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25/09/2019

Dear Madams or Sirs

Addendum to the project “Last Mile” front certificate / portfolio report – impact on the valuation based on new Legal DD information for the property Äußere Wiener Straße 11, 93055 Regensburg, Germany

To be read only in conjunction with the “Last Mile” front certificate / portfolio report

All other Terms of Reference, Assumptions/ Special Assumptions remain as per the details of the main report referred to above.

Addressee:

Morgan Stanley Collateral Valuation Team
Morgan Stanley Bank N.A.
Morgan Stanley Mortgage Capital Holdings LLC
1585 Broadway, 25th Floor New York
New York 10036

Property Address:
(“The Property”)

Äußere Wiener Straße 11, 93055 Regensburg, Germany as part of a portfolio of 100 Assets located in Germany

Description:

For the subject asset, detailed Legal DD information such as land register details were not provided during the regular course of the project / valuation, but significantly afterwards only. Initially, a freehold ownership was assumed.

Based on new information received on 18 September 2019, the subject property is held on the basis of leasehold (HBR) ownership. The document stating that information is named „Red Flag – LDD Report“, 2. Draft/ 19.März 2019. Main details are as follows:

- Lessee: M7 Real Estate respectively the subject SPV (EREIP German Propco S.a.r.l.)
- Lessor: Bayernhafen GmbH & Co. KG
- Leasehold payment: 24,187.50 Euro / year (payable in half-annual rates of 12,093.75 Euro)



- HBR agreement dated 22 March 1963 (roll of deed no. 1150/1963 of notary Scheckenhofer, Regensburg) + several Amendments
- Term: 100 years (until 31 March 2063)
- The ground rent shall be adjusted proportional to an adjustment of the rents or ground rents of comparable real properties in the harbor area – latest adjustment 1 January 2002.
- An alteration, destruction or an erection of new buildings requires consent by the owner of the underlying freehold property.
- Generally no compensation in favour of the beneficiary of the HBR and it is obliged to remove the existing building on demand.
- Compensation at end of term: Generally no compensation in favour of the beneficiary of the HBR and it is obliged to remove the existing building on demand. The owner of the underlying freehold property is not entitled to demand for removal if beneficiary of HBR provides an adequate successor.
- The HBR is encumbered with the ground rent (“Erbbauzinsreallast”), priority notices regarding the registration of the adjusted ground rent (“Vormerkungen wegen Eintragung des erhöhten Erbbauzinses”) and several mortgages (“Reallasten”) regarding the adjustment of the ground rent.

Impact on the valuation

Market Value: applying the annual leasehold payments and accounting for the (compared to freehold status) slightly impaired investment quality by an increase of the discount rate by 25 bps leads to a decrease of the market value from €5,330,000 to €4,810,000.

Vacant Possession Value: applying the annual leasehold payments and accounting for the (compared to freehold status) slightly impaired investment quality by an increase of the discount rate by 25 bps leads to a decrease of the vacant possession value from €4,280,000 to €3,820,000.

Market Value:

The adjusted portfolio market value therefore is:

€1,015,340,000

(ONE BILLION FIFTEEN MILLION THREE HUNDRED AND FORTY THOUSAND EUROS)

(Aggregate value of the individual properties)

Vacant Possession Value

The adjusted portfolio vacant possession value therefore is:

€739,600,000

(SEVEN HUNDRED THIRTY NINE MILLION AND SIX HUNDRED THOUSAND EUROS)

(Aggregate value of the individual properties)

Special Assumption:

(Special Assumption that the assets are sold as a portfolio)

Our opinion as to the value on the Special Assumption of Portfolio Value is unaffected due to the marginal impact this would have at portfolio level.



Confidentiality and Publication:

Finally, and in accordance with our normal practice we confirm that the Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully

Yours faithfully

A handwritten signature in blue ink, appearing to be "F. Power", with a long horizontal line extending to the right.

A handwritten signature in blue ink, appearing to be "G. Baltzer".

Fergus Power MRICS (RICS ID: 0843311)

Gregor Baltzer MRICS (RICS ID: 6482797)

Director

Team Leader

For and on behalf of Jones Lang LaSalle Limited

For and on behalf of Jones Lang LaSalle SE