

## ***EXPERT OPINION***

*as to*

*the market price of real estates – Apartment No ..... underground  
garage No ..... and underground garage No ....., situated in .....  
Residential Complex, located in Sofia, Triaditsa Region, administrative  
address: ..... Street, block.....*

*Identification No 911081678*

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1. Notary deed for purchase – sale of real estates No 128, volume II, reg. No 2541, file No 311/2009;
2. Permit for use No ДК-07-408 of 06 August 2009;
3. Photographs;
4. Site location map.



## 1. GENERAL PROVISIONS

### 1.1. Description of the assignment

This report presents the results from the valuation of *Apartment No .....*, *underground garage No .....* and *underground garage No .....*, situated in ..... Residential Complex, with shops, offices, swimming pool, fitness centre and underground garages, Sofia, Triaditsa Region, administrative address: .....Street, block ....., with built-up area (as per title deed):

*Apartment No .....* - 193,70 sq. m., along with the attached to the apartment 9,275 % *notional parts* of the common areas of the building – block No 8 and 0,631 % *notional parts* of the common space of the whole complex, along with 0,631 % *notional parts* of the right to construction on the yard, where the complex is built, comprising Regulated Land Estate II-1470, in quarter 5 as per the plan of Sofia, Krastova Vada Area;

*Underground garage No .....* – 18,00 sq. m., along with the attached 6,495 % *notional parts* of the common areas of the underground garages – block No 8; 0,052 % *notional parts* of the common areas of the whole complex, along with 0,052 % *notional parts* of the right to construction of the above-described regulated land estate;

*Underground garage No .....* – 18,00 sq. m., along with the attached 6,495 % *notional parts* of the common areas of the underground garages – block No 8; 0,052 % *notional parts* of the common areas of the whole complex, along with 0,052 % *notional parts* of the right to construction of the above-described regulated land estate.

**ASSIGNOR:** Michael Anthony Martin

**APPRAISER:** BG Surveyor Ltd., Sofia. The activities related to the drawing up of the valuation have been carried out by the experts Radka Valcheva and Hristina Kancheva – licensed by the Privatisation Agency.

**Purpose of the valuation:** Definition of the fair market value of the properties to serve the needs of the Assignor.

#### **Methodology used in the drawing up of the valuation:**

- Capitalised future cash flows method;
- Market benchmarks method;
- Liquidation value method.

**Date of the viewing on site:** 17 November 2009

**Date of the valuation:** 20 November 2009

**Exchange rate** quoted by BNB as at the date of valuation: 1 EUR = 1,95583 BGN

### 1.2. Limitations

This valuation and the conclusion as to the ultimate value have been determined under the following limitations and assumptions

- The team participating in the valuation has no claims to the valued properties, which might in any way impede the objectivity of the valuation at any present and future time during the validity of the valuation.



- The fee received by the Assignee is not related in any way with the valuation set out in this report.
- The primary initial information regarding the valued properties has been provided by the Assignor and is considered by the Assignee to be true and reliable.
- The validity of the valuation is six months as of the date it has been prepared.

### ***1.3. Information sources***

The valuation is based on the viewing on site and the primary initial information provided by the Assignor. The information sources used include:

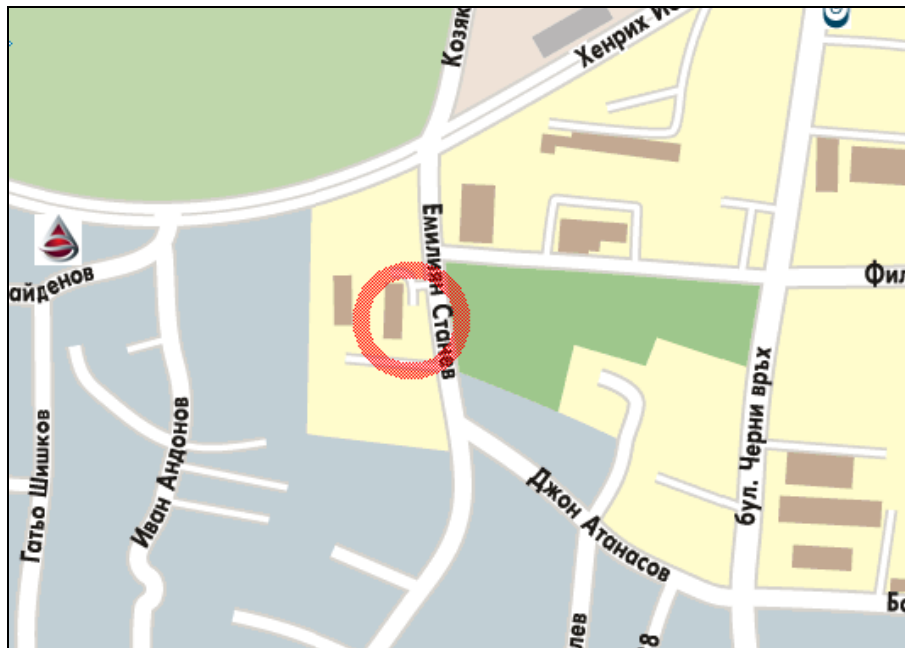
- Notary deed for purchase – sale of real estates No 128, volume II, reg. No 2541, file No 311/2009;
- Permit for use No ДК-07-408 of 06 August 2009;
- Statistic information as to prices of building materials and types of works as stated in "Handbook on Prices in Construction, "Construction Overview";
- Viewing on site;
- Information on the real estates market in the area of the valued properties;
- Experience gained and available database of the appraisers.



## 2. DESCRIPTION OF THE REAL ESTATES

### 2.1. Location

The valued properties are situated in ..... Residential Complex with shops, offices, swimming pool, fitness centre and underground garages, located in Triaditsa Region, administrative address: ..... Street. The complex is located in immediate proximity to the crossing of ..... Street and ..... Blvd. The area is identifiable as residential and administrative, with built-up engineering infrastructure and good communications in terms of the city transport network.



### 2.2. Legal status

According to the provided Notary deed for purchase – sale of real estates No ....., volume ....., reg. No ....., file No ....., ....., represented by ..... is owner of the following real estates built at a stage of completed rough construction works, namely:

**A) Apartment** ....., situated on the seventh floor in the building of block No ..... of ..... Residential Complex, with shops, offices, swimming pool, fitness centre and underground garages, located in Sofia, Triaditsa Region of Sofia Municipality, ..... Street with built-up area of **193,70 sq. m.**, comprising entrance hall, vestibule, living room with kitchen box, two bedrooms, closet, two bathrooms with WC, WC, larder, four terraces with plats, inner elevator and staircase, with borders of the apartment: on three sides – yard and apartment No 17 in block No 9, along with the attached to the apartment **9,275 % notional parts** of the common areas of the building – block No 8 and **0,631 % notional parts** of the common areas of the whole complex, along with **0,631 % notional parts** of the right to construction on the yard, where the complex



is built representing Regulated land estate II-1470, in quarter 5 as per the plan of Sofia, Krastova Vada Area;

**B) Underground garage No .....**, situated on the underground level in block No 8 of the above-described residential complex, with an area of **18,00 sq. m.**, with borders: cellar to garage No 9-5, garage No 8-02, underground street, garage No 8-04, **along with the attached 6,495 % notional parts** of the common areas of the underground garages – block No 8; **0,052 % notional parts of** the common areas of the whole complex, along with **0,052 % notional parts** of the right to construction on the above described regulated land estate; **and**

**C) Underground garage No .....**, situated on the underground level in block No 8 of the above-described residential complex, with an area of **18,00 sq. m.**, with borders: garage No 9-4, garage No 8-03, underground street, garage No 8-05, , **along with the attached 6,495 % notional parts** of the common areas of the underground garages – block No 8; **0,052 % notional parts of** the common areas of the whole complex, along with **0,052 % notional parts** of the right to construction on the above described regulated land estate.

According to the provided Permit for use No ДК-07-408 of 06 August 2009, the use is allowed for the following building site: Residential complex (I – stage bl. 5, bl. 6; bl. 7, fitness centre, swimming pool and cafe; II – stage bl. 3, bl. 4; III - stage bl. 8 and bl. 9; IV- stage bl. 1, bl. 2, shops, offices and underground garages), external power supply with cables CpH 20 KV, cables HH and new power substations 2x800кVA 20 кVA/0,4кV next to bl. 7., power substation 2x800кVA 20 кVA/0,4кV next to bl. 5 and power substation 1x800кVA 20 кVA/0,4кV next to bl. 2”, located in regulated land estate II-1470, quarter 5, as per the plan of Sofia, Krastova Vada Area, Triaditsa Region – Sofia Municipality.

### **2.3. Architectural – construction part**

The valued apartment is located on the seventh floor in block No ....., .....Residential Complex. It is commissioned in 2009. The construction is massive steel – concrete, solid built.

The common areas of the building – floor landings and staircases are of polished granite gress tiles on the floor and putty on the walls and ceilings. Passenger hydraulic elevator is installed.

*Apartment No .....* comprises: entrance hall (granite gress tiles, latex, latex), vestibule, living room with a kitchen box (parquet / granite gress tiles, latex, latex), two bedrooms with service premises (parquet / terracotta tiles, latex / faience cladding, latex), WC (terracotta tiles, faience cladding, latex), closet, larder and four terraces with inner elevator and staircase. Aluminium window frames are installed in the premises with broken thermal bridge.

The valued garages are situated on the basement of block No .....

Installations in place: electricity, water supply and sewage, low voltage.



### 3. DEFINITION OF THE VALUE OF THE REAL ESTATES UNDER THE CAPITALISED FUTURE CASH FLOWS METHOD

#### 3.1. Description of the method

The result from the valuation of the properties under the *capitalised future cash flows method* presents the market value derived on the basis of the expected future yield to be generated by the property. Income generated through renting the property out has been used as an indicator of the real estate generated income for the purpose of this valuation. Calculations have been carried out as follows:

- Definition of the gross income generated through renting out of the real estate.
- Definition of the deductions from the gross income, which include risk of termination of the rent, operating expenses – management, maintenance of the building and facilities; fixed costs – buildings tax, garbage fee, insurance.
- Definition of the net rental income generated by the property.
- Definition of the capitalisation rate.
- Definition of the capitalisation multiplier for the expected income based on the remaining useful life of the property and the capitalisation rate.
- Transformation of the net income into value of the real estate.
- Definition of the ultimate value of the property under the revenue method.

#### 3.2. Valuation of the real estate

The assumed monthly rentals take into account the location of the properties and the market rents of apartments and underground garages in the area.

The results from the valuation under the capitalised future cash flows method are presented in the tables below:

*Apartment No .....*

No	Indicator	Measure	Value
1	Remaining useful life of the building	years	80
2	Revenue generating area of the apartment	sq. m.	193,70
3	Gross monthly rent of the apartment	BGN	1 467
4	Gross monthly rent of the apartment	EUR	750
5	Gross annual income	BGN	17 602
6	Gross annual income	EUR	9 000
7	Management costs	%	15,00
8	Net annual income	BGN	14 962
9	Capitalisation rate	%	5,00
10	Multiplier		19,5965
11	Revenue value of the apartment	BGN	293 200
12	<b>Value of the apartment as at the date of valuation</b>	<b>BGN</b>	<b>293 200</b>
		<b>EUR</b>	<b>149 900</b>



Underground garage No .....

No	Indicator	Measure	Value
1	Remaining useful life of the garage	years	80
2	Revenue generating area of the garage	sq. m.	18,00
3	Gross monthly rent of the garage	BGN	78
4	Gross monthly rent of the garage	EUR	40
5	Gross annual income	BGN	939
6	Gross annual income	EUR	480
7	Management costs	%	10,00
8	Net annual income	BGN	845
9	Capitalisation rate	%	5,00
10	Multiplier		19,5965
11	Revenue value of the garage	BGN	16 600
12	<b>Value of the garage as at the date of valuation</b>	<b>BGN</b>	<b>16 600</b>
		<b>EUR</b>	<b>8 500</b>

Underground garage No .....

No	Indicator	Measure	Value
1	Remaining useful life of the garage	years	80
2	Revenue generating area of the garage	sq. m.	18,00
3	Gross monthly rent of the garage	BGN	78
4	Gross monthly rent of the garage	EUR	40
5	Gross annual income	BGN	939
6	Gross annual income	EUR	480
7	Management costs	%	10,00
8	Net annual income	BGN	845
9	Capitalisation rate	%	5,00
10	Multiplier		19,5965
11	Revenue value of the garage	BGN	16 600
12	<b>Value of the garage as at the date of valuation</b>	<b>BGN</b>	<b>16 600</b>
		<b>EUR</b>	<b>8 500</b>

The value of the real estate – apartment No ....., underground garage No ..... and underground garage No ....., situated in ..... Residential Complex, located in Sofia, Triaditsa Region, administrative address: .....Street, block ....., floor 7, determined under the capitalised future cash flows method as at 20 November 2009 amounts to:

*Apartment No ..... – BGN 293 200*

*Underground garage No ..... – BGN 16 600*

*Underground garage No ..... – BGN 16 600*



## 4. DEFINITION OF THE VALUE OF THE REAL ESTATES UNDER THE MARKET BENCHMARKS METHOD

### 4.1. Description of the method

*The market benchmarks method* aims to determine the value of the property based on the price of comparable properties using summarised indicators, taking into account the specifics of the valued real estate. The procedures of the method allow, on the basis of the so-called market multipliers, to derive the market value of the valued real estate using information as to the market price of the benchmarks

The benchmarks should be similar to the valued property in terms of location, method of construction and stage of completion. To be chosen as a benchmark a property should have known price – either information from already concluded sales or offers to sell similar real estates. This can be used as an indication following selection based on expert opinions from real estate agency brokers and making a number of assumptions.

The market multiplier is a ratio between the market price of the given real estate and another of its indicators. The latter may include built-up area, total floorage, built-up volume, size of the plot. The price per one square meter built-up area has been used by the valuation team as a market multiplier. The choice of this indicator is to a large extent predetermined by the possibility to secure numeric values for the valued property and the benchmarks.

### 4.2. Valuation of the real estates

Information from real estate agencies in Sofia has been used in this valuation. Apartments, located in the area of the valued one, having similar size have been chosen as benchmarks.

The valuation team has made the assumption that the average value per 1 sq. m. derived on the basis of offers to sell will decrease by up to 10% in case of realisation of the apartments and garages at the market.

The calculations as to the market value of the real estates under the market benchmarks method are shown in the tables below:

*Apartment No .....*

No	Location and description	Offered price	Area	Price per 1 sq.m.	Adjustment coefficient for market realisation	Adjustment coefficient for correspondence	Benchmark value
		(EUR)	(sq.m.)	EUR/ sq.m.			EUR/sq. m.
1	Four room apartment in Hladilnika Residential Area in Cherni vrah blvd., part of a closed compound, act 16 - 04.2010, no finishing works, fl. 2, local heating	137 750	145	950	0,90	1,20	1026
2	Four room apartment in Krastova Vada Residential area in Cherni Vrah blvd., act 16, no finishing works, fl. 5, local heating	222 200	226	982	0,90	1,20	1062
3	Four room apartment in Hladilnika Residential Area, nearby Cherni Vrah blvd., act 15, act 16 -12.2009, no finishing works, local heating	143 500	157	914	0,90	1,20	987



<i>BENCHMARK VALUE per 1 sq. m.</i>	1025	€/sq. m.
<i>BNB exchange rate – BGN / EUR</i>	1,95583	BGN/€
<i>Built-up area of the apartment</i>	193,70	sq. m.
<b><i>BENCHMARK VALUE as at the date of the valuation</i></b>	<b>388 400</b>	<b>BGN</b>
	<b>198 600</b>	<b>EUR</b>

*Underground garage No .....*

No	Location and description	Offered price	Area	Price per 1 sq. m.	Adjustment coefficient for market realisation	Benchmark value
		(EUR)		(sq. m)		EUR/sq.m.
1	Underground garage in Hladilnika Residential Area in Koziak street, brick building of 2008	12 500	22	568	0,90	511
2	Underground garage in Hladilnika Residential Area in Banat street, brick building of 2004	8 500	16	531	0,90	478
3	Underground garage in Hladilnika Residential Area nearby Cherni Vrah blvd., brick building	11 500	21	548	0,90	493

<i>BENCHMARK VALUE per 1 sq. m.</i>	494	€/sq. m.
<i>BNB exchange rate – BGN / EUR</i>	1,95583	BGN/€
<i>Built-up area of the garage</i>	18,00	sq. m.
<b><i>BENCHMARK VALUE as at the date of the valuation</i></b>	<b>17 400</b>	<b>BGN</b>
	<b>8 900</b>	<b>EUR</b>

*Underground garage No .....*

No	Location and description	Offered price	Area	Price per 1 sq. m.	Adjustment coefficient for market realisation	Benchmark value
		(EUR)		(sq. m)		EUR/sq.m.
1	Underground garage in Hladilnika Residential Area in Koziak street, brick building of 2008	12 500	22	568	0,90	511
2	Underground garage in Hladilnika Residential Area in Banat street, brick building of 2004	8 500	16	531	0,90	478
3	Underground garage in Hladilnika Residential Area nearby Cherni Vrah blvd., brick building	11 500	21	548	0,90	493

<i>BENCHMARK VALUE per 1 sq. m.</i>	494	€/sq. m.
<i>BNB exchange rate – BGN / EUR</i>	1,95583	BGN/€
<i>Built-up area of the garage</i>	18,00	sq. m.
<b><i>BENCHMARK VALUE as at the date of the valuation</i></b>	<b>17 400</b>	<b>BGN</b>
	<b>8 900</b>	<b>EUR</b>



The value of the real estate – apartment No ....., underground garage No ..... and underground garage No ....., situated in ..... Residential Complex, located in Sofia, Triaditsa Region, administrative address: ..... Street, block ....., floor 7, determined under the market benchmarks method as at 20 November 2009 amounts to:

*Apartment No ..... – BGN 388 400*

*Underground garage No ..... – BGN 17 400*

*Underground garage No ..... – BGN 17 400*



## **5. DEFINITION OF THE VALUE OF THE REAL ESTATES UNDER THE LIQUIDATION VALUE METHOD**

### ***5.1. Description of the method***

The liquidation value method seeks to find the most probable selling price in case of accelerated sale of the property. This selling price depends on the time for the preparation and implementation of the liquidation – preparation of advertisement, finding buyers and ensuring normal conditions for competition between them.

The costs on the liquidation: administrative, legal, intermediary fees on the transaction, are taken into account in deriving the liquidation value.

### ***5.2. Valuation of the real estates***

**Taking into account the above-mentioned factors the valuation team has determined liquidation value of the real estates – apartment No ..., underground garage No ..... and underground garage No ....., situated in ..... Residential Complex, located in Sofia, Triaditsa Region, administrative address..... Street, block ....., floor 7, as at 20 November 2009, at the amount of:**

***Apartment No ..... – BGN 314 000***

***Underground garage No ..... – BGN 14 600***

***Underground garage No ..... – BGN 14 600***



## 6. CONCLUSION AS TO THE ULTIMATE VALUATION

As a result of the valuations under the chosen methods the following values have been determined as at 20 November 2009:

No	METHOD	Value in BGN	Value in EUR	Weight coefficient
<i>Apartment No ....</i>				
1.	Revenue method	BGN 293 200	€ 149 900	0,20
2.	Benchmark method	BGN 388 400	€ 198 600	0,80
<i>Underground garage No .....</i>				
1.	Revenue method	BGN 16 600	€ 8 500	0,20
2.	Benchmark method	BGN 17 400	€ 8 900	0,80
<i>Underground garage No .....</i>				
1.	Revenue method	BGN 16 600	€ 8 500	0,20
2.	Benchmark method	BGN 17 400	€ 8 900	0,80

The valuation team has used weight coefficients of the valuations based on the capitalised future cash flows and the market benchmarks: 20%:80%, respectively.

**The ultimate valuation of the real estates – apartment No ....., underground garage No ..... and underground garage No 8-....., situated in ..... Residential Complex, located in Sofia, Triaditsa Region, administrative address: ..... Street, block ....., floor 7, derived in this way as at 20 November 2009 is respectively:**

No	Market value	Value in BGN	Value in EUR
1.	<i>Apartment No ....</i>	<b>BGN 369 400</b>	<b>188 900</b>
2.	<i>Underground garage No .....</i>	<b>BGN 17 200</b>	<b>8 800</b>
3.	<i>Underground garage No .....</i>	<b>BGN 17 200</b>	<b>8 800</b>
<b>Total</b>		<b>BGN 403 800</b>	<b>€ 206 500</b>

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20 November 2009  
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## **APPENDICES**