

SHORT REPORT

FAIR VALUE ASSESSMENT AS OF 31.12.2021

THREE ADJACENT LAND PLOTS UNDER DEVELOPMENT IN THE MUNICIPALITY OF THESSALONIKI

Prot. No.: PEF-973

To:

Ourania Ependitiki AE

Mr Stavro Vaggali

Banking Relations & Project Finance Manager

Neratziotissis 115

Maroussi, 151 24

8th of April 2022



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(Ν. 2121/1993 περί πνευματικής ιδιοκτησίας)

Printed in Greece.



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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.

Pepper Hellas Asset Management SA did not undertake any audit procedures for the instructor of this report in terms of the information provided, since it was neither part of its instruction nor the purpose of this valuation report. Thus, this report does not form in any part an auditor's certificate of the information provided. Pepper Hellas bears no responsibility in the accuracy and completeness of the information provided, which were used in this report.

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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Executive Summary

Instructor:	Ourania Ependitiki AE
Valuer:	Pepper Hellas Asset Management SA
Subject of Valuation:	Three adjacent land plots under development - office complex.
Property' s Address:	26 Oktovriou, Frixou & Ouranou Nikiforou streets, Municipality of Thessaloniki, Region of Central Macedonia.
	<i>General photo of subject properties:</i>
	
Purpose of Valuation:	The Valuation will be 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:	Highest & Best Use
Currency:	EUR (€)
Critical Date of Valuation:	31/12/2021
Date of Report:	8/4/2022

Total Values:

26 Oktovriou & Frixou & 9A Nikiforou Ouranou, Thessaloniki	
Three (3) Land plots under development	
Market Value (as is)	5,870,000.00 €
Gross Development Value*	42,370,000.00 €
Return for Risk and Profit % of Gross Development Value or Target IRR (%)	13,50%
<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>	

We note that according to the European Valuation Standards of TEGoVA (The European Group of Valuers' Associations – EVS 2020, 9th 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 Market Value of three adjacent land plots that are going to be developed to an office complex, and are located at the junction of 26 Oktovriou, Frixou & Ouranou Nikiforou streets, in the Municipality of Thessaloniki, Region of Central Macedonia.

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 Market Value of three adjacent land plots that are going to be developed to an office complex, and are located inside the town plan, at the junction of 26 Oktovriou, Frixou & Ouranou Nikiforou streets, in the Municipality of Thessaloniki, Region of Central Macedonia.

Date of Inspection: 13/12/2021

Data provided:

- Purchase agreement no. 34584/18.12.2020 prepared by the notary of Thessaloniki Mr. Emanouil Saragiotis
- Topographic diagram, signed by the Rural and Surveying Engineer Nikolaos Kougoumtzis, dated March 2020, scaled at 1:200
- Presentation of the development including floor plans and area analysis
- Area analysis in MS Excel
- Land Registry excerpt
- Draft Lease Agreement
- Updated Budget versus Actual, provided by the developer according to the proposed scenario of development

3. Location

Address:

The land plots in question have frontages on 26 Oktovriou, Frixou & Nikiforou Ouranou streets, in the Municipality of Thessaloniki, in the Region of Central Macedonia.

Adjacent land plots in a good location

Immediate accessibility to major thoroughfares

High visibility – frontage on 26 Oktovriou street

Close to the city center

GIS Coordinates:



Latitude: 40.64235532904959
Longitude: 22.915235600701447
(according to Google maps)

Location:

Municipality of Thessaloniki: Thessaloniki is the second largest city of Greece after Athens. The Municipality of Thessaloniki occupies mainly the central area of the city with its historic center and the areas around it, as well as the neighborhoods that extend to the east of the city, and hosts the main sights and monuments. According to the census of 2011, the Municipality of Thessaloniki has a permanent population of 325,182 inhabitants.

Subject area: Thessaloniki has a fairly large commercial center, which concentrates most of the shops, public services, attractions and recreation areas. The area of the subject land plots is situated to the west of Democracy Square (former Vardari Square), southern of the coastal Avenue of Victory (former Vassileos Konstantinou A 'Avenue) and northern of Olympiados Street on the outskirts of Ano Poli.

26 Oktovriou street: 26 Oktovriou street starts from Nikis avenue and ends at the National Highway Athens – Thessaloniki. It is a large street, with two lanes per direction. Along 26 Oktovriou there are mainly mixed-use buildings, with offices on the upper floors and shops on the ground level, while residential uses are mostly gathered in secondary streets.

Frixou: Frixou street starts from 26 Oktovriou street and ends at Ouranou Nikiforou street. It is a secondary, small one-way road, with commercial uses.

Ouranou Nikiforou street: Ouranou Nikiforou str. starts from I. Koletti str. and ends at Achelou str. It is a double way road with local retail stores on the ground floor and office uses on the upper levels.

The building stock is over 30 years old.

Accessibility:

By car: The subject properties are accessed by 26 Oktovriou street.

Public means of transport:

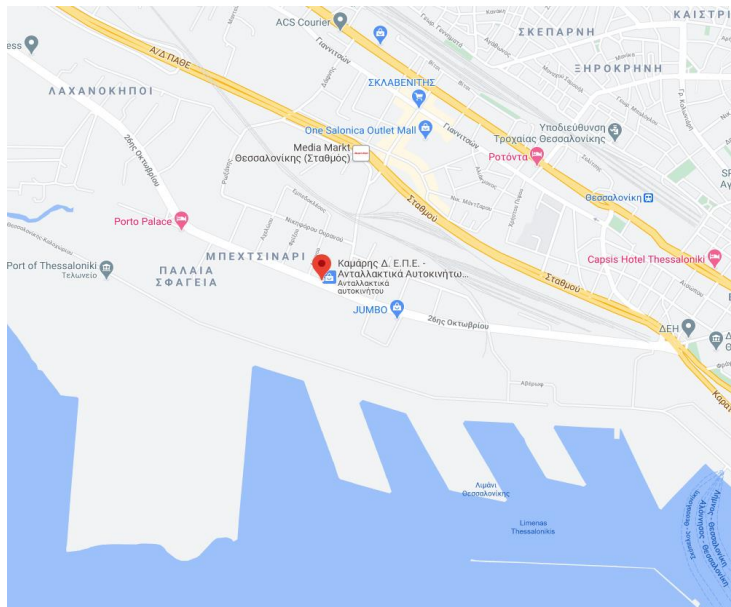
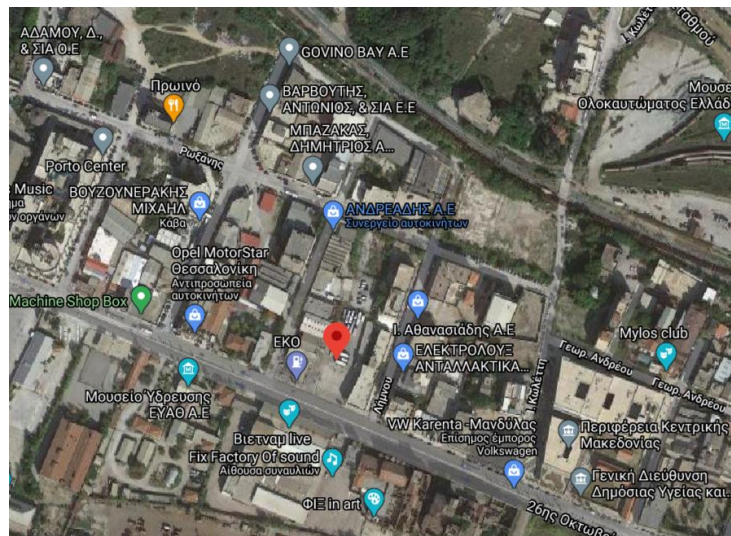
- Public Buses: The area is served by the bus lines 31 & 40.

Surrounding Area:

The wider neighborhood area consists of retail stores, offices and state services. The residential uses are quite limited.

Indicative occupiers in the area:

- Thespresso
- Opel Motorstar
- Water Museum
- Holocaust Museum of Greece
- EKO
- JUMBO
- Media Markt
- Mylos Club
- Prefecture of Central Macedonia offices
- General Directorate of Public Health and Social Welfare
- Porto Palace



4. Property Description

1) Land Description

Area (m²) of land plot:

- Land plot 1: **900.63m²**
- Land plot 2: **1,643.74m²**
- Land plot 3: **4,012.04m²**

According to Topographic Plan the signed by the Rural and Surveying Engineer Nikolaos Kougioumtzis, dated March 2020, scaled at 1:200 and the MS excel that we were provided by Dimand SA presenting the areas of the land plots under question.

The total area of the four land plots is **6,556.41sqm**.

Shape & Dimensions:

- Irregular shape
- It borders according to the Topographic plan provided:
 - North:* with Ouranou Nikiforou street of total frontage 30.89m and with properties of unknown ownerships of total length 35.4m.
 - South:* with 26 Oktovriou street of total frontage 66.28m.
 - East:* with properties of unknown ownerships of total total length 153.34m.
 - West:* with Frixou street of total frontage 44.15m and with properties of unknown ownerships of total length 105.67m.

The final land plot has a
large size
Irregular shape
Typical view
Three frontages

Orientation:

- North towards Ouranou Nikiforou.
- South towards 26 Oktovriou street.

Gradient:

No gradient

Fencing:

No fencing

Infrastructure:

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

View/ Position/ Commerciality:

- Common view
- Good position and excellent visibility
- Good commerciality

Public Utilities:

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

2) Planning Status

According to the data provided, the subject land plots lie at Building Block 2674, inside the town plan of the Municipality of Thessaloniki, and are subject to the below building regulations:

Land plots intact,
buildable and integral
Inside the town plan of
the City of Thessaloniki

Presidential Decree

Government Gazette 415A/1931 & 440D/29.08.1979

Land plot requirements

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

Building Coefficient: 2.40

Coverage Ratio: 60%

Max Height: According to New Building Regulation (NOK)

Permitted Uses: Government Gazette 420D/1993 & 812D/1993 (Low industrial uses)

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

5. Proposed Development

According to the data provided, the instructor will develop a sustainable office complex of contemporary design and specification. The proposed scenario will comprise **three office buildings (Building B1, B2 & B3)** with basements (one level for buildings B1 & B3 and two levels for building B2). All of them will have a ground level and five floors above.

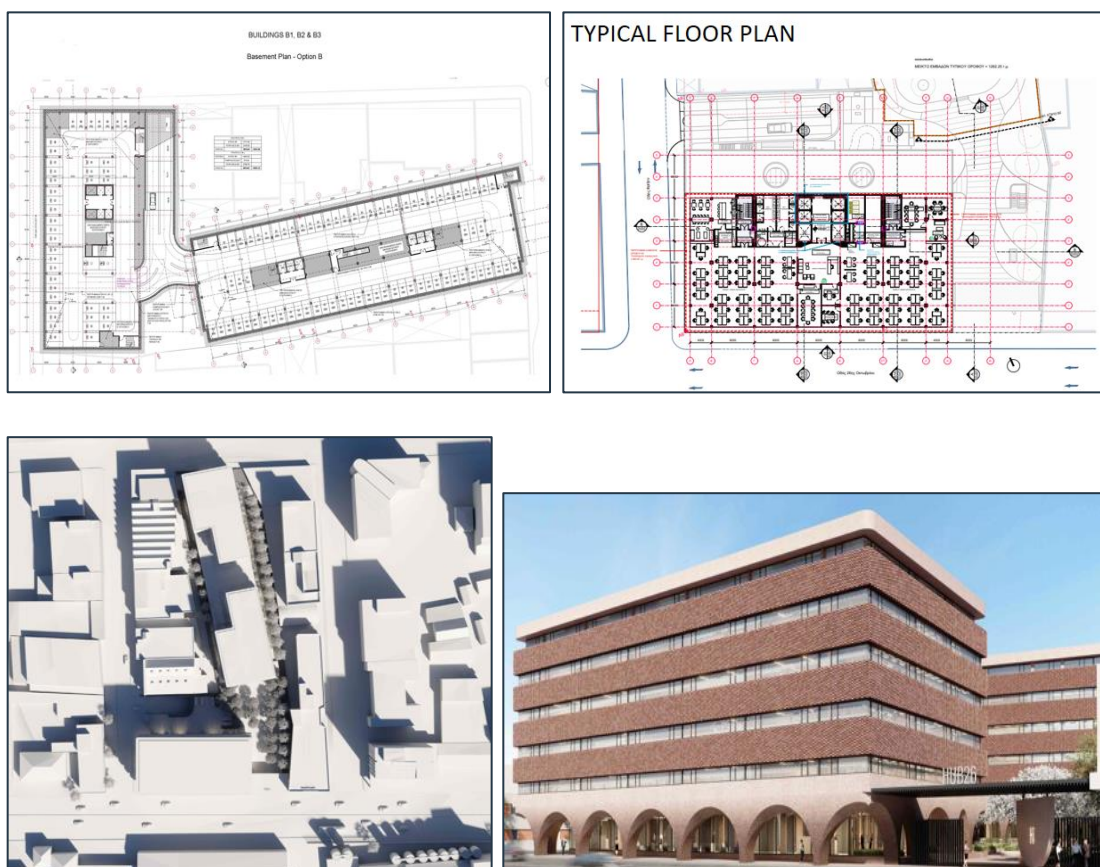
The levels, areas, and uses according to the data provided, are presented in the following table:

Office complex, 26 Oktovriou, Frixou & Ouranou Nikiforou, Municipality of Thessaloniki, Region of Macedonia					
Property	Level	Use	Gross Area (m²)	Area (m²) excluded according to NOK/ parking spaces	Area (m²) according to NOK
Building B1	01	parking spaces	1.671,86	75	
		Ancillary areas	500,00		
		Sub-total	2.171,86		
	Total Basement Area		2.171,86		
	0	offices	892,25	86,37	805,88
	1	offices	1.259,25	53,09	1.206,16
	2	offices	1.259,25	53,09	1.206,16
	3	offices	1.259,25	53,09	1.206,16
	4	offices	1.259,25	53,09	1.206,16
	5	offices	1.259,25	53,09	1.206,16
	Roof Top	circulation	25,46	25,46	0,00
	Total Above Ground Area		7.213,96	377,28	6.836,68
Total Building B1			9.385,82	377,28	6.836,68
Building B2	1	parking spaces	4.787,82	96	
	02	Ancillary areas	1.000,00		
		Sub-total	5.787,82		
	Total Basement Area		5.787,82		
	0	offices	1.181,77	59,08	1.122,69
	1	offices	869,41	50,35	819,06
	2	offices	869,41	50,35	819,06
	3	offices	869,41	50,35	819,06
	4	offices	869,41	50,35	819,06
	5	offices	869,41	50,35	819,06
	Roof Top	circulation	27,90	27,90	0,00
	Total Above Ground Area		5.556,72	338,73	5.217,99
Total Building B2			11.344,54	338,73	5.217,99
Building B3	01	ramps & common areas	532,20		
		Sub-total	532,20		
	Total Basement Area		532,20		
	0	offices	602,15	62,86	539,29
	1	offices	654,05	56,41	597,64
	2	offices	654,05	56,41	597,64
	3	offices	654,05	56,41	597,64
	4	offices	654,05	56,41	597,64
	5	offices	654,05	56,41	597,64
	Roof Top	circulation	31,79	31,79	0,00
	Total Above Ground Area		3.904,19	376,70	3.527,49
Total Building B3			4.436,39	376,70	3.527,49
Outposts (external)	0		17,50		17,50
		Sub-total	17,50		17,50

Office complex, 26 Oktovriou, Frixou & Ouranou Nikiforou, Municipality of Thessaloniki, Region of Macedonia					
Property	Level	Use	Gross Area (m ²)	Area (m ²) excluded according to NOK/ parking spaces	Area (m ²) according to NOK
	Total Area		17,50		17,50
Grand Total			25,166.75		15,582.16
Total Above Ground Area			16,692.37		
Total Basement Area			8,491.88		

For the purposes of this scenario, we assume that all required parking spaces will be available, and no issues will arise in terms of legal prerequisites and that the development is according to the current planning legislation.

Indicative photos of the development scenario according to the submitted presentation are attached below:



1) Technical Specification

We have been informed that the office complex (HUB26) will be a green building according to the principles of sustainability, ensuring its energy and environmental efficiency, aiming at a LEED Certification upon completion. In terms of technical specification high quality standard finishes, state of the art systems and elegant design are going to be implemented according to verbal information from the instructor.

2) Buildable Area/ Remaining Building Coefficient

The final total above ground area for Buildings B1, B2 & B3, as provided in the development scenario, is 16,618.63m² and the total basement area is 8,494.15 m². As we have been informed by the client's engineer the buildings under development will neither exceed the permitted area nor unexploited building coefficient will remain.

3) Development progress

Considering the critical date of the valuation, the project is at the stage of the acquisition of an additional adjacent land plot at the Building Block and the issue of the permitted licenses.

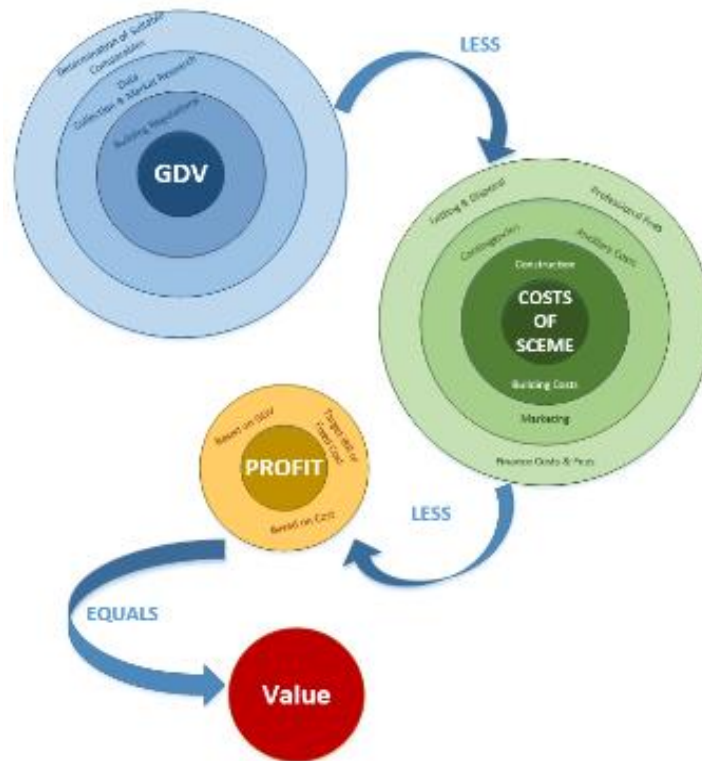
6. Legal & Ownership Status

For the purposes of the valuation report, we assume that the subject property is owned by "OURANIA EPENDITIKI AE" and that it is clear and free of any encumbrances or charges that may affect its value.

7. Valuation Methodology

In order to determine the Market Value of the subject properties, 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 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 is under development; therefore, the Residual Method is 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.

General Assumptions:

- All the required parking spaces will be available, and no issues will arise in terms of legal prerequisites.
- There will be no exceedance on buildable area.

8. SWOT Analysis

Strengths:

- Good accessibility via private and public transportation means.
- The building will be constructed according to the principles of sustainability, thus ensuring its energy and environmental efficiency.
- Frontages along three streets.
- Good location, in close proximity to the center of Thessaloniki and the port.

Weaknesses:

- High capital investment needed for the development.
- Large gross area of the property.

Opportunities:

- Demand and rental levels are increasing after a 10-year falling period.
- The subject development will increase the status of the local area, attracting new investment opportunities and pushing market rents to higher levels.

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.
- The unknown impact in the following years of the global pandemic COVID-19 in the real estate market and the office sector, considering the increase of “working from home” trend.
- Increasing construction costs are pushing market rents and values to rise and yields to compress.

9. Market Analysis

1) Comparable Evidence

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

Office Spaces for rent:

Comparable Data - Offices for Rent														Source
Comparable Data														
No.	Area (m²)	Type of property	Level	Specification (Grade A, B, C)	Municipality	Area	Street	Year of Construction	Refurbishment	Parking Spaces	Additional Information	Asking Price €	Asking Price per €/m²	
1	370,00	Office	1	B+	Thessaloniki	City center	Mitropoleos 20	2001	No	Yes	4 spaces, 3 WC, kitchenette, autonomous heating, A/C, marble and wooden flooring, security door, good condition.	6.000,00 €	16,22 €	Cozy real estate, tel. 2310811109
2	285,00	Office	2	C	Thessaloniki	Fix Area/ Sfageia/ Ichthioskala	Salaminos	1987	No	No	2 elevators, wc, server room, structured wiring, gas heating, aluminum frames. In need of renovation.	2.300,00 €	8,07 €	Avenue RE, tel. 2314014165
3	470,00	Office	4	B	Thessaloniki	Fix Area/ Sfageia/ Ichthioskala	Ouranou Nikiforou 3	2002	No	No	Office space, wc, kitchenette, view to the sea, 60 working places, autonomous heating, structured wiring, excellent condition. In an office building.	3.500,00 €	7,45 €	Private Owner, tel. 6944271152
4	187,00	Office	2	C	Thessaloniki	Fix Area/ Sfageia/ Ichthioskala	Polytechniou	1985	No	Yes	Office space, wc, kitchenette, view to the sea, autonomous heating, tiled flooring, structured wiring, good condition.	2.400,00 €	12,83 €	TERRA & HOMES RE, tel. 2314000060
5	494,00	Office	5	C	Thessaloniki	Fix Area/ Sfageia/ Ichthioskala	Salaminos	1990	No	No	Office space, wc, autonomous heating, A/C, structured wiring, good view, tiled flooring, typical condition.	3.500,00 €	7,09 €	ZBES & Synergates RE, tel. 2310244850

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

- Office spaces in the immediate and greater area of the subject property, are available for let between **€7.50/m²/month** and **€16.50/m²/month**, depending on the location, the grade, 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 area is a mixed-use district, with limited residential uses mostly concentrated in secondary streets.
<i>Commerciality:</i>	Commercial uses are mainly concentrated along 26 th October str.
<i>Average age of building stock:</i>	Most buildings in the area are over 30 years old.
<i>Construction activity:</i>	Moderate development activity is observed in the area.
<i>Development rate:</i>	Rapidly growing area because of the new port of the city.
<i>Landmark:</i>	The offices of the Prefecture of Central Macedonia
<i>Supply:</i>	Increased supply of low-grade office space and retail units either for sale or lease.
<i>Demand:</i>	Increasing demand for office spaces and retail for rent, lower demand for purchase.

10. Fair Value

According to the above calculations, the Fair Value of the subject land plots in total located at the junction of 26th October, Frixou & Ouranoy Nikiforou streets, B.B. 2674, in the Municipality of Thessaloniki, Region of Central Macedonia, is **5.870.000,00 (Five million eight hundred and seventy 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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For Pepper Hellas Asset Management S.A.



Thomas Ziogas
CEO
MSc, MBA, MRICS, REV
Certified Valuer



Natalie Zioga
BA, MSc, MRICS
Certified Valuer
F.A. Valuations, Underwriting & Reporting Department

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,
- © 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

Three land plots located at the junction of 26th October, Frixou & Ouranou Nikiforou streets, B.B. 2674, Municipality of Thessaloniki, Region of Central Macedonia

