



ATHENS PROPERTY MARKET

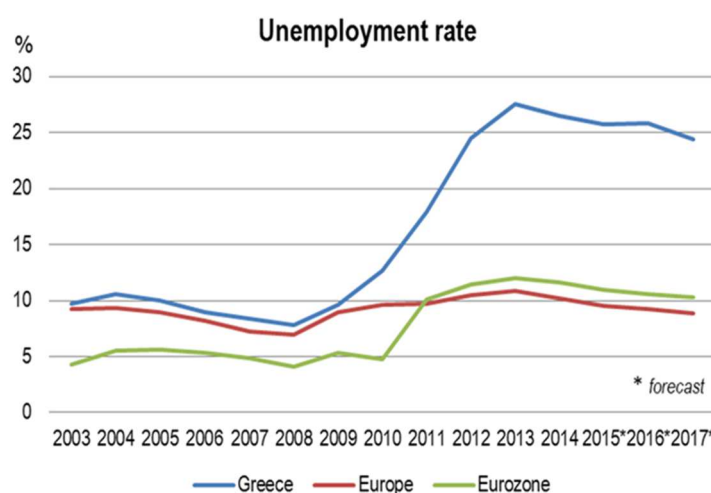
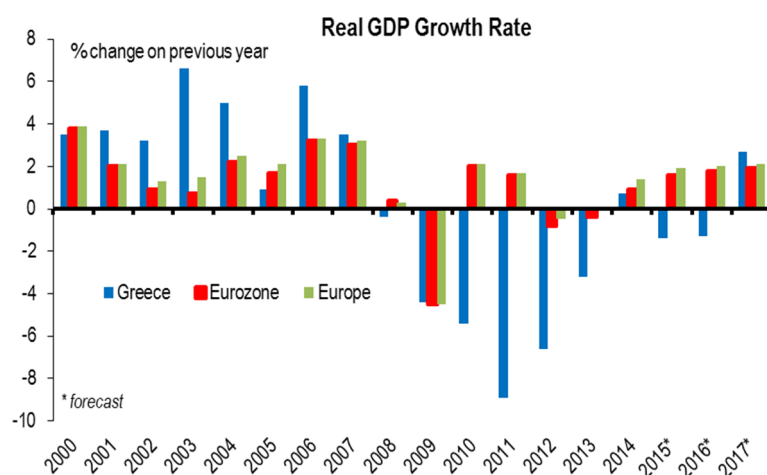
2nd Semester 2015



Economic Overview & Indices

2015 was crucial for Greece due to the progress of negotiations with its international creditors. As a result, the signs of improvement that the economy had shown during the H1 of 2014 were seriously dampened. The economy is expected to start recovering in the second half of 2016, according to the Bank of Greece, under specific circumstances; indeed, growth is totally subject to the successful implementation of reforms imposed by the bailout program. The Bank of Greece also predicts that economic activity could recover only subject to the banking NPL crisis being resolved, reforms in the market of goods and services being rapidly implemented, the labour market gradually recovering, the primary surplus remaining stable and actions being taken in order to increase the competitiveness of the public sector.

Based on the latest available data, Gross Domestic Product (GDP) growth in Greece was positive over the first and second quarter of 2015 (0.4% and 0.9% respectively vs. Q1&Q2 2014) but slipped by 1.1% in Q3 2015 (vs. Q3 2014). Output is expected to slow down even further in 2016, as uncertainty related to the reform program and deteriorating liquidity conditions have undermined business confidence and investment; on the upside, GDP growth is anticipated to pick up substantially in 2017.



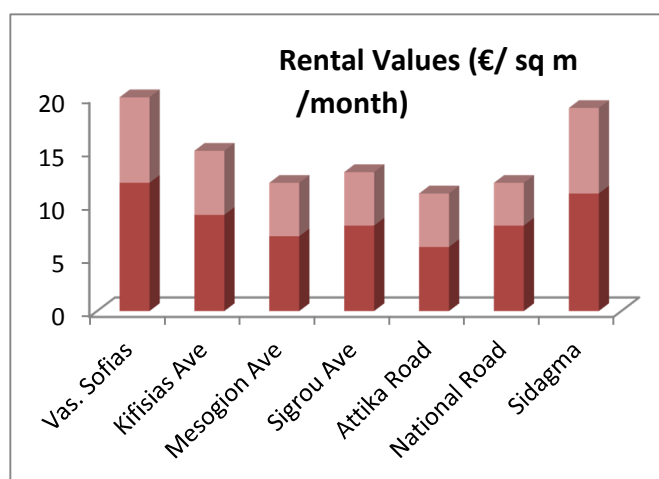
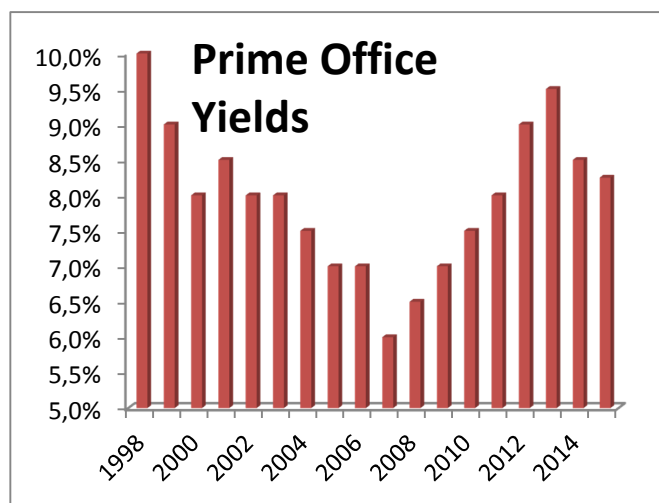
Office Sector

The office sector in general has been stabilized. As we can see in the relevant graph, rental prices in prime office locations have been stable in general and fluctuate between 8€ and 19€/sq m with few exceptions. Major Avenues, like Sigrou, have seen a slight decrease of activity and therefore in price levels while other business districts have seen quite some transactions.

In the relevant graph we can see the Rental Values as have been estimated by Danos Company and the price range for various prime location buildings. The price difference indicates the various qualities of buildings and the major inefficiency in the market due to low transaction volume.

Prime yields have seen a slight compression the last semester since the effects of the capital controls are not as severe as originally predicted and investors have been actively looking for opportunities. Prime yields are estimated at around 8.25% with only one transaction to be recorded during this period in that range.

The property market is expected to recover gradually, given the assumption that Greece will escape the recession cycle. In terms of investment interest, the most dynamic sectors appear to be that of hospitality, as a result of a projected substantial growth in tourism, as well as that of prime office buildings and retail properties, while an increasing shift of investment interest towards prime large warehouses is recorded.



| Market trends | |
|---------------|---|
| RENTS | → |
| YIELDS | → |
| VACANCY RATE | → |
| ABSORPTION | → |

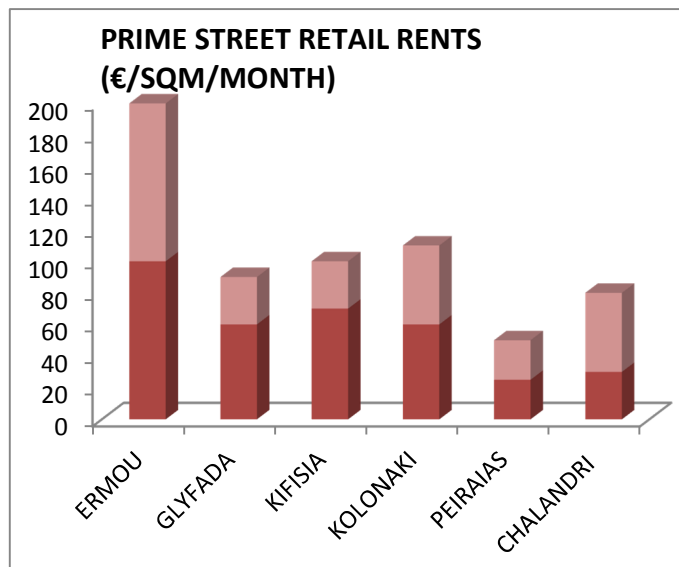


Retail Market

Also noted in our previous report, the most severely hit of the real estate market, is the retail sector. During the 2015, there was some increasing activity with the prime markets showing strong interest from retailers. Big retail brands seem to take advantage of the historical low prices in the major retail streets. Overall prices have been stabilized and marginally increased in prime markets, vacancy has dropped, and absorption has increased.

Though, before the radical political developments, it was expected a pickup in private consumption to occur, now any projections have to wait for the first evaluation of the agreed measures of the bailout program. On a micro real estate note, there was a heavy focus on local and secondary retail markets the last 2 years that starts to fade away. Retail markets such as Nea Smirni and Chalandri have still low vacancy rates in their main streets, but now primary markets have picked up significantly mainly in the sense of vacancy and rent increase. We have seen substantial leases in higher prices in streets like Ermou and other main markets.

Yields in the retail market have slightly dropped and we estimate that Ermou is 6,5-7% at the moment, with other prime markets at 7-7.5%.



Source: DANOS An Alliance Member of BNP PARIBAS REAL ESTATE

| MARKET TRENDS | |
|---------------|---|
| RENTALS | ↑ |
| YIELD | ↓ |
| VACANCY RATE | ↓ |
| ABSORPTION | ↑ |



Residential Market

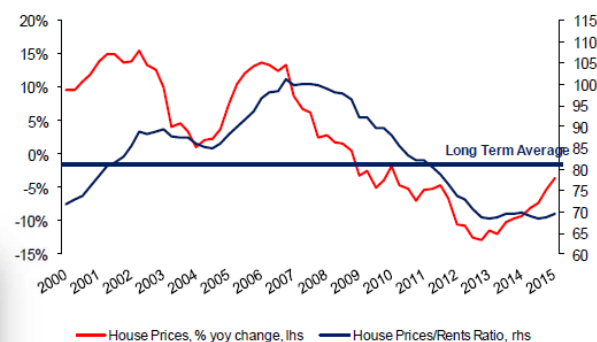
The residential market is still a deep sleeper with minimum transactions. The prices seem to have been continued to decrease slightly in most areas with only a few prime areas showing signs of stability. There is a pickup in rental activity with strong demand for medium/good quality homes for rent, that mainly arise from people that try to take advantage of the low prices.

The main reason that the market hasn't picked up in sales/acquisitions yet is the lack of financing. The banks still haven't start giving new loans and should the mortgage market recover, demand will pick up on the same time taking advantage of the low sale prices.

In general, it is believed that the housing market has bottomed out in H2 2015 and it has the potential to enter into a recovery path as long as the economy stabilizes, helping to reinforce the recovery of the economy as a whole from 2016. During the six years of recession, several factors led to the collapse of the housing market. The dramatic fall of income and of economic sentiment and in particular of consumer sentiment and the big increase and confusion caused in property taxes, contributed to a drastic fall of the demand for housing at abnormally low levels.



House Price Adjustment



Source: Bank of Greece



Logistics & Industrial Market





2015 is characterised by a lot of activity especially the last 3 months. The demand for new spaces has increased despite the fact that rents and prices have remained stable.

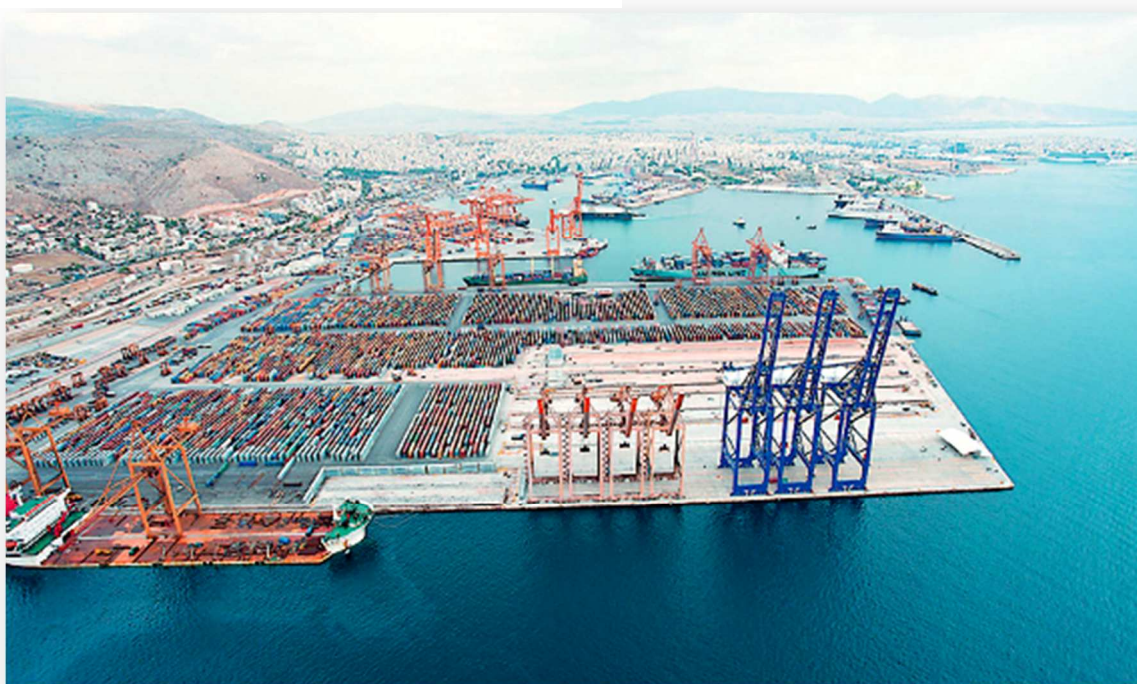
We observed a swift in the demand from Attiki Odos and Aspropirgos to Metamorfosi area and the National road.

Prime rents are 2.50 €/sq m/month for industrial in Athens and 3 – 4 €/sq m/month for logistic and expected to remain stable.

The logistics sector is expected to draw even more attention in both regards of demand and investment interest, especially with the privatization of Piraeus Port.

Investment activity was very subdued in the first 9 months of 2015 with deal negotiations lengthy but was vastly increased the last 3 months and we expect it to last for 2016 as well.

| LOGISTICS & INDUSTRIAL | |
|------------------------|---|
| RENTALS |  |
| YIELD |  |
| VACANCY RATE |  |
| ABSORPTION |  |



Hotel & Tourism

Despite the lingering economic challenges, tourism sector has shown a remarkable strength in 2013, which has been widely surpassed in 2014 and 2015. During 2015 the Tourism sector started impressively but slowed down due to the major political developments. Greece's unique geographical characteristics, in combination with its highly developed and still fast developing transportation infrastructure and also the development and modernization of more specific tourist facilities, are expected to contribute to its development as a major tourist destination in Europe and also as an international transportation hub of European proportions.

It is worth noting that international arrivals in 2014 increased to 22 million from 17,9 in 2013 (+23%) and 15,2 foreign visitors in 2006, while 2015 saw further increase to 25 million arrivals.

The contribution of the Tourism sector in the economy for 2015 was substantial, considering that the tourism expenditures were increased from 12.2 billion in 2013 to 13.4b in 2014 and 15b in 2015. The trend is expected to continue within 2016.

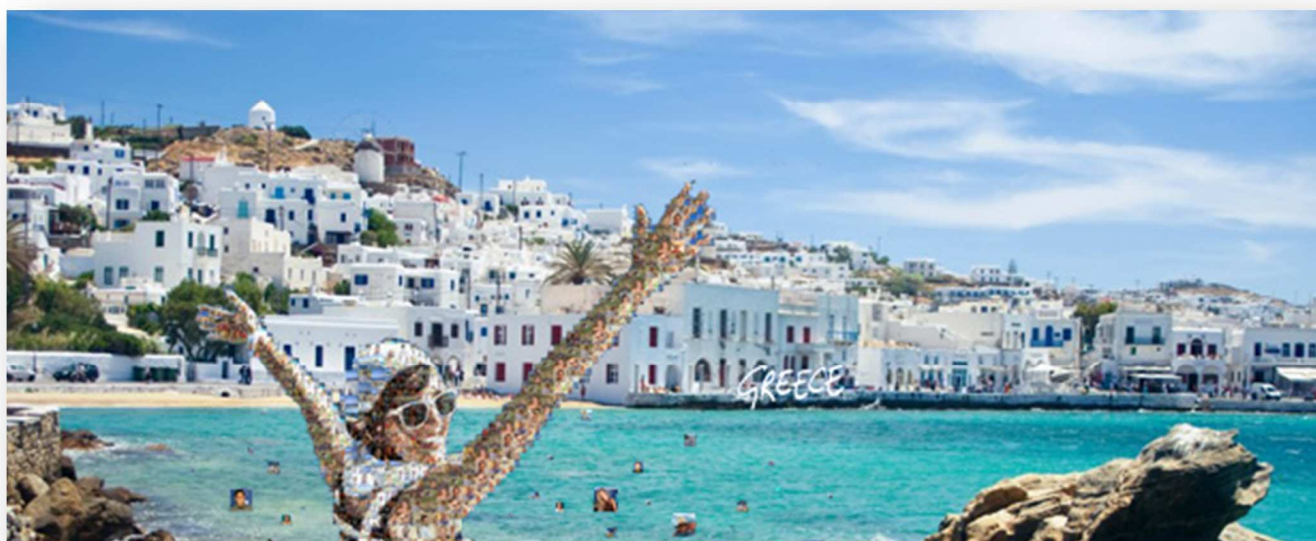
On the real estate side of the Tourism sector there is strong interest from private equity funds, private investors and international firms along with world calibre operators to expand in the Greek market. There is strong demand for big and medium size hotels by the sea.



Tourism: Arrivals and Receipts



Source: Bank of Greece, SEIE





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