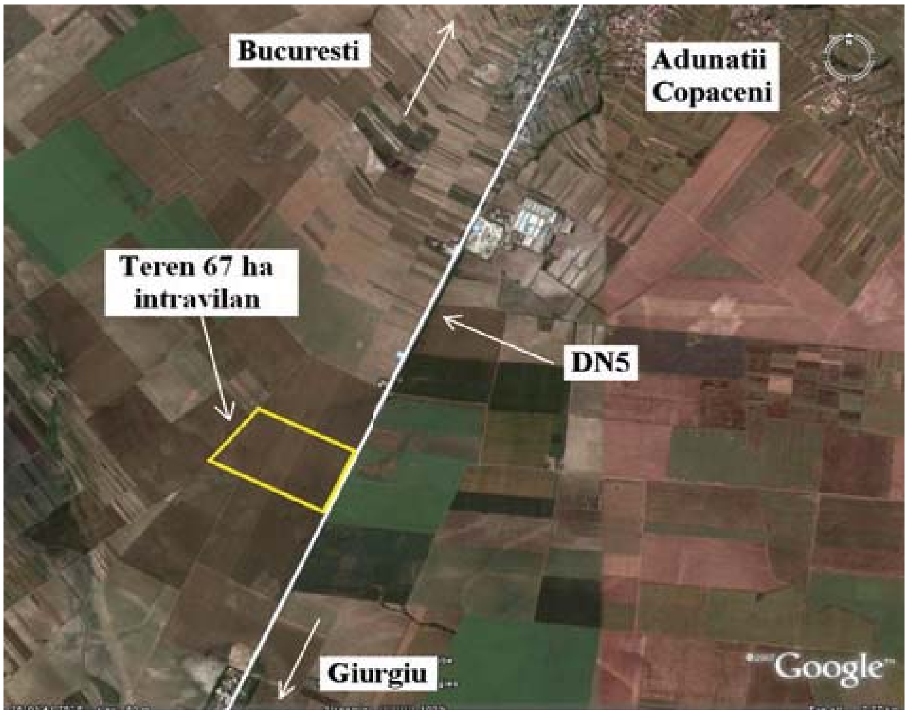
CITY CAPITAL PROPERTY ADVISERS LIMITED

Eastern European Real Estate Investment

Southland Development Proposal

April 2008



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Site Location

The site is located at kilometre 23 on the DN5 highway now designated as a European Express Road. The DN5 is the primary express highway between Bucharest, driving south to Turkey, Greece and Bulgaria. The town of Giurgiu is located 38 kilometres south of the site and sits at the Romania/Bulgaria border where the only road bridge crossing the Danube River (for 400 kilometres in either direction) is located.

The total size of the site is 516,000 sqm and benefits from approximately 500 metres of direct highway frontage with multiple access points and development possibilities. The terrain of the site is flat and is located on the Neajlov River terrace, which is a non-flooding area. Previously the site has been used only for agricultural farming (wheat). From a geological point of view the site is composed of clay soils, containing mainly sandy clay 13.00 to 15.00m thick, laid over a granular deposit composed of sand and sand with gravel, with a thickness of over 4.00m. The underground water is located at a depth of 12 metres. Due to the stability of the soil the site has favourable conditions for the foundations for all future development.

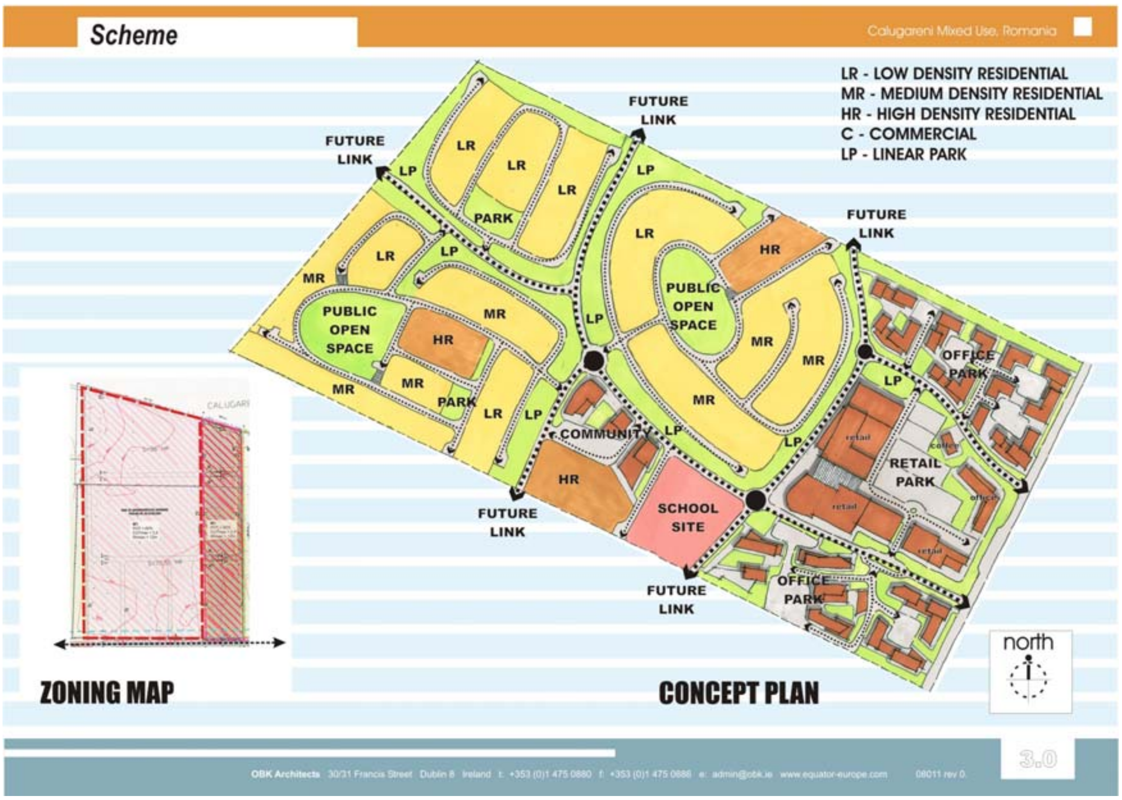
The total population within the 15km zone, south of the existing ring road, is at least 85,000. There are currently no existing or planned modern retail schemes in the catchment area south of the ring-road within a 15 km radius of the site. Existing retail schemes are confined to corner stores. The neighborhood area of the site is mixed residential and industrial, comprising houses and vacant plots.

The road heading south from Southland to the Bulgarian border has already been significantly upgraded during the past 2 years with over €150 million of new investment. Most of the road to the border is now a high quality dual carriageway. The final section of road to be upgraded is north from Southland to the Bucharest ring road, which is planned within the next 18 months.

It should be noted that in the General Plan for Bucharest (PUG), it is proposed to develop a second international airport in the region between Vidra and Adunati-Copaceni – very close to the site. Clearly if this proceeds it will have a dramatic impact on the local economy. This proposal is still in the conceptual phase and no date for funding has been set.

Development Summary

City Capital are proposing to develop a mixed use community development to be built out in several phases. The design includes the development of a full scale community including a school, retail park, commercial buildings and landscaped residential village. The excellent accessibility to the site and its location on the edge of Romania's capital city, lends itself to the development of a community concept. City Capital have taken advice from several architects, engineers and planning professionals in the local market and believe that there is a pent up demand for such a scheme in the south of Bucharest. Coupled with relatively low build costs make this a low risk development proposal. The total equity requirement is estimated at Eur 50 Million and will generate annual returns of over 40%.



Market Analysis

Overview

Prime Bucharest city centre land is now valued at EUR 4,000 – 5,000 psm. Land prices have continued to increase steadily fuelled by the imbalance of supply and demand in the office and residential sectors in particular. With projects now taking longer to complete than expected, real estate analysts now report that this imbalance is now not expected to correct for several years. With the cost of labour, raw materials and more recently construction finance increasing, smaller developments situated on expensive land have become less popular given the risk being undertaken. We are now seeing a movement toward larger projects benefiting from economies of scale.

The southern property market in Bucharest has seen much activity in 2007 having been largely overlooked prior to this. Numerous large land transactions took place in the south with investors quickly appreciating the price differential and value for money when compared to all other sectors of the city. Speculative land plots such as Southland are proving more economical for investors as the cost of the land is now having such a major impact on development returns. Land in the south between Km 10 and 16 ranges from Euros 40-100 psm and have been targeted largely for residential and warehousing. With the new ring-road currently under construction as well as the completion of the DN5 Highway, the southland plot is well positioned with excellent access to the export markets of Turkey, Greece and Bulgaria. The completion of the DN5 Highway and southern portion of the ring-road should be timed with the delivery of a completed development at the southland location.

Market research suggests that there is a strong demand for both modern retail and affordable residential accommodation at the Southland location. In towns within the 15 km catchment area such as Adunati-Copaceni and Calagureni, only 20-30% of the working population travel to Bucharest on a daily basis. The remainder work south of the existing ring-road. For these families, there is little need to battle the traffic into the city and an alternative modern living and shopping experience located in the south is required. South of the ring-road, the average household income is approximately Eur 600 per month – around twice the national average, and most likely to be understated as many people work abroad during the summer months. The level of car ownership is also high with 60-80% of people south of the ring-road owning a vehicle. In conclusion, a large format retail offering in the south would serve peoples weekly shopping requirements rather than the existing corner stores serving only a daily shopping need. The community village concept will provide an all-in-one living experience on the outskirts of Romania's capital city.

Retail

Shopping Centre development has increased steadily since 2001, with 14 schemes built in 2004-2007 and another 3 expected to open in 2007. Unsurprisingly, most of the new schemes have been built in Bucharest but in the last 2-3 years the focus has moved to the regional cities.

The speed with which development activity has moved to the regions is very different to the evolution of shopping centre development in central Europe, where it took much longer for developers to explore the opportunities outside the capital city. The reason for this is twofold: firstly, developers have learnt from their experience in central Europe that although regional and secondary cities may have lower spending potential, consumer expenditure growth can still be significant and provide sustainable developments in the long term. Secondly, the highly active development market of CEE, development opportunities are becoming more scarce and developers have realised that they will need to look long term to realise opportunities.

As at October 2007, there was 499,100 m2 of modern shopping centre space in Romania in 21 centres. Bucharest accounts for just over one third of this space. This puts Romania towards the bottom of the European comparison table, with just 25 sqm of shopping centre floorspace per 1,000 people compared with the European average of 172 sqm/1,000 people and well below other CEE markets such as Poland (133), Hungary (126), and the Czech Republic (175). The potential for further shopping centre development is clear, as many Romanian cities do not have any structured retail provision. By the end of 2008 more than 19 new centres are due for completion, adding 603,600 sqm. This will also double the amount of space to 52 sqm/1,000 people – still low by European standards. At a city level the picture is somewhat different. By end

2008, Bucharest will have 217 sqm per 1,000 people, still significantly below Warsaw (500 sqm) and Prague (400 sqm) and also below Budapest (300 sqm).

There are currently no retail modern retail schemes south of the ring-road within 15 km of the site. The Sun Plaza, is currently under construction by EMCT Group and is located 19 km from the southland site. This project will be delivered late 2008 comprising 76,000 sqm including a hypermarket, DIY store, furniture store and 170 shops. With the exception of the existing hypermarket warehouses (Selgros Berceni and Metro Berceni) located at 15 km from the southland site, Sun Plaza will be the only modern retail park in the south of Bucharest and insufficient to cater to the people living outside the ring-road who do not wish to enter the congested traffic areas closer toward Bucharest. Sun Plaza is already having a significant impact on land values in the surrounding areas and we would expect a similar pattern in the south once the southland retail has established itself.

Residential

After decades of minimal development, the residential market is set for rapid dramatic expansion. Low quality and scarcity of existing residential stock, combined with extremely high demand and supported by greater mortgage availability, has already lifted residential prices in Bucharest to levels similar or higher than those in core CEE countries. Bucharest's residential market remains demand driven with unsatisfied demand estimated in the range of at least 5,000 units per year. The bulk of the demand for modern residential comes from the rapidly expanding middle income class. While large scale modern apartment blocks are being developed throughout the city, the vast majority of these projects will be located in the west, south and east. Selling prices for middle income-level accommodation generally sold off plan, range between Eur 900 – 1,500 per sqm. Luxury units are selling as high as Eur 4,000 psm.

City Capital's community village concept will cater for the increasing middle class demand for modern residential homes. While these people would almost certainly need to settle for a smaller apartment to live in the centre of Bucharest, at Southland families will be able to afford a larger terrace apartment or a stand alone villa. All units will benefit from large landscaped gardens and paved tree-lined footpaths. Plot sizes will be generous and average around 600 sqm each. There will also be a small element of low rise higher density apartment units available.

There are currently two comparable projects under construction in the south of Bucharest providing good sales and demand data. Both projects currently being marketed offer less infrastructure and facilities than the Southland Community Concept.

1. Forest View – located at km 25 on the DN6 highway at Mihailesti. This is a development of over 1,100 plots for sale with turn-key villas priced at Eur 100-110,000 each. Plots are being sold separately at between Eur 40 – 80 psm. Over 50% of the development has been pre-sold. This development targets the lower middle class of south Bucharest.
2. Allegria Residence – located at Km 15 on the DN 4, comprising 250 plots of c. 500 sqm each are marketed at Euro 80 psm. Villas are being sold between Eur 130-250,000 each. All 250 plots have now been sold. This development is targetting the wealthier middle class of southern Bucharest. Phase two of Allegria will develop a further 350 plots.

City Capital proposes to market the Southland Community Concept toward the middle, middle class of south Bucharest and aims to achieve sales figures in the region of Eur 1,200 psm. This would price Southland between the two residential developments currently being offered. The local evidence suggests there is strong demand for family houses on plots of 500-800 sqm which can be purchased for relatively limited outlay (< Eur 50,000) and in many cases is considered an investment as land values are rising rapidly in the Bucharest region.

Current Planning Situation

The Southland site now has full planning approvals (PUZ) for construction of residential, retail, office, services and industrial.

The site parameters of the current approval are:

POT (max footprint)	60%
CUT (max gross built area above ground)	2.4 X plot size
Max Height	12 metres

Both the 16 Ha and the 51 Ha plots have identical site parameters. Both plots are zoned 'Intravilan'.

The content of the set of PUZ approval documents is as follows:

1. Certificate of Urbanism for the proposed development
2. Copies of title deeds for the land
3. Copy of cadastral documentation
4. Copies of permits and approvals in support of the PUZ
5. Outline Memorandum
6. Urbanistic Regulations - this is a document which details the PUZ regulations
7. Geotechnical Study
8. Feasibility Plans

The Environmental Permit will be applied for only after the final master plan for the proposed development is complete.

The due diligence conducted by City Capital before acquiring both plots was extensive and thorough and includes:

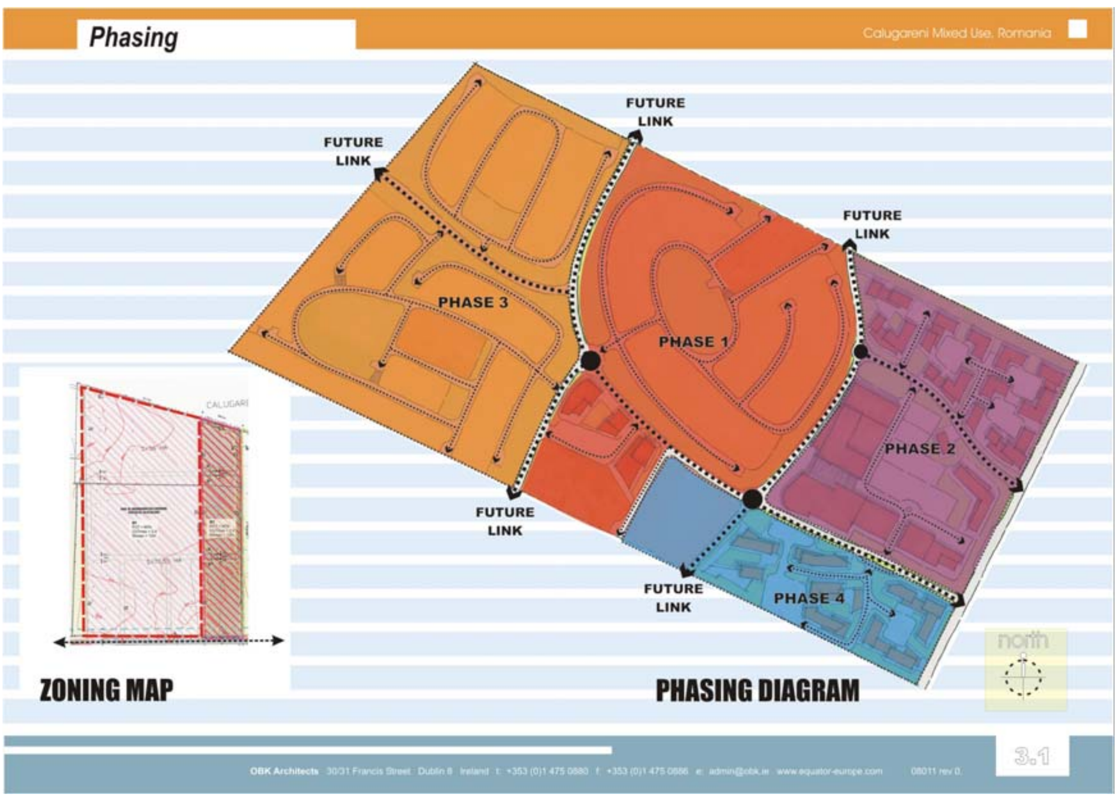
1. Legal Title Report (Wood Dumitrescu)
2. Environmental Report (B2 Architects)
3. Complete PUZ file authorising industrial, retail, hotel or office development including final stamped approval by the Chief Architect of the Giugiu County Council
4. Comprehensive Title Insurance Policy by Stewart Title to be assigned to new buyer
5. Demographic Study (Smith & Hodgkinson)

The legal due diligence confirmed that there are no title issues, nor are there any restitution claims pending in the courts. The Environmental Report revealed that there was no evidence of any on or off site contamination in the historical archives of the site.

Development Proposal

Based upon our initial findings and market research City Capital are of the opinion that the highest and best use based upon market demand is a mixed use community based concept including residential villas, a school and community buildings, a retail park and low-rise office and commercial buildings. The proposed scheme would benefit the emerging middle class families of Bucharest where an affordable, modern and easily accessible living experience is required. The solution is a low density development comprising residential villas on larger land plots of between 400 – 1,000 sqm, coupled with small amounts of medium and higher density apartments. The green areas will be landscaped and the roads and paths tree-lined. The retail and commercial buildings will provide many types of essential and luxury products as well as providing a generous number of carparking spaces for passing retail traffic. The retail park may be accessed from multiple access points off the highway and will lead through to the residential community at the rear of the site away from the highway. The proposed development includes approximately 660 villas and terraced apartments and is approximately 150,000 sqm of gross built area including all buildings. With over 500 metres of road frontage a combination of services and convenience retail shops is considered to be the best use for the front 100-200 metres of the site, possibly anchored by a medium size grocery retailer. Our concept also includes an element of office space considered viable for back and mid-office functions.

The proposed development is to be built in several phases:



Phase One

Residential terraced apartments and stand alone villas of approximately 36,400 sqm of gross built area comprising 280 houses. This area of the site will comprise largely medium and higher density residential.

Phase Two

Retail shops including grocery retail, fast food, services, petrol filling station and office buildings of approximately 40,000 sqm gross built area.

It is possible that Phase One and Two may be built together.

Phase Three

Largely low density stand alone villas at the rear of the site coupled with some medium and higher density terraced apartments. Approximately 49,400 sqm of gross built area comprising 380 houses.

Phase Four

School, offices and community buildings totalling approximately 20,000 sqm gross built area.

Market research shows that there are no significant retail schemes within 15 km of the site in either direction. The immediate catchment area within 5 km of the site is approximately 30,000 people and within 10 km 85,000. Passing long-haul trucks would benefit from convenience retail including a petrol filling station, grocery and food stores. The closest primary school to the site is located 12 km from the site at Jilava and its buildings and facilities are considered poor based on our advisers visual inspection.

Given the site parameters of the plots it is clear that the 51 Ha site is sufficient for this community concept and the concept drawings illustrate this. This plot provides over 500 metres of direct highway frontage and is approximately 1,000 metres deep. A footprint of over 300,000 sqm is possible with a height limit of 12 metres.

City Capital would like to commission a Feasibility Report (in conjunction with their development partner) from Smith Hodgkinson Romania to further support our initial findings and opinion. In particular, this report will further examine the residential and retail markets in detail and will provide valuable data on the requirements and legislation aspects of developing a primary school for children aged between 4 and 12 years of age. Traffic volumes in/out of Turkey, Greece and Bulgaria will also be examined in detail to ascertain the expected number of passing retail traffic. Current and future planned transport links from the site and catchment populations will also be examined further.

City Capital have close links with several reputable Architecture firms both local and international who should be commissioned to advise on master planning, design and construction. Furthermore, City Capital have close links with an infrastructure developer (Kassianos Construct) who has already expressed an interest to provide utilities to the site.

Investment Analysis

City Capital proposes two options for Gestitulo:

1. Joint Venture Partnership to develop the 51 Ha site
2. Outright purchase of the 51 Ha site at Eur 25 per square metre

1. Joint Venture Partnership

The 51 Ha site is currently owned by a Romanian SPV – Janus Capital SRL. It is proposed that this vehicle be used to develop the site. City Capital propose to contribute the 51 Ha site to be developed solely by Gestitulo.

The site would be contributed at Eur 29 psm on the following terms:

- Eur 20 psm cash upon the signing of a JV agreement between the parties
- Eur 9 psm to remain as shares of Janus Capital SRL

Upon the signing of a JV Agreement between the parties, Gestitulo will capitalise Janus Capital SRL with sufficient funds to pay City Capital for the land at Eur 20 psm (Eur 10.2 M) and take the corresponding majority share ownership and control of Janus Capital SRL.

Gestitulo will be responsible to fund 100% of the proposed development as well as manage and co-ordinate the construction and deliver the completed project within an agreed time period.

City Capital will have input into the design of the project, planning approvals and any decisions that are material to the development and completion of the project. City Capital will also assist with obtaining construction debt finance as well as coordinate marketing and sales in conjunction with the local Agents. City Capital will retain a minority share ownership of Janus Capital SRL until exit.

Upon the completion and sale of the project the distribution of funds will be as follows:

1. Repayment of all third party creditors including construction finance
2. Payment of Eur 9 psm (Eur 4.59 M) to City Capital being the unpaid value of the land
3. Payment to Gestitulo of equity contributed to the development
4. Pari passu payment of development profits to shareholders as follows:

- 10% City Capital
- 90% Gestitulo

It may be decided between the parties that Phase One may be sold prior to the construction of Phase Two. In this case it would be preferable to develop each phase of the development within a separate Romanian SPV to allow greater flexibility at exit.

2. Outright Purchase

Gestitulo would acquire 100% of the shares of Janus Capital SRL for Eur 12.90 M (Eur 25 psm). City Capital would have no further involvement in the development of the project.

Development Analysis

SOUTHLAND BUCHAREST

SITE PARAMETERS

Site Size			516,000
Maximum Footprint	POTmax	60%	309,600
Plot Ratio	CUTmax	2.4	1,238,400
Max Building Height			12 metres

DEVELOPMENT VALUE			
		Eur psm	
Residential	87,000	*1200*	104,400,000
Retail	40,000	*1500*	60,000,000
Office P+3	20,000	*1500*	30,000,000
Gross Capital Value			€ 194,400,000
Disposal Costs @	1.00%		€ 1,944,000
Net Development Value			**€ 192,456,000**

COSTS					
		Area/m2	Rate €/m2		
Land			€ 25		**12,900,000**
Utilities	*Electricity*	516,000	€ 5		€ 2,580,000
	Gas	516,000	€ 2		€ 774,000
	Water				€ 200,000
	Telco				€ 200,000
					€ 3,754,000
Construction					
Residential		87,000	€ 600 *psm*		€ 52,200,000
Retail		40,000	€ 650 *psm*		€ 26,000,000
Office P+3		20,000	€ 650 *psm*		€ 13,000,000
Parking		20,000	€ 20 *psm*		€ 400,000
					€ 91,600,000
Professional Fees					
Architect and Design			4.0%		€ 3,664,000
Preliminary Site Works:			0.3%		€ 229,000
Contingency			4.0%		€ 3,664,000
Legal			0.5%		€ 458,000
Surveying			0.3%		€ 229,000
Marketing & Letting Fees			2.0%		€ 1,832,000
Landscaping			0.4%		€ 366,400
Structural Engineering			4.0%		€ 3,664,000
Project Management			3.0%		€ 2,748,000
				18%	**€ 16,854,400**
Finance					
Sales Deposits Taken			30%	31,320,000	
Total Equity Required			30%	55,004,796	
Total Debt Facility			40%	50,043,360	
Finance Costs - Estmated Interest Costs @ 7.5% pa over 3 years					**11,259,756**
Total Costs					**€ 136,368,156**

DEVELOPMENT PROFIT	**41%**	**€ 56,087,844**
ANNUAL RETURN ON TOTAL EQUITY (IRR OVER 3 YEARS)	**40%**	

Note:

The above analysis assumes only a moderate level of residential pre-sales prior to construction. Based on current market demand – it is feasible that sales deposits could be used to finance the majority of the construction. In this case total return on equity would be over 50% per annum.

An Industrial development is also possible on the site however preliminary analysis suggests that with current Industrial rental levels at c. Eur 4 psm/month the project will not be as profitable as a residential community concept. We have been unable, at this stage, to accurately quantify the level of market demand for temperature controlled storage in this location however this could be a possibility for the adjacent 16 Ha site in due course.

Cost Analysis

Utilities

City Capital are now in discussions with an established Logistics Developer who is eager to begin to develop the 16 Ha site within the next 12 months. We are now in negotiations to share the costs for the supply of utilities to the entire 67 Ha location. Costs detailed in the above spreadsheet are based on sharing the supply of utilities with the neighbouring 16 Ha site.

Electricity

High Tension Cables are located opposite the site across the DN5 highway. These cables carry a 20 mgw capacity. The currently available capacity is, at this stage unknown. However it is likely that any available capacity will be sufficient to power Phase 1 of the development. Phase two will require additional power supply and will necessitate the need for an on-site power station connected to the main grid. The cost for the construction of the transformer is estimated at c. Eur 3.6M for a 20 mgw capacitor (to be shared with neighbouring site).

Gas

The villages of Clejani, Letca Noua and Schitu are presently being equipped with low pressure gas supplies which form part of a gas main that is projected between Bolintin-Deal and Giurgiu. The main has been estimated to pass within 15 km of the South Land site. The provision of gas to the site has been costed at c. Eur 1M to connect to the main trunk.

Water

Water will be sourced from an on-site bore drilled to a depth of 220 metres where potable water is found. Several bore holes will be required to supply both development phases. The costs is estimated at Eur 100,000 per bore hole.

Drainage

The lakes and tributaries are available to accept treated waste water. The drainage system would be centralized on the site and incorporate a retention pond with sewage treatment and off site pumping to the nearest acceptance point. The installation of the drainage system and connection to the closest tributary is yet to be accurately costed.

Telecommunications

Several options exist. Yet to be accurately costed.

City Capital will negotiate to share these costs with neighbouring sites wherever possible.

Construction

Costs have been provided for based on City Capital's experience in the Romanian market. Construction costs are comparable with similar schemes in Bucharest with which City Capital is familiar.

School

At this stage, no commercial value has been allocated for the construction and sale of the school. Further analysis and costing of this project is required.