



Valuation report

FINEP Hloubětín a.s., J&T Banka, a.s.

Office Park Hloubětín, Czech Republic

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Letter

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17th April 2019

Dear Sir/Madam,

Valuation and Report on Office Park Hloubětín, located in Prague 9, Czech Republic

We have pleasure in reporting to you in accordance with our valuation agreement dated 6th March 2018 regarding the valuation of Office Park Hloubětín, located in Prague 9, Czech Republic (the “Property”). We understand that the valuation is required for the **LTV Test Purposes of J&T Banka, a.s.**

We inspected the Property on 16th April 2019 and have carried out all the necessary enquiries with regard to rental and investment value, planning issues and investment considerations.

We have not been instructed to carry out a building survey or environmental risk assessment. We have been provided with floor areas by the Property Management of Office Park Hloubětín. We performed check measurement that shown deviation of less than +/- 2%. Therefore we have assumed that the provided areas are correct and accurate.

We confirm that Jones Lang LaSalle provides the valuation services in the capacity as External Valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards. We confirm that we have the appropriate knowledge, skills and understanding to undertake a valuation of this type of Property and in this particular location.

Our JLL Property management department is in charge of managing the Office Park Hloubětín. However we do not consider this to be a conflict of interest and we are not aware of any other conflict of interest that could prevent us from valuing the Property on your behalf.

Basis of Valuation

Our Valuation has been prepared in accordance with the RICS Valuation – Global Standards (incorporating the International Valuation Standards) – July 2017. Based on the Valuation Agreement, we have undertaken the valuation on the basis of:

- Market Value;

Market Value is defined by the RICS as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The full interpretive commentary on this definition is attached at Appendix 3. The Report is subject to, and should be read in conjunction with, the attached General Terms and Conditions of Business and our General Principles Adopted in the Preparation of Valuations and Reports, which are attached in the Appendices 1 and 2.

Having regard to the contents of this Report, we are of the opinion that the Market Value of the Office Park Hloubětín, located in Prague 9, Czech Republic, at the valuation date, which is 31st December 2018, was in the region of:

MARKET VALUE

243,500,000 CZK (20,357 CZK per sq m GLA)

(Two Hundred and Forty-Three Million Five Hundred Thousand Czech Crowns)

Market Value is understood as the value of the property estimated without regard to cost of sale or purchase, and without offset for any associated taxes. Therefore, no allowances have been made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. The Property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

Transaction costs typically comprise the following:

- Stamp duty is 4%, however it is not applicable for the transfer of shares of an asset holding company;
- Court registration and Notarial fees: vary according to transaction, however these are not significant;
- The transfer of real estate is VAT exempt, except for transfers made within five years after the official completion of the construction;
- Agent’s fees at 0.5% - 2% of purchase price plus VAT.

This Report on Office Park Hloubětín located in Prague 9, Czech Republic, has been prepared for and only FINEP Hloubětín a.s. and J&T Banka, a.s. for LTV Test Purposes as at 31st December 2018 on the basis of the Market Value and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility or liability in respect of the whole or any part of the Report or valuation for any other purpose or to any other person or entity to whom the Report or valuation is shown or disclosed or into whose hands it may come, whether published with our consent or otherwise, except where expressly agreed by our prior consent in writing.

We confirm that in accordance with our Terms of Business our legal liability in providing this valuation Report will be limited to €5 million and that we have adequate professional indemnity insurance cover in this regard.

Finally, and in accordance with our normal practice we confirm that this Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it is to appear.

Yours faithfully,



Ján Zibura MRICS

Head of Valuation Czech Republic

Jones Lang LaSalle s.r.o.

Executive Summary

1 Executive Summary

Office Park Hloubětín



Address

Poděbradská 88/55, Prague 9, Czech Republic.

Location

The subject Property is located in Prague 9 – Hloubětín district, approximately 8 km north-east of the Prague city centre (Václavské náměstí). Hloubětín borders with cadastral districts of Kbely to the north, Vysočany to the west, Hrdlořezy to the south-west and Kyje to the south-east and east. Hloubětín is a mixed-use area with a sizeable portion of retail, industry, office and residential properties.

The Property is bordered by Poděbradská Street to the south and Modrého Street to the north. The immediate surrounding includes retail, office and industrial accommodation, such as electronic store to the west, HVAC production and retail store across the street to the south, and office centre to the west.

The site has excellent car, pedestrian and public transport access. Car and pedestrian access to the Property is provided by Poděbradská Street, which connects to Kbelská Street and further to the D8 and D10 motorways.

Description

Office Park Hloubětín is a Grade B office property comprised of 7 separate office buildings (buildings A, B, C, D, F and G) and one other utility building (building E). The subject Property was completed in various phases between 1914 and 2008. The Property includes parking areas located throughout the site.

Building A is the oldest building located in the south-western corner of the office park. The building has a ground floor, underground floor and a first floor.

Building B consists of a ground floor, underground floor and first floor. The building provides office accommodation on the ground floor, storage areas in the underground floor and canteen on the first floor.

Building C consists of a ground floor, underground floor and first floor. Office areas are located on the ground floor and first floor. Storage areas are located on all floors in various sizes. Retail areas are located on the ground floor.

Building D consists of a ground floor, underground floor, first, second and third floors. Office areas are located on all above ground floors, and storage areas are located on the ground and underground floor.

Building E functions as a heat exchanger, electrical substation and technical area.

Building F consists of a ground floor, first, second and third floors. Office and storage areas are located on all floors of the building.

Building G is divided into two sections. The first section consists of a ground floor and a first floor and provides office accommodation, as well as a cold storage area.

Zoning

According to the valid Hloubětín Zoning Master Plan, the Property is located within the non-disturbing production and services zone (VN – nerušící výroby a služeb). The use of the subject property complies with the approved usage of the area in which it is located.

Tenure

We have been provided with a copy of the extract from Cadastral Land Register of Title List no.: 3035 cadastral district of Hloubětín, dated 31st December 2018, confirming the interest of FINEP Hloubětín a.s. over the Property. This document identifies the Property as 16 land plots with a total area of 15,325 sq m.

Accommodation

The Property provides the accommodation as described in the following table.

Table 1: Office Park Hloubětín Accommodation

Accommodation	Share	Gross Lettable Area (sq m)
Office	74.34%	8,893
Storage	20.93%	2,504
Retail	0.84%	100
Cafeteria	3.13%	374
Garden/Terrace	0.76%	91
Total	100%	11,962
Surface parking places		242

Source: Property Management JLL, April 2019

Tenancy

At the date of valuation, the Property was 65.06% occupied and let to multiple tenants. The main tenants within the Property are: Crocodile ČR, s.r.o., TGAS s.r.o., LEKVI & PARTNERS s.r.o., A.C.E. Management, ITACA Business Incubator SE, s.r.o., Pronix s.r.o., and Ariston Thermo CZ s.r.o.

There is currently 4,179 sq m of vacant space which forms 34.94% vacancy. The weighted average unexpired lease term (weighted on currently contracted income) within the Property is approximately 1.75 years.

Contracted Rental Income	13,106,195 CZK per annum
Gross Rental Income in Year 1	14,689,800 CZK per annum
Estimated Market Rental Value	22,301,436 CZK per annum
Date of Property Inspection	16 th April 2019
Valuation Date	31 st December 2018
Key Assumptions – Income Approach (DCF)	Based on the facts and assumptions detailed in the report and given the nature of the Property, its location, income stream, position in the market and other attributes, we have applied an exit yield of 8.00% and discount rate of 8.75%. This results in an initial yield of 5.40% and a reversionary yield of 9.07%. Initial yield is low due to initial void period and vacancy in year 1 of the cash flow.

Market Value as at 31st December 2018 Having regard to the contents of this Report, we are of the opinion that the Market Value of Office Park Hloubětín, located in Prague 9, Czech Republic, subject to the assumptions outlined in the following Report, as at 31st December 2018, was in the region of:

MARKET VALUE OF OFFICE PARK HLOUBĚTÍN

243,500,000 CZK

(Two Hundred and Forty-Three Million Five Hundred Thousand Czech Crowns)

Exchange rate Euro (€) 1 : Czech Crowns (CZK) 25.725 as of 31st December 2018

This summary should be read in conjunction with the remainder of the valuation Report and must not be relied upon in isolation.

Valuation Report

2 Location

2.1 Macro Location

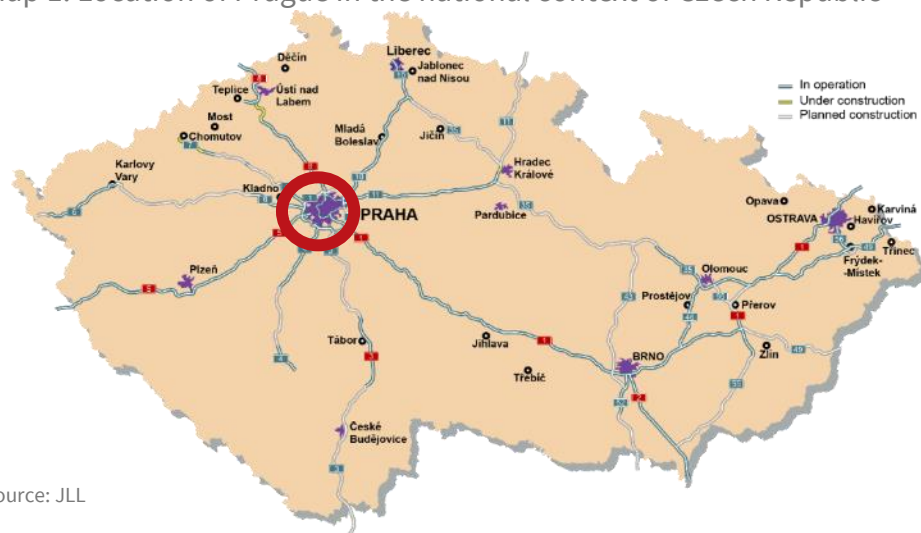
The subject Property is located in Prague, the capital of the Czech Republic, which is located in the heart of Central Europe. The country is bounded by Austria to the south, Germany to the west, Poland to the north and Slovakia to the east.

The city of Prague is situated in the Central Bohemian Region. The metropolitan area of Prague is, based on its population (1.3 mil inhabitants) as well as its economic power, ranked first in the Czech Republic. The nearest major cities are Plzeň (approx. 100 km south-west), Brno (about 189 km south-east) and Hradec Kralove (about 127 km west).

Prague is connected to the national motorway D1 leading to Brno and Ostrava. Additionally, there are several motorways connecting the city with rest of the country. The main railway station offers connections to major European, regional and domestic cities. The nearest international airport is Vaclav Havel International Airport, at a distance of approximately 17 km to the west from the Property.

The map below shows the location of Prague in national context of Czech Republic.

Map 1: Location of Prague in the national context of Czech Republic



Source: JLL

Prague offers an attractive business environment with a full range of modern business services and well-trained professionals.

The major economic indicators for Prague are presented below.

Table 2: Major economic indicators for Prague

Region	Population	Unemployment Rate (%)	Economic Entities	Average Gross Monthly Salary (CZK)
Prague	1,308,632	1,0	625,762	40,011

Source: Czech Statistical Office, December 2018

Prague is with Warsaw the financial centre of Eastern Europe. It is an important consumer market. It has become the focal point of foreign investment and a driving force in the development of the entire country's economy. Prague is nationally dominant centre in terms of percentage of registered companies with foreign capital within the Czech Republic.

Services are one of the most important economic sectors in Prague. The biggest growth in recent years has been in banking and finance. The Czech National Bank is located in Prague as well as the Prague Stock Exchange, which is considered particularly attractive to investors. The Prague Stock Exchange is one of the best of its kind in Central and Eastern Europe. Additionally, a number of Czech and foreign banks have established their headquarters and branches in Prague. Among them, almost all major international names are present. The same can be said of Czech and international insurance companies.

Other important services are those rendered to corporations and private individuals. These include the lawyers and notary offices, consultants, surveyors, auditors and accountants, computer services and human resource agencies, many of which are international operators.

Prague is an excellent location in terms of access to the main national and international routes. Motorway D1 provides a convenient connection between Prague and eastern part of the Czech Republic towards Slovakia, Austria and Poland. Motorway D5 links Prague with western part of the Czech Republic and Germany.

Vaclav Havel International Airport is located in the west part of the city, approximately 12 km from the city centre. The airport provides a convenient connection with many international cities.

2.2 Micro Location

The subject Property is located in Prague 9 – Hloubětín district, approximately 8 km north-east of the Prague city centre (Václavské náměstí). Hloubětín borders with cadastral districts of Kbely to the north, Vysočany to the west, Hrdlořezy to the south-west and Kyje to the south-east and east. Hloubětín is a mixed-use area with a sizeable portion of retail, industry, office and residential properties. Prague 9 is one of the smallest submarkets in the city and in terms of office developments also one of the youngest. Unlike other more centrally located districts, Prague 9 historical industrial heritage provides numerous opportunities for future development.

The Property is bordered by Poděbradská Street to the south and Modrého Street to the north. The immediate surrounding includes retail, office and industrial accommodation, such as electronic store to the west, HVAC production and retail store across the street to the south, and office centre to the west.

The site has excellent car, pedestrian and public transport access. Car and pedestrian access to the Property is provided by Poděbradská Street, which connects to Kbelská Street and further to the D8 and D10 motorways. Public transportation access is mainly provided by tram and bus lines located directly to the south of the subject Property. The nearest tram and bus stops are U Elektry, located 150 m to the west, and Nademlejská, located 250 m to the east. Tram lines serviced by these stops are no. 8, 25 and 92.

The connectivity of the subject Property is also very good. The Property is located 9 km to the north-east from Prague's main railway station, and 7.5km to the north-east from Prague's main bus station. Václav Havel International Airport can be reached in approximately 40 minutes by car. The Property connects via Poděbradská Street and Průmyslova Street to the D8 motorway in direction to Ústí nad Labem, Dresden and Berlin, and D10 motorways in direction to Mladá Boleslav.

Surrounding development includes mainly production facilities, stores and offices, as well as residential properties in the wider surrounding area. The location also benefits from public amenities such as parks,

kindergartens, cafeterias and restaurants, gas stations, hostels, etc. The nearest shopping centres are: Galerie Fenix located approximately 2 km to the north-west from the Property, Galerie Harfa located approximately 2 km to the west from the Property and Shopping Centre Letňany located approximately 6 km to the north from the site.

A location map is attached in Appendix 4 of this Report.

3 Description

3.1 Site Characteristic

According to the Cadastral Land Registry Extract Title List no. 3035 the subject site is located in the Hloubětín cadastral district. It is regular in shape and of level topography. The subject site consists of 16 land plots with the total land area of 15,325 sq m. The site is, according to the cadastral extract, comprised of other area and built up area and courtyard.

The Property benefits from excellent visibility from Poděbradská Street.

3.2 Access

The Property benefits from excellent vehicular, pedestrian and public transportation access.

The Property can be easily reached by car from Poděbradská Street which links into Kbelská providing direct access to the D8 and D10 motorway. Public transportation access is mainly provided by tram and bus lines located directly to the south of the subject Property. The nearest tram and bus stops are U Elektry, located 150 m to the west, and Nademlejská, located 250 m to the east. Tram lines serviced by these stops are no. 8, 25 and 92.

The Property is directly accessible from the parcel no. 2540/1 which is in the ownership of Prague Municipality (Hlavní město Praha).

A site map is attached in Appendix 5 of this Report.

3.3 Services

We understand that the Property is connected to all main services including water and sewage, electrical power, gas and telephone.

3.4 Building Description, Construction and Condition

Office Park Hloubětín is a Grade B office property comprised of 7 separate office buildings (buildings A, B, C, D, F and G) and one other utility building (building E). The subject Property was completed in various phases between 1914 and 2008. The Property includes parking areas located throughout the site.

Building A is the oldest building located in the south-western corner of the office park. The building has a ground floor, underground floor and a first floor. Office areas are located on the ground floor and first floor, and storage areas are located in the underground floor. The building also includes reception area, sanitary and kitchen area.

Building B consists of a ground floor, underground floor and first floor. The building provides office accommodation on the ground floor and storage areas in the underground floor. Furthermore, the building has a canteen area on the ground and first floor, as well as sanitary areas.

Building C consists of a ground floor, underground floor and first floor. Office areas are located on the ground floor and first floor. Storage areas are located on all floors in various sizes. Retail areas are located on the ground floor. The building also includes a personal elevator as well as transport elevator leading into the underground floor.

Building D consists of a ground floor, underground floor, first, second and third floors. Office areas are located on all above ground floors, and storage areas are located on the ground and underground floor. The building also includes a personal elevator. Building D is also interconnected with building C.

Building E functions as a heat exchanger, electrical substation and technical area.

Building F consists of a ground floor, first, second and third floors. Office and storage areas are located on all floors of the building. The building also includes sanitary and kitchen areas, as well as a personal elevator.

Building G is divided into two sections. The first section consists of a ground floor and a first floor and provides office accommodation, as well as a cold storage area. The second section consists of a ground floor and provides warehouse accommodation, with a clear height of 8m.

Condition

At the date of our inspection, we noted from our visual inspection that the Property appeared to be in a good state of repair considering its age. However, we did not access all areas during our inspection. It was constructed to a good standard complying with all Czech standards and regulations and it has been well maintained.

We were not instructed to carry out a structural survey or to test any of the services, but in the course of our inspection, we did not note any items of disrepair or malfunction which we regard as serious in the context of our valuation or that would lead us to recommend a building survey be undertaken. We are not, however, building surveyors and are not therefore able to give any assurance that the Property is free from defect. If such as assurance is required we would recommend that a building survey is undertaken.

Photographs taken on the date of inspection are included within the Appendix 6 of this Report.

3.5 Accommodation

We have been provided with floor areas by the Property Management of Office Park Hloubětín. We performed check measurement that shown deviation of less than +/- 2%. Therefore we have assumed that the provided areas are correct and accurate.

The Property provides the accommodation as described in the following table.

Table 3: Building areas according to lease agreements

Accommodation	Share	Gross Lettable Area (sq m)
Office	74.34%	8,893
Storage	20.93%	2,504
Retail	0.84%	100
Cafeteria	3.13%	374
Garden/Terrace	0.76%	91
Total	100%	11,962
Surface parking places		242

Source: Property Management JLL, April 2019

3.6 Soil Conditions and Contamination

We understand that the subject buildings do not have any negative impact on the environment, humans or surrounding buildings and that they were built using materials that do not have any deleterious effect on the natural environment or human health.

Additionally, we are not aware of the content of any environmental audit or other environmental investigation or report which may have been carried out on the Property, and which may draw attention to the existence or possibility of any contamination.

Additionally, during our inspection, we have not noticed any signs of contamination. We reserve the right to review our valuation should any significant contamination be discovered.

The Property have been assessed on the basis of no actual or potential contamination and that the buildings will be fit for its intended usage.

3.7 Flood Risk

The site is not located in a flood risk area. We understand that there is no history of flooding at the site.

4 Legal

4.1 Tenure

We understand that the company FINEP Hloubětín a.s., holds the Right of Freehold over the land registered in Cadastral Land Register as detailed in the table below. We understand that access to the Property and to the utilities is provided via land plots in the ownership of FINEP Hloubětín a.s. or the Prague Municipality (hlavní město Praha).

Table 4: Plots of Land Schedule – FINEP Hloubětín a.s.

Cadastral district	Title List no.	No.	Plots No.	Use	Area (sq m)	Owner
Hloubětín	3035	1	1658/1	Other Area	6,817	FINEP Hloubětín a.s.
		2	1658/2	Built-up Area and Courtyard – bldg. F	1,180	
		3	1658/3	Other Area	257	
		4	1658/4	Built-up Area and Courtyard – bldg. G	2,054	
		5	1658/5	Built-up Area and Courtyard – bldg. E	95	
		6	1658/6	Other Area	18	
		7	1658/9	Built-up Area and Courtyard – bldg. E	113	
		8	1659	Built-up Area and Courtyard – bldg. D	806	
		9	1660	Built-up Area and Courtyard – bldg. A	283	
		10	1661	Built-up Area and Courtyard – bldg. C	854	
		11	1662	Built-up Area and Courtyard – bldg. B	471	
		12	1663	Other Area	652	
		13	1676/1	Other Area	1,009	
		14	1676/2	Other Area	136	
		15	1676/3	Other Area	47	
		16	1682/5 ¹	Other Area	533	
Total					15,325	

Source: Extract from Land Register, Title List 3035, dated 31st December 2018

We understand that company FINEP Hloubětín a.s. holds the Right of Freehold over the buildings registered in Cadastral Land Register as detailed in the table below.

Table 5: Buildings on Land Plots - FINEP Hloubětín a.s.

No.	Plots No.	Buildings	Owner
1	1685/2	Other Property	FINEP Hloubětín a.s.
2	1658/4	Other Property	
3	1658/5	Other Property	
4	1658/9	Industrial Property	
5	1659	Civil Facility	
6	1660	Residential Property no. 88	
7	1661	Civil Facility	
8	1662	Other Property	

Source: Extract from Land Register, Title List 3035, dated 31st December 2018

4.2 Title List No.

We have been provided with a copy of the extract from Cadastral Land Register of Title List no.: 3035 cadastral district of Hloubětín, dated 31st December 2018, confirming the interest of FINEP Hloubětín a.s. over the Property. This document identifies the Property as 16 land plots of a total area of

¹ Including the parcel no. 1682/5 which was retrospectively registered on the basis of deposit proposal in the Cadastre as of 20th December 2018.

15,325 sq m and 8 buildings, 7 without numbers and one numbered 88, located on land plots 1685/2, 1658/4, 1658/5, 1658/9, 1659, 1660, 1661, 1662.

The cadastral extract, Title List no. 3035, includes easements concerning the establishment and operation of power lines in favour of the company PREdistribuce, a.s., Svornosti 3199/19a, Praha 5 – Smíchov, CZ, Identification number: 27376516.

The extract from Cadastral Land Register, Title List no. 3035, records a mortgage loan contracted for all receivables up to a total amount of 320,000,000 CZK with accessories that arise to the date of 31st December 2032 to J & T BANKA, a.s., Pobřežní 297/14, Praha 8 - Karlín, CZ, Identification number: 47115378.

The extract from Cadastral Land Register, Title List no. 3035, identifies a prohibition of encumbrance and alienation in favour of J & T BANKA, a.s., Pobřežní 297/14, Praha 8 - Karlín, CZ, Identification number: 47115378.

Copy of the Title List no. 3035 is attached in Appendix 7 of this Report.

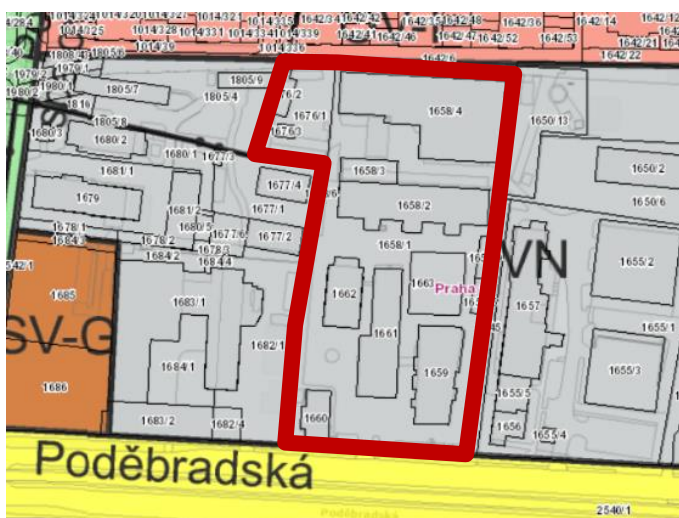
4.3 Planning

The Property is located within the jurisdiction of Prague City Council whose planning policies are contained within the master plan (Zoning Master Plan of Prague, 1999) with valid adjustments. According to the relevant Master Plan the subject site is located within the non-disturbing production and services zone (VN – nerušící výroby a služeb) as shown on the map below.

The non-disturbing production and services zones are territories for the placement of service and production facilities of all types, including warehouse areas, which should not cause disturbance in the operation and use of surrounding properties, or cause a negative impact on the environment beyond an acceptable rate. These facilities may include services, non-disturbing production, storages, courtyards for road maintenance, veterinary facilities, emergency security facilities, archives and depository, business retail accommodation with a total area not exceeding 200 sq m, public catering facilities, administrative facilities, P + R parking and petrol stations.

The use of the site fully complies with the current zoning.

Map 2: Zoning Master Plan extract - Hloubětín



Source: <http://mpp.praha.eu/app/map/VykresyUP/>

We are not aware of any development and / or highway proposals in the vicinity that may have an impact upon the value of the Property in the foreseeable future.

The Property is currently in its highest value and best use and therefore redevelopment is not considered to be a major factor in the valuation of the Property at the present time.

We have not reviewed any information about fire certification; however, we have assumed that the building meets all the necessary regulations.

For the purpose of this valuation we have assumed that the subject Property has appropriate zoning, building permit and use permits. These are the basis on which we have made our valuation.

4.4 Occupancy Permit

We have been informed by the Client that there is an occupancy permit in place for the subject property

We understand that the subject property is used in line with the permit issued.

5 Tenancy

At the date of valuation, the Property was 65.06% occupied and let to multiple tenants. The main tenants within the Property are: Crocodile ČR, s.r.o., TGAS s.r.o., LEKVI & PARTNERS s.r.o., A.C.E. Management, ITACA Business Incubator SE, s.r.o., Pronix s.r.o., and Ariston Thermo CZ s.r.o.

There is currently 4,179 sq m of vacant space which forms 34.94% vacancy. The weighted average unexpired lease term (weighted on currently contracted income) within the Property is approximately 1.75 years.

The contracted rental income from the Property as of 31st December 2018 is equal to 13,106,195 CZK per annum. The Estimated Market Rental Value (“EMRV”) from the vacant areas within the complex is equal to 8,680,851 CZK per annum. The total EMRV from the Property is equal to 22,301,436 CZK per annum. We are of the opinion that the Property is market rented.

According to the provided information the rents are generally subject to the annual indexation. The lease agreements are indexed annually according to EU HICP (EU Harmonised Index of Consumer Prices) or according to ČSÚ CPI (Czech Republic Consumer Price Index), 50% of ČSÚ CPI, and EU MUICP (EU Monetary Union Index of Consumer Prices) The rents are generally denominated and paid monthly in CZK. The rents do not include service charges which are paid separately.

Tenancy schedule is attached in Appendix 8 of this Report.

6 Market Commentary

6.1 Czech Republic Economy

(based on Oxford Economics January 2019)

In Q3 2018, the Czech economy witnessed a growth of 0.6% q-o-q and 2.4% y-o-y. Growth in Q3 was supported by rising consumption 0.8% q/q and investment 1.8% q/q. Against this, net trade weighed on growth with exports rising just 0.1% while imports rose 1.9%, illustrating how reduced external demand has weighed on growth. According to Oxford Economics, Czech Republic is expected to have weaker net trade to have shaved a full 1% off GDP growth in 2018 and this pattern will continue in 2019. Oxford Economics forecast Czech GDP growth at 2.7% in 2018.

With quarterly growth in the eurozone expected to recover in 2019 after the dismal H2 performance, external demand for Czech goods is likely to improve again. Overall though, the economic cycle looks to be past its peak, and GDP growth slowing to 2.3% in 2019. Headline inflation remained at the 2% target in December and averaging at 2% in 2019 amid slightly rising core inflation but lower energy prices. The CNB paused its tightening in December but, with labour markets remaining tight and core inflation at 2.5%, it is expected that another interest rate hike to 2% in February is highly likely.

Fixed investment accelerated strongly through 2017 and 2018, driven by a resumption in EU-funded investment. EU-funded spending has been driving civil engineering and buildings construction activity, and the large volume of yet unspent funds suggests construction activity will remain strong over the next few years. For 2018, investment having risen by a stellar 9.4%, but the pace is forecast to slow to just over 4% in 2019 as the economic cycle peaks and then 3% in 2020.

The manufacturing PMI continued to worsen in December and, for the first time in two years, fell just below the 50-mark that separates expansion from contraction. But industrial production rose 0.9% m/m in November, driven by strong growth in car production, and is still likely to have seen positive quarterly growth in Q4 overall. However, weaker new orders growth and the uncertain external backdrop are clear signals that recent output growth is likely to slow. Retail sales also remained solid in November, in line with still upbeat consumer confidence, and with expected consumption growth in 2019 broadly maintaining its 2018 pace of 0.7% q/q.

6.2 Prague Office Market Overview

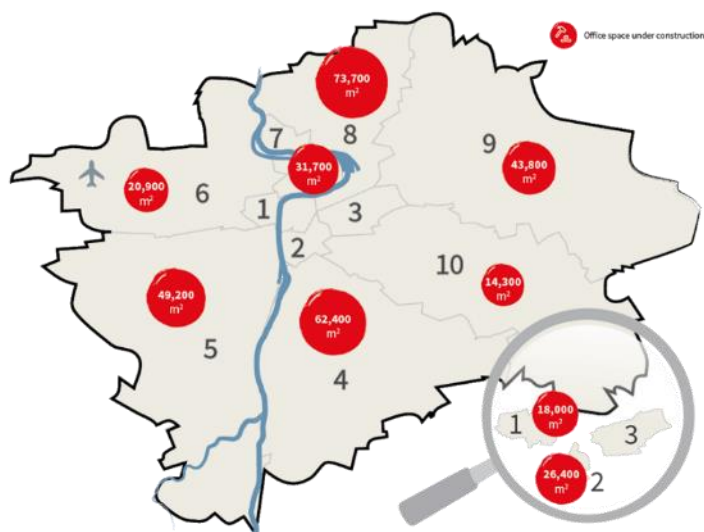
6.2.1 Stock and Supply

At the end of Q3 2018, the total modern office stock in the capital city of Prague increased to 3,447,200 sq m. The share of A class office space stands at 72%, with top quality projects, i.e. AAA class buildings, representing ca. 20% of the total stock. The largest office district remains to be Prague 4 (27% of the total stock), followed by Prague 5 (18%) and Prague 1 (15%).

A volume of 38,200 sq m of modern office space was delivered to the Prague market in the third quarter of 2018. New completions include four properties in three developments: Palmovka Open Park in Prague 8 with two buildings totalling 23,000 sq m of office space, AFI Vokovice in Prague 6 with 12,200 sq m of office space and the new headquarters of Eurovia in Prague 4 with 3,000 sq m. New office supply during Q1-Q3 2018 totalled 128,400 sq m within thirteen projects.

The pace of construction activity remains to be high. Currently, there is approximately 340,600 sq m of office space under construction with scheduled completion between 2018 – 2020. New supply will mainly be delivered in Prague 8 (22% of the total space under construction), followed by Prague 4 (18%) and Prague 5 (14%). The share of speculative construction currently stands at 55% whilst a year ago it represented 58%. Total new supply for 2018 is estimated to reach the level of ca. 190,100 sq m.

Map 3: Office Space Under Construction



Source: JLL, PRF, Q3 2018

Construction of four new office buildings commenced during Q3 2018: new constructions of Dock In Four in Prague 8 (20,400 sq m) and Churchill II in Prague 2 (11,200 sq m) and refurbishments of Bubenská 1 in Prague 7 (20,000 sq m) and Centrum Vinice in Prague 10 (14,300 sq m).

Table 6: Major Office Projects Under Construction*

Property	District	Completion	Size (sq m)
ČSOB HQ II	Prague 5	Q4 2018	30,000
Harfa Office Center	Prague 9	Q2 2019	28,300
BB Centrum A	Prague 4	Q4 2018	21,500
Telehouse	Prague 6	Q2 2019	20,900
Dock In Four	Prague 8	Q2 2020	20,400
Bubenská 1	Prague 7	2020	20,000

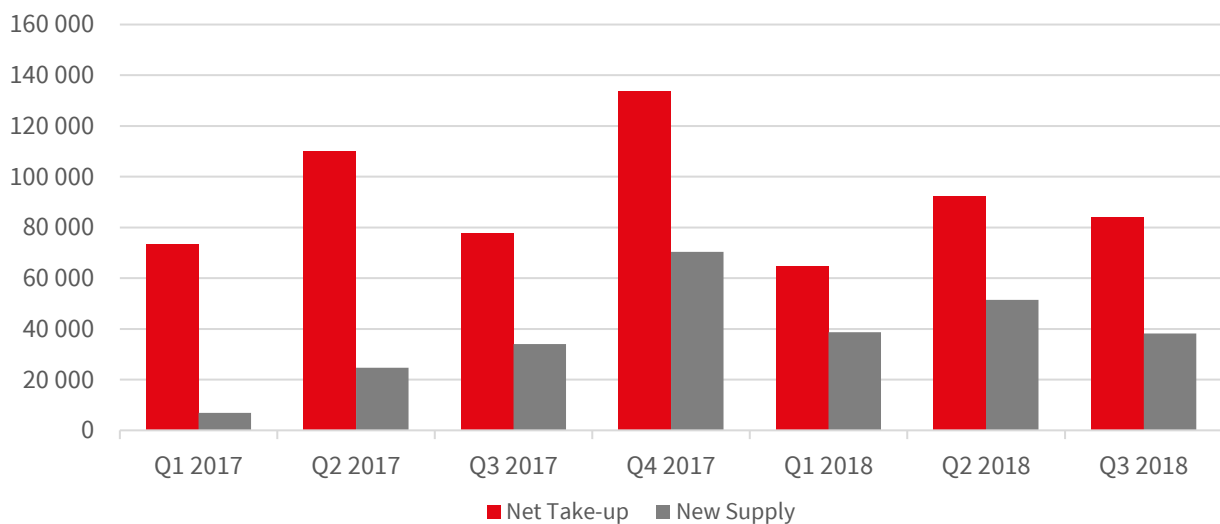
* Only projects with GLA equal or exceeding 20,000 sq m of office space were included in this overview

Source: JLL, PRF, Q3 2018

6.2.2 Demand

Gross take-up (including renegotiations and subleases) in the third quarter of 2018 amounted to 128,700 sq m, representing a 11% decrease on previous quarter. The total gross take-up year to date reached 358,200 sq m, down 2% year on year.

Graph 1: Net Office Take-up and New Supply (Q1 2017 – Q3 2018)



Source: JLL, PRF, Q3 2018

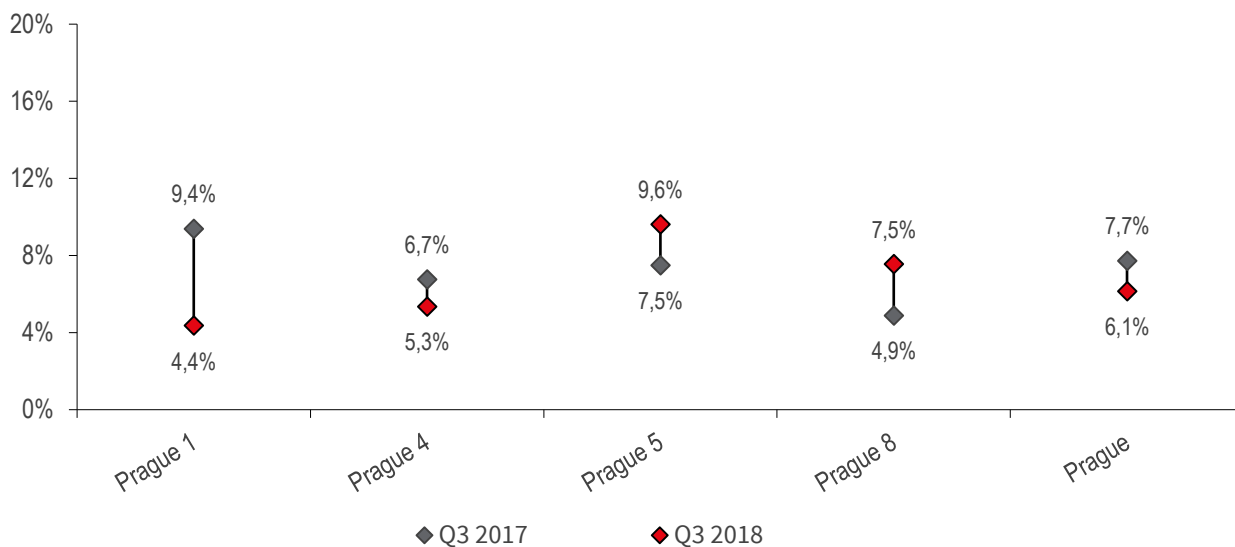
In Q3 2018, the highest demand was recorded in the city districts of Prague 8 (26.4%), Prague 4 (22.5%) and Prague 1 (16.5%). The most active companies were from the IT sector (17.6%), followed by professional services sector (12.5%) and finance sector (11.1%).

The share of renegotiated leases in the third quarter of 2018 reached 35%. Net demand (new leases, expansions, subleases and pre-leases) accounted for about 65% of the total take-up. Net demand accounted for about 66% of total take-up in the period of Q1-Q3 2018.

6.2.3 Vacancy

As a result of strong leasing activity, the vacancy rate declined in Q3 2018 to its current level of 6.1%. This figure reflects a q-o-q decrease of 60 bps and historically one of the lowest vacancy rate in Prague. The lowest vacancy rate was recorded in Prague 2 (2.5%), followed by Prague 10 (3.0%) and Prague 1 (4.4%). Conversely, the highest vacancy rates were recorded in Prague 5 (9.6%) and Prague 8 (7.5%).

Graph 2: Vacancy Rate in Core Office Districts (Q3 2018 vs Q3 2017)



Source: JLL, PRF, Q3 2018

6.2.4 Rental Levels

In Q3 2018, prime headline rents in the city centre remained stable, oscillating at a level of €20.0 – 21.0 sq m/month. Inner city rents varied between €14.50 – 16.90 sq m/month in Pankrác (Prague 4), between €14.50 – 16.00 sq m/month in Smíchov (Prague 5) and in the range €14.50 – 15.80 sq m/month in Florenc (Prague 8). Rents in the outer city markets reach €13.50 – 15.00 sq m/ month.

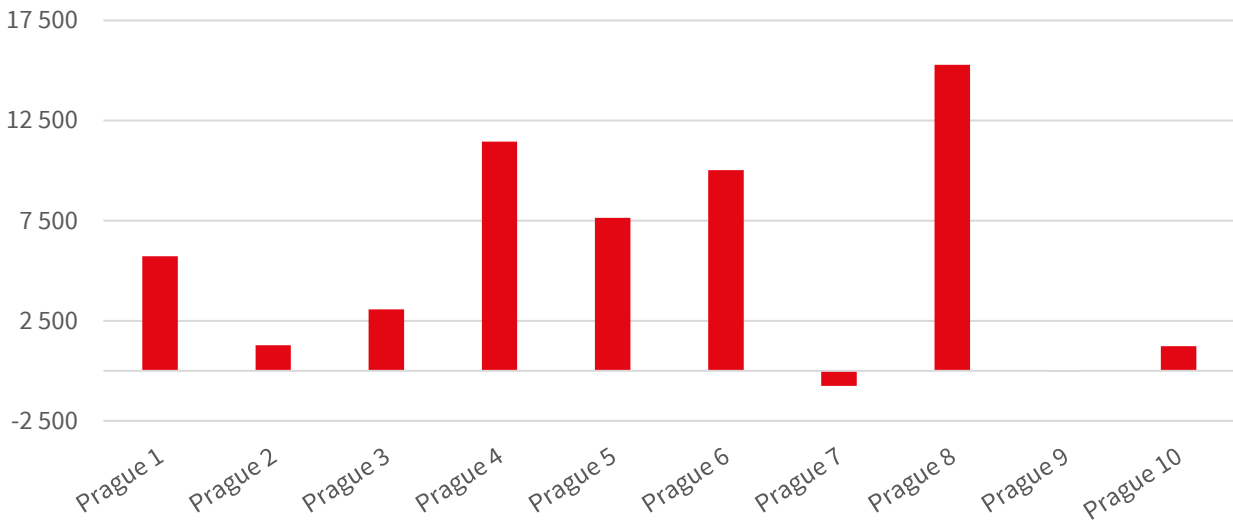
All of these values refer to prime levels achieved in a limited number of prime properties. These prime projects are usually brand new, of above standard quality and/or very well located. Second hand products stand at approximately €1.5 below the afore-mentioned ranges.

6.2.5 Net Absorption*

* (*Net Absorption represents the change in the occupied stock within a market during the survey period.*)

In Q3 2018, net absorption in Prague remained positive and reached ca. 54,900 sq m. Compared to Q3 2017, net absorption increased by 6%. Quarterly it registered an increase of 81%. With a view to the level of new supply coming to the market this year and the current pre-lease dynamics, we forecast 2018 net absorption to reach ca. 180,000 – 200,000 sq m.

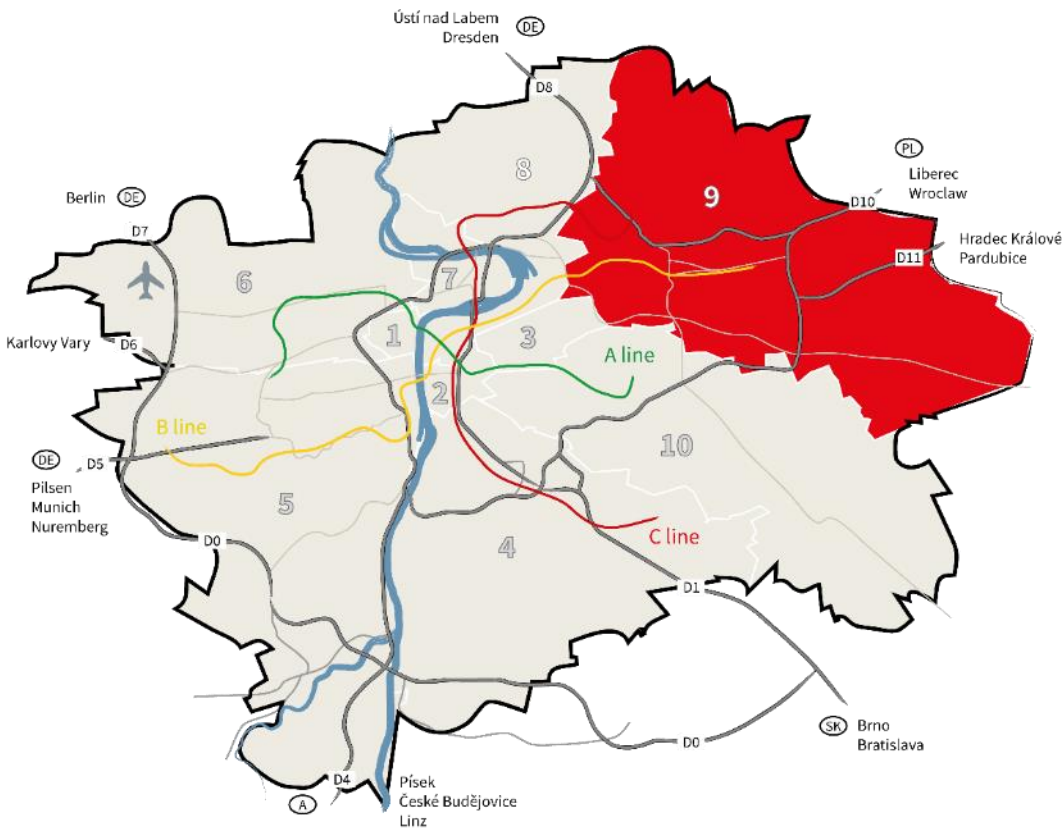
Graph 3: Net Absorption in Q3 2018 by Districts (sq m)



Source: JLL, PRF, Q3 2018

6.3 Prague 9 Office Market Overview

Map 4: Prague 9 Map



Source: JLL

6.3.1 Stock and Supply

Prague 9 office stock, the smallest market in Prague, has reached 125,400 sqm at the end of Q4 2018, which represents approximately 4% of the total stock. The share of new build office stock in Prague 9 stands at

85%, the remaining 15% being refurbishments. On the other hand, the share of A class buildings is relatively low at 52% with B class buildings representing the remaining 48%.

Prior to the global recession in 2008 – 2009 was Prague 9 considered as potentially the future most promising office location with strong pipeline mainly around the C and B metro lines. During the crisis tenants and investors turned their attention back to core submarkets and Prague 9 has significantly slowed down its expansion. There were only two new completions in this district during 2011 and one in 2013. At the beginning of 2011, the first phase of Harfa Office Park called Amadeus (19,600 sqm) was completed. At the end of the year, other smaller scheme was completed within one of the largest Czech industrial park VGP Park Horní Počernice (currently P3 Prague Horní Počernice), located on the outskirts of Prague and comprises approx. 2,700 sqm of office space. In Q2 2013, after a few changes of use, Ruby House with 3,400 sqm of office space was completed.

Currently, there are two office projects under construction with the total office area of ca. 43,800 sqm. Completion of Harfa Office Center is scheduled for Q2 2019, while completion of AFI City “A” is scheduled for Q3 2020.

The following table lists the expected future completions in Prague 9.

Table 7: Potential Office Supply in Prague 9

Building Name	District	Status	Planned Completion Year	Office Space (sq m)
Harfa Office Center	Prague 9	U/C	2019	28,300
AFI City “A”	Prague 9	U/C	2020	15,500
Lidl HQ	Prague 9	Planned	2020	22,000

Source: JLL, PRF, Q4 2018

6.3.2 Demand

In Q4 2018, Prague 9 was with gross take-up of 2,400 sqm the second least active district in the city. This represents 2% of the total take-up volume in Q4 2018. Compared to Q4 2017, gross take-up in the district decreased by 91% (in Q4 2017 were signed two pre-completion deals in Harfa Office Center). Against Q3 2018 figures, gross take-up decreased by 22%. The share of renegotiations in Prague 9 was with 12% well below the city average of 40%.

During the whole year 2018, demand for office premises in Prague 9 totalled 17,000 sqm which represents approx. 3% of the total take-up in Prague during the year.

Table 8: The most significant deals in 2018 in Prague 9

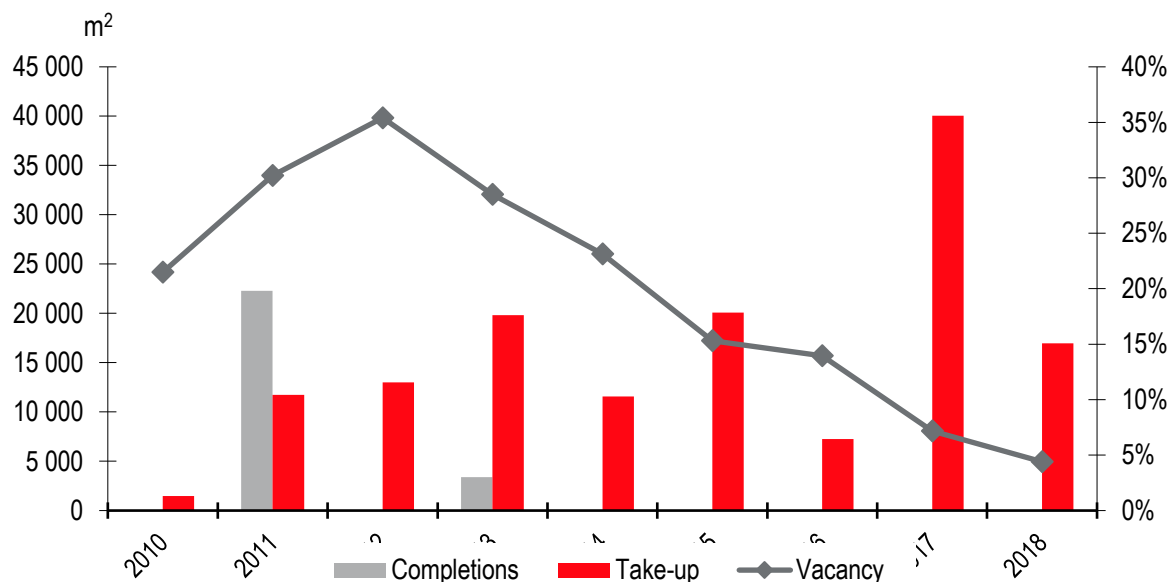
Building Name	Size in sq m	Tenant	Type of Deal	Period
P3 Prague Horní Počernice A2	2,900	Loomis	renegotiation	Q2 2018
Harfa Office Center	2,200	Undisclosed	pre-completion	Q2 2018
Harfa Office Center	2,200	Undisclosed	pre-completion	Q2 2018
Harfa Office Park - Amadeus	1,200	Kantar TNS	renegotiation	Q3 2018
Prosek Point C	800	Bramac	new occupation	Q1 2018

Source: JLL, PRF, Q4 2018

6.3.3 Vacancy

As the smallest submarket, Prague 9 is very sensitive to any new completions as well as second hand vacancy. Currently, the vacancy rate stands at 4.4% in Q4 2018 which is the fourth lowest recorded vacancy rate in Prague and below the city average of 5.1%.

Graph 4: Prague 9 Completions, Gross Take-Up and Vacancy



Source: JLL, PRF, Q4 2018

6.3.4 Rental Levels

Prime rents in Prague 9 slightly increased in Q4 2018 and vary between € 12.00 – 13.75 per sqm per month. With a decreasing availability in the core submarkets we see an increasing demand for office premises in outer city locations which is reflected by new developments coming to the market, however we expect the headline rents will remain relatively stable.

6.4 Rental Value Considerations

6.4.1 Rental Evidence

Considering the characteristics of the property, we came to the conclusion that in the analysed district there is a limited number of similar available projects to the subject of our valuation however there are numerous office projects which show evidence of asking rents in Prague 9 location. In addition to that, we have included evidence of asking rents in Prague 8.

The following details serves as an evidence of asking rents and signed deals on the market within the surrounding or competing areas in comparable or neighbouring properties.

Table 9: Comparable Evidence Asking Rents Offices

Property	Tenant	Area Type	Rent in EUR /sq m / m	Comparability
Harfa Office Park	Asking Rent	Office	n/a	Superior
Balabenka, P 9	Asking Rent	Office	11.00 – 12.50	Superior

Property	Tenant	Area Type	Rent in EUR /sq m / m	Comparability
City North, P 9	Asking Rent	Office	13.90	Superior
City North, P 9	Asking Rent	Parking	80.00	Superior
Dock In One, P 8	Asking Rent	Office	14.20 – 14.70	Superior
Dock In One, P 8	Asking Rent	Parking	120.00	Superior
Palmovka Open Park, P 8	Asking Rent	Office	14.20	Superior
Palmovka Open Park, P8	Asking Rent	Parking	120.00	Superior
Prosek Point, P9	LA 09/2018	Office	13.29	Superior
Prosek Point, P9	LA 10/2018	Office	13.80	Superior
Prosek Point, P9	LA 11/2018	Office	13.80	Superior
Prosek Point, P9	LA 12/2018	Office	13.60	Superior

Source: JLL, December 2018

Majority of the above listed modern projects and are located in Prague 9 with good connection to metro. The Property is inferior to majority of them in terms of technical specifications, public transport and distance to the city centre.

6.4.2 Rental Value Rationale

In accordance to the rental evidence above we are of the opinion the applied EMRV for office space at the level of 175 CZK (€ 6,8) per sq m per month is in line with current market conditions.

A detailed tenancy schedule including adopted ERVs is attached in the Appendix 8 to this Report.

6.5 Investment Market Commentary

The Czech Republic still reports strong macro-economic performance and continues to be considered as the most stable country with the lowest investment risk rating within the CEE region. Retail sales continue to grow with an increasing importance and share of e-commerce sales. Office, industrial as well as retail occupational markets have registered strong performance, leading to record low vacancies across the sectors, supporting the strong fundamentals of the real estate investment market.

On the basis of positive macro-economic results, the Czech Republic continues to be highly popular amongst both international and domestic capital, bringing investment volumes to ca. €1.41 billion in H2 2018, up by approximately 28% compared to H1 2018 (ca. €1.1 billion). Unlike most other CEE countries, Czech domestic investors dominated the market with a 50% share of volumes, followed by a 40% share of capital coming from Germany, mainly due to the acquisition of a CTP portfolio by Deka Immobilien. The most significant office investment transactions in H2 2018 were Trimaran and Element in Prague 4, sold by Austrian developer S+B Gruppe to Allianz Real Estate, followed by Forum Karlin, sold by Czech billionaire - Zdeněk Bakala's company, BMM, to Amundi Czech Republic and Florenc Office Center in Prague 8 sold by IAD Investments to Korean investor, Shinhan

Financial. The last transaction resulted in the compression of the prime office yield which as of Q4 2018 stands at the historically lowest level of 4.50%. The total office investment volume recorded for H2 2018 reached €502 million, accounting for approximately 36% of the total investment volume in H2 2018. The most significant retail transaction of H2 2018 was the acquisition of Forum Nova Karolina by Reico for €208 million, having bought the asset from Meyer Bergman & HOOPP. The remaining retail transactions were regional shopping centres, supermarkets and retail parks, typically acquired by Czech domestic investors.

With the largest transaction of the year being the acquisition of a CTP portfolio by Deka Immobilien worth €458 million, the industrial and logistics sector volume totalled €488 million in H2 2018. This sector usually suffers from a lack of available A-class product and the transaction activity is concentrated around big ticket portfolio deals as evidenced by H2 2018.

Investor activity and appetite for investment product continues to be strong, however, it is limited by a lack of supply of prime assets and high price expectations of sellers. This has resulted in lower 2018 investment volumes on the Czech real estate market by approximately 29% compared to 2017.

In H2 2018, we recorded further yield compression with our view on prime yields as follows: prime offices compressed by 35 bps to 4.50% on the basis of Florence Office Center and on-going transactions, prime shopping centres remain at 4.85%. The industrial and logistics prime yield is down by 25 bps, now standing at 5.50%, evidenced by the acquisition of CTP parks by Deka. Prime retail parks are at 6.00% while prime high-street assets would trade at 3.50%.

6.5.1 Investment Considerations – Office Transactions

In order to conclude the yield profile for the subject property we have considered the following real estate transactions:

Polygon House, Prague 4

Amundi Czech Republic, acting on behalf of its KB realitni fond 2, has completed the acquisition of Polygon office building in Prague 4 from Mint Investment in August 2018. Polygon is a modern Class A office scheme situated in attractive office area in Pankrac district. The property offers over 10,000 sq m of office space across eight levels, and benefits and easy access to public transport and proximity to Arkady shopping centre. Occupiers include ATOS, Siemens, Arca Capital, Y-Soft, Hyper Media and Barclays. The purchase price was not disclosed. The gross initial yield was around 6.40%.

Visionary, Prague 7

Visionary in Prague 7 was sold by Skanska Property to CA Immo in June 2018. Visionary was completed in 2018 and offers modern grade AAA office and ground floor retail space with a total lettable area of approximately 25,000 sq m in Holešovice, Prague 7. Moreover, the Visionary features and elements are being supported by the highest LEED Platinum certification as well as with WELL certification and are thus contributing to the sustainable development. The price of the transaction was EUR 68 million with a yield of around 5.75%. The capital value per sq m was approximately at the level of EUR 2,720.

Hadovka, Prague 6

Wood & Company has acquired Hadovka in June 2018 from Europa Capital. Hadovka, completed in 1999, is a grade A-/B+ office building with a total lettable area of ca. 24,000 sq m, located in Prague 6. It was sold for EUR 51 million at the gross initial yield of around 7.35%. The capital value per sq m was approximately EUR 2,125. It is to mention that Hadovka, in terms of quality is of lesser standard, mainly due to the age of the property.

Prague Marina Office Center, Prague 7

PMOC was sold to a private investor in Q3 2018. PMOC was completed in March 2009 and comprises two interconnected buildings, A and B. The total lettable area of the property is 14,620 sq m. The building provides 203 parking spaces spread over two basement levels. When transacted, the property was fully let

with 4.2 unexpired lease term. It has been sold for approx. 32 mil. EUR, that represents a capital value of EUR 2,188 per sq m.

Explora Business Centre, Prague 5

Avestus Capital Partners has sold in June 2018 Explora Business Centre in Prague to Golden Star Group, an international real estate group specializing in commercial and leisure real estate properties. Explora Business Centre is a modern, LEED-certified Class A office building developed by Avestus Real Estate's in-house development team. The building is located in Nove Butovice in Prague 5. Explora Business Centre is a fully leased home to various global multi-nationals including Citibank, NNIT, GE International, Porsche and DHL. The sale of Explora Business Centre is one of the largest transactions performed in 2018 in Prague. The Business Centre comprises 22,800 sq m of leasable area spread over eight above-ground floors with floors and three below-ground floors with 327 parking spaces. Explora Business Centre is located directly above the Nove Butovice metro station. The price of the transaction was EUR 53.5 million with a yield of around 6.70%. The capital value per sq m was approximately at the level of EUR 2,346.

Metronom Business Centre, Prague 5

HB Reavis sold in June 2018 the Metronom Business Center project in Prague 5. Metronom Business Center was built to the highest standards in 2015. It is distinguished by its modern architecture and consists of three interconnected towers. The building is located in one of Prague's most desirable business locations, where many major businesses have centralized in recent years. Metronom Business Center totals area of approximately 34,000 sq m. It is located directly on metro, it has technical qualities, BREEAM certification and strong tenant mix. The office building is almost fully leased, and its premises are used by exclusive tenants. Among the largest, we can name the SAP shared services center, which occupies more than three-quarters of the building, the BMW car company and the AbbVie pharmaceutical company. The price of the transaction was EUR 93 million with a yield of around 5.90%. The capital value per sq m was approximately at the level of EUR 2,735.

Crystal Prague, Prague 3

Developer GES REAL sold the Crystal office building in Prague Vinohrady in May 2018. The glass-enclosed tower, designed by architects Atelier 15, was purchased for approximately CZK 1.2 bn by CFH Investment Bank. The building was completed in 2015 and totals approximately 15,000 sq m of A class accommodations. The main tenants are: the health insurance giants Všeobecná zdravotní pojišťovna and Zdravotní pojišťovna ministerstva vnitra. The reported yield is 6.10%. The capital value per sq m equals to approximately 79,303 CZK (3,070 EUR).

BB Centrum Vilas, Prague 4

In January 2018 PASSERINVEST GROUP, a Czech development and investment company, purchased the BB C - Vila Doma buildings (known as VILLAS) from Revetas Capital Fund II. Thus PASSERINVEST GROUP is successfully continuing in its strategy of the long-term ownership and management of the formerly-sold buildings in Prague's BB Centrum. The VILLAS buildings come from the pens of Aulík Fišer architekti. It is comprised of a set of two office buildings with a total area of approximately 8,000 sq m on six storeys, from which there is 405 sq m of retail space on the ground floor and 220 underground parking spots. Tenants with long-term leases in these buildings include Tchibo, GEMALTO and Audatex. The price of the transaction was EUR 16.5 million with a yield of 8% plus. The capital value per sq m was approximately at the level of approximately EUR 2,060.

Oregon House, Prague 13 - Zličín

In Q1 2018, the acquisition of Oregon House located in Prague 5 – Zličín district was completed. Office building completed in 2005 provides around 14,550 sq m of lettable area together with occupancy at the level of 85%. Reported purchase price reached EUR 25 million with yield non-disclosed, assuming over 7.50%. The capital value per sq m was approximately at the level of approximately EUR 1,718.

Corso Ila, Prague 8

In Q4 2017, Invesco Real Estate acquired Corso Ila office building which was completed in 2008 and provides around 13,000 sq m of lettable area. Except grade AA office premises, the property offers approximately 1,100 sq m of retail premises located on the ground floor. Corso Ila is also equipped with approximately 140 underground parking spaces. Purchase price and yield was at EUR 36 million and sub 5.75%. The capital value per sq m was approximately at the level of EUR 2,770. At the time of the transaction, the property had 12% vacancy and approximate weighted average unexpired lease term (WAULT) of 5.5 years. Corso Ila doesn't possess any sustainability certification.

6.5.2 Yield Rationale

Based on current market conditions, age and specifications of the Property, we have applied an exit yield of 8.00% and the discount rate of 8.75% arriving at initial yield of 5.40% and reversionary yield of 9.07%.

7 Valuation

7.1 Valuation Methodology

7.1.1 Market Value Definition

Our Valuation has been prepared in accordance with the RICS Valuation – Global Standards (incorporating the International Valuation Standards) – July 2017. Based on the Valuation Agreement, we have undertaken the valuation on the basis of Market Value.

The “Market Value” according to the RICS Valuation – Professional Standards contains an appraisal of the price at which a property transaction would take place at the appointed valuation date and 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.”

7.2 Adopted Methodology

7.2.1 Income Approach - DCF

The Income Approach is a method used to convert the anticipated economic benefits of property ownership into a value estimate through a capitalisation approach.

Two most common methods of converting net income into value are the discounted cash flow technique (DCF) wherein anticipated future income streams and a reversionary value are discounted to a present value estimate and the direct capitalisation technique, where an overall rate is extracted directly from pertinent market sales.

For the purposes of this valuation we have adopted the Income Approach, Discounted Cash Flow technique, analysed over a 10-year period. The cash flow assumes a ten-year hold period with the exit value calculated on 11th year income. We have adopted a discount rate and terminal capitalisation rate for the subject Property having regard to recent investment sales evidence known to us together with our general knowledge and opinion based on discussions with investors within the Central and Eastern European region. This opinion is also based on prevailing interest rates and relative yields on 10-year Government bonds. In formulating our opinion we have also had regard to investment rates recorded by JLL in other major Eastern European countries.

7.2.2 Yield Definition

JLL reports (Net) Market Value i.e. excluding purchaser's acquisition costs and before vendor's disposal costs, which is in line with both IAS and RICS standards. We do not apply purchasers' cost separately to the Market Value due to the fact that we usually refer to the Gross Yield commonly used in the CEE region.

Gross yield is the capitalisation rate derived by dividing Net Operating Income (NOI) by the current (Net) Market Value of the Property or in other words, the purchase price excluding purchaser's transaction costs. Net Initial Yield is NOI divided by purchase price with transaction costs added. The Gross Yield is therefore higher than the Net Initial Yield.

This approach is adopted due to the fact that unlike in more established markets there are no standard assumptions for average purchaser's costs – they can vary significantly depending on the structure of the transaction in this region. Since there is no established market practice in any of the CEE markets, valuations are produced and reported without adopting certain percentage level of purchasers' costs as these are already reflected in the Gross Yield. Also available information about market initial yields

usually disregard purchasers' costs i.e. Gross Yields are reported by our Capital Markets teams. This is common market practice in the CEE region.

7.3 General Valuation Assumptions

An assumption is stated in the Glossary to the Red Book to be a “supposition taken to be true” (“**assumption**”). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a Valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, the property owner has confirmed that our assumptions are correct so far as they are aware. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Property, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

- a) We have made an assumption that the information which the property owner and its professional advisers have supplied to us in respect of the property is both full and correct. It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings and, outstanding requirements under legislation have been made available to us and that the information is up to date;
- b) We have relied upon the information provided to us by the Client as being complete and correct as to tenure, tenancies, measurements and capacities of properties, planning consents and other relevant information;
- c) There are no Rights of Way, easements, outgoings of an onerous nature or restrictions on use affecting the Property, which may have a material effect on the value;
- d) The subject Property has clear and fully marketable title without any historical claims;
- e) The premises are constructed and used in accordance with all necessary building and planning permissions, and there are no disputes with neighbouring owners or occupiers or with the local municipal authorities;
- f) The site is not subject to any form of environmental contamination;
- g) That the Property complies with any fire and life security codes, environmental codes and any other regulatory requirements that may exist;
- h) No allowance has been made in our valuation for expenses of realisation or for any taxation, which may arise in the event of a disposal. All rental and capital values stated are exclusive of Valued Added Tax;
- i) Forecasts and projections contained in the valuation must be read strictly in conjunction with the explanations, qualifications and assumptions set out in the text. Such forecasts and projections involve a significant element of subjective judgement and are designed to assist buyers in considering possible outcomes. They are not intended to give any assurance that any particular result or outcome will occur. The assumptions on which forecasts and projections are based are considered reasonable at the time of issue of the valuation, but no assurance is given that they are correct or exhaustive or that they will continue to be so in the future.

7.4 Specific Valuation Assumptions

Estimating the Market Value of the Office Park Hloubětín we have made allowances and assumptions for the following:

- a) Our calculations start from 1st January 2019;
- b) The exchange rate has been adopted at 25.725 CZK/ EUR according to the Czech National Bank as of 31st December 2018;
- c) We have adopted the rents for individual tenants at the level of their signed lease agreements (including all on-going rent abatements);
- d) We have assumed that the current tenants will stay in the premises for an agreed period of time and an agreed rent;
- e) We have assumed that the indefinite leases will expire in 1 year as of the valuation date;
- f) Rent is received in majority monthly in advance which is reflected in our calculations;
- g) The rents are subject to either EU HICP indexation adopted at the level of 1.90 %, MUICP indexation adopted at the level of 1.80% or ČSÚ CPI indexation adopted at the level of 2.00 %;
- h) Having regard to the current market situation in Prague we have adopted EMRV rates after expiration of the current lease agreements listed in the Section 6.4 Rental Value Consideration;
- i) After expiry of the current lease agreements we have adopted the annual indexation according to the EU HICP (at the level of 1.90 %, applied on the anniversary of signing the lease agreement);
- j) An 9-month expiry void period has been adopted after the current lease agreements expiry. The expiry void covers the leasing void as well as utility costs for vacant areas and the incentives for new tenants;
- k) We have adopted a 18-month initial void period for currently vacant premises;
- l) We have assumed that after initial void period a 5 years' lease contracts will be signed and our Market Rental Value will be applied;
- m) We have adopted an allowance in respect of non-recoverable operating expenses at the level of 1.00% of total gross income;
- n) We have adopted an allowance in respect of service charge shortfall of 25 CZK per sq m per month towards the currently vacant space applied in Year 1 totalling the amount of 1,253,673 CZK and 25 CZK per sq m per month towards half of the currently vacant space applied in Year 2 totalling the amount of 626,837 CZK;
- o) Leasing fees have been adopted at 15% of a lease annual income;
- p) Based on the facts and assumptions detailed above and given the nature of the Property, its location, income stream, position in the market and other attributes, we have applied an exit yield of 8.00% and discount rate of 8.75%. This results in an initial yield of 5.40% and a reversionary yield of 9.07%. Initial yield is low due to initial void period and vacancy in year 1 of the cash flow;

Based on the assumptions mentioned above we are of the opinion that the Market Value of the Property as at 31st December 2018 is estimated at the level of 243,500,000 CZK (Two Hundred and Forty-Three Million Five Hundred Thousand Czech Crowns)

7.5 SWOT Analysis

In considering the subject Property as investment opportunity, we would draw your attention to the following SWOT analysis:

Table 10: SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> • Good vehicular access; • Good visibility; • Good technical specification; 	<ul style="list-style-type: none"> • Not an established office location; • Current vacancy; • No direct metro connection; • Short unexpired lease term;
Opportunities	Threats
<ul style="list-style-type: none"> • Growing potential of Hloubětín/Vysočany area; • Future growth of Prague 9 office sub-market and office demand in the area; • Economic development of Czech Republic in the mid to long-term perspective; • Potential redevelopment to residential. 	<ul style="list-style-type: none"> • High vacancy rate within Prague 9 area; • Future pipeline of office development in Prague 9; • Reduced occupier demand.

Source: JLL

8 Valuation Conclusions

Having regard to the contents of this Report, we are of the opinion that the Market Value of Office Park Hloubětín, located in Prague 9, Czech Republic, subject to the assumptions outlined in the following Report, as at the valuation date, which is 31st December 2018, was in the region of:

MARKET VALUE

243,500,000 CZK (20,357CZK per sq m GLA)

(Two Hundred and Forty-Three Million Five Hundred Thousand Czech Crowns)

Market Value is understood as the value of the property estimated without regard to cost of sale or purchase, and without offset for any associated taxes (net of purchaser's cost). Therefore, no allowances have been made for any expenses of realization, or for taxation, which might arise in the event of a disposal. The Property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

Transaction costs typically comprise the following:

- a) Stamp duty is 4%; however, it is not applicable for the transfer of shares of an asset holding company.
- b) Court registration and Notarial fees: vary according to transaction, however these are not significant.
- c) The transfer of real estate is VAT exempt, except for transfers made within five years after the official completion of the construction.
- d) Agent's fees at 0.5 - 2% of purchase price plus VAT.

8.1 Confidentiality

This Valuation Report is provided for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its content. The basis of valuation may not be appropriate for other purposes and should not be so used without prior consultation with us.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any published document, circular or statement, nor published in any way without our written approval of the form and context in which it may appear.

Appendices

- Appendix 1 General Principles Adopted in the Preparation of Valuations and Reports
- Appendix 2 General Terms and Conditions of Business
- Appendix 3 Market Value Definition
- Appendix 4 Location map
- Appendix 5 Site map
- Appendix 6 Photographs
- Appendix 7 Extract from Land Register
- Appendix 8 Calculations

Appendix 1

General Principles Adopted in the Preparation of Valuations and Reports

General Principles

adopted in the preparation of Valuations and Reports

These General Principles should be read in conjunction with Jones Lang LaSalle's General Terms and Conditions of Business.

It is our objective to discuss and agree the terms of our instructions and the purpose and basis of the valuation, at the outset, to ensure that we fully understand and meet our client's requirements. Following are the general principles upon which our Valuations and Reports are normally prepared; they apply unless we have agreed otherwise and specifically mentioned the variation in the body of the report. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances, or to arrange for the execution of structural or site surveys, or any other more detailed enquiries.

1 Compliance with Regulations and Valuation Standards

The Valuation will be prepared in accordance with RICS Regulations by valuers who conform to the requirements thereof.

The 'RICS Standards' means the RICS Valuation - Global Standards June 2017, published by the Royal Institution of Chartered Surveyors (RICS). Compliance with the RICS Standards means that the Valuation and Services in this respect are also compliant with the International Valuation Standards published by the International Valuation Standards Council. A copy of RICS Valuation Standards is available for inspection upon request.

Where instructed to undertake the Valuation in accordance with RICS Standards (as stated in the Letter of Engagement) the Valuation and the Services will be carried out in accordance with the Polish Regulations and the RICS Standards. For the avoidance of doubt in the event of conflict the Polish Regulations, as an act of law, take precedence over the RICS Standards.

The 'Polish Standards' means the Common Domestic Rules of Valuation published by The Polish Federation of Valuers Associations. A copy of the Polish Standards is available for inspection upon request. Where instructed to undertake a Valuation in accordance with the Polish Standards (as stated in the Letter of Engagement) the Valuation and Services will be carried out in accordance with the Polish Regulations and the Polish Standards.

2 Valuation Basis:

Our reports state the purpose of the valuation and unless otherwise noted, the basis of valuation is as defined in the appropriate valuation standards. The full definition of the basis which we have adopted is either set out in our report or appended to these General Principles.

3 Disposal Costs Taxation and Other Liabilities:

No allowances are made for any expenses or realisation, or for taxation, which might arise in the event of a disposal.

All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon.

No allowance is made for the possible impact of potential legislation which is under consideration.

Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

4 Source of Information

We accept as being complete and correct the information provided to us by the sources listed, such as details of tenant, tenancies, tenant's improvements, planning consents and other relevant matters, as summarised in our report.

5 Documentation

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers.

6 Tenants:

Although we reflect our general understanding of a tenant's status in our valuations, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the terms of their lease and that there are no arrears of rent or undisclosed breaches of covenant.

7 Measurements:

We do not normally measure premises unless specifically requested and base our valuation on the information made available to us. Where measurement is undertaken this is normally carried out in accordance with either the relevant local codes or the Code of Measuring Practices issued by the Royal Institution of Chartered Surveyors, except in the case of agricultural properties or where we specifically state that we have relied upon another source.

8 Estimated Rental Value:

Our opinion of rental value is formed purely for the purposes of assisting in the formation of an opinion of capital value. It does not necessarily represent the amount that might be agreed by negotiation, or determined by an Expert, Arbitrator or Court, at rent review or lease renewal.

9 Town Planning and Other Statutory Regulations:

Information on town planning is, wherever possible, obtained verbally from the local planning authority and, if confirmation is required, we recommend that verification be obtained from lawyers that:-

- the position is correctly stated in our report;
- the property is not adversely affected by any other decisions made, or conditions prescribed, by public authorities;
- that there are no outstanding statutory notices.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EU regulations, including enactments relating to fire regulations.

10 Structural Surveys:

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we therefore do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair which we note during our inspection or costs of repair which are brought to our attention.

11 Deleterious Materials:

We do not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, wood wool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

12 Site Conditions:

We do not normally carry out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses or delays will be incurred during the construction period due to these matters.

13 Environmental Contamination:

Unless expressly instructed, we do not carry out site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

14 Outstanding Debts

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

15 Insurance:

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms, for example in regard to the following:

Composite Panels

Insurance cover for buildings incorporating certain types of composite panels may only be available subject to limitation, for additional premium, or unavailable. Information as to the type of panel used is not normally available. Accordingly, our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

Flood and Rising Water Table

Our valuations have been made on the assumption that the properties are insured against damage by flood and rising water table. Unless stated to the contrary, our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

16 Confidentiality

Our Valuations and Reports are confidential to the party to whom they are addressed for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

17 Statement of Valuation Approach:

We are required to make a statement on our valuation approach. In the absence of any particular statements in our report the following provides a generic summary of our approach.

The majority of institutional portfolios comprise income producing properties. We usually value such properties adopting the income approach to valuation, where we apply a discount rate to the current rent and, if any, future reversionary income streams. Following market practice we will either value properties using a discounted cash flow, incorporating an appropriate discount rate and exit yield, or we adopt a capitalisation rate applied to current and future income streams. If the latter approach is adopted we employ either hardcore or term and reversion methodology, the former where future reversions are generated from regular short term uplifts of market rent, the latter where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation.

Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable.

Where land is held for development we adopt the comparison method where there is good evidence, and/or the residual method, particularly on more complex and bespoke development proposals.

There are situations in valuations for accounts where we include in our valuation properties which are owner-occupied. These are valued on the basis of existing use value, thereby assuming the premises are vacant and will be required for the continuance of the existing business. Such valuations ignore any higher value that might exist from an alternative use.

Appendix 2

General Terms and Conditions of Business



General Terms and Conditions of Business

Introduction **When the Terms Apply**

These Terms of Business (the “Terms”) apply where Jones Lang LaSalle provides a service to a client and there is no written agreement for the provision of that service or if there is, to the extent that these Terms do not conflict with the terms of that written agreement. In the case of conflict between these Terms and the terms of any written agreement, the terms of the written agreement shall prevail to the extent of the conflict. Reference in these Terms to the agreement means the written or informal agreement that incorporates these Terms (the “Agreement”).

Jones Lang LaSalle

Jones Lang LaSalle means JONES LANG LASALLE s.r.o., with its seat at Praha 1, Na Příkopě 21, PSČ: 117 19, Identification No.: 24789704, registered with the Companies Register kept by the Municipal Court in Prague, Section C, File No. 174409 or the other member of the Jones Lang LaSalle group of companies that provides services or the relevant part of the services.

Service Level **Services**

Jones Lang LaSalle is to provide all services to the specification and performance level stated in writing or, if none is stated, to the specification and performance levels that it ordinarily provides in accordance with Jones Lang LaSalle’s duty of care as set out below. Any variations must be agreed in writing.

What is not included

Jones Lang LaSalle has no responsibility for anything that is beyond the scope of the service so defined.

In particular, it has no obligation to provide nor liability for:

- an opinion on price unless specifically instructed to carry out a formal valuation;
- advice, or failure to advise, on the condition of a property unless specifically instructed to carry out a formal survey;
- the security or management of property unless specifically instructed to arrange it;
- the safety of those visiting a property, unless that is specified in its instructions.

Valuations

Jones Lang LaSalle must comply with professional requirements for the rotation of valuers, and the implications of this are to be agreed in writing with those clients who require valuation services.

Liability and **Duty of Care to the Client**

Duty of Care

Jones Lang LaSalle owes to the client a duty to act with reasonable skill and care in providing services, complying with the client’s instructions where those instructions do not conflict with (a) these Terms, (b) the Agreement or (c) applicable law and professional rules, Jones Lang LaSalle is not obliged to carry out any instructions of the client which conflict with the applicable law, regulations and professional rules.

Liability to the Client

Jones Lang LaSalle has no liability for the consequences including delay in or failure to provide the services, of any failure by the client or any agent of the client:

- promptly to provide information or other material that Jones Lang LaSalle reasonably requires, or where that information or material is inaccurate or incomplete. The client warrants that, where it provides information or material to Jones Lang LaSalle, Jones Lang LaSalle is entitled to rely on its accuracy.
- to follow Jones Lang LaSalle's advice or recommendations.

The liability of Jones Lang LaSalle to the client for its own negligence causing death or personal injury or for fraud is unlimited, but otherwise its liability is:

- limited to 2 (two) times the fixed fees amount agreed with Jones Lang LaSalle per occurrence or series of occurrences arising from one event,
- excluded to the extent that the client, or someone on the client's behalf for whom Jones Lang LaSalle is not responsible is responsible,
- is excluded if caused by circumstances beyond Jones Lang LaSalle's reasonable control;
- excludes loss of profit, revenue and anticipated savings;
- excludes indirect, special and consequential loss,
- not (so far as permitted by law) increased by any implied condition or warranty,
- in any case limited to a maximum of EUR 1 million in aggregate.

Jones Lang LaSalle shall not be liable for any hidden defects in any real property sold, bought or leased, unless Jones Lang LaSalle was aware of these defect and did not inform the client hereof.

Liability to Third Parties

Jones Lang LaSalle owes no duty of care and has no liability to anyone but its client. No third party has any rights unless there is a specific written agreement to the contrary.

Liability for Others

Jones Lang LaSalle has no liability for products or services that it reasonably needs to obtain from others in order to provide services.

Jones Lang LaSalle may delegate to a third party the provision of any part of services, but if it does so:

- without the client's approval, Jones Lang LaSalle is responsible for what that third party does;
- with the client's approval or at the client's request, Jones Lang LaSalle is not responsible for what that third party does.

Protection of Employees

Apart from fraud or criminal conduct, no employee of the Jones Lang LaSalle group of companies has any personal liability to the client, and neither the client nor anyone representing the client will make a claim or bring proceedings against an employee or former employee personally.

Complaints Resolution Procedure

The client agrees that it will not take any action or commence any proceedings against Jones Lang LaSalle before it has first referred its complaint to Jones Lang LaSalle in accordance with Jones Lang LaSalle's complaints procedure, details of which are available upon request.

Liability to Jones Lang LaSalle

The client agrees to indemnify Jones Lang LaSalle against all third party claims (including without limitation all third party actions, claims, proceedings, loss, damages, costs and expenses) that relates in any way to the provision of services, except a liability that a court of competent jurisdiction decides (or Jones Lang LaSalle agrees) was caused by the fraud, wilful default or negligence of Jones Lang LaSalle or of a delegate for whom Jones Lang LaSalle is responsible under the Agreement.

Delivering the Service

Timetable

Jones Lang LaSalle is to use reasonable endeavours to comply with the client's timetable, but is not responsible for not doing so unless specifically agreed in writing. Even then, Jones Lang LaSalle is not liable for delay that is beyond its control.

E-mail and On-line Services

Jones Lang LaSalle may use electronic communication and systems to provide services, making available to the client any software required that is not generally available.

Insurance

Jones Lang LaSalle maintains appropriate insurance policies, in particular professional indemnity insurance.

Upon request Jones Lang LaSalle may provide evidence of such insurance.

Conflict of Interest

If Jones Lang LaSalle becomes aware of a conflict of interest it is to advise the client promptly and recommend an appropriate course of action.

Publicity

Neither Jones Lang LaSalle nor its client may publicise or issue any specific information to the media about services or its subject matter without the consent of the other.

Intellectual Property

All intellectual property rights in material supplied by the client belong to the client and in material prepared by Jones Lang LaSalle belong to Jones Lang LaSalle, unless otherwise agreed in writing. Each has a non-exclusive right to use the material provided for the purposes for which it is supplied or prepared. No third party has any right to use it without the specific consent of the owner.

Confidential Information

Each Party must keep confidential all confidential information and material of commercial value to the other Party of which it becomes aware but either Party may:

- use it to the extent reasonably required in providing services,
- disclose it if the other Party agrees,
- disclose it if required to do so by law, regulation or other competent authority.

This obligation continues for a period of two years after termination of the Agreement.

Jones Lang LaSalle will also comply with personal data protection regulations.

The effect of Termination on Client Material

On termination of the Agreement Jones Lang LaSalle may, to comply with legal, regulatory or professional requirements, keep one copy of all material it then has that was supplied by or on behalf of the client in relation to the service. The above does not apply to personal data. The client may request the return or destruction of all other client material (save for electronic back-ups).

Remuneration Not specified

Where the fees and expenses payable for services are not specified in writing, Jones Lang LaSalle is entitled to:

- the fee specified by an applicable professional body or, if none is specified, to a fair and reasonable fee by reference to time spent, and
- reimbursement of expenses properly incurred on the client's behalf.

Part Performance

Where services are not performed in full, Jones Lang LaSalle is entitled to a reasonable fee proportionate to the services provided as estimated by Jones Lang LaSalle.

VAT

The client must pay VAT at the rate then current on the issue of a valid VAT invoice.

Interest on Overdue Amounts

If an invoice is not paid in full within 28, Jones Lang LaSalle may charge the applicable statutory interest rate.

Miscellaneous Assignment

The client may assign the benefit of the Agreement, but must first obtain the written consent of Jones Lang LaSalle, which will not be unreasonably withheld.

Termination

The client or Jones Lang LaSalle may terminate the Agreement immediately by written notice to the other, if the other has not satisfactorily rectified a substantial or persistent breach of the Agreement within the reasonable period specified in an earlier notice to rectify it.

Effect of Termination on Claims

Termination of the Agreement does not affect any claims that arise before termination or the entitlement of Jones Lang LaSalle to its proper fees up to the date of termination or to be reimbursed its expenses.

Waiver and Severance

Failure to enforce any of these Terms is not a waiver of any right to subsequently enforce that or any other term of the Agreement.

The invalidity, illegality and unenforceability in whole or in part of any provisions of the Agreement shall not affect the validity, legality or enforceability of its remaining provisions which shall remain in full force and effect.

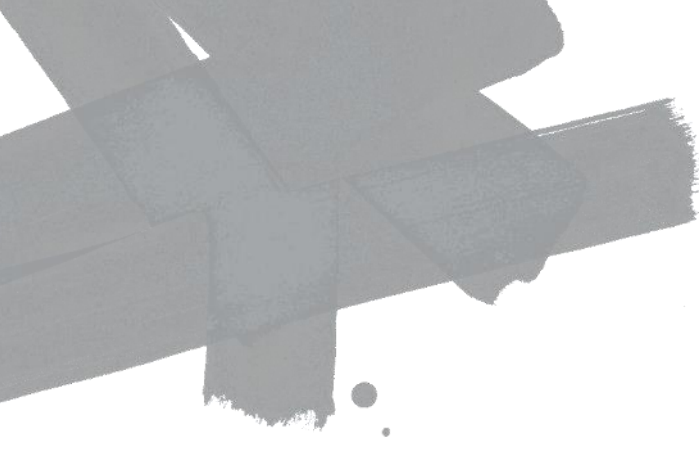
Notices

A notice is valid if in writing addressed to the last known address of the addressee and is to be treated as served:

- when delivered, if delivered by hand during normal business hours,
- when actually received, if posted by recorded delivery.

Governing Law and Jurisdiction

These General Terms and Conditions of Business and the terms of the instruction shall be governed and construed in accordance with the laws of Poland. All disputes shall be finally settled by the court of arbitration of the Polish Chamber of Commerce in Warsaw in accordance with the rules set forth for this court.



Office Park Hloubětín located in Prague 9, Czech Republic

Appendix 3

Market Value Definition

The Basis of Valuation

Our valuation is carried out on the basis of the property's **Market Value**. For the subject purposes the below Market Value definition under RICS meets the Fair Value measurement requirement under IFRS 13

Market value is defined in IVS 104 paragraph 30.1 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.’

4.1 **Market value** is a *basis of value* that is internationally recognised and has a long-established definition. It describes an exchange between parties that are unconnected and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, at the *valuation date*, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible – fuller treatment of this particular premise of value can be found at section 140 of IVS 104.

4.2 It ignores any price distortions caused by *special value* (an amount that reflects particular attributes of an asset that are only of value to a *special purchaser*) or *marriage value*. It represents the price that would most likely be achievable for an asset across a wide range of circumstances. Market rent (see below) applies similar criteria for estimating a recurring payment rather than a capital sum.

4.3 In applying *market value*, regard must also be had to the requirement that the valuation amount reflects the actual market state and circumstances as of the effective *valuation date*. The full conceptual framework for *market value* can be found at paragraph 30.2 of IVS 104.

4.4 Notwithstanding the disregard of *special value*, where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the asset in the future, the impact of that expectation is reflected in *market value*. Examples of where the expectation of additional value being created or obtained in the future may have an impact on the *market value* include:

- the prospect of development where there is no current permission for that development and
- the prospect of *marriage value* arising from merger with another property or asset, or interests within the same property or asset, at a future date.

4.5 The impact on value arising by use of an *assumption* or special *assumption* should not be confused with the additional value that might be attributed to an asset by a *special purchaser*.

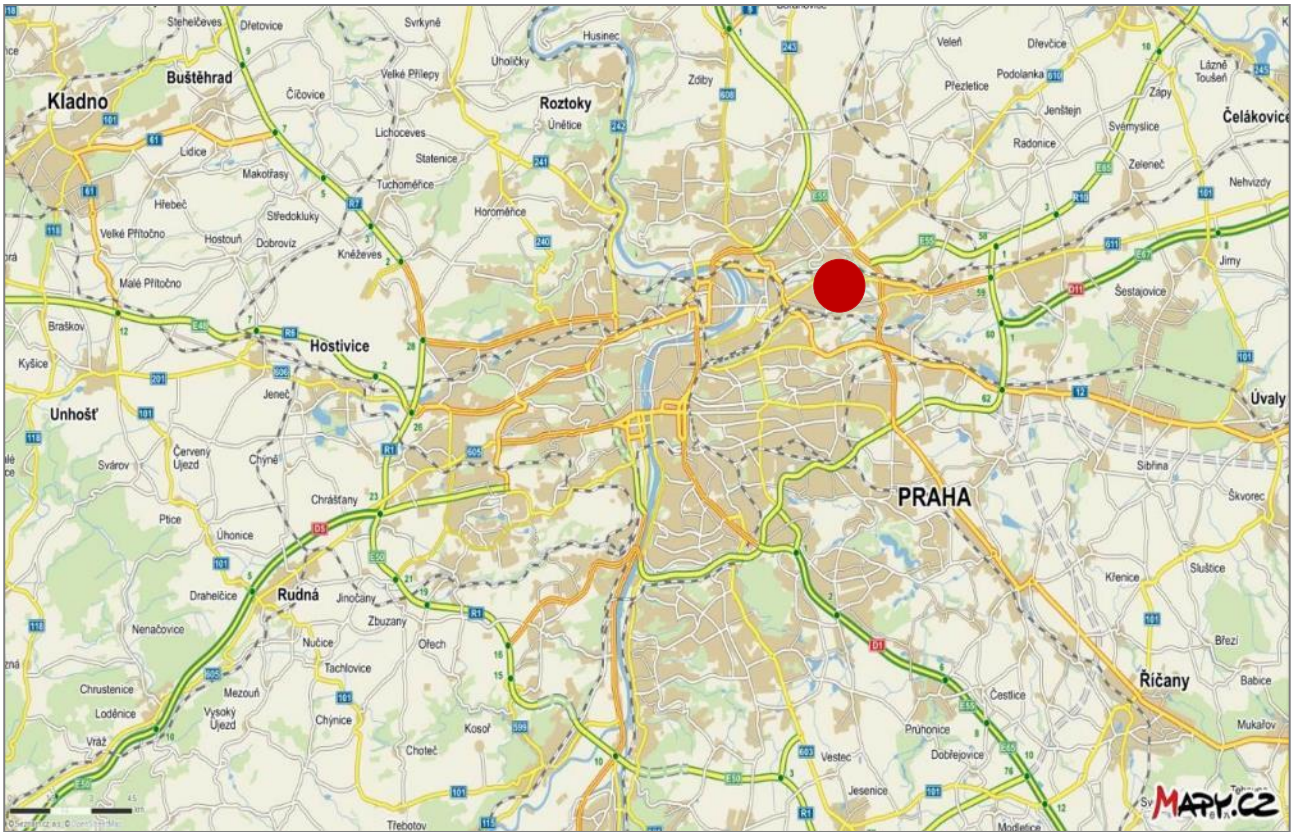
4.6 In some jurisdictions a *basis of value* described as ‘highest and best use’ is adopted and this may either be defined by statute or established by common practice in individual countries or states.

Appendix 4

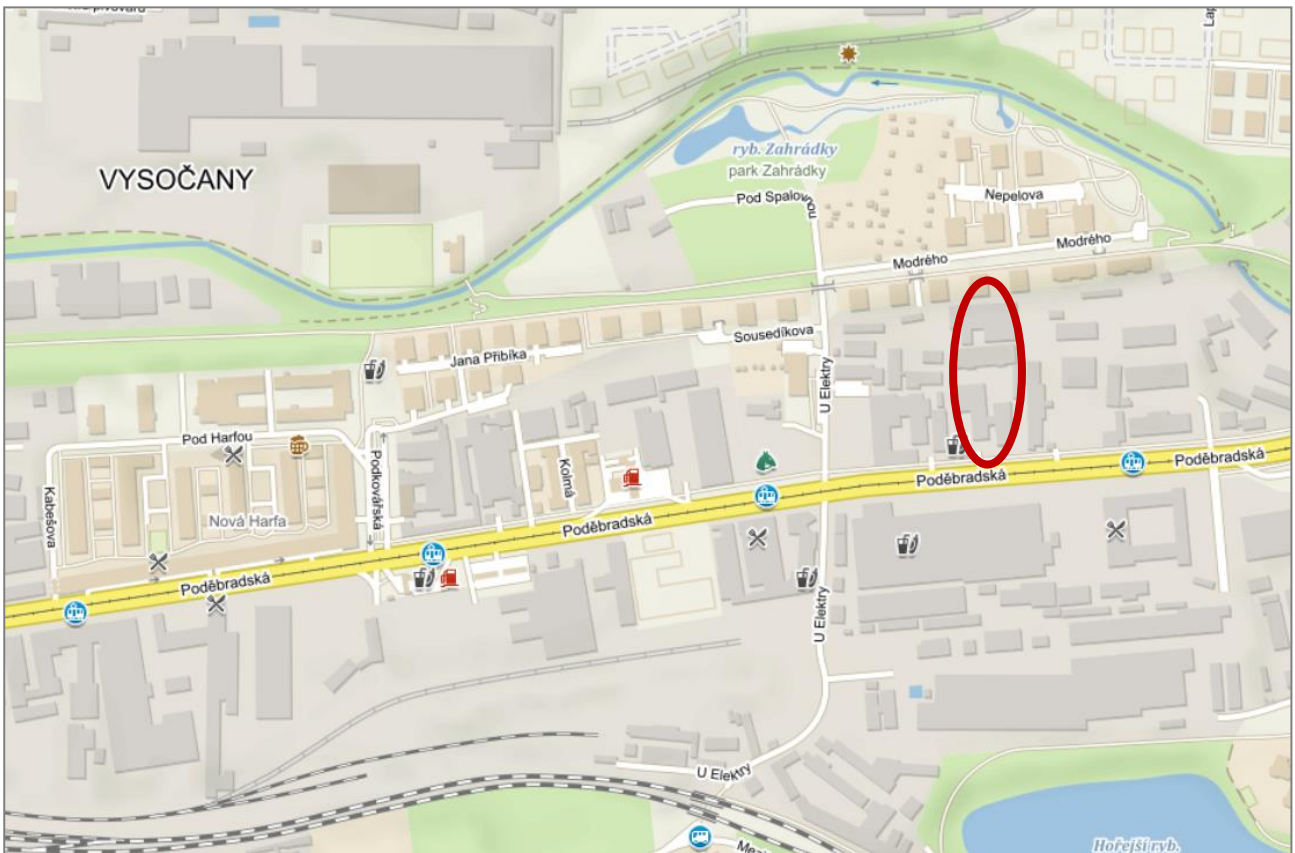
Location Map



Office Park Hloubětín located in Prague 9, Czech Republic



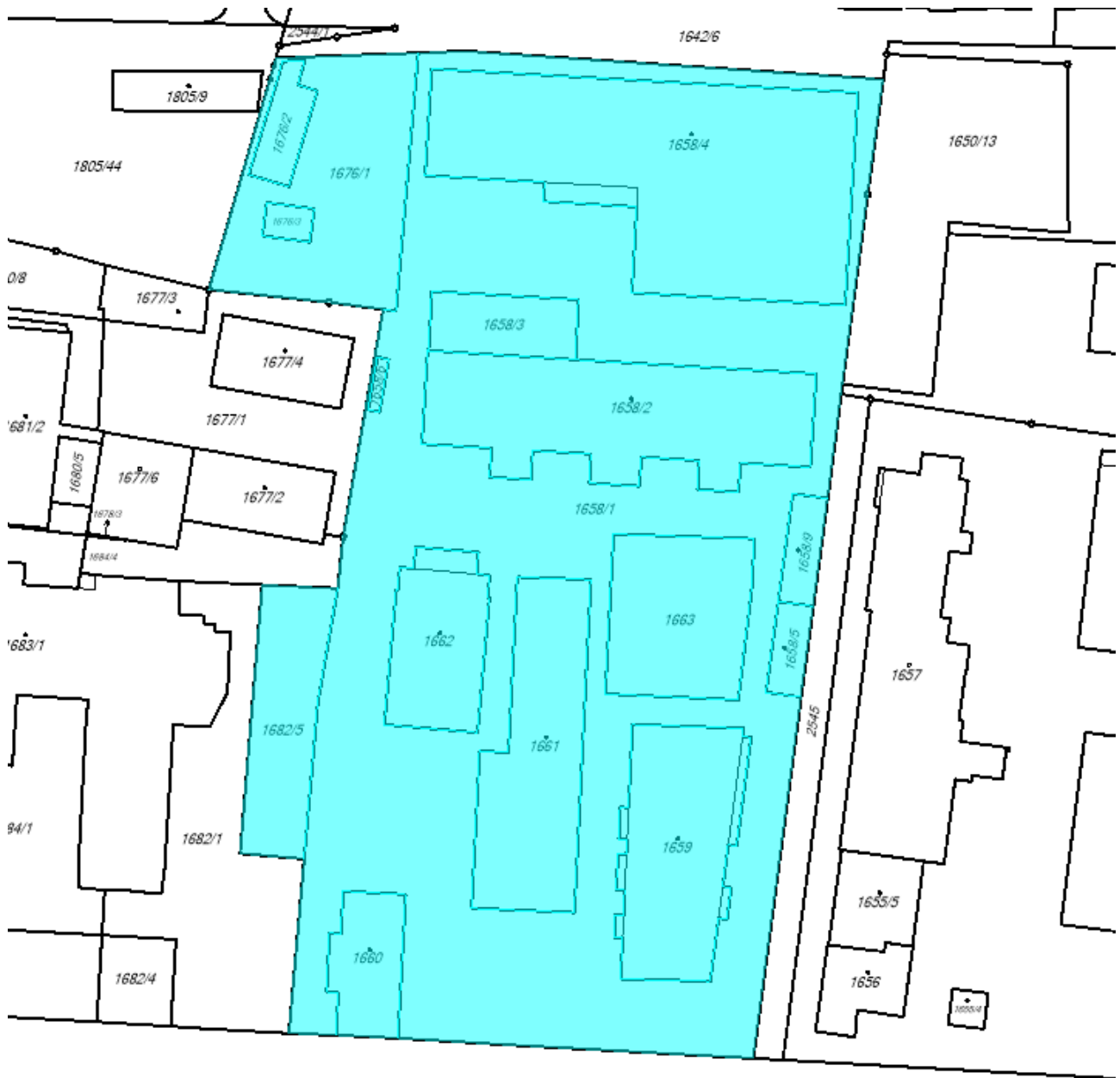
Source: <http://www.mapy.cz>



Source: <http://www.mapy.cz>

Appendix 5

Site Map



Source: <http://nahlizenidokn.cuzk.cz>

Appendix 6

Photographs





Office Park Hlobětín Exterior



Office Park Hlobětín Exterior



Building B - Exterior



Building B - Canteen



Building C - Exterior



Building C - Vacant Office Space



Building C – Vacant Office Space



Building C – Occupied Office Space



Building D – Front Façade



Building D – Occupied Office Space



Building D – Occupied Office Space



Building D – Rear Façade



Building E – Exterior



Building E – Technical Room



Building F – Exterior



Building F – Vacant Office Space



Building F – Vacant Office Space



Building G – Storage Exterior



Building G – Vacant Storage



Building G – Exterior



Building G – Occupied Office Space



Building A – Exterior



Building A – Vacant Office Space



Building A – Kitchen

Appendix 7

Extract from Land Register

VÝPIS Z KATASTRU NEMOVITOSTÍ

prokazující stav evidovaný k datu 31.12.2018 00:00:00

Okres: CZ0100 Hlavní město Praha

Obec: 554782 Praha

Kat.území: 731234 Hloubětín

List vlastnictví: 3035

V kat. území jsou pozemky vedeny v jedné číselné řadě

A Vlastník, jiný oprávněný	Identifikátor	Podíl
Vlastnické právo FINEP Hloubětín a.s., Havlíčkova 1030/1, Nové Město, 11000 Praha 1	26511771	

B Nemovitosti

Pozemky Parcela	Výměra[m2]	Druh pozemku	Způsob využití	Způsob ochrany
1658/1	6817	ostatní plocha	jiná plocha	
1658/2	1180	zastavěná plocha a nádvoří		
Součástí je stavba: bez čp/če, jiná st. Stavba stojí na pozemku p.č.: 1658/2				
1658/3	257	ostatní plocha	jiná plocha	
1658/4	2054	zastavěná plocha a nádvoří		
Součástí je stavba: bez čp/če, jiná st. Stavba stojí na pozemku p.č.: 1658/4				
1658/5	95	zastavěná plocha a nádvoří		
Součástí je stavba: bez čp/če, jiná st. Stavba stojí na pozemku p.č.: 1658/5				
1658/6	18	ostatní plocha	jiná plocha	
1658/9	113	zastavěná plocha a nádvoří		
Součástí je stavba: bez čp/če, prům.obj Stavba stojí na pozemku p.č.: 1658/9				
1659	806	zastavěná plocha a nádvoří		
Součástí je stavba: bez čp/če, obč.vyb Stavba stojí na pozemku p.č.: 1659				
1660	283	zastavěná plocha a nádvoří		
Součástí je stavba: Hloubětín, č.p. 88, bydlení Stavba stojí na pozemku p.č.: 1660				
1661	854	zastavěná plocha a nádvoří		
Součástí je stavba: bez čp/če, obč.vyb Stavba stojí na pozemku p.č.: 1661				
1662	471	zastavěná plocha a nádvoří		
Součástí je stavba: bez čp/če, jiná st. Stavba stojí na pozemku p.č.: 1662				
1663	652	ostatní plocha	jiná plocha	
1676/1	1009	ostatní plocha	jiná plocha	
1676/2	136	ostatní plocha	jiná plocha	
1676/3	47	ostatní plocha	jiná plocha	

B1 Věcná práva sloužící ve prospěch nemovitostí v části B - Bez zápisu

C Věcná práva zatěžující nemovitosti v části B včetně souvisejících údajů

Typ vztahu

Nemovitosti jsou v územním obvodu, ve kterém vykonává státní správu katastru nemovitostí ČR
Katastrální úřad pro hlavní město Prahu, Katastrální pracoviště Praha, kód: 101.
strana 1

VÝPIS Z KATASTRU NEMOVITOSTÍ

prokazující stav evidovaný k datu 31.12.2018 00:00:00

Okres: CZ0100 Hlavní město Praha

Obec: 554782 Praha

Kat.území: 731234 Hloubětín

List vlastnictví: 3035

V kat. území jsou pozemky vedeny v jedné číselné řadě

Typ vztahu

o **Zástavní právo smluvní**

veškeré pohledávky do celkové výše 320 000 000,- Kč s příslušenstvím, které vzniknou do 31.12.2032

Oprávnění pro

J & T BANKA, a.s., Pobřežní 297/14, Karlín, 18600 Praha
8, RČ/IČO: 47115378

Povinnost k

Parcela: 1658/1, Parcela: 1658/2, Parcela: 1658/3, Parcela: 1658/4, Parcela:
1658/5, Parcela: 1658/6, Parcela: 1658/9, Parcela: 1659, Parcela: 1660, Parcela:
1661, Parcela: 1662, Parcela: 1663, Parcela: 1676/1, Parcela: 1676/2, Parcela:
1676/3

Listina Smlouva o zřízení zástavního práva podle obč.z. ze dne 30.05.2018. Právní účinky zápisu ke dni 31.05.2018. Zápis proveden dne 22.06.2018.

V-37170/2018-101

Pořadí k 31.05.2018 13:32

o **Zákaz zřízení a zatížení**

po dobu trvání zástavního práva V-37170/2018-101

Oprávnění pro

J & T BANKA, a.s., Pobřežní 297/14, Karlín, 18600 Praha
8, RČ/IČO: 47115378

Povinnost k

Parcela: 1658/1, Parcela: 1658/2, Parcela: 1658/3, Parcela: 1658/4, Parcela:
1658/5, Parcela: 1658/6, Parcela: 1658/9, Parcela: 1659, Parcela: 1660, Parcela:
1661, Parcela: 1662, Parcela: 1663, Parcela: 1676/1, Parcela: 1676/2, Parcela:
1676/3

Listina Smlouva o zřízení zástavního práva podle obč.z. ze dne 30.05.2018. Právní účinky zápisu ke dni 31.05.2018. Zápis proveden dne 22.06.2018.

V-37170/2018-101

Pořadí k 31.05.2018 13:32

o **Věcné břemeno zřizování a provozování vedení**

- blíže specifikováno v článku III. sml.

Oprávnění pro

PREdistribuce, a.s., Svornosti 3199/19a, Smíchov, 15000
Praha 5, RČ/IČO: 27376516

Povinnost k

Parcela: 1658/5

Listina Smlouva o zřízení věcného břemene - úplatná č. sml.: VV/G33/12956/1841656 ze dne 10.09.2018. Právní účinky zápisu ke dni 18.09.2018. Zápis proveden dne 24.10.2018.

V-63205/2018-101

Pořadí k 18.09.2018 08:09

D Poznámky a další obdobné údaje - Bez zápisu

Flomby a upozornění - Bez zápisu

E Nabývací tituly a jiné podklady zápisu

Listina

Nemovitosti jsou v územním obvodu, ve kterém vykonává státní správu katastru nemovitostí ČR
Katastrální úřad pro hlavní město Praha, Katastrální pracoviště Praha, kód: 101.

strana 2

VÝPIS Z KATASTRU NEMOVITOSTÍ

prokazující stav evidovaný k datu 31.12.2018 00:00:00

Okres: CZ0100 Hlavní město Praha

Obec: 554782 Praha

Kat.území: 731234 Hloubětín

List vlastnictví: 3035

V kat. území jsou pozemky vedeny v jedné číselné řadě

Listina

- o Smlouva kupní ze dne 10.11.2017. Právní účinky zápisu ke dni 10.11.2017. Zápis proveden dne 06.12.2017.

V-81049/2017-101

Pro: FINEP Hloubětín a.s., Havlíčkova 1030/1, Nové Město, 11000
Praha 1

RČ/IČO: 26511771

F Vztah bonitovaných půdně ekologických jednotek (BPEJ) k parcelám - Bez zápisu

Nemovitosti jsou v územním obvodu, ve kterém vykonává státní správu katastru nemovitostí ČR:
Katastrální úřad pro hlavní město Prahu, Katastrální pracoviště Praha, kód: 101.

Vyhotovil:

Český úřad zeměměřičký a katastrální - SCD
Vyhotoveno dálkovým přístupem

Vyhotoveno: 16.04.2019 11:42:09

Podpis, razítko:

Řízení PÚ:

Appendix 8

Calculations



Financial Sheet

Office Park Hloubětín

Cash Flows calculated monthly All figures shown are annuities										
	1.1.2019 31.XII.2019	1.1.2020 31.XII.2020	1.1.2021 31.XII.2021	1.1.2022 31.XII.2022	1.1.2023 31.XII.2023	1.1.2024 31.XII.2024	1.1.2025 31.XII.2025	1.1.2026 31.XII.2026	1.1.2027 31.XII.2027	1.1.2028 31.XII.2028
YEAR	1	2	3	4	5	6	7	8	9	10
TOTAL INCOME	14,689,800	11,755,557	21,079,116	20,768,306	20,086,192	21,757,826	19,878,077	21,783,215	23,786,506	24,197,427
EXPENSES % on income										
Service Charge Shortfall	0.00%	1,253,673	626,837	0	0	0	0	0	0	0
Vacancy rate	0.00%	0	0	0	0	0	0	0	0	0
Unpaid Rent	0.00%	0	0	0	0	0	0	0	0	0
Other Non-Recoverable Costs	1.00%	293,796	235,111	210,791	207,683	200,862	217,578	198,781	217,832	237,865
Other Costs (e.g. ground rent)	Amount	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES 10.53%	1,547,469	861,948	210,791	207,683	200,862	217,578	198,781	217,832	237,865	241,974
NET OPERATING INCOME	13,142,331	10,893,609	20,868,325	20,560,623	19,885,331	21,540,247	19,679,296	21,565,382	23,548,641	23,955,453
RUNNING YIELD (After CAPEX)	5.40%	4.47%	8.57%	8.45%	8.17%	8.85%	8.08%	8.86%	9.67%	9.84%
DISCOUNT RATE 8.75%										
monthly in advance										
NPV NET INCOME	12,661,661	9,520,080	16,983,946	15,389,223	13,684,618	13,622,669	11,490,189	11,510,676	11,585,268	10,837,155
										120,121,611
EXIT YIELD 8.00%										
YIELD on EMRV 9.07%										
AVERAGE YIELD 8.04%										
CAPEX + Fit-out + Letting fees (nominal) Amount	1,955,657	994,289	67,004	104,805	1,525,588	0	0	0	0	0
CAPEX + Fit-out + Letting fees (discounted) Amount	1,882,445	880,062	54,535	78,438	1,049,905	0	0	0	0	0
MARKET VALUE as at (after capex) 243,500,000 CZK										
										20,357 / per sqm

275,980,269
Exit Value



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