



**ACME**  
VALUATIONS

**ACME Valuation**

58 Acme Street, Ulaanbaatar, Mongolia - Ulaanbaatar - Mongolia

# DRAFT STATEMENT

## Chingeltei Apartment

**Client ID:** EMCA Bank

**Assignment ID:** Acme Valuation - 2021 (test)

**TOE ID:** Emca Valuation

**Property ID:** Chingeltei Apartment

**Lead Valuer:** John Doe

**Dates:**  
Date of Instruction: 9th January 2022  
Date of Valuation: 27th January 2022  
Document generated on the 27th January 2022

**Project Manager**  
John Doe

**Agency registration number**  
123456

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## I. VALUATION SUMMARY



### VALUATION DRAFT STATEMENT ON: Chingeltei Apartment

Made in Ulaanbaatar on the 27<sup>th</sup> January 2022 (date of report)

Dear Peter Emca,

In accordance with your instructions dated from the 09<sup>th</sup> January 2022, engaging ACME Valuation as an external, independent valuer, we have carried out an Internal inspection of the property on the 01<sup>st</sup> February 2022 and have estimated the current Market value of the 100 % Freehold interest in the Property as of the 27<sup>th</sup> January 2022 (date of valuation).

Our valuation is subject to the comments, departures, qualifications and financial data contained within our report. On that basis, and assuming the property is entirely free of encumbrances, restrictions, easements, restrictive covenants and other impediments of an onerous nature which would affect value, in our opinion its Market value as at Valuation Date, is:

MNT

**190,000,000 (rounded up)**

**Or one hundred and ninety million MNT**

The above valuation estimation is exclusive of Government taxes and any additional unforeseen fees that may apply. It has been calculated using the Comparable Transactions method of valuation according to the following standards: RICS Valuation Global Standards 2020, IVS 2020, Mongolian Valuation Standards. The Valuation Report has been prepared according to the Practice Statement laid out in **IVS 103 Reporting**. If certain departures have been made to adapt the valuation methodology for Mongolia, such departures will be clearly marked within the report. No departures have been made from PS1 or PS2 of the Professional Standards of RICS. The above valuation does not assume any synergistic value or extra-ordinary arrangements.

Yours sincerely,

Name John Doe

Registration ID 123456


For and on behalf of: ACME Valuation Ltd  
58 Acme Street, Ulaanbaatar, Mongolia -  
Ulaanbaatar - Mongolia

x

Signature

Valuation Summary MNT	
Adopted Value (rounded up)	190,000,000
Market value / Square Metre (Mongolian Measurement Standard)	2,375,000

Valuation Particulars	
Prepared for	EMCA Bank <b>Other intended users:</b> Loan applicant
Client Representative's Contact	Peter Emca Email: emile.fremont@gmail.com - Phone: 0976563658
Valuation Purpose	Valuation of interests for secured lending
Date of Valuation	27 <sup>th</sup> January 2022
Interest Valued	100%

Valuation Approaches Used (MNT)		
Comparable Transactions (rounded up)		190,000,000

## II. SCOPE OF WORK

### 1. IDENTIFICATION AND STATUS OF THE VALUER

The valuation report has been prepared by: John Doe, MRICS (Registration number: ), with the assistance of: Johnny Doey, Carol Doey, Mark Doe.

#### A. EXPERIENCE OF THE VALUER

The valuer (John Doe, MRICS) has been active in the Mongolian Real Estate market for the past 20 years. He has considerable experience in the Mongolian Real Estate Market, having carried out a sufficient number of transactions and being familiar with the particularities, taxation systems and legal restrictions of the market. He has participated in large scale Asset Quality Review performed on all commercial banking institutions in Mongolia and on institutional public companies. He further holds qualification dispensed by the RICS in commercial property valuation and property finance and investment. The valuer has been trained in international valuation methods and is aware of their use and limitations. The valuer further assumes that the client is aware of the general principles of valuations and market conditions and as such they are not explored in great detail within this report. Please refer to the 'Appendices & Useful Info' tab of this report for further explanation on the methodologies used as well as some of the assumptions made.

#### B. EXPERTISE OF THE AGENCY

Acme has been active in the Mongolian Real Estate and Business Valuation market for the past 30 years. During that time the firm has developed key expertise in the overall real estate sector as well as a number of key business sectors and industries. Should the valuer, supported by any member of the firm not feel sufficient at ease in valuing this particular assignment, he will either refuse the assignment or contract external contractors and make it known within the report. The Valuer is a registered Business & Property Valuer with the Royal Institute of Chartered Surveyors and holds a certificate in both of those by the same institute.

### 2. STATEMENT OF INDEPENDENCE

By the following statement verified by the signature on this valuation report, the valuer named on this document makes an affirmative statement to express an independent opinion which is free from bias and objective.

### 3. PROPERTY IDENTIFICATION

Property ID	Chingeltei Apartment
Surface (Sq.m)	80
Asset class / Property type	Apartment / Flat /
Address	Floors: 2 Chingeltei District, 2nd Khoroo, Building 45, Unit 34 14250, Ulaanbaatar, Mongolia

### 4. BASIS OF VALUE

The valuation of the asset has been carried out adopting the following basis of value:

Market value (Source: IVS 2020):

"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 were the parties had acted knowledgeably, prudently and without compulsion."

### 5. VALUATION & INVESTIGATION DATES

We advise that we have been instructed to value the property as of the 09<sup>th</sup> January 2022. The Property was inspected on the 01<sup>st</sup> February 2022, and our valuation reflects the valuer's view of the market as of the 27<sup>th</sup> January 2022, and does not purport

to predict the future. The valuer assumes that the property has not changed in any significant or material way between the date of inspection and the date of valuation. If there have been any substantial changes during that period, the valuer reserves the right to review the valuation at its sole discretion.

## 6. NATURE AND SOURCE(S) OF INFORMATION

The data used in the compilation of proposed report will be obtained from a variety of sources, such sources will be indicated within the report where relevant. Comparable data will be sourced from the National Archives of Mongolia, using the Notary transaction books over the past five years in addition to Acme's own proprietary transaction database and third party brokers. Market Data will be sourced by Acme using primary research tools supported by data from the National Statistical Office of Mongolia. Supplementary data and general market information will be compiled from a number of public domain sources and reports in addition to Acme's own survey's and data mining efforts. Since the valuation will be based on a number of assumptions that have been compiled by Acme on a best effort basis according to current knowledge of market dynamics and available information, actual market conditions may differ from stated assumptions. All valuations are backwards looking and thus based on past evidence and not future predictions. As such the valuation will be most accurate at the date of valuation and loses considerable accuracy over time. It is estimated that stated valuations are accurate for a period of no more than 6 months from the date of valuation. We believe that the information provided by "The Client" that will be used in this report is credible.

The valuer has further relied on the following documents:

- Legal Status of Landlord
- Immoveable Property Certificate
- Property Floor Plans

## 7. ASSUMPTIONS

- The property is entirely free of encumbrances, restrictions, easements and restrictive covenants
- No hazardous materials are used in the construction of the property
- There are no current plans by City Authorities that would impact the value of the property
- There are no plans to change laws and regulations surrounding property ownership and use
- Data (financial or otherwise) provided by the Client will be assumed true without Due Diligence
- The property is not subject of any environment related risks
- The buildings are structurally sound, and there is no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or construction techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above).
- The buildings have been constructed and are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).
- The property is connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.

## 8. SPECIAL ASSUMPTIONS

There are no special assumptions

## 9. DEPARTURES

### 1. IVS 2020

- Due to restricted liquidity in the market, transactions have reduced drastically and where it is not possible to find an actual transaction in a comparable property, advertised prices have been used and appropriately discounted to reflect real market price. This is a departure from IVS 105, however given the nature of the Mongolian market, we believe this is the most accurate way of arriving at a fair market price.



## 2. RICS Valuation Global Standards 2020

- The method of measurement is that of the Mongolian measurement standard as per local legislation. This is a departure from RICS property measurement 2nd edition.

## 10. VALUATION STANDARDS

This valuation report has been prepared in full conformity with IVS. The report adheres to RICS Valuation Practice Statement 3 on Valuation Reports and the RICS Valuation PS2 on Ethics, Competency, Objectivity and Disclosures. Any potential departures from the IVS and / or RICS are reported and its reasoning explaining in the report. The report is valid only for the valuation date expressed in the report.

Please note that we carry out Property Valuations according to the methodology set out by the International Valuation Standards Council and follow: RICS Valuation Global Standards 2020, IVS 2020, Mongolian Valuation Standards.

No other form or method of valuation have been considered.

If certain departures have been made to adapt the valuation methodology for the local environment, such departures are clearly marked within the valuation report. No departures have been made from PS1 or PS2 of the Professional Standards of RICS.

All data, methodology, assumptions and general market information used in this valuation report remain the copyright of "The Service Provider" at all times. The models used to calculate and arrive at an adopted value have been duly adapted for the local Real Estate market by "The Service Provider" and as such all models remain the exclusive property of "The Service Provider".

## 11. VALUATION APPROACH AND REASONING

The 100 % Freehold interest in the property has been valued with the following valuation approaches and methods under the Highest and best use premise of value, as defined by the IVSC:

"Highest and best use is the use, from a participant perspective, that would produce the highest value for an asset. The highest and best use must be physically possible (where applicable), financially feasible, legally allowed and result in the highest value. If different from the current use, the costs to convert an asset to its highest and best use would impact the value."

#	Approach to value	Method to value
1	Market	Comparable Transactions

No Express allowance has been made for liability for taxation whether actual or notional, that may arise on disposal, contract of sale to equivalent legal document.

## 12. VPGA 10 - NATIONAL MATTERS THAT MAY GIVE RISE TO MATERIAL VALUATION UNCERTAINTY

### a. Mongolia

- A USD 5.5 billion dollar IMF funded bailout package has been granted in 2017 for a 3 years, and was further extended in 2020, this may lead to changes in all aspects of the economy.
- More austerity measures may be introduced leading to reduced liquidity and appetite in the real estate market.
- The exchange rate as on the date of valuation has been used, sourced from the official Mongol Bank rate.
- In respect of the real estate sector, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of the property is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

### b. VPGA 10 - Local or market specific matters that may give rise to material valuation uncertainty

The valuer did not identify any local or market specific matters that may give rise to material valuation uncertainties.

### 13. DISCLOSURES

- 1      **Has the client been informed of the agency's complaint procedure in writing and verbally?**  
Yes
- 2      **Has the asset been previously valued by the valuer or the valuer's firm?**  
No
- 3      **The valuer has been involved with the purchase of one or more properties for the client within the 12 month period preceding the date of instruction or date of agreement of the terms of engagement or a specific longer period prescribed or adopted in your jurisdiction.**  
No
- 4      **The valuer has provided a series of valuations over a period of time.**  
Yes. The valuer has been the exclusive signatory of the agency valuation reports for the past 5 years.
- 5      **Has the valuer continuously been the signatory to valuations for the same purpose?**  
No
- 6      **Has the valuer valued the asset for the same purpose either within the 12 month period preceding the date of instruction or relevant period as prescribed or adopted in your country of practice.**  
No
- 7      **Has the valuer / firm been involved with the purchase of the same asset for the client within the period of 12 months preceding the valuation date?**  
No
- 8      **In the case where the party that commissioned the valuation for secured lending is not the intended lender, is the identity of the prospective intended lender disclosed?**  
No





*This report has been reviewed and approved by:*  
*John Doe*



*Signature (and stamp)*

*27 Jan 2022*

**ACME Valuation** - 58 Acme Street, Ulaanbaatar, Mongolia - Ulaanbaatar - Mongolia

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