



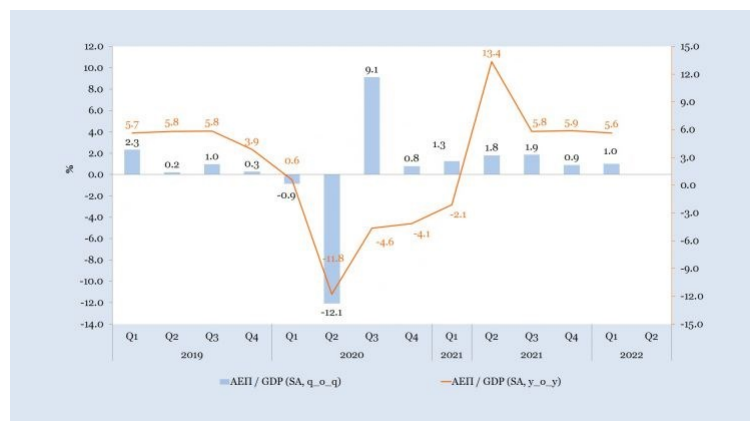
CYPRUS MARKET REPORT

The pandemic continues to have an extraordinary macroeconomic and fiscal impact that, together with the current geopolitical situation, creates exceptional uncertainty, for designing a detailed path for fiscal policy.

MACRO ECONOMY

Before the Covid pandemic, Cyprus was fast recovering from the 2012-13 financial crisis. The recovery was supported by a rebound in tourism, but also growth in new, higher value added sectors such as information and communication technologies (ICT), maritime shipping, non-bank financial services, and education. Consumption and investments grew strongly, even though the latter was largely in residential real estate, partly in response to the Cyprus Investment Program (CIP), which offered Cypriot citizenship to foreign nationals in exchange for investment and was terminated following corruption allegations. Eventhough the economy has been susceptible to recent shocks - both the pandemic and more recently the war in Ukraine. The large tourism sector and other contact-intensive activities were affected by Covid-related mobility restrictions. Financial linkages to Russia have been reduced since the financial crisis, but exposures through trade in services - mainly tourism and professional services still is very high. Exports to Russia account for about 10 percent of GDP, which is the highest level in the euro area.

GDP growth rate 2019Q1-2022Q1



Source: Ministry of Finance, IMF

The GDP growth rate in real terms during the first quarter of 2022 is positive and it is estimated at 5,9% over the corresponding quarter of 2021. Based on seasonally and working day adjusted data, GDP growth rate in real terms is estimated at 5,6%.



↑ 9,1%

Inflation

May 2022/2021

↑ 5,9%

**GDP Growth Rate
(constant prices)**

Jan-Mar 2022/2021

CYPRUS ECONOMIC GROWTH

Growth is expected to slow this year due to the war in Ukraine, with soaring inflation affecting private consumption and Russian tourism inflows severely reduced: Russia represented around 20% of tourist revenues in 2016 - 2019. However, a tighter labor market and the fading impact of the pandemic should soften the slowdown in household spending. Focus Economics analysts see GDP growing 3.0% in 2022, which is unchanged from last month's forecast. In 2023, our panel sees the economy expanding 3.3%.

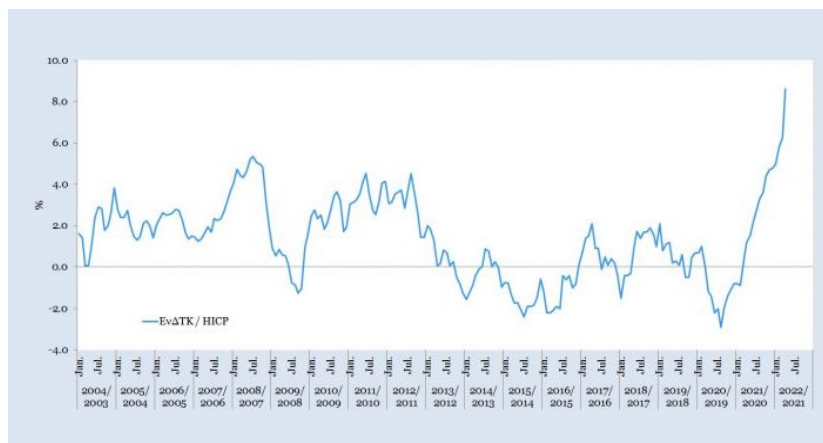
CYPRUS ECONOMIC OUTLOOK

A flash estimate revealed that GDP grew 0.7% quarter-on-quarter in Q1, an identical pace to Q4 2021. While a detailed breakdown is not yet available, the services sector likely supported activity thanks to lower unemployment and reduced Covid-19 restrictions. Moreover, industrial output gained steam in January - February in annual terms. Turning to Q2, momentum is likely easing as food and energy price hikes due to the Ukraine War take their toll. Business and consumer confidence plummeted in April, boding poorly for consumption and private investment in the second quarter. While the recent lifting of all remaining travel restrictions will benefit the tourism sector, the reliance on Russian tourists will prevent the sector's full recovery. Finally, in May the EU Commission recommended focusing on reducing non-performing loans and mitigating climate change risks.

UNEMPLOYMENT

The seasonally adjusted unemployment rate in Cyprus reached 5.4% in April 2022, decreasing from 5.8% in the previous month and 8.4% in April 2021, according to figures published by Eurostat, the statistical office of the European Union, on Wednesday.

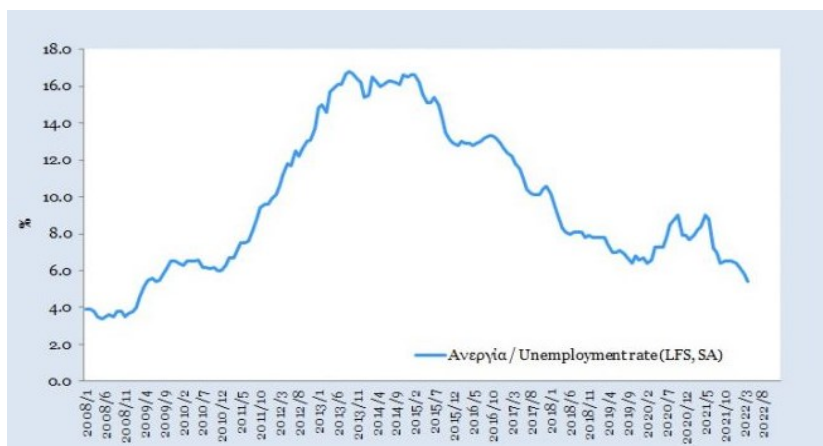
HICP Inflation



Source: Ministry of Finance, IMF

Inflation (HICP) in April 2022 increased by 8.6% compared with an increase of 6.2% in March 2022. For the period January-April 2022 it stood at 6.4%.

Unemployment



Source: Ministry of Finance, IMF



↓ 6,6%

Unemployment Rate

1st Quarter 2022



↑ 77,3%

Rate of Employment
(group of age 20-64)

1st Quarter 2022

S1 2022 MARKET INSIGHT REPORT



TOURISM MARKET REPORT

The country expects to host over two million tourists this year, with the summer season being the highlight for the tourism industry in 2022.

OVERVIEW

Nearly 14 per cent of Cyprus' GDP is generated from tourism, which makes the country quite dependent on the industry. More specifically, the Cypriot economy has been quite affected by the war in Ukraine, as fewer Russian tourists are expected to visit.

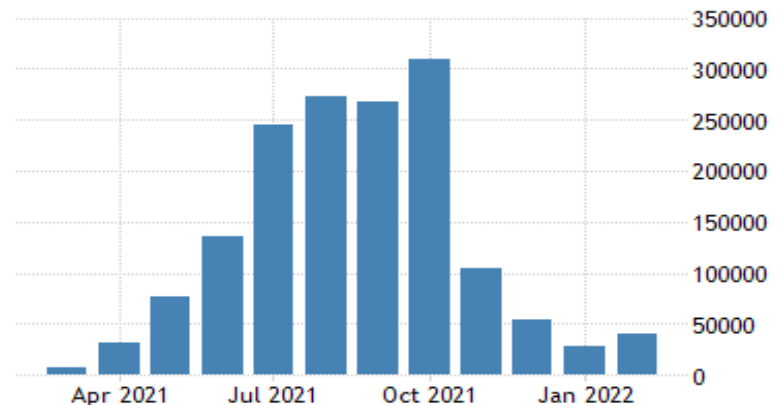
As the data shows, the total tourist arrivals in Cyprus reached 128.840 in March 2022 compared to 8.811 in March 2021 and to 55.342 tourist arrivals in March 2020.

For the period of January – March 2022, arrivals of tourists totaled 244.705 compared to 17.747 in the corresponding period of 2021, 246.556 during the period of January – March 2020, and to 357.475 during the period of January – March 2019.

Arrivals from the United Kingdom were the main source of tourism for March 2022, with a share of 34,8% (44.829) of total arrivals, followed by Greece with 9,9% (12.810), Israel with 8,6% (11.122), Germany with 8,2% (10.592) and Poland with 7,6% (9.805).

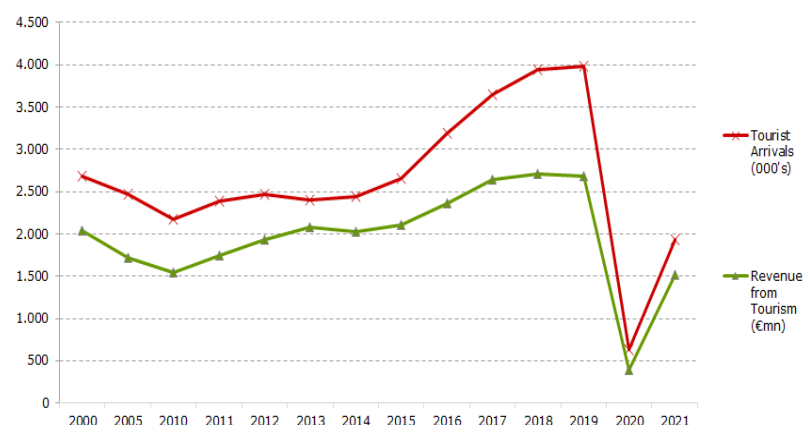
For a percentage of 71,9% of tourists, the purpose of their trip in March 2022 was holidays, for 16,3% visit to friends and relatives and for 11,8% business. Respectively, in March 2021, 25,2% of tourists visited Cyprus for holidays, 35,2% visited friends or relatives and 39,4% visited Cyprus for business reasons.

Tourist Arrivals



Source: Statistical Service of Cyprus

Arrivals of Tourists and Revenue



Source: Statistical Service of Cyprus



REAL ESTATE MARKET REPORT

With a positive sign, but a marginal increase, the real estate moved in the first months of 2022.

OVERVIEW

A significant increase in real estate sales was recorded in the first five months of 2022. In the first five months of the year, about 27 thousand transactions were made, involving sales, donations, mortgages and sales documents.

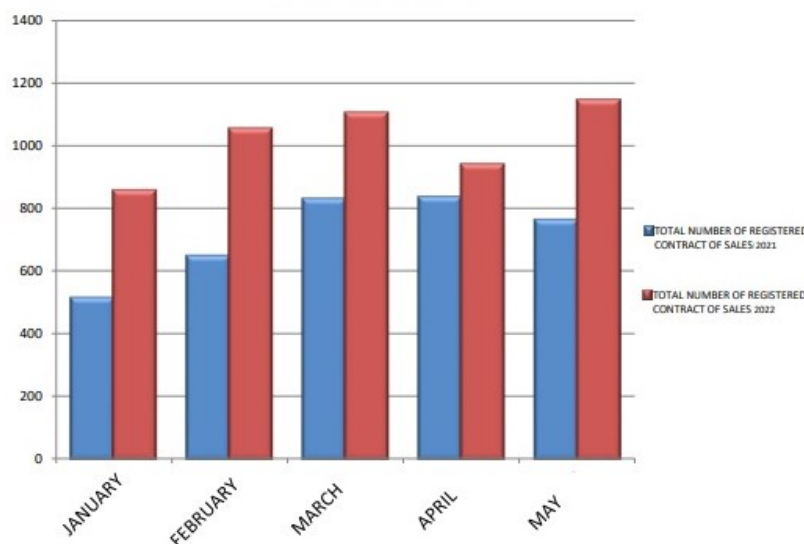
According to data from the Department of Lands and Surveys, the sales documents submitted in April 2022 to the provincial cadastral offices amounted to 938 compared to 832 in April 2021, recording an increase of 13%.

At the same time, real estate sales in the first four months of the year increased by 40%, reaching 3,947 from 2,817 in the corresponding period of 2021.

Limassol also recorded an increase of 13%, with 329 sales documents in April 2022 compared to 292 in April 2021. For the period January - April 2022, real estate sales in Limassol stood at 1,348 from 851 in the same period of 2021, marking increase 58%.

Nicosia has negligible losses of 3%, with 222 sales in April this year compared to 229 in April last year, while for the first four months of the year the sales documents in the capital increased marginally by 2%, to 895 from 875 in the corresponding four months of 2021.

PANCYPRIAN TOTAL NUMBER OF REGISTERED CONTRACT OF SALES FOR THE YEARS 2021-2022



Source: Department of Lands and Surveys

Paphos counts 184 real estate sales in April 2022 compared to 130 in April 2021, recording an increase of 42%. For the four months January - April 2022, sales increased by 80%, as they jumped to 837 from 465 in the corresponding period last year.

A 16% increase was recorded in real estate sales in Larnaca, which stood at 157 in April this year compared to 135 in April last year. Sales documents of the first four months of 2022 in Paphos increased by 49%, reaching 669 compared to 450 in the corresponding period of 2021.

TOTAL PANCYPRIAN:	JANUARY	FEBRUARY	MARCH	APRIL	MAY	TOTAL
Total Number of Transfers of Sale:	1177	1524	1644	1255	1727	7327
Total Number of Parcels:	1301	1694	1868	1360	1993	8216
Total Declared Amount:	€262.212.496,57	€296.016.082,17	€348.002.398,29	€235.078.809,89	€331.936.031,69	€1.473.245.818,61
Total Accepted Amount:	€281.613.828,68	€321.472.815,62	€376.317.181,23	€256.737.458,73	€364.092.762,56	€1.600.234.046,82

NEW DATA AND TRENDS

It is a common finding that the pandemic and the war in Ukraine have brought about significant changes in our daily lives and lifestyles. The new order of things forced families and households to reconsider goals and priorities, but also to make decisions that were not in the program. Such as, for example, finding a new property that meets the new upgraded criteria of 2022, but also the permanent setting up in another country.

There is increased demand in rentals which are more affordable.

Cyprus, with the comparative advantages it brings together and the opportunities it offers, is an attractive destination for starting a new life experience.

- Technology has become a very important part of the real estate purchase process, imposing the need for the highest standards in 2D / 3D virtual photos, videos and electronic tours. Shoppers now prefer virtual browsing visits, zoom meetings for further information and clarification, personalized videos that can be shared with family and friends, searching for services and favorite locations via Google Maps / Google Earth, etc.

- Millennials (Gen Y) and Gen Z are going to represent 70% of real estate market customers by 2025.
- The provision of many and important services and amenities has now become necessary. A more holistic approach to housing search is needed. Experienced buyers / investors are very demanding in their quest and emphasize detail, preferring properties that are environmentally friendly and close to communities that are committed to using sustainable practices and are family and animal friendly.
- Finally, high end buyers are much more demanding with experienced real estate brands that offer authenticity and trust, personalized management services, top online experiences and highly professional service that meets their needs and expectations.



RESIDENTIAL MARKET REPORT

During the first half of 2022, the recovery in housing prices continued, mainly assisted by the domestic market. Growth in Cyprus is projected at 2% in 2022.

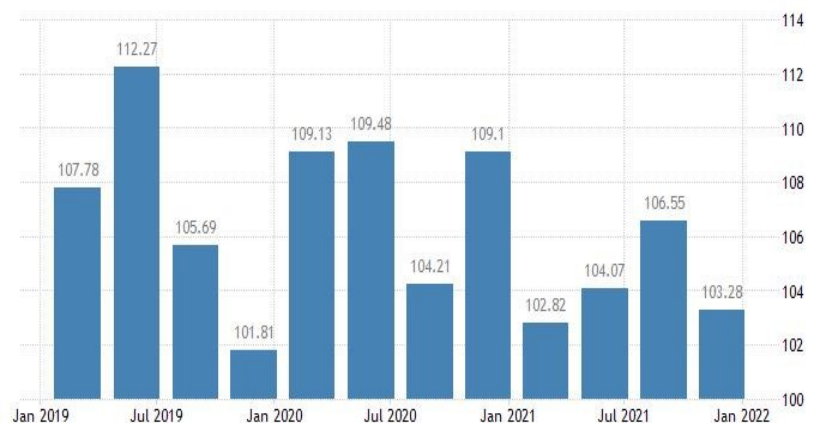
OVERVIEW

Residential Property Price Indices (houses and apartments) recorded a slightly accelerating growth trend in the first half of 2022.

The increase in house prices comes mainly from the purchase of apartments and to a lesser extent from the purchase of houses. Specifically, house prices increased by 3.9% in the previous quarter, while apartment prices increased by 6.3% on a basis and 1.3% on a quarterly basis. Apartment prices rose in all provinces, both quarterly and on a quarterly basis.

The real estate market continued to rely mainly on domestic demand. The transactions mainly concerned houses between €100-€300 thousand, a part of the market that concerns in particular households for first home purchases and domestic investors for rental purposes. In part, the increase in prices is also affected by the continuous increase in construction costs (17.3%, no increase in the examination of third parties).

Cyprus House Price Index



Source: Statistical Service of Cyprus

Since most construction materials are imported to Cyprus, the war in Ukraine and supply chain problems affecting international trade are pushing construction costs even higher. This, in the future, may adversely affect demand.

Growth in 2022 in Cyprus is expected to be limited by the effects of the war in Ukraine and, with a partial recovery in exports and private consumption, is projected at around 2%.

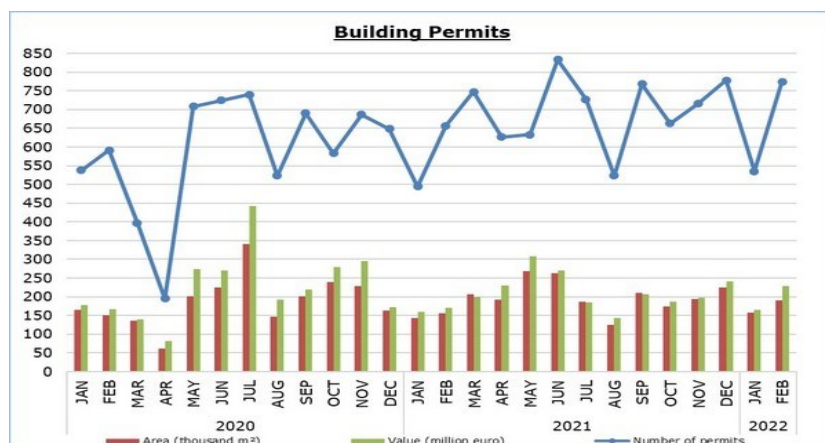
BUILDING PERMITS

Increase both in Area (16,1%) and in Value (19,2%)

The Statistical Service announces that the number of building permits authorized by the municipal local authorities and the district administration offices during February 2022 stood at 774. The total value of these permits reached €228,1 million and the total area 189,7 thousand square metres. These building permits provide for the construction of 901 dwelling units.

During the period January – February 2022, 1.309 building permits were issued compared to 1.150 in the corresponding period of the previous year, recording an increase of 13,8%. The total value of these permits increased by 19,2% and the total area by 16,1%. The number of dwelling units recorded an increase of 12,9%.

Building permits constitute a leading indicator of future activity in the construction sector.



Source: Statistical Service of Cyprus

Number of Building Permits Per Category

Type of Project	Number of Permits			Percentage Change (%)
	Feb 2022	Jan-Feb 2022	Jan-Feb 2021	Jan-Feb 2022 Jan-Feb 2021
Residential Buildings	530	891	828	7,6
Non-residential Buildings	120	203	166	22,3
Civil Engineering Projects	49	84	70	20,0
Division of Plots	58	104	75	38,7
Road Construction	17	27	11	145,5
Total	774	1.309	1.15	13,8

Source: Statistical Service of Cyprus



Source: Statistical Service of Cyprus



↑ 3,7%

Building Permits (sqm)

Jan-Mar 2022/2021



OFFICE MARKET REPORT

Unlike the real estate market in general which is expected to stabilize in 2022 compared to 2021, small increases are expected office sale and rental prices.

OVERVIEW

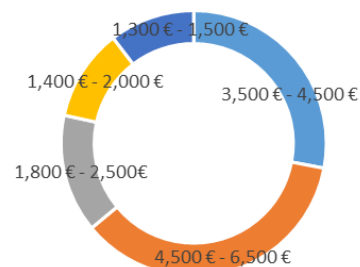
Significant increases on an annual basis were recorded in the last three years by the values of office space throughout Cyprus.

The wave of new supply changed the balance of power in the office market. At the end of Q1 2022, for the first time, the total supply of modern office space in 5 major regional markets exceeded the level of stock in the capital.

This trend replaces the skepticism that characterized the purchase of business premises in previous years.

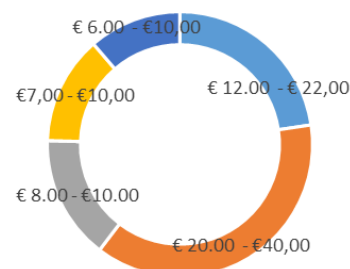
The highest prices are located in Limassol, where in fact the maximum sale price reached €12,416 per sq.m., while the average sale price per sq.m. recorded amounted to €2,326. Compared to other categories of real estate, the values of office space were constantly rising, reflecting the increased demand mainly for category A units.

OFFICE SALE PRICES PER SQM 2022



■ NICOSIA ■ LIMASSOL ■ LARNACA ■ PAPHOS ■ AMMOCHOSTOS

OFFICE RENT PRICES PER SQM 2022



■ NICOSIA ■ LIMASSOL ■ LARNACA ■ PAPHOS ■ AMMOCHOSTOS

Source: Danos Analysis



RETAIL MARKET REPORT

It is predicted that prices for the purchase or rental of stores in Cyprus will stabilize in 2022 compared to 2021.

OVERVIEW

The retail sector is declining this year due to international events. War, supply chain shock and high interest rates are some of the main reasons why the industry is going through one of the most difficult periods in its modern history.

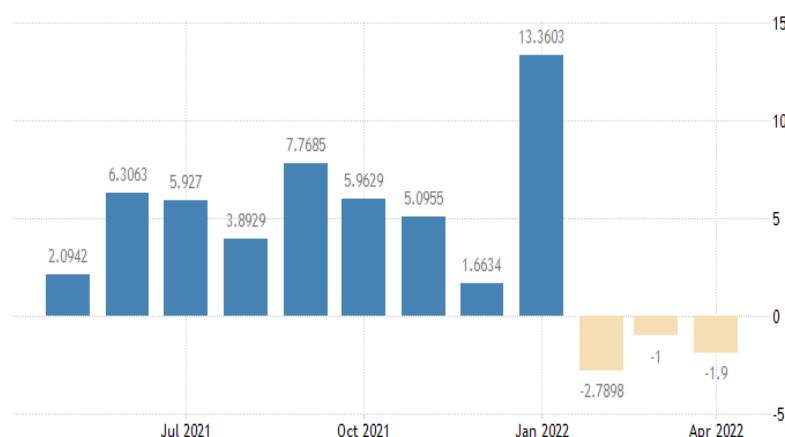
The Turnover Value Index of Retail Trade for March 2022 increased by 7.7% compared to the corresponding month of the previous year. For the same month, the Turnover Volume Index of Retail Trade decreased by 2% compared to March 2021, according to data released by Cyprus Statistical Service.

The greatest annual increase was recorded in the retail sale of automotive fuels, with 37.2% higher value compared to March 2021 and 6.1% increase in volume.

On the other hand, a decrease of 19% was recorded in value and 24.4% in volume in the non-specialised retail stores.

Retail Sales in Cyprus decreased 1.90 percent in April of 2022 over the same month in the previous year.

Cyprus Retail Sales



Source: Ministry of Finance Cyprus

For the period January - March 2022, the value index is estimated to have recorded an increase of 9.9% and the volume index an increase of 1.7% compared to the same period of 2021.

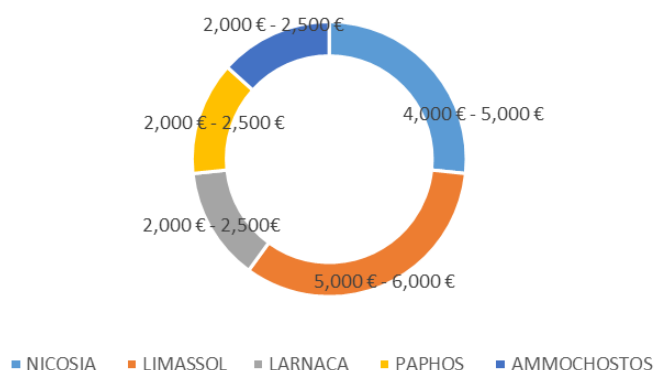
During the first three months of the year, fuel retail sales increased by 43.4% in value and 12.1% in volume. In March, the largest increase in volume, amounting to 23.2% was recorded in textiles, clothing, footwear, with a corresponding increase in value of 26.8%, compared to January 2022.

The largest decrease in both value and volume during the first three months of 2022 was recorded in non-specialized retail stores, with 11% and 15.7% respectively.

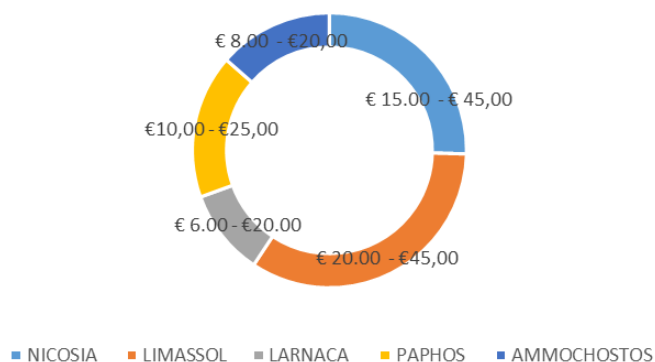
The purchases of stores are concentrated in the 4 main cities (Nicosia, Limassol, Larnaca, Paphos).

During the first half of 2022, the occupancy rate in the main commercial arteries of large cities has decreased.

SHOPS SALE PRICES PER SQM 2022

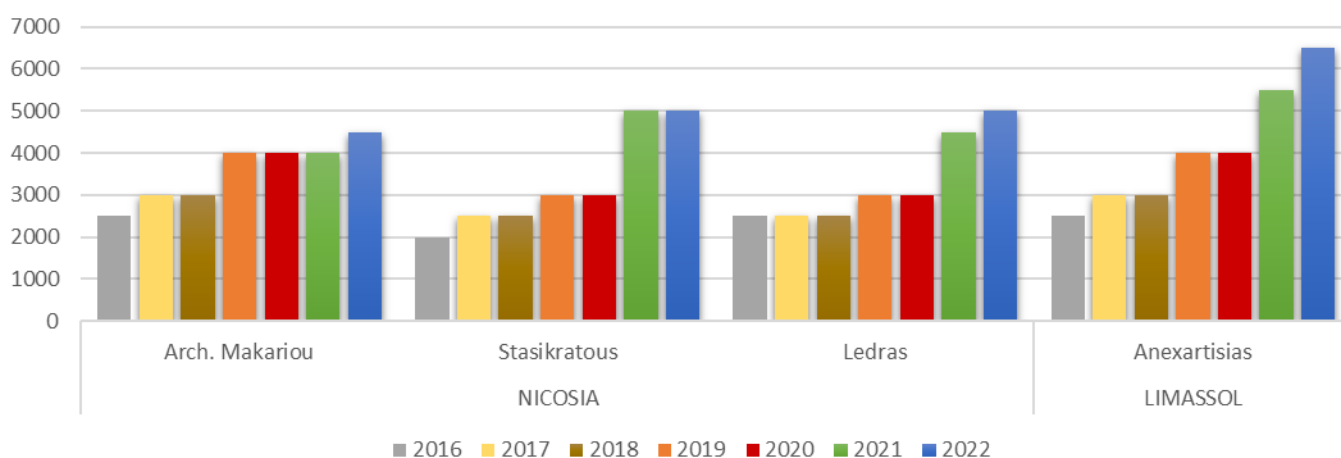


SHOPS RENT PRICES PER SQM 2022



Source: Danos Analysis

SHOP SALE PRICE PER SQM IN NICOSIA AND LIMASSOL



Source: Danos Analysis



LOGISTICS MARKET REPORT

Thanks to its strategic geographical location and modern infrastructure, Cyprus has developed into a convenient transshipment center for Europe-Far East trade and has strengthened its position as a key EU outpost in the Eastern Mediterranean region.

OVERVIEW

The drastic changes brought about by innovation and technology, with the catalytic impact of the pandemic, directly affect business models, the production chains that support them, as well as logistics, which are a fundamental element of these processes. In recent years, supply chains have experienced the greatest disruption in their operation since World War II. In order to maintain and develop its competitiveness, the industry must respond by optimizing time and resources and making significant investments in innovation.

At a time when companies around the world are redesigning their supply chains, Cyprus, located at the crossroads of three continents, is ideally positioned to develop into a regional logistics hub. Transport and logistics infrastructures are among Cyprus' most important comparative advantages as an investment destination.

As an island nation, Cyprus relies heavily on its transport links via extensive air connections and its sophisticated multipurpose ports crucial to export and import activities.

Conveniently located, Cyprus is easily accessed with minimum diversion from the main arterial routes.

This coupled with the country's good infrastructure and the pro-business stance has boosted its status as a prominent regional base for cost-effective cargo transport and processing.

Cyprus' potential as a transshipment hub is also becoming evident, as manufacturers and distributors realize that while the island economy itself may be small it is only an hour's flying time from 200 million potential customers and four hour's flight from over 2 billions of people.

Following the natural gas discovery in its waters, the island has attracted some major global players such as ExxonMobil, ENI, Shell and Total who have chosen the island as the natural service center for their regional operations, taking advantage of Cyprus' specialized logistics and port services for this growing industry.



SIGNIFICANT PROJECTS & TRANSACTIONS

- The Floating Scapes - 5* resort in Larnaca
- Larnaca Port & Marina Development
- City of Dreams - Casino Resort in Limassol
- The Aristo Eagle Pine Golf Resort in Limassol
- St Elizabeth Golf Resort in Limassol
- The Berengaria Hotel Spa in Prodromos village at Troodos Mountains
- Limassol Greens Golf Resort
- The Vasa Golf Resort in Vasa Kellakiou village of Limassol
- Elea Estate in Paphos
- The Aristo Venus Rock Golf Resort in Paphos

GREECE

CYPRUS

SERBIA

ATHENS OFFICE

15, Vouliagmenis Ave
Tel.: +30 – 210 7 567 567
Fax: +30 – 210 7 567 267
E-mail: office@danos.gr

THESSALONIKI OFFICE

4, Ionos Dragoumi Str., 54624
Tel.: +30 – 2310 244 962
Fax: +30 – 2310 224 781
E-mail: info.thes@danos.gr

CRETE - CHANIA OFFICE

3, Iroon Polytechniou Str., 731 33
Tel: +30 – 28210 50900
Fax: +30 – 28210 59700
E-mail: info.crete@danos-melakis.gr

CRETE - HERAKLION OFFICE

7, D. Beaufort Str., 712 02
Tel.: +30 2810 282822
Fax: + 30 2810 282822
E-mail: info.crete@danos-melakis.gr

www.danos-group.com

NICOSIA OFFICE

35, I. Hatziosif Av., 2027
Tel.: +357 – 22 31 70 31
Fax: +357 – 22 31 70 11
E-mail: sales@danos.com.cy

LIMASSOL OFFICE

69, Gladstonos Str., 3040
Tel.: +357 – 25 343934
Fax: +357 – 25 343933
Email: limassoldanos@danos.com.cy
www.danos.com.cy

BELGRADE OFFICE

Milutina Milankovica Str. 9z/I,
11070 New Belgrade
Tel.: +381 0 11 2600 603
Fax: +381 0 11 2601 571
E-mail: office@danos.rs

www.danos.rs

www.danos-group.com

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