

# PASAL DEVELOPMENT SA

[ PASAL GA ]

Commercial property portfolio has started adding value. Piraeus Ave. shopping center is the first big catalyst in the Company's value growth

---



**Valuation & Research Specialists (VRS)**

Value Invest - [www.valueinvest.gr](http://www.valueinvest.gr)

Investment Research & Analysis Journal - [www.iraj.gr](http://www.iraj.gr)

## INITIAL STATEMENT

by **VALUATION & RESEARCH SPECIALISTS (VRS)**

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

**VRS analysts have purchased PASAL shares at the Company's IPO  
(December 12-14, 2008) at the offering price € 6 per share**

Please see full disclosure and disclaimer statements at the end of this report

**VALUATION & RESEARCH SPECIALISTS (VRS)****have based the Valuation Report of PASAL S.A.****on the following data:**

- 1.** Consolidated IFRS based Financial Statements for the Years 2005, 2006 and 2007 of PASAL Development S.A. audited by Sworn Auditor – Accountant, and consolidated financial projections.
- 2.** Independent valuation reports of PASAL's investment property / projects conducted by SPS Sotiropoulos Property Solutions. The valuations were performed by Maria Sotiropoulou, Sworn Real Estate Auditor and Member of RICS (Membership No. 1136001).
- 3.** PASAL's management has given VRS guidance of a 3-year development plan as well as of prospective revenues with regard to new and / or existing properties, which is the basis of the financial projections presented in this valuation report. Guidance also covers elements such as purchase of fixed assets, fair value adjustment on investment property, construction cost, etc.
- 4.** An actuarial report conducted by Hewitt Associates S.A. with regard to PASAL's stock option plan expense.
- 5.** The major reference to this valuation report is the attached valuation model.

## PASAL DEVELOPMENT SA

Nicholas I. Georgiadis  
Christophoros J. Makrias  
CA, HCMC

### Company Description:

PASAL is a real estate developer mostly engaged in commercial and industrial property in the Greek market. Company's strategic objective is to buy, develop, lease and finally sell –at maturity stage– property located on urban areas (Athens as well as other Greek cities). The Company demonstrates a good track record in developing and selling attractive assets to third parties.

(in mil. €)	2007	2008 E	2009 F
Rev.+FVA	18.92	54.74	36.09
EBITDA	15.85	49.03	30.43
Margin	84%	90%	84%
Net Income	8.68	32.39	14.77
Margin	46%	59%	41%

Share Price (10/06/2008)	€ 5.12
Shares (outstanding)	14,967,940
MktCap (in mn €)	76.64

Beta	1.20
DPS 2008e	€ 0.20
DPS Yield	3.91%

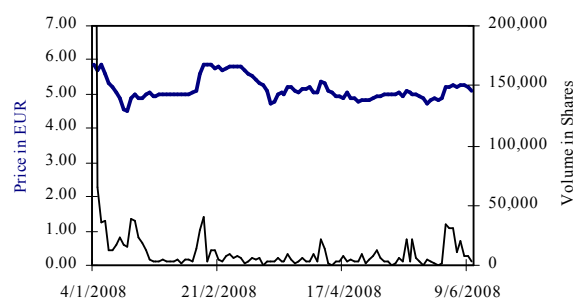
	2007	2008 E	2009 F
NAV/S (€)	6.89	9.34	10.57
P/E	8.82x	2.37x	5.19x
P/BV	0.90x	0.71x	0.65x
Debt/Eq.	0.57	0.94	1.40

Source: Company Data & VRS Projections

### Key Investment Points

- ⊙ We initiate coverage on PASAL setting a combined valuation based fair value of € 8.5 per share, implying an upside of 66% from current market levels. PASAL on the back of its strong commercial / industrial property development plan offers investors constantly growing cash flows within Greek economy's resilient financial environment. The efficient implementation of the Company's development plan and the continuation of a positive property price cycle are very crucial in our valuation's credibility.
- ⊙ PASAL focuses on developing attractive property in selected areas assigning the construction to third parties. The Company is committed to develop properties at an estimated cost of € 98 million, accounting for over 130,000 square meters space in the following 5 years. According to our projections, development pipeline could be worth around € 3 per share with a great majority of it deriving from Piraeus 180 shopping mall project.
- ⊙ Management's primary focus is NAV growth based on its well structured property development plan. According to our projections, NAV compounded average growth rate in period 2006-2012 is targeted at 19% implying that PASAL is a pure "NAV play".

Share Price Graph



Please see important disclosure and disclaimer statements at the end of this report

<b><u>TABLE of CONTENTS (1)</u></b>	<b><u>Page</u></b>
<b>Investment Case</b>	<b>6</b>
Good Track Record	7
Listing on Athens Exchange	9
Net Asset Value Approach	10
International Expansion	11
Management, Shareholders, Stock Option Plan	12
<b>Strategy</b>	<b>13</b>
<b>Valuation Methodology</b>	<b>14</b>
Peer Group / Combined Valuation	14
Valuation Metrics	15
Stock's Relative Performance	15
<b>First Quarter 2008 Results</b>	<b>16</b>
<b>Financial Analysis &amp; Projections</b>	<b>17</b>
Revenue Breakdown	18
Investment Property	19
Historic & Projected Profit & Loss Account	20
Historic & Projected Balance Sheet	21
Historic & Projected Cash Flow Statement	22
<b>The Market: Top Down Approach</b>	<b>23</b>
The Greek Economy	23
The Greek Commercial / Industrial Property Market	24
<b>Investment Risks / Mitigating Factors</b>	<b>26</b>
<b>S.W.O.T. Analysis</b>	<b>27</b>
<b>Appendices (IPO Proceeds, Property Portfolio)</b>	<b>28</b>
<b>Notes</b>	<b>35</b>
<b>Disclosure Statement (1)</b>	<b>37</b>
<b>Disclosure Statement (2)</b>	<b>38</b>

## Investment Case

PASAL is one of the promising real estate developers in the Greek market mostly engaged in commercial and industrial property. Company's strategic objective is to buy, develop, lease and finally sell –at maturity stage– property located on urban areas (Athens as well as other Greek cities). PASAL possess a well balanced property portfolio encompassing developments of shopping malls, big box type commercial property and logistics centers, all of various sizes.

	<b>Real Estate Property</b>	<b>Type of Asset</b>	<b>Status of Asset</b>
1	Piraeus 18, Moshato	Commercial property	Developed
2	Irakliou Ave. 409	Commercial property	Developed
3	Piraeus Ave. 186, Tavros	Commercial property	Under development
4	Piraeus Ave. 180, Tavros	Shopping Center	Under development
5	27 km Elefsina-Korinthos Ave.	Logistics Center	Under development
6	9th km Varis - Koropiou Ave. (A+B)	Commercial property	Developed - FD
7	Pylaia (Georgikis Sholis)	Land	Future development
8	247 & 249 Thivon Ave., Nikaia (A+B)	Commercial property	Developed - UD
9	6th km Thes. - Oraiokastrou, N. Efkarpia	Commercial property	Developed
10	Alimou Ave. 30, Alimos	Land	Under development
11	Orfeos 166, Votanikos	Industrial Building	Future development
12	N. Douka, Kolonaki	Development of Stores & Offices	Under development
13	Thermaikou St., Thessalonica	Commercial property	Future development
14	Larisa Property	Commercial property	Future development
15	Lavrio Port, Lavrio	Residential property	Future development

UD: Under development, FD: Future development

PASAL's pipeline focuses on the retail and commercial markets, where price growth potential is significantly higher. The Company is committed to develop properties at an estimated cost of € 98 million, accounting for over 130,000 square meters space in the following 5 years. According to our projections, development pipeline could be worth around € 3 per share with a great majority of it deriving from Piraeus 180 shopping mall project. This hidden value is to a full extent identifiable providing high visibility of value creation. Note that if we add possible new property acquisition and development, total investments may exceed € 150 million in the same period generating additional value although unidentifiable.

Currently under construction, the 58,000 square meter shopping center located at 180 Piraeus Avenue -southwest from Athens city center- is the Company's biggest value driver over the next 18-month horizon. Pasal expects around € 5.7 million in rents on completion of the shopping mall implying an end-market value of € 100 million based on current market prime shopping center yields close to 6%.

	<b>Real Estate Property</b>	<b>Initiation Year</b>	<b>Completion Year</b>	<b>Land (sq.m.)</b>	<b>Building (sq.m.)</b>
1	Piraeus 18, Moshato	n/appl.	n/appl.	7,360	6,286
2	Irakliou Ave. 409	n/appl.	n/appl.		612
3	Piraeus Ave. 186, Tavros	2009	2009	1,829	7,826
4	Piraeus Ave. 180, Tavros	2007	2008	10,633	58,136
5	27 km Elefsina-Korinthos Ave.	2007	2008	55,490	33,000
6	9th km Varis - Koropiou Ave. (A+B)	n/appl.	n/appl.	11,060	4,569
7	Pylaia (Georgikis Sholis)	n/appl.	n/appl.	9,120	
8	247 & 249 Thivon Ave., Nikaia (A+B)	2008	2009	2,326	2,983
9	6th km Thes. - Oraiokastrou, N. Efkarpia	2007	2008	5,556	4,467
10	Alimou Ave. 30, Alimos	2008	2009	3,900	7,600
11	Orfeos 166, Votanikos	n/appl.	n/appl.	12,735	10,850
12	N. Douka, Kolonaki	2008	2009	211	885
13	Thermaikou St., Thessalonica	2008	2009	40,832	23,655
14	Larisa Property	2009	2009	44,758	9,600
15	Lavrio Port, Lavrio	2010	2012	39,080	
				<b>TOTAL m2</b>	<b>TOTAL m2</b>
				<b>244,890</b>	<b>170,469</b>

### Good Track Record

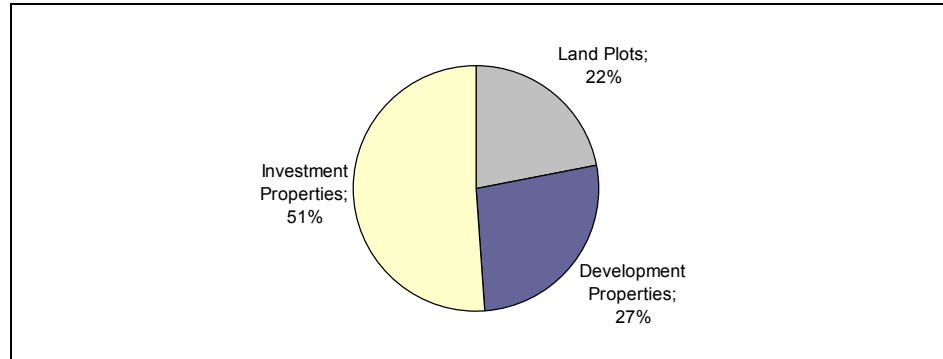
The Company demonstrates a good track record in developing and selling attractive assets to third parties. The most illustrative transaction PASAL engaged in, was the Olympic Committee Athens 2004 building complex. Forming a 50%-50% joint venture, the Company purchased a land plot worth of € 8.4 million in North West Athens in 2000 where it completed a 7 building complex in 2002. The property generated € 24 million rental income during the period 2002-2006 and was finally sold to Eurobank Properties REIT (member of the Greek EFG Eurobank Group) in two stages: 70% for € 52 million in September 2005 and 30% for € 27 million in July 2006. Following the transaction, total (rental + sales) income amounted to € 103 million, with net profit settling at € 43.3 million of which 50% was gained by PASAL.

Furthermore, in January 2008, the Company sold two of its investment properties (Kifisias Ave. 69 and Kifisias Ave. 42) for € 16 million to Eurobank Properties REIT. The transaction's accounting profit (selling price minus the properties' value according to the latest valuation on the balance sheet) accounted for € 829,000 and is recorded in this year's P&L account, whereas the realized profit (selling price minus development cost) settled at € 6.9 million.

**CHART 1**

**Breakdown of PASAL's Property Portfolio (as of 31/12/2007)**

Source: The Company.



**PICTURE 1**

**Olympic Committee Athens 2004 Building Complex**

Source: The Company.



**PICTURE 2**

**Kifisias Ave. 42 - Retail Store (Tenant: SATO Group)**

Source: The Company.



PICTURE 3

Kifisias Ave. 69 - Show Room and Business Center (Tenant: SATO Group)

Source: The Company.



### PASAL's Listing on Athens Exchange

The Company's Initial Public Offering took place in December 2007 and total net proceeds amounted to € 21.6 million (gross at € 23.3 million). PASAL stock's trading commenced on 4 January 2008. The IPO's details are presented in the following table:

#### PASAL - IPO & Share Capital Increase

Initial Public Offering Period 12/12/2007 - 14/12/2007

Number of Shares prior to Increase	11,067,940.00	
New Shares Issued	3,900,000.00	
Total Number of Shares Outstanding	14,967,940.00	
Nominal Value per Share	0.50	€
Offering Price per Share (Public Offering)	6.00	€
Share Capital prior to Increase	5,533,970.00	€
Share Capital Increase	1,950,000.00	€
<b>Total Share Capital after Increase</b>	<b>7,483,970.00</b>	<b>€</b>
Premium Account prior to Increase	0.00	€
New Premium Account	19,659,000.00	€
<b>Total Premium Account after Increase</b>	<b>19,659,000.00</b>	<b>€</b>

Source: The Company.

## Net Asset Value Approach

We have estimated PASAL's Net Asset Value (NAV) taking into account separate property valuation reports from certified estimators provided to us by the Company's management as well as projected market value estimates.

<b>NAV (Net Asset Value) Methodology</b>	
<b>Real Estate Property Value (EUR mn)</b>	<b>2008 e</b>
Piraeus 18, Moshato	16.17
Irakliou Ave. 409	2.26
Piraeus Ave. 186, Tavros	2.59
Piraeus Ave. 180, Tavros	100.00
27 km Elefsina-Korinthos Ave.	12.00
9th km Varis - Koropiou Ave. (A+B)	9.47
Pylaia (Georgikis Sholis)	3.10
247 & 249 Thivon Ave., Nikaia (A+B)	13.26
6th km Thes. - Oraiokastrou, N. Efkarpi	3.80
Alimou Ave. 30, Alimos	6.65
Orfeos 166, Votanikos	11.56
N. Douka, Kolonaki	-
Thermaikou St., Thessalonica	8.27
Larisa Property	4.00
Lavrio Port, Lavrio	7.53
<b>Total Property Value (in EUR mn)</b>	<b>200.66</b>
Total Property Value (NAV) per Share (in EUR)	<b>13.41</b>
Adjustment for Net Debt Burden	- <b>89.57</b>
Adjustment for Deferred Taxes	<b>32.00</b>
<b>Net Asset Value (NAV) (in EUR mn)</b>	<b>143.09</b>
<b>NAV per Share (in EUR)</b>	<b>9.56</b>

Source: Pasal, SPS Sotiropoulos Property Solutions, VRS.

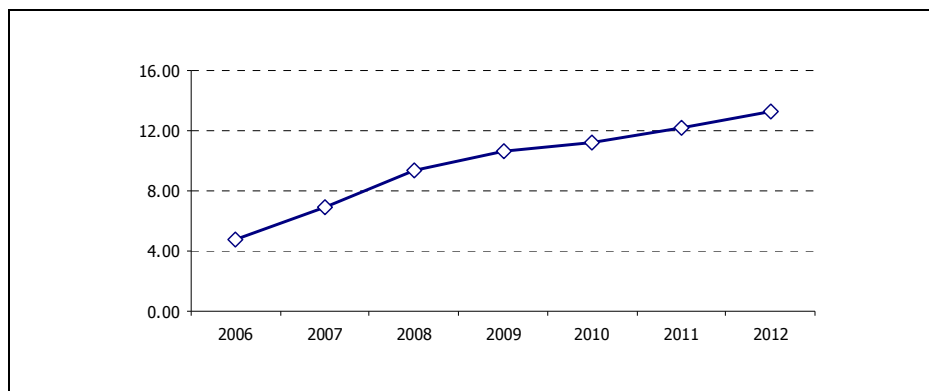
Adjusting the property portfolio's aggregate value for debt and deferred taxation, we end up with a figure of € 143 million which we denote as Net Asset Value or NAV.

Management's primary focus is NAV growth based on its property development plan. According to our projections, NAV compounded average growth rate (CAGR) for the period 2006-2012 is targeted at 19% implying that PASAL is a pure "NAV play".

## GRAPH

## PASAL - Historic &amp; Projected NAV per Share (€)

Source: VRS calculations.



### International Expansion

Management has disclosed its plans on a step-by-step international expansion, with an emphasis on Balkans, which has the Serbian market as the first stop. Since at this stage all elements are in a processing and identification stage, we see no reason of assuming any relevant effect.

### Management, Shareholders, Stock Option Plan

The management's efficiency in implementing the Company's property development plan in the following 5-year period is very crucial in our valuation's credibility. In this respect, we attach a lot of this mission to the Company's founder and major shareholder, Mr. Sotiris Theodoridis. Mr. Theodoridis is a very experienced entrepreneur in property investment, development and sale, possessing a long track record of real estate activities in Greece. He is also one of the founders and shareholder of Athens Exchange listed Sato S.A., the leading office and home furniture manufacturer / distributor in the country. The Company's shareholder structure is presented below:

Shareholder	Stake
Sotiris Theodoridis	34.76%
George Theodoridis	36.97%
Aikaterini Theodoridis	2.21%
Retail & Institutional Investors	26.06%
<b>TOTAL</b>	<b>100.00%</b>

As a strong driver for the management's commitment in the Company's strategic growth objectives we view the recent launch of a stock option plan. [In our model we have treated this plan as an expense therefore the Company's future profitability is affected as a result of stock options granted to the management.] The major terms of PASAL's stock option plan are presented below:

Plan's Duration	3 years
Maximum # of Issued Shares	750,000 (~5% of existing shares)
Exercise Price	€ 3 per share
Entitled to participate:	BoD Members, Management, Employees
Dates of Options Offering:	31/3/2008 (30% of total options)
	31/3/2009 (35%)
	31/3/2010 (35%)
Exercise Date:	February 1 <sup>st</sup> of every next calendar year

Source: The Company.

#### IMPORTANT NOTE

On June 10, 2008, PASAL acquired 37.08% (20,353,776 shares) of PIRAEUS REIT, listed on the Athens Exchange, at a price of € 2.08 per share or € 42.3 million in total. PASAL would finance the acquisition via bank debt and own capital at a ratio of 70:30 without affecting its property development as it is described in this valuation report. According to the Management, own capital would not include the balance of funds deriving from the recent IPO. **We are going to estimate the full effect of this acquisition on PASAL's valuation in a following research update. At first glance, we view the acquisition to be on the top of the Company's existing development plan.**

## Strategy

PASAL focuses on developing attractive property in selected areas assigning the construction to third parties. The Company performs active portfolio development and management assisted by an experienced team of economists, civil engineers and architects. PASAL enjoys long leases -weighted average lease duration at 12 years- linked to the Greek inflation plus a 1% spread while leasing agreements provide for waive of tenants' rights. Inflation is now expected to reach 3.5% on average in 2008, up from 2.9% in 2007, but slow down during 2009 to 3.2%.

PASAL bases its expansion strategy on the following six pillars:

- (1) Creation and enhancement of a well balanced portfolio encompassing commercial and industrial properties;
- (2) Initiation of residential (second home) property development in the longer term;
- (3) Property development with a focus on undersupplied areas;
- (4) Profit maximization of investment properties via sale at maturity stage;
- (5) Strong presence in the Greek market and gradual international exposure with an emphasis on the Balkans (near-term) and Eastern Europe (longer-term);
- (6) Co-operation with well known foreign and domestic real estate development groups.

### GRAPH

#### PASAL's Development Pipeline (Completion Year of Each Project)

Source: The Company.



Source: The Company, VRS.

### Peer Group / Combined Valuation

The combined valuation, based on the P/E and P/BV multiples, as well as on the NAV approach, derives an implied fair value of € 8.5 per share.

#### PEER GROUP ANALYSIS

Stock	Country	Market Cap EUR mn	P/E '08 (times)	P/BV '08 (times)
<b>Babis Vovos (BVIC)</b>	Greece	701.67	29.22	1.43
<b>Lamda Development</b>	Greece	408.07	7.98	1.08
<b>Vastned Offices Industrial</b>	Holland	407.30	11.43	0.78
<b>Corio Nv</b>	Netherlands	3,682.73	17.72	0.98
<b>Klepierre</b>	France	5,079.04	27.98	2.58
<b>Hypo Real Estate Hldgs</b>	Germany	4,249.42	6.81	0.78
<b>Hammerson Property</b>	Great Britain	3,298.33	22.47	0.61
<b>Slough Estates</b>	Great Britain	2,148.50	14.62	0.61
<b>Sacyr Y Vallehermoso</b>	Spain	6,031.44	8.55	1.96
<b>Liberty Intl Plc</b>	Great Britain	3,969.24	23.66	0.71
<b>Gecina</b>	France	5,590.12	19.00	1.20
<b>Unibail</b>	France	12,860.37	19.50	0.94
<b>Land Securities Group Plc</b>	Great Britain	8,050.53	17.35	0.69
<b>Pasal</b>	<b>Greece</b>	<b>76.64</b>	<b>2.37</b>	<b>0.71</b>
Total Market Cap		56,553.40		

10/6/2008

Source: Bloomberg, Reuters and VRS estimates.

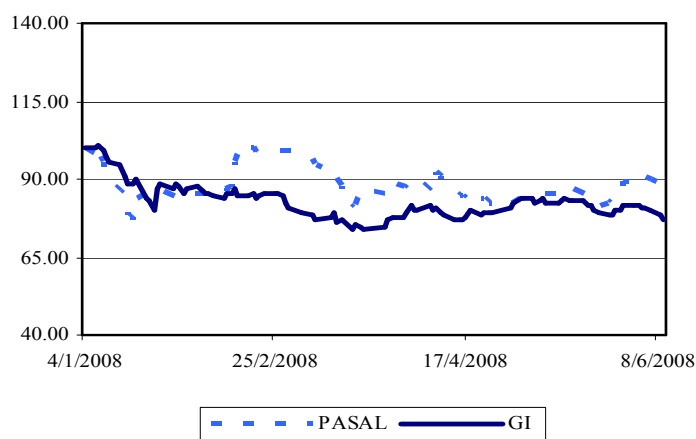
COMBINED VALUATION	NAV	P/E (times)	P/BV (times)
Peer Group Avg (times)		17.41	1.10
Market Cap Weighted Average (times)		17.90	1.13
Implied Target Price (Weighted) (in €)	9.56	10.39	6.45
Weights	40.00%	20.00%	40.00%
<b>Implied Target Price (in €)</b>			<b>8.5</b>
<b>Implied Market Cap (in € million)</b>			<b>126.98</b>
Implied P/E (times)	2008		3.92
Implied P/E (times)	2009		8.59
Implied P/E (times)	2010		12.73
Current Share Price (in €)			5.12
Upside Potential			65.69%

Source: Valuation &amp; Research Specialists (VRS).

### PASAL's Valuation Metrics

	2007	2008	2009	2010	2011	2012
Share Price	<b>€ 5.12</b>					
Shares Outstanding	<b>14,967,940</b>					
Market Capitalization (in €)	<b>76,635,853</b>					
EPS (in €)	0.58	2.16	0.99	0.67	0.78	0.88
Book Value / Share (€)	5.7	7.2	7.9	8.4	8.9	9.5
EV (in € mn)	103	166	231	258	256	248
P/E (a.t.& m.i.)	8.82x	2.37x	5.19x	7.68x	6.59x	5.83x
P/BV	0.90x	0.71x	0.65x	0.61x	0.57x	0.54x
EV/EBITDA	6.49x	3.39x	7.58x	9.99x	9.33x	8.62x
EV/Revenues	5.43x	3.04x	6.39x	8.12x	7.59x	6.98x
Dividend / Share (in €)	0.20	0.65	0.30	0.20	0.23	0.26
Dividend Yield	3.9%	12.7%	5.8%	3.9%	4.6%	5.1%

### PASAL Stock's Relative Performance



## First Quarter 2008 Results

PASAL released first quarter financial results on May 27<sup>th</sup>. The results point to a modest earnings growth as the completion of Piraeus 180 Shopping Mall, PASAL's major development project this year, is expected in December. In addition, the logistics center at the 6<sup>th</sup> km of Elefsina – Korinthos Ave. is also expected to commence operations by the end of 2008.

The major corporate developments during the first quarter 2008, which are presented below, are also illustrative of PASAL's broader expansion strategy:

- Completion of a commercial property in Thessalonica, Northern Greece (6<sup>th</sup> km Thes. – Oreokastrou, N. Efkarpia);
- Purchase of 2 new properties: a land plot of 3,900 square meters in Alimos, Southern Athens District, and a land plot of 40,832 square meters in Oraiakastro area, West Thessalonica. Total consideration settled at € 14 million;
- Sale of 2 investment properties (Kifisias Ave. 69 and Kifisias Ave. 42, located in Athens) for € 16 million.

First Quarter 2008 Results <i>(in € ,000)</i>	Accounts Q1 2008	Change (%)	Accounts Q1 2007
Revenues	730	98.37%	368
Other Income	1,027		0
Fair Value Adjustment on Inv. Prop.	2,920	-16.55%	3,499
Operating & Financial Expenses	2,058	74.26%	1,181
Net Results Before Taxes	2,949	4.17%	2,831
Net Results (a.t.&m.i.)	2,214	6.96%	2,070
			<b>31/12/2007</b>
Net Investment Property	108,593	-5.32%	114,694
Net Tangible Assets	22,439	87.51%	11,967
Financial Assets for Sale	2,310	-43.58%	4,094
Cash in bank and at hand	28,892	28.78%	22,435
Total Assets	169,131	4.03%	162,586
Total Equity	86,971	-0.40%	87,322
Total Liabilities	82,160	9.16%	75,264

Source: Consolidated Financial Statements under IFRS.

## Financial Analysis & Projections

PASAL's profitability derives from rental income and fair value adjustment in investment property. The Company targets long leasing contracts linked to inflation plus a spread of 1%. Indicative monthly rents may range between € 5-65 per sq. m. for commercial / industrial property.

Monthly Rents	min	max
Stores (EUR / m2)	12	65
Restaurants (EUR / m2)	30	40
Ind. Warehouses (EUR / m2)	5	10

Source: Management's guidance, VRS estimates.

The Company generates additional income from investing in areas where property value growth potential is significantly higher. In line with PASAL's expansion strategy, commercial property is the primary contributor to bottom line results.

<i>(in € ,000)</i>	<b>As of 31/12/2007</b>	Commercial Property	Industrial Property	Residential Property	Total
Revenues per Category		2,653	398	0	3,051
Fair Value Adjustment		15,795	0	580	16,375
<b>Total</b>		<b>18,448</b>	<b>398</b>	<b>580</b>	19,426
<b>Operating Results per Category</b>		<b>14,567</b>	<b>158</b>	<b>523</b>	15,248
	<i>Funds Committed:</i>				
Total Assets per Category		109,682	9,496	7,531	126,709
Liabilities per Category		59,024	6,634	868	66,526

Source: Company accounts.

As noted previously, 180 Piraeus Avenue shopping center is the most notable contributor to rental income over the following 5-year period. The shopping center will house 80 stores as well as dining areas. PASAL is currently at final negotiations with well known retailers targeting full rental capacity when the project completes in December 2008. In our model, we assume rental income of € 5.7 million for the first year of operation, 2009. Rental income is also to be generated from other fixed as well as variable type properties of the Company's portfolio with the largest income flow anticipated in the period 2010-2012. A more detailed analysis of the projected revenues is presented in the following table:

<b>HISTORIC &amp; PROJECTED REVENUE BREAKDOWN</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<i>(in € ,000)</i>					
Piraeus 18, Moshato	715	685	718	754	780	808
Irakliou Ave. 409	129	132	138	143	148	153
Piraeus Ave. 186, Tavros	0	0	0	816	853	891
Piraeus Ave. 180, Tavros	0	0	5,700	6,529	6,757	6,994
9th km Varis - Koropiou Ave. (A+B)	304	432	492	564	590	616
27 km Elefsina-Korinthos Ave.	120	372	390	410	428	448
247 & 249 Thivon Ave., Nikaia (A+B)	292	420	548	1,071	1,119	1,170
6th km Thes. - Oraiokastrou, N. Efkarpia	0	245	257	270	282	295
N. Douka, Kolonaki	0	0	0	420	439	459
Alimou Ave. 30, Alimos	0	0	736	1,131	1,182	1,235
Orfeos 166, Votanikos	41	144	144	144	144	144
Thermaikou St., Thessalonica	0	0	0	1,572	1,643	1,717
Larisa Property	0	0	0	1,080	1,129	1,179
Other Rental Revenues	319	321	134	141	3,145	4,150
<b>TOTAL TURNOVER</b>	<b>2,548</b>	<b>2,752</b>	<b>9,257</b>	<b>15,045</b>	<b>18,639</b>	<b>20,258</b>

Notes: Other rental revenues include rental revenues from 3rd party real estate assets and unidentifiable property development.

Total turnover in 2007 includes rental income of 2 sold properties.

Source: Company accounts, VRS.

PASAL's development plan is targeted at € 98 million in the following 3 years. In our model we assume purchase of new property in the first two years of the explicit period and gradual completion of development projects which will affect the Company's investment property on the asset side as well as revenues on the income side via the corresponding fair value adjustment. We also make an assumption of other rental income generated at the end of the projected 5-year period resulting from currently unidentifiable property development.

Following the initial public offering and the sale of two properties in first quarter this year, PASAL possess sufficient own capital which along with external funding would allow the Company to implement its property development plan. According to our model, own capital is expected to mix with rising debt in the 5-year period allowing a cost efficient financing structure as well as a favorable weighted average cost of capital. Our projections imply that debt to equity ratio from 0.6x in 2007 will evolve to 0.9x in 2008 and 1.3x in 2012. PASAL's borrowings are all at floating rates and € denominated. Finally we estimate the overall blended rate of interest on PASAL's total debt at 6%.

Below we present our analysis with regard to PASAL's investment property, profit & loss account, balance sheet and cash flows on both historical and projected basis.

**INVESTMENT PROPERTY**

<i>(in € ,000)</i>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Initial Balance</b>	<b>79,100</b>	<b>114,694</b>	<b>214,491</b>	<b>302,033</b>	<b>337,032</b>	<b>352,104</b>
<b>Purchase of Fixed Assets</b>	<b>10,486</b>	<b>29,361</b>	<b>18,622</b>	<b>0</b>	<b>0</b>	<b>0</b>
y-o-y Change %	20.60%	180.00%	-36.58%			
<b>Transfer from Tangible Assets</b>	<b>8,733</b>	<b>31,327</b>	<b>40,377</b>	<b>17,012</b>	<b>0</b>	<b>0</b>
y-o-y Change %	-57.90%	258.72%	28.89%	-57.87%		
<b>Interest of Construction Period</b>		<b>2,307</b>	<b>1,713</b>	<b>1,259</b>	<b>0</b>	<b>0</b>
y-o-y Change %			-25.72%	-26.53%		
<b>Long-Term Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
y-o-y Change %						
<b>Sales</b>	<b>0</b>	<b>-15,185</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
y-o-y Change %						
<b>Fair Value Adjust. on Inv. Prop.</b>	<b>16,375</b>	<b>51,987</b>	<b>26,831</b>	<b>16,728</b>	<b>15,072</b>	<b>15,210</b>
y-o-y Change %	40.55%	217.48%	-48.39%	-37.65%	-9.90%	0.92%
<b>TOTAL</b>	<b>114,694</b>	<b>214,491</b>	<b>302,033</b>	<b>337,032</b>	<b>352,104</b>	<b>367,314</b>
y-o-y Change %	45.00%	87.01%	40.81%	11.59%	4.47%	4.32%

Notes: Part of capex is reported as tangible asset which upon completion is transferred to investment property. At the time a property is fully developed, the construction cost plus the fair value adjustment is recorded as investment property. Also the fair value adjustment is recorded in the P&L account and it is adjusted annually on incremental basis.

Source: Management's guidance, VRS estimates.

## Historic &amp; Projected Profit &amp; Loss Account

<i>€ million</i>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Revenues</b>	<b>2.55</b>	<b>2.75</b>	<b>9.26</b>	<b>15.04</b>	<b>18.64</b>	<b>20.26</b>
y-o-y Change %	59.45%	8.00%	236.40%	62.52%	23.89%	8.69%
<b>Cost of Sales (incl. depreciation)</b>	<b>0.74</b>	<b>0.70</b>	<b>0.72</b>	<b>0.75</b>	<b>0.78</b>	<b>0.80</b>
% of Turnover	29.20%	25.44%	7.78%	4.99%	4.18%	3.95%
y-o-y Change %	27.84%	-5.91%	2.86%	4.17%	4.00%	2.56%
<b>Fair Value Adjustment on Inv. Prop.</b>	<b>16.38</b>	<b>51.99</b>	<b>26.83</b>	<b>16.73</b>	<b>15.07</b>	<b>15.21</b>
<b>Operating Expenses</b>	<b>3.43</b>	<b>6.38</b>	<b>5.09</b>	<b>5.35</b>	<b>5.66</b>	<b>6.08</b>
% of Turnover	134.77%	231.83%	54.96%	35.54%	30.36%	30.03%
y-o-y Change %	145.29%	85.78%	-20.25%	5.11%	5.83%	7.49%
<b>EBITDA</b>	<b>15.85</b>	<b>49.03</b>	<b>30.43</b>	<b>25.83</b>	<b>27.42</b>	<b>28.73</b>
EBITDA Margin	83.75%	89.57%	84.32%	81.28%	81.34%	81.02%
y-o-y Change %	40.40%	209.37%	-37.93%	-15.13%	6.18%	4.79%
<b>Depreciation</b>	<b>0.17</b>	<b>0.05</b>	<b>0.07</b>	<b>0.08</b>	<b>0.11</b>	<b>0.14</b>
% of Turnover	6.83%	1.82%	0.70%	0.56%	0.59%	0.70%
<b>EBIT</b>	<b>15.67</b>	<b>48.98</b>	<b>30.37</b>	<b>25.74</b>	<b>27.31</b>	<b>28.59</b>
% of Turnover	82.83%	89.48%	84.14%	81.02%	81.02%	80.61%
y-o-y Change %	39.00%	212.49%	-38.00%	-15.23%	6.10%	4.69%
<b>Net Financial Results</b>	<b>-2.17</b>	<b>-5.13</b>	<b>-9.60</b>	<b>-11.24</b>	<b>-11.40</b>	<b>-10.92</b>
<b>Net Results Before Taxes</b>	<b>13.50</b>	<b>43.85</b>	<b>20.77</b>	<b>14.50</b>	<b>15.91</b>	<b>17.67</b>
EBT Margin	71.34%	80.10%	57.54%	45.64%	47.20%	49.83%
y-o-y Change %	49.88%	224.79%	-52.64%	-30.17%	9.73%	11.06%
<b>Income Tax &amp; Deferred Taxes</b>	<b>4.57</b>	<b>10.96</b>	<b>5.19</b>	<b>3.63</b>	<b>3.98</b>	<b>4.42</b>
Effective Tax Rate	33.85%	25.00%	25.00%	25.00%	25.00%	25.00%
<b>Stock Option Expense / Extraord.</b>	<b>0.00</b>	<b>0.40</b>	<b>0.70</b>	<b>0.80</b>	<b>0.20</b>	<b>0.00</b>
<b>Net Results After Taxes</b>	<b>8.93</b>	<b>32.49</b>	<b>14.87</b>	<b>10.08</b>	<b>11.73</b>	<b>13.25</b>
EAT Margin	47.19%	59.35%	41.22%	31.71%	34.81%	37.37%
y-o-y Change %	-27.63%	263.78%	-54.21%	-32.26%	16.46%	12.95%
<b>Proportion of Minority rights</b>	<b>0.25</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>
<b>Net Results (a.t.&amp;m.i.)</b>	<b>8.68</b>	<b>32.39</b>	<b>14.77</b>	<b>9.98</b>	<b>11.63</b>	<b>13.15</b>
<b>Net Margin</b>	<b>45.90%</b>	<b>59.16%</b>	<b>40.94%</b>	<b>31.40%</b>	<b>34.51%</b>	<b>37.09%</b>
y-o-y Change %	<b>-8.32%</b>	<b>272.89%</b>	<b>-54.38%</b>	<b>-32.48%</b>	<b>16.63%</b>	<b>13.07%</b>

Source: Management's guidance, VRS estimates.

## Historic &amp; Projected Balance Sheet

<i>€ million</i>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>ASSETS</b>						
Net Intangible Assets	0.00	0.00	0.00	0.00	0.00	0.00
Net Investment Property	114.69	214.49	302.03	337.03	352.10	367.31
Net Tangible Assets	11.97	15.13	12.13	12.66	12.52	10.38
Financial Assets for Sale	4.09	2.50	2.50	2.50	2.50	2.50
Equity holdings & other long-term assets	3.45	3.37	3.37	3.37	3.37	3.37
<b>Total Non-Current Assets</b>	<b>134.20</b>	<b>235.49</b>	<b>320.03</b>	<b>355.56</b>	<b>370.49</b>	<b>383.56</b>
% Total Assets	82.54%	93.32%	95.07%	96.41%	95.71%	95.81%
Inventories	0.00	0.00	0.00	0.00	0.00	0.00
Trade Receivables	1.17	0.45	0.76	0.82	1.02	1.11
Other Receivables	4.78	4.78	4.78	4.78	4.78	4.78
Cash in bank and at hand	22.44	11.63	11.07	7.62	10.80	10.90
<b>Total Current Assets</b>	<b>28.39</b>	<b>16.87</b>	<b>16.61</b>	<b>13.23</b>	<b>16.60</b>	<b>16.79</b>
% Total Assets	17.46%	6.68%	4.93%	3.59%	4.29%	4.19%
<b>TOTAL ASSETS</b>	<b>162.59</b>	<b>252.35</b>	<b>336.64</b>	<b>368.79</b>	<b>387.10</b>	<b>400.35</b>
<b>EQUITY &amp; LIABILITIES</b>						
Shareholder's Equity	85.15	107.82	118.16	125.14	133.28	142.49
Minority Rights	2.18	2.18	2.18	2.18	2.18	2.18
<b>Total Equity</b>	<b>87.32</b>	<b>109.99</b>	<b>120.33</b>	<b>127.32</b>	<b>135.46</b>	<b>144.67</b>
% Total Equity & Liabilities	53.71%	43.59%	35.75%	34.52%	34.99%	36.14%
L-Term Bank Loans	43.52	92.20	150.00	170.00	170.00	170.00
Provisions for Staff Retirement	0.02	0.02	0.03	0.03	0.03	0.04
Deferred Tax Liabilities	17.95	32.00	40.00	42.00	50.00	60.00
Other long term debts	0.75	1.50	3.50	2.50	3.50	3.50
<b>Total L-Term Liabilities</b>	<b>62,341</b>	<b>125,724</b>	<b>193,527</b>	<b>214,529</b>	<b>223,532</b>	<b>233,536</b>
Suppliers	5.92	1.44	1.48	1.54	1.60	1.64
Banks	5.06	9.00	15.00	19.00	20.00	12.00
Taxes-duties	0.00	1.20	1.30	1.40	1.50	1.50
Other current liabilities	1.95	5.00	5.00	5.00	5.00	7.00
<b>Total Current Liabilities</b>	<b>12.92</b>	<b>16.64</b>	<b>22.78</b>	<b>26.94</b>	<b>28.10</b>	<b>22.14</b>
<b>Total Liabilities</b>	<b>75.26</b>	<b>142.36</b>	<b>216.31</b>	<b>241.47</b>	<b>251.63</b>	<b>255.68</b>
% Total Equity & Liabilities	46.29%	56.41%	64.25%	65.48%	65.01%	63.86%
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>162.59</b>	<b>252.35</b>	<b>336.64</b>	<b>368.79</b>	<b>387.10</b>	<b>400.35</b>

Source: Management's guidance, VRS estimates.

### Historic & Projected Cash Flow Statement

<b>CASH FLOW STATEMENT</b>					
(in € ,000 )	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Profit after tax	32,485	14,874	10,076	11,734	13,254
Plus: Change of Depreciation	<b>50</b>	<b>65</b>	<b>85</b>	<b>110</b>	<b>143</b>
<b>Gross Cash Flow</b>	<b>32,535</b>	<b>14,939</b>	<b>10,160</b>	<b>11,844</b>	<b>13,397</b>
<i>Change in:</i>					
(-) Trade Debtors	-719	309	64	197	89
(-) Inventory	0	0	0	0	0
(-) Other Receivables	0	0	0	0	0
(+) Trade Creditors	-4,478	41	62	62	41
(+) Liabilities for taxes	1,200	100	100	100	0
(+) Other Short - term liabilities	3,049	0	0	0	2,000
Change in Working Capital	490	-167	98	-35	1,952
<b>Operating Cash Flow</b>	<b>33,025</b>	<b>14,772</b>	<b>10,258</b>	<b>11,809</b>	<b>15,349</b>
<i>Change in:</i>					
(-) Intangible Assets	0	0	0	0	0
(-) Tangible Assets / Investment Property	103,009	84,608	35,611	15,045	13,210
(-) Other long - term receivables	-1,671	0	0	0	0
(+) Other Long - term liabilities	14,704	10,002	1,003	9,003	10,004
(+) Cons. diff./ Minority Interests	0	0	0	0	0
<b>Cash Flow from Investment</b>	<b>-86,634</b>	<b>-74,606</b>	<b>-34,608</b>	<b>-6,042</b>	<b>-3,206</b>
<b>Net Cash Flow Before Financing Activities</b>	<b>-53,609</b>	<b>-59,834</b>	<b>-24,350</b>	<b>5,766</b>	<b>12,143</b>
Increase in Share Capital	0	0	0	0	0
Increase in Share Premium Account	0	0	0	0	0
Net Change in Reserves	0	0	0	0	0
Change in Long - Term Debt	48,679	57,800	20,000	0	0
Change in Short - Term Debt	3,944	6,000	4,000	1,000	-8,000
Dividends	9,716	4,432	2,993	3,490	3,946
Minority Interests on Profit	100	100	100	100	100
<b>Net Cash Flow from Financing</b>	<b>42,807</b>	<b>59,268</b>	<b>20,907</b>	<b>-2,590</b>	<b>-12,046</b>
Cash at Beginning	22,435	11,634	11,067	7,624	10,800
<b>Change in Cash and Marketable Securities</b>	<b>-10,801</b>	<b>-567</b>	<b>-3,443</b>	<b>3,176</b>	<b>97</b>
Cash at End	11,634	11,067	7,624	10,800	10,898

Source: Management's guidance, VRS estimates.

## The Market: Top Down Approach

At this stage, PASAL is exclusively activating in the Greek market with a focus on commercial / industrial property. It should be noted that the domestic economy and real estate market are towards a sustained growth scenario in the following quarters. Below, we highlight the market's major characteristics, risks and prospects based on a top-down approach.

### The Greek Economy

Real GDP growth decelerated to 3.6% in Q4 2007, in the midst of the international financial turmoil, rounding up to 4.0% for the year as a whole, slightly below the 4.2% growth in 2006, but still well above the one recorded in the euro area (2.6%). Economic expansion was primarily driven by robust, albeit decelerating, growth in private consumption and investment. The external sector continued to negatively contribute to GDP growth, despite the strong rise in exports of goods and services.

<b>Main economic indicators Greece</b> (annual % change)				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
GDP at constant prices	3.8	4.2	4.0	3.6
Private Consumption	4.2	4.2	3.1	3.2
Public Consumption	1.4	-0.7	3.2	2.9
Gross fixed capital formation	0.9	12.9	5.9	6.6
Exports (goods and services)	2.7	5.1	7.6	5.6
Imports (goods and services)	0.5	8.7	6.1	6.6

Sources: European Commission, national sources.

The impact of the international financial turmoil on the Greek financial sector and the real economy has been so far limited and mainly indirect. The exposure of the Greek banks to foreign sub-prime mortgage-backed securities has been negligible, thus there have been no important devaluations and write-offs of assets and, in this respect, no losses in most of the banks' balance sheets. The credit conditions to consumers and firms have tightened and the lending standards have become stricter, but given the intense competition in the Greek banking sector, part of the effects of the increased cost of funding is expected to be absorbed by the banks and not rolled-over to the borrowers. In the capital market, the process of risk reassessment and flight to safety on the part of the investors has resulted in decreasing bond returns, while the stock market has been characterized by high volatility and a falling trend in prices.

Looking ahead, the uncertainty surrounding the economic growth, especially in the advanced economies, remains elevated, affecting the level of confidence and the economic decisions of consumers and investors. In March 2008, the Greek government revised downwards its near-term macroeconomic projections of the Stability and Growth Programme (SGP) for 2008-2010, stressing that the impact of the international developments would be significant on inflation, limited on growth, insignificant on the budget. Economic activity will slow to 3.6% in 2008 and 2009 (euro area: 1.4% and 1.2%, respectively), mainly as a result of the slowdown in the world economy, before rising to 3.8% in 2010, implying only a limited impact of the international financial turmoil on the Greek real economy.

### **The Greek Commercial / Industrial Property Market**

The domestic commercial / industrial property market is highly competitive since development companies also act as property investors. Babis Vovos, Lamda Development and Reds are considered leaders in this field. Demand for leasing high profile commercial property comes from the domestic as well as foreign corporate community such as retailers and industries, which seek to upgrade their market position along with their business expansion.

When it comes to commercial property development, most developers prefer to enter into an agreement with potential tenants instead of building speculatively. Thus most often the largest part of supply is committed well before the completion of the final project.

Currently the market with the greatest dynamics is the west part of the Athens center where a number of new - commercial as well as residential - property projects and a planned extension of public transport infrastructure will upgrade the area's business profile. The area's development is now driven by the supply of large -ex industrial- sites.

The domestic commercial market is characterized by the following dynamics:

- Greece's strong economic growth and resilient private consumption growth rates are helping fuel commercial property activity;

- 
- With the office market remaining stable, commercial and retail property prices continue to follow a more resilient and in some cases positive trend;
  - There is growing demand for modern commercial space especially in developing areas in Athens and Thessalonica, the two largest urban centers of Greece;
  - Following population shifts, large-scale shopping centers and outlet developments are steadily gaining ground as a platform of an efficient retail presence. This resulted from the successful operation of the first large-scale and organized shopping complexes which enjoyed great demand from domestic and foreign chains, and high acceptance from the public;
  - The commercial property market is dominated by all major domestic brands as well as by the constant expansion of foreign commercial retailers that have recently arrived in Greece;
  - Developers continue to suffer from outdated laws, zoning restrictions and costly bureaucratic procedures; Other major setbacks are also due to high property transfer tax and the red tape vis-à-vis permit acquisition;
  - In some cases, foreign investors have dealt with the above confusion by teaming with a local partner who has leverage with local authorities and a better understanding of building and tax laws.

---

**Retail Property Yields:** Demand remains quite strong with average yield standing at 6%.

**Office Property Yields:** Current property price trends indicate a yield range between 6.5-7% with some potential of downward movement in the following quarters.

### Investment Risks / Mitigating Factors

	Investment Risks / Concerns	Mitigating Factors / Important Notes
1	Any downward cycle in the general economy and in the domestic real estate market may negatively affect property prices and yields.	Greek economy continues to demonstrate strong GDP growth. The Company focuses on selected and undersupplied areas when it comes to property development.
2	Earnings may show high deviation from targets if property market cycle does not favor the fair value adjustment of PASAL's investment property.	Current property cycle is positive and exhibits no signs of any exhaustion.
3	Credit squeeze or rising competition for capital within the domestic market may reduce IRRs on future unidentified projects.	At this point PASAL has ensured sufficient financing at competitive cost for its property development plan.
4	In the recent past, a significant part of PASAL's rental income was tied to SATO Group which has Theodoridis family as major shareholder.	With the sale of the 2 investment properties in 1 <sup>st</sup> Q 2008 and the completion of Piraeus 180 shopping mall by year-end, this relationship is expected to weaken drastically.
5	Any future intention by PASAL's major shareholders to reduce their stakes in the Company could become factor to share price performance.	The major shareholders participate in management and appear highly committed to the Company's long-term strategic objectives.
6	Unfavorable legislation in terms of Greek government's stronger need for tax revenues.	Officially there are no signs of such a prospective development.
7	Other legal / regulatory issues such as building permit issuance due to environmental and archaeological related delays.	PASAL has faced such potential factors of delay with success in the past.

Source: Valuation & Research Specialists (VRS).

---

## S.W.O.T. Analysis

---

### Strengths

- ❖ Rising position in the Greek property market with long track record in property development and sale;
- ❖ Management has extensive understanding of the Greek real estate market;
- ❖ Independent real estate developer with high degree of flexibility allowing to capture opportunities;
- ❖ Focus on developing areas;
- ❖ Attractive and secure lease yields with class A' tenants;
- ❖ Solid NAV growth;
- ❖ PASAL does not take on construction risk since it agrees with subcontractors on a fixed price.

### Weaknesses

- ❖ Low than expected diversification in property portfolio (biased mostly to the commercial / industrial market);
- ❖ Following completion of Piraeus 180 shopping center, investment portfolio's value and profitability is expected to become quite concentrated;
- ❖ Dependence on SATO Group (which is expected though to weaken in the next couple of years).

### Opportunities

- ❖ Opportunities may arise from Greek government's intention to move the majority of its services to new buildings;
- ❖ Recent listing increases financing capacity under the condition of a good stock market cycle;
- ❖ International expansion in Balkans and Eastern Europe;
- ❖ Property development in the residential (second home) market;
- ❖ Utilization of sale and lease back techniques.

### Threats

- ❖ High earnings volatility due to unfavorable fair value adjustment of investment property;
- ❖ Unexpected economic slowdown in the Greek economy;
- ❖ Credit squeeze or rising competition for capital within the domestic market;
- ❖ Unfavorable legislation in terms of Greek government's stronger need for tax revenues.

**APPENDIX 1: Proceeds from Initial Public Offering****UTILIZATION of IPO PROCEEDS** (as of 13 February 2008)

<i>in € million</i>	Dec. 07	H1 2008	H2 2008	H1 2009	H2 2009	TOTAL	Utilized	Balance
Purchase of New Property								
Piraeus 186, Tavros	1.60	0.00	0.00	0.00	0.00	1.60	1.60	0.00
Alimou Ave. 30, Alimos	0.00	1.69	0.00	0.00	0.00	1.69	0.00	1.69
New Property	0.00	7.34	8.44	0.00	0.00	15.79	0.00	15.79
a. TOTAL	1.60	9.03	8.44	0.00	0.00	19.08	1.60	17.47
Development of Existing Property								
N. Douka, Kolonaki	0.00	0.17	0.51	0.17	0.00	0.84	0.00	0.84
247 & 249 Thivon Ave., Nikaia	0.00	0.17	0.42	0.51	0.59	1.69	0.00	1.69
b. TOTAL	0.00	0.34	0.93	0.68	0.59	2.53	0.00	2.53
c. IPO Expenses	1.73					1.73	1.53	0.20
GRAND TOTAL (a+b+c)	3.33	9.37	9.37	0.68	0.59	23.34	3.13	20.21

Source: Company.

**APPENDIX 2: Investment Property Portfolio**

**PICTURE 4**

**Piraeus 18, Moshato - Retail Park**

Source: The Company.



**PICTURE 5**

**Irakliou Ave. 409 - Retail Store**

Source: The Company.



**PICTURE 6**

**Piraeus Ave. 186 - Land**

Source: The Company.



**PICTURE 7** Piraeus Ave. 180, Tavros - Shopping Center (Under Development)

Source: The Company.



**PICTURE 8** Piraeus Ave. 180, Tavros - Shopping Center (Final Structure)

Source: The Company.



**PICTURE 9** 27<sup>th</sup> km Elefsina – Korinthos Ave. - Logistics Center (Under Development)

Source: The Company.



**PICTURE 10**

**9<sup>th</sup> km Varis – Koropiou Ave. - Big Box**

Source: The Company.



**PICTURE 11**

**Pylaia (Georgikis Sholis) - Land Plot**

Source: The Company.



**PICTURE 12**

**247 & 249 Thivon Avenue - Big Box**

Source: The Company.



PICTURE 13

6<sup>th</sup> km Thes. - Oraiokastrou, N. Efkarpia - Big Box

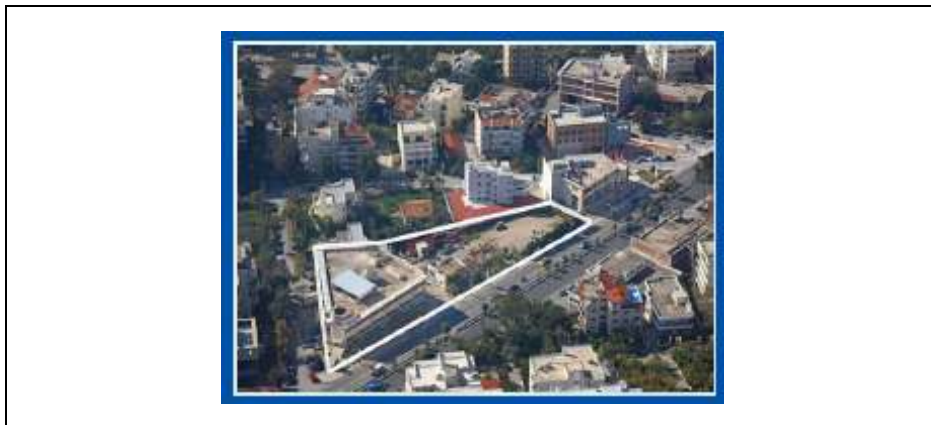
Source: The Company.



PICTURE 14

Alimou 30, Alimos - Land Plot

Source: The Company.



PICTURE 15

Orfeos 166, Votanikos - Industrial Building

Source: The Company.



**PICTURE 16**

**N. Douka, Kolonaki - Long Term Lease**

Source: The Company.



**PICTURE 17**

**Thermaikou St., Thessalonica - Industrial Building**

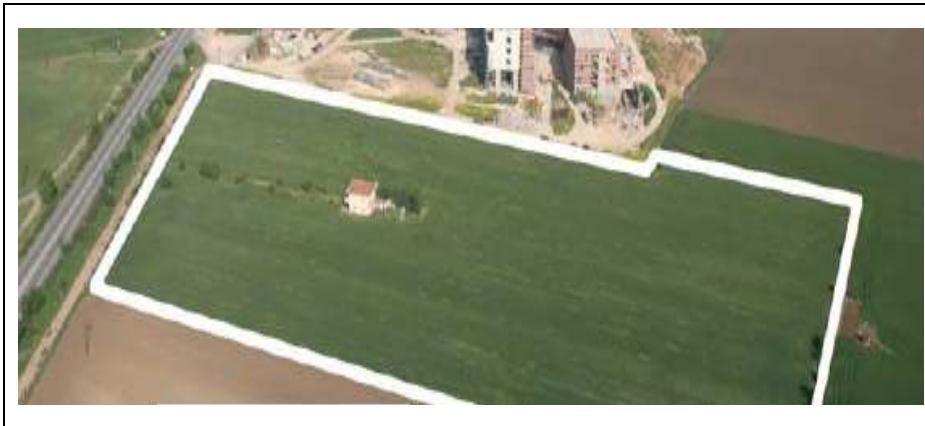
Source: The Company.



**PICTURE 18**

**Larisa - Land Plot**

Source: The Company.



**PICTURE 19**

**Lavrio Port, Lavrio - Land Plot**

Source: The Company.



**Notes**

---

## Notes

---

---

# VALUATION & RESEARCH SPECIALISTS (VRS)

Value Invest - [www.valueinvest.gr](http://www.valueinvest.gr) Investment Research & Analysis Journal - [www.iraj.gr](http://www.iraj.gr)

---

---

## DISCLOSURE STATEMENT (1)

### VRS Cautions on Forward-Looking Statements

**VALUATION & RESEARCH SPECIALISTS (VRS)** cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and VRS assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in VRS reports and those identified elsewhere in this communication, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) the introduction, withdrawal, success and timing of business initiatives and strategies; (2) changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in demand for products or services or in the value of assets under management; (3) the impact of increased competition; (4) the impact of capital improvement projects; (5) the impact of future acquisitions or divestitures; (6) the unfavorable resolution of legal proceedings; (7) the extent and timing of any share repurchases; (8) the impact, extent and timing of technological changes and the adequacy of intellectual property protection; (9) the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies; (10) terrorist activities and international hostilities, which may adversely affect the general economy, domestic and local financial and capital markets, as well as specific industries; (11) the ability to attract and retain highly talented professionals; (12) fluctuations in foreign currency exchange rates; (13) the impact of changes to tax legislation and, generally, the tax position of the covered company.

### VRS Makes a Statement about Real Estate Market Risk

The real estate market is to a large extent cyclical and faces risks at a number of levels. Among others, the following factors tend to affect the demand and the ability of tenants to pay rent:

- Macroeconomic environment
- Level of supply
- Interest rates

Furthermore, the following factors are mainly, but not exclusively, accountable for the course of property values:

- Macroeconomic environment
- Corporate Earnings
- Interest rates
- Financing mechanisms offered
- Returns on other types of assets
- Legal and tax legislation

---

Please contact “ <b>VALUATION &amp; RESEARCH SPECIALISTS</b> ” for further information on Equity Research Related Fees.
---

---

# VALUATION & RESEARCH SPECIALISTS (VRS)

Value Invest - [www.valueinvest.gr](http://www.valueinvest.gr) Investment Research & Analysis Journal - [www.iraj.gr](http://www.iraj.gr)

---

## DISCLOSURE STATEMENT (2)

**VALUATION & RESEARCH SPECIALISTS (VRS)** is an independent firm providing advanced equity research, quality valuations and value-related advisory services to local and international business entities and / or communities. VRS services include valuations of intangible assets, business enterprises, and fixed assets. VRS's focus business is in providing independent equity research to its institutional and retail clients / subscribers.

**VRS is not a brokerage firm and does not trade in securities of any kind. VRS is not an investment bank and does not act as an underwriter for any type of securities.**

VRS accepts fees from the companies it covers and researches (the "covered companies"), and from major financial institutions. The sole purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little research coverage. In this manner VRS can minimize fees to its clients / subscribers and thus broaden investor's attention to the "covered companies."

VRS analysts are compensated on a per-company basis and not on the basis of their recommendations. Analysts are not allowed to solicit prospective "covered companies" for research coverage by VRS and are not allowed to accept any fees or other consideration from the companies they cover for VRS. Analysts are also not allowed to trade in the shares, warrants, convertible securities, or options of companies they cover for VRS.

Furthermore, VRS, its officers, and directors cannot trade in shares, warrants, convertible securities or options of any of the "covered companies." VRS accepts payment for research only in cash and will not accept payment in shares, warrants, convertible securities or options of "covered companies" by no means.

To ensure complete independence and editorial control over its research, VRS follows certain business practices and compliance procedures, which are also applied internationally. Among other things, fees from "covered companies" are due and payable prior to the commencement of research and, as a contractual right, VRS retains complete editorial control over the research process and the final equity analysis report.

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

## DISCLOSURE CHECKLIST

Covered Company	Bloomberg	Price €	Price Close Date	Disclosure
PASAL S.A.	PASAL GA	5.12	10 June 2008	2, 3, 4, 6

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: guidance on financial performance and market trends.
4. VRS has received compensation from the covered company or from a consultant on behalf of the company for the preparation of this report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
7. VRS has produced a research report for this company within the past 12 months.

## COMPLIANCE WITH EU DIRECTIVES and GREEK LAWS

VRS prepares its equity research reports in a best effort to comply with the provisions of the EU Directive 2003/6/EK of the European Commission (L 339/73/24.12.2003, L 096/16/2003), the Guidelines 2003/125/EK and the Decision 4/347/12.7.2005 of the Hellenic Capital Markets Committee, as well as with the provisions of article 14, Greek Law 3340/2005, and the relevant clarifications with regard to the legal obligations of equity analysts.

VRS analysts are certified by the Hellenic Capital Markets Committee. The latter may request from VRS analysts to justify their views and conclusions with regard to this research report.

## ANALYST CERTIFICATION

The views expressed in this report accurately reflect the personal views of the undersigned analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this research report.

---

Please contact "VALUATION & RESEARCH SPECIALISTS" for further information on Equity Research Related Fees.
--