

23 March, 2000

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**For The Attention Of: Mr. D.F. Kyriakis**

Dear Sirs,

**RE: APPRAISAL OF A MAJOR PARCEL OF LAND IN LAKOPETRA**

We thank you for your written instructions to provide you with a valuation report of the above mentioned property as at today's date. We have inspected the properties, made appropriate enquiries and now have pleasure in reporting to you as follows:

In making our valuation, which is on the basis of open market value as defined in the guidance notes in the Valuation of Assets published by the Assets Valuation Standards Committee of the Royal Institution of Chartered Surveyors, we have reflected the following matters:

1. We have assumed that all properties conform in all respects with statutory legislation.
2. No allowances have been made in our valuation for any expenses of sale or liabilities to taxation, which might arise in the event of a disposal.
3. We have assumed that the properties are free from encumbrances, mortgages, restrictions or other matters of an onerous nature, which would affect the value unless stated otherwise in this report.
4. We have relied upon the guidance notes published by the Royal Institution of Chartered Surveyors on the valuation of European Property Assets.

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## 1. LOCATION



The property is a major parcel of land lying in the region of north-western Achaia, in Peloponnesos. It is situated in Apothiki, also known as Tigania settlement, which administratively belongs to Lakopetra district. The property under valuation lies in the fertile plain of Araxos, approximately 32 km to the southwest of Patra. It falls within the jurisdiction of Achaia Prefecture and the Municipality of Larissos.

Peloponnesos is a region of Greece rich in history, culture and natural beauty, with many places of tourist interest. Achaia is also of major transportation importance, as it holds a nodal position in the National Road network, connecting Peloponnesos with the mainland at Etoloacarnania. Patra, the capital of Achaia, the largest city in Peloponnesos, with over 250,000 inhabitants, is situated 220 km to the west of Athens. It is also the main access point to Greece for ferries coming from Italy, as well as the islands of the Ionian, rendering its harbour one of the busiest in the country.

North-western Achaia is an area dominated by beautiful landscape, long sandy beaches with crystal clear water, green plains as well as large portions of agricultural land and fruit-bearing trees. There are many small villages, as well as scattered holiday housing settlements. Holiday houses are owned mainly by Patra residents, who have chosen western Achaia as their summer resort. In general, northern Peloponnesos is characterised as a popular destination for holidaymakers and weekenders, due to its proximity to Athens and other urban centres of southern Greece. The entire coast is served by two National Roads, which run parallel to each other. Good road communications with Athens and the port of Patra are certainly an important location and accessibility advantage.

The property under valuation that administratively belongs to Lakopetra District, is easily accessible from Patra (32 kms) as well as from Athens. Vehicle access to Patra (220 kms) is gained through E65 National Road Athens - Korinthos and then via the main coastal National Road leading to Patra. From northern and western mainland Greece, Patra is usually reached through the ferry ports of Rio and Antirio. There is a regular ferry service between these two ports. Thus, connection between mainland Greece and the Peloponnesos is made possible in this way.

It is important to mention at this stage that a bridge linking these two major parts of Greece will be constructed in the not too distant future. Construction of Rio – Antirio Bridge is expected to have a tremendous impact on the national road communication network.

Araxos military airfield, which is situated approximately 2 km to the west of the property under study, is used as a limited operation international airport serving charter flights. The closest town to Lakopetra is Kato Achaia, an agricultural town with a population of 7,000 inhabitants.

## **2. DESCRIPTION**

The broader region is mainly dominated by forestland, as well as marginal land. Agricultural cultivation has been abandoned for many years. However, in the course of our inspection, we were able to identify that a portion of land situated in the southeastern part of the property is being cultivated.

The area under study has an approximate area of 541,000 m<sup>2</sup>. As mentioned above, it extends to northwest side of Lakopetra district. The land parcel is of diverse topography. Starting from the north, one comes across a gravel beach. To the northeastern part of the land parcel, the ground configuration is marshy. While moving from north to the south however, the ground configuration appears to have an almost even ground configuration and is mainly characterised by grassland complemented with scattered bushes. Towards the property's southern section, the ground configuration is characterised by slopes extending upwards to the southeast. The southeastern part of this area is mostly dominated by forestland, while the remaining is comprised of grassland with sporadic agricultural cultivations. The southern part of this major land parcel provides idyllic panoramic views of Patraikos gulf.

There are several track roads and paths scattered within the area and follow a snake like course, extending from the south towards the northern and eastern parts of the estate.

## **3. FORESTRY ISSUES**

The value of the subject property is linked to a great extent to its forestry designation status. The legal status of all these portions of the estate designated, as forestland, is determined by Law 998/79 (Government Gazette ΦΕΚ Α/289) on "forest and forestland protection" and more particularly, by articles 3 and 4. In the course of our research in the Forestry Commission of Patra, we were able to ascertain the existence of scattered forest designated grounds, totalling approximately 62,404 m<sup>2</sup>.

These are mostly concentrated towards the southern and eastern parts of the land parcel and have been officially designated by the Forest Commission of Patra as public forestland. During our inspection we were able to ascertain that oak trees mainly dominate these grounds.

In the course of our investigation in the Forestry Commission, we were able to identify an acceptable procedure that would enable the owners of this estate to change the land use status of certain portions of this property. This procedure though a complicated and painful exercise would have as a result the maximisation of the property's potential for the benefit of its owners.

In short this procedure would include:

- a. The issue of an up to date certificate, confirming the property's portions that carry a forestry designation status.
- b. Upon completion of (a), the filing of an appeal to the local Forestry Commission, with respect to the procedure of Art. 14 and Art. 10 of Law 998/79, requesting change of use for those particular portions of the property. The application form is normally supported by a series of aerial photographs depicting the character of the area since the early 1930s, as well as a study, fully substantiating a request for the change of use.
- c. The appeal file is considered by a special three-member Forestry Committee comprising a Commission Officer, a judge and a high rank agriculturist.
- d. A second tier Committee may look into matter if there are objections by any party.
- e. The Committee's recommendations will be submitted to the Forestry Commission which will, in response, issue a new certificate accompanied by a detailed site plan which depicts all forestry or otherwise designated, portions of the site under consideration.
- f. This procedure normally takes at least 8 months.

It should be generally stressed that forestry issues in Greece is an extremely delicate and sensitive subject and careful attention should be paid to every development or valuation project related to forest designated sites.

#### **4. LAND USE ZONING AND DEVELOPMENT**

The property under valuation abuts with the Hellenistic era castle that lies to the southwestern part of the subject property. For this reason, property development within this site will be regulated by the Prehistoric and Classical Antiquity Commission responsible for the periphery of Western Greece.

The general land use pattern of an area, designated as a non-urban district, is based on a Ministerial Decree which regulates conditions and restrictions regarding development and construction in non urban designated areas. Sites must generally satisfy one of the following minimum conditions:

- Minimum site area is 4,000 m<sup>2</sup>. Accordingly subdivision of the subject land parcel into plots of less than 4,000 m<sup>2</sup> is not allowed.
- Within specific designation zones the required minimum site area is 2,000 m<sup>2</sup>.

#### **5. LAND PLOT APPRAISAL**

##### **5.1 PRESENTATION OF INDICATIVE VALUE LEVELS**

Property values are generally directly tied to a site's development potential. A number of development restrictions related to environmental protection, ownership, archaeological, forestry and planning issues may significantly affect property values.

In the course of our research, we were able to ascertain that the land value pattern, in the broader area where the subject property lies, is rather complex. All above considerations and restrictions, related to site development, should therefore be carefully evaluated before an indication of a fair market value is provided. We were further informed that there is no great demand for land plots in the general area. Research undertaken has revealed that there are few property transactions in the immediate vicinity from the subject property. Transactions are limited to land plots having a total area of approximately 4,000 m<sup>2</sup>.

In determining indicative values for the subject property, we have relied on area market information provided by local agents, engineers, notaries as well as property owners. Regardless of the difficulty experienced in collecting comparable data, we were able to evaluate local market sentiment.



The value fluctuation parameters for land plots falling within the vicinity of this major estate are related to their suitability for development and topography. Moreover, they are related to each individual site's physical characteristics i.e. size, shape, frontage, etc. It is understood however that vacant land prices mostly depend on planning considerations, land plot size and shape, proximity to the beach or major roads, as well as accessibility, provision of services and existing infrastructure.

Following, extensive property market research in the area of Lakopetra, we were informed that coastal land plot prices may reach as high as 6,000 Drs/m<sup>2</sup>. These rates however are related to small sites around 4,000 m<sup>2</sup> appropriate for holiday housing development. A recent transaction is related to a coastal plot in the area of Mavri Miti, to the east of Lakopetra, close to the subject property. The site is approximately 1.2 ha and was sold for 60 Million Drs. This price corresponds to a unit rate of 5,000 Drs/m<sup>2</sup>. However, non-coastal land plots with frontage along the main road command considerably lower values in the range of 1,000 Drs/m<sup>2</sup>.

In the course of our research we were informed that the objective value system is now applicable to all for non-urban designated sites. The following table shows the range of objective values that are in force in Lakopetra District. These figures have been obtained by the local Inland Revenue Office.

<b>Zone / Distance from the coast</b>	<b>Objective Value (Drs/m<sup>2</sup>)</b>
♦ Coastal Zone - 100 m	7,800 Drs/m <sup>2</sup>
♦ 100 m - 200 m	5,000 Drs/m <sup>2</sup>
♦ 200 m - 500 m	3,600 Drs/m <sup>2</sup>
♦ 500 m - 800 m	3,600 Drs/m <sup>2</sup>
♦ more than 800 m	4,000 Drs/m <sup>2</sup>

We should stress that the Objective Value system is specifically used for taxation purposes. Objective values seldom correspond with open market values. They serve however as an indication of the prevailing values that exist in the area. In the course of our market research, we formed the view that evidence obtained from the Inland Revenue office, though indicative, does not reflect market sentiment, since prevailing open market values fall well below objective rates. According to information gathered from Achaia Inland Revenue Office, the objective value for land plots within a distance of 100 m from the coastal zone is assessed to be 7,800 Drs/m<sup>2</sup>, whereas for the next 100 m the zone value is determined at is 5,000 Drs/m<sup>2</sup>. It should be stressed that as we move away from the coast values fall. Thus, the objective value for land plots that extend for more than 200 meters away from the coastal zone is assessed to be 3,600 Drs/m<sup>2</sup>.

In determining the open market value of the property, we have adopted the market approach. This method is based on comparable evidence based on property transactions as well as on general local property market research. We have also taken into account the following principal factors, which affect the value of the subject property:

- Location/ Situation
- Size
- Accessibility
- Ground configuration
- Planning Restrictions and Constrains
- Coastline frontage
- Current land use(s)
- Views provided

By way of some general comments, we set out below the main advantages, that unquestionably have a notable effect on the market value of this property. These are as follows:

- ✓ North-western Peloponnesse where the subject property is located, is a popular destination for holiday makers and weekenders, due to its proximity from Patra and other urban centres of southern Greece.
- ✓ Supply of major land plots of similar size is limited. Thus, this site may be described as unique in terms of its size.
- ✓ Good accessibility is provided via the old coastal National Road linking Pirgos with Patra.
- ✓ The property is close to Araxos military and limited operation international airport. This airport operates during pick time seasons. Thus, the property benefits of the proximity to Araxos airport.

On the contrary, the major disadvantages that have an adverse effect on the value of the subject property are the following:

- ✗ It is thought that only a special purchaser might desire to purchase a land parcel with an area of 541,000 m<sup>2</sup>. Such an acquisition would have a specific target, i.e. the construction and development of a holiday scheme, such as a hotel complex. A potential investor / developer, however, would take advantage of the prevailing low market values in the area and the proximity of the subject property to the airport of Araxos.
- ✗ The existence of scattered public forest designated grounds within the property totalling approximately 62,404 m<sup>2</sup> have a negative effect on its value, since these grounds constitute ownership of the Greek Government.

- X The communal (public) section of the coastal zone has not been officially determined. A time consuming procedure is required in order to designate the public coastal zone. Accordingly, the property's value may be negatively affected.
- X There might be several restrictions concerning property development within the subject property. More precisely, the Classical Antiquity Commission, responsible for the periphery of Western Greece may impose development restrictions, as the subject property abuts with a Hellenic Castle. Moreover, planning rules applicable to the subject property should as well comply with regulations concerning low density development in non-urban designated areas.
- X The Greek Air Force and Civil Aviation Authorities may impose restrictions and constraints related to property development within the subject property that lays approximately 2 km to the east of Araxos military airfield. Those restrictions may affect the height of buildings, density, as well as the potential use of the property.

Having regard to all of the above, in order to assess the open market capital value of the subject property, we divided this land parcel into 4 zones according to its topography, physical and land use characteristics. Every distinct zone comprises similar characteristics and carries a uniform unit value. It is understood that in addition to these four zones, there are forestland designated portions.

Zones	Situation	Topographical Characteristics	Property Values (Drs/m <sup>2</sup> )
A	North & Northwest	Gravel beach with flat ground configuration characterised by grassland. This portion is complemented with the presence of scattered wild bushes.	1,500 – 1,800
B	Northeast	Marshy grounds.	1,000 – 1,300
C	Southwest and Midwest	Flat ground configuration characterised by grassland with the presence of scattered wild bushes.	1,600 – 2,000
D	Southeast	Forestland with sporadic agricultural cultivation. Idyllic panoramic views to "Patraikos" gulf. Ground configuration is characterised by slopes.	2,000 – 2,500



In determining the total open market value of this parcel of land based on the above estimated unit rates, we have constructed a value table, in which all zone areas and values are depicted. It is stressed that the zone areas are approximate, since no measured survey of the property has taken place.

Land Portion	Area (m <sup>2</sup> )	OMV Unit Rates (Drs/m <sup>2</sup> )			Land Portion Value
		Minimum	Maximum	Average	
Forest land (public)	62.404	0	0	0	0
Zone A	145.000	1.500	1.800	1.500	217.500.000
Zone B	150.000	1.000	1.300	1.000	150.000.000
Zone C	135.000	1.600	2.000	1.600	216.000.000
Zone D	48.596	2.000	2.500	2.250	109.341.000
<b>Total</b>	<b>541.000</b>				<b>692.841.000</b>

Say **693.000.000 Drs.**

Having regard to all relevant factors, which affect in any direct or indirect way the value of this property and after considering all relevant physical characteristics of the site, we are of the opinion that the Open Market Value of this parcel of land is assessed to be **693,000,000 Drs (Six Hundred and Ninety Three Million Drachmas)**.

#### COMMENTS - FORCED SALE VALUE

After conducting local property market research it became rather obvious that real estate market in the area where the subject property is located is generally rather depressed. Property values were increased very little during the past few years, a consideration, which is favourably compared with scarcity of recent property transactions. In the course of our survey we formed the view that there is no significant demand for vacant sites in the vicinity of the property under valuation. The property is situated in an area, which is not characterised by spectacular development. It became apparent that investors or hotel developers would rather prefer coastal locations in Lakopetra rather than the plain of Araxos, which is of lesser importance as a tourist resort.

As mentioned above, it would appear that the highest and best use of the subject property could be large-scale holiday housing/hotel development. It is understood that use of this property for agricultural or other similar purposes would reduce its value to a rather low level. It is also thought that a special user - most probably not a local one - who would pursue with development of the subject site, could certainly pay a higher price but certainly not a price that corresponds to its highest and best use. A special user, however, cannot be detected so easily, a considerable period of time may therefore elapse till this property is successfully disposed to a potential investor.

Accordingly, it would appear that the forced sale value of the property is considerably lower than its open market value based on its optimum use. A suggested discount rate, taking into account most risks involved, is determined at 30 %.

Thus:  $693,000,000 \text{ Drs} \times 0.70 = 485,100,000 \text{ Drs}$

Forced Sale Value say **485,000,000 Drs (Four Hundred and Eighty Five Million Drachmas)**

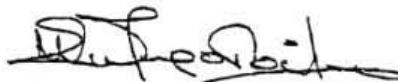
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Finally and in accordance with our normal practice, we confirm that this report is confidential to the addressee for the specific purpose to which it refers. No responsibility is accepted to any third party, and neither the whole nor any part of this report, nor reference thereto, may be published in any document, statement or circular, or in any communication with third parties without our prior approval of the forms and context, in which it will appear.

Yours Faithfully,  
**For And On Behalf Of**  
**Lambert Smith Hampton (Hellas) S.A.**



**Nicholas Chatzitsolis M.Sc. F.R.I.C.S.**  
Director



**Maria Sotiropoulou**  
Valuer

