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VALUATION REPORT

Office building – „Sell Speicher“
Wall 55 / D-24114 Kiel

/Purpose of valuation:
Financing purposes

/Prepared for:
Sell-Speicher II GmbH
Skt. Knuds Torv 3,3
DK-8000 Aarhus C

/Date of valuation:
31.12.2020



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Preamble

Client:	Sell-Speicher II GmbH Skt. Knuds Torv 3,3 DK-8000 Aarhus C
Advisor:	Dipl. Betriebswirt Steffen Schroeder Immobiliensachverständiger Margeritenweg 9 21360 Vögelsen
Content of the order:	Estimation of the current market value – desktop update of former report
Purpose of the valuation:	Financing purposes
Valuation standard:	The valuation is made in compliance with the regulations of the RICS Valuation Book “Red Book” of the Royal Institution of Chartered Surveyors and ends with the market value of the property.
Date of evaluation:	31 December 2020
Date of inspection:	18 January 2021
Inspected areas:	Outside (inside inspection 2019)
Provided information:	▲ Rent roll from December 2020 ▲ Land register ▲ Floor plan ▲ Cadastral map



1 Executive Summary

BASIC INFORMATION		
Property:	Address:	Wall 55 D- 24103 Kiel
	Municipality distr.:	Kiel
	Federal state	Schleswig-Holstein
Owner:	Sell-Speicher II GmbH	
Date of inspection:	18.01.2021	
Inspected units:	outside	

PROPERTY	
Use class:	office building
Year of construction:	2002
Year of reconstruction:	none
Year of refurbishment:	none
Site area:	2,776 sq. m.
Surrounding area use:	harbour, old city centre, office buildings, red light district

	Units	areas	Vacant units	Vacant areas	%
Residential:	0	0	0	0	0%
Office:	21	6,769	0	0	0%
Retail:	0	0	0	0	0%
Storage:	0	0	0	0	0%
Parking lots:	0	0	0	0	0%
Garages:	67	0	0	0	0%
Others: Gastronomy / Hotel	0	0	0	0	0%
Others: medical practice	5	656	0	0	0%
Others:	0	0	0	0	0%
Total	93	7,425	0	0	0%

Building materials:	
Roof:	concrete construction, roofing film
Windows:	aluminium/ wood framed insulating double glazing
Facades:	exposed brickwork, glass walls
Basement:	full basement, massive construction, underground garage
Staircases:	concrete construction
Installations:	mostly good modern standard
Type of construction:	massive construction, ferroconcrete frame

AUTHORITIES	
Building law:	no development plan, building right according to §34 German building law
Environmental/contamination issues:	none
Taxes:	currently free (assumed)
Preservation order:	no
Encumbrances land register:	preemption right for the City of Kiel
Encumbrances public obligations:	parking space entitlement in favour of the property, distance space



STATE OF MAINTENANCE							
(1) Very good condition - (4) Medium condition - (7) Very poor condition, in need of immediate repair							
	1	2	3	4	5	6	7
State of maintenance roof:		X					
State of maintenance windows:		X					
State of maintenance facade:		X					
State of maintenance basement		X					
State of maintenance staircases		X					
State of maintenance technical installations:		X					
State of maintenance other relevant issues:		X					
Overall state of maintenance:		X					
Backlog:	none						

ADDITIONAL ASSESSMENT							
	1	2	3	4	5	6	7
Location quality Residential:							
Location quality Commercial:	X						
Rent ability residential units:							
Rent ability commercial units:		X					
Sale ability:		X					
Eligibility for collateral in the short run:	X						
Eligibility for collateral in the long run:		X					
Alternative use:				X			
Type of alternative use:	Hotel, student apartments						
Method for the valuation:	Discounted cash flow						

SPECIAL CONDITIONS	
Special conditions in the rental contracts:	n/a
Special conditions in the purchase contract:	n/a

OTHER INFORMATIONS	
Are there any interest between the tenants and the owner:	no
Is the rent in the rental contracts specified for each category of use:	yes
Rental contracts including VAT	yes, except medical practice and insurance
Other/additional relevant information:	none

VALUE	
Date of purchase:	n/a
Sales price within the last 2 years:	n/a
Cap. Rate (terminal value in 10 years):	5.00%
Discount rate:	2.75%
Market value:	28,700,000
Value per square meter useable area:	3,865 €/sq. m.

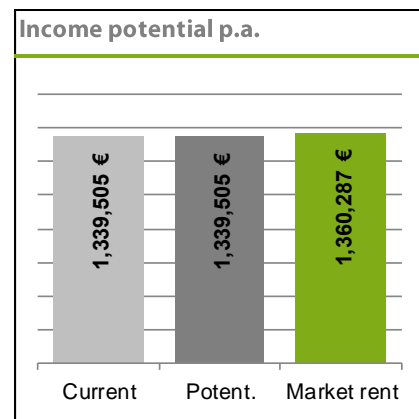
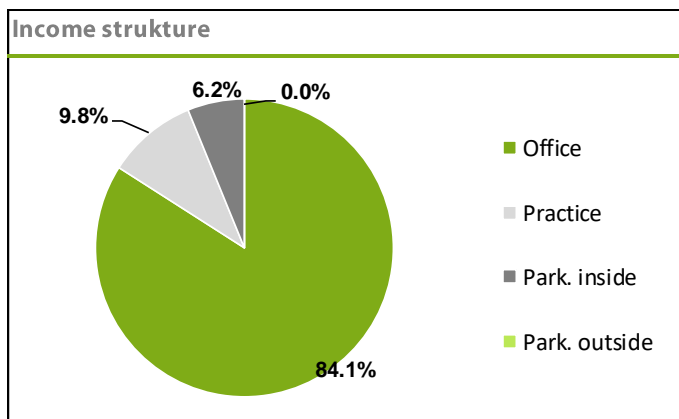


2 Property key figures and cash flow analysis

2.1 Income situation

Use	Units		Area in sq. m.			vacant	Rent €/sq.m.	Rent p.m.	Rental share
	total	occ.	vacant	total	occ.				
Residential									
Office	21	21	6,769	6,769			13.86	93,828.86 €	84.1%
Practice	5	5	656	656			16.62	10,904.34 €	9.8%
Retail									
Gastro									
Storage									
Accommodation									
Other									
Special									
Total commercial	26	26	7,425	7,425			14.11	104,733.20 €	93.8%
Park. outside									
Park. inside	67	67					102.87	6,892.22 €	6.2%
Total parking	67	67					102.87	6,892.22 €	6.2%
Total	93	93	7,425	7,425				111,625.42 €	
Income per year									1,339,505.04 €
WALT commercial income weighted average lease term									3.0 Years

Main tenant					
lawyer's office	Area	1,353 sq. m.	p.m.	18,366.97 €	
Lease term	1.5 Years	Share	18.2%	Share	16.5%





2.2 Rent roll

No	Tenant	Status	Use	Unit	Area sq. m.	Lease end	Income per month	Rent €/ sq. m.	Market rent	ERV p. m.	VAT
1	bank branch	occ.	Office	1	727.5	30.06.2022	11,608.48 €	15.96 €	16.00 €	11,639.20 €	yes
2	office	occ.	Office	1	186.6	31.12.2025	2,367.83 €	12.69 €	14.00 €	2,612.26 €	no
3	office	occ.	Office	1	259.4	31.12.2023	3,227.03 €	12.44 €	13.50 €	3,502.04 €	yes
4	lawyer's office	occ.	Office	1	135.0	30.06.2022	1,814.18 €	13.44 €	13.50 €	1,822.50 €	yes
5	office	occ.	Office	1	443.0	31.08.2025	5,115.38 €	11.55 €	13.50 €	5,980.50 €	yes
6	lawyer's office	occ.	Office	1	338.0	30.06.2022	4,656.48 €	13.78 €	14.00 €	4,732.00 €	yes
7	lawyer's office	occ.	Office	1	270.0	30.06.2022	3,719.66 €	13.78 €	14.00 €	3,780.00 €	yes
8	insurance agency	occ.	Office	1	559.0	30.06.2029	8,951.95 €	16.01 €	15.00 €	8,385.00 €	yes
9	lawyer's office	occ.	Office	1	464.0	30.06.2022	6,278.65 €	13.53 €	13.50 €	6,264.00 €	yes
10	lawyer's office	occ.	Office	1	146.0	30.06.2022	1,898.00 €	13.00 €	13.50 €	1,971.00 €	yes
11	office	occ.	Office	1	300.0	15.11.2023	4,017.00 €	13.39 €	13.50 €	4,050.00 €	yes
12	insurance office	occ.	Office	1	259.0	31.05.2023	4,187.37 €	16.17 €	16.00 €	4,144.00 €	no
13	tax advisor	occ.	Office	1	339.0	31.10.2023	4,777.34 €	14.09 €	13.50 €	4,576.50 €	yes
14	office	occ.	Office	1	125.0	30.09.2022	1,375.00 €	11.00 €	13.50 €	1,687.50 €	no
15	medical practice	occ.	Practice	1	146.0	14.08.2024	2,420.61 €	16.58 €	15.50 €	2,263.00 €	no
16	medical practice	occ.	Practice	1	169.0	14.08.2024	2,957.99 €	17.50 €	15.50 €	2,619.50 €	no
17	medical practice	occ.	Practice	1	72.0	31.08.2028	1,225.33 €	17.02 €	15.50 €	1,116.00 €	no
18	medical practice	occ.	Practice	1	59.0	14.08.2024	1,029.06 €	17.44 €	15.50 €	914.50 €	no
19	medical practice	occ.	Practice	1	210.0	31.08.2028	3,271.35 €	15.58 €	15.50 €	3,255.00 €	no
20	office	occ.	Office	1	121.0	31.08.2024	1,785.11 €	14.75 €	14.50 €	1,754.50 €	yes
21	office	occ.	Office	1	139.0	31.01.2023	1,872.00 €	13.47 €	14.50 €	2,015.50 €	yes
22	tax advisor	occ.	Office	1	208.7	31.05.2022	2,848.35 €	13.65 €	14.50 €	3,025.72 €	yes
23	office	occ.	Office	1	250.3	31.10.2022	3,154.15 €	12.60 €	14.50 €	3,629.79 €	yes
24	office	occ.	Office	1	801.0	30.09.2022	10,413.00 €	13.00 €	13.50 €	10,813.50 €	yes
25	office	occ.	Office	1	463.0	30.09.2022	6,019.00 €	13.00 €	13.50 €	6,250.50 €	yes
26	underground parking	occ.	Park. inside	67		31.12.2022	6,892.22 €	102.87 €	105.00 €	7,035.00 €	yes
27	office	occ.	Office	1	234.6	30.06.2023	3,742.90 €	15.96 €	15.00 €	3,518.25 €	yes
28											
29											
30											
31											
32											
33											
Total							111,625.42 €			113,357.25 €	
Total per year							1,339,505.04 €				

Tenant comment:

Mostly local companies. Medium creditworthiness assumed.
According to the administrator all tenants without any rent arrears.

38 outside parking units and additionally 36 parking units in city garage are not owned, only rented from the city and sublet to the tenants of the building with approx. 20% premium. This cash flow is a potential for the owner but not included in the valuation.



2.3 Cash Flow Calculation

CASH FLOW CALCULATION	1	2	3	4	5	6	7	8	9	10
INCOME										
Office	1,125,946 €	1,161,844 €	1,171,627 €	1,172,548 €	1,197,181 €	1,201,633 €	1,201,633 €	1,201,633 €	1,205,510 €	1,205,510 €
Practice	130,852 €	130,852 €	130,852 €	127,782 €	131,093 €	131,093 €	131,093 €	134,073 €	134,073 €	134,073 €
Park. inside	82,707 €	86,108 €	86,108 €	86,108 €	86,108 €	86,108 €	86,108 €	86,108 €	86,108 €	86,108 €
Park. outside										
Vacancy loss		-170,184 €	-78,658 €	-34,972 €	-19,420 €	-8,652 €		-15,063 €	-29,473 €	
Gross Rental Income (GRI)	1,339,505 €	1,208,620 €	1,309,929 €	1,351,467 €	1,394,962 €	1,410,182 €	1,418,834 €	1,406,751 €	1,396,218 €	1,425,691 €
EXPENSES										
Non recoverable cost										
Management	-28,486 €	-29,254 €	-29,553 €	-29,670 €	-30,453 €	-30,843 €	-31,234 €	-31,797 €	-32,517 €	-33,338 €
Running maintenance	-66,825 €	-67,827 €	-68,845 €	-69,877 €	-70,926 €	-71,990 €	-73,069 €	-74,165 €	-75,278 €	-76,407 €
Vacancy cost non rec.		-17,678 €	-6,023 €	-3,395 €	-1,994 €	-840 €		-1,269 €	-2,516 €	
Other non rec. costs										
Total non rec. Costs	-95,311 €	-114,760 €	-104,421 €	-102,942 €	-103,372 €	-103,672 €	-104,304 €	-107,231 €	-110,311 €	-109,745 €
Net Rental Income	1,244,194 €	1,093,861 €	1,205,508 €	1,248,525 €	1,291,589 €	1,306,510 €	1,314,531 €	1,299,520 €	1,285,907 €	1,315,946 €
Letting cost		-190,818 €	-86,506 €	-40,360 €	-19,610 €	-8,939 €		-16,433 €	-34,445 €	
Tenant improvements		-392,845 €	-127,155 €	-75,441 €	-44,300 €	-18,659 €		-28,200 €	-55,900 €	
Capital expenditures										
Net Operating Income (NOI)	1,244,194 €	510,198 €	991,847 €	1,132,724 €	1,227,679 €	1,278,912 €	1,314,531 €	1,254,887 €	1,195,562 €	1,315,946 €
Terminal Value										28,513,821 €
Total Cash Flow	1,244,194 €	510,198 €	991,847 €	1,132,724 €	1,227,679 €	1,278,912 €	1,314,531 €	1,254,887 €	1,195,562 €	29,829,766 €
Discounted Cash Flow	1,210,894 €	483,253 €	914,322 €	1,016,241 €	1,071,953 €	1,086,800 €	1,087,171 €	1,010,067 €	936,560 €	22,742,151 €
Running yield (on total invest)	3.9%	1.6%	3.1%	3.6%	3.9%	4.1%	4.2%	4.0%	3.8%	4.2%

MARKET VALUE

Discount rate	2.75%
Sum discountes cash flow	31,559,414 €
Other influences	
Gross present value	31,559,414 €
Transaction costs	10.00%
Net present value	28,690,376 €

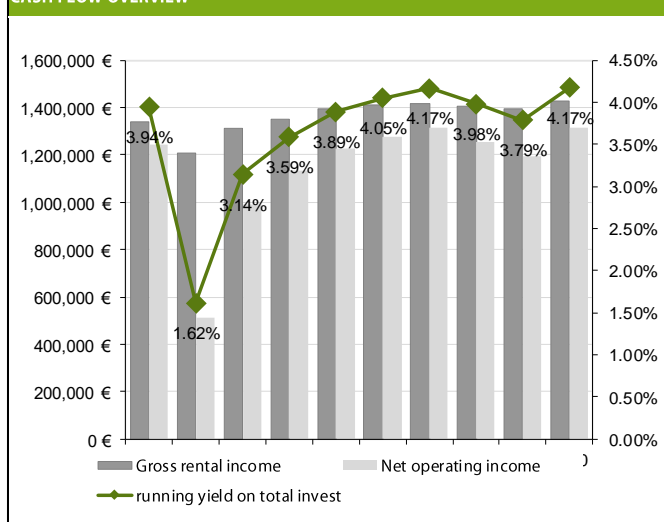
TERMINAL VALUE

Capitalization rate	5.00%
Multiplier	20.00 -fold
GRI in year 11	1,425,691 €
Terminal Value	28,513,821 €

VALUATION ASSUMPTIONS

EXPENSES		
Management resi/com p.a.	280.00 €/unit	2.00%
Management parking	50.00 €/unit	
Running maintenance (€/m ² /p.a.)		9.00
Others		
Vacancy costs (€/m ² /month)		1.50
TRANSACTION COSTS		
Transfer tax		6.50%
Broker fee		2.50%
Legal / notary		1.00%
In total		10.00%
MARKET DEVELOPMENT		
Consumer price index (inflation)		1.50%
Market rent development residential		3.00%
Market rent development commercial		2.00%
LEASE MANAGEMENT		
Tenant improvement	€/sq. m.	
Letting costs (monthly rent)		3.00
Void period, tenant change (month)		2.00
Lease up period, vacancy (month)		2.00
Residential tenant fluctuation (rental area p.a.)		10.00%
Discount rate		2.75%
Capitalization rate		5.00%

CASH FLOW OVERVIEW





2.4 Valuation assumptions

Market rent:

Office/ Practice:

Market rents for office space in Kiel:

- ▲ Simple/ standard locations 5.00 to 6.00 €/sq. m.
- ▲ Medium/ average locations 6.00 to 8.00 €/sq. m.
- ▲ Good location 7.00 to 10.00 €/sq. m.
- ▲ Best location/ new building 12.50 to 16.00 €/sq. m.

Rental offers for office space in the surroundings:

- ▲ Radius 500m 6.13 to 16.00 €/sq. m.

The current agreed rent level in the property is between 11.00 and 17.50 €/sq. m. The higher rents consider that the tenant does not pay any VAT, like the medical practice. Latest rental contract at 15.96 €/sq. m..

But based on the very good location and still good marketable building quality we estimate a sustainable rent in the upper range of the market, at between 13.00 and 16.00 €/sq. m.

No basically change in market rent estimation.

Parking spaces:

The market rents for parking garage lots range between 80 and 120 €/unit. The rented parking lots vary from €70 to €120.

Due to the high demand in the city quarter a rent level of €100 is estimated as sustainable.

Comments on the lease terms/
conditions:

- ▲ The tenant pays all recoverable costs based on the law and is responsible for small repairs
- ▲ Medical practice does not pay any VAT

Vacancy:

No vacancy.

Non-recoverable cost:

Running maintenance costs:

Typically cost between 8.00 and 12.00 €/sq. m. are known from the market. For this modernized but basically old building the level of maintenance is estimated in the medium range.

Management costs:

For a multi-tenant office building management cost between 1 and 3% of the income is usual.

Tenant fluctuation (tenant change):

- Fluctuation per year (residential): 5% average
- Temporary vacancy / re-letting: 3 months
- Tenant improvements: 100.00 €/sq. m.

Capital expenditures:

None, smaller damage is covered by running maintenance.

Discount rate:

The estimated yield is based on a market analysis and a comparison with comparable transactions.

Cap rate (terminal value):

After termination we estimate a normal managed multi-tenant office building, which is let on market level.

Other circumstances:

None – included in the yield

Purchaser's cost:

An asset deal is assumed. Cost for broker, legal and transfer tax



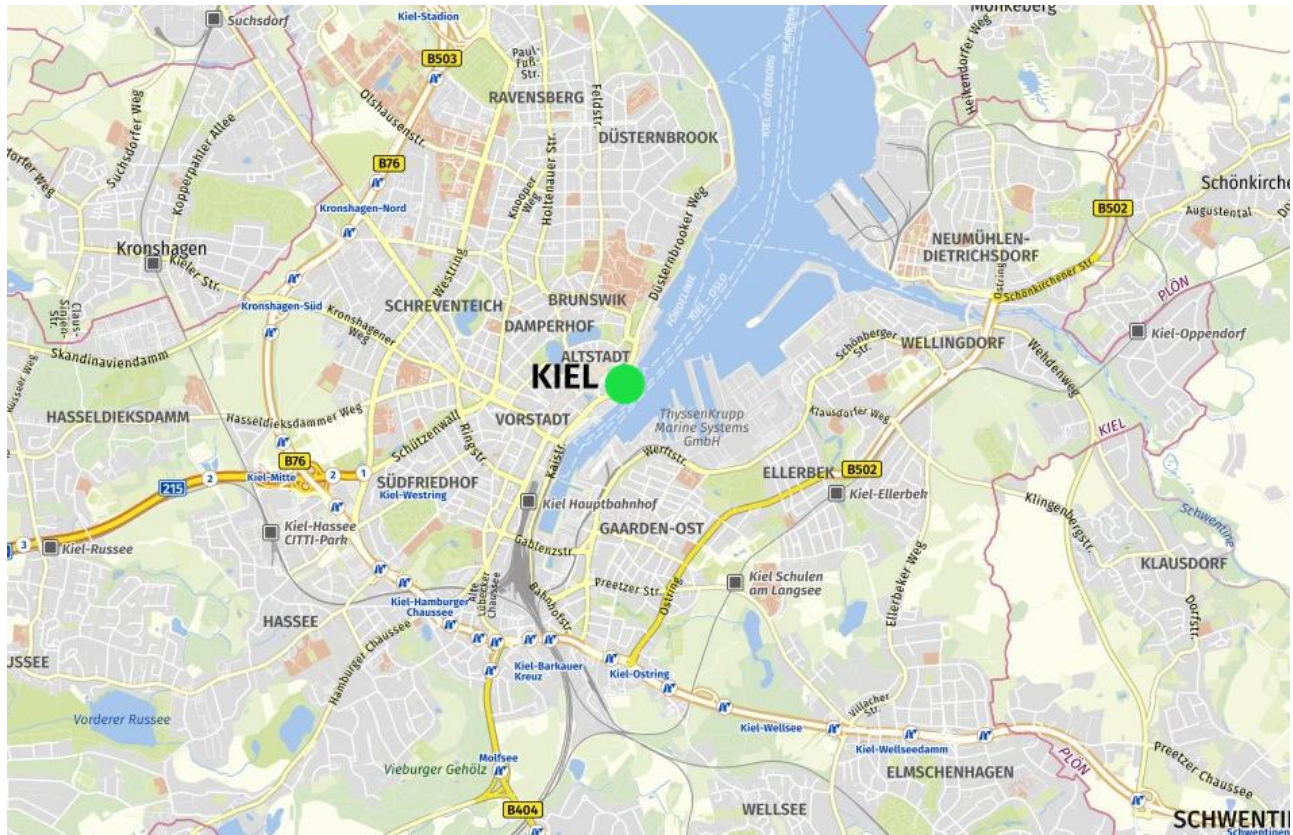
must be deducted from the capital value.

Saleability:	A still modern office property in a sustainable location on the waterfront. Based on the big volume and stable secured income we estimate an overall good saleability.
Lettability:	Good
Alternative use:	Hotel or apartment house
Comments on the sales price:	n/a



3 Location

3.1 Macro-location



Macro location map, © mapz.com

City: Kiel (capital of the federal state)

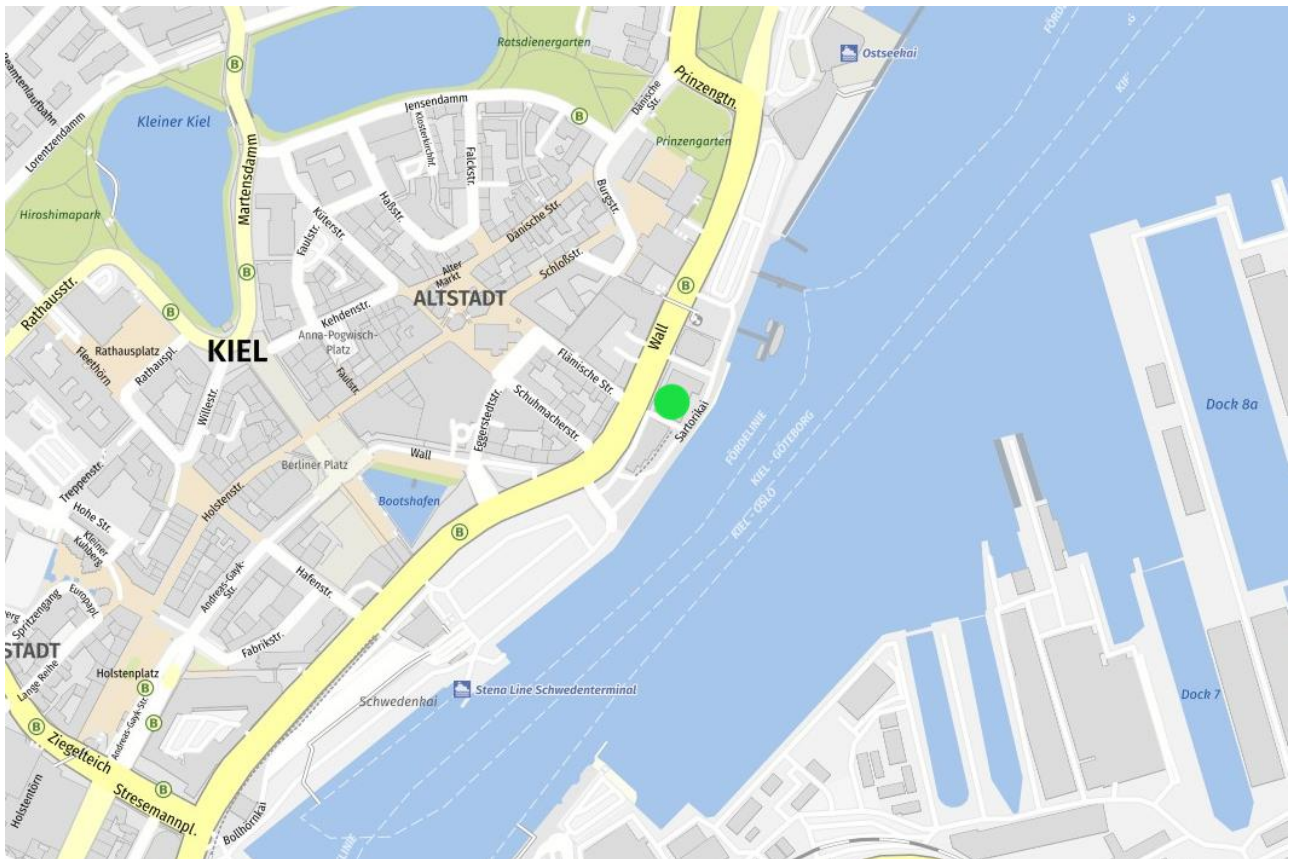
Socio-demographic facts: Inhabitants: Approx. 247.548 (+2.5% in 5 years)
Unemployment rate: city 7.6%/ Germany 5.9%
Purchase power: 89.6 (German average = 100)

Key facts: Kiel, as a harbour city at the Baltic sea, is an intersection of the ferry and goods traffic to Scandinavia and the eastern European countries since the 1960ies. The capital of the federal state is situated near the Kiel Canal (Nord-Ostsee-Kanal), which is one of the most frequented waterways of the world. Kiel is the cultural and economic centre of the northern part of Schleswig-Holstein. A university with 34,000 students, a comprehensive retail landscape as well as the adjacent Baltic Sea provide a high quality of life and leisure. Kiel is worldwide known for the “Kieler Woche”, Germany’s sailing event with more than 3 million visitors each year.

Economic trends: Kiel’s economic structure is widely diversified and the city is more and more developing into a high-tech industry and tourist destination with an increasing portion of the service sector. But the local economy is still in a restructuring process. The index of the economic climate of Schleswig-Holstein is at 98.2 in the 3rd quarter and definitely below the long-term average of 110. However, the economy has rapidly stabilized again since the crisis-related slump in the first quarter. But the economic outlook is not clearly predictable.



3.2 Macro-location



Micro location map, © mapz.com

Inner city location:

City center, east part of the CBD

Surrounding:

The property is directly located on the harbour waterfront, a representative location in the east of Kiel's central business district. To the west is the city centre with the high street Holstenstraße and comprehensive retail, gastro and cultural offers. The ferry port to Scandinavia is 200 m south. In the north and south are some other office buildings. On the opposite street site is the small nightclub district of the city.

Urban environment:

QUALITY OF	simple		very good	
Car accessibility				
Public transport				
Local shopping				
Parking situation				
Visibility / representation				
School / Kindergarden				
Green area / public park				
Immission situation				
Surrounding conditions				
Residential location				
Commercial location				



4 Plot, cadastral map



cadastral map without measure

Outside characteristics:

- ▲ No limitations or special influences, normally useable

Development:

- ▲ Directly accessible from the public street
- ▲ All necessary development facilities are existent



5 Legal situation

Cadastral information:

Register	Sheet	District	Section	Parcel	sq. m.
Kiel	61993	Kiel-N	16	279	620
				211	990
				212	357
				521	809
Total					2,776

Owner of the plot:

Sell-Speicher II GmbH
Skt. Knuds Torv 3,3
DK-8000 Aarhus C

Land register:

Rights:

▲ Not known

Encumbrances:

▲ Pre-emption right for all sales

Register of public obligations:

- ▲ Proof of parking space in favour of the property, available in the City Parking Garage 200 m away.
- ▲ Protection of distance areas

Register of contaminated sites:

Registered as former harbor area, but cleaned in course of new construction

Listing of ancient monuments (preservation order): No

Status of taxes and contributions

Currently free of taxes and contributions (assumed)

Building law:

Zoning plan: SO – special zone harbour area
Development plan: None
Right to build: Right to build based on §34 BauGB
German building law

Planning permission:

The building permit from 22 March 2002 is available. The material legality of the existing building development can be assumed.



6 Description of the building

Property type:	Office property	
Year of ...:	Construction:	2002
	Modernization:	none
	Refurbishment:	running maintenance
Construction:	Type of construction:	steel concrete frame construction
	Interior walls:	concrete, light weight construction
	Floor slabs:	reinforced concrete
	Facade:	brick stone, clinker, insulated wall
	Windows:	wood/aluminium framed insulating glazing
	Roof:	concrete construction, flat roof
	Staircase:	reinforced concrete with artificial stone
	Balconies:	two roof terraces on 5 th floor
Installations:	Heating:	long distance heating
	Warm water:	electric boilers
	Electrical:	average quality
	Lift:	two passenger elevators
	Others:	exhaust system, underground parking
Fitting quality:	Office:	very good
Other special fittings:	▲ none	
Condition of the building:	The property is well maintained and leaves a good impression. No damage detected.	
Latest modernization/ maintenance:	No	
Building structure:	Storeys:	8 incl. attic floor
	Basement:	Technical rooms, storage, underground parking
	Ground floor:	Entrance hall, office units
	Upper floors:	Office units

Building assessment:

QUALITY OF	simple		very good	
Entrance				
Staircase				
Basement				
Facade				
Roof				
Windows				
Thermal insulation				
Technical installation				
Balconies /terrace				
Total building				
Rental area				



7 SWOT-Analysis

STRENGTHS

- ▲ Prime office location in Kiel, directly at the harbour front, with water view
- ▲ Good car accessibility and parking possibilities
- ▲ Relatively young modern building in good condition
- ▲ Completely occupied, good tenant mixture
- ▲ Well demanded property volume

WEAKNESSES

- ▲ Fitting quality not on the best level
- ▲ Less dynamic rent development on the office market
- ▲ Partly less representative surroundings along the street
- ▲ > 50% of the income with leases ending in 2022
- ▲ Latest office contracts concluded below the property average

OPPORTUNITIES

- ▲ Slightly rent increase potential
- ▲ Good demand for modern office space in the city center and around the harbour front
- ▲ Low office vacancy in modern buildings in Kiel - decreasing office vacancy <5%
- ▲ The positive cash flow from the sublease of outside parking areas is sustainable but not included in the calculation
- ▲ Positive development of the near city center area with improved streets and public areas

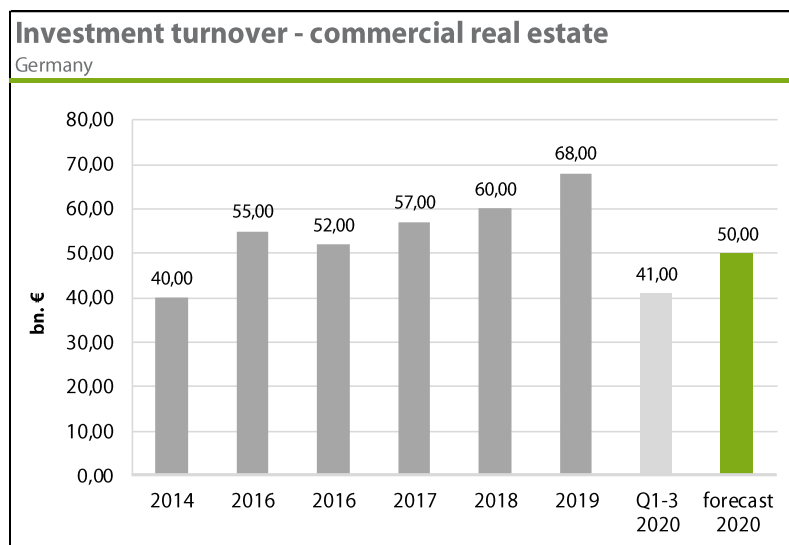
THREATS

- ▲ Almost 40% of the income is slightly overrented
- ▲ Not all institutional investors consider Kiel as a sustainable office location
- ▲ Competing new office developments in better locations
- ▲ Pre-emption right for the city of Kiel can delay a sales process
- ▲ *The economic consequences of the Corona crisis and the impact on the real estate market cannot yet be assessed conclusively.*



8 Market Situation

German investment market:



Main market trends:

- ▲ After the boom year 2019, the investment market is definitely influenced by the Corona crisis this year.
- ▲ However, the sales volume for commercial real estate transactions in Q1-3 2020 was only 6% below the same period of the previous year, indicating that market participants already consider the crisis to be largely overcome.
- ▲ Investors are reacting with a change in investment focus, risk-free investments (asset class Core) are even more in demand than before and properties with leasing risks, such as retail or office in B-locations, are showing significant declines in demand.
- ▲ The top yields of core properties of all types of use (office, logistics, retail) will therefore increasingly converge and continue to be in the strongest demand.
- ▲ Demand is rising in line with the purchase price volume and location in the metropolitan regions.
- ▲ Office properties continue to be the asset class with the largest volume (approx. 41%).
- ▲ Prime yields remain at historically low levels, below 3% for top properties in metropolitan areas, and have continued to decline slightly this year, particularly for top logistics properties and food-oriented retail properties.
- ▲ Market participants are forecasting sales of around €50 billion in 2020, which would represent a decline of around 30% compared with the pre-Corona year.

Kiel investment market:

Prime gross yield office property: 4.75%
Prime gross yield retail property: 5.25%

Comparables:

#	year	type	location	YOC	usable area	purchase price	multiplier	price €/m ²
1	2018	office/ com.	Kehdenstr. 2	1960	3,500	6,500,000 €	17.60	1,857
2	2018	office building	Kaistraße	2017	6,738	23,170,000 €	20.56	3,439
3	2019	Mixed use (offer)	Highstreet	1955	1,950	10,100,000 €	18.00	5,179
4	2020	office building	Kronshagener	1994	22,453	54,750,000 €	19.98	2,438
5	2020	Mixed use (offer)	Holtenauer Str	1905/2020	1,225	4,240,000 €	21.67	3,461



9 Valuation Result

Result of the calculation:

MARKET VALUE	28,700,000 €
Gross initial yield (on current GRI)	4.67%
Net initial yield (on current NRI)	4.34%
Gross initial yield (on potential GRI)	4.67%
Net initial yield (on potential NRI)	4.21%
Gross multiplier (on current income)	21.43
Gross multiplier (on potential/ stabilized income)	21.43
€ per sq. m. rental space	3,865 €

Conclusion:

The property is a multi-tenant office building in prime location, in good condition and with a flexible structure. It is a long term sustainable office location with a positive rent development.

Eligibility for collateral:

In the long term: very good
In the short term: good

Market value:

Based on our calculations and in accordance with Red Book we estimate the market value of the property Wall 55, D-24114 Kiel on the date December 31, 2020 at

28,700,000.00 €

in words: twenty eight million seven hundred thousand Euros

Hamburg, 18/01/21

Steffen Schroeder
Immobilienfachverständiger

No conflict of interest

We confirm that we have no conflict of interest, either with the Borrower or with the properties in question. We also confirm that the valuer does not benefit (other than from receipt of the valuation fee) from this valuation instruction.

Copyright

The Client assures that all valuations, reports, plans, drafts, renderings, tables and calculations will only be used for those purposes specified in the contract and will not be published without the prior consent of the valuer in each individual case. The Client will only pass on the results of Advisor's work to third parties, even if directly connected with the Client, with the explicit prior written consent of the Advisor.

Indemnity insurance

The valuer assures that the amount of their professional indemnity insurance is limited to €2.5 million on a per case basis.



10 Appendix

10.1 Photo documentation



West facade



East facade



East view



North view



Entrance hall



Concierge desk, entrance hall



Staircase



Lift



Office quality



Office quality



Office quality



Office quality



Office quality



Office quality



Office quality



Office quality



Office quality



Hallway



Bank office ground floor



Bank office ground floor



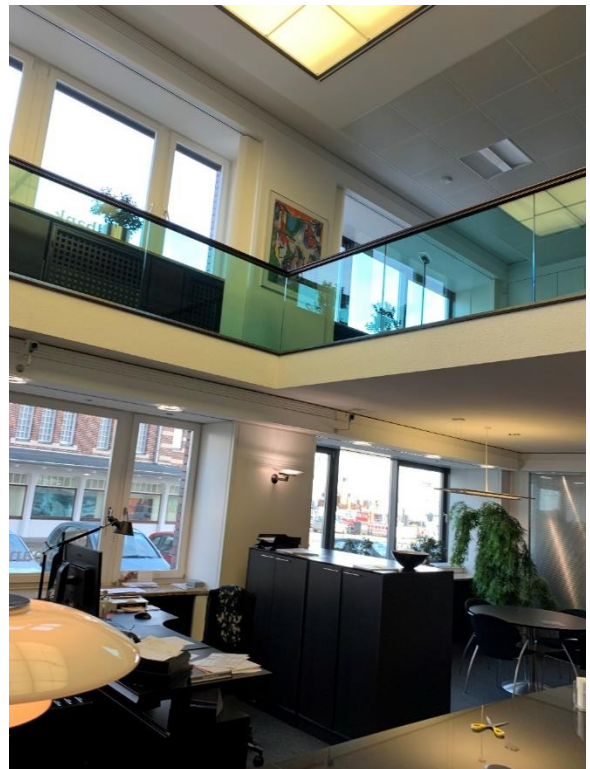
Bank office ground floor



Bank office ground floor



Terrace, upper floor



Bank office ground floor



Office quality



Office quality



Office quality



Office quality



Roof quality



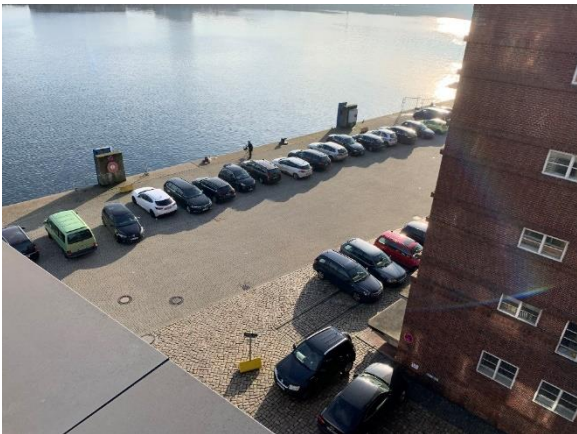
Roof view direction south



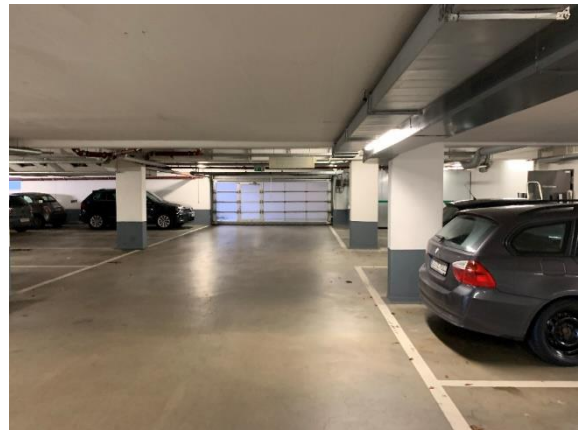
Surrounding north



East view



East plot



Underground parking



Heat distribution, district heating

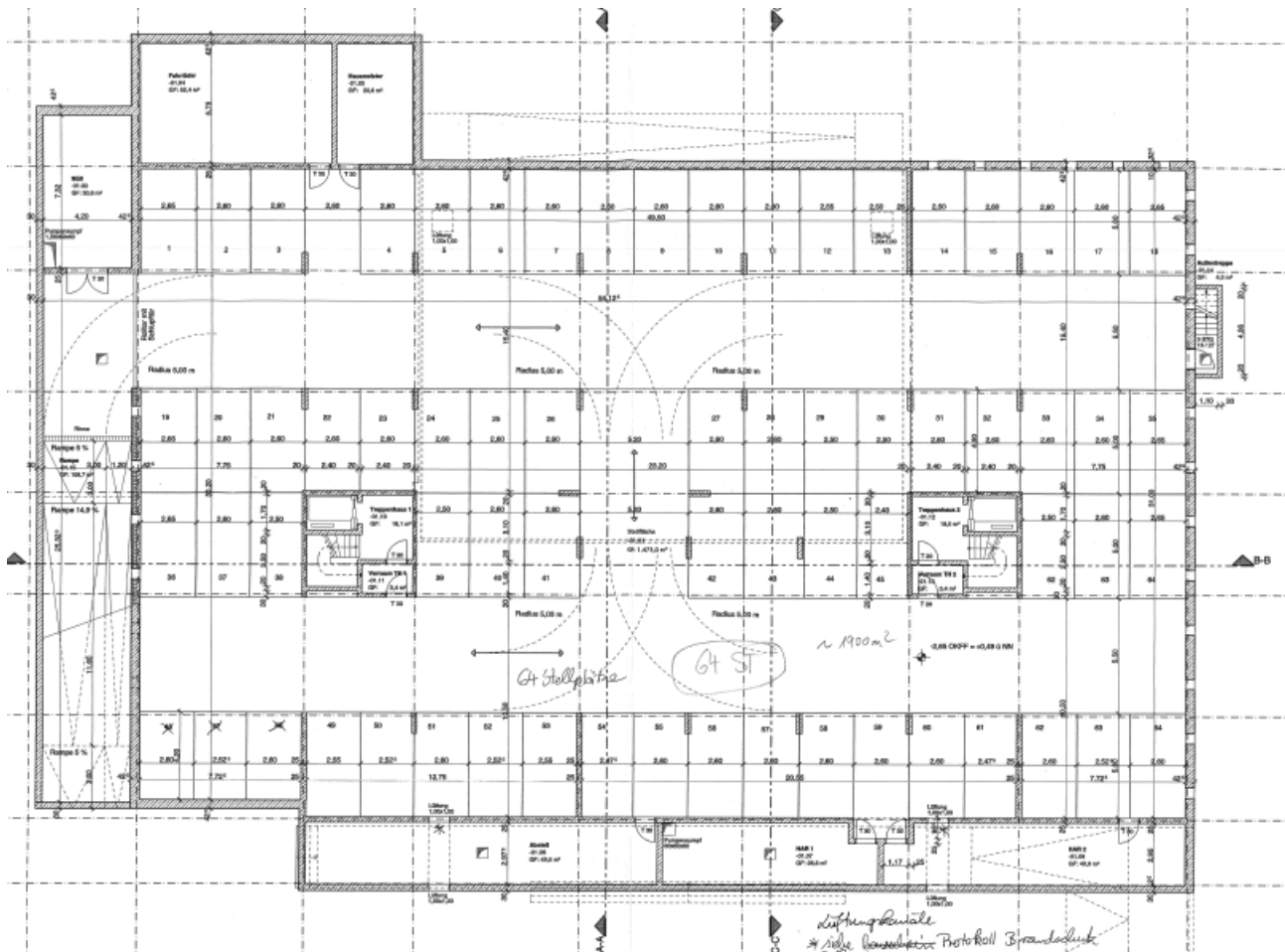


Electric installations

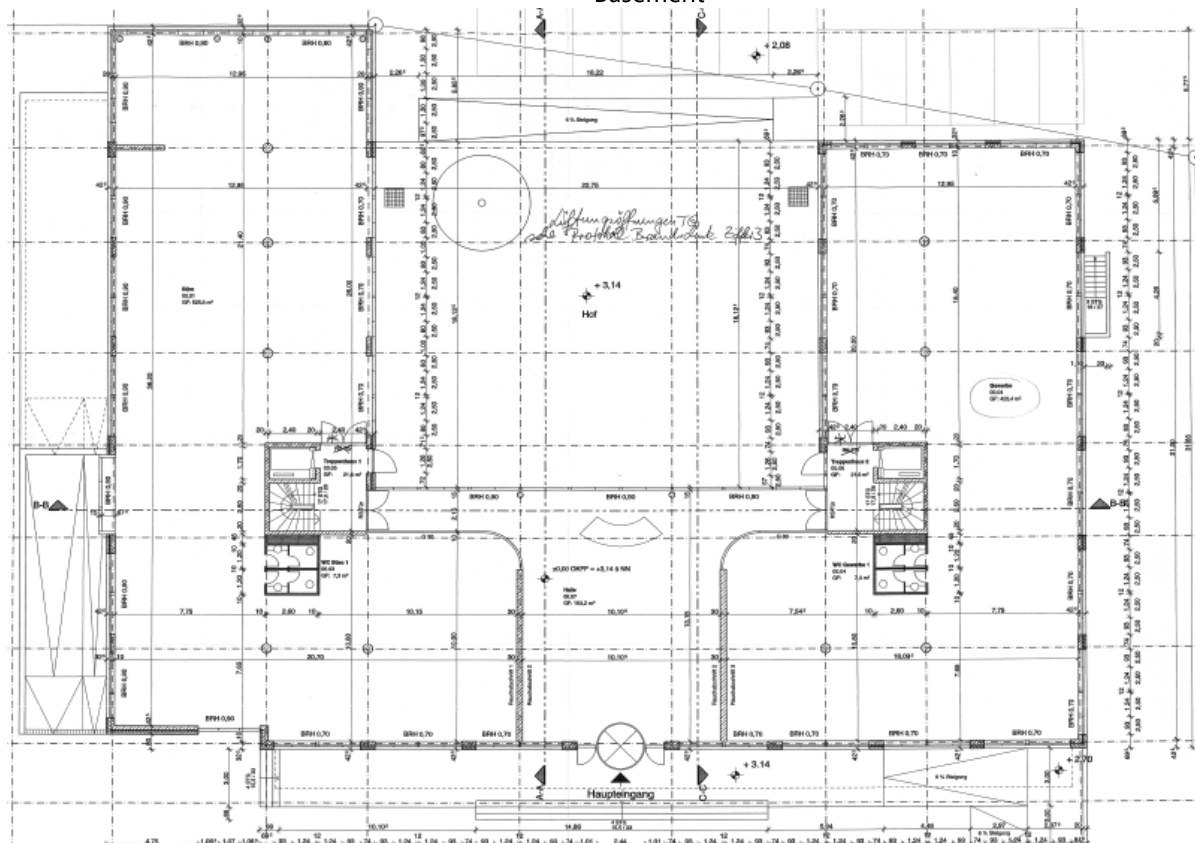


10.2 Appendix

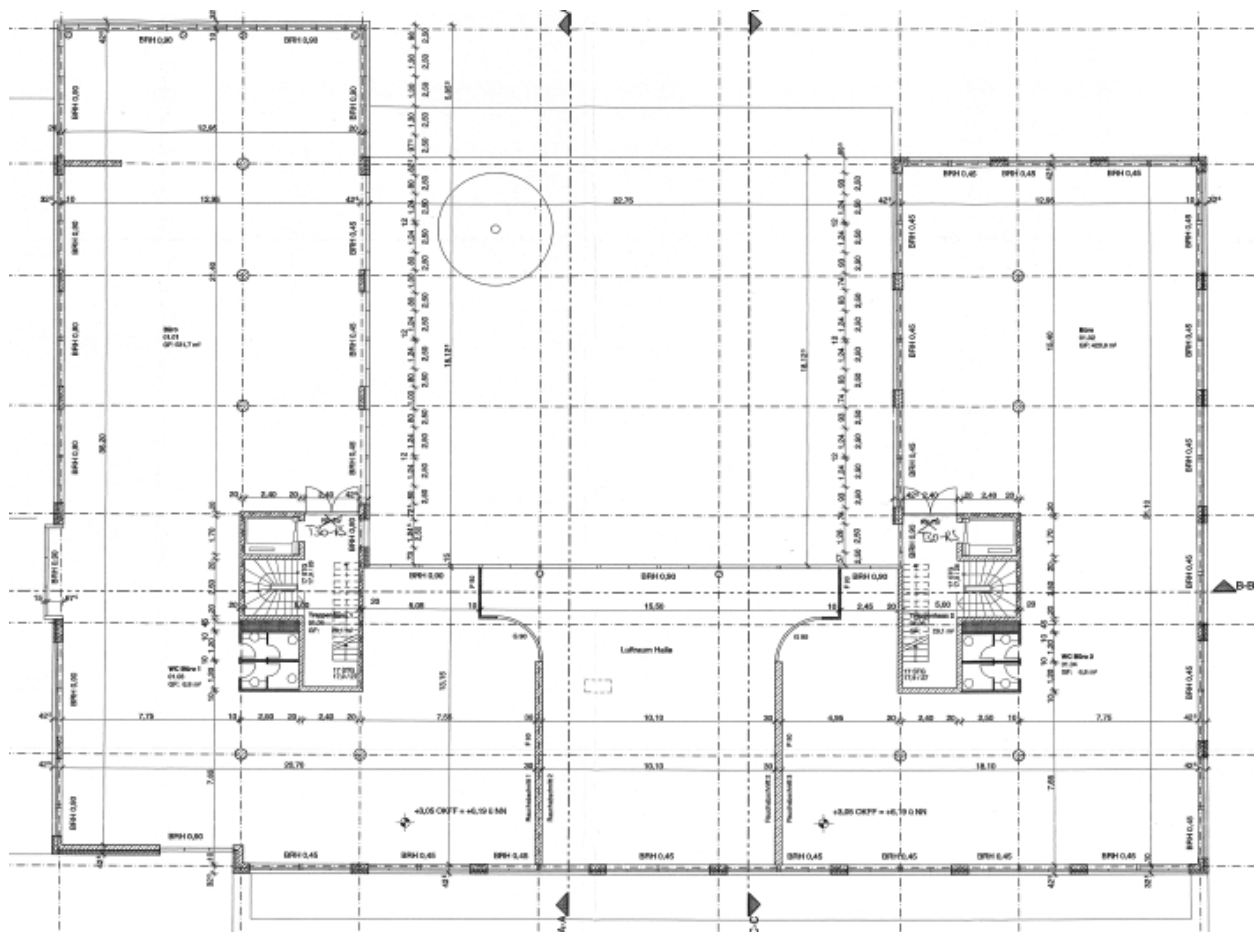
Floor Plans



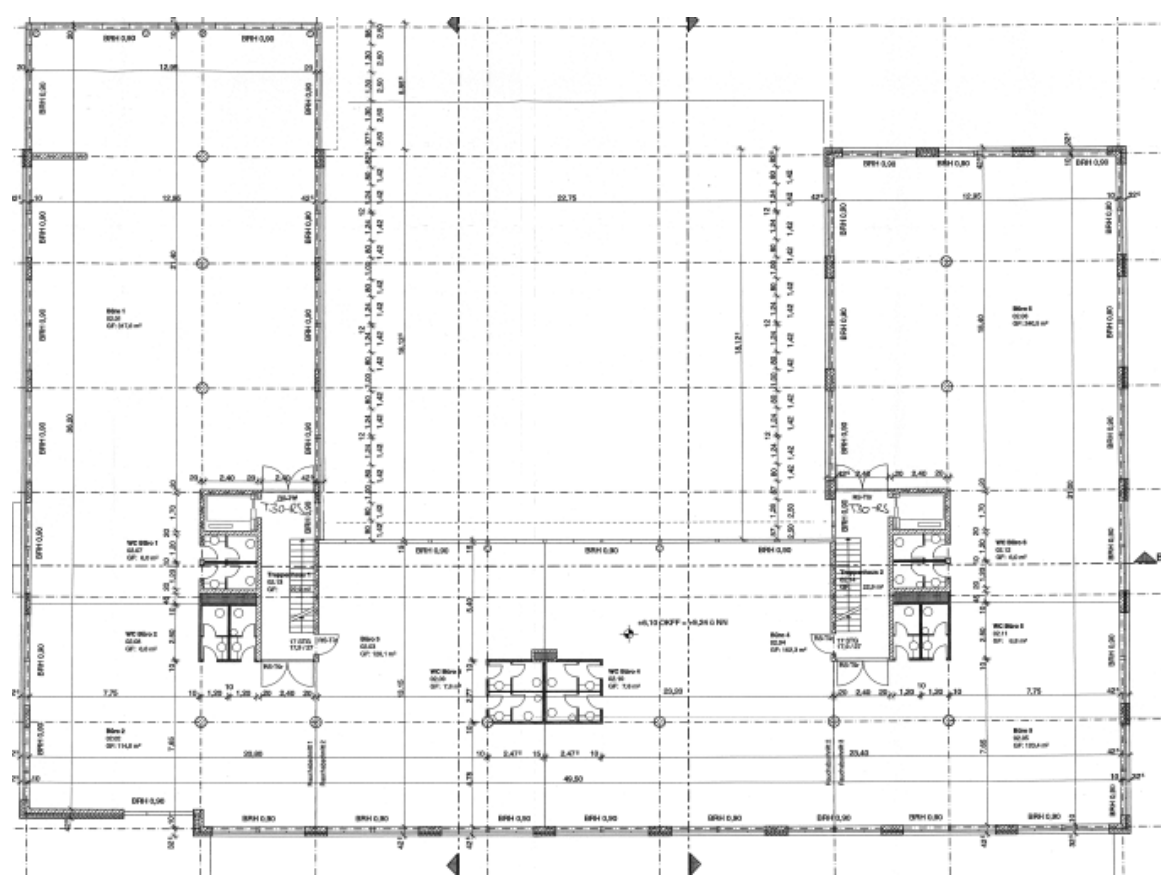
Basement



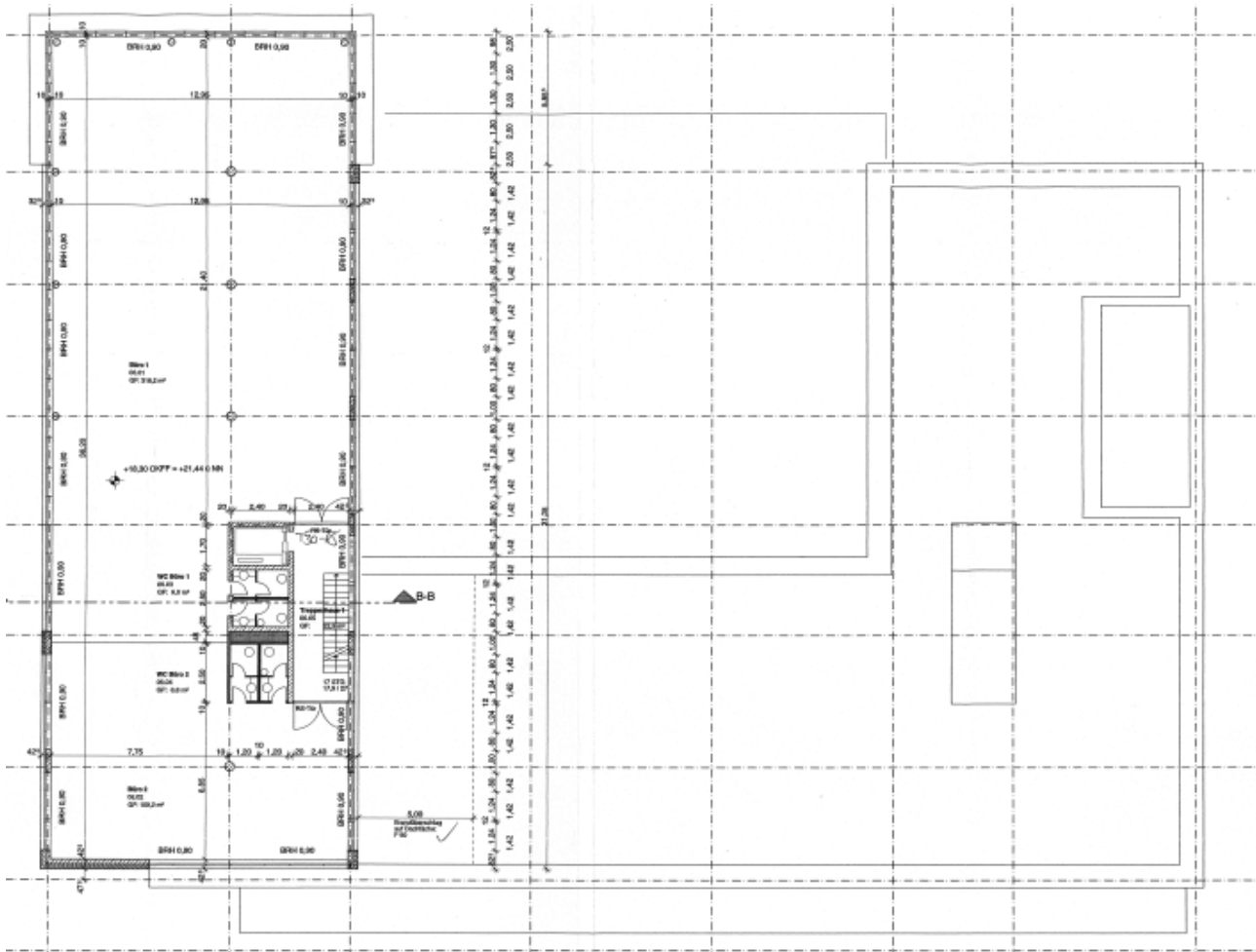
Grundfloor



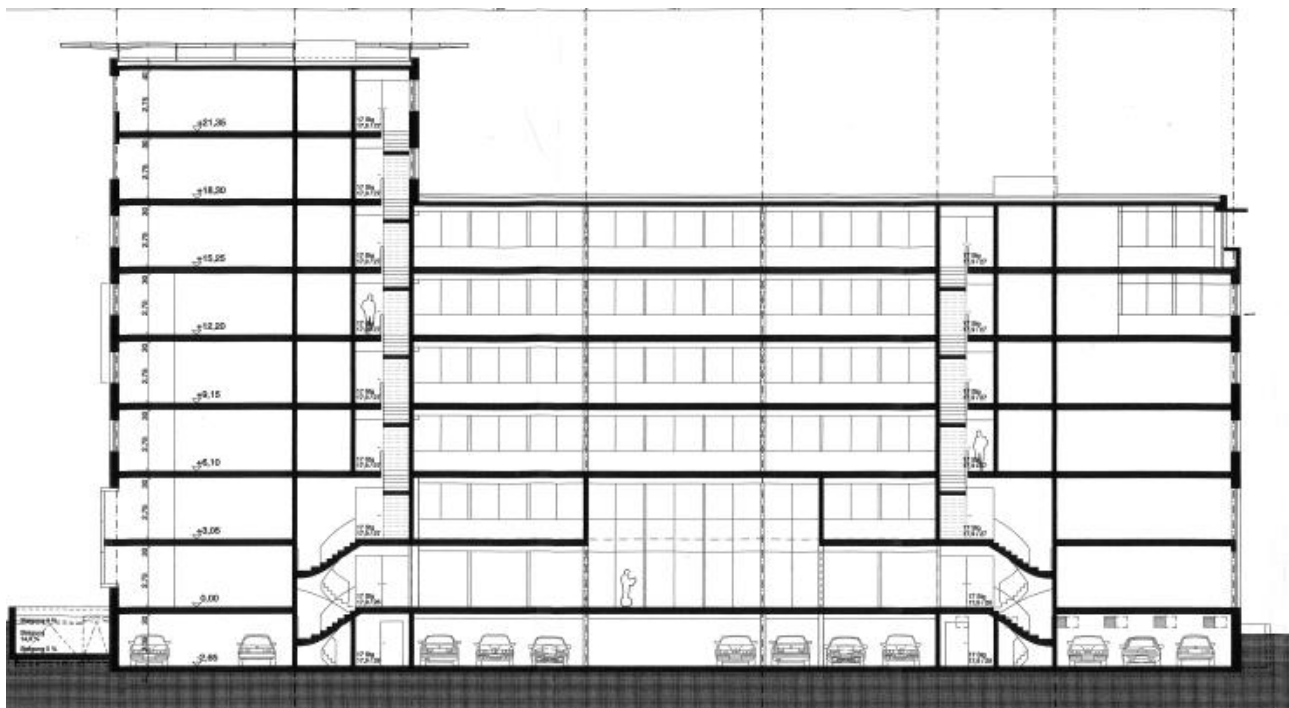
1st floor



Upper floors 2nd to 5th



6th and 7th floor





10.3 Appendix

General Principals

Methods and Standards

Valuation standard: The valuation is prepared in accordance with the standards of the Appraisal and Valuation Manual, published by RICS, London and the German valuation law (Immobilienwertermittlungsverordnung, ImmoWertV). It ends with the market value of the property.
The market value definition of the ImmoWertV is comparable to the Red Book definition of the Royal Institution of Chartered Surveyors (RICS).
The Market Value is "the estimated amount for which a property should exchange on the date of a 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 compulsion."

Source of information

Basic sources: Our report is based on the information provided by the client, owner, official sources and own databases and research. We do not accept any liability for either the accuracy or completeness of this information. We are neither obliged to confirm the completeness and correctness of the information provided nor to examine any original documentation for the same purpose.

Data from public registers and authorities: The influence on the value caused by other rights and encumbrances not recorded in public registers was only taken into consideration in as far as it could be determined from the information supplied by the owner, from the rental contracts presented and upon viewing during the inspection.
Inasmuch not defined in detail, information from public registers and authorities are based on verbal information. It is recommended in case of property disposition to verify all information from public registers and authorities by written confirmation.

Description of the buildings

Restriction: The building and external fixtures are only described in as far as is necessary for the derivation of data for the valuation. To this effect the apparent and prevailing constructions and fittings are described. Deviations can occur in individual sectors but these do not have any impact on the valuation. Details of non-visible structures are based on statements in the available documentation, remarks during the inspection or assumptions based on the type of construction usual in the year the building was erected.
The description and assessment of this report are based on the inspected areas as well as the information from the owner.

Measures and usable space: The mentioned usable space of the buildings is based on available rent rolls, floor plans or other information from the owner and was roughly checked by the valuer.
Therefore, the rental areas serve only as a basis for the evaluation and are non-transferable to other legal transactions.

Function of technical fittings: The examination of the functionality of individual components and systems as well as the technical fittings and installations (heating, electrical system, water etc.) is not included in the instructions. The valuation report assumes normal efficiency.

Structural damage and deferred maintenance: Any defects or deficiencies in the construction were assumed to that extend as they were non-destructive i.e. obviously discernible.
The effects of existing structural damage, where applicable, on the market value are incorporated insofar as they are considered by market participants at pricing and necessary for the realization of sustainable rental income.

Contamination/hazardous materials: The examination of the property for dangerous materials and the use of harmful materials is not part of this survey and must be mentioned separately when calculating the value amount.

Existing building development: The planning permission is mostly not included in the available documentation. The material legality of the existing building development is assumed.



Definition of used valuation terms

Rental income:	<p>The basis for the calculation of the gross rental income is the locally applicable net rent achievable in the long-term from the site. This corresponds to the annual total rent excluding all running costs that may be divided for payment among the tenants. It is derived on the basis of comparable rents for sites used for similar purposes to those of the site in question</p> <p>We assume a sustainable rental income based mostly on the current condition of the building. So the tenant has to improve the space themselves.</p>
Non-recoverable cost:	<p>The non-recoverable costs include property-related cost which cannot apportion to the tenants. Basically these costs include administrative costs and expenses for running maintenance as well as cost of tenant fluctuation and other non-recoverable cost.</p>
Running maintenance costs:	<p>The owner (landlord) has usually to undertake maintenance and repair of the building. This mainly involves the exterior shell, supporting components, building technology, building services and exterior features. The implemented amounts depend on the age and quality of the building and the type of property and are quoted as average values.</p>
Management costs:	<p>The management costs include the administration of tenants, contract management and building supervision etc. and are for the account of the landlord.</p>
Tenant fluctuation (vacancy):	<p>This position includes the risk of vacancy terms and marketing costs for reletting of the space and is calculated as a quota of the yearly income (in case of residential use).</p>
Capital expenditures (CapEx):	<p>CapEx are cost, which are needed to achieve the estimated rental income (e.g. tenant improvements) or eliminate damages to retain the sustainable usability of the property (deferred maintenance). The costs are considered relating to the likely term they will be necessary. These estimated costs are no liable cost quotation and only useable for this value calculation.</p>
Deferred maintenance:	<p>Includes all cost for repair or refurbishment measures of any damages and defects that are needed to achieve the sustainable rent level.</p> <p>The cost are an overall estimation per valuation part, usually expressed in €/sq. m. and are only used for the valuation process. It is definitely not comparable with a technical due diligence.</p>
Discount Rate (income capitalization):	<p>The Discounted Cash Flow method is based on the capitalisation of the presumable future net rental income of the property without financing cost and tax. In our calculation a forecast period of 10 years will be considered with the estimated most likely annual income. After this period a theoretical resale will be assumed.</p> <p>The chosen capitalisation rate takes into account the current property condition and expectations of the investment market as well as the particular characteristics of the property such as letting situation, location and building quality. The used valuation model is based on a dynamic yield. Inflation and income growth are included in the estimated cash flow.</p> <p>It is specific for this type of property and defined and determined on the basis of the valuer's own experience from comparable transactions as well as market reports and similar public sources.</p>
Capitalization rate (resale):	<p>To calculate the resale after 10 years an all risk yield is used based on the assumed property and market condition at that time.</p>