S1 2023 MARKET INSIGHT REPORT

CRETE MARKET REPORT

A dynamic start for the Greek economy is recorded in the first semester of the year, with business turnover, exports and tourism showing a noticeable improvement, while private consumption is maintained despite inflationary pressures. 2022 was the second consecutive year, that the Greek Economy recorded high dynamics after the recession, that had preceded due to the pandemic. For this year, a slowdown is expected in the growth rate of the Greek economy, as in the rest of Europe.

Macro Figures

The current magnification of the Greek economy is supported by the recovery of consumption after the pandemic, which was strengthened by household support measures, the strong dynamics of inbound tourism which seems to be maintained in 2023 as well as the gradual increase in exports of goods in recent years. Maintaining a satisfactory growth rate the next period is the main challenge for the Greek economy.

Greek Economy Overview

The Greek economy maintained a significant part of its momentum during the first months of 2023 and is expected to continue to grow stronger, on the assumption that in the external environment, the geopolitical crisis will de-escalate, energy prices will decrease and that incoming tourism will keep on supporting the local income.

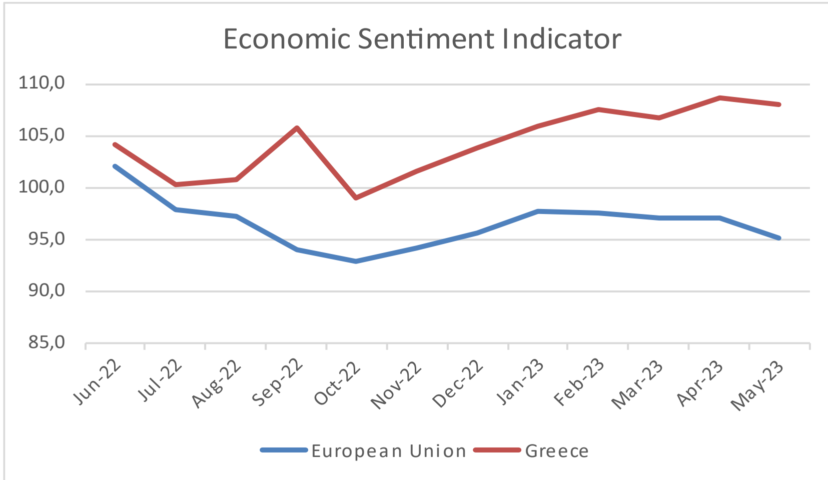
Inflation has already marked a significant slowdown, as early as the fourth quarter of the previous year, mainly due to the continued decline in the prices of energy goods. Economic growth, however, continued at a softer pace due to the slowdown in the growth rate of private consumption and was mainly based on investment and a strong rise in exports.

EUROPEAN COMISSION FORECASTS			
ECONOMIC INDICATORS	**2022**	**2023**	**2024**
GDP (%, yoy)	5,9	2,4	1,9
Inflation (%, yoy)	9,3	4,2	2,4
Unemployment (%)	12,5	12,2	11,8
General government balance (% GDP)	-2,3	-1,3	-0,6
Gross public debt (% GDP)	171,3	160,2	154,4
Current account balance (% GDP)	-11,8	-9,2	-7,8

Source: ec.europa.eu

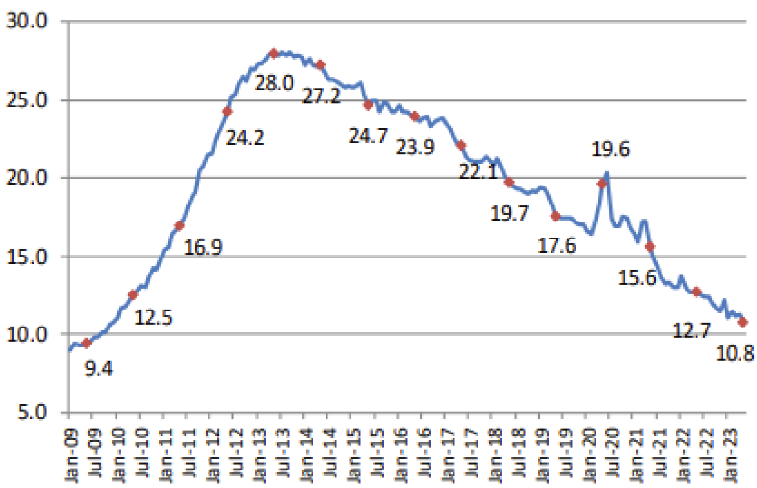
Source: ELSTAT

These developments, combined with the accumulated cash buffer and the rising contribution of investment to real GDP growth, are expected to support the regaining of the investment grade in 2023. The available seasonally adjusted data indicate that in the 1st quarter of 2023 the Gross Domestic Product (GDP) in volume terms decreased by 0.1% in comparison with the 4th quarter of 2022, while in comparison with the 1st quarter of 2022, it increased by 2.1%.



Economic Sentiment Indicator, Source: ec.europa.eu

The Economic Sentiment Index in Greece registered a significant increase during the first quarter of 2023 compared to the immediately preceding quarter (106.8 from 103.8 points). There is small decline compared to the corresponding quarter last year (111.7 points). However, it is expected that Greece in 2023 will have growth but in a much slower rate than the last year. This slowdown of the economic growth is projected to be a global phenomenon in 2023. The labour market has recovered after the pandemic and is expected to continue to improve in the medium term, despite high inflation, rising interest rates and increased uncertainty caused by the war in Ukraine. In 2022, total employment increased by 5.4% (versus 1.4% in 2021). There was a large increase in the number of people employed in tourism, education, manufacturing and construction. Based on the most recently published data the seasonally adjusted unemployment rate in May 2023 amounted to 10.8% compared to 12.7% in May 2022 and to 11.2% in April 2023.



Unemployment rate (%) by month, May 2009 – 2023, Source: ELSTAT

The banking turmoil in the US and Switzerland earlier this year, clearly demonstrated the swift transmission and spread of risks in the modern financial landscape. In the event of a shock to investors' and depositors' confidence, individual bank vulnerabilities are amplified and transmitted to other credit institutions at unprecedented speed, both at home and abroad, due to global financial interlinkages. Therefore, safeguarding financial stability requires further strengthening of the financial system. The Greek banking sector has made remarkable progress and has become more resilient over the past years, thereby being better placed to withstand potential turbulences and shocks. Although the near-term outlook remains positive, there are still challenges, including improving asset quality, achieving sustainable profitability and further enhancing banks' capital adequacy.

According to European Commission's Economic Forecast of Spring 2023, Greece's real GDP is expected to grow by 2.4% in 2023, higher than the EU average (1%), while, according to recent forecasts by the IMF and the Bank of Greece, it is expected to exceed 2%, far above the euro area, still below its 2022 growth rate.
The de-escalation of inflation in Greece, at a faster rate compared to both the European average and to last year's estimates, combined with the upward revision of the estimates for the rate of growth of the Greek economy in 2023, suggest that the risk of stagflation after the Russian invasion of Ukraine has most probably been averted.

Danos - Melakis

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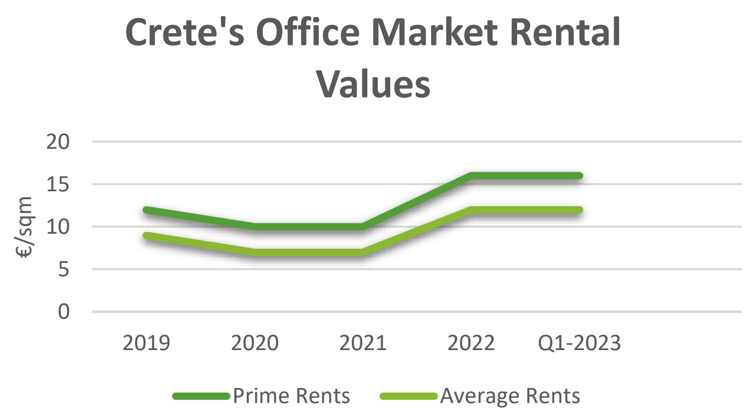
S1 2023 MARKET INSIGHT REPORT

OFFICE MARKET REPORT

OVERVIEW

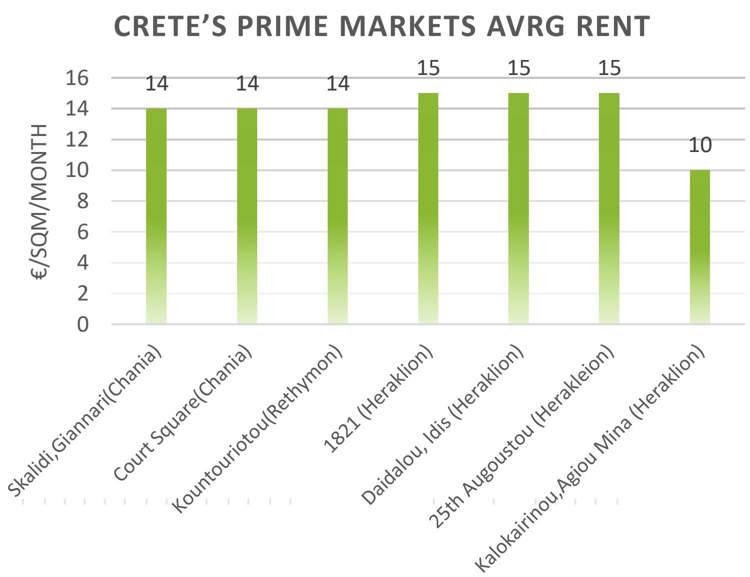
The office market seems to be maintaining positive performance metrics. The end of 2022 and the beginning of 2023 were a time, when investors were interested in new-built office spaces, and new projects were fueling the pipeline for future growth. Demand has been primarily driven by location and amenities, and significant projects that will fundamentally alter the office market have been revealed. Businesses in the post-pandemic era will ultimately adopt new tactics, and while offices will continue to be crucial for businesses and employees, tenants will also demand higher standards.



Source: Danos an alliance member of BNP Paribas Real Estate

CRETE OFFICE MARKET

High standard office spaces in prime locations, with "green" features, remain high in investor's preferences and purchasing interest, in the Crete Office Market. In 2023, user's and investor's demands change completely, with demand intensifying as there is no equivalent product. This trend is widening the gap between Grade A and Grade B offices, for which demand is falling. This creates the need to upgrade the existing stock to meet the high demand.



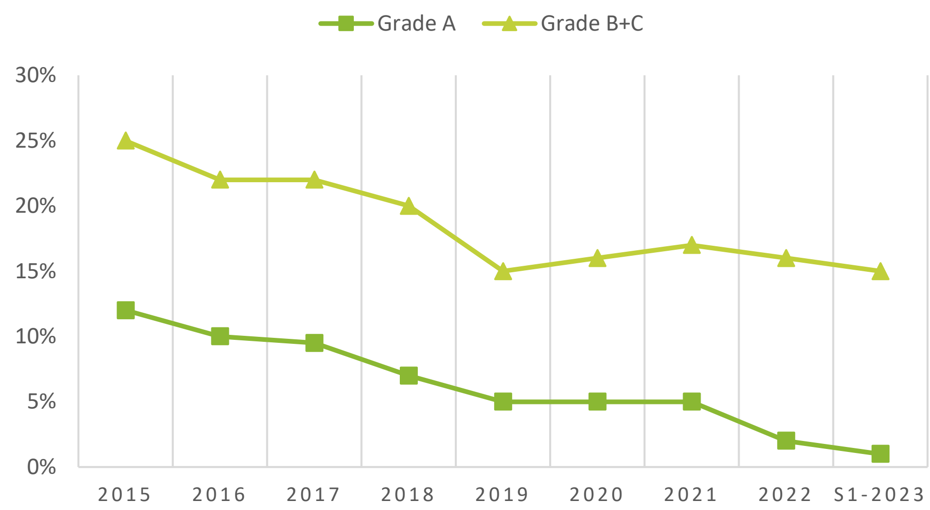
Source: Danos an alliance member of BNP Paribas Real Estate

An alliance member of BNP PARIBAS REAL ESTATE

The scarcity of Grade A office space still remains an issue to the market supply, since there is lack of quality spaces to meet investor demand, which appears to be persistent. The Cretan office is characterized by a constant need for new or renovated quality properties, and in particular for "green" properties to meet the new working conditions.

Investor Profile remains the same, Greek REICs have been playing a secondary role in local transactions, with less priority on office spaces for Crete.

CRETE'S OFFICE SPACES VACANCY RATES



Source: Danos, an alliance member of BNP Paribas Real Estate

MARKET TRENDS GRADE A OFFICES CRETE	
RENTALS	→
YIELD	→
VACANCY RATE	↘
ABSORPTION	↗

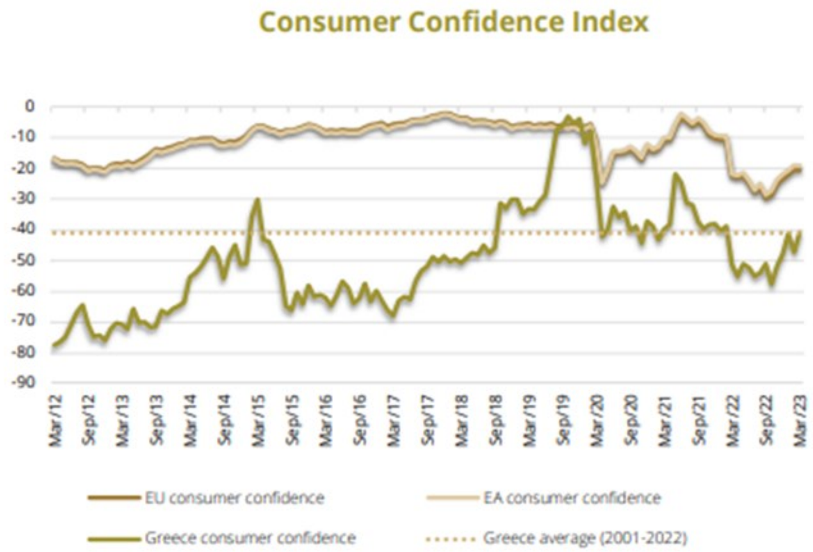
Yields	Locations
6%-6,5%	Grade A Prime Locations
7%-7,5%	Grade B Prime Locations
8%-8,5%	Grade B Secondary Locations

RETAIL MARKET REPORT

Consumers appear to be adjusting their purchasing patterns and changing their habits according to current conditions and developments.

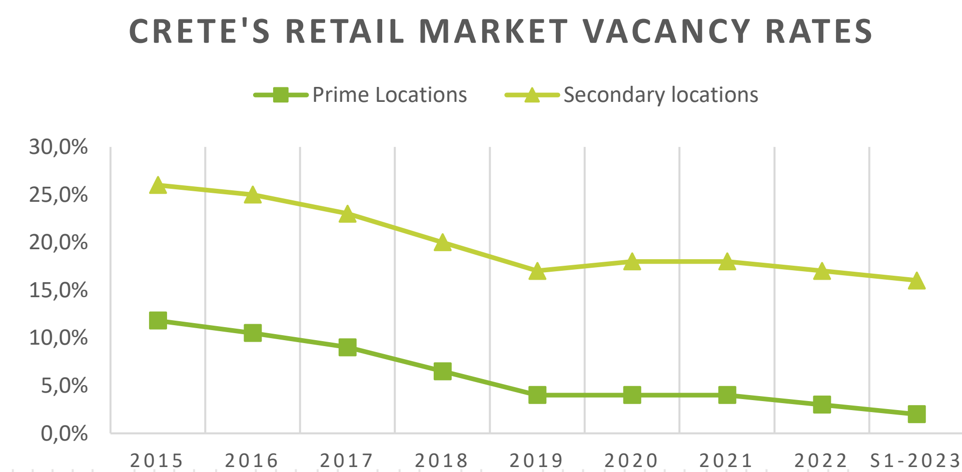
OVERVIEW

Consumers now want to enjoy the benefits of both brick-and-mortar and online shopping, while this shift to e-commerce has affected the brick-and-mortar market, focusing investors and renters almost exclusively on prime locations. As a result, the demand for rent in the most commercial streets, but also in the established shopping centers, is still high due to the lack of available shops.



CRETE RETAIL MARKET

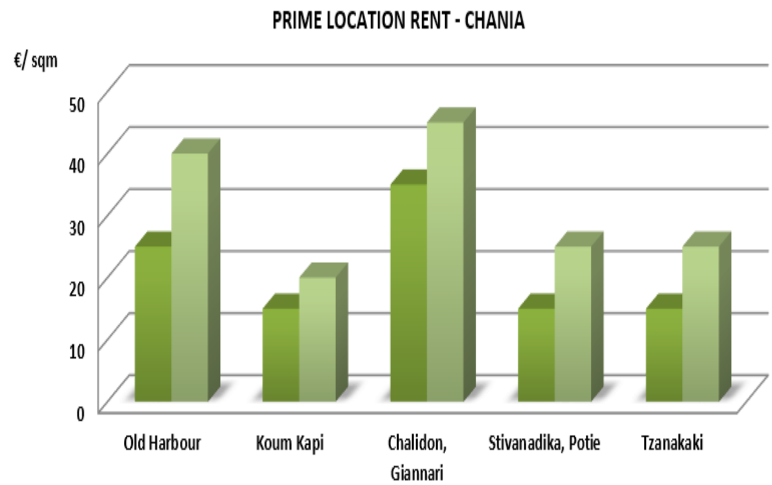
An increase was also observed in the retail market of Crete, despite the upward numbers of inflation. The search for retail store focuses on the central parts of the island's cities, as it used to be, with many multinational companies looking for premises to expand their business. As both the retail and tourism sector estimations show a positive sign this year, especially in Crete, prime retail and hypermarkets continue to attract investor’s interest and now it remains to be seen how the premium locations will correspond to these changes respectively.



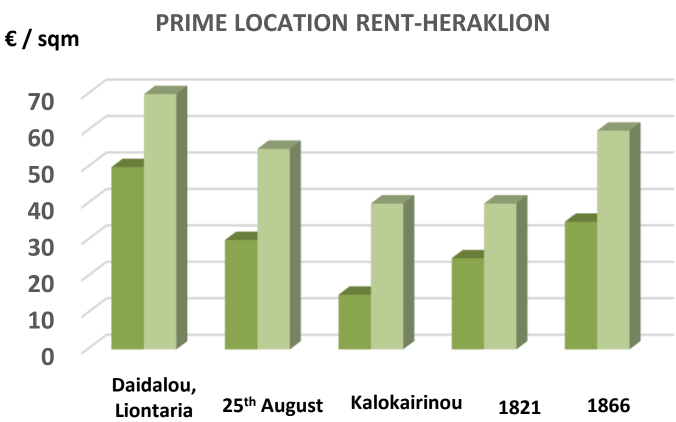
Source: Danos an alliance member of BNP Paribas Real Estate

Chania Old Port is the most commercial area with great leasing interest. Monthly rental values vary from 35-40€/sqm, while in streets such as Chalidon, Chatzimichali-Giannari and Skalidi, where major companies are based, monthly rental values vary from 35-45€/sqm.
In **Heraklion**, the most commercial areas are Daidalou street, 1866 street and Liontaria Square, where monthly rental values vary from 50-70€/sqm.
In **Rethymnon**, within the Old Town and in the north part of Arkadiou street, which is the most expensive area, monthly rental prices vary from 15-30€/sqm.
Finally, in **Lasithi**, in central, primary zones, prices can reach up to 15€/sqm/month.

The retail scene seems to be changing drastically, following the Greek economy, that is also changing course and growth model, entering a new phase and attracting investors from abroad much more strongly than ever before.



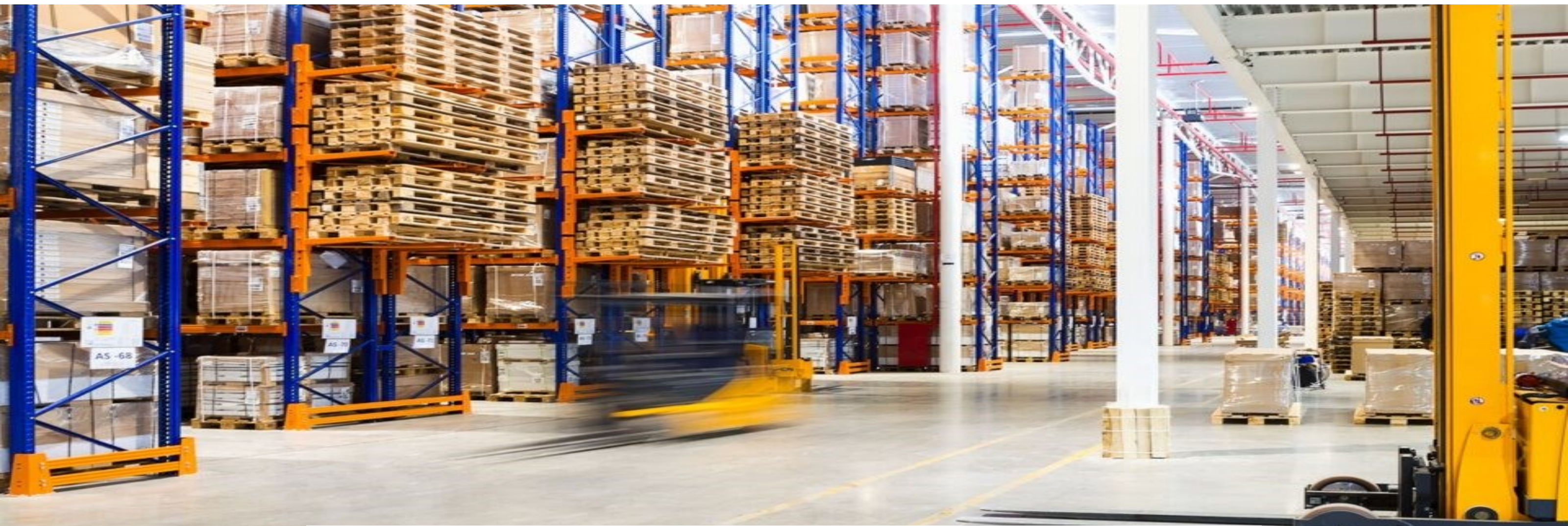
Source: Danos an alliance member of BNP Paribas Real Estate



CRETE'S MARKET TRENDS PRIMARY RETAIL LOCATIONS	
RENTALS	
YIELD	
VACANCY RATE	
ABSORPTION	

Source: Danos an alliance member of BNP Paribas Real Estate

Main yields:. The yields in the high streets remained stable for the first half of 2023, with Chania and Heraklion maintaining high rates. Prime locations, so far appear to be unaffected, showing an uptick in the short term and the market demonstrating that changes in consumption and retail activity have fully recovered
Transactions: Lease transactions and Rental rates have stayed stable across the island in the last 12 months.



LOGISTICS MARKET REPORT

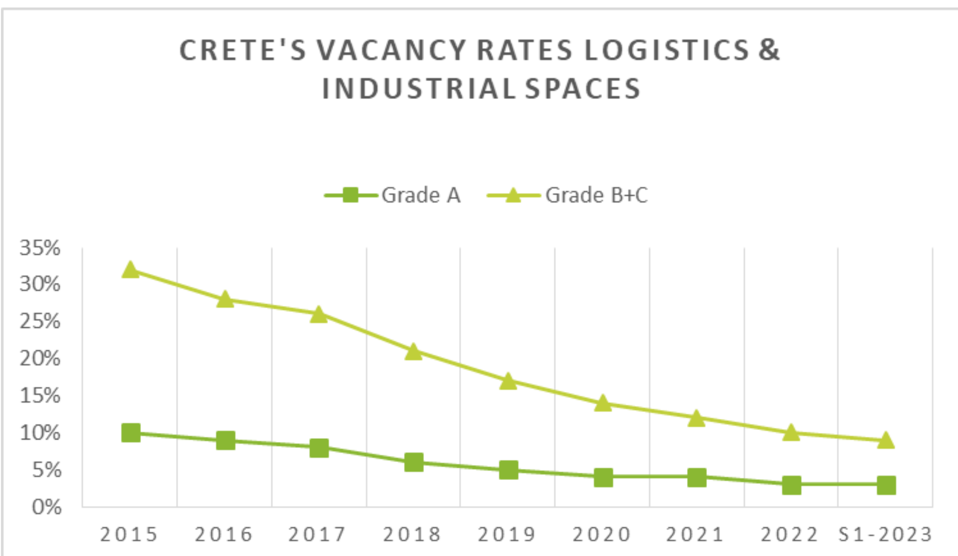
Stabilization or a slight decrease is expected in yields. The industry is emerging as the great beneficiary of the pandemic and its long-term course will be even better

OVERVIEW

The market imbalance is leading to increased values and a decrease in yields in the range of 7% on quality properties, depending on location and construction characteristics. Those companies positioned at the beginning of this bull cycle secured even lower prices, with near double-digit returns. Yields in Greece are among the most competitive at the European level as a typical yield in Great Britain, France or Germany for prime real estate is currently around 3% – 3.5%, with increasing trends for the rest of 2023.

LOGISTICS MARKET

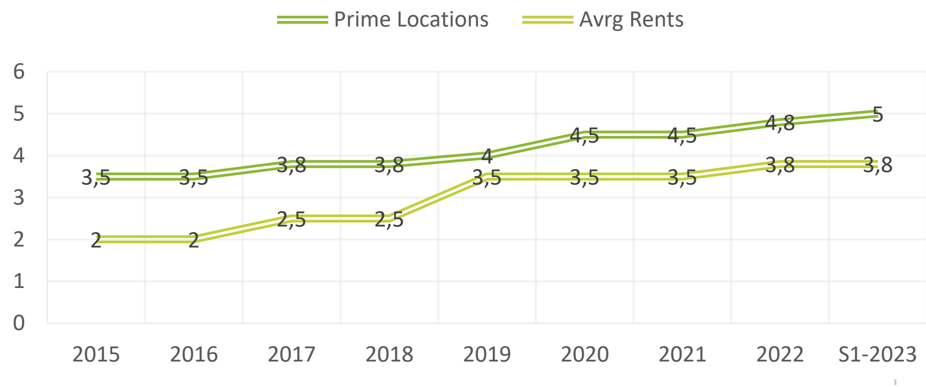
The major issue for the logistics market in Crete at the moment is the lack of industrial spaces comparing with the rising demand. Today, a new industrial and logistics building in a central location can register a rent of more than 5 euro/sqm/month. In other areas the lease terms are lower from 3 euro/sqm/month.



Source: Danos an alliance member of BNP Paribas Real Estate

The lack of a specialized logistics market was clearly illustrated during the E-Commerce prosperity, which is still a challenge as E-Commerce is here to stay. Greece is focusing on increasing its attractiveness as a leading regional logistics hub. To achieve this, priorities are to improve international trade routes, expand, upgrade and build new logistical infrastructure and invest in technology, innovation and human capital.

CRETE'S LOGISTICS & INDUSTRIAL MARKET RENTS



Source: Danos an alliance member of BNP Paribas Real Estate

The upgrade of the road network of Crete with the construction of the Northern Road Axis of Crete (BOAK), which is in progress, as well as the new Kastelli International Airport (also under construction), is expected to give the impetus for the new era in the field of logistics in Crete. A total of 300 km of new roads are expected to be built, which will comfortably serve the logistics sector.

Furthermore, the consortium of Grimaldi Euromed S.p.A. & Minoan lines A.N.E. perceive new investment opportunities in Crete and they appointed the 67% of the share capital of Heraklion Port Authority. As the CEO of Grimaldi Group (Emanouele Grimaldi) recently mentioned: <<*The economy of Greece has shown a remarkable recovery and this attracts the interest of the group, which is always open to new opportunities related to shipping and logistics activities*>>.

	CRETE'S MARKET TRENDS LOGISTICS			
	RENTS	YIELDS	DEMAND	SUPPLY
GRADE A	↗	↘	↗	↘
GRADE B	→	→	↗	→

Source: Danos an alliance member of BNP Paribas Real Estate

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INTERNATIONAL PROPERTY CONSULTANTS & VALUERS

S1 2023 MARKET INSIGHT REPORT

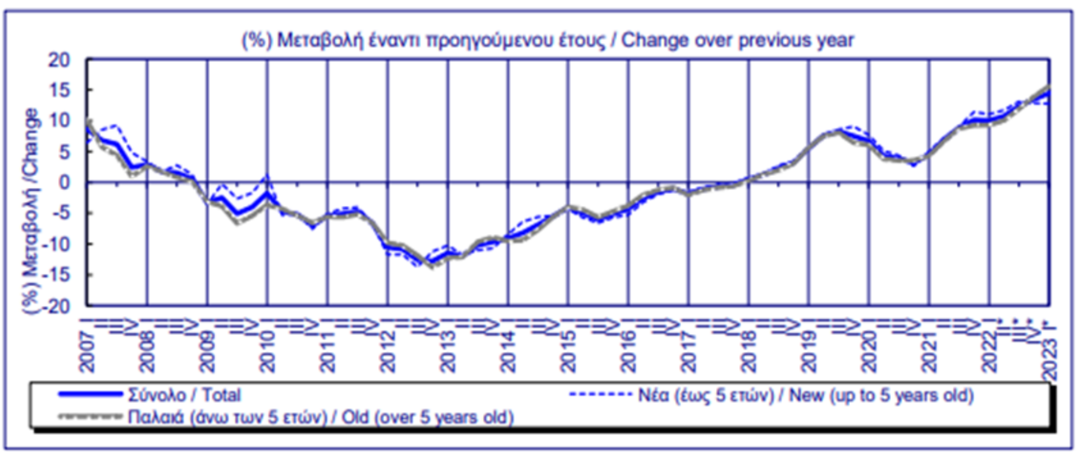
RESIDENTIAL MARKET REPORT

Upward trends in median home prices continue into 2023 according to the latest market data for the first half of 2023 compared to the first half of 2022 for both home sales and rentals, with the median home sales price marks the most significant increase of the two for this period.

OVERVIEW

Prices continue to pull upwards as in the first half of the year house sales prices "ran" with a double digit growth rate, taking also advantage of the announced readjustment in certain regions of the country regarding the minimum amount required to invest in real estate for the granting of a Residency permit – Golden Visa.

Also the new Youth Home Loan, for people aged 24 to 39, had as result the price increase by 5%-10% making the search for a house increasingly difficult for participants in the subject program, but also for any other interested party.



Source: Greek Central Bank

CRETE RESIDENTIAL MARKET

The average house sale prices in Chania and Heraklion in the first half of 2023 increased significantly compared to the corresponding half of 2022, according to real estate market data, with Chania leading between the two regions by the increased sale prices.

Just before the summer season of 2023, the residential prices in Chania and Heraklion soar, with the city of Chania showing the highest increase in the average sale price on the island, due to the increased demand for the acquisition of residential properties as investment and/ or for permanent and holiday residence from northern and eastern Europe and the great interest from Greek investors. The improvement in the infrastructure, with several projects under progress on the island such as BOAK and the new airport, combined with the huge tourist flow on the island are some other important reasons for the "surge" in prices.

The tourism recovery experienced in the island during 2022, has impacted also the rental market, because owners choose short-term rental platforms for leasing their assets, securing a high income especially during the summer, while, simultaneously, many investors from northern and western Europe prefer Crete for the purchase of a permanent or holiday residence, reducing further the supply of houses for rent.

An other important factor, affecting the supply of newly built apartments/ houses, is the limited development activity due to the increased construction cost.

House prices for rent

Area	Q1 2023 (€/sqm)	Q1 2022 (€/sqm)	Change %
Heraklion Prefecture	8.00	7.50	6.70%
Chania Prefecture	8.33	7.14	16.70%
Rethymno Prefecture	8.75	8.00	9.40%
Lasithi Prefecture	7.07	6.82	3.70%

Source: Spitogatos.gr

Crete's residential market has been all the previous years under impressive pressure as the high demand could not be covered from the supply of properties for rent and this fact led to increases in rental prices throughout Crete (table on the left).

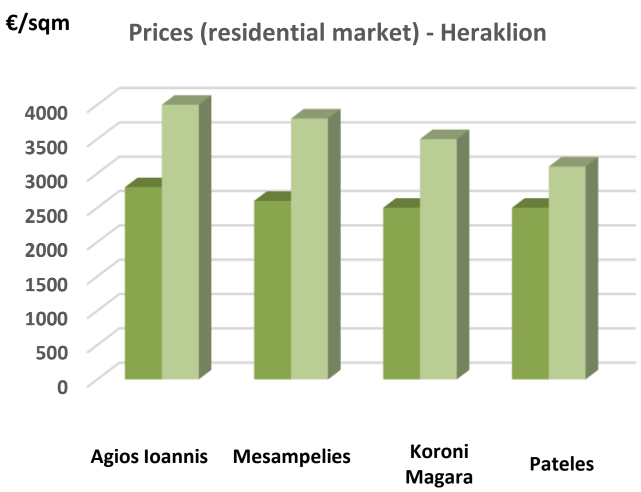
The same phenomenon has affected the market in Crete's residential market, resulting in small number of properties being offered for sale and led to an increase in prices, especially of new properties. The table on the right reflects the percentage increase of real estate in Crete in the first quarter of 2023 compared to that of 2022 (average increase of 6,57% throughout the island).

House prices for sale

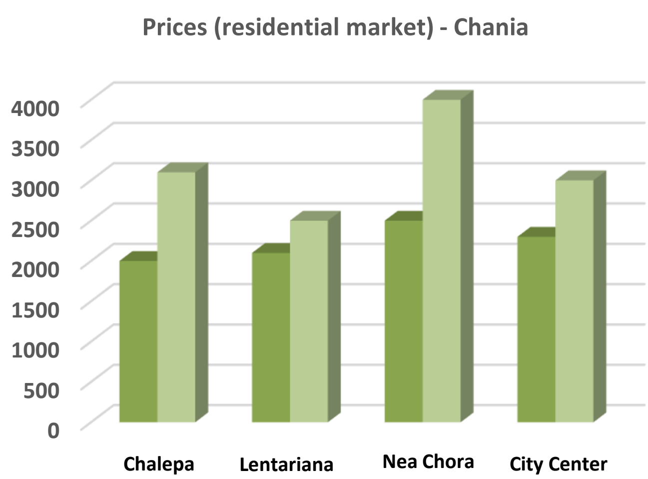
Area	Q1 2023 (€/sqm)	Q1 2022 (€/sqm)	Change %
Heraklion Prefecture	1,408	1,328	6.00%
Chania Prefecture	2,076	1,813	14.60%
Rethymno Prefecture	1,616	1,524	6.00%
Lasithi Prefecture	1,716	1,714	0.10%

Source: Spitogatos.gr

In the following graphs we observe the range of the residential prices in the most sought areas of the two largest urban centers of Crete, Heraklion and Chania.



Source: Danos an alliance member of BNP Paribas Real Estate



Source: Danos an alliance member of BNP Paribas Real Estate

HOTEL & TOURISM MARKET REPORT

For the second year in a row, the availability of hotel units for sale is a surprise. Certainly every year there are sales of hotel units of all categories, whether 5-star hotel units or smaller family units, but it was difficult to find such a large availability on real estate websites. The increased availability for the second consecutive year records a trend in the specific industry, which can be translated into even higher availability numbers, because a large part of hotels for sale are not posted on websites for obvious reasons.

OVERVIEW

The official estimate of the Ministry of Tourism for 2023, is for revenues greater than the record of 2019, encouraging from the Greek economy data projections. While all of the above are positive elements, on the other hand, 204 hotel units and tourist accommodations are available for sale in June, which seems to enhance the transformation of the Greek Hospitality Market.

According to the statistics of the Institute of the Association of Hellenic Tourism Enterprises (INSETE) on foreign air arrivals in the country, the good news for tourism started from the period January-April 2023, when 2.7 million international air arrivals were recorded, exceeding levels of the same period of 2022 and showing an increase of +871,000 arrivals (+47.1%).

Based on the recent processing of statistics (31.05.2023), overnight stays at Crete show an increase of 2.5% compared to the corresponding period of 2022.

Traffic Development Overview

Fraport Greece

CHANIA AIRPORT "IOANNIS DASKALOGIANNIS" - 2023 vs 2022

Passengers	Domestic			International			Total		
Month	2023	2022	%Δ	2023	2022	%Δ	2023	2022	%Δ
JANUARY	54,855	34,382	**59.5%**	2,614	1,016	**157.3%**	57,469	35,398	**62.4%**
FEBRUARY	51,968	35,310	**47.2%**	2,507	1,791	**40.0%**	54,475	37,101	**46.8%**
MARCH	59,712	43,683	**36.7%**	13,187	9,610	**37.2%**	72,899	53,293	**36.8%**
APRIL	66,001	53,853	**22.6%**	126,299	115,140	**9.7%**	192,300	168,993	**13.8%**
MAY	72,296	55,579	**30.1%**	300,602	274,610	**9.5%**	372,898	330,189	**12.9%**
TOTAL CHQ	**304,832**	**222,807**	**36.8%**	**445,209**	**402,167**	**10.7%**	**750,041**	**624,974**	**20.0%**

Source: FG Traffic Data Management-Fraport Greece

Crete Hotel & Tourism Market

As one of Greece's leading tourist destinations with more than 5 million visitors per year, foreign investors have been increasingly active in Crete's hospitality investment sector. More than half-a-dozen major hotel and resort deals have been announced in the last year. This trend is also supported by the ranking published from the European Best Destinations portal, in which Crete took 20th place on the list of the best European destinations.

Also the works on the major development project of Crete, the new international Airport in Kasteli, which is estimated to be completed at the end of 2025, are progressing at an intensive pace. This is a project, which, when it will be finished, will take off Cretan tourism.

New Hotel Openings

The expectations in the market remain high and there is vivid activity with new openings:

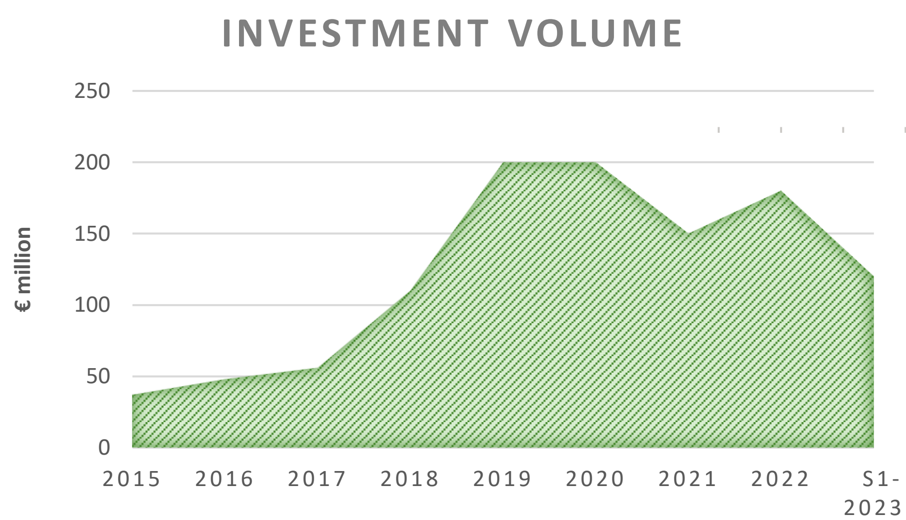
- ✓ The first InterContinental Resort outside of Athens is expected to open during summer 2023, on the site of the old "Hermes" hotel, formerly owned by the Mamidakis group, in Agios Nikolaos. The InterContinental Resort Crete will feature 205 rooms, all with private terraces.
- ✓ International hotel group Brown Hotel has officially announced the opening of a second property under its new line of "Isla Brown" luxury design resorts. Opened in June 2023, Isla Brown Chania is a five-star located on the coastline of northern Crete, offering 177 rooms and suites and views across the Mediterranean.
- ✓ A new wellness-focused resort is set for the shores of Crete. Opened in June 2023, Pnoé Breathing Life will form part of the new Greek-owned MK Hotel Collection. Located on the northern coast of Crete, the beachfront resort will comprise 60 suites, each with private pools.
- ✓ NMP INVESTMENT SA's investment plan refers to the establishment of a 5-star hotel, with a capacity of 114 rooms and 150 beds, at the intersection of Akti Kanari & Patriarchou Athanasiou streets, in the Nea Chora area of Chania and is expected to open its gates later in 2023.

Photo of Pnoe Breathing Life Hotel in Karteros Heraklion.

CRETE'S MAJOR RE TRANSACTIONS S1-2023

Buyer	Asset - Description	Price (in million €)	Date
CRETAN INVESTMENT GROUP OF GREECE	Purchase of the Village Resort & Waterpark hotel in Chersonissos, Heraklion (will be complete renovated and upgraded to a 5* hotel complex)	42,37	Jun 2023
HIG CAPITAL	Purchase and upgrade of The 4* Aldiana Club Creta located in Mochlos of Agios Nikolaos in Crete. HIG group is planning to increase from 150 rooms to 400 rooms.	60	May 2023

Overall, in S1 2023, over €100 mil investments (including several sectors) have been concluded with significant size/ deals pending/are expected to be finalized during S2 2023 in Crete's Real Estate Market



Source: Danos an alliance member of BNP Paribas Real Estate

Real Estate is in a changing process, new trends emerge and new challenges are faced, the Greek Real Estate market, however, shows signs of resilience and adaptability.

Danos - Melakis

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