

Valuation Report



The Directors

Babis Vovos International Construction S.A.
340 Kifissias Avenue
154 51 N. Psychiko
Athens, Greece

Re: Certificate of Value as of 31 December 2004

Dear Sirs,

6 June 2005

In accordance with the terms of our appointment as independent appraisers to Babis Vovos International Construction S.A. (hereinafter "BVIC" or "the Company"), we have valued the real estate properties as of 31 December 2004 as detailed in our valuation report dated 15 April 2005, (the "Valuation Report") which delineates the scope, procedures and conclusions of our appraisal, and our financial models. This report summarizes the main conclusions of our Valuation Report. The accompanying statements of appraisal assumptions and limiting conditions are integral parts of both this report and the Valuation Report.

The properties are held for investment and in some instances held for development or in the course of development. The valuation analysis of these properties and those of the remainder of the portfolio are included in the body of our report with the concluded estimates of value reported in the table below and elsewhere in the executive summary in their appropriate categories.

The purpose of the Valuation Report is to express our opinion of the "Fair Market Value" of the subject properties as of the valuation date and this report summarizes our conclusions. The function of the valuation is to provide information to the management of BVIC regarding the market value of the subject properties for Balance Sheet Reporting and inclusion in the Company's Annual Accounts.

Accordingly, our work product is not to be used for any other purpose or distributed to third parties without the express knowledge and written consent of Ernst & Young. Furthermore, the result of our valuation services does not constitute a fairness opinion or investment advice and should not be interpreted as such. Accordingly, our report is not intended for the benefit of a Bank or Developer (other than the client) or any other third party and should not be taken to supplant other inquiries and procedures that a Bank or any other third party should undertake for the purpose of considering a transaction with the Company.

For the purpose of our Valuation Report, we have defined "Fair Market Value" as

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

We have performed no test of earnings and cash flows to verify where there is a sufficient return on and return of investment in the subject properties. The Valuation Report sets out the limiting conditions and pertinent facts available to us in determining our conclusions.

On the basis of our research, study, inspection, investigation, and analysis as set forth in the aforementioned Valuation Report, we are of the opinion that the subject assets have an estimated "Fair Market Value" as of 31 December 2004 of:

Property Category	Estimated Fair Market Value (€) (rounded)
Horizontal Ownerships	37,288,000
Land Plots	29,499,000
Under Construction properties	120,681,000
Build Operate Transfer Agreement	72,510,000
Transfer of Building Coefficient	55,111,000
Sub Total	315,089,000

Sale & Leaseback Portfolio	Estimated Fair Market Value (€) (rounded)
Value of the Sublease Agreements with 3 rd Party Tenants	144,662,000
Present Value of the Residual Value of the Sale & Leaseback Portfolio	270,326,000
Gross Value of the Sale & Leaseback Portfolio	414,988,000
Value of the Sale & Leaseback Obligations to the Leasing Companies	(176,467,000)
Net Value of the Sale & Leaseback Portfolio	238,521,000

These values produce an estimated Total Fair Market Value as of 31 December 2004 of:

Property Category	Estimated Fair Market Value (€) (rounded)
Other Property Categories	315,089,000
Gross Value of the Sale & Leaseback Portfolio	414,988,000
Gross Value of the Portfolio	730,077,000
Less: Value of the Sale & Leaseback Obligations to the Leasing Companies	(176,467,000)
Net Value of the Portfolio	553,610,000

Our study was conducted in accordance with generally accepted appraisal standards, as set out by the American Society of Appraisers (ASA). The Valuation Report is prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Principles of Appraisal Practice and Code of Ethics of the ASA and RICS. These valuations have been performed by qualified and experienced valuers under the overall supervision of the undersigned.

Valuation Methodology and Procedures

To determine the value of the real estate properties on this assignment we conducted a two stage approach. Firstly, we conducted site visits of the majority of the real estate properties in order to reference and analyse data provided to us. Secondly, we undertook market based research both from our internal and external resources.

This valuation analysis is undertaken considering all of the pertinent market factors that relate both to the real estate market and, more specifically, to the subject properties. The valuation analysis of an improved property typically uses three approaches or techniques. Each of these valuation techniques is based upon an underlying concept or premise.

The three techniques include the Cost Approach, the Direct Sales Comparison Approach, and the Income Approach. In certain cases, we employed a modified version of the Cost Approach known as the Residual Value Approach to value the land. Each of these techniques results in a separate valuation indication for the subject property. Then a reconciliation process is performed to weigh the merits and limiting conditions of each approach. Once this has been accomplished, a value conclusion is reached by placing primary weight on the technique, or techniques, that are considered to be the most reliable, given all factors.

In the process of preparing this appraisal we:

- Inspected the majority of the subject properties;

- Relied on information provided by the Company as well as on our previous valuation report;
- Conducted market research into sales and rental rates for comparable properties; and
- Examined market conditions and analysed their potential effect on the properties.

Properties Valued

The properties valued are those set out in listings provided by BVIC. (all figures are in Euros)
Horizontal Ownerships

Description: Horizontal Ownerships refer to individual floors or parts thereof that are owned within a building corresponding to a percentage of ownership of the land and car parking spaces. The Horizontal Ownerships and the corresponding percentage of ownership of the land, is transferable to a third party. Types of space include residential, storage, cinema, retail, office and parking areas. These properties include a total lettable area of 12,891 sqm and 659 parking spaces.

Valuation Methodology: The Horizontal Ownerships have been appraised at market value using existing leases, comparable sales data and the direct capitalisation approach. Yields ranged from 4% for residential property to 10% for storage facilities. All leases were reported as being triple net, which means that all costs are borne by the tenant.

Valuation results: **Total Net Present Value:** **37,288,000**

Land Plots

Description: This refers to land on which no improvements have been made and no construction activity had taken place as of 31 December 2004. Land may be either within the town planning or out of the city-zoned area. Total land area consists of approximately 40,000 square meters in 7 parcels located in Attika and on Poros Island.

Valuation Methodology: The Land Plots have been estimated at market value using, amongst other methods, comparable sales data. The plots ranged in value from €1,200/sqm to €3,000/sqm for the Attika properties and €15/sqm for the Poros Island properties.

Valuation results: **Total Net Present Value:** **29,499,000**

Under Construction Properties

Description: This category refers to land where construction activity had already begun as of 31 December 2004. At that time, over 69,000 sqm of lettable area were under construction.

Valuation Methodology: Under Construction Properties have been reported as the market value of the land plus the % completion multiplied by the forecast total cost of construction. Almost 77% of the value of Under Construction Properties is underpinned by the market value of the land which consists of approximately 108,700 sqm on 5 plots in Attika and Poros Island. The plots ranged in value from €700/sqm to €3,340/sqm in Attika and €60/sqm on Poros Island.

Valuation results: **Total Net Present Value:** **120,681,000**

Build Operate Transfer (BOT) Agreement

Description: Build Operate Transfer is a major startup business venture where private organizations undertake development and operation of a facility. In the BOT approach, a private party or concessionaire retains a concession for a fixed period from a third party, called principal (client), for the development and operation of a facility.

The development consists of the financing, design and construction of the facility, managing and maintaining the facility adequately, and making it sufficiently profitable. The concessionaire secures return on investment by operating the facility and, during the concession period, the concessionaire acts as owner. At the end of the concession period, the concessionaire transfers the ownership of the facility free of liens to the principal at no cost.

The Company has entered into a Build Operate Transfer Agreement for 48 years with the Russian Federation (owner of the land). The Company has undertaken the development of two Projects on the site.

Valuation Methodology: For the purpose of the valuation, we estimated the prospective income benefits of operating the property. These amounts are discounted at appropriate rates of return in order to provide an indication of value. The complex has been valued on an assumed income stream from Building Complex II from year 19 to year 48 as the income in the first 18 years is used to securitize the financing received for the construction of the complex and there is no cash flow to the Company without debt service payment. A discount rate of 5.2% was used as that is the rate used by the bank when structuring the securitization of the income from the tenant. The first 12 month period that generates cash flow starts in 2022.

Valuation results: 2022F	Total Net Operating Income:	7,361,022 p.a.
	Total Net Present Value:	72,510,000

Transfer of Building Coefficient

Description: According to Law 3044 - Government Gazette 197/ 27 August, 2002, as well as the amendment published in the Government Gazette 308/ 31 December, 2003 - Article 14, the transfer of the building coefficient (transfer of equivalent commercial value) is permitted under certain circumstances (listed buildings, properties with buildings, which have been characterized as monuments, archaeological sites, or those, defined as cultural heritage sites, properties defined by the authorities as common use area etc). The areas which are permitted to receive the right of use of the fixed space transfer, otherwise named the 'Zones of Acceptance', are required to be either street planned properties or outside of historically designated borders, archaeological areas; traditional settlements; environmentally protected areas; specially characterised areas; on plots with less than a 20 % slope; at least 2 blocks away from the seashore, etc.

The Company expects that within 2005, the Law will take effect and they have already planned the allocation of the value of the fixed floor space from property with legally enforceable title, into under construction or existing buildings or adjacent land.

Valuation Methodology: For the purpose of the valuation, we estimated the value of the Transfer of Building Coefficient by applying the Residual Value Approach. Construction cost was estimated at €800/sqm (plus project management costs). The office/retail area to be built is 22,105 square meters. The period of development was taken as 1 year, therefore the sales value after development cost was discounted for the 1 year period at 9.9% to arrive at present value. The basis of the calculation for the residual valuation is:

Sales Value of the completed development

Less Development Cost

Results in Residual value of the Transfer of Building Coefficient

Valuation results:	Total Net Present Value:	55,111,000
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Sale & Leaseback Portfolio

Description: The Company has entered into several Sale & Leaseback agreements with various Greek Leasing Companies. The Sale & Leaseback Agreements allow the Company to transfer the property's ownership while having the right to use or grant subleases of the property. The Company retains a call option over the properties so, at the end of the lease term, the property may revert to the Company usually at a nominal cost.

The portfolio consists of 34,738 square meters and 1,116 parking spaces in 9 properties located throughout the Attika area.

Valuation Methodology: The value of the Sale & Leaseback portfolio consists of:

1. The Value of the Sublease Agreements with 3rd party tenants
2. Present Value of the Residual Interest of the Sale & Leaseback portfolio
3. Value of the Sale & Leaseback obligations to the Leasing Companies

Value of Sublease Agreements with 3rd party tenants

Description: The majority of the properties sold and leased back by the Company have been sub-let to 3rd party tenants as per the agreement of the original Sale & Leaseback contracts. These subleases are of various durations, but are usually as long, if not longer than, the leasing agreements with the Greek leasing companies.

Valuation Methodology: For the purpose of the valuation, we estimated the prospective cash flows of the existing sub leases for each property and also valued the 3 properties not leased out by the Company as of the date of value, but part of the Sale & Leaseback Portfolio, using market rates to reflect their income generating capability. For all subleases valued, we have annual rent adjustments of 4.5% - 5.5% which is derived from the CPI of the previous year plus a spread which varies from 1% - 2% according the sublease agreements. A discount rate of 5.5% has been selected with an annual Euribor of 2.361% (30/12/2004), plus inflation 3.1% (Dec.2004/ National Statistical Service), plus risk. As the sublease properties are leased to anchor tenants for a holding period of 12 years (typical commercial leases), no risk is attached to the subleased real estate portfolio. The choice of the above rate is supported by the fact that the funding (borrowing) rate for an established construction company in Greece is 5.5%.

Present Value of the Residual Interest of the Sale & Leaseback Portfolio

Description: The premise of this valuation is that all properties sold and leased back by the Company in the subject Sale & Leaseback portfolio, will be transferred back to the Company after the termination of the Sale & Leaseback Agreements as per the option available in those agreements. Thereafter, the properties will most likely continue to be leased to tenants in accordance with the terms and conditions of the agreement of the original sublease contracts, although the leases will no longer be defined as sub-leases.

Valuation Methodology: The cash flows are estimated from the point the Sale & Leaseback Agreements are terminated. A terminal discount rate of 7.5% has been applied which is derived using an annual Euribor of 2.361% (30-12-2004), plus inflation 3.1% (Dec.2004 – National Statistical Service), plus a spread of 2% which is appropriate for office and retail properties of this quality and with the existing terms and conditions, and reflects the risk of the future cash flows to the end of the property's economic lives. We have also taken in to account the fact that the sale & leaseback transaction does not incur transfer tax, which in Greece is 9% to 11%, which then improves the yield substantially. Since the lease agreements are expected to continue beyond the initial lease period and the Company was able to achieve annual rent escalations of 4.5% - 5.5%, a base lease term DCF analysis cannot properly reflect the value of the escalations and other property dynamics. Thus a full estimated economic useful life term analysis was used.

We have assumed the buildings have an economic life expectancy of 60 years and have included a capital improvements sinking fund accrual of 3 % of Effective Gross Income per annum to maintain and achieve this economic life span. A Vacancy & Collection Loss has been estimated at the end of every 12 year lease period. The amount is equal to 3 months rent.

In the cases where the sublease period is longer than the Sale & Leaseback period, we excluded the rental income for that specific period.

Valuation results:	2005F	Total Net Operating Income	14,108,129
			p.a.
		Value of Sublease Agreements:	
			144,662,000
		Value of the Residual Interest:	
			<u>270,326,000</u>
		Total Net Present Value:	
			414,988,000

Value of the Sale & Leaseback obligations to the Leasing Companies

Description: BVIC sold and leased back the properties in this portfolio under various terms and conditions to various leasing companies. Terms range from 10 to 14 years with repurchase options ranging from €2.93 to €4,117,500.

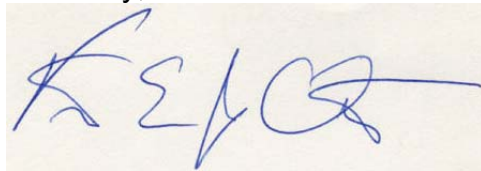
Valuation Methodology: We have valued the associated obligations to the leasing companies in accordance with International Accounting Standards (IAS 17), which states that finance leases should be recognised at the commencement of the lease term as assets and liabilities in their balance sheets at *amounts equal to the fair value of the leased property* or, if lower, *the present value of the minimum lease payments*, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct costs of the lessee are added to the amount recognised as an asset.

The discount rates used were those provided to us by the Company as written in the lease agreements between BVIC and the leasing companies.

Valuation results: **Total Net Present Value:** **(176,467,000)**

We are pleased to provide our opinion on this matter. Should you require further advice on any matters arising from this report please do not hesitate to contact us.

Sincerely,

A handwritten signature in blue ink, appearing to read 'V. E. J. Orth, Jr.', on a light-colored background.

Victor E. J. Orth, Jr. MRICS, M.Sc., ASA
Partner
Real Estate, Hospitality & Construction
Ernst & Young, Southeast Europe

Assumptions and Limiting Conditions

The following Terms, Assumptions and Limiting Conditions are an integral part of this report.

1. Complete Agreement

It is understood and agreed that these Terms embody the complete understanding of the parties and that any and all provisions, negotiations, and representations not included herein are hereby abrogated. These Terms cannot be changed, modified, or varied except by written instrument signed by both parties. These terms shall be binding upon the successors, heirs, administrators and executors or devisees of the parties hereto; and Babis Vovos International Construction S.A. (hereafter the 'Company') shall remain liable even though ownership of the business or its assets might change.

2. Single Purpose

This report is valid only when presented in its entirety and only for the purpose stated herein. It is expressly understood that our analyses and conclusions do not, in whole or in part, constitute a fairness opinion.

3. Confidentiality

Ernst & Young Finance S.A. requests that the Company preserve the confidentiality of the format and content of any reports prepared on the Company's behalf. The Company agrees not to reference our name or our report, in whole or in part, in any document distributed to third parties, without the written consent of Ernst & Young Finance S.A. unless it is the subject of equity & debt funding from 3rd parties for investment either into the company's shares or into certain financial vehicles the Company is considering establishing such as a Greek law REIC or Fund. Ernst & Young Finance S.A. will likewise preserve the confidential nature of information received from the Company or developed during this engagement, in accordance with Ernst & Young Finance S.A.'s established professional standards.

It is understood and agreed that all work-product shall remain the exclusive property of Ernst & Young Finance S.A.

4. Responsibility Statement

Ernst & Young Finance S.A. agrees that the services provided were performed in accordance with recognized professional standards, and that adequate personnel were assigned for that purpose. This report has been prepared in conformity with, and is subject to, the requirements of the code of professional ethics and standards of professional conduct of the professional appraisal organizations of which we are members.

We assume no responsibility for any financial and tax reporting judgments which are appropriately those of the Company's management.

We have acted as an independent valuer. Our compensation is not contingent in any way upon our conclusions of the valuation. We assume, without independent verification, the accuracy of all data provided to us by the Company.

5. Indemnification

The Company agrees to indemnify and hold Ernst & Young Finance S.A. harmless from, and at the option of Ernst & Young Finance S.A. will defend it against, costs or liabilities which result from claims against Ernst & Young Finance S.A. by any third parties, where such claims arise out of any authorized use of the results of Ernst & Young Finance S.A.'s work,

unless it is finally judicially determined that such losses, claims, damages or liabilities were caused by fraud, gross negligence or willful misconduct on the part of Ernst & Young Finance S.A. in performing its obligations under this Agreement.

6. Subsequent Work

We, by reason of this report, are not required to furnish additional work, or to give testimony, or to be in attendance in court with reference to the assets, properties, or business interests in question unless arrangements have been previously made.

We have no responsibility to update this report for any changes occurring subsequent to the issuance of this report.

7. Property Description

We assume no responsibility for the legal description or matters including legal or title considerations. Titles to the subject assets, properties, or business interests are assumed to be good and marketable unless otherwise stated.

The subject assets, properties, or business interests are appraised free and clear of any or all liens or encumbrances unless otherwise stated. We assume that there is full compliance with all applicable Federal, state, and local regulations and laws unless non-compliance is stated, defined, and considered in the Valuation Report.

We have made no survey for this report and assume no responsibility for such. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning or other violations of any regulations affecting the subject property. Except as noted, this analysis assumes the land to be free of adverse soil conditions which would prohibit development of the property to its highest and best use.

8. Unseen Conditions

We assume no liability for structural conditions not visible through an ordinary inspection (or through a review of the plans and specifications, if proposed). This analysis is of surface rights only, and no analysis has been made of the subsurface or of hazardous waste conditions, if any. This appraisal does not take into consideration the possibility of the existence of asbestos, PC transformers, or other toxic, hazardous or contaminated substances and/or underground storage tanks (hazardous material), or the cost of removal. We are not qualified to detect such substances. An expert in this field should be retained if desired.

9. Further Assumptions

We assume responsible ownership and competent management with respect to the subject assets, properties, or business interests.

The information furnished by others is believed to be reliable. However, we issue no warranty or other form of assurance regarding its accuracy.

We assume that all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any local, state, or national government, private entity or organization have been or can be obtained or renewed for any use on which the valuation opinion contained in this report is based.

Our appraisal and estimates of value for the subject properties are based additionally on the following specific assumptions:

1. The square meters of the appraised land and buildings have been taken from documents provided to us by the Company. We assume that this information is correct.
2. All the information supplied by the Company, are correct especially, building areas as stated, cadastral documents, plan and technical description of the buildings, lease

contracts, title deeds and the amount of annual local taxes. We have relied on this information being correct and complete and on there being no undisclosed matters which would affect our valuation.

3. No technical control has been carried out by Ernst & Young for the properties' proper insulation, for the static adequacy and the proper function of the properties' installations. In addition we did not perform any control of the existing reports related to the buildings and the topographical reports.
4. We did not perform any review of the materials used in the construction of the properties and therefore we assume that unhealthy materials have not been used during the construction or repairs.
5. We did not check for any archaeological, ecological or other environmental issues for the subject assets.
6. We did not perform any visual inspection of the assets to check if the land has been contaminated or polluted.
7. A potential purchaser of the properties can acquire legal title for both land and buildings comprised by the properties.
8. During the appraisal we did not take into account any sale expenses or taxes that must be paid in case of the sale of property.