



EfTEN Kinnisvarafond AS portfolio valuation summary

June 2014

Accelerating success.

BRIEF SUMMARY OF THE VALUATION RESULT



- ❖ The market value of EfTEN Kinnisvarafond portfolio (excl. development projects Hotell Palace and RIMI Jelgava) is 148'509'000 (one hundred forty eight million and five hundred nine thousand) Euros as of June 2014 .
- ❖ The portfolio under valuation consisted of 19 objects, 18 of which are located in Estonia and one in Latvia (Riga).
- ❖ The market value of the objects as of June 2014 is 3.5% higher compared to the market value (NPV) of the objects' as of 31st of December 2013.
- ❖ The increase in the market value is coming above all from lease agreement indexations, decrease in vacancy (especially in Mustika shopping centre) and positive changes in market conditions (primarily a slight decrease in discount rate and yield).
- ❖ Due to the structure of the portfolio the market value is strongly affected by the developments in the retail sector.
- ❖ The most valuable object in the portfolio is Mustika Kaubanduskeskus, leasable area of what accounts for 19.6% of the total leasable area of the portfolio.

BRIEF SUMMARY OF THE VALUATION RESULT



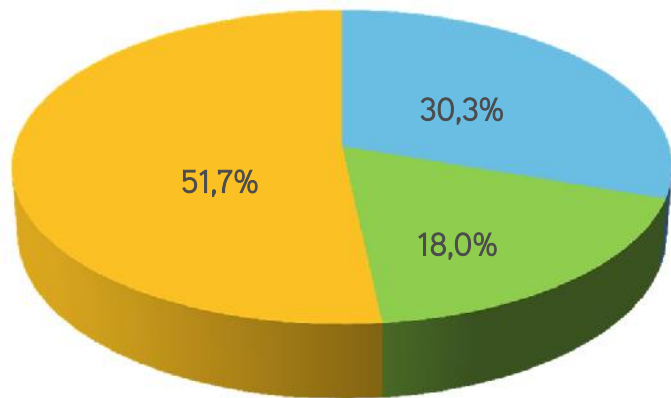
LOCATION	QUANTITY	CLOSED NET AREA, SQM	LEASABLE AREA, SQM	VACANCY	WEIGHTED AVERAGE RENT, €/SQM/MONTH
ESTONIA	18	148'453	136'488	2.2%	7.3
LATVIA	1	4'375	3'915	3.8%	7.8
TOTAL	19	152'828	139'403	2.3%	7.3

LOCATION	MARKET VALUE, €	MARKET VALUE, €/SQM	INITIAL YIELD
ESTONIA	145'145'000	978	8.15%
LATVIA	3'364'000	769	10.82%
TOTAL / AVERAGE	148'509'000	972	8.21%

BRIEF SUMMARY OF THE VALUATION RESULT

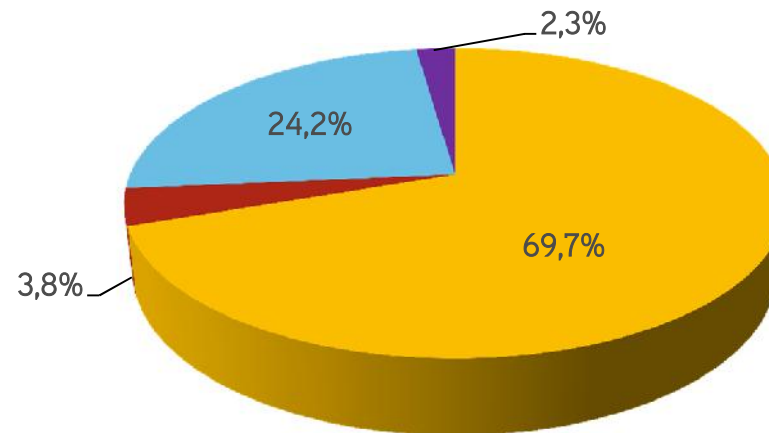


Portfolio market value division by sectors



■ Office ■ Industrial ■ Retail

Portfolio market value division by regions



■ Tallinn area ■ Tartu area ■ Other Estonia ■ Riga

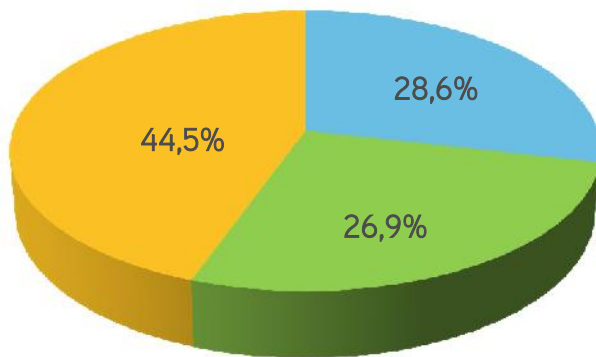
- ❖ The largest share (51.7%) of the total market value are taking the objects from retail property sector, which can be considered the most liquid sector in current market situation.
- ❖ The largest share (69.7%) of the total market value are taking the objects located in Tallinn and Harju county region, which is the dominant region of Estonian property market, having also the highest liquidity on the market.

BRIEF DESCRIPTION OF THE PORTFOLIO



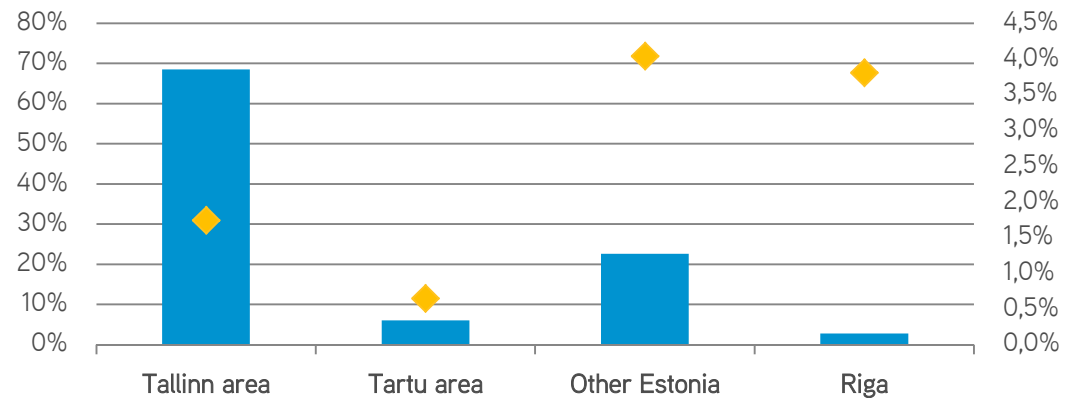
- ❖ The object of the valuation was the portfolio of EfTEN Kinnisvarafond, consisting of 19 properties.
- ❖ 18 objects are located in Estonia (incl. 11 in Tallinn and Harju county region) and one in Latvia (Riga).
- ❖ The total closed net area of the portfolio is 152'828 sqm and total leasable area 139'403 sqm.
- ❖ The dominant object of the portfolio is Mustika Shopping Centre (19.6% of total leasable area).

Portfolio leasable area division by sectors



■ Office ■ Industrial ■ Retail

Leasable area and vacancy division by regions



■ Leasable area (left) ◆ Vacancy (right)

INITIAL TASK AND MAIN PRINCIPLES



- ❖ The client of valuation was EfTEN Kinnisvarafond AS (hereinafter EfTEN) and the executor Colliers International Advisors OÜ (hereinafter Colliers).
- ❖ The objective of the valuation was to determine the market value of EfTEN Kinnisvarafond portfolio objects (hereinafter Object) as of June 2014.
- ❖ The valuation process was carried out by valuation experts (incl. experts with local or international certification) of Colliers' Estonia and Latvia during the period of May-June 2014.
- ❖ In determining the market value the main principles (incl. the unambiguous definition of market value) of Estonian standards EVS 875, Latvian standards LVS 401:2013 and international standards IVS 2011 and RICS Red Book 2014 were taken into account.
- ❖ Colliers assures that it has performed the valuation process as an independent external valuer, without any direct or indirect interests related to the valued Object.

INITIAL TASK AND MAIN PRINCIPLES



- ❖ Colliers assures that it has the essential experience, competence and market information to determine adequately the market value of the Object.
- ❖ The valuation process was carried out according to the initial task during the period of May-June 2014.
- ❖ The valuation was based on the aggregated data of the Object presented by EfTEN – incl. aggregated lease data, area data of the Object (incl. gross area and leasable area), cost information, done and planned investments and other relevant data that can influence the market value.
- ❖ Colliers did not perform any measurements, constructional examinations, surveys of possible hidden defects or threats (e.g. pollution) of the Object. Nor did Colliers perform legal or economic in-depth analysis of the lease agreements.
- ❖ All inputs and the determined market value are without VAT.
- ❖ Valuation was formalized in a valuation report No 36/E/14 as of 3rd of June 2014.

VALUATION METHODOLOGY



- ❖ Discounted Cash Flow (DCF) Method was used to determine the market value of the Object. The cash flow period of 5+1 years was applied.
- ❖ Income from existing lease agreements and the estimated market based income from vacant premises was used to determine the Potential Gross Income (PGI).
- ❖ Vacancy loss from the real vacancy and from the estimated vacancy arising from ending agreements (i.e. higher than real vacancy) was deducted from the PGI to determine the Effective Gross Income (EGI).
- ❖ The owner's costs (incl. the estimated capex) of the Object were deducted from EGI to determine the Net Operating Income (NOI). Costs presented by EfTEN and in addition estimated market based costs were taken into account.
- ❖ The exit values were determined on the basis of 6th year NOI and the estimated exit yields.
- ❖ The market values were determined by summing the discounted annual NOI's and exit values.
- ❖ Discount rates were determined on the basis of weighted average cost of capital (WACC).
- ❖ The exit yields were determined based on the valuers' experience and cognition, taking into account the market information and the specific risks associated with the objects.

COMPILERS AND VERIFIERS OF THE VALUATION



COMPILERS:

A handwritten signature in blue ink, appearing to read "Tinno".

Margus Tinno

MRICS,
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A handwritten signature in blue ink, appearing to read "Kalniņš".

Jānis Kalniņš

Valuation consultant
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VERIFIERS:

A handwritten signature in blue ink, appearing to read "Kajak".

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Member of Estonian Association of Appraisers
Colliers Estonia

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