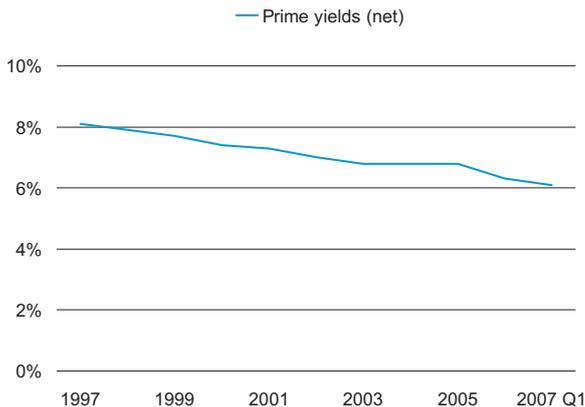


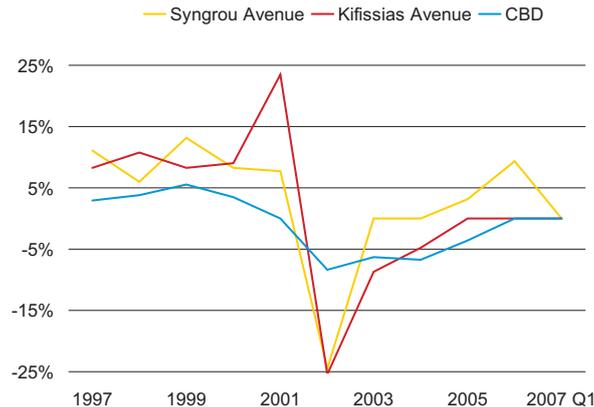
Athens Office market report

May 2007

Prime yields are falling



Prime rental growth shows signs of recovery



“Positive business sentiment is driving demand for prime office accommodation. We expect that the market fundamentals will remain positive and the market activity will create new areas of growth in the city.”

Dimitri Manoussakis



- Leasing activity increased by another 10% in 2006. Total Grade A take-up in the prime office submarkets was in the region of 160,000sqm.
- Business sentiment is positive and increasing, currently standing above the historic average levels. Current enquiries could translate into similar levels of take-up this year.
- Last year more than 120,000sqm of new office space came onto the prime submarkets, of which at least three quarters was committed for sale or letting.
- Growing demand for prime office space has led to positive average annual rental growth of 3.3%, the first time since 2001.
- The average size of property investment deal in 2006 was around €14m, which reflects the fact that the majority of transactions were between €10m and €15m.
- Private investor demand has pushed yields down even in secondary locations. Prime net yields in the CBD and prime business areas are in the region of 6.1%.

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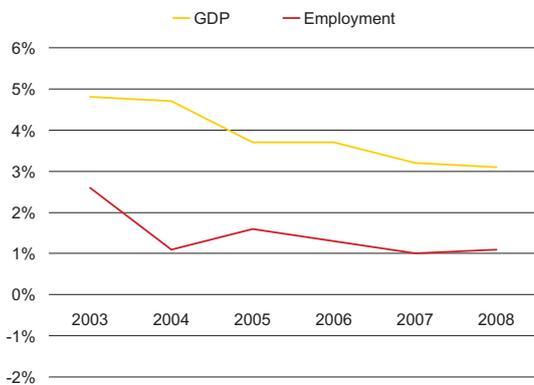
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Leasing market

Economy

Economic growth remained strong in 2006 with GDP growth at 4.2%. Consumer spending continued to drive the economy and supported strong import growth. Employment levels continued to grow leading to decade low unemployment rate of 8.6%. Business confidence has remained strong and investment activity will be supported by an upturn in public investment. Corporate tax reform as well as the new incentive laws should also help increase private investment.

Economy



Source: Experian

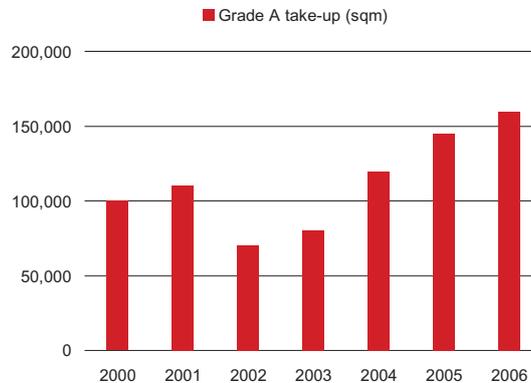
Leasing market

Demand and take-up

Leasing activity increased by another 10% in 2006, maintaining the upward trend initiated in 2002. Total Grade A take-up in the prime office submarkets that we monitor was in the region of 160,000sqm of which almost half regarded large-scale owner-occupier acquisitions. This excludes another 80,000sqm of space under construction that was pre-let or pre-sold during the course of the year. Relocation and consolidation of the public sector, accounted for a large part of the activity. The average size of deal was in the region of 5,000sqm reflecting the demand for higher surfaces.

Business sentiment is positive and increasing, currently standing above the historic average levels. This is translated in higher demand for space, not only for consolidation and rationalisation purposes, but also for expansion due to merger and acquisition activity as well due to the establishment of new businesses. The favourable tax reform, which has reduced corporate taxation has enhanced new start-ups, the number of which increased by more than 8.5% in 2006 compared to the previous year.

Take-up



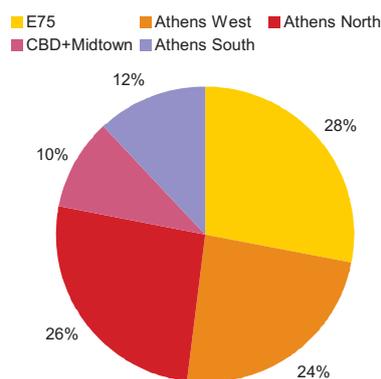
Source: Savills

Supply and vacancy rate

Growing demand for modern office space is driving development activity. Most developers prefer to enter into an agreement with potential occupiers for a turn-key building rather than build speculatively; therefore the largest part of new supply is most often committed.

Last year more than 120,000sqm of new office space (>2,000sqm) came onto the market in the submarkets we monitor, of which at least three quarters was committed for sale or letting. Almost 80% of the new development completions were concentrated in the established submarkets of Athens North and the emerging submarkets of E75 and Athens West.

Development completions per submarket



Source: Savills

We estimate that the availability of Grade A-B space in the prime office submarkets has remained quite stable, therefore the overall vacancy rate for this type of space has dropped slightly to around 7%.

The amount of new space under construction is higher than last year, more than 170,000sqm of new developments are currently in the pipeline, of which around 100,000sqm are due for completion this year.

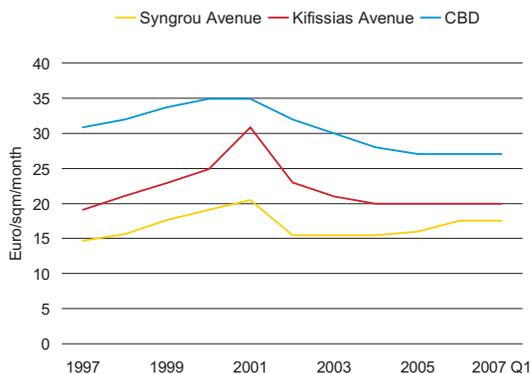
Investment market & outlook

More than 60% of this space is either pre-let or built for owner-occupiers. Athens West and E75 account for more than half of the new accommodation in the pipeline, while the stake of the Northern submarkets has dropped significantly due to the lack of available sites and high cost of land.

Rental levels

Growing demand for prime office space has also led to positive average annual rental growth, the first time since 2001. In most areas top achievable rents remained stable, but on average rents showed an increase of about 3.3% in 2006. Average prime rental values in Syngrou Avenue, are now standing at €17.5/sqm/month, while at Kifissias are in the region of €20/sqm/month. Prime achievable rents in the CBD range between €19 and €27/sqm/month.

Average prime rents per submarket



Source: Savills

Investment market

In 2006 Savills recorded at least €160m (excluding owner-occupier deals) worth of office investment transactions, which is estimated to be significantly above previous years' levels. The average size of deal was around €14m, which reflects the fact that the majority of transactions were between €10m and €15m. Only one quarter of the transaction value represented international funds invested in the country.

Due to the limited supply of standing investments, investment activity is increasingly focused on redevelopment opportunities that arise in the city and can offer capital appreciation prospects. These include assets in the de-industrialised areas in the Western fringe of the city centre of Athens, in the areas of expansion of the city to the North and the East and corporate real estate assets that many companies are trying to take off their balance sheets.

In the future, more opportunities may arise for core (+) investment funds through the public-private partnerships (PPPs) that will be formed for the

(re)development of around 1m sqm of office accommodation under the ongoing consolidation programme of the public sector.

The direct property investment market is highly competitive as many development companies also act as property investors, such as VOVOS, EKTASIS, GEK, PASAL and others. Moreover large financial institutions have established listed real estate companies, where they could spin off their property portfolios and are expanding them through active management and new acquisitions.

Private investor demand has pushed yields down even in secondary locations. Prime net yields in the CBD and prime business areas are in the region of 6.1%, while prime net yields for assets in secondary areas are at 6.5% or more.

Outlook

GDP growth is expected to slow to 3.2% in 2007, still well above the Eurozone average. Domestic demand will provide the impetus for growth. Employment growth is expected to remain strong expanding by 1% and this should be sufficient to accommodate a further slight fall in the unemployment rate.

This is a positive context for our 2007 outlook. Current enquiries for office accommodation demonstrate significant level of demand that could translate into similar levels of take-up this year. Pricing and public transport connections come high in occupier prerequisites and the lack of land with appropriate planning for larger developments in the most popular locations may force some companies to look for alternative locations. The lack of availability of large-scale buildings should lead once again to a high level of owner-occupier deals instead of leasing transactions.

With regards to development activity the area with the greatest potential at the moment is the West fringe of the city centre, where the new Athens Stock Exchange will relocate over the next 12 months. This was an ex-industrial area, which is changing profile supported by the expansion of new commercial and residential uses, the extension of the public transport infrastructure and the supply of large sites for development. Another competitive advantage is that despite the significant recent price increases, values still remain competitive. A number of companies, public organisations and financial institutions have already relocated or are building new premises in the area, and developers are actively buying land.

Athens survey area



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