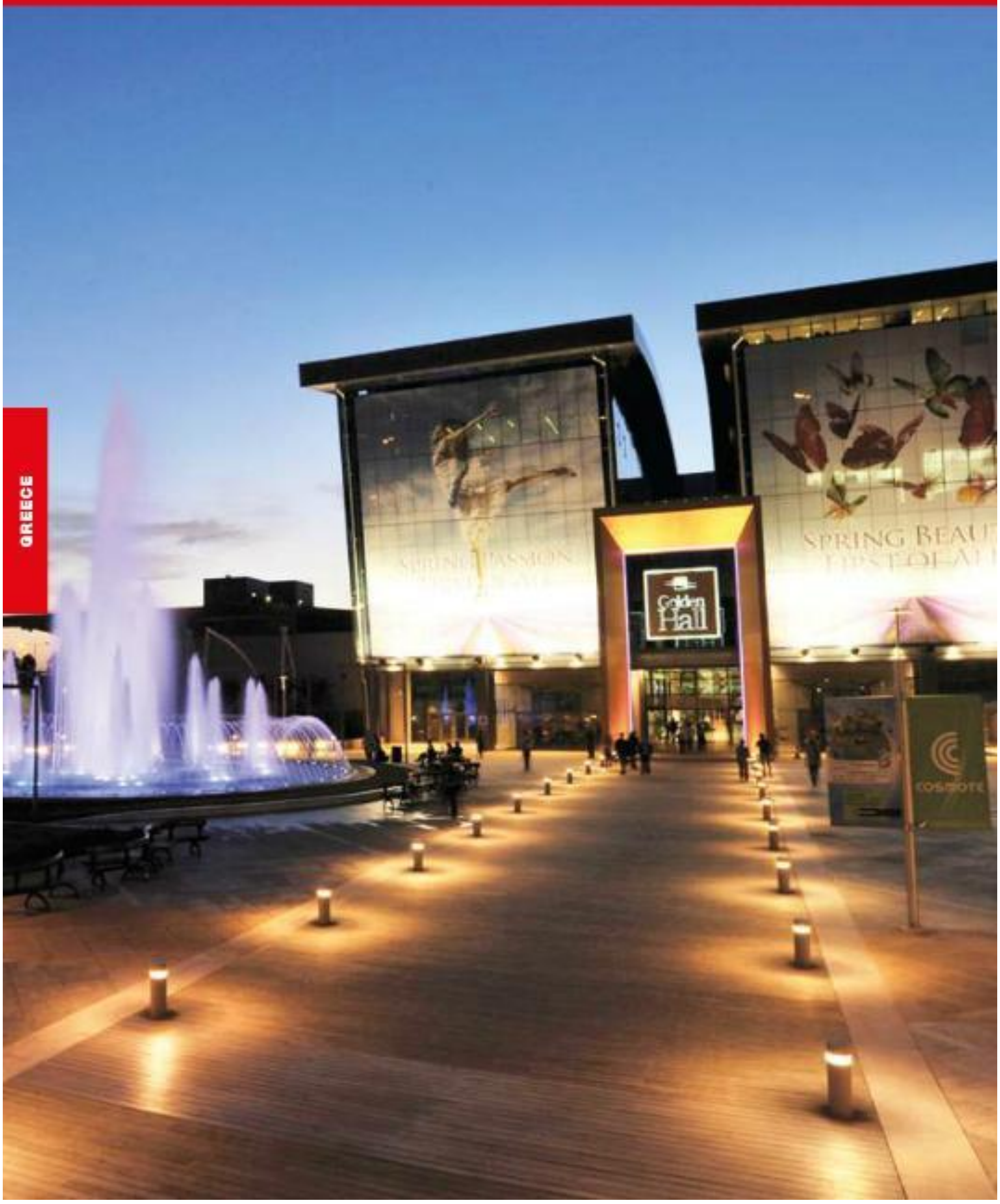
GREECE



The chaotic restructuring of the Greek economy and harsh austerity measures are causing additional distress in the investment and occupational markets, which deteriorated further in 2012. Inactivity is expected to continue until the second half of 2012 at best, when levels may begin to see some upward movement, but this will be mainly by international opportunistic investors drawn by higher yields, looking for a bargain and able to hold a low-level income-producing asset for a period of time. Banks, property funds, private individuals as well as the state are all likely sources of product.

By Lila Tsitsogiannopoulou, Proprius

The new three-party coalition government is experimenting with the implementation of new savings techniques across all categories of public spending, while the Troika pushes hard for strong reforms in all fields. The Troika has expressed concerns about the prospects of Greece successfully meeting its fiscal goals while there are still fears of future bailout funding among all parties and citizens. GDP contracted further (a 6.5% drop y-o-y in Q1 2012) and by the end of the year it is expected to register a total decrease equal to last year. A series of strikes and the general dislike of each reform and new measure announced are having a significant impact on the retail market. A further decline in the Greek economy during 2012 and possibly 2013, with a contraction in performance on all markets, will see further discounts on market rents and in the sale prices for all types of properties. Supply is exceeding demand in all major markets, although land prices are currently at higher levels than other types of assets. Increasing vacancy rates and supply, low consumer confidence and a potential further cut in salaries and pensions are expected to characterize the market during the second half of 2012, while further falls in rents and sale prices are imminent. According to Cushman & Wakefield the retail sector has contracted significantly since last year, with the >>

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CREDIT: LAMDA DEVELOPMENT

COUNTRY PROFILE

STATISTICS	2011/2012
POPULATION	11,290,985
GDP GROWTH	-4.70%
PRIVATE CONSUMPTION	-8.00%
INFLATION	3.10%
UNEMPLOYMENT RATE	17.70%
ACTIVE LABOR FORCE (MIN)	4,967,700
INTEREST RATE SHORT TERM	0.87%

SOURCE: EUROSTAT

PRIME RENTS IN €/M²/YEAR

	Q2 2010	Q2 2011	Q2 2012
HIGH STREET	2,640	2,340	2,040
SHOPPING CENTERS	N/A	N/A	N/A
RETAIL PARKS	N/A	N/A	N/A

PRIME GROSS YIELDS (%)

HIGH STREET	6.90	7.45	7.85
SHOPPING CENTERS	6.80	7.60	8
RETAIL PARKS	7.50	8	8.50

SOURCE: PROPRIUS

GREECE

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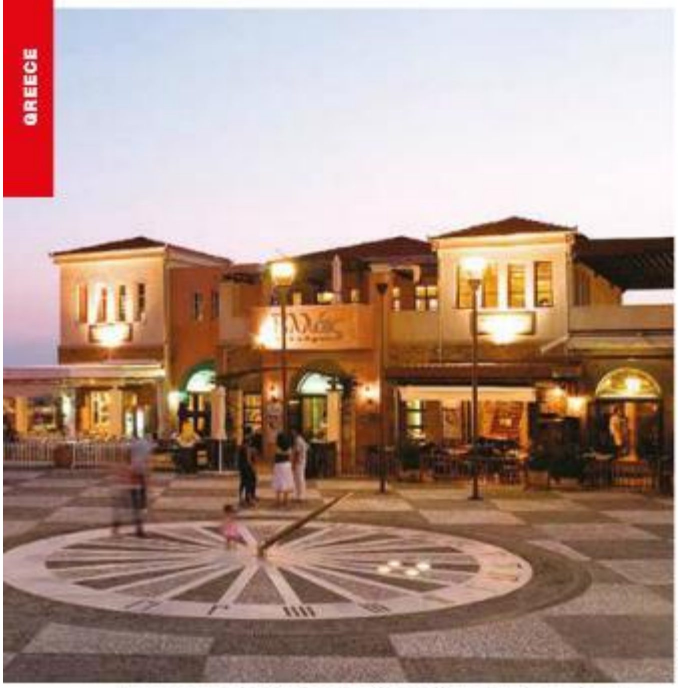
CUSHMAN & WAKEFIELD ALLIANCE

highest drop reported in the clothing and footwear segment (29.8%), while food, beverages and tobacco recorded a fall of approx. 20%. With footfall and turnover in decline, activity has continued to slow with only a few major international retailers actively looking for new space and the majority of occupiers focused on renegotiating their leases. Numerous store closures have been reported on the country's high streets, with vacancy increasing even in the most traditionally sought-after areas. In March 2012, the National Confederation of Hellenic Commerce (ESEE) estimated vacancy in central Athens at around 29.6%, up from 23.4% in March 2011. The only new expansion in the market is focused on the food industry (Balaskas, Max Perry, Apollonio, Venetis), including bakeries, cafés and delicatessens.

Although the country has moved away from a Eurozone exit scenario, all markets are slowing down considerably, with uncertainty and the lack of funding affecting prime rents. Most development activity has ceased and schemes that have already obtained planning permits have been postponed until there is a more positive outlook.



The economic crisis in Greece has affected fewer shopping centers than high-streets in terms of sustaining rents and occupancy levels.

Retail investment

The uncertain economic climate, limited availability of financing and an ever-changing tax environment continue to deter investors and so activity remains subdued. Retail transaction volume totaled €10 million in Q4 2011, while in Q1 2012 retail transaction volumes are estimated at approximately €2 million. According to Cushman &Wakefield the total volume for 2011 was €30 million, less than a third of the €95 million transacted in 2010 and the lowest annual figure in more than five years.

Shopping centers

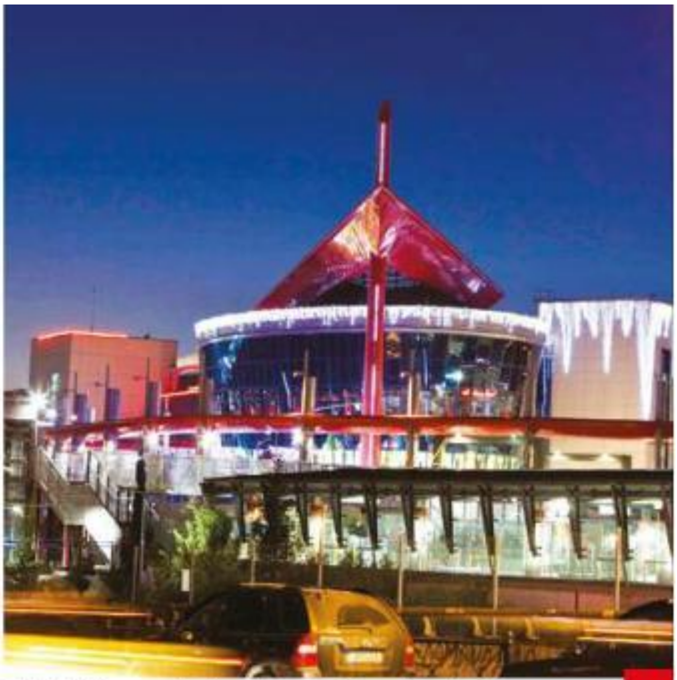
The Athenian shopping center market is currently in its infancy. The first malls appeared only in the 2000s; 2005 saw the opening of The Mall of Athens, which remains the most successful shopping center in Greece. Since then several malls have opened with varying degrees of success; the majority are in Attica.

There is around 652,400 m² of shopping center, entertainment and leisure center and discount mall space in Greece. According to Propius, factory outlets and discount malls and complexes make up around 144,000 m² of this figure and department stores around 82,000 m². Approx. 382,000 m² is located in Attica.

Greece's average GLA of shopping centers per capita is one of the lowest in Europe, on a par with countries such as Ukraine, Bulgaria, Romania, Belgium and

Russia. Modern shopping center provision in Greece is very low by European standards, and development activity has come to a virtual standstill, with no projects scheduled for completion in 2012 or 2013. Due to the high level of uncertainty in the Greek economy, developers are reluctant to proceed with new investments; hence there are no shopping centers in the pipeline except for phase two of the Smart Park in Spata area of Attica in 2012.

The economic crisis in Greece has however affected fewer shopping centers than high streets in terms of sustaining rents and occupancy levels. Key money has been eliminated from deals in shopping centers, while some new retailers in the Greek market prefer the security of shopping centers to commercial neighborhoods.



CREDIT: LAMDA DEVELOPMENT

The Mall of Athens remains the most successful shopping center in Greece.

High-street shopping

The Athenian consumer is rather sophisticated, ranking in first place in Nielsen's 2008 global survey of the most brand-aware consumer. An increasing number of international players are inspired by the overall provision of quality space and new malls and infrastructure. We are expecting to see major brands enter the Greek market once the first signs of stabilization in the economy are evident.

There are seven main high-street markets in Attica, with the most prime being Ermou pedestrian street in downtown Athens. Other prime locations are Kolonaki - Tsakalof and P. Ioakeim Streets, Kifisia-Kolokotroni Street, Glyfada-Metaxa Street and Piraeus-Sotiros Street. Thessaloniki's main high street is still Tsimiski Street, followed by Mitropoleos Street.

Rents on these prime high streets vary depending on the exact location, the store size and specifications, as well as the type of retailer. As supply continues to outstrip demand, further falls in rents are expected in the second half of 2012 and into 2013.

Prime high-street rents came under further downward pressure during the first half of 2012, declining by 4-6% in most of the surveyed locations in Attica, while prime yields are coming under further upward pressure, affected significantly by the lack of funding, diminishing interest from investors, lack of new players in the market, freezing of projects in the pipeline, increasing vacancies, and the cautiousness of retailers.

Factory outlet centers/ retail parks

Greece is still a young market in terms of factory outlet centers with only a few centers operating in the major cities. The first discount shopping village (McArthurGlen in Spata, Attica) opened in 2011 and more may open in the future if consumers turn to more economical solutions and show a preference for factory outlets and discount stores. This is expected to affect competition and increase turnover in the existing schemes. ■