

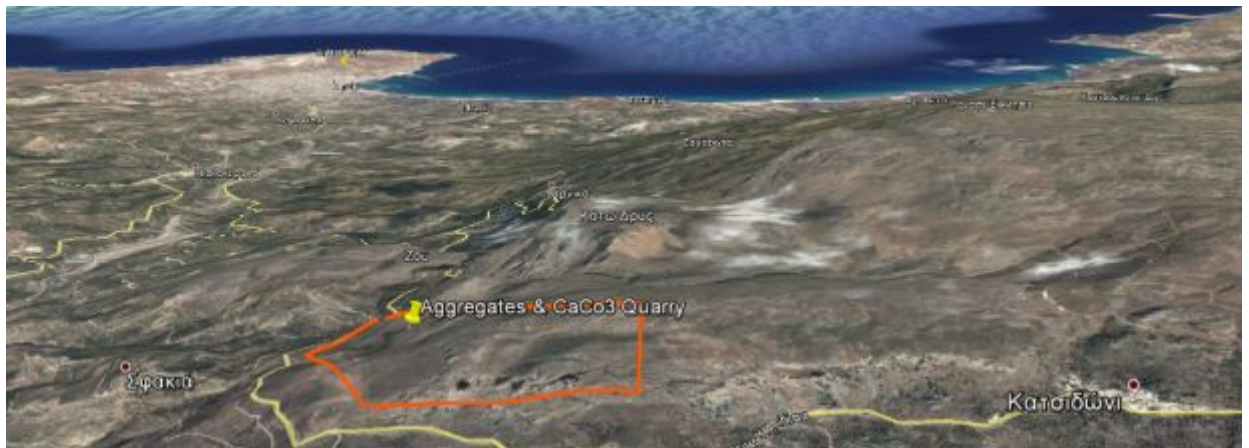
MINOIKI KATOIKIA OE

Chania, Crete

Mr George Vlamakis

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**VALUATION OF AGGREGATES AND CARBONATED CALCIUM (CaCo₃)
QUARRY, LOCATED IN PLATYVOLA AREA, WITHIN KATSIDONI DISTRICT, IN
MUNICIPALITY OF SITIA, LASITHI PREFECTURE, IN CRETE, GREECE.**



Date of Report: Athens, June 2014

Dear Mr Vlamakis,

Further to your written instruction dated 4th June 2014, to carry out an appraisal of the Investment Value of the above mentioned property, we have inspected the subject property, concluded all relevant investigations and we are now ready to report as follows:

The purpose of this valuation is to provide the instructor the Investment Value of the property, for investment purposes.

Our appraisal was conducted according to the Valuation Standards found in the RICS Red Book Professional Standards - Incorporating International Valuation Standards, ed. 2014.

It has to be mentioned that the subject report was conducted by an external valuer (the undersigned, i.e. Maria Petrou) and that the undersigned RICS member has not any deal or transaction to the subject property or any relation to the current owner. It is stated that there is no conflict of interest.

Investment value or worth: The value of an asset to the owner or a prospective owner for individual investment or operational objectives. The currency used is Euro.

The Investment Value estimated exclude any expenses that may have to be undertaken plus any taxation figures which may be involved in the event of a disposal. It also assumes that the subject asset is within the limits of the statutory legislation and that it bears no restrictions or third parties rights whatsoever.

The valuation of the investment value of the subject property was based on special assumptions and the admission of a freehold disposal to the real estate market as well as on a logical timeframe in order to attract the relative investor. The objectivity of the valuation is not binding

to a more positive offer for the exploitation of the subject estate, which is possible to be achieved because of some kind of special interest.

The subject report is strictly confidential and is restricted only to the addressee for the purpose that it refers to, i.e. to provide the relevant information to Mr. George Vlamakis. The subject report can be subject to alterations, changes, publishing or reference - other than the stated use - only after written statement by MCP. MCP recognizes no responsibility towards third parties.

SOURCE OF INFORMATION

We assume that all documentation and relevant information given to us by the owner are precise and accurate.

ASSUMPTIONS & SPECIAL ASSUMPTIONS TAKEN INTO ACCOUNT

It has to be mentioned that no measurement or investigation regarding the legacy or ownership status was carried out to the subject property and all information were taken from the documentation given to us by the owner.

Planning - Legal Regulations

We assume that the subject property complies with the current planning and legal regulations and therefore can be transacted. Moreover we assume that the relevant permission for the plot to be used as quarry has been granted.

Engineering Control

No engineering control took place during the inspection to the subject property and therefore the appraisal is carried out under the assumption that the engineering and electrical infrastructure of the property (if any) complies with the relevant regulation.

Hazardous materials – Contamination of land

There was no inspection regarding any deleterious or hazardous materials used to the property under valuation. The valuation report is carried out under the assumption that there are not harmful substances used to the subject property. Furthermore we assume that any works done to the subject property by the use of the quarry have no environmental influence that will affect the surrounding area.

Date of Valuation

The date of valuation has been established as of June 20th, 2014.

TYPE OF PROPERTY

The property that we were instructed to value is a large plot of land, vacant of buildings and appropriate to be used as a quarry according to documentation provided to us. According to the topographical plat dated December 2007 by Engineering Office Lefteri Vasileiadi – Kosta Maniadaki (not signed) the land is of 1,436,439.65 sqm in total; however according to the Government Gazette 2134B/29-08-2013 the area that has been characterized as “Quarry Zone” is of 335,859.8475 sqm or 335.86 acres and is included in the large plot of 1,436,439.65 sqm.

According to the documentation provided to us by the Forestry department of Crete municipality 463/04-02-2008, the land is characterized as grassland.

The property under valuation is an investment property, i.e.

Property that is land or a building, or part of a building, or both, held by the owner to earn rentals or for capital appreciation, or both, rather than for:

- (a) use in the production or supply of goods or services, or for administrative purposes, or*
- (b) sale in the ordinary course of business (Red book, 2014)*

The basis of the valuation is the Investment Value of the property as mentioned above.



INSPECTION – LOCATION OF THE PROPERTY

We inspected the subject property on 9th June 2014 with the owner Mr. George Vlamakis. The borders of the property are not clearly visible. The plot is located in the area of “Platyvola” within Katsidoni district in Sitia municipality, Lasithi prefecture. The property is located around 15min driving from Sitia port. Crete is the largest Greek island that is famous around the world for its natural beauty and the great attraction of tourism especially during the summer. Crete has three international airports. Furthermore, the island is easily accessible through Chania, Heraklion and Sitia ports.

Sitia has a population of around 20,000 people and is located in the eastern part of Crete. It is well known for the natural beauty, the great beaches and the traditional villages.

The property under valuation is located in Lasithi prefecture, very close to the Sitia port. The access to the property is easy through the local roads; however some of them are not asphalted. The area around the property is undeveloped land, however small villages are found in small distance. Very close to the quarry is located the village “Katsidoni”. The famous Zou Water fount is located around 5 klm away from the plot.

DESCRIPTION OF THE PROPERTY

The property is a vacant plot of land with smooth grade in its greater part. The property was not fenced and its borders were shown to us by the Mr. Vlamakis.

According to information provided to us the subject quarry may produce aggregates for concrete production as well as carbonated calcium which can be used for cement production, animal food, pharmaceutical industry, construction industry etc.

In general there is a great demand for the above mentioned products in Crete and internationally; it is a fact that there are not licensed quarries of aggregates in Sitia and therefore the function of the subject quarry is quite promising.

Therefore we carry out this valuation under the special assumption that the plot fulfills all the relevant conditions in order to be developed as a legal quarry and that the relevant permission has been granted.

OWNERSHIP / LEASES

The valuation was carried out under the assumption that the property is private and free from constraining conditions and rights of any third party on it.

VALUATION OF THE PROPERTY

The valuation of the property is undertaken with the Income Approach. *The Income approach provides an indication of value by converting future cash flows to a single current capital value.*

According to information given to us by our instructor the subject quarry may be used for concrete production or for CaCo₃ production. We carry out this valuation under the assumption that the quarry will produce 70% CaCo₃ and 30% aggregates for concrete use.

Aggregates: According to the information provided the quarry contains 32,400,000 m³ metric tons of material. This type of exploitation produces € 372,000,000 total income. We assume that the term of the quarry exploitation will be 30 years (We assume that the quarry has a limited volume of product and therefore we need to assess the term of the quarry function) and that the operating expenses will be 20% of the Annual Operating Income (including all costs). The discounted rate is estimated at 14% given the difficult market conditions currently in Greece and the lack of similar quarries in the area.

CaCo₃ – Carbonated Calcium: According to the information provided the 32,400,000 metric tons produce € 589,000,000 total income if material is used for CaCo₃. We assume that the term of the quarry exploitation will be 30 years and that the operating expenses will be 20% of the Annual Operating Income (including all operating costs). The discounted rate is estimated at 14% given the difficult market conditions currently in Greece, the lack of similar quarries in the area and the great demand for carbonated calcium internationally.

Therefore the Investment Value of the subject quarry is calculated by applying the Years' Purchase for 30 years at 14% at the Gross Annually Income.

Hence,

Aggregates - Concrete production	
Total Profit	€ 372.000.000,00
Annual Gross Profit (Annual GP)	€ 12.400.000,00
Total Exps 20%@ Annual GP	€ 2.480.000,00
Net Operating Income	€ 9.920.000,00
YP for 30 yrs @ 14%	
Investment Value	€ 69.466.784,00

CaCo3 production	
Total Profit	€ 589.000.000,00
Annual Gross Profit (Annual GP)	€ 19.633.333,33
Total Exps 20%@ Annual GP	€ 3.926.666,67
Net Operating Income	€ 15.706.666,67
YP for 30 yrs @ 14%	
Investment Value	€ 109.989.074,67

Investment Value of the quarry Assuming 70% CaCo3 and 30% aggregates exploitation:

The investment value of the subject quarry is estimated at € 97.832.387,47, i.e.
€ 98,000,000.00, NINTY EIGHT MILLION EUROS.

Valuation Certainty

This valuation is an opinion on the investment value. This valuation report is based on special assumptions and assumptions according to information given by the instructor (Investment value) and therefore it needs to be noted that if any of the above mentioned assumptions is not effective, then the valuation should be carried out according to the new data/assumptions/facts.

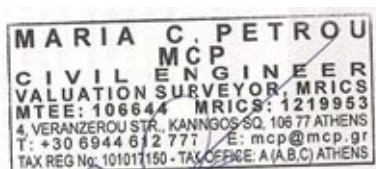
Yours faithfully,

Maria C. Petrou, MRICS

Valuation Surveyor (Member no 1219953)

Civil Engineer (Member no 106644)

Valuer of the Ministry of Economy Registry (Member no 115)



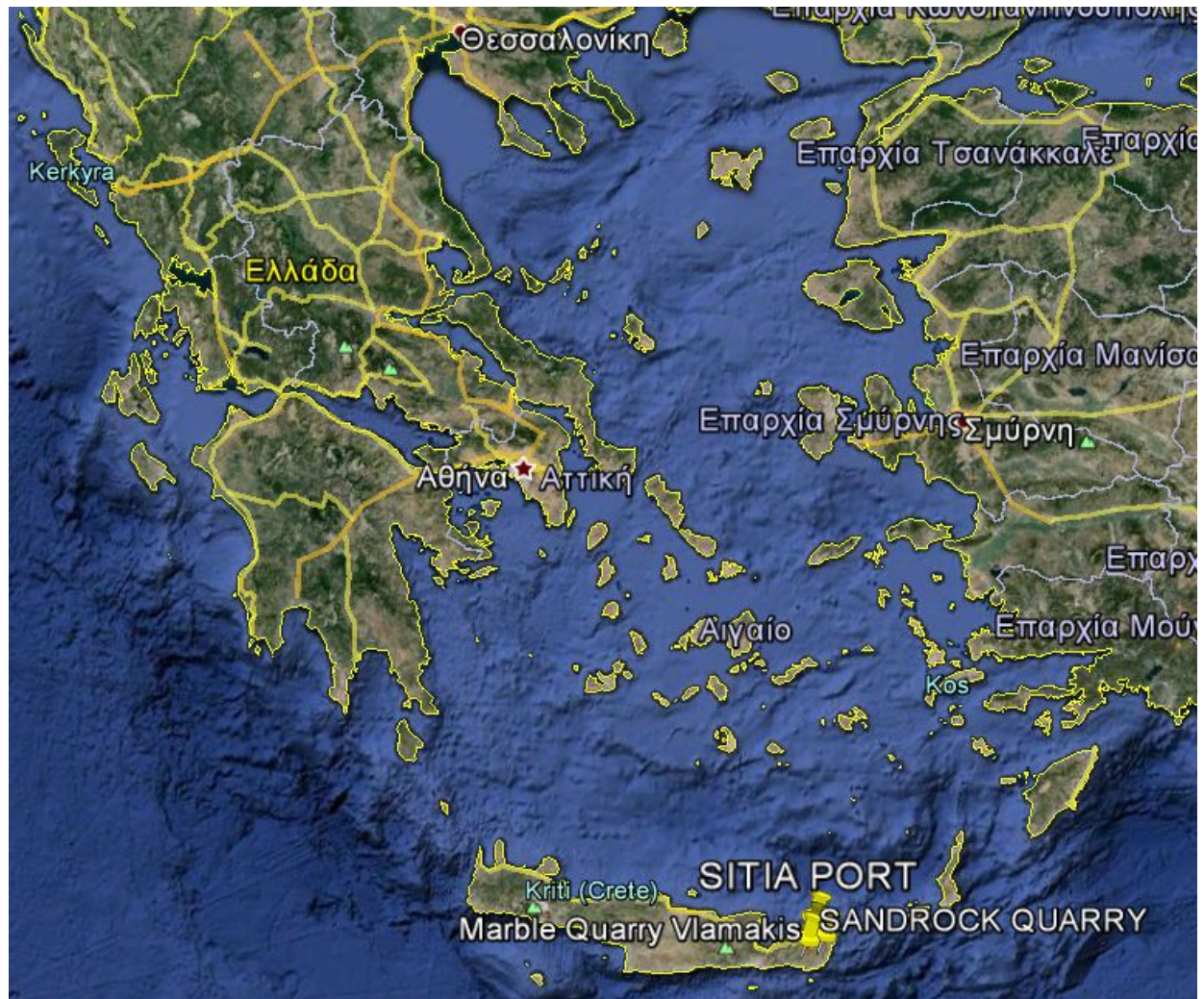
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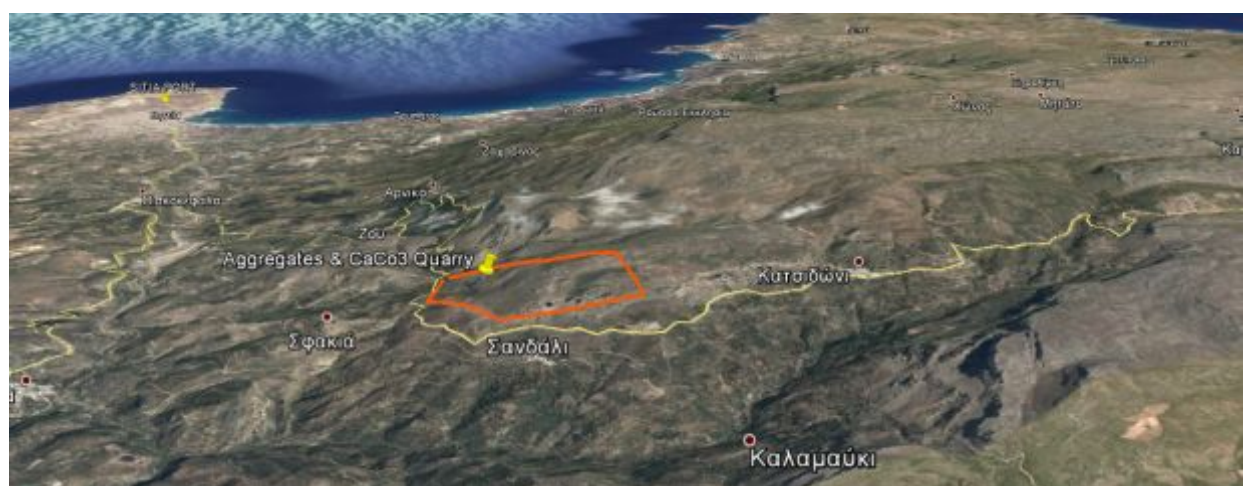
Attached: List of documentation provided, Map of the area, Photographs of the property

List of Documentation Provided:

1. Document by the forestry authority 463/04-02-2008
2. Document by Geologist Mr Stelios Kournidakis regarding the estimated profit of the quarry
3. Document 525/11-09-2009 by Institute of Geology and Mine Research regarding the study of suitability for use of quarry for the subject plot
4. Study of suitability by Institute of Geology and Mine Research
5. Decision 17358/23-04-2008 by local authority - department of agriculture development
6. Decision 561/11-03-2013 by Administration of Environmental Department of Crete
7. Government Gazette 2134B/29-08-2013
8. Government Gazette 216D/21-05-2014
9. Title deeds: 6705/25-10-2007, 6461/24-04-2007, 7.314/25-06-2009, 6746/30-11-2007
10. Study of suitability of quarry reserves for production of aggregates , January 2010 by Institute of Geology and Mine Research
11. Preliminary hydro geological investigation of the aquifer in the area Platyvola, in relation to quarry activities, February 2014, conducted by the University of Crete, Department of Mine Engineering.

Map of the area





Photos of the property

