

MARKET VALUATION INDICATION

Market Value Indication of a portfolio of 30 properties (economic units) located in the federal states Hamburg, Schleswig-Holstein and Niedersachsen, Germany.



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1. Executive Summary

summary valuation			units					area		rent					value		rates		multiplier/yield					asset in portfolio					
economic unit	city	street	year built	rent control	leasehold	residential	commercial	parking	useable area in sqm	vacancy %	current rent p.a	sust. rent p.a	abbriv.	current rent €/sqm UA residential	sustainable rent €/sqm UA residential	market value	market value €/sqm	discount rate	cap rate	gross multiplier current rent	gross multiplier sustainable rent	net initial yield current rent	net initial yield sustainable rent	share area	rank area	share current rent	rank current rent	share market value	rank market value
30					30	352	198	200	53.553,41	4,9%	5.407.838,40	5.705.312,41	5,5%	8,08	8,04	116.040.000	2.167	4,67%	4,17%	21,46	20,34	3,84%	4,18%	74,15%		79,69%		84,17%	
34901	22147 Hamburg	Alte Berner Straße 10	1965			17	6	30	1.891,82	-	246.185,52	248.302,10	0,9%	10,76	10,76	5.850.000	3.092	4,10%	3,60%	23,76	23,56	3,49%	3,53%	2,62%	8	3,72%	8	4,24%	7
34903	22177 Hamburg	Bramfelder Chaussee 209	1960			21	8	7	2.351,13	-	274.618,68	275.218,68	0,2%	8,27	8,27	6.090.000	2.590	4,30%	3,80%	22,18	22,13	3,72%	3,73%	3,26%	6	4,15%	6	4,42%	6
34904	22177 Hamburg	Bramfelder Chaussee 292	1965			16	8	37	1.541,27	-	182.199,12	188.066,96	3,2%	8,98	8,98	4.240.000	2.751	4,10%	3,60%	23,27	22,55	3,48%	3,62%	2,13%	16	2,75%	16	3,08%	11
34906	22147 Hamburg	Hermann-Balk-Straße 110	1977			0	5	16	797,31	-	101.382,84	109.913,47	8,4%	0,00	0,00	2.410.000	3.023	4,30%	3,80%	23,77	21,93	3,51%	3,84%	1,10%	22	1,53%	22	1,75%	21
34907	22523 Hamburg	Holsteiner Chaussee 23	1960			27	0	17	1.204,00	4,2%	139.712,76	148.745,55	6,5%	9,76	9,76	3.850.000	3.198	3,70%	3,20%	27,56	25,88	2,92%	3,15%	1,67%	19	2,11%	19	2,79%	13
34908	20149 Hamburg	Jungfrauenenthal 11	1968			4	2	1	376,50	-	62.392,20	62.392,20	0,0%	12,28	12,28	2.080.000	5.525	3,10%	2,60%	33,34	33,34	2,61%	2,61%	0,52%	34	0,94%	34	1,51%	23
34909	20257 Hamburg	Müggenkampstraße 55	1965			13	0	5	601,00	-	96.625,44	96.625,44	0,0%	12,75	12,75	3.020.000	5.025	3,30%	2,80%	31,25	31,25	2,74%	2,74%	0,83%	24	1,46%	25	2,19%	17
34910	22767 Hamburg	Professor-Brix-Weg 8	1965			32	2	18	1.562,00	-	222.574,44	222.574,44	0,0%	10,90	10,90	7.090.000	4.539	3,20%	2,70%	31,85	31,85	2,64%	2,64%	2,16%	11	3,36%	11	5,14%	4
34911	22399 Hamburg	Poppenbütteler Hauptstraße 5	2007			0	35	39	4.219,07	0,5%	671.881,44	674.317,44	0,4%	0,00	0,00	16.370.000	3.880	4,10%	3,60%	24,36	24,28	3,52%	3,53%	5,84%	1	10,14%	1	11,87%	1
34913	22147 Hamburg	Rahlstedter Weg 73	1965			7	3	1	842,00	-	68.384,76	68.933,64	0,8%	9,24	9,24	1.490.000	1.770	4,20%	3,70%	21,79	21,61	3,59%	3,63%	1,17%	33	1,03%	33	1,08%	29
34914	22147 Hamburg	Rahlstedter Weg 75	1965			30	0	0	1.346,00	3,1%	147.021,36	151.909,87	3,3%	9,40	9,41	3.930.000	2.920	3,70%	3,20%	26,73	25,87	3,01%	3,13%	1,86%	18	2,22%	18	2,85%	12
34915	22149 Hamburg	Schöneberger Straße 89	1965			4	0	5	320,00	-	28.065,60	31.065,60	10,7%	7,31	7,31	780.000	2.438	3,70%	3,20%	27,79	25,11	2,80%	3,17%	0,44%	40	0,42%	40	0,57%	38
34919	23843 Bad Oldesloe	Hindenburgstraße 20	1990			2	2	0	928,81	-	76.984,56	76.984,56	0,0%	7,33	7,33	1.410.000	1.518	4,80%	4,30%	18,32	18,32	4,33%	4,33%	1,29%	32	1,16%	32	1,02%	31
34920	23795 Bad Segeberg	Kirchstraße 12A	1974			24	0	6	1.440,00	-	123.713,16	123.713,16	0,0%	7,00	7,00	2.220.000	1.542	4,80%	4,30%	17,94	17,94	4,29%	4,29%	1,99%	20	1,87%	20	1,61%	22
34921	27472 Cuxhaven	Nordersteinstraße 2A	1900/1970			7	1	0	881,80	62,4%	23.847,48	73.347,48	207,6%	5,99	5,99	1.070.000	1.213	5,70%	5,20%	44,87	14,59	1,03%	5,33%	1,22%	41	0,36%	41	0,78%	36
34922	24340 Eckernförde	Rendsburger Straße 109	1983			3	7	0	2.148,98	-	195.307,56	195.307,56	0,0%	6,13	6,13	2.980.000	1.387	5,70%	5,20%	15,26	15,26	5,28%	5,28%	2,98%	13	2,95%	13	2,16%	18
34925	25348 Glückstadt	Molenkiekergang 1	1983			20	2	0	2.647,32	2,9%	191.743,92	228.842,63	19,3%	6,46	6,46	3.690.000	1.394	5,30%	4,80%	19,24	16,12	3,96%	4,90%	3,67%	14	2,89%	14	2,68%	14
34927	25746 Heide	Süderstraße 26	1967			4	1	0	568,40	-	43.397,28	49.670,40	14,5%	5,93	6,00	780.000	1.372	5,40%	4,90%	17,97	15,70	4,27%	5,02%	0,79%	37	0,66%	37	0,57%	38
34928	24558 Henstedt-Ulzburg	Hamburger Straße 24	2000			10	8	0	3.131,17	0,6%	345.803,04	346.523,36	0,2%	9,00	9,00	5.810.000	1.856	5,40%	4,90%	16,80	16,77	4,93%	4,94%	4,34%	3	5,22%	3	4,21%	8
34931	25524 Itzehoe	Feldschmiede 73	1967			5	1	0	642,90	9,0%	80.691,96	85.259,93	5,7%	6,22	6,31	1.400.000	2.178	5,50%	5,00%	17,35	16,42	4,77%	5,09%	0,89%	30	1,22%	30	1,02%	32
34932	21481 Lauenburg	Berliner Straße 16	1965			21	1	9	1.451,98	9,8%	156.185,76	170.983,39	9,5%	8,26	8,26	2.760.000	1.901	5,50%	5,00%	17,67	16,14	4,50%	5,03%	2,01%	17	2,36%	17	2,00%	20
34939	25421 Pinneberg	Damm 26	1969			19	0	0	929,97	-	95.500,92	95.500,92	0,0%	8,56	8,56	1.720.000	1.850	4,90%	4,40%	18,01	18,01	4,43%	4,43%	1,29%	27	1,44%	28	1,25%	25
34940	25421 Pinneberg	Dingstätte 29	1969			11	2	0	895,67	-	95.715,72	95.715,72	0,0%	7,86	7,86	1.720.000	1.920	4,90%	4,40%	17,97	17,97	4,51%	4,51%	1,24%	28	1,44%	27	1,25%	25
34948	21614 Buxtehude	Bahnhofstraße 48	2000			1	11	3	1.915,85	-	231.712,56	234.112,56	1,0%	5,33	5,33	4.410.000	2.302	5,00%	4,50%	19,03	18,84	4,40%	4,45%	2,65%	10	3,50%	10	3,20%	10
34951	27472 Cuxhaven	Nordersteinstraße 3	1900/1970			3	3	0	353,67	-	35.755,80	35.755,80	0,0%	6,20	6,20	530.000	1.499	5,90%	5,40%	14,82	14,82	5,44%	5,44%	0,49%	39	0,54%	39	0,38%	41
34955	21465 Reinbek	Bergstraße 1	1980			6	31	3	5.425,10	5,5%	540.094,44	562.602,12	4,2%	8,96	8,96	9.730.000	1.794	5,30%	4,80%	18,02	17,29	4,64%	4,85%	7,51%	2	6,20%	2	7,06%	2
34957	21149 Hamburg	Cuxhavener Straße 335	1985			0	40	0	4.581,46	4,4%	341.704,92	391.161,00	14,5%	0,00	0,00	7.150.000	1.561	4,90%	4,40%	20,92	18,28	3,74%	4,38%	6,34%	4	5,16%	4	5,19%	3
34958	21149 Hamburg	Cuxhavener Straße 344	1985			0	16	3	4.001,37	23,6%	280.074,84	338.187,83	20,7%	0,00	0,00	6.170.000	1.542	4,90%	4,40%	22,03	18,24	3,50%	4,38%	5,54%	5	4,23%	5	4,48%	5
34959	24536 Neumünster	Kieler Straße 383	2005			0	2	0	959,64	-	98.400,00	98.400,47	0,0%	0,00	0,00	1.620.000	1.688	5,60%	5,10%	16,46	16,46	5,12%	5,12%	1,33%	23	1,49%	23	1,18%	28
34966	25746 Heide	Berliner Straße 10	1975			45	1	0	3.597,22	6,8%	210.160,32	225.178,14	7,1%	5,13	5,13	3.670.000	1.020	4,90%	4,40%	17,46	16,30	3,99%	4,39%	4,98%	12	3,17%	12	2,66%	15

2. General

2.1 Valuer

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2.2 Client

MC Property Fund Hamburg GmbH
Am Fördeufer 4
D-24944 Flensburg
Germany

2.3 Purpose of Valuation

This Market Value Indication is prepared only for accounting purposes of the client.

2.4 Identification of the assets

Subject of this valuation are the properties of MC Property Fund Hamburg GmbH listed in the given rent roll, dated 01st November 2021. The 30 properties (economic units) are located in the federal states of Schleswig Holstein, Lower Saxony and the Free and Hanseatic city of Hamburg in Germany.

2.5 Basis of market value indication

FA/KT Valuation Chartered Surveyors (further mentioned as FA/KT) has been instructed by MC Property Fund Hamburg GmbH (further mentioned as MCPF Hamburg) to carry out the valuation of the market value of the investment properties as listed in the expert contract dated 25th and 28th September 2020. The written assignment was made on 07 October 2021.

2.6 Valuation date

Date of valuation is the 31th December 2021.

2.7 Use of the portfolio properties

The portfolio properties are commercial, residential and mixed-use properties.

2.8 Special note

With regard to the current developments concerning the coronavirus (COVID-19), reference should be made to the legal definition of the term "fair value" according to IVS 104, according to which fair values are to be determined in the context of an arm's length transaction". As of the reporting date, speculative and imaginary reductions in value are not currently reported. In the present fair value calculation, it is assumed that the market data used as a basis will market data can still be regarded as normal for the market.

With regard to the residential market, a stable market environment has been observed in the course of the pandemic to date. Detailed effects on the retail sector are not known, particularly in view of the current and possible further lockdowns.

In contrast to the previous value indication, the portfolio consists of 30 properties and no longer 33 properties. According to information provided by the asset manager, three properties were sold in 2021 and are therefore no longer a valuation object.

2.9 Extent of investigation

Basis for the present desktop valuation are the up-dated information provided by the client, the data, details and impressions obtained during on-site inspection in 2017 as they have been indicated in the Summary Valuation Report (date of valuation 31.12.2017) as well as the general economic factors influencing the value on the real estate market at the time the valuations relates to (valuation date).

Due to the fact that FA/KT has previously inspected the property (05.12. to 13.12.2017), and the client has confirmed that no material changes to the physical attributes of the property and the area in which it is situated have occurred, a revaluation without inspection was agreed.

3. Nature and sources of the information relied upon

3.1 Information provided by the client:

- rent roll, dated 01st November 2021
- Redevelopment and modernisation measurements, dated 12.01.2022

We assume that the property information provided to us by the client is correct and complete as at the date of valuation. We assume that any documents not provided by the client have no impact on the market value indication.

3.2 Information provided by FA/KT Valuation:

- Market Reports regarding the commercial market in Germany
- Market Reports regarding the housing market in Northern Germany
- Market Reports regarding the purchasing power in Germany
- Market Reports regarding the demographic development in Germany
- Reports by the Chambers of Commerce and Industry in Schleswig-Holstein
- Statistical reports by the Statistical Office of Hamburg and Schleswig-Holstein
- Statistical reports by the Statistical Office of Lower Saxony
- Vonovia index development by www.ariva.de
- Vonovia intermediate report 3. Q. 2021
- Deutsche Wohnen intermediate report 3. Q. 2021
- TAG intermediate report 3. Q. 2021
- vdp property price index of 3. Q. 2021
- SWAP-Satz (EUR) 10 Jahre by finanzen.net

4. Basis of the valuation

4.1 Valuation

The basis for the present market valuation indication are the data provided by the client as well as the general economic factors influencing the value on the real estate market at the time the valuations relates to (valuation date). The valuation has been carried out according to the Valuation Practice Statements (VPS 2) Inspections and investigations (12) Revaluation without inspection of the Red Book.

4.2 Assumptions and special assumptions

In this desktop valuation we assume, that the properties are in the same condition as they were at the last inspection in December 2017 and that there are no building defects and deficiencies or other circumstances who have got any impact on the market value.

4.3 Restrictions

4.3.1 Copyright

The copyright to the expert opinion belongs to the surveyor without any limitations whatsoever. The client is exclusively entitled to make use of the expert opinion for the purposes agreed to in this contract. The expert opinion is exclusively intended for internal use by the client. The client is not entitled to make the expert opinion available to third parties in any form whatsoever, or to grant access to these documents. The client is not entitled to make alterations or amendments to the copyright-protected expert opinion.

4.3.2 Intended Utilization

This market value indication compiled by FA/KT Valuation Chartered Surveyors on principle is only intended for the use indicated in the order. The data may only be passed on to third parties if FA/KT Valuation Chartered Surveyors has given written permission to do so.

4.4 Confirmation

In general, valuation is carried out according to the principles of the International Valuation Standards (IVS) setting by the International Valuation Standards Committee and the Appraisal and Valuation Standards setting by the Royal Institution of Chartered Surveyors. The approach is determined by the practices of the real estate market and the circumstances of the individual case. The basis for this is a market-oriented income capitalisation approach to valuation.

The valuation takes into account the respective market situation in the real estate segment according to the general economic factors influencing value, the local supply and demand situation, the fungibility of the valuation object etc. as well as other characteristics and conditions of the valuation subject, but always under consideration of the assumptions made in the report.

4.5 Market Value (indicative)

Our valuation has been carried out in accordance with the definition of Market Value relevant to international property valuations. The definition of Market Value is set by the International Valuation Standards Committee (International Valuation Standards IVS 2017) and adopted by the European Group of Valuers' Associations (European Valuation Standards, EVS 2016) as well as the Red Book of the Royal Institution of Chartered Surveyors (Appraisal and Valuation Standards 2017 edition). Therein the market value is defined as: "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

To specify that the present valuation is executed as revaluation without inspection and on desktop level only, the determined value is stated as market value indication.

4.6 Valuation approach

As ordered, this assessment will determine the Market Value (indicative), using the Discounted-Cash-Flow procedure (DCF). We show the income less costs (cash-flow) for the first 10 years as per the key date of valuation, within the framework of calculations on the Discounted-Cash-Flow procedure. The cash flow of the last period is taken as basis for the division by the estimated cap rate. The cash-flows are discounted by the discount rate in arrear as per the key date of valuation and added. As a result of the DCF-method we will get the gross present value. After deduction of the transfer costs we will get to the net present value which corresponds to the Market Value (indicative).

4.7 Liability

FA/KT Valuation Chartered Surveyors accepts liability in cases of malintent and of gross negligence on the part of FA/KT Valuation Chartered Surveyors or one of its representatives or vicarious agents, in accordance with the statutory regulations. Otherwise FA/KT Valuation Chartered Surveyors accepts liability only in accordance with the Product Liability Act "Produkthaftungsgesetz", due to injury to life and/or limb or to health, or due to culpable violation of essential contractual obligations. Claims for compensation for violation of essential contractual obligations is, however, limited to contract-typical, foreseeable damage. Liability on the part of FA/KT Valuation Chartered Surveyors is also limited of cases of negligence with respect to contract-typical, foreseeable damage. The liability of FA/KT Valuation Chartered Surveyors for cases of damage caused by negligence on our part or on the part of our vicarious agents, as well as for fault-unrelated claims in connection with this valuation-report commission is limited to 10% of the determined market value, though no more than a maximum total of € 2,500,000 (2 million, five hundred thousand Euros), for the properties cited in this valuation-report commission. The related commissioning of several valuation reports is regarded here as a single valuation-report commission. A single damage case also applies with respect to unified damage arising from several cases of breach of obligations, if the matters in question have a legal or commercial connection. The liability for slight negligence is excluded. The single valuation report of each property is part of a portfolio of 48 properties of MCPF in the federal states of Schleswig Holstein, Lower Saxony and the Free and Hanseatic city of Hamburg in Germany. Therefore the single valuation is related to the portfolio in joint liability.

4.8 Principles of Valuation

The revaluation of the real estate is carried-out as desktop valuation based on information made available to the surveyor by the client. The client has confirmed that no material changes to the physical attributes of the property and the area in which it is situated have occurred.

The surveyor assumes that such information is complete and correct and that there are no unknown circumstances that exert an influence on the market value to be ascertained. In particular, the surveyor assumes that the figures indicated for lease area and for current rents, as shown on the rent rolls, are correct and that the methods employed for calculating the area correspond to those customarily employed for the type of real estate in question.

For purposes of the valuation it is presumed that the business on the premises to be evaluated, as on the valuation date specified by contract, will continue to exist, both in terms of type and extent, for the period of the remaining useful life of the building facilities, or that some comparable business will be available as the user.

Account is taken of rights, encumbrances and limitations only to the extent that these exert a recognizable influence on the value of the property to be surveyed and must therefore be given special consideration.

4.9 Conflict of Interest

We confirm that FA/KT Valuation Chartered Surveyors have acted as independent surveyors and that we have no conflict of interest in acting on behalf of MCPF in this matter. We confirm that FA/KT Valuation Chartered Surveyors has no other financial relationship, or have had, with the borrower, its directors or the property.

5. Location

5.1 Schleswig-Holstein

Schleswig-Holstein is the northernmost German federal state. It is located between the North Sea and the Baltic Sea. Kiel Canal, the busiest man-made waterway in the world connects these two seas. Schleswig-Holstein is bordered in the north by Denmark, and by Mecklenburg-Western Pomerania and the Baltic in the east. To the south there are Hamburg and Lower Saxony and to the west the North Sea.

Schleswig-Holstein lies on the base of Jutland Peninsula between the North Sea and the Baltic Sea. Strictly speaking, "Schleswig" refers to the German Southern Schleswig, whereas Northern Schleswig is in Denmark. The state of Schleswig-Holstein further consists of Holstein as well as Lauenburg, and the formerly independent city of Lübeck. German is the official language, Low German, Danish and North Frisian enjoy legal protection or state promotion. Schleswig-Holstein is divided into 11 administrative districts.

For the state of Schleswig-Holstein, a positive demographic development of around 1.4% is expected between 2014 und 2030.

Bad Oldesloe

Bad Oldesloe is the district town of Stormarn in the south-east of the state of Schleswig-Holstein. Kiel, the capital of Schleswig-Holstein, is located about 60 km (linear distance) to the north.

The city of Oldesloe has about 24,800 inhabitants. This represents a population density of about 471 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population increase of 6.4% for the district of Stormarn between 2014 und 2030.

The motorways A21 and A1 run within the boundaries of Bad Oldesloe. The A1 leads southwest to Hamburg.

The macro location is assessed as above average due to its affiliation with the Hamburg Metropolitan Region and a good interregional connectivity.

Bad Segeberg

Bad Segeberg, the district town of Segeberg is in the center of the state of Schleswig-Holstein. Kiel, the capital of Schleswig-Holstein, is located about 45 km (linear distance) to the north.

With about 17,600 inhabitants, the city of Bad Segeberg has a population density of about 935 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population increase of 3.6% for the district of Segeberg between 2014 und 2030.

The motorway A21 runs through Bad Segeberg and leads south to the A1. The A1 leads southeast to Hamburg.

The macro location is assessed as above average due to its affiliation with the Hamburg Metropolitan Region and a good interregional connectivity.

Eckernförde

The valuated object is located in Eckernförde, a town in the district of Flensburg-Eckernförde in the north of the state of Schleswig-Holstein. The center of Kiel, the capital of Schleswig-Holstein, is located about 25 km (linear distance) south-eastern.

The city of Eckernförde has about 21,600 inhabitants which represents a population density of about 1,003 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population decrease of 3.5% for the district of Rendsburg-Eckernförde between 2014 und 2030.

The macro location is assessed as average due to the distance to the Hamburg Metropolitan Region.

Glückstadt

Glückstadt is a town in the district of Steinburg in the south-west of the state of Schleswig-Holstein. The center of Kiel, the capital of Schleswig-Holstein, is located about 75 km (linear distance) north-eastern.

With about 10,800 inhabitants, the city of Glückstadt has a population density of about 474 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population decrease of 4.2% for the district of Steinburg between 2014 und 2030.

The macro location is assessed as average due to its affiliation with the Hamburg Metropolitan Region.

Heide

Heide is the district town of Dithmarschen in the west of the state of Schleswig-Holstein. Kiel, the capital of Schleswig-Holstein, is located about 70 km (linear distance) in an eastern direction.

The city of Heide has about 21,500 inhabitants which represents a population density of about 672 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population decrease of -5.6% for the district of Dithmarschen between 2014 und 2030.

The macro location is assessed as average due to its affiliation with the Hamburg Metropolitan Region.

Henstedt-Ulzburg

Henstedt-Ulzburg is a municipality in the district of Segeberg in the south of the state of Schleswig-Holstein. The center of Kiel, the capital of Schleswig-Holstein, is located about 60 km (linear distance) in a northern direction.

Henstedt-Ulzburg has about 28,500 inhabitants. This represents a population density of about 722 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population increase of 3.6% for the district of Segeberg between 2014 und 2030.

The motorway A7 runs through Henstedt-Ulzburg and leads south to Hamburg.

The macro location is assessed as above average due to its affiliation with the Hamburg Metropolitan Region and a good interregional connectivity.

Hohenlockstedt

Hohenlockstedt is a municipality in the district of Steinburg in the center of the state of Schleswig-Holstein. The center of Kiel, the capital of Schleswig-Holstein, is located about 50 km (linear distance) in a northern-eastern direction.

With about 6,100 inhabitants, the municipality of Hohenlockstedt has a population density of about 134 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population decrease of 4.2% for the district of Steinburg between 2014 und 2030.

The macro location is assessed as average due to its affiliation with the Hamburg Metropolitan Region.

Itzehoe

Itzehoe is the district town of Steinburg in the center of the state of Schleswig-Holstein. The center of Kiel, the capital of Schleswig-Holstein, is located about 60 km (linear distance) in a northern-eastern direction.

Itzehoe has about 31.800 inhabitants. This represents a population density of about 1,114 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population decrease of 4.2% for the district of Steinburg between 2014 und 2030.

The macro location is assessed as average due to its affiliation with the Hamburg Metropolitan Region.

Lauenburg/Elbe

Lauenburg/Elbe is a town in the district Herzogtum Lauenburg in the south-east of the state of Schleswig-Holstein. The center of Kiel, the capital of Schleswig-Holstein, is located about 110 km (linear distance) in a northern direction.

With about 11,300 inhabitants, the city of Lauenburg/Elbe has a population density of about 1,184 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population increase of 2.3% for the district of Herzogtum Lauenburg between 2014 und 2030.

The macro location is assessed as average due to its affiliation with the Hamburg Metropolitan Region.

Leck

Leck is a municipality in the district of Nordfriesland in the north-west of the state of Schleswig-Holstein. Kiel, the capital of Schleswig-Holstein, is located about 90 km (linear distance) in a south-eastern direction.

The municipality of Leck has about 7,800 inhabitants which represents a population density of about 261 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population decrease of 2.1% for the district of Nordfriesland between 2014 und 2030.

The macro location is assessed as below average due to the distance to the Hamburg Metropolitan Region.

Mölln

Mölln is a town in the district of Herzogtum-Lauenburg in the south-east of the state of Schleswig-Holstein. Kiel, the capital of Schleswig-Holstein, is located about 85 km (linear distance) in a northern direction.

The city of Mölln has about 19,300 inhabitants. This represents a population density of about 770 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population increase of 2.3% for the district of Herzogtum Lauenburg between 2014 und 2030.

The motorway A24 runs south of Mölln and leads to Hamburg in a western direction.

The macro location is assessed as above average due to its affiliation with the Hamburg Metropolitan Region and a good interregional connectivity.

Neumünster

Neumünster is an independent city in the center of the state of Schleswig-Holstein. The center of Kiel, the capital of Schleswig-Holstein, is located about 30 km (linear distance) in a northern direction.

Neumünster has about 79,900 inhabitants which represents a population density of about 1,115 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population increase of 1.7% for the city of Neumünster between 2014 und 2030.

The motorway A7 runs through Neumünster and leads south to Hamburg.

The macro location is assessed as above average due to its affiliation with the Hamburg Metropolitan Region and a good interregional connectivity.

Pinneberg

Pinneberg is the district town of Pinneberg in the south-west of the state of Schleswig-Holstein. The center of Kiel, the capital of Schleswig-Holstein, is located about 75 km (linear distance) in a northern direction.

With about 43,500 inhabitants, the city of Pinneberg has a population density of about 2,020 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population increase of 5.9% for the district of Pinneberg between 2014 und 2030. The macro location is assessed as good due to the short distance to the city of Hamburg.

Reinbek

Reinbek is a town of Stormarn in the south-east of the state of Schleswig-Holstein. The center of Kiel, the capital of Schleswig-Holstein, is located about 90 km (linear distance) in a northern direction.

The city of Reinbek has about 28,300 inhabitants. This represents a population density of about 904 inhabitants per km². The latest demographic report of Schleswig-Holstein anticipates a population increase of 6.4% for the district of Stormarn between 2014 und 2030. The motorway A24 runs through Reinbek and leads south to Hamburg. The macro location is assessed as good due to the short distance to the city of Hamburg and a good interregional connectivity.

5.2 Lower Saxony

Lower Saxony is a state in northwestern Germany. It is bordered in the west by the Netherlands, by the North Sea as well as Schleswig-Holstein and Hamburg in the north. To the east there are Mecklenburg-Vorpommern, Brandenburg and Saxony-Anhalt and to the south Thuringia, Hesse and North Rhine-Westphalia. Furthermore, the state of Bremen forms an enclave within Lower Saxony.

Lower Saxony lies between the North Sea and the Harz mountains. Thus, it is the only German state that encompasses both maritime and mountainous areas. Most of the state's territory was part of the historic Kingdom of Hannover; the state of Lower Saxony has adopted the coat of arms and other symbols of the former kingdom. German is the official language, Low German and Saterland Frisian enjoy legal protection or state promotion. Lower Saxony is divided into 37 administrative districts, 1 region and 8 district-free cities.

For the federal state of Lower Saxony as a whole a negative demographic development of around 4,7% is assumed between 2014 und 2030.

Buxtehude

Buxtehude is a town in the district Stade in the north of the state Lower Saxony. The center of Hannover, the capital of Lower Saxony, is located about 120 km (linear distance) in a southern direction. The center of Hamburg is located about 25 km (linear distance) north-eastern.

The city of Buxtehude has about 40,000 inhabitants. This represents a population density of about 522 inhabitants per km². The latest demographic report of Lower Saxony anticipates a population decrease of 1.5% for the district of Stade between 2014 und 2030. The macro location is assessed as good due to the short distance to the city of Hamburg.

Cuxhaven

Cuxhaven is the district town in the district Cuxhaven in the north of the state Lower Saxony. The center of Hannover, the capital of Lower Saxony, is located about 180 km (linear distance) in a southern direction. The center of Hamburg is located about 95 km (linear distance) eastern.

With about 48,300 inhabitants, the city of Cuxhaven has a population density of about 298 inhabitants per km². The latest demographic report of Lower Saxony anticipates a population decrease of 12.7% for the district of Cuxhaven between 2014 und 2030. The macro location is assessed as average due to its affiliation with the Hamburg Metropolitan Region.

5.3 Hamburg

The Free and Hanseatic City of Hamburg is the second largest city and a state of Germany. On the river Elbe, Hamburg has Europe's second-largest port yet has a wide corporate base. It lies between the states of Schleswig-Holstein and Lower Saxony.

Hamburg is at a sheltered natural harbour on the southern fanning-out of the Jutland Peninsula, between Continental Europe to the south and Scandinavia to the north, with the North Sea to the west and the Baltic Sea to the north-east. It is on the River Elbe at its confluence with the Alster and Bille. German is the official language but the original language of Hamburg is Low German, usually referred to as *Hamborger Platt*. Hamburg is divided into 7 boroughs.

The city of Hamburg has about 1,904,500 inhabitants. This represents a population density of about 2,521 inhabitants per km². The latest demographic report of Hamburg anticipates a population increase of 7.2% from 2019 until 2040 for the city.

The macro location is assessed as very good due to its function as the center of the Hamburg Metropolitan Region.

6. Documentation for relevant registrations

6.1 Land registry

All 30 surveyed properties are in freehold of the owner.

Section II – Assessment of noticed encumbrances and restrictions

13 properties of the portfolio are burden with a way leave, 10 properties are burden with a pipeline leave, 4 properties are burden with a electric wires and network stations leave, 4 properties are burden with a development regulation leave, 7 properties are burden with other rights of use. The rights are not associated with rent controls. MC Property Fund Hamburg GmbH is the leaseholder of one property, 76 residential heritable building rights have been granted in this property. From our knowledge is no loss of benefit due to the rights of use assumed.

Section III - Mortgages, land charges and annuity charges

Obligations that may be listed in the charges register "Abteilung III" of the land register are not taken into consideration in all reports. It is assumed that any such obligations were erased at the time of sale, or taken into account.

6.2 Contamination Issues

Based on the previous use of the properties, there is no fundamental suspicion of contaminated sites on the valuation properties. The inspection of the property did not give rise to any suspicions in this respect either. The suspicion of contaminated sites is classified as improbable at the current state of knowledge. In this respect, a condition free of contaminated sites is assumed for the valuation.

6.3 Local infrastructure charge

At the site inspection of all properties no street development measures could be determined. Due to the age of the properties it is assumed that there are no costs for local infrastructure charges burden with the estate.

6.4 Set-off payment for redevelopment measurements

In section II of the land registries of all 30 properties (economic units), no note has been made relating to redevelopment measures. We assume according to the order that all properties are currently not part of a redevelopment area.

6.5 Register of Public Land Charges

We have not been supplied with extract from the public land charges register. The state of infrastructure provision is assumed as free.

7. Market

7.1 Residential market Germany

The current market situation is characterized by uncertainties regarding the withdrawal of the United Kingdom from the EU, the progress of European integration and international free trade. The effects of the COVID-19-pandemic on the global economy in general and on the German economy in particular cannot be estimated conclusively at present. The aging population and internal migration, especially to urban centres, present high challenges.

Germany is one of the structurally well-established economies of the European Monetary Union. The OECD forecasts that GDP in Germany will grow by 4.1% in 2022 and grow by 2.4% in 2023. Unemployment in Germany is at a low level by international comparison at around 5.8% in 2021 (average value from January to November). The German economy declined by approx. 5.0% in 2020. Main driver of this development was the COVID-19 pandemic. Inflation has fallen to about 0.5%.

The general interest rate environment has changed little compared to the previous year. The asset price or credit growth is predominantly classified as still harmless. However, housing prices in some of the largest cities with the highest population density have risen significantly faster than rents, with some observers warning of blistering.

According to the vdp (Verband Deutscher Pfandbriefbanken) price index for real estate, residential property prices continued to rise. Compared to the fourth quarter of 2020, the capital value index rose by 142 basis points (as of third quarter 2021). Multi-family houses are the dominant object type in metropolises and cities, which have experienced strong population growth in recent years. This leads to a still high demand for housing. As a result, new lease rentals continued to rise by 43 basis points (as of third quarter 2021). The high demand for housing also makes apartment blocks attractive to investors, with the result that cap rates have continued to fall. The corresponding index fell by 32 basis points. Cap rate compression over the past few years was fuelled by high demand and a decrease in interest rates.

The share prices of Vonovia and Deutsche Wohnen have been declined since December 2020 whereas the share price of TAG has been remained stable.



(Date: 20.12.2021)

According to the annual intermediate report of Vonovia, one of the largest housing companies in Germany, their housing stock in the regional market of Kiel consists of 24,254 units as of 30.09.2021. The report shows vacancies are recorded at 2.2% and the average rent at 6.83 €/m². The regional market of Hamburg consists of 19,651 units as of 30.09.2021. The report shows vacancies are recorded at 1.6% and the average rent at 7.59 €/m².

The Deutsche Wohnen SE records a net rent of 7.17 €/m² and a vacancy rate of 1.6% for their German market with 154,717 residential units in total (as of 30.09.2021). In comparison to the previous year an 8.1% increase in rent is recorded.

As of 30.09.2021, the regional portfolio of the TAG Immobilien AG in the Hamburg region includes 6,956 residential units with an area of 428,154 m². The net rent is given as 5.97 €/m², the vacancy is 4.3%. The Hamburg region extends via Bremen to

Wilhelmshaven and north to Schleswig-Holstein. The economic and cultural center of this region is the Hanseatic City of Hamburg.

Sociodemographic and development of housing demand

The comprehensive residential property market report 'Germany up to 2040 - long-term trends and their significance for the property market' compiled by the consultancy firm empirica AG establish that, up to 2040, the annual additional demand in the residential market will remain relatively stable, despite the declining population. In the future, only a few spatial planning regions, e.g. the Alpine foothills in Bavaria, Baden-Württemberg and the conurbation around Hamburg, can expect increases in residential demand of more than 15 %. In contrast, the demand in large areas of Eastern Germany will decline by up to 15%.

Overall, empirica estimates that, by 2040, an increase in demand from the current 17.1 million residential units to 19.6 million can be expected in the market. In the next ten years, the demand for apartment buildings will dominate initially. Up to 2040, the estimated annual requirement for apartments in apartment buildings is 45,000. In contrast, annual demand for individual and two-family houses is around 130,000 residential units, due to a shift in preference towards individual and two-family houses. According to empirica, the demand for apartment buildings is already decreasing in 15 of the 97 spatial planning regions. Declining demand is particularly evident in Western Germany: in the Saarland, the Western Palatinate and the Eastern part of Oberfranken. By 2040, the demand for apartment buildings will decline by more than 5% in more than half of the West German regions. In contrast, the demand for residential accommodation will increase in 15 of the 97 spatial planning regions. According to empirica, these include the Hamburg region, the Southern regions of Bavaria and Baden-Württemberg and the area around Cologne-Bonn.

Portfolio transactions

Continuing uncertainties in the financial markets and weakened global economic performance have caused a crisis of confidence for many investors, including banks and institutional investors. The returns on alternative investments have either fallen sharply or, under present market conditions, have a too high investment risk. The significantly increased sensitivity to risk was reflected in the collapse of the investment volumes flowing into commercial property in 2008 and 2009. Although it is now more than a decade since institutional investors established residential property as an asset class, residential portfolios have moved even more strongly into the focus of investors since the start of the financial crisis. Residential investments are viewed as a comparatively low-risk asset class because of their low volatility in values and secure, reliable cash flows. Under current restrictive lending conditions, banks are more likely to be prepared to finance a residential portfolio transaction. With its relatively secure and steady income flow, a residential portfolio presents a lower risk of credit default than the acquisition of commercial property using borrowed capital.

In the last few years, the German housing sector has emerged as a predominantly stable investment market. It therefore differs from countries such as the USA, the UK and Spain, where the housing sector was considered to be the cause of the persistent financial and economic crisis. A positive factor is that, in Germany, there was less speculative spin and no real estate bubble. One of the main reasons for this is the importance of low-risk fixed-rate mortgages and building society savings contracts in private real estate finance. Another one is the absence of a subprime market (a market in private mortgages mainly involving borrowers of doubtful creditworthiness).

However, if there are any real estate investments that have benefitted from the last crisis, in Germany it would have been investments in residential property. The residential property investment sector is regarded as having particularly high potential, not least because of its assumed high level of inflation proofing and comparatively constant rental income. In addition, there is currently a shortage of possibilities for alternative investments, due to difficult financing conditions with high risk surcharges, a shortage of supply or unattractive trends of return.

According to the latest NAI apollo report, the volume on the market for residential portfolio transactions (≥ 30 units) in Germany totalled 21.4 bn € in the first three quarters 2021. This is an increase of 35% compared the result of the same period of the previous year (2020: 15.9 bn €).

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Regarding the residential units, the first three quarters of the year reached a lower level than in the previous year at around 113,000 (2020: 126,000 residential units). 287 portfolios were dealt. Despite the COVID-19-pandemic, the housing market has

proved very robust so far this year with rents and prices continuing to rise and residential investments still in demand. Only the transaction processes have slowed down due to the circumstances of the pandemic. In light of the corporate takeover of Deutsche Wohnen by Vonovia, NAI apollo expects a historic transaction volume with more than 40 bn. €.

7.1.1 Residential market Schleswig-Holstein

According to Statistical Office of Hamburg and Schleswig-Holstein, the number of apartments in the state of Schleswig-Holstein within the period 2012-2020 raised from 1,424,535 to 1,517,232. This represents an increase of 6,5%. The existing 1,517,232 apartments in 2020 are distributed to 832,199 residential buildings.

A total of 14,077 apartments with a floor space of 1,363,940 m² were completed in Schleswig-Holstein in 2020. This corresponds to an increase in ready-to-move apartments by 3.0% and an 5.8% increase in new living space compared to the previous year.

In parallel with the increase in housing completions in 2020, the number of building permits in 2020 also increased by 7.3% year-on-year to 16.558 units.

7.1.2 Residential market Lower Saxony

According to Statistical Office of Lower Saxony, the number of apartments in the state within the period 2013-2020 rose from 3,726,268 to 3,918,083. This represents an increase of 5.2%. The existing amount of 3,918,083 apartments in 2019 was distributed to 2,279,493 residential buildings.

A total of 27,798 new apartments were completed in Lower Saxony in 2020. This corresponds to an increase in ready-to-move apartments by 8.7% compared to the previous year.

In parallel with the increase in housing completions in 2020, the number of building permits in 2019 also increased by 4.4% year-on-year to 32,590 units.

7.1.3 Residential market Hamburg

According to Statistical Office of Hamburg and Schleswig-Holstein, the number of apartments in the state of Hamburg within the period 2010-2020 rose from 904,901 to 976,709. This represents an increase of 7.9%. The existing 976,709 apartments in 2020 were mostly distributed among residential buildings. Most of the apartments (752,548) are in multifamily buildings.

A total of 11,269 apartments with a floor space of 860,320 m² were completed in Hamburg in 2020. This corresponds to an increase in ready-to-move apartments by 14.9% and an 5.1% increase in new living space compared to the previous year.

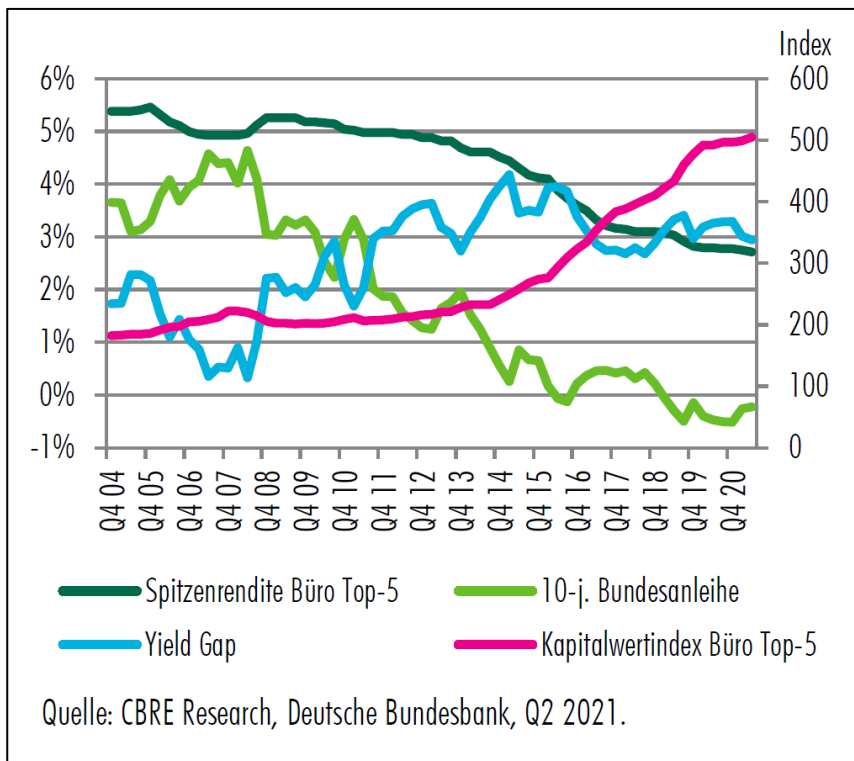
In contrast to the housing completions, which increased in 2020, the number of building permits in 2020 decreased by 12.8% year-on-year to 10,140 units.

7.2 Commercial market Germany

In the first three quarters of 2021 a volume of 37.1 bn. € was registered for the commercial investment market in Germany, according to the report of NAI apollo. Compared to the same period in 2020 this is a decrease of 7.5%. The highest demand remains in the category of offices with a percentage of sale of 47.3% respectively 17.6 bn. €. Retail buildings recorded a percentage of 17.1 and a volume of 6.4 bn. €.

Individual transactions, which are responsible for around 23.8 bn. €, continue to be the main pillar of the solid transaction volume and their market share has risen from 58.2% in the same period of the previous year to 64.1%. The nine-month result is strongly based on portfolio deals, which generated a total of 8,5 bn €. The market share has fallen from 41.8% in the same period of the previous year to 22,8%. Foreign investors invested 13.4 bn €, a decrease of over 3.2 bn € euros compared to 2020. Among the strongest foreign investors include investors from Luxembourg, the United Kingdom, the USA, Switzerland and Austria. In addition to major property purchases international investors were also involved in portfolio deals.

As shown in the chart below by CBRE Research, the value for the 10-year Federal Bond has fallen in recent years. The top yields for office investments have fallen also. Top-yields for office investments in the big 5 cities are currently slightly below 3,0% and therefore more interesting than the Federal Bond.



7.2.1 Commercial market Schleswig-Holstein

The commercial market in Schleswig-Holstein focuses mainly on the cities of Kiel and Lübeck as well as on the surrounding area of Hamburg. According to data from DZ HYP, Kiel, as the state capital as well as the administrative and commercial center, has the largest office market with around 1.4 mn m² of office space. Lübeck comes to about 850,000 m² of office space. Smaller cities and communities serve primarily to supply the surrounding demand and do not have pronounced real estate markets.

Trade is an important economic sector in the state of Schleswig-Holstein. In addition to the supply function of cities and communities, trade plays an important role in connection with tourism. This importance is shown, for example, by the above-average retail centralities of tourist locations such as Husum with 217.5 or Schleswig with 182.2 (source: IHK Schleswig-Holstein).

7.2.2 Commercial market Lower Saxony

The largest real estate markets in Lower Saxony are located in the four regional centers of Hannover, Braunschweig, Oldenburg and Osnabrück. According to DZ HYP, these four cities have a total of approx. 7.6 mn m² of office space, of which the majority (4.5 mn m²) is accounted for by the City of Hannover. Furthermore, they have a combined total of almost 2,8 mn m² of retail space. In the period from 2008 to 2018, the sales areas average approx. increased around 11.71%. Smaller cities and communities serve primarily to supply the surrounding demand and do not have pronounced real estate markets.

7.2.3 Commercial market Hamburg

The commercial transaction volume in the Hamburg amounted to 5.4 bn € in 2020. The previous year's result was exceeded by 24% (2019: 4.4 bn €) and the second-best result was achieved since records began after 2018 (6.0 bn €). In the 3rd and 4th quarter, market activity picked up extremely strongly after the spring lockdown and compensated very well for the wait-and-see attitude in the 2nd quarter.

The current crisis is leading some investors to adjust their investment strategies. The focus is on well-let properties in attractive locations. In 2020 investors increasingly turned their attention to the safety of office core properties and avoided hotel and retail investments, which are currently riskier due to the effects of the pandemic. This trend is likely to continue until the end of the crisis, a repeat of the good result achieved in 2020 seems unlikely for 2021.

8. Market Value

The Market Value for the subject property is derived from the income value, in accordance with standard property market practice in normal business transactions. The valuation was ascertained in line with value levels conformant with the property market on the date of valuation. For this reason, no specific adjustment for the property market situation needed to be made.

Based on the provided data, our opinion of the indicated Market Value "As Is" of the freehold interest on the date of valuation mentioned in the property valuation reports, is assessed as

116,040,000 €

(in words: one hundred and sixteen million forty thousand Euros)

Hamburg, 13th January 2022



Dirk Fischer-Appelt FRICS
Partner

9. Glossary

CapEx

CapEx are investments for refurbishment, maintenance backlog and tenant improvements.

Gross Multiplier on Current Rent (GMoCR)

The Gross Multiplier on Current Rent (GMoCR) is comparable to the German "Maklerfaktor" and is calculated with market value divided by the current gross rental income.

Gross Rental Income (GRI)

The Gross Rental Income (GRI) is comparable to the German „Nettokaltmiete“ and is another name for the current rent.

Market Rent (MR)

The Market Rent (MR) reflects the long-term rent attainable for a property and accordingly the assessed market rent for new lettings and reletting. The market rent results from the research and the analysis of the current rent, recent lease agreements (last 2 years), market reports, actual offerings and the qualified table of rental.

Net Initial Yield (NIY)

The Net Initial Yield (NIY) is calculated with the net rental income divided by the sum of market value and transaction costs.

Net Operating Income (NOI)

The Net Operating Income (NOI) is based on the net rental income minus agent fees and tenant improvements (CapEx).

Net Rental Income (NRI)

The Net Rental Income is calculated from the gross rental income minus the operating costs.

Non-Recoverable Costs (non recs)

The Non-Recoverable Costs (non recs) are well-defined at the „Zweiten Berechnungsverordnung (II. BV)“ (second calculation regulation) as management costs (Verwaltungskosten), maintenance costs (Instandhaltungskosten), vacancy and collection loss (Mietausfallwagnis) and other operating costs (Betriebskosten). The non-recoverable costs are increased with the inflation rate per year.

Potential Gross Rental Income (PRI)

The Potential Gross Rental Income (PRI) is calculated as the sum of the rental income for rented area multiplied with the current rent per sq m and the vacant area multiplied with the market rent per sq m.

Transaction Costs (TC)

The Transaction Costs (TC) are defined in German as „Erwerbsnebenkosten“ and are the costs for land purchase tax, costs for legal and notary and costs for the broker.