



SCHROEDER | WERT

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Consorsbank (BNP Paribas S.A.)

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IBAN: DE41701204008353529004



VALUATION REPORT

Property:

Office and retail property

Address:

Kohlmarkt 7-15; Schmiedestraße 24, 26
D-23552 Lübeck

Prepared for:

Prime Office A/S
Skt. Knuds Torv 3,3
DK-8000 Aarhus C

Purpose of valuation:

Determination of the market value in accordance
with Red Book standard for internal accounting
purposes.

This valuation is an update of former reports.

Date of valuation:

31.12.2020

Date of inspection:

08.01.2020



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1 Executive Summary

Basic information

Property:	Address:	Kohlmarkt 7 – 15; Schmiedestraße 24, 26 D-23552 Lübeck
	Municipality distr.:	Lübeck
	Federal state	Schleswig-Holstein
Owner:	PO Kohlmarkt GmbH, Kiel	
Date of inspection:	08.01.2021	
Inspected units:	1 retail unit	

Property

Use class:	office and retail property
Year of construction:	1910, 1959
Year of reconstruction:	2008
Year of refurbishment:	-
Site area:	2,773 sq. m.
Surrounding area use:	office, retail, CBD

	Units	areas	Vacant units	Vacant areas	%
Residential:	0	0	0	0	0%
Office:	11	7,932	0	0	0%
Retail:	1	100	0	0	0%
Storage:	8	838	3	122	15%
Parking lots:	8		0		0%
Garages:	0		0		0%
Others: Gastronomy	1	396	0	0	0%
Others: medical practice	0	0	0	0	0%
Others:	0	0	0	0	0%
Total	29	9,265	3	122	1%

Building materials:

Roof:	timber and concrete construction, saddleback roof
Windows:	wooden and aluminium framed insulating glazing
Facades:	brick walls with clinker, plaster, stucco elements
Basement:	complete basement, massive construction
Staircases:	concrete construction, mostly with artificial stone
Installations:	medium modern standard, renewed in 2008
Type of construction:	massive brick wall, steel concrete frame construction

Authorities

Building law:	development pl: MK – mixed core use; building land
Environmental/contamination issues:	former industrial location, assumed as contamination free
Taxes:	none
Preservation order:	none
Encumbrances land register:	entry of domination (use of the courtyard)
Encumbrances public obligations:	1 entry: assurance for the accessibility



State of maintenance

(1) Very good condition - (4) Medium condition - (7) Very poor condition, in need of immediate repair

	1	2	3	4	5	6	7
State of maintenance roof:			X				
State of maintenance windows:		X					
State of maintenance facade:			X				
State of maintenance basement			X				
State of maintenance staircases			X				
State of maintenance technical installations:			X				
State of maintenance other relevant issues:			X				
Overall state of maintenance:			X				
Backlog:	none						

Additional assessments

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

Special conditions

Special conditions in the rental contracts:	Deutsche Bank with deduction of ancillary cost €12,000 p.a.
Special conditions in the purchase contract:	n/a

Other information

Are there any interest between the tenants and the owner:	no
Is the rent in the rental contracts specified for each category of use:	yes
Rental contracts including VAT	Main tenant, 65% of the income without VAT
Other/additional relevant information:	none

1) 1=best; 7 very poor

Value

Date of purchase:	n/a
Sales price within the last 2 years:	n/a
Cap. Rate in 10 years:	5.00%
Discount rate:	3.25%
Market value:	28,900,000
Value per square meter useable area:	3,119 €/sq. m.



2 Short Description

2.1 Building construction

Property type:	Office and retail property	
Year of ...:	construction:	1910, 1959
	modernization:	2008
	refurbishment:	2012/2013
Construction:	Type of construction:	massive, steel concrete frame
	Interior walls:	massive, light weight construction
	Floor slabs:	reinforced concrete
	Facade:	brick walls with clinker, plaster, stucco elements
	Windows:	wooden and aluminum framed insulating glazing
	Roof:	timber and concrete construction, saddleback roof
	Staircase:	concrete construction, mostly with artificial stone
	Balconies:	none
Installations:	Heating:	central gas heating from 1992
	Warm water:	local electric boilers
	Electrical:	medium modern standard
	Lift:	6-person, 1 freight elevator
	Others:	air-condition, sprinkler system fire protection in bank branch
Fitting quality:	Office:	medium
	Retail:	medium, good in bank branch
Other special fittings:	Typical special fitting for the bank branch	
Condition of the building:	Overall the property is well maintained and leaves a good impression. No value influencing damages.	
Latest modernization/ maintenance:	<ul style="list-style-type: none"> ■ Partly new windows in 2016 ■ 2017 newly developed and fitted office unit, 4th floor Schmiedestraße 24 	

2.2 Building structure

Number of buildings:	3 building parts	
Building structure:	Basement:	part cellar, supermarket storage
	Ground floor:	bank branch, retail unit, gastro unit
	1 st – 4 th floor:	bank branch, office
	Staircases:	3 building entrances with staircase



Units, areas and income:

use	rental units			space			vacancy rate	current rent	
	occup.	vacant	total	occup.	vacant	total		€/sq. m.	total (month)
residential	0	0	0	0	0	0	0.0%	0.00	0.00 €
office	11	0	11	7,932	0	7,932	0.0%	14.16	112,338.68 €
med. pract.	0	0	0	0	0	0	0.0%	0.00	0.00 €
retail	1	0	1	100	0	100	0.0%	50.14	5,007.48 €
hotel	0	0	0	0	0	0	0.0%	0.00	0.00 €
gastro	1	0	1	396	0	396	0.0%	8.08	3,200.00 €
storage	5	3	8	717	122	838	14.5%	5.31	3,803.38 €
special	0	0	0	0	0	0	0.0%	0.00	0.00 €
sub. comm.	18	3	21	9,144	122	9,265	1.3%	13.60	124,349.54 €
subtotal	18	3	21	9,144	122	9,265	1.3%	13.60	124,349.54 €
parking out	8	0	8				0.0%	0.00	0.00 €
parking in	0	0	0				0.0%	0.00	0.00 €
other	0	0	0				0.0%	0.00	0.00 €
total	26	3	29	9,144	122	9,265			124,349.54 €
							total p.a.		1,492,194.48 €

Tenant quality:

Deutsche Bank AG

Deutsche Bank AG was founded in 1870 and is a global universal bank with a strong private customer business. Deutsche Bank is the biggest bank in Germany and listed in the stock market index DAX. The branch Kohlmarkt 7-15 is the biggest bank branch of Deutsche Bank in the city and the historical regional headquarter (former Handelsbank Lübeck) for over 100 years. Therefore we assume that the tenant will remain on site in the long term.

Bundesagentur für Arbeit (BA)

BA has developed out of the former federal employment office and is the largest service provider on the employment market. It is a public body, which is responsible for the registration and coordination of unemployed people and the payment of unemployment benefit. Its business lies also in the procurement of jobs and apprenticeship training positions.

Euroshop

Schum Euroshop GmbH is a dollar store/pound shop, which sells convenience and low-priced goods for predominantly 1 Euro. The company is a subsidiary of the company J.E. Schum GmbH & Co. KG. The chain has approx. 220 stores all over Germany and is further expanding. Their shops are mostly located in B-locations of pedestrian zones.

Mecklenburgische Versicherung

This is an insurance company with a long tradition. It was founded in 1797 and is Germany's oldest private insurance company with supra-regional business. The headquarters are situated in Hanover. With 800 employees and 810 sales agents Mecklenburgische generates an annual turnover of approx. €500m.

All other tenants are small local companies.

The tenants are estimated to have a medium to good reliability.



2.3 Legal situation

Building law:	Zoning plan Development plan	M - Mixed use area from 2000 MK – mixed core use floor cover ratio 1.0 excl. amusement arcades etc. Building right according to the development plan in combination with § 30/34 BauGB.
Special local constitutions:	None	
Land register:	<u>Rights (no changes assumed):</u> Entry of domination (easement to use the courtyard) in favour of the valuation plot. <u>Encumbrances:</u> None	
Register of public obligations:	One entry: assurance for the accessibility of the upper floors of the building Kohlmarkt 5 over the staircase of Kohlmarkt 7. (Without influence)	
Register of contaminated sites:	None (no changes assumed)	
Preservation order:	The building is not listed as an ancient monument.	
Status of taxes and contributions:	The former legal dispute is settled. Assumed to be free of taxes and contributions.	
Other not registered agreements:	None available	
Building permission:	The planning permission is not included in the available documentation. The material legality of the existing building development is assumed.	



2.4 Valuation comments

Valuation model:

The analysis is based on a discounted cash flow analysis of the property with a 10-year view and a resale of the property at the end of year 10 (calculation see appendix). In this valuation model we use an equivalent yield for discount and resale that implicitly accounts for inflation and growth as well as the current property and the investment market including the particular characteristics of the property such as letting situation, location and building quality.

Comments on rent level:

Office

Market rents for office space in Lübeck:

- Simple/ standard locations 6.50 to 7.50 €/sq. m.
- Medium/ average locations 8.00 to 9.00 €/sq. m.
- Good location 9.00 to 10.50 €/sq. m.
- Prime rents new construction up to 12.50 €/sq. m.

Asking rents for office space in the surroundings:

- Radius 1km 6.00 to 16.77 €/sq. m.

The office rents in the property vary between 8.25 €/sq. m. and 17.90 €/sq. m., parking lots included. Mostly they are between 9.00 and 11.00 €/sq. m. The latest contracts were closed at 10.00 €/sq. m. (2020).

Overall the office market has not really changed since the last valuation and is furthermore stagnating or slightly increasing in inner city locations.

Therefore, we estimate that the rent levels are within the market range of comparable office space.

Retail

Market rents for retail space in Lübeck:

- Simple/ standard locations 6.00 to 15.00 €/sq. m.
- Medium/ B-locations 15.00 to 25.00 €/sq. m.
- Prime locations/ A-location 60.00 to 105.00 €/sq. m.
- Prime rents have slightly been decreasing in recent years

Asking rents for retail space in the surroundings:

- Radius 1km 5.56 to 36.54 €/sq. m.

The shop at Kohlmarkt is part of the 1A/B location with high pedestrian frequency. The agreed rent levels are sustainable. Schmiedestraße is a completely different location, it is hidden and has a low pedestrian frequency. The achievable rent level is comparable to office space in the building. The subleased gastro unit (high class Thai Restaurant) in Schmiedestraße has a comparably big size for a side road location but has meanwhile become quite well established. The subtenant would like to conclude a long-term contract.

Some new developments and a refurbishment of properties in the neighbourhood could increase the attractiveness of the micro-location. But basically, there is no market change for the retail part compared to the last valuation.



	<p><u>Storage:</u> The storage room in the basement is difficult to let. The current level is assessed as being on market level, because the basement rent level is typically 50% to 70% of the usual upper floor rent.</p> <p><u>Parking spaces:</u> The lots are included in the lease with Deutsche Bank and are not displayed separately.</p> <p>Rents for outside parking lots in the city are estimated between 40.00 and 80.00 €/lot p.m. So, we estimate a sustainable rent level of 60.00 €/lot.</p>
Comments on the lease terms/ conditions:	<p>For an overview of the commercial contracts please see appendix.</p> <p><u>Additional information:</u></p> <ul style="list-style-type: none"> ■ All tenants pay all recoverable costs based on the law and are responsible for maintenance and repairs within the unit (partly a capped annual amount) ■ In some contracts the management costs can also be apportioned to the tenants (up to 3.5% of the annual rent). ■ Deutsche Bank agreed a deduction of ancillary cost by €12,000 p.a.
Tenant improvements:	<p>To re-let a unit the landlord has to improve the unit to meet the requirements of a new tenant.</p> <p>Tenant improvements of up to 150.00 €/sq. m. are calculated for office and 10.00 €/sq. m. for storage areas at an estimated tenant change.</p>
Deferred maintenance/Capital expenditures:	None
Saleability:	<p>The big volume, which is sought after and the location as well as the long term secured main tenant are positive.</p> <p>The difficult office market and the big share of the main tenant Deutsche Bank are disadvantages.</p> <p>But the building is a landmark building in Lübeck and we further estimate a good saleability.</p>
Lettability:	<p>The office and retail market in Lübeck are in a tough competition, also in the city center. The location is not a high street location. The latest new lease was possible at market rent without any vacancy period. We estimate a medium normal lettability.</p>
Alternative use:	Probably hotel in the long term - but currently the existing use is sustainable (retail, office)
Capitalisation rate (resale):	<p>The chosen capitalisation rate is used to calculate the supposable resale value of the property in 10 years.</p> <p>Based on a market situation comparable to today and in consideration of the basic advantages and disadvantages of the property a cap rate of 5.00% was chosen.</p>



Discount rate:

The yield is used to calculate the present value of the cash flows over a 10-year term. The used valuation model is based on an equivalent yield that implicitly accounts for inflation and growth.

Based on the expected investment risk and the current market situation we assess a discount rate of **3.25%**.

This yield leads to a gross multiplier of 19.2, which is in the upper range of the market.

The advantages of the property are the good location in the city centre, the good condition of the building and the long-term contract of the bank branch. But the third-party usability is restricted.

Market trends:

LOCATION	GROSS YIELD	TREND
very good	5.0 - 5.5	↘
good	5.5 - 6.5	→
average	6.5 - 7.0	→
simple	7.0 - 8.0	→

Purchasers cost:

An asset deal is assumed. Cost for broker, legal and transfer tax have to be deducted from the capital value.

Legal	1.00%
Transfer tax	6.50%
Broker fee	2.00%
Total	9.50%

Market value per sq. m.

3,119€/sq. m.

Comments on the sales price:

n/a



2.5 Market value and conclusion

Based on our calculations and in accordance with Red Book we estimate the market value of the property Kohlmarkt 7–15; Schmiedestraße 24, 26 in D-23552 Lübeck on the date December 31 2020 at

28,900,000.00 €

in words: twenty eight million nine hundred thousand Euros

Conclusion:

The property is an office and retail building in the city centre near the high street. Due to the attractive outside appearance it has to be classified as a trophy investment property. It is a modernized building with a long-term rental contract with the main tenant Deutsche Bank and a stable cash flow expectation.

With the exception of the residential segment and logistics properties, the dynamics of price increases in recent years have largely been halted by the Corona pandemic. Therefore, values remain mostly unchanged compared to last year.

We estimate an average eligibility for collateral in the long term. But due to the unchanged capital markets we assume further good investment demand for sustainable commercial buildings in German B-cities and we estimate a good eligibility for collateral in the short term.

Hamburg, 14/01/21

Steffen Schroeder
Immobiliensachverständiger

No conflict of interest

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

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

Indemnity insurance

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



3 Appendix

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Appendix 2	Conditions of the rental contracts
Appendix 3	DCF Calculation Layout plan
Appendix 4	SWOT Analysis
Appendix 5	Macro - micro location analysis
Appendix 6	Market situation
Appendix 7	Cadastral map
Appendix 8	Copy of land register
Appendix 9	Statement of the Environmental Agency
Appendix 10	Register of public obligations
Appendix 11	Preservation order
Appendix 12	Status of taxes and contributions
Appendix 13	Photo documentation
Appendix 14	Layout plan



Comparables

Appendix 1

Sales comparables

#	year	type	location	YOC	usable area	purchase price	multiplier	price €/m ²
1	2018	shopping center	City Centre	1994	14,870	12,000,000 €		807
2	2018	office/ com.	St. Lorenz-Süd	1984	5,788	10,100,000 €	16.80	1,745
3	2019	office	City Centre	1907	5,716	9,000,000 €	17.45	1,575
4	2019	office/ com.	St. Lorenz-Süd	1992	3,732	7,500,000 €		2,010
5	2020	office	City Centre	1890/2003	400	1,550,000 €		3,875

Asking office rents in neighbourhood

Distance km	sq.m.	rent	€/m ²	Notes
0.2	838	8,385.00	10.01	old building, medium quality
0.3	85	1,480.00	17.41	B-location, inner city
0.3	270	5,500.00	20.37	1B location
0.4	120	1,450.00	12.08	inner city old building
0.4	61	1,155.00	18.93	1B location

Asking retail rents in in neighbourhood

Distance km	sq.m.	rent	€/m ²	Notes
0.2	285	8,000.00	28.07	1A-location
0.2	659	8,567.00	13.00	1B-location
0.3	160	5,500.00	34.38	1A-location
0.4	41	1,150.00	28.05	B-location, city center
0.3	454	8,000.00	17.62	B-location city center



Conditions of the rental contracts

Appendix 2

	#	Tenant	use	kind	units	Interest betw. tenant/ owner	Start of contract	End of contract	Prolongation / option	Space sq. m.	current €/sqm	current income month	Rent adjustment	Remarks	
commercial	1	1EURO shop	retail	1EURO - shop	1	no	01.11.2012	30.06.2022	2 x 5 years	99.87	50.14	5,007.48	more than 10 % CPI change/ 100 % adjustment		
		1EURO shop	storage	1EURO - shop	1		01.11.2012	30.06.2022	"	28.74	6.00	172.44			
	2	1EURO shop	storage	1EURO - shop	1		01.11.2012	30.06.2022	"	74.81	7.00	523.67			
		3	office	office	office	1	no	01.01.2021	31.12.2025	no	838.50	10.00	8,385.00	yearly adjustment of CPI change	
	4	Storage rooms	storage	cellar	1		01.01.2021	31.12.2025		168.00	3.27	550.00			
		5	bank branch	office	Bank	3	no	01.08.2003	31.12.2026	3 x 3 years	4,474.83	17.90	80,081.61	step rent, +15% p.a.	€2,000 p.a. deduction on ancillary cost
	6	bank branch	storage	Bank	1		01.08.2003	31.12.2026	"	419.51	6.00	2,517.06			
		7	consulting	office	employee leasing	1	no	03.07.2009	31.07.2022	open-ended; 3 months notice period	298.00	11.00	3,278.32	adjustment of 100 % of CPI change every second year	
	8	consulting	storage	employee leasing	1		01.05.2011	31.07.2022	"	25.47	158	40.21			
		9	Agentur für Arbeit	office	Job Agency	2	no	01.01.2005	31.12.2021	yearly prolongation	1561.14	8.25	12,879.41	10 % CPI change/ negotiations	yearly prolongations
	10	insurance agency	office	Insurance	1	no	22.05.2008	31.05.2023	1x 5 years, yearly prolongation	345.00	11.19	3,858.87			
		11	lawyer office	office	lawyer	1	no	01.09.2016	31.08.2021		88.00	9.98	878.09	n/a	
		12	planning office	office	planning office	1	no	01.10.2017	30.09.2021	2 x 4 years option	154.25	9.50	1,465.38	5 % CPI change/ 100%	
		13	restaurant unit	gastro	indochina restaurant	1	no	01.03.2020	28.02.2030	1x 5 years	396.00	8.08	3,200.00	yearly adjustment of CPI change	
	14	post office	office	2nd floor	1	no	08.06.2016	07.06.2026		171.82	8.80	1,512.00	n/a		
other		vacant	storage	basement	3					12153	0.00	0.00			
											0.00 0.00				
parking		outside occupied	parking out	Deutsche Bank	8		01.08.03	31.12.26			0.00			included in main contract	
		outside vacant	parking out								0.00				
		inside occupied	parking in								0.00				
		inside vacant	parking in								0.00				
Total					29					9,265.47		124,349.54	WALT (in years)	4.95	



DCF Calculation

Appendix 3

Gross Rental Income

U s e	tenant	No. units	space sqm	current rent €/sqm	sustain. rent €/sqm	Lease-up period in months	Rent adjust- ment in years	year 1	year 2	year 3	year 4	year 5	year 6	year 7	year 8	year 9	year 10	resale		
commercial	retail (1 EURO shop)	1	99.87	50.14	50.00			60,090	44,902	45,065	59,922	59,922	59,922	59,922	59,922	59,922	59,922	59,922	59,922	
	storage (1 EURO shop)	1	28.74	6.00	6.00			2,069	1,548	1,556	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	
	storage (1 EURO shop)	1	74.81	7.00	7.00			6,284	4,700	4,726	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284
	office (office)	1	838.50	10.00	10.50			100,620	100,620	100,620	100,620	100,620	100,620	99,034	105,651	105,651	105,651	105,651	105,651	105,651
	storage (Storage rooms)	1	168.00	3.27	4.00	6		5,592	6,600	6,600	6,600	6,600	6,600	7,556	8,064	8,064	8,064	8,064	8,064	8,064
	office (bank branch)	3	4,474.83	17.90	17.00			964,166	978,628	993,308	1,008,207	1,023,330	1,038,680	997,206	1,070,074	1,086,125	1,102,417	1,102,417	912,865	
	storage (bank branch)	1	419.51	6.00	5.00			26,774	27,176	27,584	27,997	28,417	28,844	27,703	29,716	30,161	30,614	30,614	25,171	
	office (consulting)	1	298.00	11.00	11.00			39,340	36,880	39,336	39,336	39,336	39,336	39,336	39,336	39,336	39,336	39,336	39,336	39,336
	storage (consulting)	1	25.47	1.58	1.58			483	453	483	483	483	483	483	483	483	483	483	483	483
	office (Agentur für Arbeit)	2	1,561.14	8.25	9.00			154,553	158,065	168,603	168,603	168,603	168,603	168,603	168,603	168,603	168,603	168,603	168,603	168,603
	office (insurance agency)	1	345.00	11.19	10.50			46,306	46,306	41,927	43,470	43,470	43,470	43,470	43,470	43,470	43,470	43,470	43,470	43,470
	office (lawyer office)	1	88.00	9.98	10.00			9,225	10,560	10,560	10,560	10,560	10,560	10,560	10,560	10,560	10,560	10,560	10,560	10,560
	office (planning office)	1	154.25	9.50	9.75			17,701	18,047	18,047	18,047	18,047	18,047	18,047	18,047	18,047	18,047	18,047	18,047	18,047
	gastro (restaurant unit)	1	396.00	8.08	8.00			38,400	38,400	38,400	38,400	38,400	38,400	38,400	38,400	38,400	38,400	38,400	35,704	38,016
office (post office)	1	171.82	8.80	9.00			18,144	18,144	18,144	18,144	18,144	18,144	16,057	18,557	18,557	18,557	18,557	18,557	18,557	
parking	storage (vacant)	3	121.53		3.00	12			4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	
	parking out (outside occupied)	8			40.00									3,829	3,840	3,840	3,840	3,840	3,840	
	parking out (outside vacant)																			
	parking in (inside occupied)																			
	parking in (inside vacant)																			
Total		29	9,265.47					1,489,747	1,495,404	1,519,333	1,553,118	1,568,661	1,581,721	1,552,560	1,627,451	1,643,948	1,657,996	1,465,313		

Non Recoverable Cost																			
-----------------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

management				1.00%				-14,897	-14,954	-15,193	-15,531	-15,687	-15,817	-15,526	-16,275	-16,439	-16,580	-14,653
running maintenance				9.00 €/sqm				-83,389	-83,389	-83,389	-83,389	-83,389	-83,389	-83,389	-83,389	-83,389	-83,389	-83,389
cost of tenant fluctuation (vacancy)																		
other NRC								-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000

Total of non recs				7.40%				-110,287	-110,343	-110,583	-110,920	-111,076	-111,206	-110,915	-111,664	-111,829	-111,969	-98,042
--------------------------	--	--	--	--------------	--	--	--	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	----------------

Net Rental Income								1,379,460	1,385,061	1,408,750	1,442,198	1,457,586	1,470,514	1,441,645	1,515,787	1,532,119	1,546,027	1,367,271
--------------------------	--	--	--	--	--	--	--	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------

Capital Expenditures

deferred maintenance																			
capex																			
tenant improvements/ modernisation								-2,200	-46,542	-14,136			-46,641	-56,984			-4,950		

Property resale	Cap Rate			5.00 %														27,345,416	27,345,416
------------------------	-----------------	--	--	---------------	--	--	--	--	--	--	--	--	--	--	--	--	--	-------------------	-------------------

Net Cash Flow								1,377,260	1,338,519	1,394,614	1,442,198	1,457,586	1,423,874	1,384,661	1,515,787	1,532,119	28,886,493
----------------------	--	--	--	--	--	--	--	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	-------------------

Discount	Rate			3.25 %				1,333,908	1,255,580	1,267,021	1,269,009	1,242,178	1,175,253	1,106,912	1,173,594	1,148,899	20,979,456
-----------------	-------------	--	--	---------------	--	--	--	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	-------------------

Net Present Value																			
Tansaction cost	9.50%																		
Value																			
Market Value (rounded)																			



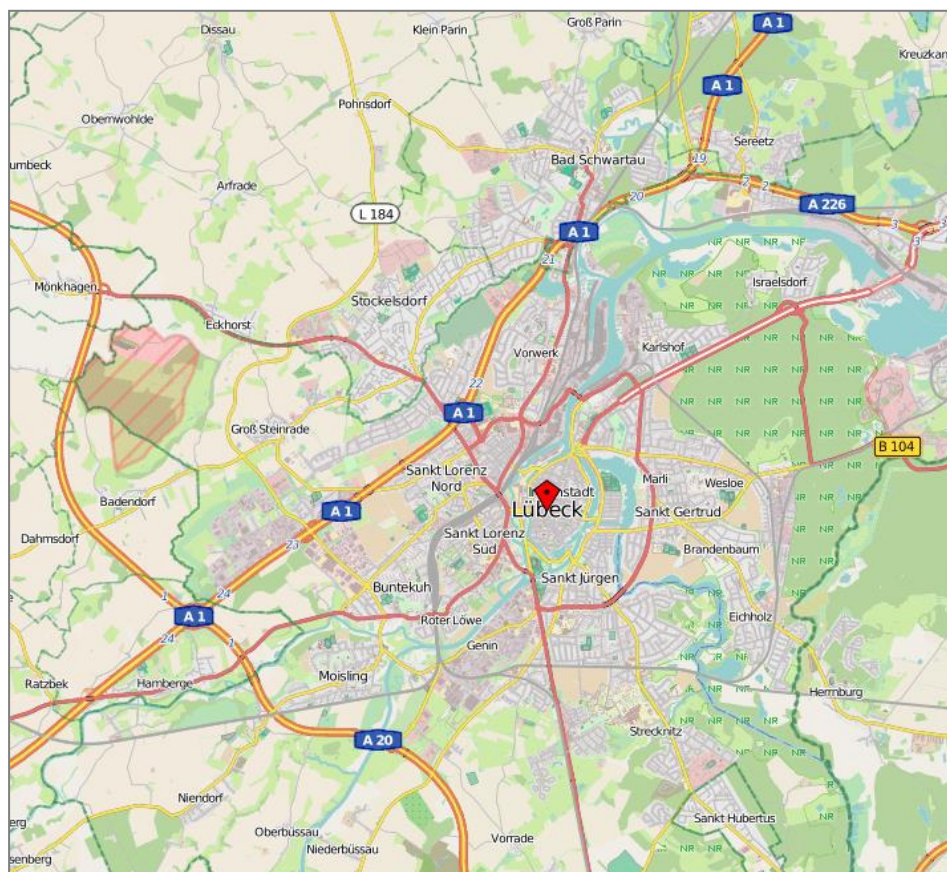
SWOT analysis

Appendix 4

- Strengths:
- A-location in the city centre is sustainable for retail and office use
 - Main tenant contract with an agreed fixed rent increase of 1.5% p.a.
 - Landmark and long term established as a bank building
 - Modernized and partly newly constructed building quality and representative appearance (Kohlmarkt side)
 - High demanded volume - bigger than €20m
 - Basically fully rented
- Weaknesses:
- There is practically no parking in the property, which is negative for office use
 - No direct connection to the near high street and additionally located on the wrong side (Kohlmarkt), away from the pedestrian path
 - Schmiedestraße is more a C-location for retail with less pedestrian frequency
 - Bank branch building with restricted third-party usability
 - Stagnating office and retail rental market in Lübeck
 - Inhomogeneous building structure including 3 building parts of different ages
- Opportunities:
- Slightly increasing office rent levels in the future due to few new office developments and an increasing number of office workers
 - Improving location quality due to new developments and refurbishments in the surroundings
 - Growing service sector leads to higher demand for office space in the city
 - Long term suitable location for the Deutsche Bank branch with a high chance of further prolongation of the contract
 - Furthermore long-time secured cash flow
 - Successfully established high class gastro concept (sub tenant); intentions to sign a long-term lease contract
- Threats
- Rent level reduction in case of a prolongation, as it was done for the new Deutsche Bank contract
 - Purchase power of the inhabitants are further slightly decreasing
 - Bank unit with a special structure and barely usable for alternative tenants
 - Vacancy and rent reduction risk after Euro-Shop moves out
 - *The economic consequences of the Corona crisis and the impact on the real estate market cannot yet be assessed conclusively*



Macro-location map:



City: Lübeck

Socio-demographic facts: Inhabitants: Approx. 217,200 (+2% last 5 years)
 Unemployment rate: city 7.1%/ Germany 5.9%
 Purchase power: 91.6 (average = 100)

Key facts: Lübeck is situated in the south-east of the federal state of Schleswig-Holstein and is the second largest city in the federal state. The city has a long history as a trading city. Only 65km north-east of Hamburg, Lübeck domiciles the third biggest German universal harbour. Lübeck has the lowest German transit times to Sweden, Finland, Russia and the Baltic states. The university city has a high touristic attractiveness and a good living quality.

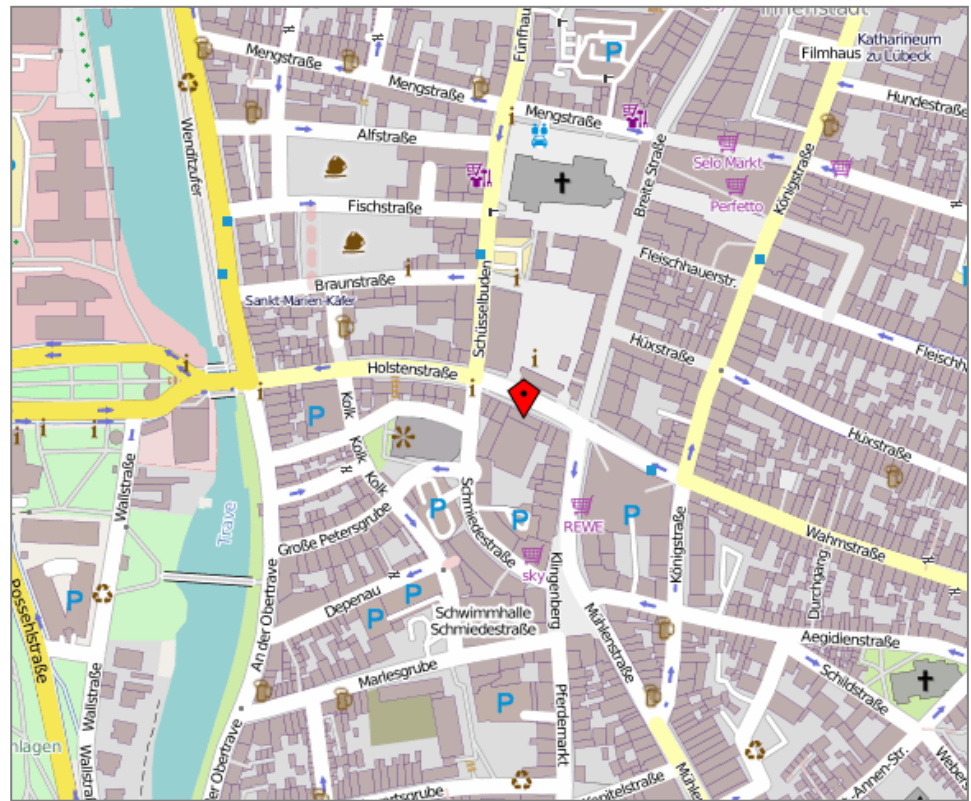
Economic trends: With the biggest ferry port in Europe Lübeck is established as a trade and traffic hub in the north of Germany predominantly focused on Baltic sea connections. The city has a mixed economic structure with some specializations in medical technology (Drägerwerk), food production (Niederegger marzipan, Campbell's Germany, Erasco) and facility management (Bockholdt, approx. 4,300 employees). The tourism industry is also an important economic sector. Currently the economic situation is still deeply impaired by the pandemic crisis. The index of the economic climate of Schleswig-Holstein in the 3rd quarter is at 98.2 and definitely below the long-term average of 110. However, the economy in Schleswig-Holstein has rapidly stabilized again since the crisis-related slump in the first quarter. But the economic outlook is not clearly predictable.



Micro location analysis on vicinity level

Appendix 5

Micro-location map:



Surroundings:

Lübeck's inner city is an island surrounded by the Trave canal and the river Trave. In the inner city are the pedestrian zone with its prime shopping location and many old buildings of the Hanse-time. This district has many ancient monuments. The town center is registered as a world cultural heritage.

In the north along the street 'Kohlmarkt' the surrounding is dominated by the pedestrian zone, the south end of the high street Breite Straße, 100m across the street.

Typical for the location are a retail use on ground level and office use on the upper floors.

Across the street Kohlmarkt e.g. a large department store of Peek & Cloppenburg is located (a big national textile chain). On the west side of the property along Schmiedestrasse a completely different situation is prevalent with more residential use and simple retail and office. A parking garage and a church are located across from the valuation property.

Here the pedestrian frequency is therefore definitely lower than in Kohlmarkt.

Distance:

- Public transport: Main bus station in front of the building
- Motorway: A1 AS Lübeck-Zentrum in 3km
- Railway: Lübeck central station in 1km
- Airport: Lübeck-Blankensee regional airport about 8km
Hamburg-Fuhlsbüttel in about 1 hour by car
- City centre: 100m

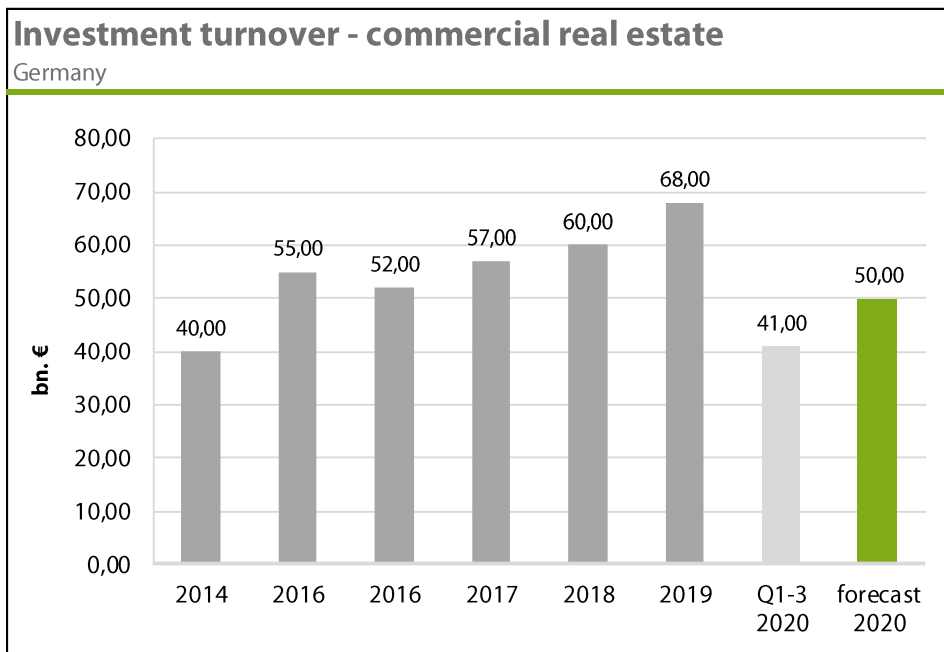
Assessment of the location quality:

The location Kohlmarkt is assessed as good for retail and office use (1b location ranking).

Schmiedestraße is a simple to medium location for retail and is also less representative for office use compared to Kohlmarkt (1c location ranking).



German investment market:



Main market trends:

- ▲ After the boom year 2019, the investment market is definitely influenced by the Corona crisis this year.
- ▲ However, the sales volume for commercial real estate transactions in Q1-3 2020 was only 6% below the same period of the previous year, indicating that market participants already consider the crisis to be largely overcome.
- ▲ Investors are reacting with a change in investment focus, risk-free investments (asset class Core) are even more in demand than before and properties with leasing risks, such as retail or office in B-locations, are showing significant declines in demand.
- ▲ The top yields of core properties of all types of use (office, logistics, retail) will therefore increasingly converge and continue to be in the strongest demand.
- ▲ The investment capital is Berlin with approx. € 6.1 billion in the first three quarters of 2020 followed by Munich (€ 3.5 billion) by a wide margin.
- ▲ Demand is rising in line with the purchase price volume and location in the metropolitan regions.
- ▲ Office properties continue to be the asset class with the largest volume (approx. 41%).
- ▲ Prime yields remain at historically low levels, below 3% for top properties in metropolitan areas, and have continued to decline slightly this year, particularly for top logistics properties and food-oriented retail properties.
- ▲ Market participants are forecasting sales of around €50 billion in 2020, which would represent a decline of around 30% compared with the pre-Corona year.

Lübeck Investment market:

Prime gross yield office property: 5.5%
 Prime gross yield retail property: 5.0%

The basic market situation will probably remain unchanged, especially for core properties



Auszug aus dem Liegenschaftskataster

Liegenschaftskarte 1:1000

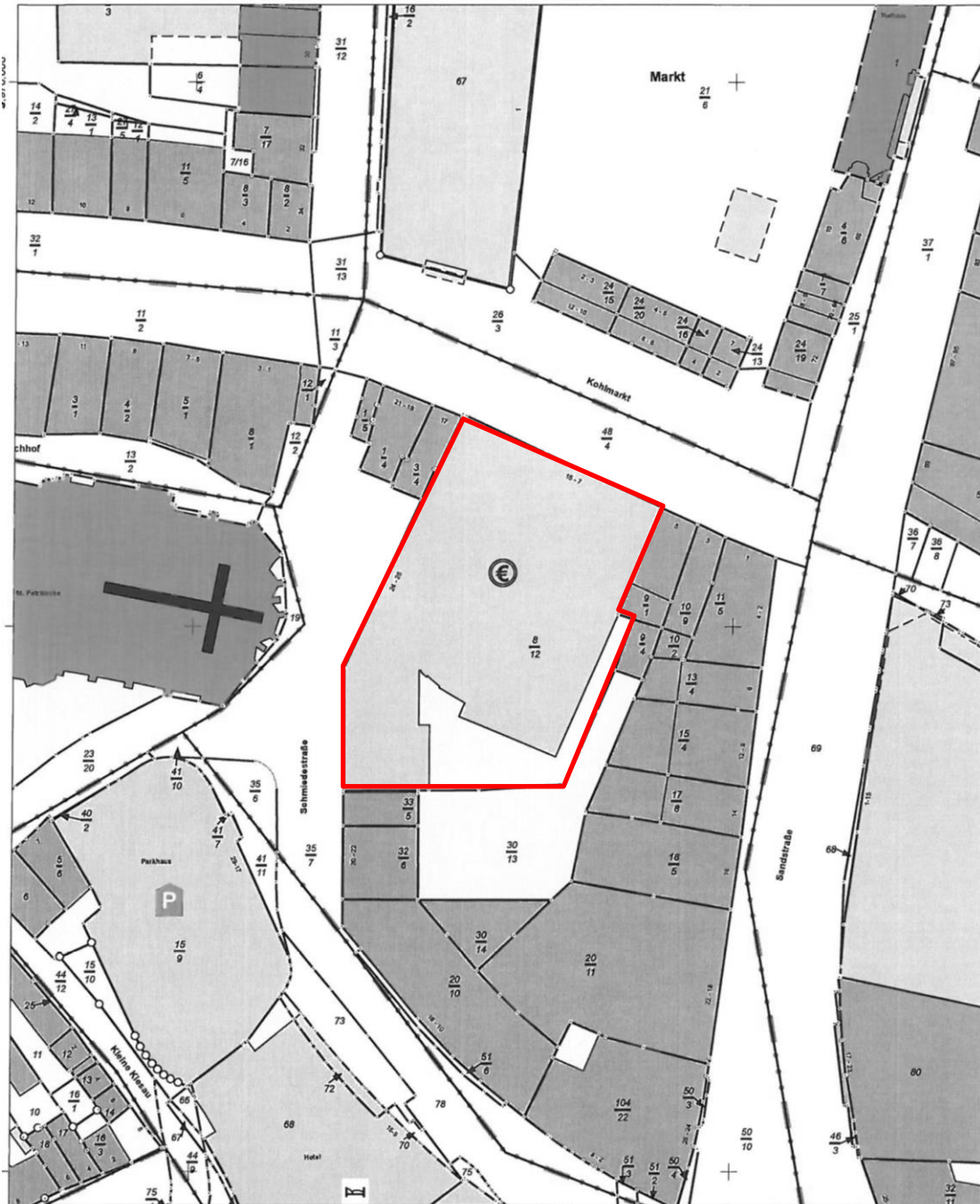
Erstellt am 22.11.2011

Flurstück: 8/12
Flur: 67
Gemarkung: Innere Stadt

Gemeinde: Hansestadt Lübeck
Kreis: Hansestadt Lübeck



Erteilende Stelle: Katasteramt
Kronshagener Weg 107
24116 Kiel
Telefon: 0431-23763-0
E-Mail: Poststelle-Kiel@LVermGeo.landsh.de



32.610.700

32.610.800

Maßstab: 1:1000 0 10 20 30 Meter

Für den Maßstab dieses Auszugs aus dem Liegenschaftskataster ist der ausgedruckte Maßstabsbalken maßgebend. Dieser Auszug ist maschinell erstellt und wird nicht unterschrieben. Vervielfältigung, Umarbeitung, Veröffentlichung und Weitergabe an Dritte nur mit Zustimmung des Landesamtes für Vermessung und Geoinformation Schleswig-Holstein oder zum eigenen Gebrauch (§9 Vermessungs- und Katastergesetz i.d.F. vom 12.05.2004, geändert durch Gesetz vom 15.12.2010).

Cadastral map not to scale, framed – valuation property



Amtsgericht Lübeck Grundbuch

von

Lübeck Blatt 77574

Dieses Blatt ist zur Fortführung auf EDV umgeschrieben worden und an die Stelle von Lübeck, Innere Stadt Blatt 5103 getreten. In dem Blatt enthaltene Rötungen sind unter Umständen schwarz sichtbar. Freigegeben am 24.11.2006.

Rademacher

Datum des Abrufs: 21.11.2011 13:38:32
Letzte Eintragung vom: 19.12.2008

Seite 1 von 12

Amtsgericht Lübeck		Grundbuch von Lübeck			Blatt 77574	Bestandsverzeichnis		
Laufende Nummer der Grundstücke	Bisherige laufende Nummer der Grundstücke	Bezeichnung der Grundstücke und der mit dem Eigentum verbundenen Rechte				Größe		
		Gemarkung (Vermessungsbezirk)	Karte Flur Flurstück		Wirtschaftsart und Lage	ha	a	m²
1	2	a	b		e	4		
1	-	Innere Stadt	067	8/12	Gebäude- und Freifläche, Kohlmarkt 7, 11, 13, 15, Schmiedestraße 24, 26		27	73
2/zu1		Grunddienbarkeit bestehend in einem Nutzungsrecht an dem Blockbinnenhof, an dem Grundstück Grundbuch von Lübeck, innere Stadt Band 41 Blatt 5109, eingetragen daselbst Abt. II Nr. 4. Im übrigen unter Bezugnahme auf den Umlegungsplan vom 26. Januar 1966.						

21.11.2011 13:38:32 Seite 3 von 12




Amtsgericht Lübeck		Grundbuch von Lübeck		Blatt 77574		Erste Abteilung		Einlegebogen 1
1	2	3	4	1, 2	3	4	1, 2	3
Laufende Nummer der Eintragungen	Eigentümer / Eigentümerin	Laufende Nummer der Grundstücke im Bestandsverzeichnis	Grundlage der Eintragung					
1	Handelsbank in Lübeck	1, 2	Bei Umschreibung ohne Eigentumswechsel eingetragen am 24.11.2006. Rademacher					
2	Port Lübeck-Kohlmarkt GmbH & Co. KG, Stapelfeld	1, 2	Auflassung vom 13.11.2006; eingetragen am 22.05.2007. Martini					
	PO Kohlmarkt GmbH, Kiel	1, 2	Neue Bezeichnung der Eigentümerin nach Rechtsformwechsel und Firmenänderung (Amtsgericht Kiel, HRB 10028 KI); berichtigt am 19.12.2008. Martini					

21.11.2011 13:38:32 Seite 5 von 12

Amtsgericht Lübeck		Grundbuch von Lübeck		Blatt 77574		Zweite Abteilung		Einlegebogen 1
1	2	3	4	1, 2	3	4	1, 2	3
Laufende Nummer der Eintragungen	Laufende Nummer der betroffenen Grundstücke im Bestandsverzeichnis	Lasten und Beschränkungen						
1	1	Auflassungsvormerkung für die in Gründung befindliche Port Lübeck-Kohlmarkt GmbH & Co. KG, Stapelfeld; Vorrangsvorbehalt für Grundpfandrechte in Höhe von 12.500.000,00 EUR nebst bis zu 18 % Zinsen jährlich ab 13.11.2006 und einer einmaligen Nebenleistung von bis zu 10 %; gemäß Bewilligung vom 13.11.2006 (Notar Dr. Ekkehard Moeser in Frankfurt, UR-Nr. 742/2006); eingetragen am 27.11.2006.						
		Rademacher						

21.11.2011 13:38:32 Seite 7 von 12



Hansestadt LÜBECK 



EINGEGANGEN
13. Nov. 2006
M. Thielmann

Hansestadt Lübeck · 3.392 · 23539 Lübeck

Der Bürgermeister

An die
Newport GmbH
z. Hd. Herrn Siegmund- Schultze

Bereich: Umweltschutz
Gebäude: Dr. Julius-Leber-Str. 50-52
Auskunft: Dieter Thielmann
Zimmer: 112
Tel. (0451) 1 22 -39 38
Fax (0451) 1 22 -39 90
e-mail: Dieter.Thielmann@luebeck.de

Ballindamm 11
20095 Hamburg

Ihr Zeichen: -
Ihre Nachricht vom: 6.11.2006
Mein Zeichen: Thi
Datum: 09.11.2006

Grundstücke in Lübeck, Am Kohlmarkt 7- 15; - Altlasten -

Sehr geehrter Herr Siegmund- Schultze,

wie vorab telefonisch übermittelt, teilt der Bereich Umweltschutz der Hansestadt Lübeck als Untere Bodenschutzbehörde/Untere Wasserbehörde mit, dass, nach derzeitigem Kenntnisstand, folgende Branchen ansässig waren/sind:

Straße	Nr.	Synonyme	Betreiber	Von	Bis
Kohlmarkt	7z	Auto-Bereifung	Howaldt, Gebr.	1951	1951
		Chemische Fabriken	Ororo	1920	
Kohlmarkt	15	Wattefabriken	Rewolt, C.L.	1858	1942
		Kaffeegrößtereien	Haack, Heinrich	1934	1934

Da die aufgeführten Branchennutzungen nach dem **Branchenkatalog zur historischen Erfassung von Altstandorten** des Landes Schleswig- Holstein(2002) als **altlastenrelevant** anzusehen sind, werden die betreffenden Grundstücke als **Altlastenverdachtsflächen** geführt.

Nähere Erkenntnisse(z. B. Untersuchungsergebnisse) liegen nicht vor.



Preservation order

Appendix 11

Due to oral information from the local authorities the building is currently not listed as an ancient monument. But according to the public office for historic monuments the facade of Kohlmarkt No. 7-13 would probably be listed as an ancient monument, if there was the intention to modify the facade.

The plot is located in an area with a valid preservation and design statute. Therefore, any changes of the building facade require public authorization.

But the buildings are not part of the UNESCO world cultural heritage area.



Status of taxes and contributions

Appendix 12

Assumed as free of taxes and contributions.



Photo documentation

Appendix 13

Kohlmarkt, front view



Kohlmarkt surroundings



Schmiedestraße, front facade





Rear facade



Rear facade



Entrance back yard

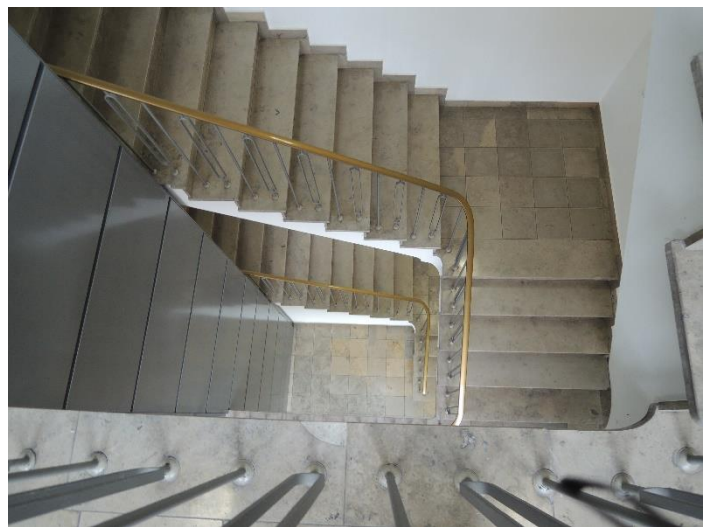




Staircase



Staircase



Schmiedestraße entrance





Office unit, BDO



Office unit, BDO



Office unit, BDO





Office unit, BDO



Office unit Job Center



Office unit Job Center

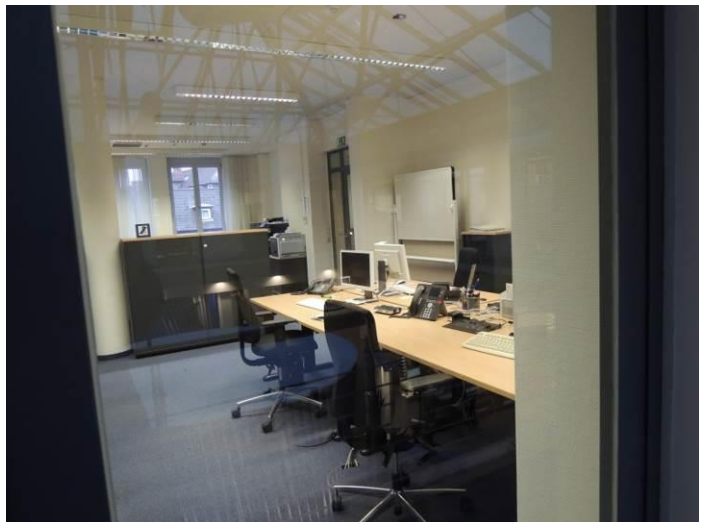




Rental unit Deutsche Bank



Rental unit Deutsche Bank



Rental unit Deutsche Bank





Rental unit Deutsche Bank



Rental unit Deutsche Bank



Office quality, new building





Office quality, new building



Office quality, new building



Office Schmiedestr. 26





Glass roof, atrium, bank branch unit



Rental unit EuroShop



Rental unit EuroShop





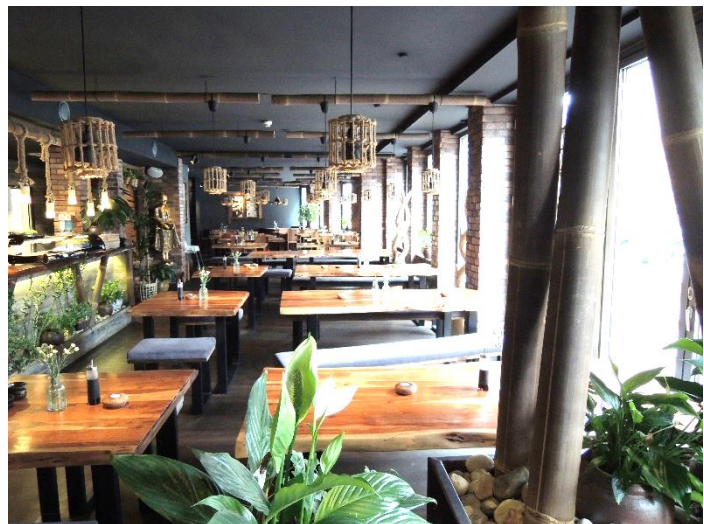
Rental unit EuroShop, storage cellar



Gastro unit Schmiedestraße



Gastro unit, newly improved by the sub tenant (new concept since 2017)





Heating system



Heating system



Ventilation system





Sprinkler system, water tank

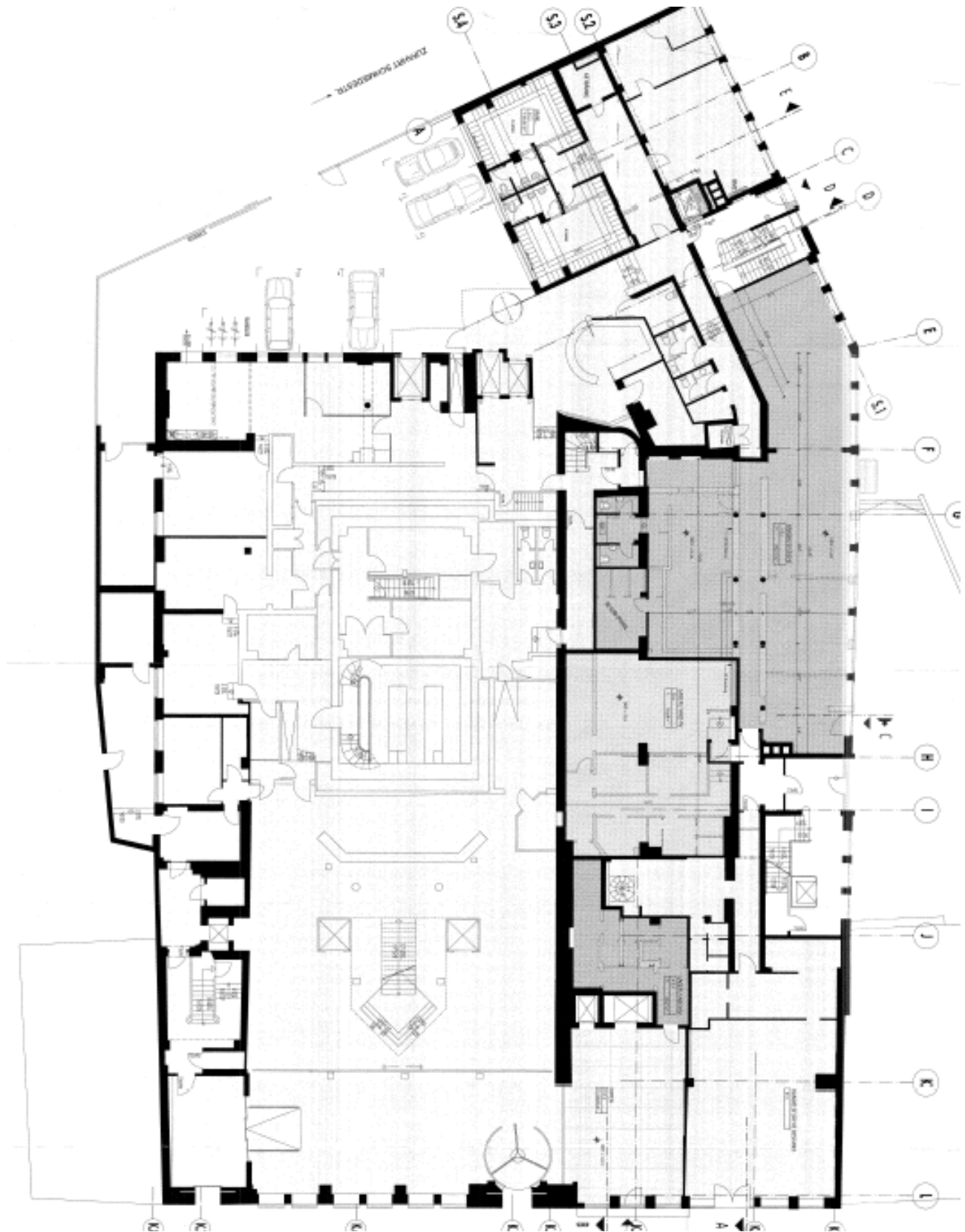


Façade details Kohlmarkt



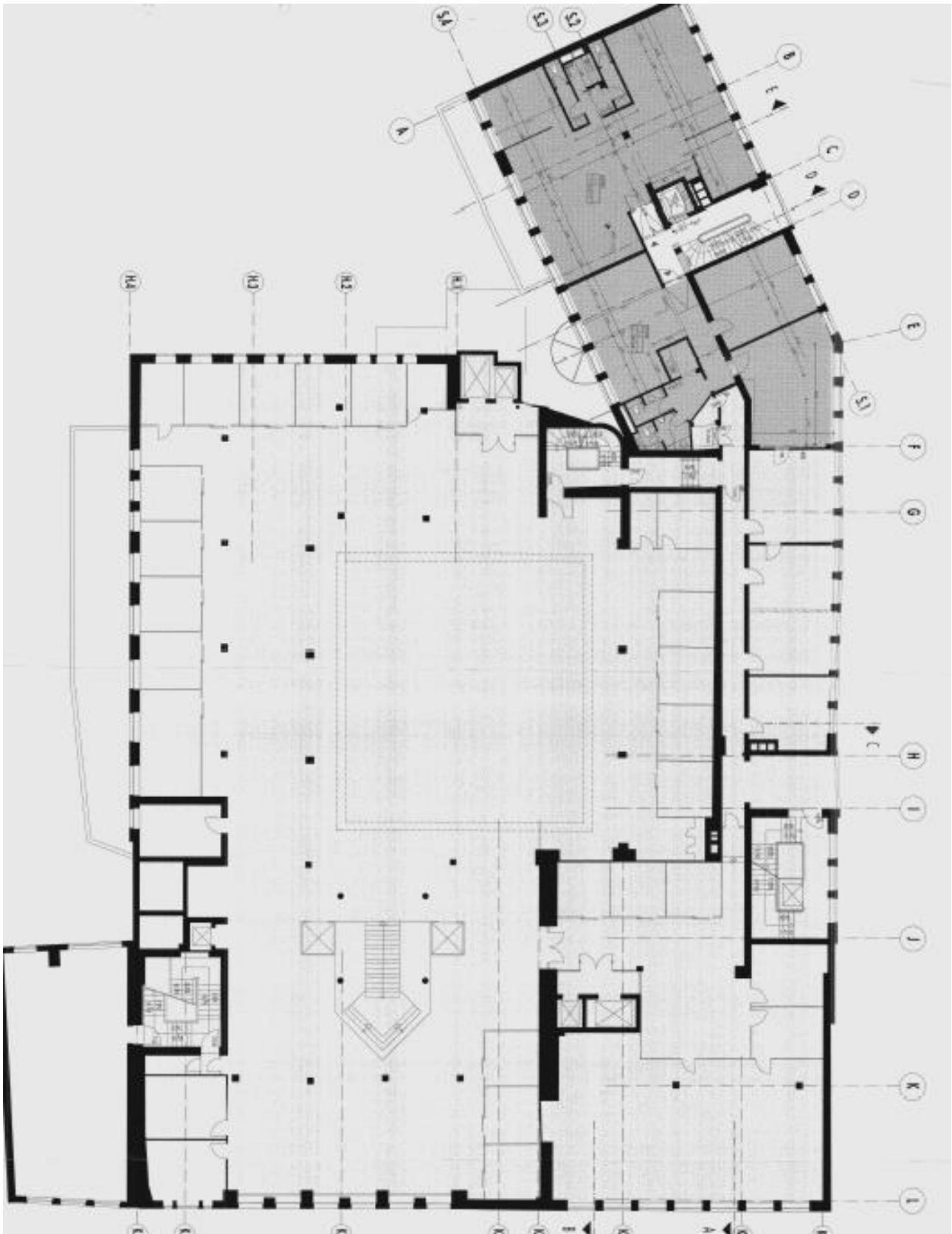


Ground floor



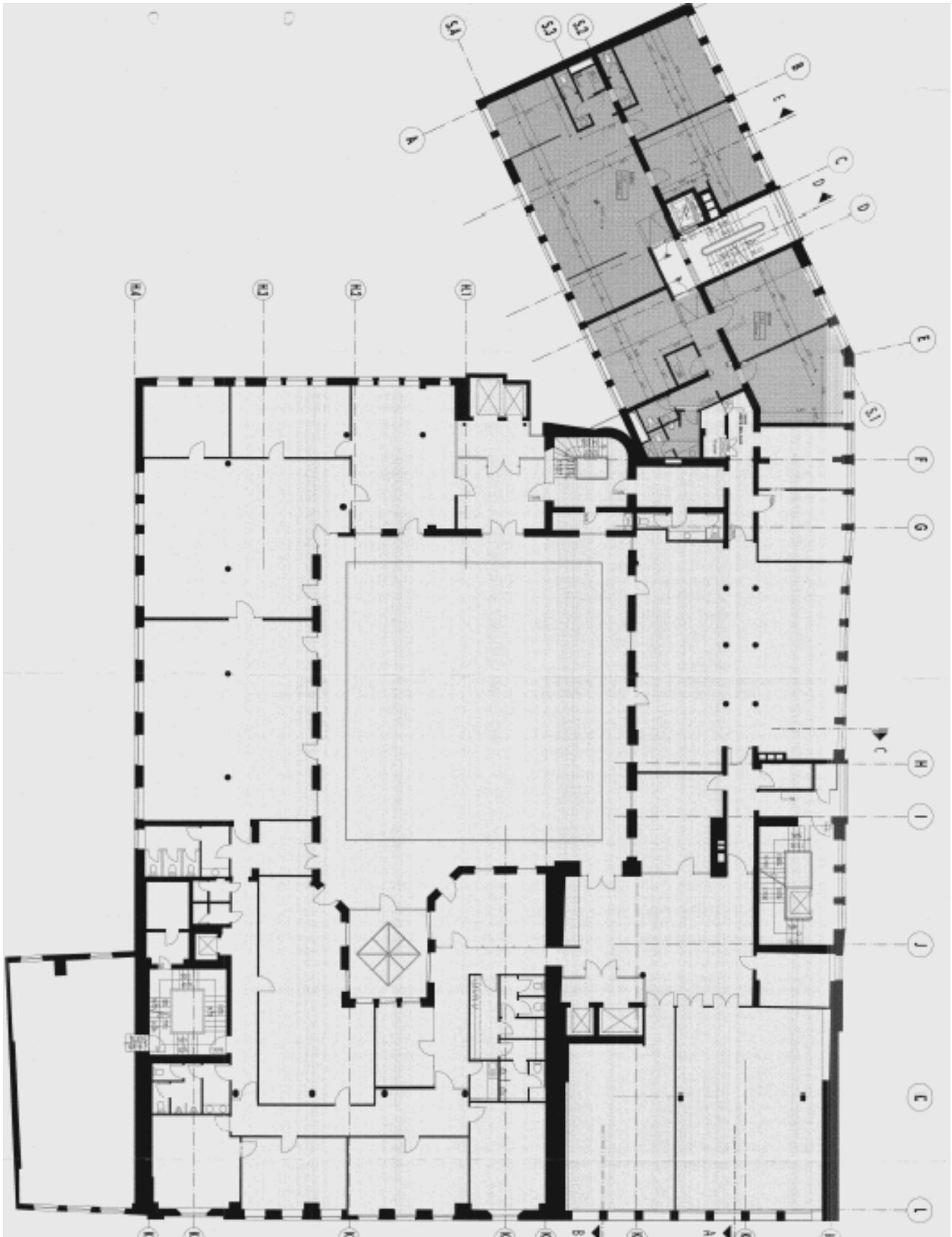


First floor



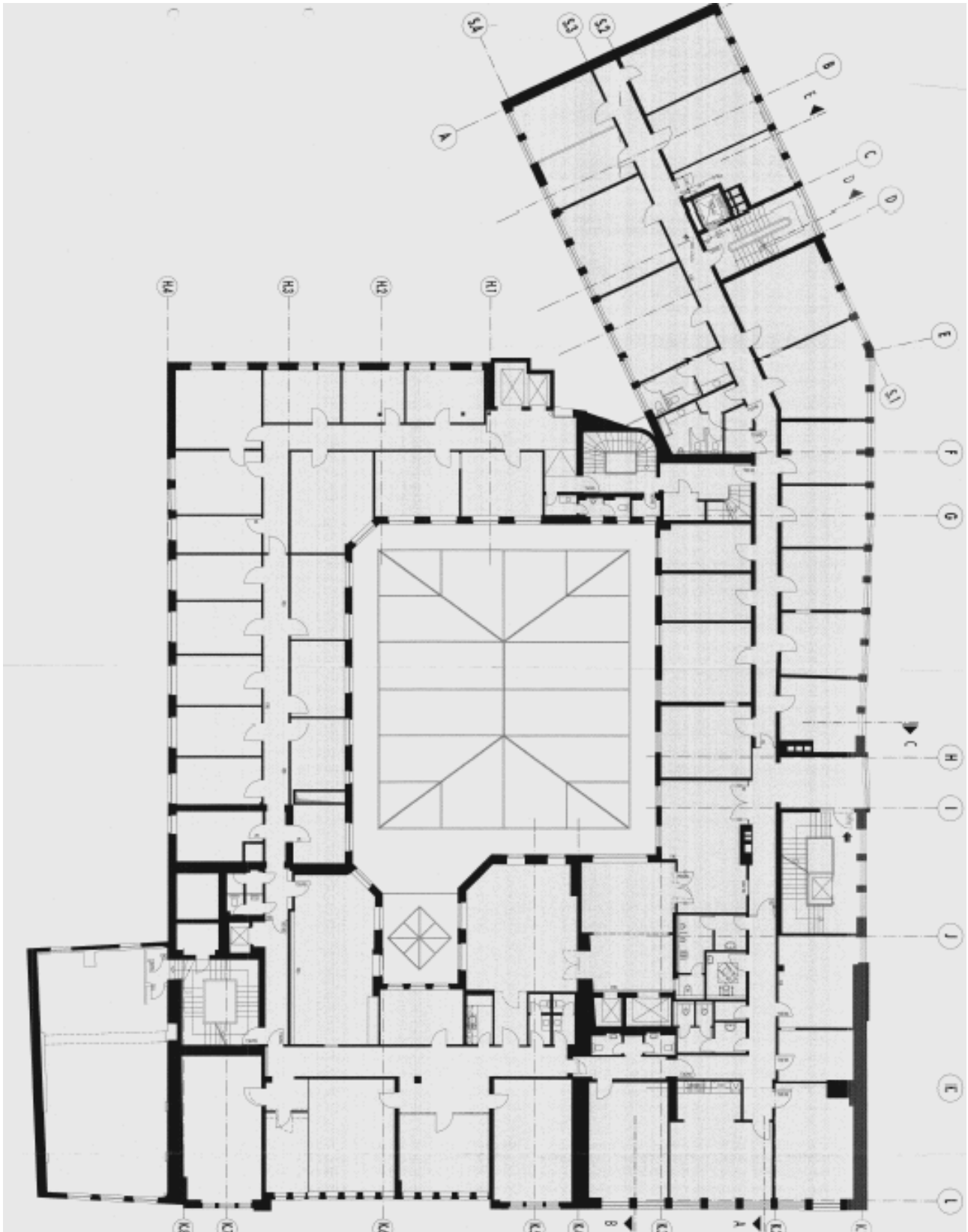


Second floor



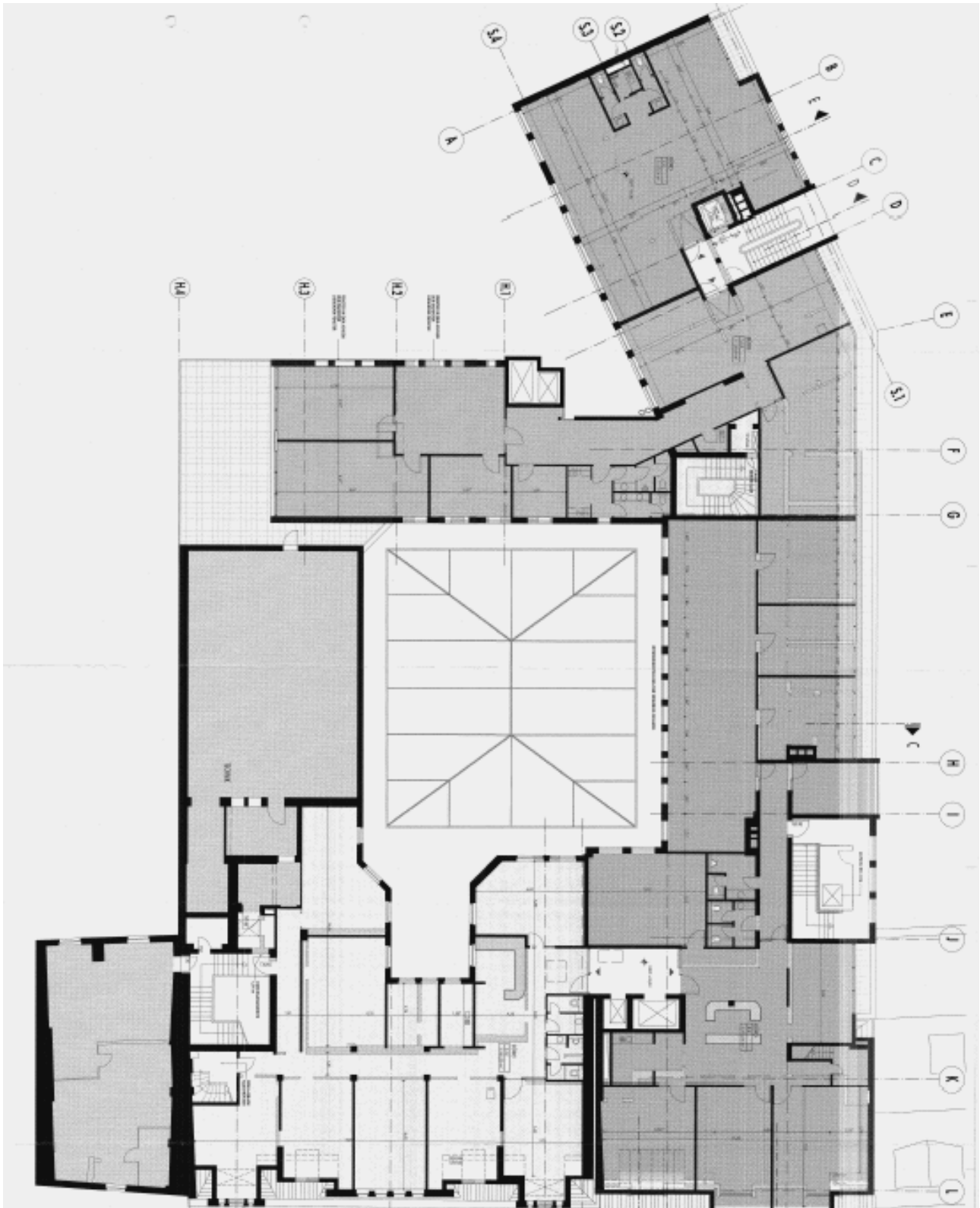


Third floor





Fourth floor





Sectional view

