INTERNATIONAL PROPERTY CONSULTANTS & VALUERS

ATHENS PROPERTY MARKET

1st Semester 2013

An alliance member of BNP PARIBAS REAL ESTATE

1. Economic Overview & Indices

Greece's important steps, have led the Eurogroup's decision to continue the unhindered financing of Greece's three years old adjustment program guided by:

- The successful completion of March-April 2012 PSI plus, which led to a 28.4% of GDP fall, of Greece's general government (GG) debt
- The successful completion of the recapitalization of the four major banks, which increased their liquidity and granted access to interbank lending
- The much better than planned implementation of Greece's 2012 budget and the legislation in November 2012 of new spending cuts and revenue increasing measures exceeding € 15 bn securing the successful implementation of the 2013-2014 budgets as well

With the program of adjustment back on track, with the overall efforts to improve Greece's international competiveness and the attraction of FDI through its privatization program, Greece will start to recover from the unprecedented 20,1% cumulative GDP decline since 2008, with possible positive growth the Q1 of 2014. *Alpha Bank* stresses that the performance in fiscal consolidation is impressive. Developments such as the declaration of €0.31 deficit instead of €3.61 that was forecasted are in line with projections for a 0.5% of GDP GG primary surplus in 2013.

Alpha Bank – Economic Research Division
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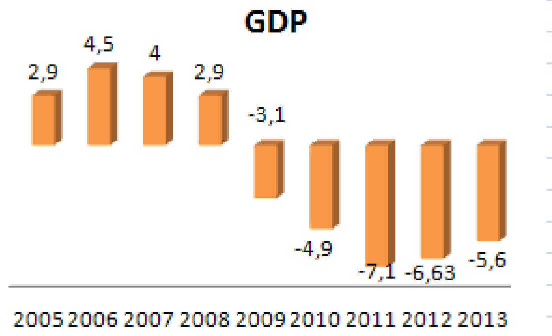
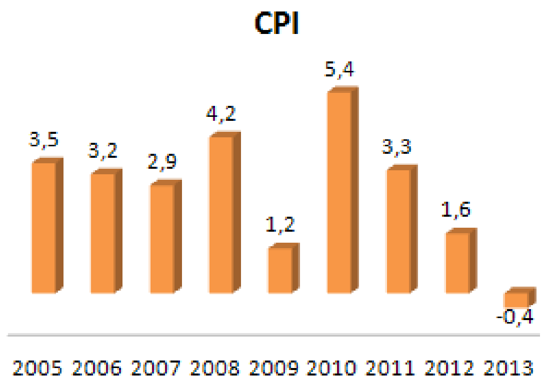




2. Market & Corporate News

The real estate reforms and measures that were planned since last year are in the final stretch. The new legal framework provides an investment-friendly environment characterized by transparency and less bureaucracy. It also provides additional advantages to potential real estate investors. Significant example is the grant of resident permit (for five years) to investors outside of Europe who wish to invest more than €250,000. This has triggered the interest of mainly Chinese and Russian investors, as well as, other international investors. Additionally, important initiatives that are attracting FDI in real estate are undertaken. Notable example, the creation (in the near future) of Attica Coastline S.A, which role will be to facilitate investments across the Athenian Coastline.

Greece achieved stability over the last year and that has boosted investors' confidence towards Greece. The Hellenic Republic Asset Development Fund, through a sale and lease back program, achieved to trigger the interest of eight investment funds from Greece and abroad, for the sale of twenty eight government buildings. Furthermore, four investment funds expressed their interest for EYATH (ΕΥΑΘ).

In the Macroeconomic environment the sale of 66% of DESFA (ΔΕΣΦΑ) to SOCAR which is Azerbaijan's energy state company was of strategic importance. Another noteworthy deal was the concession of Scorpios Island, offered by Onassis family to the Russian tycoon Dmitri Rebolovlev.

From the financial industry, it should be noted that the merger between Eurobank and NBG Bank was not finally executed. Despite that, there was much of activity in M&As, decreasing the major players in the market up to four: NBG Bank, Piraeus Bank, Alpha Bank, Eurobank. Notable deals the acquisition by Piraeus Bank of the Greek branches of all three Cyprus banks that were present in Greece. Furthermore, Alpha Bank acquired Emporiki Bank and Eurobank recently acquired the New Proton Bank and Post Bank.

Summing up, the notable drop in real estate prices in Greece the last five years which continues the first semester of 2013, in addition with the stability that characterizes the country the past year, have transformed Greece to an attractive destination for real estate investors. Yet, Greece needs to continue its reforms and efforts in sustaining a stable and viable financial environment.

3. Office Sector

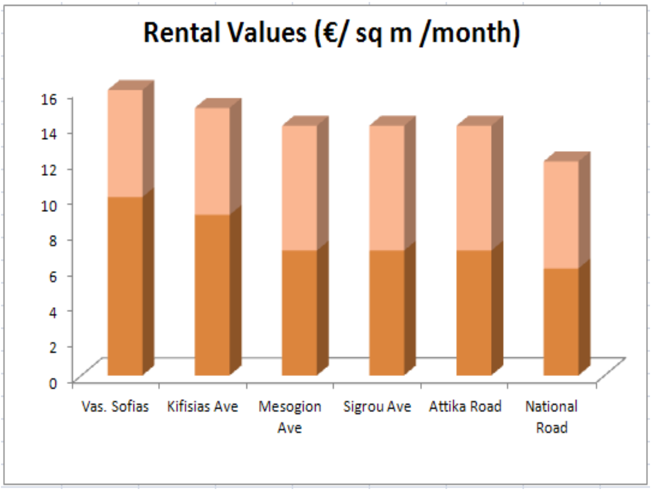
The office sector is strongly affected by the financial crisis and projections are that there will not be any significant development in the short or medium term.

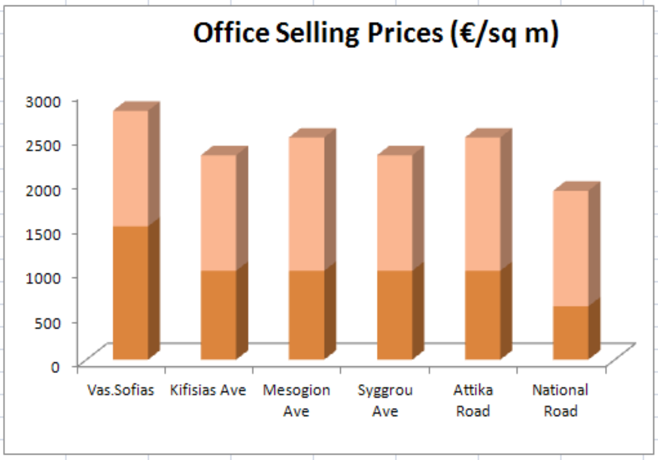
Business activity remains at low levels, more than 1,000 companies are in insolvency and banks are merging which will lead to greater number of vacant office spaces.

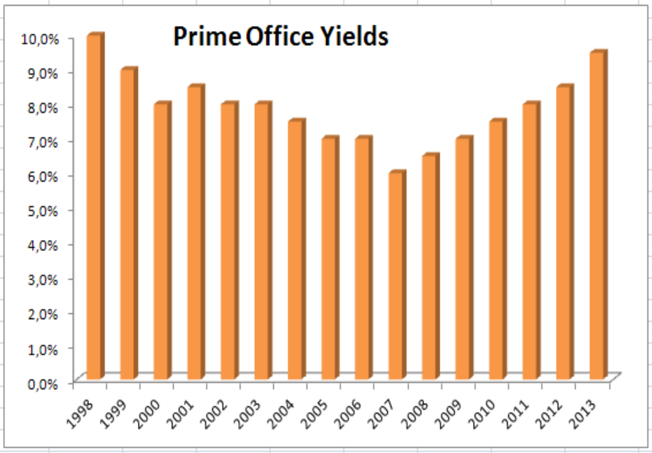
Rental prices in prime office locations such as Sygrou Ave. and Kifisias Ave. have dropped from 22% to 30% the past years. Prime yields are in the range of 9%-9.5% for Athens.

There is much of activity in the sector as many corporations are looking to relocate, trying to benefit from lower rents and more flexible lease terms or continue to renegotiate their lease terms.

DANOS was the first to complete a post-crisis large scale office investment transaction with a foreign group in Greece. The asset is considered one of the most prime assets in Athens and its over ground size is 5,000 sq m.





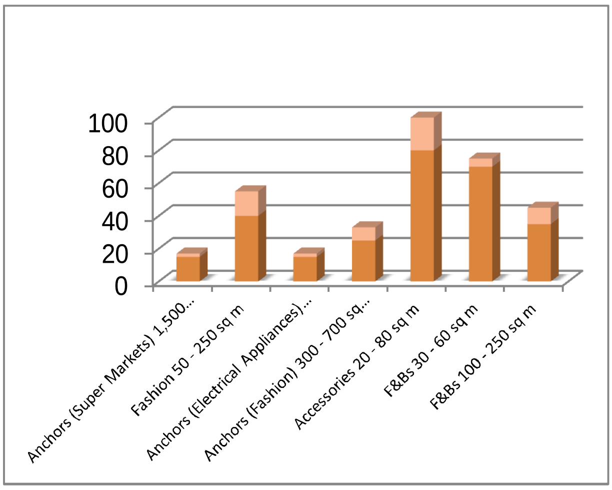


4. Retail Market

Also noted in our previous report, the most severely hit of the real estate market, is the retail sector. During the first semester of 2013, there was not much of mobility observed. This is an outcome of two factors. Firstly, the financial crisis continues in Greece as consumption remains at low levels. Secondly, there is almost no-room for renegotiations between the lessor and the lessee as prices are at record low levels, due to previous drops in rental prices. As a result, taking as an example rent prices in the big shopping malls of Athens it can be noticed that there is almost nothing stable. Prices are fluctuating and are subject to more issues than square meters. The credibility of the lessor for example has become one of the most important determinants of the final price.

H&M building in Piraeus

According to a new law that was introduced during the last semester, all retail stores should operate seven (pre-determined) Sundays of the year. The law also implies that any store which surface is less or equal 250 sq m can operate any of the 52 Sundays of the year. A possible outcome from this law could be that the unemployment rate will fall and the needs of consumers coming from both Greece and abroad will be satisfied.

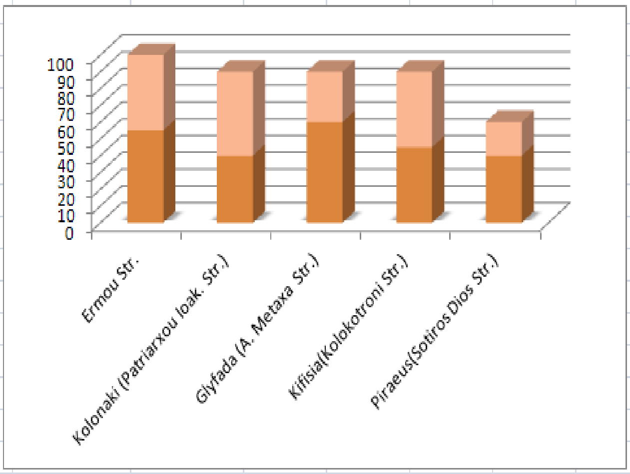


Source: DANOS An Alliance Member of BNP PARIBAS REAL ESTATE

An important development is that shopping centers permitting process has been reshaped in the periphery. There will not be much of state intervention and the legislative context will be more flexible and less bureaucratic. This is going to bring radical changes in the retail market probably boosting the retail real estate in the periphery of Greece.

There are some large corporations, Public and Orchestra to name some, that are seeking to develop and expand their network in Greece.

One of the good news in the retail market is the deal of Charagionis Group and H&M. H&M decided to further strengthen its presence in Greece, renting a building in the center of the most commercial street of Piraeus. It is worth mentioning that this is going to be the largest store of the company in Greece.



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5. Residential Market

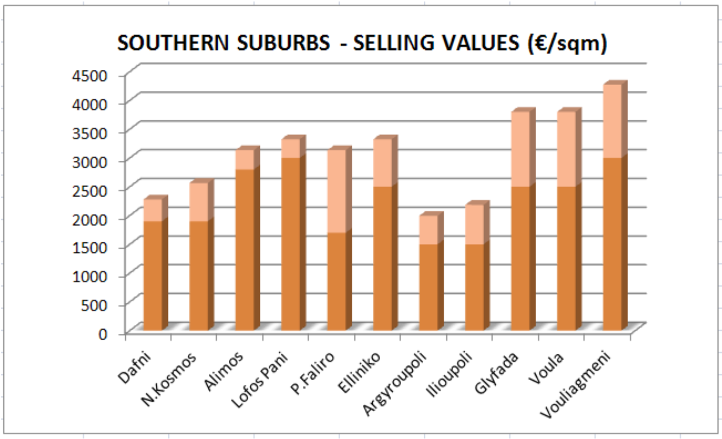
Contrary to the forecasts for 2013, which were that prices in the residential market would stabilize, prices have continued a declining slope in the first semester of 2013. About 180,000 residences have remained unsold.

Indicatively, residential prices dropped on average about 11.5% compared to the same period in 2012. Cumulatively, the overall drop in prices the past three years is of about 28.7%. New built houses experience a drop of 10.8%, while those with more than 5 years life, experience a drop of 11.9%.

The reforms in the real estate legislative context that incentivize investors, as well as, the decline in residential prices have boosted investors' interest for the Greek market; interest coming mainly from abroad.

Chinese and Russian investors, who are looking to benefit from visa grants have expressed their strong interest to invest in the residential real estate market of Greece, especially in Athens, Rhodes, Corfu and Crete. Moreover, there is an increase of interest coming from the UK. It seems that the demand is focusing on Cyclades and Corfu.

Villa for sale-Mykonos



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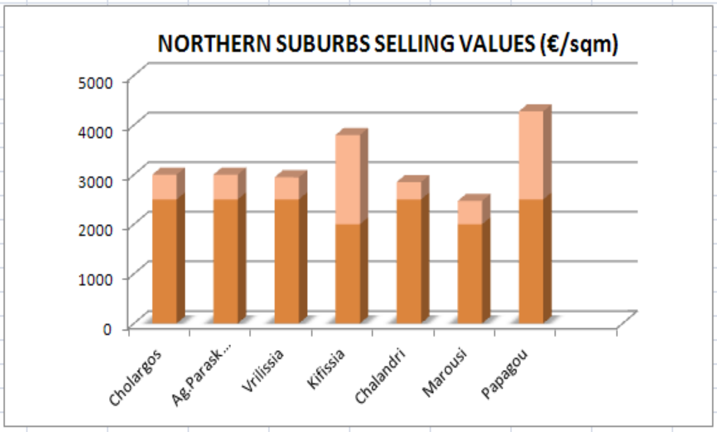

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6. Logistics & Industrial Market

The rent prices of Industrial and Logistics sector are forecasted to remain stable for 2013. The market will be characterized with flexible and shorter term period leases. Vacancy rates are still increased especially in facilities of 1,000 – 3,000 sq m. Yields have been increased to 12% + since last year.

Veinoglou 20,000 sq m logistics facility in Inofyta

MARKET TRENDS	
RENTALS	↓
YIELD	↑
VACANCY RATE	↑
TAKE UP	↓

Source: DANOS An Alliance Member of BNP PARIBAS REAL ESTATE

7. Hotel & Tourism

During the crisis and especially during the past two years, Greece has experienced a drop in the inflow of tourists from its traditional costumer origins such as UK and Germany. It is important to be mentioned, that during the first semester of 2013 this has started to change and the sign is positive again. Furthermore, Greece achieved to attract tourists from new markets such as Russia, Israel, Turkey and Ukraine. The overall expectation is that Greece will keep increasing its numbers of tourists the upcoming years.

Remarkable is the rise in numbers of the Russian tourists who visited Greece the first semester of 2013. The increase is of 64.99% compared to the numbers of the first semester of 2012. This has led large corporations and hotel development companies to target the Greek market. More specifically, two big projects are in the pipeline of Russians investors. One project is located at Paliouri in Chalkidiki and the investment is estimated to be of €150mln. Their goal is to exploit the mineral springs of the area. The second project is located in Crete where Pegeze, a Russian company rented five hotels for the next five years.

Tourism can become the vehicle in reviving the real estate activity in Greece. The development of "tourism villages" in Greece is in the pipeline of the Greek government and many large corporations coming from Greece and abroad. The value of investments which span all over Greece may reach €10bn. Many projects though, are into hold because of the bureaucracy. This is needed to change and the Greek authorities anticipate that, by working in creating a legislative flexible context for investments in Tourism.

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