

VALUATION REPORT



Property: 0013+0014
Address: Rahlstedter Weg 73, 75a-c, 77a-c
22147 Hamburg
Client: Nykredit
Under Krystallen I, 1780 København V
Valuation date: 25.01.2016

Market Value	3.090.000,00 €
Gross Multiplier (Current)	15,4
Market Value per sq m	1.412 €

STRUCTURE

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Preamble to the Valuation Report

Our valuation assessment reflects these circumstances as well as the actual market development, according to the valuation standards of RICS Red Book.

Definition of market rent (RICS Red Book 2014, Glossary)

“The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

With reference to RICS Red Book Regulations (VPS 4) and § 10 (1) BeiWertV (acc. to German Pfandbrief legislation), valuations based on income approaches have to be calculated on the following mandatory assumptions:

When calculating the gross rental income of a property it has to be considered, that only gross rental incomes are relevant, which can be generated by

- a. proper Management
- b. permissible use and
- c. every owner and proprietor – within the “norm”.

We have been provided with example residential and signed commercial rental contracts to calculate the actual stepping rent and indexation for each contract.

Legal circumstances (Mietrechtsnovellierungsgesetz - MietNovG, from 01.06.2015)

Starting at 01.06.2015 the MietNovG is regulating the market rent for reletting of residential units. We take this into account for our valuation.

Our DCF calculation model of the cash-flow reflects a rental increase according to german law BGB § 558. Including a „safety-margin“ of 5% for in practice not accessible rent increases (e.g. as of tenant objections), modeling rent increases of 15% within 3 years to the limit of the market rent.

To reflect the found maintenance backlog during the inspections, we introduced capital expenditures (see cap.-ex. of the DCF model).

Derivation of the valuation parameters

With reference to the “Betriebskostenverordnung (BetrKV)” und based on our knowledge and experiences, we introduced:

- Average costs for maintenance range from 10,00 - 12,00 EUR/sq m for residential units
- Average costs for maintenance range from 7,50 - 10,00 EUR/sq m for commercial units
- Management costs 250 EUR/p.a. per residential unit
- Management costs in a range of 1,0 % and 2,0 % from the commercial gross rental income per annum
- The vacancy risk is qualified with a minimum of 2,0 % for residential and 4,0 % for commercial units of the gross rental income per annum
- Capitalization rates are identified within a range of 4,0 % and 7,0 %
- Discount rates are identified within a range of 4,5 % and 7,5 %

Executive summary

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Basic information	
Object:	Rahlstedter Weg 73, 75a-c, 77a-c, 22147 Hamburg
Owner:	MC Property Fund Hamburg GmbH
Date of inspection:	25.01.2016
Inspected units:	Appropriate number of residential and commercial units

Property information / general	
Use class:	Apartment building with commercial areas
Year of construction:	approx. 1965
Year of reconstruction:	n/a
Year of refurbishment:	n/a
Site area:	n/a
Surrounding area use:	residential, mixed use

Property information / units / area				
	Units	Areas	Vacant units	Vacant areas
Residential	37	1.679,50 m²	0	0,00 m²
Offices	0	0,00 m ²	0	0,00 m ²
Surgery	0	0,00 m ²	0	0,00 m ²
Retail	2	508,50 m²	0	0,00 m²
Storage	0	0,00 m ²	0	0,00 m ²
Logistic	0	0,00 m ²	0	0,00 m ²
Industrial	0	0,00 m ²	0	0,00 m ²
Hotel	0	0,00 m ²	0	0,00 m ²
Leisure	0	0,00 m ²	0	0,00 m ²
IT Area	0	0,00 m ²	0	0,00 m ²
Health care	0	0,00 m ²	0	0,00 m ²
Other (area)	0	0,00 m ²	0	0,00 m ²
Parking external	0		0	
Parking internal	0		0	
Other (unit)	1		0	
TOTAL:	40	2.188,00 m²	0	0,00 m²

Building materials	
Roof:	Double pitch roof
Windows:	PVC frames / double glazing
Facades:	Brick facade
Basement:	Full basement
Staircases:	Concrete / stone
Installations:	n/a
Specifies:	n/a

Authorities	
Building law:	Zoning plan "Rahlstedt 114 / Farmsen-Berne 32" from 02.05.2001
Environmental / contamination issues:	No, for further information see special assumptions
Local infrastructure charge:	No, for further information see special assumptions
Preservation order:	no
Encumbrances:	No, for further information see special assumptions

State of maintenance								
	1	2	3	4	5	6	7	n/a
State of maintenance roof:					X			
State of maintenance windows:				X				
State of maintenance facade:				X				
State of maintenance basement:				X				
State of maintenance staircases:				X				
State of maintenance technical installations:		X						
State of maintenance heat insulation:					X			
Overall state of maintenance:				X				
Building defects and deficiencies:	Roof, balconies, staircase							

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	1	2	3	4	5	6	7	n/a
Location quality residential:				X				
Location quality commercial:					X			
Rent ability residential units:				X				
Rent ability commercial units:						X		
Sale ability:					X			
Overall Rentability:	Normal							
Overall Marketability:	Normal							
Overall Lending Risk:	Raised							
Type of alternative use:	Residential							
Method for the valuation:	DCF							

Special condition	
Special conditions in the rental contracts:	Not visible as delivered by the client
Special conditions in the purchase contract:	Not delivered by the client

Other information	
Are there any interest between the tenants and the owner:	No, according to the documents supplied by the client
Is the rent in the rental contracts specified for each category of use:	The use is specified in the rent roll
Rental contracts including VAT:	No commercial contract including VAT.
Other / additional relevant information:	n/a

Value	
Date of purchase:	n/a
Sales price within the last 2 years:	unknown
Heritable building right:	no
End of heritable building right:	n/a
Liquidation:	no
Subsidization:	no
Cap out year:	10
Cap rate at cap out year:	5,00%
Discount rate:	5,50%
Market Value	3.090.000 €
Value per square meters useable area:	1.412 €/m ²

1	Very good
2	Good
3	Condition slightly above medium
4	Medium
5	Condition slightly below medium
6	Poor, small lacks
7	Very poor, in need of immediate repair
n/a	Not existent / could not be inspected

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Object key figures



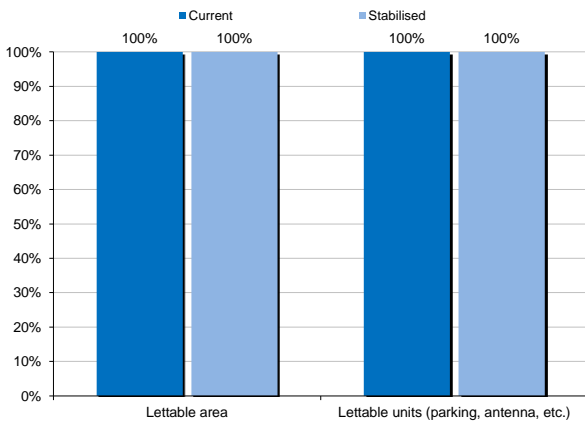
Primary use:	Residential		
Year of construction:	approx. 1965		
Head tenant (income):	Reza Riyahi		
Total area:	2.188,00 m ²		
Vacancy rate:	0,00%		
Over- / Underrented:	0,00%		
Current rent p.a.:	200.901,00 €		
Potential rent p.a.:	200.901,00 €		
Market rent p.a.:	200.901,00 €		
Land transfer tax:	4,50%		
Legal and Notary:	0,50%		
Broker:	3,00%		
Transaction costs total:	8,00%		
Gross Present Value:	3.335.939,86 €		
Market Value:	3.090.000,00 €		
Discount rate:	5,50%	GIY: 6,50%	Multiplier: 15,4
Cap rate:	5,00%	NIY: 4,84%	Multiplier: 20,7

Area and rental splitting

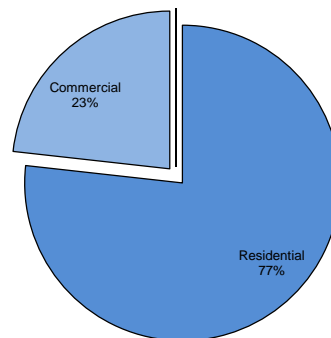
	Area					Rental income				Over- / Underrented	
	Total sqm	Not lettable sqm	Rented sqm	Vacancy sqm	Vacancy rate	Current rent (€/sqm)	Current rent €/p.a.	Market rent €/sqm	Market rent €/p.a.	%	Indication
Residential, rented	1.679,50	0,00	1.679,50	0,00	0,00%	8,46	170.558,64	8,46	170.558,64	0,00%	▶
Residential, vacant	0,00	0,00	0,00	0,00	0,00%	0,00	0,00	0,00	0,00	0,00%	
Commercial, rented	508,50	0,00	508,50	0,00	0,00%	4,87	29.728,80	4,87	29.728,80	0,00%	▶
Commercial, vacant	0,00	0,00	0,00	0,00	0,00%	0,00	0,00	0,00	0,00	0,00%	
Total, rented	2.188,00	0,00	2.188,00	0,00	0,00%	7,63	200.287,44	7,63	200.287,44	0,00%	▶
Total, vacant	0,00	0,00	0,00	0,00	0,00%	0,00	0,00	0,00	0,00	0,00%	
Total	2.188,00	0,00	2.188,00	0,00	0,00%	7,63	200.287,44	7,63	200.287,44	0,00%	▶

	Units	Not lettable	Rented	Vacancy	Vacancy rate	€/Unit	Total €/p.a.	Market rent	M. rent p.a.	%	Indication
Parking, rented	0,00	0,00	0,00	0,00	0,00%	0,00	0,00	0,00	0,00	0,00%	
Parking, vacant	0,00	0,00	0,00	0,00	0,00%	0,00	0,00	0,00	0,00	0,00%	
Other (unit), rented	1,00	0,00	1,00	0,00	0,00%	51,13	613,56	51,13	613,56	0,00%	▶
Other (unit), vacant	0,00	0,00	0,00	0,00	0,00%	0,00	0,00	0,00	0,00	0,00%	
Total, rented	1,00	0,00	1,00	0,00	0,00%	51,13	613,56	51,13	613,56	0,00%	▶
Total, vacant	0,00	0,00	0,00	0,00	0,00%	0,00	0,00	0,00	0,00	0,00%	
Total	1,00	0,00	1,00	0,00	0,00%	51,13	613,56	51,13	613,56	0,00%	▶

Current and stabilised occupancy rate



Units by Use



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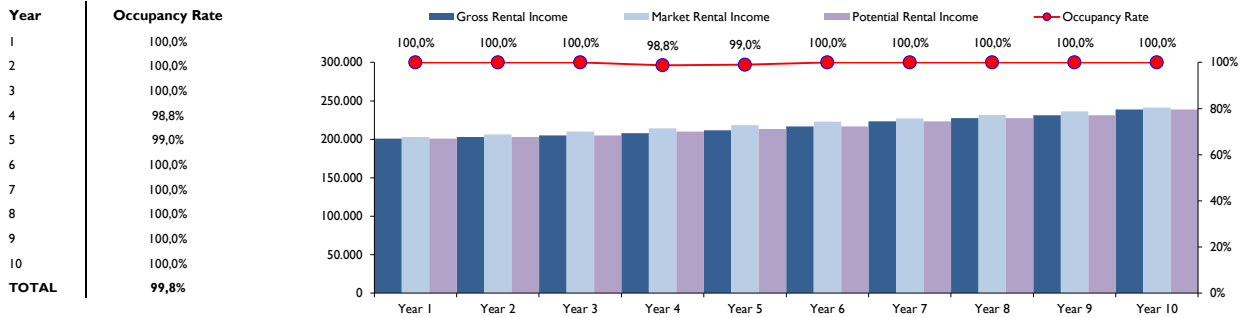
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Occupied Area and Rental Income



Cash Flow Analysis

Annualized Cash Flow	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Potential Rental Income	200.901	202.839	204.863	210.101	213.503	216.832	223.510	227.373	231.264	238.839
Vacancy Loss	0	0	0	-1.979	-1.596	0	0	0	0	0
Gross Rental Income	200.901	202.839	204.863	208.122	211.907	216.832	223.510	227.373	231.264	238.839
Collection Loss	-4.600	-4.645	-4.694	-4.731	-4.826	-4.966	-5.111	-5.201	-5.292	-5.457
Non-rec. Service Charges	-1.005	-1.014	-1.024	-1.041	-1.060	-1.084	-1.118	-1.137	-1.156	-1.194
Management Costs	-9.595	-9.720	-9.879	-10.047	-10.252	-10.472	-10.681	-10.894	-11.112	-11.334
Maintenance Costs	-25.369	-25.701	-26.126	-26.622	-27.154	-27.698	-28.252	-28.817	-29.393	-29.981
Non-rec. Costs on vacancy	0	0	0	-14	-12	0	0	0	0	0
Ground lease	0	0	0	0	0	0	0	0	0	0
Total non-rec. Costs	-40.569	-41.080	-41.723	-42.456	-43.303	-44.219	-45.161	-46.049	-46.953	-47.967
Total non-rec. Costs in %	0	0	0	0	0	0	0	0	0	0
Net Rental Income	160.332	161.759	163.140	165.666	168.604	172.613	178.348	181.324	184.311	190.873
Letting costs	0	0	0	0	-745	0	0	0	0	0
Capital Expenditure	-75.000	0	0	0	0	0	0	0	0	0
Net Operating Income	85.332	161.759	163.140	165.666	167.859	172.613	178.348	181.324	184.311	190.873
Terminal Value	0	0	0	0	0	0	0	0	0	3.539.078
Total Cash Flow	85.332	161.759	163.140	165.666	167.859	172.613	178.348	181.324	184.311	3.729.950
Discounted Cash Flow	83.275	149.610	143.040	137.706	132.179	128.889	126.228	121.616	117.201	2.196.196
Running yield*	2,56%	4,85%	4,89%	4,97%	5,03%	5,17%	5,35%	5,44%	5,52%	5,72%

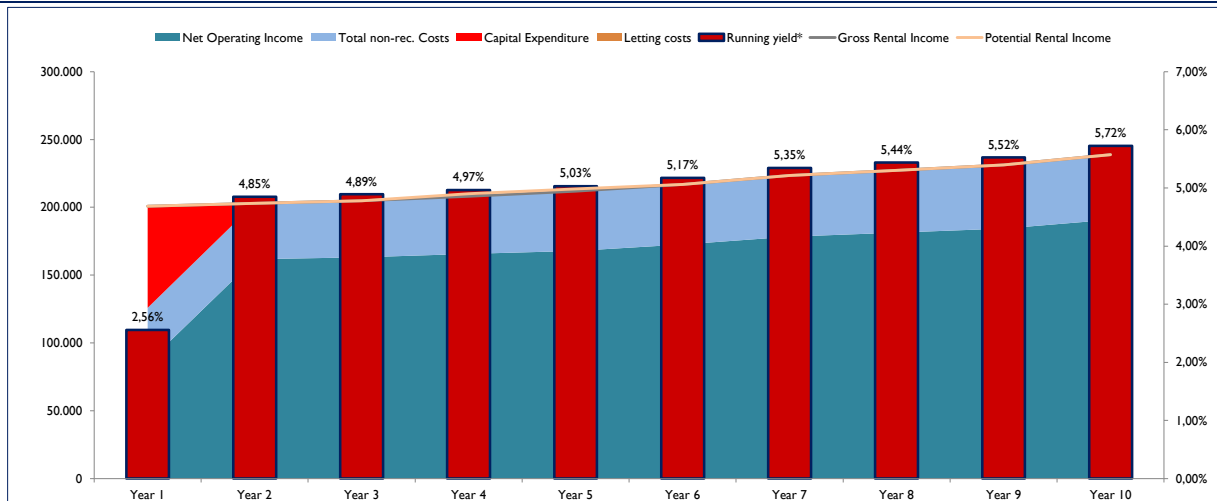
Market Value Calculation

Discount Rate		5,50	%
Sum Discounted Cash Flow		3.335.940	EUR
Other influences		0	EUR
Gross Present Value		3.335.940	EUR
Transaction costs	8,00%	-247.107	EUR
Net Present Value		3.088.833	EUR

Terminal Value Calculation

Capitalization Rate		5,00	%
Stabilized Rent (Capitalisation Basis)		191.110	EUR
Gross Terminal Value		3.822.204	EUR
Transaction costs	8,00%	-283.126	EUR
Net Terminal Value		3.539.078	EUR

Discounted Cash Flow Chart



*Running yield Cash Flow (in consideration of the CapEx) in the relation of the Gross Present Value

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Valuation Assumptions

Capitalization Rates

Discount Rate (Equated Yield)	5,50	%
Capitalization Rate (Equivalent Yield)	5,00	%

Transaction costs

	Purchase		Sale	
Land transfer tax	4,50	%	4,50	%
Legal and Notary	0,50	%	0,50	%
Broker	3,00	%	3,00	%
Transaction costs total:	8,00	%	8,00	%

Maintenance & Management Costs

Maintenance commercial	508,50 sq m	10,00 €/sq m	5.085,00 €
Management commercial		1,00%	297,29 €
Collection loss commercial		4,00%	1.189,15 €
Management & Maintenance commercial			6.571,44 €
Maintenance residential	1.679,50 sq m	12,00 €/sq m	20.154,00 €
Maintenance parking	0 units	0,00 €/unit	0,00 €
Management residential	37 units	250,00 €/unit	9.250,00 €
Management parking	0 units	0,00 €/unit	0,00 €
Collection loss residential		2,00%	3.411,17 €
Collection loss parking		0,00%	0,00 €
Management & Maintenance parking			32.815,17 €
Management & Maintenance total			39.386,61 €

Capital Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Letting costs	0	0	0	0	-745	0	0	0	0	0
Additional Capital Expenditures	-75.000	0	0	0	0	0	0	0	0	0
Total:	-75.000	0	0	0	-745	0	0	0	0	0

Inflation forecast	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Inflation	1,13%	1,52%	1,81%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%

Valuation Results

Valuation Approach

For the determination of Market Value, the Discounted Cash Flow (DCF) method, based on a 10-year time horizon, has been applied. The Market Value of the properties has been determined in accordance with the definition of "Market Value" in the RICS "Red Book", VPS 4.1.2, published by the RICS London.

Detailed information on the individual valuation assumptions are shown in the valuation report.

Valuation Standard	RICS, Red Book
Valuation Date	25.01.2016
Projection Period	10 years

Gross Present Value	3.335.940 EUR
Transaction costs	-247.107 EUR
Net Present Value	3.088.833 EUR

Determination of Discount Rate

Basic-Cap-Rate (BCR) - asset class average in macro-location	5,00%
Discount-Rate (DCR)	5,50%

Market Value

per sq m

3.090.000 EUR

1.412 EUR

Yield Profile

Net Initial Yield

Based on contract rent in time	4,84	%
Based on potential rent	4,84	%
Based on market rent in time	4,84	%

Gross Initial Yield

Based on contract rent in time	6,50	%
Based on potential rent	6,50	%
Based on market rent in time	6,50	%

(Gross) Multiplier

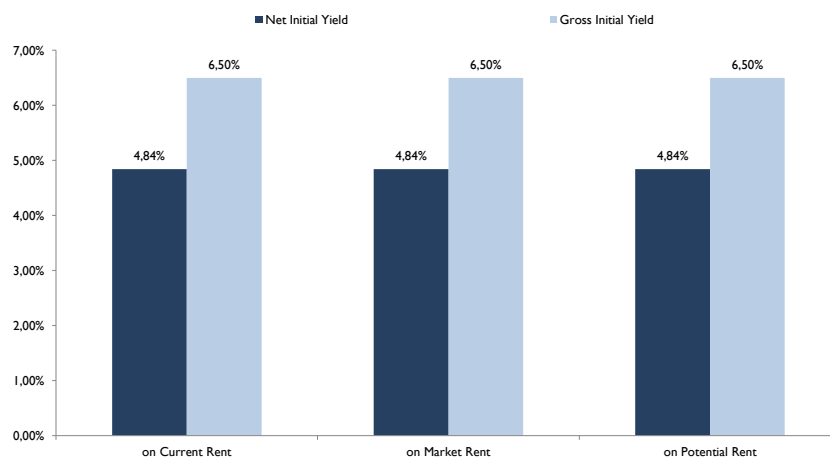
Based on contract rent in time	15,4	x
Based on potential rent	15,4	x
Based on market rent in time	15,4	x

(Net) Multiplier

Based on contract rent in time	20,7	x
Based on potential rent	20,7	x
Based on market rent in time	20,7	x

Discount Rate (IRR)	5,50	%
Capitalization Rate	5,00	%

Yield Chart



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Rent Roll

Tenant	Use	Lettable	Status	Units	Area	Current Rent	Market Rent	Lease Start	Lease End	Initial Void	Continuous Void
					sq m	EUR/sq m	EUR/sq m	Date	Date	Months	Months
Reza Riyahi	Store (> 200 sq m)	lettable	let	1	443	4,75	4,75	16.12.2012	31.12.2027	0	12
Gabriele Mein	Shop (<= 200 sq m)	lettable	let	1	66	5,69	5,69	01.08.2002	31.08.2019	0	9
Brüning, Sabrina und Daniel	Residential	lettable	let	1	85	5,82	5,82	01.03.2009		0	0
Nordlicht e.V.	Residential	lettable	let	1	18	10,00	10,00	01.09.2013		0	0
Nordlicht e.V.	Residential	lettable	let	1	18	10,38	10,38	01.05.2009		0	0
Fevzi Eskinoglu	Residential	lettable	let	1	32	11,56	11,56	01.08.2012		0	0
Dennis Reinecke (Kammerer)	Residential	lettable	let	1	43	6,16	6,16	01.07.2011		0	0
Hell, Regina und Ünen, Yilmaz	Residential	lettable	let	1	64	7,01	7,01	01.09.2012		0	0
Kolev, Lenko	Residential	lettable	let	1	74	8,11	8,11	01.02.2014		0	0
Vattenfall Europe Hamburg AG / Stromnetz	Other (per unit)	lettable	let	1	0	51,13	51,13	01.01.2008		0	6
Claudia Wurbs	Residential	lettable	let	1	42	8,57	8,57	16.08.2008		0	0
Olaf Behne	Residential	lettable	let	1	42	7,98	7,98	01.01.2008		0	0
Achim Gerlach	Residential	lettable	let	1	42	9,29	9,29	16.04.2012		0	0
Susanne Hamann	Residential	lettable	let	1	42	6,90	6,90	16.01.2004		0	0
Ann-Kathrin Rau	Residential	lettable	let	1	38	9,12	9,12	01.02.2013		0	0
Hadis Khadem	Residential	lettable	let	1	38	8,82	8,82	01.04.2013		0	0
Natalie Amtsberg	Residential	lettable	let	1	54	8,15	8,15	16.05.2014		0	0
Isak Ramadani	Residential	lettable	let	1	35	10,00	10,00	01.10.2013		0	0
Andre Bröhan	Residential	lettable	let	1	60	6,57	6,57	01.04.2006		0	0
Jörn Siebke	Residential	lettable	let	1	54	7,86	7,86	01.09.2002		0	0
Nordlicht e.V.	Residential	lettable	let	1	35	8,71	8,71	16.03.2008		0	0
Dominik Zenk	Residential	lettable	let	1	60	6,67	6,67	16.03.2006		0	0
Stefan Jansen	Residential	lettable	let	1	46	9,02	9,02	01.03.2013		0	0
Björn Dabelstein	Residential	lettable	let	1	35	9,12	9,12	16.05.2008		0	0
Paprocki, Sascha	Residential	lettable	let	1	50	9,40	9,40	01.04.2015		0	0
Schoenwald, Frank	Residential	lettable	let	1	42	8,57	8,57	01.07.2009		0	0
Anke Lagerpusch	Residential	lettable	let	1	42	10,48	10,48	01.06.2014		0	0
Nordlicht e.V - Frau Probst	Residential	lettable	let	1	42	9,52	9,52	01.07.2015		0	0
Nils Heinken	Residential	lettable	let	1	42	8,93	8,93	16.11.2011		0	0
Nordlicht e.V.	Residential	lettable	let	1	38	9,47	9,47	01.01.2015		0	0
Ralf Ehmling	Residential	lettable	let	1	38	7,63	7,63	01.11.2004		0	0
Birte Petersen-Akrout	Residential	lettable	let	1	54	9,17	9,17	01.06.2015		0	0
Krystian Perkowski	Residential	lettable	let	1	35	10,38	10,38	16.11.2011		0	0
Dizendorf, Evgenia und Koch, Nadine	Residential	lettable	let	1	60	8,33	8,33	01.03.2013		0	0
Natascha Groth	Residential	lettable	let	1	54	8,89	8,89	01.09.2015		0	0
Carsten Engemann	Residential	lettable	let	1	35	9,12	9,12	01.07.2010		0	0
Mareen Mallon	Residential	lettable	let	1	60	9,00	9,00	01.10.2012		0	0
Wolfgang Spehr	Residential	lettable	let	1	46	8,59	8,59	15.04.1967		0	0
Andreas Gerendi	Residential	lettable	let	1	35	9,43	9,43	01.05.2012		0	0
Sven Jacob	Residential	lettable	let	1	50	9,00	9,00	16.12.2013		0	0

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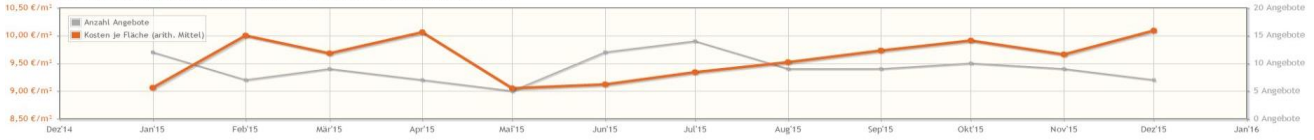
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Valuation assessment I

Rental Comparables - Hamburg in total - Zip code area of the property

Entwicklung Kosten je Fläche (arith. Mittel) und Anzahl Angebote in den Angeboten Ihres Abfrageergebnisses:



Verteilungen der 9 wichtigsten Variablen in den 54 Angeboten Ihres Abfrageergebnisses:

Klicken Sie auf eine Zelle um weitere Details und Statistiken anzuzeigen

Variablenname	Anzahl	Anteil	Min.	5%	10%	50%	90%	95%	Max.	arith. Mittel	Std. Abw.	flächengew. Mittel
Genauigkeit der Koordinate	54	100,00%	1 m	1 m	1 m	1 m	198 m	620 m	1336 m	75,96 m	223,30 m	
Nachfrageart differenzierter Objekttyp	54	100,00%										
Kosten	54	100,00%	285 €	327,85 €	360,00 €	431,00 €	544,00 €	650,00 €	700 €	445,54 €	84,18 €	
Fläche	54	100,00%	31 m²	32,8 m²	35,0 m²	50,8 m²	59,0 m²	60,0 m²	60 m²	47,95 m²	9,01 m²	
Kosten je Fläche	54	100,00%	6,86 €/m²	7,25 €/m²	8,18 €/m²	9,07 €/m²	10,97 €/m²	11,50 €/m²	12,73 €/m²	9,39 €/m²	1,24 €/m²	9,29 €/m²
Baujahr	36	66,67%	1960	1961	1962	1968	1973	1975	1975	1967,78	4,27	
saniert	18	33,33%										
Modernisierungsjahr	11	20,37%	2006	2006	2010	2014	2015	2015	2015	2012,55	2,88	

empirica Marktdatenbank

Source: empirica Marktdatenbank

Residential					Retail					Office / Surgery				
Market rent	No.	Lower 5%	Median	Upper 95%	Market rent	No.	Lower 5%	Median	Upper 95%	Market rent	No.	Lower 5%	Median	Upper 95%
8,46	52	7,25	9,07	11,50	4,87	7	3,50	13,25	24,75	n/a	n/a	n/a	n/a	n/a

Feasible analysis for retail anchor tenant (discounter, supermarket, retail specialist)

Anchor-Tenant	Area	Sales Area	Annual net turnover (estimation)	Annual turnover (year/sales area)	HypZert - Market range efficiency per sq m sales area	Current rent / turnover	Market rent / turnover	HypZert - Spread market rent / turnover	Current annual rent	Annual market rent in case of market rent / turnover	Current rent per month / total area	HypZert - Market rent per month / total area	Sustain. rent per month / total area
	sq m	sq m	EUR	EUR	EUR	%	%	%	EUR	EUR	EUR/sq m	EUR/sq m	EUR/sq m
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Rental summary

Residential

The residential units of the property have an average rent of 8,46 EUR/sq m and are in the range of 5,82 to 11,56 EUR/sq m.

8 recent lease agreements (last 2 years) were closed in the range of 8,11 to 10,48 EUR/sq m.

Therefore we assumed a market rent of 5,82 to 11,56 EUR/sq m for the residential units, that have not been re-letted during the past 2 years - for a higher rent. The rental development (towards market rent level) is calculated in the DCF Model, based on the legal possibilities with a rental increase of 15% every 3 years.

Asking rents (residential, retail, office, surgery)

For the rental units with the type of residential, retail, office and surgery, we also analyzed the empirica market database. The data from empirica is based of asking prices from web and print media. We took these ranges of the asking rents into account and all our market rents correspond to the ranges, listed and defined in the highlighted boxes above.

For all other units (antenna, advertisement, other area, other units, parking) we assumed the current rent as market.

Valuation assessment

An analysis of the internal valuation database from Persch Consult shows for the city of Hamburg and for comparable properties a multiplier range of 10,6- to 21,3-times.

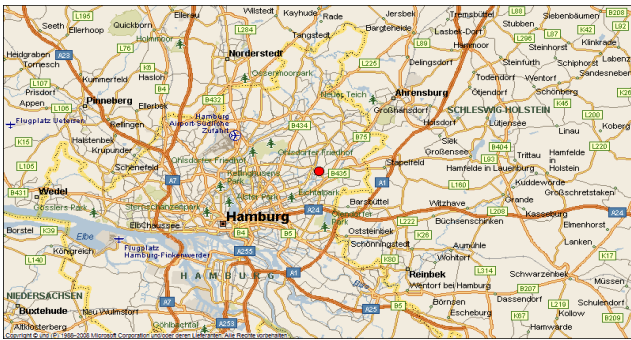
From the research point of view and with regards to similar valuations in comparable locations for comparable properties, the identified multiplier of 15,4-times is assumed in accordance with the market for these kind of properties on the date of valuation.

Object address Property No. 0013+0014

Apartment building with commercial areas
Rahlstedter Weg 73, 75a-c, 77a-c
22147 Hamburg

0013+0014

Location & Situation



Location

Hamburg officially Free and Hanseatic City of Hamburg, is the second largest city in Germany, the fifteenth largest German state, and the sixth largest city in the European Union. The city is home to over 1.8 million people, while the Hamburg Metropolitan Region (including parts of the neighbouring Federal States of Lower Saxony and Schleswig-Holstein) has more than 5 million inhabitants. Situated on the river Elbe, the port of Hamburg is the second largest port in Europe (after the port of Rotterdam) and eleventh largest worldwide. Hamburg's official name, Free and Hanseatic City of Hamburg reflects Hamburg's history as a member of the medieval Hanseatic League, as a free imperial city of the Holy Roman Empire, and that Hamburg is a city-state and one of the sixteen States of Germany. Hamburg is a major transport hub in Northern Germany and is one of the most affluent cities in Europe. It has become a media and industrial centre, with plants and facilities belonging to Airbus, Blohm + Voss and Aurubis. The radio and television broadcaster Norddeutscher Rundfunk and publishers such as Gruner + Jahr and Spiegel-Verlag are pillars of the important media industry in Hamburg. In total, there are more than 120,000 enterprises. The city is a major tourist destination for both domestic and overseas visitors; Hamburg ranked 16th in the world for livability in 2011, and, in 2010, the city ranked 10th in the world. Hamburg is a major transportation hub in Germany. Hamburg is connected to four Autobahnen (motorways) and is the most important railway junction on the route to Scandinavia. Bridges and tunnels connect the northern and southern parts of the city, such as the old Elbe Tunnel (Alter Elbtunnel) now a major tourist sight, and the Elbe Tunnel (Elbtunnel) the crossing of a motorway. Hamburg Airport is the oldest airport in Germany still in operation. There is also the smaller Hamburg Finkenwerder Airport, used only as a company airport for Airbus. Some airlines market Lübeck Airport in Lübeck as serving Hamburg.

Meso-Location

Wandsbek is the second-largest of seven boroughs that make up the city of Hamburg, Germany. The name of the district is derived from the river Wandse which passes here. The quarter Wandsbek, which is the former independent city, is urban and, with the quarters Eilbek and Marienthal part of the city's economic and cultural core. In 2006 the population was 409,771. On January 1, 2007 the Ortsämter (Precincts) were dissolved and the organisation of all boroughs of Hamburg was restructured. In the borough Wandsbek had belonged the quarters Eilbek, Jenfeld, Marienthal, Tonndorf, Wandsbek and Rahlstedt. The quarters Hummelsbüttel, Poppenbüttel, Sasel and Wellingsbüttel belonged to the precinct Alstertal. The precinct Bramfeld consisted of Bramfeld and Steilshoop. The precinct Rahlstedt were the quarter Rahlstedt. And the precinct Waldsdörfer were Bergstedt, Duvenstedt, Farmsen-Berne, Lemsahl-Mellingstedt, Volksdorf and Wohldorf-Ohlstedt. In 2006 according to the statistical office of Hamburg and Schleswig-Holstein, the borough Wandsbek has a total area of 147.5 square kilometres. In the north and the east it borders to the state of Schleswig-Holstein, in the south to the Hamburg-Mitte borough and in the west to Hamburg-Nord borough mostly. Only three the quarters Eilbek, Wandsbek, and Marienthal in the core of the borough are urban. The more northerly parts of Wohldorf-Ohlstedt, Volksdorf, Duvenstedt are still quite rural, where one can find a mix of newer residences and farms.

Situation

Rahlstedt is a quarter in the Wandsbek borough of the Free and Hanseatic city of Hamburg in northern Germany. The quarter, situated in the north-eastern side of Hamburg, is the largest one of its boroughs and one of the most extensive of the city. It borders with Hamburg's quarters of Volksdorf, Farmsen-Berne, Tonndorf and Jenfeld; and with the district of Stormarn, in Schleswig-Holstein. It has about 86,300 inhabitants. Several tram stations are located in Rahlstedt.

SWOT - Analysis

Strength Fair residential location; high proportion of green space for the residential properties; parking space	Weakness Predominantly poor maintained and residential tenants with low income at no. 73
Opportunities Refurbishment of vacant flats and reletting for higher rent	Threats Deterioration of the property by missing maintenance and wrong reletting

Object adress	Property No.	0013+0014
Apartment building with commercial areas		
Rahlstedter Weg 73, 75a-c, 77a-c		
22147 Hamburg		

0013+0014

Property information, building law and official real estate register

Property information

Site in sqm State of infrastructure provision

Land bank of developable sites

Redevelopment note:

Local infrastructure charge

Contamination

Land charges

Heritable building right Expiration date

Monument protection

Building law

Land use zoning	<input type="text" value="Zoning plan 'Rahlstedt 114 / Farmsen-Berne 32' from 02.05.2001"/>	Comment <input type="text" value="General housing area, 3 floors, open coverage type"/>
Floor space ratio	<input type="text" value="n/a"/>	
Site coverage	<input type="text" value="0,4"/>	

Official real estate register

Comment

Register from	Paper	Meadow	Plot	Section 2 - Encumbrances/Restriction
Hamburg	2734	n/a	3894, 24, 4440 (Bd. 1961, Blatt 5981)	Network station right

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Cadastral plan*

**Not scale drawing*

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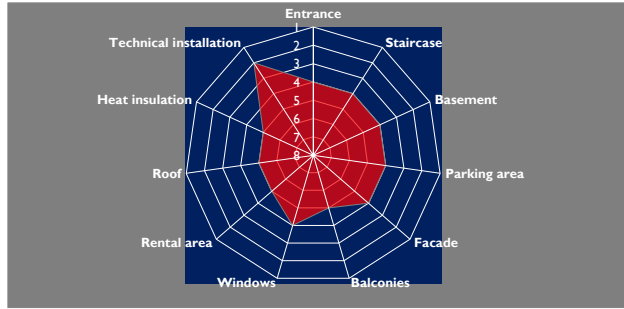
Object address Property No. 0013+0014

Apartment building with commercial areas
Rahstedter Weg 73, 75a-c, 77a-c
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0013+0014

Object inspection

Condition	
Entrance	4
Staircase	4
Basement	4
Parking area	4
Facade	4
Balconies	5
Windows	4
Rental area	5
Roof	5
Heat insulation	5
Technical installation	2



- very good condition 1
- good condition 2
- condition slightly above medium 3
- medium condition 4
- condition slightly below medium 5
- poor condition, small lacks 6
- very poor condition, need of repair currently 7
- not existent / could not be inspected 8

Description

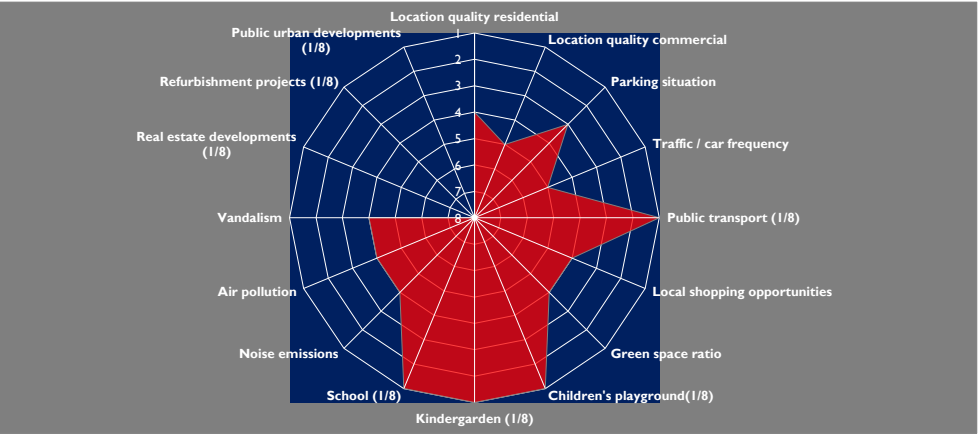
Year built	approx. 1965
Year of reconstruction / refurbishment	n/a & n/a
Type of building	Apartment building with commercial areas
Type of architecture	Building of the 50s - 60s
Condition	Slightly substandard
Use Class	Mixed use (residential / commercial) building
Number of Floors	3
Layout	Appropriate
Type of roof	Double pitch roof
Layout flexibility	Not flexible
Load bearing structure	Massive construction
Basement	Full basement
Front facade	Brick facade
Windows	PVC frames / double glazing
Staircase	Concrete / stone
Heating system	Central heating with gas and central hot water supply / year of construction: 2007+2014
Technical installation	n/a
Specifics	n/a

Building defects and deficiencies

Roof, balconies, staircase

Direct environment assessment

Location quality residential	4
Location quality commercial	5
Parking situation	3
Traffic / car frequency	5
Public transport (1/8)	1
Local shopping opportunities	4
Green space ratio	4
Children's playground(1/8)	1
Kindergarden (1/8)	1
School (1/8)	1
Noise emissions	4
Air pollution	4
Vandalism	4
Real estate developments (1/8)	8
Refurbishment projects (1/8)	8
Public urban developments (1/8)	8



- 1 very good / very high / present local
- 2 good / high
- 3 slightly above medium
- 4 medium
- 5 slightly below medium
- 6 poor / low
- 7 very poor / very low
- 8 not existent / not present local

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Immobilienbewertung · Due Dilligence · Beratung

Object adress Property No. 0013+0014

Apartment building with commercial areas
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Property view



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Immobilienbewertung · Due Dilligence · Beratung

Object address Property No. 0013+0014

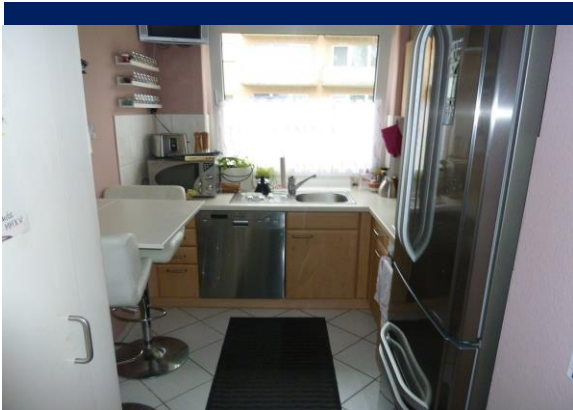
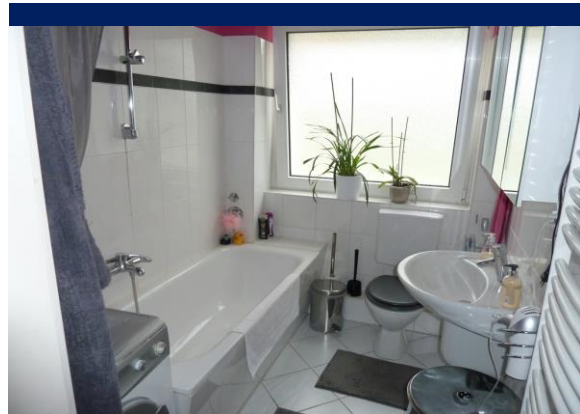
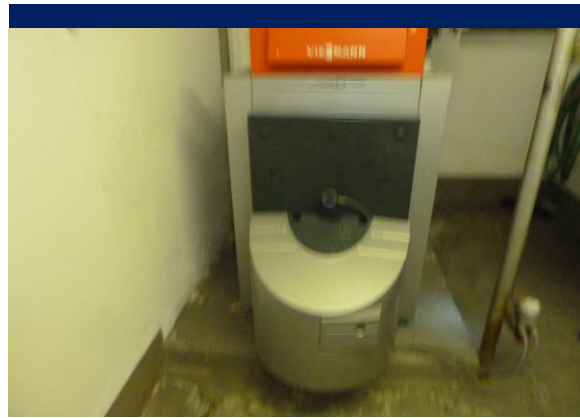
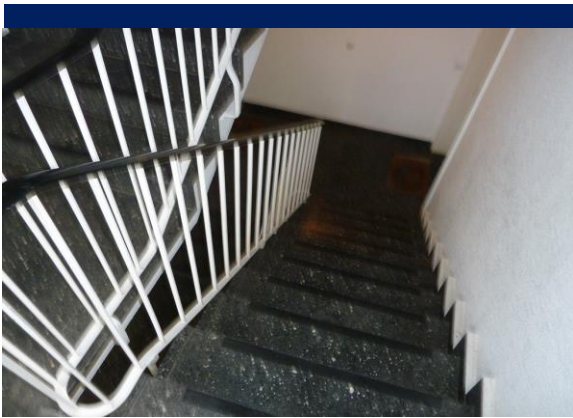
Apartment building with commercial areas

Rahlstedter Weg 73, 75a-c, 77a-c

22147 Hamburg

0013+0014

Property view



I GENERAL INFORMATION

I.1 Client

Nykredit, Under Krystallen 1, 1780 København V

I.2 Order

Persch Consult GmbH Chartered Surveyors (further mentioned as PCCS) has been instructed to carry out a valuation of the investment property listed in the proposal dated 4th January 2016.

I.3 Purpose of Valuation

Determination of Market Value on a full inspection basis.

I.4 Market Value

Our valuation has been carried out in close alignment with the definition of Market Value relevant to international property valuations. The definition of Market Value is set by the International Valuation Standards Committee (International Valuation Standards IVS 2011) and adopted by the European Group of Valuers' Associations (European Valuation Standards (EVS 2009) as well as the Royal Institution of Chartered Surveyors (Appraisal and Valuation Standards PS 8th edition).

Therein the market value is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

I.5 On site inspection

Steffen Berger MRICS inspected the subject property. The subject property was inspected from the outside as from the inside. The pictures enclosed were taken of the subject property (if not indicated otherwise) during the course of the inspection in digital form. The inspection of the subject property for valuation and the immediate vicinity were carried out by random sampling and without claim to completeness. For hidden components a condition free of defects was assumed. The data is not exhaustive and does not represent any technical inspection of the building or potential damages.

I.6 Date of valuation

25th January 2016

I GENERAL INFORMATION

I.7 Owner

MC Property Fund Hamburg GmbH

I.8 Appraiser

Persch Consult GmbH | Chartered Surveyors
 Jens Giere MRICS
 Director
 Budapester Str. 47
 20359 Hamburg
 Tel. + 49 40 325 218 20
 Fax. + 49 40 325 218 23
 E-mail: j.giere@perschconsult.de

Persch Consult GmbH | Chartered Surveyors
 Steffen Berger MRICS | CIS HypZert (F)
 Managing Director
 Kloostergasse 5
 04109 Leipzig
 Tel. + 49 341 462 626 461
 Fax. + 49 341 462 626 400
 E-mail: s.berger@perschconsult.de

I.9 Conflict of interest

We confirm that Persch Consult GmbH | Chartered Surveyors have acted as independent appraisers and that we have no conflict of interest in acting on your behalf in this matter.

We confirm that Persch Consult GmbH | Chartered Surveyors has no other fee earning relationship, or have had, with the borrower, its directors or the property.

I.10 Documents

The client provided the following documents as basis for valuation:

Rent roll including information on units, areas, rental payments, regulations	yes
Copy of commercial and partiality residential lease agreements with various dates	yes
Costs of management and upkeep	yes
Recoupment charges for local public infrastructure	no
Extract from the Registry of contaminated land	yes
Extract of the Land Register incl. deeds of grant, not older than 6 months	yes
Extract from the Land Charges Registry	yes
Extract from the cadastral register	no
Landregister map	yes
Information from the office for historic monuments	no
Schedule of areas or statement that these documents are not available	no
Floor plans, sectional view etc. or statement that these documents are not available	no
Development plan or information about the type of area according to § 33, § 34 BauGB, etc.	yes
Other documents	no
Information on unlisted rights	no

I GENERAL INFORMATION

I.11 Information acquired by Persch Consult GmbH Chartered Surveyors

The following sources of information were used for the valuation:

Interviews with diverse real estate brokers	yes
Market data from empirica market database	yes
Market data from www.immobilienscout24.de	yes
Market data from www.wohnpreis.de	no
Market data from own database	yes
HypZert Study Retail 2013	no
Investment market report (CBRE and JLL)	yes
Investment market report (Persch Consult)	yes
Market report (IVD)	yes
Qualified rental table	yes
Federal Statistical Office	yes
on-geo retail market analysis	no

I.12 General assumptions

Destructive examinations were not carried out which is why the specifications for hidden components or building materials are based on information obtained, documents provided or assumptions. A specific examination for potential building defects or structural damages was not carried out.

It is assumed, without examination, that there are no building materials, no components and no features of the property and the structural works that could possibly affect or compromise the sustainable suitability of the property and the buildings as well as the users' health.

Also operability and serviceability testing of technical facilities are not part of the order. Defects or malfunctions of the equipment are not known to the author. Operability of the facilities is assumed. In the case of deviations from these assumptions, the present valuation may have to be revised. Brownfield land and contaminations are not taken into account in this valuation. Examinations of the subsoil and brown field land are not carried out. Potential details about subsoil conditions are based on information obtained, documents provided by the client, references given during the on-site inspection or an enquiry at the official register of contaminated sites as well as assumptions.

In accordance with the order, an inspection of compliance with regulations, subject to public law (including permissions, acceptances, requirements etc.), or potential regulations under private law concerning the stock and use of the real estate and the buildings was not carried out.

It is assumed, without examination, that on the quality fixing date all public charges, contributions and fees and likewise which might have an impact on the value have been raised and paid if no statements to the contrary are being made hereafter. It is assumed, without examination that on the quality fixing date the subject for valuation is protected by insurance in regard to the type of loss as well as an adequate insurance sum.

According to jurisdiction, statements made by officials, especially information, may not be considered binding. No responsibility is taken for such statements and information.

I GENERAL INFORMATION

I.13 Special assumptions

In accordance to the site inspection, we assumed maintenance backlog and capital expenditures totalling of 75.000 EUR for the first year for the refurbishment of the roof, balconies and the staircase.

Contamination

We have been provided with an extract from the register of contaminated land dated 12.02.2016. Based on the information provided and during the inspection apparently no suspicious facts could be determined. From our knowledge and experience no effect on the value of the subject property can be detected.

Land Charge

We have been provided with an extract from the register of land charges dated 04.02.2016. Based on the information provided and during the inspection apparently no suspicious facts could be determined. From our knowledge and experience no effect on the value of the subject property can be detected.

Local Infrastructure Charge

We have not been provided with any information about local infrastructure charge. During the inspection apparently no suspicious facts could be determined. From our knowledge and experience no effect on the value of the subject property can be detected.

Building law

We have been provided with information about building law and zoning plans. We assume that the existing properties have been built according to the laws. From our knowledge and experience no effect on the value of the subject property can be detected.

Land register section 2 – Encumbrances/Restriction

Network station right

From our knowledge and experience no effect on the value of the subject property can be detected.

Further encumbrances

None

1.14 Liability

PCCS is liable only in cases of intent or negligence by itself or through its agent or vicarious agent in accordance with German legal provisions. Otherwise, PCCS only is liable under the Product Liability Law (Produkthaftungsgesetz) as to injuries to life, to the body or to health (Verletzung von Leben, Körper oder Gesundheit) or because of the breach of essential contractual obligations. The claim for damages for the breach of essential contractual obligations is, however, limited to the contractually typical, foreseeable damages. The liability of PCCS is also limited in cases of negligence to the contractually typical, foreseeable damages if none of the exceptions listed in the second sentence of this section is given. The liability of PCCS for claims in respect of damages caused by the negligence of ourselves or our agents or claims in respect of liability without fault deriving from this valuation contract shall be limited to 10% of the market value of the subject property but to a maximum of one million EUR in total for the investment properties listed in the instruction letter dated One single case of damage is deemed to obtain in relation to a uniform damage resulting from several violations of obligations if the matters concerned are related legally or in business terms.

1.15 Intended utilisation

This valuation report compiled by PCCS on principle is only intended for the use indicated in the order. The data may only be passed on to third parties if PCCS has given written permission to do so.

1.16 Copyright

This valuation report compiled by PCCS and potential subsequent revisions remain the intellectual property of PCCS.

2 VALUATION

2.1 Market Value

Our valuation has been carried out in accordance with the definition of Market Value relevant to international property valuations. The definition of Market Value is set by the International Valuation Standards Committee (International Valuation Standards IVS 2011) and adopted by the European Group of Valuers' Associations (European Valuation Standards (EVS 2009) as well as the Royal Institution of Chartered Surveyors (Appraisal and Valuation Standards PS 8th edition).

Therein the market value is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

2.2 Valuation

The basis for the present valuation are the data provided by the client, the information, details and impressions obtained during on-site inspection as they have been indicated in the present document / report, as well as the general economic factors influencing the value on the real estate market at the time the valuations relates to (valuation date).

2.3 Method

In general, valuation is carried out according to the principles of the International Valuation Standards (IVS) setting by the International Valuation Standards Committee and the Appraisal and Valuation Standards setting by the Royal Institution of Chartered Surveyors. The approach is determined by the practices of the real estate market and the circumstances of the individual case. The basis for this is a market-oriented DCF method approach to valuation.

The valuation takes into account the respective market situation in the real estate segment according to the general economic factors influencing value, the local supply and demand situation, the fungibility of the valuation object etc. as well as other characteristics and conditions of the valuation subject, but always under consideration of the assumptions made in the report.

3 LIABILITY AND PUBLICATION

We acknowledge that this valuation report will be used by Client in handing out a loan to be secured by the property. Therefore the valuation report is addressed to Client as potential lender. It may be disclosed to its employees, agents, successors and assignees, and relied upon in connection with a securitization of the loan.

Client may also disclose this valuation report on a non-reliance basis

- (I) if required by law or regulation or by any regulatory, governmental, supervisory or regulatory body
- (II) to its affiliates, professional advisors, auditors, rating agencies and partners
- (III) to potential syndicate members
- (IV) if required by the rules of any stock exchange on which the shares or other securities of the relevant recipient are listed.

Neither the whole nor any part of this valuation report and or any reference thereto may be included in any published document, circular or statement, or published in any way without our prior written approval of the form and context in which it may appear.

Hamburg, 2nd March 2016

Leipzig, 2nd March 2016



Jens Giere MRICS
Director



Steffen Berger MRICS | CIS HypZert (F)
Managing Director

Gross Rental Income (GRI)

The Gross Rental Income (GRI) is comparable to the German „Nettokaltmiete“ and is another name for the current rent.

Potential Gross Rental Income (PRI)

The Potential Gross Rental Income (PRI) is calculated as the sum of the rental income for rented area multiplied with the current rent per sq m and the vacant area multiplied with the market rent per sq m.

Market Rent (MR)

The Market Rent (MR) reflects the long-term rent attainable for a property and accordingly the assessed market rent for new lettings and re-letting. The market rent results from the research and the analysis of the current rent, recent lease agreements (last 2 years), market reports, actual offerings and the official rental table.

Non Recoverable Costs (non recs)

The Non Recoverable Costs (non recs) are well-defined at the Zweiten Berechnungsverordnung (II. BV) (second calculation regulation) as management costs (Verwaltungskosten), maintenance costs (Instandhaltungskosten), vacancy and collection loss (Mietausfallwagnis) and other operating costs (Betriebskosten). The non recoverable costs are increased with the inflation rate per year.

Net Rental Income (NRI)

The Net Rental Income is calculated from the gross rental income minus the operating costs.

Net Operating Income (NOI)

The Net Operating Income (NOI) is based on the net rental income minus agent fees and tenant improvements (CapEx).

CapEx

CapEx are investments for refurbishment, maintenance backlog and tenant improvements.

Transaction Costs (TC)

The Transaction Costs (TC) are defined in German as Erwerbsnebenkosten and are the costs for land purchase tax, costs for legal and notary and costs for the broker.

Gross Multiplier on Current Rent (GMoCR)

The Gross Multiplier on Current Rent (GMoCR) is comparable to the German "Maklerfaktor" and is calculated with market value divided by the current gross rental income.

Net Initial Yield (NIY)

The Net Initial Yield (NIY) is calculated with the net rental income divided by the sum of market value and transaction costs.