



A focus on Greece

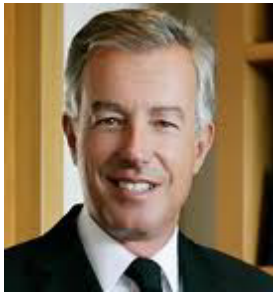
Mediterranean – Southern Europe Track

September 21, 2012



Aris Ikkos

- **Director, Hotels & Leisure, CBRE Atria**
- **Managing Partner, GBR Consulting**
- **Only Greek member of the ISHC**



Andreas Andreadis

- **President of SETE – Association of Greek Tourism Enterprises representing 14 Associations & 500 businesses (375K employees)**
- **CEO at Sani Resort and Oceania Club in Chalkidiki (five 5* hotels with capacity ~ 1,200 rooms, marina etc.)**



Nikos Hadjos

- **Director of Business Development of Signature Worldwide**
- **Senior positions in the past at Destination Properties Pte Ltd, Real Estate Services Group, ABraaj Capital Dubai, Kingdom Hotel Investments, Lambert Smith Hampton & HVS International**



Overview of Greek Crisis

- How it evolved
- Progress Made
- Next Steps

Importance of Tourism for Greek economy and the Hotel Industry

- Historic and current KPIs

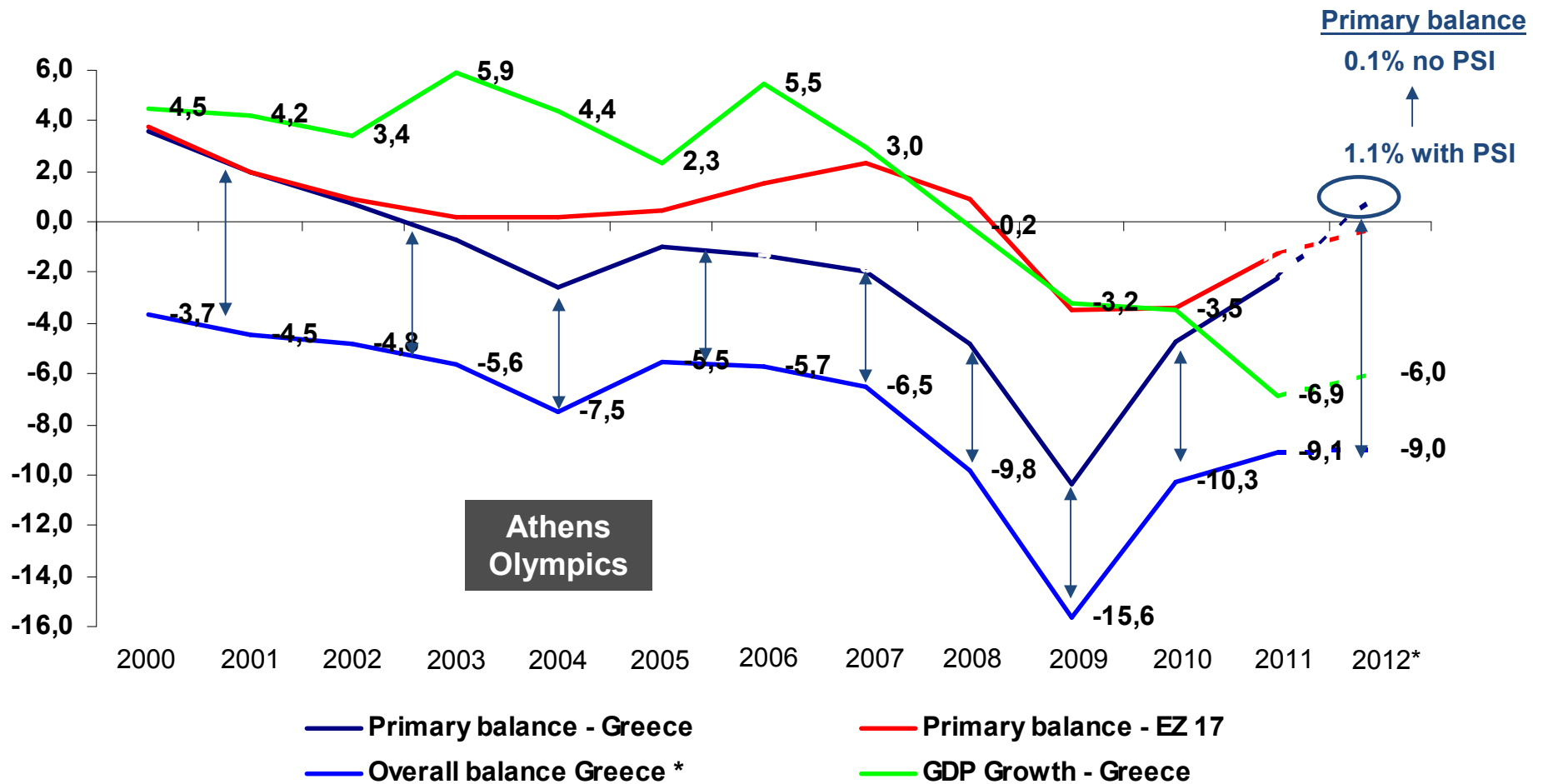
Investment Opportunities

- Mega Trends
- Structural Changes in Tourism Economy

Discussion



Government Primary Balance (% of GDP) & GDP Growth



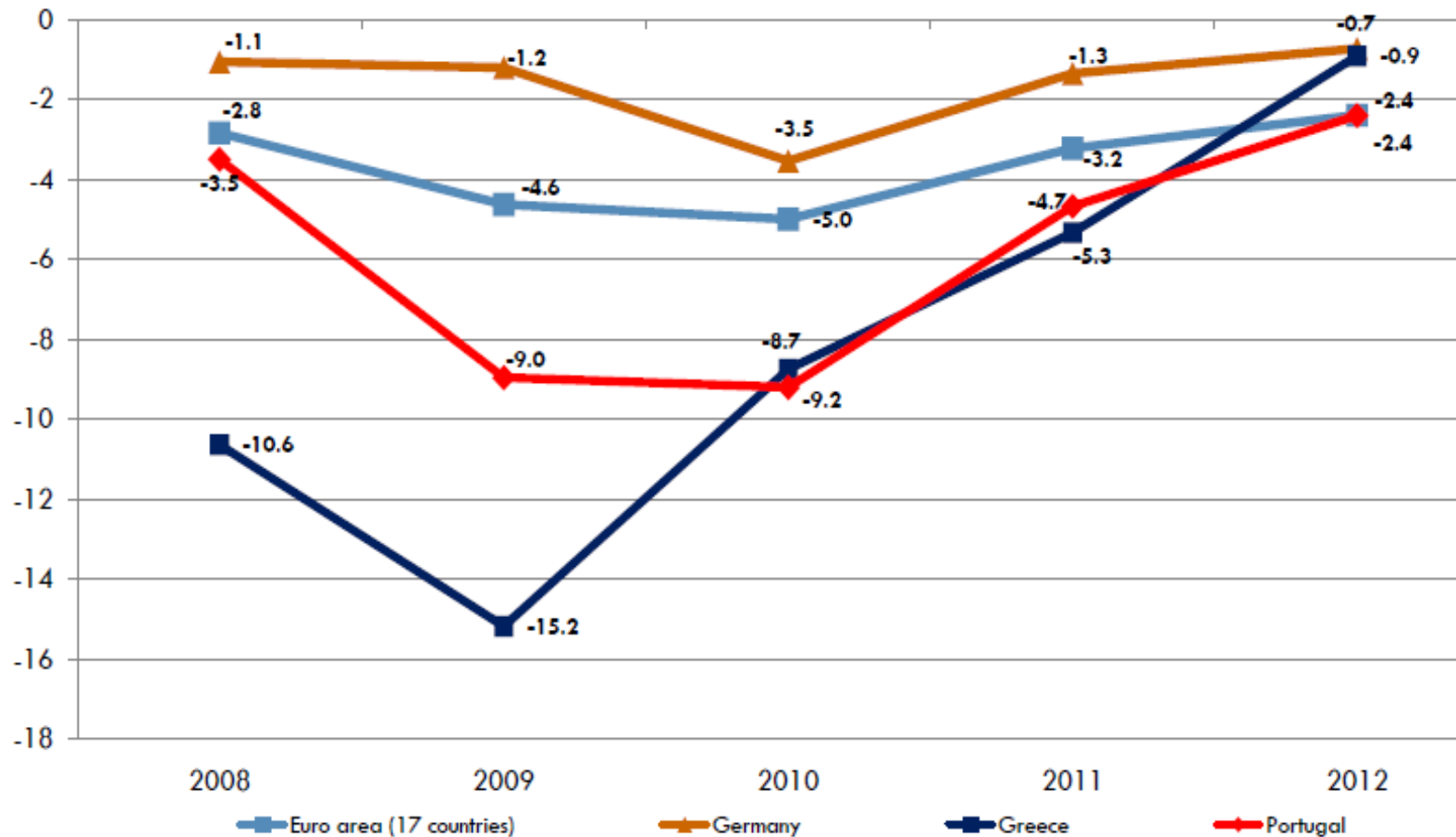
* Alpha Bank estimates.

Sources: ELSTAT, Eurostat, IOBE



Progress: Cyclically Adjusted Deficit

According to OECD, Greece has achieved fastest fiscal consolidation ever

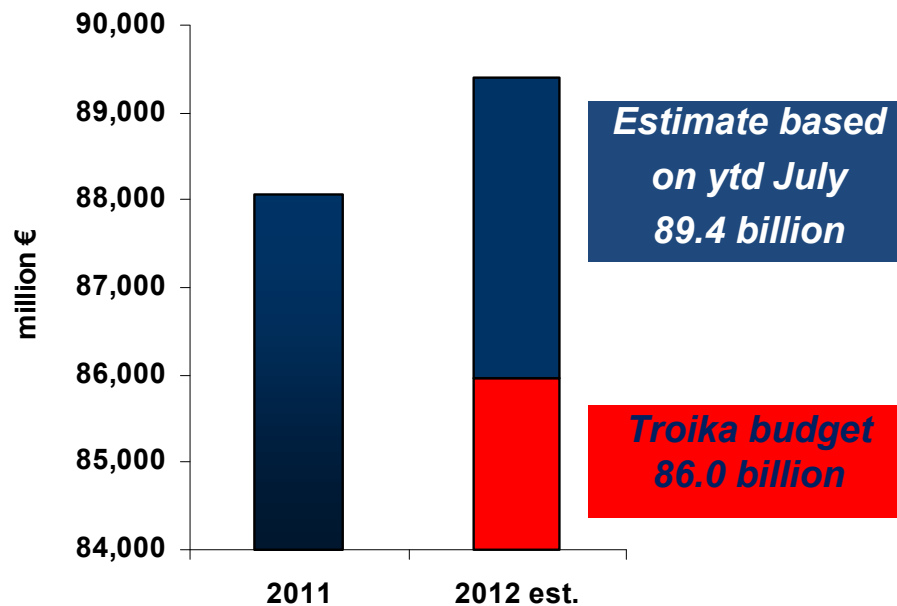




Fiscal Adjustment better than Plan: Likely to achieve primary surplus

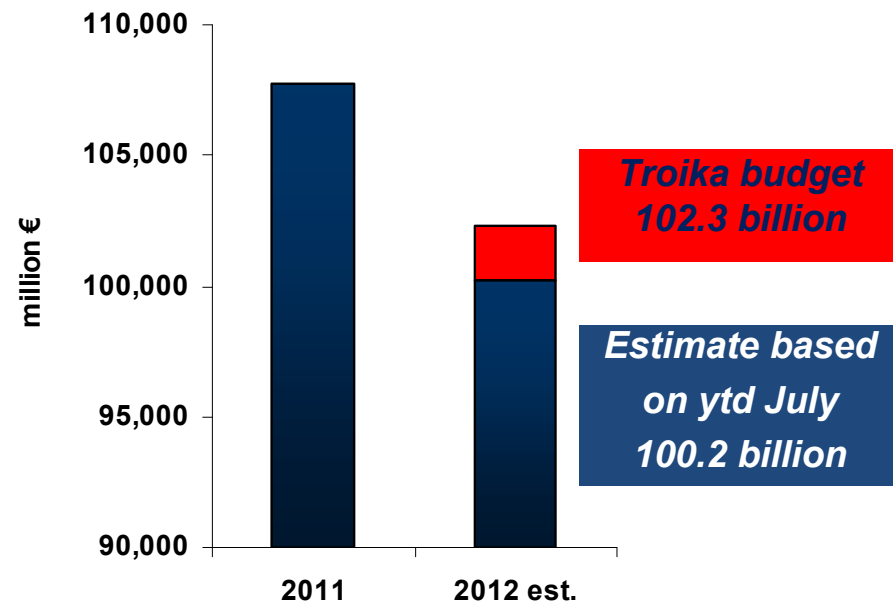
Performance exceeds budget by € 5.5 bn

Annual Revenues



YTD Jul: +/+ 0.6 -> 2012: +/+1.5%
Troika 2012: -/- 2.4

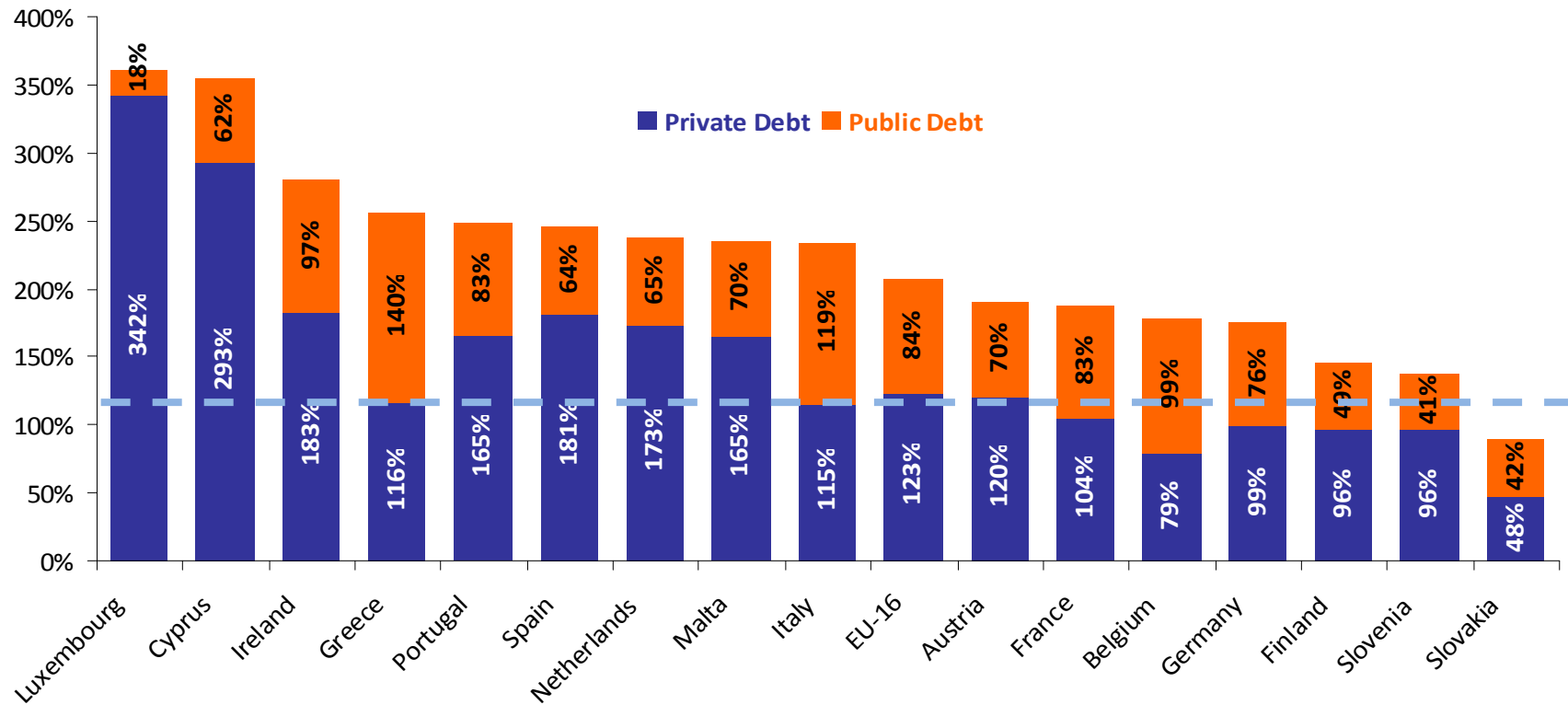
Annual Expenditure



YTD Jul: -/- 8.1 -> 2012: -/-7.0%
Troika 2012: -/- 5.1

At this moment: negotiations with Troika on measures € 11.5 bn for 2013 & 2014 in accordance with agreement of Feb 2012.

Public and Private sector debt as % of GDP, 2010



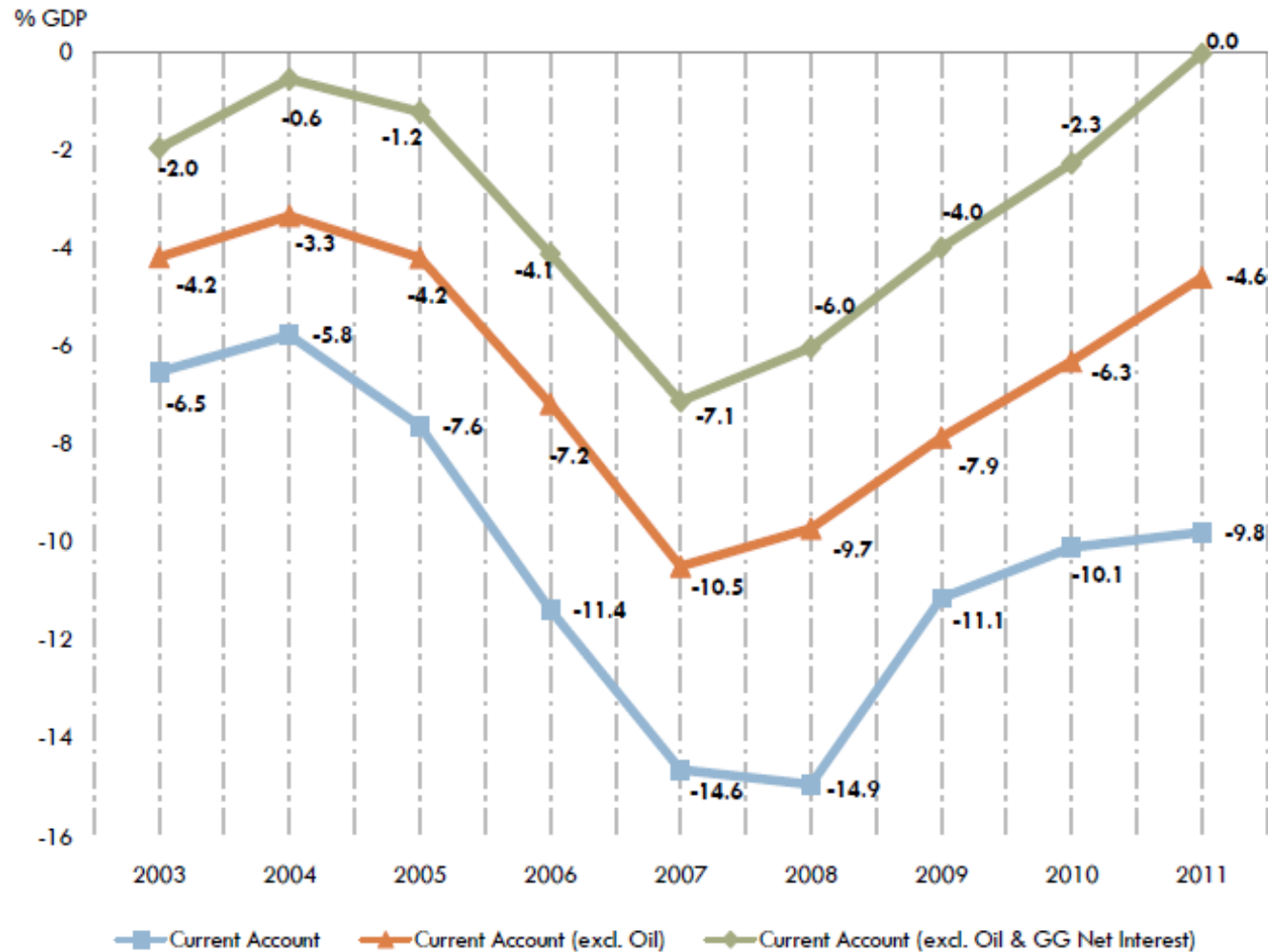
The private sector debt in Greece remains relatively low

* Estimates. Sources: IOBE, AMECO, ECB, 2012 Budget, Ministry of Finance, November 2011



Progress: Competitiveness

In 2010 and 2011, Greece recovered 50% of competitiveness lost in 2000 - 2009 - According to the Euro Plus Monitor, Greece ranks number two in terms of the degree of adjustment happening in its economy during 2009-2011



Source: www.greeceischanging.com



So what has been done?

- **Cuts in public sector wages & pensions**
- **Reduction of public sector employees**
- **Tax measures (VAT increases, reduction of tax free threshold, special levies etc.)**
- **Public sector reforms (census of public servants, single payment authority, wage grid etc.)**
- **Local government reforms: “kallikrates plan”: reduction of municipalities, prefectures, entities etc.**
- **Labour market reforms (flexible working arrangements, reduction minimum wages etc.)**
- **Pension & social security reforms (towards unified system, retirement age to 65, min. contribution 40 yrs)**
- **Liberalisation of closed professions**
- **Health care system reforms (new pricing mechanism, E-prescriptions, E-auctions etc.)**
- **Improvements with respect to the ease of doing business**
- **Tax reforms (new IT system, centralisation of tax offices etc.)**
- **Tax evasion combating (lists of tax evaders, audits etc.)**



Current challenges & critical success factors

Current challenges

- Open up (liberalize) markets for goods, services, professions and labor
- Eliminate barriers to private investment
- Privatize state property: use it as a catalyst to attract foreign capital
- Eliminate tax loopholes and combat tax evasion
- Cut wasteful public expenditure / Outsource state activities to the private sector
- Use EU Structural Funds effectively to boost public & private investment

Critical Success Factors

- Maturity of the political system / leadership / ownership of the salvation programme
- Social acceptance by informing the population on the implications of failure as well as the implications of success
- Creation and implementation of a “Greece 2020” vision and business plan
- End of discussion that Greece may leave the Euro



The Greek tourism sector





Tourism is 'key' for Greek economy

Position in World Ranking 2011



McKinsey has estimated that 40% of growth in Greece in the next 10 years will derive from tourism, adding €18 bn to the GDP in 2010 prices and 220,000 jobs

	2009	2010	2011	2010	2011
Tourism receipts (m€)	9,611.3	10,504.7			
International Tourist Arrivals (x 1,000)	14,914.5	15,007.5	16,427.2		
% contribution to GDP	16.7%	15.7%	15.4%	16.5%	
Direct employment ('000)	355.1	366.5	365.0	357.6	325.8
Direct & Indirect employment ('000)	844.8	877.7	877.5	847.4	787.6
					754.4
					758.3

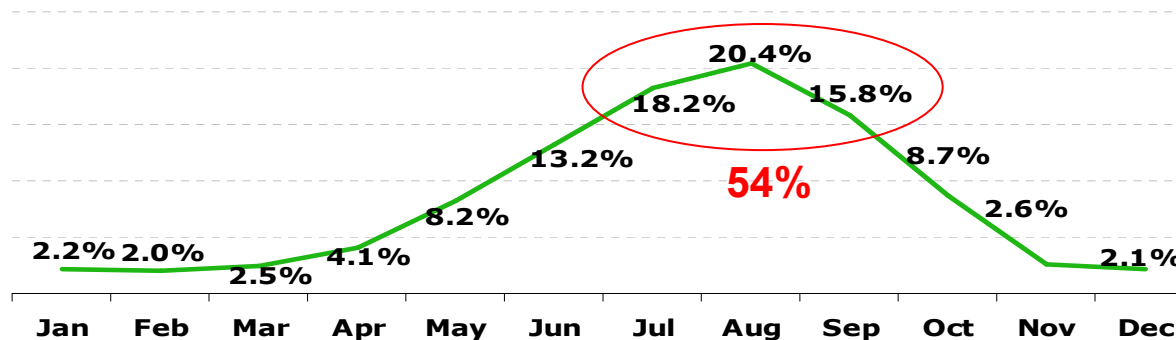


Major source countries & seasonality

Tradittional Markets	Arrivals		Share	
	2000	2011	2000	2011
Germany	2,395,185	2,240,481	19.4%	13.6%
United Kingdom	2,772,256	1,758,093	22.4%	10.7%
Total	5,167,441	3,998,574	41,8%	24.3%

Fast growing source markets (arrivals)	2005	2011	% change	2012 ytd July
Russia	107,302	738,928	+589%	+30%
Turkey	124,009	552,091	+345%	
Israel	76,912	197,160	+194%	
Ukraine	23,597	78,789	+234%	+74%
Total	331,820	1,566,968	+372%	

Seasonality of International Tourist Arrivals

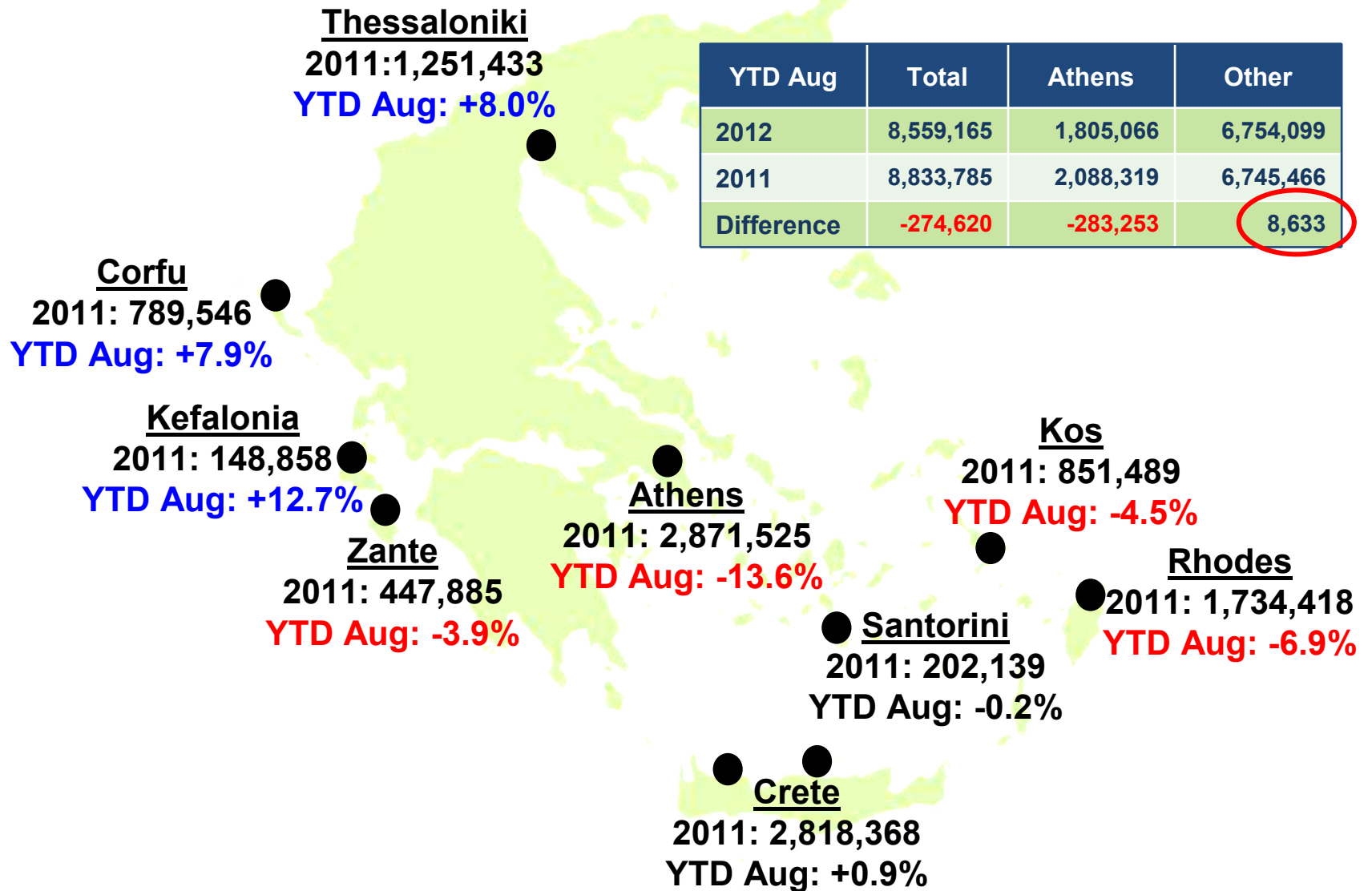


Brands	Number of brands	
	2005	2009
International hotel brands	26	33
National hotel brands	18	29
Local hotel brands	21	45
Cypriot hotel brands	6	6
Total *	71	113

Type	2009		Average rooms
	Rooms	Hotels	
International hotel brands	21,667	104	208
National hotel brands	31,639	155	204
Local hotel brands	23,267	167	139
Cypriot hotel brands	6,723	26	259
Total *	77,464	431	180

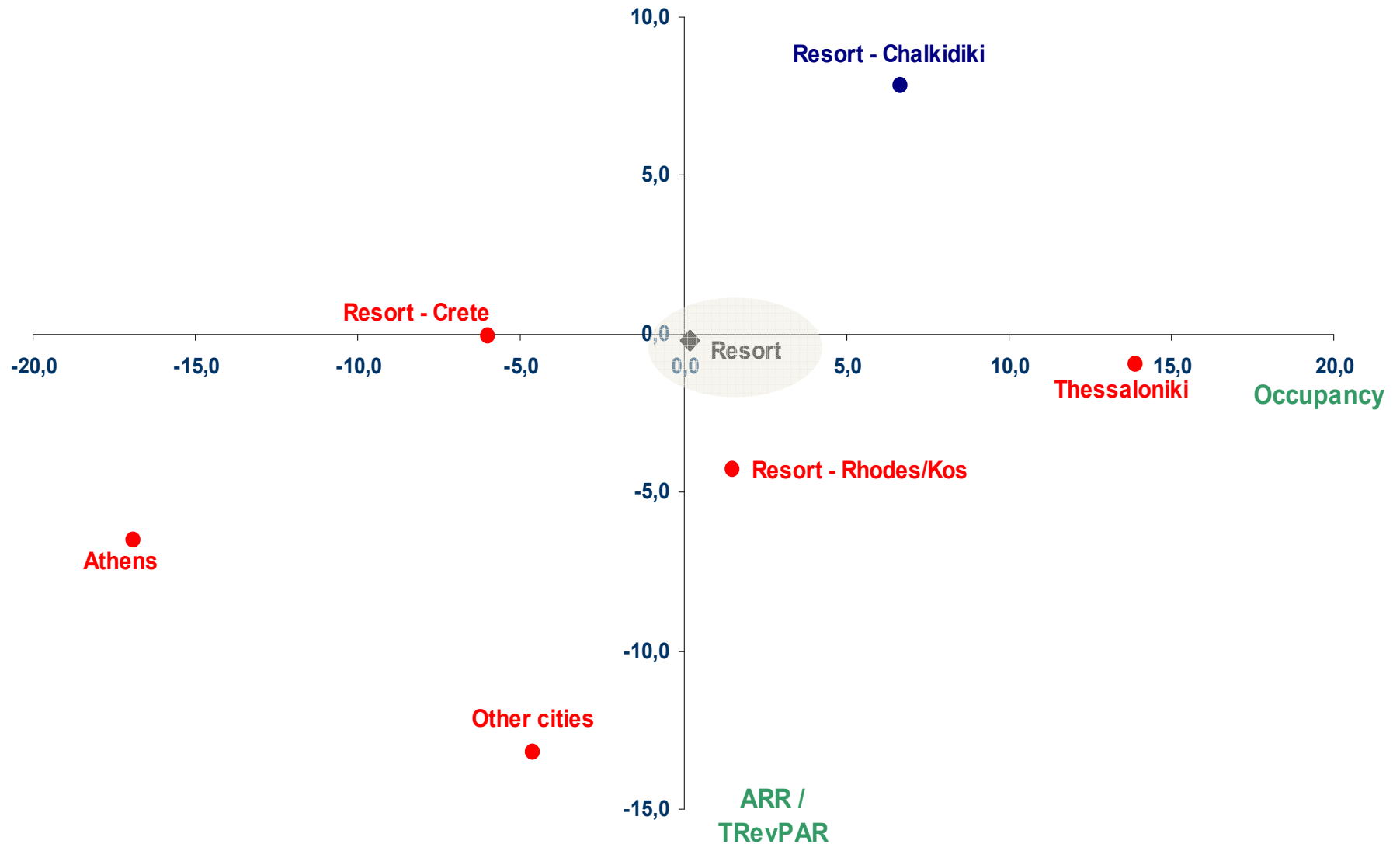
* without double counting the hotels featuring two brands (21 hotels with 5,832 rooms)

International Tourist arrivals in Top 10 Greek Airports





Hotel industry performance change YTD August 2012 / 2011





Hotel industry performance change 2011 / 2010



- **Banks Recapitalisation**

- Banks will sell non core activities, incl. hotels (e.g. Astir (Starwood), Athens Hilton)

- Banks will possibly have no incentive to hold assets on artificially inflated values

- **Concepts suited to hundreds of (small) depreciated hotels on offer, e.g. chain of hotels for disabled / seniors**

- **Privatisations from TAIPED (Greek state asset fund)**

- Mixed use resorts

- Spas

- **Strength of Greek Tourism Product**



Implemented or Partly Implemented

- **Liberalisation of Cruise Industry**
 - Home porting in Athens, Crete, Rodos etc.

- **Simplification of licensing process**
 - 90 days

- **Labour relations**
 - 2 Year agreement
 - -15% on labour cost

- **Schengen Visa Process Simplification**
 - Can lead to an additional 1.5 to 2.5 million tourists from non Schengen countries



In the Pipeline

- **Tourism Spatial Planning**
 - Beachfront properties
 - Favouring 4* and 5* with higher building coefficients

- **New Investment Law**
 - Cutting red tape: plans approved by Banks
 - Renovation at any time

- **Athens International Conference Centre**

- **“Marketing Greece” PPP**

- **New Airtransport policy**
 - Athens airport: becoming again competitive
 - Privatising regional airports



Addendum





Newsletter on Greek Hospitality Industry



GBR HOSPITALITY QUARTERLY NEWSLETTER

Greek Hospitality Industry Performance

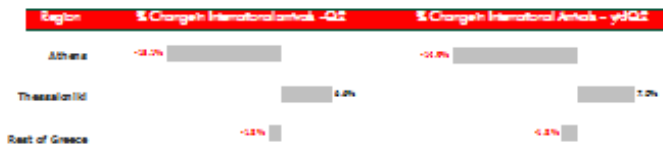
2012 Q2



Introduction

This newsletter provides a snapshot of the performance and outlook of the Greek hotel industry, within the broader context of the international hospitality industry as well as of Greek tourism and Greek socio-economic developments.

International arrivals¹ in Greek airports, 2012 compared to 2011



Source: IATA, processed by GBR Consulting

RevPAR² in Greek hotels, 2012 compared to 2011



Source: GBR Consulting

RevPAR² in Competitive Destinations, 2012 compared to 2011



Source: ITR Global, processed by GBR Consulting

¹ The international arrivals statistics are based on SSIS calculations compiling the data from 13 major airports of Greece, representing 95% of foreigners' arrivals by plane in Greece and 72% of total foreigners' arrivals. Thessaloniki airport does not distinguish between arrivals of Greeks and foreigners.

² RevPAR: Revenue per Available Room; for Greek resorts, calculations are based on TRRevPAR (i.e. Total RevPAR).

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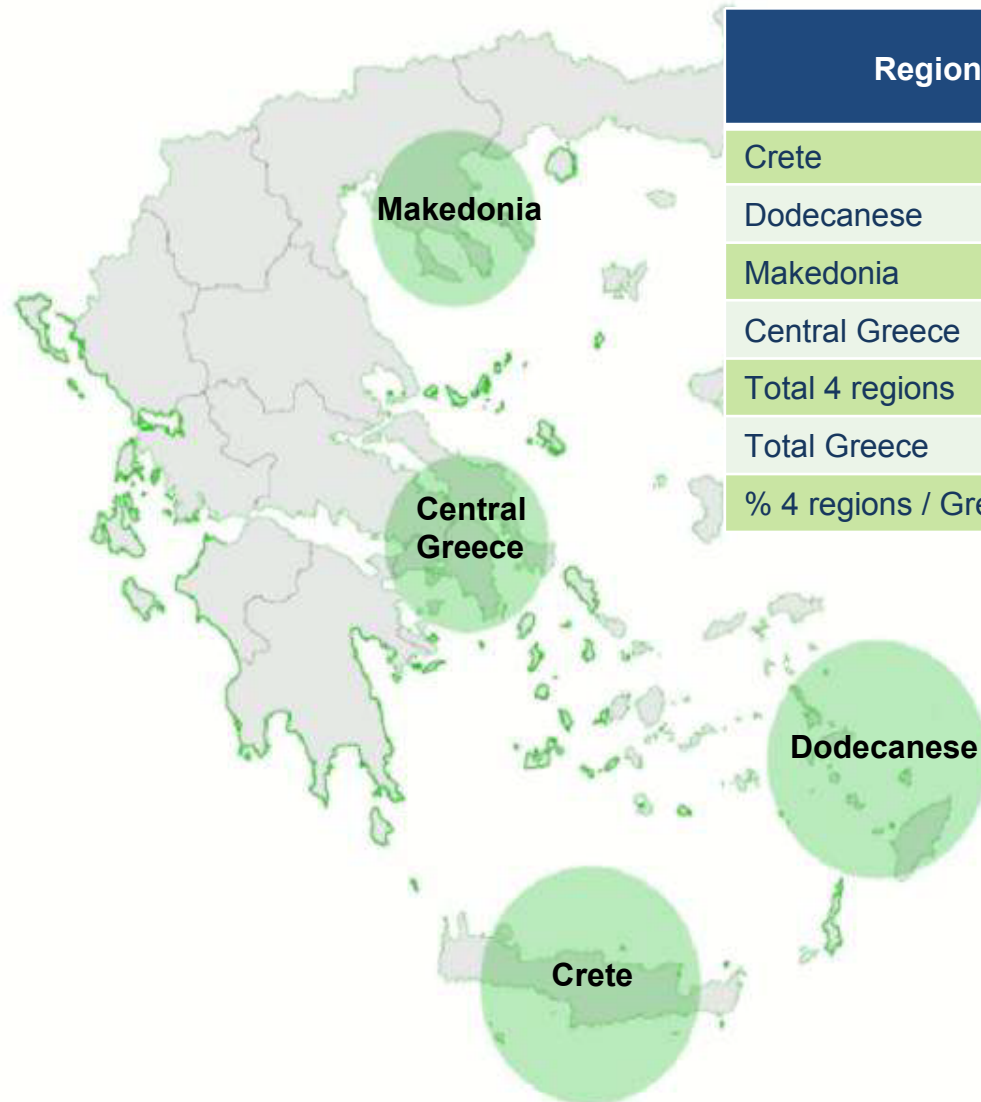


Tourism spend per Journey to Greece, by country/area of origin

Indicator	2005	2006	2007	2008	2009	2010	2011
EU 27 countries	753.4	749.0	719.8	747.4	723.3	657.3	663.1
Euro area Countries	789.0	777.3	754.5	805.3	789.5	742.2	751.8
- Spain	899.3	791.5	611.4	645.1	665.9	644.5	871.7
- Austria	714.6	694.3	643.6	784.9	811.8	816.6	822.9
- Germany	803.4	852.6	794.5	821.0	809.0	796.5	820.5
- Cyprus	894.0	898.1	891.9	830.0	874.6	840.7	750.7
- France	819.7	749.4	766.3	863.2	783.1	738.4	730.5
-Netherlands	706.3	688.5	672.7	780.1	761.4	653.0	686.9
- Italy	779.5	669.2	725.1	755.5	702.1	641.9	668.2
Non Euro area countries	692.9	699.4	666.8	658.7	623.2	530.5	520.2
- United Kingdom	845.0	842.2	861.5	825.2	778.7	690.4	685.6
- Sweden	588.3	623.0	567.2	605.9	631.6	537.7	564.0
Other countries	718.4	734.5	641.7	685.2	632.1	604.7	595.4
- Australia	1,099.8	1,235.3	1,036.0	1,186.9	1,354.3	1,357.1	1,420.4
- Canada	1,120.4	1,134.7	1,274.8	1,179.0	1,071.3	1,185.1	1,207.1
- USA	1,211.3	1,237.6	1,228.6	1,184.9	1,076.7	1,202.0	1,098.6
- Russia	1,211.9	1,142.6	1,191.3	1,295.7	1,102.3	1,099.1	1,005.5
Total	745.7	745.9	700.2	730.0	697.3	640.4	639.5



Concentration of tourism supply



Region	Hotels		Beds	
	2011	2000	2011	2000
Crete	1,528	1,306	162,762	116,513
Dodecanese	1,041	975	140,456	105,036
Makedonia	1,600	1,196	107,784	75,637
Central Greece	1,292	1,260	93,783	93,325
Total 4 regions	5,461	4,737	504,785	390,511
Total Greece	9,648	8,073	763,668	593,990
% 4 regions / Greece	56.6%	58.7%	66.1%	65.7%

Region	Nr. of rooms per hotel		Total nr. of rooms	
	2011	2000	2011	2000
5*	161	225	53,886	18,686
4*	81	100	100,076	78,816
3*	41	51	94,025	76,207
2*	28	28	120,612	111,501
1*	19	17	28,723	27,783
Total	41	39	397,322	312,993



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