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# Fair Value Valuation Report of

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A land plot at the area of “Nea Lampsakos”,  
Municipality of Chalkida, Regional District of Evoia,  
Region of Central Greece

Valuation date: 31-12-20



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### 1. Description, statutory and legal aspects

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## 1.1. Valuer details

The property was inspected on 18-12-20 by Nick Minas MRICS (7016280), MEng Rural and Surveying Engineer, MSc, TCG member (144098). We were able to inspect the property on a drive-by basis. Our inspection was limited to those areas that were easily accessible or visible.

The valuation was undertaken by Panagiotis Manousakis APC RICS (6917494) and reviewed by Dimitris Manoussakis MRICS (1152810), Architect, MSc Econ, TCG member (54167) and Registered Valuer of the Greek Ministry of Finance (57).

## 1.2. Extent of due diligence enquiries and information sources

According to the agreed Terms of Engagement we have not conducted any legal and technical due diligence, a building survey, any indicative measurements or any enquiries to pertinent Authorities.

The sources of the information we have relied upon for the purpose of our valuation were provide by you and are as follows:

1. Contract No.3430/27-11-08 of the Athens notary public Ekaterini Mavroudi
2. Selling of MFGVR Ltd.'s shares agreement', dated 04-12-08
3. Government's Gazette 270D/31-05-85

Where reports and other information (i.e., technical drawings etc.) have been provided, we summarise the relevant details in this report. We do not accept responsibility for any errors or omissions in the information and documentation provided to us, nor for any consequences that may flow from such errors and omissions.

## 1.3. Location

The subject property lies outside the boundaries of the Municipality of Chalkida, in the area of 'Nea Lampsakos', at the Regional Unit of Evia. The subject prefecture comprises 8 municipalities. According to "Kallikratis" restructure scheme the Municipality of Chalkida was merged with the Municipalities of Anthidonos, Lilation, Avlidos and Neas Artakis to form the Municipality of Chalkida. The latter has total population of 92,202 inhabitants and occupies a total area of 412,38 km<sup>2</sup>. The Municipal District of Liladion (the one that the subject property belongs) has approximately 15,500 residents and includes the ex-municipal districts of Vassiliko, Aghios Nikolas, Afratio, Mitiak, Nea Lampsakos and Fillon.

Evia is the second largest of the Greek Aegean Islands and the second largest Greek island overall in area and population, after Crete. It is separated from mainland Greece by the Euripus channel. In general outline it is a long and narrow island; it is approximately 150 km (90 miles) long, and varies in breadth from 50 km (30 miles) to 6 km (4 miles). Its general direction is from northwest to southeast, and it is traversed throughout its length by a mountain range, which forms part of the chain that bounds Thessaly on the east, and is continued south of Evia in the lofty islands of Andros, Tinos and Mykonos.

The subject land plot is southeast located on the main public road link that connects Chalkida with Nea Lampsakos and Kimi. It lies approximately 2.5 km from the city of Halkida. Nea Lampsakos is a small municipality with residential as well as a few commercial developments. It is located by the sea; however, due to the poor quality of the seawater as a result of the presence of seaweeds the majority of the locals prefer to go to Lefkadi (Vasiliki area) approximately 10 min drive time for swimming during the summer season.

The surrounding area is characterised by mixed uses with apartment blocks, second (holiday) homes and several retail units that serve the local community. Mainly, the majority of the retail shops are located along the public road link that connects 'New

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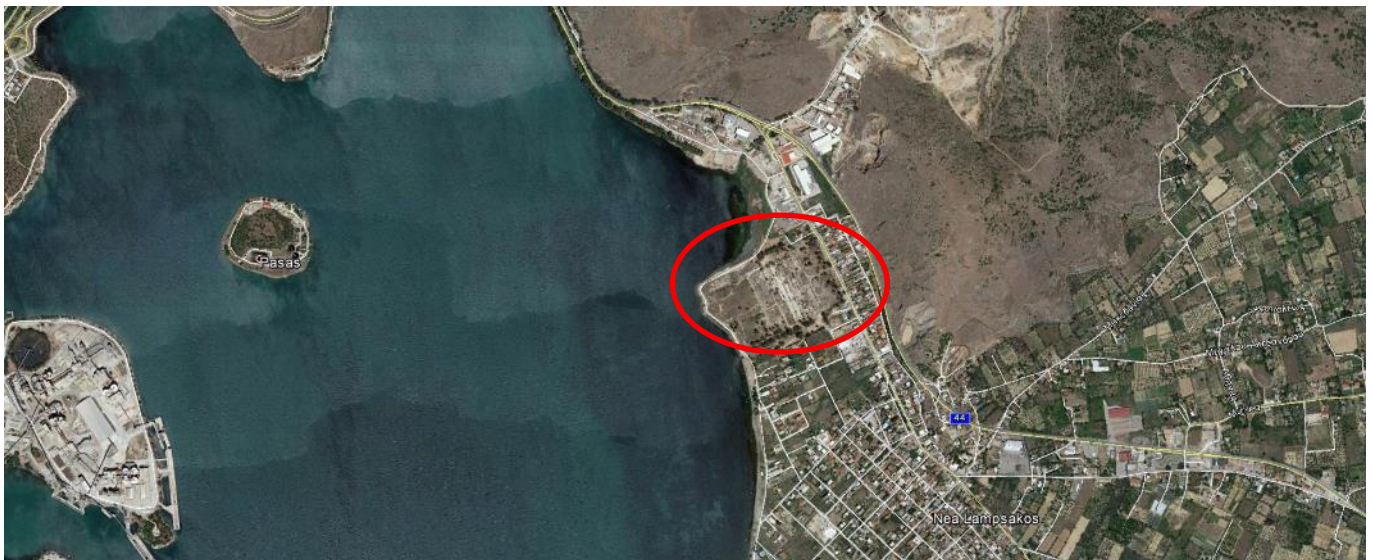
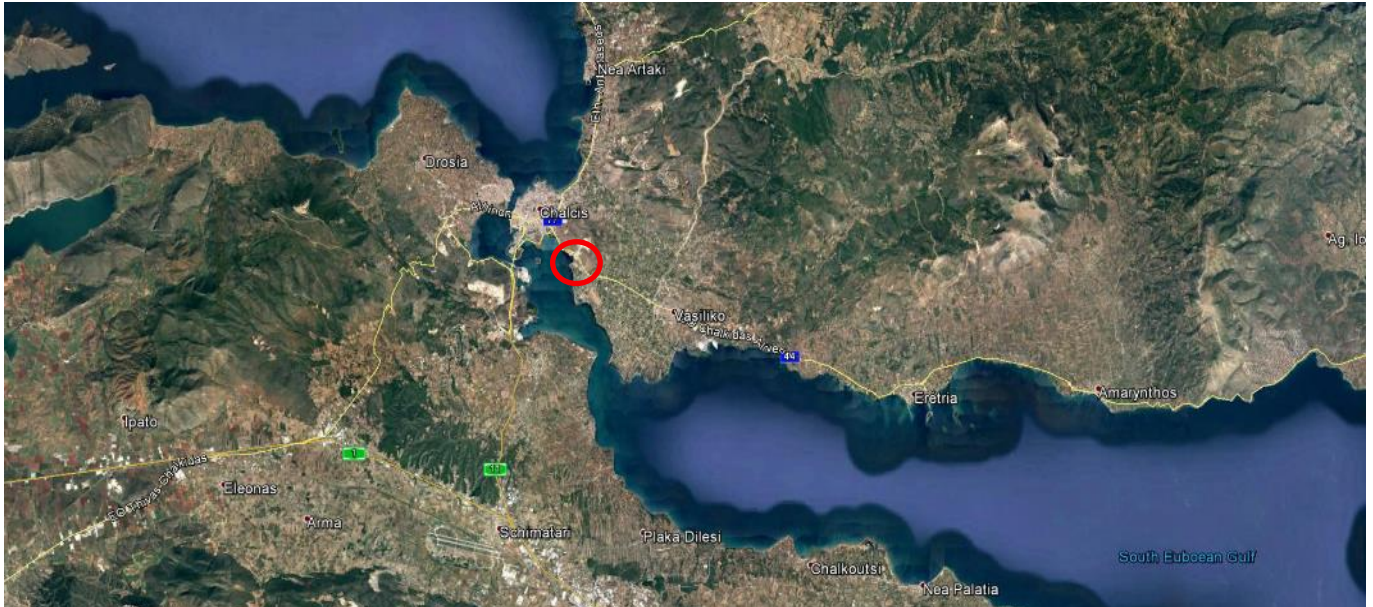
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Lampsakos' with 'Vasiliko' area. There are various retail units such as a supermarket, car repair shops, confectionary shops, coffee shops, traditional restaurants and fast-food stores etc. Most parts of the subject land plot offer a view to 'the Bridge of Halkida'.

We enclose below a map showing the location of the property in its wider context.



## 1.4. Description

Subject of this valuation is a land plot measuring 81,291.50 m<sup>2</sup> (according to No.3430/27-11-08 contract of the Athens notary public Ekaterini Mavroudi) which lies outside the boundaries of the approved Town Plan of the Municipality of Liladion. According to the current planning regulations it is considered developable land suitable for the development of commercial schemes subject to obtaining the necessary spatial and environmental approvals.



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The subject land plot was accommodating the industrial complex of ‘ELLENIT’ which was a factory producing goods made of asbestos for almost 28 years. The whole industrial complex was demolished in June 2003 and since then it remains vacant. The majority of the plot remains covered with debris, which are polluted with asbestos.

Indicative photographs of the property taken on the date of our inspection are provided below.



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## 1.5. State of repair

The property is currently undeveloped and there is no need to comment with regards to the state of repair.

## 1.6. Statutory requirements

As per our instructions, we have neither 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.

### 1.6.1. Planning framework

The subject property lies outside the approved Town Plan of the Municipal Unit of Nea Lampsakos and according to the information provided it measures 81,291.50 m<sup>2</sup>. The planning and building terms and limitations that apply are set by Government's Gazette 270D/31-05-85 (which describes the land uses and pertinent restrictions regarding out-of-town-plan land plots). The basic terms for commercial uses are the following:

- Minimum plot size: 4,000 m<sup>2</sup>

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- Site Coverage: 20%
- Building Coefficient: 0.2
- Maximum building height: 7.5 m

The above general terms are further specified in accordance with the exact planning application and the required type of use.

We must note that the subject property is located adjacent to the approved Town plan of the Municipality of ‘Liladion’, which is mainly a residential area with a limited number of commercial developments.

## 1.6.2. Compliance

In valuing the property, we have assumed that the premises are used in accordance with its present lawful uses and that the structures comply with current planning laws and building regulations, that they are not subject to any adverse proposals or possible enforcement actions and that it has fully marketable titles.

## 1.7. Tenure

We have been provided with contract No.3430/27-11-08 of the Athens notary public Ekaterini Mavroudi from which we understand that the subject land plot is held on a freehold basis by the company ‘ARVEN S.A.’. With the abovementioned title the subject land plot was sold to ‘ARVEN S.A.’ by ‘KARARIZOU S.A.’ company.

We also have been provided with the ‘Selling of MFGVR Ltd.’s shares agreement’, dated 04-12-08 and signed by Weslious Holdings Ltd., Pasal Cyprus Ltd. and Lalime Investments Ltd. With the above-mentioned title Weslious Holdings Ltd. sold the MFGVR Ltd.’s shares to Pasal Cyprus Ltd. (94% percentage acquired) and to Lalime Investments Ltd. (6% percentage acquired).

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 market value.

### 1.7.1. Occupational Leases

There were no occupational leases in the property on the valuation date.

## 1.8. Environmental considerations

As instructed, we have not carried out a soil test or an environmental audit. However, several parts of the land plot are covered with debris of the demolished ELLENIT factory which was a producer of goods made of asbestos, for almost 28 years.

Based on the above we understand that there are significant levels of land contamination on the grounds of the subject property. To this end and in accordance with information provided by our client, our report relies on a specialist’s report which concludes that an amount of c. €1,600,000 is required for remediation works. In the case that this amount may change in the future, we reserve the right to amend our valuation accordingly.

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## 2. Market Commentary & Valuation Advice

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## 2.1. Market commentary

### COVID-19 implications

#### 2.1.1. The international environment

The advent of the COVID-19 pandemic and the global "lock-in" of all economic activity have led to an unprecedented cessation of almost all activities in both Greece and internationally. Having regard to the feedback we regularly receive from market stakeholders, owners and investors, we understand that the effect of the Covid-19 pandemic on the property market is yet to be fully realised on the entire spectrum of the market. This is explained by the fact that the real estate market traditionally is moving at a slower pace in terms of incorporating such large and sudden events, unlike other markets such as stocks and bonds which are immediately hit by shocks in the economic activity. However, as many analysts mention it seems that the pandemic has moved the real estate market in almost all its sectors 5 years ahead. The most drastic and easily measurable effect was the rent reductions imposed by the government on specific activities, in order to support companies that have lost a major part of their turnover due to the lockdown. Despite this obvious hit in landlords the economic impact of the cessation of the economy has not yet been fully realised, especially when the magnitude of the decline in tourism will be measured, with all the implications that this has conveyed to many other activities of the economic chain related in a direct or indirect form with the tourism industry. There is real danger that this domino effect may cause negative effects to the viability of a large number of suppliers who represent a major part of the overall domestic economic base, as tourism and related activities represent around 20%-25% of GDP.

In this context, it is a positive development that the European Commission and the European Council reacted promptly and vigorously to the crisis, initially approving a package of €540 bn in April 2020 to address the immediate economic impact of the coronavirus pandemic, mainly to cover the increased costs of healthcare and support financially the employees and the companies, due to travel restrictions. Then recently, after intense and time-consuming negotiations during the EU Summit, an additional package of loans and transfers was approved with the creation of the Recovery Fund entitled "Next Generation EU (NGEU)", amounting to € 390 bn in transfers and € 360 bn in loans. Through the above mechanisms, Greece seems to secure a package of c. €70 billion in funding from the European Union to address the economic repercussions of the COVID-19 pandemic.

As always, the property market is slow in reflecting the lockdown shocks, with the main hit being observed on the leisure, F&B and hospitality sectors but also increasing concerns have occurred in the office acquisition strategies of many investors. For this reason, market participants argue that what we have seen so far is not representative and that the property market has not yet fully reflected the economic downturn caused by the lockdown and the restriction imposed. Fashion retailers have reacted in lockdown downturns by enhancing their e-commerce channels, opening of pop-up stores and promotion of their collections of 2020 through fashion outlets.

#### 2.1.1.1. Short-term outlook

In the short-term (~next 6 months), we expect that many international investors who had included Greece in their investment strategy, will probably decide to think again in favour of more mature markets; thus, turning their funds in such markets since satisfactory return opportunities may appear again, possibly placing Greece in the background of their investment activity, at least until the first half of 2021. Obviously, this change in strategy will always be affected by the reaction of the other European markets especially after the current second pandemic wave. This positive sentiment of foreign investors towards other markets may not be long lived and at the end of the day this shift of capital may not concern factors limited to Greece only, so a good performance of the Greek economy especially at a macro level but more importantly in the field of structural reforms will convince investors to

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maintain their interest for our market. However, at this stage it is not easily measurable whether this possible turn may result to frail demand and lukewarm appetite from the foreign investors side. On the other hand, the continued interest of domestic players is expected to underpin the market and progressively boost the interest of foreign investors, a situation that is going to become the driver of a new upward circle leading to higher rental levels and to yields compression.

## 2.1.1.2. Long-term outlook

The new environment that was created in the office sector due to the pandemic has pushed the business world to start thinking about forms of work that a few months ago were not widespread adopted. The pandemic is expected to lead to a new reality in the way we perceive modern workspace. At the moment, and as humanity has not yet escaped the danger of the pandemic, it is impossible to predict how the market will shape in the long run and - most importantly - how companies will change their modus operandi by creating more flexible work patterns and different concepts of workspace, which will rely more on digital rather than physical aggregation. We are of the opinion that the need for physical workspace will not stop but will be reshaped due to the catalyst of COVID-19, while for some business types it may increase (e.g. business outsourcing services). In any case, it is well-accepted that our perception of workspace will change in order to adapt to the new normality, especially in terms of health and safety standards. The use of new materials, new specifications for MEP equipment, more intense use of sustainable design and construction, all are steps that will support the improvement in the operation of the working environment.

## 2.1.2. Greece

After almost 8 years of depression the Greek economy showed the first signs of recovery in 2017 something which was also reflected in the traditional sectors of tourism and real estate. Between 2017-2019 the Greek real estate market performed well due to the improved economic climate and the return in investor's confidence, a situation that progressively led to increasing investment activity. During the whole of 2019 investment activity in almost all real estate sectors continued growing supported by the strong macro-economic performance in Greece and the rest of the Eurozone something that was also reflected in the returns of the 10-year Greek Government Bond (GGB), which plummeted to historic low levels of less than 1.00% (September 2020). The optimism for the growth prospects of the Greek economy pushed investors in a rally to take positions in good quality real estate assets something that compressed yields to pre-crisis levels while the simultaneous increase in occupier's demand for good commercial space had as implication the rapid increase in rents, especially in the prime sub-markets.

This trend continued during the first two months of 2020 with the market being bullish in terms of both occupier's demand due to new expansion or relocation plans of the companies but also because of the high liquidity of investors who were interested to grow and diversify their portfolios with new income producing properties. At the same time many development plans either greenfield or value-add with promising turnaround prospects were in the pipeline by Greek REICs, foreign private equity funds and other investors (e.g. family offices, developers etc), further underpinning the good climate in the real estate market. The increased market activity and the prospects of growth fuelled the interest of foreign investors who started seeking opportunities for an entry in Greece with sectors such as hospitality and offices to lead the way followed by logistics and retail. The sale of NPLs by Greek banks also continued attracting the interest of large foreign investors such as Apollo, Bain, Fortress, Pimco etc. who have acquired portfolios by placing more than €1.5 bn in the market. This was also a sign of their ongoing confidence in the growth prospects of the Greek real estate market.

The COVID-19 outbreak which had as a result the imposition of a lockdown in March and April 2020 impacted the economy in a non-symmetric way and drastically affected the real estate market having as a result investment activity grinding to a halt for the



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rest of H1 since most investors adopted a “wait and see” stance.

So far, although activity has almost ceased for several months, we have not observed major changes in rental levels but on the other hand the number of deals was rather limited since on the occupiers end relocation and or/expansion plans were postponed until decision makers have a clearer view on the situation especially with regards of the financial soundness of the companies and the capacity and speed of businesses to adapt while on the investment end portfolio managers prefer to have a clearer view as to the direction that the market will follow in the main real estate sectors. As a result, comparative transactions are very few and trading is minimal and certainly not adequate to provide us with a clear picture as to the direction and trends that will prevail in the different market sectors. In terms of yields, there is currently no measurable decompression trend in the Greek market despite the negative climate and the increased uncertainty caused by the lockdowns about the duration of the current crisis and its impact on the real economy and the property market.

## 2.2. Approach to valuation

For the calculation of the Fair Value we have used the Market Approach (Comparative method). For the application of this method, we have used data from the local market which we have further adjusted based on those characteristics that affect land values in the area to reflect the value of the subject property. From the final figure we deduct an amount of € 1,600,000 which is required for the relevant remediation works.

### 2.2.1. Sales comparables

For the application of the Comparative method, we have conducted a market survey for plots with similar planning regime in the greater area that surrounds the property including Aghios Nikolaos, Vasiliko etc. The following table contains the results of our research:

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### Sales

s/n	Description	Surface (m <sup>2</sup> )	Price (€)	Price (€/m <sup>2</sup> )	Asking Price	Location	Size	Characteristics	Adjusted price (€/m <sup>2</sup> )
	Subject property								
1	Lilantio - Agios Nikolaos, land plot outside the approved town plan, with a total surface of 5,000 m <sup>2</sup> , comprising a flat configuration as well as a frontage to a local road.	5,000.0	150,000	30	-15%	+10%	-25%	+5%	22
2	Lilantio - Vasiliko, seafront land plot outside the approved town plan, with a total surface of 9,300 m <sup>2</sup>	9,300.0	800,000	86	-15%	-5%	-20%	-5%	53
3	Lilantio - Vasiliko, seafront land plot outside the approved town plan, with a total surface of 4,300 m <sup>2</sup>	4,300.0	380,000	88	-15%	-5%	-25%	-5%	51
4	Lilantio - Vasiliko, seafront land plot outside the approved town plan, with a total surface of 9,200 m <sup>2</sup>	9,200.0	350,000	38	-15%	-5%	-20%	-5%	23
5	Lilantio - Agios Nikolaos, land plot with a total surface of 4,200 m <sup>2</sup> , comprising a flat configuration as well as a frontage to a central yet local road that leads to Bourtzi settlement .	4,200.0	90,000	21	-15%	-5%	-25%	+5%	14

From the above table which exhibits the comparative evidence we understand that adjusted asking prices for land plots in the greater area of Lampsakos and other nearby areas range from approximately €15/m<sup>2</sup> up to €50/m<sup>2</sup> depending on their individual characteristics and other external parameters of influence such as accessibility, visibility from main traffic thoroughfares etc. In the above comparative evidence matrix, we have applied the relevant adjustments in order to calibrate asking prices with other factors such as: location, size and characteristics elements of each land plot. The average price of the land plots in the area is set in the region of c. €40 per m<sup>2</sup>.

Given the current market conditions and the specific characteristics of the subject property we consider that a price in the order of €40/ m<sup>2</sup> is fair since it is within the adjusted price range, reflects the qualities of the asset and therefore has been applied for valuation purposes.

### 2.3. Valuation calculations

The table below shows our calculation for the subject property's estimate value:

Plot surface	81,291.50 m <sup>2</sup>
Land price	€40/m <sup>2</sup>
Price on GBA	€0/m <sup>2</sup>
Land value	€ 3,251,660
Minus Clearance Cost	€ 1,600,000
Final Land Value	€ 1,651,660

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### 2.4. Valuation

Having carefully considered the property, as described in this report, we are of the opinion that as at 31-12-20 the Fair Value of the subject property is € 1,651,660, which is rounded to **€ 1,650,000 (One Million Six Hundred Fifty Thousand Euros)**.

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