Investment Opportunities in Tourism & Real Estate

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1. Tourism Sector in Greece
1.1 Greek Tourism Market
Tourism holds a prominent position in Greek economy

- A unique past, a country full of archaeological treasures.
- Spectacular landscapes with pristine beaches and iconic mountains.
- Greece’s Mild climate is ideal for year-round (Average of 300 sunshine days per year)
- Mediterranean cuisine-diet (life expectancy at 79.66 years-old, 26th position in the world), in the country that gave birth to symposiums and the Epicurean philosophers.
- Infrastructure—Supporting Success: The 2004 Olympic Games proved to be a catalyst for widespread infrastructure development and an improved tourism infrastructure
- One of the safest countries in the Mediterranean region with a hospitable population.

✓ 16th in tourist arrivals globally (2008)
✓ 12th in global tourism revenue (2008)
✓ Tourism represents 17% of National GDP and almost 20% of employment
Greece is the 4th most popular tourist destination in the European Union for the year 2010, according to the Euro barometer poll.

Greece holds in 2010 the 2nd place among 41 countries across Europe, South Africa, Morocco, Tunisia, New Zealand, Brazil, Canada and the Caribbean, in the European Blue Flag Program with 421 beaches and 9 marinas.

Greece is among top 10 destinations for 2010 (Lonely Planet Best Travel 2010).

Greece holds the 2nd place in the 2008 Telegraph Travel Awards, at their Best European Country ranking.

- More than 5,000 islands and islets
- 15,000 km of coastline
…..with great potential in growing numbers

Tourist Arrivals (mil.)

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
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<td>17.5</td>
<td>17.6</td>
<td>15</td>
<td>20 F</td>
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Tourism sector receipts (€ mil.)

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<td>10730</td>
<td>11357</td>
<td>11320</td>
<td>11636</td>
<td>10370</td>
</tr>
</tbody>
</table>

Source: National Statistical Service, World Travel and Tourism Council 2010
...and arrivals in Greek regions

Tourist Arrivals in Hotels & Campings in the Greek Regions - 2008 - Share %

Source: Association of Greek Tourism Enterprises
Summing up: The need for High-end investments in the sector is apparent

- Existing hotel infrastructure: 9,559 Hotel establishments providing for 732,279 Hotel beds in total (2009)
- Low average per capita tourism expenditure: €692

However opportunities arise from facts.....

- Concentration of Hotel supply: 52% of Hotel beds are in Crete, Macedonia and Dodecanese
- 5* Hotels represent only 3% in the distribution of Units (2009 data) and 4* Hotels represent 12%
- According to the 2009 Greek Hotel Branding Report, branded Hotels in Greece account only for 4% of the total number and 19% of total availability of rooms, while in other European countries this figure lies between 25 and 40%
- Only 113 brands operate in Greece representing 431 hotels with a brand affiliation and respective room capacities and 97 hotels that are members of international hotel consortia
Summing up: The need for High-end investments in the sector is apparent

...and the current situation

- Greece’s priority to expand high end tourism accommodation
- Prospects are opening up for international investors to enter the hotel market in Greece
- Opportunities arise to acquire hotels and/or resorts in areas of exceptional beauty and in out of the ordinary advantageous prices
1.2 Investment Opportunities
Strengths and Weaknesses creating investment opportunities

- Established tourism destination with an eternal brand name
- Unique cultural heritage and archaeological monuments
- Breathtaking landscape with more than 5,000 island and islets
- Heavily based on the sun-sea-sand tourism model
- Tourism revenues at the highest % of GDP in Europe, but Low average income per tourist

- Increase receipts per tourist
- Attract tourists from new markets
- Tackle seasonality
- Exploit current trends in tourism marketing
- Enhance tourism model, incorporating special forms and development of tourism residences
- Take advantage of the number of islands, promoting sea tourism
- Exploiting synergies between tourism and culture and between tourism and medical sector
Marinas
A sea of opportunity

Advantages

- More than 5,000 Islands and over 15,000 km of coast line
- Safe sea, small distances between destinations and favorable wind force
- 128 marinas in total with 19,269 mooring places
- 55 of them are actually in service providing for 10,015 places
- Sea Tourism → yachting - cruises

Opportunities

- Need for more and upgraded Marinas
- Marinas for PPP development under way

Flisvos marina (PPP Project): One of the successful privatizations of the Tourism Development Co. In 2002, LAMDA TechnOL Flisvos Marina was awarded a 40-year concession to develop, upgrade and manage the marina. Today one of the most upscale, modern projects made
Integrated Resorts....

**Advantages**

- Mediterranean climate favours year round operation
- Superb locations to establish resorts
- A well-educated and experienced workforce is active/employed in the tourism sector

**Opportunities**

- Hotel operating season anticipated to be extended to include the winter months by virtue of the existence of upscale leisure facilities (i.e. golf)
- Lack of integrated resorts in absolute numbers

New ultimate destination: Costa Navarino Integrated Resort
Rising demand for holiday homes brings out investment opportunities in Greece.

Changing patterns in ownership types (fractional etc).

Greece is among the top 5 most favorite destinations for British and other North European citizens.

If the Greek residential market managed to attract foreign demand analogous to ¼ of the cumulative investment in Spanish real estate assets during the 2004-2008 period (measured in terms of housing units) -- a figure in line with the relative size of the two economies -- this demand would correspond to almost 80% of the annual level of residential transactions in Greece during the period 2004 – 2008 (of about 93,000 housing units annually).
Conference Tourism

- 0.8% of the ‘global pie’ with an aim to reach 2-2.5% (ICCA)
- Priority sector with lucrative incentives
- Land of exceptional beauty
- Unique brand names
- Well developed tourism infrastructure

International Conference Centre - Athens Concert Hall

Advantages

Opportunities

- All-year long ideal climate for conference travel
- Need for more and upgraded conference centres
- Dynamic market with great development potential
Golf Resorts
A promising course of investment

Advantages
- The country is an established tourism destination with strong sports traditions: The country is also the birthplace of the Olympics
- Favorable climate for year-round golf
- Well developed tourism infrastructure
- Suitable land for development

Opportunities
- Priority Sector with lucrative incentives
- Only six existing 18 – hole-courses & one 9-hole
- Shifting tourism trends: Greece’s traditional sender markets (UK, Germany, France & Italy) all have aging populations
- Significant unmet demand with huge potential for growth

Crete Island Golf Club
Thermal Springs, Spa & Thalassotherapy

Advantages

- Nearly 700 thermo mineral (and in some cases therapeutic) springs of great value
- Booming domestic demand for spa services
- Well educated & highly experienced human resources

Opportunities

- Most are not commercially exploited until now or operating with outdated facilities
- Current capacity is low in absolute numbers
- Available sites for developing spas and thalassotherapy centers given the untapped thermal springs available

Success Story: among the 10 best Spa & Wellness centers in the world. Wellness Hotel Thermae Sylla Spa – Edipsos North Evia
Health Tourism

Advantages

- A growing market with more than 26 million trips per year in Europe
- Mild climate, Mediterranean diet and clean environment are ideal to patient’s recuperation
- Well educated, multilingual personnel
- Unique location between Europe, Africa, and Asia, make Greece easily accessible, reducing patients’ travel risks

Opportunities

- Plethora of famous medical schools, along with highly qualified medical personnel
- Lower costs compared to other western countries
- Mild climate, a landscape of unique beauty
- New fitness consciousness & striving for health leads to a rapidly rising demand for visits to appropriate destinations in a well-preserved natural environment

Country of origin %

- Germany: 40%
- Netherlands: 34%
- UK: 10%
- Italy: 8%
- Austria: 5%
- Other: 3%
Theme Parks

Greece has a rich cultural background on which to base appealing concept development.

Theme parks offer excitement and innovation and receive huge visitor numbers.

Extraordinary areas to develop theme parks in Greece.

Booming special form of attraction.

Vast appeal to all age groups.

Theme parks in Greece are low in absolute numbers.

Theme Park industry already mature in other parts of the world, leaving space for development in Greece.

Advantages

Opportunities
Public and private projects in the pipeline
Development of Greece’s public real estate

- **Xenia Hotels**
  - Collection of 10 boutique hotels at exquisite locations and leading national brand name
  - Sale of individual Xenia Hotels or bundling of several Xenia Hotels into an investment vehicle to be developed through concession

- **Hellenic Tourism Real Estate**
  - Packaging “high quality” properties into a tourism portfolio for development through concessions

- **Olympic Properties**
  - Concessions under way for unique Olympic arenas and properties

- **Casinos**
  - Divestment of ETA’s (Hellenic Tourism Properties) stakes in the casinos
...and Greece’s private tourism projects

FULL LIST AVAILABLE IN INVEST IN GREECE’S PORTFOLIO OF PUBLIC AND PRIVATE PROJECTS
2. Real Estate Sector in Greece
2.1 Greek Real Estate
An Olympic infrastructure boosted construction activity during the previous years. Now it is time to get the best out of it, while demand for new modern buildings and new projects in urban and rural areas of the country bring new investment opportunities.

Real estate is the best investment, on average, in terms of return, compared to the stock market and the bank deposits.

State owned real estate assets estimated to be valued at €300 bn, largely unexploited till now, is going to bring new blood to the market.

Real estate offers good yields even during the crisis, while it has just lost a 10% during the last two years of recession.

Real Estate sector has long been one of the main pillars of the Greek economy.
Real estate in numbers

Real Estate: main pillar of the Greek economy

Private residential investment comprises about 33% of gross fixed capital formation, while in the euro area the average is 29%.

More than 400,000 people work in property-related sectors in Greece, about 9% of total employment.

Household wealth held in residential real estate is valued to be in the range of 5.2 times GDP, compared with 4.5 times GDP for the euro area as a whole.

Owner occupancy more than 80% in Greece

“We believe that there is space for new projects in the Greek market. Moreover, the modern Greek lifestyle represents an investment opportunity with considerable growth potential.”

Felippe Fulcher Sonae Sierra

“VINCI has a strong and lasting presence in Greece, where the public-private partnership culture is now well-established and significant infrastructure needs remain.

Christophe Pélissié du Rausas, Senior Vice President, VINCI Concessions
A pretty mature market....

**Indicative foreign players**

- BNP Paribas Real Estate
- Colliers International
- Sonaes Sierra
- Savills
- Klepierre
- Rockspring
- Pradera
- Cushman & Wakefield
- APN Property Group
- CBRE
- Engel & Volkers

**REITs (Real Estate Investment Trusts) in Greece**

- Trastor (subsidiary of Piraeus Bank)
- Ethniki Pangea (subsidiary of National Bank of Greece)
- Eurobank Properties (subsidiary of Eurobank EFG)
- MIG Real Estate (subsidiary of Marfin Investment Group)
...facing current challenges

Recession

Decline in construction activity
- (-) Increased unemployment
- (+) Easier to find workers and at better wages

Drop in permit issuance
- (-) Less workload for engineers
- (+) Better lead times for business

Decline in house prices
- (-) Fewer taxes for the state
- (+) 80% correction over estimated overvaluation

Business opportunities
2.2 Why invest in Greek Real Estate?
Against the odds....

(-) Ease of finance

(+) Best investment over time

High yields even during crisis

Infrastructure with an Olympic medal

New projects and investment opportunities

Strong construction sector with international presence

Recession
Comparative accumulative Gross nominal output in Greece

Initial investment of 100€ in 31/12/1995

1999: 610 €
2007: 583 €

Source: Bank of Greece, ASE

ASE: Athens Stock Exchange
CPI: Consumer Price Index

Real Estate

1/1/2009
+204.8%
+141.3%
+109.7%
+59.3%
“Office yields across Europe fell during Q2 2010. The largest increases were in Thessaloniki where yields increased by 50 basis points to 8.00%, and Athens where there was an increase of 25 basis points to 6.75%.

Retail yields fell during the quarter…The single increase was in Athens where yields rose by 50 basis points to 6.50%.

Industrial yields fell during the quarter. The CB Richard Ellis industrial yield index for the EU-15 fell by seven basis points in the quarter and 34 basis points on the year. .....The single yield increase was in Athens (up 25 basis points to 8.50%). The largest yield reduction was in Dubai (100 basis points to 12%), with 50 basis point reductions in Paris (to 7.25%) and Warsaw (to 8.25%).”
Great infrastructure....

- **45 airports**, 15 of which are international
- **520 ports**, 12 of which are international
- **680 km Egnatia Motorway** on the North connects Adriatic, Aegean and Black Sea
- **Attiki Odos** ring road in Athens, awarded by International Road Federation
- **Rio Antirrio bridge** connecting Peloponnese with Central Greece
- **Athens International Airport** a successful PPP project, multiply awarded
New public projects
- New Heraklion Airport
- New Highways
- New logistics center in Thriasio
- Privatization of regional airports
- Privatization of railways’ operation
- New Attica Motorways, Cretan Motorways
- Piraeus Port’s investment plan
- Opportunities in the PPP market

Enhanced public property management
- New concessions for land plots available for tourism development
- Concessions for marinas
- Concession for “Pagoda” building in Piraeus port
- Concession for Tae-Kwon -Do Olympic Arena
- Concession of Xenia Hotels
- Athens- Attica 2014

New opportunities in the private sector
- At least 7 Shopping centers in the pipeline
- Lack of prime location office spaces, shopping centers and student halls
- Distressed assets in hospitality sector
- New law for green building brings opportunities for the construction sector
Summing up.....Why Greece?

- Building costs are going down because of the decline in investment in construction.
- Historical data show that real estate pays better than all other investments in Greece.
- The sector proved quite resilient even during current crisis.
- Despite strong decline in construction activity and transactions, prices corrected moderately.
2.3 Investment Opportunities
Big infrastructure projects in main Greek cities open up development opportunities

- Expansion of Athens Metro along with the expansion of Attiki Motorways, and construction of Thessaloniki Metro are creating new needs for spaces and new opportunities.

- Far-reaching aesthetic & functional influence in certain zones within the cities

- Current Athens office stock more than 5 mil m²

- Attiki Odos, the ring road running from the Athens International Airport, crosses the city centre and reaches the western suburbs of Athens offering great accessibility. This has brought the emergence of new office submarkets

Source: SouthEast Real Estate Report 2008

According to the CB Richard Ellis Global Market Review of 2010, Athens holds the 48th position in the office occupancy costs and the 3rd highest place (6.25%) concerning the Office Prime Property Yields in Europe.
Encouraging signs

Savill’s European Office Markets
Spring 2010:

“Prime rents dropped on average by 5.5% but we do not expect to see any further significant fall due to the limited supply of good quality space.”

Athens still has the first highest net prime yield according to this research.
New shopping centers during recession show the way

• Many large-scale malls, hypermarkets, leisure & entertainment centers have been developed over the last two years and many more are in the pipeline.

• However, the Greek retail market is limited compared to other European cities

• Over 460,000 sq.m. are expected to enter the market within the next three years

• Athens prime retail yields reached 7% for 2010

*Source: SouthEast Real Estate Report 2008*
A great potential...

Shopping Centre GLA (sq.m) per 1,000 Population

European Shopping Centre Pipeline

C&W MarketBeat 2010
with high yields

Shopping Centers’ yield levels

Bulgaria: 9.5
Ireland: 7.5
Greece: 7
Czech Republic: 6.75
Italy: 6.5
Austria: 6.25
Finland: 6.25
Portugal: 6.25
Denmark: 6
UK: 6
Spain: 6
Belgium: 5.5
Germany: 5.4
France: 5.25

Source: Cushman & Wakefield Economic Pulse May 2010
## Shopping centers in the pipeline

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>GLA (sq.m.)</th>
<th>Year of operation</th>
<th>Developer</th>
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<tbody>
<tr>
<td>CAPITOL</td>
<td>ATHENS</td>
<td>30,000</td>
<td>2010</td>
<td>CHARAGIONIS</td>
</tr>
<tr>
<td>ATHENS METRO MALL</td>
<td>AGIOS DIMITRIOS</td>
<td>22,000</td>
<td>2011</td>
<td>TALIMA VENTURE</td>
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<tr>
<td>GALATSI INDOOR HALL</td>
<td>GALATSI</td>
<td>40,000</td>
<td>2011</td>
<td>SONAE SIERRA</td>
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<tr>
<td>GYALOU</td>
<td>SPATA</td>
<td>53,600</td>
<td>2011</td>
<td>REDS</td>
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<tr>
<td>ATHENS DESIGNER OUTLET</td>
<td>SPATA</td>
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<td>2011</td>
<td>MC ARTHUR GLEN</td>
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<td>VOTANIKOS</td>
<td>VOTANIKOS</td>
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<td>2011</td>
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<td>VIOHALCO SHOPPING CENTER</td>
<td>KIFISSOS AVENUE</td>
<td>24,000</td>
<td>2011</td>
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</table>

*Source: South East Real Estate, 2010 Q3*
The industrial property market is characterized by a continuous evolution

- According to a new NBG report, the transformation of Greece into a peripheral transportation hub of the Southeast Mediterranean and the Caspian Sea could add approximately 0.2% to annual GDP growth.

- New Logistics Center in Thriasio and Thessaloniki change the logistics map of the country.

- Railways privatization and liberalization of the road transport sector will reduce cost and improve efficiency.

- The State gives particular attention to projects of infrastructure improvement, i.e. national ports scheme, logistics infrastructure new highways under PPP.

According to the CB Richard Ellis Global Market Review, Athens holds the 5th position in Industrial Prime Property Yields (7.5%) in Europe.
C&W Economic Pulse May 2010

Industrial yield levels

<table>
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<tr>
<th>Country</th>
<th>Yield Level</th>
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<td>Bulgaria</td>
<td>13</td>
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<td>Ireland</td>
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<td>Portugal</td>
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<td>Finland</td>
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<td>Austria</td>
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<td>Denmark</td>
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<tr>
<td>Germany</td>
<td>7.5</td>
</tr>
<tr>
<td>UK</td>
<td>6.8</td>
</tr>
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</table>
Thriassio freight complex

Project Introduction:

BASIC TECHNICAL DATA
• Located within the Athens Greater Area
• Having direct access to the main RR network, the Motorway network, the freight port of Ikonio
• Land area ~ 590,000 sq.m.
• Staged Construction of: Shunting yard, Freight station, Customs offices, Container Handling facilities, Other facilities, Road access to the Athens Ring Road Motorway

CONCESSION DATA
• Concession period ~ 30 years (+10 years optional extension)

TENDER PROCESS DATA
• One stage open international tender
• Tender procedure is open

Investment scale:
Estimated investment cost ~ 150 m €

Region:
Attica/Prefecture of West Athens

Mode of Cooperation:
Concession scheme

Project Owner:
Ministry of Infrastructure, Transport and Networks

The project contributes to the National strategy of making Greece an international intermodal node for Freight Transport and Logistics.
Tourism property market has strong potential

• 20 million visitors per year are a wide pool of potential real estate investors in Greece. According to a Deloitte research, there is a potential market for demand of 1 million private rural residences.

• According to the ‘International Retirement Directory’ of Daily Telegraph, Greece and Cyprus being among the top 5 most favorite destinations for British and other North European citizens to buy a holiday house.

• According to National Bank of Greece a development it tourism residences similar to that of Spain will boost GDP growth by 0.5% per year.

• The number of loans for the acquisition of second homes in Greece reached 20,000 in 2007, which represents a 20% increase comparing to 2006. It is anticipated that the current trend will continue with declining rate in the future and it will reach 80,000 within the next decade.

• Many projects of tourism integrated development in the pipeline
2.4 Big projects in the pipeline
Projects in the pipeline (and in a nutshell)

- New Shopping centers
- Former Hellinikon airport development (part of Athens Riviera)
- Faliro Bay Complex
- Concession of Hotels, land plots, Olympic Properties
- Private owned integrated resorts
- Tourism projects in the pipeline
- Votanikos Regeneration project
- Drapetsona – Urban Development project

Deal of the month

Archimedia holdings acquired 14.29% of the Aman Porto Heli project that is been developed by Dolphin Capital Investors for the amount of 11 mn €. The project is located in Argolida and is been developed in an area of 350 hectares.
Greece | Business naturally

Your Investment Partner in the region

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