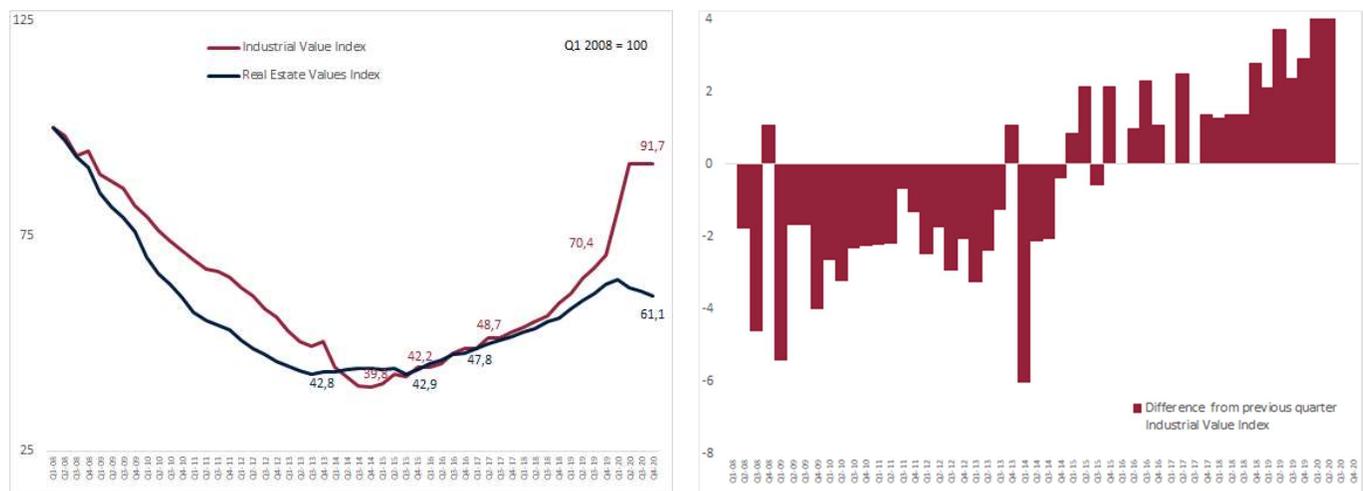


Overview

An investment in Real estate sector is always appealing for institutional and private investors. The Greek real estate market provides significant opportunities, for those willing to navigate a particularly complex business environment. The historical data and the analysis of the market provide relevant points of interest regarding investment opportunities and market timing.

Inventio computes and assesses a Real Estate Value Index for each of the main real estate markets (Office, Commercial, Industrial) for better understanding the changes in the value of assets.

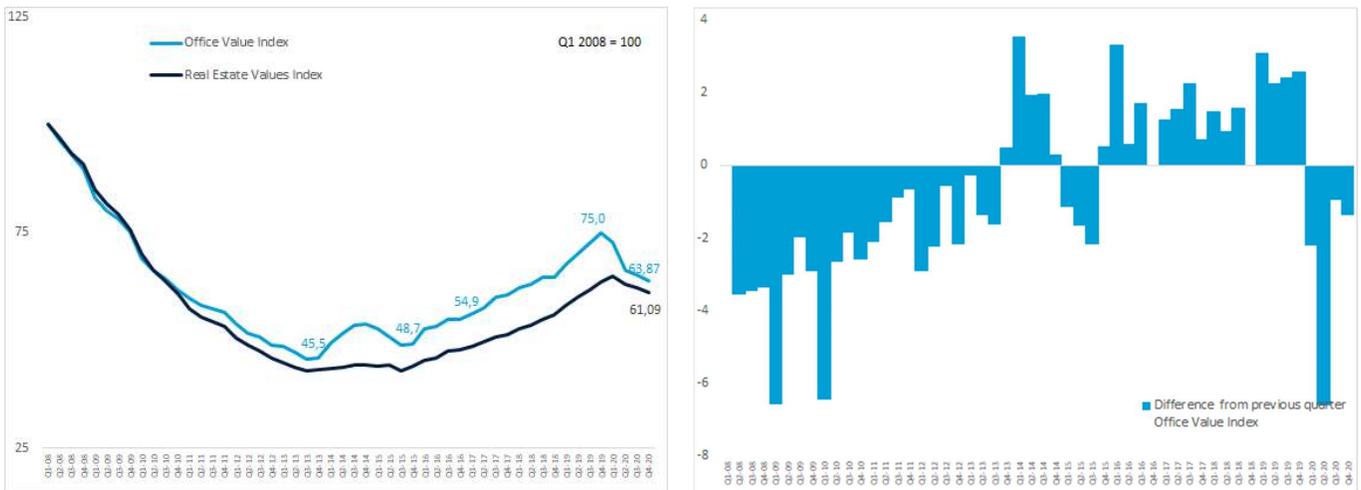
Industrial Value Index



Industrial Value Index:

1. The lack of sizeable and quality supply (grade, scarcity of land) in combination with the low vacancy for Grade A logistics, drives yields down for prime spaces (still higher than most European cities).
2. Development activity not yet robust. Foreign investors and as well as locals (REICs) mainly compete for the acquisition of completed prime logistics facilities (size, location, Grade A).
3. The effect of Covid-19 is negligible to modest until now, mainly for prime logistics, especially since the trend of e-commerce expands replacing retail outlets. The greater market prospects (location, new infrastructure projects, Asian markets, e-commerce growth), the lack of quality supply and the limited investment opportunities (in all RE markets) add to the sector interest.
4. The Industrial Value Index almost reached its pre-2010 crisis level, recording a significant increase especially the last 12 months.
5. The Index reached 91.7 points, outperforming the broader RE market considerably.
6. The development of new supply according to modern standards (size, automation systems, facilities) is necessary for the next phase of progress for the sector. When this happens, lower grade, older and small buildings shall become obsolete.

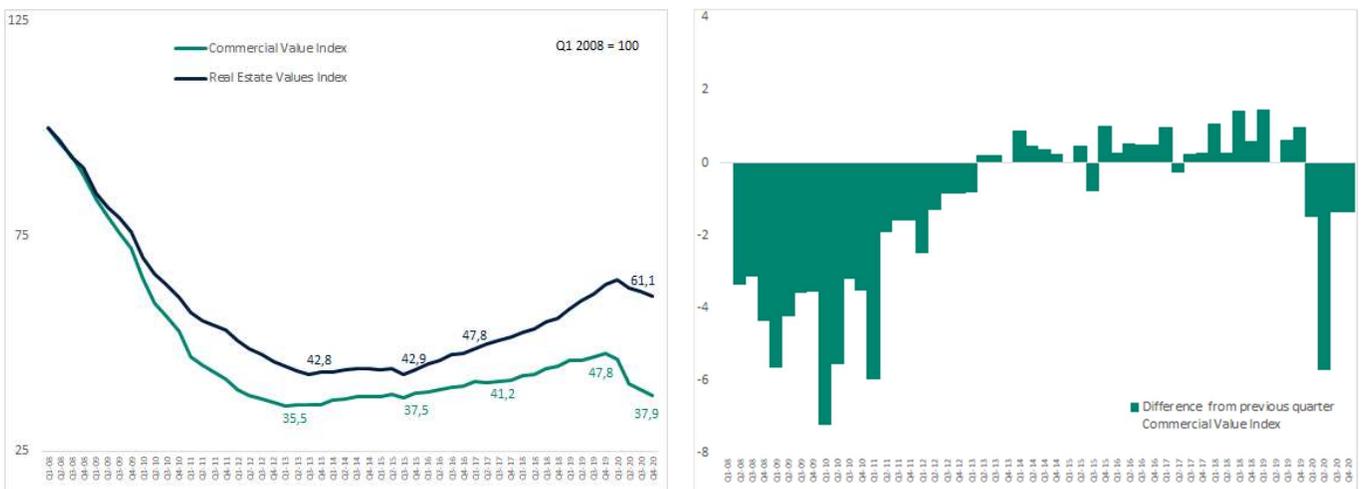
Office Value Index



Office Value Index:

- As of the end of 2020, the Index stands at 63.87 recording a 14,8% drop since the 2019 pick. Office Value Index is still more than 35% lower from its 2008 peak value. The 2020 drop is attributed to potential adverse effect on office occupational trends because of the pandemic. Such trends shall become more evident in the coming months but so far, we observe that corporates with lower salary employees favor more offsite work.
- Considering a lag of 2-3 quarters, the full effect of the pandemic is not yet crystalized.

Commercial Value Index



Commercial Value Index:

- The Commercial Value index shows continuous weakness since 2008 vs the rest of the RE market. During 2020, hit by Covid-19 pandemic, retail received yet another blow. Any interest was restricted to supermarkets/ hypermarkets, the only segment of the market that was not negatively affected from the spread of covid-19.
- A lot of retailers will close or significantly downsize their activities as the government support and bank financing reduces.
- In the short term, rental rates are expected to drop significantly, thus maintaining the downward trend of the Index. With e-commerce gaining grounds we do not see retail picking up soon except if supply side economics play a more significant role.
- The strong and robust growth of the economy is critical for the real improvement of the household disposable income (downsized again due to the heavy 2020 GDP decline) which may offer a cushion for the index.
- The Commercial Value Index stands at 37,9, more than 60% off its 2008 pick **and close to its previous bottom (Q1 2013)**.

Macro Event's Calendar			
Period	Macro Events		EEI
2008 - Q3 2009	Financing Issues – Beginning of the crisis	↓	Uncertainty pick up
Q4 2009 - Q2 2010	Elections	↗	Dead cat bounce
Q3 2010 - Q1 2012	First Program	↘	Negative expectations persist
Q2 2012	Failed Election	↓	Negativity bottoms out
Q3 2012 - Q3 2014	Elections – Signing of new agreement	↗	Expectations improve with ups and downs
Q4 2014 - Q2 2015	Elections – near GREXIT	↓	Reemergence of uncertainty
Q3 2015 - Q2 2017	Elections – Signing of new agreement	↗	Positive expectations build up
Q3 2017 - Q2 2018	Moderate growth – Investors hesitancy	↘	Realization time- adjustment of Expectations
Q3 2018 - Q1 2019	End of memorandums – Long pre-election period	↗	Wait and see attitude
Q2 2019	EU Elections – Announcement for National Elections in July	↗	Positive expectations
Q3 2019 - Q4 2019	Elections – Positive momentum in international and domestic markets	↑	Positive International and domestic expectations
Q1 2020 - Q2 2020	Spread of Covid-19	↓	Reemergence of uncertainty (External factor)
Q3 2020 - Q4 2020	Second wave of Covid-19	↘	Reemergence of uncertainty

Methodology

Real Estate Values Index: Analysis of the historical real estate yields and rents in the main real estate markets (retail, industrial and office) for calculating the value of an indicative asset.

Q1 2008 = 100

Sources: Elstat, Eurostat, Bank of Greece
Index Creation: Inventio Consulting SA

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