



NEPI Rockcastle Plc

Summary Letter

NEPI ROCKCASTLE PORTFOLIO, ROMANIA

Bucharest Office / April 4th, 2018

PREPARED BY:

Colliers Valuation and Advisory

PREPARED FOR:

NEPI ROCKCASTLE PLC

April 4th, 2018

To: Mrs. Mirela Covasa
NEPI ROCKCASTLE PLC

Re: Summary of the valuation report of the real estate portfolio owned by NEPI Rockcastle and its special purchase vehicles in the group.

In accordance with our valuation agreements no. V1498, V1499, V1500, V1501, V1502, V1503, V1504 from 05.12.2017 and V1506, V1507, V1508 from 06.12.2017, we are pleased to submit the present valuation report regarding the real estate properties owned NEPI Rockcastle and its special purchase vehicles in the group. The portfolio consists in 12 properties representing retail, industrial properties and several vacant land plots.

We have been able to inspect all subject properties in the past seven months and, based on the inspections, on the provided information and the current and prospective market conditions, we have arrived at a conclusion about the Fair Values of the subject properties.

Raluca Buciuc, Gabriela Bosinceanu-Otea, Anca Baldea and Mihai Pana have been the signatories for the Romanian portfolio reports for year 2017.

The valuation has been completed in accordance to the International Valuation Standards (IVS) and ANEVAR Valuation Standards - 2017 Edition, as published by the National Association of Authorized Romanian Valuers (ANEVAR).

Valuations were reported on the basis of Fair Value IFRS and our opinion of the Fair Value of each of the properties has been primarily derived using comparable recent market transactions on an arm's length terms.

This summary report has been prepared for the client financial reporting purposes.

IFRS 13 Fair Value Measurement contains the following definition:

"Fair Value is 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."

According to the ANEVAR standards 2017:

"This definition and the associated commentary in IFRS 13 clearly indicate that fair value under IFRS is a different concept to fair value as defined and discussed in the IVS Framework. The commentary in IFRS 13 and, in particular, the references to market participants, an orderly transaction, the transaction taking place in the principal or the most advantageous market and to the highest and best use of an asset, make it clear that fair value under IFRSs is generally consistent with the concept of market value as defined and discussed in the SEV Framework. For most practical purposes, therefore, market value under IVS will meet the fair value measurement requirement under IFRS 13 subject to some specific assumptions required by the accounting standard such as stipulations as to the unit of account or ignoring restrictions on sale." (SEV 300 – Valuation for Financial Reporting)

As stated in the above mentioned standards, the Market Value is defined as:

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

We have not made any allowance for vendor’s sale costs nor for any tax liabilities which may arise upon the disposal of any of the properties.

A full explanation of the Assumptions made in our valuation and details of the resources of information are contained within our reports.

The Company has provided us with the floor areas of the properties that are relevant to our valuations. As instructed, we have relied on these areas and have not checked them on site.

We have read the related documents provided to us by the Company and their various legal advisers. We have made an Assumption that copies of all relevant documents have been sent to us and that they are complete and up to date. Where leases have not been provided, we have relied on tenancy information provided by the Company.

Certain properties were subject to works of repair, refurbishment or construction as at 31 December 2017 and in these cases the Company has advised us the amount of the outstanding costs, which have been incorporated into our valuations.

In respect of the properties held in joint ventures, our reports include our opinion of the Fair Value of the interests held by the joint ventures. In the table below, we have not include apportioned of the values based on the company’s share of the property interests in the joint ventures.

Our opinion of value should be read taking into consideration the assumptions, comments and limiting conditions expressed in the valuation report. Based on these assumptions, we have estimated the Fair Value of NEPI Rockcastle portfolio as of December 31st, 2017:

EUR 714,445,000

(Seven Hundred Fourteen Million Four Hundred Forty Five Thousand Euros)

The above value represents the sum of the values of all the subject properties as detailed below:

Crt. No.	Type of property	Estimated Fair Value (EUR)
1	Retail Properties	698,211,000
2	Industrial Properties	16,234,000
	Total	714,445,000

The above values are exclusive of VAT.

The total value for retail properties includes the entire market value of Ploiesti Shopping City.

More details for each of the analyzed properties are included in our valuation reports provided directly to the client.

This summary report is confidential to the party to whom it is addressed for the specific purpose to which it refers, and no responsibility is accepted to any third parties. This summary is to be used in whole and not in part.

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Taking into account the purpose of the present summary valuation report, we have assumed that the analyzed portfolio will remain in the in property of NEPI Rockcastle group and therefore we did not consider the adjustments that might appear, should the entire portfolio or a substantial number of properties be marketed.

We have welcomed the opportunity of preparing this summary report on your behalf.

Respectfully submitted,

Colliers Valuation and Advisory

