

# STATEMENT

Evaluation of the fair value of the investment properties owned by Sponda PLC  
Moscow, Russia

*Sponda Public Limited Company*

**Date of Valuation: December 31, 2019**

# EVALUATION OF THE FAIR VALUE OF THE INVESTMENT PROPERTIES

## Our Assignment

In accordance with the engagement contract #19/10-135CV dated October 17, 2019 between Sponda Plc (hereinafter referred to as “the Client”, “the Company” or “Sponda”) and CB Richard Ellis LLC, we have estimated the Fair Value of the real estate properties.

The Fair Value of the Sponda real estate Portfolio was estimated in accordance with RICS Valuation – Professional Standards 2017 (the “Standards”). Our calculations were conducted for accounting purposes. It may not be reproduced or used for any purpose other than the purpose stated above without the prior written consent of *CB Richard Ellis LLC* in each specific instance.

The Portfolio covered in our analysis consists of 2 (two) operational properties held for investment purposes and 2 (two) land plots proposed for the future development; the assets are described in Appendix 1 of this Statement. Our calculations covered the properties which we believe are owned by the Client or its subsidiaries. CBRE made relevant enquiries in order to provide our opinion of the Fair Value of the Property Portfolio as at December 31, 2019.

We confirm that we provide this advice as external valuers and we are not aware of any conflict of interest or potential conflict of interest arising in carrying out this instruction.

## Approach

In accordance with the Standards, our valuations have been prepared on the basis of Fair Value. There are two definitions of Fair Value defined in the Standards:

- “The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties” (definition adopted by the International Valuation Standards Council - IVSC);
- “The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date” (definition adopted by the International Accounting Standards Board - IASB).

According to Point 2 of the Comments in VS 3.5, “In applying the IVS definition, reference should be made to paragraphs 39-43 of the IVS Framework”. According to paragraph 40 of the IVS Framework, “The International Valuation Standards Board (IVSB) considers that the definitions of fair value in IFRS are generally consistent with market value”.

In order to calculate the Fair Value of the Western Realty (Ducat Place II) we used the Income Approach, adopting a 5-year discounted cash flow method to arrive at a Net Present Value. We have based our valuation on the commercial terms provided to us by the Client in the tenancy schedule. In order to arrive at our conclusions regarding estimated rental values (ERV), we took into account opinion of CBRE’s leasing agents, who have deep knowledge of Moscow office market, contracted rental rates within the Property as well as rental rates in comparable projects.

Taking into account the size and the format of the Meliora Place office centre we relied on the results of Sale Comparison Approach to estimate the Fair Value of this Property. We have used gross floor areas as shown in the title documents.

Given that there are no any construction permits for the land plots we relied on the results of Sale Comparison Approach to estimate the Fair Value of these Land plots.

This valuation was based on the assumption that the Properties have clear title and are free from any actual or pending encumbrances, disputes, claims etc.

We have relied upon the rentable areas, tenancy schedules, current rental rates and operating expenses as provided to us by the Client. We have not made check measurements to verify any areas and have assumed that all areas provided for the Properties and site areas are complete and correct.

The Properties were inspected in the period between May 20, 2015 and October 26, 2018. We have been confirmed by the Client that no significant changes that could affect the value of the Properties have occurred in the period between the inspection and valuation dates.

We have not undertaken structural surveys or tested any of the services. At the time of our inspection, the Properties generally appeared to be in a reasonable state of repair and decoration commensurate with age and use. We have not been provided with a copy of any building surveys or structural reports and have assumed that there are no defects that could have an impact on value.

For the avoidance of doubt, we have not undertaken any environmental audits or other environmental investigations or soil surveys at the Properties that may draw attention to the existence of any contamination or the possibility of any such contamination. We have not carried out any investigation into past or present uses of the Properties nor of any neighbouring land to establish whether there is any potential for contamination from these uses or sites adjacent to the Properties, and have therefore assumed that none exists.

*CB Richard Ellis LLC* will not assume any responsibility or liability for losses occurred to Sponda Plc, or other parties, as a result of the circulation, publication, reproduction or use of this Statement contrary to the provisions stated. We wish to emphasise that our liability rests with Sponda Plc and that we are under no obligation, contractual or otherwise, to any other parties.

### **Market Conditions**

We would draw your attention to the fact that the current volatility and uncertainty in the Russian economy and financial market has created a significant degree of turbulence in commercial real estate market. Without stable market conditions, limited liquidity in the market and transaction evidence, it is very difficult to quantify with any degree of certainty the fair value of real estate assets. Whilst we believe our valuation is a reasonable assessment of the value of the individual assets it may also be difficult to achieve a sale of some assets in the short-term. We would therefore recommend that the situation and the valuations are kept under regular review, and that specific marketing advice is obtained should you wish to effect a disposal.

## MARKET COMMENTARY

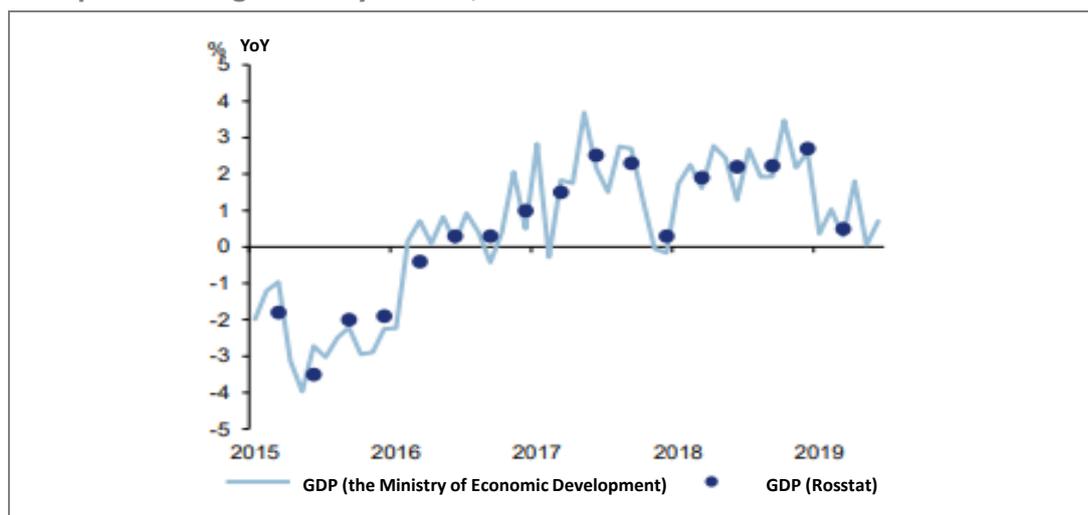
### Macroeconomic Analysis of Russia

Based on the Ministry of Economic Development data, in Q2 2019 GDP growth showed a weak dynamic of 0,8% YoY after 0,5% YoY in January-March 2019. The total growth of GDP for six months of 2019 is rated at the level of 0.7% YoY.

The weak growth of GDP in Q2 2019 resulted from a low internal demand against the tight fiscal and monetary policy together with the negative dynamic of external demand under the slowdown in global growth. Considering the above, GDP growth in H2 2019 is expected to be at the level of 1.6-1.8% YoY allowing to meet the forecast of the Ministry of Economic Development of the Russian Federation regarding 1.3% YoY GDP growth in 2019.

The main positive contribution to GDP growth rate in Q2 2019 was made by industrial production (0.8 p.p.). Whereas the growth in other sectors (trading, construction, transport and logistics complex) was insignificant.

**Graph 1. GDP growth dynamics, %**



Source: Rosstat, Russian Federal State Statistics Service estimations Q2 2019, The Ministry of Economic Development of the Russian Federation

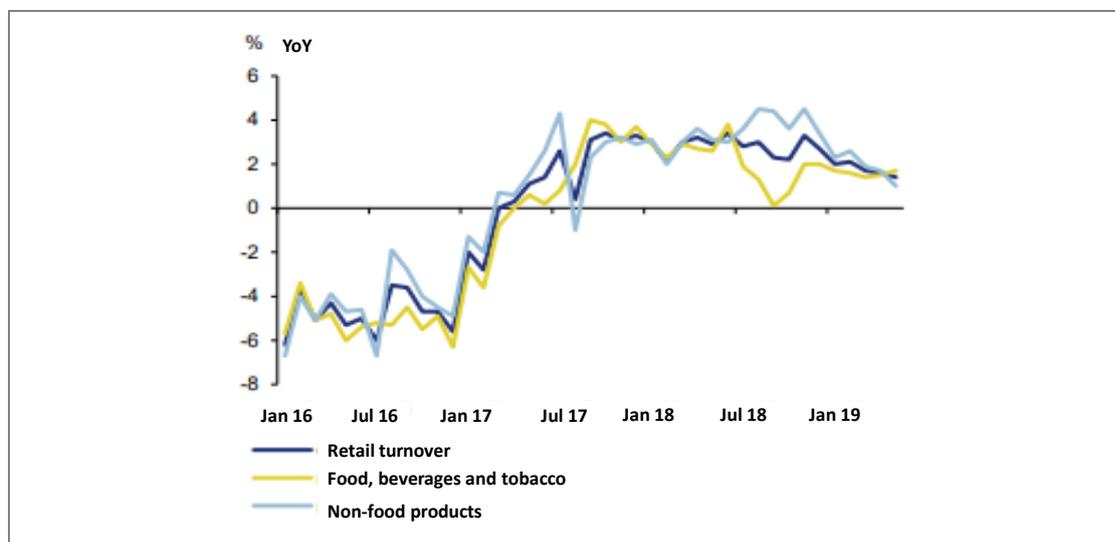
In accordance with the Russian Federal State Statistics Service (Rosstat) data the industrial production output in June 2019 increased by 3,3% YoY, and by 2,6% YoY for six months of 2019. Excluding the calendar effects, the manufacturing growth in June 2019 was estimated at 4.2% YoY.

The inflation growth in Russia in six months of 2019 was 2.5%. At the same time inflation for the same period of last year, was 2.1%.

The Central Bank annual inflation forecast was reduced from 5.0-5.5% to 4.7-5.2% by the end of the year, taking into account the reduction of short-term inflation risks. The regulator predicts a return to 4% in the first half of 2020, follows from the published materials.

The retail turnover in June as well as in May increased by 1.4% YoY. The cargo turnover in June 2019 showed a slow growth of 0.3% YoY compared to 0,9% YoY in May.

**Graph 2. Retail turnover growth rate**



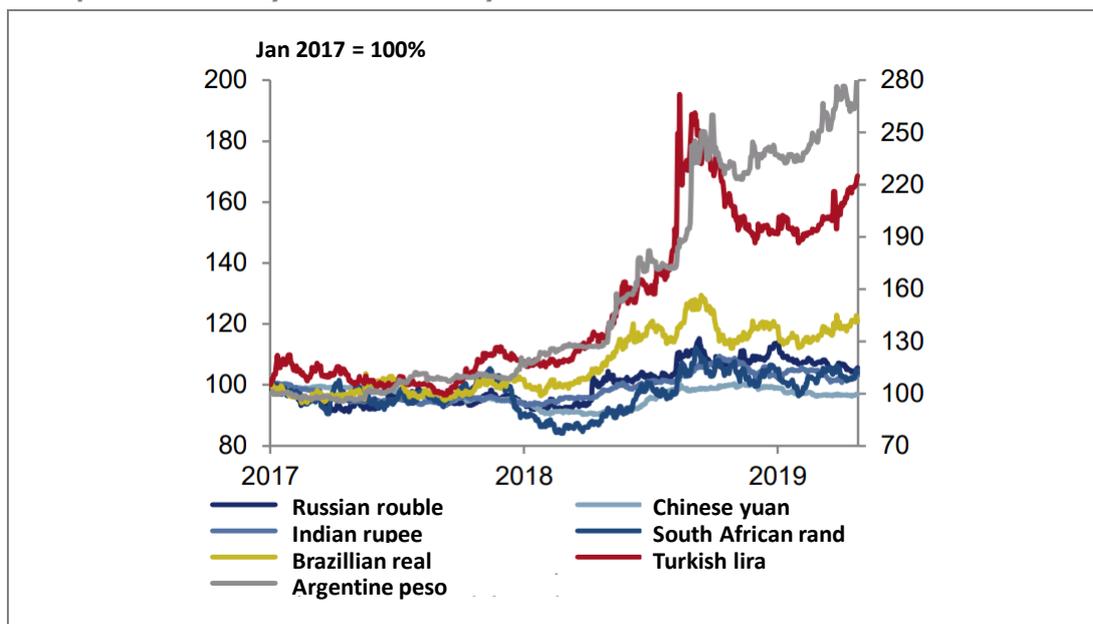
Source: Central Bank, The Ministry of Economic Development of the Russian Federation

Based on the data available on the official website of The Ministry of Economic Development of the Russian Federation, in July 2019 the average price for Urals crude oil was at the level of \$63.40 per barrel.

Price formation in the oil market will depend on supply dynamic. The production of shale oil in the USA will continue its expanding, all the infrastructural limitations for oil transportation will be eliminated in 2019.

Oil supply increase will be sustained by expansion of oil production in Saudi Arabia, Russia and other OPEC countries. Thus, a progressive reduction in prices for Urals crude oil is expected from \$63.40 per barrel in 2019 to \$53.5 per barrel by 2024.

The trend can be observed in import decline as well as the strengthening of the Russian currency. In June 2019 the import of goods from foreign countries decreased by 6.5% YoY despite the strengthening of the Russian currency by 5.8% in January-June 2019.

**Graph 3. Currency fluctuations dynamics**

Source: Bloomberg, The Ministry of Economic Development of the Russian Federation

The Ministry of Finance of the Russian Federation forecasts the depreciation of the national currency in a longer-term perspective, starting from autumn. The forecast for December 2019 is 65-70 Roubles per 1 US Dollar.

## Moscow Office Market Overview Q3 2019

### Supply

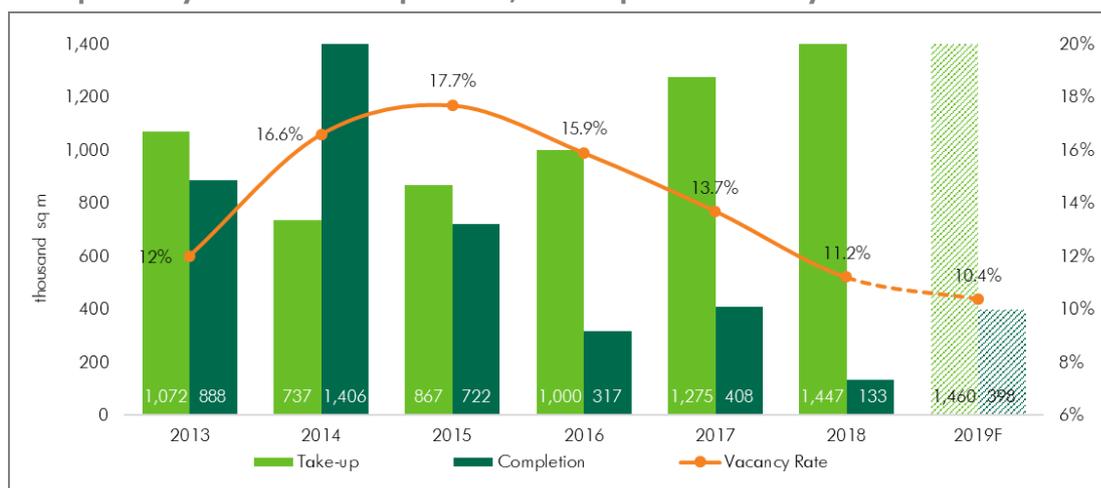
New supply volume is gradually recovering from the minimum of 2018. In Q1-Q3 2019, 226,600 sq m of office space was commissioned, which is 2.2 times more than at the same period in 2018 and higher at 70% for 2018 (133,300 sq m).

For the first 9 months of 2019 almost half of the new supply completed in Q3. Total leasable area of 5 new business centres accounted to 106,900 sq m. 64% of the new supply belongs to Class B.

According to developers in Q4 2019 completions volume will reach more than 200,000 sq m and will account to 430,000 sq m for 2019. At the same time we expect 40% of the completion volume in Q4 can be postponed to next year.

In spite of sensitive supply increase in Q3 2019, in January – September 2019 vacancy rate has reduced by 1 p.p. and amounted to 10.3%. About half of the new supply was already pre-let or purchased for owner occupation at the end of construction.

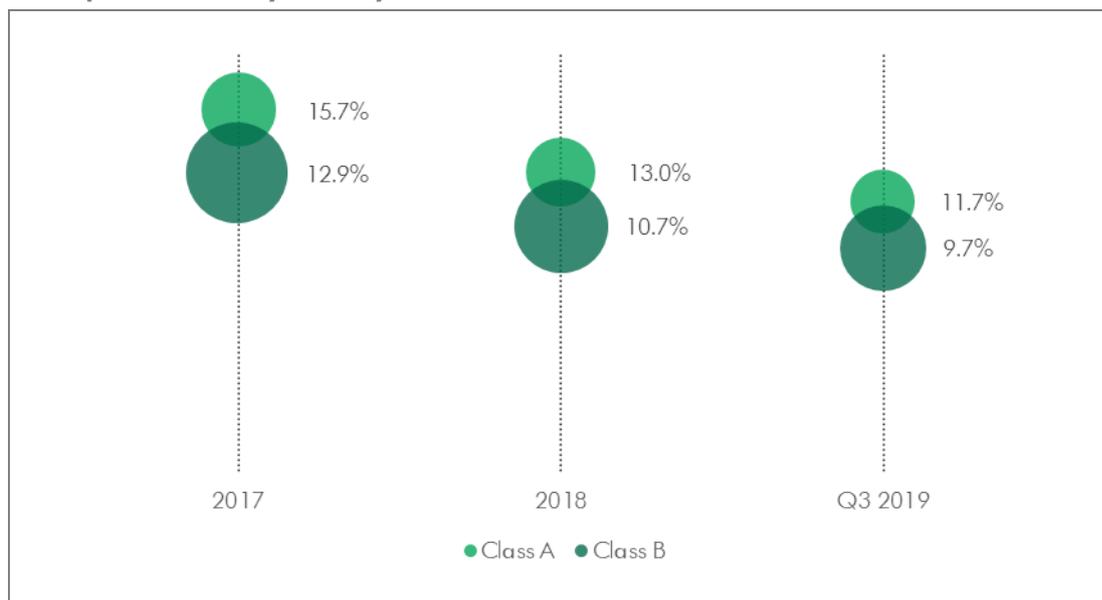
**Graph 4. Dynamics of completions, take-up and vacancy rate**



Source: CBRE Research

The overall vacancy decreased in both classes: in Class A dropped to 11.7% (-0.8 p.p. to Q2 2019), in Class B reduced to 9.7% (-1.2 p.p.).

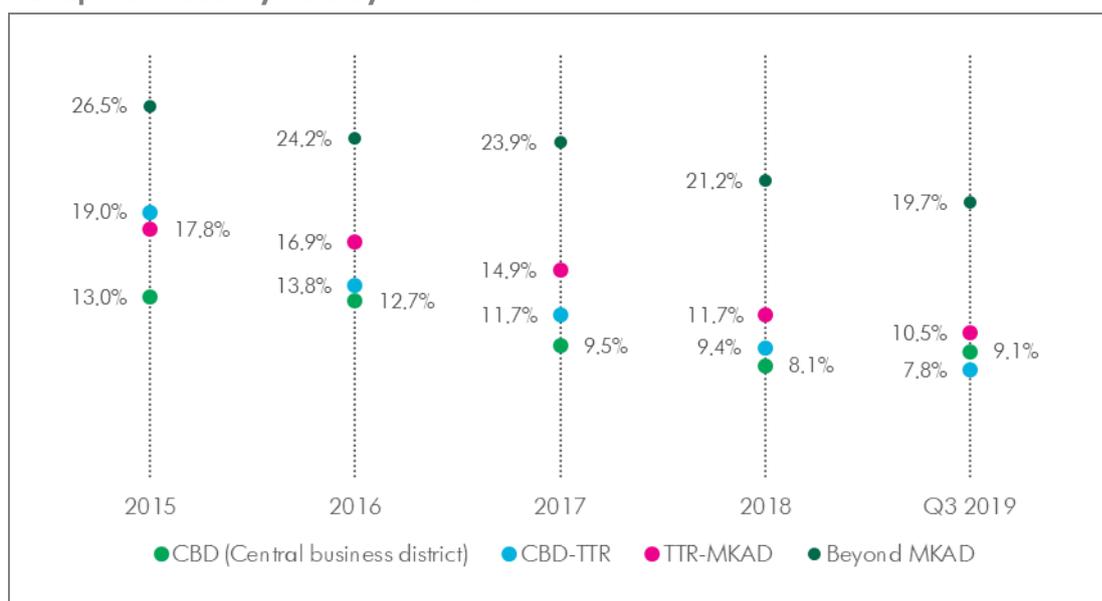
According to our forecasts, vacancy rate in Class A, B will not change significantly at the end of 2019.

**Graph 5. Vacancy rate by class**

Source: CBRE Research

In Q3 2019 the lowest vacancy rate observed in the area between Central Business District and Third Transport Ring (7.8%).

After a 1.5 year, Moscow-City business district was increased by one Class B business centre in Q3 2019 – OKO, Phase II multifunctional complex (GLA 26,749 sq m) – thus the total supply reached 1.18 million sq m. At the same time, vacancy rate continued to decline and amounted 10.6% (125,000 sq m in absolute).

**Graph 6. Vacancy rate by location**

Source: CBRE Research

## Demand

In January-September 2019 take-up amounted to 1.16 mln sq m, which is 20% more than at the same period in 2018 and amounted the maximum value since 2008. It is a stable growth (20% in average pa) from 2015. It's important to note that 45% of total take-up in 2019 was leased and bought in Q3 period.

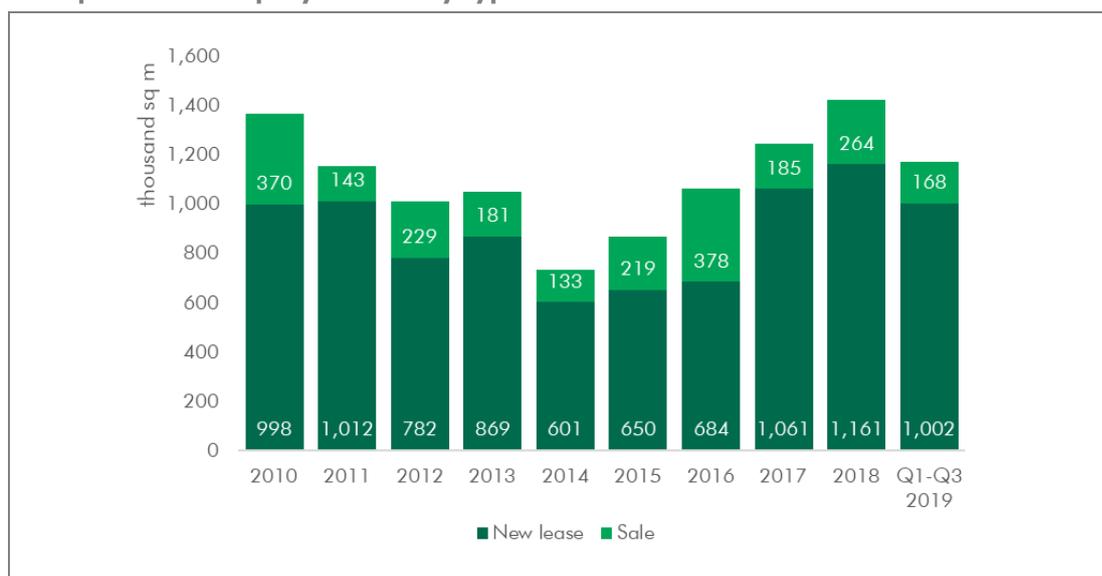
In Q1-Q3 2019 the demand structure has slightly changed – share of leasing activity reached 86%, decreased by 5 p.p. to the same period last year (1 mln sq m in absolute terms). Total volume of the purchased office premises accounted to 168,000 sq m, almost one third are under construction and built-to-suit projects.

**Graph 7. Take-up dynamics**



Source: CBRE Research

**Graph 8. Take-up dynamics by type of deal**



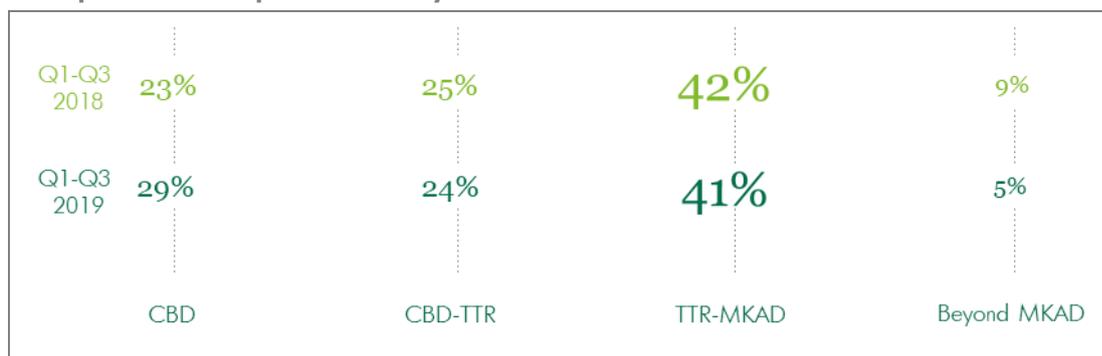
Source: CBRE Research

According to Q1-Q3 results the net absorption volume reached 360,000 sq m which is 30% less the same period in 2018 (518,000 sq m). We expect the net absorption in H2 2019 can be amounted to 500,000 sq m.

In Q1-Q3 2019 the demand generated by tenants and buyers of office space in Class A was concentrated in CBD. However, due to continuing deficit of the new office projects in future in city centre, we expect demand relocation beyond CBD, transactions volume inside Garden Ring will be formed by released office areas.

In Class B, the bulk of transactions (49%) was recorded in the area between TTR and MKAD, which has the largest amount of available office space for lease or sale.

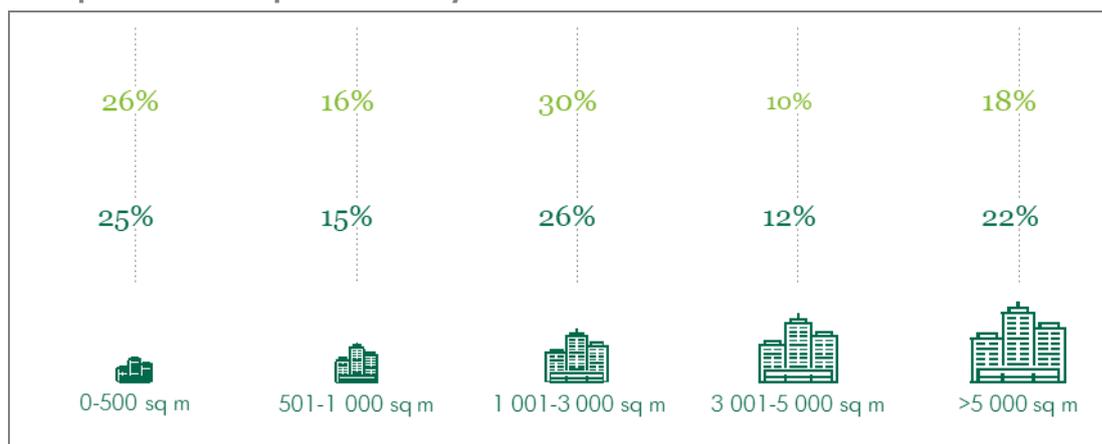
**Graph 9. Take-up structure by location**



Source: CBRE Research

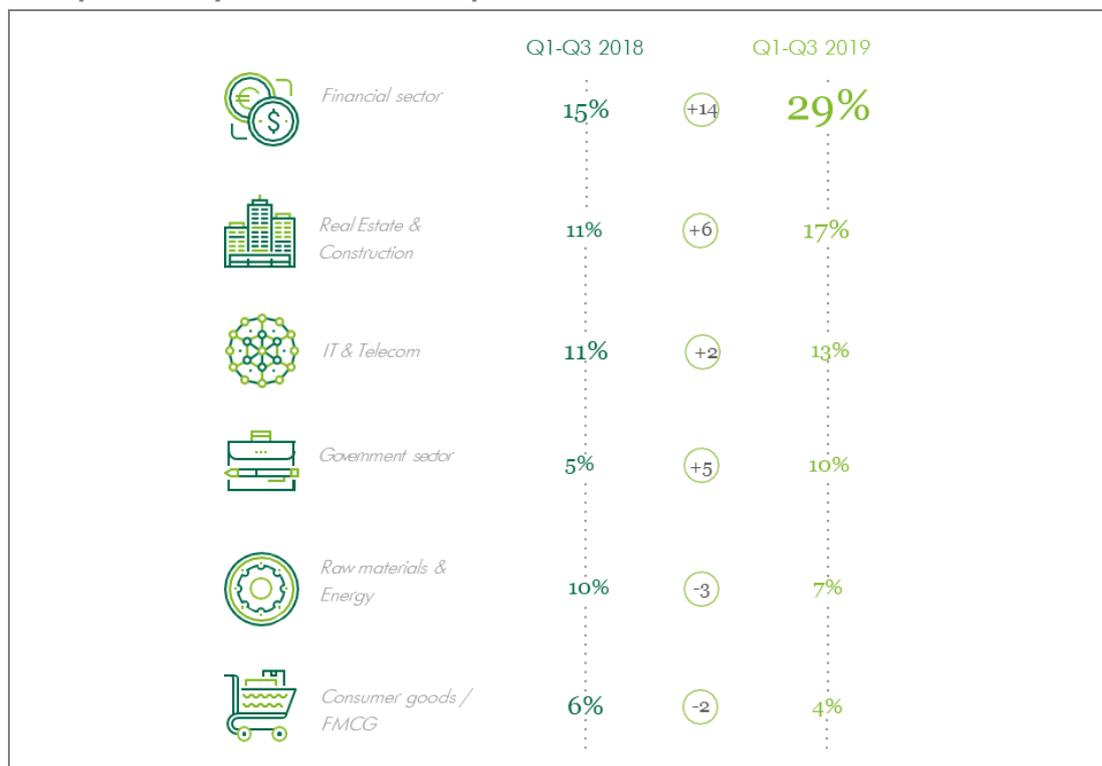
In terms of office size, the main demand volume distributed by medium (1,000 – 3,000 sq m) and smaller than 500 sq m sized office premises. Despite of growing activity for large-sized (more than 5,000 sq m) offices, the number of transactions has not changed.

**Graph 10. Take-up structure by deal size**



Source: CBRE Research

Graph 11. Key sectors in take-up structure



Source: CBRE Research

Table 1. Key deals in Q1-Q3 2019

Company	Area, sq m	Business centre	Type of deal	Class
Raiffeisen Bank	34,000	Nagatino i-Land	Pre-sale	B
Moscow Government	31,800	Vereyskaya Plaza IV	Pre-sale	B
VEB	19,500	Znamenska Complex	Purchase	A
Gazprombank	18,760	Aquamarine III	Purchase	A
Yandex	15,800	Lotte Plaza	Lease	A
Rosbank (Société Générale)	15,415	OKO, Phase II	Pre-let	B
Avangard Bank	13,960	Lesnaya St., 6	Purchase	B
WeWork	8,500	Krasnoprudny MFC	Pre-let	A
DOM.RF	8,250	Arbat St., 1	Lease	A
ARKS	8,200	Gazoil Plaza	Lease	B
Huawei Technologies	7,800	Smolensky Passage II	Pre-let	A

Source: CBRE Research

### Commercial terms

In Q1-Q3 2019 the weighted average asking rental rate in Class A accounted to 24,300RUB per sq m pa, in Class B – 14,200RUB per sq m pa. Asking rental rates decreased by 3% since 2019 due to supply structure change: expensive premises with a good location are leaving the market.

Since the beginning of 2019, the range of weighted average asking rental rates for Class A Prime has decreased to the level of \$600–\$700 per sq m per annum – is associated with the withdrawal of the most expensive office premises from the market: prime business centres are still in demand by tenants, over 9 months the vacancy rate decreased by 8.4 p.p. (from 17.7% to 9.4%).

**Graph 12. Asking rental rates dynamics**



Source: CBRE Research

According to our forecasts, in H2 2019 asking rental rates will not change significantly – a part of the premises in several ‘expensive’ buildings announced for commissioning this year are already leased and bought, there will not have the significant impact on the market.

## Real Estate Investment Market Overview Q3 2019

The volume of investments in real estate in Russia in the first three quarters of 2019 exceeded the value of the same period last year by almost 30% and amounted to 161 bln RUB. Largest transactions in Q3 were the acquisition of the shopping centre Rechnoy by Sberbank Asset Management, an office building in the business park Nagatino I-Land (build-to-suit) by Raiffeisenbank, the purchase of the hotel complex Bridge Resort in Sochi, the office part of the Fusion Park complex on Usacheva street, and the Central Telegraph building in Tverskaya street.

**Graph 13. Real estate investment volume dynamics**

Source: CBRE Research, Q3 2019

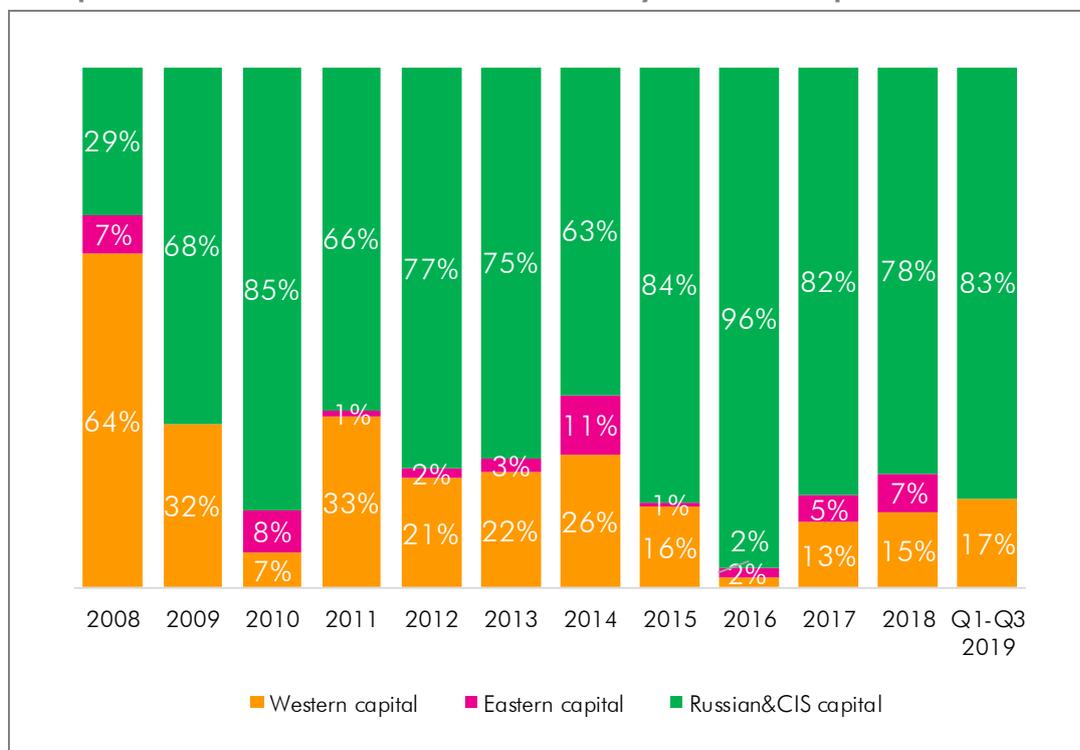
In Q1-Q3 2019, the volume of investments in development sites, redevelopment and under construction projects increased by more than 1.5 times. This figure reached 73 bln RUB, which is only 3% lower than the value for the whole last year. 65% of this volume referred to residential segment, 16% – to office real estate, 12% – to industrial real estate and the remaining 7% to the other segments. As a result, the share of investments in development sites and construction (redevelopment) projects in January-September this year exceeded 45%, while in 2018 amounted to about 40%, and for the entire previous history of the market did not exceed 30%.

In the first 9 months of 2019 the largest volume was invested in the residential real estate segment – about 48 bln RUB, which is 70% higher than in the comparable period of 2018. The change in legislation encourages developers to review strategies regarding planned residential projects. Large developers who have the resources to implement projects both with ready documentation and without it, try to take advantage of the situation and increase the portfolio by purchasing construction sites from less experienced companies, as well as non-core assets from banks and former industrial facilities from their owners.

**Graph 14. Investment volume breakdown by construction stage**

Source: CBRE Research, Q3 2019

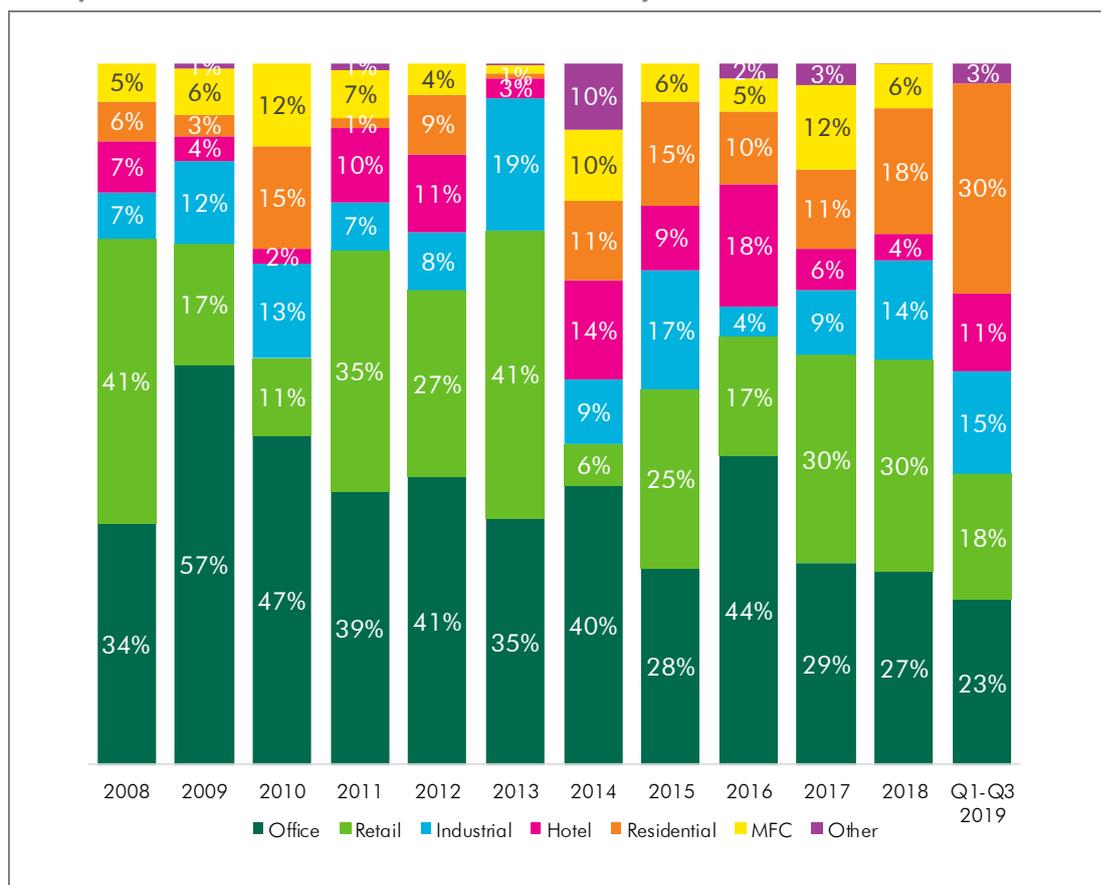
The vast majority of investment volume both in Q3 and in the first 9 months of 2019 were formed by investments from Russian companies. The share of foreign capital (excluding the CIS) was amounted to 17% in Q1-Q3 2019. At the same time, transactions with foreign companies are single and this year only with representatives of Europe.

**Graph 15. Investment volume breakdown by source of capital**

Source: CBRE Research, Q3 2019

The share of investments in retail real estate in Q1-Q3 2019 amounted to 18%. In the first 9 months of this year, more than 40% less funds (29 bln RUB) were invested in this segment than in the same period last year. In contrast, the volume of investments in office and industrial real estate increased by 38% (to 38 bln RUB) and 89% (to 24 bln RUB) respectively. This growth was largely caused by transactions with end-users, which formed a significant share of investments in both segments. Investments in the hotel segment reached 18 bln RUB (against almost 6 bln RUB a year earlier) due to the purchase of a hotel complex in Sochi.

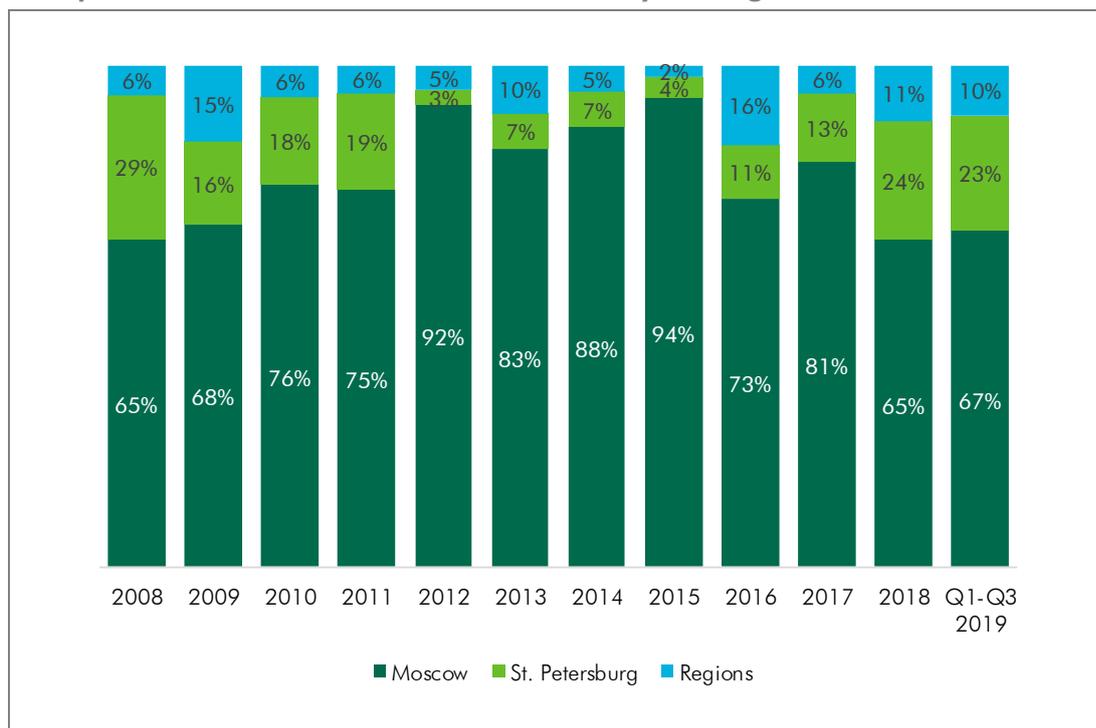
**Graph 16. Investment volume breakdown by the sector**



Source: CBRE Research, Q3 2019

In Q3 2019, the share of St. Petersburg market accounted for 8% of investments, while the share of Moscow was 79%, and the share of regional markets – 13%. At the same time, according to the results of the first three quarters of the year, the position of the Northern capital in the structure of investments remains at a high level due to increased activity in the first half of the year. This market accounts for 23% of investments in Q1-Q3 2019 against 24% in 2018.

Graph 17. Investment volume breakdown by the region

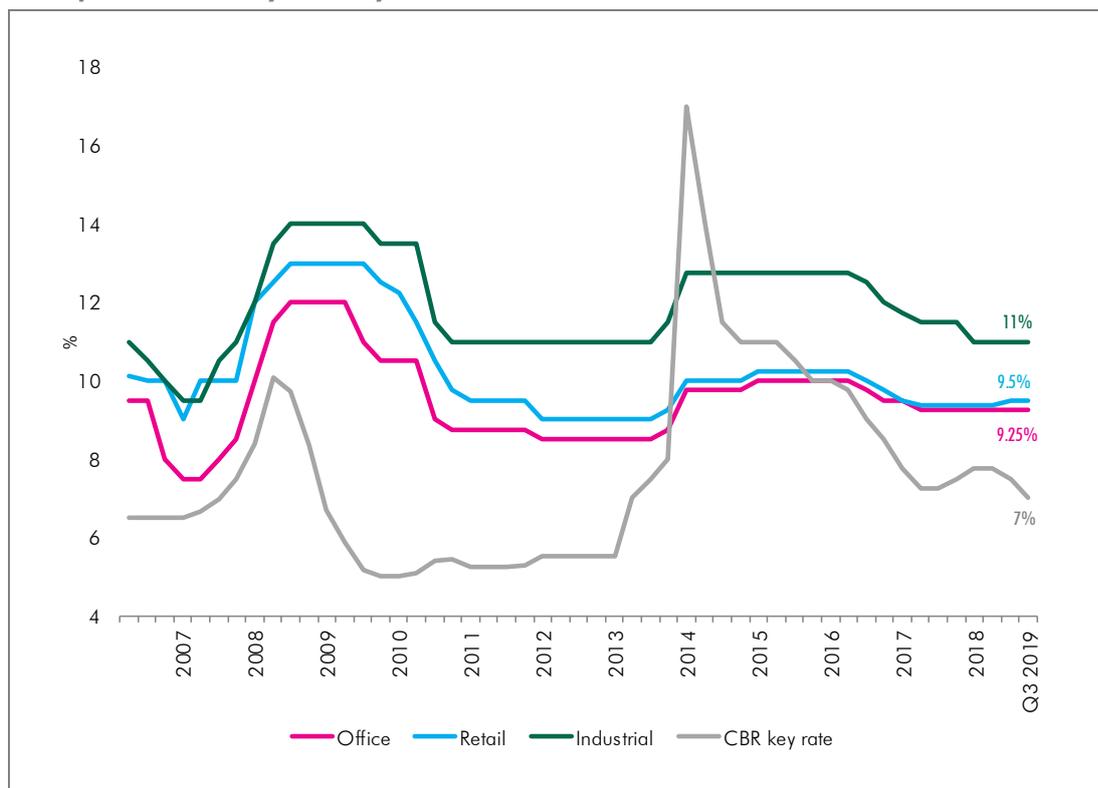


Source: CBRE Research, Q3 2019

In Q3 2019 yields for prime commercial real estate assets in all segments were stable and amounted to:

- 9.25% – for office buildings;
- 9.5% – for shopping centres;
- 11% – for industrial buildings.

The risk premium for investing in high-quality "second tier" properties adds around 150-200 basis points, and in regional properties – 200-400 basis points.

**Graph 18. Prime yields dynamics in Moscow**

Source: CBRE Research, Q3 2019

Dynamic residential construction and investments in large commercial real estate projects indicate the beginning of a new development cycle. It can be assumed that this trend will continue in the context of a reduced vacancy rates in the segments of commercial real estate. In Q1-Q3 2019, there was no significant increase in the volume of investments in existing property. At the same time, the volume of transactions on which investors are currently actively negotiating, gives grounds to predict that Q4 will be strong in terms of investment volumes and will allow the Russian real estate investment market to reach 250 bln RUB by the end of the year.

## Conclusions

Upon the assumption that there are no onerous restrictions or unusual outgoings of which we have no knowledge, and subject to the comments made in our Valuation Report, we are of the opinion that the Fair Value of the Properties as at December 31, 2019 in round figures is as provided in the table below.

Yours faithfully



Svetlana Shorina MRICS

**Director**

For and on behalf of

CB Richard Ellis LLC

E: Svetlana.Shorina@cbre.com

Yours faithfully



Natalia Galakhova MRICS

**Associate Director**

For and on behalf of

CB Richard Ellis LLC

E: Natalia.Galakhova@cbre.com

CBRE – Valuation

T: +7 495 258 3990

F: +7 495 258 3980

W: [www.cbre.ru](http://www.cbre.ru)

Project Reference: 19/10-135CV

## APPENDIX 1: SUMMARY OF THE PROPERTIES

The Property Portfolio of Sponda Plc consists of two properties held for investment. They are located in Moscow.

A brief description of the Properties in the Portfolio is provided below:

Property	Description	Fair Value, EUR net of VAT*
 <p><b>Meliora Place (Ancor)</b></p>	<p><b>Address:</b> 6 Mira Avenue, Moscow, Russia</p> <p><b>Main Use:</b> Office Centre</p> <p><b>Description:</b> The Property is a 4-storey office building (mansion) with 1 level of underground parking, built in 2008. It has a GBA of 4,465.1 sq m and a GLA of 2,768.78 sq m.</p> <p>As of the valuation date the Property was 92% leased by multiple tenants. The office space in the Property is let on a short-term and long-term basis mainly to local tenants where the areas of the occupied blocks vary from 37 sq m to 316 sq m. The majority of the lease agreements expire in 2020.</p>	11,600,000
 <p><b>Western Realty</b></p>	<p><b>Address:</b> 7 Gasheka Street, Moscow, Russia</p> <p><b>Main Use:</b> Office Centre (Ducat II).</p> <p><b>Description:</b> The Property is multilevel, with 4 and 10 aboveground office levels and a two-level underground car park. The building comprises 19,178.2 sq m GBA and 14,330.0 sq m GLA. The Property was delivered to the market in 1997.</p> <p>As of the valuation date the Property was 80.4% let to multiple tenants. The office space in the Property is mainly let to reputable, internationally recognised tenants under mid-term lease agreements. The lease agreements for office space expire between 2020 and 2024.</p>	66,700,000



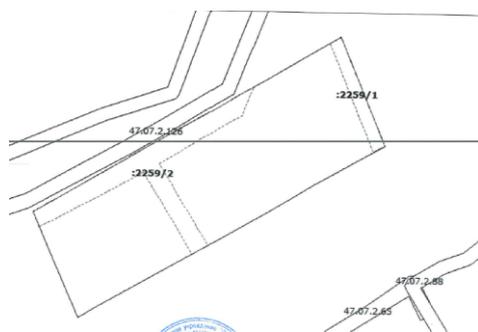
## Fair Value calculations – Western Realty (Ducat Place II)

Forecast period	<sup>1</sup> 01-01-20 31-12-20	<sup>2</sup> 01-01-21 31-12-21	<sup>3</sup> 01-01-22 31-12-22	<sup>4</sup> 01-01-23 31-12-23	<sup>5</sup> 01-01-24 31-12-24	<sup>6</sup> 01-01-25 31-12-25	Total
<b>GROSS POTENTIAL INCOME</b>							
Offices	7,192,925	7,495,844	7,804,562	7,971,362	8,099,659	8,294,771	46,859,122
Offices, CoV	7,038,894	7,335,729	7,638,043	7,798,182	7,919,551	8,107,459	45,837,859
Additional income from Office, CoV	154,030	160,115	166,519	173,180	180,107	187,312	1,021,263
<b>Total Gross Potential Income, CoV</b>	<b>7,192,925</b>	<b>7,495,844</b>	<b>7,804,562</b>	<b>7,971,362</b>	<b>8,099,659</b>	<b>8,294,771</b>	<b>46,859,122</b>
<b>GROSS EFFECTIVE INCOME</b>							
Offices							
Occupancy, %	80%	91%	95%	95%	95%	95%	
<b>Total Gross Effective Income, CoV</b>	<b>5,769,268</b>	<b>6,852,436</b>	<b>7,422,660</b>	<b>7,581,453</b>	<b>7,703,681</b>	<b>7,889,398</b>	<b>43,218,895</b>
<b>OPERATING EXPENSES</b>							
Operating Expenses, CoV	-492,432	-226,181	-136,245	-142,840	-149,035	-155,248	-1,301,981
Other expenses, CoV	0.5%	-35,965	-37,479	-39,023	-39,857	-40,498	-234,296
<b>Total Operating Expenses, CoV</b>	<b>-528,397</b>	<b>-263,660</b>	<b>-175,268</b>	<b>-182,696</b>	<b>-189,533</b>	<b>-196,722</b>	<b>-1,536,276</b>
<b>NET OPERATING INCOME</b>							
Rented premises, CoV	5,240,871	6,588,775	7,247,392	7,398,756	7,514,148	7,692,676	41,682,619
<b>Total Net Operating Income, CoV</b>	<b>5,240,871</b>	<b>6,588,775</b>	<b>7,247,392</b>	<b>7,398,756</b>	<b>7,514,148</b>	<b>7,692,676</b>	<b>41,682,619</b>
<b>TERMINAL VALUE</b>							
Rented Premises							
End Date of Cash Flow							
Reversion Date							
NOI, CoV							
Yield, %							
Terminal Value, CoV	85,474,183	0	0	0	0	85,474,183	85,474,183
<b>Total Terminal Value, CoV</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>85,474,183</b>	<b>85,474,183</b>
<b>ADDITIONAL ONE-OFF COSTS</b>							
Capital Expenses, CoV	0	0	0	0	0	0	0
Letting Fee, CoV	-36,583	-115,631	0	0	0	0	-152,215
<b>TOTAL ADDITIONAL ONE-OFF COSTS, CoV</b>	<b>-36,583</b>	<b>-115,631</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-152,215</b>
<b>RUNNING YIELDS</b>							
	7.10%	8.92%	9.82%	10.02%	10.18%	0.00%	
<b>CASH FLOW</b>							
In-Flow (Gross Operating Income), CoV	5,769,268	6,852,436	7,422,660	7,581,453	7,703,681	0	35,329,497
In-Flow (Terminal Value), CoV	0	0	0	0	85,474,183	0	85,474,183
Out-Flow, CoV	-564,980	-379,292	-175,268	-182,696	-189,533	0	-1,491,769
<b>Net Total In-flow, CoV</b>	<b>5,204,287</b>	<b>6,473,144</b>	<b>7,247,392</b>	<b>7,398,756</b>	<b>92,988,331</b>	<b>0</b>	<b>119,311,911</b>
<b>DISCOUNT RATE</b>							
Discount Rate for Cash Flow, %	12.00%	12.00%	12.00%	12.00%	12.00%	0.00%	
Discount coefficient for Cash Flow	0.9449	0.8437	0.7533	0.6726	0.6005	1.0000	
Discount coefficient for Terminal Value	0.8929	0.7972	0.7118	0.6355	0.5674	1.0000	
<b>DISCOUNTED CASH FLOW, CoV</b>							
	4,917,589	5,461,202	5,459,297	4,976,175	53,012,654	0	73,826,917
<b>FAIR VALUE, USD</b>							
							73,826,917
<b>FAIR VALUE, EUR</b>							
							66,700,000

## APPENDIX 2: SUMMARY OF THE LAND PLOTS

The Property Portfolio of Sponda Plc also includes two land plots proposed for the future development.

A brief description of the land plots in the Portfolio is provided below:

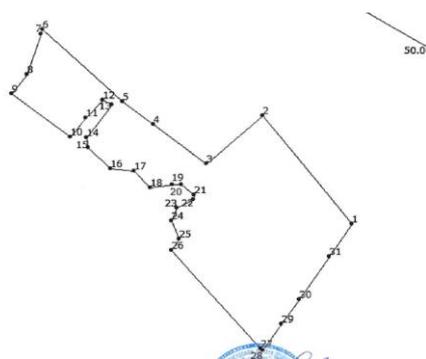


**Land plot 1**

**Address:** Koltushskoe Highway, Yanino-2, Vsevolozhsky District, Leningradsky Region, Russia

**Description:** The Property is a vacant land plot with a total area of 462,000 sq m. The category of the land is Industrial land, the permitted use is for the construction of a warehouse complex.

As of the valuation date the Property is held freehold by Veyka LLC.



**Land plot 2**

**Address:** 70, Rogachevskoye Highway, Kosmyinka Village, Sinkovskoe Settlement, Dmitrovsky District, Moscow Region, Russia

**Description:** The Property is a vacant land plot with a total area of 200,006 sq m. The category of the land is Industrial land, the permitted use is for the allocation of industrial, trade and logistic facilities.

As of the valuation date the Property is held freehold by Europa Terminal LLC.

Given that there are no any construction permits for the land plots we relied on the results of Sale Comparison Approach to estimate the Fair Value of these Land plots.

Upon the assumption that there are no onerous restrictions or unusual outgoings of which we have no knowledge, we are of the opinion that the Fair Value of the Land plots as at December 31, 2019 in round figures is:

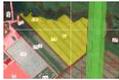
**Land plot 1**

**6,450,000 (Six Million Four Hundred Fifty Thousand) Euros**

**Land plot 2**

**1,950,000 (One Million Nine Hundred Fifty Thousand) Euros**

## Fair Value calculations – Land plot 1

#	Property	Price, RUB/ha	Tenure	Financial terms	Terms of sale	Offer/ Deal	Date of offer/ deal	Location and availability of direct access to the site	Gross area, ha	Land category/ Permitted use	Utilities	Encumbrances	Improvements	Adjusted price, RUB/ha	Weight, %	Source
			Ownership	Typical	Typical		Q4 2019	Koltushkoe Highway, Yanino-2, Vsevolozhsky District, Leningradsky Region (4.5 km from KAD)	46.20	Industrial land / For the construction of a warehouse complex	Utilities along borders	Power line security zone, gas pipeline security zone	None	9,846,282	100%	
1		12,461,183	Ownership	Typical	Typical	Offer	Q4 2019	Novosaratovka Village, Vsevolozhsky District, Leningradsky Region (4.1 km from KAD)	20.06	Industrial land / for industrial use	Utilities along borders	None	None	9,532,805	1	+7 (916) 943-69-05 <a href="https://www.domofond.ru/uchastokzemli-na-prodazhu-vsevolozhsk-172434720">https://www.domofond.ru/uchastokzemli-na-prodazhu-vsevolozhsk-172434720</a>
	Adjustments		0%	0%	0%	-15%	0%	25%	-15%	0%	0%	-20%	0%	-10%	33%	
2		20,000,000	Ownership	Typical	Typical	Offer	Q4 2019	Koltushkoe Highway, Zanevskoye Settlement, Vsevolozhsky District, Leningradsky Region (3 km from KAD)	10.00	Industrial land / For the allocation of an industrial park, "Yanino-Vostok"	Utilities are on the site	None	None	9,350,000	1	+7 (952) 221-33-90 <a href="https://www.domofond.ru/uchastokzemli-na-prodazhu-sankt-peterburg-161501761">https://www.domofond.ru/uchastokzemli-na-prodazhu-sankt-peterburg-161501761</a>
	Adjustments		0%	0%	0%	-15%	0%	0%	-25%	0%	0%	-20%	0%	-45%	33%	
3		10,901,321	Ownership	Typical	Typical	Offer	Q4 2019	Sorzha-Staraya site, Vsevolozhsky District, Leningradsky Region (4.8 km from KAD)	22.93	Industrial land / For construction of warehouse premises	Utilities along borders	Power line security zone of 11,075 sq m	None	10,656,042	1	+7 (812) 509-66-02 <a href="https://www.domofond.ru/uchastokzemli-na-prodazhu-staraya-257993206">https://www.domofond.ru/uchastokzemli-na-prodazhu-staraya-257993206</a>
	Adjustments		0%	0%	0%	-15%	0%	25%	-10%	0%	0%	0%	0%	15%	33%	
													Market Value, RUB/ha	9,846,282		
													Land plot area, hectares	46.20		
													Market Value, December 31, 2019	RUB 454,898,228		
													Market Value, December 31, 2019	EUR 6,450,000		

## Fair Value calculations – Land plot 2

#	Property	Price, RUB/ha	Tenure	Financial terms	Terms of sale	Offer/ Deal	Date of offer/deal	Location and availability of direct access to the site	Gross area, ha	Land category/ Permitted use	Utilities	Improvements	Adjusted price, RUB/ha	Weight, %	Source
			Ownership	Typical	Typical		Q4 2019	Rogachevskoye Highway, 70, Kosmyinka Village, Sinkovskoe Settlement, Dmitrovsky District, Moscow Region, 51 km from MKAD	20.00	Industrial land / For the allocation of industrial, trade and logistic facilities	Utilities along borders	None	RUB 6,864,729	100%	
1		6,500,000	Ownership	Typical	Typical	Offer	Q4 2019	Leningradskoye Highway, Kaskovo Village, Moscow Region, 55 km from MKAD	10.15	Industrial land/ For allocation of industrial and administrative buildings	Utilities along borders	4.4684 ha - road protection zone	RUB 7,068,750	1	+7 (495) 104-68-06 <a href="https://solnechnogorsk.cian.ru/sale/commercial/163967269/">https://solnechnogorsk.cian.ru/sale/commercial/163967269/</a>
	Adjustments		0%	0%	0%	-13%	0%	0%	-5%	0%	0%	30%	25%	33%	
2		12,000,000	Ownership	Typical	Typical	Offer	Q4 2019	A-107 Highway, Rozhdestvenno Settlement, Moscow Region, 37 km from MKAD	7.00	Industrial land/Warehouses	Utilities along borders	None	RUB 6,786,000	1	+7 (916) 439-39-69 <a href="https://dmitrov.cian.ru/sale/commercial/188617649/">https://dmitrov.cian.ru/sale/commercial/188617649/</a>
	Adjustments		0%	0%	0%	-13%	0%	-25%	-10%	0%	0%	0%	-35%	33%	
3		7,042,254	Ownership	Typical	Typical	Offer	Q4 2019	Leningradskoye Highway, Dubinino Settlement, Moscow Region, 42 km from MKAD	7.10	Industrial land/ For allocation of industrial properties	Utilities along borders	1.5681 ha - road protection zone	RUB 6,739,437	1	+7 (925) 780-03-77 <a href="https://solnechnogorsk.cian.ru/sale/commercial/170719129/">https://solnechnogorsk.cian.ru/sale/commercial/170719129/</a>
	Adjustments		0%	0%	0%	-13%	0%	0%	-10%	0%	0%	20%	10%	33%	

Market Value, RUB/ha  
Land plot area, hectares  
Market Value, December 31, 2019  
Market Value, December 31, 2019

6,864,729  
20.00  
RUB 137,298,699  
EUR 1,950,000