NBG PANGAEA

NBG PANGAEA R.E.I.C.

Group and Company
ANNUAL FINANCIAL REPORT
for the year from January 1 to December 31, 2016
In accordance with International Financial Reporting Standards

This financial report has been translated from the original report that has been prepared in the Greek language. Reasonable care has been taken to ensure that this report represents an accurate translation of the original text. In the event that differences exist between this translation and the original Greek language financial report, the Greek language financial report will prevail over this document.

March 2017

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Certification by Members of the Board of Directors pursuant to article 4 of Law 3556/2007

We, the members of the Board of Directors of the company NBG PANGAEA R.E.I.C. certify that to the best of our knowledge:

(1) The Consolidated and Separate financial statements for the year ended December 31, 2016 have been prepared in accordance with IFRS as adopted by the European Union and present a true and fair view of the Statement of Financial Position, Statements of Income, Total Comprehensive Income, Changes in Equity and Cash flow of the Company and of the companies included in the consolidation.

(2) The Board of Directors Annual Report fairly presents the evolution, the performance and the position of the Company and of the companies included in the consolidation, including the description of the main risks and uncertainties they face.

Athens, March 28, 2017

The Chairman of the BoD	The Chief Executive Officer	The Executive Member of the BoD
Christos Protopapas	Aristotelis Karytinos	Thiresia Messari

Board of Directors Annual Report
of "NBG Pangaea Real Estate Investment Company"
on the Consolidated and Separate Financial Statements for the financial year 2016

(all amounts expressed in € thousand, unless otherwise stated)

GENERAL OVERVIEW

During the second half of 2015, the signing of an agreement with the European Stability Mechanism and the successful recapitalization of the Greek financial institutions was achieved and during the first half of 2016 the review from the Institutions in regards to a number of milestones was completed. On January 22, 2016 the Standards and Poor's («S&P») rating agency upgraded the Greek sovereign debt by one notch to 'B-', with a stable outlook, referring to the milder than expected recession and progress made in fiscal and reform targets of the program as the key determinants of its rating decision. On January 20, 2017 the same rating agency retained the Greek sovereign debt to 'B-', with a stable outlook, whereas the other main rating agencies also affirmed the previous ratings during 2016.

All the above were significant steps for the restoration of confidence and the activation of investors' interest in commercial real estate properties with investment characteristics similar to those of our Group's portfolio (investment grade properties). Based on the above events the commercial real estate sector in which our Group operates presented stabilizing trends which are reflected in the valuation of the Group's investment properties as of December 31, 2016 (refer to "Net gain / (loss) from the fair value adjustment of investment property" below).

Regarding the sector of REICs, it shall be noted that the amendment in their tax framework led to a significant increase in both the tax on investments and cash and cash equivalents and the supplementary Unified Property Tax (ENFIA).

FINANCIAL POSITION AND PERFORMANCE OF THE GROUP

In 2016, the Group proceeded with investments in real estate of €35,917 thousand, as presented below in "SIGNIFICANT EVENTS DURING 2016" section, which continue the increased investment activity of the Company during the last four years (totally over €600 million), are fully attached to the Company's strategy for the development of its portfolio through selected placement to properties with remarkable investment characteristics and marks its entrance, as an institutional investor, in real estate sectors with further significant growth prospects (such as city hotels and student housing).

As of December 31, 2016, the Group's real estate portfolio consisted of 333 (December 31, 2015: 316) commercial properties (mainly retail and offices), of a total leasable area of 899 thousand sq.m.. Most of the properties are located in prime areas throughout Greece. As of December 31, 2016, the Group also owned fourteen properties in Italy and two properties in Romania. As of December 31, 2016 the fair value of the Group's investment property amounted to €1,490,000 thousand (December 31, 2015: €1,470,079 thousand).

Revenue: Total revenue for the year ended December 31, 2016 amounted to €115,433 thousand, which relates to rental income, compared to €110,861 thousand in 2015, representing an increase of 4.1%. This increase on rental income mainly relates to rental income from the properties acquired by the Group during the current year and during the second half of 2015.

Net gain / (loss) from the fair value adjustment of investment property: During the current year, the fair value of investment properties decreased by €18,220 thousand (compared to decrease of €23,723 thousand in previous year).

Operating Profits / (Losses): Group's operating profits for the year 2016 amounted to €81,212 thousand (compared to operating profits of €64,704 thousand of the previous year), representing an increase of 25.5%. Excluding the net gain/ (loss) from the fair value adjustment of investment property (2016: net loss €18,220 thousand, 2015: net loss €23,723 thousand), the expenses regarding the merger through absorption of the company NBG Pangaea REIC by its subsidiary MIG Real Estate REIC (2016: €591 thousand, 2015: €4,128 thousand), the expenses regarding the merger through absorption of KARELA S.A. by the Company (2016: €94 thousand, 2015: Nil) and the expenses related to the IPO which was cancelled (2016: €97 thousand, 2015: €2,515 thousand), Group's operating profits for the year 2016 amounted to €100,214 thousand compared to €95,070 thousand of the previous year (an increase of 5.4%). The increase is mainly due to the increase of the Group's revenue, as stated above.

Interest income: The Group's total interest income for the year 2016 amounted to €142 thousand compared to €182 thousand of the previous year. The decrease by 22.0% is mainly due to the decrease in cash and cash equivalents because of the new investments in real estate that the Group proceeded during the year 2016 and the second half of 2015.

Finance costs: The Group's finance costs for the year 2016 amounted to €21,099 thousand (2015: €20,814 thousand). The increase by 1.4% is mainly due to the increase of Group's borrowings during the second half of 2015, the finance cost of which was not included in the results of the first half of 2015, while in contrast, it is included in the annual results of 2016.

Taxes: As a Real Estate Investment Company ("REIC"), in accordance with article 31, par. 3 of L.2778/1999 as in force, the Company is exempted from corporate income tax and is subject to an annual tax based on its investments and cash and cash equivalents. More specifically, the tax is determined by reference to the average fair value of its investments and cash and cash equivalents at current prices at the tax rate of 10% of the aggregate European Central Bank ("ECB") reference rate plus 1%. According to the recent amendment introduced by the article 46, par. 2 of L.4389/2016 to article 31, par. 3 of L.2778/1999, the tax for each semester cannot be lower than 0.375% on its average investments plus cash and cash equivalents, at current prices. KAROLOU S.A., Company's subsidiary in Greece, has the same tax treatment.

The Company's foreign subsidiaries, Nash S.r.L., Egnatia Properties S.A. and Quadratix Ltd. are taxed on their income, based on a tax rate equal to 31.4% in Italy, 16.0% in Romania and 12.5% in Cyprus, respectively. The Company's subsidiary, Picasso Fund, in Italy, is not subject to income tax. No significant foreign income tax expense was incurred for the year 2016.

At Group level taxes for the year 2016 amounted to €6,792 thousand compared to €1,392 thousand for the previous year, presenting an increase by 387.9% which is mainly due to the aforementioned amendment of the tax legal framework for REIC companies under which the tax cannot be lower than 0.75% on an annual basis.

Profit / (Loss) for the period: The Group's profit for the year 2016 amounted to €53,463 thousand compared to profit for the period of €42,680 thousand of the previous year (increase 25.3%). Excluding the net gain/ (loss) from the fair value adjustment of investment property (2016: net loss €18,220 thousand, 2015: net loss €23,723 thousand), the expenses regarding the merger through absorption of the company NBG Pangaea REIC by its subsidiary MIG Real Estate REIC (2016: €591 thousand, 2015: €4,128 thousand), the expenses regarding the merger through absorption of KARELA S.A. by the Company (2016: €94 thousand, 2015: Nil) and the expenses related to the IPO which was cancelled (2016: €97 thousand, 2015: €2,515 thousand), Group's profit for the year 2016 amounted to €72,465 thousand, compared to profit of €73,046 thousand of the previous period. The decrease mainly relates to the amendment in the taxation of REICs as mentioned above.

CORPORATE RESPONSIBILITY PROGRAM "STRUCTURES OF RESPONSIBILITY"

The Company adopted the corporate responsibility program entitled "Structures of Responsibility", a program which is being implemented in collaboration with internationally recognized and local organizations. The improvement of infrastructure and the operational upgrade of important social structures have been selected as the program's field of action and basic element, using the experience and expertise of the Company's executives and aiming at the substantial social contribution and the address of key social problems. The Company has selected and committed to actions which have been completed or are in progress amounting to €470 thousand (out of which an amount of €153 thousand was disbursed within 2016).

BASIC RATIOS

The Company's Management measures and monitors the Group's performance on a regular basis based on the following ratios, which are widely used in the sector in which the Group operates.

	31.12.2016	31.12.2015
Current ratio[1] (Current assets / Current liabilities)	1.41x	3.96x
Gearing ratio (Borrowings / Total assets)	24.9%	24.6%
LTV (Borrowings / Fair value of properties)	27.1%	27.0%
Net LTV [Net Borrowings (Borrowings less Cash and Cash equivalents) / Fair value of properties]	23.4%	20.8%

[1] The decrease of current ratio is due to the fact that a Group's bond loan, totally amounted to €49,059 thousand as of December 31, 2016, was transferred in its whole to short term borrowings at the aforementioned reference date, as it expires on December 29, 2017. It is noted that the Company has secured the refinancing of this bond loan from a systemic financial institution in Greece.

The Company's Management defines as Net Asset Value (NAV) the total shareholders' equity taking into account the difference between the fair value and the net book value of the owneroccupied property at each reporting date (31.12.2016: €(175) thousand, 31.12.2015: €(96) thousand).

Net Asset Value (NAV)	**31.12.2016**	**31.12.2015**
NAV	**1,194,766**	**1,193,612**
No. of shares at year end (in thousands)	255,495	255,495
NAV (per share)	**4.68**	**4.67**

The Company's Management defines EPRA Net Asset Value (EPRA NAV) as the Net Asset Value (NAV), as defined above, adjusted in order to include the fair value of the investments in real estate and other investments and to exclude certain items which are not expected to occur in the long term, such as the fair value of derivative financial instruments (31.12.2016: €1,897 thousand, 31.12.2015: €2,779 thousand) and deferred tax (31.12.2016: €197 thousand, 31.12.2015: €226 thousand), in accordance with the directions issued by the European Public Real Estate Association (EPRA) (December 2014).

EPRA Net Asset Value (EPRA NAV)	**31.12.2016**	**31.12.2015**
EPRA NAV	**1,196,860**	**1,196,617**
No. of shares at year end (in thousands)	255,495	255,495
EPRA NAV (per share)	**4.68**	**4.68**

	From 01.01. to		
	31.12.2016	**31.12.2015**	**% Change**
Profit for the period	53,463	42,680	
Plus: Depreciation of property and equipment	24	40	
Plus: Amortization of intangible assets	28	29	
Plus: Net Finance costs	20,957	20,632	
Plus: Taxes	6,792	1,392	
EBITDA	**81,264**	**64,773**	
Plus: Net loss of fair value adjustment of investment properties	18,220	23,723	
Less: Net change in fair value of financial instruments at fair value through profit or loss	(1,145)	(416)	
Plus: Net non-recurring expenses[2]	1,105	6,587	
Adjusted EBITDA	**99,444**	**94,667**	**5.0%**

All amounts expressed in € thousand, unless otherwise stated

[2] Net non-recurring expenses include expenses regarding the merger through absorption of the company NBG Pangaea REIC by its subsidiary MIG Real Estate REIC (2016: €591 thousand, 2015: €4,128 thousand), expenses regarding the merger through absorption of KARELA S.A. by the Company (2016: €94 thousand, 2015: Nil), expenses related to the IPO which was cancelled (2016: €97 thousand, 2015: €2,515 thousand) and net expenses / (income) regarding the Company's indirect investments in real estate (2016: €323 thousand, 2015: €(56) thousand).

Funds from Operations (FFO)	From 01.01. to		
	31.12.2016	31.12.2015	% Change
Profit for the period	53,463	42,680	
Plus: Depreciation of property and equipment	24	40	
Plus: Amortization of intangible assets	28	29	
Plus: Net non-recurring expenses	1,105	6,587	
Less: Net change in fair value of financial instruments at fair value through profit or loss	(1,145)	(416)	
Plus: Net loss of fair value adjustment of investment properties	18,220	23,723	
FFO	**71,695**	**72,643**	**(1.3%)**

SIGNIFICANT EVENTS DURING 2016

A. CORPORATE EVENTS

1. On November 14, 2016 the Company's Board of Directors resolved on the distribution of a total amount of €17,118 thousand (i.e. €0.067 per share – amount in €), as interim dividend to its shareholders for the year 2016.

2. On April 13, 2016, the Annual General Meeting of the Company's shareholders, approved the distribution of a total amount of €51,993 thousand (i.e. €0.2035 per share – amount in €), as dividend to its shareholders for the year 2015.

3. On December 28, 2015 the Boards of Directors of the Company (the "Absorbing Company") and its subsidiary "KARELA S.A." (the "Absorbed Company") at their meetings resolved on the commencement of the preparatory works of the merger by absorption of the latter by the first. The envisaged merger took place through the consolidation of assets and liabilities of the above companies, with the combined application of the provisions of articles 68 et seq., and particularly of article 78, par. 2 of the Greek Company Law (hereinafter "C.L.") 2190/1920 and those of Greek law No. 2166/1993, as in force. The Absorbing Company owned 100% of the share capital and voting rights of the Absorbed Company. December 31st, 2015 has been set as the transformation date, whereas the auditing firm PRICEWATERHOUSECOOPERS proceeded to the ascertainment of the soundness of the transformation balance sheet of the Absorbed Company.

   On May 19, 2016 the Boards of Directors of the Absorbing Company and the Absorbed Company approved the Draft Merger Agreement (hereinafter the "DMA") of the latter by the first according to article 69, par. 2 of the C.L. 2190/1920. On May 20, 2016 the DMA was signed by the authorized for this purpose representatives of each company, and was subject to publication according to the provisions of art. 69 par. 3 and 7b of the C.L. 2190/1920.

   On July 28, 2016 the merger by absorption of the Absorbed Company by the Absorbing Company was completed in accordance with the decision with protocol No. 80578/28.07.2016 of the Ministry of Economy, Development and Tourism (currently Ministry of Economy and Development), which was registered on the same day with the General Commercial Register of the abovementioned Ministry. The share capital of the Absorbing Company did not change since there was no need for the Absorbing Company to issue new shares, as the Absorbing Company owned 100% of the shares of the Absorbed Company.

B. INVESTMENTS

During 2016, the Group proceeded in total investments in real estate of €35,917 thousand, which contributed to the dispersion of the Group's real estate portfolio and marked the Company's entrance into new real estate sectors (such as city hotels and student housing), as presented below:

- On December 21, 2016 the Company acquired 100.00% of the shares of the company KAROLOU S.A., owner of two properties in Patra, which were leased in order to be redeveloped and operate, by the tenant, as city hotels. The consideration amounted to €3,580 thousand (taking into consideration the liabilities and assets of KAROLOU S.A.) and paid in cash. The acquisition cost and the fair value of the investment properties at the date of the acquisition, according to a valuation performed by the independent statutory valuers, amounted to €3,716 thousand. The acquisition was financed by the bond loan issued by the Company in August 2014.

- On December 19, 2016 the Group acquired a portfolio of properties which consists of nine commercial properties (mainly retail and offices) of a total gross area of approximately 6 thousand sq.m., which are located in Italy. The consideration for the acquisition of the above portfolio amounted to €21,560 thousand (not including acquisition expenses of €656 thousand). The properties are among others leased to internationally recognized entities and the Italian State. According to a valuation performed by the independent statutory valuers, the value of the above portfolio at the date of the acquisition amounted to €22,540 thousand. The acquisition of these properties was financed by loan.

- On July 7, 2016 the Company acquired three commercial properties for a total consideration of €4,700 thousand (not including acquisition expenses of €167 thousand). According to a valuation performed by the independent statutory valuers, the total value of the properties at the date of the acquisition amounted to €5,371 thousand. The acquisitions were financed by the bond loan issued by the Company in August 2014.

  More specifically, the Company proceeded with the following acquisitions:
  - Retail located at 12 Ermou & Voulis str., Syntagma, with a total area of approximately 369 sq.m.. The property is totally leased to the shoes chain with the distinctive name Five Shoes, which also has additional sale points in Attica.
  - Offices located at 7, Kifissias Avenue, Ampelokipoi, with an area of approximately 1,809 sq.m. and additional 50 parking spaces (total area of approximately 2,359 sq.m.). The property, at acquisition, was not leased.
  - Offices located at 44, Kifissias Avenue, Maroussi, with an area of approximately 574 sq.m. and additional 15 parking spaces (total area of approximately 743 sq.m.). At acquisition the offices were leased to Athens Institute of Technology, a nonprofit organization founded by a domestic multinational company, in order to enhance the research and the education and the parking spaces were leased to the company CISCO Systems Hellas S.A.

- On June 29, 2016 the Company concluded on the acquisition of a retail property of a total area of approximately 217 sq.m. which is located at 14, Patriarxou Ioakeim and Irodotou str., Athens, for a consideration of €1,570 thousand (not including acquisition expenses of €50 thousand). The property is leased to Vodafone – Panafon S.A.. According to a valuation performed by the independent statutory valuers, the value of the property at the date of the acquisition amounted to €1,621 thousand. The acquisition of the property was financed by the bond loan issued by the Company in August 2014.

- On March 11, 2016, the Company acquired a retail property of a total area of approximately 680 sq.m., which is located at 12, Agiou Nikolaou str., Patra, for a consideration of €2,551 thousand (not including acquisition expenses of €72 thousand). The property is leased to the company Massimo Dutti Hellas S.A., member of Inditex Group. According to a valuation performed by the independent statutory valuers, the value of the property at the date of the acquisition amounted to €2,674 thousand. The acquisition of the property was financed by the bond loan issued by the Company in August 2014.

- On February 26, 2016 the Company acquired a retail property of a total area of approximately 746 sq.m., which is located at 40-42, Chadjimichali Giannari str., Chania, for a consideration of €1,820 thousand (not including acquisition expenses of €71 thousand), financed by the bond loan issued by the Company in August 2014. The property is leased to the company Retail World S.A. (Public). According to a valuation performed by the independent statutory valuers, the value of the property at the date of the acquisition amounted to € 1,850 thousand.

EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS

On March 21, 2017 the Board of Directors of Quadratix Ltd, 100% subsidiary of the Company, decided on its share capital increase by: a) the amount of €10,700 thousand due to the contribution in kind on behalf of the Company to Quadratix Ltd of the 30.06.2016 agreement between the Company and Chris Cash & Carry Ltd for the sale by the latter of properties in Limassol Cyprus (hypermarket and offices), with the issuance of 2,675 common ordinary shares with a par value of one (1) euro each and an issue price of four (4) thousand euros each and b) the amount of €14,400 thousand to be paid in cash, with the issuance of 3,600 common ordinary shares, with a par value of one (1) euro each and an issue price of four (4) thousand euros each. Quadratix Ltd will acquire the properties for a total consideration of €24,000 thousand. The agreement provides, among others, for the lease of the properties to Chris Cash & Carry Ltd, a company of Sklavenitis Group, with a 25-year duration.

There are no other significant events subsequent to the date of the financial statements relating to the Group or the Company for which disclosure is required by International Financial Reporting Standards as endorsed by the EU (hereinafter IFRSs).

SIGNIFICANT RISKS

Fluctuations in property values (price risk)

The Group is exposed to risk from changes in property values and rents which can originate from:
a) the developments in the real estate market in which the Group operates,
b) the characteristics of properties owned by the Group and
c) events concerning existing tenants of the Group.

The Group minimizes its exposure to this risk, as the majority of the Group's lease agreements consists of long-term operating leases with creditworthy tenants, for a period between 20 and 25 years, while for the majority of the leases the annual rental adjustment is associated with the Consumer Price Index plus a spread of 1.0% and in the event of deflation, there is no negative impact on rents.

The Group is governed by an institutional framework (Law 2778/1999, as in force) under which:
a) periodic valuation of properties by an independent professional valuer is required,
b) a valuation of properties prior to an acquisition or a sale by an independent professional valuer is required,
c) development or repair of properties is permitted if the cost of works does not exceed 40% of the final commercial value after the completion of works and
d) the value of each property must not exceed 25% of the value of the property portfolio.

This framework contributes significantly to prevent or/and timely manage related risks.

Non-performance of tenants (credit risk)

Credit risk relates to cases of default of counterparties to meet their transactional obligations. The Group has concentrations of credit risk with respect to cash and cash equivalents and rental income received from tenants under property operating lease contracts.

All amounts expressed in € thousand, unless otherwise stated

No material losses are anticipated as lease agreements are conducted with customers - tenants of sufficient creditworthiness. The Group’s maximum exposure mainly results from related party transactions, since the majority of the Group's property portfolio is leased to NBG (2016: 58.8%, 2015: 60.8% of the total revenue).

Inflation risk

The uncertainty over the real value of the Group’s investments resulting from a potential increase of inflation in the future. The Group minimizes its exposure to inflation risk as the majority of the Group’s leases consist of long-term operating leases with tenants for a period between 20 and 25 years, while for the majority of the leases the annual rental adjustment is associated with the Consumer Price Index plus a spread of 1.0% and in the event of deflation, there is no negative impact on rents.

Cash flow risk and fair value interest rate risk

The Group has significant interest bearing assets comprising demand deposits and short term bank deposits. Furthermore, the Group’s liabilities include borrowings.

The Group is exposed to fluctuations in interest rates prevailing in the market and on its financial position and cash flows. Borrowing costs may increase as a result of such changes and create losses or borrowing costs may be reduced by the occurrence of unexpected events. To reduce the Group's exposure to fluctuations in interest rates of long-term borrowings, the re-pricing dates are limited by contract to a maximum period of six months. If the reference rate changed by +/-1%, the effect on the Group's results would be estimated at -/+ €2,765 thousand respectively.

Liquidity risk

The current or prospective risk to earnings and capital arising from the Group’s inability to collect outstanding receivables without incurring significant losses. The Group ensures timely the required liquidity in order to meet its liabilities through the regular monitoring of liquidity needs and collection of amounts due from tenants, the preservation of bridge loans with financial institutions as well as the prudent cash management.

The Group’s liquidity is monitored by the Management on a regular basis. The maturity analysis of financial liabilities as at December 31, 2016 and 2015 is as follows:

December 31, 2016	**Less than 1 month**	**1 - 3 months**	**3 - 12 months**	**12 months - 2 years**	**2 - 5 years**	**More than 5 years**	**Total**
Liabilities							
Borrowings	2,836	2,038	68,774	16,017	351,682	5,943	**447,290**
Other long-term liabilities	-	-	-	15	316	2,998	**3,329**
Derivative financial liabilities	-	323	1,280	336	164	-	**2,103**
Trade and other payables	2,325	5,326	46	-	-	-	**7,697**
Total	**5,161**	**7,687**	**70,100**	**16,368**	**352,162**	**8,941**	**460,419**

December 31, 2015	**Less than 1 month**	**1 - 3 months**	**3 - 12 months**	**12 months - 2 years**	**2 - 5 years**	**More than 5 years**	**Total**
Liabilities							
Borrowings	2,990	1,412	22,941	70,591	355,431	6,257	**459,622**
Other long-term liabilities	-	-	-	28	170	3,122	**3,320**
Derivative financial liabilities	-	309	1,277	1,517	500	-	**3,603**
Trade and other payables	3,138	7,826	851	-	-	-	**11,815**
Total	**6,128**	**9,547**	**25,069**	**72,136**	**356,101**	**9,379**	**478,360**

All amounts expressed in € thousand, unless otherwise stated

The amounts disclosed in the above table are the contractual undiscounted cash flows. Given that the amount of contractual undiscounted cash flows relate to bond loans of variable and not fixed interest rates, the amount presented is determined by reference to the conditions existing at reporting date – that is, the actual spot interest rates effective as of December 31, 2016 and 2015 respectively, were used for determining the related undiscounted cash flows.

It should be noted that as of December 31, 2016, the maturity bucket of 3-12 months of Group's borrowings, includes a Company's bond loan totally amounted to €49,059 thousand which expires on December 29, 2017. It should be further noted that the Company has already secured the refinancing of this bond loan from a systemic financial institution in Greece.

Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

According to the common industry practice in Greece, the Group monitors the capital structure on the basis of gearing ratio (or debt ratio). This ratio is calculated as total borrowings divided by total assets, as depicted in the statement of financial position. The regulatory regime governing Real Estate Investment Companies (hereinafter REICs) in Greece permits to Greek REICs to borrow up to 75.00 % of their total assets, for acquisitions and improvements on properties.

The goal of the Group's Management is to optimise the Group's capital structure through the effective use of debt financing.

The table below presents the gearing ratio (or debt ratio) as at December 31, 2016 and 2015.

	Group		**Company**	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Borrowings	404,073	397,114	290,004	240,691
Total assets	1,625,497	1,616,435	1,509,001	1,431,099
Gearing ratio	**24.9%**	**24.6%**	**19.2%**	**16.8%**

External factors and international investments

The Group has investments in Italy, Romania and Cyprus. External factors which may affect the Group's financial position and results are the economic conditions prevailing in the above-mentioned countries, as well as any changes in the tax framework.

RELATED PARTY TRANSACTIONS

All transactions with related parties have been carried out on the basis of the "arm's length" principle (under normal market conditions for similar transactions with third parties). The significant transactions with related parties as defined by International Accounting Standard 24 "Related Party Disclosures" ("IAS 24") are thoroughly described in Note 31 of the Annual Consolidated and Separate Financial Statements for the year ended December 31, 2016.

PROSPECTS FOR THE YEAR 2017

Despite the uncertainty arising from the ongoing negotiation about the second evaluation of the third program by the Institutions and also the general global economic circumstances, the Greek commercial real estate market presents investing interest. In 2016 (especially in its second half) significant transactions already occurred in the commercial real estate market for properties with remarkable investment characteristics (investment grade properties). In case of successful completion of the evaluation, the real estate market may be improved and the investment activity may be increased, resulting in the further stabilization and in some cases, even to a slight market recovery.

In 2017, Group's revenue is expected to present further increase mainly due to the Group's new investments in real estate properties which were incurred during 2016 and those that are expected to occur during 2017.

Finally, it is noted that the Company considers the possibility of raising funds from the equity market, as soon as the market conditions permit it, in order: a) to further develop its portfolio and to achieve its goals, which include the possibility of enlarging the existing, high quality portfolio, mainly in Greece, with the ultimate aim to further create value for its shareholders, and b) to enhance the dispersion of the Company's shareholder base (free float) and the shares' trading in the large-cap category of Athens Stock Exchange in order to attract institutional investors and investment funds to Greece and boost the Greek capital market.

CORPORATE GOVERNANCE

Introduction

In accordance with article 43bb of C.L.2190/1920, as in force, the Company is obliged to include the Corporate Governance Statement, as a specific part of the annual Board of Directors' Report. As per the said article, the Company's Corporate Governance Statement includes the following sections:

A. Corporate Governance Code of the Company ("CGC"),

B. Corporate Governance Practices of the Company,

C. General Meeting of Shareholders and Shareholders' Rights,

D. Board of Directors and Other Management, Administrative and Supervisory Bodies,

E. Internal Control System of the Company and Risks Management.

F. Diversity policy regarding the composition of the Company's administrative, management and supervisory bodies

It is noted that additional information as mandated by article 10 of the European Directive 2004/25/EC is included in a separate section of the Board of Directors' Report, namely, the Supplementary Report to the Annual General Meeting of Shareholders.

A. Corporate Governance Code of the Company

The Company's corporate governance framework is aligned with the requirements of the Greek legislation, the rules of the Hellenic Capital Market Commission ("HCMC"), the Company's Articles of Association and regulations. The Company has adopted a directional framework that describes the Company's corporate governance structure and policy. This framework is based on international best practices and fosters continuity, consistency and efficiency in the modus operandi of the Board and also the governance of the Company and the Group.

In accordance with the CGC adopted and implemented by the Company, in compliance with the requirements of L.2778/1999 and L.3873/2010, the Board of Directors shall regularly assess its effectiveness in fulfilling its obligations and that of its committees and the abovementioned assessment shall take place at least every two (2) years. The Board has decided that a specific procedure will be developed during 2016 and that the first self-evaluation will be concluded up to December 31, 2017.

The CGC is posted on the Company's website www.nbgpangaea.gr (section: ABOUT US / Corporate Governance / Corporate Governance Code).

B. Corporate Governance Practices

In its endeavor to maintain corporate governance excellence and enhance its existing risk management framework, the Company has adopted the following main corporate governance policies and practices, in the context of its business operation, practices relating to the management and progression of its employees and its executives, to the prevention of conflicts of interests and risk management in which the Company is exposed. Such policies and practices are aligned with its activities and ensure the transparency and effectiveness of its operations.

More specifically, taking into account the relevant provisions of L.2778/1999 regarding Real Estate Investment Companies and L.4209/2013 on alternative investment funds and fund managers, the Company maintains and implements:

- a Code of Business Conduct and Ethics,
- a Remuneration Policy,
- a procedure to prevent abuse of privileged information and market manipulation as well as situations of conflict of interests within the meaning of Regulation (EU) 596/2014 and Regulation 231/2013, respectively,
- detailed procedures for the outsourcing of important activities of the Company, such as the outsourcing of internal audit to the Company's Parent Company, NBG, as provided in the relevant provisions of L.4209/2013 and Regulation 231/2013, as well as
- a risk management policy.

The abovementioned practices are described in more detail in the Company's Internal Regulation of Operations and / or the Corporate Governance Code, of which the CGC is posted on the Company's website www.nbgpangaea.gr (section: ABOUT US / Corporate Governance / Corporate Governance Code). It is noted that the Company does not deviate from the Corporate Governance Code that applies.

C. General Meeting of Shareholders and Shareholders' Rights

Authorities of the General Meeting of Shareholders

The General Meeting of Shareholders is the supreme body of the Company, conveyed by the Board of Directors and authorized to decide on all matters concerning the Company.

Operation of the General Meeting - Rights of the Shareholders

The Board of Directors ensures that the preparation and the conduct of the General Meeting of shareholders facilitate the effective exercise of the shareholders' rights, by fully informing the shareholders of all the issues relating to their attendance of the General Meeting, including the items on the agenda, as well as the rights they have during the course of the General Meeting. The Board of Directors facilitates, within the framework of the relevant statutory provisions, the participation of shareholders in the General Meeting, and especially of minority shareholders, foreign shareholders and any shareholders residing in remote areas and utilizes the General Meeting of shareholders as a mean for the meaningful and open dialogue with the Company.

The Board of Directors convenes and conducts the General Meeting of shareholders in accordance with applicable legislation and the Company's articles of association.

With the exception of repeated General Meetings and General Meetings deemed similar thereto, the General Meeting shall be called at least twenty (20) days before the date set for it. The said 20-day period shall be inclusive of non-business days, but exclusive of the date the invitation is published and the date the General Meeting is held.

The invitation to the General Meeting, including the information provided for by law from time to time, including inter alia the place where the General Meeting is to be held, i.e. the premises along with the exact address, the date and time thereof, the items on the agenda, clearly specified, and the shareholders entitled to participate therein, along with precise instructions as to the method of participation and exercise of the rights thereof in person or by legally authorized proxy or even by distance participation, is displayed in a conspicuous place at the Company's Head Office and published as per the legal stipulations.

Any person appearing as a Shareholder (i.e. holder of ordinary registered shares of the Bank) in the registry of the Dematerialized Securities System managed by Hellenic Exchanges S.A. ("HELEX"), in which the shares of the Company are being held, as on the record date stipulated in par. 4 of Article 28a of the C.L. 2190/1920, and timely and duly complying with the formalities of Article 28a of the C.L. 2190/1920 and the relevant invitation to the General Meeting, is entitled to participate in and vote at the General Meeting either in person or by legally authorized proxy.

The procedure and deadline for submitting the legalization documents of proxies and representatives of the Shareholders are set out in par. 1 to 3 of Article 28a of the C.L. 2190/1920. In particular, shareholder status should be confirmed (e.g. via written certification from HELEX) at the latest by the third (3rd) day prior to the General Meeting. The said deadline shall also apply to Shareholders' representatives' or proxies' legalization documents being deposited at the Company. Specifically, the shareholder capacity must be in effect during the registration date, as this is defined in the Notice of the General Meeting. Shareholders that have not adhered to the above provisions, may participate in and vote at the General Meeting subject to permission thereof. Shareholders that are legal entities may participate in the General Meeting by up to three (3) representatives each.

The annual financial report which incorporates a) the Certifications of the Board of Directors, b) Board of Directors' Report, c) Supplementary Report, d) Independent Auditor's Report, e) the Annual Financial Statements and the notes thereto and f) Summary Financial Data are available to Shareholders ten (10) days prior to the Annual General Meeting, upon request.

Twenty-four (24) hours before each General Meeting, a list of the names of the Shareholders entitled to vote thereat, along with each Shareholder's number of shares and votes, the names of their proxies, where applicable, and the said Shareholders' and proxies' addresses is displayed in a conspicuous place at the Company's Head Office. The said list includes all the Shareholders that have adhered to the above provisions. As of the date the invitation to the General Meeting is published until the day the General Meeting is held, the Company is required to have the information provided under article 27 par. 3 of the C.L. 2190/1920 displayed on its corporate website, and to inform the Shareholders through its website of the way the relevant material can be provided in case access to such information via the internet is impossible due to technical reasons. Should a Shareholder or proxy thereof object to the list, such objection may be raised only at the commencement of the General Meeting and prior to the deliberation on the agenda.

The Chairman of the BoD, the CEO and the statutory auditor (the latter in case of the Company's Ordinary General Meeting) are present at the General Meeting of shareholders, in order to provide information and update on matters within their competence, put up for discussion, and on questions or clarifications requested by shareholders. The Chairman of the General Meeting should have ample time for questions from shareholders. During the assemblies of the General Meeting, the Chairman of the BoD shall preside on an interim basis. One or two of the present shareholders or representatives of shareholders shall be appointed by the Chairman to serve as interim secretaries.

Following certification of the list of shareholders with voting rights, the General Meeting shall immediately elect its final officers, consisting of a Chairman and one or two secretaries who shall also serve as vote-counters.

The resolutions of the General Meeting are adopted in accordance with the provisions of the law and as provided in the Company's articles of association.

All amounts expressed in € thousand, unless otherwise stated

Additional information on the Shareholder rights and their exercise is included in the Supplementary Report of the Annual General Meeting, as required by article 4 of L.3556/2007, which is part of the Company's Annual Board of Directors' Report.

D. Board of Directors and Other Management, Administrative and Supervisory Bodies

Composition and Operation of the Company's Board of Directors

The Company is managed by its Board of Directors ("BoD"), consisting of nine (9) members, who are elected by the General Meeting, which also determines the duration of their term. A legal entity may be elected as a member of the BoD.

The term of the current BoD is three years and ends on the Ordinary General Meeting of Shareholders of the Company that will take place during the first semester of 2019. The Board of Directors consists of the following:

Full Name	Capacity
Christos I. Protopapas	Chairman of the BoD (non-executive member)
Ioannis P. Kyriakopoulos*	Vice-Chairman A' (non-executive member)
Christophoros N. Papachristophorou	Vice-Chairman B' (executive member)
Aristotelis D. Karytinos	CEO (executive member)
Thiresia G. Messari	Executive member
Nikolaos M. Iatrou**	Non-executive member
Athanasios D. Karagiannis***	Non-executive member
Spyridon G. Makridakis	Independent non-executive member
Prodromos G. Vlamis	Independent non-executive member

** Upon resignation of Mr. Vasileios G. Mastrokalos, Mr. Ioannis P. Kyriakopoulos was elected as a member (Vice-Chairman A') of the Board of Directors by virtue of a resolution of the Board of Directors dated September 12, 2016.*

*** Upon resignation of Mrs. Anna G. Apostolidou, Mr. Nikolaos M. Iatrou was elected as a member of the Board of Directors by virtue of a resolution of the Board of Directors dated June 14, 2016.*

**** Upon resignation of Mr. Arnaud Dominique Maurice Bertrand Plat, Mr. Athanasios Karagiannis was elected as a member of the Board of Directors by virtue of a resolution of the Board of Directors dated February 2, 2016.*

The BoD shall elect from its membership a Chairman, up to two Vice-Chairmen and a Managing Director (CEO).

If one Vice-Chairman has been elected, when the Chairman is absent, unavailable or non-existent, his duties (as defined by the provisions of the law or of the articles of association) are undertaken by the Vice-Chairman. If two Vice-Chairmen have been elected, when the Chairman is absent, unavailable or non-existent, his duties (as defined by the provisions of the law or of the articles of association) are undertaken by the first Vice-Chairman. In case of absence or incapacity of the first Vice-Chairman, the second Vice-Chairman or an officer designated by the BoD undertakes the Chairman's duties.

The BoD must consist in its majority by non-executive members (including at least two independent non-executive members) and by at least two (2) executive members.

The independent non-executive members shall be free of conflicts of interests with the Company, and close ties with management, main shareholders or the Company, in accordance with law 3016/2002.

Board of Directors' Committees

The Board of Directors has established the following committees: the Investment Committee, the Audit Committee, the Human Resources and Remuneration Committee and the Procurement Committee.

- **Investment Committee**

  The Investment Committee has been appointed by the BoD which also assigns all relevant powers to the Investment Committee. More specifically, the Investment Committee is responsible for establishing the Company's investment strategy, making decisions on the implementation of new investments, cooperation with any investment advisor of the Company, the monitoring of current investments, the liquidation of current investments and other related activities, such as new leases or renegotiation of existing leases.

  The Investment Committee is a collective body composed of five (5) members, one (1) of which is the Chairman of the Investment Committee.

  The Investment Committee meets at least quarterly and at any other time deemed necessary or appropriate (by any of its members), following an invitation by its Chairman.

  The Investment Committee currently consists of the following persons, as appointed by the Board of Directors' resolution dated September 12, 2016:

Full Name	Capacity
Christophoros N. Papachristophorou	Chairman
Aristotelis D. Karytinos	Member
Vasileios G. Mastrokalos	Member
Nikolaos M. Iatrou	Member
George E. Kountouris	Member

- **Audit Committee**

  The Audit Committee consists of at least three (3) members, the number and identity of whom are appointed by the General Meeting of shareholders. It consists of at least two (2) non-executive members and at least one (1) independent non-executive BoD member. The independent non-executive member and at least one of the two non-executive members of the Audit Committee must have manifest adequate knowledge in accounting and auditing matters.

  The term of the members of the Audit Committee is annual and may be renewed unlimitedly. Each member is provided at its appointment, as well as on a continuous basis, appropriate information and training. It is noted that the members of the Audit Committee shall not hold other posts or capacities or carry out transactions that could be considered incompatible with the mission of the Audit Committee. Participation in the Audit Committee does not preclude participation in other committees of the Board of Directors.

  The Audit Committee meets as often as deemed necessary, but at least four times a year upon an invitation by the Chairman and meets the statutory auditor of the Company at least twice a year without members of the Company's Management being present.

  The Audit Committee is a statutory committee of the Board and it is established in order to assist in the fulfillment of its supervisory duties related to the financial reporting and update process, the compliance of the Company and its subsidiaries with the legal and regulatory framework of operation, the procedure of the control system and the supervision of the audit function.

  Principal responsibilities of the Audit Committee are as follows:

  - As regards the system of internal control and information systems, the Audit Committee:

    - monitors the financial reporting process and the reliability of financial statements. It also oversees all official communication regarding the Company's financial performance, and examines the key

points of the financial statements that involve significant judgments and estimates of the management, by confirming the appropriateness of the financial statements of the Company;
- supervises the internal audits of the Company and monitors the effectiveness of internal control and risk management systems of the Company. For this purpose, the Audit Committee should periodically review the system of internal control and risk management of the Company, to ensure that key risks are identified, managed and disclosed correctly;
- examines conflicts of interest in the transactions of the Company and its subsidiaries with related parties and submits to the Board related reports;
- to the extent required by the Company's policy, it supports the Board as to obtain sufficient information to make decisions relating to transactions between related parties;

- As regards supervising the internal audit unit, the Audit Committee:
  - identifies and evaluates the functioning of the internal audit department of the Company;
  - monitors and supervises the proper functioning of the internal audit, and examines the audit reports of the unit;
  - ensures the independence of the internal audit, recommending to the Board the appointment and dismissal of the head of the internal audit unit;
  - assesses the head of the internal audit unit.

- As regards the supervision of the statutory audit, the Audit Committee:
  - proposes through the Board to the General Assembly the appointment, re-appointment and revocation of the statutory auditor and makes proposals as to the remuneration and terms of appointment of the statutory auditor;
  - examines and monitors the existence and maintenance of objectivity and independence of the statutory auditor and the effectiveness of the audit process, taking into account relevant professional and regulatory requirements in Greece;
  - examines and monitors the provision of additional services to the Company by the auditing company to which the statutory auditor(s) belong(s). For this purpose, it needs to develop and implement a policy on the recruitment of statutory auditors for the provision of non-audit services, and oversee the implementation thereof;
  - discusses with the statutory auditor any matter relating to the progress and outcome of the statutory audit, regardless of whether these were subsequently resolved or left unresolved;
  - discuss with the statutory auditor his report referring to weaknesses of the internal control system, in particular those relating to the process of providing financial reporting and the preparation of financial statements;

The Audit Committee has its own internal operation regulation, which specifies in detail its composition, responsibilities and operation.

The Audit Committee currently consists of the following persons, as appointed by the resolution dated April 13, 2016 of the General Meeting of Shareholders of the Company and the relevant resolution dated September 12, 2016 of the Board of Directors:

Full Name	Capacity
Spyridon G. Makridakis	Chairman
Ioannis P. Kyriakopoulos	Member
Prodromos G. Vlamis	Member

- **Human Resources and Remuneration Committee**

The objective of the Human Resources and Remuneration Committee is to assist the Company's BoD in performing its duties regarding the establishment and monitoring of the application of the remuneration policy of the staff of the Company's Group, as well as the attraction, maintenance, exploitation and progression of specialized executives.

During the performance of its duties and responsibilities, the Human Resources and Remuneration Committee takes into account the long-term interests of shareholders, investors and other involved parties of the Company's Group, and it focuses on the sound and proper management of the Company and the prevention or elimination of conflict of interests situations.

The Human Resources and Remuneration Committee during the performance of its duties acts in the name of the BoD and reports only to the BoD.

In that respect, the BoD has assigned to the Human Resources and Remuneration Committee responsibilities related to the examination of the adequacy, efficiency and productivity of the BoD members, as well as the recommendation for the appointment of the main management executives of the Company's Group, the periodic examination of the benefits' policy for the staff of the Company's Group, the preparation of decisions regarding remunerations, including those that have an impact on the risks and the risk management of the Company, the monitoring of the application of the remuneration policy.
The Human Resources and Remuneration Committee consists of at least three (3) non-executive members of the BoD with experience in the real estate sector. The members and the Chairman of the Human Resources and Remuneration Committee are appointed by the Company's BoD. The two Vice-Chairmen of the Company's BoD participate in the Committee (provided that the Company's BoD has elected Vice-Chairmen who are non-executive members). The Chairman of the Human Resources and Remuneration Committee must be an independent non-executive member. In any case, the majority of the Committee's members must be independent non-executive members of the BoD.

The term of the members is three years and may be renewed for an equal period more than once. Participation in the Human Resources and Remuneration Committee does not preclude participation in other Committees of the BoD.

The Human Resources and Remuneration Committee currently consists of the following persons, as appointed by the resolution of the Company's Board of Directors dated September 12, 2016:

Full Name	Capacity
Spyridon G. Makridakis	Chairman
Ioannis P. Kyriakopoulos	Member
Prodromos G. Vlamis	Member

- **Procurement Committee**

The Procurement Committee is established by a resolution of the BoD and consists of 5 members:

- the two Vice-Chairmen of the Company;
- the Managing Director of the Company; and
- 2 independent members of the BoD.

The Procurement Committee shapes the strategic planning with respect to supplies in order to ensure the smooth operation of the Company and the attainment of its business objectives.

In the context of its responsibilities, it assesses and approves the necessity of proceeding to acts of procurement and the relevant expense that exceed the approval limits that the Managing Director and the CFO/COO have been assigned by the BoD.

The Procurement Committee operates under the Procurement Regulation and its own internal regulation, which will be approved and updated when necessary by the BoD.

The Procurement Committee currently consists of the following persons, as appointed by the resolution of the BoD dated September 12, 2016:

Full Name	Capacity
Spyridon G. Makridakis	Chairman
Ioannis P. Kyriakopoulos	Member
Christophoros N. Papachristophorou	Member
Aristotelis D. Karytinos	Member
Prodromos G. Vlamis	Member

E. Description of the internal control and risk management system with regard to the preparation of the Consolidated and Company Financial Statements

Internal Control System – Introduction

The BoD adopts appropriate policies to ensure that the exercise of the Company's internal controls are effective and has appointed the Audit Committee to oversee the application of such policies.

The Audit Committee oversees the internal controls over financial reporting of the Company and monitors the effectiveness of the internal control and risk management systems of the Company.

Main features of the Internal Control System in relation to the preparation of Consolidated and Separate Financial Statements

Aiming to ensure the good reputation and credibility of the Company and the Group towards shareholders, customers, investors and the supervisory and other independent authorities, the Company provides for the continuous enhancement of its Internal Control System ("I.C.S.") at a Group level. The I.C.S. refers to the set of controls and processes that cover all activities on an ongoing basis and is designed to ensure that the Company and the Group operate effectively.

The I.C.S. aims to achieve the following main objectives:

- Consistent implementation of the Group business strategy through the efficient use of available resources;
- Identification and management of the undertaken risks, including the operational risk;
- Completeness and reliability of data and information that are necessary for the accurate and timely determination of the Group's financial position and the production of reliable financial statements filed to Greek authorities;
- Compliance with the local institutional framework (e.g. L. 2778/1999, L. 3016/2002) that governs the operation of the Company and the Group, including internal regulations, IT systems and code of ethics;
- Adoption of international Corporate Governance best practices; and
- Prevention and avoidance of any errors and irregularities that may put at risk the reputation and the interests of the Company, its shareholders and customers.

The Company's BoD, with the assistance of its Committees, in the context of the review of the corporate strategy and the significant business risks, adopts appropriate policies aiming to ensure an adequate and effective I.C.S. for the Company and the Group. The Management is responsible for establishing and maintaining adequate controls and procedures, depending on the nature of activities and the undertaken risks, for assessing any I.C.S.'s deficiencies and finally undertaking the necessary corrective actions.

Risk Management System

The Company and the Group aims to adopt practices regarding risk management governance, taking into account all relevant guidelines and regulatory requirements.

The risk management functions are functionally and hierarchically separated from the operating units and portfolio management functions of the Company. In any case, the Company applies risk management systems to identify, measure, manage and monitor all relevant risks associated with the investment strategy that the Company has decided to follow. The risk management systems are reviewed by the Company at least once per year and adjusted when necessary. The Company uses appropriate, documented and regularly updated due diligence process in finding, selecting and executing investments. Furthermore it implements adequate stress tests.

The Group’s risk governance framework comprises of a number of different constituents. For example, the Audit Committee, as appointed by the BoD, examines the effectiveness of the internal controls system, risk management system, regulatory compliance and financial publications / notifications and updates the BoD. The Audit Committee is also in regular collaboration with the statutory auditor and internal auditor as well as the Company’s Compliance and Risk Officer.

The Group has outsourced its internal audit function to its controlling shareholder NBG. The Internal Audit—Inspection Division (“GIAID”), which reports directly to the Company’s BoD through the Audit Committee, complements the risk management framework and acts as an independent reviewer, focusing on the effectiveness of the risk management framework and control environment.

Code of Business Conduct

The Company maintains and applies a Code of Business Conduct and Ethics, which, among others, provides for safeguards to protect the reputation and assets of the Company and the group to which it belongs.

Information Systems

The Company operates IT systems to support its corporate objectives, in accordance with the policy of the Group.

Monitoring

There is regular reporting (at least on a quarterly basis) to the Company’s Management and the Company’s Audit Committee and BoD in relation to the Group’s operations and financial performance.

The Audit Committee oversees the financial reporting process and assists the BoD for relevant matters. More specifically, the Audit Committee has responsibilities regarding the financial statements and related disclosures of the Group and Company, such as, indicatively but not limited to:

- evaluating the processes regarding the preparation of the annual and quarterly consolidated and seperate financial statements, as well as any other financial disclosures made publicly available;
- reviewing the consolidated and separate financial statements prior to their submission to the BoD for approval and expresses its views to the BoD;
- overseeing the Company's compliance issues with regulatory requirements;
- collaborating with the internal auditor and the statutory auditor in order to assess the effectiveness of the Company’s operations and make suggestions for improvements of monitoring as required.

F. Diversity policy regarding the composition of the Company's administrative, management and supervisory bodies

Diversity matters regarding the composition of the Company's administrative, management and supervisory bodies set forth in the Code of Business Conduct and Ethics, which the Company has adopted. By virtue of the code as per above, any discriminatory behaviour based on sex, age or other special trait is inter alia prohibited. The same principle is observed in the Company's administrative, management and supervisory bodies, by taking into account the legal framework of the Company, according to which certain eligibility criteria must be met as regards, among others, the members of the BoD of the Company. Generally, it is a standard practice of the Company to provide equal development and promotion opportunities based solely on the suitability.

Athens, March 28, 2017

The Chief Executive Officer

Aristotelis Karytinos

Supplementary Report
To the Annual General Meeting of Shareholders
of "NBG Pangaea Real Estate Investment Company"
pursuant to article 4 of Law 3556/2007

(all amounts expressed in € thousand, unless otherwise stated)

Pursuant to article 4 of L. 3556/2007, listed companies must submit a supplementary report to the General Meeting of Shareholders providing detailed information on specific issues. This Board of Directors' supplementary report to the General Meeting of Shareholders contains the required additional information.

A. Structure of the share capital of the Company

The share capital of the Company as of December 31, 2016 amounted to €766,484 thousand, divided into 255,494,534 ordinary registered shares, with voting rights, of nominal value of €3.00 each.

B. Restrictions on transfer of Company's shares

There are no restrictions imposed by the Company's articles of association as regards to the transfer of shares other than those imposed by L. 2778/1999, as in force, relating to the acquisition of shares. Also, please refer to point F below.

C. Significant direct or indirect shareholdings within the meaning of the provisions of articles 9 to 11 of Law 3556/2007

On December 31, 2016, National Bank of Greece S.A. held 32.66% of the share capital of the Company and Invel Real Estate (Netherlands) II B.V. held 65.49%.

It is noted that, in the above percentage of Invel Real Estate (Netherlands) II BV, Anthos Properties S.A. (a subsidiary of Invel) is included, which held 2.10% of the share capital of the Company.

D. Holders of any type of shares conferring special control rights and description of the respective rights.

There are no Company shares that confer special control rights to their holders.

E. Restrictions on voting rights

The Company's Articles of Association do not provide for any restrictions on voting rights.

F. Agreements between shareholders known to the Company which entail limitations on the transfer of shares or limitations on voting rights.

1. In accordance with the Shareholders Agreement dated December 30, 2013 (as amended and in force) concluded between the shareholders, National Bank of Greece S.A. (hereafter, **NBG**) and Invel Real Estate (Netherlands) II B.V. (hereafter, **Invel**, and jointly with NBG, the **Shareholders**) the following limitations on the transfer of the Company's shares exist:

   In accordance with article 3.2 of the abovementioned Shareholders Agreement, as amended and in force, *"no Shareholder, without the prior written consent of the other Shareholder, will be authorized to proceed to any Transfer to third parties of its shareholding or voting rights and/or any convertible bonds* *in the Company before the completion of the Public Offering*[1] *(the "Lock-up period"). After the completion of the Public Offering, the Shareholders will negotiate in good faith in order to agree upon any reasonable restrictions on Transfer, in addition to those provided under Article 3.3. (Right of First Offer) and Article 5 (Accession to this Agreement) of this Agreement. The Shareholders agree that any such restrictions will be included in this Agreement by virtue of an amendment to it."*

Article 3.3. of the abovementioned Shareholders Agreement provides, inter alia, the following: *"After the Lock-up Period, no Shareholder shall, directly or indirectly together with its Affiliates, dispose of, in part or in whole, its Shareholding to any third party (hereafter, the "Third Party") by means of a block trade or an over-the-counter transaction, after which the Third Party shall become the owner, to the best of the relevant Shareholder's knowledge, either directly or indirectly together with its Affiliates, of 5% or more of the total shares of the Company, unless the Shareholder who intends to dispose of all or part of its Shareholding in the Company (the "Selling Party"), prior to offering such Shareholding to the Third Party, offers to the other Shareholder (the "Beneficiary") a right to acquire such shares (the "Right of First Offer") …".* Furthermore, the Company, which is also a party in the abovementioned Shareholders Agreement, is obliged not to proceed to any share transfer (i.e. to annotate any share certificates or provide the shareholders' book for signature pursuant to article 8b of C.L. 2190/1920) which was made in breach of the procedure regarding the right of first offer.

In accordance with article 5 of the abovementioned Shareholders Agreement, Invel Real Estate (Netherlands) II B.V. expressly undertakes for a period of five years from the date of acquisition of the Company's shares to refrain from transferring any shares of the Company to third parties, unless such third party becomes a party to the Shareholders Agreement.

2. The Shareholders Agreement does not provide for any limitation to the exercise of voting rights by NBG or Invel.

   It is noted that, according to the abovementioned Shareholders Agreement, the prior approval of NBG and Invel is required for making decisions on the matters included in paragraphs 5 and 6 of article 11 of the Company's articles of association (as, indicatively, the issuance of shares, negotiable instruments convertible to shares and the granting of options or the right to cover shares or negotiable instruments convertible to shares of the Company, the sale of the total or part of the Company, any material change in the nature of the business activity or the purpose of the Company and the reduction of the share capital or the purchase of treasury shares by the Company, the amendment of the articles of association of the Company, other issues that, according to company law, require an increased quorum and majority during the decision-making by the General Meeting of the Company).

   The validity of the Shareholders Agreement ends automatically in case (i) NBG or Invel own less than 20% of the share capital of the Company, (ii) the Company is placed under liquidation, (iii) of a mutual agreement of the parties (NBG and Invel) (iv) if NBG ceases to consolidate its financial statements with the Company for a period exceeding 12 months (within a five year period commencing on 30.12.2013), (v) five years lapse from December 30, 2013.

[1]**Public Offering** shall mean, within the context of the Shareholders Agreement, either (a) the issuance of new shares by the Company (following an increase of the share capital of the Company) to new investors and the parallel waiver of the corresponding preemptive rights by the Parties or (b) the partial or total disposal by the Parties of their Shareholdings in the Company (by way of a transfer of shares to third parties), which (either under (a) or (b)) will have as a consequence the achievement of the minimum free float, in order for the Company's common shares to be accepted for trading on the General Segment (Main) market of the Athens Exchange as required by all relevant laws and regulations.

G. Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association

1. The rules set out in the articles of association of the Company on the appointment and replacement of members of the Board of Directors do not differ from those envisaged in C.L. 2190/1920. According to article 7 par. 4 of the articles of association of the Company, and pursuant to the amendment of the Shareholders Agreement dated August 18, 2015: "*For as long as the National bank of Greece S.A. holds common shares of the Company representing a percentage of at least twenty percent (20%) of the fully paid-up share capital of the Company and the corresponding voting rights, the National Bank of Greece S.A. shall be entitled to appoint 1/3 of the total members of the Board of Directors. This right shall be exercised prior to the election of the members of the Board of Directors by the General Meeting, in which case the General Meeting shall elect the remaining members of the Board of Directors. The National Bank of Greece S.A. shall disclose to the Company the appointment of the members of the Board of Directors of its choice three (3) full days prior to the assembly of the General Meeting and shall not participate in the election of the remaining members. Members of the Board of Directors elected pursuant to this paragraph may be revoked and replaced by others at any time by the person who has the right to appoint them.*"

   Moreover, according to the Shareholders Agreement dated December 30, 2013 (as amended and in force) concluded by NBG and Invel, each of NBG and Invel shall have the right to appoint members of the Board of Directors and the Investment Committee of the Company. Specifically, NBG appoints five of the nine members of its Board of Directors, including the Managing Director (CEO) and three of the five members of the Investment Committee as well as the Chief Financial Officer (CFO) and the Chief Operating Officer (COO), while Invel appoints the remaining members of the Board of Directors and the Investment Committee.

2. Resolution on the amendment of the Company's articles of association requires a quorum of 75.5% for the initial General Meeting, 75.00% for the first repeat General Meeting and 74% for the second repeat General Meeting.

H. Authority of the Board of Directors or certain of its members to issue new shares or to purchase treasury shares

The Board of Directors does not have any authority to issue new shares or to purchase treasury shares. The General Meeting of shareholders of the Company has not taken any decision to purchase treasury shares of the Company and there is no pending decision to issue new shares.

I. Significant agreement concluded by the Company which enters into force, is amended or terminated in the event of change of control of the Company, following a public tender offer and the results of such agreement.

The Company has not concluded any such agreement.

J. Any agreement concluded between the Company and members of the Board of Directors or its employees, which provides for the payment of compensation in case of resignation or dismissal without reasonable cause or termination of their term of office or employment as a result of a public tender offer

The Company has no special agreements with members of its Board of Directors or its employees providing for the payment of compensation in case of resignation or dismissal without reasonable cause or termination of their term of office or employment as a result of a public tender offer, except for the following:

a) on August 11, 2014 the Company entered into a fixed-term employment agreement with Mr. Aristotelis Karytinos in relation to the provision of his services as Managing Director to the Company and its Group. This agreement expires on August 10, 2019; the Managing Director has the right to extend it for one more year. In case the Company terminates the agreement with the Managing Director prior to its expiry without reasonable cause, the Company is obliged to indemnify the Managing Director to an amount equal to the total of the remaining monthly wages that would be payable up to the expiry of the definite term of the Managing Director agreement.

b) on August 11, 2014 the Company entered into a fixed-term employment agreement with Ms Thiresia Messari in relation the provision of her services to the Company and its Group in her capacity as CFO/COO. The CFO/COO agreement expires on August 10, 2019; Ms. Messari has the right to extend it for one more year. In case the Company terminates the CFO/COO agreement prior to its expiry without reasonable cause, the Company is obliged to indemnify Ms. Messari to an amount equal to the total of the remaining monthly wages that would be payable up to the expiry of the definite term of the CFO/COO agreement.

The agreements above have been approved by the Extraordinary General Meeting of the Company's shareholders dated August 11, 2014, in accordance with C.L. 2190/1920.

Athens, March 28, 2017

The Chief Executive Officer

Aristotelis Karytinos

TRANSLATION

Independent Auditor's Report

To the shareholders of
"NBG PANGAEA REAL ESTATE INVESTMENT COMPANY"

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of "NBG PANGAEA REAL ESTATE INVESTMENT COMPANY" (the "Entity") and its subsidiaries (the "Group" as a whole), which comprise the separate and consolidated statement of Financial Position as of December 31, 2016, the separate and consolidated statements of Income, Total Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal controls as management determines are necessary to enable the preparation of the separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing that have been transposed into the Greek Law (Official Government Gazette/B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Entity and its subsidiaries as at December 31, 2016, their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union.

Report on Other Legal and Regulatory Requirements

Taking into consideration, that management is responsible for the preparation of the Board of Directors’ Report which also includes the Corporate Governance Statement according to the provisions of paragraph 5 art. 2 of Law 4336/2016 (part B), we note the following:

a) The Board of Directors’ Report includes a Corporate Governance Statement which provides the information required by Article 43bb of the Greek Company Law 2190/1920.

b) In our opinion, the Board of Directors’ report has been prepared in accordance with the applicable legal requirements of articles 43a and 107A and paragraph 1 (c and d) of article 43bb of the Greek Company Law 2190/1920 and its content is consistent with the accompanying separate and consolidated financial statements for the year ended December 31, 2016.

c) Based on the knowledge we obtained during our audit of “NBG Pangaea REIC” and its environment, we have not identified any material inconsistencies in the Board of Directors’ report.

Athens, March 28, 2017

Beate Randulf
Reg. No. SOEL: 37541

Deloitte.
Certified Public Accountants S.A.
3a Fragkoklissias & Granikou Str.
GR-151 25 Maroussi, Athens, Greece
Reg. No. SOEL: E. 120

All amounts expressed in € thousand, unless otherwise stated

	Note	Group 31.12.2016	Group 31.12.2015	Company 31.12.2016	Company 31.12.2015
ASSETS					
Non-current assets					
Investment property	6	1,490,000	1,470,079	1,235,590	1,111,067
Investment in subsidiaries		-	-	155,742	210,908
Property and equipment	7	2,265	3,348	2,424	3,508
Intangible assets	8	159	187	159	187
Deferred tax assets		1	-	-	-
Other long-term receivables	11	17,325	17,314	17,325	17,314
		1,509,750	**1,490,928**	**1,411,240**	**1,342,984**
Current assets					
Trade and other receivables	12	61,015	35,074	57,137	26,230
Cash and cash equivalents	13	54,732	90,433	40,624	61,885
		115,747	**125,507**	**97,761**	**88,115**
Total assets		**1,625,497**	**1,616,435**	**1,509,001**	**1,431,099**
SHAREHOLDERS' EQUITY					
Share capital	14	766,484	766,484	766,484	766,484
Share premium	14	15,890	15,890	15,970	15,970
Reserves	15	336,119	333,615	336,182	333,435
Retained Earnings		76,448	77,719	80,241	62,830
Total equity		**1,194,941**	**1,193,708**	**1,198,877**	**1,178,719**
LIABILITIES					
Long-term liabilities					
Borrowings	16	344,843	387,284	233,339	234,495
Retirement benefit obligations	17	174	213	174	213
Deferred tax liability		198	226	-	-
Other long-term liabilities	18	3,329	3,320	3,153	701
		348,544	**391,043**	**236,666**	**235,409**
Short-term liabilities					
Trade and other payables	20	15,521	18,319	10,217	10,091
Borrowings	16	59,230	9,830	56,665	6,196
Derivative financial instruments	19	1,897	2,779	1,236	-
Current tax liabilities	21	5,364	756	5,340	684
		82,012	**31,684**	**73,458**	**16,971**
Total liabilities		**430,556**	**422,727**	**310,124**	**252,380**
Total shareholders' equity and liabilities		**1,625,497**	**1,616,435**	**1,509,001**	**1,431,099**

Athens, March 28, 2017

The Chairman of the BoD	The CEO	The CFO / COO	The Deputy CFO
Christos Protopapas	Aristotelis Karytinos	Thiresia Messari	Anna Chalkiadaki

		Group		Company	
		From 01.01. to		From 01.01. to	
	Note	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
Revenue	21	115,433	110,861	101,649	90,630
		115,433	**110,861**	**101,649**	**90,630**
Net loss from the fair value adjustment of investment property	6	(18,220)	(23,723)	(12,726)	(13,366)
Direct property related expenses	23	(12,342)	(12,576)	(9,910)	(8,895)
Personnel expenses	24	(2,119)	(2,175)	(2,119)	(2,116)
Depreciation of property and equipment	7	(24)	(40)	(25)	(45)
Amortisation of intangible assets	8	(28)	(29)	(28)	(29)
Net change in fair value of financial instruments at fair value through profit or loss	19	1,145	416	1,105	-
Other income	25	500	1,686	4,175	7,946
Other expenses	26	(2,980)	(9,716)	(2,411)	(9,149)
Corporate Responsibility		(153)	-	(153)	-
Operating Profit		**81,212**	**64,704**	**79,557**	**64,976**
Interest income		142	182	126	146
Finance costs		(21,099)	(20,814)	(17,411)	(14,068)
Profit before tax		**60,255**	**44,072**	**62,272**	**51,054**
Taxes	28	(6,792)	(1,392)	(6,769)	(1,338)
Profit for the period		**53,463**	**42,680**	**55,503**	**49,716**
Attributable to:					
Non-controlling interests		-	(82)	-	-
Company's equity shareholders		**53,463**	**42,762**	**55,503**	**49,716**
Earnings per share (expressed in € per share) - Basic and diluted	29	0.209	0.167	0.217	0.195

Athens, March 28, 2017

The Chairman of the BoD	The CEO	The CFO / COO	The Deputy CFO
Christos Protopapas	Aristotelis Karytinos	Thiresia Messari	Anna Chalkiadaki

All amounts expressed in € thousand, unless otherwise stated

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Profit for the period	**53,463**	**42,680**	**55,503**	**49,716**
Other comprehensive income / (expense):				
Items that may not be reclassified subsequently to profit or loss:				
Remeasurement of the net defined benefit liability/asset, net of tax	(24)	51	(24)	51
Revaluation reserve	30	-	30	-
Total of items that may not be reclassified subsequently to profit or loss	**6**	**51**	**6**	**51**
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	20	73	-	-
Cash flow hedges	(263)	(151)	-	-
Total of items that may be reclassified subsequently to profit or loss	**(243)**	**(78)**	**-**	**-**
Other comprehensive income/(expense) for the period	**(237)**	**(27)**	**6**	**51**
Total comprehensive income for the period	**53,226**	**42,653**	**55,509**	**49,767**
Attributable to:				
Non-controlling interests	-	(83)	-	-
Company's equity shareholders	**53,226**	**42,736**	**55,509**	**49,767**

Athens, March 28, 2017

The Chairman of the BoD	The CEO	The CFO / COO	The Deputy CFO
Christos Protopapas	Aristotelis Karytinos	Thiresia Messari	Anna Chalkiadaki

	Note	Attributable to Company's shareholders						
		Share capital	**Share premium**	**Reserves**	**Retained Earnings / (Losses)**	**Total**	**Non-controlling interests**	**Total**
Balance January 1, 2015		**765,193**	**15,890**	**326,953**	**151,038**	**1,259,074**	**1,362**	**1,260,436**
Other comprehensive expense for the period		-	-	(26)	-	**(26)**	**(1)**	**(27)**
Profit / (Loss) for the period		-	-	-	42,762	**42,762**	**(82)**	**42,680**
Total comprehensive income / (expense) after tax		**-**	**-**	**(26)**	**42,762**	**42,736**	**(83)**	**42,653**
Acquisition of additional shareholding in subsidiaries		-	-	(4)	2	**(2)**	(17)	**(19)**
Transfer to reserves		-	-	6,692	(6,692)	**-**	-	**-**
Dividends relating to 2014	27	-	-	-	(109,362)	**(109,362)**	-	**(109,362)**
Share capital increase as a result of the Merger	14	1,291	-	-	-	**1,291**	(1,291)	**-**
Effect from Merger		-	-	-	(29)	**(29)**	29	**-**
Balance December 31, 2015		**766,484**	**15,890**	**333,615**	**77,719**	**1,193,708**	-	**1,193,708**
Balance January 1, 2016		**766,484**	**15,890**	**333,615**	**77,719**	**1,193,708**	**-**	**1,193,708**
Other comprehensive expense for the period		-	-	(237)	-	**(237)**	-	**(237)**
Profit for the period		-	-	-	53,463	**53,463**	-	**53,463**
Total comprehensive income / (expense) after tax		**-**	**-**	**(237)**	**53,463**	**53,226**	**-**	**53,226**
Transfer to reserves		-	-	2,741	(2,741)	-	-	-
Dividends relating to 2015	27	-	-	-	(51,993)	**(51,993)**	-	**(51,993)**
Balance December 31, 2016		**766,484**	**15,890**	**336,119**	**76,448**	**1,194,941**	**-**	**1,194,941**

Athens, March 28, 2017

The Chairman of the BoD	The CEO	The CFO / COO	The Deputy CFO
Christos Protopapas	Aristotelis Karytinos	Thiresia Messari	Anna Chalkiadaki

All amounts expressed in € thousand, unless otherwise stated

	Note	Share capital	Share premium	Reserves	Retained Earnings / (Losses)	Total
Balance January 1, 2015		**765,193**	**15,890**	**326,917**	**127,909**	**1,235,909**
Other comprehensive income for the period		-	-	51	-	**51**
Profit for the period		-	-	-	49,716	**49,716**
Total comprehensive income after tax		**-**	**-**	**51**	**49,716**	**49,767**
Share capital increase as a result of the Merger	14	1,291	-	-	-	**1,291**
Effect from Merger		-	80	71	963	**1,114**
Transfer to reserves		-	-	6,396	(6,396)	**-**
Dividends relating to 2014	27	-	-	-	(109,362)	**(109,362)**
Balance December 31, 2015		**766,484**	**15,970**	**333,435**	**62,830**	**1,178,719**
Balance January 1, 2016		**766,484**	**15,970**	**333,435**	**62,830**	**1,178,719**
Other comprehensive income for the period		-	-	6	-	**6**
Profit for the period		-	-	-	55,503	**55,503**
Total comprehensive income after tax		**-**	**-**	**6**	**55,503**	**55,509**
Transfer to reserves		-		2,741	(2,741)	-
Dividends relating to 2015	27	-	-	-	(51,993)	**(51,993)**
Effect from merger through absorption of KARELA S.A.		-	-	-	16,642	**16,642**
Balance December 31, 2016		**766,484**	**15,970**	**336,182**	**80,241**	**1,198,877**

Athens, March 28, 2017

The Chairman of the BoD	The CEO	The CFO / COO	The Deputy CFO
Christos Protopapas	Aristotelis Karytinos	Thiresia Messari	Anna Chalkiadaki

	Note	From 01.01. to 31.12.2016	31.12.2015
Cash flows from operating activities			
Profit before tax		60,255	44,072
Adjustments for:			
- Provisions for employee benefits		21	12
- Other provisions		17	87
- Depreciation of property and equipment	7	24	40
- Amortization of intangible assets	8	28	29
- Net loss from the fair value adjustment of investment property	6	18,220	23,723
- Interest income		(142)	(182)
- Finance costs		21,099	20,814
- Net change in fair value of financial instruments at fair value through profit or loss		(1,145)	(416)
- Other		58	(13)
Changes in working capital:			
- Increase in receivables		(8,919)	(6,127)
- Decrease in payables		(2,871)	(14,411)
Cash flows from operating activities		86,645	67,628
Interest paid		(18,962)	(18,839)
Tax paid		(2,301)	(1,659)
Net cash flows from operating activities		**65,382**	**47,130**
Cash flows from investing activities			
Acquisition of investment property	6	(33,215)	(84,731)
Subsequent capital expenditure on investment property	6	(368)	(412)
Prepayments for the acquisition of investment property and overseas subsidiaries		-	(5,573)
Returns of prepayments for the acquisition of property		300	-
Purchases of property and equipment	7	(111)	(54)
Acquisitions of subsidiaries (net of cash acquired)	9	(3,568)	-
Interest received		142	181
Net cash flows used in investing activities		**(36,820)**	**(90,589)**
Cash flows from financing activities			
Proceeds from the issuance of bond loans and other borrowed funds		9,850	106,400
Expenses related to the issuance of bond loans and other borrowed funds		(271)	(1,823)
Repayment of borrowings		(4,730)	(45,112)
Acquisition of additional shareholding in subsidiaries		-	(17)
Dividends paid	27	(69,111)	(51,193)
Net cash flows from / (used in) financing activities		**(64,262)**	**8,255**
Net decrease in cash and cash equivalents		**(35,700)**	**(35,204)**
Cash and cash equivalents at the beginning of the period		90,433	125,638
Effect of foreign exchange currency differences on cash and cash equivalents		(1)	(1)
Cash and cash equivalents at the end of the period		**54,732**	**90,433**

Athens, March 28, 2017

The Chairman of the BoD	The CEO	The CFO / COO	The Deputy CFO
Christos Protopapas	Aristotelis Karytinos	Thiresia Messari	Anna Chalkiadaki

All amounts expressed in € thousand, unless otherwise stated

	Note	From 01.01. to 31.12.2016	31.12.2015
Cash flows from operating activities			
Profit before tax		62,272	51,054
Adjustments for:			
- Provisions for employee benefits		21	12
- Other provisions		17	87
- Depreciation of property and equipment	7	25	45
- Amortization of intangible assets	8	28	29
- Net loss from the fair value adjustment of investment properties	6	12,726	13,366
- Interest income		(126)	(146)
- Finance costs		17,411	14,068
- Net change in fair value of financial instruments at fair value through profit or loss		(1,105)	-
- Other		58	-
Changes in working capital:			
- (Increase) / Decrease in receivables		(13,441)	94,641
- Decrease in payables		(3,885)	(5,583)
Cash flows from operating activities		74,000	167,573
Interest paid		(15,803)	(12,502)
Tax paid		(2,273)	(1,425)
Net cash flows from operating activities		**55,924**	**153,646**
Cash flows from investing activities			
Acquisition of investment property	6	(10,999)	-
Subsequent capital expenditure on investment property	6	(272)	(250)
Prepayments for the acquisition of investment properties and overseas subsidiaries		-	(5,573)
Returns of prepayments for the acquisition of property		300	-
Purchases of property and equipment	7	(111)	(54)
Acquisition of subsidiaries	9	(3,580)	-
Interest received		126	145
Net cash flows used in investing activities		**(14,536)**	**(5,732)**
Cash flows from financing activities			
Proceeds from the issuance of bond loans and other borrowed funds		-	4,400
Repayment of borrowings		(2,551)	(8,930)
Acquisition of additional shareholding in subsidiaries		-	(17)
Participation in subsidiaries' capital increase		(800)	(40,108)
Proceeds from subsidiaries' capital decrease		3,380	-
Dividends paid	27	(69,111)	(51,193)
Net cash flows used in financing activities		**(69,082)**	**(95,848)**
Net increase / (decrease) in cash and cash equivalents		**(27,694)**	**52,066**
Cash and cash equivalents at the beginning of the period		61,885	7,193
Effect from Merger		-	2,626
Effect from merger through absorption of KARELA S.A.		6,433	-
Cash and cash equivalents at the end of the period		**40,624**	**61,885**

Athens, March 28, 2016

The Chairman of the BoD	The CEO	The CFO / COO	The Deputy CFO
Christos Protopapas	Aristotelis Karytinos	Thiresia Messari	Anna Chalkiadaki

All amounts expressed in € thousand, unless otherwise stated

NOTE 1: General Information

"NBG PANGAEA REAL ESTATE INVESTMENT COMPANY" (former "MIG REAL ESTATE INVESTMENT COMPANY") operates in real estate investment market under the provisions of Article 22 of L. 2778/1999, as in force. As Real Estate Investment Company (REIC), the company is supervised by the Hellenic Capital Market Commission. It is also noted that the Company is licensed as alternative investment fund manager according to Law 4209/2013.

The headquarters are located at 6, Karageorgi Servias str., Athens, Greece. The Company is registered with the No. 3546201000 in the General Electronic Commercial Registry (G.E.MI.) and its duration expires on December 31, 2110.

On October 1, 2015, the merger by absorption of NBG Pangaea REIC by its subsidiary MIG Real Estate REIC was completed. In particular, the Boards of Directors of MIG Real Estate REIC and NBG Pangaea REIC, in their meetings held on January 30, 2015, decided to propose to the General Assembly Meetings of their shareholders the merger by absorption (hereinafter "Merger") of NBG Pangaea REIC by its 96.944% subsidiary MIG Real Estate REIC. As transformation date had been set the 31st of January 2015. The Merger was performed according to the provisions of C.L. 2190/1920 and L. 2166/1993 and according to the terms and conditions included in the draft merger agreement signed between the merging companies on August 6, 2015 and was approved by the Extraordinary General Meetings of the merging companies on September 25, 2015. The Merger was approved by the Ministry of Economy, Development and Tourism (currently Ministry of Economy and Development) with its decision No. 100104/01.10.2015 which was registered in the General Commercial Registry of the abovementioned Ministry on October 1, 2015. As a result of the Merger, the company resulted from the Merger (hereinafter "New Company" or "Company") is named **"NBG PANGAEA REAL ESTATE INVESTMENT COMPANY"**, with the distinctive title **"NBG PANGAEA REIC"**, following the amendment of all articles of the Articles of Association of the former MIG Real Estate REIC and the approval of the new Articles of Association by the Hellenic Capital Market Commission and the competent services of the Ministry of Economy, Development and Tourism (currently Ministry of Economy and Development).

The Company together with its subsidiaries (hereinafter the "New Group" or "Group") is considered as absolute continuity of NBG Pangaea REIC Group and operates in real estate investments both in Greece and abroad, such as Italy and Romania.

Following the resolution of the Boards of Directors of the Company (the "Absorbing Company") and its subsidiary "KARELA S.A." (the "Absorbed Company") held on December 28, 2015, on the commencement of the preparatory works of the merger by absorption of the latter by the first, on May 19, 2016 the Boards of Directors of the merging companies approved the draft merger agreement which was signed on May 20, 2016. The Company owned 100% of the share capital and voting rights of the Absorbed Company. The envisaged merger took place through the consolidation of assets and liabilities of the two companies, with the combined application of the provisions of articles 68 et seq., and particularly of article 78, par. 2 of the C.L. 2190/1920 and those of L. 2166/1993, as in force. December 31, 2015 has been set as the transformation date, whereas the auditing firm PRICEWATERHOUSECOOPERS S.A. proceeded to the ascertainment of the soundness of the transformation balance sheet of the Absorbed Company. On July 28, 2016, the merger by absorption of the company KARELA S.A. by its parent entity NBG PANGAEA REIC was completed in accordance with the decision protocol No. 80578/28.07.2016 of the Ministry of Economy, Development and Tourism (currently Ministry of Economy and Development) which was registered on the same day with the General Commercial Register of the abovementioned Ministry.

The total number of employees of the Group and the Company as of December 31, 2016 was 25 (December 31, 2015: 27 for the Group and the Company).

The Company's shareholding structure is as follows:

	% participation
• National Bank of Greece S.A. ("NBG"):	32.66%
• Invel Real Estate (Netherlands) II B.V. ("Invel"):	65.49%
• Other shareholders:	1.85%

All amounts expressed in € thousand, unless otherwise stated

It is noted that the percentage ownership of Invel includes the ownership of Anthos Properties S.A. (a subsidiary of Invel) which directly holds 5,365,930 common ordinary shares, corresponding to 2.10% of the Company's share capital.

NBG and Invel have entered into a shareholders agreement whereby NBG appoints the majority of the members of the Board of Directors and the Investment Committee and guarantee is provided to NBG for certain other contractual rights, as a result NBG is the controlling shareholder of the Company.

In conclusion, from all the above, it is understood that the dilution of the "old" shareholders' of NBG Pangaea REIC rights due to the Merger was immaterial, the "old" shareholders continue to hold a significant stake, 99.90%, in the share capital of the New Company after the completion of the Merger, and that as a result of the abovementioned agreement, NBG continues to be the controlling shareholder in the Company in accordance with IFRSs (Note 31).

The current Board of Directors has a term of three years which expires upon the election of the new Board of Directors by the Annual General Meeting of Shareholders, which will take place within 2019. The Board of Directors was elected by the Extraordinary General Meeting of Shareholders held on September 25, 2015 and was constituted as a body in its same day meeting.

The current Board of Directors has the following composition:

Christos I. Protopapas	Chairman, Economist – Banker	Non Executive Member
Ioannis P. Kyriakopoulos*	Vice-Chairman A', General Manager, NBG Group CFO	Non Executive Member
Christophoros N. Papachristophorou	Vice-Chairman B', Businessman	Executive Member
Aristotelis D. Karytinos	CEO	Executive Member
Thiresia G. Messari	CFO / COO	Executive Member
Nikolaos M. Iatrou**	Business Executive	Non Executive Member
Athanasios D. Karagiannis***	Investment Advisor	Non Executive Member
Prodromos G. Vlamis	Associate at the University of Cambridge & Visiting Professor at Athens University of Economics and Business	Independent - Non Executive Member
Spyridon G. Makridakis	Professor at INSEAD Business School	Independent - Non Executive Member

* *Upon resignation of Mr. Vasileios G. Mastrokalos, Mr. Ioannis P. Kyriakopoulos was elected as a member (Vice-Chairman A') of the Board of Directors by virtue of a resolution of the Board of Directors dated September 12, 2016.*

***Upon resignation of Mrs. Anna G. Apostolidou, Mr. Nikolaos M. Iatrou was elected as a member of the Board of Directors by virtue of a resolution of the Board of Directors dated June 14, 2016.*

*** *Upon resignation of Mr. Arnaud Dominique Maurice Bertrand Plat, Mr. Athanasios Karagiannis was elected as a member of the Board of Directors by virtue of a resolution of the Board of Directors dated February 2, 2016.*

These consolidated and separate Financial Statements have been approved for issue by the Company's Board of Directors on March 28, 2017, are available, along with the independent auditor's report and the Board of Directors' Annual Report on the website address http://www.nbgpangaea.gr and are subject to approval by the Annual General Meeting of Shareholders.

All amounts expressed in € thousand, unless otherwise stated

NOTE 2: Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of Preparation

As mentioned in Note 1, the Board of Directors of NBG Pangaea REIC and MIG Real Estate REIC with their decisions on January 30, 2015, proposed to the General Assembly Meetings of their shareholders the merger by absorption of the former by the latter. The Transformation Balance Sheet and the Draft Merger Agreement were approved at the meetings of the Boards of Directors held on August 6, 2015, and the General Meetings of both companies held on September 25, 2015. The company NBG PANGAEA REAL ESTATE INVESTMENT COMPANY was derived from the decision of the Ministry of Economy, Development and Tourism (currently Ministry of Economy and Development) regarding the approval of the Merger dated October 1, 2015.

One of the most important principles that IFRSs adopt is that of economic substance over legal form which results in the reflection of economic substance of events and transactions and not merely their legal form. Consequently, in any case, the group financial statements shall not be affected by the merger of companies within the group, but only by the amount of the total shareholding structure's change (change in non-controlling interests in the event that the ratios of the parent entity's shareholders and the subsidiaries' minorities, change after the merger in relation to the respective ratios prior to the merger).

More specifically, the absorption of NBG Pangaea REIC, parent entity, by MIG Real Estate REIC, subsidiary of NBG Pangaea REIC Group, is a legal fact which does not substantially change the function of NBG Pangaea REIC Group, as at group level, the companies had already been consolidated and continue to operate on the same activities as a single entity. At group level, the only change is the conversion of non-controlling in the former MIG Real Estate REIC to shareholders of the New Company. The value of the shares that they held in the former MIG Real Estate REIC, as determined by the exchange ratio indicated below, was the fair value of the consideration for the acquisition of New Group's equity ratio.

From accounting perspective, the aforementioned exchange was treated according to the provisions of paragraph B96 of IFRS 10 "Consolidated Financial Statements", i.e. as a transaction between shareholders and the difference was directly recognized in the New Group's equity. The dilution of the "old" shareholders' of NBG Pangaea REIC rights due to the Merger was immaterial. The "old" shareholders of NBG Pangaea REIC continue to hold a significant stake, 99.90%, in the share capital of the New Company after the completion of the Merger and NBG continues to be the controlling shareholder in NBG Pangaea REIC as outlined in Note 1 and Note 31 of the financial statements. The non-controlling interests of the group before the completion of the merger by absorption are converted into shareholders of the New Company with a percentage of 0.10% via a share capital increase which took place by contribution in kind.

Shareholders of NBG Pangaea (New Company)	99.90% of shares
Non-controlling interests of MIG Real Estate (acquisition of New Company shares by contribution in kind)	0.10% of shares

The exchange ratio for the shareholders of the merging companies is as follows:

- Each shareholder of MIG Real Estate REIC (other than the ones of NBG Pangaea REIC) exchanged 1 common registered voting share with a nominal value of 3.00 Euro each held to company, with 0.591602815 new common registered voting shares of the New Company of new nominal value of 3.00 Euro each.
- Each shareholder of NBG Pangaea REIC exchanged 1 common registered voting share with a nominal value of 4.00 Euro each held to the company with 1.334251532 new common registered voting shares of the New Company of new nominal value of 3.00 Euro each.
- Each shareholder of NBG Pangaea REIC exchanged 1 common redeemable voting share with a nominal value of 4.00 Euro each held to the company with 1.334251532 new common registered voting shares of the New Company of new nominal value of 3.00 Euro each.

For the aforementioned participation ratio in the share capital of the Group's company, an opinion was expressed on the fairness of shares' exchange ratio by Mrs Despina Marinou (R.N. SOEL 17681), member of PRICEWATERHOUSECOOPERS S.A., who concluded that the exchange ratio and consequently the participation ratio in the company's share capital is true and fair, after an estimation of the groups' value with generally accepted valuation methods.

At the level of separate financial statements, the Merger is not covered by IFRSs provisions. Specifically, paragraph 2 (c) of IFRS 3 "Business Combinations" states that the specific standard does not apply to business combinations which are under common control. In absence of a standard or an interpretation, under the provisions of paragraph 10 of IAS 8 regarding the Accounting policies, Management decided to depict the specific transaction by applying the method of merger accounting. Upon the completion of the Merger, the "old" shareholders of NBG Pangaea REIC continue to hold a significant stake in the New Company. As a result, while MIG Real Estate REIC is legally the absorbing company, from an accounting perspective, it is considered that NBG Pangaea REIC absorbed MIG Real Estate REIC. Consequently, the comparative figures of the separate financial statements are those that NBG Pangaea REIC had published as of December 31, 2015.

Additionally, as already mentioned in Note 1, on July 28, 2016 the merger by absorption of the company KARELA S.A. by the Company was completed. Given that December 31st, 2015 has been set as the transformation date the results of the Company for the year 2016 include both the results of the Company and the results of KARELA S.A. for the period 01.01.2016 – 28.07.2016.

The financial statements of the Group and the Company for the year ended December 31, 2016 (hereinafter the "Financial Statements") have been prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRSs") as adopted by European Union (hereinafter "EU").

The amounts are stated in Euro, rounded to the nearest thousand (unless otherwise stated) for ease of presentation.

It is mentioned that where necessary, comparative figures have been adjusted to conform to changes in the current period's presentation. The adjustments made is considered that they do not have material impact in the presentation of financial information.

The Financial Statements have been prepared based on the going concern principle, applying the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value.

The preparation of consolidated and separate Financial Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Use of available information and application of judgment are inherent in the formation of estimates in the following areas: estimation of the fair value of investment property and derivative financial instruments, estimation of retirement benefits obligation, liabilities from and contingencies from litigation and unaudited tax years. Actual results in the future may differ from those reported.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4.

2.2 Adoption of International Financial Reporting Standards (IFRSs)

2.2.1. New standards, amendments and interpretations to existing standards applied from 1 January 2016:

- **IFRS 11 (Amendments) "Accounting for Acquisitions of Interests in Joint Operations"** (effective for annual periods beginning on or after January 1, 2016). The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations. There was no impact from the amendment of IFRS 11 in the Financial Statements of the Group and the Company.

- **IAS 1 (Amendments) "Disclosure initiative"** (effective for annual periods beginning on or after January 1, 2016)**.** The amendments to IAS 1 clarify that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements. An entity need not provide a specific disclosure provided by an IFRS if the information resulting from that disclosure is not material. In the statement of comprehensive income, the amendments require separate disclosures for the share of other comprehensive income of associates and joint ventures accounted for using the equity method based on whether or not it will be reclassified subsequently to profit or loss. There was no impact from the amendment of IAS 1 in the Financial Statements of the Group and the Company.

- **IAS 16 and IAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortisation"** (effective for annual periods beginning on or after January 1, 2016). The amendments to IAS 16 prohibit entities from using a depreciation method for items of property and equipment which is based on revenue that is generated by an activity that includes the use of an asset. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The presumption can only be rebutted when the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

  Currently, the Group and the Company use the straight-line method for depreciation and amortisation for their property and equipment, and intangible assets respectively. Management believe that the straight line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets.

- **IAS 27 (Amendments) "Consolidated and Separate Financial Statements".** Equity Method in separate Financial Statements (effective for annual periods beginning on or after January 1, 2016). The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company does not have the intention to apply this amendment in the separate Financial Statements.

- **"Annual Improvements to IFRSs 2012-2014 Cycle"** (effective for annual periods beginning on or after January 1, 2016). The amendments impact the following standards:

  - **IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".** The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as "held for sale" or "held for distribution" simply because the manner of disposal has changed. The amendment also rectifies an omission in the standard by explaining that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as "held for sale".

  - **IFRS 7 "Financial Instruments: Disclosures" –** There are two amendments to IFRS 7.

  1. Servicing contracts
     If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. IFRS 7 provides guidance on what is meant by continuing involvement in this context. The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. The amendment is prospective with an option to apply retrospectively.

2. Interim financial statements
   The amendment clarifies that the additional disclosure required by the amendments to IFRS 7, "Disclosure – Offsetting financial assets and financial liabilities" is not specifically required for all interim periods, unless required by IAS 34. The amendment is retrospective.

- **IAS 19 "Employee Benefits" –** The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.

There was no impact from the "Annual Improvements to IFRSs 2012-2014 Cycle" in the Financial Statements of the Group and the Company.

- **IAS 19 (Amendments) "Defined Benefit Plans: Employee Contributions"** (effective for annual periods beginning on or after February 1, 2015, as endorsed by the EU). Amends the requirements in IAS 19 (2011) "Employee Benefits" for contributions from employees or third parties that are linked to service. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. If the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by paragraph 70 of IAS 19 for the gross benefit (i.e. either using the plan's contribution formula or on a straight-line basis). There was no impact from the amendment of IAS 19 in the Financial Statements of the Group and the Company.

- **"Annual Improvements to IFRSs 2010-2012 Cycle"** (effective for annual periods beginning on or after February 1, 2015). The amendments impact the following standards:

  - **IFRS 2 "Share-based Payment".** Amends the definitions of "vesting conditions" and "market condition" and adds definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting conditions". Specifically:
    - For "market condition", the amendment indicates that it is a performance condition that relates to the market price or value of the entity's equity instruments or the equity instruments of another entity in the same group. A market condition requires the counterparty to complete a specified period of service.
    - For "performance condition", the amendment specifies that the period over which the performance target is achieved should not extend beyond the service period and that it is defined by reference to the entity's own operations or activities of another entity in the same group.
  - **IFRS 3** "**Business Combinations"**. Requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value should be recognized in profit or loss.
  - **IFRS 8** "**Operating Segments"**. Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, including a brief description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have similar economic characteristics. Clarifies that reconciliations of the total of the reportable segments' assets to the entity's assets are only required if the segments' assets are regularly reported to the chief operating decision maker.
  - **IFRS 13 "Fair Value Measurement"**. Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis, if the effect of discounting is not material (amends basis for conclusions only).

- **IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"**. Clarifies that when an item of property and equipment or an intangible asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after any impairment losses.

- **IAS 24 "Related Party Disclosures" –** Clarifies that a management entity providing key management personnel services to a reporting entity or to the parent of the reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

There was no impact from the "Annual Improvements to IFRSs 2010-2012 Cycle" in the Financial Statements of the Group and the Company.

2.2.2. New standards, amendments and interpretations to existing standards effective after 2016

- **IFRS 9 (new standard) "Financial Instruments**" (effective for annual periods beginning on or after January 1, 2018). IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was initially amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and subsequently in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 which supersedes all previous versions, mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments. Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 *"Financial Instruments: Recognition and Measurement"* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes), and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI, unless the asset is designated at "fair value through profit or loss" (FVTPL) under the fair value option. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Expected credit losses are required to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with IFRS 15.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group has not applied this standard and is currently evaluating the impact of IFRS 9 on the Financial Statements of the Group and the Company and the timing of its adoption. However, it is not expected to have a significant impact on the consolidated and separate Financial Statements.

- **IFRS 15 (new standard)** "**Revenue from Contracts with Customers**" (effective for annual periods beginning on or after January 1, 2018, as issued by the IASB). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a five-step approach to revenue recognition:

  - Identify the contract with the customer
  - Identify the performance obligations in the contracts
  - Determine the transaction price
  - Allocate the transaction price to the performance obligations in the contracts
  - Recognise revenue when (or as) the entity satisfies a performance obligation.

  Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

  The Group has not applied this standard and is currently evaluating the impact of IFRS 15 on the Financial Statements of the Group and the Company and the timing of its adoption. However, the application of IFRS 15 is not expected to have a significant impact on the consolidated and separate Financial Statements.

- **IFRS 16 (new standard) "Leases"** (effective for annual periods beginning on or after January 1, 2019 as issued by the IASB). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Identifying a lease
A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Accounting by lessees
Upon lease commencement, a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Subsequently, a lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment, except for certain cases for which fair value or the revaluation model applies. The lease liability is initially measured at the present value of the lease payments over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

Accounting by lessors
Lessors shall classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

Upon lease commencement, a lessor shall recognise assets held under a finance lease as a receivable at an amount equal to the net investment in the lease. A lessor recognises finance income over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment. A lessor recognises operating lease payments as income on a straight-line basis or, on another systematic basis if more representative of the pattern in which benefit from use of the underlying asset is diminished.

Sale and leaseback transactions
To determine whether the transfer of an asset is accounted for as a sale an entity applies the requirements of IFRS 15 for determining when a performance obligation is satisfied. If an asset transfer satisfies IFRS 15's requirements to be accounted for as a sale the seller measures the right-of-use asset at the proportion of the previous carrying amount that relates to the right of use retained. Accordingly, the seller only recognises the amount of gain or loss that relates to the rights transferred to the buyer. If the fair value of the sale consideration does not equal the asset's fair value, or if the lease payments are not market rates, the sales proceeds are adjusted to fair value, either by accounting for prepayments or additional financing.

The Group has not applied this standard and is currently evaluating the impact of IFRS 16 on the consolidated and separate Financial Statements and the timing of its adoption. However, given the fact that the Group companies mainly operate as lessors, is not expected to have a significant impact on the consolidated and separate Financial Statements.

- **IAS 12 (Amendment) "Recognition of Deferred Tax Assets for Unrealised Losses"** (effective for annual periods beginning on or after January 1, 2017, as issued by the IASB). This amendment clarifies the following aspects: Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. The Group and the Company have not applied this amendment but it is not expected to have a material impact on the Financial Statements.

- **IAS 7 (Amendment) "Disclosure Initiative"** (effective for annual periods beginning on or after January 1, 2017). The amendment requires that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- **IFRS 15 (Amendment) "Clarifications to IFRS 15 *Revenue from Contracts with Customers*"** (effective for annual periods beginning on or after January 1, 2018, as issued by the IASB). The amendment clarifies three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and provides some transition relief for modified contracts and completed contracts.

- **IFRS 2 (Amendment) "Clarification and Measurement of Share-based Payment Transactions"** (effective for annual periods beginning on or after January 1, 2018, as issued by the IASB). The amendment clarifies the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The Group and the Company have not applied this amendment but it is not expected to have a material impact on the Financial Statements.

- **IFRS 4 (Amendment) "Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*"** (As issued by the IASB, overlay approach to be applied when IFRS 9 is first applied. Deferral approach effective for annual periods beginning on or after January 1, 2018 and only available for three years after that date). The amendment provide two options for entities that issue insurance contracts within the scope of IFRS 4:
  - an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
  - an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.
  - The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

- **IFRS 40 (Amendment) "Transfers to Investment Property"** (effective for annual periods beginning on or after January 1, 2018, as issued by the IASB). The amendment to IAS 40 *Investment Property*:
  - Amends paragraph 57 to state that an entity shall transfer a property to, or from investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
  - The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

  The Group and the Company have not applied this amendment but it is not expected to have a material impact on the Financial Statements.

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration "**(effective for annual periods beginning on or after January 1, 2018, as issued by the IASB). The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or payed at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. The Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

  <u>Consensus:</u> The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

  The Group and the Company have not applied this amendment but it is not expected to have a material impact on the Financial Statements.

- **"Annual Improvements to IFRS Standards 2014–2016 Cycle".** The amendments impact the following standards:

    - **IFRS 1 "First-time adoption of International Financial Reporting Standards"**. Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose (effective for annual periods beginning on or after January 1, 2018, as issued by the IASB).

    - **IFRS 12 "Disclosure of Interests in Other Entities"**. Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (effective for annual periods beginning on or after January 1, 2017, as issued by the IASB).

    - **IAS 28 "Investments in Associates and Joint Ventures"**. Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition (effective for annual periods beginning on or after January 1, 2018, as issued by the IASB).

    The Group and the Company have not applied these amendments but they are not expected to have a material impact on the Financial Statements.

    There are no other IFRSs or IFRIC interpretations which are not yet effective and would be expected to have a material impact on the consolidated and separate Financial Statements.

2.3 Consolidation

2.3.1 Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiaries (including structured entities), which are entities controlled by the Company. Control is achieved, if and only if, the Company has a) power over the subsidiaries b) exposure, or rights to variable returns from its involvement with the subsidiaries and c) the ability to use its power over the subsidiaries to affect the amount of the Company's returns.

Income and expenses and other comprehensive income of subsidiaries acquired or disposed of during the year are included in the consolidated income statement and in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Profit for the period and total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

2.3.2 Non-controlling interests

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income/ (expense) is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2.3.3 Changes in the Group's ownership interest in subsidiaries that do not result in loss of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.3.4 Loss of control

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. For assets of the subsidiary carried at fair value with the related cumulative gain or loss recognised in other comprehensive income, the amounts previously recognised in other comprehensive income are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to the income statement or transferred directly to retained earnings as specified by applicable IFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

2.3.5 Put options on non-controlling interests

The Group occasionally enters into arrangements either as part or independently of a business combination, whereby the Group is committed to acquire the shares held by the non-controlling interest holder in a subsidiary or whereby a non-controlling interest holder can put its shares to the Group.

The Group applies IAS 32.23, which requires that the commitment or put option is accounted for as a liability in the consolidated Financial Statements. The recognition of the liability results in accounting as if the Group has already acquired the shares subject to such arrangements. Therefore, no non-controlling interest is recognised for reporting purposes in relation to the shares that are subject to the commitment or the put option. The liability is measured at fair value, using valuation techniques based on best estimates available to the management.

Any subsequent changes to the valuation of the put option are recorded as changes to the liability and a gain or loss in the income statement.

2.3.6 Investments in subsidiaries in separate Financial Statements

In the Company’s Financial Statements subsidiaries are measured at cost less impairment.

2.3.7 Impairment assessment of investments in subsidiaries in separate Financial Statements

At each reporting date, the Group and the Company assesses whether there is any indication that an investment in a subsidiary may be impaired. If any such indication exists, the Group estimates the recoverable amount of the investment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

2.4 Business Combinations

2.4.1 Acquisition method

Acquisitions of businesses within the scope of IFRS 3 are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the income statement as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "*Income Taxes*" and IAS 19 "*Employee Benefits*" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "*Share-based Payment*" at the acquisition date; and
- assets (or disposal groups) classified as held for sale in accordance with IFRS 5 "*Non-current Assets Held for Sale and Discontinued Operations*" are measured in accordance with that Standard.

2.4.2 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the income statement.

2.4.3 Contingent consideration

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37, as appropriate, with the corresponding gain or loss being recognised in the income statement.

2.4.4 Business combinations achieved in stages

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the income statement. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the income statement where such treatment would be appropriate if that interest were disposed of.

2.4.5 Provisional accounting

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.5 Foreign Currency Translation

Items included in the Financial Statements of each entity of the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated Financial Statements of the Group are presented in thousand of Euro (€), which is the functional currency of the Company.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

When preparing the Financial Statements, assets and liabilities of foreign entities are translated at the exchange rates prevailing at the reporting date, while income and expense items are translated at average rates for the period. Differences resulting from the use of closing and average exchange rates and from revaluing a foreign entity's opening net asset balance at closing rate are recognised directly in foreign currency translation reserve within other comprehensive income.

When a monetary item forms part of a reporting entity's net investment in a foreign operation and is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, the exchange differences that arise in the separate Financial Statements of both companies are reclassified to other comprehensive income upon consolidation. When a foreign entity is sold, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

Any goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.6 Investment Property

Properties that are held with the intention of earning rentals or / and for capital appreciation are included in investment property.

Investment property comprises land and buildings, owned by the Group (or held through a finance leasing agreement) as well as the properties which are developed for future use as investment property. Investment property is measured initially at its cost, including related transaction costs and borrowing costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are appraised as at June 30 and December 31 each year by an independent professional valuer in accordance with the guidance issued by the International Valuation Standards Committee.

Investment property under development is measured at fair value only if it can be measured reliably.

Investment property further qualified for continued use as investment property, or for which the market has become less active, continues to be valued at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Some of those outflows are reflected as a liability; whereas others, including contingent rent payments, are not recognised in the Financial Statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement. Investment property is derecognised when disposed or when use of investment property is ended and there is no future economic benefit expected from the disposal.

If an investment property becomes owner-occupied, it is reclassified as property and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property and equipment under IAS 16.

However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement to the extent that this gain reverses a previous impairment loss. Any remaining profit is recognized in OCI by increasing the asset revaluation reserve in equity. In case of loss, it is recognised directly in income statement.

Investment property held for sale without redevelopment is classified within non-current assets held for sale under IFRS 5. A property's deemed cost for subsequent accounting is its fair value at the date of change in use.

2.7 Property and Equipment

Property and equipment include land, buildings and equipment held by the Group for use in the supply of services or for administrative purposes. Property and equipment are initially recorded at cost, which includes all costs that are required to bring an asset into operating condition.

Subsequent to initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the acquisition of an asset, which is classified as property and equipment, are capitalized only when it is probable that they will result in future economic benefits to the Group beyond those originally anticipated from the asset, otherwise they are expensed as incurred.

Depreciation of an item of property and equipment begins when it is available for use and ceases only when the asset is derecognised. Therefore, the depreciation of an item of property and equipment that is retired from active use does not cease unless it is fully depreciated. Property and equipment are depreciated on a straight-line basis over their estimated useful lives, which can be reassessed. Estimated useful lives of property and equipment per category is as follows:

Land: No depreciation
Buildings: 40 years
Furniture and other equipment: 3 – 5 years
Motor vehicles: up to 10 years

At each reporting date, the Group assesses whether there is an indication that an item of property and equipment may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and the amount of the gains/losses is recognized in the income statement.

2.8 Intangible Assets

Intangible assets relate to software acquisition costs.

Software includes costs that are directly associated with identifiable and unique software products controlled by the Group that are anticipated to generate future economic benefits exceeding costs beyond one year. Expenditure, which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital movement and added to the original cost of the software.

Intangible assets are amortised using the straight-line method over their useful life, not exceeding 12 years.

Expenditure on starting up an operation, training personnel, advertising and promotion and relocating or reorganising part or the entire Company is recognised as an expense when it is incurred.

At each reporting date, Company's Management reviews intangible assets and assesses whether there is any indication of impairment. If any such indications exist, an analysis is performed to assess whether the carrying amount of intangible assets is fully recoverable. A write-down is made if the carrying amount exceeds its recoverable amount.

2.9 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. It requires an assessment of whether: a) fulfilment of an arrangement is dependent on the use of a specific asset or assets and b) the arrangement conveys a right to use the asset.

(a) The Group as the Lessee

Operating Leases: Leases where a significant portion of the risks and rewards of ownership of the asset are retained by the lessor are classified as operating leases. The total payments made under operating leases (net of any incentives received by the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place. There were no material operating leases for the periods covered by the Financial Statements.

Finance Leases: The Group currently does not engage, as a lessee, in finance leases.

(b) The Group as the Lessor

Operating Leases: The Group leases out owned properties under operating leases and are included in the statement of financial position as investment property (Note 6). Rental income (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term. Rental guarantees received at the inception of the lease contract are recognized as liabilities and carried at cost.

Finance Leases: The Group does not currently lease out properties under finance leases.

2.10 Sale and Leaseback Transactions – A Company of the Group is the Lessee

For a sale and leaseback transaction that results in a finance lease, any excess of proceeds over the carrying amount is deferred and amortised over the lease term. There were no sale and leaseback transactions that resulted in a finance lease for the periods covered by the Financial Statements.

For a transaction that results in an operating lease:

- if the transaction is clearly carried out at fair value - the profit or loss is recognised immediately in the income statement,
- if the sale price is below fair value – the profit or loss is recognised immediately, except if a loss is compensated for by future rentals at below market price, the loss is amortised over the lease term,
- if the sale price is above fair value - the excess over fair value is deferred and amortised over the lease term,
- if the fair value at the time of the transaction is less than the carrying amount – a loss equal to the difference is recognised immediately in the income statement.

2.11 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an objective evidence that a non-financial assets is impaired and if such objective evidence exists the non-financial asset is tested for impairment.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The carrying amount of the asset is reduced through the use of an impairment account. The amount of the loss is recognized in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, at that amount which the carrying amount does not exceed the amortised cost of the asset at the date of the reversal. Any future reversal of the impairment loss is recognised in the income statement.

2.12 Trade and Other Receivables

Trade and other receivables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method (if these are payable after one year), unless the effects of discounting are not material, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate and recognised as an expense in the income statement.

2.13 Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise balances of accounts "cash in hand" and "demand deposits". Cash equivalents comprise short-term time deposits. Cash and cash equivalents are used by the Group to serve the short-term liabilities and the risk of change in fair value is immaterial.

2.14 Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental external costs directly attributable to the issue of shares and other equity items, other than on a business combination, are deducted from equity net of any related income tax benefit.

2.15 Dividend Distribution

Dividends on ordinary shares are recognised as a liability in the period in which they are approved by the Company' Shareholders at the Annual General Meeting.

2.16 Trade and Other Payables

Trade and other payables are recognised initially at fair value and subsequently measured using the effective interest rate method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds received (net of transaction costs) and the redemption values are recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.18 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement under finance cost in the period in which they are incurred.

2.19 Derivative Financial Instruments

Derivative financial instruments, including interest rate swaps, are initially recognised in the Statement of Financial Position and subsequently are re-measured at their fair value. Derivatives are presented in assets when favourable to the Group or in liabilities when unfavourable to the Group. The transaction costs are included directly in finance costs.

A derivative may be embedded in another financial instrument, known as "host contract". In such cases, the derivative instrument is separated from the host contract and treated as a separate derivative, provided that its risks and economic characteristics are not closely related to those of the host contract, the embedded derivative actually meets the definition of a derivative and the host contract is not carried at fair value with unrealised gains and losses reported in the income statement (net change in fair value of financial instruments at fair value through profit or loss). These derivative instruments transacted as effective economic hedges under the Group's Management positions, and do not qualify for hedge accounting under the specific rules of IAS 39.

The Group also uses derivative instruments as part of its asset and liability management activities to manage exposures to interest rate. The Group applies cash flow hedge accounting when transactions meet the specified criteria to obtain hedge accounting treatment. The Group's criteria for a derivative instrument to be accounted for as a hedge include:

- At inception of the hedge, there is formal designation and documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship;

- The hedge is documented showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the hedging period. A hedge is considered to be highly effective when the Group achieves offsetting changes in fair value between 80 percent and 125 percent for the risk being hedged; and

- The hedge is highly effective in an ongoing basis.

2.20 Cash Flow Hedging

Fair value gain or losses associated with the effective portion of a derivative designated as a cash flow hedge are recognised initially in other comprehensive income.

When the cash flows that the derivative is hedging (including cash flows from transactions that were only forecast when the derivative hedge was effected) materialize, resulting in income or expense, then the associated gain or loss on the hedging derivative is simultaneously transferred from other comprehensive income to corresponding income or expense line item.

If a cash flow hedge for a forecast transaction is deemed to be no longer effective, or the hedge relationship is terminated, the cumulative gain or loss on the hedging derivative previously reported in other comprehensive income is transferred to the income statement when the committed or forecast transaction occurs.

2.21 Current and Deferred Tax

As a Real Estate Investment Company, and in accordance with article 31 par.3 of the Greek Law 2778/1999, as in force, the Company is exempted from corporate income tax and is subject to an annual tax based on its investments and cash and cash equivalents. More specifically, the tax is determined by reference to the average fair value of its investment properties and cash and cash equivalents (as depicted on the Company's biannual investment schedules) at the tax rate of 10.00% of the aggregate European Central Bank ("E.C.B.") reference rate plus 1.00% (the taxation formula is as follows: 10.00% * (ECB reference rate + 1.00%)). The above tax relieves the Company and its shareholders of any further tax liabilities. It is noted that in accordance with par. 2 of article 45 of L.4389/2016 a minimum tax threshold of 0.375% on its average investments plus cash was imposed for each semester (i.e. 0.75% annually). Current tax liabilities include short-term liabilities to the tax authorities related to the above payable tax. The aforementioned framework also applies to the subsidiaries of the Company domiciled in Greece.

As the tax liability of the Company (and its subsidiaries domiciled in Greece) is calculated on the basis of its investments and cash and cash equivalents rather than on its profits, no temporary differences arise and therefore no deferred tax liabilities and / or assets arise.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries operate and generate taxable income (Note 28). Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit or loss, and is accounted for using the balance sheet method.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.22 Employee Benefits

A defined contribution plan is a post-employment benefit plan under which the employer pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions, if the entity does not hold sufficient assets to pay all employees' benefits. That means that the employer's obligation is limited to the payment of the contributions to the entity. The contributions to defined contribution plans are charged to the income statement in the year to which they relate and are included in "Personnel expenses".

A defined benefit plan is a post-employment benefit plan under that defines an amount of benefit to be provided, determined using a number of financial and demographic assumptions. The most significant assumptions include age, years of service or compensation, life expectancy, the discount rate, expected salary increases and pension rates. The difference with defined contribution plans is that the employer is liable for the payment of the agreed benefits to the employee. The only existing defined benefit plan for the Group relates to the payment of a compensation of Greek Law 2112/1920 for its Greek subsidiaries. This program is not self-funded.

For defined benefit plans, the liability is the present value of the defined benefit obligation as at the reporting date minus the fair value of the plan assets.

The defined benefit obligation and the related costs are calculated by independent actuaries on an annual basis at the end of each annual reporting period using the projected unit credit method. The present value of the defined obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds or government bonds that are denominated in the currency in which the benefits will be paid and, which have terms to maturity approximating the terms of the related liability, or estimates of rates which take into account the risk and maturity of the related liabilities where a deep market in such bonds does not exist. Service cost (current service cost, past service cost (including the effect of curtailments) and gains or losses on settlements) and net interest on the net defined benefit liability/(asset) are charged to the income statement and are included in "Personnel expenses". The defined benefit obligation (net of plan assets) is recorded on the Statement of Financial Position, with changes resulting from remeasurements (comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan asset (excluding interest)) recognized immediately in Other comprehensive income, with no subsequent recycling to the income statement.

2.23 Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

2.24 Revenue Recognition

Rental income from operating leases is recognised in income statement on a straight-line basis over the lease term. When the Group provides incentives to its customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction from rental income.

Revenue from sale of properties is recognised with the actual sale.

2.25 Interest Income and Finance Costs

Interest income relating to interest on demand deposits and time deposits is recognised in the income statement using the effective interest method.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest expenses for borrowings are recognised within "Finance costs" in the income statement using the effective interest rate method. Exempt are borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Fees and direct costs relating to a loan origination or acquiring a security, financing or restructuring and to loan commitments are deferred and amortised to interest income over the life of the instrument using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate to the net carrying amount of the financial asset or the financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and other premiums or discounts.

2.26 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision-maker is the Chief Executive Officer.

All transactions between business segments are conducted on an arm's length basis, with inter-segment revenue and costs being eliminated. Income and expenses directly associated with each segment are included in determining business segment performance.

Geographical segments include income from assets that are either located or are managed in the respective geographical areas.

2.27 Related Party Transactions

Related parties include the two basic shareholders, i.e. NBG as parent company and Invel which holds 65.49% in the Company's share capital (Note 1), as well as the entities in which the abovementioned shareholders and the Company have the control or exercise influence in making financial and operating decisions. Additionally, related parties include directors, their close relatives, companies owned or controlled by them and companies over which they can influence the financial and operating cycles. All transactions with related parties are made on substantially the same terms as those applicable to similar transactions with unrelated parties, including interest rates and collateral, and do not involve a risk greater than normal.

2.28 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when, and only when, there is a legally enforceable right to offset the recognised amounts and there is an intention to realize the asset and settle the liability simultaneously or on a net basis.

2.29 Earnings / (Losses) per Share

A basic earnings per share (EPS) ratio is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, excluding the average number of ordinary shares purchased by the Company or held as treasury shares.

A diluted earnings per share ratio is calculated using the same method as the basic EPS, but the determinants are adjusted to reflect the potential dilution that could occur if convertible debt securities, options, warrants or other contracts to issue ordinary shares were converted or exercised into ordinary shares.

NOTE 3: Financial Risk Management

3.1 Financial Risk Management

The Group is exposed to a variety of financial risks such as market risk, credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade and other receivables, cash and cash equivalents, trade and other payables and borrowings. The accounting policies regarding the abovementioned financial instruments are described in Note 2. The risk management policy, followed by the Group, focuses on minimizing the impact of unexpected market changes.

a) Market risk

i) Foreign exchange risk

Foreign exchange risk arises from foreign currency transactions. The Group has international activities but the Group is not significantly exposed to foreign currency risk. The assets and liabilities of the Group are initially recorded in €, which is its functional currency. The Group's exposure to foreign currency risk at December 31, 2016 is not significant, as the Group's subsidiary, which does not have € as its functional currency, represents less than 0.5% of the Group's total assets and less than 2.0% of the Group's total liabilities.

ii) Price risk

The Group is exposed to risk from changes in property values and rents which can originate from:
a) the trends in the real estate market in which the Group operates,
b) the characteristics of properties owned by the Group and
c) events concerning existing tenants of the Group.

The Group minimizes its exposure to this risk, as the majority of the Group's leases consist of long-term operating leases with creditworthy tenants, for a period between 20 and 25 years, while for the majority of the leases the annual rental adjustment is associated with the Consumer Price Index plus a spread of 1.0% and in the event of deflation, there is no negative impact on rents. The Group has no significant exposure to price risk relating to financial instruments as it does not hold any equity securities or commodities.

The Group is governed by an institutional framework under which:
a) periodic valuation of properties by an independent professional valuer is required,
b) a valuation of properties prior to an acquisition or a sale by an independent professional valuer is required,
c) development or repair of properties is permitted if the cost of works does not exceed 40.0% of the final commercial value after the completion of works and
d) the value of each property must not exceed 25.0% of the value of the property portfolio.

This framework contributes significantly to prevent or/and timely manage related risks.

iii) Cash flow and fair value interest rate risk

The Group has significant interest bearing assets comprising demand deposits and short term deposits (Note 13). Additionally, the Group has borrowings (Note 16).

The Group is exposed to fluctuations in interest rates prevailing in the market and on its financial position and cash flows. Borrowing costs may increase as a result of such changes or create losses or borrowing costs may be reduced by the occurrence of unexpected events. To reduce the Group's exposure to fluctuations in interest rates of long-term borrowings, the repricing dates are limited by contract to a maximum period of three months. If the reference rate changed by +/-1.00% the effect on the Group's results would be estimated at -/+ €2,765 thousand, respectively.

All amounts expressed in € thousand, unless otherwise stated

b) Credit risk

Credit risk relates to cases of default of counterparties to meet their transactional obligations. The Group has concentration of credit risk with respect to cash and cash equivalents and lease receivables from operating leases.

No material losses are anticipated as lease agreements are conducted with customers - tenants of sufficient creditworthiness. The Group's maximum exposure results from related party transactions, since the majority of the Group's property portfolio is leased to NBG (2016: 58.8%, 2015: 60.8% of total revenue) (Notes 5 and 31).

c) Liquidity risk

The current or prospective risk to earnings and capital arising from the Group's inability to collect overdue outstanding financial obligations without incurring unacceptable losses. The Group ensures it has the required liquidity timely in order to timely meet the obligations, through regular monitoring of liquidity needs and collection of amounts due from tenants, the preservation of bridge loans with financial institutions as well as prudent cash management.

The liquidity of the Group is monitored by the Management on a regular basis. The maturity analysis of financial liabilities as at December 31, 2016 and 2015 is as follows:

December 31, 2016	**Less than 1 month**	**1 - 3 months**	**3 - 12 months**	**12 months - 2 years**	**2 - 5 years**	**Later than 5 years**	**Total**
Liabilities							
Borrowings	2,836	2,038	68,774	16,017	351,682	5,943	**447,290**
Other long term liabilities	-	-	-	15	316	2,998	**3,329**
Derivative financial instruments	-	323	1,280	336	164	-	**2,103**
Trade and other payables	2,325	5,326	46	-	-	-	**7,697**
Total	**5,161**	**7,687**	**70,100**	**16,368**	**352,162**	**8,941**	**460,419**

December 31, 2015	**Less than 1 month**	**1 - 3 months**	**3 - 12 months**	**12 months - 2 years**	**2 - 5 years**	**Later than 5 years**	**Total**
Liabilities							
Borrowings	2,990	1,412	22,941	70,591	355,431	6,257	**459,622**
Other long term liabilities	-	-	-	28	170	3,122	**3,320**
Derivative financial instruments	-	309	1,277	1,517	500	-	**3,603**
Trade and other payables	3,138	7,826	851	-	-	-	**11,815**
Total	**6,128**	**9,547**	**25,069**	**72,136**	**356,101**	**9,379**	**478,360**

The amounts disclosed in the above table are the contractual undiscounted cash flows. Given that the amount of contractual undiscounted cash flows relate to bond loans of variable and not fixed interest rates, the amount presented is determined by reference to the conditions existing at reporting date – that is, the actual spot interest rates effective as of December 31, 2016 and 2015, respectively, are used for determining the related undiscounted cash flows.

It should be noted that as of December 31, 2016, the maturity bucket of 3-12 months of Group's borrowings, includes a Company's bond loan totally amounted to €49,059 thousand which expires on December 29, 2017. It should be further noted that the Company has already secured the refinancing of this bond loan from a systemic financial institution in Greece.

3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. Consistent with others in the Greek industry, the Group monitors capital on the basis of the gearing ratio

All amounts expressed in € thousand, unless otherwise stated

(or debt ratio). This ratio is calculated as total borrowings divided by total assets, as shown in the statement of financial position.
The regulatory regime governing REICs in Greece permits to Greek REICs to borrow up to 75.0% of the value of their total assets, for acquisitions and improvements on properties. The goal of the Group's Management is to optimise the Group's capital structure through the effective use of debt financing.

The table below presents the gearing ratio as at December 31, 2016 and 2015.

	Group		**Company**	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Borrowings	404,073	397,114	290,004	240,691
Total assets	1,625,497	1,616,435	1,509,001	1,431,099
Gearing ratio	**24.9%**	**24.6%**	**19.2%**	**16.8%**

3.3 Fair Value Estimation of Financial Assets and Liabilities

The Group measures the fair value of financial instruments based on a framework for measuring fair value that categorises financial instruments based on three-level hierarchy in accordance with the hierarchy of the inputs used to the valuation technique, as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. More specifically, the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data. More specifically if one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

- *Financial instruments carried at fair value*

The table below analyses financial assets and liabilities of the Group carried at fair value, by valuation method, as at December 31, 2016 and 2015, respectively.

December 31, 2016		**Valuation hierarchy**		
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments	-	1,897	-	**1,897**

December 31, 2015		**Valuation hierarchy**		
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments	-	2,779	-	**2,779**

The derivative financial instruments presented above relate to interest rate swaps. The fair value of interest rate swaps is calculated, using Bloomberg, as the present value of the estimated future cash flows based on observable yield curves. As a result, the derivative financial instruments are included in Level 2.

There were no transfers between Levels 1 and 2, nor any transfers in and out of Level 3 during the period.

The Group's policy is to recognize transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused that transfer.

All amounts expressed in € thousand, unless otherwise stated

- *Financial instrument not carried at fair value*

The tables below analyse financial assets and liabilities of the Group not carried at fair value as at December 31, 2016 and 2015, respectively:

December 31, 2016		**Valuation hierarchy**		
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Borrowings	-	-	404,073	**404,073**

December 31, 2015		**Valuation hierarchy**		
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Borrowings	-	-	397,114	**397,114**

The liabilities included in the tables above are carried at amortized cost and their carrying value approximates their fair value.

As at December 31, 2016 and 2015, the carrying value of cash and cash equivalents, trade and other receivables as well as trade and other payables approximates their fair value.

NOTE 4: Critical Accounting Estimates and Judgments

The preparation of consolidated and separate financial statements in accordance with IFRSs requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense in the Group's Financial Statements. The Group's Management believes that the judgments, estimates and assumptions used in the preparation of the consolidated and separate Financial Statements are appropriate given the factual circumstances as of December 31, 2016 and were similar to those used in the preparation of consolidated and separate financial statements for the year ended December 31, 2015.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may, under current circumstances, be undertaken.

4.1. Critical Accounting Estimates and Judgments

The Group makes estimates and assumptions concerning the outcome of future events. Estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Estimate of fair value of the Group's investment property

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the amounts are determined within a range of reasonable fair value estimates. Under current legislation REIC, estimates of investment property should be supported by appraisals performed by independent professional valuers on June 30 and December 31 each year. In making its judgment, the independent professional valuer considers information from various sources, including:

(i) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
(ii) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
(iii) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing leases and other contacts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Regarding the note (iii) above, for the application of discounted cash flows valuation techniques, assumptions are used which are mainly based on market conditions existing at the date of Financial Statements' preparation.

The principal assumptions underlying the estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; vacant periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market. The future rental rates are estimated on the basis of current rents for similar properties on the same location and quality. Further details of the assumptions made are included in Note 6.

b) Fair value of derivative financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has used discounted cash flow analysis, through Bloomberg, for interest rate swaps that are not traded in active markets. When calculating the fair value, the models take into consideration the impact of credit risk if material. This impact is estimated by calculating a separate credit value adjustment ("CVA") for each counterparty to which the Group has exposure.

NOTE 5: Segment Reporting

The Group has recognized the following business segments, depending on the origin of the revenues per geography (country) and type of properties:

- Greece - Retail,
- Greece - Offices,
- Greece - Other (include city hotels, storage space, archives, petrol stations and parking spaces)
- Italy – Offices
- Italy - Retail,
- Italy - Other (relates to a land plot and storage space)
- Romania - Retail
- Romania - Offices

All amounts expressed in € thousand, unless otherwise stated

From 01.01. to 31.12.2016

Country	**Greece**	**Greece**	**Greece**	**Italy**	**Italy**	**Italy**	**Romania**	**Romania**	
Segment	**Retail**	**Offices**	**Other**	**Offices**	**Retail**	**Other**	**Retail**	**Offices**	**Total**
Revenue	49,502	51,042	1,105	12,952	244	1	134	453	**115,433**
Total segment revenue	**49,502**	**51,042**	**1,105**	**12,952**	**244**	**1**	**134**	**453**	**115,433**
Net gain / (loss) from the fair value adjustment of investment properties	(15,844)	3,977	(502)	(8,235)	(255)	2,968	179	(508)	**(18,220)**
Direct property related expenses	(3,793)	(5,628)	(488)	(1,785)	(24)	(534)	(15)	(75)	**(12,342)**
Provision for impairment	(1)	(1)	(15)	-	-	-	-	-	**(17)**
Total segment operating profit / (loss)	**29,864**	**49,390**	**100**	**2,932**	**(35)**	**2,435**	**298**	**(130)**	**84,854**
Unallocated operating income									**500**
Unallocated operating expenses									**(4,142)**
Operating Profit									**81,212**
Unallocated interest income									**142**
Unallocated finance costs									**(17,015)**
Allocated finance costs	(34)	(4,050)	-	-	-	-	-	-	**(4,084)**
Profit before tax									**60,255**
Taxes									**(6,792)**
Profit for the period									**53,463**
Segment assets as at December 31, 2016									
Segment assets	653,093	612,970	17,308	178,979	14,523	54,335	1,434	5,015	**1,537,657**
Unallocated assets									**87,840**
Total assets									**1,625,497**
Segment liabilities as at December 31, 2016									
Segment liabilities	3,345	58,184	480	2,485	141	1,999	11	43	**66,688**
Unallocated liabilities									**363,868**
Total liabilities									**430,556**
Non-current assets additions as at December 31, 2016	7,977	3,294	3,716	10,177	11,453	682	-	-	**37,299**

All amounts expressed in € thousand, unless otherwise stated

From 01.01. to 31.12.2015

Country	**Greece**	**Greece**	**Greece**	**Italy**	**Italy**	**Italy**	**Romania**	**Romania**	**Bulgaria**	
Segment	**Retail**	**Offices**	**Other**	**Offices**	**Retail**	**Other**	**Retail**	**Offices**	**Retail**	**Total**
Revenue	50,391	48,765	1,046	9,985	99	-	120	455	-	110,861
Total segment revenue	**50,391**	**48,765**	**1,046**	**9,985**	**99**	**-**	**120**	**455**	**-**	**110,861**
Net gain / (loss) from the fair value adjustment of investment properties	**(24,282)**	**7,934**	**470**	**9,482**	**855**	**(17,513)**	**(139)**	**(530)**	**-**	**(23,723)**
Direct property related expenses	(3,409)	(5,481)	(426)	(2,541)	(24)	(695)	(11)	(68)	(11)	**(12,576)**
Provision for impairment	(87)	-	-		-	-	-	-	-	**(87)**
Total segment operating profit / (loss)	**22,613**	**51,218**	**1,090**	**17,016**	**930**	**(18,208)**	**(30)**	**(143)**	**(11)**	**74,475**
Unallocated operating income										**1,686**
Unallocated operating expenses										**(11,457)**
Operating Profit										**64,704**
Unallocated interest income										**182**
Unallocated finance costs										**(16,557)**
Allocated finance costs	-	(4,257)	-	-	-	-	-	-	-	**(4,257)**
Profit before tax										**44,072**
Taxes										**(1,392)**
Profit for the period										**42,680**
Segment assets as at December 31, 2015										
Segment assets	652,363	600,507	14,115	176,155	3,286	56,150	1,254	5,522		**1,509,352**
Unallocated assets										**107,083**
Total assets										**1,616,435**
Segment liabilities as at December 31, 2015										
Segment liabilities	1,681	57,790	194	2,352	14	1,637	1,282	5,134		**70,084**
Unallocated liabilities										**352,643**
Total liabilities										**422,727**
Non-current assets additions as at December 31, 2015	-	250	-	82,343	2,388	113	6	43		**85,143**

All amounts expressed in € thousand, unless otherwise stated

In relation to the above segment analysis we state that:
(a) There are no transactions between business segments.
(b) Segment assets include investment properties and trade receivables
(c) Unallocated assets include property and equipment, intangible assets, cash and cash equivalents, deferred tax assets and other receivables.

Group's and Company's rental income is not subject to seasonal fluctuations.

Concentration of customers

NBG and the Hellenic Republic, lessees of the Group, represent, each one individually, more than 10% of Group's rental income. Rental income from NBG for the year ended December 31, 2016 amounted to €67,831 thousand, i.e. 58.8% (2015: €67,427 thousand, i.e. 60.8%) and rental income from the Hellenic Republic for the year ended December 31, 2016 amounted to €11,548 thousand, i.e. 10.0% (2015: €11,534 thousand, i.e. 10.4%).

NOTE 6: Investment Property

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Balance at the beginning of the period	**1,470,079**	**1,407,659**	**1,111,067**	**1,081,049**
Additions:				
- Direct acquisition of investment property	33,215	84,731	10,999	-
- Acquisitions through business combinations (Note 9)	3,716	-	-	-
- Subsequent capital expenditure on investment property	368	412	272	250
- Transfer from property and equipment	1,789	1,000	1,789	-
- Transfer to property and equipment	(947)	-	(947)	-
- Effect from merger	-	-	125,136	43,134
Net gain / (loss) from the fair value adjustment of investment property	(18,220)	(23,723)	(12,726)	(13,366)
Balance at the end of the period	**1,490,000**	**1,470,079**	**1,235,590**	**1,111,067**

Due to the merger by absorption of the company NBG PANGAEA REIC ("Absorbed Company) by its subsidiary MIG Real Estate REIC ("Absorbing Company") and the resulting quasi-universal succession, in accordance with the provisions of article 75 par.1, subpar. a' of C.L. 2190/1920, the Company has automatically substituted the Absorbed Company vis-à-vis all of its rights and obligations, among others over all properties of the latter. Therefore, Investment Property of the Company includes the properties of both the Absorbing Company and the Absorbed Company. The Company is in the process of registering the transfer of the Absorbed Company's properties with the relevant land registries or cadastral offices. Four (4) properties of the Absorbed Company in Athens and one (1) property in Paros of a total fair value of €15,463 thousand as of December 31, 2016 (December 31, 2015: €15,288 thousand) will be subject to a transfer in rem, once the necessary legal and technical procedures, which are currently in progress, be concluded.

Additionally, due to merger through absorption of the company KARELA S.A. by the Company and the resulting quasi-universal succession, in accordance with the provisions of article 75 par.1, subpar. a' of C.L. 2190/1920, the Company has automatically substituted the company KARELA S.A. vis-à-vis all of its rights and obligations, among others over the property of the latter. Therefore, Investment Property of the Company also includes the property of KARELA S.A., the legal transfer of which in the relevant cadastral office took place on August 2, 2016.

On December 21, 2016 the Company acquired 100% of the share capital of the company KAROLOU S.A., owner of two properties in Patra, which are leased in order to be redeveloped and operate, by the tenant, as city hotels. The consideration amounted to €3,580 thousand (taking into consideration the liabilities and assets of KAROLOU S.A.) and paid in cash. The acquisition cost and the fair value of the investment properties at the date of the acquisition, according to a valuation performed by the independent statutory valuers, amounted to €3,716 thousand (Note 9). This acquisition was financed by the bond loan issued by the Company in August 2014.

On December 19, 2016 the Group acquired a portfolio of properties which consists of nine commercial properties (mainly retail and offices) of a total gross area of approximately 6 thousand sq.m., which are located in Italy. The consideration for the acquisition of the above portfolio amounted to €21,560 thousand (not including acquisition expenses of €656 thousand). The properties are among others leased to internationally recognized entities and the Italian State. According to a valuation performed by the independent statutory valuers, the value of the above portfolio at the date of the acquisition amounted to €22,540 thousand. The acquisition of the above portfolio of properties was financed by loan.

On July 7, 2016 the Company acquired three commercial properties for a total consideration of €4,700 thousand (not including acquisition expenses of €167 thousand). According to a valuation performed by the independent statutory valuers, the total value of the properties at the date of the acquisition amounted to €5,371 thousand. The acquisitions were financed by the bond loan issued by the Company in August 2014.

More specifically, the Company proceeded with the following acquisitions:

- Retail located at 12, Ermou & Voulis str., Syntagma, with a total area of approximately 369 sq.m.. The property is totally leased to the shoes chain with the distinctive name Five Shoes, which also has additional sale points in Attica.
- Offices located at 7, Kifissias Avenue, Ampelokipoi, with an area of approximately 1,809 sq.m., and additional 50 parking spaces (total area of approximately 2,359 sq.m.). The property, at acquisition, was not leased.
- Offices located at 44, Kifissias Avenue, Maroussi, with an area of approximately 574 sq.m., and additional 15 parking spaces (total area of approximately 743 sq.m.). At acquisition the offices were leased to Athens Institute of Technology, a nonprofit organization founded by a domestic multinational company, in order to enhance the research and the education and the parking spaces were leased to the company CISCO Systems Hellas S.A..

On June 29, 2016 the Company concluded on the acquisition of a retail property of a total area of approximately 217 sq.m. which is located at 14, Patriarxou Ioakeim and Irodotou str., Athens, for a consideration of €1,570 thousand (not including acquisition expenses of €50 thousand). The property is leased to Vodafone – Panafon S.A.. According to a valuation performed by the independent statutory valuers, the value of the property at the date of the acquisition amounted to €1,621 thousand. The acquisition of the property was financed by the bond loan issued by the Company in August 2014.

On March 11, 2016 the Company concluded on the acquisition of a retail property, of a total area of approximately 680 sq.m., which is located at 12, Agiou Nikolaou str., Patra, for a consideration of €2,551 thousand (not including acquisition expenses of €72 thousand). The property is leased to the company named Massimo Dutti Hellas S.A., member of Inditex Group. According to a valuation performed by the independent statutory valuers, the value of the property at the date of the acquisition amounted to €2,674 thousand. The acquisition of the property was financed by the bond loan issued by the Company in August 2014.

On February 26, 2016 the Company acquired a retail property of a total area of approximately 746 sq.m., which is located at 40-42, Chadjimichali Giannari str., Chania, for a consideration of €1,820 thousand (not including acquisition expenses of €71 thousand), financed by the bond loan issued by the Company in August 2014. The property is leased to the company Retail World S.A. (Public). According to a valuation performed by the independent statutory valuers, the value of the property at the date of the acquisition amounted to €1,850 thousand.

On February 1, 2016, part of the property which is located at 4, Tzortz str., Athens, of a total area of approximately 854 sq.m., which was included in owneroccupied property, was transferred from property and equipment to investment property. The value of the property at the date of the transfer amounted to €1,786 thousand.

On February 1, 2016, part of the property which is located at 6, Karageorgi Servias str., Athens, of a total area of approximately 390 sq.m. (2nd floor), was transferred from investment property to property and equipment. The value of the property at the date of the transfer amounted to €947 thousand.

Following the binding agreement dated October 10, 2014, on February 11, 2015, the Group acquired an office building of a total gross area of approximately 14 thousand sq.m., located at 6, Cavour str., Rome, Italy for a total consideration of €38,700 thousand (not including acquisition expenses of €925 thousand). The property is leased to the Italian State. According to a valuation performed by the statutory independent valuers, the value of the property at the date of the acquisition amounted to €43,986 thousand.

On July 2, 2015, a binding agreement was signed for the acquisition by the Group of a mixed use building (office and retail), of a total gross area of approximately 18 thousand sq.m., located at 5, Cavour str., Rome, Italy for a total consideration of €45,100 thousand (not including acquisition expenses of €1,006 thousand). The property is mainly leased to the Italian State. The above acquisition was completed on July 20, 2015 and according to a valuation performed by the statutory independent valuers, the value of the property at the date of the acquisition amounted to €46,400 thousand.

The Group's borrowings which are secured on investment property are stated in Note 16.

All amounts expressed in € thousand, unless otherwise stated

The Group's investment property is measured at fair value. The table below presents the Group's investment property per business segment and geographical area for 2016:

Country	Greece	Greece	Greece	Italy	Italy	Italy	Romania	Romania	31.12.2016	31.12.2015
Segment	**Retail**	**Offices**	**Other[1]**	**Offices**	**Retail**	**Other[2,3]**	**Retail**	**Offices**	**Total**	**Total**
Level	3	3	3	3	3	3	3	3		
Fair value at the beginning of the period	**631,318**	**591,852**	**13,033**	**173,457**	**3,243**	**50,400**	**1,254**	**5,522**	**1,470,079**	**1,407,659**
Additions:										
Direct acquisition of investment property	7,971	3,028	-	10,177	11,453	586	-	-	**33,215**	**84,731**
Acquisitions through business combinations	-	-	3,716	-	-	-	-	-	**3,716**	**-**
Subsequent capital expenditure on investment property	6	266	-	-	-	96	-	-	**368**	**412**
Transfer from property and equipment	3	1,786	-	-	-	-	-	-	**1,789**	**1,000**
Transfer to property and equipment	-	(947)	-	-	-	-	-	-	**(947)**	**-**
Net gain / (loss) from the fair value adjustment of investment property	(15,844)	3,977	(502)	(8,235)	(255)	2,968	179	(508)	**(18,220)**	**(23,723)**
Fair value at the end of the period	**623,454**	**599,962**	**16,247**	**175,399**	**14,441**	**54,050**	**1,433**	**5,014**	**1,490,000**	**1,470,079**

The Group's policy is to recognize transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the period, there were no transfers into and out of Level 3.

In accordance with existing Greek REIC legislation, property valuations are supported by appraisals performed by independent professionally qualified valuers for June 30 and December 31 each year. The investment property valuation for the consideration of the fair value is performed taking into consideration the high and best use of each property given the legal status, technical characteristics and the allowed uses for each property. In accordance with existing Greek REIC legislation Joint Ministerial Decision no. 26294/B1425/19.7.2000, valuations are based on at least two methods.

[1] The segment «Other» in Greece includes city hotels, storage space, archives, petrol stations and parking spaces.
[2] The segment «Other» in Italy relates to land plot and storage space.
[3] It is noted that regarding the fair value of land plot in Italy, under the existing agreement, the Company is entitled to receive compensation from the previous owner in case of loss from the sale of land and provided certain conditions are met.

All amounts expressed in € thousand, unless otherwise stated

Information about fair value measurements of investment property per business segment and geographical area for 31.12.2016:

Country	Segment	Fair Value	Valuation Method	Monthly market rent	Discount rate (%)	Capitalization rate (%)
Greece	Retail	623,454	15%-20% sales comparison and 80%-85% discounted cash flows (DCF)	3,248	8.47% - 11.98%	6.50% - 10.00%
Greece	Offices	599,962	15%-20% sales comparison and 80%-85% DCF	3,307	8.61% - 11.65%	7.50% - 10.00%
Greece	Other[1]	16,247	10%-20% sales comparison and 80%-90% DCF	68	9.82% - 16.94%	8.50% - 15.00%
Italy	Offices	175,399	0% sales comparison and 100% DCF (see note below)	990	5.80% - 7.40%	5.25% - 6.83%
Italy	Retail	14,441	0% sales comparison and 100% DCF (see note below)	77	5.47% - 6.76%	4.95% - 6.28%
Italy	Other[2]	53,500	100% sales comparison and 0% residual method (see note below)	-	-	-
Italy	Other[3]	550	0% sales comparison and 100% DCF (see note below)	2	4.50%	4.54%
Romania	Retail	1,433	20% sales comparison and 80% DCF	9	8.27% - 9.76%	8.00% - 9.25%
Romania	Offices	5,014	20% sales comparison and 80% DCF	34	8.22% - 8.27%	8.00%

The last valuation of the Group's properties was performed at December 31, 2016 by independent valuers, as stipulated by the relevant provisions of L.2778/1999, as in force. For the Group's portfolio the comparative method and the discounted cash flow (DCF) method were used. For properties in Italy, which constitute commercial properties (offices, retail and storage space), the independent valuers used two methods, according to the data depicted in the above table. According to the valuers' reports, the fair value of these properties is based on the latter method (DCF), as a) the method of discounted cash flows reflects more effectively the manner in which investment properties, as the appraised ones, transact in the market and represents the common appraisal practice and b) the value derived by using the comparative method is very close to the one derived by using the DCF method.

Specifically for the property in Torvaianica area, in the municipality of Pomezia, Rome, which is a land plot with development potential, the comparative method and the residual method were used according to the the data depicted in the above table. According to the valuer's report, the fair value of the property in based on the comparative method, as, a) the residual method requires the adoption of the optimal scenario of development of the whole land plot, which is more sensitive to the parameters which are adopted and b) the value derived by using the residual method is very close to the one derived by using the comparative method. It is noted that in cases of similar properties (land plots with development potential), the choice of the valuation method is even more dependent on the valuer's judgment.

[1] The segment «Other» in Greece includes city hotels, storage space, archives, petrol stations and parking spaces.
[2] The segment «Other» in Italy relates to land.
[3] The segment «Other» in Italy relates to storage space.

All amounts expressed in € thousand, unless otherwise stated

Information about fair value measurement of investment property as of 31.12.2015 per business segment and geographical area:

Country	Segment	Fair Value	Valuation Method	Monthly market rent	Discount rate (%)	Capitalization rate (%)
Greece	Retail	631,318	15%-20% sales comparison and 80%-85% discounted cash flows (DCF)	3,367	8.40% - 11.60%	6.75% - 10.00%
Greece	Offices	591,852	15%-20% sales comparison and 80%-85% DCF	3,619	8.60% - 11.70%	7.20% - 10.30%
Greece	Other[1]	13,033	15%-20% sales comparison and 80%-85% DCF	53	9.90% - 12.10%	8.00% - 10.00%
Italy	Offices	173,457	0% sales comparison and 100% DCF (see note above)	963	5.75% - 8.00%	4.50% - 7.00%
Italy	Retail	3,243	0% sales comparison and 100% DCF (see note above)	19	5.75%	5.00%
Italy	Other[2]	50,400	0% sales comparison and 100% DCF (see note above)	-	-	-
Romania	Retail	1,254	20% sales comparison and 80% DCF	10	9.80% - 12.10%	8.00% - 10.50%
Romania	Offices	5,522	20% sales comparison and 80% DCF	35	9.80%	8.00%

The abovementioned valuation had as a result a net loss from fair value adjustment of investment property amounting to €18,220 thousand (2015: net loss of €23,723 thousand).

Were the discount rate as at December 31, 2016, used in the DCF analysis, to increase or decrease by +/-10% from Management estimates, the carrying amount of investment property would be lower by €93,554 thousand or higher by €109,930 thousand, respectively (December 31, 2015: €97,711 thousand lower or €114,495 thousand higher, respectively).

Were the capitalization rate as at December 31, 2016, used in the DCF analysis, to increase or decrease by +/-10% from Management estimates, the carrying amount of investment property would be lower by €61,595 thousand or higher by €74,493 thousand, respectively (December 31, 2015: €50,991 thousand lower or €62,103 thousand higher, respectively).

Were the sales price as at December 31, 2016, used in the valuation to determine the fair value of the land plot in Italy to increase or decrease by +/-10% from Management estimates, the carrying amount of investment property would be €5,345 thousand higher or €5,345 thousand lower, respectively (December 31, 2015: €22,800 thousand higher or €22,800 thousand lower, respectively).

[1]The segment «Other» in Greece includes storage space, archives, petrol stations and parking spaces.
[2] The segment «Other» in Italy relates to land.

All amounts expressed in € thousand, unless otherwise stated

NOTE 7: Property and Equipment

Group	Land and buildings	Motor vehicles	Fixtures and equipment	Assets under construction & Advances	Total
Cost					
At January 1, 2015	**2,959**	**2**	**11**	**1,437**	**4,409**
Additions	-	-	2	52	**54**
Transfer to investment property	-	-	-	(1,000)	**(1,000)**
At December 31, 2015	**2,959**	**2**	**13**	**489**	**3,463**
Accumulated depreciation					
At January 1, 2015	**(71)**	**(1)**	**(3)**	**-**	**(75)**
Depreciation charge	(35)	(1)	(4)	-	**(40)**
At December 31, 2015	**(106)**	**(2)**	**(7)**	**-**	**(115)**
Net book value December 31, 2015	**2,853**	**-**	**6**	**489**	**3,348**
Cost					
At January 1, 2016	**2,959**	**2**	**13**	**489**	**3.463**
Additions	-	-	-	111	**111**
Transfer to investment property	(1,756)	-	-	(3)	**(1,759)**
Transfer from investment property	947	-	-	-	**947**
Other transfers	-	-	-	(358)	**(358)**
At December 31, 2016	**2,150**	**2**	**13**	**239**	**2,404**
Accumulated depreciation					
At January 1, 2016	**(106)**	**(2)**	**(7)**	**-**	**(115)**
Depreciation charge	(22)	-	(2)	-	**(24)**
At December 31, 2016	**(128)**	**(2)**	**(9)**	**-**	**(139)**
Net book value December 31, 2016	**2,022**	**-**	**4**	**239**	**2,265**

All amounts expressed in € thousand, unless otherwise stated

Company	Land and buildings	Motor vehicles	Fixtures and equipment	Assets under construction & Advances	Total
Cost					
At January 1, 2015	**1,328**	**-**	**4**	**430**	**1,762**
Additions	-	-	2	52	**54**
Effect from Merger	1,913	9	297	7	**2,226**
At December 31, 2015	**3,241**	**9**	**303**	**489**	**4,042**
Accumulated depreciation					
At January 1, 2015	**(62)**	**-**	**(2)**	**-**	**(64)**
Depreciation charge	(42)	(1)	(2)	-	**(45)**
Effect from Merger	(124)	(8)	(293)	-	**425**
At December 31, 2015	**(228)**	**(9)**	**(297)**	**-**	**(534)**
Net book value December 31, 2015	**3,013**	**-**	**6**	**489**	**3,508**
Cost					
At January 1, 2016	**3,241**	**9**	**303**	**489**	**4,042**
Additions	-	-	-	111	**111**
Transfer to investment property	(1,756)	-	-	(3)	**(1,759)**
Transfer from investment property	947	-	-	-	**947**
Other transfers	-	-	-	(358)	**(358)**
At December 31, 2016	**2,432**	**9**	**303**	**239**	**2,983**
Accumulated depreciation					
At January 1, 2016	**(228)**	**(9)**	**(297)**	**-**	**(534)**
Depreciation charge	(23)	-	(2)	-	**(25)**
At December 31, 2016	**(251)**	**(9)**	**(299)**	**-**	**(559)**
Net book value December 31, 2016	**2,181**	**-**	**4**	**239**	**2,424**

Land and buildings comprise the freehold owner-occupied property of the Company located at 6, Karageorgi Servias Street, Athens, used for administration purposes.

There was no impairment loss of Group's and Company's property and equipment for the year ended December 31, 2016 and 2015.

It is noted that on August 22, 2014 the Company issued a €237,500 thousand bond loan. In accordance with the terms of the bond program agreement, the Company is obliged to secure the bond loan through mortgages over the Company's properties, including its owner-occupied property (Note 16).

All amounts expressed in € thousand, unless otherwise stated

NOTE 8: Intangible Assets

Group

	Software
Cost	
At January 1, 2015	346
At December 31, 2015	**346**
Accumulated amortisation	
At January 1, 2015	**(130)**
Amortisation charge	(29)
At December 31, 2015	**(159)**
Net book value December 31, 2015	**187**
Cost	
At January 1, 2016	**346**
At December 31, 2016	**346**
Accumulated amortisation	
At January 1, 2016	**(159)**
Amortisation charge	(28)
At December 31, 2016	**(187)**
Net book value December 31, 2016	**159**

Company

	Software
Cost	
At January 1, 2015	**346**
Effect from Merger	82
At December 31, 2015	**428**
Accumulated amortisation	
At January 1, 2015	**(130)**
Amortisation charge	(29)
Effect from Merger	(82)
At December 31, 2015	**(241)**
Net book value December 31, 2015	**187**
Cost	
At January 1, 2016	**428**
At December 31, 2016	**428**
Accumulated amortisation	
At January 1, 2016	**(241)**
Amortisation charge	(28)
At December 31, 2016	**(269)**
Net book value December 31, 2016	**159**

All amounts expressed in € thousand, unless otherwise stated

NOTE 9: Acquisition of Subsidiaries

(a) Business combinations

The Company proceeded to the following acquisition during the year ended December 31, 2016 as part of its investment policy to strengthen its position through selected placements in properties with remarkable investment characteristics and the entry of the Company, as an institutional investor, in sectors with significant growth prospects:

- On December 21, 2016 the Company acquired from third parties 100% of the share capital of the company KAROLOU S.A. The company at the day of the acquisitions was owner of two properties with a total leasable area of approximately 8 thousand sq.m. which are located in Patra. The two properties were leased in order to be redeveloped and operate, by the tenant, as at least three (3) stars city hotels, one of which will be a furnished apartment hotel mainly addressed to students.

The aforementioned acquisition was accounted for as a business combination, therefore all transferred assets and liabilities of KAROLOU S.A. were valued at fair value.

The following table summarizes the fair value of assets and liabilities of KAROLOU S.A. as of the date of acquisition, which is December 21st, 2016:

	21.12.2016
ASSETS	
Investment property (Note 6)	3,716
Cash and cash equivalents	12
Other assets	78
Total assets	**3,806**
LIABILITIES	
Taxes – levies	(4)
Other liabilities	(222)
Total liabilities	**(226)**
Fair value of acquired interest in net assets	**3,580**
Goodwill	-
Total purchase consideration	**3,580**

Source: Unaudited financial information

The consideration for the acquisition of KAROLOU S.A. was equal to the fair value of the net assets at the date of the acquisition, i.e. €3,580 thousand, and was paid in cash derived from the funding through bond loan. The expenses for the acquisition amounted to €71 thousand and was included in “Direct property related expenses” in the Income Statement for the period ended December 31, 2016.

The subsidiary acquired contributed no rental income and profit for the period of €354 thousand from the day of its acquisition until December 31, 2016. If the above acquisition had occurred on January 1, 2016, with all other variables held constant, Group’s revenue for the year 2016 would remain stable (€115,433 thousand) and Group profit for the year 2016 would have been €53,408 thousand.

All amounts expressed in € thousand, unless otherwise stated

NOTE 10: Investment in Subsidiaries

Subsidiaries	Country of incorporation	Unaudited tax years	Group 31.12.2016	Group 31.12.2015	Company 31.12.2016	Company 31.12.2015	Consolidation Method
Nash S.r.L.	Italy	2012 – 2016	100.00%	100.00%	100.00%	100.00%	Full Consolidation
Picasso Fund	Italy	2012 – 2016	100.00%	100.00%	100.00%	100.00%	Full Consolidation
Egnatia Properties S.A.	Romania	2011 – 2016	99.96%	99.96%	99.96%	99.96%	Full Consolidation
Quadratix Ltd. (1)	Cyprus	2016	100.00%	100.00%	100.00%	100.00%	Full Consolidation
KAROLOU S.A. (2)	Greece	2010 – 2016	100.00%	100.00%	100.00%	100.00%	Full Consolidation

(1) It relates to over 12-month period as this subsidiary was incorporated on December 11, 2015, for the acquisition of properties in Cyprus (please also refer to Note 11 and 33 below).

(2) The Company acquired 100% of the share capital of this subsidiary on December 21, 2016 (Note 9). The company is subject to the provisions of L.3888/2010 regarding the settlement of tax cases for the financial years 2002-2009, years which are considered tax-settled. The financial years 2010 – 2014 are considered "open" for tax audit from the Greek tax authorities and consequently the tax obligations for these years are not considered as final. The year 2015 has been audited by the elected under C.L. 2190/1920 statutory auditor, in accordance with article 82 of L. 2238/1994 and the article 65A of L. 4174/2013 and the relevant tax audit certificate was issued on September 30, 2016 with no qualification. According to POL. 1006/05.01.2016, the companies for which a tax audit certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company. Until the date of the approval of the Financial Statements, the tax audit for the year 2016 has not been completed by the statutory auditor.

NOTE 11: Other Long-Term Assets

Following the preliminary agreement dated April 17, 2015, on June 30, 2016 the Company signed an updated agreement with Chris Cash & Carry Ltd for the acquisition of those properties in Limassol, Cyprus, mainly consisting of a supermarket (of approximately 11 thousand sq.m.) and offices (of approximately 1 thousand sq.m.) (hereinafter "The Properties to be Sold"), agreement which is legally registered in the relevant cadastral office. The Company has already paid €5,000 thousand as part of the consideration, and offset a further amount of €5,700 thousand which had already paid under the preliminary agreement dated September 30, 2015 for the acquisition of 2 properties in Limassol and 1 property in Nicosia, Cyprus, since the transaction is no longer completed. Quadratix Ltd, 100.00% subsidiary of the Company, located in Cyprus, will acquire the properties for a consideration of €24,000 thousand. The agreement, among others, provides for the lease of the properties to Chris Cash & Carry Ltd, with a 25-year duration. Regarding this investment, it is noted that this paragraph should be read in conjunction with Note 33 below.

On September 30, 2015, the Company entered into a preliminary agreement with Stirling Properties Bulgaria EOOD and other entities related to it, for the purchase of the companies named "Plaza West A.D." and "Plaza West 2 A.D.", which own an area of approximately 23 thousand sq.m. of the shopping mall West Plaza in Sofia, Bulgaria, for a consideration of €33,000 thousand. The signing of the final agreement was conditional, among others, on the successful and time demanding completion of construction and commencement of the shopping mall's operation. It is noted that the Company has received, among others, a corporate guarantee (joint liability) from Marinopoulos Holding Sarl, located in Luxembourg. Moreover, under the preliminary agreement dated September 30, 2015, the Company has established the following pledges, which are still in place: pledges over the shares of Plaza West A.D. and Plaza West 2 A.D. and enterprise pledges of Plaza West A.D. and Plaza West 2 A.D., which also includes (the enterprise pledge) the real estate assets owned by the companies.

All amounts expressed in € thousand, unless otherwise stated

NOTE 12: Trade and Other Receivables

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Trade receivables	28,658	14,641	25,077	11,791
Trade receivables from related parties (Note 31)	1	89	1	89
Receivables from Greek State	8,254	8,092	8,177	8,089
Prepaid expenses	2,136	2,346	2,057	2,113
Preliminary dividend paid	17,118	-	17,118	-
Other receivables	3,791	8,915	3,560	3,157
Other receivables from related parties (Note 31)	1,057	991	1,147	991
Total	**61,015**	**35,074**	**57,137**	**26,230**

Trade receivables of the Company and the Group as at December 31, 2016 include provisions for doubtful receivables amounting to Nil (December 31, 2015: €126 thousand). During 2016 the Company proceeded to write off of doubtful receivables of €142 thousand, out of which the amount of €16 thousand was recorded in the current year (2015: €87 thousand) and is included in "other expenses" in the Income Statement.

As at December 31, 2016, the total Group's and Company's trade receivables from the company Marinopoulos S.A. (hereinafter "Marinopoulos") amount to €12,138 thousand and relate to due rents, plus stump duty, for the operating lease of seven commercial properties. In the context of the restructuring plan of Marinopoulos, a rehabilitation agreement was submitted, on September 30, 2016, to the competent court according to which the newly established company "Ellinikes Yperagores Sklavenitis Anonymi Emporiki Etaireia ("NewCo"), 100.00% controlled by Sklavenitis Group, undertakes certain rights and obligations of Marinopoulos. Among others, the lease contracts regarding the 7 properties owned by the Company which are leased to Marinopoulos as well as the total liabilities of the latter to the Company for accrued rentals of these properties until the day of completion of the transaction will be transferred to NewCo. It is also noted that the indirect participation of Marinopoulos in Chris Cash & Carry Ltd, which entered into an agreement dated June 30, 2016 with the Company for the acquisition by the latter of two properties in Limassol, Cyprus, will be also transferred to NewCo. According to the rehabilitation agreement, the Company's aforementioned receivables as of 30.06.2016 from rents, plus stamp duty, (of €7,783 thousand) will be paid in 36 equal monthly installments starting from the lapse of 60 working days from completion of the transaction. It is also noted that, by virtue of decision no. 8/16.01.2017 of the Multimember Court of First Instance of Athens, which was published in the Judicial Publications Bulletin on 20.01.2017, the Court upheld (among others) the aforementioned rehabilitation agreement. In addition, decision no. 61/10.02.2017 of the Multimember Court of First Instance of Athens was issued interpreting the aforementioned decision no. 8/16.01.2017, which, among others, accepted that the actual meaning of decision no. 8/16.01.2017 was to reject the time limit of 14.02.2017, with respect to the effect of the resolutive condition (subparagraph 30.2 to 30.4 of the draft rehabilitation agreement of "MARINOPOULOS ANONYMI ETAIREIA GENIKOU EMPORIOU"). Decision no. 61/10.02.2017 of the Multimember Court of First Instance of Athens was published in the Judicial Publications Bulletin on Monday 20.02.2017. Third-party oppositions were filed against decision no. 8/16.1.2017, which are going to be heard on 24.05.2017. On 28.02.2017 a private agreement – protocol of business transfer was executed between Marinopoulos and Ellinikes Yperagores Sklaventies Anonymi Emporiki Etaireia. Based on the above, on December 31, 2016 the difference between the carrying amount of these receivables from rents and the present value of estimated future cash flows discounted at the effective interest rate is not material and therefore no provision for impairment was required to be recognized in the current period income statement.

Receivables from Greek State mainly relate to capital accumulation tax paid by NBG Pangaea at April 14, 2010, September 16, 2014 and September 17, 2014. Upon payment of this tax, the Company expressed its reservation on the obligation to pay the tax and at the same time it requested the refund of this amount as a result of paragraph 1, article 31 of L.2778/1999, which states that "the shares issued by a REIC and the transfer of properties to a REIC are exempt of any tax, fee, stamp duty, levies, duties or any other charge in favour of the State, public entities and third parties in general". Regarding the payment of the aforementioned tax, because of the lack of response of the relevant authority after a three months period, the Company filed an appeal. The Company's Management, based on the advice of its legal advisors, believes that the reimbursement of the amounts is in essence certain.

All amounts expressed in € thousand, unless otherwise stated

Prepaid expenses at December 31, 2016 mainly relate to deferred expenses (legal expenses, insurance expenses, valuation expenses etc.).

The analysis of other receivables is as follows:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Receivables from Italian State	175	5,708	-	-
Pledged deposits	3,471	3,017	3,471	3,017
Other	145	190	89	140
Total	**3,791**	**8,915**	**3,560**	**3,157**

Receivables from Italian State as at December 31, 2015 were mainly related to VAT receivable deriving from the acquisition of the property of the subsidiary Nash S.r.L. On April 27, 2016, the Group received from the Italian Tax Authorities the amount of €5,598 thousand.

Pledged deposits mainly relate to deposits pledged in accordance with the terms of the bond loan agreement dated August 11, 2014 as amended on August 20, 2014 (Note 16).

NOTE 13: Cash and Cash Equivalents

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Cash in hand	1	1	1	1
Sight and time deposits	54,731	90,432	40,623	61,884
Total	**54,732**	**90,433**	**40,624**	**61,885**

The fair value of the Group's cash and cash equivalents is estimate to approximate their carrying value.

Sight and time deposits of the Group and the Company include restricted cash amounting to €5,515 thousand and €3,843 thousand, respectively (December 31, 2015: €7,400 thousand and Nil, respectively), in accordance with the provisions of the loan agreements.

NOTE 14: Share Capital & Share Premium

			Group	Company
	No. of shares	**Share Capital**	**Share Premium**	
Balance at January 1, 2015	**191,298,329**	**765,193**	**15,890**	**15,890**
Share capital increase as a result of the Merger (NBG Pangaea REIC and MIG Real Estate REIC)	64,196,205	1,291	-	-
Effect from Merger (NBG Pangaea REIC and MIG Real Estate REIC)	-	-	-	80
Balance at December 31, 2015 & 2016	**255,494,534**	**766,484**	**15,890**	**15,970**

The total paid up share capital of the Company as of December 31, 2016 and 2015, amounted to €766,484 thousand divided into 255,494,534 common shares with voting rights with a par value of €3.00 per share.

On September 25, 2015, the Extraordinary General Meeting of the shareholders of NBG Pangaea REIC and MIG Real Estate REIC approved, among others, the merger of the two companies, according to the provisions of articles 69 et seq. of C.L. 2190/1920 and the L. 2166/1993, as in force. Based on the exchange ratio, as mentioned in Note 2, upon the completion of the Merger, the "old" shareholders of NBG Pangaea hold 255,240,088 shares of the New Company and the shareholders who held 430,055 shares of MIG Real Estate REIC, now hold 254,446 shares of the New Company.

All amounts expressed in € thousand, unless otherwise stated

Regarding the merger by absorption of KARELA S.A. by the Company, it is noted that the share capital of the Company did not change since there was no need for the Company to issue new shares, as the Company owned 100% of the shares of the company KARELA S.A..

The Company does not hold own shares.

NOTE 15: Reserves

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Statutory reserve (art. 44 of the C.L. 2190/1920)	12,419	9,678	12,140	9,399
Special reserve	323,987	323,987	323,987	323,987
Other reserves	30	-	84	54
Defined benefit plan	(54)	(30)	(29)	(5)
Foreign exchange differences	151	131	-	-
Cash flow hedges	(414)	(151)	-	-
	336,119	**333,615**	**336,182**	**333,435**

According to article 44 of C.L.2190/1920, as in force, the Company is required to withhold from its profit for the period a percentage of 5% per year as statutory reserve until the total statutory reserve amounts to the 1/3 of the paid share capital. The statutory reserve cannot be distributed throughout the entire life of the Company.

Special reserve amounting to €323,987 thousand relates to the decision of the Extraordinary General Meeting of the Company's Shareholders held on August 3, 2010 to record the difference between the fair value and the tax value of the contributed properties at September 30, 2009 by NBG, established upon the incorporation of the Company.

NOTE 16: Borrowings

All borrowings have variable interest rates. The Group is exposed to fluctuations in interest rates prevailing in the market and which affect its financial position and its cash flows. Cost of debt may increase or decrease as a result of such fluctuations.

It is noted that in accordance with the terms of loans, the Group has entered into interest rate swaps for hedging the Group's exposure to variations in variable rate (Note 19).

On December 19, 2016 the subsidiary Picasso Fund signed a loan agreement with the bank "Intesa Sanpaolo S.p.A.", totally amounted to €9,850 thousand, bearing interest of 6-month EURIBOR plus a margin of 2.30% and relates to the financing of the portfolio of nine commercial properties located in Italy (Note 6).

On June 30, 2015, the subsidiary Picasso Fund signed a loan agreement with the bank "Banca IMI S.p.A", totally amounted to €102,000 thousand, bearing interest of 6-month EURIBOR plus a margin of 2.65%. An amount of €75,000 thousand relates to refinancing of two properties owned by the subsidiary in Rome and Milan (and repayment of existing loans from the bank "Banca Monte dei Paschi di Sienna SpA" amounted to €33,572 thousand), as well as financing of the acquisition of property located on 6, Cavour str., Rome, Italy (which was acquired by the subsidiary on February 11, 2015 (Note 6)). Moreover, an amount of €27,000 thousand relates to the financing of the acquisition of a property located on 5, Cavour str., Rome, Italy (which was acquired by the subsidiary on July 20, 2015 (Note 6)).

All amounts expressed in € thousand, unless otherwise stated

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Long term				
Bond loans	233,339	283,548	233,339	234,495
Other borrowed funds	111,504	103,736	-	-
Long term borrowings	**344,843**	**387,284**	**233,339**	**234,495**
Short term				
Bond loans	54,051	4,755	54,056	3,587
Other borrowed funds	5,179	5,075	2,609	2,609
Short term borrowings	**59,230**	**9,830**	**56,665**	**6,196**
Total	**404,073**	**397,114**	**290,004**	**240,691**

As of December 31, 2016, short-term borrowings of the Group and the Company include an amount of €2,199 thousand which relates to accrued interest expense on the bond loans (December 31, 2015: €2,387 thousand and €2,378 thousand respectively) and an amount of €319 thousand for the Group and €39 thousand for the Company, which relate to accrued interest expense on other borrowed funds (December 31, 2015: €308 thousand and €39 thousand, respectively).

The maturity of the Group's borrowings is as follows:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Up to 1 year	59,230	9,830	56,665	6,196
From 1 to 5 years	339,603	381,904	233,339	234,495
More than 5 years	5,240	5,380	-	-
Total	**404,073**	**397,114**	**290,004**	**240,691**

As of December 31, 2016, the bond loan of the Group and the Company amounted to €49,059 thousand and €49,064 thousand respectively, transferred in its whole to short-term borrowings as it expires on December 29, 2017. It is noted that the Company has secured the refinancing of this bond loan from a systemic financial institution in Greece.

The contractual re-pricing dates are limited to a maximum period up to 6 months.

Borrowings bear average coupons (incl. interest rate swaps) of 5.13% (2015: 5.53%), whereas if interest rate swaps are excluded, average coupons amount to 4.72% (2015: 5.17%).

The Group is not exposed to foreign exchange risk in relation to the borrowings, as all borrowings are denominated in the functional currency.

The borrowings are secured on properties. More specifically:

- Nine properties of the Company in Attica, 8 in Athens and 1 in Piraeus, have prenotations of mortgage in favour of Alpha Bank S.A., each for an amount of €9,880 thousand. The outstanding balance of the bond loan as of December 31, 2016 amounted to €2,806 thousand and the fair value of the nine properties as of December 31, 2016 amounted to €9,527 thousand.

- In accordance with the terms of the bond loan program dated August 11, 2014, as amended on August 20, 2014, for the issuance of the bonds totally amounting to €237,500 thousand, the Company registered mortgages on 77 properties in Greece (included the owneroccupied property located at 6, Karageorgi Servias str., Athens) in favour of Alpha Bank S.A. (bondholder agent) as collateral for all Company's obligations under the financing documents, each for an amount of €250,000 thousand. The fair value of the 77 properties as of December 31, 2016 amounted to €541,181 thousand.

All amounts expressed in € thousand, unless otherwise stated

- On one property of the Company (owned by KARELA S.A. which was absorbed by the Company) a prenotation of mortgage was established in favour of Piraeus Bank S.A. (the representative of the bondholders) for an amount of €106,000 thousand. The outstanding balance of the bond loan as of December 31, 2016 amounted to €49,059 thousand and the fair value of the property as of December 31, 2016 amounted to €125,439 thousand. In addition, all rights of the Company, arising from the lease with Cosmote, have been assigned in favour of the bondholders.

- Four properties owned by subsidiary Picasso Fund are burdened with first class mortgage in favour of Banca IMI S.p.A. for an amount of €204,000 thousand. The outstanding balance of the loan as of December 31, 2016 amounted to €97,807 thousand and the fair value of the properties amounted to €167,770 thousand. Finally, all rights of Picasso Fund arising from the lease agreements have been assigned in favour of the lender.

- Nine properties owned by subsidiary Picasso Fund are burdened with first class mortgage in favour of Intesa Sanpaolo S.p.A. for an amount of €19,700 thousand. The outstanding balance of the loan as of December 31, 2016 amounted to €9,591 thousand and the fair value of the properties amounted to €22,620 thousand. Finally, all rights of Picasso Fund arising from the lease agreements have been assigned in favour of the lender.

NOTE 17: Retirement Benefit Obligations

The retirement benefit obligations were determined by an actuarial study based on IAS 19.

Net liability in Statement of Financial Position

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Present value of obligations	174	213	174	213
Fair value of plan assets	-	-	-	-
Total	**174**	**213**	**174**	**213**

Movement in net liability

	Group		Company	
	2016	**2015**	**2016**	**2015**
Net liability at the beginning January 1,	**213**	**251**	**213**	**85**
Total expense recognised in the income statement	41	12	41	12
Total expense recognised in the statement of comprehensive income	24	(50)	24	(50)
Benefits paid	(104)	-	(104)	-
Effect from Merger	-	-	-	166
Net liability at December 31,	**174**	**213**	**174**	**213**

Pension costs – defined benefit plans

	Όμιλος		Εταιρεία	
	2016	**2015**	**2016**	**2015**
Service cost	17	11	17	11
Net interest expense on the net defined benefit liability	4	1	4	1
Losses / (income) on curtailments / settlements and other expense / (income)	20	-	20	-
Total amount recognised in Income Statement	**41**	**12**	**41**	**12**

All amounts expressed in € thousand, unless otherwise stated

Re-measurements on the net liability

	Group		Company	
	2016	**2015**	**2016**	**2015**
Liability gain / (loss) due to change in assumptions	22	13	22	7
Liability experience gain / (loss) arising during the year	2	37	2	(2)
Total amount recognised in OCI	**24**	**50**	**24**	**5**

Movement of defined benefit obligation

	Group		Company	
	2016	**2015**	**2016**	**2015**
Balance at January 1,	**213**	**251**	**213**	**85**
Service cost	17	11	17	11
Interest cost	4	2	4	2
Effect from Merger	-	-	-	166
Benefits paid	(104)	-	(104)	
Losses / (income) on curtailments / settlements and other expense / (income)	20	-	20	-
Re-measurements (gains) / losses:				
Actuarial (gain)/loss - financial assumptions	22	(13)	22	(13)
Actuarial (gain)/loss – experience	2	(38)	2	(38)
Balance at December 31,	**174**	**213**	**174**	**213**

Weighted average assumptions at the end of the reporting period

	Group		Company	
	2016	**2015**	**2016**	**2015**
Discount rate	1.6%	2.4%	1.6%	2.4%
Price inflation	1.5%	1.5%	1.5%	1.5%
Rate of compensation change	1.5%	1.5%	1.5%	1.5%

The following table presents the sensitivity analysis for the material actuarial assumptions, i.e. discount rate and rate of compensation increase, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the date of the statement of financial position.

Sensitivity analysis on actuarial assumptions – Group and Company

Actuarial assumption	**Change in assumptions**	**31.12.2016 Increase / (decrease) in defined benefit obligation**
Discount rate	Increase by 50 basis points	(8.8%)
	Decrease by 50 basis points	9.9%
Price inflation	Increase by 50 basis points	3.3%
	Decrease by 50 basis points	(3.0%)
Rate of compensation change	Increase by 50 basis points	6.6%
	Decrease by 50 basis points	(5.9%)

All amounts expressed in € thousand, unless otherwise stated

NOTE 18: Other Long-Term Liabilities

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Long-term guarantees	3,329	3,320	3,153	701
Total	**3,329**	**3,320**	**3,153**	**701**

The increase in "Long-term guarantees" of the Company as at December 31, 2016 in comparison to December 31, 2015 is due to the merger through absorption of KARELA S.A. by the Company, therefore as at December 31, 2016 an amount of €2,542 thousand is included, which relates to guarantee paid from the tenant of the property of KARELA S.A. (which was absorbed by the Company) according to the terms of the lease agreement.

NOTE 19: Derivative Financial Instruments

	Group 31.12.2016		Company 31.12.2016	
	Notional amount	Fair value Liabilities	Notional amount	Fair value Liabilities
Derivatives held for trading				
Interest rate derivatives - OTC	125,745	1,897	46,593	1,236
Total	**125,745**	**1,897**	**46,593**	**1,236**

	Group 31.12.2015		Company 31.12.2015	
	Notional amount	Fair value Liabilities	Notional amount	Fair value Liabilities
Derivatives held for trading				
Interest rate derivatives - OTC	47,872	2,347	-	-
Derivatives held for cash flow hedging				
Interest rate derivatives - OTC	80,784	432	-	-
Total	**128,656**	**2,779**	**-**	**-**

Derivative financial instruments comprise interest rate swaps and these derivative instruments transacted as effective economic hedges under the Management's positions.

Credit risk

The Group calculates a separate Credit Valuation Adjustment ("CVA") for each counterparty to which the Group has exposure. The CVA is estimated considering expected exposures generated using simulation techniques, as well as netting agreements and collateral postings. Furthermore, the CVA calculation is based on expected loss rates derived from CDS rates observed in the market, or, if there are not available, the probability of default of the counterparty derived from internal rating models, or otherwise the regulatory risk weight is applied.

With respect to own credit risk, the Group estimates a Debit Value Adjustment ("DVA") by applying a methodology symmetric to the one applied for CVA.

Cash flow hedges

As at December 31, 2016, the Group's cash flow hedges consist of interest rate swaps, used to hedge the variability in cash flows of the Group's borrowings that are attributable to changes in the market interest rates. For the year ended December 31, 2016, the Group recognised in other comprehensive income a loss on cash flow hedging derivatives of €263 thousand (December 31, 2015: loss €151 thousand). It is also noted that during 2016 hedge relationships were terminated due to ineffectiveness and a loss amounted to €41 thousand was reclassified from other comprehensive income into the income statement (2015: Nil as no hedge relationships were terminated during the year).

All amounts expressed in € thousand, unless otherwise stated

As of December 31, 2015, the effect in the income statement from hedge ineffectiveness amounted to a loss of €281 thousand.

Additionally, during 2016, the fair value gain on derivatives held for trading for the Group and the Company amounted to €1,186 thousand and €1,105 thousand respectively (2015: gain €697 thousand and Nil for the Group and the Company, respectively).

Consequently, "Net change in fair value of financial instruments at fair value through profit or loss" in the Income Statement for the year ended December 31, 2016 includes gains totally amounted to €1,145 thousand and €1,105 thousand for the Group and the Company, respectively (2015: gains of €416 thousand and Nil for the Group and the Company, respectively). It is noted that the movement at company level is due to merger of NBG Pangaea REIC with its former subsidiary KARELA S.A. (Note 1 and 2).

These derivative liabilities relate to gross amount and have not been offset by derivative assets, however they are subject to major or similar netting agreements, which while not meeting the criteria established by the applicable accounting standard for offset in the statement of financial position, they provide the right to offset the relevant amounts in the event of default of the agreed terms of one of the counterparties (whether due to bankruptcy, default or handling).

NOTE 20: Trade and Other Payables

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Trade payables	1,139	1,860	413	1,599
Amounts due to related parties (Note 31)	445	442	443	396
Taxes – Levies	7,600	6,507	5,606	4,261
Deferred revenues	5,188	5,142	2,889	2,884
Other payables and accrued expenses	1,149	4,367	866	951
Total	**15,521**	**18,319**	**10,217**	**10,091**

Trade and other payables are short term and do not bare interest.

The analysis of Taxes – Levies is as follows:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Stamp duty on leases	2,849	2,584	2,849	2,584
Unified Property Tax (ENFIA)	997	86	996	-
Special Real Estate Levy (EETA) and Special Electricity Powered Surfaces Levy (EETHDE)	1,388	1,388	1,388	1,388
Foreign real estate tax	1,936	1,547	-	-
Other	430	902	373	289
Total	**7,600**	**6,507**	**5,606**	**4,261**

Taxes and Levies as of December 31, 2016 and 2015 include provision for Special Real Estate Levy (EETA) of L.4152/2013 and for Electricity Powered Surfaces Levy (EETHDE) of L.4021/2011 totally amounted to €1,388 thousand. It is noted that the Unified Property Tax (ENFIA) from January 1, 2014 replaced the Real Estate Tax of L.3842/2010 and the EETA of L. 4152/2013 (ex EETHDE of L.4021/2011).

Deferred revenues mainly relate to rental income owed by the Hellenic Republic, as per the relevant lease agreements, for the period following December 31, 2016 and 2015, respectively.

The decrease of Group's "Other payables and accrued expenses" as at December 31, 2016 compared to December 31, 2015 relates to the fact that on December 31, 2015 an amount of €3,386 thousand was included, related to lease advance which was totally offset by rents within 2016.

All amounts expressed in € thousand, unless otherwise stated

NOTE 21: Current Tax Liabilities

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
REIC Tax	5,341	756	5,340	684
Foreign taxes	23	-	-	-
Total	**5,364**	**756**	**5,340**	**684**

As a REIC, in accordance with article 3, par. 3 of L.2778/1999, as in force, the Company is subject to an annual tax based on its investments and cash and cash equivalents. More specifically, the tax is determined by reference to the average fair value of its investments and cash and cash equivalents at current prices at the tax rate of 10.0% of the European Central Bank reference rate plus 1.0% (the taxation formula is as follows: 10.0% * (ECB reference rate + 1.0%)). The tax is paid to the competent Tax Authority within the first fortnight of the month following the period covered by the biannual investment schedule. KAROLOU S.A., as a Company's subsidiary in Greece, has the same tax treatment. The above tax relieves the Company and its shareholders of any further tax liabilities.

As of December 31, 2016, the tax liability for the Group and the Company amounted to €5,341 thousand and €5,340 thousand respectively (December 31, 2015 €756 thousand and €684 thousand respectively) and relates to the Group's and Company's liability regarding the abovementioned tax based on its investments and cash and cash equivalents during the second half of 2016. The above amounts were paid within January 2017.

The significant increase of the Group's and the Company's current tax liabilities in comparison to December 31, 2015 is due to the fact that in accordance with par. 2 of article 45 of L.4389/2016, a minimum tax threshold of 0.375% on its average investments plus cash was imposed for each semester (i.e. 0.75% annually).

NOTE 22: Revenue

	Group From 01.01 to		Company From 01.01 to	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Revenue	114,425	110,861	101,626	90,630
Compensation due to early lease termination	1,008	-	23	-
Total	**115,433**	**110,861**	**101,649**	**90,630**

According to the terms of the Group's investment property portfolio's operating lease agreements, the duration of leases ranges, in most cases, between 20 and 25 years, whereby for the majority of lease agreements, rentals are revised annually by reference to the consumer price index plus a spread of 1.0%.

There were no contingent rental arrangements under the existing operating leases. Rental income is not subject to seasonality.

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
No later than 1 year	108,356	106,282	95,922	87,511
Later than 1 year and no later than 5 years	412,313	435,057	388,403	355,825
Later than 5 years	1,435,182	1,185,869	1,434,279	1,163,780
Total	**1,955,851**	**1,727,208**	**1,918,604**	**1,607,116**

All amounts expressed in € thousand, unless otherwise stated

NOTE 23: Direct Property Related Expenses

Direct property related expenses include the following:

	Group From 01.01 to		Company From 01.01 to	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Property taxes – levies	8,507	7,176	6,826	5,131
Valuation expenses	563	610	509	393
Fees and expenses of lawyers, notaries, land registrars, technical and other advisors	526	1,468	173	415
Advisory services in relation to real estate portfolio	1,777	2,476	1,777	2,476
Insurance expenses	507	497	417	356
Office utilities and other service charges	146	191	105	87
Repair and maintenance expenses	149	136	47	15
Brokerage expenses	5	7	5	7
Other expenses	162	15	51	15
Total	**12,342**	**12,576**	**9,910**	**8,895**

Property taxes – levies for the year ended December 31, 2016 include the Unified Property Tax (ENFIA) of €6,766 thousand for the Group and the Company (December 31, 2015: €5,448 thousand and €5,119 thousand respectively).

Direct property related expenses incurred in leased and vacant properties were as follows:

	Group From 01.01. to		Company From 01.01. to	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Leased properties	11,005	11,124	9,106	8,189
Vacant properties	1,337	1,452	804	706
Total	**12,342**	**12,576**	**9,910**	**8,895**

NOTE 24: Personnel Expenses

	Group From 01.01. to		Company From 01.01. to	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Salaries	1,700	1,783	1,700	1,733
Social security costs	304	313	304	304
Retirement benefit obligations expenses (Note 17)	41	12	41	12
Other expenses	74	67	74	67
Total	**2,119**	**2,175**	**2,119**	**2,116**

The total number of employees of the Group and the Company as of December 31, 2016 was 25 (December 31, 2015: 27 for the Group and the Company).

NOTE 25: Other income

During the year ended December 31, 2016, the Company received dividend amounted to €4,175 thousand from its subsidiary Picasso Fund.

During the year ended December 31, 2015, the Company received dividend amounted to €4,996 thousand from its subsidiary Picasso Fund.

All amounts expressed in € thousand, unless otherwise stated

NOTE 26: Other Expenses

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
BoD remuneration	524	552	524	551
Third party fees	1,064	1,096	499	567
Expenses relating to advertising, publication, etc.	52	55	52	55
Taxies – levies	329	974	330	968
Other	1,011	7,039	1,006	7,008
Total	**2,980**	**9,716**	**2,411**	**9,149**

It is noted that “other” includes an amount of €591 thousand regarding expenses related to the Merger (2015: €4,128 thousand), an amount of €94 thousand regarding expenses relating to the merger through absorption of Karela S.A. by the Company (2015: Nil) as well as an amount of €97 thousand (2015: €2,515 thousand) relating to prepaid expenses in the context of the Company’s IPO preparation for the listing of its shares on ATHEX, which was canceled due to unfavourable economic conditions prevailed in Greece.

NOTE 27: Dividends per Share

Dividends are not recorded if they have not been approved by the Annual Shareholders Meeting.

On November 14, 2016, the Board of Directors of the Company resolved on the distribution of a total amount of €17,118 thousand (i.e. €0.067 per share – amount in €) as preliminary dividend to its shareholders for the year 2016. As of December 31, 2016, the amount of the preliminary dividend is included in trade and other receivables.

On April 13, 2016, the Annual General Meeting of the Company’s shareholders, approved the distribution of a total amount of €51,993 thousand (i.e. €0.2035 per share – amount in €) as dividend to its shareholders for the year 2015. The commencement date of dividend payment was April 22, 2016 as set by the Annual General Meeting of the Company’s shareholders.

On April 24, 2015, the Annual General Meeting of shareholders of NBG Pangaea REIC, approved the distribution of a total amount of €109,362 thousand of the net profit of the year 2014 (i.e. €0.5717 per share – amount in €), as a dividend to the shareholders. This amount includes the interim dividend amounted to €58,169 thousand (i.e. €0.3041 per share – amount in €), which has been approved by the Board of Directors of NBG Pangaea REIC, on November 25, 2014 and paid in 2014.

NOTE 28: Taxes

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
REICs’ tax	6,858	1,488	6,857	1,338
Deferred tax	(29)	(156)	-	-
Other taxes	(37)	60	(88)	-
Total	**6,792**	**1,392**	**6,769**	**1,338**

As a REIC, in accordance with article 3, par. 3 of L.2778/1999, as in force, the Company and its subsidiaries in Greece, are subject to an annual tax based the framework thoroughly described in Note 21 above.

The Company's foreign subsidiaries, Nash S.r.L., Egnatia Properties S.A. and Quadratix Ltd. are taxed on their income, bases on a tax rate of 31.4% in Italy, 16.0% in Romania and 12.5% in Cyprus, respectively. The Company's subsidiary, Picasso Fund, in Italy, is not subject to income tax. No significant foreign income tax expense was incurred for the years ended December 31, 2016 and 2015, respectively.

For the year ended December 31, 2016, other taxes include an amount of €88 thousand relating to a tax return on tax free reserve of €338 thousand which had been paid by the Company on August 17, 2015 with reservation. The Company with the reservation statement claimed the refund of the abovementioned amount. The outcome of the case was successful as the Legal Council of the Hellenic State with its decision no. 249/2016 concluded that the tax free reserve which was formed according to the provisions of L.2238/1994 from societe anonyme company which was subsequently converted to REIC and transferred to equity of the latter, without to be distributed or capitalized, is taxed in accordance with the provisions of article 31, par. 3 of L.2278/1999 and not in accordance with the provisions of article 72 par. 12 and 13 of L.4172/2013.

NOTE 29: Earnings per Share

Basic Earnings / (Losses) per share ratio is calculated by dividing the profit / (loss) for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
Period ended December 31	**2016**	**2015**	**2016**	**2015**
Profit attributable to equity shareholders	53,463	42,762	55,503	49,716
Weighted average number of ordinary shares in issue (thousands)	255,495	255,473	255,495	255,473
Earnings per share (expressed in € per share) - basic and diluted	**0.209**	**0.167**	**0.217**	**0.195**

There were no dilutive potential ordinary shares. Therefore, the dilutive earnings per share is the same as the basic earnings per share for all periods presented.

NOTE 30: Contingent Liabilities and Commitments

Group companies have not been audited yet for tax purposes for certain financial years and consequently their tax obligations for those years may not be considered final. Additional taxes and penalties may be imposed as a result of such tax audits, however the amount cannot be determined. As at December 31, 2016 the Group has not accounted for provisions for unaudited tax years. It is estimated that additional taxes and penalties that may be imposed will not have a material effect on the statement of financial position of the Group and the Company.

The tax authorities have not audited the books and records of NBG Pangaea REIC for the year ended December 31, 2010 and consequently the tax obligations for that year are not considered as final. In a future tax audit, additional taxes and penalties may be imposed, the amount of which cannot be determined accurately at present. However, Management estimates that they will not have a material effect on the financial position of the Company. The financial years 2011 - 2014 have been audited by the elected under C.L. 2190/1920 statutory auditor, i.e. the auditing firm "Deloitte Certified Public Accountants S.A." ("the statutory auditor"), in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/2013 and the relevant tax audit certificates were issued with no qualifications on July 19, 2012, September 30, 2013, July 10, 2014 and September 30, 2015 respectively. According to POL. 1006/05.01.2016, the companies for which a tax audit certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company.

The tax authorities have not audited the books and records of MIG Real Estate REIC for the year ended December 31, 2010 and consequently the tax obligations for that year are not considered as final. In a future tax audit, additional taxes and penalties may be imposed, the amount of which cannot be determined accurately at present. However, Management estimates that they will not have a material effect on the financial position of the Company. The financial years 2011 - 2014 have been audited by the elected under C.L. 2190/1920 statutory auditor in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/2013 and the relevant tax audit certificates were issued with no qualifications on July 25, 2012, September 23, 2013, July 7, 2014 and September 30, 2015 respectively.

According to POL. 1006/05.01.2016, the companies for which a tax audit certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company.

The financial year 2015 of the Company has been audited by the elected under C.L. 2190/1920 statutory auditor, i.e. the auditing firm “Deloitte Certified Public Accountants S.A.” (“the statutory auditor”), in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/2013 and the relevant tax audit certificate was issued with no qualifications on September 30, 2016. According to POL. 1006/05.01.2016, the companies for which a tax audit certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company.

The tax authorities have not audited the books and records of KARELA S.A. for the financial years 2010-2013 and consequently the tax obligations for those years are not considered as final. In a future tax audit, additional taxes and penalties may be imposed, the amount of which cannot be determined accurately at present. However, the Management estimates that they will not have a material effect on the financial position of the company. The financial years 2014 and 2015 have been audited by the elected under C.L. 2190/1920 statutory auditor, i.e. the auditing firm “Deloitte Certified Public Accountants S.A.” (“the statutory auditor”), in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/2013 and the relevant tax audit certificates were issued with no qualifications on September 28, 2015 and September 30, 2016 respectively. According to POL. 1006/05.01.2016, the companies for which a tax certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company.

Until the date of the approval of the Annual Financial Statements, the tax audit for the year 2016 has not been completed by the statutory auditor.

In the context of the acquisition of the 14 properties portfolio by HRADF, the Company undertook the commitment to perform any improvements required. As of December 31, 2016, the remaining amount of these capital expenditure commitments amounted to €1,937 thousand (incl. VAT) (December 31, 2015: €2,243 thousand (incl. VAT) according to Management estimates).

In the context of the credit agreement to open a current account with Alpha Bank S.A., the Company provided specific and irrevocable power of attorney, authorization and right to lawyers acting for Alpha Bank S.A. so that they may attend and represent the Company before any competent court for the purpose of the registration of mortgage pre-notation amounting to €55,440 thousand into fourteen (14) Company’s properties in Greece, which were the subject of the tender “sale and leaseback” by HRADF, in favour of Alpha Bank S.A.. The power of attorney shall expire automatically, either with the full and complete settlement of all Company’s obligations under the credit agreement, or the moment that Alpha Bank S.A. covers entirely the debentures of a bond loan, as it may be issued in the future by the Company, and it will be subject to full and complete settlement of any amount under the aforementioned credit agreement.

There are no pending lawsuits against the Group nor other contingent liabilities resulting from commitments at December 31, 2016, which would affect the Group’s financial position.

NOTE 31: Related Party Transactions

Upon the legal conclusion of the Merger, National Bank of Greece S.A. (parent entity), holds 32.66% of the Company’s share capital and controls the Company, based on an agreement signed between the shareholders (Note 1 and 2). More specifically, according to the shareholders’ agreement, NBG appoints the majority of the members of the Board of Directors and the Investment Committee and guarantees are provided to NBG for certain other contractual rights. As a result of this shareholders’ agreement, NBG is the controlling shareholder of the Company under IFRSs.

All amounts expressed in € thousand, unless otherwise stated

All transactions with related parties have been carried out on the basis of the "arm's length" principle, i.e. under normal market conditions for similar transactions with third parties. The transactions with related parties are presented below:

i. Balances arising from transactions with related parties

	Group		Company	
Trade receivables from related parties	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
Parent company	-	82	-	82
Subsidiaries	-	3	-	3
Other shareholders	1	2	1	2
Companies related to other shareholders	-	2	-	2
Total	**1**	**89**	**1**	**89**

	Group		Company	
Other receivables from related parties		**31.12.2015**	**31.12.2016**	**31.12.2015**
Parent company	-	1	-	1
Picasso Fund, Company's subsidiary	-	-	150	-
Quadratix Ltd, Company's subsidiary	-	-	7	-
Other shareholders	1,057	990	990	990
Total	**1,057**	**991**	**1,147**	**991**

	Group		Company	
Prepaid expenses	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
NBG Securities, company of NBG Group	75	75	75	75
Hellenic National Insurance Company, company of NBG Group	248	266	246	215
Total	**323**	**341**	**321**	**290**

	Group		Company	
Cash and cash equivalents	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
Parent company	4,386	27,023	4,374	27,023
Total	**4,386**	**27,023**	**4,374**	**27,023**

	Group		Company	
Amounts due to related parties	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
Parent company	266	102	51	102
Hellenic National Insurance Company, company of NBG Group	391	88	389	40
NBG Securities, company of NBG Group	-	246	-	246
Ethniki Leasing, company of NBG Group	2	6	2	6
Quadratix Ltd, Company's subsidiary	-	-	2	2
Total	**659**	**442**	**444**	**396**

	Group		Company	
Other Liabilities	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
Companies related to other shareholders	581	560	581	560
Total	**581**	**560**	**581**	**560**

All amounts expressed in € thousand, unless otherwise stated

	Group		Company	
Borrowings	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
Parent company[1]	9,115	9,332	9,115	-
Total	**9,115**	**9,332**	**9,115**	**-**

	Group		Company	
Derivative financial instruments – Liabilities	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
Parent company[1]	220	415	220	-
Total	**220**	**415**	**220**	**-**

ii. Rental income

	Group From 01.01. to		Company From 01.01. to	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Parent company	67,831	67,427	67,831	67,427
Other companies of NBG Group [2]	37	98	37	98
Other shareholders	2	2	2	2
Companies related to other shareholders	2	2	2	2
Total	**67,872**	**67,529**	**67,872**	**67,529**

iii. Other direct property relates expenses

	Group From 01.01. to		Company From 01.01. to	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Hellenic National Insurance Company, company of NBG Group	425	424	422	358
Companies related to other shareholders	1,749	2,238	1,749	2,238
Total	**2,174**	**2,662**	**2,171**	**2,596**

iv. Net change in fair value of financial instruments at fair value through profit or loss

	Group From 01.01. to		Company From 01.01. to	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Parent company	195	120	195	-
Total	**195**	**120**	**195**	**-**

v. Personnel expenses

	Group From 01.01. to		Company From 01.01. to	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Hellenic National Insurance Company, company of NBG Group	34	21	34	21
Total	**34**	**21**	**34**	**21**

[1] The movement at company level is due to merger of NBG Pangaea REIC with its former subsidiary KARELA S.A. (Note 1 and 2).
[2] Ethniki Factors, Ethniki Leasing, National Insurance Brokers.

All amounts expressed in € thousand, unless otherwise stated

vi. Other income

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Hellenic National Insurance Company, company of NBG Group	-	3	-	-
Picasso Fund, Company's subsidiary	-	-	4,175	-
Other shareholders	168	-	-	1,650
Total	**168**	**3**	**4,175**	**1,650**

vii. Other expenses

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Parent company	63	103	63	103
NBG Securities, company of NBG Group	-	300	-	300
Ethniki Leasing, company of NBG Group	43	40	43	40
Companies related to other shareholders	21	-	21	-
Total	**127**	**443**	**127**	**443**

viii. Interest income

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Parent company	108	128	108	128
Total	**108**	**128**	**108**	**128**

ix. Finance costs

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Parent company	709	724	709	9
UBB, company of NBG Group	26	22	26	22
Total	**735**	**746**	**735**	**31**

x. Due to key management

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
BoD, its committees and Senior Management compensation	3	-	3	-
Retirement benefit obligations	12	10	12	10
Total	**15**	**10**	**15**	**10**

All amounts expressed in € thousand, unless otherwise stated

xi. Key management compensation

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
BoD, its committees and Senior Management compensation	1,298	1,826	1,298	1,622
Total	**1,298**	**1,826**	**1,298**	**1,622**

xii. Commitment and contingent liabilities

There are no commitments and contingent liabilities between the Company and related parties.

NOTE 32: Independent Auditor's fees

Deloitte Certified Public Accountants S.A. has served our principal independent public accountant for the years ended December 31, 2016 and 2015.

The following table presents the aggregate fees for professional audit services and other services rendered by the Group's principal accounting firm Deloitte Certified Public Accountants S.A., which is a member firm of Deloitte Touche Tohmatsu Limited.

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
Audit and audit related fees	76	94	68	94
Tax audit fees	12	18	12	18
Total	**88**	**112**	**80**	**112**

NOTE 33: Events after the Date of Financial Statements

On March 21, 2017 the Board of Directors of Quadratix Ltd, 100.00% subsidiary of the Company, decided on its share capital increase by: a) the amount of €10,700 thousand due to the contribution in kind on behalf of the Company to Quadratix Ltd of the 30.06.2016 agreement between the Company and Chris Cash & Carry Ltd for the sale by the latter of properties in Limassol Cyprus (hypermarket and offices), with the issuance of 2,675 common ordinary shares with a par value of one (1) euro each and an issue price of four (4) thousand euros each and b) the amount of €14,400 thousand to be paid in cash, with the issuance of 3,600 common ordinary shares, with a par value of one (1) euro each and an issue price of four (4) thousand euros each. Quadratix Ltd will acquire the properties for a total consideration of €24,000 thousand. The agreement provides, among others, for the lease of the properties to Chris Cash & Carry Ltd, a company of Sklavenitis Group, with a 25-year duration.

There are no other significant events subsequent to the date of the financial statements relating to the Group or the Company for which disclosure is required by the IFRSs.

NBG PANGAEA

NBG PANGAEA REAL ESTATE INVESTMENT COMPANY

FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016
(published in accordance with article 135 of Codified Law 2190, for companies preparing annual consolidated and separate financial statements, in accordance with IFRS)
(Amounts are expressed in thousand euros)

The financial data and information listed below, derive from the financial statements and aim to a general information about the financial position and results of NBG Pangaea REIC and its Group. We therefore recommend the reader, prior to making any investment decision or other transaction concerning the Company, to visit the Company's website (www.nbgpangaea.gr), where the set of financial statements is posted, as well as the auditor's report.

Company information

Supervising Authority:	Ministry of Economy and Development
Headquarters:	6, Karageorgi Servias Str., 10562, Athens
Business:	Real Estate Investment Company
Capital Market Commission Decision Number:	8/458/13.12.2007
General Commercial Registry Number:	3546201000
Date of approval of Financial Statements by BoD:	March 28, 2017
Certified Public Accountant - Auditor:	Beate Randulf (R.N. SOEL 37541)
Audit Firm:	Deloitte Certified Public Accountants S.A.
Independent Auditor's report:	Unqualified opinion
Issue date of Auditor's report:	March 28, 2017
Website:	www.nbgpangaea.gr

The Board of Directors

Christos Protopapas	Non Executive member - Chairman of the BoD
Ioannis Kyriakopoulos	Non Executive member - Vice-chairman A'
Christophoros Papachristophorou	Executive member - Vice-chairman B'
Aristotelis Karytinos	Executive member - Chief Executive Officer
Thiresia Messari	Executive member
Nikolaos Iatrou	Non Executive member
Athanasios Karagiannis	Non Executive member
Prodromos Vlamis	Independent Non Executive member
Spyridon Makridakis	Independent Non Executive member

Statement of Financial Position (Consolidated and Standalone)

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Assets				
Investment property	1,490,000	1,470,079	1,235,590	1,111,067
Property, plant and equipment	2,265	3,348	2,424	3,508
Investment in subsidiaries	0	0	155,742	210,908
Intangible Assets	159	187	159	187
Deferred tax assets	1	0	0	0
Other long-term receivables	17,325	17,314	17,325	17,314
Total non-current assets	**1,509,750**	**1,490,928**	**1,411,240**	**1,342,984**
Trade receivables	28,659	14,730	25,078	11,880
Other receivables	32,356	20,344	32,059	14,350
Cash and cash equivalents	54,732	90,433	40,624	61,885
Total current assets	**115,747**	**125,507**	**97,761**	**88,115**
Total assets	**1,625,497**	**1,616,435**	**1,509,001**	**1,431,099**
Shareholders' equity				
Share capital	766,484	766,484	766,484	766,484
Share premium	15,890	15,890	15,970	15,970
Reserves	336,119	333,615	336,182	333,435
Retained earnings / (losses)	76,448	77,719	80,241	62,830
Total equity attributable to company's shareholders	**1,194,941**	**1,193,708**	**1,198,877**	**1,178,719**
Liabilities				
Borrowings	344,843	387,284	233,339	234,495
Retirement benefit obligations	174	213	174	213
Deferred tax liability	198	226	0	0
Other long-term liabilities	3,329	3,320	3,153	701
Total non-current liabilities	**348,544**	**391,043**	**236,666**	**235,409**
Trade and other payables	15,521	18,319	10,217	10,091
Derivative financial instruments	1,897	2,779	1,236	0
Current tax liabilities	5,364	756	5,340	684
Borrowings	59,230	9,830	56,665	6,196
Total current liabilities	**82,012**	**31,684**	**73,458**	**16,971**
Total liabilities	**430,556**	**422,727**	**310,124**	**252,380**
Total shareholders' equity and liabilities	**1,625,497**	**1,616,435**	**1,509,001**	**1,431,099**

Statement of Comprehensive Income (Consolidated and Standalone)

	Group		Company	
	From 1.1 to		From 1.1 to	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Revenue	115,433	110,861	101,649	90,630
Total revenue	**115,433**	**110,861**	**101,649**	**90,630**
Net gain / (loss) from the fair value adjustment of investment property	(18,220)	(23,723)	(12,726)	(13,366)
Less: investment property related expenses	(12,366)	(12,616)	(9,935)	(8,940)
Gross profit/ (loss) from investment activities	**84,847**	**74,522**	**78,988**	**68,324**
EBIT	**81,212**	**64,704**	**79,557**	**64,976**
Profit/ (loss) before tax	**60,255**	**44,072**	**62,272**	**51,054**
Taxes	(6,792)	(1,392)	(6,769)	(1,338)
Profit/ (loss) after tax (A)	**53,463**	**42,680**	**55,503**	**49,716**
Attributable to:				
- Equity shareholders	53,463	42,762	55,503	49,716
- Non controlling interests	0	(82)	0	0
Other Comprehensive expense, net of tax (B)	(237)	(27)	6	51
Total comprehensive income / (expense) (A+B)	**53,226**	**42,653**	**55,509**	**49,767**
Attributable to:				
- Equity shareholders	53,226	42,736	55,509	49,767
- Non controlling interests	0	(83)	0	0
Earnings/ (losses) per share (€) - Basic and Diluted	0.2093	0.1674	0.2172	0.1946
EBITDA	81,264	64,773	79,610	65,050

Statement of Changes in Equity (Consolidated and Standalone)

	Group		Company	
	From 1.1 to		From 1.1 to	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Balance at beginning of period	**1,193,708**	**1,260,436**	**1,178,719**	**1,235,909**
Changes during the period:				
Total coprehensive income / (expense), net of tax	53,226	42,653	55,509	49,767
Acquisition of additional shareholding in subsidiaries	0	(19)	0	0
Share capital increase / Share Premium	0	0	0	1,291
Effect from Merger	0	0	0	1,114
Dividends distributed	(51,993)	(109,362)	(51,993)	(109,362)
Effect from merger through absorption of KARELA S.A.	0	0	16,642	0
Balance at end of period	**1,194,941**	**1,193,708**	**1,198,877**	**1,178,719**

Statement of Cash Flows (Consolidated and Standalone)

	Group		Company	
	From 1.1 to		From 1.1 to	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Operating activities				
Profit/ (loss) before tax (continuing operations)	60,255	44,072	62,272	51,054
Adjustments for:				
Provisions for employee benefits	21	12	21	12
Other Provisions	17	87	17	87
Other	58	(13)	58	0
Depreciation of property and equipment	24	40	25	45
Amortization of intangible assets	28	29	28	29
Net (gain) / loss from the fair value adjustment of investment property	18,220	23,723	12,726	13,366
Interest income	(142)	(182)	(126)	(146)
Finance costs	21,099	20,814	17,411	14,068
Net change in fair value of financial instruments at fair value through profit or loss	(1,145)	(416)	(1,105)	0
Plus / less adjustments to operating activities and working capital changes:				
(Increase) / Decrease in receivables	(8,919)	(6,127)	(13,441)	94,641
Increase / (Decrease) in payables (excl. borrowings)	(2,871)	(14,411)	(3,886)	(5,583)
Less:				
Finance costs paid	(18,962)	(18,839)	(15,803)	(12,502)
Taxes paid	(2,301)	(1,659)	(2,273)	(1,425)
Net cash flows from / (used in) operating activities (a)	**65,382**	**47,130**	**55,924**	**153,646**
Investing activities				
Acquisition of investment property	(33,215)	(84,731)	(10,999)	0
Subsequent capital expenditure on investment property	(368)	(412)	(272)	(250)
Advance payments for the acquisition of investment property and overseas subsidiaries	0	(5,573)	0	(5,573)
Returns of prepayments for the acquisition of property	300	0	300	0
Purchases of property and equipment	(111)	(54)	(111)	(54)
Acquisition of subsidiaries (net of cash acquired)	(3,568)	0	(3,580)	0
Interest received	142	181	126	145
Net cash flows used in investing activities (b)	**(36,820)**	**(90,589)**	**(14,536)**	**(5,732)**
Financing activities				
Proceeds from subsidiaries' capital decrease	0	0	3,380	0
Proceeds from the issuance of bond loans and other borrowed funds	9,850	106,400	0	4,400
Expenses related to the issuance of bond loans	(271)	(1,823)	0	0
Repayment of borrowings	(4,730)	(45,112)	(2,551)	(8,930)
Acquisition of additional shareholding in subsidiaries	0	(17)	0	(17)
Participation in subsidiaries' capital increase	0	0	(800)	(40,108)
Dividends paid	(69,111)	(51,193)	(69,111)	(51,193)
Net cash flows from / (used in) financing activities (c)	**(64,262)**	**8,255**	**(69,082)**	**(95,848)**
Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)	(35,700)	(35,204)	(27,694)	52,066
Cash and cash equivalents at the beginning of the period	90,433	125,638	61,885	7,193
Effect of foreign exchange currency differences on cash and cash equivalents	(1)	(1)	0	0
Effect from Merger	0	0	0	2,626
Effect from merger through absorption of KARELA S.A.	0	0	6,433	0
Cash and cash equivalents at the end of the period	**54,732**	**90,433**	**40,624**	**61,885**

Notes

1. On October 1, 2015, the merger by absorption of NBG Pangaea REIC by its subsidiary MIG Real Estate REIC was completed. In particular, the Boards of Directors of MIG Real Estate REIC and NBG Pangaea REIC, in their meetings held on January 30, 2015, decided to propose to the General Assembly Meetings of their shareholders the merger by absorption (hereinafter "Merger") of NBG Pangaea REIC by its 96.944% subsidiary MIG Real Estate REIC. As transformation date had been set the 31st of January 2015. The Merger was performed according to the provisions of C.L. 2190/1920 and L. 2166/1993 and according to the terms and conditions included in the draft merger agreement signed between the merging companies on August 6, 2015 and was approved by the Extraordinary General Meetings of the merging companies on September 25, 2015. The Merger was approved by the Ministry of Economy, Development and Tourism (currently Ministry of Economy and Development) with its decision No. 100104/01.10.2015 which was registered in the General Commercial Registry of the abovementioned Ministry on October 1, 2015. As a result of the Merger, the company resulted from the Merger (hereinafter "New Company" or "Company") is named "NBG PANGAEA REAL ESTATE INVESTMENT COMPANY", with the distinctive title "NBG PANGAEA REIC", following the amendment of all articles of the Articles of Association of the former MIG Real Estate REIC and the approval of the new Articles of Association by the Hellenic Capital Market Commission and the competent services of the Ministry of Economy, Development and Tourism (currently Ministry of Economy and Development).
The Company together with its subsidiaries (hereinafter the "New Group" or "Group") is considered as absolute continuity of NBG Pangaea REIC Group and operates in real estate investments both in Greece and abroad (Note 1 of the Annual Financial Statements for the year ended December 31, 2016).

2. Following the resolution of the Boards of Directors of the Company (the "Absorbing Company") and its subsidiary "KARELA S.A." (the "Absorbed Company") held on December 28, 2015, on the commencement of the preparatory works of the merger by absorption of the latter by the first, on May 19, 2016 the Boards of Directors of the merging companies approved the draft merger agreement which was signed on May 20, 2016. The Company owned 100% of the share capital and voting rights of the Absorbed Company. The envisaged merger took place through the consolidation of assets and liabilities of the two companies, with the combined application of the provisions of articles 68 et seq., and particularly of article 78, par. 2 of the C.L. 2190/1920 and those of L. 2166/1993, as in force. December 31, 2015 has been set as the transformation date, whereas the auditing firm PRICEWATERHOUSECOOPERS S.A. proceeded to the ascertainment of the soundness of the transformation balance sheet of the Absorbed Company. On July 28, 2016, the merger by absorption of the company KARELA S.A. by its parent entity NBG PANGAEA REIC was completed in accordance with the decision protocol No. 80578/28.07.2016 of the Ministry of Economy, Development and Tourism (currently Ministry of Economy and Development) which was registered on the same day with the General Commercial Register of the abovementioned Ministry (Note 1 of the Annual Financial Statements for the year ended December 31, 2016).

3. The principal accounting policies that have been adopted are in accordance with the requirments of International Financial Reporting Standards (hereinafter "IFRS") as adopted by the European Union and are the same with those applied in the previous year financial statements.
Regarding the accounting treatment of the Merger mentioned in Note 1, one of the most important principles that IFRSs adopt is that of economic substance over legal form which results in the reflection of economic substance of events and transactions and not merely their legal form. Consequently, in any case, the group financial statements shall not be affected by the merger of companies within the group, but only by the amount of the total shareholding structure's change (change in non-controlling interests in the event that the ratios of the parent entity's shareholders and the subsidiaries' minorities, change after the merger in relation to the respective ratios prior to the merger). More specifically, the absorption of NBG Pangaea REIC, parent entity, by MIG Real Estate REIC, subsidiary of NBG Pangaea REIC Group, is a legal fact which does not substantially change the function of NBG Pangaea REIC Group, as at group level, the companies had already been consolidated and continue to operate on the same activities as a single entity. At group level, the only change is the conversion of non-controlling in the former MIG Real Estate REIC to shareholders of the New Company.
At the level of separate financial statements, the merger is not covered by IFRSs provisions. Specifically, paragraph 2 (c) of IFRS 3 "Business Combinations" states that the specific standard does not apply to business combinations which are under common control. In absence of a standard or an interpretation, under the provisions of paragraph 10 of IAS 8 regarding the Accounting policies, Management decided to depict the specific transaction by applying the method of merger accounting. Upon the completion of the Merger, the "old" shareholders of NBG Pangaea REIC continue to hold a significant stake in the New Company. As a result, while MIG Real Estate REIC is legally the absorbing company, from an accounting perspective, it is considered that NBG Pangaea REIC absorbed MIG Real Estate REIC. Consequently, the comparative figures of the separate financial statements are those that NBG Pangaea REIC had published as of December 31, 2015.
Details are included in Note 2 of the Annual Financial Statements as of December 31, 2016.

4. The tax authorities have not audited the books and records of NBG Pangaea REIC for the year ended December 31, 2010 and consequently the tax obligations for that year are not considered as final. In a future tax audit, additional taxes and penalties may be imposed, the amount of which cannot be determined accurately at present. However, Management estimates that they will not have a material effect on the financial position of the Company. The financial years 2011, 2012, 2013 and 2014 have been audited by the elected under C.L. 2190/1920 statutory auditor, i.e. the auditing firm "Deloitte Certified Public Accountants S.A." ("the statutory auditor"), in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/2013 and the relevant tax audit certificates were issued with no qualifications on July 19, 2012, September 30, 2013, July 10, 2014 and September 30, 2015 respectively. According to POL. 1006/05.01.2016, the companies for which a tax audit certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company (Note 30 of the Annual Financial Statements for the year ended December 31, 2016).
TThe tax authorities have not audited the books and records of MIG Real Estate REIC for the year ended December 31, 2010 and consequently the tax obligations for that year are not considered as final. In a future tax audit, additional taxes and penalties may be imposed, the amount of which cannot be determined accurately at present. However, Management estimates that they will not have a material effect on the financial position of the Company. The financial years 2011, 2012, 2013 and 2014 have been audited by the elected under C.L. 2190/1920 statutory auditor in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/2013 and the relevant tax audit certificates were issued with no qualifications on July 25, 2012, September 23, 2013, July 7, 2014 and September 30, 2015 respectively. According to POL. 1006/05.01.2016, the companies for which a tax audit certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company (Note 30 of the Annual Financial Statements for the year ended December 31, 2016).
The financial year 2015 of the Company has been audited by the elected under C.L. 2190/1920 statutory auditor, i.e. the auditing firm "Deloitte Certified Public Accountants S.A." ("the statutory auditor"), in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/2013 and the relevant tax audit certificate was issued with no qualifications on September 30, 2016. According to POL. 1006/05.01.2016, the companies for which a tax audit certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company (Note 30 of the Annual Financial Statements for the year ended December 31, 2016).
The tax authorities have not audited the books and records of KARELA S.A. for the financial years 2010-2013 and consequently the tax obligations for those years are not considered as final. In a future tax audit, additional taxes and penalties may be imposed, the amount of which cannot be determined accurately at present. However, the Management estimates that they will not have a material effect on the financial position of the company. The financial years 2014 and 2015 have been audited by the elected under C.L. 2190/1920 statutory auditor, i.e. the auditing firm "Deloitte Certified Public Accountants S.A." ("the statutory auditor"), in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/2013 and the relevant tax audit certificates were issued with no qualifications on September 28, 2015 and September 30, 2016 respectively. According to POL. 1006/05.01.2016, the companies for which a tax certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company (Note 30 of the Annual Financial Statements for the year ended December 31, 2016).
Until the date of the approval of the Financial Statements, the tax audit for the year 2016 has not been completed by the statutory auditor.
Information about the unaudited tax years of the subsidiaries are included in Note 10 of the Annual Financial Statements for the year ended December 31, 2016.

5. There are no pending cases under litigation or in arbitration, nor any pending cases, which are expected to have a material impact on the financial position or operations of the Group (Note 29 of the Annual Financial Statements for the year ended December 31, 2016). It is noted that the Company filed an appeal against the Greek State for the refund (incl. interest) of capital accumulation tax paid by the Company at April 14, 2010, September 16, 2014 and September 17, 2014 totally amounted to € 7,790 thousand and the Company's Management, based on the advice of its legal advisors, believes that the reimbursement of the amounts is in essence certain (Note 12 of the Annual Financial Statements for the year ended December 31, 2016).

6. The number of Group and Company employees as of December 31, 2016 was 25. The number of Group and Company employees as of December 31, 2015 was 27 (Note 1 and 24 of the Annual Financial Statements for the year ended December 31, 2016).

7. The Company's Financial Statements are included in the Consolidated Financial Statements of National Bank of Greece S.A. (incorporated in Greece), which owns 32.66% of the Company's share capital, by the full consolidation method.

8. Nine properties of the Company in Attica, 8 in Athens and 1 in Piraeus, have prenotations of mortgage in favour of Alpha Bank S.A., each for an amount of €9,880 thousand. The outstanding balance of the bond loan as of December 31, 2016 amounted to €2,806 thousand and the fair value of the nine properties as of December 31, 2016 amounted to €9,527 thousand (Note 16 of the Annual Financial Statements for the year ended December 31, 2016).
In accordance with the terms of the bond loan program dated August 11, 2014, as amended on August 20, 2014, for the issuance of the bonds totally amounting to €237,500 thousand, the Company registered mortgages on 77 properties in Greece (included the owneroccupied property located at 6, Karageorgi Servias str., Athens) in favour of Alpha Bank S.A. (bondholder agent) as collateral for all Company's obligations under the financing documents, each for an amount of €250,000 thousand. The fair value of the 77 properties as of December 31, 2016 amounted to €541,181 thousand. (Note 16 of the Annual Financial Statements for the year ended December 31, 2016).
In the context of the credit agreement to open a current account with Alpha Bank S.A., the Company provided specific and irrevocable power of attorney, authorization and right to lawyers acting for Alpha Bank S.A. so that they may attend and represent the Company before any competent court for the purpose of the registration of mortgage pre-notation amounting to €55,440 thousand into fourteen (14) Company's properties in Greece, which were the subject of the tender "sale and leaseback" by HRADF, in favour of Alpha Bank S.A.. The power of attorney shall expire automatically, either with the full and complete settlement of all Company's obligations under the credit agreement, or the moment that Alpha Bank S.A. covers entirely the debentures of a bond loan, as it may be issued in the future by the Company, and it will be subject to full and complete settlement of any amount under the aforementioned credit agreement (Note 30 of the Annual Financial Statements for the year ended December 31, 2016).
On one property of the Company (owned by KARELA S.A. which was absorbed by the Company) a prenotation of mortgage was established in favour of Piraeus Bank S.A. (the representative of the bondholders) for an amount of €106,000 thousand. The outstanding balance of the bond loan as of December 31, 2016 amounted to €49,059 thousand and the fair value of the property as of December 31, 2016 amounted to €125,439 thousand. In addition, all rights of the Company, arising from the lease with Cosmote, have been assigned in favour of the bondholders (Note 16 of the Annual Financial Statements for the year ended December 31, 2016).
Four properties owned by subsidiary Picasso Fund are burdened with first class mortgage in favour of Banca IMI S.p.A. for an amount of €204,000 thousand. The outstanding balance of the loan as of December 31, 2016 amounted to €97,807 thousand and the fair value of the properties amounted to €167,770 thousand. Finally, all rights of Picasso Fund arising from the lease agreements have been assigned in favour of the lender (Note 16 of the Annual Financial Statements for the year ended December 31, 2016).
Nine properties owned by subsidiary Picasso Fund are burdened with first class mortgage in favour of Intesa Sanpaolo S.p.A. for an amount of €19,700 thousand. The outstanding balance of the loan as of December 31, 2016 amounted to €9,591 thousand and the fair value of the properties amounted to €22,620 thousand. Finally, all rights of Picasso Fund arising from the lease agreements have been assigned in favour of the lender (Note 16 of the Annual Financial Statements for the year ended December 31, 2016).

9. Related party transactions and balances of the Group as defined in IAS 24 are as follows: a) Income €88,343 thousand, b) Expense €3,070 thousand, c) Assets €5,767 thousand, d) Liabilities €10,575 thousand. Related party transactions and balances of the Company as defined in IAS 24 are as follows: a) Income €72,350 thousand, b) Expense €3,067 thousand, c) Assets €5,843 thousand, d) Liabilities €10,360 thousand. Related party transactions and balances of the Group with BoD, its Committees and senior management personnel are as follows: a) Key management compensation €1,298 thousand, b) Due from key management personnel Nil and c) Due to key management personnel €15 thousand. Related party transactions and balances of the Group with BoD, its Committees and senior management personnel are as follows: a) Key management compensation €1,298 thousand, b) Due from key management personnel Nil and c) Due to key management personnel €15 thousand (Note 31 of the Annual Financial Statements for the year ended December 31, 2016).

10. On December 21, 2016 the Company acquired from a third party 100% of the share capital of the company KAROLOU S.A. The company at the day of the acquisitions was owner of two properties with a total leasable area of approximately 8 thousand sq.m. which are located in Patra. The two properties were leased in order to be redeveloped and operate, by the tenant, as at least three (3) stars city hotels, one of which will be a furnished apartment hotel mainly addressed to students. The consideration for the acquisition of KAROLOU S.A. was equal to the fair value of the net assets at the date of the acquisition, i.e. €3,580 thousand, and was paid in cash. The expenses for the acquisition amounted to €71 thousand and was included in "Direct property related expenses" in the income statement for the period ended December 31, 2016 (Note 9 of the Annual Financial Statements for the year ended December 31, 2016).

11. There are no entities exempted from the annual financial statements as of 31.12.2016 and there have been no changes in the method of consolidation since the previous annual financial statements. Information regarding the name, the resgistered office's country and the consolidation method for each of the entities included in the consolidated financial statements as well as the percentage with which the Company participates in their share capital are included in the note 10 of the Annual Financial Statements as of December 31, 2016.

12. As of December 31, 2016, the Group has accounted for a cumulative provision of: a)cases under litigation or in arbitration which may have material effect on the financial position of the Group and the Company amounted to Nil, b)unaudited tax years amounted to Nil and c) other provisions amounted to €174 thousand.

13. In the Statement of Total Comprehensive Income, "Other comprehensive income / (expense) for the period" of the Group, in the current period, is comprised of €(24) thousand relating to the remeasurement of the net defined benefit liability/asset, €30 thousand relating to revaluation reserve, €20 thousand relating to currency translation differences and €(263) thousand relating to cash flow hedging. The corresponding amounts for the Company are €(24) thousand, €30 thousand, Nil and Nil respectively.

14. As of December 31, 2016, the Group and the Company did not hold any treasury shares (Note 14 of the Annual Financial Statements for the year ended December 31, 2016).

15. On March 21, 2017 the Board of Directors of Quadratix Ltd, 100% subsidiary of the Company, decided on its share capital increase by: a) the amount of €10,700 thousand due to the contribution in kind on behalf of the Company to Quadratix Ltd of the 30.06.2016 agreement between the Company and Chris Cash & Carry Ltd for the sale by Chris Cash & Carry Ltd of properties in Limassol Cyprus (hypermarket and offices), with the issuance of 2,675 common ordinary shares with a par value of one (1) euro each and an issue price of four (4) thousand euros each and b) the amount of €14,400 thousand to be paid in cash, with the issuance of 3,600 common ordinary shares, with a par value of one (1) euro each and an issue price of four (4) thousand euros each. The properties in Limassol Cyprus will be acquired by Quadratix for a total consideration of €24,000 thousand. The agreement provides, among others, for the lease of the properties to Chris Cash & Carry Ltd, with a 25-year duration.
There are no other significant events subsequent to the date of the financial statements relating to the Group or the Company for which disclosure is required by IFRS (Note 33 of the Annual Financial Statements for the year ended December 31, 2016).

Athens, March 28, 2017

The Chairman of the BoD	The Chief Executive Officer	The CFO / COO	The Deputy CFO
Christos Protopapas	Aristotelis Karytinos	Thiresia Messari	Anna Chalkiadaki
ID No. Σ061431	ID No. AK801025	ID No. AA003175	Perm. No. 78785 A'