REDVIS

Market Overview Q1 2017

Economic Framework

According to the European Economic Forecast – Winter 2016, economic activity in Greece is expected to accelerate markedly in 2017. The following table demonstrates the most important macroeconomic indicators for the year 2016 (estimates) as well as forecasts for the period of 2017-2018:

Forecasts for Greece	2015	2016	2017	2018
GDP growth (%, yoy)	-0.2	-0.3	2.7	3.1
Inflation (%, yoy)	-1.1	0.1	1.1	1
Unemployment (%)	24.9	23.5	22.2	20.3
Public budget balance (% of GDP)	-7.5	-2.5	-1	0.9
Gross public debt (% of GDP)	177.4	181.6	179.1	172.4
Current account balance (% of GDP)	0	0	0.2	0.3

European Economic Forecast Autumn 2016

Despite the delayed second review of the Greek program (third bailout), investment is predicted to benefit from the successful recapitalisation of the banks and the realization of privatisations while implementation of structural reforms should gradually strengthen economic fundamentals.

The latest reports for 2016 call for:

- an estimated primary deficit of 0.63% in 2016 compared to a revised surplus of approximately 0.2% in 2015 (Eurostat);
- an estimated sovereign debt of some 177.4% of GDP;
- an improving current account balance and trade balance, estimated to contribute positively to GDP;

as well as:

- high unemployment rates that exceeded 23% in 2016 and an estimated inflation rate close to 0%;
- an estimated GDP growth rate of -0.3% in 2016 (temporary figure) with is estimated to reach 2.7% in 2017 and 3.1% in 2018;
- a strong tourism industry which has been growing for three years in a row

The government aims to avoid additional austerity measures after the latest fiscal reforms with respect to commitments to the lenders (e.g. deeper pension reforms, fiscal discipline & expenses cut offs correction mechanism, privatizations etc.). On the other hand, the main opposition prepares policies for regaining control of structural reforms with emphasis to credibility and investment attractiveness in order to step forward to a viable growth with lower tax rates.

However, Greece remains sensitive to the following issues:

- High dependency to its creditors and open capital markets
- Questionable sustainability of continuous high primary surpluses
- Weak attractiveness to FDIs with investors to remain skeptical

- Fragile political and economic stability due to counterproductive direct and indirect high taxes, combined with pension cuts, high unemployment rates, social distress and refugee / migration issues.

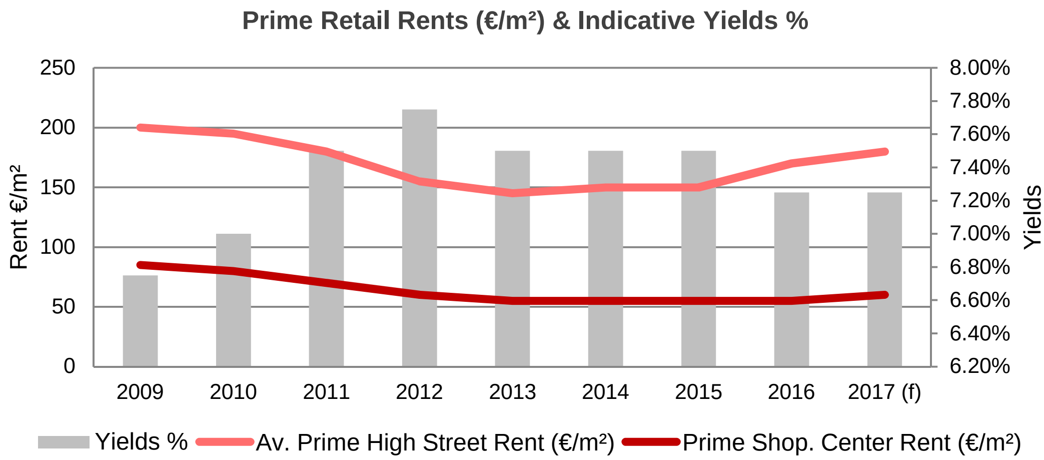
Retail

Significant growth of e-commerce continues, while at the same time a spatial restructuring led by new openings and relocations of fashion, food & drink shops is met, taking into account the consumers' reduced disposable income and changing trends.

- Given these facts, many well-known retailers have reduced their exposure to inelastic expenses (e.g. base rent and turnover percentage rent, flexible agreements based on *latest tenant law clauses* etc).

- Demand for high streets and shopping centers increase due to high footfall and lower vacancy rates.

- Although prime retail markets exhibit better responsiveness & efficiency to macro-economic changes, issues such as access to capital and low consumers' power are expected to maintain the slow pace of the growing prices.



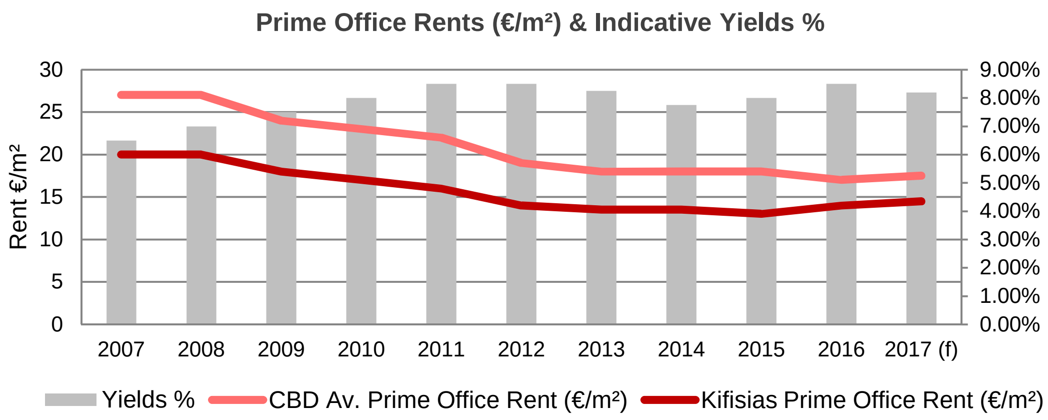
Offices

The recorded increase in leasing activity combined with the stagnation of the development market and the new business trends of restructuring to more efficient & inspiring office space were the key characteristics in 2015 and 2016.

- The companies seek efficient & contemporary office space with the appropriate facilities to support new needs and flexible working environment.

- Property owners are entering to negotiations, offering incentives such as rent reviews, rent free periods and lease improvements.

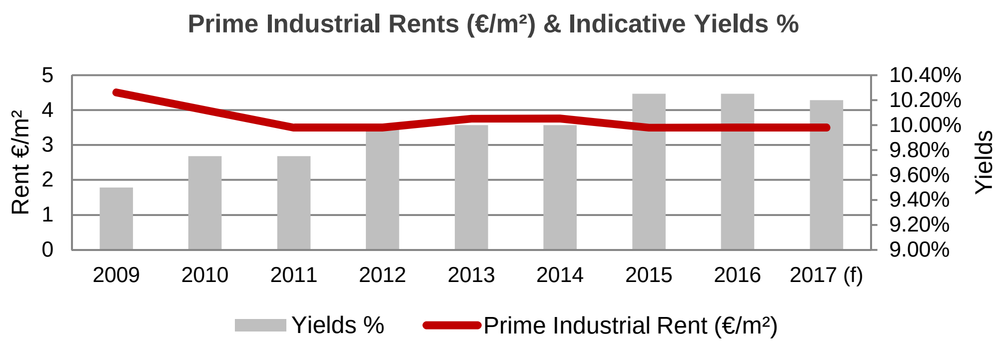
- The prime office markets of the CBD and Kifisias Avenue lead the market.
- Vacancy rates remain high but with a decreasing trend due to limited new office developments.
- Interesting local projects such as Papastratos office complex in Piraeus are not expected to affect price levels, while considerable office space in Elliniko is not projected to be delivered before 2020.



Industrial / Logistics

New freight networks & infrastructures are expected to stimulate the logistics activity, considering the country's position in the eastern Mediterranean Basin & the privatization of the majority of the Piraeus Port Authority.

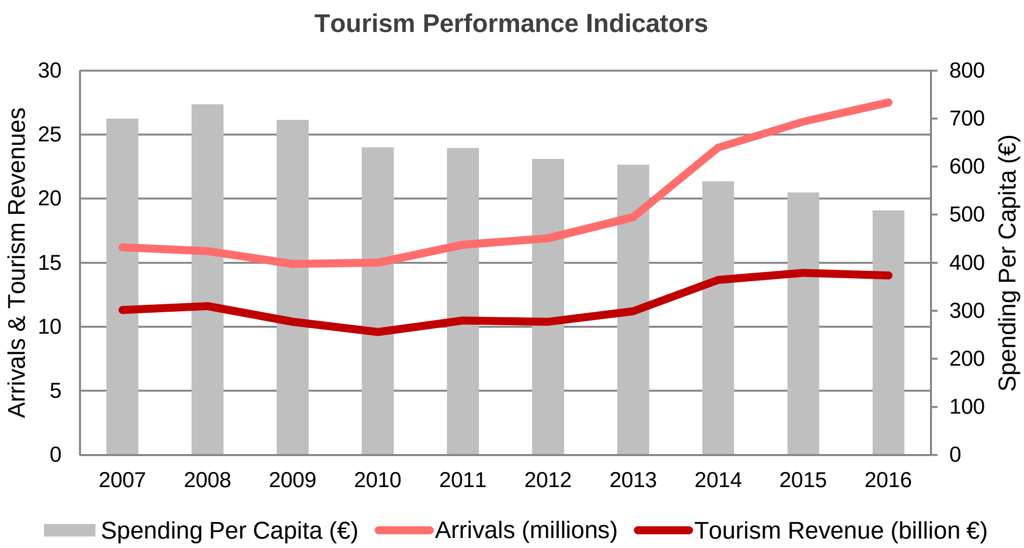
- The availability of buildings suitable for logistics reaches satisfactory levels regarding current needs, while the quality of contemporary spaces meets the requirements applicable abroad.
- The Purchasing Managers' Index is growing after the turmoil of July 2015 and is combined with positive indications for increasing industrial orders and exports as of Q3 2016 that allow for sustainable expectations in 2017.
- New production lines can be introduced by companies supported by new deals for distribution, cooperation and cost efficient solutions.



Hotels / Resorts

Amid the continuous economic recession and property taxes, tourism industry sentiment for transactions appears improved, while recent deals imply the growing demand.

- Arrivals are forecasted at some 27.5 million for 2016, while revenues do not seem to increase by the same pace.
- However, the tourism performance indicators for 2017 are expected to improve due to the potential impact of the terror attacks in Turkey and the relevant insecurity, including the refugee crisis.
- Confidence of international hotel operators remains high, basically due to increasing occupancy levels and executed deals with tour operators and well known tourism managers & international chains.
- The market is expected to grow further in the coming years due to new hotel developments and redevelopments, repositioning of Greek hotel product, privatization of 14 peripheral airports, establishment of new airline companies & international flights, reforms with visa provisions, and increasing price and service competitiveness.
- The "fast track" regulatory framework that decrease the time required for building permits of big investment projects, the law that allows freehold sales of tourism accommodation in hotels and resorts and the updated land use plans at local and regional scale, including ESHADA/ESHASE plans for state owned properties can improve expectations and profitability ratios of the hospitality investments.



Investment Market

The property investment market witnessed an increase in terms of volumes in 2016 compared to 2015. Following the instability of the Greek economy, as a result of the government's negotiations with its lenders that led to capital controls, a frozen investment market was the case in 2015. However, the realization of some reforms combined with expectations of a stabilizing economy in a stable political framework appear to increase business sentiment.

After the agreement for the third bail-out package and the procedures of the relevant reviews, some encouraging investment actions evolved.

- The final agreement and approval of the privatization of 14 peripheral airports, the privatization of the majority stake of the Port of Piraeus and the ratification of the long term lease of Astir Palace peninsula can show that credibility and trust could return.

- Apart from the considerable deals led by the domestic REICS that were active in 2016, various investment funds observe the market. Some of the interested parties negotiate to take advantage of capital gains on top of expected returns.

- Moreover, the banks were successfully recapitalized, according to the CBG, while the NPLs are going to be evaluated and reconsidered from investment funds under new legal frameworks.

- Assuming political and fiscal stability and accelerating continuation of structural reforms, prime property investment yields are expected to follow a decreasing trend, as long as macroeconomic indicators are improving.

- Yields of commercial and industrial properties of secondary importance could further rise in order to counterbalance the risk of investing to sub-markets that have difficulties to absorb the selective demand and compete with more attractive and active submarkets.

The successful evaluation of the third bailout program could increase financial resources and solutions, stimulating business sentiment. However, direct and indirect taxes that affect property must be revised radically in order to step forward to a viable property market growth.