
Fair Value Report of

A light industrial and warehouse property at 19 Thermaikou Str., Municipality of Oraiokastros, Regional Unit of Thessaloniki, Region of Central Macedonia.

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1. Description, statutory and legal aspects

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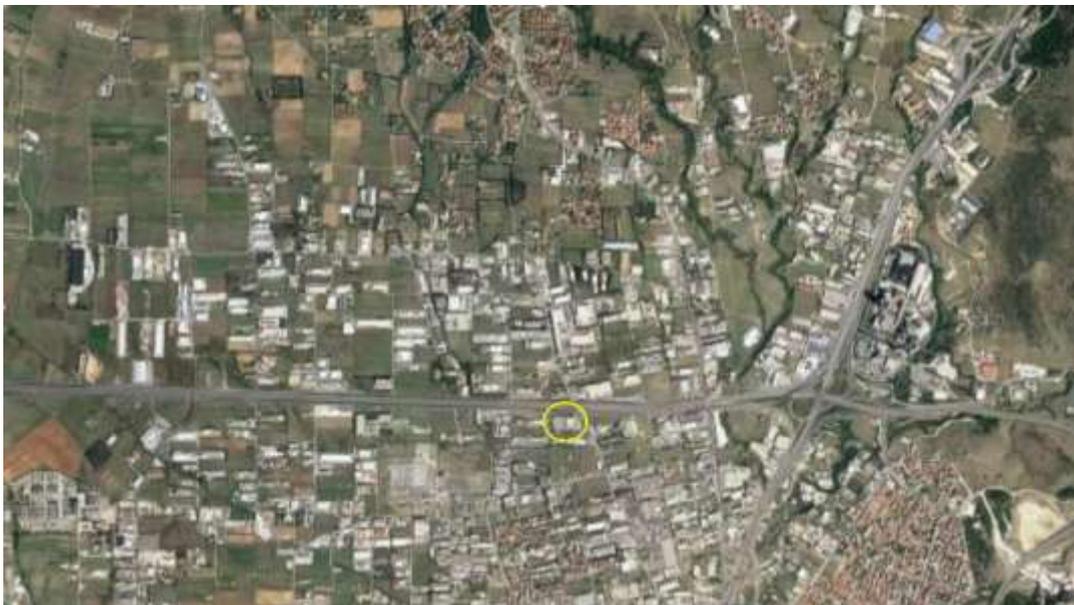
1.1. Location

Oraiokastros is a municipality in the Regional Unit of Thessaloniki and a suburb located in the north-western part. It covers a total area of approximately 21,855 km² and has c. 20,852 habitants (according to the last official census in 2011). The Municipality was formed after the 2011 local government reform by the merger of the following 3 former municipalities (Kallithea, Mygdonia and Oraiokastros) that reformed into municipal units.

Oraiokastros is situated at a distance of approximately 11 km from the city centre of Thessaloniki. It is considered as one of the fastest growing areas of the prefecture and the income level of its residents is well above the average level. The growth of the area primarily concerns the residential sector, due to the natural landscape coupled with the area's close distance from the city centre of Thessaloniki. The construction of the Peripheral Road and the Egnatia Motorway (West Entrance of the city) have greatly improved access to the wider area, rendering it appealing for various businesses, mainly in the commercial sector. However, these businesses are located in a small part of the south end of the Municipality, and therefore, have not changed its residential character.

The nearby area presents mainly commercial uses. Most of them are either light industrial or logistics premises. Although a few properties, which mainly offer frontage to major thoroughfares such as Lagada Str., hosts big box retailers (the majority of them are local brands). Indicative examples are the Marmaridis Furniture showroom and Jumbo retail store which is located along Thessaloniki- Oraiokastros str. In terms of accessibility, this can be considered as relatively easy due to the immediate access from / to Egnatia Odos motorway.

We enclose below a General Location Map showing the location of the property in its regional context.



1.2. Description

The subject property is located at the junction of Thermaikou str. (no. 19) with the service road of Egnatia Motorway and with façade of approximately 120 m. and 150 m. respectively on these two streets. We note that it has also façade of approximately 100 m. on an agricultural road at its western side. Access to the property is easily achieved via Thermaikou str. which connects the city centre with Oraiokastros and Egnatia Motorway that connects the south-eastern part with the north-western part of the city. The property can be reached either by car or by public transport, as the area is served by a bus line of "O.A.S.TH." (Organisation

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of Urban Transportation of Thessaloniki), with a bus stop situated at the eastern side of the property.

The subject property comprises of two main buildings (Buildings A & B) and on auxiliary building that have been developed on a land plot situated out of the approved town plan, the areas of which are described in No.435/28-03-08 contract of purchase by the notary of Thessaloniki Valasia Boulakis and are shown in the following table:

Land Plot

Area	39,608.52 m ²
------	--------------------------

Buildings

Level	Building A (m ²)	Building B (m ²)	Auxiliary building (m ²)
Basement B'	6,126.12		
Basement A'	6,126.12		
Ground Floor	6,686.61	2,729.16	255.62
Floor A'	2,686.93	2,459.78	
Floor B'	2,590.38		
Total	24,216.16	5,188.94	255.62

The analytical description of the buildings is presented below:

Building A

Building A comprises two basements, ground floor and two upper floors. It was built according to no. 1419/1981 Building Permit issued by the Planning Authority of Thessaloniki which was later amended by no. 5497/2002 Building Permit, which concerned the construction of three additional ground floor buildings. Two of them were added at the western and south-eastern side of the ground floor of Building A measuring 299.30 m² and 261,19 m² respectively, while a third one measuring 53.26 m² was added at the eastern side of the existing auxiliary building. Building A has the use of light industrial and warehouse unit, but it also includes office space at the first floor.

Basement A', B' and the ground floor have similar layout and characteristics. The building frame is made of reinforced concrete. During the day of our inspection we did not have access to any of the basement areas as they were flooded. Moreover, we observed that due to the vacancy of the property for a number of years coupled with the fire that destroyed the property, its state of repair is considered very poor. The first floor has been destroyed and many parts seems to be unstable as the structure is in a very bad condition. There are also two WCs (male/female), one kitchenette, one control room and portable cooling/heating units. The second floor comprises of a unified warehouse area with similar characteristics to the remaining floors. Building A is equipped with central cooling/heating system as well as with four shafts for the lifts cargo elevators and four staircases, all in a very poor condition. Overall, Building A is in a very poor state of repair and we are of the opinion that its refurbishment and restructure will not be cost-efficient.

Building B

Building B comprises of a ground floor and first floor. Each floor has been developed with different building permits (2487/1990 and 21994/1992). The subject building was used as warehouse unit.

Structural framework is by reinforced concrete frame while floors are covered by industrial tiles. Building B is in the same poor condition as mentioned earlier for Building A and consequently we are of the opinion that its refurbishment will not be cost efficient.

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Auxiliary Building

The auxiliary building was developed pursuant to 1419/1981 Building Permit. It is located in the south side of the plot and comprises of auxiliary areas such as the boiler unit. Structured frame is made of reinforced concrete, while its ceiling is made of aluminum tiles. The entire property is fenced by iron railing upon reinforced concrete wall. We should also note that there are two power towers of the Public Power Corporation at the north-western corner of the land plot.

Photographs of the premises taken on the date of our inspection are provided below.



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1.3. State of Repair

As per our instructions, we have not carried out a structural survey, nor have we tested any of the services. Therefore, we cannot provide you with detailed comments as to the condition of the structural and M&E elements of the property.

However, during the course of our last inspection we noted that the subject property is in a very poor state of repair and its restructure will not be cost effective.

1.4. Statutory Requirements

As per our instructions, we have not carried out a technical due diligence nor any enquiries to the relevant planning or other Authorities. Our valuation is solely based on the information provided by our instructor, which is assumed to be complete, accurate and correct, unless otherwise specified in the report.

1.4.1. Planning framework

The subject land plot covers a total area of 39,608.52 m² (According to no. A1/March 2008 and scaled 1:500 Site Topographic Diagram of the land surveying engineer Ieronimakis Zoi). We note that the 435/28-03-08 contract of purchase by the notary of Thessaloniki Valasia Boulakis mentions that according to the title deeds of the land plot, it used to cover a total area of 40,832 m². However, this area was reduced due to partial expropriation of the land plot at its northern and eastern side for the purposes of Egnatia Motorway and Thermaikou str. construction.

According to the 435/28-03-08 contract of purchase by the notary of Thessaloniki Valasia Boulakis, we mention the following:

- According to no. 3132/7233/1975 Decision of the Ministers of Economy and Industry (Government Gazette Issue 1/12-01-1976), an easement (right) has been created (through compulsory expropriation) that allows the placement of power towers of the Public Power Corporation (“DEH”) in part of the subject land plot.
- According to no. 1113814/8506/0010 Decision of the Ministers of Economy and Environment, Physical Planning and Public Works (Government Gazette Issue 922/16-11-1998), an easement (right) has been created that allows the establishment of new water supply infrastructure. However, this decision was recalled according to no. 3282/31-05-2005 Decision issued by the Region of Central Macedonia.
- According to the Operation Permit of the subject property, it operates as tobacco factory/industry and its use concerns processing and warehousing of tobacco. In case of future change of use, the owner will be charged with the respective expenses.
- Segmentation of the subject land plot is forbidden.

We further note that, according to the above-mentioned Site Topographic Diagram, there is a right of way at the south-western corner of the land plot in order to allow access to an area of 498.50 m² that is hedged by stone wall.

The land plot lies outside the approved town plan and the approved zone, and therefore, the respective planning regulations are described in the Presidential Decree 24/31-05-85 (Government Gazette Issue 270D/1985), and more specifically, in article 4 of the previous Government Gazette Issue that concerns industrial use and are as follows:

- Minimum surface of land plot: 4,000 m²
- Minimum land plot frontage: 45 m
- Minimum land plot depth: 50 m
- Building Coefficient: 0.9
- Site Coverage Ratio: 30%
- Maximum building height: 11 m
- Minimum distance from the boundaries of the land plot: 10 m
- Volume Coefficient: 3.3
- The construction of more than one building is permitted

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Based on these planning regulations, we note that there is remaining building coefficient and site coverage ratio as well, as shown in the following table:

Remaining development potential (RDP)			
	Built areas	Plot coverage	Volume
Coefficient	0.90	30%	3.3
Total permissible	35,647.67 m ²	11,882.56 m ²	130,708.12 m ³
Existing	17,408.48 m ²	9,671.39 m ²	0.00 m ³
Remaining	18,239.19 m ²	2,211.17 m ²	130,708.12 m ³

The existing built areas include all the areas of Building A (excluding basements A & B), Building B and Auxiliary Building. The existing covered areas include the areas of the ground floor of the three buildings. For the purposes of this valuation and taking into consideration the current planning regulations as well as the position of the existing buildings into the land plot, we assume that only an area of 4,422.34 m² (2,211.17 m² x 2 floors) could be additionally built (full use of site coverage ratio and partial use of building coefficient). This area corresponds to 7,370.55 m² of land plot taking into consideration the Site Coverage Ratio (2,211.17 m² / 0.3).

According to Government Gazette Issue 169A/15-07-98, the following apply:

Article 2, Paragraph 1

The minimum distance of the buildings, which lie outside the approved town plan and the borders of settlements, from the axis or the side of the roads are defined as follows:

- 60 m. from the axis of the main/primary national road network and no less than 40 m. from the roadside.
- 45 m. from the axis of the secondary national road network and no less than 30 m. from the roadside.
- In the parts of the National Road Network that have been built and characterised as motorways or highways, as defined by the Law 2094/92, with the service roads that are adjacent or in a close distance from them, buildings are placed on the minimum distances as mentioned above and 20 m. from the axis of the service road.

Article 2, Paragraph 5

In cases where a building has been already constructed and does not comply with the above-mentioned minimum distances, only works for hygiene and use purposes are allowed. This concerns the part of the building that lies inside the minimum distances.

For the purposes of our valuation we assume that there are no pending issues regarding the compliance of the property with the relevant planning legislation and that the property has fully marketable title deeds.

1.5. Tenure

We understand that the property is fully owned by the company "Pasal Development S.A.", according to No. 435/28-03-08 contract of purchase, by the notary of Thessaloniki Valasia Boulakis.

We observed that the property is vacant.

We have not proceeded to any kind of legal due diligence or any other verification of the title deeds. This valuation is conducted under the assumption that the property has fully marketable title deeds and is free of any restrictive covenant, burden or any other defects, blockages or legal encumbrances that could adversely affect its fair value.

1.6. Environmental Considerations

As instructed, we have not carried out a soil test or an environmental audit. Based on the general picture of the subject property and the neighbouring area we are of the opinion that it would appear unlikely that land contamination exists. We have also

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observed that there are not any hazardous or potentially hazardous uses near the property. These comments are subject to the extent of the on-site survey and are made without liability.

Since it appears that land contamination is unlikely, we have valued the property on the basis that it has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. However, should it subsequently be established that contamination exists at the property, or on any neighbouring land, then we may wish to review our valuation advice.

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2. Market Commentary & Valuation Advice

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2.1. Market Trends and General Comments

The demand for logistics spaces in Thessaloniki area is concentrated mainly in Sindos and Kalochori area where two large-scale industrial areas are situated, in contrast with Agios Athanasios and Oreokastro area. Demand levels for industrial units in the area of Thessaloniki is considered low, since the majority of the assets are owner-occupied. In general, the particular market has been remained stagnant since the majority of users are looking to be established in the market as property owners. It is also important to note that the industrial market of Thessaloniki is dominated mainly by local players since institutional investor's priority is to operate into the Logistics Market of Athens and more specifically in Attica and Viotia areas which offers more attractive yields and the vacancy rate is lower than the market of Thessaloniki. In general, the local market is characterized as immature with low transparency, presenting little investment activity.

The market of Oreokastro is considered as tertiary despite its prominent location. The wider area of the property presents mainly commercial uses; the majority are related with industrial / light industrial and warehouses. Although prominent properties which mainly include frontage along major thoroughfares and more specifically along Lagada Str or Thessaloniki's – Oraiokastrou str. are used either as showrooms or big boxes. The demand level in the immediate area is considered low, since the majority of the prospective users prefer to operate either in Sindos or Kalochori area. Moreover, the level of supply is high, especially for units with an average age of 30 years, which reflects the high levels of vacancy rate.

At this point we need to indicate the COVID-19 outbreak and its implications on the property market. Despite the fact that in early 2020 there were an increased demand in contrast with 2019 especially for prime assets, the implementation of the necessary quarantines and social distancing practices to contain the pandemic, resulted a slowdown in any financial activity nationwide.

Up until now, the post-COVID transactions are not sufficient in order to identify the market trend in the real estate market. Information taken by informal conversations with investors, investments in Greece are expected to decline within 2020 as investors are seeking for investment opportunities in more attractive markets which have hit by the repercussions of COVID-19. Finally, the announcement that Greece secured €70 billion in EU funding to deal with the repercussions of COVID-19 constitutes a vital assistance towards the general economic recovery. This is the main reason that financial and property markets are still resilient.

2.2. Approach to Valuation

In order to calculate the fair value of the subject property we have used the Market Approach. For the application of this method we have collected market evidence that refer to asking prices for similar properties. After selecting the comparable evidence, we have proceeded to adjustments in the most important factors that affects the subject property.

2.2.1. Market Approach

We have surveyed the local market in order to identify comparable evidence that refer to industrial units in the immediate area. The comparable evidences are shown on the table below:

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Industrial Sales

s/n	Description	Surface (m ²)	Price (€)	Price (€/m ²)	Age (Tax Val.)		Asking	Location	Size	State of Repair	Characteristics	Adjusted price (€/m ²)
	Subject property				40							
1	Oraiakastro- light industrial area comprises of production and storage area and office unit, in a good condition, within a landplot of 7,500 m ² , built at 1997	2,655.0	1,000,000	377	23	-8%	-20%	0%	-25%	-70%	+5%	66
2	Oreokastro - Thessalonikis Street, light-industrial warehouse, with a total area of 17,173 m ² , developed in 1970, arranged on six (6) levels, includes fire-safety system within a land plot of 18,000 m ² , with solar pannels of 100KW	17,173.0	4,500,000	262	50	0%	-20%	0%	-10%	-70%	-5%	54
3	Oraiakastro, industrial unit, built from 1976 to 2008 in different phases, arranged in three levels, in good condition	4,519.0	1,500,000	332	44	0%	-20%	0%	-25%	-70%	+5%	63
4	Oreokastro - Thermaikou Street, self-contained light-industrial warehouse, with a total area of 2,800 m ² , developed in 2006, on a land plot of 9000 m ² , includes two external docks supported with loading ramps	2,800.0	1,000,000	357	14	-20%	-20%	0%	-25%	-70%	+5%	54
5	Oraiakastro, industrial unit built at 70's arranged in 3 levels (baesment, ground and first floor) in modarate condition	5,700.0	1,550,000	272	50	0%	-20%	0%	-20%	-70%	+5%	55

Based on our inspection the subject property is in poor state of repair. Consequently, we did not manage to identify comparable evidence with similar characteristics, thus we made some adjustments in order to reflect the particular situation. From the comparative evidence we understand that asking prices for industrial buildings in the immediate area of the property range between c.€ 250/ m² and € 400/ m² approximately. Prices are mainly determined by the state of repair and the size of a property, while the location cannot be considered as an important factor since all the collected comparable evidence are located in the same area and each of them offers easy accessibility to Egnatia Odos and the city centre of Thessaloniki. In the above comparative evidence matrix, we have applied the relevant adjustments in order to calibrate asking prices, location, age, size, accessibility and characteristics elements of each industrial unit. Adjusted prices range between € 50.00 / m² and € 70.00 / m² reflecting the extremely poor state of repair as well as all the other factors that affect the price of the property.

Based on the characteristics of the subject property we apply a unit price of € 55/ m². We should mention that due to a fire event which caused certain damages, it is necessary to allow a cost for clearance of the site and removal of debris which we estimate as a lump sum amount in the order of €150,000. The analytical calculations are presented on the table below:

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Floor	Use	Surface (m ²)	Price (€/m ²)	Value (€)
Basement B'	Building 1 -Light Industrial/Warehouse	6,126.12	55	336,937
Basement A'	Building 1 -Light Industrial/Warehouse	6,126.12	55	336,937
Ground Floor	Building 1 -Light Industrial/Warehouse	6,686.61	55	367,764
Floor A'	Building 1 -Light Industrial/Warehouse	2,686.93	55	147,781
Floor B'	Building 1 -Light Industrial/Warehouse	2,590.38	55	142,471
Ground Floor	Building 2 -Warehouse	2,729.16	55	150,104
Floor A'	Building 2 -Warehouse	2,459.78	55	135,288
	Removal of debris		150,000	-150,000
		29,405.10		1,467,281

2.2.2. Remaining Development potential

In order to estimate the value of the remaining development potential according to which an additional area of 4,422.34 m² could be built in two levels (as described in §1.4.1), we apply a unit price to the respective area of the land plot (i.e. 7,370.55 m²). This figure was determined based on the Market Approach.

In order to calculate this value, we have conducted a survey in the local property market as well as contacted local agents in order to collect comparable evidence regarding land plots with industrial use. The following table contains the comparable data and their analysis:

Land Sales

s/n	Description	Surface (m ²)	Price (€)	Price (€/m ²)	Asking	Location	Accessibility	Characteristics	Size	Adjusted price (€/m ²)
	Subject property									
1	Oreokastro - close to the junction of Simahiki Odos and Makedonikou Agona Streets, flat land plot outside the town planning zone, with a total surface of 4,700 m ² , buildable and developable, comprising a quite good accessibility to Egnatia Odos.	4,700.0	150,000	32	-15%	+5%	0%	0%	-5%	27
2	Oraiokastros, land plot, close to Egnatia Odos, in a distance of c. 250 m, outside the town plan	6,700.0	250,000	37	-15%	+10%	0%	0%	0%	35
3	Oreokastro, land plot with a total surface of 12,000 sq.m, in a strategic location, outside the town planning zone.	12,000.0	350,000	29	-15%	+10%	0%	0%	+5%	29
4	Oraiokastros, corner land plot close to Lagada str. Outside the town plan	3,200.0	200,000	63	-15%	0%	0%	0%	-5%	50
5	Oraiokastros land plot close to Lagada Str, outside the town plan	10,600.0	530,000	50	-15%	0%	0%	0%	+5%	45

From the comparable evidence we understand that asking prices for land plots suitable for commercial uses in the area range between € 25/ m² and € 45/ m² for the majority of the properties depending on their size, location and other characteristics. However, in some cases there are properties which based on their characteristics exceeds the aforementioned range. Plots along

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major streets, especially along Lagada Street and Thessalonikis – Oraiokastrou Street can achieve even higher prices due to high promotion. By taking into consideration the characteristics of the subject land plot and especially its very good access we apply a unit price of € 40/ m². The calculation of the value of the subject element of land plot related with the remaining development potential is shown in the following table:

Type	Use	Surface (m ²)	Price (€/m ²)	Value (€)
Land Plot	Remaining Development Potential	7,370.55 m ²	€ 40	€ 294,822

RDP value	€ 294,822
RDP discount	50%
Final RDP value	€ 147,411

2.3. Fair value

The following table presents the analytical calculation of the Fair Value of the subject property.

Method		RDP value	Total	Weight	Weighted
Comparative	€ 1,467,281	€ 147,411	€ 1,614,692	100%	€ 1,614,692
				100%	€ 1,614,692

2.4. Valuation

Having carefully considered the property, as described in this report, we are of the opinion that the Fair Value of the freehold interest as at the date of valuation 30-06-2020 and subject to and with the benefit of the current lease agreements is € 1,614,692, which is rounded to **€ 1,610,000** (One Million Six Hundred Ten Thousand Euros).