
Fair Value Report of

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

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1. Description, statutory and legal aspects

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1.1. Location

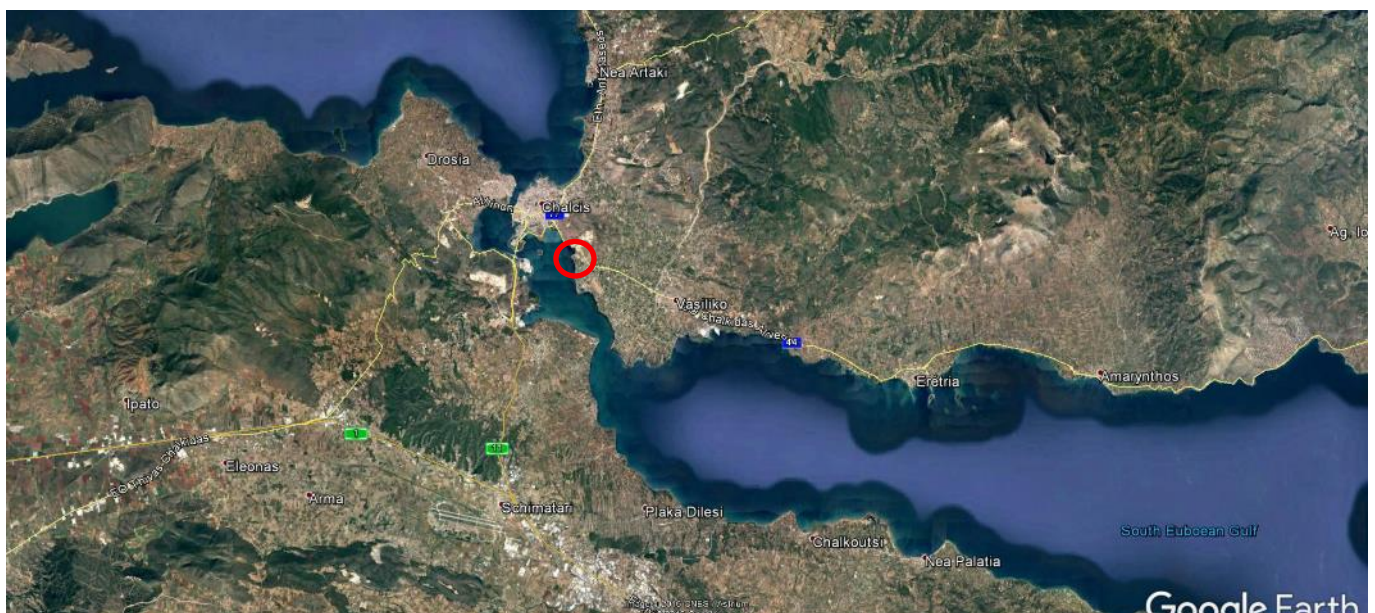
The subject property lies outside the boundaries of the Municipality of Chalkida, in the area of ‘Nea Lampsakos’, at the Regional Unit of Evia. The subject prefecture comprises 8 municipalities. According to “Kallikratis” restructure scheme the Municipality of Chalkida was merged with the Municipalities of Anthidonos, Lilantion, 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 km². 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.

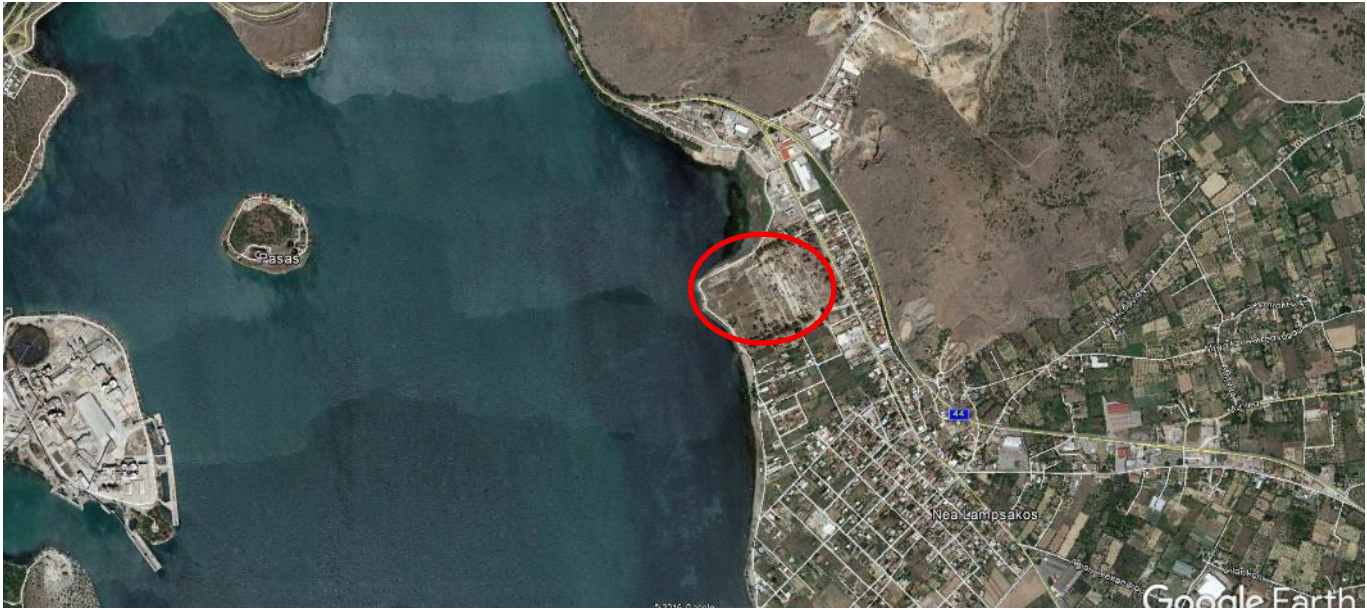
Evia is the second largest of the Greek Aegean Islands and the second largest Greek island overall in area and population, after Crete. It is separated from mainland Greece by the Euripus channel. In general outline it is a long and narrow island; it is approximately 150 km (90 miles) long, and varies 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 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 General Location Map showing the location of the property in its regional context.





1.2. Description

The subject property is a land plot measuring 81,291.50 m² (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.

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.

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



View of the land plot



View of the land plot

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View of the land plot



View of the land plot



View of the land plot



View of the land plot

1.3. State of Repair

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

1.4. 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.

1.4.1. 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 m². 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 m²
- 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.

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 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.

1.6. 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. €2,200,000 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 Trends and General Comments

The subject property although it is located out of the approved Town Plan is adjacent to the residential area of Nea Lampsakos as well as easily accessible from Halkida. Halkida is a vibrant city with some good level of economic life and limited availability of land suitable for large scale commercial projects. Easy access and its size make the site suitable for a large-scale development. On the other hand, the extended economic crisis in Greece which affected all real estate sectors have prevented the development of the site as a regional shopping centre, due to the increased risks arising from the reduction on disposable income and the low demand from retailers for almost any type of retail schemes. This was also coupled by the poor performance of the local real estate market which had as a result the low rental levels that any potential development could achieve. Furthermore, a significant amount related to remediation costs needs to be spent, in order for the land plot to be safe and approved for development as the contamination levels of the ground are high, thus making the inherent risks of such development even higher.

2.2. Approach to Valuation

In order to calculate the fair value of the subject property we have used the Comparative method. For the application of this method we have used data from the local market. From the final figure we deduct an amount of € 2,200,000 which is required for the relevant remediation works.

2.2.1. Comparative method

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:

Sales

s/n	Description	Surface (m ²)	Price (€)	Price (€/m ²)	Asking	Location	Size	Characteristics	Adjusted price (€/m ²)
	Subject property			55					35
1	Lilantio, Aghios Nikolaos, out of the approved town plan land plot with a total surface of 5,000 m ² .	5,000.0	150,000	30	-15%	+10%	-25%	+5%	22
2	Facing the sea in the area of Vasiliko, out of the approved town plan land plot with a total surface of 9,300 m ² .	9,300.0	800,000	86	-15%	-5%	-20%	-5%	53
3	Vasiliko, Lilantio, facing the sea out of the approved town plan land plot with a total surface of 4,300 m ² .	4,300.0	380,000	88	-15%	-5%	-25%	-5%	51
4	Lilantio, land plot with a total surface of 2,300 sq.m, 800 sq.m are situated within the approved town planning zone and the rest 1,500 sq.m are not included	2,300.0	90,000	39	-15%	-5%	-25%	+5%	25
5	Lilantio, land plot with a total surface of 4,000 sq.m, out of the approved town plan.	4,000.0	130,000	33	-15%	+15%	-25%	-5%	23

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 €20/m² up to €50/m² 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 m².

Given the current market conditions and the specific characteristics of the subject property we consider that a price in the order of €40/m² 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. Fair value

The fair value of the property is calculated as follows:

Plot surface	81,291.50 m ²
Land price	€40/m ²
Price on GBA	€0/m ²
Land value	€ 3,251,660
Minus Clearance Cost	€ 2,200,000
Final Land Value	€ 1,051,660

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 and subject to the aforementioned assumptions is € 1,051,660, which is rounded to € 1,050,000 (One Million Fifty Thousand Euros)

2.4.1. Market Value under the special assumption of - 3-month marketing period

According to our instructions we have been asked to provide our client with the Market value of the property assuming a restricted marketing period of three (3) months. It is noted that the valuation is provided on the special assumption that the constraint had arisen at the valuation date.

The 3-month (3-month) marketing period, practically constitutes the time constraint on which our client has requested this asset's valuation. Hence, in other words, our client has requested this valuation on the basis of a specified marketing restriction which, in turn, coincides the time limit of the asset's disposal.

However, the aforementioned marketing constraint should not be confused with a forced sale as it is assumed to exist without compelling the owner to sell. The fact that a sale is 'forced' means that the vendor is subject to external legal or personal commercial factors, and therefore the time constraint is not merely a preference of the vendor. To this end, in terms of our special assumption, it is assumed that the time constraint is merely a preference of the vendor.

Although the economic climate has significantly improved in the course of the last months, the current market conditions with regards to the Greek Real Estate market suggest that the hospitality market indicates a remarkably upward trend, though the latter is struggling in less touristic locations, in terms of occupancy, ADRs or transaction activity. The continuously increasing management of corporate non-performing loan portfolios, with hotel assets as collaterals, might be an opportunity for change of ownership, reinvestment and repositioning. In this case and in the course of Market Value (MV) we note that the current "proper marketing period" is, in most cases, longer compared to the historic marketing periods which were noticed in the years before the Greek crisis. To this end, at the current market conditions a proper marketing period equals or exceeds one year for a transaction which is made between a willing buyer and a willing seller who both act knowledgeably and without compulsion. Therefore, the owner might accept a lower sale price so as the property become more attractive to the market and therefore be sold in 6 months. Based on the above, the applied special assumption is considered reasonable given the structural constraints of the hospitality

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sector.

We have approached the aforementioned restricted marketing period value by applying a discount to the Market Value. It has to be noted that this discount is not a single figure which is used for every property across the Greek property market but it depends strongly on the characteristics of the property (type, physical characteristics, location, etc.) and the dynamics of the local property market.

To this end we have applied a discount of 50% to the property's market value. The calculation is as follows:

$$€ 1,051,660 \times 50\% = € 525,830$$

Thus, the Market Value under the special assumption of 3-month marketing period is € 525,830 which is rounded to **€ 525,000** (Five Hundred Twenty Five Thousand Euros).