

## SHORT REPORT

# FAIR VALUE ASSESSMENT AS OF 31.12.2021 OF THE LEASEHOLD RIGHT OF “PIRAEUS TOWER” B.B.76, AREA OF AGIA TRIADA MUNICIPALITY OF PIRAEUS, REGION OF ATTICA

*Prot. No.: PEF-973*

To:

**PIRAEUS TOWER S.A.**

**8<sup>th</sup> of April 2022**



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*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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*Considering the current 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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## Executive Summary

Instructor:	PIRAEUS TOWER S.A.
Valuer:	Pepper Hellas Asset Management SA
Subject of Valuation:	Fair Value of the Leasehold Right of "Piraeus Tower",
Property' s Address:	which is surrounded by streets Dimosthenous, Tsamadou, Ippokratrous, Makras Stoas and Aktis Poseidonos, and is in the area of Ag. Triada, in the Municipality of Piraeus, Regional Unit of Piraeus, Region of Attica.
	<i>General photo of subject property:</i>
	
Purpose of Valuation:	The Valuation is prepared for IFRS purposes.
Basis of Valuation:	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.  The definitions of the bases of our valuation according to the current standards are stated in <b>Appendix 1</b> of this report.
Premise of Value:	The premise of value is the current/ existing use according to IVS 104, par. 150
Currency:	EUR (€)
Critical Date of Valuation:	31/12/2021
Date of Report:	8/4/2022

## Total Values:

Value	€
Fair Value	€ 31,640,000.00 (Thirty-one million six hundred and forty thousand Euros)
Gross Development Value (GDV) *	€ 62,510,000.00 (Sixty-two million five hundred and ten thousand Euros)
Discount Rate (%):	8,00%
* “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, 1 <sup>st</sup> edition, October 2019, RICS professional standards and guidance, global, p.4)	

We note that according to the European Valuation Standards of TEGoVA (The European Group of Valuers' Associations – EVS 2020, 9<sup>th</sup> Edition), EVS1, par. 4, p. 38-39:

**“For Accounting Purposes** - Fair Value is specifically adopted as a term under International Financial Reporting Standards for which, albeit with slightly less detailed assumptions than the full definition of Market Value, it may often give the same result as Market Value. For this purpose, it is defined as: “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). This definition was introduced by IFRS 13 Fair Value Measurement and came into force from 1 January 2013.”

Accordingly, the Royal Institution of Chartered Surveyors (The Royal Institution of Chartered Surveyors – RICS Valuation – Global Standards 2020), VPS 4, par. 7, p. 57, states that:

“The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. It is thus sometimes described as a ‘mark to market’ approach. Indeed, the references in IFRS 13 to market participants and a sale make it clear that for most practical purposes the concept of fair value is consistent with that of market value, and so there would ordinarily be no difference between them in terms of the valuation figure reported.”

## 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 the Leasehold Right of “Piraeus Tower”, which occupies the entire Building Block 76, and is located in the area of Agia Triada, 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, 9<sup>th</sup> 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](http://www.rics.org)), or from The European Group of Valuers’ Associations (REV scheme) ([www.tegova.org](http://www.tegova.org)) certification body in Greece PEOPLECERT ([www.peoplecert.org](http://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 6<sup>th</sup> 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 the Leasehold Right of the under-development building known as “Piraeus Tower”, which occupies the entire Building Block 76, and is located in the area of Agia Triada, in the Municipality of Piraeus, Regional Unit of Piraeus, Region of Attica.

### Date of inspection:

**26/11/2021**

A drive-by inspection was carried out and all necessary information was provided by the Client.

### Data provided:

- Building Permit No. 2058/1971 for the construction of multilevel building issued by the Planning Authority of Piraeus.
- Planning Decision no.358/5.2.69 which refers to the exception of the general rule of the building coefficient.
- Blueprints of all levels, drafted by the instructor, dated June 2020 scaled at 1:100.
- Topographic plan, drafted by the instructor, scale 1:200, dated June 2020.
- Table with the GBA, GLA and the uses of the building.
- Concession contract signed the 6<sup>th</sup> of July 2020 between the Municipality of Piraeus and “Piraeus Tower S.A.”.
- Presentation of the scheduled development.
- Business plan updated 23/9/2021.
- BvA updated 31/12/2021.

## 3. Location

### Address:

The property in question occupies the entire Building Block 76 which is surrounded by streets Dimosthenous, Tsamadou, Ippokratrous, Makras Stoas and Aktis Poseidonos, and is in the area of Ag. Triada, in the Municipality of Piraeus, Regional Unit of Piraeus, Region of Attica.

**Property in a good location**

**Immediate accessibility to all town's facilities**

**High visibility**

**Next to the port of Piraeus**

### GIS Coordinates:

Latitude: 37.944931,

Longitude: 23.643980 (*according to Google maps*)

### Location:

**Municipality of Piraeus:** The city of Piraeus is located about 9.0km to the southwest of Athens. The Municipality of Piraeus covers an area of 10.9km<sup>2</sup> and is the fifth most populous municipality in the country with 163,688 residents, according to 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 one of the largest ports in Europe and welcomes annually approximately 19 million passengers from all over the world. It is currently the third busiest port of Mediterranean Sea,



in terms of tons of transported goods. The main port serves ferry routes to the islands of the eastern part of Greece, Crete, the Cyclades, the Dodecanese, and the northern and the eastern Aegean Sea. The western part of the port is used for cargo services.

The commercial type of 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. Residential uses are mainly concentrated at Kondyli Coast with old multi-storey of 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 local commercial uses.

Subject area: The property is in the neighborhood of Agia Triada, a district bounded by Akti Poseidonos to the south, the railway lines to the north and Grigoriou Lamprakit str. to the east. The surrounding area, especially to the north, is characterized by old derelict buildings, former light industrial and/or offices, while the area to the east comprises mostly residential premises with retail stores on the ground floor. Office uses are observed mainly on main streets. Recently, the area of Agia Triada among with the area of Agios Dionysios have become a pole of interest not only by private investors, but also by the local authorities as well. The most recent private investment is the redevelopment of the former Papastratos warehouse in the area of Agios Dionysios into a contemporary sustainable office building. The Municipality's plans for the recreation of the area of Agios Dionysios will include reconstruction and widening of pavements, cycling paths, landscaping etc.

The property under valuation occupies the entire Building Block 76, and faces Poseidonos coast and the port gates. It is considered to be a landmark of the area since its erection. The immediate area is of mixed-use character with office buildings, retail shops, and some residential uses on secondary streets. Uses that serve the port are located at the streets close to the coast, like public buildings, travel agencies, marine engineering services etc.

Akti Poseidonos Av: The street begins from the Railway station of Piraeus and ends at Ethnikis Antistaseos Str. This two-way street runs parallel to the coastal line and comprises commercial multi-storey buildings.

Dimosthenous Street: The street begins from Akti Poseidonos str. and ends at Tsamadou str. It is a pedestrian walkway with commercial uses mostly F&B stores.

Tsamadou Street: Starts from Dim. Gounari str. and ends at Grigoriou Lampraki str. It is a commercial street with multi-storey office buildings with ground floor retail stores.

Ippokratous Street: It is a small pedestrian walkway, which starts from Akti Poseidonos Av. and ends at Makras Stoas str. The total length of the street is approx. 60m, and to its west side lies Piraeus Tower, while to the east side the building of the Navy Retirement Fund (NAT).

Makras Stoas Street: It is a small road that starts from Ippokratous str and ends at Ethnikis Antistaseos str. It is one-way street with total length of approx. 80m.

The building stock in the area is over 40 years old.

#### Accessibility:

By car: The subject property is accessed by Akti Poseidonos Av. and Ethnikis Antistaseos street.

By sea: The port of Piraeus is located at approximately 50m from the subject property, and serves ferry routes to almost every island in Greece.

Public means of transport:

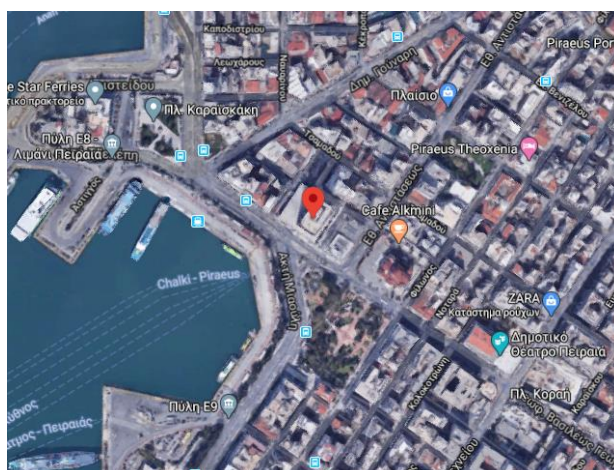
- Metro: The property is served by the metro station (Line 1) “Piraeus”, at approximately 450m distance.
- Public Buses: The area is served by the bus lines 218, 500, 904, 906, X96. The nearest bus station is situated very close to the subject property.

Surrounding Area:

In the surrounding area, the majority of office spaces is occupied by shipping companies. Retail uses are concentrated mainly along Akti Poseidonos Str. Residential uses are concentrated along secondary streets.

Indicative occupiers in the area:

- Building of the Navy Retirement Fund (NAT)
- Piraeus Municipal Theater
- Piraeus Town Hall
- F&B stores (Goody's etc)
- Retail stores (Hondos Center, Kotsovolos etc)

Indicative map of the subject area:

## 4. Property Description

### 1) Land Description

Area (m<sup>2</sup>) of land plot:

**3,842.17m<sup>2</sup>** according to the Topographic plan

**Land plot of large size and  
Irregular shape**

**Excellent view**

**Occupies the whole BB 76**

Shape & Dimensions:

- Irregular shape
- It borders according to our inspection and the Topographic plan provided, to the:
  - North:* frontages of 14.49m and 43.75m to Tsamadou str and Makras Stoas str respectively.
  - East:* frontage of 97.83m to Ippokratous street.
  - South:* frontage 58.00m to Poseidonos Av (Akti Miaouli).
  - West:* frontage 97.88m to Dimosthenous street.

Orientation:

- *Northern* towards Tsamadou & Makras Stoas Str.
- *Eastern* towards Ippokratous Str.
- *Southern* towards Poseidonos Av.
- *Western* towards Dimosthenous Str.

Gradient:

- Slight gradient, almost horizontal.

Fencing:

No fencing

Infrastructure:

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

View/ Position/ Commerciality:

- Excellent open view
- Excellent position and high visibility
- High commerciality
- The subject property is a landmark of the Municipality of Piraeus and the surrounding area.

Public Utilities:

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

## 2) Planning Status

According to the data provided, the land plot occupies the entire Building Block 76, and lies within the town plan of the Municipality of Piraeus, and is subject to the following building regulations:

Land plot intact, buildable and integral

Inside the town plan of the City of Piraeus

### Presidential Decree

56/1873, 84/1924, 134/1924, 340/1926, 133/1966, 71/1985, 897/2004

### Land plot requirements

General Rule: Min Size of Plot = 200,00m<sup>2</sup>, Min Façade = 10,00m

Building Coefficient:	4.80
Coverage Ratio:	60% (NOK)
Max Height:	According to New Building Regulation (NOK)
Permitted Uses:	Town Center - Government Gazette 76/D/1988
Archaeology:	Yes

**Comments:** *The property under question was built according to Planning Decision no. 358/5.2.69, which applies a different building coefficient than the general rule as mentioned above.*

## 3) Building Description

The subject property comprises a commercial building, which was built according to Building Permit no. 2058/1971 issued by the Planning Authorities of Piraeus. The ground, 1<sup>st</sup> and 2<sup>nd</sup> floors have retail uses, while the upper floors are offices. The property is partly completed and was never fully fitted since its erection. The ground, 1<sup>st</sup> & 2<sup>nd</sup> floors were fully operating and hosted sports clubs and the offices of municipal services. The upper floors are incomplete at the stage of the main frame and glazing.

Landmark property

Commercial building of 22 floors & 2 basements

Built in 1973

Partially complete

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

Level	Use	Area	
		According to instructor	
		GBA	GLA
-2	Ancillary space	1.384,09	1.384,09
-1	Parking Space	2.138,47	2.138,47
GF	Retail	1.495,01	668,61
GF	Office		150,00
MZ	Retail	1.383,29	813,28
1	Retail	3.177,62	2.787,76
2	Retail	3.177,62	2.787,71
3	Multiple uses (F&B)	1.034,53	881,74
4	Office	1.034,39	885,93

Level	Use	Area	
		According to instructor	
		GBA	GLA
5	Office	1.034,39	883,56
6	Office	1.034,59	883,86
7	Office	1.034,59	883,78
8	Office	1.034,97	884,16
9	Office	1.034,97	883,96
10	Office	1.034,53	883,44
11	Office	1.034,83	883,86
12	Office	1.034,75	883,78
13	Office	1.035,13	884,49
14	Office	1.035,23	884,92
15	Office	1.035,60	884,98
16	Office	1.036,72	886,28
17	Office	1.037,09	886,46
18	Office	1.037,09	886,46
19	Restaurant	1.036,21	886,14
20	Restaurant	720,98	570,91
21	Office	1.035,91	885,84
22	Office	1.035,87	885,80
RT	Terrace	157,18	-
Total		33.305,65	28.110,27

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, and information from the client, we conclude that the current buildable area of the subject property is not compatible with the Building Permission's plans. However, the Municipality of Piraeus has undertaken all the necessary procedures in order to legalize, in terms of planning regulations, the building. For the purposes of this report, we accept that all the areas are in accordance with the current planning regulations and legislation.
- ⇒ 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.



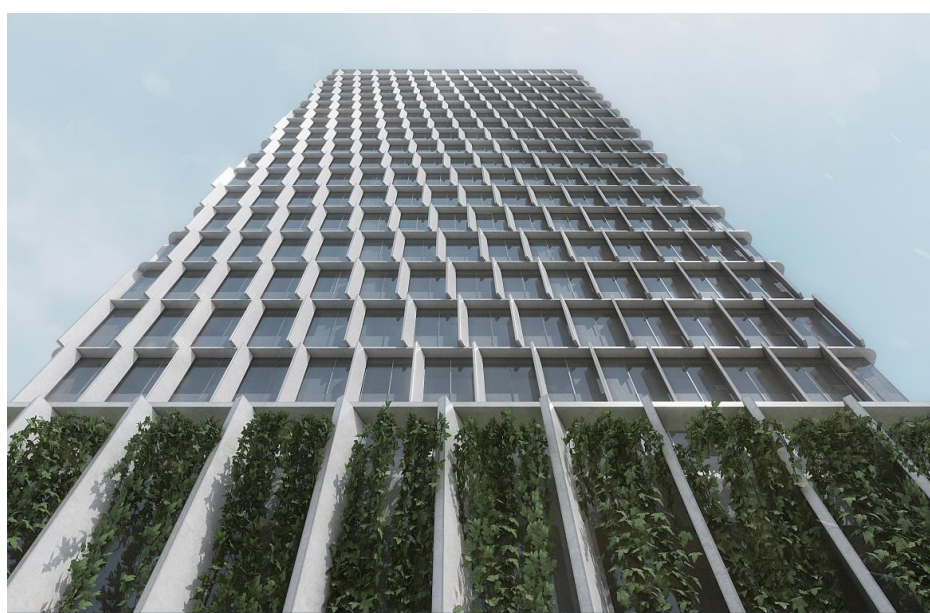
## 5. Proposed Development

According to the data provided, the instructor intends to redevelop the existing building into a sustainable commercial building of contemporary design and specification. The areas and uses will remain unchanged.

### 1) Technical Specification

We have been informed that the building will be developed according to the principles of sustainability, ensuring its energy and environmental efficiency, aiming at a LEED Certification upon completion. In terms of technical specifications, high quality standard finishes, enhanced indoor environmental quality, and elegant design are going to be implemented according to verbal information from the instructor.

*Indicative photos of the proposed redevelopment scenario:*





#### Technical Characteristics:

- Frame:**
  - Reinforced concrete frame.
- Roof:**
  - Flat concrete roof
- Walls & Partitions:**
  - External walls: Concrete, masonry, glazing.
- General:**
  - Construction materials planned to be used in all phases of the development will be approved in accordance to the specifications of LEED certification.
  - The subject building at completion will be of excellent quality of construction, reaching the category of Grade A office building and gaining LEED certification.

#### Uses:

The redevelopment will keep the existing uses of the building as presented in the following table:

Level	Use
-2	Ancillary space
-1	Parking Space
GF	Retail
MZ	Retail
1	Retail
2	Retail
3	Multiple uses (F&B)
4	Office
5	Office
6	Office
7	Office
8	Office
9	Office

Level	Use
10	Office
11	Office
12	Office
13	Office
14	Office
15	Office
16	Office
17	Office
18	Office
19	Restaurant
20	Restaurant
21	Office
22	Office
RT	Terrace

## 6. Legal & Ownership Status

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

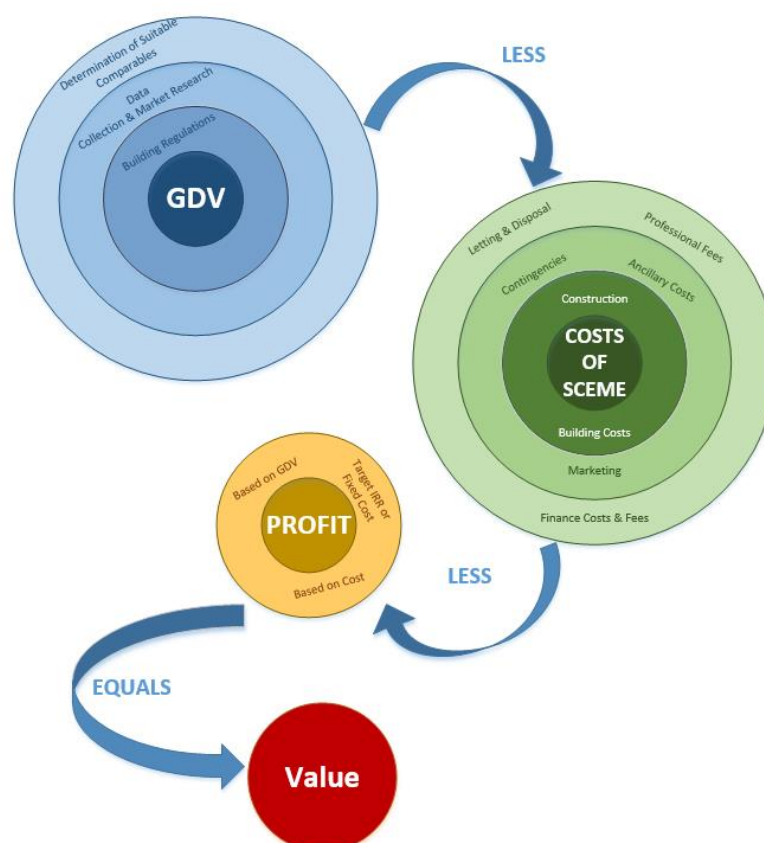
The subject property is leased by Piraeus Tower S.A. for 99 years. For the purposes of this valuation report, the leasehold right is examined.



## 7. Valuation Methodology

In order to determine the Fair Value of the **leasehold right** 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.

In detail, the Residual Method is used to arrive at a value for a vacant site or a site or a building for redevelopment or refurbishment. 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 2020, EVIP 5, par 6.5). The process of this methodology is presented to the following diagram:



### Reasons for choosing Cost Approach – Residual Method:

- The subject property will be developed or redeveloped, 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.

Reasons for rejecting other methodologies:

- Sales evidence is limited thus the Comparative Method is not applied.
- The Income Approach based on the Direct Capitalization is not preferred since currently the building cannot be rented as is.
- The Income Approach based on the Discounted Cash Flows is not preferred since the property in question is not rented and does not generate income flow.
- The Depreciated Replacement Cost Method is not applied because the subject property can be developed.

General Assumptions:

- For the purposes of the proposed redevelopment scenario, we assume that no special occasions will arise and that the lease agreement will be executed until the end of the agreed period without any break clauses exercised that could terminate the lease sooner.
- We assume that the lease agreement will be executed smoothly and that no limitations will arise that would activate break clauses.

Special Assumptions:

- For the purposes of this report, taking into account the difference between the current situation of the building and the building permit's plans, we examine the proposed redevelopment scenario assuming that the building will be redeveloped after having received all relevant permits in accordance to the applicable planning regulations.

## 8. SWOT Analysis

**Strengths:**

- Landmark building.
- Good accessibility via private and public transportation means.
- The building will be LEED certified, ensuring its energy and environmental efficiency.
- Frontages along four streets.
- Good location in close proximity to port of Piraeus 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.
- Incomplete property since the early-70s.

**Opportunities:**

- Occupational demand and rental levels are growing after a 10-year falling period.
- Lack of Grade A office space in the town of Piraeus.
- A new metro line (3) is expected to operate in the following years.

**Threats:**

- High taxation of real estate assets.
- A trend towards shorter occupational leases may increase the risk of vacancy in the mid and long term.
- Unknown impact of COVID-19 on real estate market.
- Increased construction material costs are pushing market rents and values to rise and yields to compress.

## 9. Market Analysis

### 1) Market Overview

#### **COVID-19 – Macroeconomic Outlook**

Greece is entering a new unknown path with the expectations to be more than discouraging. Although the estimations for the Real GDP growth were to exceed +2.0% in 2020, stabilizing 2019's positive levels (+1.9%), COVID-19 has changed the scene. The Hellenic Statistical Authority (ELSTAT) announced that the Gross Domestic Product (GDP) for the 2<sup>nd</sup> quarter of 2021 in volume terms increased by 3.4% in comparison with the 1<sup>st</sup> quarter of 2021, while in comparison with the 2<sup>nd</sup> quarter of 2020, it increased by 16.2%. It is noted that the impact on GDP of the COVID-19 pandemic is starting to be under control, and the Greek economy finds its path to recovery.

The main sectors that were severely affected by the global pandemic were those of tourism and retail. Travel restrictions led to the closing of hotels and the cancellation of booking reservations. Greece's primary product is suffering, with the hoteliers to face sharp drops in their occupancy rates for 2020. In 2021, touristic mobility started in mid-May, with tourists from Balkans and some countries of Europe to timidly travel to Greece. As a domino effect, the residential market faced a great shock with the short-term leases to stop being owners' primary choice and see their last years' investments fading.

#### **Office Market**

Quarantine days are expected to set new trends in the office market. Following the restrictions for social distancing, more and more businesses have adopted remote working, which creates the need for less office spaces with more flexible areas and high technical specifications. Large developers have already seen the upcoming demand and lean over to meet tenants' requirements. Market rents for Grade A office spaces in 2020, before the locked down period, had reached at an average of €20.0/sqm/month. Rents for high specifications offices are expected to remain at the same levels at the end of 2021, while yields will rise slightly or remain stable.

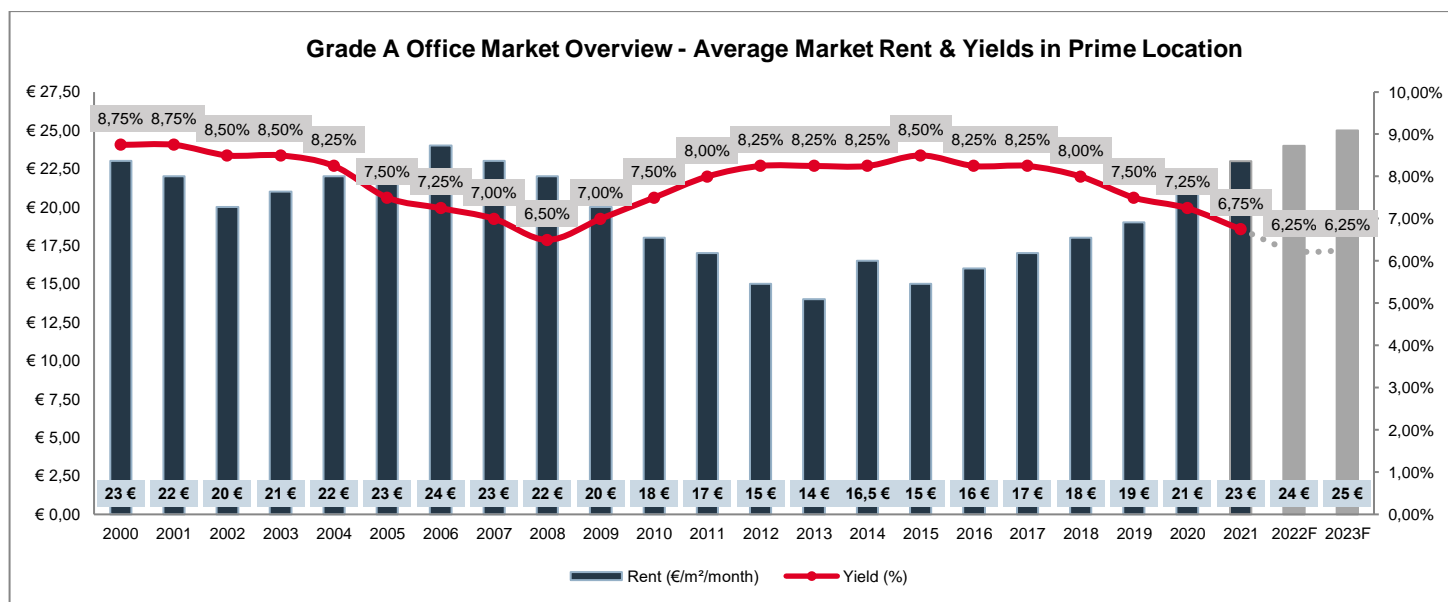
During the locked-down period, few transactions were noticed, mainly by the large local investors and REIC companies. Moreover, local large developers had not ceased their developments, and continue their ongoing projects. However, exiting the locked-down period, the office market is challenged to face credit losses, uncertainty of current and future income, rent reductions, increased vacancy rates, scarce market activity, demanding tenants, and the ending of hotdesking era.

Over the last two years, the office market in Piraeus is witnessing a positive trend with new developments and redevelopments to be launched into the market. The redevelopment of the old Papastratos premises (the Piraeus Port Plaza projects), the actions of the Municipality of Piraeus to regenerate the area of Agios Dionysios, the expansion of the port and the strategic plan of creating a "cultural coast" (a major project that includes renovation part of the coast with museums, parks and other necessary infrastructure) have already a positive impact on the local market and have attracted investors interest that see Piraeus as an emerging commercial center.

Rental levels for Grade A as well as Grade B office space remained stable in most of the office submarkets of the wider Athens region in 2019 and in some cases marginally increased. Rental levels of lower grade office space are traded in the market at a discount of more than 25%, depending on their location and specifications. Yields have marginally decrease for Grade A

and Grade B offices. Yields for Grade A prime properties range from 6.00% to 6.50%, while for Grade B office space yields reach 7.5%. Rents in areas with high commerciality and for quality technical characteristics (Grade A & B) offices in the center of Athens range from €17.00/sqm/month to €27.00/sqm/month, in the Northern Suburbs prime properties reach up to €26.00/sqm/month, while in other areas they are moving at lower levels.

During 2021, the Athenian market has witnessed an increased construction activity, especially, in the sector of offices and hospitality. The stock of Grade A offices has increased significantly, after a long period of inactivity. Market rents have increased and are expected to increase in the following year and yields are compressing reaching the lower levels of 2004-2006.

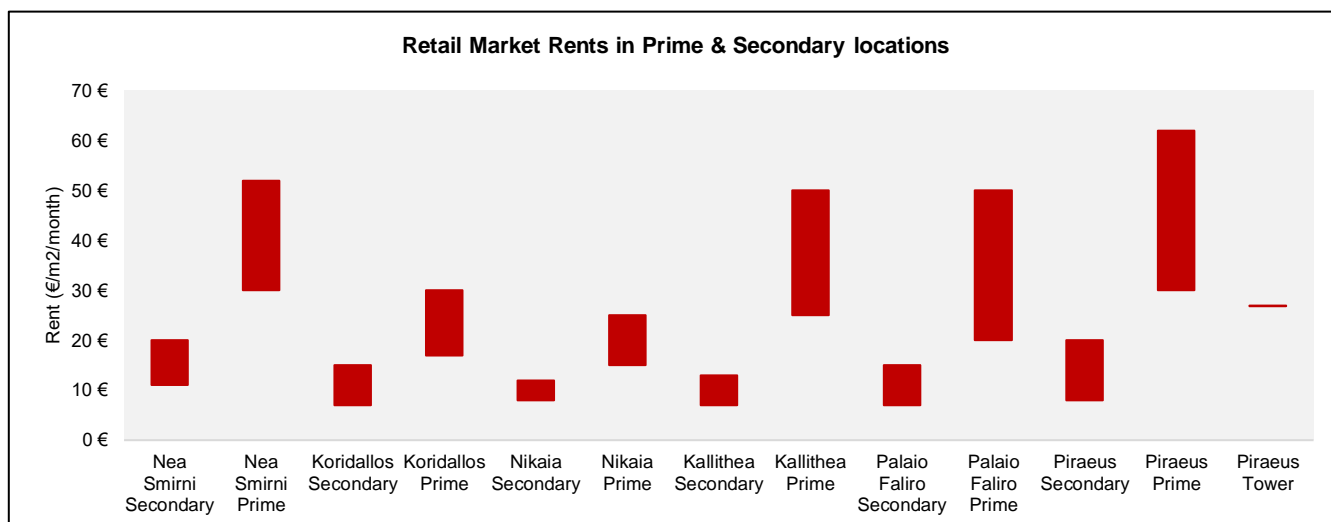


Source: Pepper Research

### Retail market & shopping centres

The trends in the retail sector are also changing. Customers have turned to e-commerce due to the locked down period, something that might continue at a slower pace over the following years. Domestic retail is suffering and is expected to continue as is in the next months. The main categories that were hit harder are the non-essential goods and leisure services. Moreover, malls and shopping centres have seeing their visitors' flow dropping sharply at ~30.0%, compared to open markets and retail parks that are performing better during the post locked-down period. Supermarkets, grocery stores and local producers surged at a record pace over the past five months, as consumers were forced to eat at home during the coronavirus lockdown, with sales jumping at +13,1% during the first trimester of 2020, compared to the same period of the previous year. In 2021, yields are expected to remain stable or rise slightly, while demand for high street shops is increasing with potential tenants to push for lower market rents.

According to our research, Piraeus has one of the biggest retail markets in Attica, reaching almost 32,000m<sup>2</sup> of high street retail area. High street rents in Piraeus range from €30.00/m<sup>2</sup>/month to €70.00/m<sup>2</sup>/month, while retail stores in secondary locations are available for let between €9.00/m<sup>2</sup>/month and €20.00/m<sup>2</sup>/month. The following graph illustrates the rents in prime and secondary locations for retail space.



Source: Pepper Research

## 2) Comparable Evidence

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

Offices for rent:

Comparable Data - Offices for Rent													Source
Comparable Data													
No.	Area (m²)	Level	Specification (Grade A, B, C)	Municipality	Area	Street	Year of Construction	Refurbishment	Parking Spaces	Additional Information	Asking Price €	Asking Price per €/m²	
1	480,00	1	B	Piraeus	Neo Faliro	Akti Miaouli 89	1995	no	yes	office space for rent, autonomous heating, structured wiring, view to the sea	7.200,00 €	15,00 €	HOMELAND tel: 2104225005
2	550,00	1	B	Piraeus	Port - Akti Miaouli	n/a	2000	no	yes (1)	office space for rent, heating, air condition, structured wiring, view to the sea	8.250,00 €	15,00 €	Metroland Real Estate Management, 210 4121110
3	540,00	1	B	Piraeus	Port- Akti Miaouli	Akti Miaouli	1992	yes (2008)	no	office space for rent, corner property, a/v, structured wiring, 4 wc	8.000,00 €	14,81 €	METROLAND REAL ESTATE MANAGMENT tel: 2104121110
4	265,00	2	B	Piraeus	Port	n/a	1999	yes	yes (1)	office space for rent, heating, air condition available, view to the sea, energy class "E"	3.700,00 €	13,96 €	Fertile Property, 6945118939
5	180,00	1	B	Piraeus	Akti Miaouli	Akti Miaouli 79	1980	no	no	office space for rent, corner property, heating, air condition available, structured wiring, in good condition	2.500,00 €	13,89 €	ECO ERGUS HOME REAL ESTATE tel: 2111010600

Retail stores in Prime Locations for rent:

Comparable Data - Retail for Rent in Prime Locations										Source
Comparable Data										
No.	Area (m²) of Ground Floor	Area (m²) of Basement	Area (m²) of Mezzanine	Adjusted GLA	Municipality	Location	Additional Information	Asking Price €	Asking Price per €/m²	
1	20,00	-	-	20,00	Piraeus	Prime	Ground floor retail store in good condition, Akti Kalimassioti	700,00 €	35,00 €	Golden Home, tel. 2111041100
2	130,00	55,00	-	141,00	Piraeus	Prime	Retail store in good condition, storage area, parking	5.200,00 €	36,88 €	Southlandproperties RE, tel. 2104297686
3	40,00	-	20,00	48,00	Piraeus	Prime	Ground floor retail store , in good condition, refurbished, on Tsamadou str., near to metro	2.500,00 €	52,08 €	METROLAND REAL ESTATE MANAGMENT tel: 2104121110
4	50,00	38,00	16,00	64,00	Piraeus	Prime	Akti Moutsopoulou, close to the sea, suitable for FnB	2.500,00 €	39,06 €	Golden Home, tel. 2111041100
5	430,00	160,00	-	462,00	Piraeus	Prime	OLP area, loading area	15.000,00 €	32,47 €	Metro One RE, tel. 2106251000
7	160,00	-	160,00	224,00	Piraeus	Prime	Prime, Close to Piraeus Tower & the train station, 2 WCs, storage area	9.500,00 €	42,41 €	RE Level up agents, tel. 2111990960
8	128,00	125,00	40,00	169,00	Piraeus	Prime	Kastella, refurbished, suitable for FnB, close to the sea	10.000,00 €	59,17 €	Metroland RE, tel. 2104121110
9	100,00	-	100,00	140,00	Piraeus	Prime	Ground floor retail store in good condition, prime location, 2 WCs, close to Piraeus Tower	7.000,00 €	50,00 €	RE Level up agents, tel. 2111990960

Retail stores in Secondary Locations for rent:

Comparable Data - Retail for Rent in Secondary Locations								Source
Comparable Data								
No.	Area (m²) of Ground Floor	Adjusted GLA	Municipality	Location	Additional Information	Asking Price €	Asking Price per €/m²	
1	75,00	75,00	Piraeus	Secondary	Ground floor retail store in good condition, on 1 Papanikoli str.	2.000,00 €	26,67 €	tel: +306974636011
2	60,00	60,00	Piraeus	Secondary	Ground floor retail store in good condition	1.800,00 €	30,00 €	Plasis Real Estate + Development tel: 2109601609
3	47,00	47,00	Piraeus	Secondary	Ground floor retail store in good condition	650,00 €	13,83 €	Maniatis & Associates, tel. 210 4190703
4	125,00	125,00	Piraeus	Secondary	Ground floor retail store in good condition	1.800,00 €	14,40 €	Piraike RE, tel. 210 4285712
5	65,00	65,00	Piraeus	Secondary	Ground floor retail store in good condition	650,00 €	10,00 €	Remax, tel. 2111 991407
6	60,00	60,00	Piraeus	Secondary	Ground floor retail store in good condition	1.200,00 €	20,00 €	Hatzidakis-homeland Real Estate, tel. 210 4225005



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

- Grade A & B office space in the immediate and the greater area of the subject property, in the Municipality of Piraeus, are available for let between **€13.00/m<sup>2</sup>/month** and **€16.50/m<sup>2</sup>/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.
- High street retail stores in the Municipality of Piraeus, are available for let between **€30.00/m<sup>2</sup>/month** and **€80.00/m<sup>2</sup>/month**, depending on the location, the size, the visibility, the shape, commerciality, accessibility, technical condition, the distance from major thoroughfares and other key features.
- Retail stores in secondary location in the Municipality of Piraeus, are available for let between **€10.00/m<sup>2</sup>/month** and **€25.00/m<sup>2</sup>/month**, depending on the location, the size, the visibility, the shape, commerciality, accessibility, technical condition, 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.

### 3) Real Estate Market

#### *Description of the Local Market*

<i>Commercial &amp; residential development:</i>	The area is a mixed-use district, with residential uses concentrated on secondary streets.
<i>Commerciality:</i>	Commercial uses are concentrated along the coastal line and the main avenues such as Gr. Lampraki, Vasileos Georgiou A & Iroon Politechneiou.
<i>Average age of building stock:</i>	Most buildings in the area are over 40 years old.
<i>Construction activity:</i>	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 good.
<i>Demand:</i>	Demand for office spaces or retail spaces in the wider area is at average levels.

## 10. Fair Value of the Leasehold Right

According to the above assumptions, and the detailed calculations, the Fair Value of the Leasehold right of “Piraeus Tower” under redevelopment, located in the Municipality of Piraeus, at Building Block 76, in the Regional Unit of Piraeus, Region of Attica, as of 31/12/2021, is rounded at €31,640,000.00 (Thirty-one million six hundred and forty thousand Euros).

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

## Publication

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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, 9<sup>th</sup> 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, 9<sup>th</sup> 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, 9<sup>th</sup> 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, 9<sup>th</sup> 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, 9<sup>th</sup> 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, 9<sup>th</sup> 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, 9<sup>th</sup> 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, 9<sup>th</sup> Edition, p.42).

Mortgage Lending Value should not take into account any speculative elements (EVS 2, European Valuation Standards 2020, 9<sup>th</sup> 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, 9<sup>th</sup> 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, 9<sup>th</sup> 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, 9<sup>th</sup> Edition*, available at: [www.tegova.org](http://www.tegova.org)
- RICS (2020), *RICS Valuation – Global Standards 2020*, available at: [www.rics.org/standards](http://www.rics.org/standards)
- IVSC (2020), *International Valuation Standards – IVS 2020*, available at: [www.ivsc.org](http://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**

Piraeus Tower under redevelopment located at Dimosthenous, Tsamadou, Ippokratrous, Makras Stoas and Aktis Poseidonos, Building Block 76, area of Ag. Triada, in the Municipality of Piraeus, Regional Unit of Piraeus, Region of Attica

