

SHORT REPORT

FAIR VALUE ASSESSMENT AS OF 31-12-2021

**OF OFFICE COMPLEX UNDER DEVELOPMENT,
MUNICIPALITY OF MAROUSSI, ATHENS**

Prot. No.: PEF-973

To:

IQ HUB SA

8th of April 2022



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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 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.




Executive Summary.....	5
1. Instruction.....	7
2. Introduction.....	8
3. Location.....	8
4. Property Description	11
1) Land Description	11
2) Planning Status.....	12
5. Proposed Development.....	12
1) Technical Specification.....	13
2) Buildable Area/ Remaining Building Coefficient	13
3) Development progress	13
6. Legal & Ownership Status.....	13
7. Valuation Methodology.....	13
8. SWOT Analysis.....	15
9. Market Analysis	15
1) Comparable Evidence	15
2) Real Estate Market.....	17
10. Fair Value	17
Publication.....	18

Appendix 1 Bases of Valuation

Appendix 2 Photographs

Executive Summary

Instructor:	IQ HUB SA
Valuer:	Pepper Hellas Asset Management SA
Subject of Valuation:	The subject property is an office complex under development.
Property's Address:	109 Neratziotissis and 2-4 Niriidon Streets, Building Block Γ783, area of Neratziotissa/ Agios Thomas, in the Municipality of Maroussi, Regional Unit of North Athens, Region of Attica. <i>General photo of subject property:</i> 
Purpose of Valuation:	The Valuation will be prepared for IFRS purposes.
Duty of Care:	Eurobank SA
Valuation Standards:	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 th Edition) and the IVSC (International Valuation Standards Council, 2020).
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. 4 of the RICS Valuation – Global Standards 2020.</p> <p>The definitions of the bases of our valuation according to the current standards are stated in Appendix 1 of this report.</p>
Premise of Value:	The premise of value is the highest and best use according to IVS 104, par. 140
Currency:	EUR (€)
Critical Date of Valuation:	31/12/2021
Date of Report:	8/4/2022

Total Values:

Value	€
Fair Value as of 31/12/2021:	21,575,000.00€ (Twenty-one million five hundred and seventy-five thousand Euros)
Gross Development Value (GDV) *	39,075,000.00€ (Thirty-nine million seventy-five thousand Euros)
Return for Risk and Profit % of Gross Development Value or Target IRR (%)	11,00%
<p>* "The aggregate market value of the proposed development, assessed on the special assumption that the development is complete on the date of valuation in the market conditions prevailing on that date. Where an income capitalization approach is used to estimate the GDV, normal assumptions should be made within the market sector concerning the treatment of purchaser's costs. The GDV should represent the expected contract price." (Valuation of development property, 1st edition, October 2019, RICS professional standards and guidance, global, p.4)</p>	

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 Fair Value of an office complex under construction, at 109 Neratziotissis and 2-4 Niriidon Streets, in Building Block Γ783, in the area of Neratziotissa/ Agios Thomas, in the Municipality of Maroussi, Regional Unit of North Athens, Region of Attica.

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

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

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

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

According to the RICS Valuation Practice Alert–Coronavirus dated the 6th of November 2020, our valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation –Global Standards. Consequently, in respect of these valuations less certainty –and a higher degree of caution –should be attached to our valuation than would normally be the case. For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date. Considering the methodologies applied, where valuing using the income approach or otherwise with reference to income, the RICS global Valuation Practice Alert of 6 November states that: 'Where a valuation refers to rental or other income, a considered assessment of that income in light of COVID-19 and, where relevant, its aftermath may be required. Valuers are advised to make sure they are acting upon the latest and most accurate information in respect of rental and other income, where this is relevant. The valuer may need to reflect upon structural and behavioural effects on markets either caused or heightened by COVID-19.

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

2. Introduction

The purpose of this report is the determination of the Fair Value an office complex, which is under development, at 109 Neratziotissis and 2-4 Niriidon Streets, at Building Block Γ783, in the area of Neratziotissa/ Agios Thomas, in the Municipality of Maroussi, Regional Unit of North Athens, Region of Attica.

Date of Inspection:

13/12/2021

Data provided:

- Topographic Plan, dated January 2014, prepared by the Civil Engineer Vavanos Vasilios, scaled at 1:200.
- Lease Agreement as of 7/01/2021 between IQ HUB MAE and KAIZEN DIGITAL SERVICES SA
- BVA for the proposed scenario as of 31/12/2021
- Topographic Plan, dated January 2021, prepared by the Topographer Engineer Konstantinos Sideris, scaled at 1:500.
- Table of levels of the subject building with areas and uses
- Updated Business Plan

3. Location

Address:

The subject property lies in the building block Γ783 and are located at 109 Neratziotissis and 2-4 Niriidon Streets, in the area of Neratziotissa/ Agios Thomas, in the Municipality of Maroussi, Regional Unit of North Athens.

GIS Coordinates:

Latitude: 38.045457,

Longitude: 23.794548 (according to Google maps)

Location:

Municipality of Maroussi: The city of Maroussi is located about 11km northeast of Athens. It covers an area of 12.9km² and has 72,333 residents according to the most recent census of 2011. Within the boundaries of Maroussi lies the "Alsos Sygrou", the biggest grove in Athens, and the Athens Olympic Sports Complex (OAKA), the largest sports complex in Greece.

The greater area of Maroussi is characterized by high concentration of commercial and residential uses. Regarding retail uses there are several malls, like "The Mall of Athens", "Golden Hall", "Avenue Mall" etc. In addition to that, there is also a traditional local market close to the Metro-line station of "Maroussi". The main thoroughfare of the area is Kifissias Avenue, where office uses are dominant with tenants/ occupiers by large multinational and national companies. The greater area is considered as a modern office hub of northern Athens with supporting uses like hotels, malls, hospitals, F&B areas etc. Additionally, Maroussi is also considered as an elegant residential location of high density with residences and multi-floor apartment buildings.

Property in a primary location

Immediate accessibility to all town's facilities

Good visibility

Close to the rail station of Neratziotissa, Athens ring road and the Mall of Athens

Subject area: The subject property lies in the area of Neratziotissa/ Agios Thomas, a district bounded by Kimis Avenue to the west, the railway lines to the south and Neratziotissis street to the east. The surrounding area is a low-density zone near the “Mall of Athens”, the Athens Olympic Sports Complex, the Ministry of Education and the School of Pedagogical - Technological Education.

The area has become a pole of interest especially for young people attracted by the Mall, the sports complex, and the school.

The immediate area has a mixed-use character with office buildings, few retail shops, as well as residential uses on the secondary streets. Uses that serve the area are found on Kifissias Avenue and near the Metro-line station “Maroussi”, such as F&B units, supermarkets, banks etc.

Neratziotissis Street: The street begins from Themistokleous Str. and ends at Kimis Av, intersecting with Athens ring road “Attiki Odos”. This two-way street runs mostly parallel to the railway line (metro line 1) and along the south part of the street lies the east frontage of the Mall, the south frontage of the School of Pedagogical & technological Education and the north frontage of the Sports Complex. The north segment of the street can be characterized as secondary as there are mainly two-story buildings, the majority of which are used as residences, and some empty land plots. There are also a few retail stores and office spaces observed.

Niriidon Street: The road starts from Neratziotissis str. and ends at Dionisou str. It is a secondary residential use street. A small segment of it is still not fully developed.

The building stock is over 20 years old.

Accessibility:

By car: The subject property is accessed via Neratziotissis Str.

Public means of transport:

- Metro: The property is served by the metro line station (Line 1) and the regional train station “Neratziotissa”, at approximately 80m.
- Public Buses: The area is served by the bus lines 410, 500 and 527. The nearest station is situated very close to the subject property.

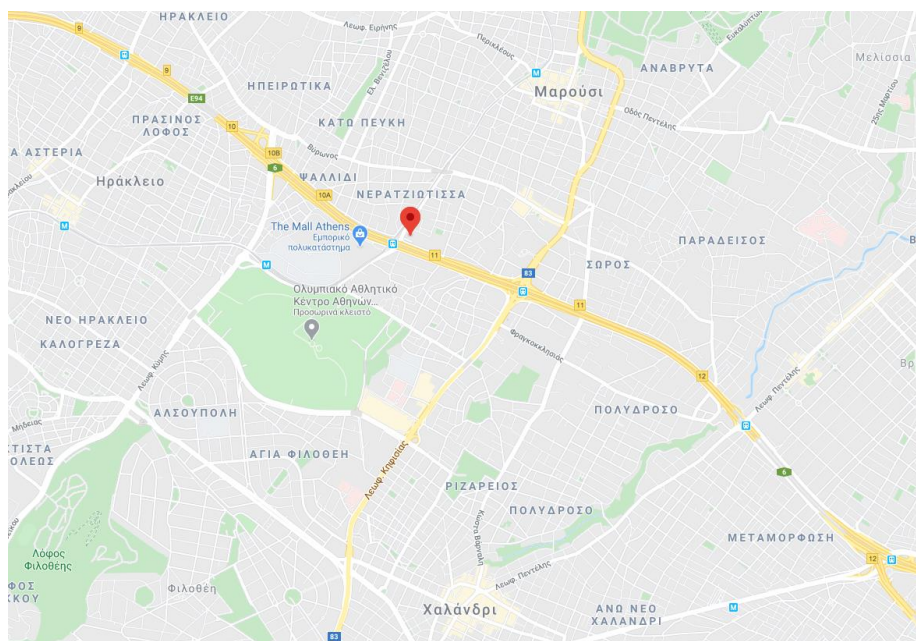
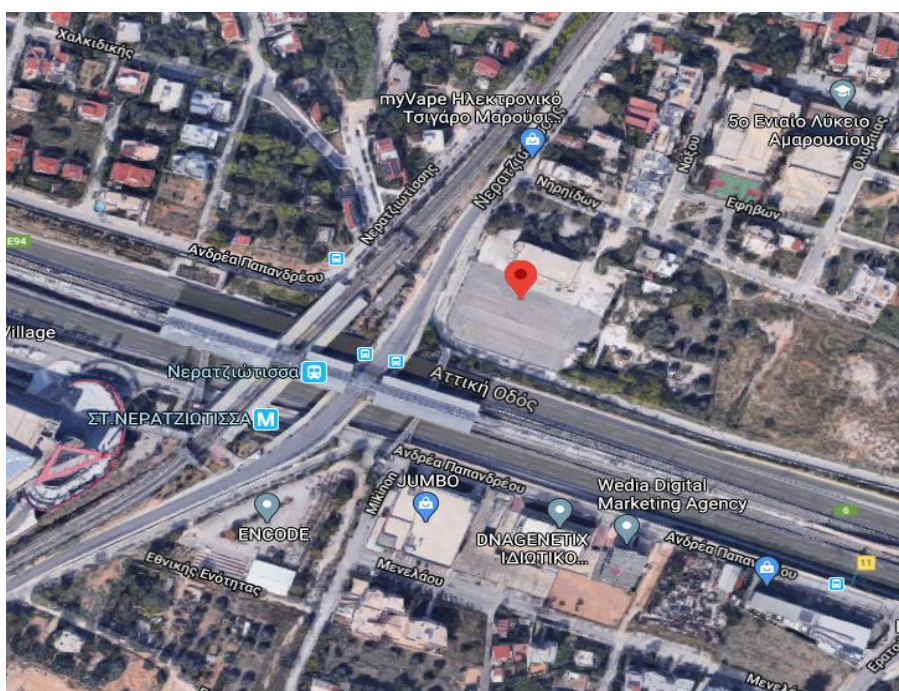
Surrounding Area:

In the surrounding area, most of the office spaces are occupied by multinational and national companies. Retail uses are concentrated mainly inside malls and along Kifissias Avenue, while in the immediate area of the subject property residences and smaller retail units can be found.

Indicative occupiers in the area:

- Ministry of Education
- The Mall Athens
- Jumbo
- Deloitte
- Samsung
- OTE
- EY
- Coca-Cola

Indicative map of the subject area:



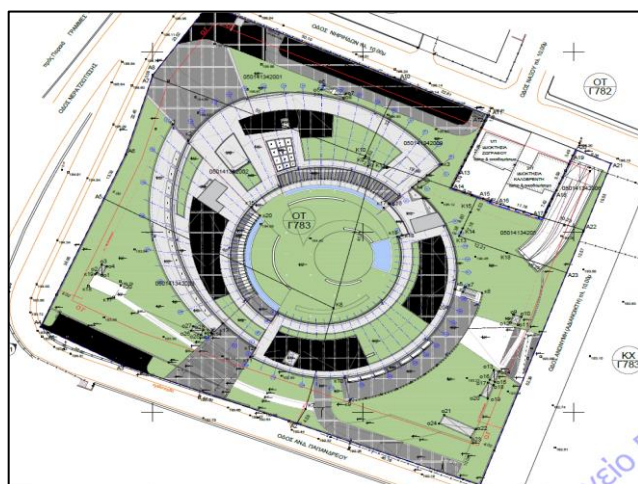
4. Property Description

1) Land Description

Area (m²) of the property:

10,253.04m² according to the Topographic Plan, dated January 2021, prepared by the Topographer Engineer Konstantinos Sideris, scaled at 1:500. The subject land plot consists of seven adjacent land plots that form a single property for the purposes of the erection of the office complex. The areas of each land plot is presented in the following table:

Property of large size
Frontage on four streets
Occupies almost all the surface of the building block
Good visibility



Land Plots	
Number	Area (m ²)
1	1,220.02
2	2,276.05
3	3,355.18
4	328.19
5	194.90
6	510.59
7	2,368.11
Total	10,253.04

- According to the provided BvA, the plot size is **10,246.05sqm**

Orientation:

- Western towards Neratziotissis Str.
- Northern towards Niriidon Str.
- Southern towards Papandreou str.
- Eastern towards unnamed and undeveloped road

Gradient:

- Slight gradient, almost horizontal.

Fencing:

Simple wire fencing upon reinforced concrete wall

Infrastructure:

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

View/ Position/ Commerciality:

- Typical view
- Good position and high visibility
- High 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 property lies in Γ783 Building Block, within the planning zone of the Municipality of Maroussi, and is subject to the below building regulations:

Land plot intact, buildable, and integral

Inside the town plan of the Municipality of Maroussi

Presidential Decree

Government Gazette 552D & 673D/25.05.1992, 504D/1993 and 130D/21-02-2001

Land plot requirements

General Rule: Min Size of Plot = 1,000.00m², Min Frontage = 20.00m

Building Coefficient: 0.8 for first 500m² and 0.6 for the rest area
 Coverage Ratio: 40% (130D/21-02-2001)
 Max Height: According to New Building Regulation (NOK)
 Permitted Uses: General Residence
 Archeology: Yes

5. Proposed Development

According to the data provided, the instructor is under the process to develop an office complex, featuring contemporary design and specification. The proposed complex will comprise one basement, a ground level and two upper floors. The levels, areas, and uses according to the data provided and the planning regulations are presented in the following table:

Level	Use	Area (m ²)
Basement -1	Parking Spaces	4.637,92
Basement -1	Main Use	269,02
Basement -1	Ancillary Areas	1.783,74
Ground Floor	Main Use	2.484,60
1st Floor	Main Use	2.436,81
2nd Floor	Main Use	2.643,15
Top Floor	Ancillary Areas	53,70
Total		14.308,94

1) Technical Specification

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

- | | |
|---------------------|--|
| Frame: | ▪ Reinforced concrete frame |
| Roof: | ▪ Flat concrete roof |
| Walls & Partitions: | ▪ External walls: Concrete and masonry
▪ Internal walls: Masonry |
| General: | ▪ Construction materials planned to be used in all phases of construction will be certified in accordance to the specifications of LEED certification.
▪ The subject property at completion will be of excellent quality of construction. |

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

2) Buildable Area/ Remaining Building Coefficient

For the purposes of this report, we accept that there is no remaining building coefficient in the subject property, until the development is finalized and delivered. In case that the final delivered buildable area allows a remaining building coefficient, we preserve the right to re-examine our valuation.

3) Development progress

As of December 2021, when the inspection of the property has taken place, the subject development was at the stage of the erection of the concrete frame of the building and the installation of the brick walls.

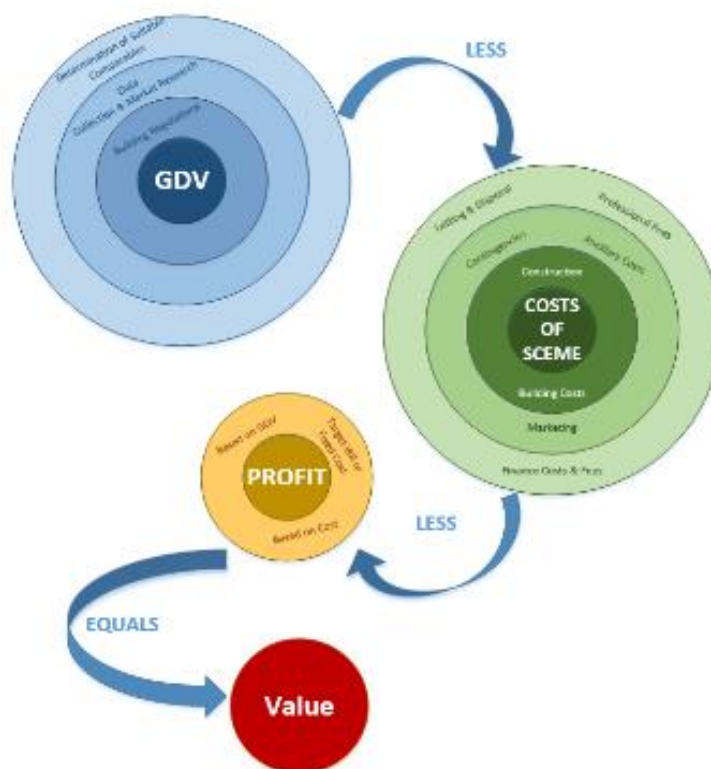
6. Legal & Ownership Status

For the purposes of the valuation report, we assume that the subject property is owned by “IQ HUB SA” 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 Fair Value of the subject property, we apply the Residual Method which is a hybrid of the market approach, the income approach and the cost approach. It is based on the completed “gross development value” and the deduction of development costs and the developer’s return to arrive at the residual value of the development property (IVS 2020,

p.106, par.40). The Residual Method is applied by using ARGUS Developer ® software. 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 2020, EVIP 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 aims to LEED certification.
- Frontages along four streets.
- Privileged location near Kifissias Avenue within the business center of Maroussi.
- The size of the property is an advantage. Lack of similar sized properties suitable for development in the wider area of the subject property.
- Lease agreement

Weaknesses:

- The surrounding area has low density.
- The street on the east boundary of the land plot is not accessed easily.

Opportunities:

- Lack of Grade A/ Green office buildings in Attica.
- According to verbal information from the instructor, there is targeted interest for the office complex upon completion.

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 on the real estate market activity due to the outbreak of COVID-19
- High construction costs are pushing market rents and values to increase 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 Buildings for rent:

Comparable Data - Office buildings for Rent																Source
Comparable Data																
No.	Above Ground Area (m²)	Basement Area (m²)	Adjusted Area (m²)	Levels	Specification (Grade A, B, C)	Municipality	Area	Street	Year of Construction	Refurbishment	Parking Spaces	Additional Information	Actual/ Asking	Price €	Price per €/m²	
1	4.200,00	4.840,00	5.168,00	6	A	Chalandri	Chalandri	Kifisias Ave	2012	n/a	Yes	6- storey, structured wiring, A/C, double glazed windows, good condition	Actual Rent	96.650,20 €	18,70 €	Pepper Hellas Research Department
2	2.500,00	0,00	2.500,00	4	A	Maroussi	Paradeisos	n/a	2000	2020	20	ground floor to 3 rd floor, corner building, elevator, fully refurbished	Asking Rent	50.000,00 €	20,00 €	4 Properties RE, 6937906699
3	2.021,00	0,00	2.021,00	6	B	Maroussi	Paradeisos	Astronafton	1992	-	50	ground to 5th floor, structured wiring, A/C, double glazed windows, year of construction 1992, good condition	Asking Rent	30.000,00 €	14,84 €	Exclusive Agents, tel: 2102200880
4	930,00	220,00	974,00	6	B	Maroussi	Nea Filothei	n/a	1995	No	6	Façade, a/c, structured wiring, aluminum frames	Asking Rent	18.500,00 €	18,99 €	4 Properties Real Estate P.O tel: 2106741518
6	2.834,24	1.582,10	3.150,66	8	B	Maroussi	Paradisos	n/a	2005	n/a	48	2 basements, ground floor, mezzanine and 4 floors above, corner property, façade, autonomous heating, a/c, structured wiring, aluminum frames, on main street (avenue)	Asking Rent	72.300,00 €	22,95 €	CCRE tel:213/0223537

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

- Grade A & B office buildings in Maroussi and the adjacent Municipality of Chalandri, are available for rent between €14.50/m²/month and €25.00/m²/month, depending on the location, the certification, 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 for privileged properties, the asking prices may be higher than the indicative range.

2) Real Estate Market

Description of the Local Market

<i>Commercial & residential development:</i>	The immediate area is a low-density area, of mixed uses. Commercial development is concentrated along central thoroughfares whereas residential uses prevail along secondary streets.
<i>Commerciality:</i>	The commerciality of the district is concentrated along Kifissias Avenue and the traditional center of Maroussi.
<i>Average age of building stock:</i>	Most buildings in the area are over 20 years old.
<i>Construction activity:</i>	Limited construction activity is observed in the area.
<i>Development rate:</i>	Increasing
<i>Landmark:</i>	The Mall of Athens and Olympic sports complex
<i>Supply:</i>	Limited supply of prime offices for rent. Sufficient supply of land plots for sale.
<i>Demand:</i>	High demand for prime offices in Maroussi and Kifissias Avenue. Moderate demand for land plots in Maroussi.

10. Fair Value

According to the above calculations, the Market Value of the subject property located at 109 Neratziotissis and 2-4 Niriidon Streets, Building Block Γ783, in the area of Neratziotissa/ Agios Thomas, in the Municipality of Maroussi, Regional Unit of North Athens, Region of Attica, is €21,575,000.00 rounded (Twenty-one million five hundred and seventy-five 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.



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Certified Valuer



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Certified Valuer
F.A. Valuations, Underwriting & Reporting
Department

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Appendix 1

Bases of Valuation

General Terms of Valuation Reports

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

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

Valuation Bases

Market Value is *“the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without being under compulsion” (EVS 1, European Valuation Standards 2020, 9th Edition, p. 15).*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Plant and Equipment connected to a building

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

Assumptions and Special Assumptions

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

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

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

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

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

Premise of Value/ Assumed Use

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

Some common Premises of Value are:

- (a) highest and best use,
- (b) current use/existing use,
- © 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

Office Complex under development, 109 Neratziotissis and 2-4 Niriidon Streets, Building Block Γ783, in the Municipality of Amarousio, Regional Unit of North Athens, Region of Attica

