



GBR HOSPITALITY QUARTERLY NEWSLETTER

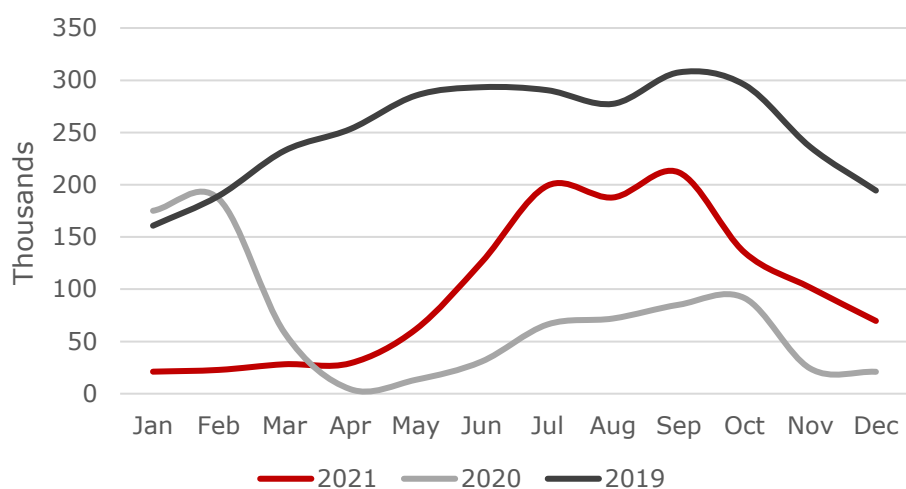
Greek Hospitality Industry Performance

2021 Q4

Greek tourism sector performance 2021

- The number of rooms in operation during 2021 in both the Athens and Thessaloniki market reached a level of 79% compared to the pre-pandemic levels of 2019. At the beginning of 2021 many hotels remained closed and slowly opened up after the announcement of the Greek Government on May 14th 2021 to open up tourism. During the last quarter of 2021 both markets operated at full capacity.
- As depicted below, demand picked up as from June 2021 and peaked in both cities in September. However, optimism dampened afterwards. In November 2021 the number of Covid-19 cases in Greece increased 132% compared to October 2021 to a record level of 196,000 cases and 2,159 deaths. After the first case of the Omicron variant was detected on the Greek island of Crete on December 2nd 2021, infections increased to 271,000 and deaths to 2,587 in December 2021.

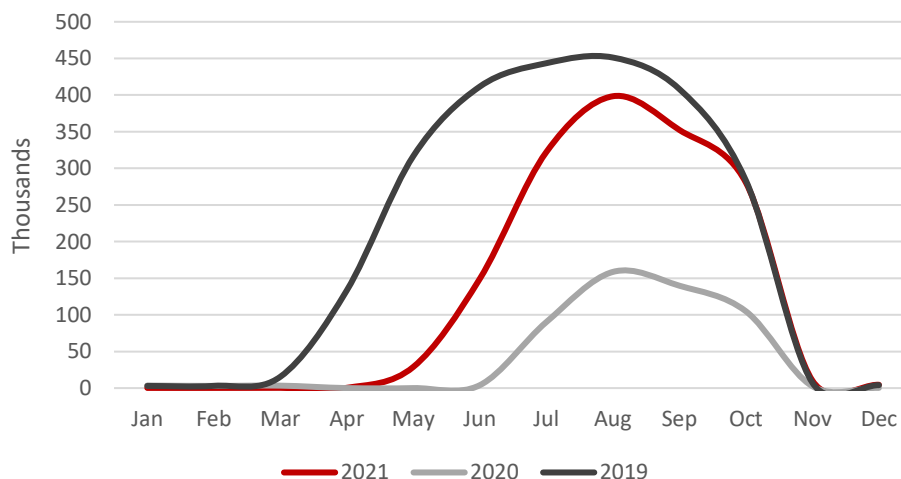
Room night trends for Athens - Thessaloniki



Source: GBR Consulting, Athens Attica & Thessaloniki Hotel Associations

- Comparing demand of 2021 to 2019, the Athens and Thessaloniki hotel markets recovered to a level of 40% in terms of room nights, while in 2020 a level of 26% was recorded compared to a year earlier.
- The resort hotels in our database reached in 2021 in terms of room nights 62% of the level of 2019, compared to 21% in 2020.

Room night trends for resort hotels



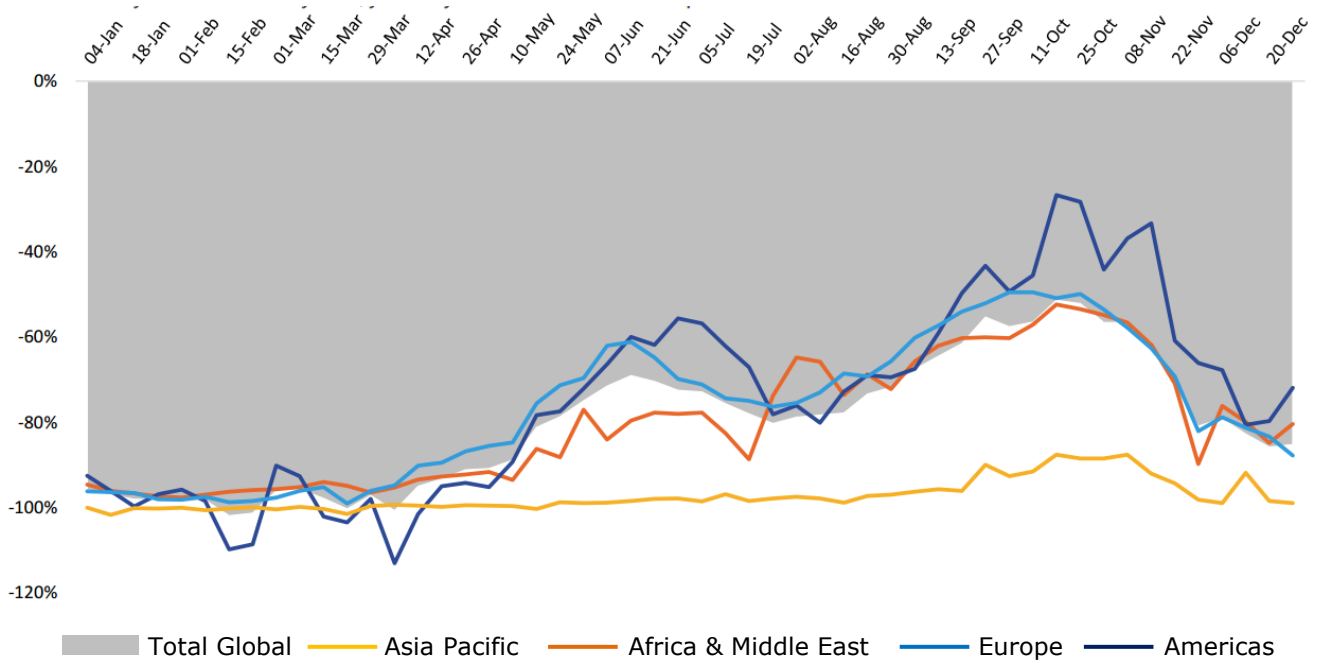
Source: GBR Consulting, Hellenic Hotel Federation

- While ADR at hotels in Athens & Thessaloniki was lower in 2021 than 2019, the Total Revenue per Occupied Room at resort hotels was significantly higher than the same period of 2019.

Flight bookings and traffic

- The pattern described above with increasing demand as from June 2021 is also shown by the flight bookings data collected by Forwardkeys with a recovery in the period of June - October.

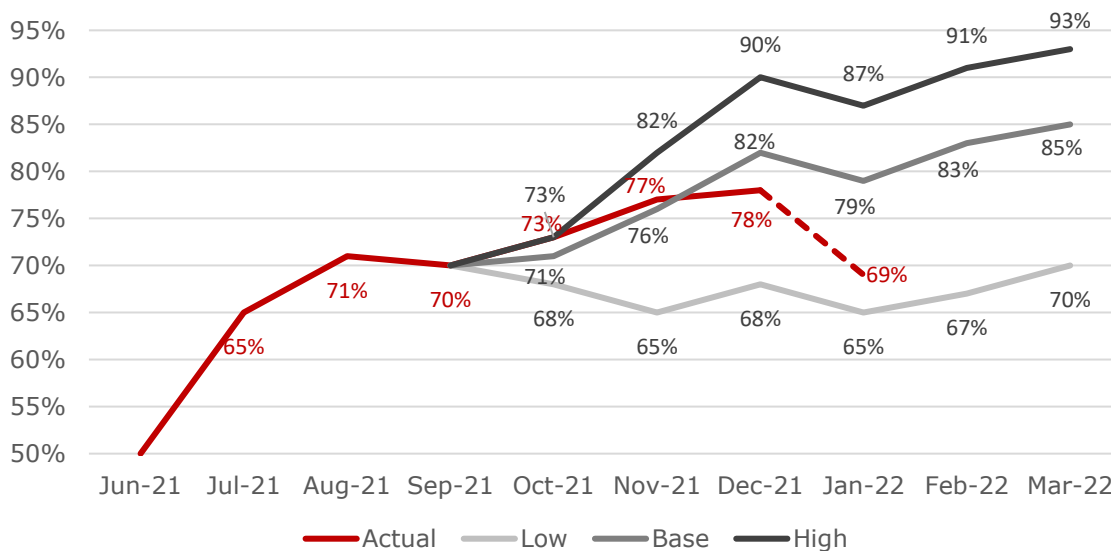
Flight bookings international travel to European Union in 2021 compared to 2019



Source: ForwardKeys

- A significant recovery was recorded in bookings from the Americas to Europe, which was disrupted by the fourth wave of the pandemic with the new Omicron variant triggering border closures, curfews and lockdowns in several European countries.
- Towards the end of December an uptick in bookings of Americans were noted showing the resilience of the American market.
- Eurocontrol reported that traffic in terms of flights during the first 26 days of January 2022 reached 69% compared to the same period of 2019. That means that traffic has moved towards the low traffic scenario. Three scenarios were published by Eurocontrol in mid-October 2021.

Eurocontrol traffic scenarios compared to actual traffic (flights)



Source: Eurocontrol

Long term effect on travel behaviour expected by European citizens

- New data from the Eurobarometer released in November 2021 showed that close to 8 in 10 EU citizens expect that the Covid-19 pandemic will have some type of long-term effect on their travel behaviour.

Type of long term effects due to the Covid-19 pandemic



Source: Flash Eurobarometer 499, November 2021

- Nearly half of the respondents are of the opinion that the pandemic will lead to more attention for health & safety measures, while about 38% expects more holidays in their own country and 34% less travelling overall.

Volatile macroeconomic environment

- It seems that we have ended 2021 and started 2022 with a sharp slowdown of growth in the Eurozone during Q4 2021 and Q1 2022, which are forecasted at around 0.3%.
- Eurozone inflation increased to 5.0% in December 2021 from 4.9% in November 2021, while a new fresh record high of 5.1% y-o-y was registered in January 2022. The January rise was mainly driven by a surge in energy inflation.
- Nevertheless, Oxford Economics still expects another year of solid growth for the Eurozone in 2022 – close to 4% – but the recovery is likely to be choppy due to resurgent Covid risks, supply-chain problems and volatile energy prices.
- To counteract the negative effects on households and business, the Greek Government has taken measures and subsidies to protect the most vulnerable. Oxford Economics forecasts that the Greek economy will grow 3.8% in 2022 with activity supported by EU funds and related projects and recovering demand. Price pressures are expected to gradually normalize during 2022.

Transactions

- In February 2022, the acquisition of the 5-star resort **Lindian Village** of the Svyriadis family by the British company **Zetland Capital Partners LLP** has been finalized. The deal was announced in October last year (see newsletter 2021 Q3) and involves an amount of € 27 million. Lindian Village, which has 188 rooms and suites, is located in front of Lardos beach, very close to Lindos, on the island of Rhodes.
- In January 2022, the 3-star hotel **Oscar Hotel Athens** has been acquired through an auction by the Hungarian real estate company **Indotek Group** for about € 5.5 million from NGB. It is the first real estate acquisition of the company in Greece. The hotel, located near Larissa station, features 124 rooms with 207 beds. The last month of operation was March 2020 when it was forced to close down due to the first lockdown, but never re-opened due to its debt burden.
- At the beginning of January 2022 media reported that **Mediterranean Hospitality Venture (MHV)**, a joint venture of Papalekas Group, Prodea Investments and Invel Real Estate, acquired the 4-star hotel **Porto Paros** for over € 50 million. The hotel is located in Naousa, Paros and features 263 beds and villas.
- In December 2021 real estate investment company **Everty** announced the acquisition of the **Iconic Santorini** boutique hotel, which is located in Imerovigli and consists of 19 cave suites and a restaurant. No transaction details were released.

- The **Athenaeum Hotels Group** acquired **Eridanus Luxury Hotel** on Piraeus Street, Athens for about € 6.3 million through an auction organized by Probank at the end of December 2021. The deal must be finalized in the coming period. The 4-star hotel has 39 rooms with 81 beds.
- At the beginning of December 2021, the newly formed company **Attica Blue Hospitality**, a subsidiary of Attica Group, acquired the owning company of the **Naxos Resort Beach Hotel** located in Agios Georgios, Naxos. The hotel features 88 rooms, swimming pool, restaurants, bars, meeting room, gym, spa, and parking. The total transaction was € 6.5 million.

Main developments

- At the end of 2020, Ionian Hotel Enterprises SA started the reconstruction of the **Hilton Athens**, which closed down completely at January 31st 2022. At the end of 2024 it is expected to re-open under Hilton's luxury brand Conrad offering 280 rooms & suites and 50 luxury apartments, which will operate under the brands Conrad Residences and Waldorf Astoria Residences of Hilton. The top floor will be fully renovated and will host gastronomy and entertainment experiences, themed commercial spaces, entertainment and wellness facilities. The total cost of the investment is expected to exceed € 130 million.
- In November 2021, the hotel group **Sani / Ikos** announced the development of a 5-star hotel in the area of Kissamos in Chania, Crete after finalizing land purchases, resulting in a total area of 200,000 sqm. The all-inclusive 5-star resort will carry the name Ikos Kissamos and will offer 400 rooms, bungalows and villas on a beach front of 600 meters. The construction of the new hotel will start in 2023 and it is estimated that operations will start in May 2025. The total investment is budgeted at around € 125 million.



In Corfu the company is proceeding with the development of the Ikos Odisia at the former Club Med near the Ikos Dassia (see image). The new 5-star resort will open at the start of the 2023 tourist season.

- In the beginning of December 2021 the Hellenic Republic Asset Development Fund completed the conveyance of the Golf-North Afantou property to M.A. Aggeliades Hellas for an amount of € 26.9 million after years of obstacles and delays. According to reports, **Mitsis Hotels** will enter into a strategic agreement for the acquisition and development of the area of 1,328 stremma. Within the framework of the Special Plan for the Spatial Development of Public Properties (ESCHADE) the following will be developed: 3 hotels (a 5-star with 480 rooms, a 5-star boutique hotel with 100 rooms and a 4-star hotel with 120 rooms), 20 villas, 90 villas/residencies, complete upgrade of the existing golf course and a marina.

In June 2019 the Hellenic Republic Asset Development Fund completed the sale of the south Afantou property to T.N. Aegean Sun Investments of the Nikolaidis group for an amount of € 15.2 million.

- Through an electronic auction process conducted by the Hellenic Republic Asset Development Fund, **REDS SA, a subsidiary company of the Ellaktor group**, emerged as the highest bidder (€ 40,2 million) for the development of a property at the former American base in Gournes, Heraklion, Crete. The property concerns a coastal area of 345,567 sqm. REDS is planning for the development of hotels (4 and 5-star), conference-exhibition centre, holiday homes, shopping malls, marina, helipad and other uses.

REDS is also proceeding with the investment of the Cambas Park at the former winery Cambas in Pallini, Athens. The park will include areas of entertainment, culture, catering, shopping malls, offices, as well as hotels on a plot of 315 acres. The investment is budgeted at about € 200 million.