



VALUATION REPORT

Piramida Shopping Centre

4 Myshuhy Street, Kyiv, Ukraine

Prepared for:	NEW UKRAINE PE HOLDING LIMITED
Report date:	2 April 2020
Valuation date:	31 December 2019

Expandia LLC, part of the CBRE Affiliate Network, independently prepares client valuations and related advice and is solely responsible for the contents of this report

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Respectfully Yours,



Sergiy Sergiyenko
General Director
Expandia LLC

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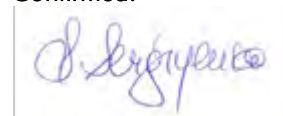
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EXECUTIVE SUMMARY

1 EXECUTIVE SUMMARY

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Confirmed:



Sergiy Sergiyenko
General Director
Expandia LLC

Attn:
Mr. Georgious Chr. Kyrrou
Director
NEW UKRAINE PE HOLDING LIMITED

Dear Sir,

This executive summary has been prepared at the request of NEW UKRAINE PE HOLDING LIMITED and represents an integral part of the valuation report dated 2 April 2020 on determining the market value of the subject property – Piramida Shopping Centre with the total area of 16,683.7 sq m located at 4 Myshuhy Street, Kyiv, Ukraine.

The Valuation was carried out according to valuation services agreement No. V061118, between NEW UKRAINE PE HOLDING LIMITED and CBRE Ukraine (Expandia LLC) dated 6 November 2018.

Based on our analysis, it is our opinion that the **market value** of the subject property, effective **December 31, 2019**, subject to underlying Assumptions and Conditions set out herein is:

\$50,300,000

Fifty Million Three Hundred Thousand US Dollars exclusive VAT.

The indicated value is based on an exposure time of 12-18 months.

This executive summary represents integral part of the valuation report, which in its turn describes the method and approach to value in support of the conclusion and contains the relevant data gathered in our investigation of Client's data and the current market conditions. The market value of the property was calculated under the Income Approach. The valuation has been carried out according to RICS Valuation – Global Standards (2017). This valuation report has been prepared for audit and financial reporting under IFRS.

We confirm the independence of this valuation. We have had no regard to any legal proceedings and the value represented herein is totally impartial. If you have any questions, we would be pleased to discuss the valuation further.



Stanislav Ivanov MRICS, REV
Director
Valuation and Advisory Services



Volodymyr Shcherbak
Senior Valuer
Valuation and Advisory Services

Date to Date Comparison

VALUATION METRICS	CURRENT VALUATION (31/12/19)	PREVIOUS VALUATION (31/12/18)	CHANGE
Methodology	Capitalisation	Capitalisation	
Market Value	\$50,300,000	\$46,000,000	+9.3%
Gross Income	\$6,940,453	\$6,619,442	+4.8%
NOI	\$6,940,453	\$6,225,614	+11.5%
Average Fixed Rent, per sqm/month	\$39.3	\$37.5	+4.9%
Market Rent (ERV), per sq m/month*	\$45.1	\$43.4	+4.0%
Capitalisation Rate	13.75%	13.50%	+0.25 p.p

* Fixed Rent + Turnover Rent

The market value of the Property has increased by +9.3% since our last valuation. The value change is caused predominantly by the increase of incomes generated by the shopping centre by +6.7% and increase of OPEX reimbursement by tenants. However, the income of the property is not certain due to the fact that the lease agreements with some key tenants are expiring in one year and their rental rates are at higher level than the market one hence there is a risk that the rental rates will be renegotiated downwards. We have therefore revised capitalization rate by +0.25 pp. to reflect this fact.

The year 2019 was generally stable demonstrating moderate increase of rental values on the background of strengthening of the occupier demand. In the H2 2019 investment activity started to increase following the uncertainty in H1 2019 due to the presidential and parliament elections.

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VALUATION REPORT

2 VALUATION REPORT

Report Date	2 April 2020
Addressee	NEW UKRAINE PE HOLDING LIMITED
The Property	Piramida Shopping Centre with the total area of 16,683.7 sq m located at 4 Myshuhy Street, Kyiv, Ukraine.
Instruction	To value on the basis of Market Value the freehold interest in the building of the Property as at the Valuation Date in accordance with valuation services agreement No. V061118/1, between NEW UKRAINE PE HOLDING LIMITED and CBRE Ukraine (Expandia LLC) dated 6 November 2018.
Valuation Date	31 December 2019
Capacity of Valuer	External
Purpose	Audit and financial reporting under IFRS
Market Value	\$50,300,000 (FIFTY MILLION THREE HUNDRED THOUSAND US DOLLARS) EXCLUSIVE VAT The valuation has been prepared on the basis of "Market Value" which 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". Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using analysis of the property's performance.
Compliance with Valuation Standards	The valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 ("the Red Book"). We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

Normative Legal Documents

The valuation of subject property was undertaken considering the following national normative legal documents:

- National standard of valuation #1 "General principles of property and property rights valuation" (NS 1) approved by Decree of the Cabinet of Ministers #1440 dated September 10, 2003.
- National standard of valuation #2 "Valuation of real estate" (NS 2) approved by Decree of the Cabinet of Ministers #1442 dated October 28, 2004.
- Law of Ukraine "On valuation of property, property rights and professional valuation services in Ukraine".
- Other legislative acts of Ukraine, normative documents and references.

Special Assumptions

No

Assumptions

The property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None

Market Conditions

The values stated in this report represent our objective opinion of Market Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the property had been properly marketed and that exchange of contracts took place on this date.

Valuer

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation – Global Standards 2017 (The Red Book).

Disclosure

CBRE Ukraine had been performing the continuous valuations of real estate portfolio for the affiliate company of the Client, during 2009-2013 and 2017-2019.

CBRE Ukraine had been valuing Subject property during 2010-2015 for the previous owner.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

SCOPE OF WORK & SOURCES OF INFORMATION

Sources of Information

We have been supplied with the documents from the Client for the Property, which included:

- Extract from the state register on real estate property rights registration
- Land lease agreement
- BTI passport for the building
- Rental budget for 2020 on month-by-month and tenant-by-tenant basis
- P&L data for 2019
- Data on CAPEX budgeted for 2020

We have not provided independent verification of the information contained within the documents nor have we verified that it is complete and accurate. Where supplied with legal documents relating to the property we have had regard to them in undertaking our valuations which reflect our understanding of such information. However, we will not take responsibility for the legal interpretation of these documents. We reserve the right to amend our opinions of value should any legal information be provided which contains a material variation from the assumptions we have adopted in our valuations.

The Property

Our report contains a brief summary of the property details on which our valuation has been based.

Inspection

We inspected the Property both externally and internally in March 2019.

Areas

We have not measured the Property but have relied upon the floor areas provided to us as by the Client.

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigation into the past or present uses of the Property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property. We are unable, therefore, to give any assurance that the Property is free from defect.

Titles, Tenures and Lettings

Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

VALUATION ASSUMPTIONS

Highest and Best Use

The market value of an asset reflects the concept of its highest and best use. In accordance with IVS - 2017, framework section, "the highest and the best use is the use of an asset that maximizes its potential and that is possible, legally permissible and financially feasible.

In other words, the purpose of the HBU analysis is to determine the functional use which will bring the maximum value to the subject property.

Taking into account the size, location, condition of the property and other relevant factors as well as initial data and assumptions, which were provided by the Client and have influence on the subject property, we came to the conclusion that retail would be the highest and best use of the property.

Taxes and Purchaser's costs

No allowances have been made for any expenses of realization nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

(a) the Property is not contaminated and is not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

Title, Tenure, Planning and Lettings

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that the Property possesses a good and marketable title free from any onerous or hampering restrictions or conditions.

LEGAL NOTICE

This valuation report has been prepared by Expandia LLC (CBRE Ukraine) exclusively for NEW UKRAINE PE HOLDING LIMITED in accordance with the terms of the service agreement dated 6.11.2018. The Report is confidential and it must not be disclosed to any person other than the Client without CBRE's prior written consent. CBRE Ukraine has provided this report on the understanding that it will only be seen and used by the Client and no other person is entitled to rely upon it, unless CBRE Ukraine has expressly agreed in writing. Where CBRE Ukraine has expressly agreed that a person other than the Client can rely upon the report then CBRE Ukraine shall have no greater liability to any party relying on this report than it would have had if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to all parties, howsoever arising under, in connection with or pursuant to reliance upon this Report, and whether in contract, tort, negligence or otherwise shall not exceed the fee under the valuation service agreement.

CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

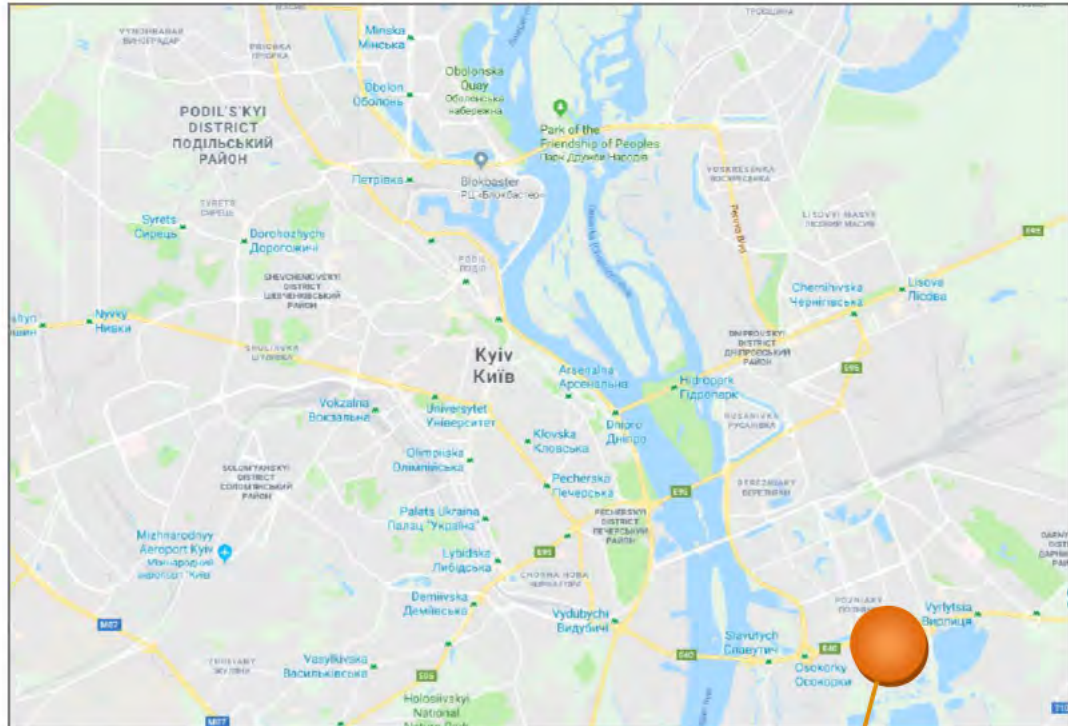
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PROPERTY DETAILS

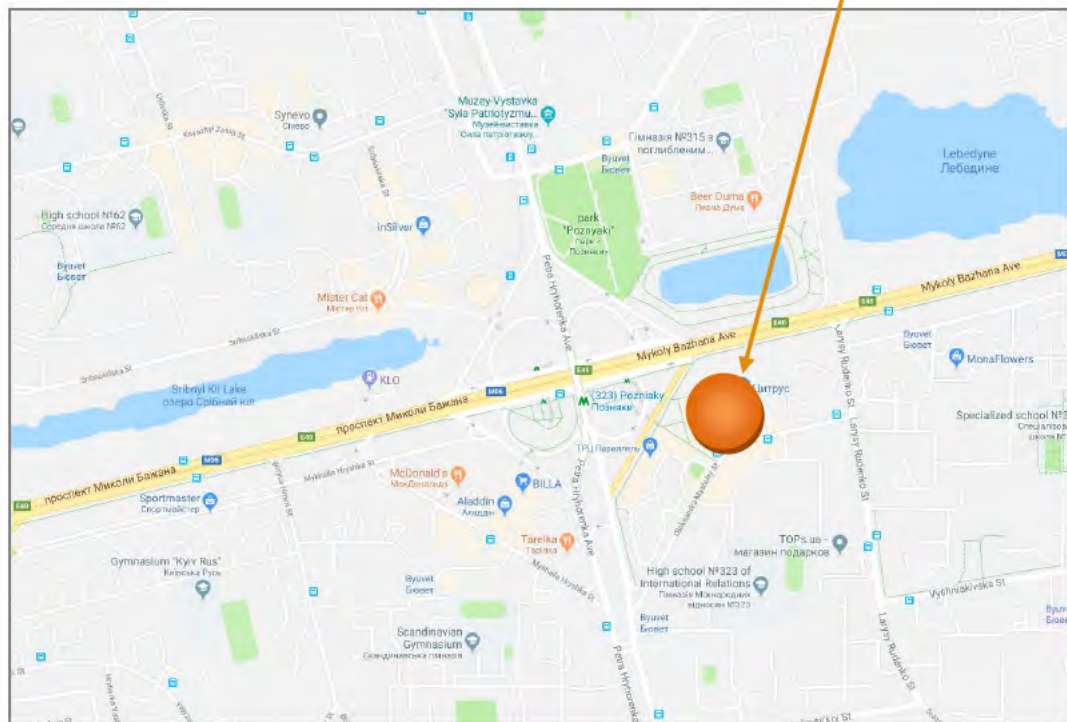
3 PROPERTY DETAILS

Location

Location of the subject property on the map



Source: Google map



Source: Google map

The subject property is located in Darnytskyi district between Oleksandra Myshuhy Street and Mykoly Bazhana Avenue. The actual address of the property is 4 Myshuhy Street. The immediate area of the supermarket is mainly represented by commercial properties and high-rise residential buildings of dormitory area. Among commercial schemes which are located close to the subject property, there are semi-professional shopping centre Parallel, Aladdin SC, Poznyakoff Retail Scheme, Billa Supermarket and a variety of bars and cafes which occupy stand-alone buildings as well as first floors of residential buildings. Also, in a distance of less than 1 km to the south there are Epitsentr DIY and Metro Cash&Carry hypermarkets. The very central square of Kyiv, Maidan Nezalezhnosti, is located in a distance of 13 km from the subject property.

The surroundings of Piramida SC is demonstrated on the map bellow:

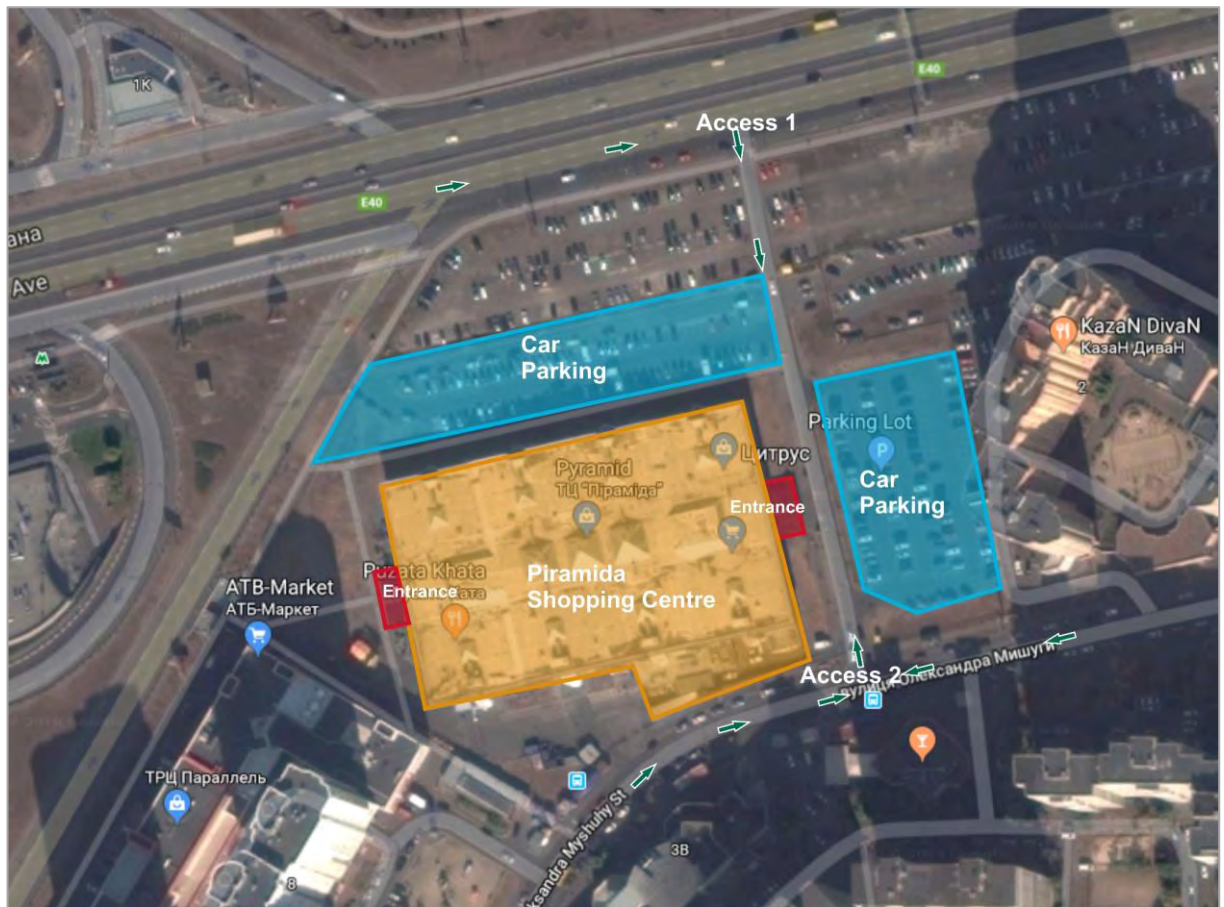


Accessibility

The property is situated near Poznyaky metro station benefitting from dense residential surrounding of Poznyaky micro-district. Also, it is located along one of the most important roads of the city, Bazhna Avenue, which belongs to the part of E40 international road. Next to the metro station there is a stop of a variety of fixed-route taxis and buses. Therefore, public and private transport accessibility is considered to be good.

Private car access is organised straight from Bazhana Avenue and Myshuhy Street. Also, the car parking of the property can be accessed from Bazhana Avenue. The ways to access the car parking

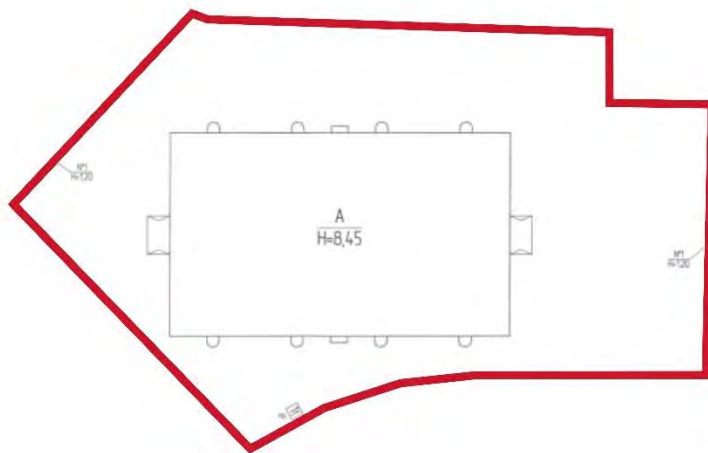
of the property by private transport are represented graphically on the map below.



Site Description

As per the information provided, the total area of the subject land plot comprises 2.7527 ha. The land plot is zoned for development and maintenance of retail shopping centre. A shape of the land plot as per the cadastral map is shown below.

Land plot plan



Technical Description

The subject property comprises operating shopping centre building.

Main properties parameters are provided in the table below:

GENERAL INFORMATION	
1. Full address	4 Myshuhy Street, Kyiv, Ukraine
2. Date of construction/reconstruction	2004
3. Management company	Atlantic Pacific Ventures
ADJACENT TERRITORY	
1. Area of the land plot, sq m	2,7527
2. Parking (ground/underground)	Aboveground parking
BUILDING	
1. Total area, sq m	16,683.7
2. Number of entrances	4
3. Type of foundation	Reinforced concrete
4. Type of building (brick, and so on)	Monolithic frame
5. Basement (area and type of use)	technical premises
6. Ceiling height, m	8.45 m in retail part
7. Floor bearing capacity, kg/ sq m	N/A
TELECOMMUNICATIONS	
1. Number of telephone lines	200
2. Other communications	4 fiberglass lines
ELECTRICITY	
1. Category of electricity supply	2
2. Availability of diesel generator	No
3. Capacity	2164 kW
FIRE SAFETY	
1. Availability of air-backing system	Yes
2. Availability of smoke removal system	Yes
3. Availability of sprinkler system	Yes
4. Smoke detectors	Yes
5. System of voice notification	Veles
6. System of gas fire fighting	No
VENTILATION	
1. Availability of ventilation and conditioning working year round	yes
2. Temperature within the premises, C	19-24
LIFTS	
1. Number of passenger lifts, loading capacity	None
2. Number of cargo lifts, loading capacity	1
WATER SUPPLY	
Water heating (municipal, local – indicate equipment)	Local

Condition

We have inspected retail and technical premises, common areas and parking. Internal premises have been in a good condition without vivid signs of physical deterioration. However, no special structural survey has been conducted, nor did we inspect any parts of the structure or the site, which were covered, unexposed or inaccessible. We are unable, therefore, to give any assurance that the Property is free from defect. Our valuation has been prepared on the basic and critical assumption that this property is free of physical or structural defects or soil contamination, which would adversely affect its value. For greater certainty a detailed building survey should be undertaken.

Tenure

We have been provided with copies of the title documents of building and the land plot. Tenure details are provided as follows.

<i>Document</i>	Extract from the state registry of real estate
<i>Property number</i>	268703280000
<i>Date</i>	04.04.2017
<i>Owner</i>	Atlantic-Pacific Ventures LLC
<i>Property</i>	Shopping centre with the total area of 16,683.7 sq m and electrical substation, located at 4 Myshuhy Street, Kyiv, Ukraine. Land lease agreement

<i>Document</i>	Land lease agreement
<i>Date of the beginning</i>	20.04.2006
<i>Owner</i>	Kyiv City Council
<i>Lease term</i>	25 years since 29.07.1999 (after amendments to the agreement made in 2006)
<i>Property</i>	Land plot of 2.7737 ha, cadastral number 8000000000:90:293:0015, located at 4 Myshuhy Street, Kyiv, Ukraine, zoned for development and maintenance of shopping centre

Copies of the tenure documents are attached as Appendix B of this report.

Pictures of the Property

Western entrance to the subject property



Eastern entrance to the subject property



Retail zone



Retail zone



Retail zone



Retail zone



4

MARKET OVERVIEW

4 MARKET OVERVIEW

ECONOMY

Macroeconomic conditions largely improved despite elevated political risks on the back of double elections in Ukraine. Real GDP demonstrated moderate growth for the fourth year in a row, adding 3.8% y-o-y in January-September 2019. The annual figure was estimated at 3.5% by the NBU (the last available forecast, published in October). The economy expanded primarily due to another record crops harvest (+7.3% y-o-y as of the 10th of December, according the Ministry of Finance), construction index surge (+21.3% y-o-y in January-November 2019), financial sector value added upturn (+8.3% y-o-y in January-September 2019) and further growth of retail trade index (+10.5 % y-o-y in 2019). The last one was driven by extended household consumption owing to the rise in disposable income (average wages went up by 18.7% y-o-y in January-November 2019) and remittances (ca. +14.5% y-o-y in January-September 2019). Industrial production, however, contracted by 1.8% y-o-y in 2019 mainly due to unfavorable global steel prices.

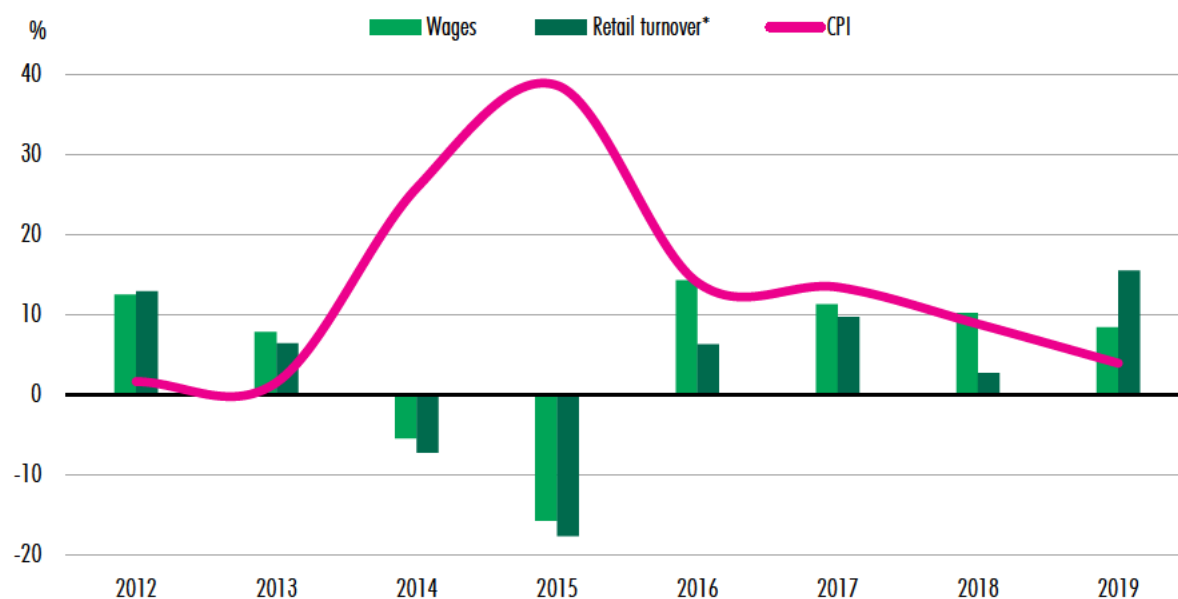
Consumer Price Index slowed down significantly starting out from 9.8% y-o-y in December 2018 and ending at 4.1% in December 2019 owing to inflation-targeting monetary policy of the NBU. Gradual upgrade of the discount rate during 2017 – 2018, in turn, led to high yields of local hryvnia denominated bonds which attracted foreign investors. As a result, Ukrainian local bonds market saw ca. \$4.7bln inflow from other countries, contributing to hryvnia strengthening (UAH/USD rate declined by 14.5 % from the beginning of the year) and seven-year-old record of foreign currency reserves amount (increased by 21.5% YTD to \$25.3bln).

KYIV & REGIONS RETAIL MARKET, 2019

Demand

In 2019 Kyiv retail market demonstrated further expansion primarily on the back of retail turnover upsurge (+15.5% y-o-y) following three-year-period of continuous y-o-y growth. Real wages in Kyiv increased by 8.4% y-o-y in 2019, posting one-digit figure for the first time since 2016, however still being significant enough to enhance internal consumption. CPI index in Kyiv slowed down notably starting out from 8.8% y-o-y in December 2018 and ending at 3.9% in December 2019 owing to tight monetary policy of the NBU in 2017-2018.

Figure 1: Kyiv Wages, Retail Turnover and Consumer Price Index (% change, y-o-y)



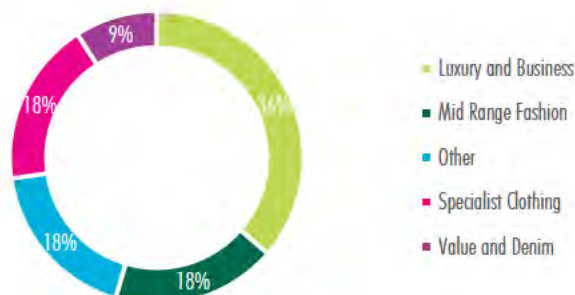
*includes organized retail sales only

Source: Kyiv Statistics Office

Increased purchasing power and overall improved market conditions contributed to the expansion of food retailers in Kyiv. Thus, Billa opened 6 new supermarkets in the capital city and its suburbs in 2019, adhering to the strategy of focusing on Kyiv and Kyiv region which was adopted in 2017 when the chain closed virtually all its stores in other regions of Ukraine. Novus increased the number of supermarkets by 3 in 2019, one of which replaced Auchan in Skymall SC and became the flagship store of the company (12,000 sqm). The high-end grocery retailer intends to open another large-sized shop (10,600 sqm) in Retroville, which should be delivered in 2020. Fozzy Group's Silpo opened 12 new supermarkets in 2019 with unique interior designs (in style of optical illusion, active sports, the Silk Road, Wizard of Oz etc.) in order to be modern and competitive in the fight for consumers.

In the fashion segment, the number of new international brands equaled 11 in 2019, declining from 20 in 2018 mainly due to political uncertainty on the back of double elections in Ukraine, which clouded business forecasts. Luxury & Business Fashion remained the leading sector in the structure of new entries (36% in 2019), however decreased its share by 29pp y-o-y. Mid-range Fashion retailers held the second place with 18%, edging down its share by 4pp y-o-y too, as more cross-border brands of Specialist Closing (+9pp y-o-y) and Other (+18pp y-o-y) sectors entered Ukrainian market in 2019, compared to the previous year. Gulliver and Lavina Mall hosted the largest amount of new international retailers (3 in each), followed by River Mall with 2 first openings. The most notable new entries in 2019 included Supreme Spain (Spanish Luxury and Business Fashion brand) in Ocean Plaza, The North Face (American Sportswear brand) in River Mall, Decathlon (French Sportswear brand) in Petrivka Retail Park, Claudie Pierlot (French Luxury and Business brand) in Gulliver and MISSHA (Korean Cosmetics brand) in Lavina Mall. Meanwhile, Estonian retailer Monton left the market in 2019 after almost 20-year presence in Ukraine.

Figure 2: New Brand Entries Structure by Retail Sector in 2019



Source: CBRE Ukraine

Table 1: Cross-Border Market Entry in Kyiv Shopping Centers in 2019

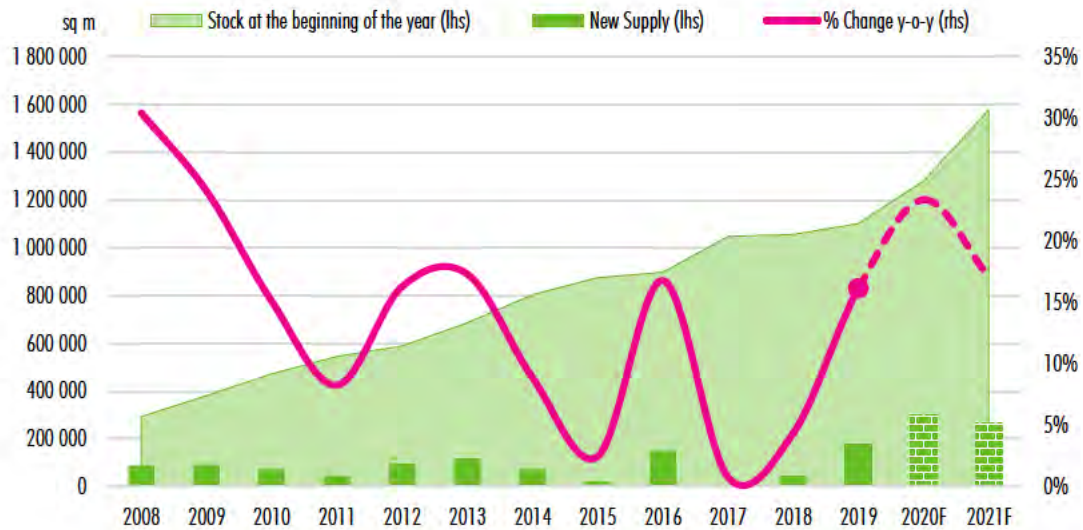
BRAND	RETAIL SECTOR	ENTRY LOCATION
The North Face	Specialist Clothing	River Mall
AWA	Value and Denim	River Mall
Decathlon	Specialist Clothing	Petrivka Retail Park
Supreme Spain	Luxury and Business	Ocean Plaza
Pylones	Other	Lavina Mall
MISSHA	Other	Lavina Mall
Esprit	Mid Range Fashion	Lavina Mall
Escada	Luxury and Business	Kyiv Passage
WEILL	Luxury and Business	Gulliver
InWear Martinique	Mid Range Fashion	Gulliver
Claudie Pierlot	Luxury and Business	Gulliver

Source: CBRE Ukraine

Supply

Annual volume of new development completions amounted to 178,000 sqm (tripled y-o-y), thereby increasing total competitive stock by 16% YTD to 1.28 mln sqm by the end of the year. New annual supply was represented by River Mall (54,650 sqm), Oasis SC (13,200 sqm), Smart Plaza Obolon SC (10,000 sqm) and Blockbuster Mall (100,000 sqm). The last one was technically opened on the 20th of November 2019.

Figure 3: Kyiv Shopping Center Stock and New Supply



lhs-left hand side; rhs-right hand side

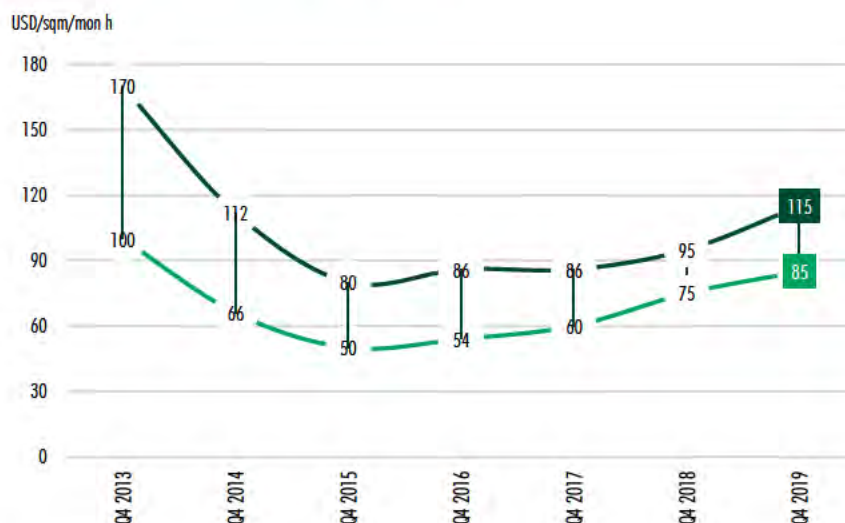
F-Forecast

Source: CBRE Ukraine

Vacancy and Rental Rates

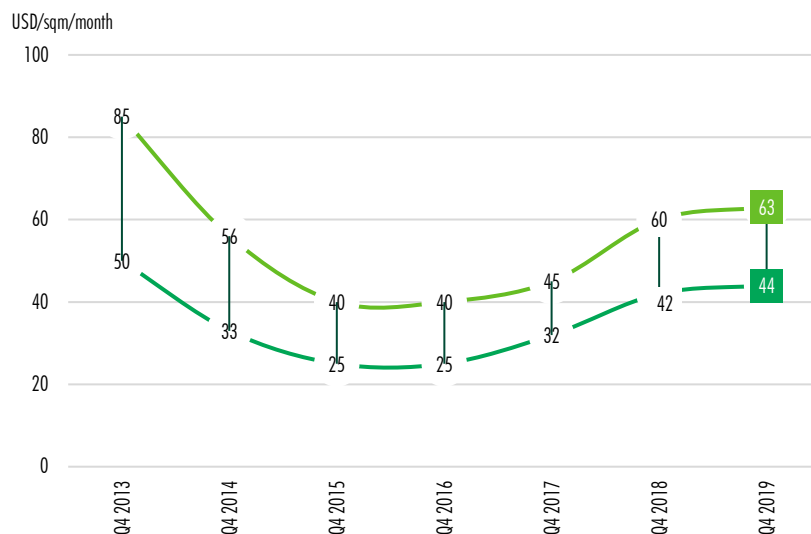
Taking into account that large portion of the delivered shopping center was pre-leased, average vacancy rate on the market increased just slightly to 4.5% (+1.5 pp q-o-q). Prime rental rent ranged between \$85-115/sqm/month in 4Q 2019, posting 13%-21% y-o-y growth due to strong demand for high-quality retail spaces in best locations amidst increasing consumer purchasing power in Ukraine. Likewise, rents in other shopping centers went up by 5% y-o-y to \$44-63/sqm/month in Q4 2019.

Figure 4: Base Rents Range in Kyiv Prime Schemes



Source: CBRE Ukraine

Figure 5: Base Rents Range in Kyiv Secondary Schemes



Source: CBRE Ukraine

Investment

Annual investment volume in 2019 amounted to ca. \$230mln, declining by 15% y-o-y amidst elevated political risks on the back of double elections in Ukraine. The number of investment transactions, however, remained unchanged, as two sizable deals (acquisition of Horizon Business Park in Kyiv and Victoria Gardens SC in Lviv) made significant contribution to the total volume in 2018. Thus, with positive dynamic of macroeconomic indicators, investment sentiments in 2019 stayed relatively positive despite political turbulence. Besides, inflow of foreign direct investment into real estate sector in Ukraine increased by 43% y-o-y to \$139mln in January-September 2019.

Prime yields remained stable at 11.75% for offices and retail spaces and at 13.00% for warehouses.

Outlook

Looking ahead into 2020, we expect considerable amount of new supply (ca. 290,000 sqm), including Ocean Mall (100,000 sqm), Retroville (80,700 sqm), Rive Gauge II (50,000 sqm), New Ray (34,500) and White Lines (27,000 sqm). In case of timely delivery of above-mentioned shopping centers, vacancy rate will move upward, potentially decreasing rental rates. Thus, consumer flows might somewhat reorient, enhancing competition between shopping centers. Provided that consumer purchasing power continues to grow, more international brands will be willing to enter the market, taking into account their heightened interest in Ukraine after long-awaited entry of Swedish multinational retail company H&M in 2018. Therefore, in 2020 we expect new cross-border retail chains to make the way into Kyiv, including Kipling (Belgian Specialist Clothing), AVVA (Turkish Value & Denim brand), Home&You (Polish Homeware and Department Store), Elisabetta Franchi (Italian Luxury & Business Fashion brand), The

Kooples (French Luxury & Business Fashion brand), Funday (Russian Value & Denim), The Athletes Foot (American Specialist Clothing), Stella McCartney (British Luxury & Business Fashion brand), 4F (Polish Specialist Clothing), Coach (American Luxury & Business Fashion brand), Versace (Italian Luxury & Business Fashion brand) and FLO (Turkish Value & Denim). Moreover, Swedish homeware store IKEA plans to launch an online store in spring 2020 with subsequent opening of physical shop. Potential entries in the medium term are also expected from Eataly (Italian Coffee and Restaurant), Steve Madden (American Luxury & Business Fashion brand), Sephora (French Cosmetics brand), Deichmann (German Specialist Clothing brand) and Debenhams (British Homeware and Department Store).

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VALUATION METHODOLOGY

5 VALUATION METHODOLOGY

According to the generally accepted valuation practice there are three main approaches to valuing real property: Cost Approach, Market Approach and Income Approach.

The **Cost Approach** provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

This approach is based on the principle that the price that a buyer in the market would pay for the asset being valued would, unless undue time, inconvenience, risk or other factors are involved, be not more than the cost to purchase or construct an equivalent asset. Often the asset being valued will be less attractive than the alternative that could be purchased or constructed because of age or obsolescence. Where this is the case, adjustments may need to be made to the cost of the alternative asset depending on the required basis of value.

The Cost Approach is usually applicable in case of valuing specialized properties which typically are not traded in the open market. It is not used by market participants for valuing properties such as ones under consideration and has not been used for valuation purposes in this particular case, mainly because of its inability to assess certain important characteristics such as location, surroundings, property concept, etc.

The **Market Approach** provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. Under this approach the first step is to consider the prices for transactions of identical or similar assets that have occurred recently in the market. If few recent transactions have occurred, it may also be appropriate to consider the prices of identical or similar assets that are listed or offered for sale provided the relevance of this information is clearly established and critically analyzed. It may be necessary to adjust the price information from other transactions to reflect any differences in the terms of the actual transaction and the basis of value and any assumptions to be adopted in the valuation being undertaken. There may also be differences in the legal, economic or physical characteristics of the assets in other transactions and the asset being valued.

Considering the subject property we have adopted the **income approach** to value the subject property. When applying Income Approach, direct capitalisation method the next steps should be followed in order to determine the value of property:

- Estimation of property revenues – leasable areas are multiplied by corresponding rental rates.
- Estimation of other incomes generated by the property.
- Estimation of the expenses associated with property operation.
- Estimation of expenses reimbursed by tenants.
- Estimation of net operating income (NOI).
- Estimation of the capitalization rate.
- Net property value is received.

The result obtained in the course of implementation of above steps yields value of an operating property.

A

CALCULATIONS

APPENDIX A - CALCULATIONS

Income Approach

Areas and Vacancy

According to the data provided by the Client, the principal income generating area (GLA) as of December 2018 comprises 12,707.6 sq m. As for the tenancy schedule budget data as at January 2019 the occupancy of the scheme is forecast at the level of 12,667.6 sq m. The level of vacancy is at 0 level; however, we accepted the structural vacancy at the level of 3% taking into consideration further competition growth on the retail market segment.

PARAMETER	FIGURE
GLA (current), sq m	12,816.6
Occupied area (as of December 2019), sq m	12,816.6
Current vacancy, sq m	0.0
Current vacancy, %	0%
Structural vacancy, %	3%

Rental Rates and Income Forecasts

Based on the tenancy schedule provided by the Client, the Average weighted rental rate of the subject property equals \$40.5/sqm/month net of VAT (January 2020).

We have carefully studied the P&L data and actual payments received by Client during the period January - December 2019 as well as forecast of rental budget for 2019 and market situation. As the result, we came to the conclusion that budgeted rental income for January 2020 is likely to represent the stabilised market level as of the valuation date and has been applied to our valuation model.

UNIT SIZE, SQ M	AREA, SQ M	RENTAL INCOME	AWRR*
██████	████	██████	████
██████	████	██████	████
██████	████	██████	████
██████	████	██████	████
██████	████	██████	████
██████	████	██████	████
██████	████	██████	████
Total	12,817	\$519,007	\$40.5

* Based on January 2020 budgeted rental incomes (data from tenancy schedule); Turnover rent and other incomes are not considered

The lease details on the top 5 tenants are provided below in the table. Based on the data on rental income for January 2020, top 5 tenants generated approximately █████ of the total rental income, without consideration of turnover rent income.

TENANT NAME	REMAINING TERM, YEARS	EXPIRY DATE	LEASED AREA, SQ M	RENTAL INCOME*	% OF TOTAL RENT	RENTAL RATE, PSM PER MONTH
████	██	██████	████	██████	████	████
██████	██	██████	██	██████	████	████

TENANT NAME	REMAINING TERM, YEARS	EXPIRY DATE	LEASED AREA, SQ M	RENTAL INCOME*	% OF TOTAL RENT	RENTAL RATE, PSM PER MONTH
██████████	██	██████████	██	██████████	██	██████████
██████████	██	██████████	██	██████████	██	██████████
██████████	██	██████████	██	██████████	██	██████████
██████████	██	██	██████████	██████████	██████████	██████████
TOTAL	n/a	n/a	12,817	\$519,007	100.0%	\$40.5

*Based on January 2020 budgeted rental incomes (data from tenancy schedule)

**Turnover rent and other incomes are not considered.

For those tenants that have their lease agreements expired in late December 2019, we have been confirmed that the lease will be prolonged/ currently in the process.

Additional Incomes

In addition to rental income, the property generates the following incomes:

- **Turnover rent**, which represents the percentage of business turnover. This income is receivable once per month, quarter or year.
- **Marketing and advertising** income is normally calculated per sqm of leasable area and paid on monthly basis.
- **Other income** is income received from other miscellaneous business activity.

We have based turnover rent estimation on the actual annual data of the year 2019. Similarly, marketing and advertising and other incomes were calculated. Table with total incomes generated by the property is provided below:

Parameter	Figure
Annual turnover adjustment	\$889,637
Annual other income	\$9,572

OPEX

We have been provided by the Client with the total expenses of the property incurred in 2019. As per received data, operating expenses are fully reimbursed by the tenants. Annual OPEX of the scheme is \$2,024,993 or \$13.2/sq m per month. The tenants cover utility and common area reimbursement and expenditure on marketing that comprises the coverage of ██████████ of the total subject property's OPEX.

Parameter	Figure
Annual OPEX, 2019	\$2,024,993
Average monthly OPEX	\$168,749
Average monthly OPEX \$/sqm	\$13.2
Utility and common area reimbursement, 2019	\$1,605,995
Annual marketing expenditure reimbursed by tenants, 2019	\$444,458
████████████████████	██████████
████████████████████	██████████

Capitalization Rate and SWOT Analysis

Strengths	Weaknesses
• The property is located in a densely populated residential district • Good visibility from Bazhana Avenue • Proximity to metro station • Weak competition in the neighbourhood • Strong tenant mix with chain-retailers presence • Generally good quality of premises and technical equipment • Availability of wide parking area	• Short-term lease agreements • Neighbourhood format of the scheme • Absence of an entertainment segment
Opportunities	Threats
• Further development of residential area nearby the property • Further rent growth in retail segment	• Risks of future competition • Risks of lease renegotiations towards downward trend

Considering that the property enjoys the benefits listed above and has high potential of successful operation in future on the one side and expected increase of completion in the forthcoming future on the other side, we assume the yield of 13.75% is achievable for the asset.

Property Value

The calculation of the property reversion value is given below.

Parameter	Figure
Annual rental Income	\$6,041,243
Annual turnover adjustment	\$889,637
Annual other income	\$9,572
Annual Income	\$6,940,453
Annual NOI	\$6,940,453
Reversion Yield	13.75%
Reversion Value	\$50,476,019

The value of the subject property was finally adjusted by budgeted CAPEX for 2020.

Parameter	Figure
Reversion Value	\$50,476,019
Forecast CAPEX in 2020	\$136,974
Property Value	\$50,339,045
Property Value (rounded)	\$50,300,000

Therefore, the result obtained under Income Approach is \$50,339,045, rounded to \$50,300,000.

A large, bold, black, italicized letter 'B' is centered on the page. It is positioned below a thin horizontal line and above the text 'TITLE DOCUMENTS'.

TITLE DOCUMENTS

APPENDIX B - TITLE DOCUMENTS

Land lease agreement



Amendments to land lease agreement


 УКРАЇНА UKRAINE

ДОГОВІР
про внесення змін до договору оренди земельної ділянки
 Місто Київ, дванадцятого квітня дві тисячі шостого року

Київська міська рада (код ЄДРПОУ 22883141; м. Київ, Хрещатик, 36) - далі у тексті - "Орендодавець", в особі Київського міського голови **Омельченка Олександра Олександровича**, який діє на підставі ст. 42 Закону України "Про місцеве самоврядування в Україні", - з однієї сторони, та **ВИРОБНИЧО-КОМЕРЦІЙНЕ ПІДПРИЄМСТВО «UNIVERSAL STAR CO»** (код ЄДРПОУ 23704494; м. Київ, вул. Олександра Мишутки, 4; зареєстровано Печерською районною у місті Києві державною адміністрацією 16.02.1996р. № 1 070 105 0002 000021) - далі у тексті - "Орендар", в особі директора **Аль-Шбуля Махмуда Ібрагімовича** (код ДРФО 24462131112; зареєстровано м. Київ, вул. Васильківська, 2-а кв. 243), який діє на підставі Статуту - з другої сторони, на підставі статті 792 Цивільного кодексу України, статті 290 Господарського кодексу України, статті 33 Закону України "Про оренду землі" та рішення Київської міської ради від 29.07.1999р. № 5/481, домовились про внесення до Договору оренди земельної ділянки, укладеного між Орендодавцем і Орендарем, посвідченого приватним нотаріусом Київського міського нотаріального округу Щербаківим В.З. 20.04.2000р. по реєстру за № 1524 та зареєстрованого Головним управлінням земельних ресурсів виконавчого органу Київської міської ради (Київської міської державної адміністрації) 29.05.2000р. за № 90-6-00006 (далі Договір оренди), таких змін:

1. У пункті 1. Договору оренди земельної ділянки, зареєстрованого Головним управлінням земельних ресурсів виконавчого органу Київської міської ради (Київської міської державної адміністрації) 29.05.2000р. за № 90-6-00006 (далі Договір оренди) замінити слова та цифри « 8 (вісім)» словами та цифрами « 25 (двадцять п'ять)».
2. Строк користування земельною ділянкою, визначений в Договорі оренди, відліковується з дати реєстрації Договору оренди (реєстраційний № 90-6-00006 від 29.05.2000р.)
3. Витрати, пов'язані з нотаріальним посвідченням цього договору, сплачує Орендар.
4. Цей договір складено у трьох примірниках. Один примірник - для Орендаря, один - для Орендодавця (знаходиться на зберіганні у Головному управлінні земельних ресурсів виконавчого органу Київради (Київської міської державної адміністрації), один - для нотаріуса.

підписи:

Київський міський голова _____

Орендар _____ **Аль-Шбуль Махмуд Ібрагімович**

Місто Ки-





ВКС № 982665

МІНІСТЕРСТВО ЮСТИЦІЇ УКРАЇНИ

Extract from the real estate ownership registry

ВИТЯГ
з Державного реєстру речових прав на нерухоме майно про реєстрацію права власності

Індексний номер витягу: 84175009
 Дата, час формування: 04.04.2017 11:19:20
 Витяг сформовано: Франчик Зоя Андріївна, Державне підприємство "СЕТAM", м.Київ
 Підстава формування витягу: заява з реєстраційним номером: 21459597, дата і час реєстрації заяви: 20.03.2017 13:38:33, заявник: Коліванов Олександр Леонідович (уповноважена особа)

Актуальна інформація про об'єкт нерухомого майна

Реєстраційний номер об'єкта нерухомого майна: 268703280000
 Об'єкт нерухомого майна: будівля дрібнооптового торгівельного центру (Літера А) з трансформаторною підстанцією (Літера Б), об'єкт житлової нерухомості: Ні
 Площа: Загальна площа (кв.м): 16683.7
 Адреса: м.Київ, вулиця Мишуги Олександра, будинок 4
 Додаткові відомості: будівля дрібнооптового торгівельного центру (Літера А) з трансформаторною підстанцією (Літера Б)

Актуальна інформація про право власності

Номер запису про право власності: 14741508
 Дата, час державної реєстрації: 26.05.2016 10:41:15
 Державний реєстратор: приватний нотаріус Майдибура Оксана Василівна, Київський міський нотаріальний округ, м.Київ
 Підстава виникнення права власності: акт приймання передачі нерухомого майна, серія та номер: б/н, виданий 31.07.2009, видавник: Комісія з припинення ТОВ "Юніверсал Стар Ко" та ТОВ "Атлантик-Пасіфік Венчурз"; протокол Загальних зборів учасників ТОВ "Атлантик-Пасіфік Венчурз", серія та номер: б/н, виданий 31.07.2009, видавник: ТОВ "Атлантик-Пасіфік Венчурз"; протокол Загальних зборів учасників ТОВ "Юніверсал Стар Ко", серія та номер: 54, виданий 31.07.2009, видавник: ТОВ "Юніверсал Стар Ко"; протокол Загальних зборів учасників ТОВ "Юніверсал Стар Ко", серія та номер: 53, виданий 29.04.2009, видавник: ТОВ "Юніверсал Стар Ко"; довідка про технічні показники об'єкту, серія та номер: 06-17, виданий 16.03.2017, видавник: ТОВ "ІНЖБУД-КОНСАЛТИНГ"
 Підстава внесення запису: Рішення про державну реєстрацію прав та їх обтяжень, індексний номер: 29831380 від 31.05.2016 13:47:53, приватний нотаріус Майдибура Оксана Василівна, Київський міський нотаріальний округ, м.Київ
 Форма власності: приватна

Розмір частки: 1
 Власник: Товариство з обмеженою відповідальністю "Атлантик-Пасіфік Венчурз", код ЄДРПОУ: 35030924, країна реєстрації: Україна

Витяг сформував: Франчик Зоя Андріївна
 Державний реєстратор: Франчик Зоя Андріївна





FLOOR PLANS

D

CERTIFICATES

APPENDIX C - CERTIFICATES

This certificate issued by Ukraine's State Property Fund in accordance with Ukrainian legislation confirms that CBRE Ukraine is eligible to perform valuation of real property.

 ФОНД ДЕРЖАВНОГО МАЙНА УКРАЇНИ СЕРТИФІКАТ № 432118 суб'єкта оціночної діяльності Дата видачі "25" травня 2018 р.	
Виданий	ТОВАРИСТВУ З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ «ЕКСПАНДІА» (найменування юридичної особи або прізвище, ім'я та по батькові фізичної особи - підприємця)
Реквізити суб'єкта господарювання	03150, м. Київ, вул. Велика Васильківська, буд. 100 (місцезнаходження/ місце проживання) 35415496 код за ЄДРПОУ (реєстраційний номер облікової картки платника податків або серія та номер паспорта (для фізичних осіб, які через свої релігійні переконання відмовляються від прийняття реєстраційного номера облікової картки платника податків та офіційно повідомили про це відповідний контролюючий орган і мають відмітку у паспорті))
Напрями оцінки майна, щодо яких дозволена практична оціночна діяльність	1. Оцінка об'єктів у матеріальній формі. 2. Оцінка цілісних майнових комплексів, паїв, цінних паперів, майнових прав та нематеріальних активів, у тому числі прав на об'єкти інтелектуальної власності. (зазначається необхідне)
Спеціалізації в межах напрямів оцінки	1.1. Оцінка нерухомих речей (нерухомого майна, нерухомості), у тому числі земельних ділянок, та майнових прав на них. 1.2. Оцінка машин і обладнання. 1.3. Оцінка колісних транспортних засобів. 1.4. Оцінка літальних апаратів. 1.5. Оцінка судноплавних засобів. 1.7. Оцінка рухомих речей, крім таких, що віднесені до машин, обладнання, колісних транспортних засобів, літальних апаратів, судноплавних засобів, та тих, що становлять культурну цінність. 2.1. Оцінка цілісних майнових комплексів, паїв, цінних паперів, майнових прав та нематеріальних активів (крім прав на об'єкти інтелектуальної власності). 2.2. Оцінка прав на об'єкти інтелектуальної власності. (зазначається необхідне)
Строк дії з "25" травня 2018 р. до "25" травня 2021 р.	
В. о. Голови Фонду В. Трубаров	

These certificates issued by Ukraine's State Property Fund in accordance with Ukrainian legislation confirm that Mr. Stanislav Ivanov and Mr. Volodymyr Shcherbak are qualified for the purposes of valuation of real property.

