



PROPERTY MARKET

ATHENS

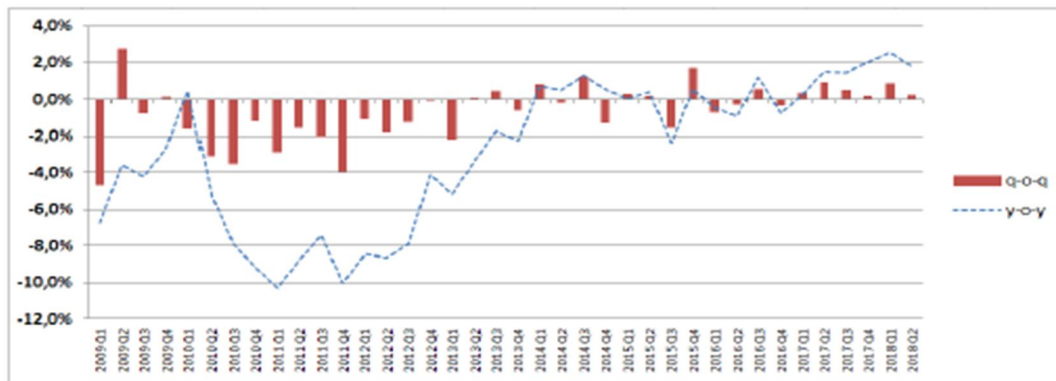
2nd semester 2018



Economic Overview & Indices

According to official statistics provided by the Hellenic Statistical Authority (HSA) for the 2nd quarter of 2018, the Gross Domestic Product (GDP) in volume terms recorded a decrease compared to the 1st quarter of 2018.

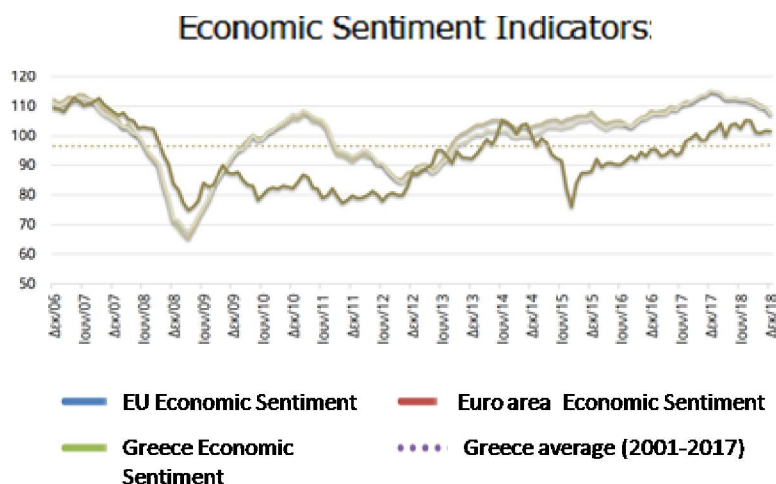
Graph: Gross Domestic Product in 2009-2018 volume terms. Data with seasonal and calendar adjustments (Year of reference: 2010). Variations quarterly and annually



According to the quarterly report (January 2019) of the Foundation for Economic and Industrial Research (IOBE) for the Greek economy, the economic sentiment indicator in the 3rd quarter of 2018 moves at increased levels compared to the previous quarter, at a level of 2,2%, while it has improved compared to the corresponding specified period of last year's. The improvement of the economy in key economic sectors is in line with the continuous and slightly gradual economic recovery that is currently been recorded. The economic improvement is mainly attributed to the small increase of investments at a level of 1,5% and to the decrease in the deficit of the balance sheet in the external sector. The improvement in expectations in businesses is also attributed to the improved international environment which favors exporting businesses and other industries that are involved in the particular economic sector. Despite the fact that there was no significant adverse development in the last quarter, the uncertainty remains at some degree due to other issues apart from economic such as issues of internal and external policies.

The economic sentiment indicator for Greece records a decrease in the October-December 2018 quarter compared to the 2nd quarter of the same year. In Europe the corresponding indicator performed even at lower levels during the quarterly period under study compared to the previous quarter, in the European Union as well as in the Eurozone.

Graph: Economic Sentiment Indicators: E.U. – 27, Eurozone and Greece, (1990-2016=100, seasonal data)



Source: IOBE, European Commission, DG ECFIN

In terms of economic sectors, the business expectations in Greece are improving in the 3rd quarter compared to the previous quarter mainly in the production industry, while they remain at stable levels in retail trade. In regards to tourism a historically high level of activity is recorded in the summer. In terms of demand there is a significant recovery in the average quarterly index with an increase of +11 units.

Based on the predictions of the European Committee for Greece, the domestic economy has increased by 1,4% in the past year and that marks the first time since 2007 in which the real GDP increases by more than 1%. The economic recovery is expected to accelerate considering that the program for support of the stability is successfully completed. Unemployment is expected to fall below 20% by 2019 for the first time since 2011. With a fiscal surplus in 2017 for a second consecutive year, Greece is in a good way for achieving the primary target of surplus of 3,5% of the GDP in 2018 as well as in 2019.

Table II.8.1:

Main features of country forecast - GREECE

| | 2016 | | | Annual percentage change | | | | | | |
|--|--------|--------------|-------|--------------------------|-------|-------|-------|-------|-------|-------|
| | bn EUR | Curr. prices | % GDP | 98-13 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| GDP | | 174.2 | 100.0 | 0.5 | 0.7 | -0.3 | -0.2 | 1.4 | 1.9 | 2.3 |
| Private Consumption | | 121.7 | 69.9 | 0.7 | 0.6 | -0.5 | 0.0 | 0.1 | 0.5 | 0.9 |
| Public Consumption | | 35.2 | 20.2 | 0.9 | -1.4 | 1.2 | -1.5 | -1.1 | 1.2 | 0.4 |
| Gross fixed capital formation | | 20.5 | 11.7 | -1.9 | -4.7 | -0.3 | 1.6 | 9.6 | 10.3 | 12.1 |
| of which: equipment | | 8.5 | 4.9 | -0.4 | 29.3 | 7.9 | -12.3 | 28.9 | 11.8 | 13.4 |
| Exports (goods and services) | | 53.1 | 30.5 | 4.1 | 7.7 | 3.1 | -1.8 | 6.8 | 5.7 | 4.6 |
| Imports (goods and services) | | 54.3 | 31.2 | 2.4 | 7.7 | 0.4 | 0.3 | 7.2 | 5.5 | 4.4 |
| GNI (GDP deflator) | | 175.1 | 100.5 | 0.4 | 1.5 | -0.5 | -0.2 | 1.0 | 2.0 | 2.0 |
| Contribution to GDP growth: | | | | | | | | | | |
| Domestic demand | | | | 0.6 | -0.4 | -0.1 | -0.2 | 0.9 | 1.9 | 2.3 |
| Inventories | | | | -0.1 | 1.4 | -1.1 | 0.6 | 0.6 | 0.0 | 0.0 |
| Net exports | | | | 0.1 | -0.2 | 0.9 | -0.7 | -0.2 | 0.0 | 0.0 |
| Employment | | | | -0.2 | 0.9 | 0.7 | 0.5 | 2.1 | 1.7 | 1.8 |
| Unemployment rate (a) | | | | 12.7 | 26.5 | 24.9 | 23.6 | 21.5 | 20.1 | 18.4 |
| Compensation of employees / head | | | | 3.2 | -2.0 | -2.3 | -0.9 | 0.1 | 0.8 | 1.3 |
| Unit labour costs whole economy | | | | 2.5 | -1.8 | -1.3 | -0.2 | 0.9 | 0.6 | 0.8 |
| Real unit labour cost | | | | 0.1 | 0.0 | -0.3 | 0.8 | 0.2 | -0.3 | -0.5 |
| Saving rate of households (b) | | | | - | - | - | - | - | - | - |
| GDP deflator | | | | 2.4 | -1.8 | -1.0 | -1.0 | 0.7 | 0.9 | 1.3 |
| Harmonised index of consumer prices | | | | 2.9 | -1.4 | -1.1 | 0.0 | 1.1 | 0.5 | 1.2 |
| Terms of trade goods | | | | -0.2 | 1.1 | 0.6 | -2.3 | 0.7 | 0.3 | 0.0 |
| Trade balance (goods) (c) | | | | -14.7 | -10.8 | -9.1 | -9.5 | -10.5 | -10.7 | -10.8 |
| Current-account balance (c) | | | | -9.6 | -2.1 | 0.0 | -0.7 | -0.9 | -0.4 | -0.5 |
| Net lending (+) or borrowing (-) vis-a-vis ROW (c) | | | | -8.0 | -0.1 | 2.4 | 0.9 | 1.0 | 1.5 | 1.3 |
| General government balance (c) | | | | -8.2 | -3.6 | -5.7 | 0.6 | 0.8 | 0.4 | 0.2 |
| Cyclically-adjusted budget balance (d) | | | | -7.8 | 2.4 | -0.4 | 5.4 | 4.5 | 3.0 | 1.6 |
| Structural budget balance (d) | | | | - | 2.4 | 2.2 | 4.4 | 4.0 | 2.5 | 1.6 |
| General government gross debt (c) | | | | 120.2 | 178.9 | 176.8 | 180.8 | 178.6 | 177.8 | 170.3 |

(a) as % of total labour force. (b) gross saving divided by adjusted gross disposable income. (c) as a % of GDP. (d) as a % of potential GDP.

Source: ec.europa.eu

Developments and Prospects of the Real Estate Market

In the housing market, the third quarter of 2018 showed a slight increase over the previous quarter, according to the provisional data of the bank of Greece, which are collected by the credit institutions. Indicative, in the first quarter of 2018 the apartments recorded a small increase compared to the last quarter of 2017, of the order of 0.3%, while in the third quarter there was a slight increase of 2.5% compared to the second quarter of 2018.

In the Commercial Properties Industry an increase in demand from users for offices, retail and supply chains has been occurred. Rental rates, for prime properties, are rising and returns are getting squeezed.



As far as the high-standard office sector is concerned, there is a lack of available space to meet the existing demand for companies to find quality premises to accommodate their business. Demand remains high, while development activity is limited and the existing stock is discarded to a considerable extent. According to the data available from the Bank of Greece, in the first half of 2018, office rents in Athens recorded an increase of 2.4% over the previous year. In general, the office sector is expected to remain in the investment landscape during the current year. As a result of growing competition and a lack of quality product, yields are expected to be depressed by the end of the year, while rental rates for high quality spaces are expected to increase.

In respect to the retail (shops) sector, according to Bank of Greece figures, the rents in prime locations are stable.

Office Market

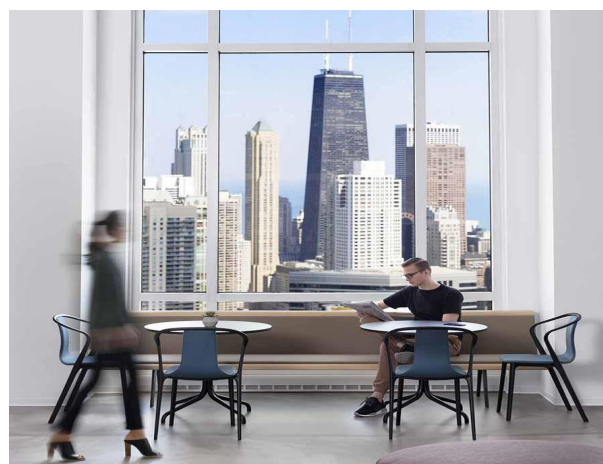
During the 4th quarter of 2018, the demand in the office buildings market is still increasing, given the fact that over a decade there is a lack of new office developments and existing office spaces/ buildings are converted to hotels and apartments for renting purposes via Airbnb function.

Therefore, the availability of Grade A offices is constantly decreasing. Especially for the Athens CBD and Kifissias Avenue (the axis connecting CBD with the Northern Suburbs), the availability of quality office spaces of more than 1,000sqm, is low.

The vacancy rate of prime offices is around 8%, whilst the relevant rate of secondary ones is formed to 20% (or more). As a result, the rental of the prime office spaces now varies from €17 to €20/sqm.

Further, it became a rule of thumb, that the rental fee of the parking spaces in buildings – were available – varies from €100 to €150 /per parking space.

| Athens Office Market | | | |
|----------------------|------------------|-------------------|-------------------|
| Athens Centre (C) | West Suburbs (w) | North Suburbs (N) | South Suburbs (S) |
| City Centre | National Rd | Kifissias Av. | Sygrou Av. |
| Ampelokipi | Petrou Rali | Mesogeion Av. | Amfitheas Av |
| Stadiou | Iera Odos | National Rd | Vouliagmenis Av. |
| Panepistimiou | | Attiki Odos | Poseidonos Av. |
| Vas. Sofias | | | Piraeus Port |
| Piraeus Av. | | | |



It is worth to mention that two important lease/rental agreements – *for areas more than 5,000 sqm* - were realized during 2018, from Civil Aviation Authority and Taxibeat Company, in Argyproupoli and Ambelokipoi suburbs.









| Occupier | Space (m ²) | Building-Address | Submarket |
|----------------------------------|-------------------------|--|--------------|
| Υ.Π.Α (Civil Aviation Authority) | 5.500 | 580, Vouliagmenis Ave. , Leontos Str. & Eleftherias Str. | Argyproupoli |
| Taxibeat | 5.200 | 115, Kifissias Ave. | Ampelokipoi |
| Aegean | 3.500 | 15, Andrea Metaxa Str. | Kifissia |
| TPAINOSE | 2.924 | 194, Sygrou Ave. | Kallithea |
| OpenBet Hellas | 2.500 | 36, Kifissias Ave. | Marousi |

Source: DANOS – an alliance member of BNP PARIBAS REAL ESTATE

Additionally, within 2018, the following important real estate transactions in Athens, were realized:

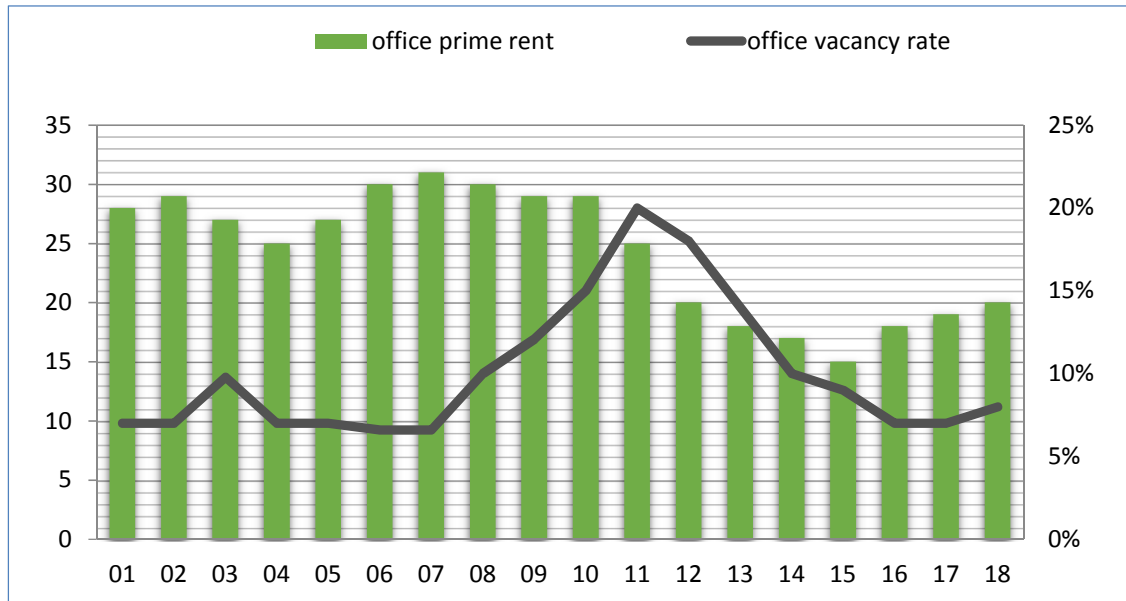
| Buyer | Price (m €) | Address | Area |
|---|-------------|---|------------------|
| Dromeus Capital Fund | 23,6 | 66, Kifissias Ave. | Marousi |
| Value Touristiki S.A. (Dimand) & 49% Grivalia | 10,89 | 10-14, Minoos Str. & Ilia Iliou Str. | Neos Kosmos |
| Intercontinental International Reic | 7,49 | 18, Zekakou Str. & Karamanli Str. | Maroussi |
| Ethniki Pangaia | 7,2 | 66 -68 , Mitropoleos Str. & 5, Kapnikareas Str. | Center of Athens |

Source: DANOS – an alliance member of BNP PARIBAS REAL ESTATE

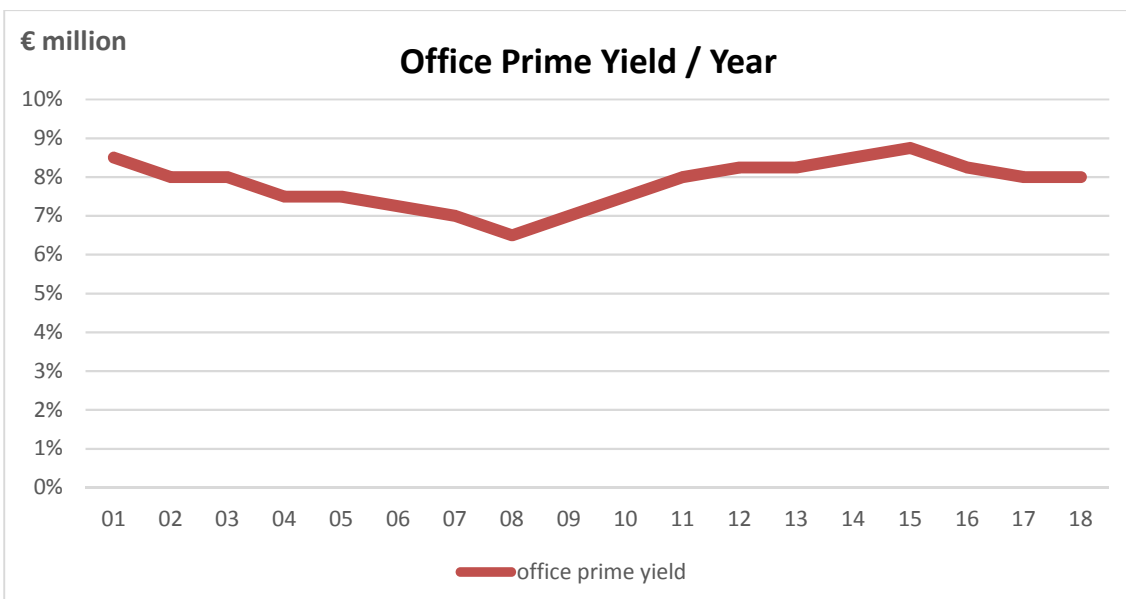
| | Rents | Yields | Demand | Supply |
|---------|---|---|---|---|
| Grade A |  |  |  |  |
| Grade B |  |  |  |  |

Source: DANOS – an alliance member of BNP PARIBAS REAL ESTATE

Office Prime Rent & Office Vacancy Rate /Year

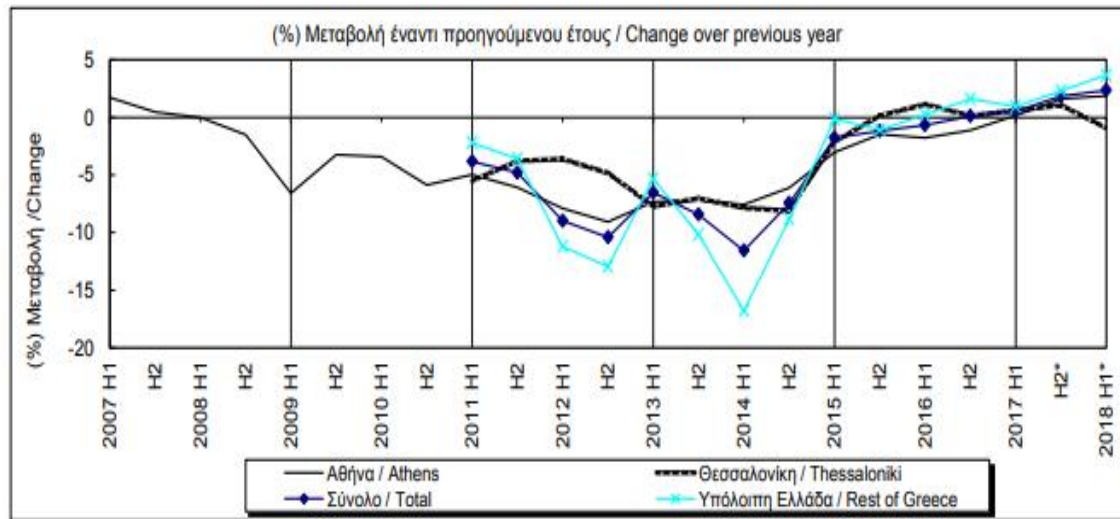


Source: DANOS – an alliance member of BNP PARIBAS REAL ESTATE



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OFFICE RENT INDEX

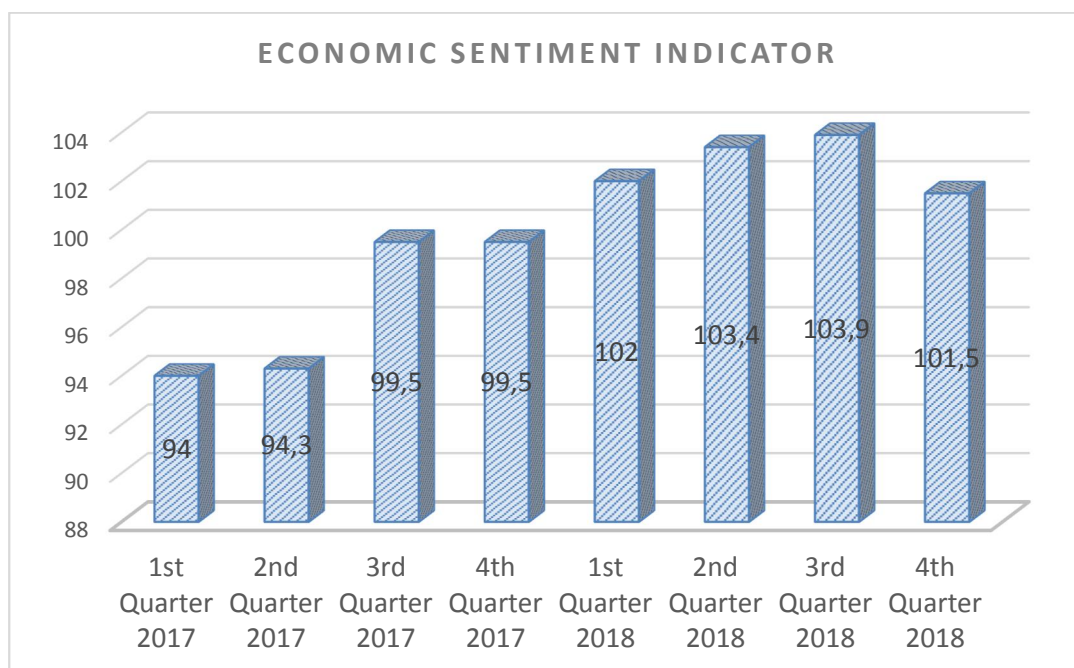


Source: National Bank of Greece



Retail Market

A decline in the Economic Climate Index in Greece in the second half of 2018 compared to the first half (101.5 from 103.4 points) and a rise compared to last year's (99.5) was recorded. In 2018, the index rose mildly by 4 points to 102.7 points. Business expectations worsened in the fourth quarter in Industry and Services, improved in Construction and remained unchanged in Retail Trade. The Consumer Confidence Index was significantly higher at -36.4 points, the level last seen at the end of 2009.



Source: European Commission, DG ECFIN, IOBE

Retail sales in Greece increased 3.2% year-on-year in November of 2018, following an upwardly revised 4.1% drop in October. Sales rebounded for both food (4.4% compared to -3.4% in October) and non-food (0.7% compared to -5.3%) and fell less for auto fuel (-0.5% compared to -9.2%). Also, sales increased the most for books, stationery and other goods (7.2%). On a seasonally adjusted monthly basis, retail sales increased 3.5%, following a 3.7% fall in October. Retail Sales YoY in Greece averaged -0.63% from 2001 until 2018, reaching an all-time high of 13.60% in December of 2006 and a record low of -19.40% in December of 2010.



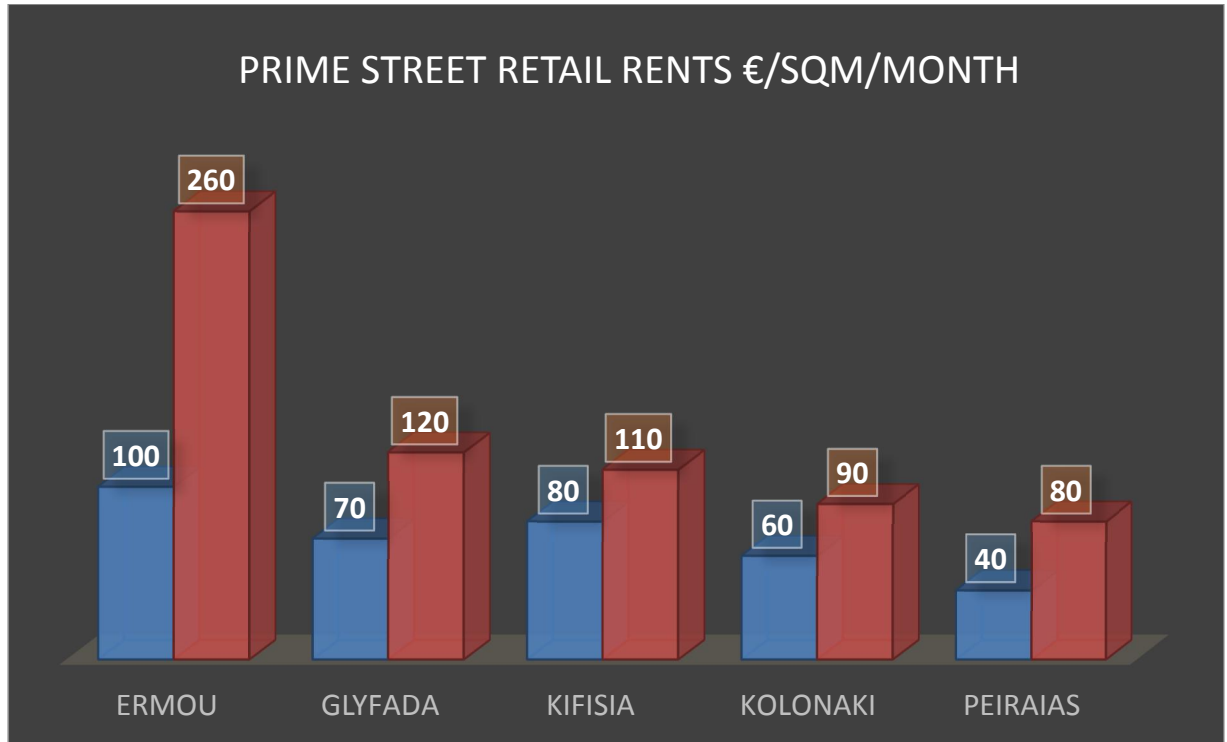
Source: TRANDINGECONOMICS.COM | NATIONAL STATISTICAL SERVICE OF GREECE

The lack of available shopping areas in the malls, which in some occupancy is 100% and there is a waiting list for space rentals, covers the extension of € 25 million of the "Golden Hall" total gross leasable area of approximately 11,5 thousand sqm, with commercial and leisure uses, which is already underway and will be completed by the end of 2019 and also the new commercial investment worth € 93.4 million. in Lykovrisi, of the Konstantinou Group, with a total lettable area of 40,000 sqm, where the investment plan provides for the development of a commercial and entertainment attraction for visitors.

New entrances in 2018 were the Japanese brand Miniso, which opened three stores in 2018, the French giant Decathlon, which opened stores in the River West & Mare West shopping centers and Carolina Herrera, which opened a shop in the Golden Hall ".

As far as the monthly rents / sqm are concerned, in Ermou, they still reach 260 € / sqm, which make it the most expensive street in Greece.

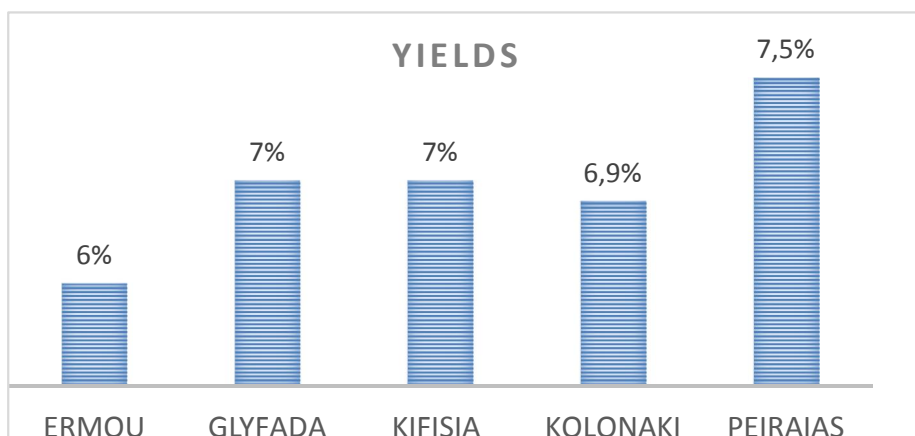




Source: DANOS – an alliance member of BNP PARIBAS REAL ESTATE

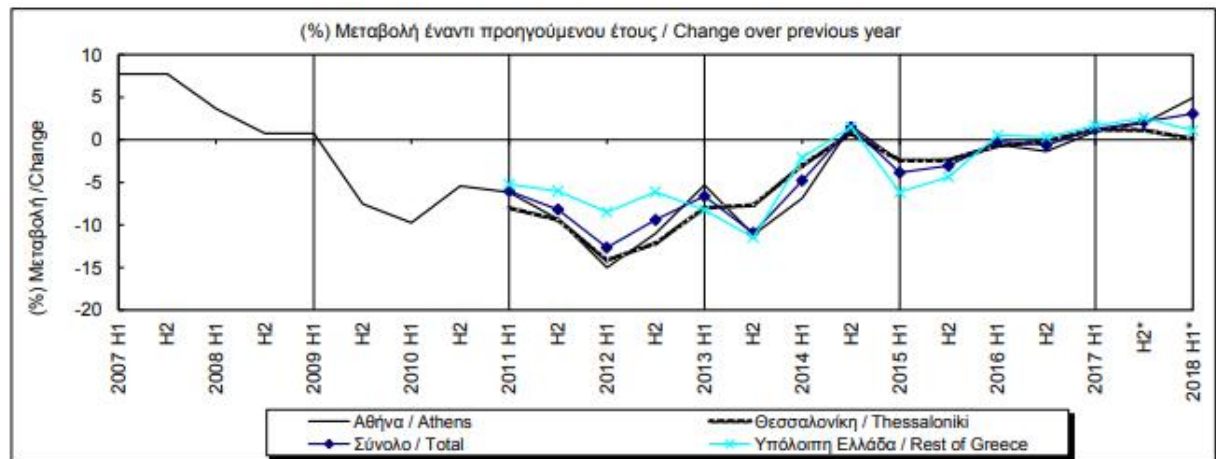
| MARKET TRENDS | |
|---------------|---|
| RENTALS | ↑ |
| YIELD | ↓ |
| VACANCY RATE | ↓ |
| ABSORPTION | ↑ |

Source: DANOS – an alliance member of BNP PARIBAS REAL ESTATE



Source: DANOS – an alliance member of BNP PARIBAS REAL ESTATE

RETAIL PRICE INDEX



Source: National Bank of Greece



Residential Market

SALES

The new objective values from 01.01.2019, forced buyers to finalize the contracts process within 2018 and especially within the last quarter of the year. More than 20.000 estates changed ownership in the said year. In the Municipality of Athens, a total of 5,804 sale contracts were realized, whereas the 4.563 were apartments. Increased interest was shown for the northern suburbs and the areas of Koukaki - Makrygianni, Acropolis, Plaka, Thisio, and Kypseli suburb, whereas the value of transactions performed were around €400/sqm, and nowadays the prices are leveled to pre - crisis levels.

According to Association of Real Estate Agents/ Certified Greek Experts announcement, the percentage of the new-build (uninhabited properties) sold in the second Semester of 2018 was 16,5% while in the first Semester was 12%. Buyers turned into new-build estates, given the fact that the old ones (6 to 10) are requiring extensive renovations.



In the second Semester of 2018, 49.5% of the properties were purchased under the price of €31k to €90k, while the relevant percentage of the first Semester was 44.8%. In the second Semester of 2017, 23,3% of the residential properties were sold under the price of €91k to €180k.

In the same time, the timing for a sale of the available homes was reduced. The percentage of homes sold within three months of posting their sale has nearly tripled, reaching 32.4% from 12.3%, while it took at least two years from the posting to sell them in the past.

LEASING

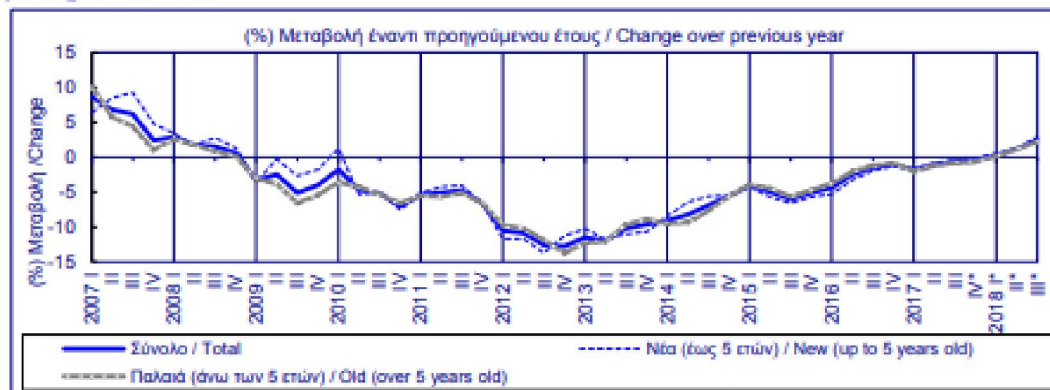
An increase up to 50% has been observed in the rental fees at the areas of the center of Athens, where the development of short-term lease, Airbnb rental type, has been developed and the trend of monthly rentals in the areas of Koukaki – Makrygianni reached up to €20/sqm & now in the area, opposite Koukaki, in Neos Kosmos the requested monthly rentals reach up to €16/sqm, while there is a great demand for rentals for Pagrati, Ampelokipoi, Kalithea and Exarcheia areas in Athens center, although the supply is very limited.



INDEX OF APARTMENT PRICES BY AGE

Πηγή: Τράπεζα της Ελλάδος, στοιχεία που συλλέγονται από τα πιστωτικά ιδρύματα. / Source: Bank of Greece, data collected from the MFIs.

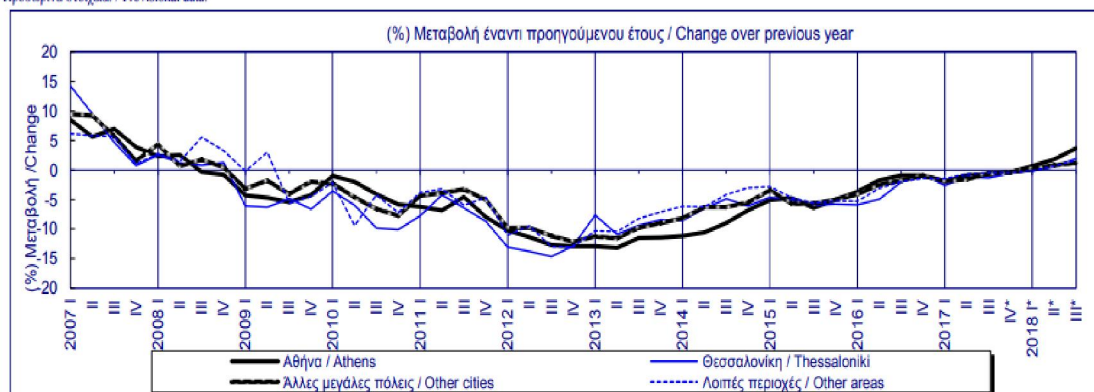
*Προσωρινά στοιχεία. / Provisional data.



PRICE INDEX OF APARTMENTS BY GEOGRAPHICAL AREA

Πηγή: Τράπεζα της Ελλάδος, στοιχεία που συλλέγονται από τα πιστωτικά ιδρύματα. / Source: Bank of Greece, data collected from the MFIs.

*Προσωρινά στοιχεία. / Provisional data.



Logistics & Industrial Market

The market has faced an important activity with new lease agreements, with surface sizes for rent ranging between 500 -2.000 sqm in relatively urban areas and demand for larger surfaces up to 10.000 sqm in the regions, where 3PL companies are usually located (with additional office space uses).

The rents are in Athens around 2,50 € / sq.m. / month for industrial use, while for logistics buildings between 3-4 € / sq.m. / month and are expected to remain stable.

The yields in Athens remained stable in 2018 and fluctuate between 9.25% - 10.00% for logistics facilities in high demand areas such as Aspropyrgos and Mandra. A characteristic example is the purchase by the National Bank of Greece of a group of three commercial warehouses in Aspropyrgos, Attica, through the acquisition of 100% of the shares of the company "IRINKA KTIMATIKI SA", which owns the properties. These are newly built commercial warehouses, the construction of the buildings was completed in December 2018, meeting the most up-to-date specifications. Their total surface area is 27.200 sqm and they are leased to reputable tenants. The cost of the property amounted to € 13.1 million. Friesland warehouses were also acquired in Aspropyrgos by a private investor.



The first, M.O., between ETBA-BIPE SA - GOLDAIR CARGO SA and FOODLINK SA, a member of the FDL Group, on the lease of premises and services at the Thriasio Freight Center, was signed. The MoU concerns the granting of storage space at the Thriasio Freight Center by the concessionaire for a fee. Its surface is 50.000 sqm and it mainly concerns temperature controlled rooms as well as office spaces.

New investments in logistics are planned by large Greek chains, such as Sklavenitis Hellenic Supermarkets, planning a new logistics center of 100.000 sqm. in Attica, when the renovation of the former Marinopoulos stores will be completed. Also the Sarantis Group in Avlona is planning to build new warehouses, while the Fournalis Group has decided to invest 8 million € in the Intersport logistics center.

The logistics sector adds value to the country's growth, contributing to GDP by 10%, with a number of large companies contributing to this amount, such as the Chinese company COSCO, which has made a significant investment in the port of Piraeus. Also important is the agreement between the Greek railway company TRAINOSE, acquired by Ferrovie dello Stato Italiane and HP, for the exclusive transfer of HP products through Piraeus to the European markets. Companies such as Huawei and ZTE Corp have also established distribution centers in the port of Piraeus. In addition, major multinational 3PL companies such as Kuehne & Nagel, DHL, Schenker, Geodis, Panalpina, Ferrovie, Ekol Logistics, Express etc. are also active in Greece.

| | RENTS | YIELDS | DEMAND | SUPPLY |
|---------|-------|--------|--------|--------|
| GRADE A | → | ↓ | ↑ | ↓ |
| GRADE B | ↓ | → | ↓ | ↑ |



Hotel & Tourism

In the year of 2018 based on the data collected and analyzed by INSETE regarding the Greek tourism, the arrivals by car and by air in the country, were more than 33,2 million tourists versus 31,1 million in 2017.

Additionally, in 2018 20,7 million international arrivals were recorded, presenting an increase of 12,9% compared to 2017, where the relevant international arrivals were 18,3 million.

As regards the arrivals by car, a small reduction of 1,9% was recorded compared to 2017 (12,5 million VS 12,8 million)

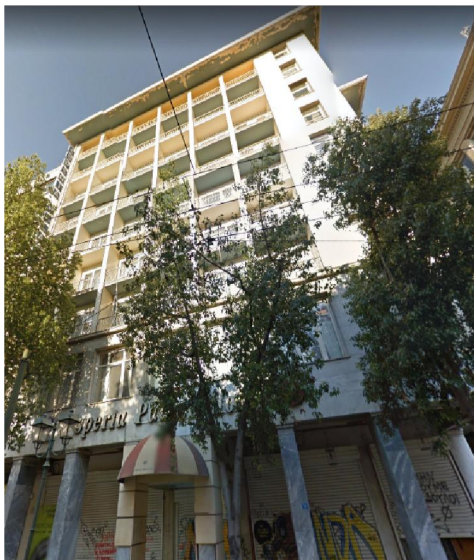
The continuously increasing trend of the tourism during 2018, was a result of the political instability of the neighboring countries and the upgrade of the offered touristic services in the country, two important factors for the constant development of the said market sector.



On the above we can add:

- The stability of the Greek economy
- The country's infrastructure improvements (*i.e. privatization of 14 peripheral airports*)
- the recognition of Greece as a safe destination

The above led to an increase of interest in significant investments in the hotel market, which comes from both Greek and foreign investors.



Some examples:

- Launch of GRAND HYATT (formerly ATHENS LEDRA / 318 rooms after its expansion) on Syngrou, Ave. (purchased in 2017 by HINES / HENDERSON PARK)
- The acquisition of GRAND HOTEL in Rhodes (405 rooms) by MITSIS HOTELS for €50,1 million
- The acquisition of LOUNGE & SPA (202 rooms) in Heraklion, Crete (through an auction of Piraeus Bank), for € 18,1 million.

- The acquisition of MR. & MRS. WHITE PAROS (49 rooms) in Paros, from BPIQ PROPERTIES AEEAP for € 3,5 million.
- The acquisition of 85,7% of NIKKI BEACH in Argolida (66 rooms) by Invel in cooperation with Dolphin Capital Partners (INVEL 70,4% / DCP 15,2%).
- The AMANZOE in Argolida, GRIVALIA HOSPITALITY gained the control (85%) of the luxurious hotel complex in cooperation with Dolphin Capital Partners (which remains at 15%).
- The acquisition of 50% of SHERATON Rhodes (401 rooms) by LAMPSA (already the owner and the remaining 50%)

Another noticeable, important trend especially in Athens, is the long-term lease of old buildings or former hotels, which are transformed into new 4 * or 5 * hotels, such as the long-term lease of ESPERIA HOTEL, at Stadiou Street, to the Israeli FATTAL HOTELS and ZEUS INTERNATIONAL as the preferred bidder, for the long-term lease of the former KANINGOS 21 Hotel (owned by TEA EAPAE).

Of course, continuous vigilance is needed as the projections for 2019 are not so optimistic due to the fact that Greece is under pressure from Turkey, which is constantly on the rise, but also from other markets that have had problems in previous years, such as Egypt and the Tunisia.





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