

SHORT REPORT

FAIR VALUE ASSESSMENT AS OF 31-12-2021 OF A LAND PLOT DEVELOPMENT IN PIRAEUS

Prot. No.: PEF-973

To:

HUB 204 M.A.E

Mr. Manolis Lemonakis
115 Neratziotissis str.
Maroussi, 15124

8th of April 2022



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(Ν. 2121/1993 περί πνευματικής ιδιοκτησίας)

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This valuation report is not a business plan, nor a feasibility study, and thus cannot be considered in part or in whole, any of the aforementioned. This valuation report is based on market evidence, as is described in the relevant paragraphs and does not take into consideration any tenant mix study which aims to maximize the expected market rental values (MRV's).

We assume, for the purposes of this valuation report, that all information provided, are accurate and complete and thus we have not proceeded to any verification. In the case of submission of supplementary / additional information, we reserve the right to amend the derived values.

The resulting values are applicable for the critical date of the valuation report according to the agreed Basis of Valuation.

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This report does not comprise a business valuation.

This valuation report is based on the current economic and market conditions at the date of valuation and does not express or form an opinion on the duration of the conditions or, to the impact that any changes in the economic and market conditions may have on the opinions expressed in the report. The opinions expressed in this valuation report, are subject to certain reservations in terms of uncertainties derived from changes to major factors such as future adjustments or amendments of the legal status, changes in the financial and economic circumstances, political risk, country risk etc.

Considering the current economic conditions in Greece, the valuation report follows VPGA 10 of the Red Book «RICS Valuation - Global Standards 2020» regarding Valuation Certainty.

The assumptions made in this valuation report in order to express our opinion of the Value of the subject properties, are considered appropriate in light of the circumstances and by no means is it possible to validate the accuracy and completeness of the assumptions, judgments and estimates undertaken thereof.

This report bears a specific critical date. There is no responsibility to validate and update the report prepared by Pepper Hellas without the proper instruction to do so from the Client.




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Appendix 1 Basis of Valuation

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Executive Summary

Instructor:	HUB 204 M.A.E
Valuer:	Pepper Hellas Asset Management SA
Subject of Valuation:	Land plot under development
Property' s Address:	Papastratou, Fokionos, Methonis and Chaidariou streets, at the area of Ag. Dionisios, in the Municipality of Piraeus, Regional Unit of Piraeus, Region of Attica.
	<p><i>General photo of subject property:</i></p> 
Purpose of Valuation:	The Valuation is prepared for IFRS purposes.
Basis of Valuation:	<p>The basis of valuation is the Fair Value according to the European Valuation Standard (EVS 2) and the Valuation Practice Statement (VPS 4) par. 7 of the RICS Valuation – Global Standards 2020.</p> <p>The definitions of the bases of our valuation according to the current standards are stated in Appendix 1 of this report.</p>
Premise of Value:	The premise of value is the highest and best use according to IVS 104, par. 140
Currency:	EUR (€)
Critical Date of Valuation:	31/12/2021
Date of Report:	8/4/2022

Total Values:

Value	€
Fair Value	€ 4,980,000.00 (Four million nine hundred and eighty thousand Euros)
Gross Development Value (GDV) *	€ 54,125,000.00 (Fifty-four million one hundred and twenty-five thousand Euros)
Target IRR (%)	13,00%
<p>* “The aggregate market value of the proposed development assessed on the special assumption that the development is complete on the date of valuation, in the market conditions prevailing on that date. Where an income capitalization approach is used to estimate the GDV, normal assumptions should be made within the market sector concerning the treatment of purchaser’s costs. The GDV should represent the expected contract price.” (Valuation of development property, 1st edition, October 2019, RICS professional standards and guidance, global, p.4)</p>	

1. Instruction

Further to your instruction with Prot. No. **SAO-1422** dated the **12/11/2021**, we have proceeded to the determination of the Fair Value of a land plot development, which occupies the entire Building Block 240, area of Ag. Dionisios, in the Municipality of Piraeus, Regional Unit of Piraeus, Region of Attica.

This report is held under the standards imposed by the Royal Institution of Chartered Surveyors (The Royal Institution of Chartered Surveyors – *RICS Valuation – Global Standards 2020*), the European Valuation Standards of TEGoVA (The European Group of Valuers' Associations – *EVS 2020, 9th Edition*) and the IVSC (International Valuation Standards Council, 2020). The above-mentioned valuation standards are also adopted for the application of the International Financial Reporting Standards (IFRS).

The report is carried out by the strict supervision of qualified professional valuers of adequate expertise and experience according to PS 1 and PS 2 of RICS Valuation – Global Standards 2020. The certifications of our valuers are either from The Royal Institution of Chartered Surveyors (MRICS, FRICS) (www.rics.org), or from The European Group of Valuers' Associations (REV scheme) (www.tegova.org) certification body in Greece PEOPLECERT (www.peoplecert.org).

Pepper Hellas Asset Management SA fulfills all legal requirements for offering valuation services and it is a company listed at the Certified Valuers Registry of the Greek Ministry of Finance, according to the provisions of paragraph C of Law 4152/2013 (ΦΕΚ/Α'107).

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy –with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally.

According to the RICS Valuation Practice Alert–Coronavirus dated the 6th of November 2020, our valuation 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. For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date. Considering the methodologies applied, where valuing using the income approach or otherwise with reference to income, the RICS global Valuation Practice Alert of 6 November states that: 'Where a valuation refers to rental or other income, a considered assessment of that income in light of COVID-19 and, where relevant, its aftermath may be required. Valuers are advised to make sure they are acting upon the latest and most accurate information in respect of rental and other income, where this is relevant. The valuer may need to reflect upon structural and behavioural effects on markets either caused or heightened by COVID-19.'

The basis of our valuation and the general assumptions are stated in **Appendix 1** of this report.

2. Introduction

The purpose of this report is the determination of the Fair Value of a land plot under development, which occupies the entire Building Block 240, in the area of Ag. Dionisios, in the Municipality of Piraeus, Regional Unit of Piraeus, Region of Attica

Date of Drive-by inspection: **3/12/2021**

Data provided:

- Topographic plan drafted by the rural and surveying engineer Dimitris Athanasopoulos, scale 1:200, dated March 2020
- Business plan updated 1/12/2021.
- Presentation of the development including blueprints.
- Reply with prot. no. 7744/17-11-2021 considering the land uses issued by the Department of Technical Services – Directorate of Construction Services & G.T.P. - General Design Department
- Issuance of certificate of land uses with prot. no. ΥΠΕΝ/ΔΣΜΠ/107640/1388 dated the 02/12/2021 for Building Block 204 at the area of Agios Dionisios in the Municipality of Piraeus issued by the General Secretariat for Spatial Planning and Urban Environment – General Board of Spatial Planning – Department of Planning Metropolitan Urban and Suburban Areas
- Special Spatial Plan Study in the area of Agios Dionisios in the Municipality of Piraeus and signed plan with the subject “Determination of land uses and any additional restrictions”, dated May 2021, scaled at 1:500 issued by the Central Council of Urban Issues & Disputes.
- Approval with prot. no. 1138/9146/25.2.2021 of the Special Spatial Plan of the area of Agios Dionisios in the Municipality of Piraeus issued by the Department of Technical Services – Directorate of Construction Services & G.T.P. - General Design Department
- Title deeds with prot. no. 12.353/24.06.2020 by the notary of Athens Efrosini Simopoulou.
- Title deeds with prot. no. 13.064/24.03.2021 by the notary of Athens Efrosini Simopoulou.
- Title deeds with prot. no. 13.914/23.11.2021 by the notary of Athens Efrosini Simopoulou.

3. Location

Address:

The property in question occupies the entire building block 204 and is located at Papastratou, Fokionos, Methonis and Chaidariou streets, at the area of Ag. Dionisios, in the Municipality of Piraeus, Regional Unit of Piraeus, Region of Attica.

GIS Coordinates:

Latitude: 37.953018,
Longitude: 23.645582 (according to Google maps)

Property in a good location

Immediate accessibility to all town's facilities

High visibility

Close to the port of Piraeus

Occupies the entire BB 204

Location:

Municipality of Piraeus: The city of Piraeus is located about 9 km southwest of Athens. The Municipality of Piraeus covers an area of 10.9km² and is the fifth most populous municipality in the country with 163,688 residents according to the most recent census of 2011. The administrative center is located on Korai Square, bounded by Vas. Georgiou and Polytechniou Avenues, as well as the pedestrian segment of Karaïskou Dragatsi road. The area is characterized by high concentration of commercial uses with international brands. Piraeus is a major centre for Greek and international shipping, and bi-annually acts as the focus for a major shipping convention, known as Posidonia, which attracts maritime industry professionals from all over the world. Today, it is one of the largest ports in Europe, and the annual number of 19 million passengers make it the third largest worldwide in terms of passenger transportation. It is currently the third busiest port of Mediterranean Sea, in terms of tons of transported goods. The main port serves ferry routes to almost every island in the eastern part of Greece, the island of Crete, the Cyclades, the Dodecanese, and much of the northern and the eastern Aegean Sea. The western part of the port is used for cargo services. The commercial uses are mainly determined by the proximity to the Central Port of Piraeus e.g. retail shop with ships' spare parts, engineering workshops, shipping agencies and offices etc. Other type of uses at Kondyli Coast include old multi-storey residential buildings, cc. 30 years and over.

The areas located to the east and south of the city center (Passalimani, Kallipoli, Evaggelistria etc.) have a residential character with some commercial uses as well.

Subject area:

The property is in the neighborhood of Agios Dionisios, a district bounded by Akti Kondili on the south, the railway lines on the north and Retsina street on the east. The surrounding area is a former industrial zone in close proximity to the port with signs of serious decay and old derelict buildings during the last decades.

Lately, the area has become a pole of interest not only by private investors but by the local authorities as well. An integrated urban intervention is planned for its sustainable development aiming to upgrade it and radically change the character by attracting new economic activities. The most recent private investment was implemented in the former Papastratos warehouse which was redeveloped into a contemporary sustainable office building. The planned interventions will take place in an area of 453 acres and include reconstruction and widening of pavements, cycling paths, landscaping etc.

The property under valuation occupies the entire building block 204, which is surrounded by Papastratou, Chaidariou, Methonis and Fokionos Streets. The immediate area has a mixed-use character with office buildings, few retail shops, as well as some residential uses on the secondary streets. Uses that serve the port are found on the streets near the coast, like public buildings, travel agencies, marine engineering services etc.

Papastratou Street: The street begins from Retsina str. and ends at Ipapantis Str. This one-way street runs parallel to Gravias street and comprises two-storey buildings, the majority of which are used as warehouses. There are also a few retail stores and office spaces observed.

Chaidariou Street: The street begins from Agiou Dionisou Str. and ends at Dafnis Str. It is a mixed-use street with both commercial and residential uses. Commercial uses are concentrated in the part of the road which is near the port.

Methonis Street: Methonis str. starts from Dervenakion Str. and ends at Retsina Str. It is a commercial street with light industrial uses, although few multi-storey office buildings can also be found.

The building stock is over 30 years old.

By car: The subject property is accessed Agiou Dionisou and Chaidariou street.

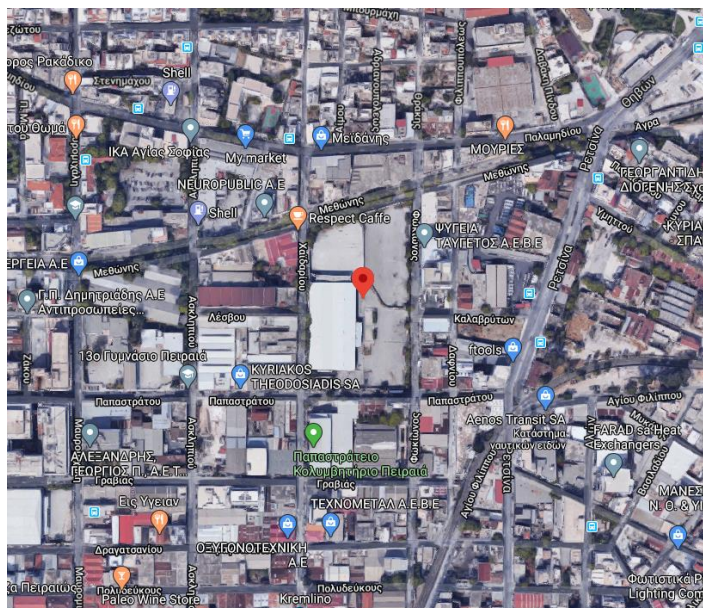
Public means of transport:

- Metro: The property is served by the metro station (Line 1) "Piraeus", at approximately 750m.
- Public Buses: The area is served by the bus lines 703, 803, 809, 810, 814, 827, 830, 845, 846, 847. The nearest station is situated very close to the subject property.

In the surrounding area, the majority of office space is occupied by shipping companies. Retail uses are concentrated mainly along Akti Kondili Str., while in the immediate area of the subject property warehouses and workshops can be found. Residential uses are concentrated along secondary streets.

- Shipping companies Headquarters e.g. Danaos Shipping Company, Aegean shipping Company, ANEK lines etc.
- 'Papastrateio' Swimming Pool
- Pirée Art showroom

[illegible]



4. Property Description

1) Land Description

Area (m²) of land plot:

- **17,050.14m²** according to the provided Topographic plan by the rural and surveying engineer Dimitris Athanasopoulos, scale 1:200, dated March 2020

Land plot of large size

Rectangular shape

Good view

Four Frontages

Shape & Dimensions:

- Rectangular shape
- It borders according to our inspection and the Topographic plan provided:
 - North:* frontage of 101.56m to Methonis street
 - East:* frontage of 182.52m to Fokionos street.
 - South:* frontage 99.41m to Papastratou street.
 - West:* frontage 157.21m to Chaidariou street.

Orientation:

- Northern towards Methonis Str.
- Eastern towards Fokionos Str.
- Southern towards Papastratou Str.
- Western towards Chaidariou Str.

Gradient:

- Slight gradient, almost horizontal.

Fencing:

Stone wall

Infrastructure:

- All necessary infrastructure is applied for the erection of the buildings.

View/ Position/ Commerciality:

- Good view
- Typical position and visibility
- Moderate commerciality

Public Utilities:

All public utility networks are available (Electricity, telecommunication, water supply, sewage disposal).

Comments:

The total area of the subject property owned by HUB 204 M.A.E is **17.050,14sqm (initial land plot)**. It lies at Building Block 204/T.25 of the Municipality of Piraeus, which is surrounded by Methonis – Fokionos – Papastratou – Chaidariou, in the area of Agios Dionisios. The current permitted uses for B.B. 204, according to the General Town Plan of the Municipality of Piraeus (ΦΕΚ 79/Δ/1988), are “sports” and “urban green – free spaces”, according to the provided Topographic plan by the rural and surveying engineer Dimitris Athanasopoulos, scale 1:200, dated March 2020. The area of Agios Dionisios, where B.B. 204/T. 25 lies, was selected since 2018 by the Municipality of Piraeus, as area of regeneration and change of land uses, in execution of the General Town Plan.

According to the Special Urban Plan of the area of Agios Dionisios, which is in the process of approval, the land uses that are planned for Building Block 204/T.25 are those of Urban Centre. This is also confirmed at the Confirmation by the Department of Planning Services with prot. no. 7744/17.11.2021 and the Certification by the Department of Designing Urban & Suburban Areas.

For the purposes of this report, the land plot that is under question, is part of a larger land plot and has a total area 12.350,00sqm (total land area 17.050,14sqm). It lies inside Building Block 204/T.25, where the planned land uses are those of Urban Centre 1, which include according to article 4 of Presidential Decree 59/2018, the uses of «Administration – Offices».

2) Planning Status

According to the data provided, the land plot occupies the entire 204 Building Block, and is within the planning zone of the Municipality of Piraeus, and is subject to the below building regulations:

Presidential Decree

Government Gazette 258D/08.11.1971, 35A'/1864, 4A'/1868, 412A'/1892, 98A'/1893, 111A'/1902, 226A'/1908, 55A'/1924, 172A'/1936

Land plot intact, buildable and integral

Inside the town plan of the City of Piraeus

Area under approval of the Special Urban Plan

Land plot requirements

General Rule: Min Size of Plot = 200,00m², Min Façade = 10,00m

Exception to General Rule (before 9-6-1973): Min Size of Plot = 110,00m², Min Façade = 6,00m

Building Coefficient:	3.60 (Papastratou str.)
	3.00 (Chaidariou, Methonis & Fokionos str.)
Coverage Ratio:	60% (NOK)
Max Height:	According to New Building Regulation (NOK)
Permitted Uses:	Government Gazettes 79/D/1988 – 663/D/1994
Archaeology:	Yes

Comments:

- The property is in an old city plan before 1923 (Government Gazette 98A/1893) which was subsequently amended in accordance with the provisions of the Law of 1923 (GG 55A/1924) which is in force today. Currently, Building Block 204/T.25 is under the process of entering Sector IV with uses of “Urban Centre 1”.
- The building coefficient applicable is calculated in accordance to paragraph 2 of Article 11 of Law 4467/12 which states that “the building coefficient applied to a land plot which faces more than one streets for which different coefficients apply, is the ratio of the sum of the productions of the length of each frontage on the corresponding BC divided to the sum of the length of each frontage”.
- Within the plot and at the corner of Papastratou & Chaidariou streets there is an old two-storey residence which is characterized as a **preserved historical monument** (GG 473B/1994) and special provisions apply to the building for the protection of Architectural and Natural heritage (article 6 Law 4067/12), according to which it can be reused only after the approval of the relevant archaeological service, which also intervenes in the development of the buildings adjacent to it.
- According to the General Urban Plan (GG79Δ/1988), which was subsequently amended (GG663Δ/1994), approximately 1/3 of the land (south section) has land use of “green space” while the rest of the plot has land uses for “sports”.
- It is noted that the urban planning of the property has not been completed so far (the existing General Urban Plan was approved prior to the provisions of Law 2508/1997 and has no binding uses). Furthermore, we were not informed of any decision of the Regional Authority according to which the General Urban Plan has binding uses. In the area a Special Spatial Plan is underway (article 8 Law 4447/2016) which will give the property its binding uses.
- Today the plot, which occupies the entire BB 204, has a total area of **17,050.14m²** and is considered by the New Building Code to be intact and buildable as it does not have any planning burdens or commitments, since according to the existing spatial Decree the Building Block has building lines and the existing land uses according to the General Urban Plan are not binding.
- The area is under the process of approving the Special Urban Plan (article 8 Law 4447/2016), which is going to provide binding uses to the subject property.
- According to the Issuance of certificate of land uses with prot. no. ΥΠΕΝ/ΔΣΜΠ/107640/1388 dated the 02/12/2021 for Building Block 204 at the area of Agios Dionisios in the Municipality of Piraeus issued by the General Secretariat for Spatial Planning and Urban Environment – General Board of Spatial Planning – Department of Planning Metropolitan Urban and Suburban Areas, the land uses for Building Block 204 are:
 - **Centre 1**, according to article 4 of Presidential Decree 59/2018 (A’ 114), with the exception to special uses:

- From the special use (10) Trading and private services, multi-stores (10.4) are excepted.
- (14) Leisure – Entertainment centres
- (20) Warehouses (low, medium, high)
- (27) Vehicle Technical Inspection centres (K.T.E.O)
- (45) Venues for technical – entertainment and gambling
- **Free spaces – urban green areas:** uses according to article 7 of Presidential Decree 59/2018 (A' 114)
- **Special use according to article 4:** (4.1) Small sports facilities (categories A1, A2, B1, D, E1)

Moreover, at Building Block 204 the permissible building coefficient is proposed at 2.0

Sector IV with proposed Building Coefficient 2.00 and maximum height of building according to BC, based on the New Planning Code.

Excerpt of the Special Spatial Plan in the area of Agios Dionisios



Ειδικές χρήσεις που επιτρέπονται στη γενική χρήση Πολυκατοικητικό Κέντρο (άρ. 4 του πδ 59/2018)	Γενικές χρήσεις ΕΠΣ Αγίου Διονυσίου	
	Πολυκατοικητικό Κέντρο 1	Πολυκατοικητικό Κέντρο 2
(1) Κατοικία.	ΝΑΙ	ΝΑΙ
(2) Κοινωνική πρόνοια	ΝΑΙ	ΝΑΙ
(3) Εκπαίδευση	ΝΑΙ	ΝΑΙ
(4.1) Μικρές αθλητικές εγκαταστάσεις (κατηγορίες Α1, Α2, Β1, Δ, Ε1)	ΝΑΙ	ΝΑΙ
(5) Θρησκευτικοί χώροι.	ΝΑΙ	ΝΑΙ
(6) Πολιτιστικές εγκαταστάσεις.	ΝΑΙ	ΝΑΙ
(7) Διοίκηση.	ΝΑΙ	ΟΧΙ
(8) Περιβαλλοντική.	ΝΑΙ	ΟΧΙ
(9) Χώροι συνάθροισης κοινού/ Συνεδριακά κέντρα.	ΝΑΙ	ΟΧΙ
(10) Εμπόριο και παροχή προσωπικών υπηρεσιών.	ΝΑΙ πλην 10.4 Πολυκατοικητικά	ΝΑΙ πλην 10.3. Υπεραγορές, 10.4 Πολυκατοικητικά, 10.5 Εμπορικά κέντρα και 10.6. Εγκαταστάσεις εμπορικών εκθέσεων εκθεσιακά κέντρα
(11) Γραφεία/ Κέντρα έρευνας/ Θερμοκηπίδες επιχειρήσεων.	ΝΑΙ	ΝΑΙ
(12) Εστίαση.	ΝΑΙ	ΝΑΙ
(13) Αναψυκτήρια.	ΝΑΙ	ΝΑΙ
(14) Αναψυχή Κέντρα διασκέδασης	ΟΧΙ	ΟΧΙ
(15) Τουριστικά καταλύματα, εγκαταστάσεις ειδικής τουριστικής υποδομής και λοιπές τουριστικές επιχειρήσεις	ΝΑΙ	ΝΑΙ
(16.1) Σταθμευση (κτίρια-γήπεδα) αυτοκινήτων μέχρι 3,5 τόνους κοινής χρήσης, μοτοσυκλετών και μοτοποδηλάτων.	ΝΑΙ	ΝΑΙ
(20) Αποθήκες (γαλακติกής, μέσης, υψηλής αξίας)	ΟΧΙ	ΟΧΙ
(22) Επαγγελματικά εργαστήρια μέχρι 500 τ.μ. συνολικής επιφάνειας δόμησης ανά γήπεδο ή οικοπέδο	ΝΑΙ, μόνο Χ.Ο.	ΝΑΙ, μόνο Χ.Ο.
(26) Εγκαταστάσεις Μέσων Μαζικής Μεταφοράς.	ΝΑΙ	ΟΧΙ
(27) Κέντρα Τεχνικού Ελέγχου Οχημάτων (Κ.Τ.Ε.Ο. – Ι.Κ.Τ.Ε.Ο.)	ΟΧΙ	ΟΧΙ
(30) Γωνιές ανακούφισης και πράσινα σημεία (μικρά, μεγάλα κοινή υπουργική απόφαση 18485/26-4-2017 ΦΕΚ Β' 3412). Επιτρέπονται μόνο Γωνιές ανακούφισης.	ΝΑΙ	ΝΑΙ
(45) Χώροι διεξαγωγής τεχνικών-ψυχαγωγικών και τυχερών παιχνιδιών.	ΟΧΙ	ΟΧΙ

	Όριο Περιοχής Παρέμβασης ΕΧΣ
Γενικές Χρήσεις στην περιοχή του ΕΧΣ	
	Πολυκατοικητικό Κέντρο 1
	Πολυκατοικητικό Κέντρο 2
Ειδικές Χρήσεις στην περιοχή του ΕΧΣ	
	Ελεύθεροι Κοινόχρηστοι Χώροι
	Αθλητικές Εγκαταστάσεις
	Κτήρια Εκπαίδευσης (Πρωτοβάθμιας, Δευτεροβάθμιας)

- ⇒ According to the drafted Special Urban Plan, the permitted uses of the large southern part are those of the Urban Centre. Above that a lane has the uses of sports facilities and above that a section has the uses of green areas. From the total area of 17.050,14sqm of the subject land plot, 4.700.14sqm are proposed to become “sports areas” and “green – free spaces”, and the rest 12.350,00sqm will have the uses of “Urban Centre 1”.
- ⇒ Offices and relative uses included in Urban Centre 1, will be binding according to the drafted Special Urban Plan, when it is going to be approved.

3) Building Description

The subject property comprises a warehouse building and a listed building. The first building permit of the warehouse was in 1993 and it was revised in 2003. The listed building was built in the decade of 1920.

Warehouse building and a derelict listed building

The areas, and uses according to the data provided, are presented in the following table:

Papastratou str, Chaidariou str, Methonis str and Fokionos str, Municipality of Piraeus, Regional unit of Piraeus, Region of Attica		
Building	Use	Area (m ²)
Listed Building	Derelict	420.00
Existing Building	Warehouse	3,988.00
Total		4,408.00

Indicative photos of the property are attached in [Appendix 2](#).

4) Building Status

- ⇒ According to the macroscopic inspection that was conducted during our visit to the premises, based upon the data provided, we conclude that the buildings were not built-in exceedance or changing the permissible land use, of the existing building regulations and restrictions.
- ⇒ In any case, the current report determines values for the existing uses and does not substitute the necessary engineer’s certificate, according to the Law no. 4495/2017.

5. Legal & Ownership Status

For the purposes of the valuation report, we assume that the subject property is owned by “HUB 204 SA” and that it is clear and free of any encumbrances or charges that may affect its value.

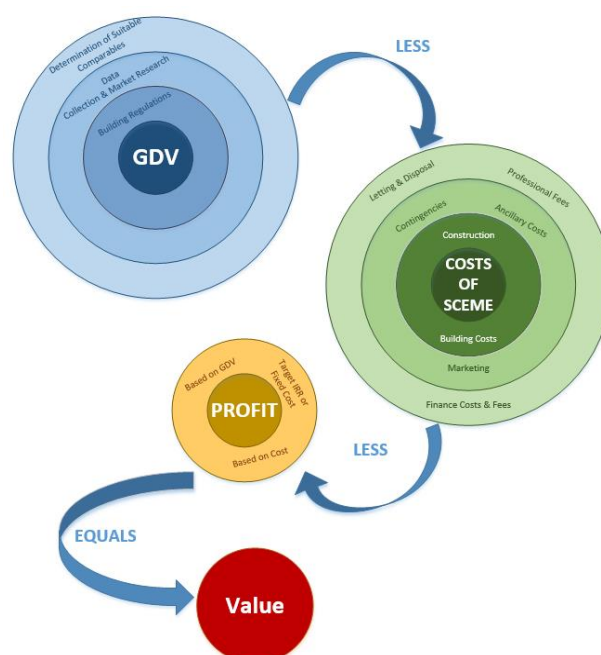
6. Valuation Methodology

In order to determine the Fair Value of the subject property, we apply the Residual Method, which is a hybrid of the market approach, the income approach and the cost approach. It is

based on the completed “gross development value” and the deduction of development costs and the developer’s return to arrive at the residual value of the development property (IVS 2020, p.106, par.40). The Residual Method is applied by using ARGUS Developer ® software.

For the theoretical apportionment of the Fair Value of the property between land and buildings, for financial reporting purposes, we use the Cost Approach based on the Depreciated Replacement Cost Method in order to determine the Replacement Cost of the buildings.

In detail, the Residual Method is used to arrive at a value for a vacant site or a building for redevelopment. It entails estimating the Gross Development Value based on the best-case scenario for development or redevelopment. From the Gross Development Value all construction and finance costs, as well as the developer’s profit, are deducted in order to arrive to the present value of the property under question (EVS 2016, EVIP 5, par 6.5). The process of this methodology is presented to the following diagram:



Reasons for choosing Residual Method:

- The subject property will be developed; therefore, the Residual Method can be applied.
- The property in question can generate net benefits and be considered as an investment asset.
- We were able to identify asking prices and rents for the potential uses according to the best-case scenario.
- All Risks Yield can be identified.

Special Assumptions:

- For the purposes of this report and taking into account the declaration by the instructor that a change in the planning status of the property is expected in the foreseeable future, we adopt the special assumption that the land uses and planning regulations are going to change. Therefore, we examine the proposed development scenario assuming that the land plot will be developed after having received all relevant permits in accordance to the applicable planning regulations.

- For the calculation of the Fair Value, according to Residual Method, we accept the best-case scenario based on the Special Urban Plan's building regulations applied to the final land plot of total area 12.350sqm with permitted used those of the Urban Centre.
- Our report is based at the best case scenario, which was provided by the Instructor, and aligns with the planning regulations of the Special Urban Plan and the regulations concerning the protection of the existing historical building.

For the theoretical apportionment of the Fair Value of the property between land and buildings, for accounting purposes and only, we use the Cost Approach based on the Depreciated Replacement Cost Method in order to determine the Replacement Cost of the buildings (EVS 2016, EVIP 3, par.3).

According to the Depreciated Replacement Cost method, the valuer is required to provide a considered opinion of the Market Value of the land in its existing use, plus the hypothetical cost of constructing similar buildings to the existing ones and relevant site works. In more detail, the process of the DRC methodology entails:

1. The definition of the Replacement Cost of the Buildings (as new) according to current construction evidence.
2. The application of a depreciation factor that reflects the age, the condition, and the economic and functional obsolescence of the property in question. The depreciation factor is calculated according to the following function:

$$\text{Depreciation Factor} = \frac{1}{(1 + i)^n}$$

where:

i = represents the condition, the economic and functional obsolescence of the property in question

n = represents the age of the property

7. SWOT Analysis

Strengths:

- Good accessibility via private and public transportation means.
- The building complex will be LEED certified, thus ensuring its energy and environmental efficiency.
- Frontages along four streets.
- Good location in close proximity to Akti Kondili street and the commercial center of Piraeus.

Weaknesses:

- High capital investment needed for redevelopment.
- Investment demand is focusing on more commercial areas and already established office locations.
- Large gross area of the property.

Opportunities:

- Occupational demand and rental levels are growing after a 10-year falling period.

Threats:

- High taxation of real estate assets.

- Lack of Grade A office space in the town of Piraeus.
 - “Papastratos” redevelopment triggered investment and occupation demand in the area. Such redevelopment activities upgrade the micro location.
 - A new metro line (3) is expected to operate in the following years.
 - The Regional Council of Attica approved the regeneration of the “Agios Dionysios” area of the Municipality of Piraeus.
- A trend towards shorter occupational leases may increase the risk of vacancy in the mid and long term.
 - Uncertainty regarding the time needed for the change of use of the building block which is currently characterized as green and athletic space
 - The unknown impact of Covid 19 on real estate market.
 - Increasing construction costs are pushing market rents and values to rise and yields to compress.

8. Proposed Development

According to the data provided and the planning regulations, we examine the erection of an Office Complex, as presented in the following table:

Building	Level	Use	Gross Area (m ²)
Listed Building	Ground floor, 1 st floor	Offices	375,17
	Basement	Ancillary areas	63,85
Néo Krípio	Basements	Ancillary areas / Parking spaces	11.500,00
	Above ground area	Offices (Included in B.C.)	24.324,83
Grand Total			36.263,85
Above Ground Area			24.700,00
Basements			11.563,85

We believe that the proposed scenario is the highest and best use for the subject property considering the applied planning regulations (land plot 12.350sqm and BC 2.00), the property's location, its frontage, its special characteristics and size. The buildings will be a sustainable office complex of contemporary design and specification.

- Frame:**
- Reinforced concrete frame
- Roof:**
- Flat concrete roof
- Walls & Partitions:**
- External walls: Concrete and masonry
 - Internal walls: Masonry
- General:**
- Construction materials planned to be used in all phases of construction will be certified in accordance to the specifications of LEED certification.

- The subject complex at completion will be of excellent quality of construction, Grade A and LEED certified.
- The surrounding area of the complex will be planted and open to the tenants of the complex.

9. Market Analysis

1) Comparable Evidence

From our market research into the local property market, we identified the following comparable evidence:

Office Buildings for rent:

Comparable – Office buildings for rent																Source
Comparable Evidence																
No.	Ground floor area (m²)	Basement area (m²)	Upper floors area (m²)	Adjusted area (m²)	Levels	Grade (A, B, C)	Municipality	Area	Street	Year of Construction	Refurbishment	Parking Spaces	Additional Information	Asking Price €	Asking price €/sqm (as of the adjusted area)	
1	179,00	179,00	618,00	832,80	Basement to 3 rd floor	B	Piraeus	Port, close to Miaouli Coast	n/a	1984	Yes	No	The building comprises basement, ground floor, mezzanine, and three upper floors. Autonomous heating, 7 WCs, aluminum frames, safety doors, corner building, a/c	10.000,00 €	12,01 €	Hatzidakis - HOMELAND RE tel: 2104225005
2	323,00	439,00	2132,00	2.542,80	Basement to 8 th floor	B	Piraeus	Terpsithea	Vrioni	1997	Yes	No	The building comprises basement, ground floor, mezzanine, and eight upper floors. In good condition, structured cabling, visible	28.000,00 €	11,01 €	ASPIS REAL ESTATE Piraeus tel: 2111084221
3	121,00	229,00	830,00	996,80	Basement to 6 th floor	B	Piraeus	Centre, close to Moutsopoulou coast	n/q	1995	No	Yes	The building comprises basement, ground floor, and six upper floors. In good condition, kitchenette at every floor, corner building, false ceilings, fire system, alarm system, autonomous heating	15.000,00 €	15,05 €	Hatzidakis - HOMELAND RE tel: 2104225005
4	100,00	0,00	810,00	910,00	Basement to 7 th floor	B	Piraeus	Port	n/a	1995	No	No	The building comprises ground floor, and six upper floors. In good condition. Safety doors, visible, 12 WCs, 5 parking spaces, aluminum frames	10.000,00 €	10,99 €	METROLAND tel: 2104121110
5	1323,00	5000,00	6502,62	8.825,62	-4 to 6 th floor	A	Piraeus	Port	Aigaleo 6	2011	Yes	Yes (4 basements - 200 parking spaces)	The building comprises four basements, ground floor, and six upper floors. VRV, structured wiring, false ceilings, fire detectors, fire system, central ventilation system, good condition.	130.000,00 €	14,73 €	Martatos Properties, tel. 211 8500851

Based on the above comparative market data, we summarize our finding as follows:

- Office buildings in the greater area of the subject property, in the Municipality of Piraeus, are available for let between €10.00/m²/month and €15.50/m²/month, depending on the location, the size, the level, the age, the visibility, the view, the shape, commerciality, accessibility, technical condition, the extent of renovation, the availability of parking spaces, the distance from major thoroughfares and other key features.
- In some cases, and according to the special features of the property, the asking prices may be higher or lower than the indicative ranges.

2) Real Estate Market

Description of the Local Market

<i>Commercial & residential development:</i>	The surrounding area is a former industrial zone in close proximity to the port with signs of decay, which recently is under a regeneration process by both public and private investment initiatives.
<i>Commerciality:</i>	The commerciality of the area is concentrated along Akti Kondili and Retsina streets.
<i>Average age of building stock:</i>	Most buildings in the area are over 30 years old.
<i>Construction activity:</i>	Some construction activity is observed in the area.
<i>Development rate:</i>	Fully developed area.
<i>Landmark:</i>	Port of Piraeus
<i>Supply:</i>	Supply of commercial properties (offices and retail) in the wider area is satisfactory.
<i>Demand:</i>	Average demand for office spaces or retail spaces in the wider area.

10. Fair Value

According to the above assumptions, and the detailed calculations, the Fair Value of the subject property which occupies the entire Building Block 240, in the area of Ag. Dionisios, in the Municipality of Piraeus, Regional Unit of Piraeus, Region of Attica, as of 31/12/2021, is €4,980,000.00 (Four million nine hundred and eighty thousand Euros).

1) Apportionment of Fair Value

In our opinion and according to market evidence on construction costs, for the determination of the Replacement Cost of the buildings as new, we attach the following table that presents the Replacement Cost per m² per area and the depreciation factor accordingly:

Type of Construction	Range of Current Gross Construction Cost	Estimated Average Replacement Cost €/m ² (For new Constructions)	Range of Annual Depreciation Rate %	Estimated Annual Depreciation Rate %
Listed Building	€900,00/m ² to €1.500,00/m ²	1.000,00 €	1% to 2%	2,00%
Warehouse	€350,00/m ² to €650,00/m ²	600,00 €	2% to 3%	2,00%

Based on the above assumptions, the Depreciated Replacement Cost of the property at the critical date of the valuation, is calculated as follows:

Hub 204 SA, Municipality of Piraeus, Regional unit of Piraeus, Region of Attica									
Depreciated Replacement Cost Method as of 31.12.2021									
Level	Use	Area	Estimated Replacement Cost €/m ² (For new Constructions)	Replacement Cost (as New)	Year of construction	Depreciation Rate	Age Coefficient	Depreciated Replacement Cost (€)	Rounded (€)
Listed Building	Derelict	420,00	1.000,00 €	420.000,00 €	1920	2,00%	0,14	56.837,10 €	57.000,00 €
Existing Building	Warehouse	2.548,00	600,00 €	1.528.800,00 €	1998	2,00%	0,63	969.497,57 €	969.000,00 €
Total		2.968,00		1.948.800,00 €					1.026.000,00 €

According to the above calculations, the apportionment of the Fair Value is presented in the table below:

Hub 204 SA, Municipality of Piraeus, Regional unit of Piraeus, Region of Attica	
Account	Fair Value €
Land (Account 10)	3,954,000.00 €
Buildings (Account 11)	1,026,000.00 €
Total	4,980,000.00 €

The subject report is a short version of the Full Report with prot. no. PEF-973/4-2022.

Publication

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For Pepper Hellas Asset Management S.A.



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Appendix 1

Bases of Valuation

General Terms of Valuation Reports

Pepper Hellas Asset Management S.A., in order to provide valuation/ consultancy services, is governed by the following assumptions, limitative requirements and specifications:

Our report has been prepared in accordance with the standards of the Royal Institution of Chartered Surveyors (*RICS Valuation – Global Standards, 2020*), the European Valuation Standards of TEGoVA (*The European Group of Valuers' Associations - EVS 2020, 9th edition*) and the International Valuation Standards of the IVSC (*International Valuation Standards Council – IVS 2020*). These standards also comply with the International Financial and Reporting Standards (IFRS).

Valuation Bases

Market Value is *“the estimated amount for which the 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 being under compulsion” (EVS 1, European Valuation Standards 2020, 9th Edition, p. 15).*

Market Value is to be the estimated value of a property and so excludes the additional costs that may be associated with sale or purchase as well as any taxation on the transaction (EVS 1, European Valuation Standards 2020, 9th Edition, p. 34).

Market Rent is *“the estimated amount of rent at which the property should be leased on the date of valuation between a willing lessor and a willing lessee on the terms of the actual or assumed tenancy agreement in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without being under compulsion” (EVS 1, European Valuation Standards 2020, 9th Edition, p.15).*

Fair Value according to EVS and Equitable Value according to IVS (General Definition) is defined as *“the price that would be received to sell a property or paid to transfer a liability in an orderly transaction between identified willing market participants possessing full knowledge of all relevant facts, making their decision in accordance with their respective objectives” (EVS 2, European Valuation Standards 2020, 9th Edition, p. 39)*

Equitable Value requires the assessment of the price that is fair between two specific, identified parties considering the respective advantages or disadvantages that each will gain from the transaction. In contrast, Market Value requires any advantages or disadvantages that would not be available to, or incurred by, market participants generally to be disregarded (IVS 2020, p. 21).

Fair Value (for Accounting Purposes) is *“the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date” (International Accounting Standards Board (IASB), International Financial Reporting Standards (IFRS) 13, Par. 1).*

Investment Value or Worth is *“the value of an asset to the owner or a prospective owner for individual investment or operational objectives (May also be known as worth)” (RICS Valuation – Global Standards 2020, p.57).*

Special Value is defined as “an opinion of value that incorporates consideration of characteristics that have a particular value to a Special Purchaser” (EVS 2, European Valuation Standards 2020, 9th Edition, p.41).

A **Special Purchaser** is a “purchaser who can optimize the usefulness of a property compared to other market participants and whose opinion of price equates to a Special Value” (EVS 2, European Valuation Standards 2020, 9th Edition, p.41).

Synergistic Value or Marriage Value is defined as “the result of a combination of two or more assets or interests where the combined value is more than the sum of the separate values” (IVS 2020, p. 22).

Liquidation Value is “the amount that would be realised when an asset or group of assets are sold on a piecemeal basis” (IVS 2020, p. 22).

Liquidation Value should take into account the costs of getting the assets into saleable condition as well as those of the disposal activity. Liquidation Value can be determined under two different premises of value:

- (a) an orderly transaction with a typical marketing period, or
- (b) a forced transaction with a shortened marketing period

Mortgage Lending Value is “the value of immovable property as determined by a prudent assessment of the future marketability of the property taking into account long-term sustainable aspects of the property, the normal and local market conditions, the current use and alternative appropriate uses of the property” (EVS 2, European Valuation Standards 2020, 9th Edition, p.42).

Mortgage Lending Value should not take into account any speculative elements (EVS 2, European Valuation Standards 2020, 9th Edition, p.43).

Insurable Value means “the sum stated in the insurance contract applying to that property as the liability of the insurer should damage and financial loss be caused to the insured by a risk specified in the insurance contract occurring to that property”. When instructed to provide an insurable value, the valuer is to determine the figure that will provide appropriate insurance cover for the property (EVS 2, European Valuation Standards 2020, 9th Edition, p.43).

Where reinstatement is the basis of the assessment, the principle is to replace what might be damaged or destroyed as it was before the event. **Replacement cost** is defined as the cost to replace the damaged property with materials of like kind and quality, without any deduction for depreciation. If the valuer is instructed to use **Depreciated Replacement Cost** or if it is appropriate to do so, then the valuer should assess the new replacement cost and then deduct an allowance for ageing and wear and tear of the structure. This cover equates to the replacement of the building as it is, not to its replacement with a new building (EVGN 4, European Valuation Standards 2020, 9th Edition, p. 117).

Plant and Equipment connected to a building

According to IVS 300 Plant & Equipment, plant and equipment connected with the supply or provision of services to a building are often integrated within the building and, once installed, are not separable from it (IVS 2020, p. 92).

Assumptions and Special Assumptions

In addition to stating the basis of value, it is often necessary to make an assumption or multiple assumptions to clarify either the state of the asset in the hypothetical exchange or the circumstances under which the asset is assumed to be exchanged. Such assumptions can have a significant impact on value (IVS 2020, p. 27).

An **assumption** is made where it is reasonable for the valuer to accept that something is true without the need for specific investigation or verification. Any such assumption must be reasonable and relevant having regard to the purpose for which the valuation is required (RICS Valuation – Global Standards 2020, p.58).

A **special assumption** is made by the valuer where an assumption either assumes facts that differ from those existing at the valuation date or that would not be made by a typical market participant in a transaction on that valuation date.

Where special assumptions are necessary in order to provide the client with the valuation required, these must be expressly agreed and confirmed in writing to the client before the report is issued.

Special assumptions may only be made if they can reasonably be regarded as realistic, relevant and valid for the particular circumstances of the valuation (RICS Valuation – Global Standards 2020, p.58-59).

Premise of Value/ Assumed Use

A **Premise of Value** or **Assumed Use** describes the circumstances of how an asset or liability is used. Different bases of value may require a particular Premise of Value or allow the consideration of multiple Premises of Value (IVS 2020, p. 24).

Some common Premises of Value are:

- (a) highest and best use,
- (b) current use/existing use,
- (c) orderly liquidation, and
- (d) forced sale.

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.

The highest and best use for an asset may be its current or existing use when it is being used optimally. However, highest and best use may differ from current use or even be an orderly liquidation (IVS 2020, p. 24).

Current use/ existing use is the current way an asset, liability, or group of assets and/or liabilities is used. The current use may be, but is not necessarily, also the highest and best use (IVS 2020, p. 25).

An **orderly liquidation** describes the value of a group of assets that could be realised in a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis (IVS 2020, p. 25).

The term “**forced sale**” is often used in circumstances where a seller is under compulsion to sell and that, as a consequence, a proper marketing period is not possible, and buyers may not be able to undertake adequate due diligence. The price that could be obtained in these circumstances will depend upon the nature of the pressure on the seller and the reasons why proper marketing cannot be

undertaken. It may also reflect the consequences for the seller of failing to sell within the period available.

The price that a seller will accept in a forced sale will reflect its particular circumstances, rather than those of the hypothetical willing seller in the Market Value definition. A “forced sale” is a description of the situation under which the exchange takes place, not a distinct basis of value (IVS 2020, p. 25).

References

- TEGoVA (2020), *European Valuation Standards – EVS 2020, 9th Edition*, available at: www.tegova.org
- RICS (2020), *RICS Valuation – Global Standards 2020*, available at: www.rics.org/standards
- IVSC (2020), *International Valuation Standards – IVS 2020*, available at: www.ivsc.org

Properties' Condition

It is noted that during the inspection we did not notice any indication that the subject property or the nearby properties are affected or have been affected by any causes, such as pollution, natural or chemical (such as asbestos, insulating formaldehyde foam, other chemical or toxic wastes, or any other known or unknown dangerous materials) which could affect its/their value. In addition, and regarding green fields, we did not notice any landfill with unknown materials that may positively or negatively affect their value.

If it is concluded, ex post facto, that there is some kind of pollution on the subject property or on any nearby land, or that the buildings have been used or are used with means that could cause pollution problems, we reserve the right to change the values accordingly.

It is also noted that we did not inspect the hidden, covered, invisible or inaccessible areas of the subject property. Therefore, we are unable to give an opinion regarding their condition and, for the purposes of the valuation report, it is considered that they are in good condition and that no repairs need to be made. This report must not be construed as confirmation of the integrity of the architectural and static construction or the building's legality, taking into account the building's compliance to government regulations, fire regulations, safety and anti-seismic protection regulations, environmental protection or energy efficiency regulations etc., unless otherwise stated in the report.

It is also recommended that the client consults a respective specialist engineer and/or environmentalist, for the assessment of potential construction or environmental problems regarding the property, the existence of which could substantially affect the subject property's value.

Furthermore, it is mentioned that we were not asked and we neither carried out any ground analysis or geological report, nor investigated the subsoil for possible existence of water, oil, gas, precious metal, or any other mineral as well as rights of extraction or usage, the existence of which could affect the property's value.

Data Used

In order to carry out the valuation report, the data mentioned in the relevant paragraph was taken into account. Pepper Hellas Asset Management S.A. did not apply audit procedures on any of the information provided, due to the fact that this would be out of its range of work and therefore, in order for the report to be compiled (unless otherwise specified), we consider the submitted data to be precise and correct.

Regarding the legal status of the properties, we did not check the title deeds. It is assumed that the owners' declarations are accurate, the rights on the fixed assets are strong and tradable, and that there are no legal difficulties of any nature that cannot be overcome by means of normal legal procedures within a fair period of time, unless otherwise stated in the report.

The properties' measurement data (surface, dimensions, etc.) that are quoted in the report have not been verified, unless otherwise stated, and for this reason, they should not be considered as precise property measurements.

For the purposes of the report, it is assumed that the fixed assets under consideration comply with the applicable town planning regulations, as well as the use of land, and that there is no issue of encroachment unless specifically mentioned in the report.

Appendix 2

Photos

Land plot under development located at Papastratou, Fokionos, Methonis and Chaidariou streets, B.B 204 area of Ag. Dionisios, in the Municipality of Piraeus, Regional Unit of Piraeus, Region of Attica.



