Fair Value Valuation Report of

A land plot on the island of Aegina, Islands Regional Unit, Greece

Critical Valuation Date: 30-06-2019

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1. Description, statutory and legal aspects

The property was inspected on 05-06-19 by Linos Perchanidis.

1.1. Location

The subject property is located in the south-west of the island of Aegina, which lies approximately 17 miles (27 km) from the port of Piraeus. The island, along with offshore islets, comprises the Municipality of Aegina in the Islands regional unit, a part of the Attica region. The administrative seat is the town of Aegina (pop. 6,867 in 2011 census), situated at the north-western end of the island. Due to its proximity to Athens, it is a popular quick getaway, especially during the summer months, with quite a few Athenians owning summer houses there. Besides the town of Aegina, the largest other towns and villages on the island are Kypseli (pop. 2,124), Vathy (1,495), Mesagros (575), Perdika (680), Agia Marina (277), Vaia (291), Alones (189), and Kontós (138).

The property is located in the area of Amigdalies, approximately 2 km south of the village of Perdika and 11 km of the town of Aegina. The area attracts residential developments either in the form of villas or in the form of complexes. The quality and the architectural style of the properties in the area is very good, thus creating a pleasant built environment that is in harmony with the beautiful scenery.

We enclose a General Location Map showing the location of the property in its regional context as Appendix 3.1 below.

1.2. Description

The subject property is a land plot of 115,650 m² that occupies a hillside facing the sea towards the strait between Aegina and the island of Agkistri. The property is adjacent to the main road that connects the area with the nearby village of Perdika. The ground slopes quite steeply towards the interior of the island offering unobstructed view from every area of the property. The property remains in its natural state as there is no kind of infrastructure, landscaping or fencing.

Photographs of the premises are attached as Appendix 3.2 below.

1.3. State of Repair

There are no buildings or any other kind of structures in the property.

1.4. Public Utility Services

The property is a land plot and therefore it is not connected to public utility services. However, we have to comment that in our opinion it can easily be connected to the public networks as there is relevant infrastructure in the area due to the existence of neighbouring residences.

1.5. Tenure

We were not provided with any documentation that verifies the tenure status of the subject property; however, we understand that it is owned on freehold ownership by a wholly owned subsidiary of Lamda Development SA. We note that we reserve the right to amend our valuation result accordingly, should we become aware of any information that according to our opinion has a material effect on the valuation result.

1.6. Planning Status

The information we were provided as regards the planning status of the subject property are the following:

- Government Gazette Issue 752D/02-10-95
- Government Gazette Issue 462D/10-10-07
- Urban Study Masterplan, dated July 1994, issued by the Architect Maria Kossioni-Koen

According to the abovementioned documents we understand that the subject property is considered as being inside the approved Town Plan of the local Municipality. Although the property is far from any organised settlement the previous owners have proceeded to a "Private Urbanisation", a procedure that under certain cases allows private individuals or entities to create approved Town Plans in rural areas. This procedure is under the full responsibility of the owner who also bears the entire cost of all the necessary studies and permits required.

The final result of this procedure is an approved Town Plan that defines road axes, Urban Block Lines, Construction Lines, Building Coefficients, Plot Coverage Ratios and permitted uses for the entire property. The owner can then obtain Building Permits only after the completion (or partial completion in some cases) of the necessary infrastructure (i.e. public utility networks, road infrastructure etc). This is the final stage of the procedure, where land can be developed immediately according to the planning and building regulations granted.

The main advantage of this procedure is the much less time required to get to the Town Plan approval, compared to expansions of Town Plans that are undertaken by the public sector. This comes in exchange to the cost that the owner has to bear for all the studies and the construction of the minimum required infrastructure.

According to the information provided we understand that the subject property has currently an area of 115,650 m². According to the approved Masterplan there will be 24 Urban Blocks that will occupy 50% (i.e. 57,825 m²) of the current area, while the remaining 50% will be occupied by public-use areas (including roads, squares, playgrounds, power sub-stations and sewage treatment installations). The following planning and building regulations apply:

- Urban Blocks 1 to 23 have permitted use "Pure Residential" as described in GGI 166D/87, Art. 2.
- Urban Block 24 has permitted use "General Residential" as described in GGI 166D/87, Art. 3. This Urban Block is designated for the development of a few retail units that will be servicing the residents of the development.
- According to GGI 752D/1995 the property is separated in 4 Sectors:
  - Sector I

    Min plot area: 600 m²

    Plot Coverage Ratio: 40%

    Building Coefficient: 0.35
  - Sector II

    Plot Coverage Ratio: 45%

    Building Coefficient: 0.45
  - Sector III

    Plot Coverage Ratio: 40%

    Building Coefficient: 0.40
  - Sector IV

    Building Coefficient: 0.25
- Maximum building height in Sectors I-III is 7.5 m. In Sector IV it is 4 m.

1.7. Environmental Considerations

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.

2. Market Commentary & Valuation Advice

2.1. Market commentary

Since the beginning of the economic crisis the market for second homes in areas where the demand is mainly driven by domestic buyers has followed a downward trend. Prices for second homes have fallen significantly during the last 6-7 years while a large share of recently developed properties has not been absorbed. Aegina an island which has traditionally accommodated second homes, mainly due to its proximity to the Greek capital as well as due to the availability of developable land has faced the same problem to a certain extent. During the last 12 months demand for hospitality and second home projects has increased especially as regards foreign investors who are searching for investment opportunities in this field. The significant rise of the Greek tourist sector has assisted towards this direction as well as the stabilization of sale prices. The better marketing of the Greek Golden Visa program is expected to be an additional parameter towards an increasing flow of buyer's interest for the acquisition of modern product, which is going to meet the requirements of the program.

2.2. Valuation Approach

The results of a survey that we conducted in the area have shown that there are no available land plots of similar size and with the preferential planning that the subject plot has; most of the plots offered for sale are much smaller and therefore cannot be directly compared. In addition, these plots are sold as out-of-Town-Plan and therefore they have much lower development potential, compared to plots that are inside the approved Town Plan. Similarly, we opted not to use comparables of plots inside the closest settlement, the village of Perdika, as they have totally different characteristics than the plots of the subject property. For these reasons we have chosen to use the Residual Method.

The Residual Valuation Method is mainly applied for estimating the Value of land plots available for development or of properties that need extended works to become exploitable again (redevelopment properties). The rationale behind the use of this method is that the fair value is the sum of values of all the components of the property (land, structures, land works, improvements etc.). The first stage is to estimate the value of the best possible complete development on the plot. From this value we deduct the cost of development including all sorts of possible costs like construction, agent fees, cost of capital, expected profit etc. The result of this deduction is called the residual value of the land. We express this value in present value terms by discounting it with the appropriate discount factor. This value equals with the fair Value. In order to find the fair value of the completed development, we were able to collect market data regarding sales of houses in the area, while the figures concerning the costs are provided by developers and financial institutes. This method is used to estimate the land value of plots that have very little comparables and assumes a development of the best possible and profitable use. An additional factor for the selection of this valuation method is the more efficient planning that could be applied on this plot.

2.2.1. Residual Method

For the application of the Residual method we have assumed a development scenario that is based on information provided by our instructor, but also on evidence and/or assumptions based on market information and practices. According to the information provided the development will include 3 types of properties with the following characteristics:

	Area	Number
Type A	80 m²	165
Type B	100 m²	44
Type C	150 m²	29
	21,950 m²	238

In order to calculate the value of the final product (the completed houses) we have conducted a survey at the local real estate market of the area near Perdika in order to obtain comparable data regarding the sale prices of newly built residences.

The collected data (sales prices) have been adjusted in order to reflect the characteristics of the subject property. The adjustments refer mainly to the location, age, size category and the condition of the comparable properties in relevance to the equivalent characteristics of the subject property. Our comparables table is shown below:

Sales

s/n	Description	Surface (m²)	Bldg. Coef.	Price (€)	Price (€/m²)	Floor (Tax Val.)		Age (-1% p.a.)		Asking	Size	Location	Adjusted price (€/m²)
	Subject property					*0*		*1*					
1	Aegina, in proximity to the area of Perdika, detached house, built at 2007, renovated at 2018, comprises of 3 levels, 4bedrooms, swimming pool, in good condition	130.0		350,000	2,692		0%	12	+11%	-20%	-5%	0%	2,271
2	Aegina, next to the sea, comprises of 3 bedrooms, 2 bathrooms	160.0		340,000	2,125		0%	10	+9%	-20%	0%	+5%	1,946
3	Aegina, at Sfentouri area, comprises of two levels, with 3 bedrooms, buit at 2001	104.0		290,000	2,788		0%	18	+17%	-20%	-10%	+10%	2,584
4	Aegina, at Sfentouri area, comprises of two levels, with 3 bedrooms, buit at 2008	137.0		300,000	2,190		0%	11	+10%	-20%	-5%	+10%	2,014
5	Aegina, at Perdika, built at 2007, comprises of 3 levels, 5 bedrooms	265.0		620,000	2,340		0%	12	+11%	-20%	+5%	0%	2,181
6	Aegina, built at 2010, in good condition, comprises of 4 bedrooms	142.0		300,000	2,113		0%	9	+8%	-20%	-5%	0%	1,734
7	Aegina, detached house built at 2010, in good condition, comprises of 4 bedrooms, with good view	180.0		480,000	2,667		0%	9	+8%	-20%	0%	0%	2,304

From the adjusted data, which refer to asking prices, we understand that adjusted prices for residential units in the wider area of the property vary from € 1,700/m² to € 2,500/m² approximately while the average lies at c. € 2,200/m². Adjustments were made on the Type – C apartments. To this end we believe that apartments with lower size than the subject property are more marketable. Considering location, the subject properties will offer view to the sea and consequently will be more marketable than those located in areas without sea view.

According to the assumed scenario the properties will be part of a complex and each property will have the exclusive use of a small land plot. Considering the size of the 3 types of properties and the master plan drawings we understand that the final product will be of good quality, however, not at the top end of the market, as it will attract medium-budget buyers rather than the more wealthy ones who desire more exclusivity. In addition, the size of the development can potentially degrade the good and tranquil natural environment of the area, which can have an adverse impact on the attractiveness and the house prices of the location overall.

Based on this analysis, we apply slightly different prices for each typology in order to better reflect the size difference and therefore the total cost that an end user should spent in order to acquire one of the proposed houses. The value of the final product per type of villa is calculated as follows:

	Area	Number	Price	Total
Type A	80 m²	165	€ 2,300 /m²	€ 30,360,000
Type B	100 m²	44	€ 2,250 /m²	€ 9,900,000
Type C	150 m²	29	€ 2,200 /m²	€ 9,570,000
	21,950 m²	238		€ 49,830,000

The average cost of construction was assumed to be € 1,200 /m² of built area and is calculated as follows:

	Area	Number	Cost	Total
Type A	80 m²	165	€ 1,200 /m²	€ 15,840,000
Type B	100 m²	44	€ 1,200 /m²	€ 5,280,000
Type C	150 m²	29	€ 1,200 /m²	€ 5,220,000
	21,950 m²	238		€ 26,340,000

We note that this cost is net of contingency, professional fees and cost of financing the projects as these are added separately.

Due to the unfavourable current economic situation in Greece, as well as due to the prolonged downturn which prevails in the domestic real estate market, including that for second homes, where there is a significant stock that remains vacant with low levels of demand, we expect that the project will commence in four years from the date of valuation. Additionally, due to the large size of the development and in order to avoid over-supplying the market we have assumed that the development will take place in three phases. Phase 1 will include 50% of the total development, while Phases 2 and 3 will include 30% and 20% respectively. The time schedule (in months) of the development is shown in the following Table:

Phase	Phase Start	Phase Duration	Phase End	Works Completion
1	48	18	66	50%
2	68	12	80	30%
3	80	10	90	20%

According to this schedule the duration of the 3 Phases is expected to be 2 years and 8 months, while its end is expected to be 7 years and 6 months from the valuation date.

The cost of the infrastructure that the owner has to construct before the issuance of any Building Permit was provided to us by our instructor and is €4,100,000. We accept this figure as accurate as a detailed calculation requires specialised knowledge and information and is out of the scope of this valuation.

Other major assumptions are:

- Selling fees at 1% of the final product value.
- Contingencies at 3% of the infrastructure and buildings cost.
- Professional fees at 6% of building costs and contingencies.
- Cost of borrowing at 5.50%, charged quarterly.
- Developer's profit at 13% of the final product value.
- A 48-month void period between the valuation date (now) and the initialization of works.
- A 6-month void period after the completion of construction. This reflects the average period required to sell a property after its completion, which under the current adverse economic conditions is longer than before.

Based on the above we calculate that the Fair Value of the subject property is € 5,210,017, which equals to approximately € 237/m² of buildable area.

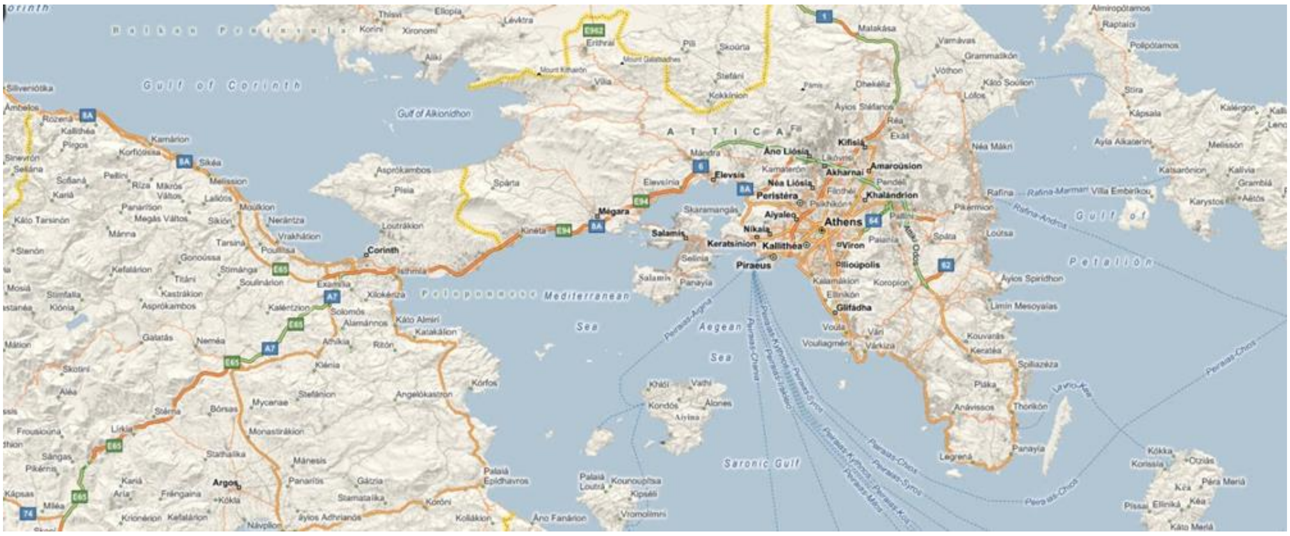
Phase 1	€ 2,618,175
Phase 2	€ 1,570,831
Phase 3	€ 1,021,011
Total	€ 5,210,017

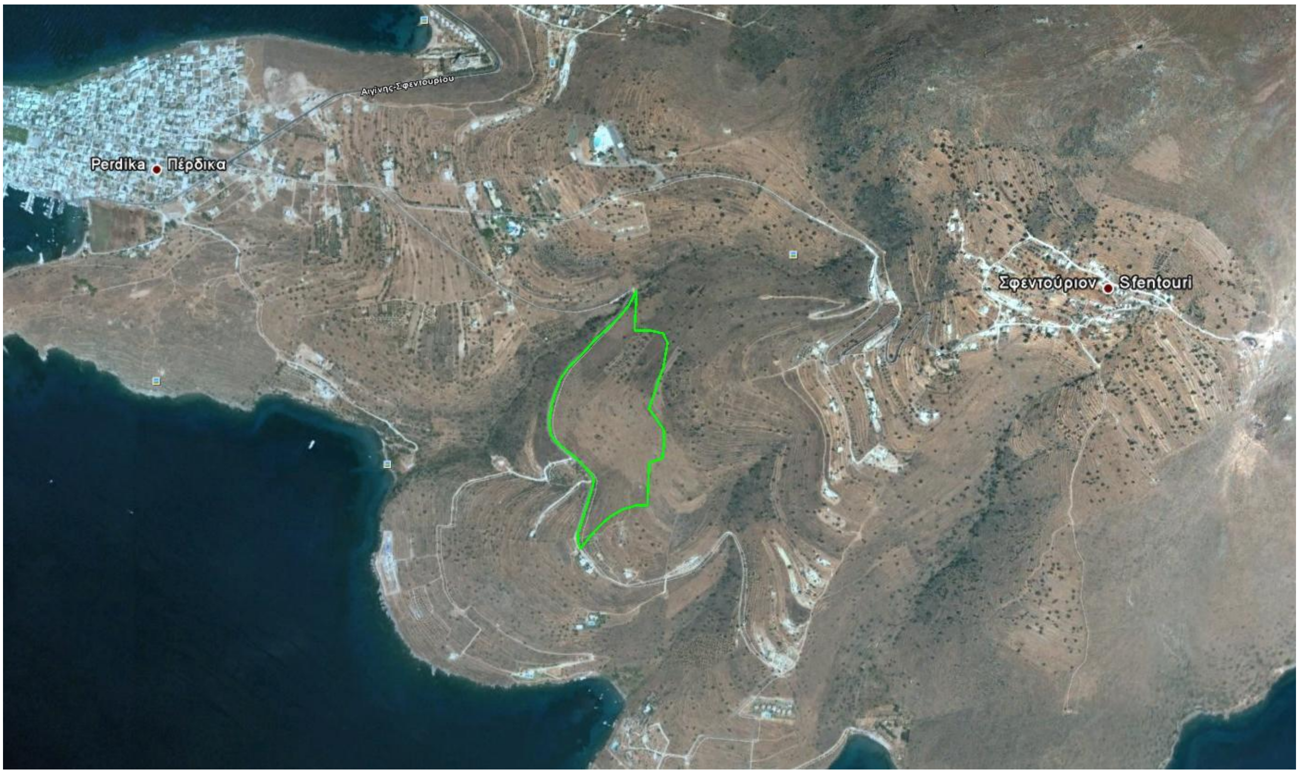
2.3. Valuation

We are of the opinion, and based on to the above analysis, that the Fair Value of the subject property as at the date of valuation is € 5,210,017 which is rounded to **€ 5,200,000** (Five Million Two Hundred Thousand Euros).

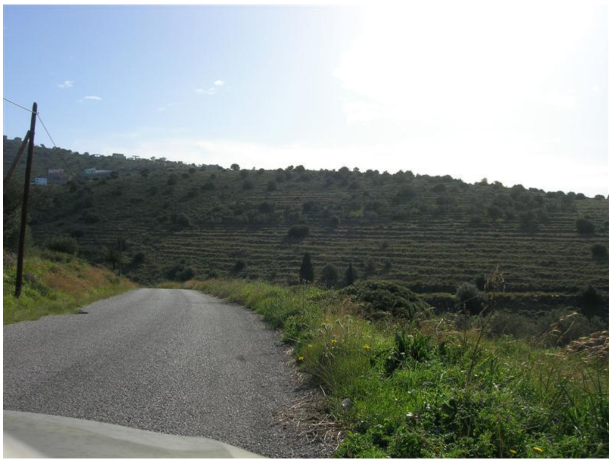
3. Appendices

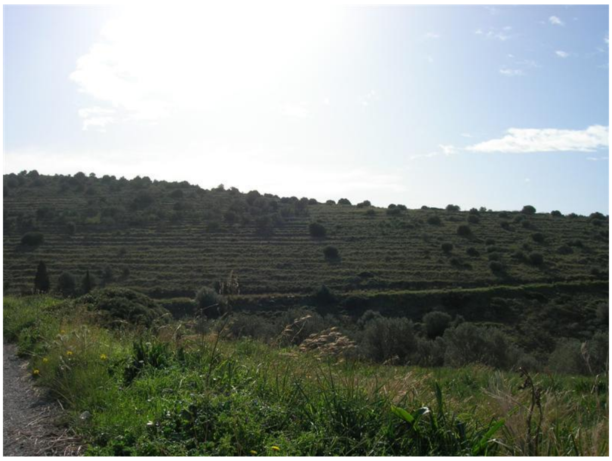
3.1. Map of the area

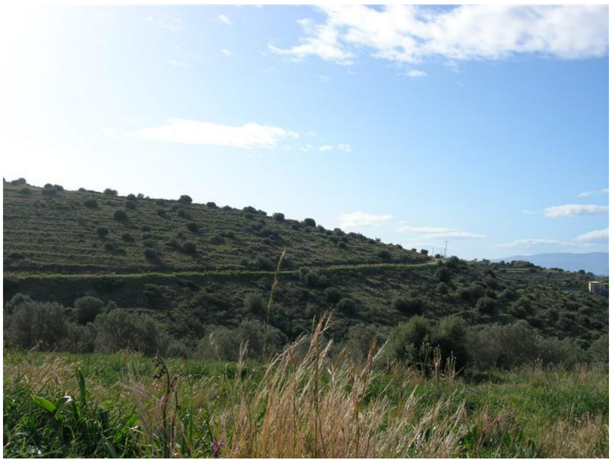


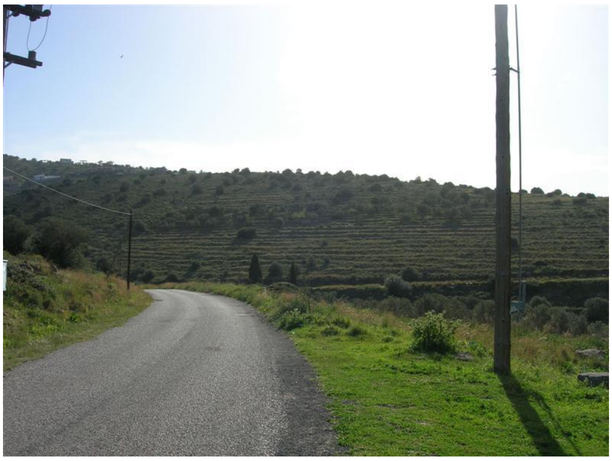


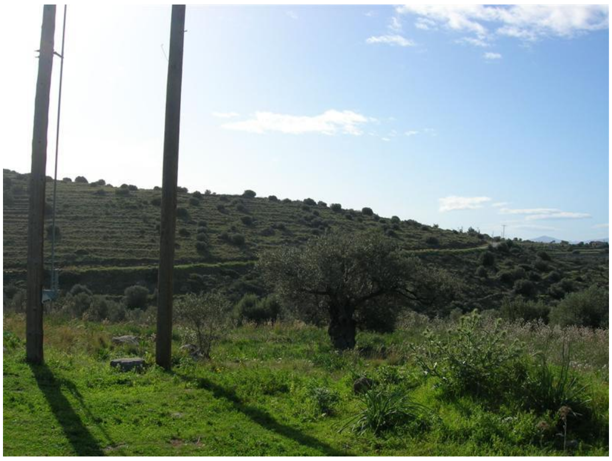
3.2. Photographs

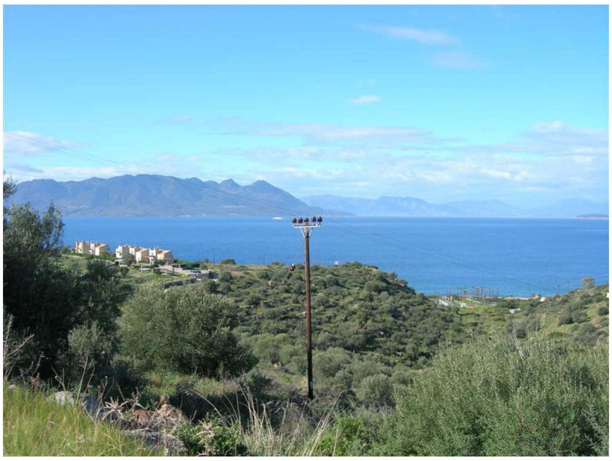


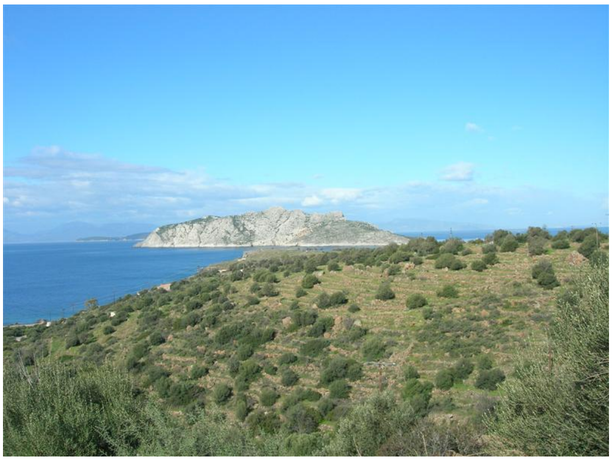


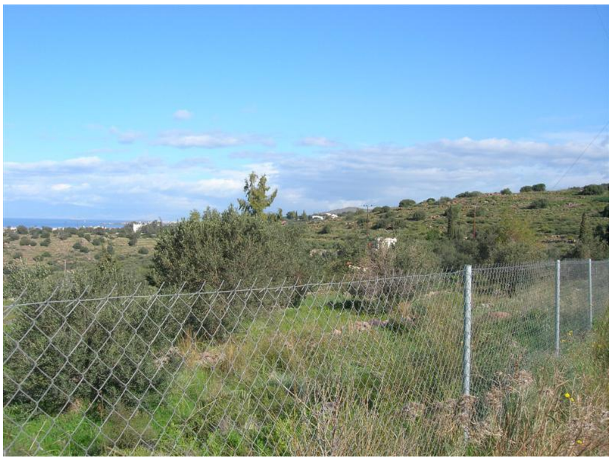


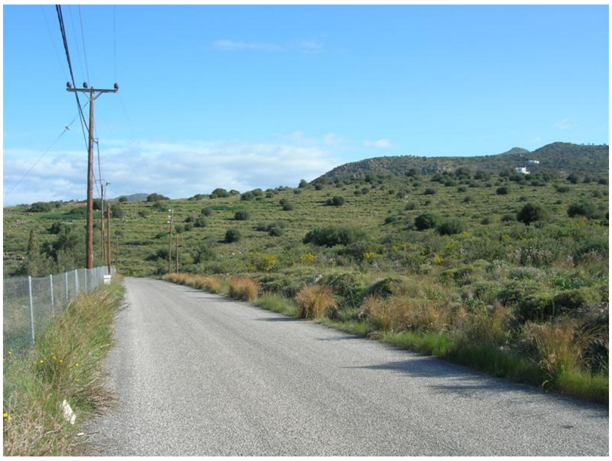


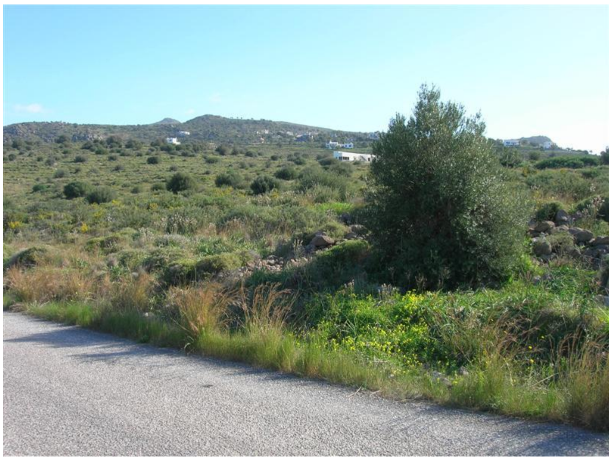


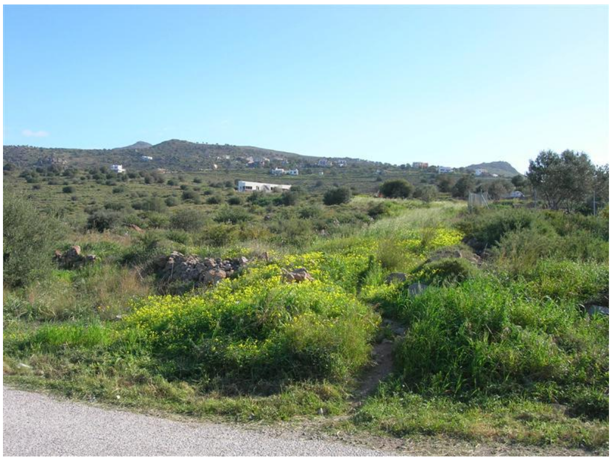












3.3. Residual method

Phase 1						
A. GROSS VALUE OF SCHEME						
A1. Gross Development Value						
Level	*Surface*	*Rent*	*Initial Yield*	*Value (€/m²)*	*Total*	
						€ 24,915,000
A2. Marketing, Letting & Sales Fees						
		Lump Sum	%			
Marketing over Capital Value				€ 0		
Letting Fees over Income				€ 0		
Selling Fees over Capital Value			1.00%	€ 246,683		**(€ 246,683)**
B. NET VALUE OF SCHEME						**€ 24,668,317**
C. COSTS OF SCHEME						
C1. Building Costs						
Level	*Surface*	*Net:Gross Ratio*		*Building Cost (€/m²)*	*Total*	
						(€ 13,170,000)
C2. Ancillary Costs						
Access roads, landscaping, services etc					€ 0	**(€ 2,050,000)**
Demolition					€ 0	**€ 0**
C3. Contingencies						
			3.00%		€ 456,600	**(€ 456,600)**
C4. Professional Fees						
		Lump Sum	%			
Architects			6.00%		€ 940,596	
Quantity Surveyor					€ 0	
Structural Engineers					€ 0	
M&E Engineers					€ 0	
Project Managers					€ 0	
Others					€ 0	**(€ 940,596)**
C5. Short Term Finance						
On total costs for 1/2 building period	9 months	5.50% p.a.		Interest charged 4 times p.a.		**(€ 694,928)**
Assuming	6 months	of void period after completion				**(€ 479,356)**
D. RETURN FOR RISK AND PROFIT						
Over Capital Value			13.00%	€ 3,206,881		**(€ 3,206,881)**
E. TOTAL EXPECTED COSTS						**(€ 20,998,361)**
F. CALCULATION OF SITE VALUE						
Void period prior to the beginning of works		48 months				
The future value of the site in		72 months	is calculated at		€ 3,669,956	
The Present Value of the site for		72 months	@	5.50% is	€ 2,644,356	
Less Acquisition costs @		Notary	0.50%			
		Legal Agents	0.50%			
		Total Costs	1.00%		(€ 26,182)	
G. VALUE OF THE SITE						**€ 2,618,175**

Phase 2						
A. GROSS VALUE OF SCHEME						
A1. Gross Development Value						
Level	*Surface*	*Rent*	*Initial Yield*	*Value (€/m²)*	*Total*	
						€ 14,949,000
A2. Marketing, Letting & Sales Fees						
		Lump Sum	%			
Marketing over Capital Value				€ 0		
Letting Fees over Income				€ 0		
Selling Fees over Capital Value			1.00%	€ 148,010		**(€ 148,010)**
B. NET VALUE OF SCHEME						**€ 14,800,990**
C. COSTS OF SCHEME						
C1. Building Costs						
Level	*Surface*	*Net:Gross Ratio*		*Building Cost (€/m²)*	*Total*	
						(€ 7,902,000)
C2. Ancillary Costs						
Access roads, landscaping, services etc					€ 0	**(€ 1,230,000)**
Demolition					€ 0	
C3. Contingencies						
			3.00%		€ 273,960	**(€ 273,960)**
C4. Professional Fees						
		Lump Sum	*%*			
Architects			6.00%		€ 564,358	
Quantity Surveyor					€ 0	
Structural Engineers					€ 0	
M&E Engineers					€ 0	
Project Managers					€ 0	
Others					€ 0	**(€ 564,358)**
C5. Short Term Finance						
On total costs for 1/2 building period	6 months	5.50% p.a.		Interest charged 4 times p.a.		**(€ 276,069)**
Assuming	6 months	of void period after completion				**(€ 283,713)**
D. RETURN FOR RISK AND PROFIT						
Over Capital Value			13.00%	€ 1,924,129		**(€ 1,924,129)**
E. TOTAL EXPECTED COSTS						**(€ 12,454,228)**
F. CALCULATION OF SITE VALUE						
Void period prior to the beginning of works		68 months				
The future value of the site in		86 months	is calculated at		€ 2,346,762	
The Present Value of the site for		86 months	@	5.50% is	€ 1,586,540	
Less Acquisition costs @		Notary	0.50%			
		Legal Agents	0.50%			
		Total Costs	1.00%		(€ 15,708)	
G. VALUE OF THE SITE						**€ 1,570,831**

Phase 3							
A. GROSS VALUE OF SCHEME							
A1. Gross Development Value							
Level	*Surface*	*Rent*	*Initial Yield*	*Value (€/m²)*		*Total*	
							€ 9,966,000
A2. Marketing, Letting & Sales Fees							
		Lump Sum	%				
Marketing over Capital Value				€ 0			
Letting Fees over Income				€ 0			
Selling Fees over Capital Value			1.00%	€ 98,673			**(€ 98,673)**
B. NET VALUE OF SCHEME							**€ 9,867,327**
C. COSTS OF SCHEME							
C1. Building Costs							
Level	*Surface*	*Net:Gross Ratio*		*Building Cost (€/m²)*		*Total*	
							(€ 5,268,000)
C2. Ancillary Costs							
Access roads, landscaping, services etc						€ 0	**(€ 820,000)**
Demolition						€ 0	**€ 0**
C3. Contingencies							
			3.00%			€ 182,640	**(€ 182,640)**
C4. Professional Fees							
		Lump Sum	*%*				
Architects			6.00%			€ 376,238	
Quantity Surveyor						€ 0	
Structural Engineers						€ 0	
M&E Engineers						€ 0	
Project Managers						€ 0	
Others						€ 0	**(€ 376,238)**
C5. Short Term Finance							
On total costs for 1/2 building period	5 months	5.50% p.a.		Interest charged 4 times p.a.			**(€ 153,021)**
Assuming	6 months	of void period after completion					**(€ 188,283)**
D. RETURN FOR RISK AND PROFIT							
Over Capital Value			13.00%	€ 1,282,752			**(€ 1,282,752)**
E. TOTAL EXPECTED COSTS							**(€ 8,270,935)**
F. CALCULATION OF SITE VALUE							
Void period prior to the beginning of works		80 months					
The future value of the site in		96 months		is calculated at		€ 1,596,392	
The Present Value of the site for		96 months	@	5.50% is		€ 1,031,221	
Less Acquisition costs @	Notary		0.50%				
	Legal Agents		0.50%				
	Total Costs		1.00%			(€ 10,210)	
G. VALUE OF THE SITE							**€ 1,021,011**