
Valuation Report

Prepared on behalf of

Ghelamco Craft Sp. z o.o.

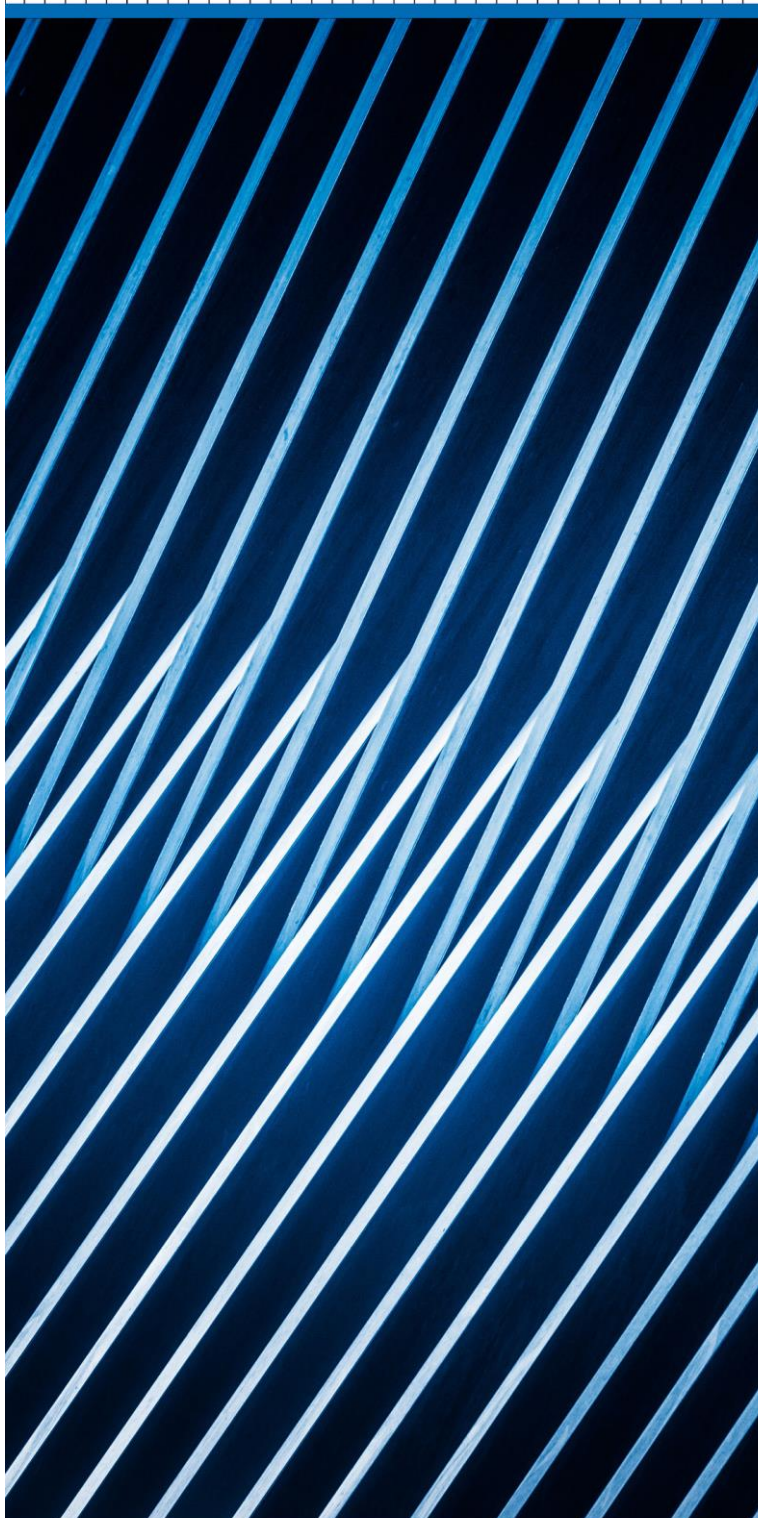
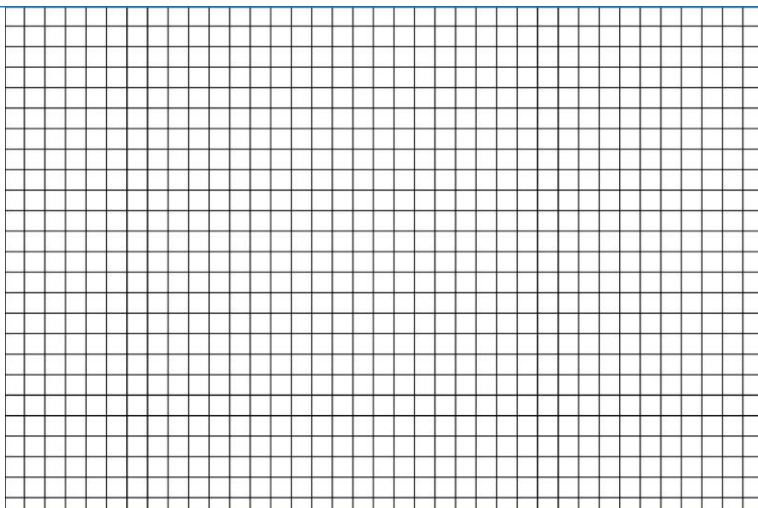
Development site

ul. Chorzowska 105, Katowice, Poland

Valuation date: 31 December 2022

Report date: 15 March 2023

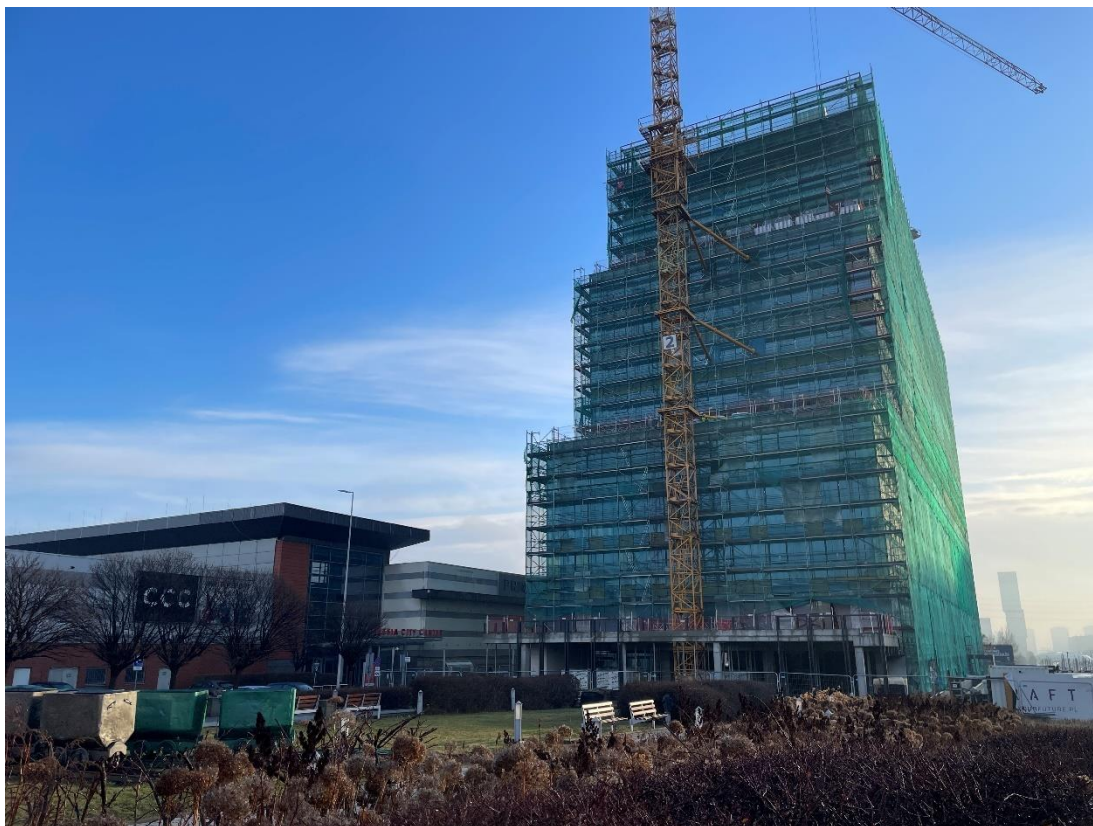
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Executive summary



Location

The subject property is located in the northern part of Katowice, in district Dąb and is situated in the vicinity of intersection of ul. Chorzowska and ul. Ściegiennego. The sites are situated north of ul. Chorzowska, which at the height of the subject property is a fragment of the national road no. 79 and is a fragment of the *Drogowa Trasa Średnicowa*. The subject property is located in a distance of app. 1.5 km from the city center of Katowice. The nearest bus/tram stops – Dąb Huta Baildon - are located at ul. Chorzowska in a distance of app. 200 m to the east from the subject property and the nearest railway station – Katowice Station – is located in a distance of app. 1.5 km to the south-east from the subject property. Moreover, the property is located in close proximity to the Silesia City Centre.

The *Drogowa Trasa Średnicowa* is one of the most important roads of the Upper Silesian Industrial Region and runs from Katowice through Chorzów and Świętochłowice, Ruda Śląska, Zabrze to Gliwice.

Description of property

The subject property comprises plots number 28/10, 30/3 and 31/3 from precinct 0001 – Dz. Śródmieście-Załęże, extending to an aggregated area of 4,396 sqm.

Proposed development

The proposed development comprises of an office building with GLA of 27,039 sqm.

Floor area of the proposed development

Office – 26,776 sqm

Warehouse – 263 sqm

Total: 27,039 sqm

Tenure

The property is included into the mortgage register no KA1K/00057960/3. In accordance with the aforementioned mortgage register Ghelamco CRAFT Sp. z o.o. is a freehold owner of the land.

Market Value of the subject property as at the date of valuation (subject to Special Assumptions) is fairly represented by amount of (rounded):

EUR 23,820,000

Market Value upon completion of the proposed development (subject to Special Assumptions) is fairly represented by amount of (rounded):

EUR 59,800,000

Market Value upon completion of the proposed development and based on the assumption 100% LET (subject to Special Assumptions) is fairly represented by amount of (rounded):

EUR 67,000,000

Market Value of the subject property as an undeveloped land (subject to Special Assumptions) is fairly represented by amount of (rounded):

EUR 5,180,000

1 Terms of instruction

1.1 Our appointment

In accordance with our instructions, which were confirmed in the letter of engagement dated 28 November 2022 we have valued the ownership title to land as at the date of valuation i.e. **31 December 2022 for financial reporting purposes.**

1.2 Competency, status of valuer and conflict of interest

We confirm that:

- we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently,
- we have undertaken the valuation acting as an external valuer, qualified for the purpose of the valuation,
- we are not aware of any conflict of interests in providing this valuation advise,
- expert i.e. Urszula Sobczyk responsible for this valuation and signatory to this report have almost 20 years of professional experience.

1.3 Inspection

The property was externally inspected by Agnieszka Słomka, Licensed Valuer, on 12 January 2022.

1.4 Currency and exchange rate

Valuation has been performed in EUR.

1.5 Valuation

Basis of valuation

In accordance with your instructions, we have undertaken our valuation on the following bases:

- Market Value of the property

On the basis of RICS Valuation – Global Standards 2021 definition of Market Value is as follows:

Market Value - *The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*

On the basis of IFRS definition of Fair Value is as follows:

Fair Value - *the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.*

The Fair Value of the property, for the purposes of financial reporting under International Financial Reporting Standards, in predominant number of cases is effectively the same as Market Value.

We confirm that **Market Value** estimated in this valuation report under RICS Valuation – Global Standards 2021 **equals Fair Value under IFRS.**

Compliance with international and local valuation standards

We confirm that this valuation has been prepared in accordance with the appropriate sections of the RICS Valuation – Global Standards 2021. It follows that the valuation is compliant with the International Valuation Standards (“IVS”).

In addition, we have had regard (where relevant) to the following local law and standards:

- Property Management Act (*Ustawa z dnia 21 sierpnia 1997 r. o gospodarce nieruchomościami (tekst jednolity Dz. U. 2021 poz. 1899 z późniejszymi zmianami)*);
- Ordinance regarding valuation methods, techniques and valuation report (*Rozporządzenie Rady Ministrów z dnia 21 września 2004 r. w sprawie wyceny nieruchomości i sporządzania operatu szacunkowego (tekst jednolity Dz. U 2021 poz. 555)*);
- Valuation for the purposes of financial reporting - local valuation standard (*KSWS wycena praw do nieruchomości oraz maszyn i urządzeń na potrzeby sprawozdań finansowych*);
- RICS professional guidance: Application of the RICS Valuation – Professional Standards in Poland, 1st edition, June 2016.

Valuation methods applied

- **Income approach**

(valuation technique that converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. The Market Value measurement is determined on the basis of the value indicated by current market expectations about those future amounts)

- **Residual method**

(valuation technique outlining current value of an asset that is to be subject to development/redevelopment, on the basis of future expected exit value upon redevelopment less of completion costs and required developer's profit)

Special Assumptions

A Special Assumption is referred to in the Red Book as an assumption that “*either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date*”.

In accordance with the contract underlying this valuation the Special Assumptions have been adopted as follows:

- The proposed development has been carried out according to existing building permit and schedule of areas provided to Newmark.

In the circumstances of this instruction, we consider the above Special Assumptions may be regarded as realistic, relevant and valid.

Market Value of the subject property as at the date of valuation (subject to Special Assumptions)

is fairly represented by amount of (rounded):

EUR 23,820,000

Market Value upon completion of the proposed development (subject to Special Assumptions)

is fairly represented by amount of (rounded):

EUR 59,800,000

Market Value upon completion of the proposed development and based on the assumption **100% LET (subject to Special Assumptions)** is fairly represented by amount of (rounded):

EUR 67,000,000

Market Value of the subject property as an undeveloped land (subject to Special Assumptions)

is fairly represented by amount of (rounded):

EUR 5,180,000

Level of the Fair Value Hierarchy

Valuation inputs (observable): rents, yields

Valuation inputs (unobservable): developer's profit

Bearing in mind that residual method requires unobservable inputs to be relied upon we have classified Fair Value measurement of the subject asset at **Level 3** of the Fair Value Hierarchy.

Classification of inputs:

- *Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date;*
- *Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;*
- **Level 3 Inputs - unobservable inputs for the asset or liability**

Valuation conditions and caveats

Our Valuation Report is generally subject to our standard Valuation Conditions and Caveats, which are included in Section 5 of this Valuation Report. Any assumptions and conditions set out earlier in the Valuation Report take precedence before these set out in Section 5. In the event that any of our Assumptions prove to be incorrect then our valuation should be reviewed.

1.6 Disclosure and confidentiality

The contents of this Valuation Report and Appendices are confidential to the addressee for the specific purpose to which they refer and are for their use only. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained.

Yours faithfully



Urszula Sobczyk, MRICS
Licensed Valuer No 3898
Head of Valuation



Bartłomiej Kucharski
Licensed Valuer No 7143



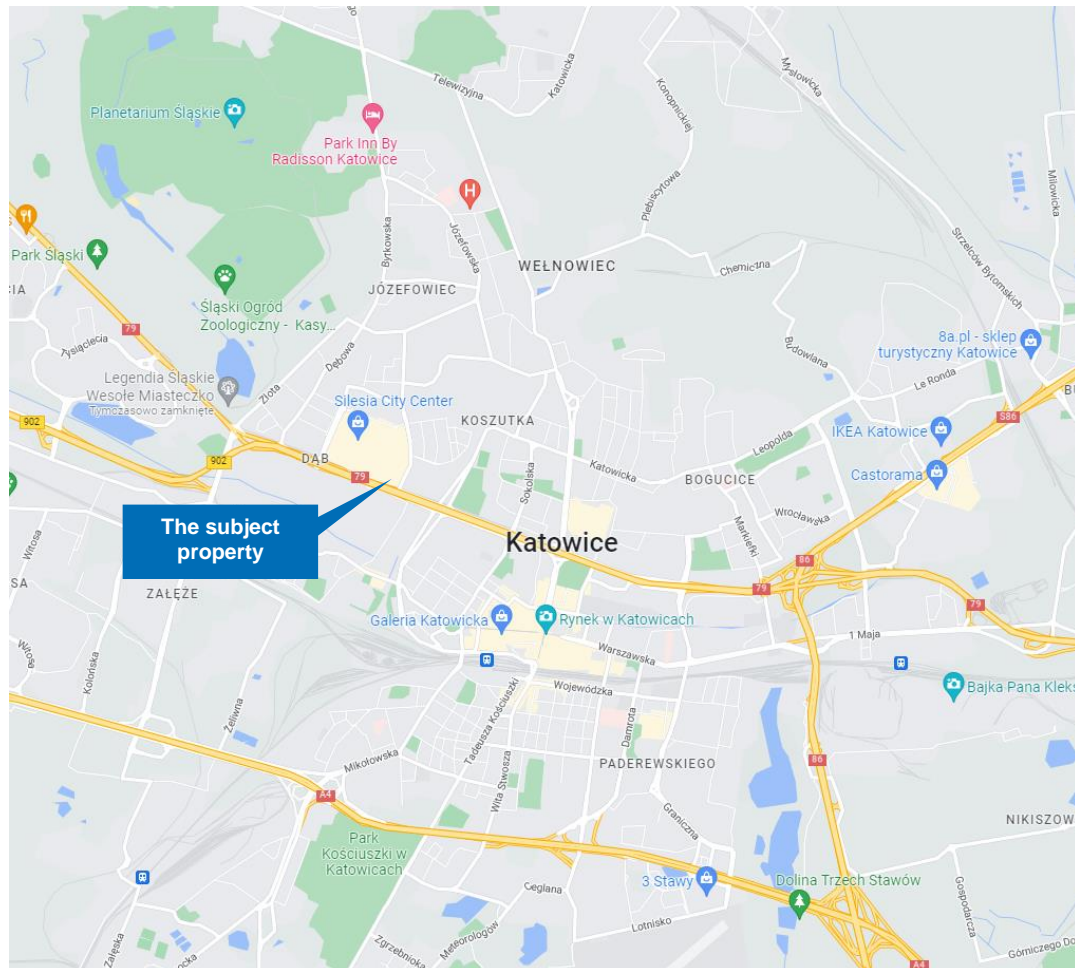
Agnieszka Słomka
Licensed Valuer No 4976

2 The property

2.1 Location and situation

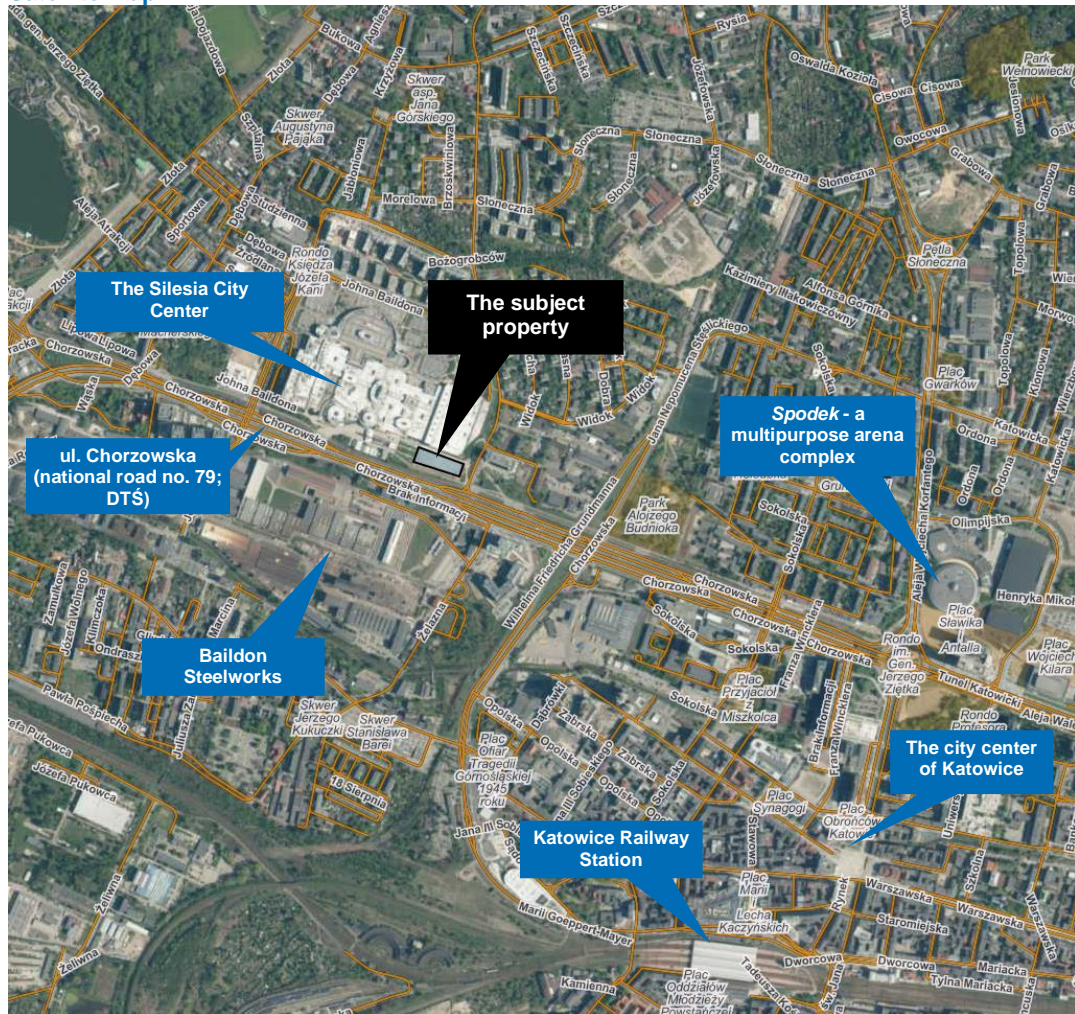
The subject property is located in the northern part of Katowice, in district Dąb and is situated on the corner of intersection of ul. Chorzowska and ul. Ściegiennego. The sites are situated north of ul. Chorzowska, which forms a part of the national road no. 79 being a part of the DTŚ (*Drogowa Trasa Średnicowa*) – one of the most important roads of the Upper Silesian Industrial Region and runs from Katowice through Chorzów and Świętochłowice, Ruda Śląska and Zabrze to Gliwice. The subject property is located in a distance of app. 1.5 km to the west from the city centre of Katowice. The nearest bus/tram stops – Dąb Huta Baildon - are located along ul. Chorzowska in a distance of app. 200 m to the east from the subject property while the nearest railway station is located in a distance of app. 1.5 km to the south-east from the subject property. Moreover, the property is located in close proximity to the Silesia City Centre.

Location map



Source: maps.google.com

Satellite map



Source: www.mapy.geoportal.gov.pl

The property is situated within the northern part of Katowice. Its surroundings comprise mixture of commercial, residential and industrial uses including the Silesian City Center, office buildings, single- and multi-family housing estates and the area of Baildon Steelworks. The Silesian City Center is the largest shopping center in Katowice and one of the largest in Poland (84,000 sqm GLA), while Baildon Steelworks was a major steelworks in Katowice.

The immediate vicinity of the national road has a positive impact on the attractiveness of these areas for new office developments. In recent years, several new office buildings have been built around the Baildon Steelworks area including Silesia Business Park, Rawa Office and Baildona 66. Apart from the subject office building CRAFT, in a distance of app. 500 m to the west from the subject property, Silesia 4 Business I office building is under construction (to be completed in 2024).

The immediate surroundings of the subject property include:

- North: Silesia City Center (shopping center);
- South: ul. Chorzowska (the part of national road no. 79; DTŚ), commercial and office buildings as well as Baildon Steelworks area;
- West: undeveloped land, and Silesian City Center area (historical buildings of a former coal mine);
- East: ul. Ks. Piotra Ściegiennego, office building and undeveloped land.

2.2 Description and construction

The subject property consists of three plots of land with an aggregated area of 4,396 sqm, which are being built with CRAFT office building with an area of 27,039 sqm of GLA.

As at the valuation date, the construction of reinforced concrete overground levels are finished and the building is covered with glass facades. The construction phase should be finished and an occupancy permit received by the end of Q2 2023.

We set out below photographs of the subject property as at the date of inspection.



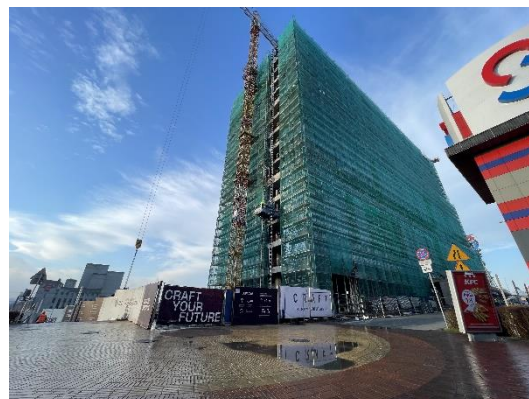
View of the office building from the west side



View of the office building from the east side



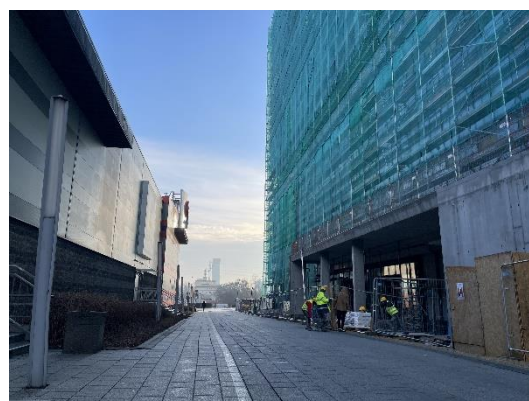
View of the office building from the nord side



View of the office building from the nord-east side



View of the office building from the south side



View of the office building from the nord side

2.3 Proposed development



*Visualisation of the proposed building
Source: www.ghelamco.com*

The proposed development comprises an office building with an area of app. 27,039 sqm of GLA. The subject office building is being built within the area of former "Katowice-Bogucice-Załęże" mining zone and the abolished "Katowice I" mining area of the KWK "Katowice-Kleofas". However, the development area is located outside the areas of mining exploitation. The proposed CRAFT office building will feature fourteen above ground floor and footprint area of 2,477.14 sqm. There will be two underground levels designated for parking places and technical infrastructure of the building.

The building with a mullion-slab structure will be placed indirectly on foundation piles. The building will have reinforced concrete communication shafts transferring horizontal loads from wind loads. The building will be a brand new development satisfying A-class standard and current tenant's requirements. The building is to be BREEAM certified to the level "excellent".

2.4 Building areas

For the purposes of this valuation we have adopted rentable areas on the basis of most up to date budget assumptions received from the Client (these areas compare to our earlier own calculations based on floor plans and calculations of rentable area according to TEGoVA standards). Our understanding of rentable areas of the proposed building is set out below:

Type of area	Rentable area in sqm. / No of car parking places
Office	26,776 sqm
Warehouse	263 sqm
Total GLA (gross rentable area)	27,039 sqm
Parking places	246 slots (218 internal and 28 external)

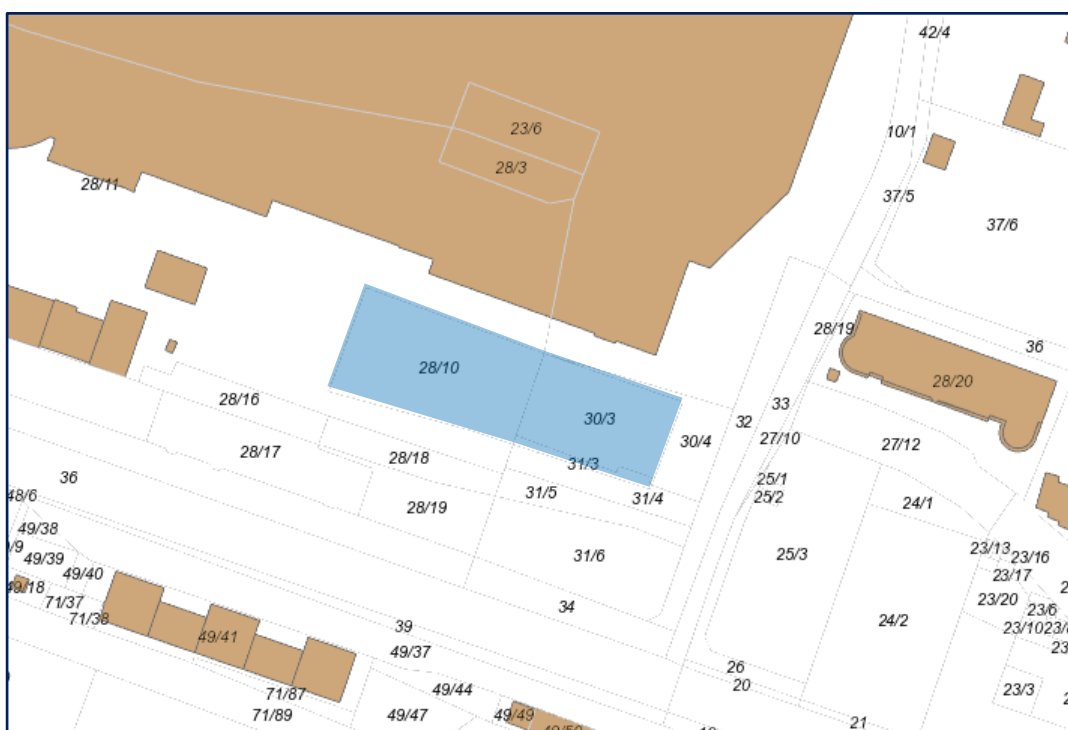
2.5 Site

The subject property is located in the northern part of Katowice, along ul. Chorzowska, cadastral area number 0001. We have been provided by the Client with extracts from the Land Register dated 3 February 2022.

Based on the above, the subject property consists of the plots of land no. 28/10, 30/3 and 31/3, situated within 0001 – Dz. Śródmieście-Załęże cadastral area, extending to an aggregated area of 4,396 sqm.

We have confirmed this data on the basis of official maps available at local authority website and we have not noticed any changes.

A cadastral plan below shows our understanding of the boundaries of the property (shaded in blue).



Source: msip.um.krakow.pl

2.6 Planning status

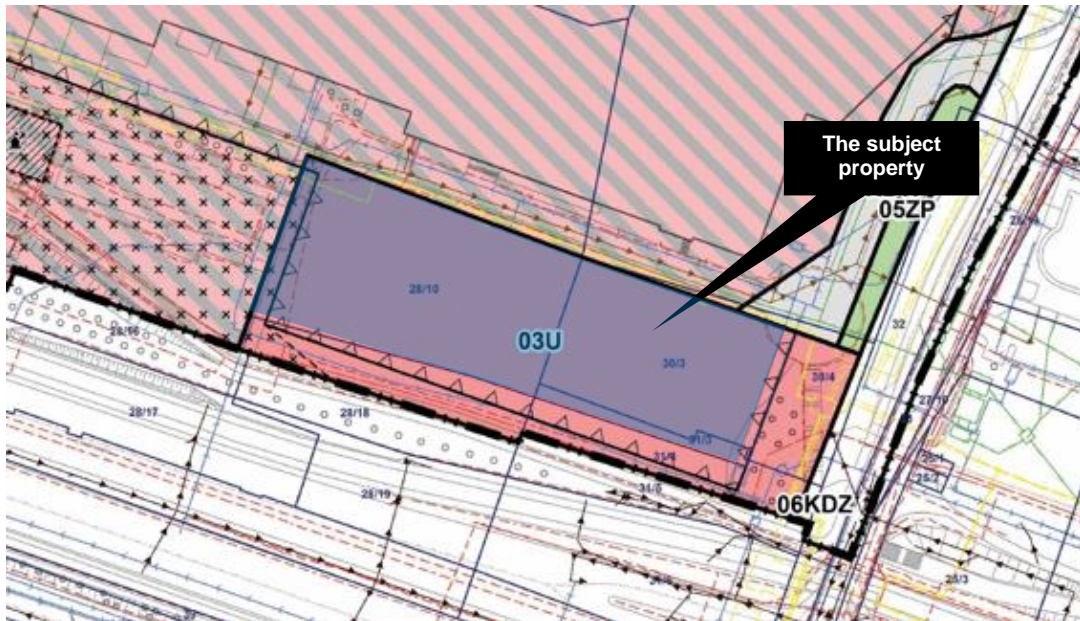
For the purposes of this valuation we have confirmed the current planning status of the property at relevant local authorities. As at the date of valuation there is a valid master plan for the subject area as approved by the City Council of Katowice Resolution No VI/114/19 dated 28 March 2019.

According to the aforementioned master plan, the subject property is located within zone **03U – commercial uses**. In the aforementioned zone the following architectural parameters for new developments have been set out:

- Minimum biologically active area indicator – 10%;
- Intensity indicators – 1.2-12.8;
- Intensity indicators (only above-ground storeys) – 1.2-9.8;
- Maximum share of usable floor area of social services – 15% of building GLA;
- Maximum foot print area indicator – 0,7;
- Height of the building – 16.0-55.0 m
- Number of above-ground storeys – 4-14.

The map below shows designation of the subject area in the master plan.

Master plan



Source: www.bip.katowice.eu

We have been provided by the Client with a copy of the building permit decision No. 1269/2020 issued by the President of Katowice and dated 8 September 2020. The building permit decision was issued in favour of Ghelamco GP 2 Sp. z o.o. Synergy S.K.A and granted permission to develop the land with an office, commercial building and underground parking.

2.7 Title

In respect of the subject property Regional Court in Katowice-Wschód holds Mortgage Register No. KA1K/00057960/3.

We have confirmed on-line the current status of the mortgage register on 3 January 2022 (online database available at the website of the Ministry of Justice at www.ekw.ms.gov.pl) and the main information contained in the mortgage register is abstracted below.

MORTGAGE REGISTER NO. KA1K/00057960/3

1st Chapter I-O	
Location	Śląskie, Katowice
Plots no.	30/3, 28/10 and 31/3
Cadastral area	0001 – Śródmieście-Załęże
Land area	4,396 sqm
1st Chapter I-Sp	
Property Rights	Free of charge and unlimited in time land easement concerning the right of passage via an internal road built on part of plots of land no. 1/41, 30/4 and 28/11, in favour of each owner or RPU holder of plots of land no. 28/10, 30/3 and 31/3. Each property owner is entitled to a free of charge and unlimited in time land easement, consisting of: - the right to construct and carry out on the property, storm water drainage equipment and installations, transmission, connection to the infrastructure belonging to each owner of the property and operation on the terms described in the "Neighbourhood Agreement" concluded between Helios SCC Sp. z o.o. with seat in Katowice and Ghelamco GP 2 Sp. z o.o. Synergy S.K.A. with seat

MORTGAGE REGISTER NO. KA1K/00057960/3

in Warsaw dated 16 October 2019, and ensuring access to the network and its operation;
 - access by each owner of the property to the installations and transmission facilities referred to above in order to ensure proper operation, rectification of failures and faults, as well as repair and maintenance;
 - the obligation of the owner of the property to not take actions that could hinder or prevent the exercise of the rights of any owner of the property.

2nd Chapter

Owner Ghelamco CRAFT Sp. z o.o. with seat in Warszawa

3rd Chapter

Limited property right Free of charge land easement consisting in the right to carry out heating equipment and installations, in particular the construction of heating connections and pipelines, as well as consisting in the right of free access to the installations and devices, in order to remove failures, perform maintenance, repairs and modernization, with a limitation of the scope of exercising this right to plots of land no. 30/3 and 28/10 – in favour of each owner or RPU holder of the land contained in the mortgage register no. KA1K/00024552/0.

Paid and unlimited in time transmission easement concerning the right to use the property in order to straighten power equipment on the property, the right to round-the-clock unhindered access to the indicated power equipment in the event of the need to perform activities related to the operation, modernization, maintenance and removal of failures, as well as their expansion - easement is performed on plot of land no. 28/10, in favor of Tauron Dystrybucja S.A. with seat in Kraków.

4th Chapter

Mortgages Joint contractual mortgage to the amount of EUR 135,000,000 in favour of CREDIT AGRICOLE BANK POLSKA S.A. with seat in Wrocław.

We are not aware of any other restrictions (than these mentioned in the mortgage book) imposed by claims and litigations, which affect the property value. Any mortgages revealed in the mortgage registers **would affect sale price but do not impact on the property value and as such were not reflected in our valuation.**

There is no difference in the plot's area between land register and mortgage register.

2.8 Tenants and occupiers

We have been informed by the Client that there is only one binding lease agreements/pre-lease agreement regarding the building that is being constructed on the subject sites.

The office area of 2,296.29 sqm and warehouse area of 24.18 sqm was let to Strabag Sp. z o.o. for a period of 5 years.

3 Market analysis

3.1 Office market in Katowice

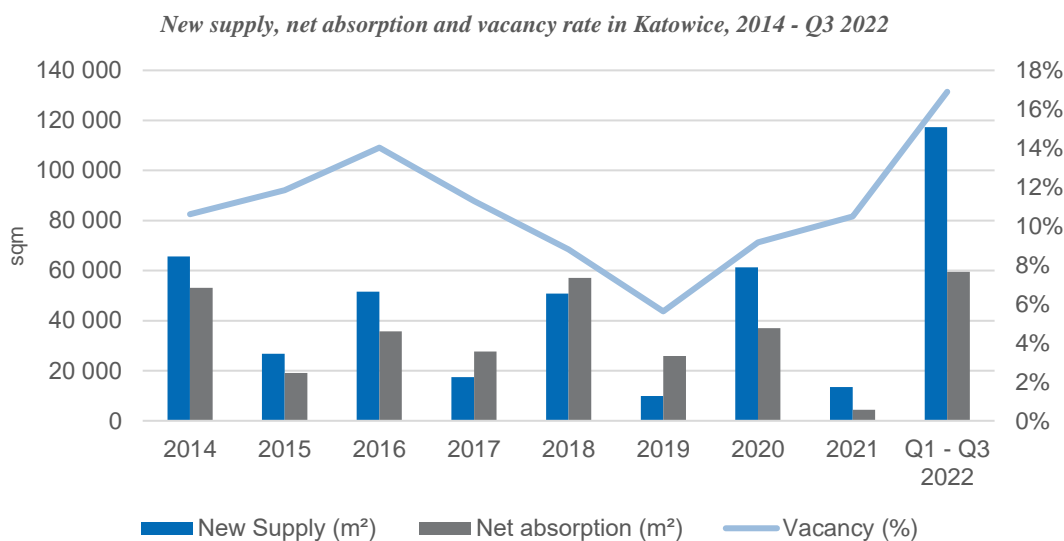
Market outlook

Katowice office market is the fourth biggest regional market in Poland. The record-breaking first half of the year in terms of new supply in Katowice office market has slowed down. No project was completed in Q3 2022, but there is still more than 80,000 sqm of office space under construction, which most is expected to be delivered successively in 2023.

Supply

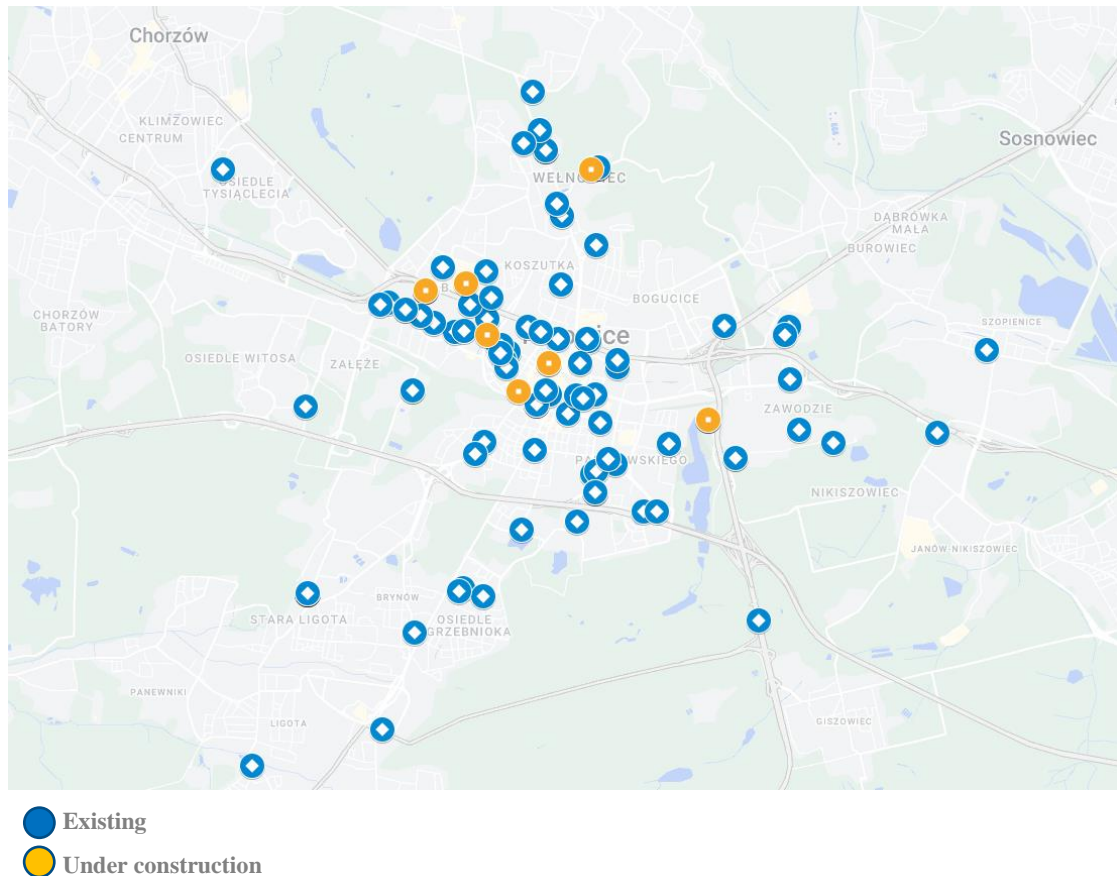
At the end of third quarter 2022 the amount of office space in Katowice exceeded 716,600 sqm, which is 19.1% increase year-on-year. Amount of new supply delivered during Q1-Q3 2022 reached the level of 117,300 sqm. It was almost 8 times more than in the same period in 2021 and it was the highest result achieved in polish office market in the past two years. During this period office market in Katowice saw the delivery of seven new office buildings including: .KTW II (39,900 sqm), Global Office Park A2 (27,900 sqm), Global Office Park A1 (27,250 sqm), DL Tower (11,900 sqm), Carbon Office (8,450 sqm), Dworcowa 4 (1,000 sqm) and Mikołowska 35 with a total office area of 900 sqm.

Market trends



Source: Newmark Polska

Map of existing and under construction office stock in Katowice



Source: Google maps

Vacancy

The city's vacancy rate stood at 16.9% at the end of September 2022, up by 0.8 pp compared to the previous quarter and up by 6.5 pp comparing year-on-year. Vacant space amounted to almost 121,000 sqm, which means 4.6% more than in Q2 2022 and 98.4% more than in Q3 2021. Office absorption amounted to 59,500 sqm in the first three quarters of 2022, up by 812.6% comparing to the same period in 2021 (6,500 sqm).

Rents

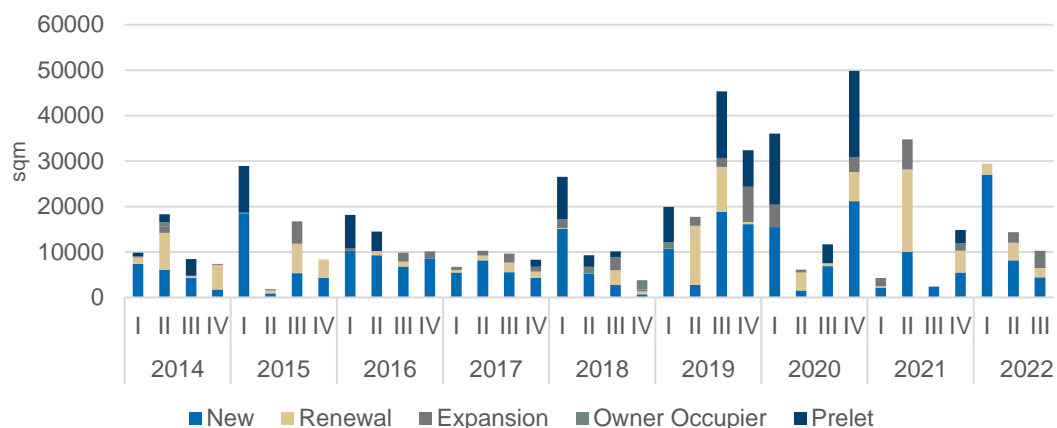
Monthly rental rates on the office market in Katowice depend on the location and on the class and standard of the building. In Q3 2022 the average headline rental rates for the best office spaces amounted between EUR 13 – 15.5 monthly per sqm and PLN 18 – 23 /sqm/monthly. With availability remaining high both in existing buildings and projects underway, rental rates are expected to remain stable but the energy prices continue to rise which could drive up service charges over the next quarters.

Take-up

In Q3 2022, out of all of regional city markets, Katowice achieved fifth place in attracting the occupier's interest with total take-up at level 10,250 sqm. From January to the end of September total tenant's activity in Katowice achieved 54,050 sqm, 30.2% more than in the same period 2021. This result is accounting for 12% of regional take-up and 5.1% of total take-up in Poland.

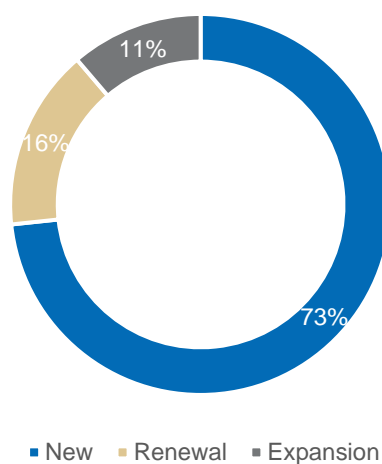
New leases accounted for 73% of total take-up from Q1-Q3 2022. Renegotiations and expansions achieved 16% and 11% respectively.

Take up structure in Katowice, 2014 - Q3 2022



Source: Newmark Polska

Take-up structure in Katowice, Q1 - Q3 2022



Source: Newmark Polska







Key lease transactions in Katowice during Q1 – Q3 2022

Building	Tenant	Area (sqm)	Lease type
.KTW II	PWC	12,900	New deal
Global Office Park A1	Keywords Studios	9,300	New deal
Global Office Park A1	Keywords Studios	3,800	Expansion
Silesia Business Park IV	TUV Rheinland Polska	2,600	Renegotiations
.KTW II	LKQ Europe	2,300	Expansion

Source: Newmark Polska

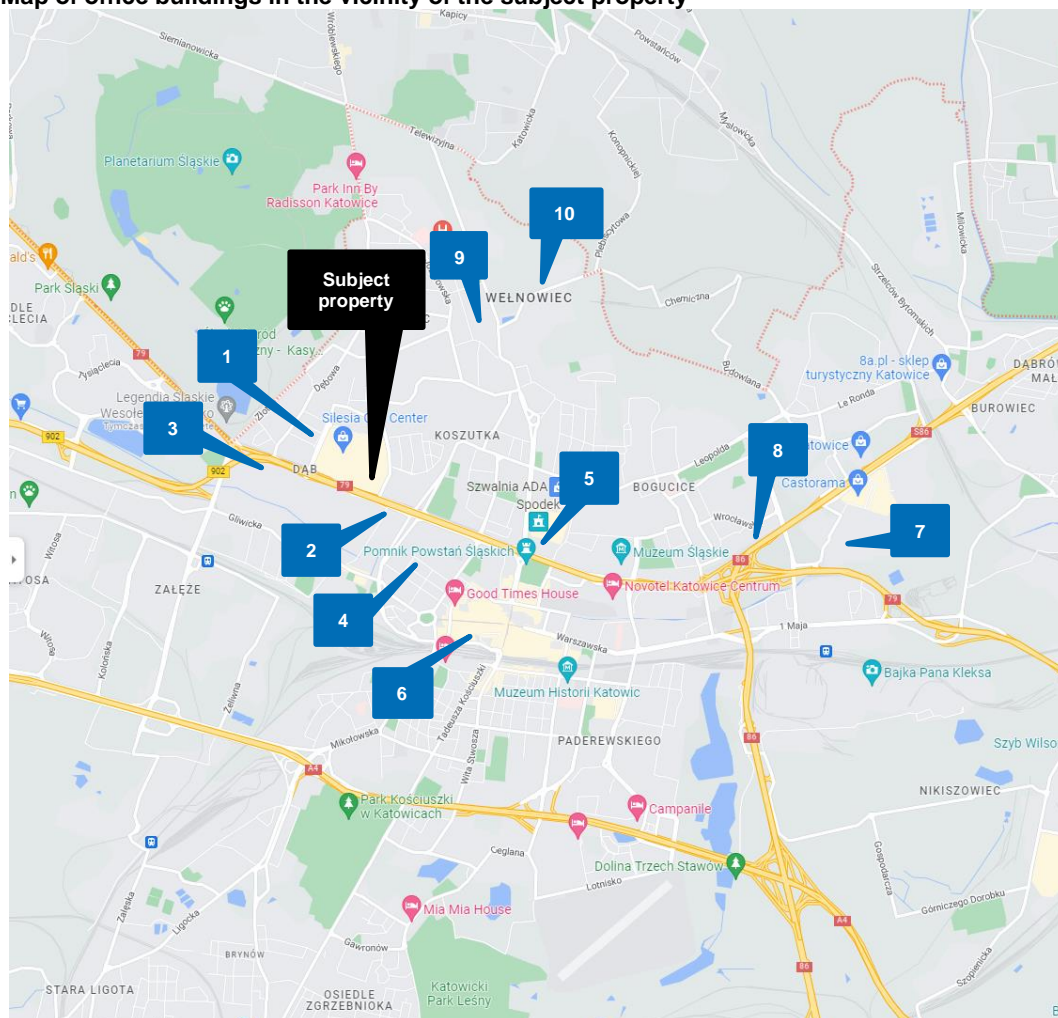
3.2 Rental conditions in comparable office buildings

The table below presents examples of asking rental rates for office space currently available on the office market in northern and central part of Katowice. Rent quotation were prepared on the basis of data available on websites, offers from the market and in house market knowledge of Newmark Polska.

No	Development/ Investor	Commercial leasing terms	Photograph
1	Carbon Office , ul. Węglowa 9	Rent: EUR 12.90-13.50 Add on factor: 6.00% External parking: EUR 60 Internal parking: EUR 70	
2	Face2Face II , ul. Żelazna 4	Rent: EUR 13.85 Add on factor: 1.50 % External parking: EUR 70 Internal parking: EUR 90	
3	Silesia Business Park IV , ul. Chorzowska 146	Rent: EUR 13.50 Add on factor: 5.00 % External parking: EUR 45 Internal parking: EUR 75	
4	Global Office Park , ul. Dąbrówki / Mickiewicza	Rent: EUR 14.95 Add on factor: 5.28 % External parking: EUR 55 Internal parking: EUR 90	
5	.KTW II , al. Roździeńskiego 1	Rent: EUR 15.50 Add on factor: 2.90 % Internal parking: EUR 120	
6	Młyńska 6	Rent: EUR 13.50 Add on factor: 5.00 % External parking: EUR 45 Internal parking: EUR 75	

No	Development/ Investor	Commercial leasing terms	Photograph
7	BREMA , al. Roździeńskiego 188h	Rent: EUR 12.50 Add on factor: 5.00 % Internal parking: EUR 50	
8	DL Piano , ul. Wrocławska 54	Rent: EUR 13.00-14.00 Add on factor: 7.70% External parking: EUR 35 Internal parking: EUR 65	
9	DL TOWER , al. Korfantego 138	Rent: EUR 12.50-14.00 Add on factor: 5.00% External parking: EUR 35 Internal parking: EUR 55	
10	GPP Business Park IV , ul. Konduktorska 33	Rent: EUR 13.00 Add on factor: 5.00% External parking: EUR 30 Internal parking: EUR 60	

Map of office buildings in the vicinity of the subject property



Source: Newmark Polska

3.3 Investment market

Total investment volume in the first three quarters of 2022 amounted to EUR 4,319.7 bn (including Residential&Private Rented Sector – PRS), which is a result of about 4% higher than the one achieved in corresponding three quarters of 2021. It is worth noting that the sale process of some of the investment transactions which were finalized during Q1-Q3 2022 began still in 2021, therefore that the pending war in Ukraine and record-breaking inflation in Central and Eastern Europe did not have a major impact on the concluded investment transactions.

Only in Q3 2022 investment volume amounted to EUR 1,438.5 bn (18% higher quarter-to-quarter), however about 9.5% lower comparing to results of Q3 2021. The appetite from investors and foreign funds remains high although it is forecasted that given the uncertain geopolitical environment and not the best results of Polish economic indicators, some of the pending investment deals may be postponed until the last quarter of this year.

Investment volume result achieved in the first quarters of 2022 signifies the resistance of the Polish commercial market to the turbulences that our region faces. Investors are more cautious however continue to be interested in safe, low-risk real estate, such as logistics and warehouse parks, PRS and retail parks.

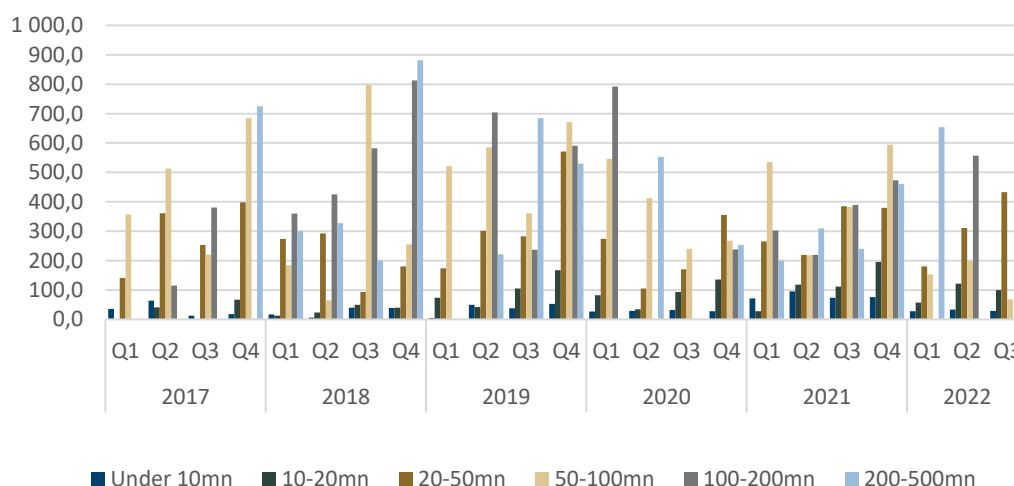
Total number of investment deals concluded since January 2022 reached 87 transactions, of which 21 transactions were concluded in Q1 2022, 35 transactions in Q2 2022 and 29 transactions were

concluded in Q3 2022. It should be noted that in Q1 2022 about 75% of total investment volume concerned the portfolio transactions.



In Q1 2022, 70% of total volume concerned the transaction with total price above EUR 200 mln, while in Q2 2022 there were no transactions with the price above that value. In Q2 2022, almost half of properties were sold for a price in a range of EUR 100 – 200 mln. As far as data for Q3 2022 is concerned, transactions with a price ranging from EUR 20-50 mln prevailed and constituted about 30% of the Q3 2022 investment volume. Two transactions achieved prices exceeding EUR 200 mln and constituted to about 56% of Q3 2022 invested capital.

Quarterly Investment Volumes in Poland by Deal Size



Most of the capital invested in Poland since the beginning of 2022 has origins in the North America. Significant amounts has also been invested by investors with European origins predominately from Czech Republic, Hungary, Switzerland and Germany. Polish capital invested on the property market since January 2022 was responsible for about 1,0% of total investment volume.

Office sector enjoyed the largest investor’s interest from January 2022 with EUR 1.767 bn invested within 21 transactions, what constitutes of 40,9% of total investment volume, implying 45% growth in volume compared to the corresponding period of 2021. Only in Q3 2022 investors spent 501,9 mln for office properties located in Poland, what constituted about 34,89% of total

Q3 2022 investment volume. This result is similar to Q2 outcome, when the investors invested EUR 533 mln.

Worth noting, and having its great share in the result achieved for the first nine months of 2022, is the largest in terms of volume ever investment transaction in Poland concerning The Warsaw HUB (developed by Ghelamco) of 101,000 sqm of GLA, acquired by Google at a price of EUR 585,7 m.

During Q3 2022, the second largest investment deal within the office sector was a sale by Skanska of Generation Park Y office building extending to GLA of 47,615 m² to German investor Hansainvest for a price of EUR 285,44 mln. In addition, during Q3 2022 Cavatina sold to American fund Lone Star Funds three office building located in regional cities. Acquisitions concerned office buildings located in Kraków (Ocean Office Park A of 12.986 m² GLA, price of EUR 31,15 mln and Tishnera Office of 33.637 m² GLA, price of EUR 67,60 mln) and Wrocław (Carbon Tower of 19.128 m² GLA purchased for EUR 40,55 mln). Significant office investment sales in regional cities will also be noted in H1 2022 including Nowy Rynek "building D" in Poznań with an area of 37,220 sqm of GLA which was purchased by Swedish fund for a price of EUR 120.60 mln and MidPoint 71 in Wrocław with an area of 36,300 sqm of GLA which was purchased by Czech fund for a price of EUR 109 mln.

The industrial sector was the second most popular investment target amongst investors since January 2022 with about EUR 1,543 bn invested (about 55% of the result was invested during Q3). It attracted 35,7% of the value of all investment transactions concluded in 2022 so far. In total 33 investment transactions were noted since January 2022, including 13 concluded in Q3, 13 in Q2 and only 7 in Q1 2022. After the record high volume of the capital invested in the industrial market in 2021, we note the decrease of the number of the transactions on industrial sector. It is mainly caused by a lack of attractive properties which can be purchased as well as the increasing financial costs. However, the appetite of investors for this sector remains high due to record low vacancy level which in turn drives rental growth.

During the first three quarters of 2022, five of noted transactions concerned portfolio transactions with total volume of EUR 275 mln, what constitutes of app. 33% of total volume noted in industrial sector. Moreover, it is worth to note that in Q2 2022, three transactions concerned the properties located in Warsaw, which were concluded @ yield of 4.40 – 4.95%.

The largest investment transactions in the warehouse sector since January 2022 include the acquisitions of Panattoni Park Gdańsk Airport with an area of 102,849 sqm for a price of EUR 111.7 mln by Exeter Property Group (concluded in Q2 2022), 7R portfolio comprising investment land as well as two buildings under construction for a price of EUR 108.20 mln by CTP (Q2 2022) and sale of Hillwood portfolio with aggregated GLA area of 629,135 m² for a price of EUR 524 mln (concluded in Q3 2022).

During first three quarters of 2022 total investment volume in retail sector amounted to EUR 859 mln, which translates to 19,9% of total invested capital in the Polish market during this period. Such result is about twice better than that achieved in corresponding period of 2021. The largest share of the retail investment volume concerned sale of the portfolio of M1 shopping centers (second generation schemes). Part of M1 portfolio extending to an aggregated area of 206,324 sqm GLA was acquired by an American fund PIMCO from EPP for total price of EUR 340 m, while portfolio of 12 M1 shopping centers of 159,554 sqm GLA was purchased by the South African fund I Group from EPP for a total price of EUR 313,75 m. Both transactions were concluded in Q1 2022. In Q2 2022, only EUR 69.4 mln were invested in retail sector, what constitutes only 6% of total investment volume noted in Q2 2022.

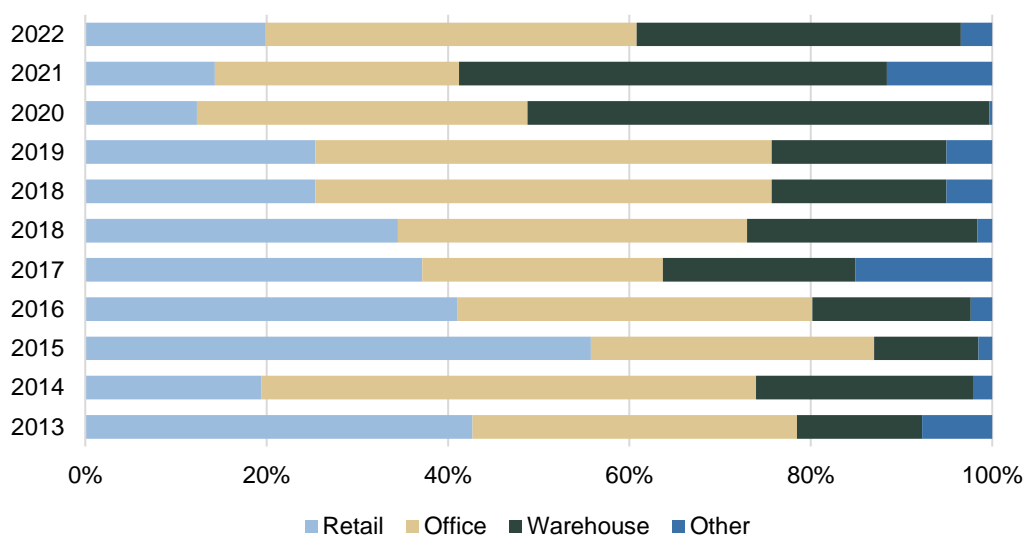
During Q3 2022 investors continued their interest in acquisition of small retail parks, supermarkets and food anchor stores and volume achieved in Q3 2022 was EUR 61,9 mln and constituted about 4,3% of total Q3 2022 investment volume. Retail investment deals in Q3 2022 regarded 7 properties and mainly concerned convenience centers and small retail parks including Retail Park Franowo and Prochownia Łomianki as well as discount stores (Biedronka, Tesco). Prices achieved for retail properties ranged from EUR 1,47 mln to EUR 21 mln. Sukcesja shopping centre located in Łódź formed the largest retail scheme (GLA of 46,312 m²) which changed hands (sold during sixth auction) in Q3 2022. The shopping centre was closed from June 2020. It was eventually acquired by a Turkish investor for a price of EUR 17,28 mln, what indicates price per sqm at a very low level of EUR 373 m² GLA. Moreover during Q3 2022 Atrium Płock first generation shopping centre opened in 2002 of 13,400 sqm of GLA was purchased by an Israeli investor for a price of EUR 11,40 mln (EUR 851 m² GLA).

Due to the situation on Ukraine, several million of refugees came to Poland. As a result, comparing to Q3 2021, app. 75% less apartments in Poland is currently available for rent. There is one of the reasons why we still note a growing interest in the PRS sector.

Within the living sector (Residential&PRS), recognized as a rising star of the market in 2021, five acquisitions for an aggregated price of EUR 145,59 mln have been recorded since January 2022 (share of 3.4% of total investment volume recorder during three quarters of 2022). Worth noting is the transaction dated Q2 2022 which concerned 1,851 apartments designated for rent and located in Kraków and Łódź. The property was acquired by XIOR Student Housing. Another significant PRS transaction, also concluded in Q2 2022, concerned the estate Aurora (4 residential buildings with 400 apartments) in Włochy district in Warsaw which was sold by Dantex to Heimstaden Bostad. Moreover during Q3 2022 Atrium acquired 138 apartments in Wrocław at Studio Plac Dominikański estate and Marvipol sold 136 apartments in Unique Tower D to Swedish investor Heimstaden Bostad.

In addition, we have noted two hotel transactions recorded in H1 2022 concerning Ibis hotel in Kielce, sold for EUR 2.15 mln and Hotel Arbiter in Elbląg, sold for EUR 2.2 mln, what in total translates to 0.18% of H1 2022 investment volume.

Sector Split of the Investment Volume %



Source: Newmark Polska

Due to the great interest of investors in logistics facilities, especially those dedicated to the e-commerce sector, the capitalization rates in 2021 compressed and continued to harden in Q1 of 2022. Yield compression has been stopped in Q2 2022 which is connected with Russian aggression on Ukraine and its consequences. Currently, prime industrial rates are stable and range from 4.50% to 5.25% for multi-let assets subject to long term lease agreements and best locations (the lowest rates are notable within Warsaw zone).

The lowest yields achieved in an industrial sale transactions concluded since beginning of 2022 concerned warehouse buildings located in Warsaw, namely: 7R City Flex Warsaw Airport I with an area of 15,620 sqm which was sold for a price of EUR 28.78 mln @ yield of 4.40% (WAULT of 6 years) and Havi Logistics Warsaw with an area of 10,065 sqm which was sold for a price of EUR 16.20 mln @ yield of 4.70% (lease and sale back with WAULT of 5+5 years). As far as regional market is concerned, the lowest yields were achieved in Upper Silesia, Tri-City and Western Poland and included: 7R Beskid Park II Phase II with an area of 25,500 sqm which was sold for a price of EUR 22 mln @ yield of sub. 5% (WAULT of 5 years), Panattoni Park Szczecin with an area of 46,000 sqm which was sold for a price of EUR 43,81 mln @ yield of 5.10% (WAULT of 10 years) and Panattoni Park Gdańsk Airport with an area of 102,849 sqm which was sold for a price of EUR 111.7 mln @ yield of 5.12% (WAULT of 8 years).

We predict that the recent upward trend in warehouse rents (caused mainly by rising construction and fit-out costs as well as low vacancy level) should maintain investor's interest in industrial asset acquisitions at a high, stable level.

Capitalization rates for the prime, dominant, large-city shopping centres in Poland that could be sold are estimated at around 5.25% and prime retail yields for prime supermarkets and discount stores with food anchors leased for 10 years or more are around 6.5%.

As far as retail parks are concerned, prime yields for typical retail park are estimated at around 7% or bit lower for prime and dominant schemes on the relevant local markets, while for retail parks benefiting from presence of food anchor tenant and /or DIY tenant investors are willing to pay higher price and offer sharper yields.

In H1 2022, Młyn retail park located on the outskirts of Wrocław, within recognized retail hub area with Korona shopping centre, has been sold at 6.5%. Moreover, retail park at ul. Widoczna in Warsaw was sold at the same yield.

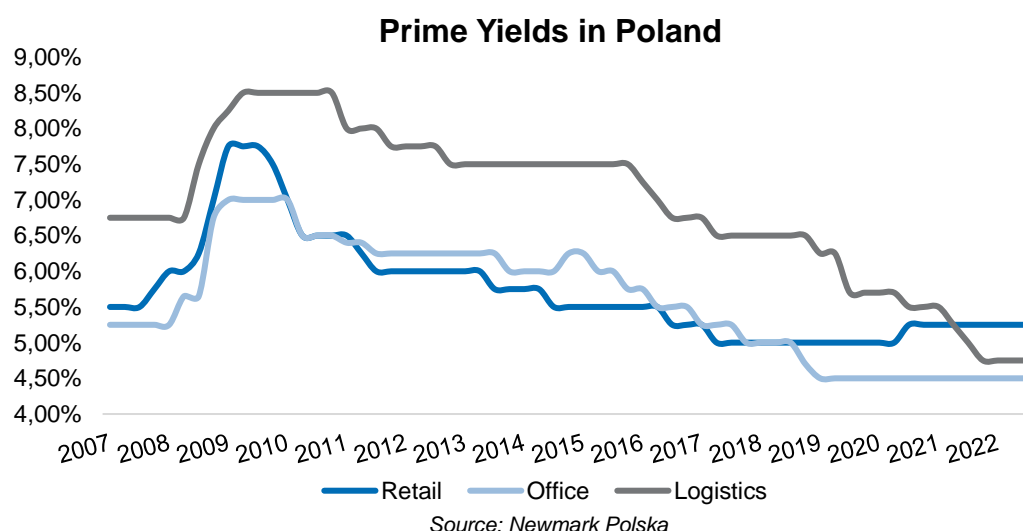
Moreover Galeria Andrychów, located within the southern Poland in Andrychów (about 20,000 inhabitants), extending to about 24,000 m² was sold in October 2022 at a yield of 7.3% and EUR 1,660 per GLA.

Continuously, the lowest yields in office sector are recorded in respect of modern office buildings located in Warsaw within the Central Business District and other central locations, and as the end of Q3 2022 stood at ca. 4.5%. The largest in terms of volume office investment deal ever in Poland, mentioned already above, concerned sale of The Warsaw HUB for a price of EUR 585,7 m and closed in Q1 2022 at a yield of slightly below 4.5%. Moreover Skanska sold Generation Park Y office building extending to GLA of 47,615 m² to German investor Hansainvest for a price of EUR 285,44 mln and a yield of 4.38%.

During first three quarters of 2022 there were 15 office investment transactions that took place in regional cities of Poland, including 5 transactions in Wrocław and 6 transactions in Kraków. It is worth noticing that Adventum Group acquired office tower in Wrocław named Sky Tower for a price of EUR 82,4 m at an undisclosed yield (EUR 1.526 per sqm GLA). Moreover, there is worth to note the transaction of Nowy Rynek "building D" in Poznań with an area of 37,220 sqm of GLA for a price of EUR 120.60 mln and MidPoint 71 in Wrocław with an area of 36,300 sqm of GLA for a price of EUR 109 mln. Both transaction were concluded @ yield of app. 6.20%.

The lowest, historical now, yields for office buildings in regional cities regarded offices located in Kraków including High Five II purchased by Credit Suisse in Q1 2020 at 5.75% and .BIG office building acquired by the same purchaser in Q1 2019 at 5.5% yield. Recent sale of other High Five office building III, concluded in Q2 2022, recorded a yield of similar level – 5.5%.

On average yields achieved for office buildings in the regional cities vary from 6% for the best, modern, fully let and centrally located properties to 7% and 7% plus with respect to office building of more suburb locations.



In the table below we set out details regarding the most relevant investment transactions in the office sector recorded in regional cities within 2020 and 2022.

Date (Year/ Quarter)	Building or Portfolio Name	City	GLA (sq m)	Price (€ m)	Price (€) per sq m GLA	Yield
Q3 2022	Carbon Tower	Wrocław	19,128	40.55	2,120	7.5%
Q3 2022	Tischnera Office	Kraków	33,637	67.60	2,010	7.5%
Q3 2022	Ocean Office Park A	Kraków	12,986	31.15	2,399	7.5%
Q2 2022	Midpoint 71	Wrocław	36,300	109.00	3,003	6.20%
Q2 2022	Centrum Południe I-III	Wrocław	28,215	86.3	3,059	6.25%
Q2 2022	Fuzja	Łódź	22,000	56.7	2,577	6.75%
Q2 2022	High Five (III)	Kraków	11,250	40.7	3,618	5.50%
Q2 2022	Browar Lubicz	Kraków	7,500	19.4	2,587	6.75%
Q2 2022	Nowy Rynek D	Poznań	39,000	121.00	3,102	6.2% (WAULT 7 years)
Q1 2022	Al. Pokoju 81	Kraków	8,400	10.71	1,275	-
Q1 2022	West4Businss HUB I	Wrocław	15,581	39.00	2,503	sub. 7%
Q1 2022	SKY Tower	Wrocław	54,000	82.39	1,526	-
Q4 2021	Axis & Kapelanka 42A	Kraków	39,156	96.00	2,452	ca. 7.25%
Q2 2021	Asnyka 9	Kraków	874	2.38	2,723	6.6%
Q1 2021	Alchemia Neon	Tri-City	35,562	86.20	2,424	7.20%
Q1 2021	BUMA portfolio	Kraków, Wrocław	100,000	200.00	2,000	7.5 – 8%
Q4 2020	Astris	Kraków	13,500	28.80	2,133	7.1%
Q4 2020	Podium Park II	Kraków	18,700	45	2,406	7.0%
2Q 2020	City One	Wrocław	12,019	35.42	2,947	6.20%

Date (Year/ Quarter)	Building or Portfolio Name	City	GLA (sq m)	Price (€ m)	Price (€) per sq m GLA	Yield
2Q 2020	Equal Business Park A,B,C	Kraków	49,290	99.50	2,019	8.81%
1Q 2020	High Five II	Kraków	37,900	125	3,298	ca. 5.75%
1Q 2020	Diamante Plaza	Kraków	11,000	20.0	1,819	Sub. 9%

Source: Newmark Polska

4 Valuation approach and calculations

4.1 Methodology

Residual Approach

We have not recorded enough number of comparable transactions in respect of the properties that would offer such quality location and would comprise a planned office building for which a building permit has been issued/building under construction. Therefore the most appropriate approach to valuation is residual approach, whereby all the costs of achieving the completed development are deducted from an estimated value of that completed development in order to arrive at the current value of the site/property. Residual valuation reflects the exact parameters of the planned development, in particular land use density as well as project advancement and risk profile.

4.2 Approach and assumptions – Market Value upon completion

In order to estimate Market Value of the proposed office development upon completion we have applied the income approach and in particular the capitalisation method. We have based our calculations on market rents that could be obtained from leasing accommodation within the scheme and capitalization rates from the investment market as at the date of valuation.

Valuation date	31.12.2022
Occupancy on opening	We have assumed that app. 30% of the accommodation will be let as at the date of actual completion of the development. The subsequent 1/3 of 70% of vacant area will be let within next 9 months, while remaining area will be let within following 12 and 15 months respectively.
Market rents	<p>EUR 14.50/sqm/monthly in respect of office accommodation with 8 month rent free period (applied on initial lease).</p> <p>EUR 9/sqm/ monthly regarding warehouse accommodation with 8 month rent free period (applied on initial lease).</p> <p>EUR 80/slot monthly regarding internal parking slots and EUR 60/slot monthly regarding external parking slots with 8 month rent free period (applied on initial lease).</p> <p>When estimating ERV level we have had regard to current rents achievable in comparable buildings as well as pipeline projects planned for delivery in 2022-2023.</p>
Lease term	We have assumed that all leases will be concluded for 5 years period.

Valuation date	31.12.2022
Void	Based on the assumption that transactions in Poland are concluded on the basis of gross initial yield we have not reflected future costs (future vacancy costs) in our valuation.
Operating expenses	Assumed to be fully covered by the tenant in the form of service charges. Only void costs were assumed at EUR 4.50/sqm monthly in respect of vacant space on opening
Leasing fees	3 month rent
Yield	Core yield of 7.00% regarding space let on opening and 8.00% regarding vacant space on opening.
Annual gross rental value (100% let)	EUR 4,916,868
Gross current rent (30% let on completion)	EUR 1,451,253
WAULT	5.0 years
Market Value as at the date of physical completion of the proposed development (subject to Special Assumptions)	<u>EUR 59,800,000</u> or EUR 2,212 /sqm GLA

In addition we have provided valuation upon completion and based on the assumption that the building is 100% let (usually the building is put on sale only then when occupancy reaches 100% or close to that number. Then the asset attracts many institutional investors including funds that are interested in immediate return on capital).

We have reflected all of the remaining assumptions as outlined in the table above.

On the basis of the above we have estimated Market Value of the subject property upon completion and 100% let in amount of EUR 67,000,000 or EUR 2,478/sqm GLA.

Please note that the value on per sqm basis is supported with investment transactions regarding offices in regional cities including: Fuzja building located in Łódź and transacted in Q2 2022 for a price of EUR 2,577, Browar Lubicz located in Kraków and transacted in Q2 2022 for a price of EUR 2,587 and Axis & Kapelanka located in Kraków and transacted in Q4 2021 for a price of EUR 2,452/sqm GLA (these are a few years old buildings).

A copy of our valuation calculations forming the valuation summary is attached to this report in Appendices.

4.3 Market value as at valuation date

Development budget & valuation assumptions

For the purposes of this valuation we assumed the following development costs having considered the Client's budget, current market conditions and tenants' requirements. We have received from the Client a development budget indicating the following amounts.

Development budget provided by the Client

Cost item	Budget [EUR]	Budget utilisation as at 31.12.2022 [EUR]	Outstanding budgetary costs [EUR]	Outstanding costs assumed for the purposes of valuation [EUR]
Site	2,500,000	2,411,711	88,289	Included in general construction costs
Construction - GC	33,237,927	17,589,710	15,648,217	15,648,217
Construction - Fit-out + incentives	8,040,000	0	8,040,000	13,388,000 or EUR 500/sqm GLA (bearing in mind tenant's requirements and increase in costs)
Construction unforeseen	2,063,896	263,107	1,800,790	1,004,100 (5% on remaining construction+fit-out costs)
Construction architects	1,329,517	1,329,517	1,329,517	Total professional fees of EUR 1,004,100 i.e. 5% on outstanding construction&fit-out costs
Construction eng.+development	664,758	361,902	302,856	Total professional fees of EUR 1,004,100 i.e. 5% on outstanding construction&fit-out costs
Development commercial costs (agents, drawings, legal)	1,921,837	27,165	1,894,672	Total commercial (leasing costs) of EUR 1,185,754 equal to 3 month rent
Development commercial costs	498,569	28,259	470,310	Total commercial (leasing costs) of EUR 1,185,754
Development - legal, finance, admin	332,379	43,735	288,644	Total commercial (leasing costs) of EUR 1,185,754
Construction - financial costs	2,000,000	667,928	1,332,072	Total finance costs of EUR 5,447,574
TOTAL	52,588,883	22,723,034	29,865,849	39,432,960

In general our assumption regarding outstanding construction costs is app. EUR 10 m higher than in the Client's budget (due to higher fit-out and financial costs that have been adopted in our valuation compared to Client's assumptions).

Remaining residual valuation assumptions

- We have assumed that construction will be completed within 6 months from the date of valuation, while sale of the property will be finalised within 12 months from the date of completion;
- Site acquisition costs (current state) at 1.0% of property value,
- Marketing cost was assumed as 0.5% of the property value upon completion,
- Sales agent fee was assumed as 0.5% of the property value upon completion,
- Finance costs were assumed at 4.50% annually and bank arrangement fee was assumed as 1.0% of required capital (we have assumed financial costs in EUR, therefore interest rate is significantly lower than interest rates in PLN),
- We have assumed 13.5% profit on costs ratio required by developers for projects of similar risks. Nominal amount of profit is EUR 8,579,000 (rounded).

On the basis of the above assumptions and calculations we have estimated Market Value of the property as at 31 December 2022 in the amount of EUR 23,820,000.

A copy of our valuation calculations forming the valuation summary is attached to this report in Appendices. Calculations have been carried out in excel model (goal seek function).

4.4 Market Value (as undeveloped land)

For the purposes of this valuation we assumed all of the costs as indicated in point 4.3. above apart from construction costs that have been assumed in total budgetary amount of **EUR 39,432,960**.

On the basis of the above assumptions and calculations we have estimated Market Value of the property as an undeveloped land as at 31 December 2022 in the amount of EUR 5,180,000.

A copy of our valuation calculations forming the valuation summary is attached to this report in Appendices. Calculations have been carried out in excel model (goal seek function).

4.5 Valuation results

We are of the opinion that:

Market Value of the subject property as at the date of valuation (subject to Special Assumptions) is fairly represented by amount of (rounded):

EUR 23,820,000

Market Value upon completion of the proposed development (subject to Special Assumptions) is fairly represented by amount of (rounded):

EUR 59,800,000

Market Value upon completion of the proposed development and based on the assumption 100% LET (subject to Special Assumptions) is fairly represented by amount of (rounded):

EUR 67,000,000

Market Value of the subject property as an undeveloped land (subject to Special Assumptions) is fairly represented by amount of (rounded):

EUR 5,180,000

5 Standard terms, conditions and assumptions

These are the Conditions and Assumptions that we use in the preparation of our valuations reports and apply to the valuation/s that are the subject of this Valuation Report. In the event that any of these Assumptions prove to be incorrect then our valuation/s will need to be reviewed and modified.

Title

We have made the Assumption that titles are good and marketable and are free from rights of way, easements, or unusually onerous covenants and restrictions; that the titles are neither under legal dispute nor subject to decisions by a court of law; and that the property is free from mortgages, charges or other financial encumbrances.

Structure

The Client and/or third parties accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

Our valuation/s has/have paid due regard to the apparent general condition of the property as observed from the valuation inspection. However, a structural/technical survey has not been undertaken. Therefore, we are unable to state categorically that the property is structurally sound and free from defects. We have made the Assumption that the property is free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects other than those that may be mentioned in our Valuation Report.

We have not been able to gain access to the roof or roof voids. Accordingly, our valuation has been prepared on the basis that there are no latent defects, wants of repair or other matter relating to those areas that would materially affect the value or the saleability of the property.

We have not arranged for investigations to be made to determine whether high-alumina cement concrete, calcium chloride additives or any other deleterious material has been used in the construction of or in any alterations to the property, and therefore we cannot confirm that the property is free from risk in this regard. For the purposes of our valuation/s, we have made the Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We have not carried out an asbestos inspection. We advise to employ a qualified engineer to undertake such an inspection during normal pre-contract or pre-loan enquiries.

No structural or geological investigations have been undertaken to certify that the site is free from any defect in any building's foundations. We have made the Assumption that the load bearing capacity of the site of the property is sufficient to support the building/s constructed, or to be constructed thereon. We have also made the Assumption that there are no infrastructure fittings or connections (water, sewer, digital or electric cables or other equipment or fittings) that cross the site or lie in such a position that would inhibit development or affect the value of the site. We have also made the Assumption that there are no abnormal ground conditions, nor archaeological remains present that might adversely affect the present or future occupation, development or value of the property.

No tests have been carried out on the site as to electrical, electronic, heating, plant and machinery equipment or any other services nor have the drains been tested. However, we have made an Assumption that all services, including gas, water, electricity and sewerage are provided and are functioning satisfactorily.

Plant and machinery

No allowance has been made for any items of plant or machinery not forming part of the service installations of the building/s. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with any of the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

Floor areas and inspections

Where we were not instructed to measure and calculate the floor areas, we have applied floor areas provided by the Applicant/Client or their agents. We have made an Assumption that these areas have been measured and calculated in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors or local equivalent.

Environmental considerations

We have been instructed not to make any investigations in relation to the presence or potential presence of contamination in land or buildings, and to make the Assumption that if investigations were made to an appropriate extent then no adverse conditions would be discovered sufficient to affect the site's value. We have not carried out any investigation into past uses, either of the property or any adjacent land, to establish whether there is any potential for contamination from such uses or land and have, therefore, made the Assumption that none exists. We have no basis upon which to assess the reasonableness of this Assumption. If it were to prove invalid, then the value of the site would fall by an unspecified amount.

Commensurate with our Assumptions set out above we have not made any allowance in the valuation for any effect of actual or potential contamination of land or buildings. In practice, purchasers do not typically make such an assumption about contamination and may require, before completing a transaction, appropriate investigations to be made in order to assess any risk to the value of a property owing to contamination.

Planning

We have made the Assumption that the building(s) has/have been constructed in full compliance with valid town planning and building regulations and that where necessary it/they has/have been assessed for fire risks compliant with all local requirements.

Tenure

Unless stated specifically to contrary in our Valuation Report, we have read sample major leases and related documents provided to us by the landlords. Our valuation/s reflect/s the market's general perception of the creditworthiness of the type of tenant/s currently in occupation or responsible for meeting lease commitments, or likely to be in occupation or meeting lease commitments.

Purchaser's costs and taxation

No adjustment has been made in the Valuation report to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner.

Properties in the course of development or requiring refurbishment

Unless otherwise referred to in the Valuation Report, we have relied upon information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date, as advised by the owner of the property or their professional advisers.

Unless otherwise noted in the Valuation Report, our valuation of the completed building/s has been based on the Assumption that all construction works have been satisfactorily carried out in a satisfactory manner in accordance with the building/s' contract and specifications, current construction standards and any relevant codes of practice. We have also made an Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, and will be assignable to third parties.

6 Appendices

1. Valuation calculations

1. Valuation calculations

NEWMARK

POLSKA

Commercial development

Katowice, Chorzowska 105 (not fully let on opening)

Valuation date:

2022-12-31

ALL AMOUNTS IN EUR

Area type	GLA (m2)	Rental assumptions (headline rent)	
		ERV (EUR /m2)	Rent free
Office	26 776	14,50	as per tenant valuation
Parking internal	218	80,00	as per tenant valuation
Parking external	28	60,00	as per tenant valuation
Warehouse	263	9,00	as per tenant valuation
Total GLA	27 039		

Cost category	Amount	Cost assumptions	
		Measure	
Unrecoverable current	0,00	EUR/sq m monthly	
Unrecoverable renewal	0,00	EUR/sq m monthly	
Void costs office	4,50	EUR/sq m monthly	
Void costs retail	4,50	EUR/sq m monthly	
Leasing fees	3,00	Monthly rents	
Bad debts	0,00%	of annual income	
Long term vacancy @ exit	0%	of annual income	

Area type	Yield assumptions				
	Core	Froth	Vacant space	Exit	Indefinite leases
Office	7,00%	1,00%	8,00%	7,00%	7,50%
Retail	7,00%	1,00%	8,00%	7,00%	7,50%
Parking internal	7,00%	1,00%	8,00%	7,00%	7,50%
Parking external	7,00%	1,00%	8,00%	7,00%	7,50%
Warehouse	7,00%	1,00%	8,00%	7,00%	7,50%
Other	7,00%	1,00%	8,00%	7,00%	7,50%

VALUATION

Aggregate Gross Current Rent p.a.	1 451 253	EUR
Aggregate Gross Rental Value p.a.	4 916 868	EUR
Capitalised income	59 824 611	EUR
Building capex (nominal)	0	EUR
Property Value rounded	59 800 000	EUR
Rate per m2	2 212	EUR

Yield profile

Gross initial yield	2,43%	%
Reversionary yield	8,22%	%

Income Weighted Average Unexpired Lease Term & Vacancy rate

WAULT (income weighted)	5,00	year. Only fixed term leases reflected
Vacancy rate	70,62%	%

Current income analysis

Area type	% share in total current income
Office	68,78%
Retail	0,00%
Parking internal	3,18%
Parking external	0,60%
Warehouse	0,41%
Other/specialty income	0,00%

Lease type	% share in total current income
fixed	72,96%
indefinite	0,00%

Income capitalisation valuation by

NEWMARK POLSKA

ALL AMOUNTS IN EUR

Tenant name	Lease type (fixed/indefinite)	Floor	Accommodation type	Area (sqm)	Current monthly rent headline (EUR/sqm) excluding rent free/step	Current monthly income (EUR) excluding rent free/step	Rental value (EUR/sq m/monthly)	Rental value monthly (EUR)	Current lease start date	Current lease expiry date	Initial void (months)	Unexpired term (months)	Initial void costs (EUR total)	Initial leasing fees	Unrecoverable costs current lease (EUR monthly)	Initial rent free months	Initial lease outstanding fit-out cost (for vacat space)	Yield adopted (cost)	Yield adopted (fcost)	Blended yield (for current lease valuation)	Exit yield	PV CURRENT TENANT/initial lease if vacat	Renewal yield (months)	Renewal rent free (months)	PV renewal letting fees (EUR)	PV renewal fit-out costs	PV renewal void costs	PV AGGREGATE FUTURE LEASES	Other special income/costs not reflected in model: put + * for income and - * for costs	VALUE TENANT/UNIT TOTAL (EUR)	Value per sq m EUR	
Strabag	fixed		Office	2 296,29	13,50	31 000	14,50	33 296	2022-12-31	2027-12-30	0,0	60,00	0	0	0	0,00	0	7,00%	8,00%	7,00%	7,00%	1 525 269	0	0			4 069 669	-309 968,15	5 284 970	2 302		
	fixed		Parking internal	18,00	80,00	1 440	80,00	1 440	2022-12-31	2027-12-30	0,0	60,00	0	0	0	0,00	0	7,00%	8,00%	7,00%	7,00%	70 851	0	0			178 006	-14 398,56	232 459	1 529		
	fixed		Warehouse	24,18	11,00	266	9,00	218	2022-12-31	2027-12-30	0,0	60,00	0	0	0	0,00	0	7,00%	8,00%	7,16%	7,00%	13 030	0	0			26 599	-2 659,63	36 969			
30% let on opening	fixed		Office	5 736,51	14,50	83 179	14,50	83 179	2022-12-31	2027-12-30	0,0	60,00	0	0	0	8,00	0	7,00%	8,00%	7,00%	7,00%	3 463 811	0	0			10 166 626		13 630 437	2 376		
	fixed		Parking internal	48,00	80,00	3 840	80,00	3 840	2022-12-31	2027-12-30	0,0	60,00	0	0	0	8,00	0	7,00%	8,00%	7,00%	7,00%	159 908	0	0			469 345		629 253			
	fixed		Parking external	12,00	60,00	720	60,00	720	2022-12-31	2027-12-30	0,0	60,00	0	0	0	8,00	0	7,00%	8,00%	7,00%	7,00%	29 983	0	0			88 002		117 985			
vacat	fixed		Warehouse	54,72	9,00	492	9,00	492	2022-12-31	2027-12-30	0,0	60,00	0	0	0	8,00	0	7,00%	8,00%	7,00%	7,00%	20 508	0	0			60 194		80 702	1 475		
	fixed		Office	6 247,73	0	14 50	90 592	90 592			9,0	60,00	253 033	271 776	0	8,00	0	8,00%	9,00%	8,00%	7,00%	2 930 739	0	0			9 976 704		12 907 444	2 066		
	fixed		Parking internal	51,00	0	80,00	4 080	4 080			9,0	60,00	12 240	8,00	0	8,00	0	8,00%	9,00%	8,00%	7,00%	143 388	0	0			449 221		592 709			
vacat	fixed		Parking external	6,00	0	60,00	360	360			9,0	60,00	1 080	8,00	0	8,00	0	8,00%	9,00%	8,00%	7,00%	12 652	0	0			39 646		52 298			
	fixed		Warehouse	61,37	0	9,00	552	552			9,0	60,00	0	1 657	0	8,00	0	8,00%	9,00%	8,00%	7,00%	19 410	0	0			60 824		80 234	1 307		
	fixed		Office	6 247,73	0	14 50	90 592	90 592			12,0	60,00	337 378	271 776	0	8,00	0	8,00%	9,00%	8,00%	7,00%	2 780 545	0	0			9 796 585		12 567 130	2 011		
vacat	fixed		Parking internal	5,00	0	80,00	4 080	4 080			12,0	60,00	12 240	8,00	0	8,00	0	8,00%	9,00%	8,00%	7,00%	140 422	0	0			440 759		581 181			
	fixed		Parking external	5,00	0	60,00	300	300			12,0	60,00	900	8,00	0	8,00	0	8,00%	9,00%	8,00%	7,00%	10 325	0	0			32 409		42 734			
	fixed		Warehouse	61,37	0	9,00	552	552			12,0	60,00	0	1 657	0	8,00	0	8,00%	9,00%	8,00%	7,00%	19 009	0	0			59 664		78 673	1 282		
vacat	fixed		Office	6 247,73	0	14 50	90 592	90 592			15,0	60,00	421 722	271 776	0	8,00	0	8,00%	9,00%	8,00%	7,00%	2 631 605	0	0			9 600 088		12 231 693	1 958		
	fixed		Parking internal	50,00	0	80,00	4 080	4 080			15,0	60,00	12 000	8,00	0	8,00	0	8,00%	9,00%	8,00%	7,00%	134 816	0	0			423 862		558 098			
	fixed		Parking external	5,00	0	60,00	300	300			15,0	60,00	900	8,00	0	8,00	0	8,00%	9,00%	8,00%	7,00%	10 111	0	0			31 791		41 902			
vacat	fixed		Warehouse	61,37	0	9,00	552	552			15,0	60,00	0	1 657	0	8,00	0	8,00%	9,00%	8,00%	7,00%	18 615	0	0			58 527		77 142	1 257		
	Total Property					120 938		409 739																							59 824 611	

NEWMARK

POLSKA

Commercial development

Katowice, Chorzowska 105 (100% let on opening)

Valuation date:

2022-12-31

ALL AMOUNTS IN EUR

Area type	GLA (m2)	Rental assumptions (headline rent)	
		ERV (EUR /m2)	Rent free
Office	26 776	14,50	as per tenant valuation
Parking internal	218	80,00	as per tenant valuation
Parking external	28	60,00	as per tenant valuation
Warehouse	263	9,00	as per tenant valuation
Total GLA	27 039		

Cost category	Amount	Cost assumptions	
		Measure	
Unrecoverable current	0,00	EUR/sq m monthly	
Unrecoverable renewal	0,00	EUR/sq m monthly	
Void costs office	4,50	EUR/sq m monthly	
Void costs retail	4,50	EUR/sq m monthly	
Leasing fees	3,00	Monthly rents	
Bad debts	0,00%	of annual income	
Long term vacancy @ exit	0%	of annual income	

Area type	Yield assumptions				
	Core	Froth	Vacant space	Exit	Indefinite leases
Office	7,00%	1,00%	8,00%	7,00%	7,50%
Retail	7,00%	1,00%	8,00%	7,00%	7,50%
Parking internal	7,00%	1,00%	8,00%	7,00%	7,50%
Parking external	7,00%	1,00%	8,00%	7,00%	7,50%
Warehouse	7,00%	1,00%	8,00%	7,00%	7,50%
Other	7,00%	1,00%	8,00%	7,00%	7,50%

VALUATION

Aggregate Gross Current Rent p.a.	4 889 893	EUR
Aggregate Gross Rental Value p.a.	4 916 868	EUR
Capitalised income	66 969 676	EUR
Building capex (nominal)	0	EUR
Property Value rounded	67 000 000	EUR
Rate per m2	2 478	EUR

Yield profile

Gross initial yield	7,30%	%
Reversionary yield	7,34%	%

Income Weighted Average Unexpired Lease Term & Vacancy rate

WALUT (income weighted)	5,00	year. Only fixed term leases reflected
Vacancy rate	0,00%	%

Current income analysis

Area type	% share in total current income
Office	87,11%
Retail	0,00%
Parking internal	3,93%
Parking external	0,41%
Warehouse	0,53%
Other/specialty income	0,00%

Lease type	% share in total current income
fixed	91,97%
indefinite	0,00%

Income capitalization valuation by

NEWMARK POLSKA

ALL AMOUNTS IN EUR

Tenant name	Lease type (fixed/indefinite)	Floor	Accommodation type	Area (sqm)	Current monthly rent headline (EUR/sqm) excluding rent free/step	Current monthly income (EUR) excluding rent free/step	Rental value (EUR/sq m/monthly)	Rental value monthly (EUR)	Current lease start date	Current lease expiry date	Initial void (months)	Unexpired term (months)	Initial void costs (EUR total)	Initial leasing fees	Unrecoverable costs current lease (EUR monthly)	Initial rent free months	Initial lease outstanding fit-out cost (for vacant space)	Yield adopted (core)	Yield adopted (risk)	Blended yield for current lease valuation	Exit yield	PV CURRENT TENANT initial lease @ vacant	Renewal void (months)	Renewal rent free (months)	PV renewal hitting fees (EUR)	PV renewal fit-out costs	PV renewal void costs	PV AGGREGATE FUTURE LEASES	Other special income/costs not reflected in model; put "*" for income and "-" for costs	VALUE TENANT/FIT TOTAL (EUR)	Value per sq m EUR
Strabag	fixed		Office	2,286,29	13,50	31 000	14,50	33 296	2022-12-31	2027-12-30	0,0	60,00	0	0	0	0,00	0	7,00%	8,00%	7,00%	7,00%	1 525 269	0	0			4 069 669	-309 988,15	6 284 970	2 302	
	fixed		Parking internal	18,00	80,00	1 440	80,00	1 440	2022-12-31	2027-12-30	0,0	60,00	0	0	0	0,00	0	7,00%	8,00%	7,00%	7,00%	70 851	0	0			176 006	-14 308,56	232 459		
	fixed		Warehouse	24,18	11,00	266	9,00	218	2022-12-31	2027-12-30	0,0	60,00	0	0	0	0,00	0	7,00%	8,00%	7,16%	7,00%	13 030	0	0			28 569	-2 692,53	38 369	1 529	
Tenant 2	fixed		Office	11 091,71	14,50	160 830	14,50	160 830	2022-12-31	2027-12-30	0,0	60,00	0	0	0	8,00	0	7,00%	8,00%	7,00%	7,00%	6 697 380	0	0			19 657 469		28 354 849	2 376	
	fixed		Parking internal	91,00	80,00	7 280	80,00	7 280	2022-12-31	2027-12-30	0,0	60,00	0	0	0	8,00	0	7,00%	8,00%	7,00%	7,00%	303 159	0	0			889 800		1 192 959		
	fixed		Warehouse	107,32	9,00	966	9,00	966	2022-12-31	2027-12-30	0,0	60,00	0	0	0	8,00	0	7,00%	8,00%	7,00%	7,00%	47 473	0	0			139 337		186 809		
Tenant 2	fixed		Office	6 694,00	14,50	97 063	14,50	97 063	2022-12-31	2027-12-30	0,0	60,00	0	0	0	8,00	0	7,00%	8,00%	7,00%	7,00%	4 041 873	0	0			11 863 642		15 905 515	2 376	
	fixed		Parking internal	55,00	80,00	4 400	80,00	4 400	2022-12-31	2027-12-30	0,0	60,00	0	0	0	8,00	0	7,00%	8,00%	7,00%	7,00%	183 224	0	0			537 795		721 019		
	fixed		Warehouse	65,75	9,00	592	9,00	592	2022-12-31	2027-12-30	0,0	60,00	0	0	0	8,00	0	7,00%	8,00%	7,00%	7,00%	12 493	0	0			38 668		49 160		
Tenant 3	fixed		Office	6 694,00	14,50	97 063	14,50	97 063	2022-12-31	2027-12-30	0,0	60,00	0	0	0	8,00	0	7,00%	8,00%	7,00%	7,00%	4 041 873	0	0			11 863 642		15 905 515	2 376	
	fixed		Parking internal	54,00	80,00	4 320	80,00	4 320	2022-12-31	2027-12-30	0,0	60,00	0	0	0	8,00	0	7,00%	8,00%	7,00%	7,00%	179 892	0	0			528 017		707 910		
	fixed		Warehouse	65,75	9,00	592	9,00	592	2022-12-31	2027-12-30	0,0	60,00	0	0	0	8,00	0	7,00%	8,00%	7,00%	7,00%	9 894	0	0			29 334		39 328		
Total Property						407 491		409 739																					66 969 676		

NEWMARK

POLSKA

Office development

Katowice, CRAFT

Valuation date:

31.12.2022

ALL AMOUNTS IN EUR**Revenue / Gross Development Value****GROSS DEVELOPMENT VALUE (as per calculations Value upon completion) 67 000 000****OUTLAY****ACQUISITION COSTS**

Residualised Price	Site area (m2)		EUR Rounded
	4 396	5 419	23 820 000

CONSTRUCTION COSTS

Description	sq.m	EUR/m2	EUR
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Outstanding hard costs

Proposed office building under construction	27 039	578,7	15 648 217
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Subtotal outstanding hard costs	27 039,00		15 648 217
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Outstanding Fit-out costs and incentives	26 776	500	13 388 000
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Contingency on hard construction costs		5,00%	1 451 811
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Other (Soft costs)

Outstanding professional fees		5,00%	1 451 811
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Outstanding letting&legal			1 222 473
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Disposal fees		0,50%	335 000
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Marketing		0,50%	335 000
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Site acquisition (current state) @ 1,0%		1,00%	238 230
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Subtotal soft costs			3 582 514
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Finance costs			5 638 169
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Total development costs			39 708 711
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PROFIT on costs

		13,5%	8 578 552
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NEWMARK

POLSKA

Office development

Katowice, CRAFT

Valuation date:

31.12.2022

ALL AMOUNTS IN EUR

Revenue / Gross Development Value

GROSS DEVELOPMENT VALUE (as per calculations Value upon completion) 67 000 000

OUTLAY

ACQUISITION COSTS

Residualised Price	Site area (m2)		EUR Rounded
	4 396	1 178	5 180 000

CONSTRUCTION COSTS

	Description	sq.m	EUR/m2	EUR
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Outstanding hard costs

Proposed office building under construction	27 039	1 229,3	33 237 927
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Subtotal outstanding hard costs	27 039,00		33 237 927
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Outstanding Fit-out costs and incentives	26 776	500	13 388 000
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Contingency on hard construction costs		5,00%	2 331 296
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Other (Soft costs)

Outstanding professional fees		5,00%	2 331 296
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Outstanding letting&legal			1 222 473
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Disposal fees		0,50%	335 000
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Marketing		0,50%	335 000
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Site acquisition (current state) @ 1,0%		1,00%	51 831
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Subtotal soft costs			4 275 600
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Finance costs			5 098 524
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Total development costs			58 331 348
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PROFIT on costs

		13,5%	8 595 859
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Newmark Polska

Newmark Polska, a Newmark Global Partner, is a member of the Newmark Global Network. As one of Poland's premier integrated commercial real estate services companies, the group provides conflict-free tenant representation, in addition to capital markets, market research and advisory, valuation, design and project management and workplace strategy services.

Newmark Polska is led by Piotr Kaszyński, based in Warsaw, with additional offices in Wroclaw, Tricity and Krakow. The team leverages Newmark's (Nasdaq: NMRK) global platform, which offers a comprehensive suite of services that seamlessly powers every phase of the property life cycle from offices around the world.

nmrk.pl

Newmark

Newmark is a world leader in commercial real estate.

Since 1929, we've faced forward, predicting change and pioneering ideas. Almost a century later, the same strategic sense and audacious thinking still guide our approach. Today our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies.

Tapping into smart tech and smarter people, Newmark brings ingenuity to every exchange and transparency to every relationship. We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach.

Newmark, which is publicly traded on the Nasdaq exchange, generated revenues in excess of \$2.5 billion for the trailing twelve months ending September 30, 2021.

Newmark's company-owned offices, together with its business partners, operate from over 160 offices with approximately 6,200 professionals around the world.

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