

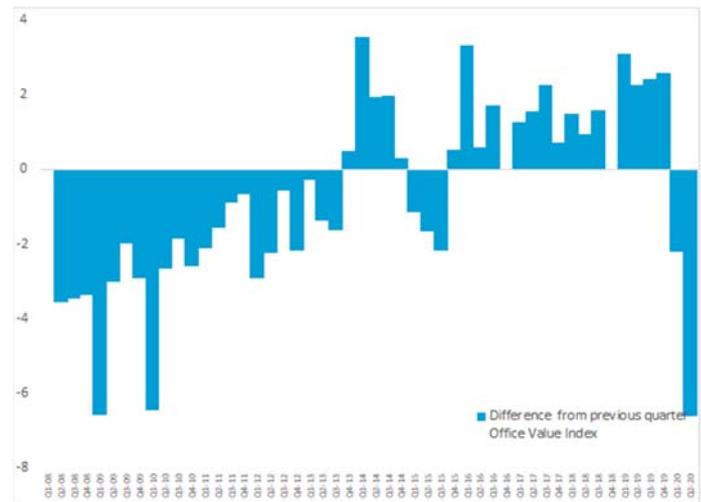
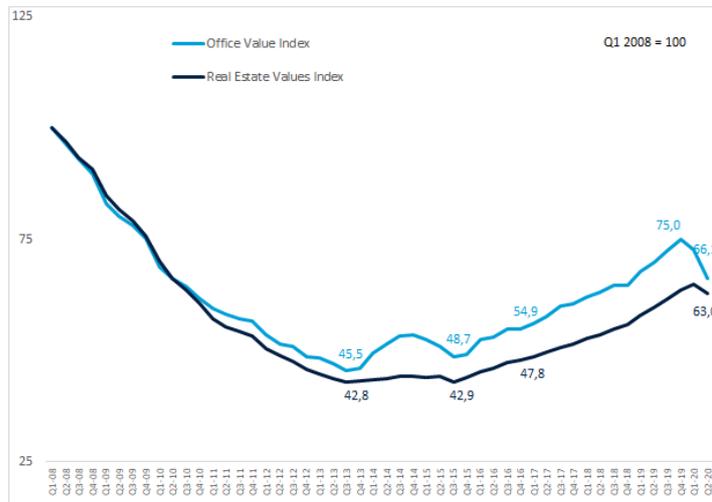
# Inventio Real Estate Indexes | Q2 2020

## 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.

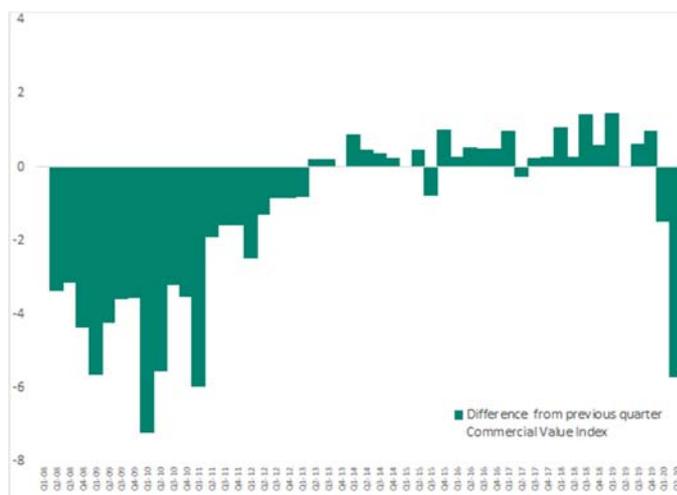
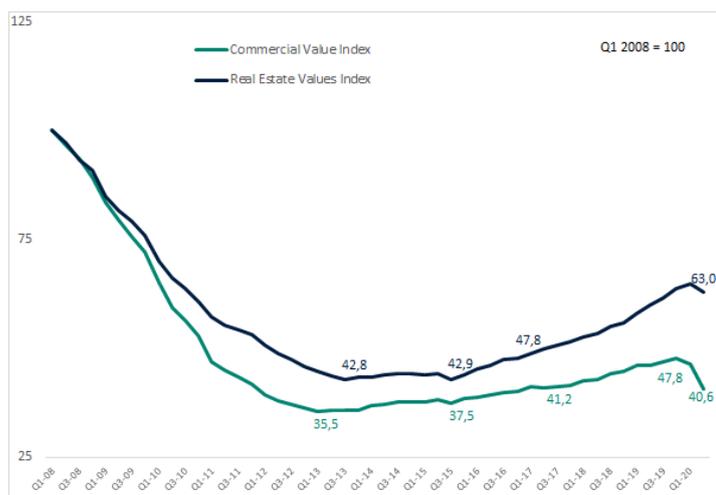
## Office Value Index



### Office Value Index:

1. It seems that the index is more sensitive to Economic expectations, as it slightly increased during 2014 (sense of normality in the Greek markets) before it almost reverted back to its bottom in Q3 2015 (near Grexit).
2. The spread of covid-19 put on hold any investment plan both from local and foreign investors.
3. The sustainability issues that many Greek enterprises are facing (recession of Economy) in combination with the remote work increasing trend (many companies keep remote/rolling/occasionally work policies) put pressure to office rental rates and occupancy. The correction of prime yield is inevitable for the time being.
4. The duration of the period for the economy to return to normality will define the duration and extent of the downward trend of the Index. In any event the positive appetite from investors to continue investing in Greek office market is still there. Consider also that the development of new supply (lack of Grade A stock, increase of rental rates, investment product) is essential for the long-term upward trend of the Index.
5. Currently the Index is at 66.1 recording a 12% drop since the 2019 pick. The Office Value Index is still c. 35% lower from its 2008 peak value.

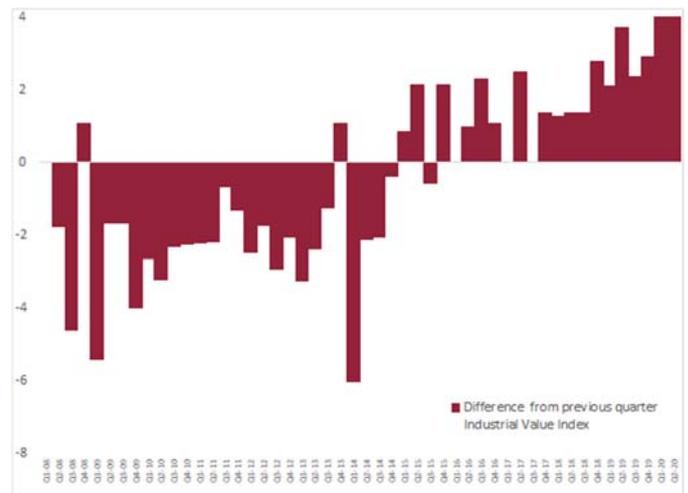
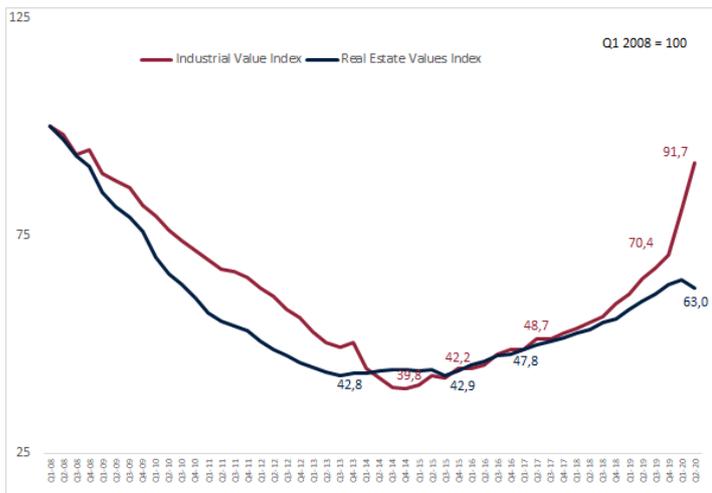
## Commercial Value Index



### Commercial Value Index:

1. The Commercial Value index shows continuous weakness signs since 2008 vs the rest of the RE market.
2. During H1 2020, hit by Covid-19, retail has been again suffered and any interest mainly restrained to supermarkets/ hypermarkets (conclusion of 2 pre-agreed deals), the only segment of the market that not negatively affected from the spread of covid-19.
3. The 2-month lock down of the Greek economy dried up any liquidity of the Greek retailers. Combined with the limited bank financing, these factors will drive a lot of them to effectively close or significantly downsize their activities. Additionally, the increase of unemployment and the lower disposable income due to the GDP decline in 2020 and 2021 will lead to a weaker internal demand. The Government reaction will play an important role for the support of the sector.
4. In the short term, rental rates and occupancy are expected to drop, retaining the downward trend of the Index until the normalization and return to some normality of the economy.
5. The strong and robust growth of the economy is critical for the real improvement of the household disposable income which shall reignite the sector and may attract the interest of foreign and local investors searching for appealing returns in the near future.
6. The Commercial Value Index stands at 40,6 still c. 60% lower from its 2008 value **and close to its bottom (Q1 2013)**.

## Industrial Value Index



### Industrial Value Index:

1. As investment activity is picking up in the sector, we notice foreign (funds) and local investors (REICs) competing for the acquisition of prime logistics facilities (size, location, Grade A).
2. 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) and rental rates upwards.
3. The effect of Covid-19 expected to be negligible to modest, 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. Currently, and on a transaction level, the Industrial Value Index has essentially reached the 2008, pre-crisis levels outperforming the broader RE market considerably.

<b>Macro Event's Calendar</b>			
<b>Period</b>	<b>Macro Events</b>		<b>EEI</b>
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)

## 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

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