

SUMMARY VALUATION REPORT OF SONAE CAPITAL PROPERTY PORTFOLIO

As at 30th November 2016

16-LISB-900112

Prepared for:

SONAE CAPITAL SGPS, S.A.



ALUZ
S.A. - APARTAMENTOS

SUMMARY REPORT AND VALUATION FOR:

SONAE CAPITAL, SGPS, S.A.

As at 30th November 2016

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SONAE CAPITAL SGPS; S.A.

Lugar de Espido – Via Norte
4470-177 Maia
Portugal

Att. Mr. Paulo Miguel Soares
Nuno Parreiro
Francisco Rodrigues

Lisbon, 23rd January 2017

[O/ REF Nº 16-LISB-900112](#)

Dear Sirs,

VALUATION OF SONAE CAPITAL SGPS, SA PROPERTY PORTFOLIO (106 PROPERTIES) LOCATED IN PORTUGAL, AS AT 30th NOVEMBER 2016

The valuation has been carried out in accordance with the terms that we agreed in our proposal PROP/VAL/096/16, dated 7th of October 2016 for the valuation of Sonae Capital SGPS, SA property portfolio in Portugal. The extent of our professional liability to you is also outlined within these instructions. We confirm that we have sufficient knowledge, skills and understanding to undertake the valuation competently. We also confirm that no potential conflict of interest has been identified in relation to this instruction.

1. Scope of Instruction

We have been instructed by Sonae Capital SGPS, SA (“the Client”) to prepare this valuation for internal purposes. We have considered the freehold interest of the properties.

According to the Client instruction, we only have determined the Market Value of part of the property portfolio (43 properties). For the properties currently with promissory contracts (CPCV) we have considered the sale values established in those contracts. For the remaining real estate assets held by Sonae Capital we performed an Opinion of Value.

For the properties subject to Opinion of Value or with promissory contracts, only a summary schedule of values is presented. In Appendix 1, we set out a summary schedule aggregating the value of properties according to the Company property portfolio classification.

An additional full report in Portuguese, containing the summary schedule, individual valuation reports of the 43 properties with Market Value estimation, the Engagement Letter and the Terms of Business, was issued and delivered to the Client.

The valuation has been prepared in accordance with the Practice Statements contained in the RICS Valuation – Professional Standards, 2014 Edition as amended (“The Red Book”) published by The Royal Institution of Chartered Surveyors. The valuation has been prepared by valuers who conform to the requirements as set out in the Red Book, acting in the capacity of external valuers.

2. Background to the Valuation

We confirm that we have sufficient knowledge, skills and understanding to undertake the valuation competently and we also confirm that no potential conflict of interest has been identified in relation to this instruction.

The mention above also applies to the member of the Royal Institution of Chartered Surveyors, Ricardo Reis FRICS and to Nuno Tadeu MRICS, both signatory of the valuation.

In accordance with the list supplied by the Client, this portfolio consists of a number of properties for residential, hotel, retail, office and warehouse uses, as well as plots of urban and rural land. Some of the urban lands have projects approved for development, and a part of these are already under development (in the Projecto Efanor).

Part of this portfolio has already been subject to a valuation and/or an opinion of value as at 30 September 2007, 31 December 2008, 31 December 2009, 31 December 2011 and 30 September 2014.

The valuation was based on documentation provided by the Company, which was considered to be correct for valuation purposes. The accuracy of this information was not confirmed through formal enquiries.

We also point out, and as agreed with the Company, that no meetings were held with local authorities to confirm any potential for construction on land that is not currently under development, regardless of its classification.

Regardless of being standard practice of Cushman & Wakefield to take measurements, in view of instructions received and the size of the portfolio, it was agreed that the areas would be supplied by the Company, which were considered as correct.

3. Basis of Value

As instructed and in accordance with the requirements of the RICS Valuation – Professional Standards, 2014 Edition as amended (“The Red Book”), the valuation has been prepared on the basis of Market Value.

Market Value

This is defined as “The estimated amount for which an asset or liability should exchange on the date of 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.”

Opinion of Value

An Opinion of Value is defined as that used when normal valuation criteria is not available and as a result the value arrived at cannot be considered as the Market Value. Nonetheless, we have taken into

consideration the available criteria used for the market value definitions. Those properties reported with an Opinion of Value are specified as such, pointing out that the value indicated is based on very limited or inexistent information.

4. Tenure and Tenancies

For some of the properties, copies of the *Certidão da Conservatória do Registo Predial* and *Cadernetas Prediais Urbanas e Rústicas* (documents of title) were supplied to us but no formal enquiries were made to verify if these documents were updated and if the areas in each of these records and documents correspond to the actual areas. These should be verified by your legal advisers as correct before you place any reliance on our valuation.

Thus, our study assumes that:

- All properties owned by the Client or entities owned by it, and are free from any unusually onerous restrictions, covenants or other encumbrances;
- For leasehold properties, and in view of the fact that relevant leasehold contracts were not supplied to us, we have assumed that no clauses or restrictions exist that might affect the value of the property. We also assume as correct the information supplied by the Company concerning the dates of inception of the contracts, their term, duration, areas and current rents.

For valuation purposes we have assumed that the properties are held freehold.

5. Assumptions, Departures & Reservations

In the preparation of this valuation, we have not considered any Special Assumption or any specific departures from the Practice Statements contained in the Red Book.

6. Town Planning

We did not undertake any enquiries with the Local Planning Authority, relying on information supplied by the Company as being correct and complete.

The properties were considered only in relation to the existing construction and no alternative uses were taken into consideration. We have assumed that existing uses have the benefit of the appropriate planning consent or other statutory authorisations.

For assets that have expiring detailed plans or other development approvals we have assumed that will be renewed and the areas to be developed will be maintained, after checking that the approved development are in accordance with current planning parameters for the sites.

In the absence of information to the contrary, our valuation is on the basis that the Properties are not affected by proposals for road widening or Compulsory Purchase.

We have carried out the valuation relying on the information supplied by the Company, and C&W should not be expected to take responsibility for the legal interpretation of the same.

We have assumed that all properties possess licences for use and are being used in accordance with their respective licences.

For properties under development, we have assumed that all projects have been duly approved, have valid building permits and are being built in accordance with the projects and their respective licences.

For those properties that do not have projects, we have assumed that the urban parameters established in the urban development plans are those for which approval and development will be sought.

In the absence of information to the contrary our valuation was carried out on the basis that the properties will not be affected by any future road widening and/or expropriation of land.

7. Site and Contamination

We have not investigated ground conditions / stability and, unless advised to the contrary, our valuation is on the basis that the Properties are constructed and will be constructed having appropriate regard to existing ground conditions.

We have not carried out any investigations or tests, nor have been supplied with any other information from any expert that determines the presence or otherwise of pollution or contaminative substances or any other land (including any ground water).

Accordingly, our valuation has been prepared on the basis that there are no such matters that would materially affect our valuation. We would wish to reserve our right to review our valuation figures should specialist investigation reveal the presence of any contaminative materials.

8. Inspections

We only had inspected the properties with Market Value estimation. The properties were inspected or the inspection managed by Nuno Tadeu MRICS in December 2016.

The scope of inspection did not include an investigation to:

- Natural hazards, such as instability of the soil, mining or mineral extraction from the soil, radon gas, flood risk of all mechanisms (including rain and river origin);
- Non-natural hazards such as contamination where the substances are in, on or under the ground resulting from current or historical uses;
- Hazardous materials present in or kept on the property, such as (but not limited to) regulated risks, including chemicals, radioactive substances, explosives, waste management activities, asbestos, substances that deplete the ozone layer, oils and deleterious materials as construction materials which degrade with age, causing structural problems, e.g., cement with a high content of aluminum oxide, calcium chloride or stone wool insulation panels;
- Any physical constraints in development, except those clearly identified in the Municipal Territorial Planning Schemes.

9. General Principles

Our valuation has been carried out in accordance with the definitions, assumptions and comments as detailed in the “Terms of Business” (see appendix). Our valuation is based on the information supplied to us or which has been obtained from our own enquiries. We have relied upon this information being correct and on there being no undisclosed matters which would affect our valuation.

A valuation is a prediction of price, not a guarantee. Necessarily the valuer is required to make subjective judgements that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

Should you contemplate a sale, we strongly recommend that the property is given proper exposure to the market. You should not rely on this report unless any reference to tenure, tenancies and legal title has been verified as correct by your legal advisers.

No allowance has been made for any expenses of realisation or any taxation liability arising from a sale or development of the Property.

A purchaser of the Property may need further advice or verification relating to certain matters referred to in this report before proceeding with a purchase. You should therefore note the conditions on which this valuation has been prepared.

Our valuation makes no allowance for the cost of transferring income or future capital receipts out of Portugal or any restrictions on doing so.

No account has been taken of any leases granted between subsidiaries of the Company, and no allowance has been made for the existence of a mortgage, or similar financial encumbrance over the Property.

Where grants have been received, no allowance has been made in our valuation for any requirement to repay the grant in the event of a sale of the Properties.

Our valuation is exclusive of IVA (VAT) or any other taxes of a similar nature, and has been prepared on the basis of the local currency, namely the Euro (€).

A purchaser of the Property is likely to obtain further advice or verification relating to certain matters referred to above before proceeding with a purchase. You should therefore note the conditions on which this valuation has been prepared.

10. Source of Information

Our valuation has been prepared on the basis of the information supplied to us mainly by the Client. We have assumed that the information supplied presents a complete and accurate picture. For more detail please see appendix 5.

11. Valuation

Subject to the foregoing and based on values current as at 30th November 2016, we are of the opinion that the current Value of the Properties as shown in the table in the Appendix, is:

TOTAL VALUE OF THE PROPERTIES **€ 397,522,910**
(Three hundred and nineteen seven Million, five hundred and twenty two Thousand, nine hundred and ten Euros)

- **PROPERTIES WITH MARKET VALUE ESTIMATION** **€302,044,700**
- **PROPERTIES WITH PROMISSORY CONTRACTS** **€15,922,750**
- **PROPERTIES WITH OPINION OF VALUE ESTIMATION** **€79,555,460**

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. It is not clear to what extent other EU markets will be affected by this decision and we will be monitoring the markets closely. We recommend that the valuation(s) is kept under regular review.

The contents of this Valuation Certificate are intended to be confidential to the addressees. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before the Valuation Certificate, or any part of its contents are reproduced or referred to in any document, circular, statement or disclosed orally to a third party, our written approval as to the form and contents of such publication or disclosure must first be obtained.

Such publication or disclosure will not be permitted unless, where relevant, it incorporates any special conditions referred to within this Report. For the avoidance of doubt, such approval is required whether or not this Firm is referred to by name and whether or not our Valuation Certificate is combined with others.

Yours Faithfully,



Ricardo Reis FRICS
Partner, Head of Valuation & Advisory



Nuno Tadeu MRICS
Associate - Valuation & Advisory

CUSHMAN & WAKEFIELD – Consultoria Imobiliária, Unipessoal, Lda.

Valuation Methodology

In order to determine the Market Value and the Opinion of Value of the Properties, various valuation methodologies were considered depending on the type of property.

We describe below the methodologies that we normally use and that were selected according to the nature of the properties.

Comparative Approach

The Comparative Method is based on comparable market sales, considering the property's characteristics and location, obtained by market studies carried out in the area.

Adjustments are then made in accordance with the inspection of the building and the characteristics of the area and property, taking into consideration differences such as location and ease of access, building indices, size, state of repair, etc., in order to reach the valuation closest to the true value of the property.

Capitalization Approach

To determine the Market Value of Properties, we use the Capitalization Method, comparing the rental agreed contractually, if this exists, with the estimated market rent.

The Capitalization Method is used when determining the value of the properties that may be leased, analysing its potential use and value in a determined market.

The Market Value of the Property is calculated by capitalizing the rent at a specific yield (capitalization rate).

The yield applied is duly weighted and used in line with that in force at the date of valuation in the market, for various locations and for similar use.

Capitalization Approach – Residual Value Method

The Market Value of the Property is based on analysis of the profitability of the development project consistent with the best possible use, or in line with existing development projects. The Best Alternative

Use is defined as the probable and reasonable use which, as at the date of valuation, generates the higher current value.

Thus, it is assumed that the property will be sold or developed and managed during a period of time considered to be reasonable, and the property value corresponds to the present value of future income, from which are deducted development costs and indirect charges.

Development costs cover the following: construction costs, selling margin, financial costs and indirect charges.

Indirect costs are understood to cover all costs relating to projects, surveyance and project coordination, marketing and selling.

The valuation is based on the principle of anticipation, using the potential income of the project after its completion.

Capitalization Approach – Discounted Cash Flow

Under the Discounted Cash Flow methodology, an analysis of the profitability of the project is made, which consists of adding up the forecast (future) free Cash Flows and the residual value at the end of the projected period, updated using a market rate for investments with a similar risk profile.

The revenue and cost structures used for the valuation were prepared based on information provided by the Company, or, when information was not available or did not exist, on estimates comparing this structure with data for the sector and other comparable properties.

The net revenue recorded in the final period under analysis is capitalised at a specific yield, with a discount rate applied to the resulting value and the remaining operating revenues, which is duly weighted and in line with the market as of the date of valuation.

The valuation is based on the principle of anticipation, using as a reference the potential revenue from the development after its conclusion. Projections were made at current prices considering a projected period of 10 years.

As for the properties (plots) available for development (projects, PIP...) market value and Net asset value are shown in the valuations. For the market value definition, acquisition costs, stamp duty and legal expenses were considered, and for the Net asset value, it was also considered the Municipal Tax on Real Estate Transfer (IMT), having a separate analysis.

The consideration of these costs reflects the changes occurred in the Real Estate Investment funds legislation.

Appendix 1 – Summary Valuation Schedule

SUMMARY VALUATION REPORT

Sonae Capital Property Portfolio

Sonae Capital SGPS, S.A.

As at 30th November 2016

Unit : €				
	Valuation 2014 (2016)	Valuation 2016	Market Value ⁽ⁱ⁾	Opinion for value ⁽ⁱⁱ⁾
Tourism Assets	72,785,400	82,594,000	74,094,000	8,500,000
Hospitality	65,998,400	74,094,000	74,094,000	0
Fitness	6,787,000	8,500,000	0	8,500,000
Troia Resort	183,920,905	188,654,810	117,272,700	71,382,110
Assets for sale	109,545,905	109,357,774	37,975,664	71,382,110
Projects	74,375,000	79,297,036	79,297,036	0
Other Assets	139,524,464	126,274,100	110,678,000	15,596,100
Assets for sale / under managemt	31,642,250	29,211,900	22,465,800	6,746,100
Projects	107,882,214	97,062,200	88,212,200	8,850,000
TOTAL	396,230,769	397,522,910	302,044,700	95,478,210

(i) Market value - defined as the estimated amount for which an asset may be exchanged, after an appropriate marketing period, on the date of valuation, between a willing buyer and a willing seller, in an arm's length transaction

(ii) An Opinion for Value - defined as that used when normal valuation criteria are not available, and the result value cannot be considered as Market value. However, the available parameters for Market value definition were considered.

Tourism Assets:

Hospitality: as relevant assets (i) Pólo de Lagos, including Aqualuz Lagos Suite Hotel Apartments, the Health Club as the attached plot of land, and (ii) Aqualuz Aparthotel in Tróia (TroiaMar, TroiaRio and TroiaLagoa)

Fitness: includes the Health Club Solinca in Braga and Vasco da Gama, in Lisbon

Troia Resort:

Assets for sale: most relevant assets are Marina, Beach and Ácala Apartaments, beach and Golf villa plots, troia village and parking plots

Projects: includes undeveloped areas, as Caldeira Apartaments, EcoResort (UNOP4) and Resort Hotel (UNOP3)

Other Assets:

Assets for sale / under management: more relevant assets are City Flats project (Matosinhos) and various plots of land for construction

Projects: (valuation defined based on property for development): more relevant projects are Efanor Project (Matosinhos); "Fábrica do Cobre" (Porto), Country Club Maia (17.774m²); the Gaia Shopping plot (VN Gaia, 19.881m²) and "Quinta da Azenha" (Gondomar, 58.334m²)

Appendix 2 – Source of Information

SUMMARY VALUATION REPORT

Sonae Capital Property Portfolio

Sonae Capital SGPS, S.A.

As at 30th November 2016

We have been supplied with the following information:

Information	Yes/No - Source
Floor plans / Floor areas	Partially - Client
Details of ground conditions	No
Condition survey report	No
Details of building defects	No
Environmental enquiries	No
Copy environmental report/Details of any known environmental or contamination issues	No
Copy of leases	Partially - Client
Confirmation of title, including site plan, tenure, tenancy and sub-tenancy details, etc.	Partially - Client
Details of planning use and relevant planning consents	Yes –Client
Service charge information	No
Details of irrecoverable outgoings	No
Current insured amounts (if an informal reinstatement cost assessment is required)	No
Details of current negotiations in hand	No
Details of recent, current or proposed marketing of the property and offers received	No
Non-recoverable expenses and Capex	No

Appendix 3 – Terms of Business & General Valuation Principles

PRINCIPAL TERMS AND CONDITIONS



OF APPOINTMENT AS VALUERS

APRIL 2015

1. PRELIMINARY

- 1.1 These terms and conditions (the "**Terms of Business**") shall apply to all valuation services (excluding agency services and other forms of professional services, to which separate terms will apply) provided by Cushman & Wakefield – Consultoria Imobiliária, Unipessoal, Lda., with registered number NIPC 507522702, and having its registered office at Av. da Liberdade, 131-5º, 1250-140 Lisboa ("**C&W**", "**we**" or "**us**") to the client to whom an instruction confirmation letter (the "**Letter**") is sent ("**you**"). They shall apply separately to each service subsequently provided to you.
- 1.2 The Terms of Business are to be read in conjunction with the relevant Letter and general valuation principles ("**Valuation Principles**") attached thereto. In the event of any ambiguity or conflict between the relevant Letter, the Valuation Principles and these Terms of Business, the provisions in the relevant Letter shall prevail. These Terms of Business and the relevant Letter may only be varied in writing by agreement between the parties. It is our practice to review and upgrade our Terms of Business frequently and new versions will be sent to you and agreed with you.

2. PERFORMANCE OF THE SERVICES

- 2.1 We undertake to use all reasonable skill and care in providing the services and advice described in the relevant Letter, based on the instructions given by you (the "**Services**"). We will inform you if it becomes apparent that the Services need to be varied or external third party advice is required. Any variation is to be confirmed in writing and agreed between the parties.
- 2.2 We may need to appoint third party providers to perform all or part of the Services and we shall agree this with you in advance.

3. BASIS OF FEES

- 3.1 The basis of our fees for our Services is set out in the relevant Letter.
- 3.2 You shall pay all applicable VAT in addition to any fees and disbursements at the applicable rate.
- 3.3 You shall pay our fees on completion of our Services (whether or not additional work is still to be carried out by third parties) or, where the fees are in relation to an ongoing instruction or an

PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS

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instruction of a duration of more than three months, at least quarterly in arrears upon submission by us of quarterly invoices. Payment is due within 15 days of the invoice date.

- 3.4 Where valuations are undertaken for a lender for loan security purposes and it is agreed that a borrower will pay our fee, you shall remain primarily liable to pay our fee should such borrower fail to meet its liabilities to us in full. Payment of our fees is not conditional upon the loan being drawn down or any of the conditions of the loan being met.
- 3.5 If you do not dispute with us an invoice or any part thereof within 15 days of the date of such invoice, you shall be deemed to have accepted the invoice in its entirety.
- 3.6 If we are required by you to undertake any additional work in relation to an instruction, you shall pay additional fees based upon our usual rates. We will notify you of the amount of such additional fees. This also applies where we are asked to review a legal report or Certificate of Title provided to us more than 8 weeks after we have submitted our report (either draft or final).
- 3.7 Where there is a change to the stated purpose for which our valuation is being commissioned and in our sole opinion we deem this to result in an increase in our liability (for example a valuation for annual accounts being used for loan security purposes), we reserve the right to charge an additional fee.
- 3.8 If you subsequently request our invoice to be re-addressed to a party other than that originally agreed, we reserve the right to make an administration charge of €100. Payment will still be due within 15 days of the original invoice date.
- 3.9 In the event that you withdraw our instructions prior to completion of a valuation, you shall be liable to pay us for a fair and reasonable proportion of our fees and any agreed disbursements. If we have sent you draft valuation figures, such fees shall be subject to a minimum of 50% of the fee originally agreed between us and if we have sent you a draft valuation report, such fees shall be subject to a minimum of 80% of the fee originally agreed between us.
- 3.10 We will advise you in advance if it is necessary or convenient to instruct a third party to provide advice or to act as an expert or arbitrator and provide an estimate of the likely cost. If you approve, either verbally or in writing, that the third party be instructed, we will instruct the party as agent on your behalf and request that all the third party's invoices be addressed to you care of us. If we are requested by you to advance payment of the third party invoices, you shall be obliged to reimburse the advance payment made and pay a handling charge. We may request that you put us in funds in respect of any third party's costs before or at the time of formally instructing them on your behalf and you will comply with this request.
- 3.11 Where we are instructed to provide Services to one of your subsidiaries or associated / related entities or should you subsequently request that another entity be substituted for you at a later stage and we are unable to seek or obtain payment of any outstanding monies for whatever reason, you shall remain primarily liable to pay those outstanding monies if the subsidiary, associated / related or other entity does not meet its liabilities in relation to payment for the Services provided by us.

PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS

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4. INTEREST

You shall pay interest on the amount of any invoice for fees or other disbursements that remains unpaid for 15 days after the date of the invoice. Interest shall be payable at the rate of 4% above the base rate of Barclays Bank PLC from the date of the invoice until payment is made whether after or before judgement.

5. DISBURSEMENTS

You shall pay all disbursements incurred by us in the provision of the Services at least quarterly in arrears from the date they were incurred. Disbursements include, but are not limited to: maps, plans, research, photography, copying of documents or plans, messenger delivery, costs of obtaining external information on companies, properties, demographic or other similar information, any reproduction, copying or other royalties incurred, additional bound copy reports, costs of external information / references obtained and key cutting, travel and subsistence expenses at their actual cost and car mileage at the standard AA scales.

6. INFORMATION RECEIVED FROM THE CLIENT

We will take all reasonable steps to ensure that property information is accurate where we are responsible for its preparation. Where you provide us with any information on a property that is necessary or convenient to enable us to provide the Services properly, you acknowledge that we will rely on the accuracy, completeness and consistency of any information supplied by you or on your behalf and, unless specifically instructed otherwise in writing, we will not carry out any investigation to verify such information. We accept no liability for any inaccuracy or omission contained in information disclosed by you or on your behalf, whether prepared directly by you or by a third party, and whether or not supplied directly to us by that third party and you shall indemnify us should any such liability arise. If our valuation is required for the purpose of purchase or loan security, you accept that full investigation of the legal title and any leases is the responsibility of your lawyers.

7. CONFLICTS OF INTEREST AND ANTI-CORRUPTION

- 7.1 We have conflict management procedures designed to prevent us acting for one client in a matter where there is or could be a conflict with the interest of another client for whom we are acting. If you are aware or become aware of a possible conflict of this type, please raise it immediately with us. If a conflict of this nature arises, then we will decide, taking account of legal constraints, relevant regulatory body rules and your and the other client's interests and wishes, whether we can continue to act for both parties (e.g. through the use of separate teams with appropriate Chinese Walls), for one only or for neither. Where we do not believe that any potential or actual conflict of interest can be managed appropriately, we will inform you and consult with you as soon as reasonably practicable.
- 7.2 You acknowledge that we may earn commissions, referral fees and may charge handling fees connected to the services that we perform and agree that we shall be entitled to retain them without specific disclosure to you. We will not accept any commissions or referral fees in

PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS

APRIL 2015

circumstances where we are of the reasonable belief that they would compromise the independence of any advice that we provide to you.

8. MANAGEMENT OF THE PROPERTY

We shall not be responsible for the management of the property nor have any other responsibility (such as maintenance or repair) in relation to the property. We shall not be liable for any damage that may occur while the property is unoccupied. The property shall be your sole responsibility.

9. TERMINATION BY NOTICE

9.1 Unless a fixed period has been agreed, either party may terminate the instruction by giving 14 days' notice in writing to the other party.

9.2 In the event of termination by notice, you shall be obliged to pay forthwith all the fees accrued in relation to the Services and work performed up to the date of termination (and any abort fee) plus any expenses or disbursements incurred by us or to which we are committed at the date of termination.

10. PROFESSIONAL LIABILITY

10.1 We shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the Services in respect of:

- (i) any direct loss of profit;
- (ii) any indirect, special or consequential loss whatsoever howsoever caused including without limitation (a) indirect loss of profit; (b) loss of business; (c) loss of goodwill; (d) loss of use of money; (e) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.

10.2 We shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of the Services.

10.3 You acknowledge and agree that the exclusions contained in this clause 10 are reasonable in all the circumstances and that you have had the opportunity to take independent legal advice.

10.4 Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.

10.5 Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our Services to you.

PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS

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10.6 Our total aggregate liability (including that of our members and employees) to you or to any other party entitled to rely on our valuation and/or report pursuant to this clause 10 in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the Services shall be limited to an aggregate sum not exceeding:

- (i) 25% of the reported value (and, for the avoidance of doubt, where more than one value basis is adopted the reported value shall mean the Market Value without Special Assumptions; or, if this basis is not included in our report, the value basis most similar to the Market Value without Special Assumptions, where Market Value and Special Assumptions have the meanings set out in the RICS Valuation Professional Standards current at the date of the Letter); or
- (ii) €20 million,

whichever is the lesser amount.

10.7 Where the Services relate to more than one property, our maximum liability in respect of any individual property shall be in the same proportion to the total aggregate liability as such individual property’s reported value is to the aggregate reported value.

10.8 Nothing in these Terms of Business excludes or limits our liability: (i) for death or personal injury caused by our negligence; (ii) for any matter which it would be illegal for us to exclude or attempt to exclude our liability and (iii) for fraud or fraudulent misrepresentation.

10.9 We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise, or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.

10.10 To cover any liability that might be incurred by us, we confirm that we will maintain professional indemnity insurance through the Lloyds and company insurance market, so long as such insurance is available at commercially acceptable rates and terms, with insurers of good standing and repute of not less than €20 million on an each and every claim basis.

10.11 Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However in the event of us being asked by you to readdress our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to the following minimum fees:

	First Extended Party	Second & Subsequent Extended Parties
For the first €1m of reported value	0.075%	0.025% per party
Thereafter	0.035%	0.015% per party

PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS

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These fees are exclusive of VAT and expenses (including the cost of readdressing the report) and are subject to a minimum fee of €750. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.

- 10.12 Where we consent in writing to reliance on our report by another party or other parties, we do so on the condition that (i) the other party or parties agree in writing to be bound by the Letter and these Terms of Business as if it / they had been a party to the original Letter between us, with such written agreement being provided to us, (ii) such other party pay the fees demanded as set out in clause 10.9 above (unless agreed otherwise in writing) and (iii) where you act on behalf of a syndicate or in relation to a securitisation, you agree that you are not entitled to pursue any greater claim on behalf of any other party than you would have been entitled to pursue on your own behalf had there been no syndication or securitisation.
- 10.13 Where you provide a copy of and / or permit another party or parties to rely upon our valuation report without obtaining our express written consent and fail to provide us with the written consent of any other party or parties who have received our report to be bound by the Letter and Terms of Business (in accordance with clause 10.10 above). You agree to indemnify us for any and all liability which arises from the use of or reliance upon our report by such unauthorised party.
- 10.14 Notwithstanding clause 10.11, where a valuation report is prepared or where we consent to a valuation report being used for the purpose of a prospectus, offering (either directly or indirectly), or a circular to shareholders, you agree to indemnify us for any liability whatsoever that we may have to any parties that have not agreed with us in writing to be bound by these Terms of Business which exceeds our aggregate cap on liability (referred to at clause 10.6) arising from their use and / or reliance on the valuation report.
- 10.15 Where we provide valuation advice to an entity that falls within the scope of the Alternative Investment Fund Managers Directive (“Fund”), our role will be limited solely to providing valuations of property assets held by the Fund. We will not act in the capacity of External Valuer of the Fund as defined in the Directive; the valuation function for the Fund and the setting of the net asset value of the Fund will remain with others. C&W’s report will be addressed to the Fund for internal purposes and third parties may not rely on it. Our aggregate liability howsoever arising out of such instruction is limited in accordance with these Terms of Business.

11. QUALITY OF SERVICE AND COMPLAINTS

- 11.1 Our valuation procedures are certified as ISO9001:2000 compliant.
- 11.2 All our valuation reports are signed by a Member of C&W whose responsibility it is to ensure that all relevant quality control procedures have been complied with.
- 11.3 If you wish to complain about the level of our service to you, in accordance with the requirements of the Royal Institution of Chartered Surveyors, we have a standard complaints procedure, a copy of which is available on request.

PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS

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12. DATA PROTECTION

- 12.1 We (and any of our relevant international partnerships, group companies and affiliated organisations) are data controllers of all personal data collected during the provision of the Services. We shall use such personal data and information we obtain from other sources for providing the Services, for administration and customer services, for marketing and to analyse your preferences. We may keep such personal data for a reasonable period for these purposes. We may need to share personal data with our service providers and agents for these purposes. We may disclose personal data in order to comply with a legal or regulatory obligation and you may request, in writing and upon payment of a fee, a copy of the details held about you by us.
- 12.2 To help us to make credit decisions about you, to prevent fraud, to check identity and to prevent money laundering, we may search the files of credit reference agencies and we may also disclose details of how you conduct your account to such agencies.
- 12.3 We may share personal data within our international partnerships, group companies and affiliated organisations and with our business partners for marketing purposes, which may be to countries or jurisdictions which do not provide the same level of data protection as the country in which you are based, or we may send you and your employees information about other organisations' goods and services. We or any business partners may contact you and your employees, directly or via our agents, by mail, telephone, fax, email, SMS or other electronic messaging service with offers of goods and services or information that may be of interest. By providing us with your or your employees' personal data (whether that data is deemed sensitive or not) including fax numbers, telephone numbers or email addresses, you and your employees consent to being contacted by these methods for these purposes.

13. MONEY LAUNDERING REGULATIONS

In order to comply with all applicable money laundering legislation and regulation, we may be required to verify certain of your details and may ask you to assist us in complying with such requirements. Where such information is requested, you will provide such information promptly to enable us to provide our Services. We shall not be liable to you or any other parties for any delay in the performance or any failure to perform the Services which may be caused by our duty to comply with any such legal and regulatory requirements.

14. ELECTRONIC COMMUNICATIONS

We may communicate with each other by electronic mail, sometimes attaching electronic data. By consenting to this method of communication, we and you accept the inherent risks (including the security risks of interception of, or unauthorised access to, such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices). In the event of a dispute, neither of us will challenge the legal evidential standing of an electronic document and our system shall be deemed to be the definitive record of electronic communications and documentation.

PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS

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15. CONFIDENTIALITY

- 15.1 We owe you a duty of confidentiality. You agree that we may, when required by our insurers or other advisers, provide details to them of any engagement on which we act or have acted for you, and that we may also disclose confidential information relating to your affairs if required to do so for legal, regulatory or insurance purposes only.
- 15.2 Subject to clause 16.1, we both agree never to disclose sensitive details of transactions or our advice without the other's consent. Unless we are expressly bound by a duty of confidentiality which otherwise overrides this, we both shall be entitled to mention to third parties (e.g. in the course of presentations, speeches or pitches) and/or publish (e.g. in brochures, marketing or other written material) that we provide our services to you.
- 15.3 We shall provide the Services to you only for your sole use and for the stated purpose. We shall not be liable to any third party in respect of our Services, even if a third party pays all or part of our fees, or is permitted to see a copy of our valuation report. You shall not mention nor refer to our advice, in whole or in part, to any third party orally or in annual accounts or other document, circular or statement without our prior written approval. The giving of an approval shall be at our sole discretion.
- 15.4 We will not approve any mention of our advice unless it contains sufficient reference to all the special assumptions and/or limitations (if any) to which our advice is subject. Our approval is required whether or not we are referred to by name and whether or not our advice is combined with others.

16. INTELLECTUAL PROPERTY

All intellectual property rights (including copyrights) in the documents, materials, records, data and information in any form developed or provided to you by us or otherwise generated in the provision of our Services shall belong to us solely. You are granted an irrevocable, non-exclusive, royalty-free licence to use or copy such intellectual property rights for any purpose connected with the property.

17. ASSIGNMENT

Neither party shall be entitled to assign this contract or any rights and obligations arising from it without the prior written consent of the other, such consent not to be unreasonably withheld.

18. GENERAL

- 18.1 If any provision of these Terms of Business is found by any court, tribunal or administrative body of competent jurisdiction to be wholly or partly illegal, invalid, void, voidable, unenforceable or unreasonable it shall to the extent of such illegality, invalidity, voidness, voidability, unenforceability or unreasonableness be deemed severable and the remaining provisions of these Terms of Business and the remainder of such provision shall continue in full force and effect.
- 18.2 Failure or delay by us in enforcing or partially enforcing any provision of these Terms of Business shall not be construed as a waiver of any of our rights under these Terms of Business.

PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS

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- 18.3 No term of the relevant Letter or these Terms of Business is intended to confer a benefit on or to be enforceable by any person who is not a party to the same.
- 18.4 All Letters and these Terms of Business shall be governed by and be construed in accordance with Portuguese law. Any dispute arising out of or in connection with the Services shall be submitted to the exclusive jurisdiction of the courts of Portugal.
- 18.5 References to partners of Cushman & Wakefield – Consultoria Imobiliária Unipessoal Lda are used to refer to a Member of Cushman & Wakefield LLP or an employee or consultant with equivalent standing and qualifications. A list of the members of Cushman & Wakefield LLP and of the non-members who are designated as “partners” is open to inspection at our registered office, 43-45 Portman Square, London, W1A 3BG.

CUSHMAN & WAKEFIELD
28 APRIL 2015

GENERAL VALUATION PRINCIPLES



APRIL 2015

I. PRELIMINARY

- I.1 These general valuation principles (the "**Valuation Principles**") shall apply to all valuation instructions, other than agency services and other forms of professional services (to which separate terms will apply), provided by Cushman & Wakefield – Consultoria Imobiliária, Unipessoal, Lda., with registered number NIPC 507522702, and having its registered office at Av. da Liberdade, 131-5º, 1250-140 Lisboa ("**C&W**", "**we**" or "**us**") to the client to whom an instruction confirmation letter (the "**Letter**") is sent ("**you**"). They shall apply separately to each service subsequently provided to you.
- I.2 The Valuation Principles are to be read in conjunction with the relevant Letter and the Terms of Business attached thereto. In the event of any ambiguity or conflict between the relevant Letter, the Terms of Business and these Valuation Principles, the provisions in the relevant Letter shall prevail. These Valuation Principles may only be varied in writing by agreement between the parties. It is our practice to review and upgrade our Valuation Principles frequently and new versions will be sent to you and agreed with you.

2. VALUATION BASES

- 2.1 Unless we have said otherwise within the Letter, the date of valuation will be the date of our inspection.
- 2.2 Unless we have said otherwise in the relevant Letter, the valuation will be prepared in accordance with the RICS Valuation Professional Standards current at the date of the Letter (the "**Red Book**") by valuers conforming to its requirements, acting as external valuer.
- 2.3 Each property will be valued on a basis appropriate to the purpose of the valuation, in accordance with the Red Book. The basis of valuation that we will adopt for each property is specified in the relevant Letter. The definitions are as follows:

- (i) **MARKET VALUE**

Market Value is "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".

- (ii) **MARKET RENT**

Market Rent is "the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's

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length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

(iii) EXISTING USE VALUE

Existing Use Value is “the estimated amount for which an asset 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 acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost”.

(iv) FAIR VALUE

Fair Value is “the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction”. In the context of International Accounting Standard (IAS) 17, the fair value of the leased asset of interest will normally be its market value (see (i) above).

(v) EXISTING USE VALUE FOR SOCIAL HOUSING

Existing Use Value for Social Housing is “the estimated amount for which a property should exchange, on the date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had acted knowledgeably, prudently, and without compulsion, subject to the following special assumptions that the property will continue to be let by a body pursuant to delivery of a service for the existing use:

- a) at the valuation date, any regulatory body, in applying its criteria for approval, would not unreasonably fetter the vendor’s ability to dispose of the property to organisations intending to manage their housing stock in accordance with that regulatory body’s requirements;
- b) properties temporarily vacant pending re-letting would be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession; and
- c) any subsequent sale would be subject to all of the above special assumptions.”

(vi) PROJECTED MARKET VALUE OF RESIDENTIAL PROPERTY

Projected Market Value of Residential Property is “the estimated amount for which an asset is expected to exchange at a date, after the valuation date and specified by the valuer, 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”.

- 2.4 When assessing either Existing Use Value, Fair Value or Market Value for balance sheet purposes, we will not include directly attributable acquisition or disposal costs in our valuation. Where you have asked us to reflect costs (as required under FRS15), they will be stated separately.

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- 2.5 In the case of specialised properties (where valuation methods such as market comparison or an income (profits) test cannot be reliably applied), we may use Depreciated Replacement Cost (“**DRC**”) as a method of estimating Value. The valuation using this method of a property in the private sector will include a statement that it is subject to the adequate profitability of the business, paying due regard to the value of the total assets employed. If the property is in the public sector, the valuation will include a statement that it is subject to the prospect and viability of the continued occupation and use. Any writing down of a valuation derived solely from the DRC method to reflect the profitability/viability of the entity in occupation is a matter for the occupier. If the valuation is being undertaken for inclusion in accounts prepared under International Financial Reporting Standards, our report will contain a statement that because of the specialised nature of the property, the value is estimated using a DRC method and is not based on the evidence of sales of similar assets in the market. If we consider that the value of the asset would be materially lower if the business ceased, the report will contain a statement to this effect.

3. GENERAL VALUATION ASSUMPTIONS

- 3.1 Unless otherwise agreed, we will provide the Services in relation to any property on the following assumptions:
- (i) the property and any existing buildings are free from any defect whatsoever;
 - (ii) all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual effect on building costs, property values or viability of any development or existing buildings;
 - (iii) all the building services (such as lifts, electrical, gas, plumbing, heating, drainage and air conditioning installations and security systems) and property services (such as incoming mains, waste, drains, utility supplies, etc) are in good working order without any defect whatsoever;
 - (iv) roads and sewers serving the property have been adopted and that the property has all necessary rights of access over common estate roads, paths, corridors and stairways and to use common parking areas, loading areas and other facilities;
 - (v) there are no environmental matters (including but not limited to actual or potential land, air or water contamination, or by asbestos or any other harmful or hazardous substance) that would affect the property, any development or any existing buildings on the property in respect of which the Services are provided or any adjoining property, and that we shall not be responsible for any investigations into the existence of the same and that you are responsible for making such investigations;
 - (vi) any building, the building services and the property services comply with all applicable current regulations (including fire and health and safety regulations);
 - (vii) the property and any existing building comply with all planning and building regulations, have the benefit of appropriate planning consents or other statutory authorisation for the current

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use and no adverse planning conditions or restrictions apply (which includes, but is not limited to, threat of or actual compulsory purchase order);

- (viii) appropriate insurance cover is, and will continue to be, available on commercially acceptable terms for any building incorporating types of construction or materials which may pose an increased fire or health and safety risk, or where there may be an increased risk of terrorism, flooding or a rising water table;
- (ix) items of plant and machinery that usually comprise part of the property on an assumed sale are included in the property but items of plant and machinery that are associated with the process being carried on in the property or tenants trade fixtures and fittings are excluded from the property;
- (x) in reflecting the development potential of any property, that all structures will be completed using good quality materials and first class workmanship;
- (xi) any occupational leases are on full repairing and insuring terms, with no unusually onerous provisions or covenants that would affect value;
- (xii) in respect of any lease renewals or rent reviews, all notices have been served validly within any time limits;
- (xiii) vacant possession can be given of all accommodation which is unlet or occupied by the entity/borrower or its employees on service tenancies; and
- (xiv) any mineral rights are excluded from the property.

4. VALUATION ASSUMPTIONS FOR PROPERTY VALUED HAVING REGARD TO TRADING POTENTIAL

- 4.1 Unless we have agreed otherwise, for trading related property (such as hotels, marinas and self storage properties where the property is trading and is expected to continue, we will value on the assumption of a fully equipped operational entity, having regard to trading potential.
- 4.2 Where we are instructed to value a property having regard to its trading potential, we will take account of any trading information that either the operator has supplied to us or that we have obtained from our own enquiries. We will rely on this information being correct and complete and on there being no undisclosed matters that could affect our valuation. The valuation will be based on our opinion as to future trading potential and the level of fair maintainable turnover and fair maintainable operating profit likely to be achieved by a reasonably efficient operator.
- 4.3 Unless we have said otherwise in the relevant Letter:
 - (i) the valuation will be made on the basis that each property will be sold as a whole including all fixtures, fittings, furnishings, equipment, stock and goodwill required to continue trading;

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- (ii) we will assume that the new owner will normally engage the existing staff and the new management will have the benefit of existing and future bookings or occupational agreements (which may be an important feature of the continuing operation), together with all existing statutory consents, operational permits and licences;
- (iii) we will assume that all assets and equipment are fully owned by the operator and are not subject to separate finance leases or charges;
- (iv) we will exclude any consumable items, stock in trade and working capital; and
- (v) we will assume that all goodwill for the properties is tied to the land and buildings and does not represent personal goodwill to the operator.

5. STRUCTURE

- 5.1 We will not carry out a structural survey of any property nor will we test services. Further, no inspection will be made of the woodwork and other parts of the structures which are covered, unexposed or inaccessible. In the absence of information to the contrary, the valuation will be on the basis that the property is free from defect. However, the value will reflect the apparent general state of repair of the property noted during inspection, but we do not give any warranty as to the condition of the structure, foundations, soil and services. Our report should not be taken or interpreted as giving any opinion or warranty as to the structural condition or state of repair of the property, nor should such an opinion be implied.
- 5.2 If we give the age of a building in our report, this will be an estimate and for guidance only.

6. MEASUREMENTS

- 6.1 Where we are required to measure a property we will generally do so in accordance with the latest edition of the RICS Code of Measuring Practice. However, you should specifically note that the floor areas contained in any report we may publish are approximate and if measured by us will be within a 3% tolerance either way. In cases where the configuration of the floor plate is unusually irregular or is obstructed, this tolerance may be exceeded.
- 6.2 We will not be able to measure areas that we are unable to access. In these cases we may estimate floor areas from plans or by extrapolation. Where we are required to measure land or site areas, the areas will be approximate and will be measured from plans supplied or from Ordnance Survey plans. They will not be physically checked on site.
- 6.3 The areas we report will be appropriate for the valuation purpose, but should not be relied upon for any other purpose.

7. PLANNING AND STATUTORY REGULATIONS

- 7.1 Unless specifically instructed in writing to make formal searches with local planning authorities, we shall rely in the provision of our Services on the information provided informally by the local planning

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authority or its officers. We recommend that your lawyers be instructed to confirm the planning position relating to the property and review our comments on planning in the light of their findings.

- 7.2 We may consider the possibility of alternative uses being permitted. Unless otherwise notified by you in writing, we shall assume that the property and any existing buildings comply with all planning and building regulations existing uses have the benefit of appropriate planning consent or other statutory authorisation, and that no adverse planning conditions or restrictions apply.

8. VALUATION EXCLUSIONS

- 8.1 We will not inspect title deeds and we will therefore rely on the information supplied as being correct and complete. In the absence of information to the contrary, we will assume the absence of unusually onerous restrictions, covenants or other encumbrances and that the property has a good and marketable title. Where supplied with legal documentation, we will consider it but we will not take responsibility for the legal interpretation of it. Unless agreed we will not obtain information from The Land Registry.
- 8.2 You should confirm to us in writing if you require us to read leases and if so, provide all the relevant documentation within a reasonable time for consideration bearing in mind the date for receipt of our report. You should not rely upon our interpretation of the leases without first obtaining the advice of your lawyers.
- 8.3 We will take into account any information that you provide concerning any tenants' improvements. Otherwise, if the extent of tenants' alterations or improvements cannot be confirmed, we will assume that the property was let with all alterations and improvements evident during our inspection (or, in the case of valuation without inspection, as described within the information that you provide).
- 8.4 Our valuation will take into account potential purchasers' likely opinion of the financial strength of tenants. However, we will not undertake any detailed investigations on the covenant strength of the tenants. Unless informed to the contrary by you, we will assume that there are no significant arrears and that the tenants are able to meet their obligations under their leases or agreements.
- 8.5 Any plans we provide to you indicating the site of a property are for identification only. We will rely on our inspection and information that you provide in outlining the extent of each property, but you should not rely upon our plans to define boundaries.
- 8.6 Where comparable evidence information is included in our report, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe its general accuracy or where it was in accordance with expectation. In addition, we have not inspected comparable properties.
- 8.7 For a recently completed development property, we will not take account of any retentions or outstanding development costs. For a property in the course of development, we will reflect your advice on the stage of construction, the costs already incurred and those still to be spent at the date of valuation, and will have regard to any contractual liabilities.

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- 8.8 We will not make any allowance in our Services for the existence of any mortgage or other financial encumbrance on or over the property nor take account of any leases between subsidiaries.
- 8.9 Any valuation figures provided will be exclusive of VAT whether or not the building has been elected.
- 8.10 We will not make any allowance in any valuation advice provided for the expenses of realisation or any taxation liability arising from the sale or development of the property.
- 8.11 Unless we have said otherwise in the Letter, each property will be valued individually; in the case of a portfolio, we will assume that the properties would be marketed in an orderly way and not placed on the market at the same time.
- 8.12 The components of our valuation calculations (such as future rental values, cost allowances, or void periods) may only be appropriate as part of the valuation calculation. They should not be taken as a forecast or prediction of a future outcome. You should not rely on any component of the valuation calculation for any other purpose.
- 8.13 We will value in the local currency. If we are to report to you in another currency, unless we have agreed otherwise we will adopt a conversion rate equivalent to the closing rate (“**spot rate**”) on the date of valuation.
- 8.14 Our valuation does not make allowance either for the cost of transferring sale proceeds to another state, or for any restrictions on doing so.
- 8.15 A reinstatement assessment for insurance purposes is a specialist service and can only be given by a building surveyor or other person with sufficient current experience of replacement costs. In instances where we are instructed to provide an indication of current reinstatement costs for insurance purposes, this will be given solely as a guide without warranty. The property will not be inspected by a building surveyor or qualified building cost estimator. Our informal assessment will be based upon an estimate of current market prices. This assumes total demolition and identical reconstruction in materials presently available and using modern building techniques. We will assume that the relevant authorities will issue any consents necessary without delay (including Listed Building Consent where applicable) to enable total demolition and identical reconstruction in materials presently available and using modern building techniques. We will make no allowance for the unavailability of materials, or for any abnormal site conditions that could not be overcome in the design of the structural elements of the building. (Please note that this approach may not be suitable for Listed Buildings, for which you should obtain specialist advice). You should not rely on our informal assessment as the basis for insurance cover.

9. REGULATED PURPOSE VALUATIONS AND MONITORING

- 9.1 In circumstances where a valuation, although provided for a client, may also be of use to third parties, for instance the shareholders in a company (otherwise defined as a “**Regulated Purpose Valuation**” in the Red Book), we are required to state our policy on the rotation of the surveyor who prepares the valuation and the quality control procedures that are in place.

GENERAL VALUATION PRINCIPLES

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- 9.2 Irrespective of the purpose of the valuation, we will select the most appropriate surveyor for the valuation having regard to his/her expertise and the possible perception that independence and objectivity could be compromised where a valuer has held the responsibility for a particular client for a number of years. This may result in us rotating the surveyor responsible for repeat valuations for the same client although we will not do so without prior discussion with the client.
- 9.3 For all Regulated Purpose Valuations we are required by the Red Book to state all of the following in our report:
- (i) the length of time the valuer continuously has been the signatory to valuations provided to you for the same purpose as the report, together with the length of time we have continuously been carrying out that valuation instruction for you;
 - (ii) the extent and duration of the relationship between you and us;
 - (iii) in relation to our preceding financial year the proportion of the total fees, if any, payable by you to our total fee income expressed as one of the following:
 - less than 5%; or
 - if more than 5%, an indication of the proportion within a range of 5 percentage points;
 - (iv) where, since the end of the last financial year, it is anticipated that there will be a material increase in the proportion of the fees payable, or likely to be payable, we shall include a further statement to that effect in addition to (iii) above.
- 9.4 The valuation may be subject to monitoring under the RICS's conduct and disciplinary regulations.

CUSHMAN & WAKEFIELD
28 APRIL 2015