

MARKET VALUATION REPORT

Market Value Indication of a portfolio of 16 properties (economic units) located in the federal states Hamburg, Schleswig-Holstein and Niedersachsen, Germany.



Date of site inspection

Eckernförde
Hamburg
Hamburg, Reinbek
Hamburg, Pinneberg, Cuxhaven, Buxtehude
Itzehoe, Neumünster, Bad Oldesloe, Henstedt-Ulzburg

18th November 2022
21th November 2022
22th November 2022
23th November 2022
24th November 2022

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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	
16					27	101	175	138	33.966,94	6,9%	3.976.913,40	4.154.144,35	4,5%	9,26	9,27	69.480.000	2.046	6,63%	4,54%	17,47	16,73	4,70%	5,02%	66,72%		69,76%		66,51%		
34901	22147 Hamburg	Alte Berner Straße 10	1965			17	6	30	1.891,82	1,8%	255.697,68	264.122,46	3,3%	11,11	11,11	5.360.000	2.833	5,90%	3,80%	20,96	20,29	3,96%	4,11%	3,72%	7	4,64%	8	5,13%	7	
34904	22177 Hamburg	Bramfelder Chaussee 292	1965			16	8	37	1.541,27	-	204.672,96	211.845,30	3,5%	9,19	9,19	4.050.000	2.628	6,00%	3,90%	19,79	19,12	4,14%	4,32%	3,03%	12	3,71%	12	3,88%	10	
34906	22147 Hamburg	Hermann-Balk-Straße 110	1977			0	5	16	797,31	-	118.237,44	120.530,85	1,9%	0,00	0,00	2.310.000	2.897	6,10%	4,00%	19,54	19,17	4,32%	4,42%	1,57%	17	2,14%	17	2,21%	17	
34908	20149 Hamburg	Jungfrauenhal 11	1968			4	2	1	376,50	-	61.949,64	61.949,64	0,0%	12,15	12,16	1.550.000	4.117	4,30%	3,60%	25,02	25,02	3,46%	3,46%	0,74%	25	1,12%	25	1,48%	19	
34911	22399 Hamburg	Poppenbütteler Hauptstraße 5	2007			0	34	39	4.127,23	-	770.595,24	770.595,26	0,0%	0,00	0,00	16.080.000	3.896	6,00%	3,80%	20,87	20,87	4,15%	4,15%	8,11%	1	13,97%	1	15,39%	1	
34913	22147 Hamburg	Rahlstedter Weg 73	1965			7	3	1	842,00	-	75.095,88	75.644,76	0,7%	9,44	9,44	1.340.000	1.591	6,20%	4,00%	17,84	17,71	4,43%	4,47%	1,65%	23	1,36%	23	1,28%	24	
34919	23843 Bad Oldesloe	Hindenburgstraße 20	1990			2	2	0	928,81	70,4%	24.995,52	79.489,07	218,0%	8,30	8,30	1.190.000	1.281	6,80%	4,60%	47,61	14,97	1,04%	5,30%	1,82%	27	0,45%	27	1,14%	25	
34922	24340 Eckernförde	Rendsburger Straße 109	1983			3	7	0	2.148,98	-	224.998,56	224.998,56	0,0%	6,51	6,51	3.120.000	1.452	7,50%	5,30%	13,87	13,87	5,90%	5,90%	4,22%	10	4,08%	10	2,99%	15	
34928	24558 Henstedt-Ulzburg	Hamburger Straße 24	2000			10	8	0	3.131,17	0,6%	396.000,24	396.720,56	0,2%	9,27	9,27	5.790.000	1.849	7,40%	5,20%	14,62	14,59	5,73%	5,74%	6,15%	3	7,18%	3	5,54%	6	
34931	25524 Itzehoe	Feldschmiede 73	1967			5	1	0	642,90	-	102.470,40	102.470,40	0,0%	7,05	7,05	1.470.000	2.287	7,60%	5,40%	14,35	14,35	5,92%	4,76%	1,26%	20	1,86%	20	1,41%	21	
34939	25421 Pinneberg	Damm 26	1969			19	0	0	929,97	-	99.656,88	99.656,88	0,0%	8,93	8,93	1.360.000	1.462	7,30%	5,10%	13,65	13,65	5,87%	5,87%	1,83%	21	1,81%	21	1,30%	23	
34940	25421 Pinneberg	Dingstätte 29	1969			11	2	0	895,67	-	106.498,68	106.498,68	0,0%	8,66	8,66	1.550.000	1.731	7,20%	5,00%	14,55	14,55	5,63%	5,63%	1,76%	18	1,93%	18	1,48%	19	
34948	21614 Buxtehude	Bahnhofstraße 48	2000			1	11	7	1.902,40	-	255.723,24	262.923,24	2,8%	5,33	5,33	4.260.000	2.239	7,00%	4,80%	16,66	16,20	5,05%	5,22%	3,74%	8	4,64%	7	4,08%	9	
34955	21465 Reinbek	Bergstraße 1	1980			6	31	3	5.425,10	8,0%	592.824,00	631.931,05	6,6%	9,28	9,28	9.540.000	1.758	7,20%	5,00%	16,09	15,10	5,22%	5,60%	10,66%	2	8,40%	2	9,13%	2	
34957	21149 Hamburg	Cuxhavener Straße 335	1985			0	40	0	4.429,29	27,2%	319.653,96	366.364,56	14,6%	0,00	0,00	4.700.000	1.061	6,60%	4,40%	14,70	12,83	5,24%	6,17%	8,70%	5	5,80%	5	4,50%	8	
34958	21149 Hamburg	Cuxhavener Straße 344	1985			0	15	4	3.956,52	-	367.843,08	378.403,08	2,9%	0,00	0,00	5.810.000	1.468	7,00%	4,80%	15,79	15,35	5,10%	5,27%	7,77%	4	6,67%	4	5,56%	5	

1. Executive Summary

2. General

2.1 Valuer

Dirk Fischer-Appelt FRICS
Partner
in
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2.2 Client

MC Property Fund Hamburg GmbH
Am Fördeufer 4
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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 3th December 2024. The 16 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 1st December 2022.

2.6 Valuation date

Date of valuation is the 3th December 2024.

2.7 Use of the portfolio properties

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

2.8 Special note

Inflation in Germany is expected to average 2.2% in 2024 (as of 7 January 2025). The past year was characterised by the ongoing geopolitical uncertainties in Ukraine and the Middle East as well as the economic recession caused by weaker exports and falling investments. From July 2022 to September 2023, the ECB raised the key interest rate in ten steps by 450 basis points. From June to December 2024, there were four cuts totalling 135 basis points. The German property market showed signs of recovery in 2024 with a slight increase in transaction volumes, particularly in the residential property sector. Nevertheless, geopolitical uncertainties and economic conditions remain factors that can influence future developments. Prices and yields have largely stabilised at the previous year's level.

In change to the previous value indication, the portfolio consists of 16 properties and no longer 19 properties. According to information provided by the asset manager, 3 properties were sold and are therefore no longer a valuation object.

2.9 Date of site inspection

Eckernförde	18 th November 2022
Hamburg	21 th November 2022
Hamburg, Reinbek	22 th November 2022
Hamburg, Pinneberg, Cuxhaven, Buxtehude	23 th November 2022
Itzehoe, Neumünster, Bad Oldesloe, Henstedt-Ulzburg	24 th November 2022

2.10 Extent of investigation

Basis for the present valuation are the up-dated information provided by the client, the data, details and impressions obtained during on-site inspection in December 2022, the earlier desktop valuations as well as the general economic factors influencing the value on the real estate market at the time the valuations relates to (valuation date).

3. Nature and sources of the information relied upon

3.1 Information provided by the client:

- rent roll, dated 3th December 2024

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:

- Comparables for the district of Stade
- Comparables for the city of Hamburg
- 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
- 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 inventory information
- TAG key figures
- TAG index development by www.ariva.de
- Data by IZ Research

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 Restrictions

4.2.1 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.

4.2.2 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.

4.3 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.

4.4 Market Value

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.

4.5 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).

4.6 Liability

FA/KT Valuation Chartered Surveyors accepts liability in cases of malintend 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 now 16 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.

4.7 Principles of Valuation

The revaluation of the property is performed as a desktop valuation based on information provided by the client to the appraiser and collected during the inspection. 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 valued, 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.

The revaluation is based on the initial valuation report and the subsequent revaluations, most recently as of December 31, 2021. The textual presentations in this report are therefore largely limited to factual and value changes that have occurred compared with these valuations. The requirements set out there must continue to be observed and are an integral part of this revaluation.

This report is a follow-up valuation with property inspections. As agreed, inspections take place every 4 years, but more frequently in the event of significant changes (see expert contract).

4.8 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 25,100 inhabitants (as of 31.12.2023). This represents a population density of about 477 inhabitants per km². The demographic report of Schleswig-Holstein anticipates a population increase of 6.4% for the district of Stormarn between 2014 and 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.

Eckernförde

The valued 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 1,002 inhabitants per km² (as of 31.12.2023). The demographic report of Schleswig-Holstein anticipates a population decrease of 3.5% for the district of Rendsburg-Eckernförde between 2014 and 2030.

The macro location is assessed as average due to the distance to 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 28,400 inhabitants (as of 31.12.2023). This represents a population density of about 719 inhabitants per km². The demographic report of Schleswig-Holstein anticipates a population increase of 3.6% for the district of Segeberg between 2014 and 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.

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 norther-eastern direction.

Itzehoe has about 32.300 inhabitants (as of 31.12.2023). This represents a population density of about 1,132 inhabitants per km². The demographic report of Schleswig-Holstein anticipates a population decrease of 4.2% for the district of Steinburg between 2014 and 2030.

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

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 44,800 inhabitants, the city of Pinneberg has a population density of about 2,078 inhabitants per km² (as of 31.12.2023). The demographic report of Schleswig-Holstein anticipates a population increase of 5.9% for the district of Pinneberg between 2014 and 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 28,600 inhabitants. This represents a population density of about 914 inhabitants per km² (as of 31.12.2023). The demographic report of Schleswig-Holstein anticipates a population increase of 6.4% for the district of Stormarn between 2014 and 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 districtfree cities.

For the federal state of Lower Saxony as a whole a negative demographic development of around 1,5% is assumed between 2022 und 2042.

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 41,300 inhabitants (as of 31.12.2023). This represents a population density of about 538 inhabitants per km². The demographic report of Lower Saxony anticipates a population decrease of 3.5% for the city of Buxtehude between 2022 and 2042.

The macro location is assessed as good due to the short distance to the city of Hamburg.

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 *Hamburger Platt*. Hamburg is divided into 7 boroughs.

The city of Hamburg has about 1,910,200 inhabitants (as of 31.12.2023). This represents a population density of about 2,530 inhabitants per km². The latest demographic report of Hamburg anticipates a population increase of 7.2% from 2020 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 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 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 Economics conditions

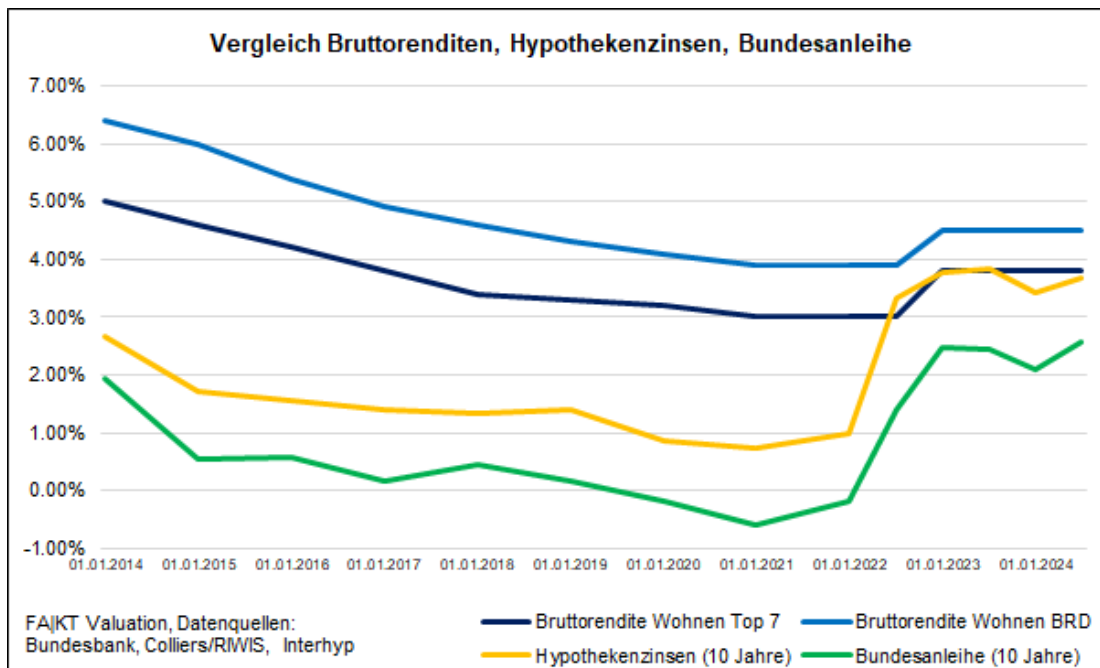
The current market situation is characterised in particular by higher interest rates as a result of high inflation, rising energy costs and uncertainties regarding the geopolitical situation in Ukraine and the Middle East.

German GDP fell by 0.3% in 2023. According to the Federal Statistical Office, the overall economic situation in Germany last year was characterised by persistently high prices at all levels of the economy, unfavourable financing conditions due to rising interest rates and lower demand from Germany and abroad. Inflation averaged 5.9% in 2023. Unemployment in Germany is currently still at a low level compared to other countries and averaged 5.9% in 2023. The Bundesbank is forecasting GDP growth of 0.3% in Germany in 2024 and 1.1% in 2025 (as at June 2024).

The general interest rate environment has changed significantly compared to the first half of 2022. Between July 2022 and September 2023, the ECB raised the key interest rate in ten steps from 0.00% to 4.50%. From June to December 2024, there were four cuts to 3.15%. Mortgage interest rates (10-year fixed rate) in Germany rose from 1.00% in January 2022 to 4.04% in December 2023. The current rate is at 3.23 % (source: www.interhyp.de, as of 1st December 2024).

7.2 Residential market Germany

According to data from RIWIS and Colliers, gross prime yields for residential property (existing properties) in the first half of 2024 remained constant at an average of 3.85% in A-class cities and an average of 4.50% in other German locations. The gross prime yield in the forward deals segment is stable at an average of 3.80% in the A-class cities and an average of 4.00% in the other locations at the mid-year point. The yield on the 10-year German government bond has risen from 0.59% in Q2 2022 to 2.95% at the beginning of Q4 2023 and is currently at 2.25% as of 19.12.2024 (source: www.bundesbank.de). The 10-year mortgage rate has risen by approx. 140 basis points in the same period (Q2 2022 to Q4 2023) and is currently at 3.16% as of 19.12.2024 (source: www.interhyp.de).



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 25,077 units as of 30.09.2024. The report shows vacancies are recorded at 1.7% and the average rent at 7.60 €/m². The regional market of Hamburg consists of 20,089 units as of 30.09.2024. The report shows vacancies are recorded at 1.5% and the average rent at 8.33 €/m².

As of 31.12.2022, the regional portfolio of the TAG Immobilien AG in the Hamburg region includes 6,447 residential units with an rentable area of 395,041 m². The net rent is given as 6.38 €/m², the vacancy is 3.2%. 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

According to the latest NAI apollo report, the volume on the market for residential portfolio transactions (≥ 30 units) in Germany totalled 5.9 bn € in the first three quarters 2024. This is an increase of 25.5% compared the result of the same period of the previous year (Q1-32023: 4.7 bn €). Market activities are showing a clear upturn, but the result remains below average in a long-term comparison. The nine-month average for the past five years of 13.2 billion euros was undercut by around 55%.

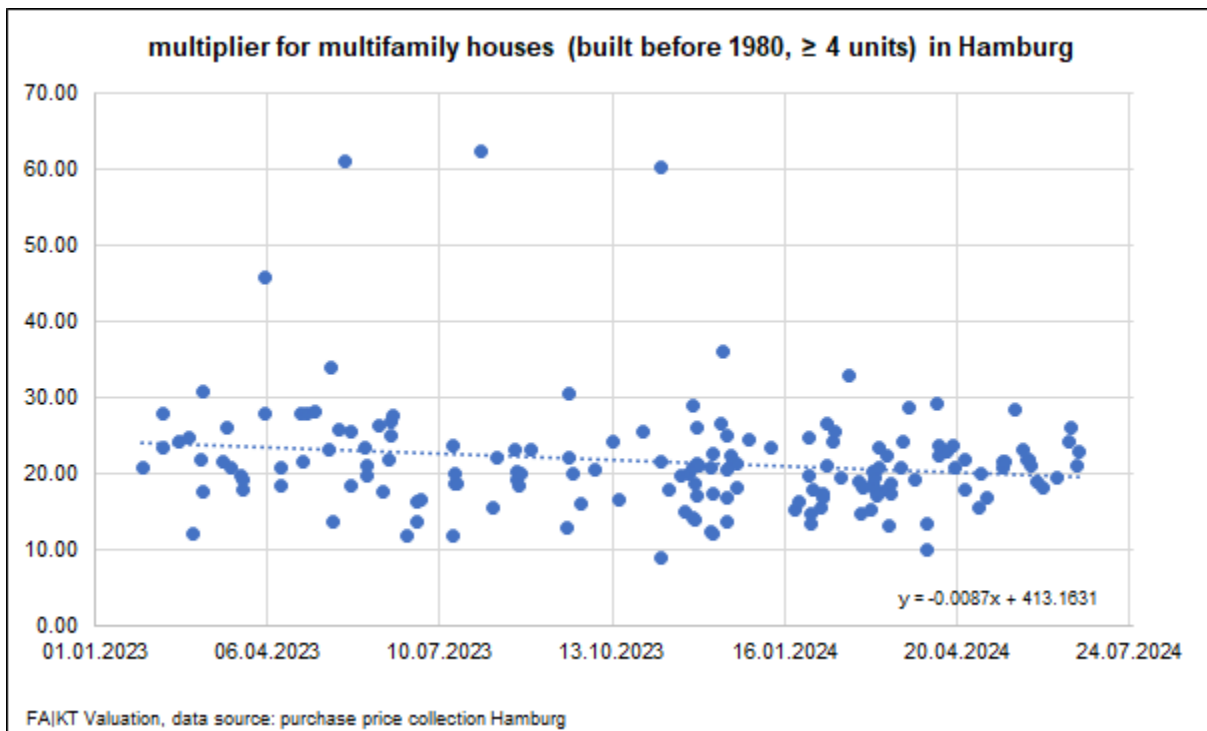
Comparables

Comparable purchases were requested from the expert committees in the districts of Pinneberg, Stormarn and Stade as well as in the city of Hamburg.

In the districts of Pinneberg and Stromarn, there are no or only a few cases of mixed residential and commercial properties being purchased.

For the district of Stade in Lower Saxony, 18 purchase cases for mixed residential and commercial buildings are available for the year 2024 with data for purchase prices and capital values. In 2024, the average purchase price ist 1,393 €/m² (range 169 to 2,2762 €/m²).

The valuer has an extract from the purchase price collection of the expert committee for property values in Hamburg with purchase cases of multi-family houses (built before 1980, at least four residential units) in the period from 1 January 2023 to 30 June 2024. There are 164 purchase cases available in this period with data for purchase price, rental space and annual net rent. The purchase prices are ranging from 844 to 8,403 €/m² (average value: 2,794 €/m²) and purchase price multipliers are ranging from 9.1 to 62.5 (average value: 21.6). A decline in purchase prices and multipliers over the course of the period can be seen from the purchase cases.



7.2.1 Residential market Schleswig-Holstein

According to the Statistical Office for Hamburg and Schleswig-Holstein, a total of 12,770 flats in residential and non-residential buildings with a living space of 1,233,510 m² were completed in Schleswig-Holstein in 2023 (all construction projects).

A total of 11,858 flats in new buildings were ready for occupancy in Schleswig-Holstein. In buildings with three or more flats, there was an increase of 19.8 % in 2023 compared to the previous year with 7,052 completed units. The proportion of new construction in residential buildings rose from 53.1% in 2022 to 59.5% in 2023. In detached and semi-detached houses, the number of new flats fell by 8.2% year-on-year from 5,065 to 4,652. 52 new flats are attributable to residential homes and 102 flats to non-residential buildings (e.g. office and commercial buildings).

The number of building permits issued in 2023 fell by 29.8% year-on-year to 10,866 units (2022: 15,488).

7.2.2 Residential market Lower Saxony

According to the State Statistical Office of Lower Saxony, a total of 25,436 flats in new buildings with a living space of 2,643,600 m² were completed in Lower Saxony in 2023. This corresponds to a 12.7% decrease in the number of flats ready for occupancy and a 16.5% decrease in new living space compared to the previous year.

The number of building permits for flats in new buildings fell by 36.2% year-on-year to 19,643 units.

7.2.3 Residential market Hamburg

According to the Statistical Office for Hamburg and Schleswig-Holstein, the number of flats rose from 904,901 to 992,608 between 2010 and 2022. This corresponds to an increase of 9.7% and an average increase of 7,309 flats per year. Most of the flats (766,439) in 2022 will be in apartment blocks. The remaining flats are spread across detached and semi-detached houses, residential homes and non-residential buildings.

In 2023, a total of 5,682 flats were completed in newly constructed buildings in Hamburg. This corresponds to a 38.5 % decrease in new-build flats ready for occupancy compared to the previous year (2022: 9,234 new-build flats). The majority of flats in newly constructed buildings were completed in residential buildings with 3 or more flats (4,481 flats), 887 flats were in detached and semi-detached houses. In addition, 252 flats were completed in new residential homes and 62 flats in non-residential buildings (e.g. office and commercial buildings).

The number of building permits issued in 2023 fell by 57% year-on-year to 5,257 flats (2022: 9,199 flats).

7.3 Commercial market Germany

According to BNP Paribas Real Estate, around €4.9 billion has been recorded for 2024 to date as at the end of the third quarter. Although the long-term average of around €8 billion has not yet been reached again, there has been a significant increase in the transaction volume compared to the same period last year. At the end of September, the transaction volume was already at the level of the full year 2023 (+30% compared to Q1-3 2023). Overall, retail properties are accounting for 27.4 % of the transaction volume. Logistic properties are following in second place with 24.5 % and office properties in third place with 20.3%.

7.3.1 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.

7.3.2 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.

7.3.3 Commercial market Hamburg

The commercial transaction volume in the Hamburg amounted to €1.02 bn in 2024 so far (Q1-3). This corresponds to an increase of about 59% compared to the result of the previous year (Q1-3 2023: €0,64 bn.). It is particularly noteworthy that this positive development was achieved almost without any major deals. In the first three quarters, only one deal in the lower three-digit million range was registered. In a nationwide comparison, this result puts the Hanseatic city in fourth place behind Berlin, Munich and Frankfurt, placing it in the same position as in a long-term comparison. With sales growth of 59%, Hamburg is even in third place behind Cologne and Munich.

8. Market Value

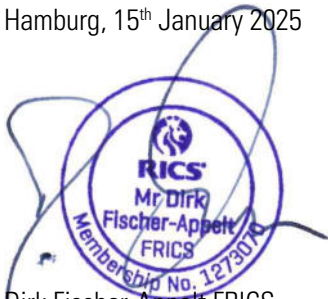
The Market Value for the subject property is derived from the income value, in accordance with standard property market practice in normal business transactions. The valuation was ascertained in line with value levels conformant with the property market on the date of valuation. For this reason, no specific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

69,480,000 €

(in words: sixty-nine million four hundred and eighty thousand euro)

Hamburg, 15th January 2025



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.