totals	126,951.65		71,247,393	71,247,393

Contingency	5.00%	3,562,370	
Developers Contingency	5.00%	2,147,468	
Developers Contingency	3.00%	848,941	
			6,558,779

PROFESSIONAL FEES

Architect	3.00%	2,137,422
Quantity Surveyor	0.50%	356,237
Structural Engineer	0.50%	356,237
Mech./Elec.Engineer	3.00%	2,137,422
Project Manager	1.00%	712,474
Monetary contribution to Kyiv City	10.00%	357,870
Monetary contribution to Kyiv City	4.00%	683,511
Site preparation and demolition	1.00%	206,665
Monetary contribution to Kyiv City	10.00%	138,493
Monetary contribution to Kyiv City	4.00%	835,918
Monetary contribution to Kyiv City	4.00%	929,903

Monetary contribution to Kyiv City	10.00%	181,011		
Monetary contribution to Kyiv City	10.00%	324,036		
			9,357,198	
MARKETING & LETTING				
Letting Agent Fee	8.33%	44,606		
Letting Agent Fee	8.33%	43,153		
			87,759	
DISPOSAL FEES				
Residential		2,128,433		
Underground parking		338,400		
Parking commercial		47,400		
			2,514,233	
Additional Costs				
Additional Costs		362,583		
			362,583	
TOTAL COSTS				98,783,744
PROFIT				
			33,724,834	
Performance Measures				
Profit on Cost%	34.14%			
Profit on GDV%	25.45%			
Profit on NDV%	25.45%			
Development Yield% (on Rent)	1.07%			
Equivalent Yield% (Nominal)	15.50%			
Equivalent Yield% (True)	17.13%			
IRR	30.00%			
Rent Cover	32 yrs			
Profit Erosion (finance rate 0.000%)	N/A			

Sensitivity analysis

Scenario 1

Table of Land Cost and IRR%

Sales: Rate pm ²			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$8,629,932)	(\$8,443,350)	(\$8,268,811)	(\$8,105,178)	(\$7,951,463)
	29.8439%	29.8835%	29.9207%	29.9558%	29.9889%
-5.000%	(\$4,271,754)	(\$4,085,175)	(\$3,910,634)	(\$3,747,001)	(\$3,593,286)
	31.5583%	31.6062%	31.6514%	31.6940%	31.7342%
0.000%	\$86,408	\$272,986	\$447,528	\$611,158	\$764,875
	33.5311%	33.5899%	33.6452%	33.6975%	33.7468%
+5.000%	\$4,444,582	\$4,631,160	\$4,805,701	\$4,969,334	\$5,123,049
	35.8377%	35.9107%	35.9795%	36.0444%	36.1059%
+10.000%	\$8,802,753	\$8,989,337	\$9,163,876	\$9,327,506	\$9,481,219
	38.5901%	38.6826%	38.7698%	38.8523%	38.9303%
Sales: Rate pm ²			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$13,181,587)	(\$12,995,009)	(\$12,820,467)	(\$12,656,834)	(\$12,503,119)
	28.4467%	28.4784%	28.5081%	28.5361%	28.5626%
-5.000%	(\$8,823,424)	(\$8,636,847)	(\$8,462,306)	(\$8,298,673)	(\$8,144,958)
	29.8886%	29.9264%	29.9619%	29.9954%	30.0270%
0.000%	(\$4,465,247)	(\$4,278,669)	(\$4,104,127)	(\$3,940,496)	(\$3,786,779)
	31.5170%	31.5623%	31.6050%	31.6453%	31.6833%
+5.000%	(\$107,084)	\$79,494	\$254,035	\$417,668	\$571,382
	33.3770%	33.4319%	33.4837%	33.5325%	33.5786%
+10.000%	\$4,251,089	\$4,437,668	\$4,612,210	\$4,775,841	\$4,929,556
	35.5317%	35.5991%	35.6626%	35.7225%	35.7792%
Sales: Rate pm ²			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$17,733,253)	(\$17,546,675)	(\$17,372,132)	(\$17,208,500)	(\$17,054,784)
	27.3083%	27.3341%	27.3584%	27.3813%	27.4029%
-5.000%	(\$13,375,082)	(\$13,188,503)	(\$13,013,962)	(\$12,850,330)	(\$12,696,615)
	28.5484%	28.5789%	28.6076%	28.6346%	28.6601%
0.000%	(\$9,016,921)	(\$8,830,342)	(\$8,655,800)	(\$8,492,169)	(\$8,338,453)
	29.9292%	29.9653%	29.9992%	30.0312%	30.0615%
+5.000%	(\$4,658,741)	(\$4,472,163)	(\$4,297,621)	(\$4,133,988)	(\$3,980,273)
	31.4798%	31.5228%	31.5632%	31.6014%	31.6374%
+10.000%	(\$300,574)	(\$113,995)	\$60,547	\$224,178	\$377,893
	33.2392%	33.2907%	33.3393%	33.3851%	33.4284%
Sales: Rate pm ²			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$22,284,904)	(\$22,098,326)	(\$21,923,784)	(\$21,760,152)	(\$21,606,437)
	26.3613%	26.3828%	26.4030%	26.4221%	26.4400%
-5.000%	(\$17,926,748)	(\$17,740,169)	(\$17,565,628)	(\$17,401,995)	(\$17,248,280)
	27.4466%	27.4717%	27.4953%	27.5176%	27.5386%
0.000%	(\$13,568,578)	(\$13,381,999)	(\$13,207,457)	(\$13,043,826)	(\$12,890,110)
	28.6415%	28.6710%	28.6987%	28.7247%	28.7493%
+5.000%	(\$9,210,416)	(\$9,023,837)	(\$8,849,295)	(\$8,685,663)	(\$8,531,948)
	29.9661%	30.0007%	30.0333%	30.0639%	30.0929%
+10.000%	(\$4,852,235)	(\$4,665,656)	(\$4,491,114)	(\$4,327,482)	(\$4,173,767)
	31.4461%	31.4870%	31.5254%	31.5616%	31.5958%
Sales: Rate pm ²			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$26,836,581)	(\$26,650,002)	(\$26,475,460)	(\$26,311,827)	(\$26,158,101)
	25.5604%	25.5785%	25.5956%	25.6116%	25.6268%
-5.000%	(\$22,478,401)	(\$22,291,822)	(\$22,117,281)	(\$21,953,649)	(\$21,799,934)
	26.5234%	26.5444%	26.5642%	26.5829%	26.6004%
0.000%	(\$18,120,243)	(\$17,933,664)	(\$17,759,122)	(\$17,595,491)	(\$17,441,775)
	27.5742%	27.5987%	27.6217%	27.6433%	27.6637%
+5.000%	(\$13,762,073)	(\$13,575,495)	(\$13,400,953)	(\$13,237,320)	(\$13,083,605)
	28.7271%	28.7556%	28.7823%	28.8075%	28.8313%
+10.000%	(\$9,403,911)	(\$9,217,332)	(\$9,042,790)	(\$8,879,159)	(\$8,725,444)
	30.0000%	30.0332%	30.0644%	30.0938%	30.1216%

Sensitivity Analysis : Assumptions for Calculation

Rent: Yield

Original Values are varied in Fixed Steps of 0.50%

Heading	Phase	Cap. Rate	No. of Steps
Health and physical training	1	15.5000%	2 Up & Down
Public catering	1	15.5000%	2 Up & Down
Inbuilt offices	1	15.5000%	2 Up & Down
Public catering	2	15.5000%	2 Up & Down
Inbuilt offices	2	15.5000%	2 Up & Down
Inbuilt offices	3	15.5000%	2 Up & Down
Office building	4	15.5000%	2 Up & Down

Construction: Cost / Unit

Original Values are varied by Steps of 5.000%.

Heading	Phase	Amount	No. of Steps
Health and physical training	1	\$1,021,131	2 Up & Down
Public catering	1	\$279,116	2 Up & Down
Storages	1	\$57,804	2 Up & Down
Inbuilt offices	1	\$890,564	2 Up & Down
Gas boiler	1	\$132,347	2 Up & Down
Residential	1	\$14,813,987	2 Up & Down
Underground parking	1	\$2,273,798	2 Up & Down
Parking commercial	1	\$1,197,742	2 Up & Down
Public catering	2	\$195,500	2 Up & Down
Storages	2	\$437,470	2 Up & Down
Inbuilt offices	2	\$530,622	2 Up & Down
Residential	2	\$17,946,359	2 Up & Down
Underground parking	2	\$2,951,586	2 Up & Down
Parking commercial	2	\$221,338	2 Up & Down
Storages	3	\$67,499	2 Up & Down
Inbuilt offices	3	\$1,559,207	2 Up & Down
Residential	3	\$20,393,370	2 Up & Down
Underground parking	3	\$2,854,193	2 Up & Down
Parking commercial	3	\$183,404	2 Up & Down
Office building	4	\$3,240,358	2 Up & Down

Sales: Rate pm²

Original Values are varied by Steps of 5.000%.

Heading	Phase	Rate	No. of Steps
Residential	1	\$1,890.00	2 Up & Down
Underground parking	1	\$815.62	2 Up & Down
Parking commercial	1	\$815.52	2 Up & Down
Residential	2	\$1,890.00	2 Up & Down
Underground parking	2	\$1,154.76	2 Up & Down
Parking commercial	2	\$1,154.78	2 Up & Down
Residential	3	\$1,890.00	2 Up & Down
Underground parking	3	\$1,457.58	2 Up & Down
Parking commercial	3	\$1,457.59	2 Up & Down

Scenario 2

Table of Land Cost and IRR%

Rent: Rate pm ²			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$17,182,292)	(\$17,014,371)	(\$16,857,283)	(\$16,710,015)	(\$16,571,670)
	27.3831%	27.4067%	27.4289%	27.4498%	27.4694%
-5.000%	(\$12,824,122)	(\$12,656,202)	(\$12,499,114)	(\$12,351,844)	(\$12,213,501)
	28.6370%	28.6648%	28.6910%	28.7157%	28.7389%
0.000%	(\$8,465,960)	(\$8,298,039)	(\$8,140,952)	(\$7,993,684)	(\$7,855,340)
	30.0343%	30.0673%	30.0984%	30.1276%	30.1552%
+5.000%	(\$4,107,780)	(\$3,939,860)	(\$3,782,773)	(\$3,635,503)	(\$3,497,160)
	31.6053%	31.6446%	31.6817%	31.7165%	31.7495%
+10.000%	\$250,385	\$418,307	\$575,392	\$722,661	\$861,004
	33.3901%	33.4374%	33.4819%	33.5238%	33.5634%
Rent: Rate pm ²			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$17,457,772)	(\$17,280,522)	(\$17,114,708)	(\$16,959,257)	(\$16,813,228)
	27.3456%	27.3703%	27.3935%	27.4154%	27.4361%
-5.000%	(\$13,099,602)	(\$12,922,352)	(\$12,756,537)	(\$12,601,088)	(\$12,455,057)
	28.5925%	28.6217%	28.6491%	28.6750%	28.6994%
0.000%	(\$8,741,440)	(\$8,564,191)	(\$8,398,376)	(\$8,242,925)	(\$8,096,897)
	29.9815%	30.0161%	30.0486%	30.0792%	30.1082%
+5.000%	(\$4,383,261)	(\$4,206,011)	(\$4,040,196)	(\$3,884,746)	(\$3,738,716)
	31.5423%	31.5835%	31.6222%	31.6587%	31.6932%
+10.000%	(\$25,093)	\$152,155	\$317,969	\$473,420	\$619,449
	33.3143%	33.3637%	33.4103%	33.4542%	33.4956%
Rent: Rate pm ²			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$17,733,253)	(\$17,546,675)	(\$17,372,132)	(\$17,208,500)	(\$17,054,784)
	27.3083%	27.3341%	27.3584%	27.3813%	27.4029%
-5.000%	(\$13,375,082)	(\$13,188,503)	(\$13,013,962)	(\$12,850,330)	(\$12,696,615)
	28.5484%	28.5789%	28.6076%	28.6346%	28.6601%
0.000%	(\$9,016,921)	(\$8,830,342)	(\$8,655,800)	(\$8,492,169)	(\$8,338,453)
	29.9292%	29.9653%	29.9992%	30.0312%	30.0615%
+5.000%	(\$4,658,741)	(\$4,472,163)	(\$4,297,621)	(\$4,133,988)	(\$3,980,273)
	31.4798%	31.5228%	31.5632%	31.6014%	31.6374%
+10.000%	(\$300,574)	(\$113,995)	\$60,547	\$224,178	\$377,893
	33.2392%	33.2907%	33.3393%	33.3851%	33.4284%
Rent: Rate pm ²			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$18,008,733)	(\$17,812,825)	(\$17,629,557)	(\$17,457,742)	(\$17,296,341)
	27.2713%	27.2982%	27.3236%	27.3474%	27.3700%
-5.000%	(\$13,650,563)	(\$13,454,656)	(\$13,271,386)	(\$13,099,572)	(\$12,938,171)
	28.5047%	28.5364%	28.5663%	28.5945%	28.6211%
0.000%	(\$9,292,401)	(\$9,096,493)	(\$8,913,225)	(\$8,741,410)	(\$8,580,010)
	29.8773%	29.9149%	29.9503%	29.9836%	30.0151%
+5.000%	(\$4,934,221)	(\$4,738,313)	(\$4,555,044)	(\$4,383,232)	(\$4,221,830)
	31.4179%	31.4626%	31.5048%	31.5445%	31.5820%
+10.000%	(\$576,052)	(\$380,145)	(\$196,877)	(\$25,063)	\$136,337
	33.1648%	33.2184%	33.2690%	33.3166%	33.3617%
Rent: Rate pm ²			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$18,284,213)	(\$18,078,976)	(\$17,886,981)	(\$17,706,985)	(\$17,537,899)
	27.2346%	27.2626%	27.2890%	27.3138%	27.3372%
-5.000%	(\$13,926,042)	(\$13,720,806)	(\$13,528,811)	(\$13,348,815)	(\$13,179,728)
	28.4613%	28.4943%	28.5254%	28.5547%	28.5823%
0.000%	(\$9,567,882)	(\$9,362,646)	(\$9,170,649)	(\$8,990,653)	(\$8,821,566)
	29.8258%	29.8649%	29.9016%	29.9363%	29.9691%
+5.000%	(\$5,209,701)	(\$5,004,464)	(\$4,812,469)	(\$4,632,473)	(\$4,463,387)
	31.3565%	31.4030%	31.4468%	31.4880%	31.5270%
+10.000%	(\$851,531)	(\$646,295)	(\$454,300)	(\$274,307)	(\$105,219)
	33.0911%	33.1468%	33.1992%	33.2488%	33.2955%

Sensitivity Analysis : Assumptions for Calculation

Rent: Yield

Original Values are varied in Fixed Steps of 0.50%

Heading	Phase	Cap. Rate	No. of Steps
Health and physical training	1	15.5000%	2 Up & Down
Public catering	1	15.5000%	2 Up & Down
Inbuilt offices	1	15.5000%	2 Up & Down
Public catering	2	15.5000%	2 Up & Down
Inbuilt offices	2	15.5000%	2 Up & Down
Inbuilt offices	3	15.5000%	2 Up & Down
Office building	4	15.5000%	2 Up & Down

Construction: Cost / Unit

Original Values are varied by Steps of 5.000%.

Heading	Phase	Amount	No. of Steps
Health and physical training	1	\$1,021,131	2 Up & Down
Public catering	1	\$279,116	2 Up & Down
Storages	1	\$57,804	2 Up & Down
Inbuilt offices	1	\$890,564	2 Up & Down
Gas boiler	1	\$132,347	2 Up & Down
Residential	1	\$14,813,987	2 Up & Down
Underground parking	1	\$2,273,798	2 Up & Down
Parking commercial	1	\$1,197,742	2 Up & Down
Public catering	2	\$195,500	2 Up & Down
Storages	2	\$437,470	2 Up & Down
Inbuilt offices	2	\$530,622	2 Up & Down
Residential	2	\$17,946,359	2 Up & Down
Underground parking	2	\$2,951,586	2 Up & Down
Parking commercial	2	\$221,338	2 Up & Down
Storages	3	\$67,499	2 Up & Down
Inbuilt offices	3	\$1,559,207	2 Up & Down
Residential	3	\$20,393,370	2 Up & Down
Underground parking	3	\$2,854,193	2 Up & Down
Parking commercial	3	\$183,404	2 Up & Down
Office building	4	\$3,240,358	2 Up & Down

Rent: Rate pm²

Original Values are varied by Steps of 5.000%.

Heading	Phase	Rate	No. of Steps
Health and physical training	1	\$90.00	2 Up & Down
Public catering	1	\$156.00	2 Up & Down
Inbuilt offices	1	\$173.00	2 Up & Down
Public catering	2	\$156.00	2 Up & Down
Inbuilt offices	2	\$173.00	2 Up & Down
Inbuilt offices	3	\$173.00	2 Up & Down
Office building	4	\$173.00	2 Up & Down

Scenario 3

Table of Land Cost and IRR%

Land Value: Residualised Land Value			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$19,235,623)	(\$19,046,119)	(\$18,868,840)	(\$18,702,642)	(\$18,546,516)
	25.4778%	25.5013%	25.5234%	25.5442%	25.5638%
-5.000%	(\$14,877,449)	(\$14,687,944)	(\$14,510,666)	(\$14,344,468)	(\$14,188,342)
	26.5905%	26.6181%	26.6440%	26.6685%	26.6915%
0.000%	(\$10,519,286)	(\$10,329,784)	(\$10,152,507)	(\$9,986,310)	(\$9,830,184)
	27.8230%	27.8554%	27.8859%	27.9147%	27.9418%
+5.000%	(\$6,161,115)	(\$5,971,610)	(\$5,794,333)	(\$5,628,134)	(\$5,472,008)
	29.1985%	29.2369%	29.2730%	29.3070%	29.3391%
+10.000%	(\$1,802,953)	(\$1,613,448)	(\$1,436,169)	(\$1,269,971)	(\$1,113,845)
	30.7477%	30.7933%	30.8363%	30.8768%	30.9150%
Land Value: Residualised Land Value			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$18,478,784)	(\$18,290,754)	(\$18,114,854)	(\$17,949,948)	(\$17,795,037)
	26.3880%	26.4127%	26.4358%	26.4577%	26.4783%
-5.000%	(\$14,120,612)	(\$13,932,581)	(\$13,756,682)	(\$13,591,777)	(\$13,436,866)
	27.5631%	27.5921%	27.6194%	27.6451%	27.6693%
0.000%	(\$9,762,452)	(\$9,574,422)	(\$9,398,524)	(\$9,233,618)	(\$9,078,696)
	28.8680%	28.9022%	28.9344%	28.9647%	28.9934%
+5.000%	(\$5,404,268)	(\$5,216,238)	(\$5,040,339)	(\$4,875,433)	(\$4,720,522)
	30.3288%	30.3694%	30.4076%	30.4436%	30.4776%
+10.000%	(\$1,046,112)	(\$858,081)	(\$682,182)	(\$517,277)	(\$362,366)
	31.9799%	32.0285%	32.0741%	32.1172%	32.1578%
Land Value: Residualised Land Value			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$17,733,253)	(\$17,546,675)	(\$17,372,132)	(\$17,208,500)	(\$17,054,784)
	27.3083%	27.3341%	27.3584%	27.3813%	27.4029%
-5.000%	(\$13,375,082)	(\$13,188,503)	(\$13,013,962)	(\$12,850,330)	(\$12,696,615)
	28.5484%	28.5789%	28.6076%	28.6346%	28.6601%
0.000%	(\$9,016,921)	(\$8,830,342)	(\$8,655,800)	(\$8,492,169)	(\$8,338,453)
	29.9292%	29.9653%	29.9992%	30.0312%	30.0615%
+5.000%	(\$4,658,741)	(\$4,472,163)	(\$4,297,621)	(\$4,133,988)	(\$3,980,273)
	31.4798%	31.5228%	31.5632%	31.6014%	31.6374%
+10.000%	(\$300,574)	(\$113,995)	\$60,547	\$224,178	\$377,893
	33.2392%	33.2907%	33.3393%	33.3851%	33.4284%
Land Value: Residualised Land Value			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$16,998,779)	(\$16,813,630)	(\$16,640,425)	(\$16,478,045)	(\$16,325,507)
	28.2390%	28.2661%	28.2915%	28.3155%	28.3382%
-5.000%	(\$12,640,610)	(\$12,455,460)	(\$12,282,256)	(\$12,119,877)	(\$11,967,339)
	29.5470%	29.5790%	29.6092%	29.6376%	29.6644%
0.000%	(\$8,282,448)	(\$8,097,299)	(\$7,924,096)	(\$7,761,717)	(\$7,609,180)
	31.0073%	31.0454%	31.0812%	31.1150%	31.1468%
+5.000%	(\$3,924,269)	(\$3,739,121)	(\$3,565,915)	(\$3,403,536)	(\$3,250,998)
	32.6526%	32.6981%	32.7410%	32.7814%	32.8195%
+10.000%	\$433,893	\$619,043	\$792,247	\$954,625	\$1,107,159
	34.5269%	34.5817%	34.6334%	34.6821%	34.7281%
Land Value: Residualised Land Value			Rent: Yield		
Construction: Cost / Unit	-1.0000%	-0.5000%	0.0000%	+0.5000%	+1.0000%
	14.5000%	15.0000%	15.5000%	16.0000%	16.5000%
-10.000%	(\$16,275,118)	(\$16,091,376)	(\$15,919,488)	(\$15,758,343)	(\$15,606,964)
	29.1804%	29.2088%	29.2356%	29.2607%	29.2845%
-5.000%	(\$11,916,949)	(\$11,733,207)	(\$11,561,319)	(\$11,400,174)	(\$11,248,797)
	30.5593%	30.5930%	30.6247%	30.6546%	30.6827%
0.000%	(\$7,558,793)	(\$7,375,042)	(\$7,203,155)	(\$7,042,009)	(\$6,890,630)
	32.1030%	32.1432%	32.1810%	32.2166%	32.2503%
+5.000%	(\$3,200,609)	(\$3,016,868)	(\$2,844,979)	(\$2,683,834)	(\$2,532,456)
	33.8484%	33.8966%	33.9419%	33.9847%	34.0251%
+10.000%	\$1,157,552	\$1,341,294	\$1,513,180	\$1,674,324	\$1,825,702
	35.8448%	35.9031%	35.9581%	36.0100%	36.0589%

Sensitivity Analysis : Assumptions for Calculation

Rent: Yield

Original Values are varied in Fixed Steps of 0.50%

Heading	Phase	Cap. Rate	No. of Steps
Health and physical training	1	15.5000%	2 Up & Down
Public catering	1	15.5000%	2 Up & Down
Inbuilt offices	1	15.5000%	2 Up & Down
Public catering	2	15.5000%	2 Up & Down
Inbuilt offices	2	15.5000%	2 Up & Down
Inbuilt offices	3	15.5000%	2 Up & Down
Office building	4	15.5000%	2 Up & Down

Construction: Cost / Unit

Original Values are varied by Steps of 5.000%.

Heading	Phase	Amount	No. of Steps
Health and physical training	1	\$1,021,131	2 Up & Down
Public catering	1	\$279,116	2 Up & Down
Storages	1	\$57,804	2 Up & Down
Inbuilt offices	1	\$890,564	2 Up & Down
Gas boiler	1	\$132,347	2 Up & Down
Residential	1	\$14,813,987	2 Up & Down
Underground parking	1	\$2,273,798	2 Up & Down
Parking commercial	1	\$1,197,742	2 Up & Down
Public catering	2	\$195,500	2 Up & Down
Storages	2	\$437,470	2 Up & Down
Inbuilt offices	2	\$530,622	2 Up & Down
Residential	2	\$17,946,359	2 Up & Down
Underground parking	2	\$2,951,586	2 Up & Down
Parking commercial	2	\$221,338	2 Up & Down
Storages	3	\$67,499	2 Up & Down
Inbuilt offices	3	\$1,559,207	2 Up & Down
Residential	3	\$20,393,370	2 Up & Down
Underground parking	3	\$2,854,193	2 Up & Down
Parking commercial	3	\$183,404	2 Up & Down
Office building	4	\$3,240,358	2 Up & Down

Land Value: Residualised Land Value

Residual Target Rate is varied by Fixed Steps of 1.00%

Residual Mode: Profit on Cost

Phase Name	Phase Number	Target Rate	No. of Steps
	1	40.00%	2 Up & Down
	2	35.00%	2 Up & Down
	3	30.00%	2 Up & Down
	4	25.00%	2 Up & Down



Report and Valuation as at 31 March 2016

Prepared on behalf of
'Airport City' LLC

Land Plot located on the
Kyiv-Boryspil Highway
within Shchaslyve Village,
Boryspil District,
Kyiv Region, Ukraine

15 April 2016


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- A Valuation conditions and Assumptions
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Executive Summary

<p>Kyiv-Boryspil Highway, Shchaslyve Village, Boryspil District, Kyiv Region, Ukraine</p>	
<p>Property type</p>	<p>Real property (Land plot held for development)</p>
<p>Property name</p>	<p>Land plot</p>
<p>Areas</p>	<p>The subject property is a greenfield land plot held for development. It comprises five separate sites with the total area of 48.9 ha:</p> <ul style="list-style-type: none"> - Site 1, #3220888000:03:004:0023, area - 9.7 ha, - Site 2, #3220888000:03:004:0022, area - 9.8 ha, - Site 3, #3220888000:03:004:0026, area - 9.7 ha, - Site 4, #3220888000:03:004:0025, area - 9.9 ha, - Site 5, #3220888000:03:004:0024, area - 9.8 ha. <p>The site is flat and rectangular in shape.</p>
<p>Location</p>	<p>The subject land plot is located on the Kyiv-Boryspil Highway in Shchaslyve Village within the Boryspil administrative district approximately half way between the turn-off to Boryspil International Airport and Kyiv City boundary. The site is situated approximately 3 kilometres from the Airport and 24 kilometres from Kyiv City centre. Boryspil Town is approximately 4 Kilometres along the highway. The closest metro station, Boryspilska, is approximately 8 kilometres from the site at the capital's eastern boundary.</p>
<p>Tenure</p>	<p>Sub-leasehold</p> <p>The subject property is held sub-leasehold by “Airport City” LLC for 44 years starting from September 2009 (as confirmed by the copies of the sub-lease agreements dated 10 September 2009 provided by the client). The lessors are five legal entities which in its turn hold the subject property under five different lease agreements. The lessors are informed to be companies related to “Airport City” LLC.</p>
<p>Zoning</p>	<p>In accordance with the Land Lease Agreements provided by the Client two land plots (9.8 ha, #3220888000:03:004:0022 and 9.7 ha, #3220888000:03:004:0026) are zoned for Offices and Warehouses, a land plot of 9.7 ha (#3220888000:03:004:0023) – for Commercial and Industrial complex, a land plot of 9.9 ha (#3220888000:03:004:0025) – for Commercial and Industrial complex, a land plot 9.8 ha (#3220888000:03:004:0024) – Auto service centre and filling station.</p>

Fair Value	\$ 8,574,000 (Eight Million Five Hundred and Seventy Four Thousand) US Dollars exclusive of VAT
Valuation date	31 March 2016
Report date	15 April 2016

Name: Nicholas Cotton, Yana Lytvynchuk
Email: Nick.Cotton@dtz.kiev.ua
Yana.Lytvynchuk @dtz.kiev.ua
Direct tel: +38 044 220 30 60
Direct fax: +38 044 220 30 61

Your ref:
Our ref:

15 April 2016

For the attention of Michal Kaufman

Dear Sirs,

Client: “Airport City” LLC (acting on behalf of SCORPIO Real Estate Ltd)
Property: Land plot located on the Kyiv-Boryspil Highway, Shchaslyve Village, Boryspil District, Kyiv Region, Ukraine

1. Terms of instruction, Valuation, disclosure and confidentiality

1.1. Terms of Instruction

1.1.1. Our appointment and valuation date

We, DTZ Consulting LLC (DTZ), have prepared a Market Valuation for the property (as described in Section Two of this report) in accordance with the consultancy agreement № V16-1528 from 01/04/2016, signed between ‘DTZ Consulting’ LLC and ‘Airport City’ LLC (acting on behalf of SCORPIO Real Estate Ltd).

We understand that our report and valuation is required for accounting purposes. Details of the valuation are to be published in the company accounts in accordance with the International Financial Reporting Standards (IFRS) pursuant to IAS 40 and IFRS 13 (International Financial Reporting Standards 13 – fair value measurement). The Client has also confirmed that the property has been classified for this purpose as an investment property.

This report is for this purpose only and should not be relied upon for loan security, sale / purchase, or Ukrainian tax reporting purposes. This Report shall not be regarded as a property valuation report (a property valuation act) prepared by certified appraisers on the basis of the Ukrainian national valuation standards.

In accordance with our instruction we have valued the interest in the subject property as at 31 March 2016.

We have prepared a Market Valuation for the property in accordance with the terms set out in this Valuation Report and its Appendices.

The report has been undertaken in an impartial and objective manner, and all information and data contained herein is to the best of our knowledge true and accurate.

1.1.2. Compliance with RICS Valuation - Professional Standards 2014

We confirm that the valuation has been prepared in accordance with the appropriate sections of the Professional Standards (PS) and Valuation Practice Statements (VPS) contained within the RICS Valuation – Professional Standards 2014 (the "Red Book") and in accordance with the local market practice.

In addition, the valuations and report has been prepared in accordance with the International Valuation Standards (IVS) 2013. RICS professional standards (PS), valuation practice statements (VPS), and valuation practice guidance – applications (VPGA) require members to adopt and comply with the International Valuation Standards (IVS), and set out specific requirements for, together with additional guidance on, their practical implementation. Thus RICS considers that compliance with the RICS professional standards and valuation practice statements gives assurance of compliance with the IVS.

We can confirm that our valuation is not made on the basis of any departures from the Valuation Standards contained in the Red Book.

1.1.3. Status of valuer and conflicts of interest

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. We also confirm that we have undertaken the valuations acting as an External Valuer, qualified for the purpose of the valuation.

The valuation was prepared by Alla Sadovets (Senior Valuer, DTZ Ukraine) under the supervision of Nicholas Cotton, FRICS, Managing Director, DTZ Ukraine. The signee of the Report, has a B.Sc. Degree in Urban Land Administration (1988), MRICS - 1992 with FRICS status awarded – 2009, has post Graduate Diploma in Property Investment – 2009.

This valuation is classified by the Red Book as a Regulated Purpose Valuation and we are therefore required to disclose the following information.

Under PS 2.8 of Red Book, we confirm that Nicholas Cotton has been signatory to the valuation of the subject property provided to Construction company 'Airport City' LLC for the same purposes as this Valuation Report in Q2 2009 for accounting purposes and has since then carried out quarterly / yearly valuations for accounting purposes.

DTZ Consulting LLC previously valued the subject property for accounting purposes of Construction Company 'Airport City' LLC in Q2 2009 and has since then carried out quarterly / yearly valuations for accounting purposes.

We further confirm that we have no current, anticipated or previous recent involvement with the properties and/or parties to the transaction (except the valuations mentioned above) and therefore do not consider that any conflict arises in preparing the advice requested.

DTZ Consulting LLC is an independent company being part of the DTZ Central and Eastern European Network. In relation to the preceding financial year the proportion of the total fees payable to DTZ by the Company was less than 5% of DTZ's turnover in the financial year to 31st December 2015 and we anticipate that it will remain less than 5% in the financial year to 31st December 2016 which is considered to be “minimal” according to p. 8.6 of PS 2 Proportion of fees in Red Book (PS 2.8 Disclosures where the public has an interest or upon which third parties may rely).

1.2. Inspection

The property was inspected on 12 April 2016 by Alla Sadovets (Senior Valuer, DTZ Ukraine); the property was inspected externally.

We were satisfied that our inspection of the property provided us with a representative view of the property as a whole. We have assumed that details of all matters likely to affect value have been made available to us.

1.3. Valuation

The property is described in Section Two of this Valuation Report and our market analysis and valuation approach are discussed in Section Three and Section Five of this Valuation Report. The valuations referred to below must be read in conjunction with the other sections of this Valuation Report.

The Appendices to this Valuation Report comprise details of the property and our calculation details. The Appendices also contain various plans, location maps and photographs where available. Any plans, location maps and photographs contained within the Report and Appendices are for identification purposes only.

1.3.1. Basis of valuation

We have undertaken our valuation on the basis of Fair Value as in accordance with the VPGA 1 ‘*Where the entity has adopted IFRS the basis of value will be fair value (see para 1.5) and IFRS 13 Fair Value Measurement will apply*’.

VPS 4, para 1.5.1 states that valuations based on fair value shall adopt one of two definitions:

- The definition adopted by the IVSC: ‘*The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the perspective interests of those parties*’.
- The definition adopted by the International Accounting Standards Board (IASB): ‘*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*’.

In preparation of our valuation report the IASB definition of fair value has been applied.

We refer to the paragraphs 39-43 of the IVS Framework which states that the definition of fair value in IFRS is different from the definition adopted by the IVSC. The IVSB considers that the definition of fair value in IFRS is generally consistent with market value.

In addition, IVS 300, G2, states that '*fair value under IFRS is a different concept to fair value as defined and discussed in the IVS Framework. ... fair value under IFRSs 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*'.

In the light of these facts, the basis of fair value has been adopted in this valuation report, which in current case is consistent with the market value concept.

We have set out the definitions of the above basis of valuation in Appendix B to this Valuation Report.

Our Valuation Report is subject to our standard Valuation Conditions and Assumptions which are included in Appendix A to this Valuation Report. In the event that any of our Assumptions prove to be incorrect then our valuations should be reviewed.

Our opinion of the Fair Value of the property has been derived using comparable recent market transactions (offerings) on arm's length terms.

1.3.2. Valuation methods

In arriving at our opinion of Fair Value of the subject property we have adopted Market Approach.

1.3.3. Fair Value

We are of the opinion that the Fair Value of the sub-leasehold interest in the above property as at 31 March 2016 subject to the Assumptions and comments in this Report and the Appendices was:

US \$8,574,000	(Eight Million Five Hundred and Seventy Four Thousand) US Dollars exclusive of VAT
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1.3.4. Currency

All calculations are made in US Dollars. Where it has been required, data has been converted to US Dollars, adopting an exchange rate of the National Bank of Ukraine as of date of valuation (UAH/USD 26.218056 UAH for 1 USD).

1.3.5. Valuations undertaken based on "Special Assumptions"

The Glossary within the Red Book defines a 'Special Assumption' as an assumption that either:

- assumes facts that differ from the actual facts existing at the valuation date, or
- that would not be made by a typical market participant in a transaction on the valuation date.

We can confirm that our valuation is not made on the basis of any special assumptions or any departures from the Valuation Standards contained in the Red Book.

1.4. Information provided

We have been provided by the Client with the following documents related to this Report:

- Copy of Land Lease Agreement for the land plot with the total area of 9.7 ha, #3220888000:03:004:0023, located in Shchaslyve Village, Boryspil District, Kyiv Region, Ukraine, between the State council of Boryspil District and the Private enterprise “Vector” as of 21 October 2004;
- Copy of Land Lease Agreement for the land plot with the total area of 9.8 ha, #3220888000:03:004:0022, located in Shchaslyve Village, Boryspil District, Kyiv Region, Ukraine, between the State council of Boryspil District and the Private enterprise “Alyans” as of 21 October 2004;
- Copy of Land Lease Agreement for the land plot with the total area of 9.7 ha, #3220888000:03:004:0026, located in Shchaslyve Village, Boryspil District, Kyiv Region, Ukraine, between the State council of Boryspil District and the Private enterprise “Stalker” as of 21 October 2004;
- Copy of Land Lease Agreement for the land plot with the total area of 9.9 ha, #3220888000:03:004:0025, located in Shchaslyve Village, Boryspil District, Kyiv Region, Ukraine, between the State council of Boryspil District and the Private enterprise “West” as of 21 October 2004;
- Copy of Land Lease Agreement for the land plot with the total area of 9.8 ha, #3220888000:03:004:0024, located in Shchaslyve Village, Boryspil District, Kyiv Region, Ukraine, between the State council of Boryspil District and the Private enterprise “Akord” as of 21 October 2004;
- Copy of Sub Land Lease Agreement for the land plot with the total area of 9.7 ha, #3220888000:03:004:0023, located in Shchaslyve Village, Boryspil District, Kyiv Region, Ukraine, between the Private enterprise “Vector” (lessee) and “Airport City” LLC (sub-lessee), as of 09 September 2009, BMK #268863;
- Copy of Sub Land Lease Agreement for the land plot with the total area of 9.8 ha, #3220888000:03:004:0022, located in Shchaslyve Village, Boryspil District, Kyiv Region, Ukraine, between the Private enterprise “Alyans” (lessee) and “Airport City” LLC (sub-lessee), as of 09 September 2009;
- Copy of Sub Land Lease Agreement for the land plot with the total area of 9.7 ha, #3220888000:03:004:0026, located in Shchaslyve Village, Boryspil District, Kyiv Region, Ukraine, between the Private enterprise “Stalker” (lessee) and “Airport City” LLC (sub-lessee), as of 09 September 2009;
- Copy of Sub Land Lease Agreement for the land plot with the total area of 9.9 ha, #3220888000:03:004:0025, located in Shchaslyve Village, Boryspil District, Kyiv Region, Ukraine, between the Private enterprise “West” (lessee) and “Airport City” LLC (sub-lessee), as of 09 September 2009;
- Copy of Sub Land Lease Agreement for the land plot with the total area of 9.8 ha, #3220888000:03:004:0024, located in Shchaslyve Village, Boryspil District, Kyiv Region, Ukraine, between the Private enterprise “Akord” (lessee) and “Airport City” LLC (sub-lessee), as of 09 September 2009;
- Letter from State enterprise “UkrNDIprotsyvilbud” #1356, dated 03 November 2009 confirming that the territory of the proposed development has been included in the Master plan of Shchaslyve village;
- Town-planning conditions and limitations for the development of multifunctional complex “Business park “Airport City” granted to “Airport City” LLC (document #2, dated 18 January 2010, valid till 29 December 2014);
- Permission for development of road infrastructure № 2472/86/02-10 approved by State Authority of Highways in Ukraine dated 05 March 2010 valid till 16 October 2018;

- Permission for removal of the forest which is on the subject site dated 17 August 2010;
- The main characteristics of the project;
- Information on ground lease payments.

We have assumed that the information provided to us in respect of the property is both full and correct. It follows that we have assumed that details of all matters likely to affect value have been made available to us and that the information is up to date.

1.5. Disclosure and confidentiality

The contents of this Valuation Report, together with its Appendices and Schedules may be used only for specific purpose to which they refer and we hereby give our consent for this Valuation Report and any Appendices and Schedules to be included within the Publication for that purpose. Consequently, and in accordance with current practice, no responsibility is accepted to any party in respect of the whole or any part of their contents other than in connection with the purpose of this Valuation Report. Such publication or disclosure will not be permitted unless, where relevant, it incorporates the Special Assumptions referred to herein.

We hereby give consent to the inclusion of a copy of the valuation report for the property and dated 15 April 2016 into the publications of Scorpio Real Estate Ltd.

You must not modify, alter (including altering the context in which the report is displayed) or reproduce the contents of this valuation report (or any part) without first obtaining our written approval. Any person who contravenes this provision shall be responsible for all of the consequences of the same, including indemnifying DTZ against all consequences of the contravention. DTZ accepts no liability for any use of the Report that is in contravention of this section.

Yours faithfully,



NICHOLAS M.A. COTTON B.SC. FRICS
Managing Director
For and on behalf of
DTZ Consulting LLC

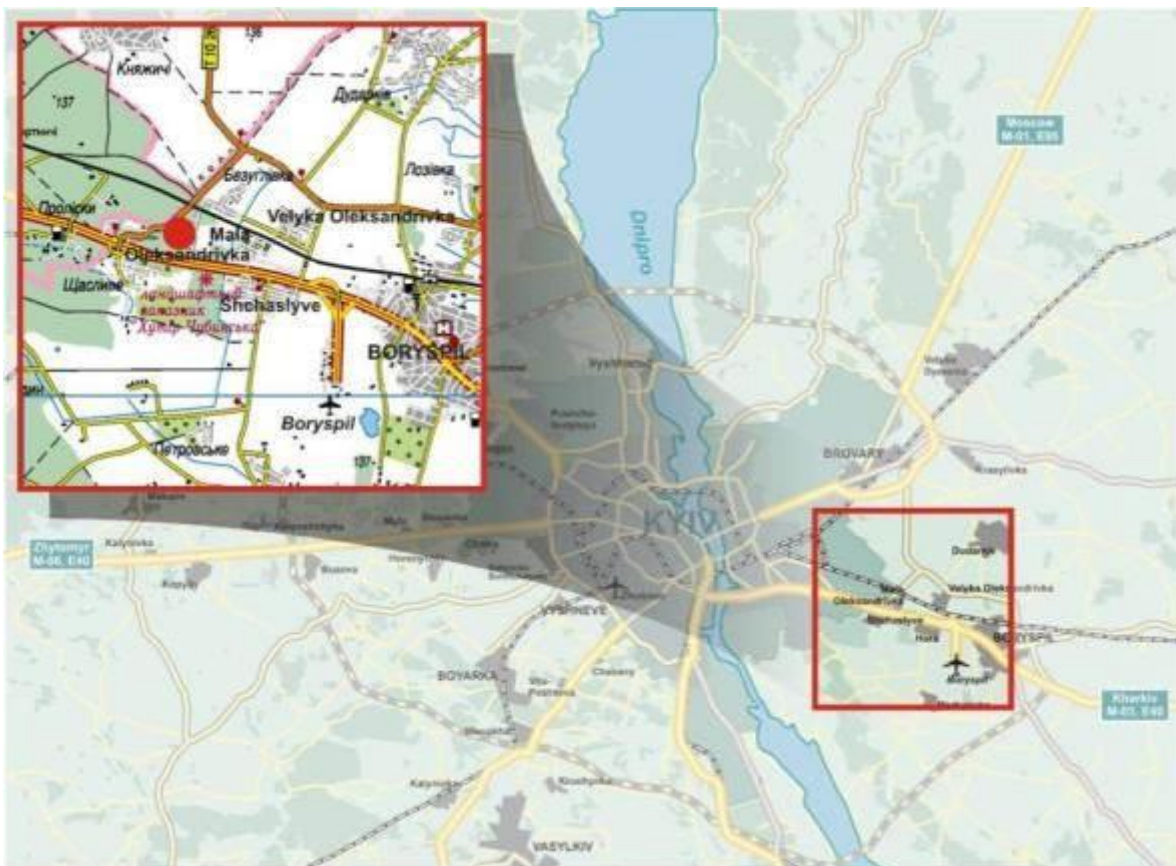
2. Subject Property

2.1. Location and situation

2.1.1. Geographic location

The subject land plot is located in Shchaslyve, a village within the Boryspil administrative district approximately half way between the turn-off to Boryspil International Airport and Kyiv’s city boundary. The location of the subject land plot within Kyiv Region is shown on the map below.

Map 1 – Subject property location within Kyiv Region limits



The property is adjacent to the Kyiv – Boryspil highway (M03) which is one of the busiest modern highways in Ukraine (four lanes in each direction) and is the main access road between Boryspil International airport and Kyiv. It is also the main route to Kharkiv and many of the regions in the East of the country.

The site situated approximately 3 kilometres from the Airport and 24 kilometres from Kyiv City centre. The town Boryspil Town is approximately 4 kilometres along the highway. The closest metro station, Boryspilska, is approximately 8 kilometres from the site at the capital’s eastern boundary.

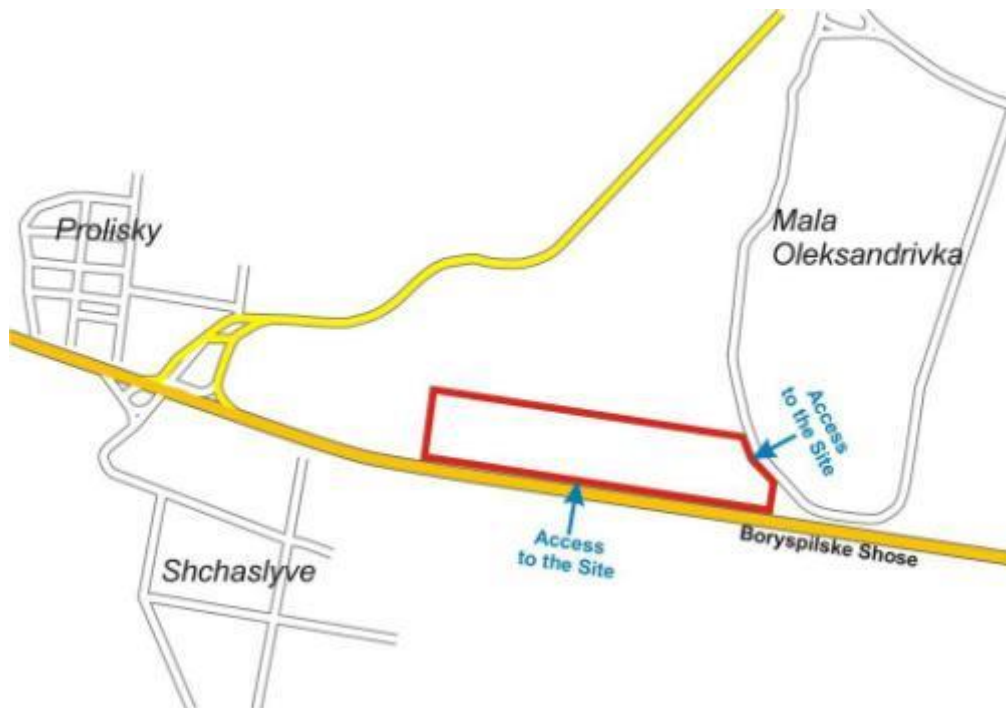
2.1.2. Situation

The area is notable for several enterprises, the Avon office and distribution centre is in the south-west from the subject site apart the highway; Fozzy, a supermarket chain operated by FOZZY Group, lies to the north of the subject site and is currently the only large food hypermarket in the district; Boryspil bus

plant is on the north from the site; petroleum storage depot of JSC “Dnipronaftoproduct” is about 500 m from the north-eastern border of the subject site.

The property fronts to the Kyiv-Boryspil highway. The subject is sitting along the main road close to the Fozzy site. According to the provided plans the property frontage line equals to approximately 1.6 km. Therefore there is possibility to arrange access points to the southern side of the site from the highway. Additionally there is a vehicular access to the site from a circular rough roadway leading to nearby village Mala Oleksandrivka and connecting it to the Kyiv-Boryspil highway through P03 road.

Map 2 - Vehicle access to the site



There is very little public transport serving the area although there are bus and mini-bus routes connecting Boryspil and the airport with Kyiv, as well as a private bus service operated by Fozzy to bring Boryspil residents to the supermarket.

To summarise, the site provides good transport access, however pedestrian and public transportation access to the site needs to be improved.

2.2. Subject property description

2.2.1. Shape, configuration and relief

The subject property comprises five separate sites with the total area of 48.9 ha (48,900 sq m), including:

- Site 1, #3220888000:03:004:0023, area - 9.7 ha,
- Site 2, #3220888000:03:004:0022, area - 9.8 ha,
- Site 3, #3220888000:03:004:0026, area - 9.7 ha,
- Site 4, #3220888000:03:004:0025, area - 9.9 ha,
- Site 5, #3220888000:03:004:0024, area - 9.8 ha.

(During our inspection we did not undertake any additional site measurements and have relied on information regarding the site area and its boundaries provided by the Client).

The site is rectangular in shape (all subject sites have roughly rectangular shape and have a road frontage to the highway). According to the cadastre map the sites have 1,545.14 m long frontage to Kyiv-Boryspil Highway.

From our inspection and the cadastral plan provided only the approximate boundaries can be determined. The land is flat in relief. We would like to emphasize that we have not carried out any investigations, nor been supplied with any information from the Company or from any relevant expert that determines the presence of either any restrictions preventing the intended use of the site or contamination. Accordingly, our opinion on value has been prepared on the basis that there are no such matters which would materially affect the site value.

The subject site is classified as forest of group 2, however as at the date of valuation it was mostly greenfield site (we have been informed by the Client that tree removal works on the 70% of the territory were entirely executed). We assume that there are no claims or, contingent liability for tree felling that has already been undertaken.

Photographs of the subject property are attached at Appendix B. Site plans are attached at Appendix C.

2.2.2. Engineering networks

According to the information from the Client as at the date of valuation the works required for connection of the subject site to the electricity network were performed, namely:

- the works on the V.Oleksandrivka substation 110/10V reconstruction have been done;
- two new transformers (1,000 kVA each) were commissioned;
- cabling to Airport City transformer station was done (about 9,200 m).
- All necessary permits for connection to electric network were received. Electricity was switched on 21 June 2011. Agreement for electric power supply was signed on 24 June 2011.
- As at the date of valuation the Client has the following documentation in respect of the engineering networks:
 - technical specifications for connection to electrical network (two stages – 4,400 kW for the first stage, for the second stage – 10,000 kW in 2013 and 15,000 kW total in 2014);
 - the project documentation on the Airport City electricity connection is developed and approved according to current state rules. Positive conclusion of state expertise is received. Positive decision from CJSC "Kievlenergo" is received;
 - agreement for electric power supply signed on 24 June 2011.

According to the information from the Client works for receiving technical conditions for gas and sewage are in progress.

We would like to emphasize that high capacity electricity pylons are located along the northern part of the site, which possesses some limitations in its use (exclusion zone along the both sides of the line).

We are aware of the fact that sewage irritation point is not far from the site and in our opinion it does not have any adverse impact on the value of the land plot.

It must be stated that the five land plots are currently part of a larger forested area and as such have no previous commercial use of any kind. It is assumed that all five sites will be developed as one and that the final project will incorporate a plan to develop the whole site rather than separate plots.

It is a condition of DTZ Consulting LLC or any related company, or any qualified employee, providing advice and opinions as to value, that the Client and/or third parties (whether notified to us or not) accept that the valuation report will in no way relate to, or give warranties as to, the condition of the structure, foundations, soil and services.

2.3. Tenure

The subject property is held sub-leasehold by “Airport City” LLC for 44 years starting from September 2009 (as confirmed by the copies of the sub-lease agreements dated 10 September 2009 provided by the Client). The lessors are five legal entities which in its turn hold the subject property under five different lease agreements as specified in the table shown below.

Table 1 - Land lease details

Land lot	Area, ha	Zoning	Contract date	Tenure	Owner of the land plot (lessor)	Right holder (lessee)	Right holder (sub-lessee)	Sub-lease Expiry	Land sublease, % of assessed value (per annum)	Land sublease payment per annum, USD
#3220888000:03:004:0023	9.7 ha	Allocation of retail and industrial complex	10/09/2009	Sub-leasehold	State Council of Boryspil District	Private Ownership Enterprise "Vektor"	"Airport City" LLC	21/09/2053	10%	10 621.38
#3220888000:03:004:0022	9.8 ha	Allocation of offices and warehouse premises	10/09/2009	Sub-leasehold	State Council of Boryspil District	Private Ownership Enterprise "Alyans"	"Airport City" LLC	21/09/2053	10%	10 840.62
3220888000:03:004:0026	9.7 ha	Allocation of offices and warehouse premises	10/09/2009	Sub-leasehold	State Council of Boryspil District	Private Ownership Enterprise "Stalker"	"Airport City" LLC	21/09/2053	10%	12 463.62
#3220888000:03:004:0025	9.9 ha	Allocation of retail and industrial complex	10/09/2009	Sub-leasehold	State Council of Boryspil District	Private Ownership Enterprise "West"	"Airport City" LLC	21/09/2053	10%	10 730.77
#3220888000:03:004:0024	9.8 ha	Allocation of auto-service centre and filling station	10/09/2009	Sub-leasehold	State Council of Boryspil District	Private Ownership Enterprise "Akord"	"Airport City" LLC	21/09/2053	10%	10 621.38
Total	48.9	-	-	-	-	-	-	-	-	55 277.77

As informed by the Client current lessees of the subject site - Private Ownership Enterprise “Vektor”, Private Ownership Enterprise “Alyans”, Private Ownership Enterprise “Stalker”, Private Ownership Enterprise “West”, Private Ownership Enterprise “Akord”- are companies related to “Airport City” LLC which is currently subleasing the site. Therefore a leasehold interest to the subject site has been valued at the assumption of the aforementioned companies’ affiliation allowing free unencumbered marketability and use of the subject.

It should be noted, that legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted for the true interpretation of the legal position of our Client or other parties. Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the Client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the Client or other parties in respect of the valuation of the property.

2.4. Planning

In accordance with the Land Lease Agreements provided by the Client two land plots (9.8 ha, #3220888000:03:004:0022 and 9.7 ha, #3220888000:03:004:0026) are zoned for Offices and Warehouses, a land plot of 9.7 ha (#3220888000:03:004:0023) – for Commercial (Retail) and Industrial complex, a land plot of 9.9 ha (#3220888000:03:004:0025) – for Commercial (Retail) and Industrial complex, a land plot 9.8 ha (#3220888000:03:004:0024) – Auto service centre and filling station.

From the information provided by the Client, we understand the proposals for the subject site is development of mixed use complex. At the date of valuation the project was in the initial stage of planning and was not finalized.

2.5. Project Status

As of the date of valuation the preliminary architectural outlines for the project have been approved by Boryspil State Authority. The decision as of September, 2008 includes the following project characteristics:

- foot print – 13.2 ha,
- landscaping area – 15.3 ha,
- roads and infrastructure – 20.4 ha.

In addition, at the initiative of “Airport City” LLC the territory of the proposed development has been included in the Master plan of Shchaslyve village (as confirmed by the Letter from State enterprise “UkrNDIprotsyvilbud” #1356, dated 03 November 2009).

Town-planning conditions and limitations for the development of multifunctional complex “Business park “Airport City” has been granted to “Airport City” LLC (document #2, dated 18 January 2010, valid till 29 December 2014).

Also we have been informed by the Client that the exclusion zones along Kyiv-Boryspil highway have been reduced from 100 m to 50 m; and pre-design concept has been developed regarding the reduction of the exclusion zones near the sewage irritation point from 200 m to 100 m.

The project has an approval for development of road infrastructure (permission for construction № 2472/86/02-10 approved by State Authority of Highways in Ukraine dated 05 March 2010 valid till 16 October 2018).

According to the Client the technical conditions and contract for electricity connection have been already received. Currently the documents for gas and sewage connection possibility are in progress.

We have been informed that the Client has gained permission for removal of the forest which is on the subject site dated 17 August 2010. According to the Client about 70% of the territory has been already cleared out of greenery.

2.6. Structure

We have neither carried out a structural survey of the Property, nor tested any services or other plant or machinery. We are therefore unable to give any opinion on the condition of the structure or services at the Property. The valuation takes into account any information supplied to us and any defects noted during our inspection, but otherwise are on the basis that there are no latent defects, wants of repair or other matters which would materially affect each valuation.

We have not inspected those parts of the Property which are covered, unexposed or inaccessible and each valuation is on the basis that they are in good repair and condition.

We have not investigated the presence or absence of High Alumina Cement, Calcium Chloride, Asbestos and other deleterious materials. In the absence of information to the contrary, the valuation is on the basis that no hazardous or suspect materials or techniques have been used in the construction of the property.

2.7. Flooding

We have been unable to assess the risk of flooding in respect of the site and have assumed that the property is not located in the flood area.

2.8. Environmental matters

We have not made any investigations in relation to the presence or potential presence of contamination in land or buildings, and assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value. We have not carried out any investigation into past uses, either of the property or any adjacent land, to establish whether there is any potential for contamination from such uses or sites, and have therefore assumed that none exists.

In practice, purchasers in the property market do not make such an assumption about contamination and a purchaser of the property may require appropriate investigations to be made so as to assess any risk before completing a transaction.

We have no basis upon which to assess the reasonableness of this Assumption. If it were to prove invalid then the value would fall by an unspecified amount.

3. Market analysis

3.1. Economic overview

Aggravated by the ongoing conflict in the East and sharp depreciation of the hryvnya, in the first quarter of 2015 the economic recession in Ukraine deepened. During the following three months Ukraine’s economy remained weak, but the first signs of stabilization were apparent and the pace of economic decline moderated. Return to modest annual growth of around 2-3% is projected in 2016-2018.

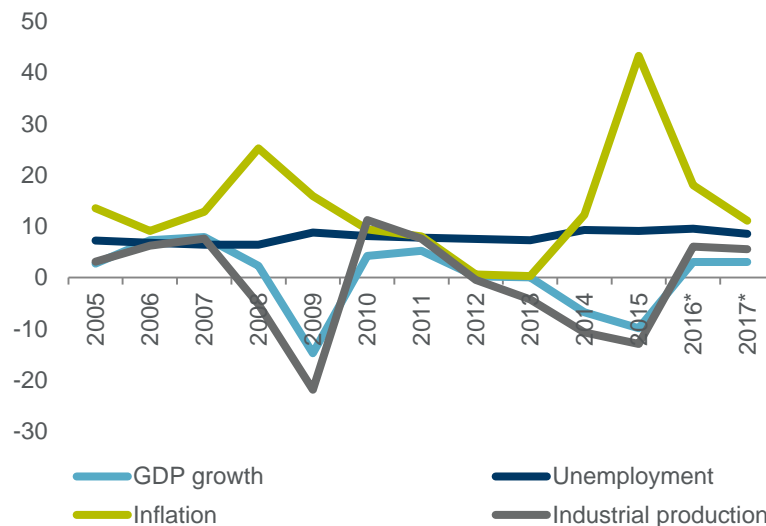
Despite still high country risks due to the ongoing armed conflict in Eastern Ukraine and unfavourable economic situation, in the second half of 2015 investors’ interest to opportunities on the property market in the country strengthened. In 2015, total secondary investment volume on the Ukrainian property market amounted to around USD 65 million, excluding the deals of value less USD 1 million.

3.1.1. Economic growth

Aggravated by the ongoing conflict in the East and sharp depreciation of the hryvnya, in the first quarter of 2015 the economic recession in Ukraine deepened with real GDP decreasing by (-17.2%) year-on-year. During the following three quarters of 2015, Ukraine’s economy remained weak, but the first signs of stabilization were apparent and the pace of economic decline was moderating.

In Q2 2015, the annual decline in GDP eased to (-14.7%) year-on-year and was followed by (-7.2%) year-on-year registered in Q3 2015 and (-1.4%) year-on-year registered in Q4 2015. As a result GDP declined by (-9.9%) during 2015.

Figure 1 - Macroeconomic indicators in Ukraine (%)



Source: Source: State Statistics Committee of Ukraine, Consensus Forecast, Oxford Economics, *Projections

Quarterly decline in real GDP has been witnessed to slow down during 2015 due to industry gradually adapting to the significant changes in the business environment since late 2014 and switching away from the Russian markets towards the EU.

The experts of Oxford Economics consider that, a more stable exchange rate and a small current account surplus in H2 2015 indicated some success for the year-old reform programme in Ukraine.

Ukraine remains dependent on the USD 17.5 billion IMF loan, which was approved in March 2015 to support the Ukrainian government’s economic program. After the review of the authorities’ performance under the programme, the IMF allocated the second tranche amounting to USD 1.7 billion in early August 2015. However, failure in implementation of structural reforms, which are required by international institutions, calls into question further IMF financing.

As of late January 2016, Oxford Economics projected that real GDP in Ukraine will return to modest annual growth of 2% in 2016 and 3% in 2017-2018. The State Budget of Ukraine for 2016, which was approved in December 2015, is based on the projection of the economic growth in 2016 at 2%.

Whilst the Crimea remains part of Ukraine, in March 2014 it was annexed by Russia. Therefore, the Crimea is excluded from the official Ukrainian statistics data, as well as the territory of armed conflict in the Donbas region of Ukraine.

3.1.2. Industrial production

In 2015 industrial production in Ukraine contracted by (-13%) year-on-year, while production outside the conflict regions has been gradually stabilizing.

Though negative growth dynamics was witnessed across all industrial sectors in Ukraine, since August 2015 the rate of industrial decline eased due to a minor growth in mining, as well as slowdown in contraction of processing industry and construction.

3.1.3. Agriculture

In 2015, agricultural output in all categories of agricultural enterprises decreased by 4.8% year-on-year, compared to the annual growth by 2.2% during 2014.

3.1.4. Retail sales

In 2015, retail sales in Ukraine decreased by (-20.7%) year-on-year, compared to the contraction by (-8.9%) registered during 2014.

Negative dynamics of the retail sector in 2015 resulted from overall economic recession in Ukraine, consumer price inflation, sharp devaluation of the Ukrainian hryvnya and decrease in real household incomes, combined with uncertainty over further development of the country related to the military conflict in the East.

3.1.5. Inflation

Since the end of 2014, consumer price inflation reached 43.3% in December 2015, compared to 24.9% inflation in 2014. Major sources of price inflation during 2015 were sharp depreciation of the hryvnya and the resultant increase in prices for imported goods, increase in the state-regulated tariffs and high inflation expectations.

The basic consumer price index, which reflects demand pressure, increased by 34.7% in December 2015 compared to December 2014.

As a result of lower inflation in the third quarter of 2015, the National Bank of Ukraine lowered discount rate to 27% in August 2015 (from 30%), and in September 2015 set it at 22%. As of April 2016 the discount rate of NBU remained at the level of 22%.

In the late January 2016, Oxford Economics forecasted consumer price inflation to reach 18% in 2016 and 11.1% in 2017. The State Budget of Ukraine for 2016 is based on the projection of the inflation in 2016 at 12%.

3.1.6. Labour market

In accordance with the ILO methodology, the unemployment rate in Ukraine reached 9.1% in January-December 2015, decreasing from 9.6% in the first quarter of the year.

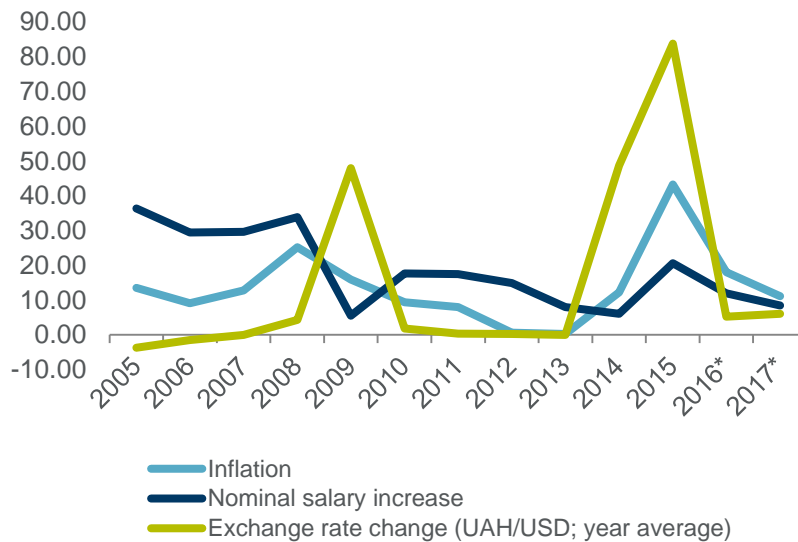
According to data published by the State Statistics Committee of Ukraine, the average nominal monthly salary in Ukraine in January-December 2015 was UAH 4,195 (equivalent to around USD 192 based on the official average exchange rate in 2015), increasing by 20.6% in the hryvnya equivalent compared to the respective period in 2014, but dropping by 34.4% in the US dollar equivalent.

In 2015, real salaries in Ukraine decreased by 20.2% year-on-year. When analysing household income in Ukraine, it is worth noting that a considerable unregistered ‘grey’ salary segment exists.

3.1.7. National currency

During the year from the first quarter of 2014, the Ukrainian hryvnya was subject to significant devaluation (Fig. 2).

Figure 2 - Annual dynamics of currency exchange rates, inflation and nominal salaries in Ukraine (%)



Source: State Statistics Committee of Ukraine

* Forecast

Note: Since June 2014, the data for 2014 excludes the Crimea, which was annexed by Russia. The data for 2015 excludes the Crimea and the conflict zone in the Donbas region.

Starting from 7.99 UAH / USD in February 2014, the official exchange rate depreciated to 15.78 UAH / USD at the end of 2014 and reached its record low of 30 UAH/USD in February 2015. By the end of the first quarter of 2015 the official exchange rate was at around 23 UAH/USD.

During Q2 and Q3 2015 the official exchange rate varied in the range of 20.5-23.5 UAH/USD. Devaluation to 24 UAH/USD was registered at the end of 2015, but in January 2016 the official exchange

rate stabilised at around 23.5 UAH/USD. During the first quarter of 2016 the official exchange rate of UAH against USD dropped by 8.5% from 24 UAH/USD as of 31 December 2015 to 26.22 UAH/USD as of 31 March 2016.

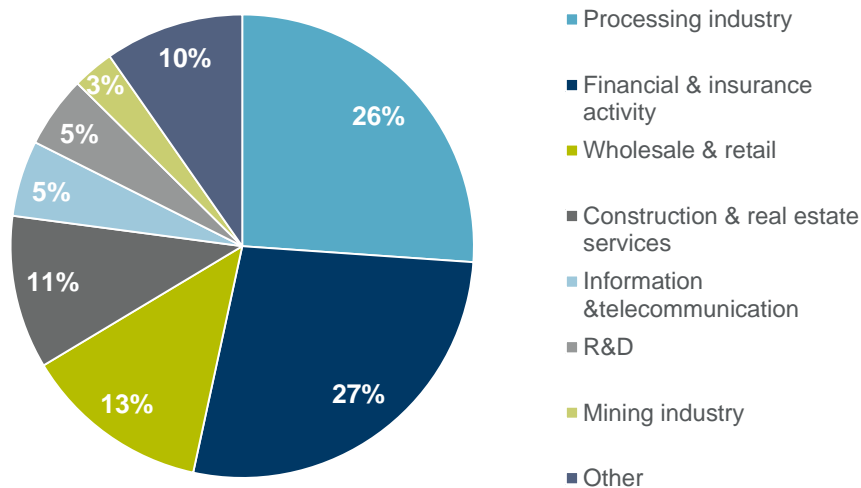
The experts of Oxford Economics project, that lower inflation and a rescheduling plan for foreign commercial debt will help to keep the Ukrainian hryvnya stable at around current levels during 2016. The State Budget of Ukraine for 2016 is based on the average exchange rate of 24.1 UAH/USD during the year.

3.1.8. Foreign trade and foreign direct investment

In 2015, exports of goods from Ukraine decreased by (-29.3%) year-on-year. At the same time, imports of goods into the country contracted by (-31.1%), falling faster than exports and resulting in a small current account surplus.

According to Oxford Economics, a small current account surplus is forecast for 2016-2018, ensuring that the Ukrainian hryvnya will devalue much more slowly, and reassuring creditors sufficiently to allow rising investment in reconstruction once the domestic conflict is resolved.

Figure 3 - Gross FDI by industries in Ukraine, as of 31 December 2015



State Statistics Committee of Ukraine

Note: Since June 2014, the data for 2014 excludes the Crimea, which was annexed by Russia. The data for 2015 excludes the Crimea and the conflict zone in the Donbas region.

As of 31 December 2015, gross FDI into Ukraine (equity capital) amounted to USD 43.37 billion since 1994, decreasing in the fourth quarter by USD 0.58 billion shifting from the positive dynamics of FDI inflow witnessed during the second and third quarter in 2015. At the same time, since December 2014 gross FDI decreased by 3.9% due to the sharp hryvnya depreciation during 2015 and the resultant capital loss.

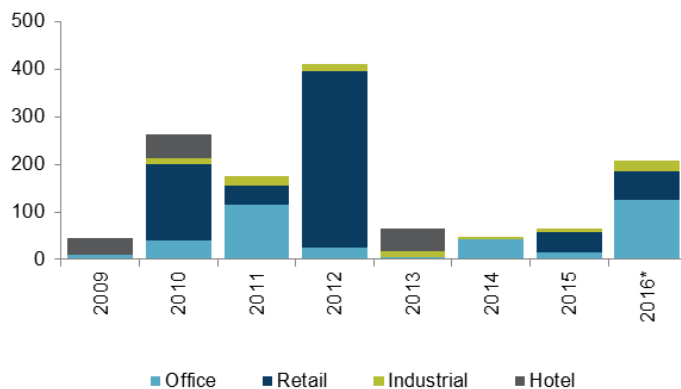
3.2. Investment Market Overview

Despite still high country risks due to the ongoing armed conflict in Eastern Ukraine and unfavourable economic situation, in the second half of 2015 investors’ interest to opportunities on the property market in the country strengthened.

3.2.1. Transactions

In 2015, total secondary investment volume on the Ukrainian property market amounted to around USD 65 million compared to USD 47 million in 2014 and USD 66 million in 2013 (Fig. 4).

Figure 4 – Investment volume in Ukraine* (million USD)



Source: DTZ Research

Note: All figures are period end.

*The figure includes secondary investment transactions (the sale of land plots was excluded).

** Annual projections.

The figure includes the secondary investment deals, value of which exceeds USD 1 million and which were openly reported on the property market in Ukraine.

There were 4 major secondary investment transactions reported in property sector in Ukraine in the first half of 2015:

- The company Petricol Investment acquired the shopping and entertainment centre 'Kvadrat' on Perova Boulevard on the eastern bank of the Dnipro River in Kyiv. Total area of the property extends to around 41,000 sq m, and its GLA is 19,100 sq m. Petricol Investment is also owner of the shopping and entertainment centre 'Komod' and the retail centre 'Kvadrat' near the metro station 'Lukyanivska', both in Kyiv. The deal structure is confidential.
- The 1,000 sq m business centre at 30 Fizkultury Street in Kyiv is known to have changed hands in the first half of 2015. The deal volume is estimated at around USD 1.7 million.
- A Ukrainian company acquired an 11,000 sq m pharmaceutical warehouse in the Greater Kyiv area for owner-occupation purposes. The deal volume is estimated at approximately USD 2.4 million.
- A 15,000 sq m ambient warehouse in the Kyiv Greater area was purchased by the private Ukrainian company. The deal structure is confidential.

No major secondary investment deals are known to be concluded in July-September 2015. Nevertheless, during the period there were some changes reported in the ownership structure of the operating retail and entertainment centre 'Arena-City'.

In the fourth quarter of 2015, total volume of secondary investment deals amounted to around USD 23 million, including the following transactions:

- The retail centre ‘Opera Passage’ of total area around 4,500 sq m, which is located in the core city centre of Lviv and was developed by Finnish investors, is known to have changed hands in November 2015. DTZ represented the vendor. The deal volume is confidential.
- A Ukrainian pharmaceutical company acquired the pharmaceutical warehouse of area around 9,800 sq m in the Greater Kyiv area. The deal is estimated at approximately USD 2 million.
- An administrative building of 10,000 sq m, located in the non-central area on the western bank of the Dnipro River in Kyiv, is known to change hands in the fourth quarter of 2015. The deal is estimated at USD 6.5 million.
- The Ukrainian Public Joint Stock Company ‘Energobank’, through the Deposit Insurance Fund of Ukraine, sold the office building ‘Lyubava Grad’ of total area 15,000 sq m located at 9 Semena Sklyarenka Street in Kyiv. The deal value was reported at around USD 2.8 million.

In 2015, in response to significant devaluation of the Ukrainian hryvnya and overall economic uncertainty in the country, DTZ witnessed an increased activity of private individuals, who have been investing into commercial real estate with a particular focus on Kyiv. However, volume of each of these transactions was under US\$1 million, and therefore was not covered by DTZ’s analysis.

In 2015, an increased availability of investment opportunities in real estate was provided by the banking sector in Ukraine.

A number of commercial banks are in the process of winding up, and their assets are offered for sale through the Deposit Insurance Fund of Ukraine or other licensed trading platforms. Similarly, the majority of such deals are of volume smaller than USD 1 million, and as such were not covered by our analysis.

In 2015, the most active vendors, willing to dispose and disposing their property assets in Ukraine, were the commercial banks, which have repossessed assets from borrowers who defaulted on loans. The banks have been considering discounts in the range of 10-30% from balance sheet values for the assets, which they put up for sale.

Significant interest to exit their assets in Ukraine was also demonstrated by some international investment funds and developers. Some had acquired real estate assets in the country prior to economic downturn, have managed them for over 5 years and now need to exit in order to make returns for their shareholders.

The opportunities on the investment property market in Ukraine are most actively considered by the national logistics companies, big box retailers, local private investment companies, as well as local private individuals that dominate the market.

Since the second half of 2014, DTZ has also witnessed an increased interest from companies willing to purchase properties for owner-occupation purposes, taking advantage of downward correction of values on the market.

Quality income generating office, retail and logistics properties located in Kyiv remain the most attractive investment assets in the country. Some investors are also prepared to consider good quality existing retail properties in other major cities of Ukraine, except for eastern regions of the country.

Due to the military conflict and economic decline in Ukraine, many investors and developers put their activity on hold.

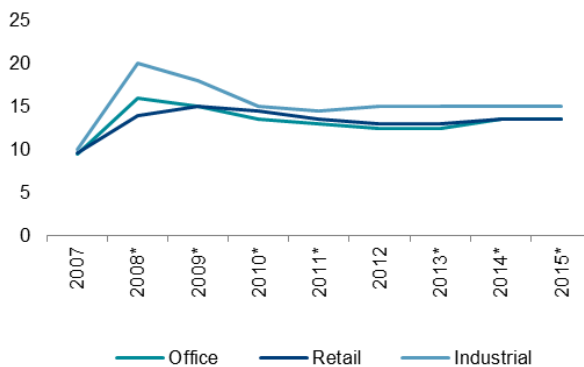
At the same time, more opportunistic investors demonstrated stronger interest to opportunities on the Ukrainian property market, as they realise the country’s long-term potential and intend to take benefit from the decreased ‘price of entry’.

Despite a broad range of prime and secondary assets in all classes now being available for sale, liquidity has remained low due to the still largely unattractive investment climate in Ukraine and, near-zero availability of debt finance. In view of this, where assets are available with the transfer of some debt then, this materially adds to potential liquidity.

3.2.2. Yields

Since mid-2014, prime yields for commercial property in Kyiv remained generally unchanged. At the end of 2015, prime net initial yields stood at around 13.5% for prime office and retail space and, at 15% for prime logistics properties (Fig. 5).

Figure 5 - Prime yields in Kyiv (%)



Source: DTZ Research

Note: All figures are period-end

*No true open-market secondary investment transactions, yield perceived by market players.

However, in view of the lack of arm’s length investment transactions on the property market in Ukraine, this analysis is based upon investor sentiment demonstrated in interest being expressed for a number of assets.

During the period from June 2014 through until December 2015, capital values across all property sectors in Ukraine decreased as a consequence of considerable reduction of rents in the US dollar equivalent combined with a nominal investment activity on the local market. However, most of the vendors have not been prepared to accept bids at heavily discounted prices, particularly as some assets are in negative equity positions.

3.2.3. Outlook

Other things being equal, during at least the first half of 2016 investors will further take a highly cautious approach to Ukraine due to the continuing military conflict and overall economic decline in the country.

However, we expect that further implementation of institutional reforms in Ukraine will reverse the momentum and enhance investors’ interest to opportunities on the property market in the country. This is due to overall positive expectations of the industry-leading businesses on the long term economic development of Ukraine, the declared intentions of Ukraine’s authorities to implement the necessary reforms to enhance foreign investments in the country, as well as the comprehensive support to the country demonstrated by the EU and the Group of 7, and major international financial institutions such as the IMF, World Bank and EBRD.

As of January 2016, DTZ projects that total volume of secondary investment transactions in Ukraine during 2016 may potentially amount to around USD 50 million, and may potentially reach USD 210 million. It is however, extremely difficult to make any projections due to the current instability in Ukraine, uncertainty over further development of the country and relatively small size of the local market.

DTZ expects that in 2016 prime net initial yields in Kyiv will remain generally flat across all property sectors.

In the medium to long term, several scenarios are possible. As the Ukrainian property market matures, there is a scope for some yield compression, coming off comparatively high present levels down to around 12% for prime income-generating office and retail property assets.

In the beginning of 2016 the overall investment climate in Ukraine has worsened because of general negative trends, particularly associated with high level of political uncertainty; weak implementation of structural reforms and tensions around Ukraine-EU association agreement connected with anticipation of results of Consultative Referendum Act in Netherlands.

3.3. Brief commentary on land market in Kyiv Region

The land market is one of the most immature and imperfect real estate sectors in Ukraine. It is difficult to estimate not only the annual turnover and the number of transactions, but also the total area of land privately owned. Officially, the total area of the land for private and public construction in Kyiv region is 31,700 ha which accounts for only 1.1% of the whole territory. One of the main reasons for chaotic nature of the land market in Kyiv region is unstable political situation in Ukraine as well as the country's undeveloped legal system. The moratorium on agricultural land sales was prolonged to 2017. The moratorium itself does not control the market or disable its mechanisms, but has a great impact on the land prices: non-agricultural land costs 2-5 times more than agricultural. Land prices are also sensitive to the distance from the city boundary of Kyiv.

Thus, the most prestigious land location is Obuhiv District of Kyiv Region which includes two main directions: Staroobuhivsky (Koncha-Zaspa, Kozyn, Rudyky, Pliuty) and Novoobuhivsky (Lisnyky, Pidgirtsi, Romankiv, Bezradychi, Hodosivka) Highways. Currently, land plots of three designated purpose types prevail on the land market of Kyiv Region: agricultural, industrial and for private construction.

Areas along major highways and Ring Road closer to the important road interchanges leading in the Kyiv City direction have been established as developing industrial / logistics / car show room destinations. There is a number of operating specialized logistic schemes as well as planned commercial developments in such areas. The areas closer to city limits are also used for development of retail objects including “big box” supermarkets, hypermarkets, car show rooms, etc. The land plots benefit from the proximity to utilities, Kyiv City limits, and residential districts. Using evidence of similar land plots offered for sale in Boryspil District the land plots zoned for commercial use demonstrated the asking price of ca \$30-70 per sq m with relevant characteristics to the subject one (however, it is necessary to mention that in terms of area we are not aware of any sites in the subject locality which can be compared with the subject one, as their area, in general, varies from 2 to 5 hectares). Some owners are ready to accept substantial discounts to the initial asking price.

To summarize, developers and investors have revised their expansion plans regarding the Ukrainian market and are the most interested in favourably located land plots offered for retail development. However, a very limited number of deals is reported on the land market in Kyiv Region due to still high divergence between owners' and buyers' expectations.

The recent market trends in the segment of development land in Kyiv region are the following:

- **real estate market in Ukraine has taken ‘wait-and-see’ position; despite the national currently devaluation, the asking prices for land plots are fixed in US Dollars rather than in UAH;**
- **currently there is no liquidity on the land market in Kyiv region;**
- **there is no speculative market for land plots in Kyiv region;**
- **the asking prices for land plots located at Kyiv-Boryspil Highway have decreased significantly during 2015 up to 50% depending on the sellers expectations as well as overall investment on the land plots for sale;**
- **there is some activity in the segment, mainly for owner occupation purposes, caused by the fact that owners believe that the market has achieved its lowest prices, and it is right time to consider the sale of the land plot (if it is required for operational activity purposes);**
- **the further development of land market in Kyiv region will greatly depend on general stabilization of political and economic situation in the country. Usually land market recovers following other commercial real estate segments.**

4. SWOT Analysis

We have carefully considered the subject property and the current market situation. We have summarised the following strengths, weaknesses, opportunities and threats relating to the property.

STRENGTHS	WEAKNESSES
Location & Accessibility	
<ul style="list-style-type: none"> • The area along Boryspil highway is considered attractive for future development. • Frontage to the Kyiv-Boryspil highway. • 10-15 min drive time to Boryspilska metro station. • Close proximity to Boryspil International Airport. 	<ul style="list-style-type: none"> • The site is surrounded by greenfield land plots held for indeterminate development. • The site is part of a large area of pine forest which will need to be cleared before development; • The area is not considered as a business or retail district currently. • Large supply of similar sites in the immediate vicinity all competing for a limited market.
Transportation and accessibility	
<ul style="list-style-type: none"> • Potentially there is access from two sides – highway and Mala Oleksandrivka Village. • Good location as for transport accessibility. • There are public transportation stops within reasonable proximity to the site. • There is a separate vehicular access from a circular rough roadway leading to nearby village Mala Oleksandrivka. 	<ul style="list-style-type: none"> • There is no good pedestrian access to the site. • Public transport availability is poor.
Physical characteristics / Tenure	
<ul style="list-style-type: none"> • The land plot has flat relief. • The shape of the site allows efficient land use. • The size of the land plot is large enough for the development of a large scale project. • The subject site is connected to electrical network. 	<ul style="list-style-type: none"> • The subject land plot is held sub-leasehold for 44 years as opposed to be freehold. • The land plot is currently partly covered by trees which should be removed. • Proximity of electrical high tension lines possesses some development constraints.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Planned improvement of road infrastructure in the locality. • Shuttle-buses can be provided from the nearest metro station. • The site when developed should help in the transformation of the district into a popular business area. • The delivery of good quality neighbourhood retail centre will provide possibilities for successful operation and pose competition to existing local retails by attracting visitor flows. 	<ul style="list-style-type: none"> • A number of competitive large scale mixed-use schemes may enter the market earlier creating more intensive competition and diluting customer flows. • The low market activity and liquidity possesses additional limitations to subject property liquidity and marketability • Development of adjoining and neighbouring sites could provide serious competition for any development on this site that can be minimized by proper positioning and marketing. • Risk of overall economic shocks in the country

	<p>and further decline of the market.</p> <ul style="list-style-type: none">• Further mass riots and military conflict escalation in the country leading to political and economic destabilization.
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5. Valuation statements

5.1. Specific Comments and Valuation Approach

5.1.1. Highest and Best Use

The market value of an asset reflects its highest and best use. The highest and best use is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible (Paragraph 33, IVS Framework).

The determination of the highest and best use involves consideration of the following:

- a) to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,
- b) to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, eg zoning designations, need to be taken into account,
- c) the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use.

Having analyzed the development proposal for the subject site provided by the Client we are at the opinion that under the current market conditions it is not financially feasible.

Taking into account information from the previous paragraphs of the report, we have valued the subject property based on the assumption that its current highest and best use is a holding for future use, which in the long term can be the commercial use (development of mixed use project).

5.1.2. Justification of Accepted Valuation Approach

In IVS Framework, paragraph 56 stated that *‘One or more valuation approaches may be used in order to arrive at the valuation defined by the appropriate basis of value (see paras 26 to 29 above). The three approaches described and defined in this Framework are the main approaches used in valuation. They all are based on the economic principles of price equilibrium, anticipation of benefits or substitution’*.

Under IVS 102: *‘The most appropriate valuation approach or method will depend upon consideration of the following:*

- *the adopted basis of value, determined by the purpose of the valuation,*
- *the availability of valuation inputs and data,*
- *the approaches or methods used by participants in the relevant market’*.

In arriving at our opinion of Fair Value of the property we have adopted the Market Approach. The reasons for this are follows:

- 1) As it has been mentioned earlier in the report, we have valued the subject property on the basis of fair value (and IASB definition of fair value has been applied), the basis of fair value which has been adopted in this valuation report is consistent with the market value concept.
- 2) The property forms undeveloped land.
- 3) The final specifications of the project have not been finalized yet (the initial proposal for the subject site is development of about 450,000 sq m of commercial premises).The current highest and best use of the property is a holding for future use.

Thus, at the current project stage, taking into account that the residual value is highly sensitive to even small movements in the input variables, we consider a comparable approach is the most relevant to use for fair value estimation.

The market approach is based on the principle of substitution. The principle holds that a prudent person would not pay more for a good or service than the cost of acquiring an equally satisfactory good or service, in the absence of complicating factors such as time, greater risk, or inconvenience. The lowest cost of the best alternative, whether a substitute or the original, tends to establish Market Value (which in current case coincides with the Fair Value).

We consider that as of the date of valuation available market information was sufficient enough to implement market (comparable) approach. Taking into account that lately there were virtually no transactions on the market, and the information on deals was not open and transparent, we have used asking prices as a starting point and then have adopted a method of adjusting them to arrive at what we consider to be market price.

The Cost Approach has not been applied because it is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialised nature of the asset. This Approach is also relevant in assessing the value of different types of specialised asset ‘a property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise’, (Red Book, Glossary), which doesn’t relate to the subject property.

5.1.3. Methodology of Market Approach

This method involves analyzing all available information on sales of comparable properties that have taken place and making adjustments in the prices achieved to reflect the differences in the properties sold and the property to be valued. This approach hinges on the availability of reliable market evidence of comparable sales. Distinction must be drawn between information that is known to be accurate and reported information that is second hand or at best hearsay. Only information that is known to be accurate can be relied upon with any degree of comfort to provide an accurate valuation.

The principal problem is a lack of transparency and a relatively low volume of recorded deals. In mature property markets there is a wealth of information available on completed sales transactions, in the form of yields and total sales prices, and this makes it relatively straight-forward to apply this valuation technique to any property. In Ukraine this sort of information is often not available, and where the details of transactions are publicized their accuracy cannot always be guaranteed. In addition, a large number of sales transactions in Ukraine take place “off-market” and therefore details of them are seldom known beyond those who were party to the deal.

The volume of completed deals is very low in all sectors of the Ukraine real estate market. In addition – as outlined above, deal information is rarely reported accurately and is often manipulated for other reasons benefiting the separate parties to any sale deal. Therefore it is often necessary to use offered prices as a basis for assessing the opinion as to value using the sales comparison approach.

Properties in the course of development are rarely transacted and there is therefore very little comparable information for properties of this type. Development sites are transacted, but these transactions are usually “off-market” and therefore reliable comparable information is therefore only available to the parties to the transactions and their advisers – who are usually bound by confidentiality restrictions. We are aware of the details of a number of transactions of land held for development. This comparable

information has been taken into account in assessing the valuations herein, and where possible these comparables are referred to.

5.2. Valuation Consideration





5.2.1. Market Approach

Under the current market conditions with low effective demand and lack of reliable information on sizable comparable land plots, we assume sale of the subject site in lots of 9.7-9.9 ha. Such sale is allowed by current partitioning of the subject onto 5 lots each held under separate title.

Comparable evidence

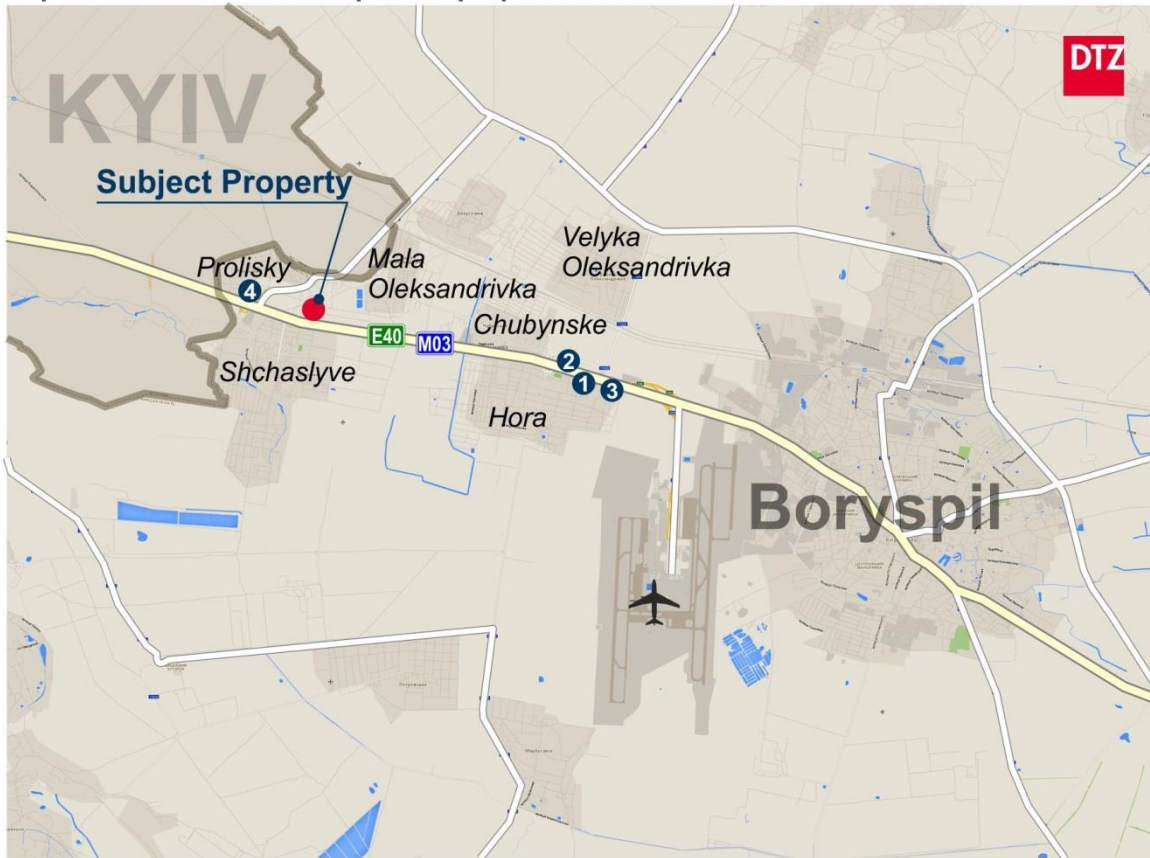
We are not aware of the details of a number of transactions of land held for development comparable to the subject one. So we have used details of the comparable properties currently offered for sale on the open market. We have selected current offers of comparable land plots with commercial zoning, undeveloped, located along Kyiv – Boryspil Highway in the locality of the subject site. Information on the relevant comparables is shown in the table below.

Table 2 - Comparable properties

Number	Location	Land area, ha	Zoning	Tenure	Description	Total price of the land plot, \$	Price of Supply/ \$ per 100 sq m, as of 31/03/2016	% of change as compared to Q4 2014	Source	Internet link	Satellite photo / Plan
1	Hora Village, Boryspil District	2.165	Commercial use	Freehold	The site is located on the façade of Kyiv-Boryspil Highway on the turn from the "Boryspil International Airport". The site is flat and vacant. It is zoned for mixed-use construction (offices, hotel, retail). The asking price is negotiable.	\$649 500	\$3 000	-40%	DTZ, Investments and land agency	-	
2	Hora Village, Boryspil District	2.81	Commercial use	Freehold	The site is located on the façade of Kyiv-Boryspil Highway. The site is flat and vacant. The asking price is negotiable.	\$843 000	\$3 000	-40%	DTZ, Investments and land agency	-	
3	Shchaslyve Village, Boryspil District	3.00	Commercial use	Freehold	The site is located on the façade of Kyiv-Boryspil Highway close to the restaurant "Kozachok". The length of the façade lane is 121 m. There is a forest belt along the façade of the site (around 30 m depth) which affects visibility of the site from the highway, however according to the agent's information, if required, these trees can be removed for additional fee. The site is flat. The main utilities are near the site. The asking price is negotiable.	\$1 500 000	\$5 000	-17%	050 441 48 85	http://domik.ua/nedvizhimosi/schaslyve-prodam-uchastok-pod-kommercheskuyu-zastrojku-schaslyvaya-ul-44866212.html	
4	Shchaslyve Village, Boryspil District	3.96	Commercial use	Freehold	The land plot with total area of 3.96 ha has direct frontage to Kyiv-Boryspil highway. The land plot is held freehold and has commercial zoning. Comprises 4 lots. Is covered with forest. Penalty for forestry losses are already paid by the owner, no other documents for trees removal yet. All utilities are close to the site. The price is subject to bargaining.	\$1 980 000	\$5 000	n/a	097 209 00 00	http://ok.ua/obylavlenie/schaslyve-fasad-boryspilskoy-trasy-uchastok-4-za-107GVU.html#13979a750e	

Location of the comparable properties is shown on the map below.

Map 3 - Location of the comparable properties



- - Subject site
- ① - Comparable №1, Hora Village, Boryspil District, Kyiv Oblast
- ② - Comparable №2, Hora Village, Boryspil District, Kyiv Oblast
- ③ - Comparable №3, Shchaslyve Village, Boryspil District
- ④ - Comparable №4 Shchaslyve Village, Boryspil District

Adjustments applied

Using the comparison approach we have adopted the following rationale in reconciling specific comparables with the subject property:

Price of Supply. There is a difference between asking price and transaction price levels. The information available on actual transactions is often not reliable therefore we adopt a method of adjusting the asking price level to arrive at what we consider to be market price. Given that since the date of previous valuation, the asking prices have seen significant downward pressure, the adjustments for difference between offer price and transaction price levels have been applied of 10%-20% (based on DTZ market research data).

Period of Exposition. If the land plot has been offered on the market for a larger period of time compared to its marketing period, we add additional discount to decrease the asking price and show the

sellers' expectations are above the market level. However, taking into consideration that the asking prices have been reduced recently, we have not applied the adjustment for period of exposition.

Location. The locations of the comparable properties and the subject properties are compared to ascertain whether location and the immediate environs are influencing the prices paid. The market evidence of land plots offered for a sale is considered to be comparable to the subject land plot in terms of geographical location and accessibility. The comparable land plots are situated in the same district within defined geographical segment and along Kyiv-Boryspil Highway. The adjustments for location have been applied at 0% for all comparable properties. In addition, the subject site is located not far from the road junction which facilitates access from the both sides of the highway for vehicles moving in different directions, whereas comparable site #1 is more distanced from the junction. The adjustment for location / road access has been applied at the level of 5%.

Visibility from the Highway. The subject site, as well as the comparable land plots, is situated along Kyiv-Boryspil Highway. However, visibility of the comparable site #3 from the highway is limited by the forest belt along the façade of this site (which is around 30 m depth). According to the agent's information, if required, these trees can be removed for additional fee, therefore the adjustment for visibility from the highway has been applied at the level of 3%, which we consider reasonable.

Differences in Area. In general, prices for sites with a smaller size are higher per unit of comparison. In the other hand, very small sites cannot be suitable for development and are less attractive for purchasers. We are not aware of any large sites offered for sale (transactions) in the subject location which can be compared to the subject property in terms of total area, zoning, and road frontage to Kyiv-Boryspil Highway. Taking into consideration that the subject property is assembled into 5 sites with the area of 9.7-9.9 ha we assume that any sale would take into account of prudent lotting, and when making adjustments for the area/liquidity we assumed that the subject sites will be disposed by lots of 9.7-9.9 ha. Therefore the adjustment for the area/ liquidity, we have used in calculations, have been applied at the level of 10% and the adjustments for the area / ability to suit commercial development have been applied at 0%, which under such assumption is considered to be reasonable.

Physical Characteristics. Attributes such as the shape, configuration and physical condition of the land plot influenced its value. As the physical characteristics of a comparable land plots do not vary significantly from those of the subject properties, the increasing adjustment of 5% for the physical characteristics has been applied only to comparable #4 with irregular form.

Forest Extraction Required. The subject site is partly covered with the trees and classified as forest. We have been informed by the Client that as at the date of valuation all permissions for tree removal works were obtained and all necessary payments to the state authorities have been executed. According to the Client the tree felling was undertaken whereas 70% of the territory have been already cleared out of greenery (out of 33 ha that need deforestation for the development). The comparable properties (except property #4) are greenfield sites ready for construction. Taking into consideration abovementioned and assuming that there are no claims or, contingent liability for tree felling that is undertaken, the adjustments for forest extraction required have been applied at 1% discount to comparables #1, 2, 3 and 5% upward adjustment to comparable #4.

Real Property Rights Conveyed / Tenure. All comparable land plots are held freehold, in comparison with the subject land plot which is held for a period of 44 years. The adjustments for real property rights conveyed / tenure have been applied at 15%.

Land Use / Zoning. Zoning and other restrictions or limitations affect the use of a property. If there is a difference in the current use of a comparable property and that of the subject property, its impact on value

is considered. In the valuation of vacant land, zoning is another primary determinant of the highest and best use of the property. The analyzed comparable land plots are currently zoned for commercial use. Taking into consideration that only properties with the same or similar uses were used in comparable analysis, the adjustments for the land use have been applied at 0%.

Main Utilities. The availability of the main services near the site has the significant impact on its value. All necessary permits for connection of the subject site to electric network were received and electricity was switched on. The adjustments consider these factors have been applied at 10% premium as, however main engineering networks are in the close proximity to the comparable sites, some costs and time required to connect these sites to the main services.

Permits and Approvals. The existence of the project documentation, geological surveys, permits etc. has a great impact on the value of the site. In current case the special adjustments of 0% have been made as the comparable properties have the same documentation.

Valuation results are provided in the table below.

Table 3 - Valuation calculations

Number	Location	Land area, ha	Zoning	Tenure	Asking Price/ \$ per 100 sq. m, excluding VAT	Itemized Adjustments, %																							Absolute sum of the adjustments, % (excluding the adjustment for asking price)	Specific weight of the comparable, %	Indicated Net Sale Price, \$ / 100 sq m			
						Price of supply	Adjusted, \$	Period of exposition on the market	Adjusted, \$	Location	Adjusted, \$	Road access (distance from road junction)	Adjusted, \$	Visibility from the highway	Adjusted, \$	Difference in area / Liquidity	Adjusted, \$	Difference in area / Ability to suit commercial development	Adjusted, \$	Physical characteristics of the site / Site shape and length of the facade lane	Adjusted, \$	Forest extraction required	Adjusted, \$	Tenure	Adjusted, \$	Zoning	Adjusted, \$	Main utilities				Adjusted, \$	Permits / Approvals	Adjusted, \$
1	Hora Village, Boryspil District	2.165	Commercial use	Freehold	\$3 000	-10%	\$2 700	0%	\$2 700	0%	\$2 700	5%	\$2 835	0%	\$2 835	-10%	\$2 552	0%	\$2 552	0%	\$2 552	-1%	\$2 526	-15%	\$2 147	0%	\$2 147	10%	\$2 362	0%	\$2 362	41%	24%	\$ 2 362
2	Hora Village, Boryspil District	2.81	Commercial use	Freehold	\$3 000	-10%	\$2 700	0%	\$2 700	0%	\$2 700	0%	\$2 700	0%	\$2 700	-10%	\$2 430	0%	\$2 430	0%	\$2 430	-1%	\$2 406	-15%	\$2 045	0%	\$2 045	10%	\$2 250	0%	\$2 250	36%	28%	\$ 2 250
3	Shchaslyve Village, Boryspil District	3.00	Commercial use	Freehold	\$5 000	-20%	\$4 000	0%	\$4 000	0%	\$4 000	0%	\$4 000	3%	\$4 120	-10%	\$3 708	0%	\$3 708	0%	\$3 708	-1%	\$3 671	-15%	\$3 120	0%	\$3 120	10%	\$3 432	0%	\$3 432	39%	26%	\$ 3 432
4	Shchaslyve Village, Boryspil District	3.96	Commercial use	Freehold	\$5 000	-20%	\$4 000	0%	\$4 000	0%	\$4 000	0%	\$4 000	0%	\$4 000	-10%	\$3 600	0%	\$3 600	5%	\$3 780	5%	\$3 969	-15%	\$3 374	0%	\$3 374	10%	\$3 711	0%	\$3 711	45%	22%	\$ 3 711
																	Typical Indicated Price of Acquisition per 100 sq m (rounded)*												\$2 900					
																	Average area of a lot for sale, 100 sq m												970 - 990					

* - the adjustment for the difference in area/liquidity has been applied under assumption the subject property is sold in lots of 9.7-9.9 ha (as stated in the tenure documentation) and the influence of time required for such sale have been reflected in DCF analysis provided below.

Calculation under DCF model

Since the subject land lots will constitute part of the same land tract, its simultaneous offer for sale will have a significant impact on the overall duration of their marketing period due to over-saturation of the market. We expect that under normal marketing conditions sales of the land lots will be delayed in time. In our calculations we have assumed, that the market can absorb no more than 1 lot per year (equivalent to ca 20% of total area sold per one year). Thus, the expected income from the sales of land lots will be obtained during the extended period equalling to 5 years in case of simultaneous offer for sale. Thus in order to reflect the influence of time required for sale of the subject site in lots the value of the lots which have been estimated by means of Market Approach have been discounted.

Additionally due to current temporary market downturn connected with military operation, unrest in Eastern Ukraine and Russian Federation aggression we have accounted for low activity on the land market and have incorporated two quarters delay to start of land sales.

Discount Rate estimation

Taking into consideration that for this valuation we assume the subject property is sold in lots, we consider it is reasonable to reflect the probable timing required to sell these properties, so the revenues from lots sales have been discounted in order to reflect the timing associated with the property sale. Discount rate implies rate of return used to bring cash flows expected to be paid or received in the future into their present value. Thus the discount rate is used to estimate sum to be paid by an investor today (present value) in order to receive right for projected cash flow in the future.

While there are several methods to discount rate estimation, we have undertaken the cumulative approach.

The discount rate, as a rate of return, can be written as the sum of risk-free rate and extra return for compensating the country and property risks.

Risk-free capital investment implies that the investor, independently from anything, will receive from invested capital exactly the income he counted on as of investment date. There are following requirements to an asset that has been considered as a risk-free:

- investments in the asset must be affordable alternative to typical investors;
- the risk of investment in the asset should be reasonably low;
- profitability of the asset should be relatively stable and predictable.

There was relative unity of ideas about the level of the risk-free rate in Ukraine. Deposit rates, especially in foreign currency (USD), were stable and changed in the slowest way before the global financial crisis because in Ukraine they were popular benchmark for low risk assets yield.

However, given the conditions prevailing after the global financial crisis, and taking into account the values of the subject properties (compared investment volume), we proceeded with a yield rate on long-term government bonds to calculate the risk-free rate of return. This choice is due to the fact that long-term government bonds have a very low risk associated with insolvency, as well as a high degree of liquidity. Thus, the average secondary income return from the ownership of long-term sovereign bonds of external loan denominated in U.S. dollars (Eurobonds) maturing in 2023, for the period from late November 2015 (after the sovereign debt restructuring) to March 2016 has been estimated at the level of 9.65% per annum (cbonds.com).

Risk-free rate can be nominal, which includes influence of inflation, and can be real, which does not include influence of inflation. In this case, the obtained result contains the inflation component, i.e. it is a nominal risk-free rate. Since while calculating net operating income from leasing the subject property, the Valuer did not incorporate the effect of inflation on income value, in further calculations there should be used the real risk-free rate, i.e. the rate cleared of inflation, by applying Fisher’s formula:

$$i_r = \frac{(1+i_n)}{(1+\hat{\lambda})} - 1$$

where i_r – real risk-free rate, %;

i_n – nominal risk-free rate, %;

$\hat{\lambda}$ - the expected average annual level of inflation, %.

The expected average annual level of inflation of US Dollar is displayed in the table below.

Table 4 - The expected average annual inflation indexes of US Dollar

Year	Average annual level of inflation
2016	1.835%
2017	2.300%
2018	2.400%
2019	2.400%
2020	2.300%

Source: U.S. Bureau of Labour Statistics;

The Puget Sound Economic Forecaster, prepared by Conway Pedersen Economics, Inc.

In our further calculations we have applied the average annual level of inflation of US Dollar expected in 2015 – 2020 which is 2.25%, as arithmetic mean of stated above levels of inflation.

So, the real risk free rate is (rounded):

$$i_r = \frac{(1+9.65\%)}{(1+2.25\%)} - 1 = 7.24\%$$

In further calculation the risk free rate was estimated at the level of 7% (rounded).

Having estimated the risk free rate of return we have estimated the risk premiums that investors should charge for investing into the projects. Risk premiums can be measured as additional return on investments stipulated by specific market and property risks. It’s quite hard to justify the level of each risk.

These risks can be figuratively separated for two groups:

- systematic (or market) risks;
- non-systematic (or specific) risks.

Systematic risk is risk, connected with change of conditions on the real estate market under influence of macroeconomic and political factors (increase or decrease in rate of interest, of inflation, changes in government policy etc.). As these factors influence economic (market) environment, where all players of the market operate, they have effect to one extend or another on all its subjects. (It should be noted that certain components of systematic risk are partially reflected in risk free rate calculated above).

Non-systematic risk – is risk appropriate of investments in specific property object and can be diversified. The table below summarises this approach, with the principal adjustments being made when assessing the specific risk premiums.

Discount rate calculation with cumulative approach is shown in the table below.

Table 5 - Discount rate estimation

Risk Ratio	Commentary	Premium, %
Risk free rate		7.00%
Sale price forecasting risk premium	Constraints associated with the sale price forecast for the subject land plot due to its low liquidity and absence of comparable evidence on actual transactions	5.00%
Demand and absorption rate forecasting risk premium	Constraints associated with the demand and absorption rate forecast for the subject land bank due to its low liquidity and absence of comparable evidence, as well as limited number of potential buyers	6.00%
Property management risk premium	Reflects the land tax payments within the period of forecasting and the risks associated with the increase of such payments	0.50%
Risk premium associated with the property tenure	Since subject lots are held sublease, there are risks associated with change of holder of interest to the property, as well as the overall investors risks perception concerning sublease / lease interest as less secure than freehold	2.50%
Total (rounded)		21.00%

The calculations are provided in the table below.

Table 6 - Valuation calculations

Period	year 1				year 2				year 3			
	Q1 0	Q2 1	Q3 2	Q4 3	Q1 4	Q2 5	Q3 6	Q4 7	Q1 8	Q2 9	Q3 10	Q4 11
Land lease costs	\$13 819	\$13 819	\$13 819	\$11 056	\$11 056	\$11 056	\$11 056	\$8 292	\$8 292	\$8 292	\$8 292	\$5 528
Total site preparation costs	\$13 819	\$13 819	\$13 819	\$11 056	\$11 056	\$11 056	\$11 056	\$8 292	\$8 292	\$8 292	\$8 292	\$5 528
% of total sales of land plots	0.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	20.00%
number of land plots sold	0	0	0	1	0	0	0	1	0	0	0	1
total land plots sold, per year	1				1				1			
Total Sales (not discounted)	\$0	\$0	\$0	\$2 836 000	\$0	\$0	\$0	\$2 836 000	\$0	\$0	\$0	\$2 836 000
Net Operating Income	-\$13 819	-\$13 819	-\$13 819	\$2 824 944	-\$11 056	-\$11 056	-\$11 056	\$2 827 708	-\$8 292	-\$8 292	-\$8 292	\$2 830 472
Discount rate, annually												
Discount rate, quarterly												
NPV, US\$	-\$13 819	-\$13 173	-\$12 558	\$2 447 278	-\$9 131	-\$8 704	-\$8 297	\$2 023 048	-\$5 655	-\$5 391	-\$5 139	\$1 672 355

Period	Total	year 4				year 5			
		Q1 12	Q2 13	Q3 14	Q4 15	Q1 16	Q2 17	Q3 18	Q4 19
Land lease costs		\$5 528	\$5 528	\$5 528	\$2 764	\$2 764	\$2 764	\$2 764	\$0
Total site preparation costs	\$152 017	\$5 528	\$5 528	\$5 528	\$2 764	\$2 764	\$2 764	\$2 764	\$0
% of total sales of land plots		0.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	20.00%
number of land plots sold					1				1
total land plots sold, per year	5	1				1			
Total Sales (not discounted)	\$14 180 000	\$0	\$0	\$0	\$2 836 000	\$0	\$0	\$0	\$2 836 000
Net Operating Income	\$14 027 983	-\$5 528	-\$5 528	-\$5 528	\$2 833 236	-\$2 764	-\$2 764	-\$2 764	\$2 836 000
Discount rate, annually	21.0%								
Discount rate, quarterly	4.9%								
NPV, US\$	\$8 573 500	-\$3 114	-\$2 968	-\$2 830	\$1 382 453	-\$1 286	-\$1 226	-\$1 168	\$1 142 805
Market Value, US\$	\$8 574 000								
US\$ per sq m of total site area	\$18								
Total discount to the land plots FV	-39.5%								

Thus, based on our assumptions and calculations within the Market Approach overall rounded value of the subject site extending to 48.90 ha located on Kyiv-Boryspil Highway, Shchaslyve Village, Boryspil District, Kyiv Region, Ukraine is (rounded): **\$8,574,000 net of VAT.**

5.3. Concluding Remarks

We have valued the property using an income valuation approach (DCF method and market approach), and the value is highly sensitive to even small movements in the input variables. To form an opinion of value we have had to rely on market sentiment, in the absence of true comparables. We have relied on advice from our capital markets / investments teams, who actively represent buyers or sellers in property transactions. From their market knowledge, and from our own discussions with investors and finance institutions, we are able to draw conclusions as to appropriate rental rates and yields for use in our valuation. Accordingly, you should be aware that the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

The financial markets have seen significant turbulence over the last years, resulting in severe liquidity shortages. The turmoil in the credit markets had an immediate effect on the real estate investment market resulting in some transactions failing and/or prices being repeatedly renegotiated downwards. This has caused a marked reduction in the volume of transactions with activity below the levels of recent years. The negotiation of price chips prior to the completion of transactions remains common. Generally, there is greater volatility in the evidence generated by comparable transactions and in these circumstances there is a greater degree of uncertainty than that which exists in a more active and stronger market in forming an opinion of the realization prices of property assets. Whereas transaction evidence underpins the valuation process, the definition of Market Value, requires the valuer to reflect the realities of the current market. In this context valuers must use their market knowledge and professional judgment and not rely only upon historic market sentiment based on historic transactional comparables.

We are of the opinion that, in the market conditions which currently prevail, there is likely to be a greater than usual degree of uncertainty in respect of valuations. Under VPGA 9 Valuation Certainty matters that may affect valuation certainty include liquidity and market activity, and market instability.

According to 1.4. of Introduction section of VPGA 9 “Valuation in markets susceptible to change”: certainty and uncertainty of RICS Valuation – Professional Standards issued in January 2014 – “The Valuers should not treat a statement expressing less confidence in a valuation than usual as an admission of weakness. Indeed, if a failure to draw attention to material uncertainty gave a client the impression that greater weight could be attached to the opinion that was warranted, the report would be misleading and in breach of VPS, Valuation reports.”

According to para 2.5 “Liquidity and market activity” “In markets that are inactive with low levels of liquidity or restricted debt availability there is a reduced amount of data to provide empirical support for valuations. In such cases the value should be as explicit and transparent as possible to demonstrate the degree to which the conclusion is based on subjectivity. Similarly, in liquid and functioning markets the valuer should state that there is an abundance of imperial data to support the conclusions drawn.”

According to para. 2.6 “Market volatility” “Disruption of markets can arise due to unforeseen financial, macro-economic, legal, political or even natural events. If the valuation date coincides with, or is the immediate aftermath of, such as event there may be a reduced level of certainty that can be attached to valuation, due to inconsistent, or absence of, empirical data, or the valuer being faced with an unprecedented set of circumstances on which to base a judgment. In such situations demands placed on valuer can be unusually testing. Although valuers should remain to make a judgment, it is important that the context of that is clearly expressed.”

Since the date of the last valuation, Ukraine has been undergoing rapid social, political and economic upheaval.

As at the date of report preparation the political situation in Ukraine remained tense, with a lingering risk of a further escalation of the conflict with Russia and in the eastern Ukraine.

There are therefore a number of factors to be considered in what remains an extremely uncertain and volatile political and, economic environment but, these are particularly.

In general it should also be appreciated that maximum risk levels may be inherent to real estate in the Eastern Ukraine and the Autonomous Republic of Crimea (which was annexed by the Russian Federation in March 2014, though such annexation was not recognised by the international community as legitimate and referred to as a military occupation in Ukraine), whilst the risks diminish in Kyiv and western Ukraine as any further military conflict escalation is unlikely to extend beyond eastern and southern Ukraine.

As at the time of writing, given the recent volatility and uncertainty in Ukraine it is simply not possible to factor in each consideration as, these are literally changing on a daily basis. There is also the effective absence of any capital transactions since December 2013 and, no tangible evidence of current investor sentiment.

We therefore seek as far as possible to apply what we consider to be a reasonable additional of risk to all values in Ukraine however, this is to a degree tempered by the anticipation of potential investors and developers that Ukraine will in the medium term move more towards European values with the reduction of bureaucracy and corruption which, has been endemic for the last 20 years.

The fair value of the subject property has decreased comparing to the previous valuation, which has been caused mainly by the following external factors:

- Failure in implementation of structural reforms, which are required by international institutions, has worsened the relations between Ukraine and USA, and calls into question further IMF financing;
- The anticipation of results of Consultative Referendum Act in Netherlands, which could potentially put under question further implementation of Ukraine-EU association agreement;
- Political crisis, which was escalated in Q1 2016, (increased the level of uncertainty and negatively affected the investment climate of the country;
- Since the date of previous valuation, significant devaluation of the Ukrainian Hryvnya has taken place in Ukraine (the local currency has dropped by 18% from 21.53 UAH/USD as of 30 September 2015 to 26.22 UAH/USD as of 31 March 2016).
- Although as at the date of report writing the official statistical information on macroeconomic indicators for Q1 2016 were not released yet, we can state that the political situation in the country remains tense, and, in general, the economic conditions continue to deteriorate.
- Despite the fact that during the second half of 2015 the pace of economic decline was moderating, the response of marker prices for real estate to deteriorating macroeconomic conditions is not simultaneous, as the prices are adjusted with some time lag (it especially relates to the land market, which is characterised by the lowest liquidity comparing to other market segments). So, the price decline of the subject property during Q1 2016 is partially the result of deterioration of market conditions observed in 2015.

To summarise, as of the date of this Report the real estate market is very uncertain with all major participants taking ‘wait and see’ position. In this regard we would advise that you regularly review the value of the subject asset going forward.

Appendix A

Valuation conditions and Assumptions

Valuation conditions and Assumptions

These are the conditions and Assumptions upon which our valuations and reports are normally prepared and form an integral part of our appointment together with our related Engagement Letter and DTZ Terms and Conditions. Unless otherwise referred to in this Valuation Report these conditions and Assumptions apply to the valuation(s) that are the subject of this Valuation Report. We have made certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, our valuations that we have not verified as part of the valuation process but rather, as referred to in the Glossary to the RICS Valuation – Professional Standards 2014 (the “Red Book”), have treated as “a supposition taken to be true”. In the event that any of these Assumptions prove to be incorrect then our valuation(s) will need to be reviewed.

Basis/Bases of valuation

The property has been valued on the basis/bases set out in Section 1.2 of this Valuation Report and defined in Appendix B of this Valuation Report.

Title

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

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

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

Condition of structure and services, deleterious materials

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

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

Due regard has been paid to the apparent state of repair and condition of the property, but a condition survey has not been undertaken, nor has woodwork or other parts of the structure which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to report that the property is structurally sound or is free from any defects. We have made an Assumption that the property is free from

any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than such as may be mentioned in our Valuation Report.

Unless access was readily available, we have not been able to gain access to the roof or roof voids and we have thus made the Assumption that inspection of those parts will not reveal defects of which we are not aware, such as would have an adverse effect on the value or the saleability of the property.

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

We have not carried out an asbestos inspection. We advise that such enquiries be undertaken by a lawyer during normal pre-contract or pre-loan enquiries.

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

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

In the case of a new property, the construction of which has not been commenced or completed, or of a property built within the last ten years, we have made the Assumption that the construction will be/has been satisfactorily completed and that it will be/has been built in compliance with national building regulations and standards.

Plant and machinery

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

Goodwill

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

Floor areas and inspections

As we were not instructed to measure and calculate the floor areas, we have applied floor areas provided by the Client or their agents. We have made an Assumption that these areas have been measured and calculated in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors or local equivalent.

Environmental matters

We have made the enquiries referred to in Section 2 of this Valuation Report regarding environmental matters including contamination and flooding, and we have had regard to any environmental reports referred to in Section 2 of this Valuation Report. However, we have not undertaken a formal environmental assessment.

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

Statutory requirements and planning

We have not made any written enquiries to the planning authority.

Save as disclosed in a Certificate of Title or unless otherwise advised, and unless otherwise referred to in this Valuation Report we have made the Assumption that the building has been constructed in full compliance with valid town planning and building regulations approvals and that where necessary has the benefit of current Fire Risk Assessments compliant with the local requirements. Similarly, we have also made the Assumption that the property is not subject to any outstanding statutory notices as to its construction, use or occupation and that the existing use(s) of the property is/are duly authorised or established and that no adverse planning conditions or restrictions apply.

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

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

In instances where we have valued a property with the benefit of a recently granted planning consent or on the Special Assumption that planning consent is granted, we have made an assumption that it will not be challenged under Judicial Review.

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

Leasing

Unless referred to otherwise in our Valuation Report, we have read all the leases and related documents provided to us, subject to the provisions of the paragraph below. We have made an Assumption that copies of all relevant documents have been sent to us and that they are complete and up to date.

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

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

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

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

Legal issues

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted for the true interpretation of the legal position of our client or other parties. Where we express an opinion upon legal issues affecting the valuation, then such opinion should be subject to verification by the client with a suitable qualified lawyer. In these circumstances, we accept no responsibility or liability for the true interpretation of the legal position of the client or other parties in respect of the valuation of the property and our Valuation Report will include a statement to this effect.

Information

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

Estimated reinstatement cost assessment

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

The figures set out in our Valuation Report are our assessment of the cost of constructing the property at the valuation date. They exclude any allowance for VAT.

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

Deduction of notional purchaser's costs

The Market Value which we have attributed to the property is the figure we consider would appear in a contract for sale, subject to the appropriate assumptions for this basis of value. We have not made an allowance in respect of stamp duty and purchaser's costs.

Taxation

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

Our valuation figure for each property is that receivable by the willing seller excluding VAT, if applicable.

Properties in the course of development or requiring refurbishment

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

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

Appendix B

Definitions of bases of valuation

Definitions of bases of valuations

Market value

Market Value as defined in Valuation Practice Statement 4 of the RICS Valuation Standards ("the Red Book") and applying the conceptual framework which has been settled by the International Valuation Standards Committee (IVSC). Under VPS 4 (para 1.2) , the term "Market Value" means "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 conceptual framework settled by the IVSC is set out in paragraph 30 of the IVS Framework and is reproduced below:

"30. The definition of market value shall be applied in accordance with the following conceptual framework:

- (a) "the estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probably price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;
- (b) "an asset or liability should exchange" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;
- (c) "on the valuation date" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made;
- (d) "between a willing buyer" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";
- (e) "and a willing seller" is neither an over eager or a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;
- (f) "in an arm's length transaction" is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price

level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

- (g) “after proper marketing” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonable obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;
- (h) “where the parties had each acted knowledgeably, prudently” presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;
- (i) “and without compulsion” establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

31. The concept of market value presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged (see paras 15 to 19 above).

32. The market value of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

33. The highest and best use of an asset valued on a stand-alone basis may be different from its highest and best use as part of a group, when its contribution to the overall value of the group must be considered.

34. The determination of the highest and best use involves consideration of the following:
- (a) to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,
 - (b) to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, eg zoning designations, need to be taken into account,
 - (c) the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use.”

Market rent

Market Rent as defined in Valuation Practice Statement 4 of the Red Book. Under VPS 4 (para 1.3) the term “Market Rent” means “the estimated amount for which an interest in real 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”.

Whenever Market Rent is provided the “appropriate lease terms” which it reflects should also be stated.

The commentary from the Red Book is reproduced below:

“1. The definition of market rent is a modified definition of market value; paragraphs C8- C11 in IVS 230 provide additional commentary.

2. Market rent will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews and the responsibilities of the parties for maintenance and outgoings will all impact the market rent. In certain states, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate.

3. Valuers must therefore take care to set out clearly the principal lease terms that are assumed when providing market rent. If it is the market norm for lettings to include a payment or concession by one party to the other as an incentive to enter into a lease, and this is reflected in the general level of rents agreed, the market rent should also be expressed on this basis. The nature of the incentive assumed must be stated by the valuer, along with the assumed lease terms.

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

Fair Value

VPS 4, para 1.5.1 states that valuations based on fair value shall adopt one of two definitions:

- The definition adopted by the IVSC: ‘*The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the perspective interests of those parties*’.
- The definition adopted by the International Accounting Standards Board (IASB): ‘*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*’.

It is important to recognise that the two definitions of fair value are not the same. When adopting the basis of fair value it is essential that the valuer establishes the correct definition for the purpose and sets it out in full in the terms of engagement and the report.

In applying the IVS definition, reference should be made to paragraphs 38–42 of the IVS Framework.

The guidance in IFRS 13 includes the fair value measurement approach:

‘B2 The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. A fair value measurement requires an entity to determine all the following:

(a) the particular asset or liability that is the subject of the measurement (consistently with its unit of account)

(b) for a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use)

(c) the principal (or most advantageous) market for the asset or liability

(d) the valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorised.

Appendix C

Draft Reference for Publication

Draft Reference for Publication (under IFRS)

The subject property was valued on 31 March 2016 by DTZ, acting as External Valuer. The valuation was in accordance with the requirements of the RICS Valuation Standards and the International Valuation Standards. The valuation of the property was on the basis of Fair Value, subject to the following assumption:

- Property held for Development: that the property would be sold with vacant possession in its existing condition.

In preparation of our valuation report the International Accounting Standards Board definition of fair value has been applied.

The valuer's opinion of Fair Value was primarily derived using comparable recent market transactions (offers) on arm's length terms.

The valuation was prepared by Alla Sadovets (Senior Valuer, DTZ Ukraine) under the supervision of Nickolas Cotton, FRICS, Managing Director, DTZ Consulting LLC. We confirm that the Valuers contributing in the valuation do comply with the requirements of PS 1 of Red Book and have necessary knowledge and skills. The requirements of PS 2.3 of the Red Book are satisfied.

Under PS 2.8 of Red Book, we confirm that Nicholas Cotton has been signatory to the valuation of the subject property provided to Construction company 'Airport City' LLC for the same purposes as this Valuation Report in Q2 2009 for accounting purposes and has since then carried out quarterly / yearly valuations for accounting purposes.

DTZ Consulting LLC previously valued the subject property for accounting purposes of 'Airport City' LLC in Q2 2009 for the same purposes as this Valuation Report in Q2 2009 for accounting purposes and has since then carried out quarterly / yearly valuations for accounting purposes.

We further confirm that we have no current, anticipated or previous recent involvement with the properties and/or parties to the transaction (except the valuations mentioned above) and therefore do not consider that any conflict arises in preparing the advice requested.

DTZ Consulting LLC is an independent company being part of the DTZ Central and Eastern European Network. In relation to the preceding financial year the proportion of the total fees payable to DTZ by the Company was less than 5% of DTZ's turnover in the financial year to 31st December 2015 and we anticipate that it will remain less than 5% in the financial year to 31st December 2016 which is considered to be "minimal" according to p. 8.6 of PS 2 Proportion of fees in Red Book (PS 2.8 Disclosures where the public has an interest or upon which third parties may rely).

Appendix D

Photographs



The Subject Site



Frontage to Kyiv-Boryspil Highway

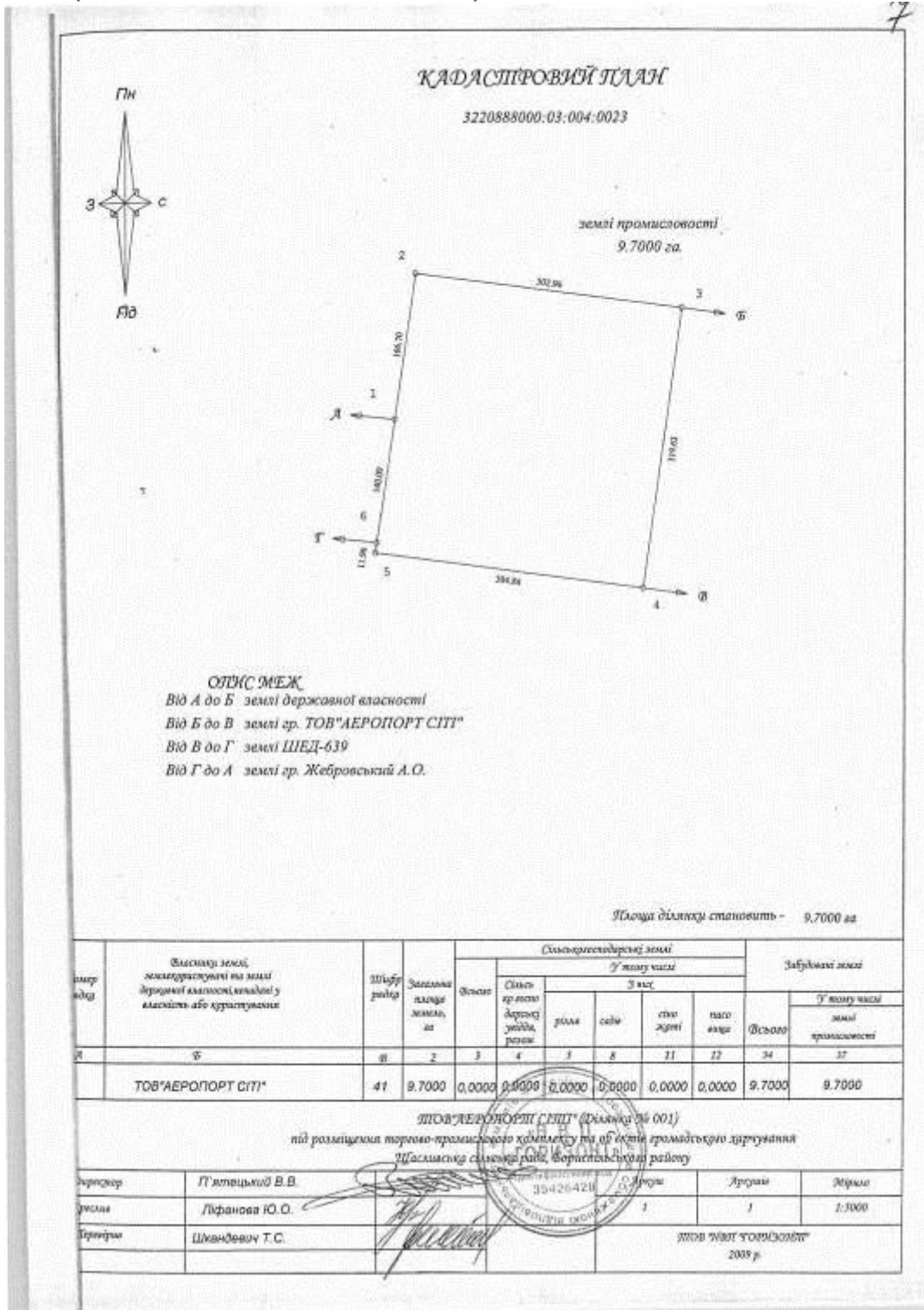


Kyiv-Boryspil Highway and transport interchange in proximity to the subject site

Appendix E

Site Plans

Site 1 (cadastral # 3220888000:03:004:0023)

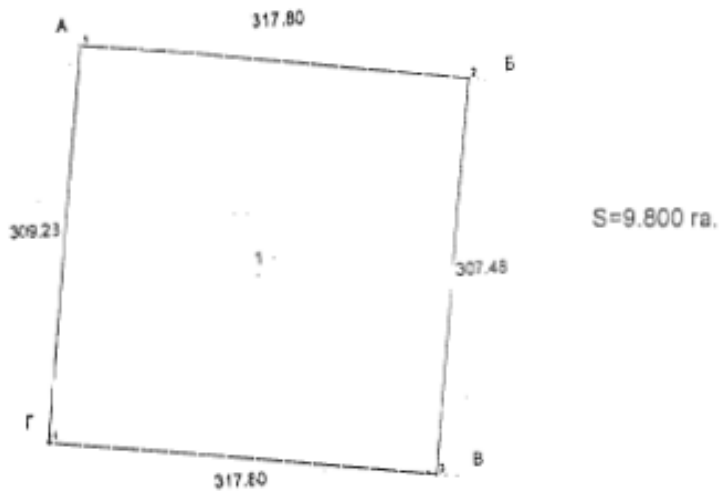


The above plan was provided with the Land Lease Agreement.

Site 2 (cadastral # 3220888000:03:004:0022)

ДОДАТОК
 до договору оренди земельної ділянки
 Від "11" грудня 2004 року

ПЛАН
 Земельної ділянки, для офісно-складських приміщень
 яка надається на умовах довгострокової оренди (строком на 49 років)
ПП "АЛЬЯНС"
 в адміністративних межах Щасливської сільської ради
 Масштаб 1:5000

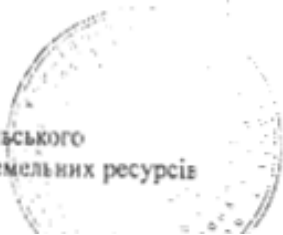


Експлікаційний угода	Площа, га.
Призначення	
Итого лісів	0.000
Всього	9.800
	9.800

Опис меж

А землі державної власності (запас)
 Б ПП "Сталкер"
 В землі ШЕД-639
 Г ПП "Зектор"
 А

начальник Бориспільського
 районного відділу земельних ресурсів



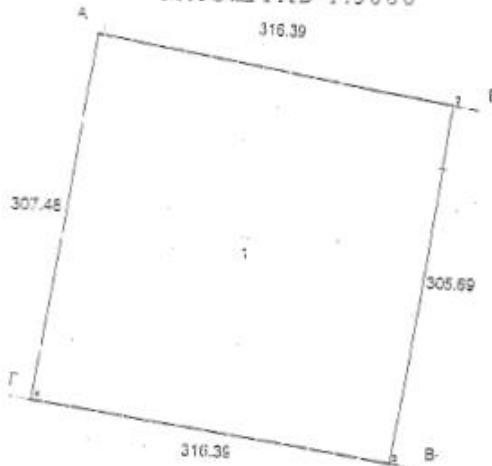
В.І. Йосипок

The above plan was provided with the Land Lease Agreement.

Site 3 (cadastral # 3220888000:03:004:0026)

Додаток до договору довгострокової
 оренди (строком 49 років)
 від «21» жовтня 2004 року

ПЛАН
 земельної ділянки, яка надається ПП "Стелкер"
 в довгострокову оренду (строком на 49 років) для розміщення
 офісно-складських приміщень в адмінмежах Щасливської сільської ради
МАСШТАБ 1:5000



S=9.700 га.

Експликація угідь

N уг.	Призначення	Площа, га.
88	Ітого	0,000
	лісів	9,700
	Всього	9,700

ТАБЛИЦЯ ЛІНІЙ ТА ДИРЕКЦІЙНИХ КУТІВ

NN п/п	Координати		Довжина ліній	Дирекційний кут
	X	Y		
1	575995.40	393196.48	316.39	97 58 52
2	575881.47	393509.81	305.69	187 39 25
3	575246.51	393469.08	316.39	277 39 21
4	575290.66	393155.51	307.48	7 39 25
1	575995.40	393196.48		

Опис меж

- A землі державної власності (запас)
- Б ПП "Вест"
- В землі ШЕД-639
- Г ПП "Альянс"
- А

Начальник Бориспільського районного
 відділу земельних ресурсів

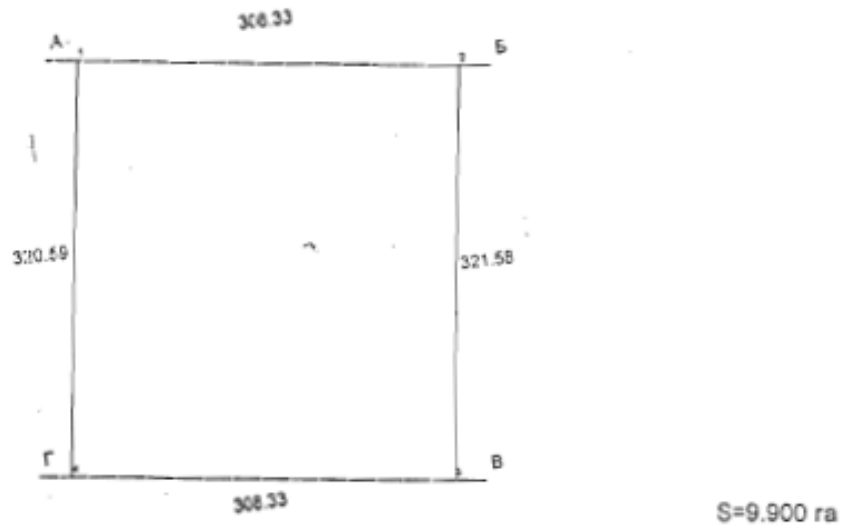
В.І. Йосіпок

The above plan was provided with the Land Lease Agreement.

Site 4 (cadastral # 3220888000:03:004:0025)

ДОДАТОК
 до договору оренди земельної ділянки
 Від "21" жовтня 2004 року

ПЛАН
 Земельної ділянки, під розміщення торгово-промислового комплексу,
 яка надається на умовах довгострокової оренди (строком на 49 років)
ПП "ВЕСТ"
 в адміністративних межах Щасливської сільської ради
 Масштаб 1:5000



А	Опис меж
А	землі державності (запас)
Б	ПП "Ажур"
В	землі ШЕД-639
Г	ПП "Стальор"
А	

Експлікація земель	
Загальна площа	9.900
23 лісів	9.900

Начальник Бориспільського
 районного відділу земельних ресурсів

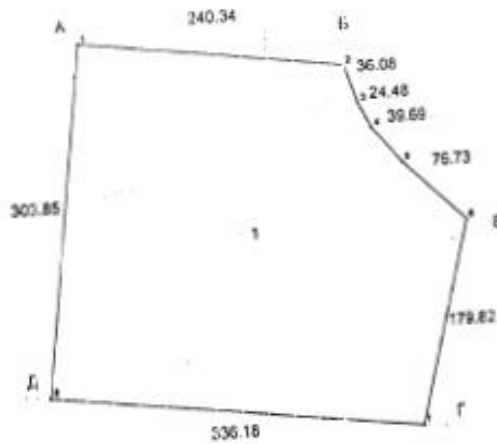
В.І. Йосипок

The above plan was provided with the Land Lease Agreement.

Site 5 (cadastral # 3220888000:03:004:0024)

ДОДАТОК
 до договору оренди земельної ділянки
 Від "21" травня 2004 року

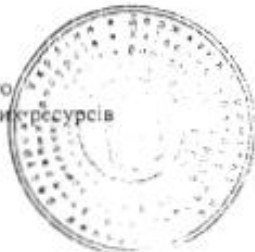
ПЛАН
 Земельної ділянки, для розміщення центру автосервісного та
 автозаправочного обслуговування
 яка надається на умовах довгострокової оренди (строком на 49 років)
ПП "АКОРД"
 в адміністративних межах Щасливської сільської ради
 Масштаб 1:5000



№ ур.	Ексклюзивний угодь Призначення	Площа, га.
	Ітого:	0,000
66	лісів	9,800
	Всього	9,800

- Опис меж**
- А - землі державної власності (запас)
 - Б - землі загального користування
 - В - землі Бoryспільського району
 - Г - землі ШЕД-439
 - Д - ПП "Вес"
 - А

Начальник Бoryспільського
 районного відділу земельних ресурсів



В.І. Йосипок

The above plan was provided with the Land Lease Agreement.