



Excem Capital Partners Sociedad de Inversión Residencial SOCIMI, S.A.

Valuation Report

April 13, 2018





Executive Summary

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Executive Summary

Background	<p>EXCEM SIR (“the Company”) was founded on November 16, 2015 and its compliance with the SOCIMI tax regime was notified on August 17, 2016. It is part of the EXCEM Group, which operates in the Real Estate, Finance, Trading and Technology businesses. EXCEM SIR belongs to the Real Estate division, and its main activity is the acquisition and promotion of urban properties for subsequent lease.</p> <p>EXCEM SIR has requested the services of Grant Thornton to fulfil the conditions for classification as a Listed Real Estate Investment Company or “SOCIMI”, which require the inclusion of an independent valuation report as part of the listing particulars for the Alternative Investment Market (MAB).</p>
Scope of Work	<p>The purpose of our work was to estimate the fair market value (“FMV”) of 100% of the shares of EXCEM SIR as of March 31, 2018.</p>
Valuation Methodology	<p>The following methodologies were applied:</p> <ul style="list-style-type: none">• Adjusted Book Value (“ABV”) to estimate the value of 100% of the shares of EXCEM SIR.• Discounted Cash Flows (“DCF”) to:<ul style="list-style-type: none">• estimate the value of the real estate assets owned by the Company according to the real estate appraisals prepared by Grupo Tasvalor, S.A.,• estimate the equity adjustment required due to the Company structural costs.
Valuation Conclusion	<p>According to the scope of our services and the terms set forth in our engagement letter, we consider that the FMV of 100% of EXCEM SIR shares as of March 31, 2018 can be reasonably be placed in the region of 16,908 thousand euros, equivalent to a share price of 1,4 euros.</p>



Estimate of value

Valuation methodology

Valuation conclusion

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Estimate of value

Valuation methodology – Adjusted Book Value

- We consider the ABV approach as the appropriate basis for the valuation of EXCEM SIR.
- The ABV approach indicates the FMV of a company's equity by adjusting the assets and liabilities to their equivalent FMV, including the consideration of contingent liabilities. In order to apply this method, it is necessary to obtain a FMV for each relevant asset and liability using one or several approaches.
- The value of 100% of the equity will be equal to the sum of the FMV of assets less the sum of the FMV of liabilities.
- This approach is suitable when the valuation target is:
 - A holding company / conglomerate (where value refers to the capacity to generated income from assets, which can be valued separately using appropriate methods).
 - Capital intensive businesses.
 - Real Estate firms.
 - Distressed companies.
- The kinds of adjustments which need to be taken into consideration to value each asset and liability may include the following:
 - Substitution of non-current assets like property investments at their current market value net of taxes.
 - Valuation of financial assets and liabilities at market prices.
 - Estimating the realizable value of intangible assets.
 - Valuation of treasury shares at fair value.
 - Estimation of current fixed costs, so that the impact of the costs incurred in order to manage the balance sheet assets is included in the equity.
- In this case, the assets of the balance sheet to which an adjustment has been made are the real estate assets. Such adjustments were based on the valuations of the real estate properties realized by Tasvalor, which has determined the FMV of the assets owned by the Company located in Madrid.
- Tasvalor prepared the real estate appraisals in accordance with the RICS Regulation Standards, incorporating the IVCS International Valuation Rules.

Estimate of value (cont.)

- The methodology applied by Tasvalor was the DCF approach:
 - The calculation of the property FMV by DCF has been made based on the expected rental income for the first annuity provided by the Company. In the following annuities, an annual increase of 3% each September is considered for revenues, and expenses grow according to the expected amounts provided by the Company.
 - The expenses related to the properties, included in their appraisals, are: community expenses, maintenance, insurance and tax (IBI). Some structural costs associated with the properties have not been considered in the appraisals prepared by Tasvalor.
 - The calculation period considered is 10 years.
 - The divestment value of the property at the end of the calculation period considered is the current twelve months rental income increased by 3% annually, as stated before. The rental income considered in the last year has been capitalized at an perpetuity rate of 5,15%, which is calculated as an increase of 1,25 bps over an initial rate of 3,90%.
 - The cash flows are discounted at a 5,5% discount rate.
- In addition, as aforementioned, given that the valuation made by

Tasvalor does not consider the structural costs incurred by the Company and incurring in these costs is essential to be able to add value through the management of the assets valued, the adjusted book value calculation requires an additional adjustment based on this concept, resulting in a negative value adjustment.

- Furthermore, we have considered the possibility of adjusting the debt from financial entities for loans that were not carried at their FMV, but given the time to maturity and the homogeneity of the average interest rates throughout the calculation period considered, we have concluded that its book value reasonably reflects its FMV.

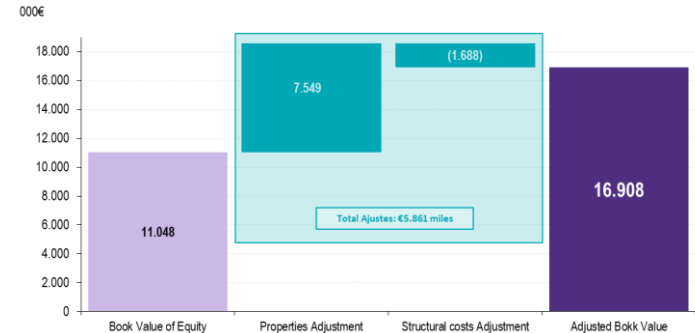
Estimate of value (cont.)

Valuation Conclusion - EXCEM SIR Adjusted Book Value

- Based on EXCEM SIR balance sheet as of March 31, 2018, we have valued 100% of the shares of the Company and we have adjusted its book value taking into account the FMV of its assets and liabilities according to the detailed table on the right.
- The adjustments made correspond to the difference between the FMV and the book value of the following items:
 - Properties: adjusted by a total amount of 7.549 thousand euros, in accordance with the assets valuation made by Tasvalor (see Appendix 1).
 - Structural costs: adjusted by a total negative amount of 1.688 thousand euros, calculated from information provided by the Company (see Appendix 2).
- The adjustments are expressed in gross amounts, no potential tax adjustments derived from capital gains generated have been considered.
- On the basis of these adjustments, the value of 100% of the shares of EXCEM SIR can reasonably be around 16.908 thousand euros, equivalent to 1,4 euros per share.
- The graph shows the total adjustment applied to the book value of equity of EXCEM SIR as of March 31, 2018, resulting in the FMV by the ABV approach.

Adjusted Book Value	
000€	
Book Value of Equity as of Valuation Date	11.048
Adjustments to Book Value	5.861
Properties Adjustment	7.549
Structural costs Adjustment	(1.688)
Adjusted Book Value as of March 31, 2018	16.908
Number of shares (000)	12.053
Adjusted Book Value per Share (€)	1,4

Source: GT



Source: GT



Appendices

Properties details

Structural costs details

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Appendix 2 Structural costs details

Structural Costs Details											
'000€	2018										2028
	(9 meses)	2019	2020	2021	2022	2023	2024	2025	2026	2027	(3 meses)
Management Expense	145	196	178	122	126	129	133	137	141	146	38
Real Estate Appraisal (accrued in 5 years)	4	5	4	4	4	-	-	-	-	-	-
Notary Expense (accrued in 5 years)	14	19	14	14	14	-	-	-	-	-	-
Cost of Lifts - 28 Properties	37	49	37	37	37	-	-	-	-	-	-
Acquisition Fee 1% (accrued in 5 years)	26	34	26	26	26	-	-	-	-	-	-
Equity Fee 0,8% (28 Properties)	76	-	-	-	-	-	-	-	-	-	-
Financing Fee 0,8% (accrued in 5 years)	12	17	12	12	12	-	-	-	-	-	-
Total	314	319	271	215	219	129	133	137	141	146	38
Period	0,38	1,25	2,25	3,25	4,25	5,25	6,25	7,25	8,25	9,25	10,25
Discount Rate	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%
Discount Factor	0,98	0,94	0,89	0,84	0,80	0,75	0,72	0,68	0,64	0,61	0,58
Present Value of CF	307	299	240	181	174	98	95	93	91	89	22
Total Value	1.688										

Source: the Company, GT



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