



R.E.D.S.

Real Estate Valuation Report of Property  
located in Bucharest, Romania

November 2020 | Private and Confidential



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# Abbreviations

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Abbreviation	Definition
'000 or ths. / m. / b.	thousands/ millions/ billions
€	Euro
Deloitte, Consultant	Deloitte Business Solutions S.A. (Greece)
Property	Land plot in Bucharest
Company, Client	REDS
n/a	Not Available / Not Applicable
GBA	Gross Buildable Area
GLA	Gross Leasable Area
IVS	International Valuation Standards
m	Meters
m <sup>2</sup>	Square Meters
cm	Cubic Meter
RE	Real Estate
Red Book	RICS Valuation – Professional Standards
RICS	Royal Institution of Chartered Surveyors

# 1. Executive Summary

# 1.0 Executive Summary

To:

Real Estate Development & Services (R.E.D.S.)  
25 Ermou Str. Nea Kifissia  
14564 Athens  
Greece

19 November 2020

Dear Sirs,

**Subject: Valuation Report of Property's Market Value as of 19.11.2020**

In accordance with the Engagement Letter dated 17.11.2020, between Deloitte Certified Public Accountants S.A. (hereafter referred to as “**Deloitte**” or the “**Consultant**”) and the company Real Estate Development Services R.E.D.S. (hereafter referred to as the “**Client**” or the “**Company**”), Deloitte has been instructed to prepare this valuation report (hereafter referred to as the “**Valuation Report**”) with regards to the Market Value of the Company's property located in Bucharest, Romania (hereafter referred to as the “**Property**”) with a valuation reference date as of currently 19.11.2020.

# 1.0 Executive Summary

## 1.1 Purpose and Scope of the Engagement

- 1.1.1 This report (the “**Valuation Report**”) is addressed to the Client in relation to the valuation of its Property located in Bucharest, Romania. The Valuation Report includes a presentation of the Property, Real Estate market analysis, the valuation methodology adopted as well as the results of our valuation exercise.
- 1.1.2 The subject of this valuation is a land plot with a total surface of 7,974 m<sup>2</sup> (as per the Land Book Excerpt provided) located on Splaiul Unirii 96, sector 4 Bucharest.
- 1.1.3 Basis of Value adopted:  
The basis of value adopted in this valuation report is the Market Value.  
*Market Value is defined as «The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion»*  
It must be clarified that the “transaction price” at which the transaction may be effectuated, may deviate from the calculated value for reasons such as: the motives of the parties involved, their negotiating ability, the nature of the transaction (i.e. the financing of the acquisition, the terms of transition of management control, etc.) or for other reasons particular to this potential transaction.  
Market Value, like most value bases, represents the estimated exchange price of a property without taking into account the sale cost for the seller or the purchase cost for the buyer and without any adjustment for any taxes (transfer tax, capital gains tax, VAT, etc.) which can be paid by one of the two parties as a direct result of the transaction.  
Additionally, intercompany contracts or other agreements, loans, mortgages or other encumbrances that may exist on the Property have not been taken into account. Finally, no loan or subsidy amounts have been calculated that may accompany the Property or its owner.  
(VPS4, RICS Valuation – Global Standards 2020)
- 1.1.4 Premise of Value / Assumed Use:  
The Premise of Value for this Valuation Report is the current use of the Property, as a land plot (including costs for the demolition of the derelict buildings).

# 1.0 Executive Summary

## 1.1 Purpose and Scope of the Engagement

- 1.1.5 The Valuation Date of this Valuation Report is the 19.11.2020.
- 1.1.6 Purpose of the Valuation: This Valuation Report has been conducted in order to assist the Company in the context of investment decision making.
- 1.1.7 The results of this Valuation Report may not be reported or included in any other document, the purpose and objective of which may be debt or other funds raising, without the prior written consent of Deloitte.
- 1.1.8 The use of this Valuation Report by third parties, as well as the decisions based on it, is the responsibility of the parties who use it. By using the present study, these parties acknowledge that Deloitte bears no responsibility for the use or decisions that may be made based on the present study.
- 1.1.9 In addition, it is emphasized that this Valuation Report can not be used as a presumption of value, in the context of the regular audit of the Company.
- 1.1.10 Finally, it is noted that any delivery of this Valuation Report to any third party, should be done in its entirety and not in parts.

# 1.0 Executive Summary

## 1.2 Determination of Valuation Terminology

- 1.2.1 Valuation Standards: The valuation of the Property was conducted according to the RICS Valuation Global Standards 2020, as well as the IVSC International Valuation Standards 2020. We confirm that we have sufficient knowledge of the market, both locally and nationally as well as the necessary knowledge for the execution of this assignment.
- 1.2.2 The appraiser who prepared this valuation report is fully trained in accordance with the RICS and IVSC Valuation Standards.
- 1.2.3 Inspection date: We did not inspect the Property, this is a desktop valuation.
- 1.2.4 Currency: EUR (€)
- 1.2.5 Assumptions: For the purpose of this Valuation Report, specific assumptions have been made regarding the Property's status, town planning status and maintenance status, including soil, groundwater and aquifer pollution issues, which are set out in the following paragraphs. The value presented in the report represent our objective assessment of the Market Value of the Property, as defined according to the standards, at the valuation date. It is assumed that on the date of the assessment a real transaction takes place, after the promotion and advertising of the Property in the free market.  
  
Our valuation analysis is based on the areas and surfaces presented in the Land book excerpt as provided by the Client.
- 1.2.6 Special Assumptions: No special assumptions have been made.
- 1.2.7 The adjustments to the selected comparable offers were performed as follows: negative adjustment when the comparable is considered superior to the subject Property and positive adjustment when the comparable is considered inferior to the subject asset.
- 1.2.8 Conflict of interest: In good faith we declare that there is no conflict of interest regarding this assessment. In our file there are copies of the relevant check.



# 1.0 Executive Summary

## 1.3 Valuation Methodology

- 1.3.1 The valuation of the Property was commenced using internationally recognised valuation methods and resulted in the valuation of its Market Value for 19.11.2020, taking into account the current and upcoming market conditions of similar properties in Bucharest, Romania.
- 1.3.2 **Chapter 4.0** of the Valuation Report presents the internationally recognised real estate valuation methods.
- 1.3.3 This is a desktop valuation and no inspection to the Property took place.
- 1.3.4 We have examined and applied the Comparative Method, which is one of the five different methods of real estate valuation, taking into account the nature of the Property, the purpose of the valuation, the intended use and the context of the specific assignment.

### **Comparative Method – Market Approach**

The Comparative Method is based upon market evidence. It works on the principle that the value of one property may be derived by comparing it with prices achieved from transactions in similar properties. Recent comparable market transactions on arm's length terms are collected and after taking into consideration the nature of the property under valuation, comparable evidence is being weighed accordingly.

- 1.3.5 For the valuation of the Property and in accordance with the prevailing international valuation practices, we examined, among others, the following factors:
- The prevailing conditions of the local real estate market in Bucharest.
  - The current conditions prevailing in the real estate market in Romania.
  - The prospects of commercial and residential real estate properties at the moment.
  - Other planning and technical parameters deemed appropriate.
- 1.3.6 Our research and analysis includes, but is not limited to, the following steps:
- We requested and examined the information provided to us by the Company, on which we relied upon considering it as a true and accurate presentation of the technical characteristics of the Property.
  - We collected, analysed and adjusted accordingly the comparative data in order to estimate the Market Value of the Property (please see **Chapter 5**).

# 1.0 Executive Summary

## 1.4 Clarifications & Limiting Factors

The following important limitations should be considered when evaluating the results of this Valuation Report:

- 1.4.1 This Valuation Report has been prepared for the purpose of decision making and is supplemented by the accompanying comments, observations and special assumptions at the date of this report. It has been compiled by Deloitte and is based on information provided by the Company and other sources contained herein. The Consultant did not conduct an independent research, audit or other form of enquiry into this information.
- 1.4.2 Deloitte did not conduct a thorough, independent market research for the real estate industry and its prospects, but relied on its internal databases (Deloitte Database) and some published data from trusted sources, which were not verified by Deloitte.
- 1.4.3 The resulting values are valid for the critical date of Valuation according to the defined Basis of Value and for the Premise of Value defined.
- 1.4.4 It is clarified that Deloitte, in the context of this work, did not carry out any additional independent audit or any verification of the correctness and completeness of the above data and the additional financial and / or other data provided to us by the Company's management, which were received as correctly. We do not, therefore, make any representations or warranties as to the accuracy and completeness of the financial and other information on which we relied during the assessment. We have assumed, for the purposes of our work, that all the information provided to us is complete and accurate as to its essential elements. Possible submission of new data may change the resulting values.
- 1.4.5 In the context of this work, we have not proceeded to examine title deeds or any claims relating to the Property ownership. We also consider title deeds to be transferable, free and exempt from encumbrances, mortgages, constraints or other matters of an undisputable nature. We also assume that the Property is free of leases and do not incur fines, fees, etc.
- 1.4.6 This Valuation Report in no way relates to or provides guarantees regarding to the Property's construction eligibility, as well as the building conditions and restrictions that prevail in the area.
- 1.4.7 With respect to the calculations presented in tables, any differences that may occur between sums of the parts and the total are due to rounding.
- 1.4.8 We consider all the surfaces / uses of the Property to be legally constructed or that any existing areas constructed without a planning permission have been regularized with the planning authorities accordingly.
- 1.4.9 We did not measure the Property, but we relied solely on the data provided to us by the Client. The surfaces mentioned in this Valuation Report can not be considered accurate property measurements. The static adequacy of the Property has not been verified by technical means, unless otherwise stated in the study.

# 1.0 Executive Summary

## 1.4 Clarifications & Limiting Factors

- 1.4.10 The present work in no way relates to or provides guarantees as to the state of construction, groundwork and networks. For the purpose of this work, we have assumed that hazardous, harmful and potentially harmful materials have not been used in the construction and that there are no dangerous substances in the soil such as heavy metals, oils, solvents, poisons or pollutants absorbed or incorporated into the Property.
- 1.4.11 The valuation of real estate assets can not be considered as an absolute science, and its results are in many cases subjective and dependent on the analysis and independent judgment of each analyst. Using the same facts and adopting common assumptions, the judgment of independent analysts may vary, due to a series of independent decisions.
- 1.4.12 This Valuation Report is for the exclusive use of the Client. Consequently, it can not be used for any other purpose. Deloitte is not responsible for any damages that may result from decisions or acts based on this Report.
- 1.4.13 The use or reliance on this Properties' analysis by third parties and any decisions based on it are the responsibility of the parties using it. Every recipient needs to perform their own estimates regarding the Property's. By using this analysis, such party consents that the Consultant has no liability with respect to such reliance or decisions. The Consultant accepts no liabilities for damages, if any, suffered by any party as a result of decisions made or actions taken based on this work product.
- 1.4.14 The use of this Valuation Report by third parties, as well as the decisions based on it, is the responsibility of the parties who use it. By using the present study, these parties acknowledge that Deloitte bears no responsibility for the use or decisions that may be made based on the present study.
- 1.4.15 This Valuation Report does not constitute a business plan, nor a feasibility study nor can it be considered as such since they are the subject of a different assignment. This report is neither a business valuation report of the Company. This report is based on general data of the real estate market, as analyzed in the relevant paragraphs, which we collected, analyzed and adjusted appropriately to assess the value of the Property.
- 1.4.16 This valuation analysis (and the information contained herein) is limited to be used only by the Client and does not constitute an offer to sell or an invitation to purchase the underlying asset. Therefore, no information contained herein can be included or referred to in any other document including, but not limited to, information memorandums which aim to attract debt, equity or any other form of capital, without prior written consent of the Consultant.
- 1.4.17 We have not calculated any transfer taxes or costs, unless we have specifically mentioned otherwise elsewhere in this Valuation Report.

# 1.0 Executive Summary

## 1.4 Clarifications & Limiting Factors

- 1.4.18 Our report is based on the economic conditions and market conditions, as they exist and can be estimated at this date, and we do not express an opinion on whether these conditions will continue to exist or to what effect these conditions would have on views expressed herein. The views expressed herein are also subject to uncertainties related to important factors, such as future developments in the legal framework, intensity of competition in the sector in which the Company operates, change in financial, economic and political parameters and so on.
- 1.4.19 Our valuation is based on the prevailing economic, commercial and other conditions as of 19.11.2020. Such conditions can change significantly in relatively short periods of time. The situation continues to evolve and there are still many uncertainties regarding the outcome of the COVID-19 crisis in the real estate sector and in the wider domestic and global economies.
- 1.4.20 Therefore, it is not possible for our assessment to fully identify and quantify the impact of all the uncertainties and consequences associated with COVID-19. Changes in market conditions could substantially affect our valuation. Unless requested, we will not update our valuation for any subsequent information or events

# 1.0 Executive Summary

## 1.5 Material Valuation Uncertainty

- 1.5.1 The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees.
- 1.5.2 Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- 1.5.3 Our valuation does not include any consideration of the likely impact of Coronavirus (COVID- 19) on the real estate market. Client should consider the increasingly broad effects on the real estate market as a result of the negative impact on the Greek and global economy and major financial markets from COVID-19. Our opinion is based on prevailing economic, market and other conditions. Such conditions can change significantly over relatively short periods of time. Recent volatility in capital markets and the current economic outlook have created significant uncertainty with respect to the valuation of assets. Recognising these factors, we consider that the conclusions and opinion we have arrived at may be more susceptible to change than would normally be the case.
- 1.5.4 In respect of the real estate market, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of the Property is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.
- 1.5.5 For the avoidance of doubt this explanatory note, including the ‘material valuation uncertainty’ declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.
- 1.5.6 The results of this Valuation Report are presented with all reservations due to the economic instability that prevails on international level, after the declaration of COVID-19 as a global pandemic. The current situation, characterised as Force Majeure, has caused turmoil in the global economy and uncertainty about its future course. Therefore, if current market conditions change significantly, this Valuation Report may need to be updated accordingly. Deloitte has no obligation to update this Valuation Report.

# 1.0 Executive Summary

## 1.6 Source of Information

1.6.1 For the estimation of the Property's Market Value, the following data have been provided by the Client:

- Previous Valuation Report dated 30.10.2020
- Registration certification from the Cadastral Office and RE Public Sector 4 dated 27.11.2017
- Urbanism Endorsement by the Municipality of Bucharest dated 4.08.2010
- Decision on the approval of the urban zone plan by the general council of the Municipality of Bucharest dated 4.09.2014



# 1.0 Executive Summary

## 1.7 Outcome of the Analysis

1.7.1 The outcome of our valuation is presented as follows:

Based on the data made available to us, the valuation methodology utilised and the limiting factors mentioned in the previous pages, the estimated **Market Value range of the Property located in Bucharest, Romania as of 19.11.2020**, is estimated to be as follows:

**€ 6.3 m - € 6.5 m**

with an estimated central value of **€ 6.4 m**

1.7.2 Our analytical calculations are presented in detail in **Chapter 5**.

# 1.0 Executive Summary

## 1.7 Outcome of the Analysis

The following chapters and appendices that follow represent an integral part of this Valuation Report.

Yours Sincerely,



**Christos Kosmas, MRICS**

Partner, Head of Real Estate

Financial Advisory Services

Deloitte Business Solutions S.A.



**Eleftheria Riga, MRICS**

Principal, Real Estate

Financial Advisory Services

Deloitte Business Solutions S.A.

## 2. Property Overview

## 2.0 Property Overview

### 3.1 Location Analysis

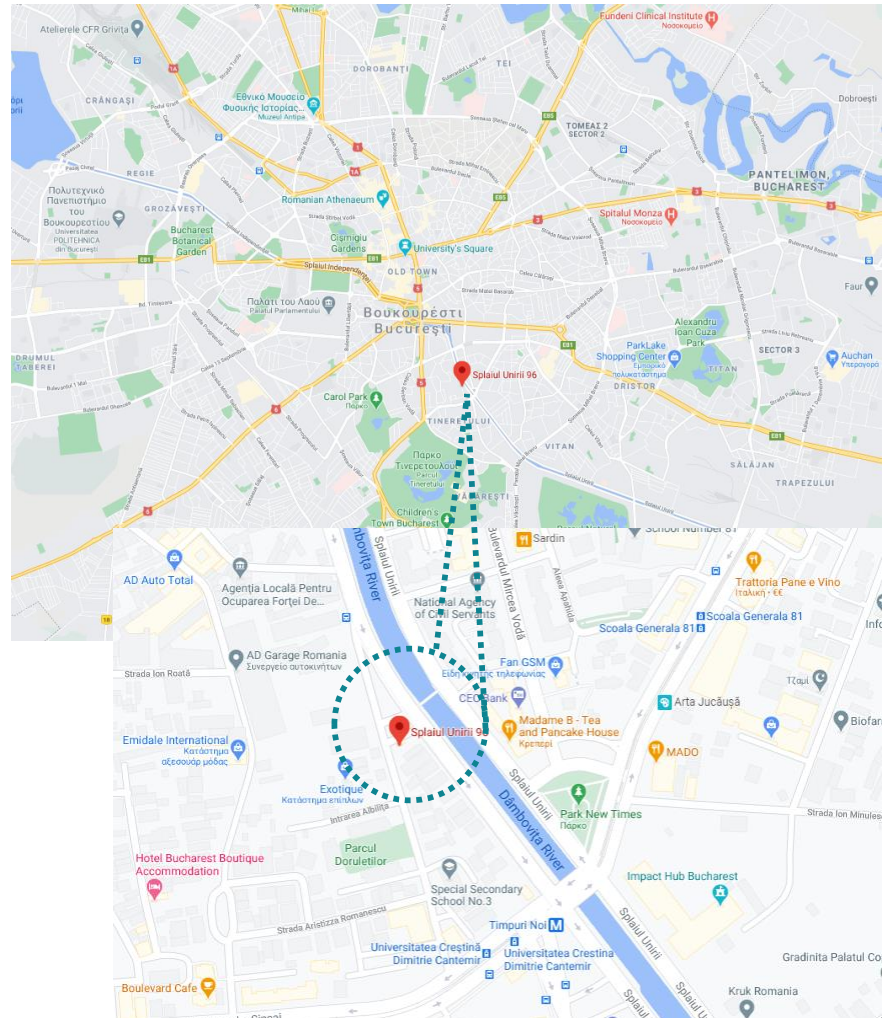
#### Location Overview

The Municipality of Bucharest (the capital of Romania) is divided into 6 administrative units - sectors. The subject Property is located within the administrative unit Section 4. Section 4 has a total area of 34 km<sup>2</sup> and a population of 299,414 (as of 11.07.2011).

The Property is found very close to Bucharest's city centre, within the area of Tineretului. Tineretului is a small (0,62 km<sup>2</sup>) neighborhood in south Bucharest, Romania in Sector 4, close to the city center, named after the nearby Tineretului Park. It is one the most preferred neighborhoods by people seeking to buy an apartment. This is due to the well established public transportation (two metro lines, bus and tram routes), two nearby parks; along with banks, commercial spaces and schools. In 2015 there were a number of 17.981 people registered living in this area.

#### Accessibility

Access to the Property is achieved by car through the Splaiul Unirii and Avalanseii streets. Splaiul Unirii is a main road artery in Bucharest, one of the main traffic routes of the municipality that crosses the city center from northwest to southeast. The area is served by Tineretului, Piata Sudului and Constantin Brâncoveanu metro stations. Busses that go through the area include 381, 313, 312, 116, 634.



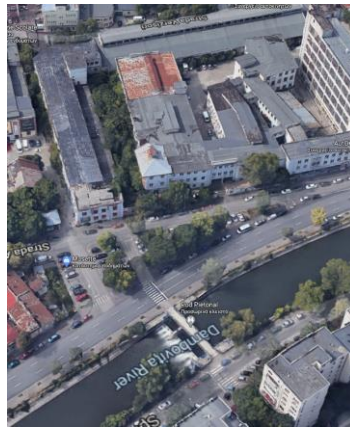
## 2.0 Property Overview

### 3.2 Property Analysis

#### Property Overview

The subject property is a land plot of 7,974 m<sup>2</sup> according to the Land book excerpt, located in the center of Bucharest, on 96 Splaiul Unirii, the entrance on Avalansei Street, no. 2. On the subject land plot are several derelict buildings (former workshops, offices, warehouses), with a total gross build area of 5,551 m<sup>2</sup>. According to data presented by the Client, the Urbanism Endorsement was obtained and also the PUZ for the two plots of land belonging to the subject Property.

The subject land plot was endorsed with a building coefficient equal to 4.0, a coverage ratio of 41% and a height regime of 3B + GF + 18 floors. Given the above, the Property is ideal for exploitation and in particular the existing buildings can be demolished and an important real estate development (mixed development: residential, offices, hotel, hospital, trade etc.) could be realised. The site has access to utilities such as water supply, electricity, natural gas and sewage. In the neighborhood there are many points of interest such as the metro station “Timpuri noi”, several restaurants, commercial centers, schools and office buildings.



# 3. Real Estate Market Analysis



## 3.0 Real Estate Market Analysis

### 3.1 Investment Market

#### Overview

Real estate investment volumes in Romania in 2019 reached their lowest level in six years, with turnover at €644m versus nearly €950m in the previous year, yet there are many reasons to be positive considering the current situation. For instance, several large deals which could close in 2019 have seen their negotiations extended into 2020. This is simply related to the complexity of the process. Thanks to this, there is now a healthy pipeline of just a handful of office transactions, worth €0.6b, some in very advanced stages, that are likely to close in 2020 (including over €300m from the NEPI Rockcastle portfolio, which AFI Europe signed for in late 2019, a deal expected to close in the first quarter of this year).

#### Investors & Transactions

The year's biggest deal was that of Dedeman, purchasing The Office in Cluj-Napoca, for a yield in region of 8%. The fact that the Bucharest-regional cities split for investment moved from roughly 80-20% in 2018 to 48-52% in 2019 is indicative of the major transformations going on in Romania's economy. Moving on, other major office deals – which accounted for over 60% of total turnover in 2019 – included the purchase of America House in Bucharest for over €70m by Morgan Stanley from AEW, which exited the market after this, as well as the third building from Oregon Park by Lion's Head Investments from Portland Trust, for an estimated €57m. Two other deals in the €30-35m range were Liberty Technology Park in Cluj-Napoca (which we also mentioned above), as well as Day Tower, which saw the Middle Eastern Corporate Finance House Group purchase it from Day Group.

Retail took second place, with nearly 24% of total volume. The vast majority comes from a single deal, worth €113m – MAS REI buying out their development partner Prime Kapital in 8 retail projects spread throughout Romania, freeing capital for the latter for new joint projects. Another important deal saw Indotek Group, a new name, purchase Promenada Targu Mures for a figure in the €40m range (estimation).

Industrial deals were a bit more modest in terms of total size in 2019, accounting for under 10% of the preliminary figures, with CTP's purchase of A1 Bucharest Park for around €40m as the year's biggest transaction.

#### Pricing

Romania is seeing a favourable shift in perception and yields have trended lower than the 7% handle thanks to the Day Tower transaction, which featured a quality building in a good location, but with good contractual terms (initial lease of around triple the standard 5 year period). Meanwhile, other prime assets currently in negotiation phase are asking below 7% yields.

## 3.0 Real Estate Market Analysis

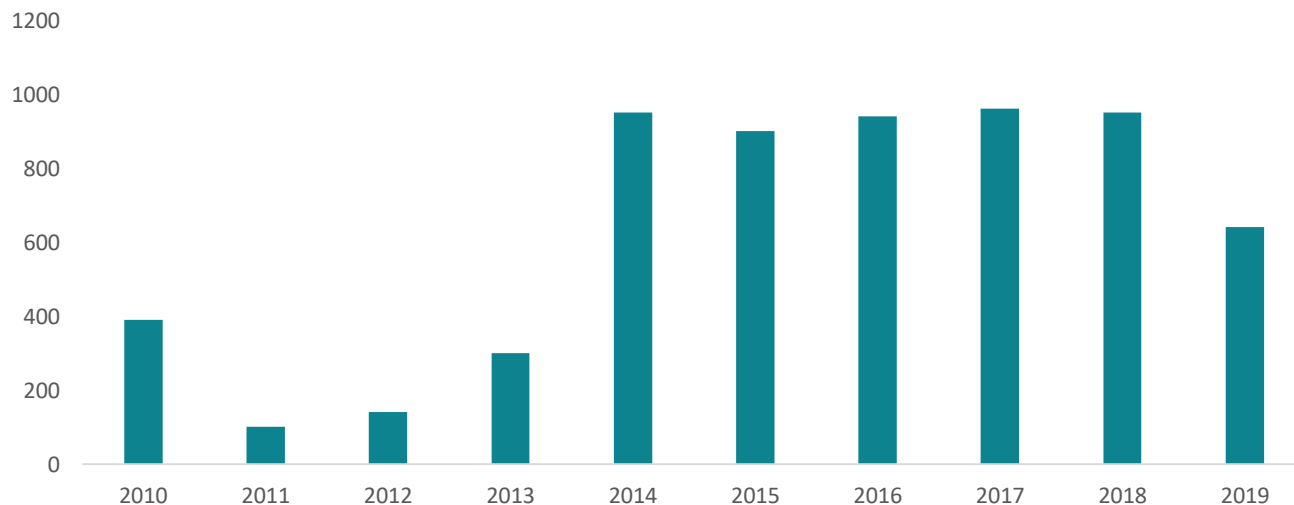
### 3.1 Investment Market

For shopping centers, despite the lack of transactions amid no prime assets changing hands recently, amid very solid results on the retail sales side and yield compression elsewhere in the CEE, a dominant mall would reach the market now, at an investment yield in the region of 6.5% versus 7% previously, a level which remains unchanged in the last three and a half years. Industrial yields remain largely unchanged with very good assets seeing a yield around 8.25%.

#### Forecast

2020 is starting on a strong footing with more than half a billion euros in a handful of office assets ready to close sooner rather than later. Yields can also trend a touch lower. Besides the more established submarkets, hotels are becoming an active segment, where the stock of both interested buyers and products on the market is improving. This favourable context is fueled also by a big push from international brands which want to expand at a robust pace for several years to come, based on current plans. An important transaction which could close soon may be that of Hilton Garden Inn Old Town - which was just opened a couple of years ago and has evolved quite well in terms of both occupancy and revenues.

#### Real Estate Investment Volume in Romania (€m)



Source: Colliers International

## 3.0 Real Estate Market Analysis

### 3.2 Bucharest Office Market

#### Demand

The total transaction volume in H1 2020 for office space in the city of Bucharest was 100,500m<sup>2</sup> (55,000m<sup>2</sup> in Q1 2020 and 44,500m<sup>2</sup> in Q2 2020), decreased almost by 50% compared to H2 2020. The average office transaction size was approximately 1,500m<sup>2</sup>. Net take up in H1 2020 accounted for 35,200m<sup>2</sup>. In terms of vacancy rate in Q2 2020 reached 9.3% compared to 8.7% in the previous quarter.

#### Supply

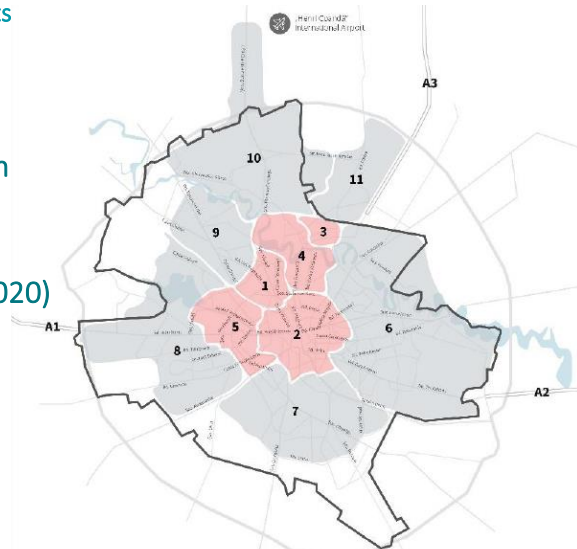
After strong deliveries of 78,200 m<sup>2</sup> during Q1 2020, the pace slowed down in Q2 and the office buildings completed during the period added 27,900 m<sup>2</sup> to the modern office stock in Bucharest. The projects delivered in Q2 include The Bridge phase 3 in the Center-West sub-market with approx. 21,200 m<sup>2</sup> GLA, and the Zone 313 in the Floreasca-Barbu Vacarescu sub-market, adding 6,700 m<sup>2</sup> GLA. Several important deliveries are awaited for the second half of 2020, totaling 108,000 m<sup>2</sup>. Among these the largest are Globalworth Square with 25,700 m<sup>2</sup>, and One Tower, adding 23,600 m<sup>2</sup>, both situated in the Floreasca – Barbu Vacarescu sub-market, as well as the second and third buildings in Campus 6, adding another 36,900m<sup>2</sup> to the Center – West sub-market.

#### Bucharest Office Sub-Markets

€ Prime Rent  
€18.5/m<sup>2</sup>/month

Gross Take Up  
44,500m<sup>2</sup> (H1 2020)

Vacancy Rate  
9.3% (Q2 2020)



#	Sub-Market	Stock (m2)	Rent (€/m2/month)	Vacancy %
1	CBD	320,400	16 – 18.5	4.7
2	Centre	342,000	15 – 17	6.5
3	Dimitrie Pompeiu	440,700	12 – 14	8.8
4	Floreasca – BV	520,200	15 – 16	4.8
5	Center – West	439,700	14 – 16	13.3
6	East	51,100	12 – 14	18.1
7	South	41,800	10 – 12	0
8	West	157,900	10 – 13	0
9	North – West	222,800	15 – 17	6.5
10	Baneasa - Otopeni	159,800	15 – 17	8.2
11	Pipera North	210,500	11 – 13	35.9

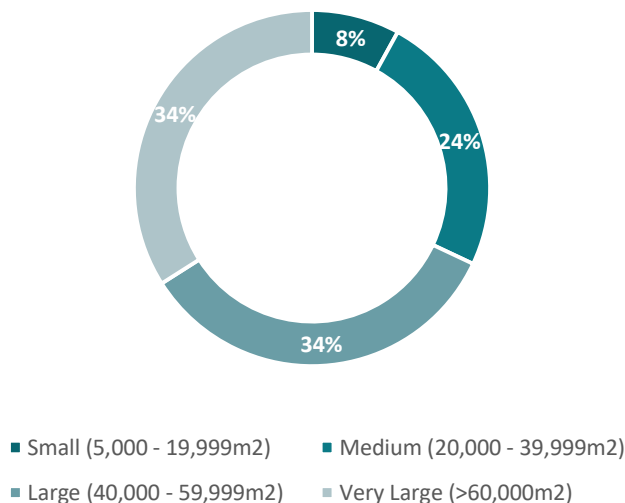
## 3.0 Real Estate Market Analysis

### 3.3 Bucharest Retail Market

#### Supply

In H1 2020 no new retail projects or extensions were delivered post 28,300m<sup>2</sup> completed in 2019. As such, currently the total modern retail stock in Bucharest remained at 1.154m m<sup>2</sup> of GLA. For the whole 2020, 185,400 m<sup>2</sup> of GLA in total are expected to be delivered in major retail schemes in Romania, all but 6,000 m<sup>2</sup> situated outside of Bucharest. This represents a small 7.7% increase when compared to 2019, when 172,200m<sup>2</sup> were completed. The largest new project announced to be opened by the end of 2020 is AFI Palace Brasov. The 45,000 m<sup>2</sup> of GLA shopping center is being developed by AFI Europe, who also owns two other major schemes in Romania, AFI Palace Cotroceni in Bucharest and AFI Palace Ploiesti. Another large retail project, Shopping City Targu Mures, is expected to be delivered by NEPI Rockcastle at the beginning of Q3, adding 41,300 m<sup>2</sup> of GLA to the stock. Also in Q3, the delivery of the 33,000 m<sup>2</sup> of GLA Dambovitza Mall shopping centre in Targoviste developed by Prime Kapital is expected. Another new development to be delivered is the first phase of Prima Shopping Center in Sibiu, adding 15,000 m<sup>2</sup> of GLA. The project is being developed by Oasis Retail Development and Consulting.

#### Retail Projects in Bucharest by Size



#### Prime Rent

€75/m<sup>2</sup>/month – Shopping Centres



#### Prime Rent

€8.5/m<sup>2</sup>/month – Retail Park



#### Prime Rent

€50/m<sup>2</sup>/month – High Street

Source: Jones Lang LaSalle Services SRL

## 3.0 Real Estate Market Analysis

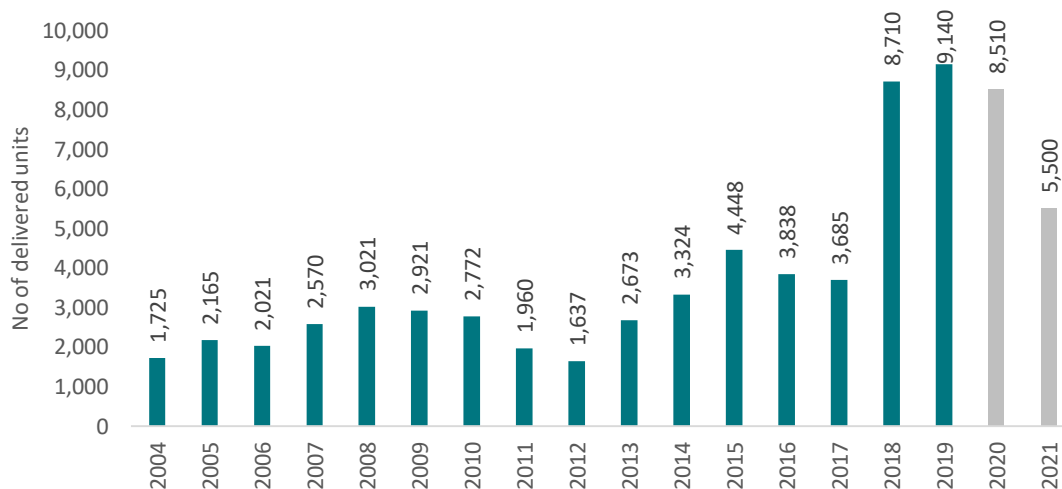
### 3.4 Bucharest Residential Market

#### Supply

Overall, the new supply in 2020 will be 10% lower than 2019 level, reaching approximately 12,900 units with potential delays in construction completions. However, the number of newly supplied apartments could decrease by up to 50% in 2021 reaching approximately 6,500 units and might continue the downward trend for the next 2 years. Therefore, the effects of the current crisis will be clearer on the longer term, when we will be able to evaluate its impact on the projects currently in the planning phase.

In the mid-term, developers are expected to be more cautious and opt for the breakdown of the projects into a larger number of phases in order to limit the exposure to market fluctuations and to keep the flexibility of adjusting their product to potential changes in demand. The future residential supply might be increased to some extent by the new trend of reconvertng previously planned office developments into mixed use projects with a residential component.

#### Bucharest Residential Supply Evolution (2004-2021) | Projects of 200+ units



Source: Jones Lang LaSalle Services SRL



#### Average Resi Price

€1,450/m<sup>2</sup> (Q2 2020)



#### Residential Price Evolution

-0.5% (Q2 2020)



#### New Units in Bucharest

4,000m<sup>2</sup> (5M 2020)

## 3.0 Real Estate Market Analysis

### 3.4 Bucharest Residential Market

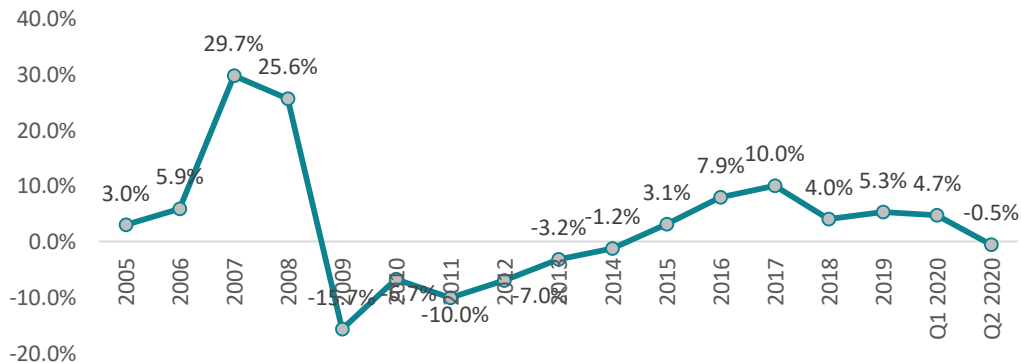
#### Demand

New units transactions in H1 2020 was approximately 8,000 for Bucharest and 3,000 units for Ilfov, assuming that 60% of the Bucharest transactions officially registered by the National Agency for Cadastre and Land Registration were with new units, while for Ilfov new sales represent 90% of total transactions. This represents a 7% decrease when compared to H1 2019. Transactions volume is expected to slow down by the upcoming rise of the unemployment rate in the economic downturn. This will have a major impact especially on the low-end market segments, where buyers are more vulnerable to economic fluctuations.

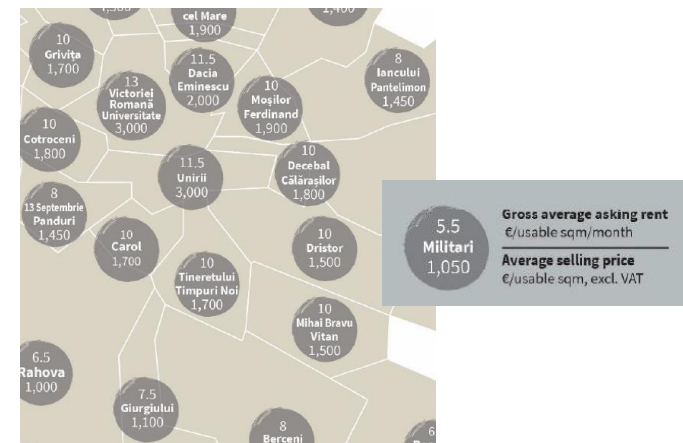
#### Residential Prices & Yields

Residential prices registered a 0.5% decrease in Q2 2020 as compared to Q1 2020, leveling at an average of €1,450/m<sup>2</sup>. The residential prices evolution in 2020 will be determined by an intensification of the competition to attract the remaining solvable buyers. Residential gross private investment yields vary from 5% to 7% across Bucharest. High-end areas, such as Herastrau- Nordului, Kiseleff – Aviatorilor, Dorobanti- Floreasca, Victoriei – Romana – Universitate and Unirii are registering yields of approximately 5% or below. Better return values, averaging above 6.5%, are encountered further away from the city center, in high-density neighborhoods such as Dristor-Vitan, Berceni, Rahova, Crangasi, where market rental values for newly delivered units maintain a high level, while the sales prices are lower on average. Properties presenting yields of 7% or even slightly above are exceptions and are usually located in areas where the supply - demand ratio is imbalanced, in favor of landlords.

#### Bucharest Residential Price Evolution (2004=100)



Source: Jones Lang LaSalle Services SRL





## 3.0 Real Estate Market Analysis

### 3.5 Bucharest Residential Market

#### Hotel Market

Overall, 2019 saw the supply of hotels increase by almost 700 rooms in Bucharest, with no new 5 star establishments, rather mostly in the general upscale segment (4 stars); the new Courtyard by Marriott around the Floreasca-Barbu Vacarescu office submarket (260 rooms) and Garden Inn Airport (220 rooms) were the biggest additions, with the refurbished Lido by Phoenicia (a local chain) adding 115 rooms, and Union Plaza Hotel in central Bucharest at a bit under 100 rooms. The bulk of these were inaugurated after September, so they haven't made their full impact yet on the overall market.

Meanwhile, 5-star hotels in Bucharest saw a largely unchanged occupancy in the 78% region; this is not too far from the optimal 85% level that operators would like to see in order to have both a steady revenue stream, as well as optimize room rotation. For the 4-star hotels, which have seen some new supply, occupancy has indeed dropped a bit, from nearly 76% on average to a touch under 72%, likely influenced by the incoming supply in the final part of the year.

The average daily rate has increased by around 13-14% (on a RON basis; discounting for the depreciation would still equal to a 11-12% increase in € terms, which is more than double the average growth rate seen in the previous four years). Thus, the ADR for 5-star hotels has reached an average of 117 €/night (versus 105 €/night in 2018), while for 4-star hotels, it stands at around 87 €/night (compared to under 78 €/night in 2018). Still, as Romania's ADR remains somewhat subdued compared to peers, so there is still some room to grow as the market matures. Over the medium term, room rates are expected to rise in order to reflect the general increase in operating and development costs (mostly tied, but not limited, to labour costs); that said, a generous pipeline and hefty competition should contain these increases within reasonable limits.

In Bucharest the next couple of years are expected to bring to the market around 600-700 rooms per year, a similar pace to 2019, though the calendar post-2021 is not as complete and we may yet see new projects announced. For 2020, the biggest project expected is Autograph Collection in Bucharest's Old Town (215 rooms), followed by an Ibis Style (150 rooms) and Moxy (117 rooms extension). The latter 2 are in very central locations. An interesting entry is that of Corinthia Grand Hotel de Boulevard (50 rooms), a luxury project and a new brand on the local market; the only project not in the central part of town is that of Ibis Airport (85 rooms), in Otopeni. Either way, it is worth pointing out that the entries of Autograph and Corinthia as brands in Romania is especially good as they are generally found only in more mature markets.

Another trend worth highlighting is the growth of hotels as an active investment market. After the sale of Radisson Blu in Bucharest a couple of years ago, quite a few other projects have changed hands in both Bucharest and touristic areas like the seaside or mountain resorts. A well-positioned project, with stable income, can have a yield similar to the prime office projects.

## 3.0 Real Estate Market Analysis

### 3.6 Bucharest Land Market

#### Demand

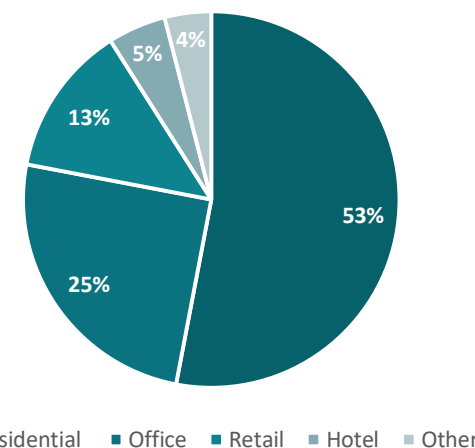
In terms of overall market transaction volume, 2019 was on par with 2018's €410m (of which 70% took place in Bucharest), which was the best year for the land market in the post-crisis period. Overall, it was quite a strong market and not anticipated, given what was already a robust pipeline at the start of the year. Bucharest remained the all-star, with a share of around 70% in land deals for commercial projects (residential, retail, office and hotel, excluding industrial and agriculture); this is a touch smaller than last year's share. That said, the underlying interest for regional cities is on the rise.

Residential was again the driver in Bucharest with more than half of the total land investment volume. Even though the year started with some jitters about the residential sector and prices dipped a bit in year-on-year terms, things settled down and demand from consumers actually shot up later in the year. As usual for residential, local investors are among the most active on this front, however, 2019 saw also the entrance of some new foreign developers on this segment. Otherwise, the trends that have been mentioned for previous years remain valid: focusing on proximity to established or fast-growing office markets, mixed-use, creating new concepts/facilities in order to differentiate from the competition. Pipera, Baneasa, Aviatiei and Timisoara Boulevard were, besides the central areas, some of the hottest areas of interest from developers. A fact worth underscoring: this appetite for differentiation is also driving demand for big land plots, which can help developers reach a more special project (mixed-use, special concept or architecture, integrating various amenities).

Office developers that had not managed to secure land plots in the previous year pulled the trigger, notably the Swedes and Austrians. Skanska and Vastint (in Bucurestii Noi and Timpuri Noi respectively) did some of the biggest deals in Bucharest last year, whereas S-Immo, Strabag and S+B (in Dorobanti, Calea Victoriei, Doamnei respectively) secured some smaller projects, but in ultracentral locations. That said, overall volumes with land plots destined for offices were below 2018, when we saw deals from developers like Globalworth, One United, Forte Partners, Portland Trust, AFI Europe or Speedwell. While most of them have not closed any land deals in 2019, they are still keeping a close eye on the land market, highlighting the confidence they have in the longer-term prospects of the local office market.

It is worth pointing out that 2019 brought no specific deals in new areas, rather the consolidation of the established ones. Still, developers are looking at less traditional office areas as long they have good metro connection and connectivity with the ones that are currently on the map. Retail was much less relevant for Bucharest, though there is a notable increase in transactions for hotels, as well as from speculators (around 10% of volumes), with the latter a new addition to the market amid favourable recent results.

Bucharest land Deal Volume per Sector



Source: Colliers International

## 3.0 Real Estate Market Analysis

### 3.6 Bucharest Land Market

#### Supply




Overall, given the more generalized price increases in Bucharest, supply was on the weaker side than what the market was ready to absorb. Last year saw various types of sellers on the market, with offers from various categories. Banks continued to sell plots they had acquired via non-performing loans which had these as collateral, while at the same time, distressed companies (insolvency or bankruptcy) continued selling various assets either themselves or via liquidators.

The shortage of good land has led to quite a lot of pressures from buyers to unlock any issues related to the best plots that may have been overlooked in previous years due to said problems. Moreover, owners have been much more actively involved on the urbanism side, trying to maximize land value by seeking zoning urban plans and authorisations. Otherwise, strictly for Bucharest, new zoning plans for each sector are expected to be adopted soon (or have been), which will also help on the supply side.

#### Prices & Transactions

The minor uptrend in prices that began in 2015 continued in the subsequent years; 2019 saw prices jump again some 10-15% in Bucharest, with very good submarkets scoring increases of as much as 30 to 50% compared to what the same plot would have seen in 2018, according to Colliers estimates and data. In other parts of the country, prices were largely flat, though there are some exceptions, like Cluj Napoca, which is not the typical town due to its geographic limitations. Prices remained flat in regional towns rather because there weren't as many players on the market. There have been about a dozen quite big land deals for commercial real estate projects, in the €10-25m range; the biggest, which handily topped €20m, were NEPI Rockcastle's purchase in Craiova and Skanska's deal in Bucurestii Noi area of the Capital.

Previous years started with a bigger potential deals pipeline than 2020 (nearly double in size), which does sort of summarize quite well the story going forward: after a couple of ultra-strong years, activity might dim a bit, in tune with the overall cyclical position of the economy. That being said, we would not say that the market has tapped into a negative feeling, particularly as market participants remain quite positive over Romania's longer-term growth outlook. We would rather call it a more cautious approach, particularly as the market is coming after arguably its best years in history, if we also factor in the fact that growth has been much more sustainable now than before the crisis, given the various asset bubbles and huge internal imbalances which plagued Romania back then.

Bucharest Land Prices		Central Location €1,000-1,300/m <sup>2</sup> /month
		Semi-Central Location €250-1,200/m <sup>2</sup> /month
		Periphery Location €150-450/m <sup>2</sup> /month

## 4. Valuation Methodology

## 4.0 Valuation Methodology

This real estate valuation has been prepared in accordance with the guidance issued by the Royal Institution of Chartered Surveyors (RICS), which comply with the International Valuation Standards issued by the International Valuation Standards Council (IVSC).

The basis of value will be the **Market Value**. Market value is defined by the «RICS Valuation - Professional Standards, 11th Edition, January 2020», as follows:

*«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»*

Market Value, like most value bases, represents the estimated exchange price of a property without taking into account the sale cost for the seller or the purchase cost for the buyer and without any adjustment for any taxes (transfer tax, capital gains tax, VAT, etc.) which can be paid by one of the two parties as a direct result of the transaction.

The matrix below presents five distinct methods for valuing properties. The appropriate method and approach adopted have regard to the nature of the asset, the purpose, intended use and context of the particular assignment and any statutory or other mandatory requirements applicable in the jurisdiction concerned.

	Valuation Methodology	Approach
1.	Comparative Method	Market Approach
2.	Income Method with the use of Direct Capitalisation or Discounted Cash Flow	Income Approach
3.	Residual Method	Market Approach
4.	Profits Method with the use of Direct Capitalisation or Discounted Cash Flow	Income Approach
5.	Depreciated Replacement Method	Cost Approach

# 4.0 Valuation Methodology

## Comparative Method – Market Approach

The Comparative Method is based upon market evidence. It works on the principle that the value of one property may be derived by comparing it with prices achieved from transactions in similar properties. Recent comparable market transactions on arm's length terms are collected and after taking into consideration the nature of the property under valuation, comparable evidence is being weighed accordingly.

## Discounted Cash Flow or Direct Income Capitalisation – Income approach

The Income Approach converts anticipated benefits derived from the ownership of property into a value estimate. This method is widely applied in appraising income-producing properties. Anticipated future income and/or reversions are discounted to a present worth figure through the capitalisation process.

Discounted Cash Flow Analysis is a set of procedures in which it is specified the quantity, variability, timing and duration of periodic income and expenses, as well as the quantity and timing of reversions, and the discounting of such cash flows to their present value at a specified discount rate. The discount rate is an internal rate of return defined as the annualized rate of return on capital that is generated or capable of being generated, by an investment or portfolio over the period of ownership.

## Residual – Income approach

The Residual approach works on the grounds that a purchaser is willing to pay an amount of money for a property that will allow a given profit for selling it in its highest and best use. This method is the most accurate in order to value land with development potential, of unique nature, where no sufficient comparable evidence is available or when a property needs refurbishment to meet its highest and best use. Market value in this case is the surplus after he has met out the proceeds from the sale, i.e. development costs, transfer costs, financing costs and an allowance for profits required to carry out the project.

## Depreciated Replacement Cost – Cost approach

Depreciated Replacement Cost indicates the value of an asset by the cost to create or replace it with another similar one, on the premise that a purchaser would not pay more than the cost to obtain one asset of equal usefulness. It would normally not be used except when the other approaches have been considered but deemed not applicable and the report would contain an explanation as to why this was so.



# 4.0 Valuation Methodology

## Profits Method – Income approach

The profits method is adopted when assessing the market value of properties that are normally bought and sold on the basis of their trading potential. Examples include hotels, pubs and bars, restaurants, nightclubs, fuel stations, care homes, casinos, cinemas and theatres, and various other forms of leisure property. To assess the market value of such properties the fair maintainable operating profit (FMOP) is capitalised at an appropriate rate of return reflecting the risk and rewards of the property and its trading potential.

## 5. Estimation of Market Value Range

# 5.0 Estimation of Market Value Range

## 5.1 Selection of Valuation Methodology

In order to select the most appropriate valuation method, we took into consideration, inter alia, the following factors:

- The current and expected conditions of the real estate market in Bucharest, Romania.
- The comparative data of asking sale prices of similar assets in Bucharest.
- The consequences of the economic crisis on the Romanian economy but also the positive macroeconomic forecasts for the country.
- Various other parameters and data

Based on the above factors and considering the Property's characteristics as required by the international practice of real estate valuation, the **Comparative Method** was selected for the estimation of the Property's Market Value.

- The Comparative Method is based upon market evidence. It works on the principle that the value of one property may be derived by comparing it with prices achieved from transactions in similar properties. Recent comparable market transactions on arm's length terms are collected and after taking into consideration the nature of the property under valuation, comparable evidence is being weighed accordingly.
- Based on the Comparative Method, a unit price is applied per square meter that results from the comparative data that have been collected and after the appropriate adjustments have been made to them, which usually concern the surface, location, special characteristics, etc.
- Due to the lack of transactions database where the realised real estate transactions are disclosed, it is a common practice for valuers in the Romanian market to collect asking prices from similar assets, where an adjustment is made for the negotiation the price until the sale is completed.

### Rationale for the Selected Methodology

- The Comparative method is the basis of all methodologies as it estimated the value of a property by comparing its value with the value of similar properties.
- A large sample of reliable asking prices for the sale of similar properties for the estimated Property was identified.

### Reason for Rejecting Other Methods

- The Income method was not selected as the property is a land plot, not developed.
- The Residual method was not selected as reliable sale comparable data were identified.
- The Profits Method was not used as it this is not a developed property with buildings that produce in any form of profit.
- Finally, the DRC method is not chosen, as a sufficient number of reliable comparative data has been identified.

# 5.0 Estimation of Market Value Range

## 5.2 Comparable Data Analysis

### Table of Comparable Data

The following table presents the comparable data selected for this exercise.

Comparability elements	Subject property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Offer/Transaction		Offer	Offer	Offer	Offer
Value		1,800,000	1,801,200	12,000,000	14,469,000
Area (m <sup>2</sup> )	7,974	3,000	3,002	8,835	16,000
Asking price (€/m <sup>2</sup> )		600	600	1,358	904
Dimension at the street (m)	25	40	32	88	200
Location	96 Splaiul Unirii, 2 Avansei Street	Calea Vacaresti, Mihai Bravu passage	Dimitrie Cantemir Blvd., Unirii Square	Marasesti Blvd., Carol Park	Chamber of Commerce, Marasesti Blvd.
Date	17.11.2020	17.11.2020	17.11.2020	17.11.2020	17.11.2020
Ownership rights	Full	Full	Full	Full	Full
Financing conditions	Cash	Cash	Cash	Cash	Cash
Selling conditions	Direct	Direct	Direct	Direct	Direct negotiation
Post acquisition expenses	No	No	No	No	No
Market conditions	November-20	November-20	November-20	November-20	November-20
Inclination	Flat	Flat	Flat	Flat	Flat
Utilities	All	All	All	All	All
Building permits	POT: 41% CUT: 4 3S+P+18	POT: 70% CUT: 4.5 S+P+12	POT: 45% CUT: 1.3 P+2+M	POT: 70% CUT: 3.9 2S+P+5/8/11E	POT: max 70% CUT: max 3 PUZ needed
Constructions	valued under the assumptions of a free land plot	free land plot	derelict buildings	free land plot	derelict buildings

Source: Client information and imobiliare.ro

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Real Estate Valuation Report as of 19.11.20200

## 5.0 Estimation of Market Value Range

### 5.3 Comparable Data Adjustment

Comparability elements	Subject property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Location	96 Splaiul Unirii, 2 Avansei Street	Calea Vacaresti, Mihai Dimitrie Bravu passage	Cantemir Blvd., Unirii Square	Marasesti Blvd., Carol Chamber of Commerce, Park	Marasesti Blvd.
Area (m <sup>2</sup> )	7,974	3,000	3,002	8,835	16,000
Frontage (m)	153m + 137 m	40	32	88	200
Date	November-20	November-20	November-20	November-20	November-20
Asking price (€)		1,800,000.0	1,801,200.0	12,000,000.0	14,469,000.0
Asking price (€/m <sup>2</sup> )		600.0	600.0	1,358.2	904.3

#### 0 NEGOTIATION MARGIN

Adjustment for negotiation margin (%)	-15.0%	-15.0%	-15.0%	-15.0%
Adjustment for negotiation margin (€/m <sup>2</sup> )	(90.0)	(90.0)	(203.7)	(135.6)
Adjusted price (€/m <sup>2</sup> )	510.0	510.0	1,154.5	768.7
Potential transaction price (€/m <sup>2</sup> )	510.0	510.0	1,154.5	768.7

#### 1 OWNERSHIP RIGHTS

Adjustment for ownership rights (%)	0.0%	0.0%	0.0%	0.0%
Adjustment for ownership rights (€/m <sup>2</sup> )	-	-	-	-
Adjusted price (€/m <sup>2</sup> )	510.0	510.0	1,154.5	768.7

## 5.0 Estimation of Market Value Range

### 5.3 Comparable Data Adjustment

Comparability elements	Subject property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
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Date	November-20	November-20	November-20	November-20	November-20
Asking price (€)		1,800,000.0	1,801,200.0	12,000,000.0	14,469,000.0
Asking price (€/m <sup>2</sup> )		600.0	600.0	1,358.2	904.3

<b>2 FINANCING CONDITIONS</b>	Cash	Cash	Cash	Cash	Cash
Adjustment for financing conditions (%)		0.0%	0.0%	0.0%	0.0%
Adjustment for financing conditions (€/m <sup>2</sup> )		-	-	-	-
Adjusted price (€/m <sup>2</sup> )		510.0	510.0	1,154.5	768.7
<b>3 SELLING CONDITIONS</b>	Direct	Direct	Direct	Direct	Direct Negotiation
Adjustment for selling conditions (%)		0.0%	0.0%	0.0%	-10%
Adjustment for selling conditions (€/m <sup>2</sup> )		-	-	-	-76.9
Adjusted price (€/m <sup>2</sup> )		510.0	510.0	1,154.5	691.8

## 5.0 Estimation of Market Value Range

### 5.3 Comparable Data Adjustment

Comparability elements	Subject property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
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Date	November-20	November-20	November-20	November-20	November-20
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Asking price (€/m <sup>2</sup> )		600.0	600.0	1,358.2	904.3

<b>4 POST-PURCHASE EXPENSES</b>	No	No	No	No	No
Adjustment for financing conditions (%)		0.0%	0.0%	0.0%	0.0%
Adjustment for financing conditions (€/m <sup>2</sup> )		-	-	-	-
Adjusted price (€/m <sup>2</sup> )		510.0	510.0	1,154.5	691.8
<b>5 MARKET CONDITIONS</b>	Nov-20	Nov-20	Nov-20	Nov-20	Nov-20
Adjustment for market conditions (%)		0.0%	0.0%	0.0%	0.0%
Adjustment for market conditions (€/m <sup>2</sup> )		-	-	-	-
Adjusted price (€/m <sup>2</sup> )		510.0	510.0	1,154.5	691.8

## 5.0 Estimation of Market Value Range

### 5.3 Comparable Data Adjustment

Comparability elements	Subject property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Location	96 Splaiul Unirii, 2 Avansei Street	Calea Vacaresti, Mihai Dimitrie Bravu passage	Cantemir Blvd., Unirii Square	Marasesti Blvd., Carol Chamber of Commerce, Park	Marasesti Blvd.
Area (m <sup>2</sup> )	7,974	3,000	3,002	8,835	16,000
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Date	November-20	November-20	November-20	November-20	November-20
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Asking price (€/m <sup>2</sup> )		600.0	600.0	1,358.2	904.3

<b>6 LOCATION</b>	96 Splaiul Unirii, 2 Avansei Street	Calea Vacaresti, Mihai Dimitrie Bravu passage	Cantemir Blvd., Unirii Square	Marasesti Blvd., Carol Chamber of Commerce, Park	Marasesti Blvd.
Adjustment for location (%)		20.0%	0.0%	-20.0%	0.0%
Adjustment for location (€/m <sup>2</sup> )		102.0	-	-230.9	-
Adjusted price (€/m <sup>2</sup> )		612.0	510.0	923.6	691.8



## 5.0 Estimation of Market Value Range

### 5.3 Comparable Data Adjustment

Comparability elements	Subject property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Location	96 Splaiul Unirii, 2 Avansei Street	Calea Vacaresti, Mihai Dimitrie Bravu passage	Cantemir Blvd., Unirii Square	Marasesti Blvd., Carol Chamber of Commerce, Park	Marasesti Blvd.
Area (m <sup>2</sup> )	7,974	3,000	3,002	8,835	16,000
Frontage (m)	153m + 137 m	40	32	88	200
Date	November-20	November-20	November-20	November-20	November-20
Asking price (€)		1,800,000.0	1,801,200.0	12,000,000.0	14,469,000.0
Asking price (€/m <sup>2</sup> )		600.0	600.0	1,358.2	904.3

<b>7 PHYSICAL CHARACTERISTICS</b>	7,974.0	3,000.0	3,002.0	8,835.0	16,000.0
<b>Area (m<sup>2</sup>)</b>	7,974.0	3,000.0	3,002.0	8,835.0	16,000.0
Adjustment for area (%)		-5.0%	-5.0%	0.0%	10.0%
Adjustment for area (€/m <sup>2</sup> )		-30.6	-25.5	-	69.2
<b>Access/frontage/shape</b>	25.0	40.0	32.0	88.0	200.0
Adjustment for access/ frontage (%)		-5.0%	0.0%	-10.0%	-15.0%
Adjustment for access/ frontage (€/m <sup>2</sup> )		-30.6	-	-92.4	-103.8
<b>Terrain</b>	Flat	Flat	Flat	Flat	Flat
Adjustment for terrain (%)		0.0%	0.0%	0.0%	0.0%
Adjustment for terrain (€/m <sup>2</sup> )		-	-	-	-
Adjusted price (€/m <sup>2</sup> )		550.8	484.5	831.2	657.2

## 5.0 Estimation of Market Value Range

### 5.3 Comparable Data Adjustment

Comparability elements	Subject property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
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Area (m <sup>2</sup> )	7,974	3,000	3,002	8,835	16,000
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Asking price (€/m <sup>2</sup> )		600.0	600.0	1,358.2	904.3

<b>8 UTILITIES</b>	All	All	All	All	All
Adjustment for available utilities (%)		0.0%	0.0%	0.0%	0.0%
Adjustment for available utilities (€/m <sup>2</sup> )		-	-	-	-
Adjusted price (€/m <sup>2</sup> )		550.8	484.5	831.2	657.2

<b>9 ZONING / BUILDING RESTRICTIONS</b>	POT: 41% CUT: 4 3S+P+18	POT: 70% CUT: 4.5 S+P+12	POT: 45% CUT: 1.3 P+2+M	POT: 70% CUT: 3.9 2S+P+5/8/11E	POT: max 70% CUT: max 3 PUZ needed
Adjustment for building restrictions (%)		0.0%	20.0%	0.0%	10.0%
Adjustment for building restrictions (€/m <sup>2</sup> )		-	96.9	-	65.7
Adjusted price (€/m <sup>2</sup> )		550.8	581.4	831.2	722.9

## 5.0 Estimation of Market Value Range

### 5.3 Comparable Data Adjustment

Comparability elements	Subject property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Location	96 Splaiul Unirii, 2 Avansei Street	Calea Vacaresti, Dimitrie Cantemir Blvd., Mihai Bravu passage	Unirii Square	Marasesti Blvd., Carol Chamber of Commerce, Park	Marasesti Blvd.
Area (m <sup>2</sup> )	7,974	3,000	3,002	8,835	16,000
Frontage (m)	153m + 137 m	40	32	88	200
Date	November-20	November-20	November-20	November-20	November-20
Asking price (€)		1,800,000.0	1,801,200.0	12,000,000.0	14,469,000.0
Asking price (€/m <sup>2</sup> )		600.0	600.0	1,358.2	904.3

10 OTHER ELEMENTS	Valued under the assumption of a free land plot	free land plot	derelict buildings	free land plot	derelict buildings
Adjustment for other elements (%)		0.0%	5.0%	0.0%	5.0%
Adjustment for other elements (€/m <sup>2</sup> )		-	29.1	-	36.1
Adjusted price (€/m <sup>2</sup> )		550.80	610.5	831.2	759.1
<b>Adjusted price (€/m<sup>2</sup>)</b>		<b>551</b>	<b>610</b>	<b>831</b>	<b>759</b>
Total net adjustment (€/m <sup>2</sup> )		40.8	100.5	-323.3	-9.6
Total net adjustment (%)		8.0%	19.7%	-28.0%	-1.2%
Total gross adjustment (€/m <sup>2</sup> )		163.2	151.5	323.3	351.7
Total gross adjustment (%)		32.0%	29.7%	28.0%	45.8%

## 5.0 Estimation of Market Value Range

### 5.4 Estimation of Demolition Costs

#### Estimation of demolition costs of the derelict buildings on the Property

##### Land

Cadastral no.	Area (m <sup>2</sup> )*
227515	7,974

##### Constructions

Cadastral number		Gross build area	Usable area (m <sup>2</sup> )	Developed area (m <sup>2</sup> )
227515 - C1	C55	2,280.0	5,730.4	6,741.7
227515 - C2	C52	229.0	229.4	269.9
227515 - C3	C53	139.0	139.2	163.8
227515 - C4	C53	9.0	9.0	10.6
227515 - C5	C54	12.0	12.0	14.1
227515 - C6	C76	95.0	95.2	112.0
227515 - C7	C59	761.0	761.4	895.8
227515 - C8	C59	1,164.0	1,164.0	1,369.4
227515 - C9	C27	862.0	862.0	1,014.1
<b>Total</b>		<b>5,551.0</b>	<b>9,002.6</b>	<b>10,591.3</b>

Source: Cadastral excerpt

Average no. floors (m)	1.9
Average floor height (m)	2.5
Total height of the building (m)	4.8
Total buildings volume (cm)	26,478.4
Debris (cm)	13,239.2

##### Range

Unit demolition cost (€/cm)	10.0	20.0
Debris (cm)	13,239.2	13,239.2
Demolition cost (rounded €)	130,000.0	260,000.0

Demolition costs were estimated based on a limited market research regarding prices per cubic meter, which can differ considering the negotiation margin in case of large projects and inspection on the site. Due to the fact that we have been provided with limited information related to the technical aspects of the buildings, we performed rough estimations based on our professional experience in terms of volumes and debris.

# 5.0 Estimation of Market Value Range

## 5.5 Valuation

### Estimation of Property's Market Value

#### Market value of the land plot

Unit Market Value (€/m <sup>2</sup> )	831*
Area (m <sup>2</sup> )	7,974
Market value (rounded in €)	6,626,000

Source: Deloitte analysis

**\*Note:** According to the National Association of Romanian Authorized Valuers (ANEVAR) which publishes the Asset Valuation Standards for Romania, the unit Market Value selected after the adjustment of the comparable data, is the unit Market Value for which the lowest adjustments compared to the subject Property were made, in this case 28%.

Demolition costs (€)	260,000.0	130,000.0
Market value after demolition costs (€)	6,366,000.0	6,496,000.0

Based on the data made available to us, the valuation methodology utilised and the limiting factors mentioned in the previous pages, the estimated **Market Value range of the Property located in Bucharest, Romania as of 19.11.2020**, is estimated to be as follows:

**€ 6.3 m - € 6.5 m**

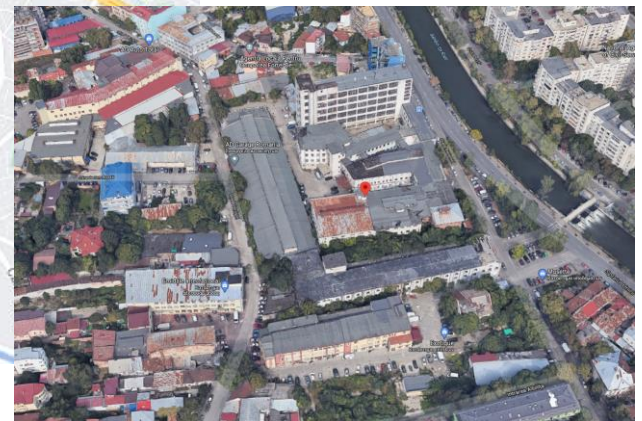
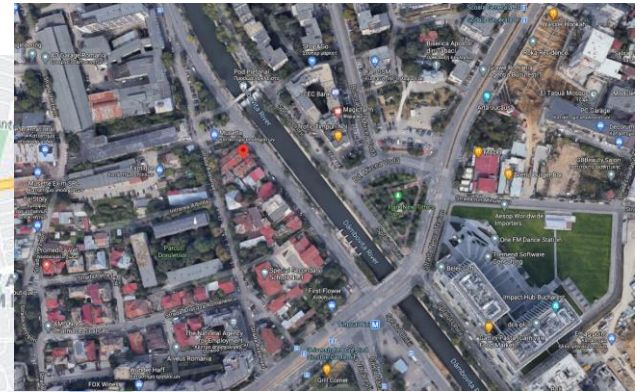
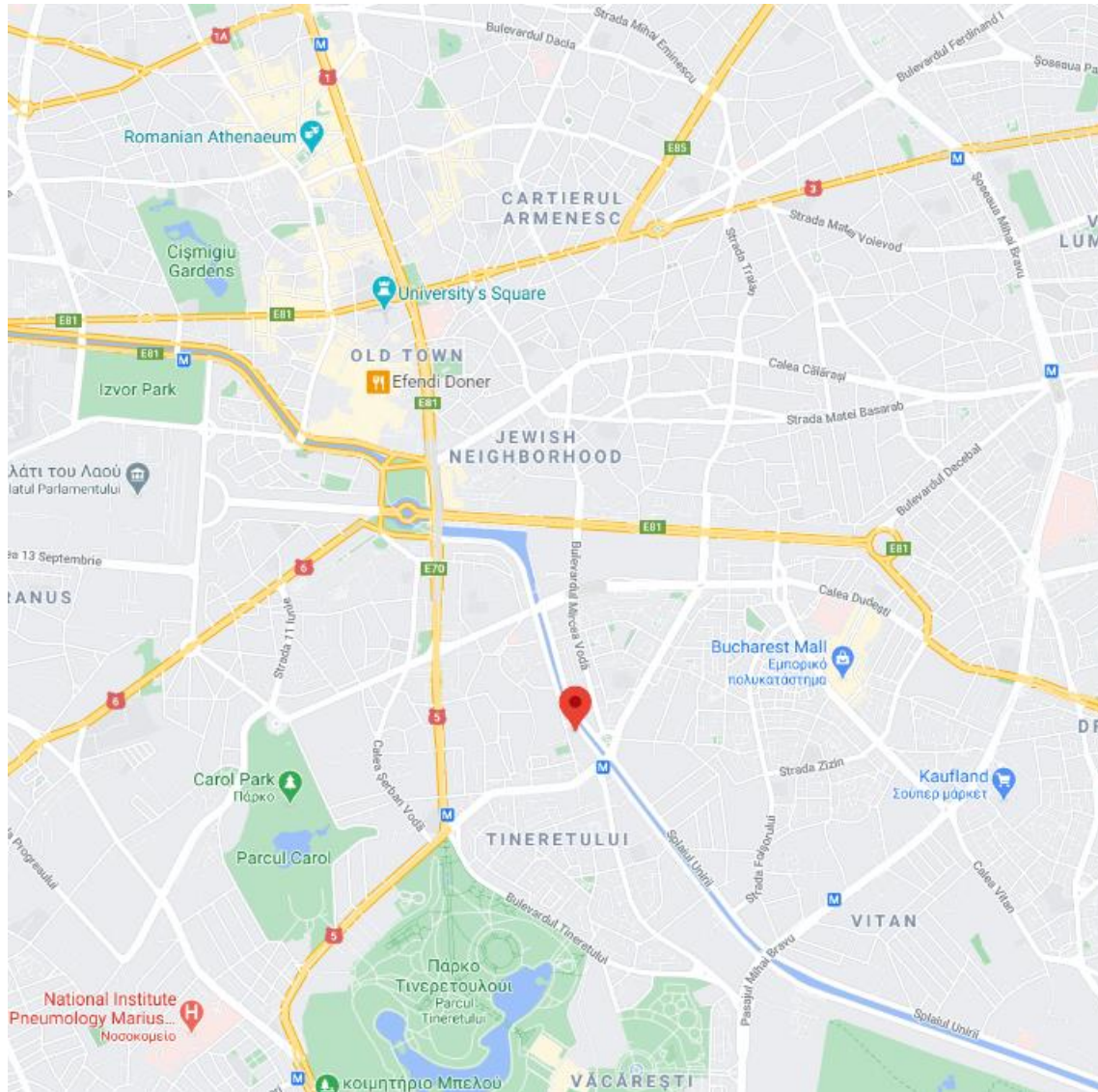
with an estimated central value of **€ 6.4 m**

# Appendices

# Appendix 1 - Maps



# Maps





# Appendix 2 - Photos

# Photos



# Photos





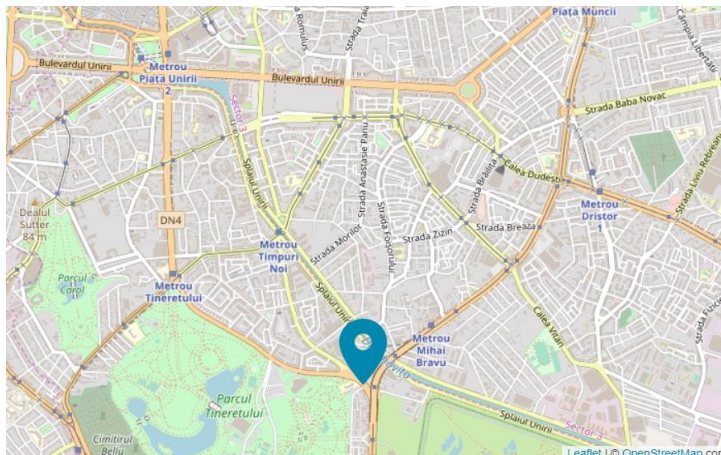
# Photos



# Appendix 3 – Comparable Data

# Comparable Data

## Comparable #1



Ad ID: # XB4AD3006

### Land for sale Calea Vacaresti-Splaiul Unirii-street

Bucharest, Sector 4, Splaiul Unirii area

Updated on 15.11.2020



Property brokered exclusively by DAV SOLUTION agency C

**1,800,000 EUR \***

600 EUR / mp

Commission: standard standard



### Details

We present for sale a land located in one of the areas of interest of investors, respectively Calea Vacaresti.

We have an area of 1400 sqm, one of 750, one of 800. They can also be sold separately. Height regime Ug + Cf + 12.

### Characteristics

Land area:	3000 mp	Land type:	Building
Street front:	40 m	Land classification:	Urban
Nr. fronts:	2	Construction on site:	Not
POT:	70%		
CUT:	4,5		
Height regime:	12 m		
Coefficient source, urban:	PUG		

### Specifications

#### Utilities

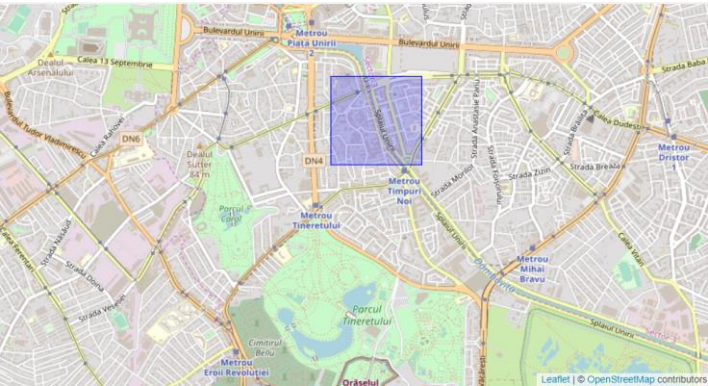
- The water
- sewerage
- Gas
- Current
- Utilities in the area

#### Other area details

- Layout of streets : paved
- Means of transport
- Street lighting

# Comparable Data

## Comparable #2



Ad ID: # X72C1303G

### SALE OF CANTEMIR UNION LAND 3002 MP

Bucharest, Marasesti area

Updated on 12.11.2020

1.8012 million EUR



#### Details

SALE OF UNIR CANTEMIR LAND - We offer for purchase a land with an area of 3.002 square meters with an opening of 32 meters located near Unirii Square, in the perimeter delimited by Bd. Dimitrie Cantemir • Bd. Marasesti • Splaiul Unirii • Bd. Gheorghe Sincal. The Urbanism Certificate (issued for information purposes in June 2017) includes the plot in Housing Subzone L1a (percentage of land occupation POT 45%, land use coefficient CUV 1.3 + 0.27, height regime RH P + 2E + M). All utilities (running water and sewerage, electricity and gas), demolished buildings. Observations: The Urbanism Certificate refers to PUD. For additional details, do not hesitate to contact us.

#### Characteristics

Land area:	3002 mp	Land type:	Building
Street front:	32 m	Land classification:	Urban
Nr. fronts:	1	Construction on site:	Not

#### Specifications

##### Utilities

- The water
- sewerage
- Gas
- Current

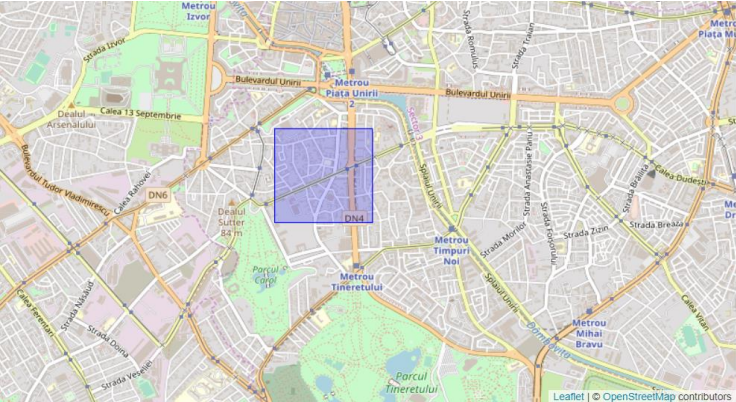
##### Other area details

- Layout of streets : paved
- Means of transport



# Comparable Data

## Comparable #3



ID Anunt: #X72C1300B

### CAROL MARASESTI PARK LAND FOR SALE 8835 MP

Bucharest, Carol Park area

Updated on 12.11.2020

12,000,000 EUR + VAT



#### Details

CAROL MARASESTI PARK LAND FOR SALE • We offer for purchase a special land located in the Unirii area • Carol Park, near Office Carol Park Residence, with an area of 8,835 square meters and a wide opening (88 meters) at Marasesti Boulevard. The location is urbanistically framed in the Protected Area no. 25 Marasesti and benefits from the Notice of Opportunity (PUZ, phase I) issued by PMB in order to build an ensemble with mixed residential, commercial, services functions (percentage of land occupation POT 70%, land use coefficient CUT 3.9, regime of height RH 25 + P + 5E / 25 + P + 8-11E). Price with reverse charge according to art. 33) para. (2) lit. g) Fiscal code. For additional details on the acquisition and development possibilities, do not hesitate to contact us.

#### Characteristics

Land area:	8835 mp	Tip teren:	constructii
Street front:	88 m	Clasificare teren:	intravilan
Nr. fronts:	1	Construcție pe teren:	Nu

#### Specificații

##### Utilități

- Apa
- Canalizare
- Gaz
- Curent

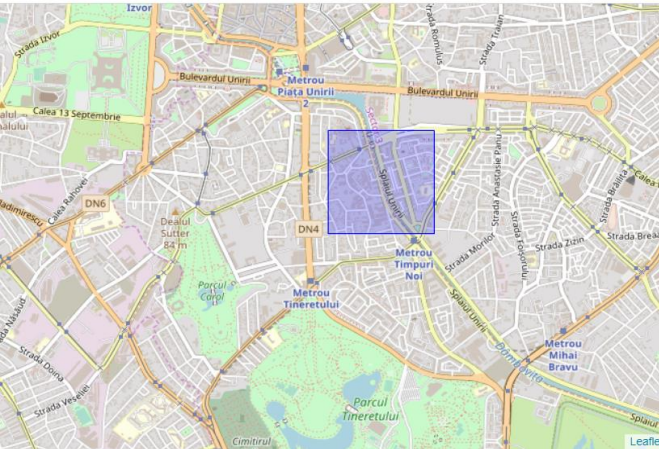
##### Alte detalii zonă

- Amenajare strazi: asfaltate
- Mijloace de transport



# Comparable Data

## Comparable #4



ID Anunt: #X72C1300R

**MARASESTI PASSAGE UNION LAND FOR SALE 16114 MP**  
Bucharest, Unirii area

Updated on 12.11.2020

**14.469 million EUR + VAT**



### Details

UNIRII LAND FOR SALE PASAJUL MARASESTI - We offer for purchase one of the largest and well positioned lands for development available in the center of Bucharest, located right next to Unirii Square, outside the areas with protected status. Consisting of several lots totaling an area of 16,114 square meters, the land is framed according to the Urbanism Certificate (valid) partially in the Central Subarea CA2 with complex functions and accents over 45 meters (POT 70% and CUT 3.0 for minimum Cf + 6F, respectively POT 60% and CUT 2.5 for maximum P + 5E), partially in the mixed Subzone M3 (POT 60%, CUT 2.5, RH P + 4E). Observations: The property is sold by direct public negotiation, with shout, in block, in accordance with the provisions of the Insolvency Law no. 65/2014; requires do

### Caracteristici

Suprafata teren:	16114 mp	Tip teren:	constructii
Front stradal:	200 m	Clasificare teren:	intravilan
Nr. fronturi:	3	Construcție pe teren:	Nu

### Specificatii

#### Utilitati

- Apa
- Canalizare
- Gaz
- Curent

#### Alte detalii zonă

- Amenajare strazi: asfaltate
- Mijloace de transport



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