NBG PANGAEA

NBG PANGAEA R.E.I.C.

Group and Company
ANNUAL FINANCIAL REPORT
for the year from January 1 to December 31, 2018
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.

April 2019

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NBG PANGAEA

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, 2018 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, April 24, 2019

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 2018

GENERAL OVERVIEW

The improving fiscal credibility, the stabilization of the economy and the restoration of confidence were significant steps for 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 recovery trends, with prime assets holding a more advantageous position, which are reflected in the valuation of the Group's investment properties as of December 31, 2018 (refer below to "Net gain / (loss) from the fair value adjustment of investment property").

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

However, it shall be noted that despite the adverse tax environment, the Group increased its profitability while at the same time, it continued the implementation of the corporate responsibility program adopted during the second semester of 2016.

FINANCIAL POSITION AND PERFORMANCE OF THE GROUP

Within 2018, the Group proceeded with investments in real estate of €143,959 (total investment of €160,519) and proceeded with the signing of binding agreements for the acquisition of investment properties of €150,616, as presented below in "SIGNIFICANT EVENTS DURING 2018" section, continuing its increased investment activity. These investments are fully attached to the Company's strategy for the development of its portfolio through selected placement to properties with remarkable investment characteristics.

As of December 31, 2018, the Group's real estate portfolio consisted of 349 (December 31, 2017: 338) commercial properties (mainly retail and offices), of a total leasable area of 1,120 thousand sq.m.. Three hundred and twenty nine (329) of those properties are located in Greece, the majority of which are in prime areas. In addition, fourteen (14) properties are located in Italy, two (2) properties in Romania, two (2) properties in Cyprus and two (2) properties in Bulgaria. As of December 31, 2018 the fair value of the Group's investment property, according to the valuation performed by the independent statutory valuers, amounted to €1,779,481 (December 31, 2017: €1,580,698) according to the valuation performed by the independent valuers, i.e. the company "Proprius Commercial Property Consultants EPE" (representative of Cushman & Wakefield) and jointly the companies "P. Danos & Associates" (representative of BNP Paribas) and "Athinaiki Oikonomiki EPE" (representative of Jones Lang LaSalle) for the properties outside Italy and Bulgaria, "Jones Lang LaSalle Spa" for the properties in Italy and the company "Advance Address Valuations Ltd" for the properties in Bulgaria.

As of December 31, 2018 the Company and the Group do not hold own shares and have no branches.

Revenue: Total revenue for the year ended December 31, 2018 amounted to €121,366 thousand, which relates to rental income, compared to €117,949 in 2017, representing an increase of 2.9%. This increase on rental income mainly relates to rental income from the properties acquired by the Group on the second half of 2017 and during the current year.

Net gain / (loss) from the fair value adjustment of investment property: During the current year, the fair value of investment property increased by €46,326 (compared to increase of €17,166 in previous year).

Operating Profits / (Losses): Group's operating profits for the year 2018 amounted to €147,130 compared to operating profits of €117,149 of the previous year (increase of 25.6%). Excluding the net gain/ (loss) from the fair value adjustment of investment property (2018: net gain of €46,326, 2017: net gain of €17,166), the net change in fair value of financial instruments at fair value through profit or loss (2018: gain of €158, 2017: gain of €1,236), the expenses relating to the IPO which was cancelled (2018: Nil, 2017: €1,728), the expenses regarding the merger through absorption of the company NBG Pangaea REIC by its subsidiary MIG Real Estate REIC (2018: €6, 2017: €1) the expenses related to the issuance of a bond loan on May 2018 which was cancelled (2018: €2,314, 2017: Nil) and the reversal of a provision for property taxes (EETA of L. 4152/2013 and EETHDE of Law 4021/2011) (2018: €1,388, 2017: Nil), Group's operating profits for the year 2018 amounted to €101,578 compared to €100,476 of the previous year (an increase of 1.1%). 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 2018 amounted to €57 compared to €41 of the previous year.

Finance costs: The Group's finance costs for the year 2018 amounted to €21,944 compared to €22,231 of the previous year. The decrease by 1.3% mainly relates to the lower interest rates applied to Company's loans and to the general decline of Euribor rates.

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., Irinna Ktimatiki S.A. and Anaptixi Fragkokklisia Akiniton S.A., Company's subsidiaries in Greece, have the same tax treatment.

The Company's foreign subsidiaries, Nash S.r.L., Egnatia Properties S.A., Quadratix Ltd., Lasmane Properties Ltd., PNG Properties EAD and I&B Real Estate EAD are taxed on their income, based on a tax rate equal to 27.9% in Italy, 16.0% in Romania, 12.5% in Cyprus and 10.0% in Bulgaria, 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 2018.

At Group level taxes for the year 2018 amounted to €12,232 thousand compared to €11,261 for the previous year. The increase by 8.6% is mainly due to the increase of the fair value of investment property.

Profit / (Loss) for the period: The Group's profit for the year 2018 amounted to €115,104 compared to profit for the period of €83,698 of the previous year (increase by 37.5%). Excluding the net gain/ (loss) from the fair value adjustment of investment property (2018: net gain of €46,326, 2017: net gain of €17,166), the net change in fair value of financial instruments at fair value through profit or loss (2018: gain of €158, 2017: gain of €1,236), the expenses related to the IPO which was cancelled (2018: Nil, 2017: €1,728), the expenses regarding the merger through absorption of the company NBG Pangaea REIC by its subsidiary MIG Real Estate REIC (2018: €6, 2017: €1), the expenses related to the issuance of a bond loan on May 2018 which was cancelled (2018: €2,314, 2017: Nil) and the reversal of a provision for property taxes (EETA of L. 4152/2013 and EETHDE of Law 4021/2011) (2018: €1,388, 2017: Nil), Group's profit for the year 2018 amounted to €69,552, compared to profit of €67,025 of the previous period (increase by 3.8%). The increase is mainly due to the increase of the Group's revenue, as stated above.

CORPORATE RESPONSIBILITY PROGRAM "STRUCTURES OF RESPONSIBILITY"

The Company during 2016 adopted the corporate responsibility program entitled "Structures of Responsibility". 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 in cooperation with established bodies at national and local level. The Company has selected and committed to actions which have been completed or are in progress amounting to €730 (out of which an amount of €314 and an amount of €148 was disbursed within 2018 and 2017 respectively).

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.

	31.12.2018	**31.12.2017**
Current ratio[1] (Current assets / Current liabilities)	0.20x	0.81x
Gearing ratio (Borrowings / Total assets)	29.7%	26.3%
LTV (Borrowings / Fair value of properties)	31.4%	28.2%
Net LTV [Net Borrowings (Borrowings less Cash and Cash equivalents) / Fair value of properties]	28.8%	25.1%

[1] The decrease of current ratio is due to the fact that:

i. Group's loans totally amounted to €104,030 as of December 31, 2018 were transferred in their whole to short term borrowings since they are repayable on June 30, 2019. It is noted that the Group in accordance with the terms of the existing loan agreements has already secured the extension of these loans for an additional two year period, and
ii. Company's loan amounted to €238,791 as of December 31, 2018 was transferred in its whole to short term borrowings since it is repayable on July 15, 2019. It is noted that the company has already secured a new financing from a systemic financial institution in Greece, which will be used for the refinancing of this loan.

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 owner-occupied property at each reporting date (31.12.2018: €(62) , 31.12.2017: €(214)).

Net Asset Value (NAV)	**31.12.2018**	**31.12.2017**
NAV	**1,286,620**	**1,227,639**
No. of shares at year end (in thousands)	255,495	255,495
NAV (per share)	**5.04**	**4.80**

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 (31.12.2018: €148, 31.12.2017: €480) and deferred tax (31.12.2018: €4,586, 31.12.2017: €219), in accordance with the directions issued by the European Public Real Estate Association (EPRA) (November 2016).

EPRA Net Asset Value (EPRA NAV)	**31.12.2018**	**31.12.2017**
EPRA NAV	**1,291,354**	**1,228,338**
No. of shares at year end (in thousands)	255,495	255,495
EPRA NAV (per share)	**5.05**	**4.81**

All amounts expressed in € thousand, unless otherwise stated

	From 01.01. to 31.12.2018	31.12.2017	% Change
Profit for the period	115,104	83,698	
Plus: Depreciation of property and equipment	24	25	
Plus: Amortization of intangible assets	29	29	
Plus: Net Finance costs	21,887	22,190	
Plus: Taxes	12,232	11,261	
EBITDA	**149,276**	**117,203**	
Plus / (Less) : Net (gain) / loss of fair value adjustment of investment properties	(46,326)	(17,166)	
Less: Net change in fair value of financial instruments at fair value through profit or loss	(158)	(1,236)	
Plus: Net non-recurring (income) / expenses[2]	(1,170)	1,729	
Adjusted EBITDA	**101,622**	**100,530**	**1.1%**

[2] Net non-recurring (income)/expenses include expenses relating to the IPO which was cancelled (2018: Nil, 2017: €1,728), expenses regarding the merger through absorption of the company NBG Pangaea REIC by its subsidiary MIG Real Estate REIC (2018: €6, 2016: €1), expenses relating to the issuance of a bond loan on May 2018 which was cancelled (2018: €2,314, 2017: Nil), negative goodwill from the acquisition of a subsidiary (2018: €2,093, 2017: Nil) and income from reversal of provisions relating to property taxes (2018: €1,397, 2017: Nil).

Funds from Operations (FFO)	From 01.01. to 31.12.2018	31.12.2017	% Change
Profit for the period	115,104	83,698	
Plus: Depreciation of property and equipment	24	25	
Plus: Amortization of intangible assets	29	29	
Plus: Net non-recurring (income) / expenses	(1,170)	1,729	
Less: Net change in fair value of financial instruments at fair value through profit or loss	(158)	(1,236)	
Plus / (Less): Net (gain) / loss of fair value adjustment of investment properties	(46,326)	(17,166)	
FFO	**67,503**	**67,079**	**0.6%**

SIGNIFICANT EVENTS DURING 2018

A. CORPORATE EVENTS

1. On December 18, 2018 the Company's Board of Directors resolved on the distribution of a total amount of €22,995 (i.e. €0.09 per share – amount in €), as interim dividend to its shareholders for the year 2018.

2. On April 23, 2018 the Annual General Meeting of the Company's shareholders, approved the distribution of a total amount of €56,209 (i.e. 0.22 per share – amount in €) as dividend to its shareholders for the year 2017. Due to the distribution of interim dividend of a total amount of €22,995 (i.e. €0.09 per share – amount in €), following the relevant decision of the Board of Directors dated December 12, 2017, the remaining dividend to be distributed amounted to €33,214 thousand (i.e. €0.13 per share – amount in €).

B. INVESTMENTS

1. During 2018, the Group proceeded in total investments in real estate of €143,959 (total investment of €160,469), which contributed to the dispersion of the Group's real estate portfolio, as presented below:

   - On December 28, 2018 the Company proceeded with the acquisition of 100% of the share capital of the company I&B Real Estate EAD in Bulgaria. The company owns a fully let office building with a total area of 54 thousand sq.m. in Sofia. The consideration for the acquisition of the shares of I&B Real Estate EAD amounted to €40,152 (taking into account the liabilities and assets of I&B Real Estate EAD), out of which an amount of €40,418 was paid in cash while an amount of €266 was recognized as a receivable. The acquisition value of the property amounted to €78,571 and the fair value at the date of the acquisition amounted to €84,600, according to the valuation performed by the independent statutory valuers (Note 8).

   - On December 19, 2018 the Company concluded the acquisition of a complex that comprises of three warehouses in Aspropyrgos, Attica, through the acquisition of the 100% of the share capital of the company "Irinna Ktimatiki S.A.". The total area of the properties is 27.2 thousands sq.m. and are leased to creditworthy tenants. The consideration for the acquisition of the shares of Irinna Ktimatiki S.A. amounted to €3,574 (taking into account the liabilities and assets of Irinna Ktimatiki S.A.), out of which an amount of €3,564 was paid in cash, an amount of €50 was recognized as a liability and an amount of €40 was recognised as a receivable. The acquisition value and the fair value of the properties at the date of the acquisition, according to the valuation performed by the independent statutory valuers, amounted to €13,057 (Note 8).

   - On November 2, 2018 the Company concluded on the acquisition of a commercial property of high visibility, of a total area of 563 sq.m., which is located at 51, Ermou str., Athens. The final consideration for the acquisition amounted to €4,285.

   - On October 30, 2018 the newly established company "Anaptixi Fragokklisia Real Estate S.A.", subsidiary of the Company, acquired two adjacent land plots which are located on Fragkokklisias str., for which the Company had signed a preliminary agreement. The total area of the land plots is 5.2 thousand sq.m.. The final consideration for the acquisition amounted to €4,200 out of which the Company had paid an amount of €840 as prepayment. A modern office building with energy certification will be developed on the land plots. The property to be developed will comprise of office spaces of modern specifications according to the international sustainability standards of a total area of 9.1 thousand sq.m. (including underground parking spaces and auxiliary spaces).The total investment is expected to amount to €13,560.

   - On June 26, 2018 the Company proceeded with the acquisition of 100% of the share capital of the company Lasmane Properties Ltd. in Cyprus, which owns an, under development, hotel of a total area of 13 thousand sq.m. in Nicosia. The consideration amounted to €11,200 (taking into account the liabilities and assets of Lasmane Properties), out of which an amount of €7,560 was paid in cash while an amount of €3,640 was recognized as a liability. The property is leased to Zeus International group. The acquisition value and the fair value of the property at the acquisition date amounted to €11,200 (Note 8). Lasmane Properties Ltd will undertake the complete restoration of the property with an estimated cost of the additional investment of €5,900 (total investment of €17,100).

   - On June 19, 2018 the Company concluded the acquisition of two properties which are located at 66-68, Mitropoleos and 5, Kapnikareas str., Athens, and 66, Adrianou and 4, Aiolou str., Athens, for a final consideration of €7,200. The total area of the properties is approximately 2.3 thousand sq.m..

   - On May 21, 2018 the Company acquired a 5* city hotel in Thessaloniki, of a total area of approximately 7,892 sq.m., for a total consideration of €6,996.

- On March 8, 2018 the Company acquired a commercial property of high visibility, of a total area of approximately 2,526 sq.m., which is located at 66, Ermou str. and Agias Irinis str., Athens, for a consideration of €5,700. The Company will undertake the complete restoration of the property with an estimated cost of the additional investment of €1,250 (total investment of €6,950).

- On February 28, 2018 the Company acquired a listed building of high visibility which is used as a retail property, of a total area of approximately 1,086 sq.m., which is located at 1, Solonos str. and 17, Kanari str., Athens, for a consideration of €3,750.

- PNG Properties EAD, subsidiary of the Company in Bulgaria, participated in a public sale procedure which was carried out within the period from October 27, 2017 to November 27, 2017 in relation to 63 units and the land plot forming an, under development, shopping center in Sofia, Bulgaria (the abovementioned "property"). On November 28, 2017 PNG Properties was announced as the successful bidder and the transfer of the abovementioned property was concluded within March 2018 with effective date January 8, 2018. The consideration for the acquisition of the property amounted to € 9,000.

2. In addition, the Group during 2018 proceeded with the signing of binding offers for the acquisition of investment properties amounting to €150,616 as presented below:

- On November 19, 2018 the Company signed an agreement with Bank of Cyprus Public Company Limited for the acquisition of a portfolio of properties in Cyprus and Greece as follows:
  1) Acquisition of 100% of the management shares and 88.2% of the investment shares of CYREIT Variable Investment Company Plc ("CYREIT") based in Cyprus and
  2) Acquisition of two adjacent commercial properties in Athens, one with a total surface of c. 6.9 thousand sq.m. facing Syggrou Avenue and Lagoumitzi street and the other with a total area of c. 2 thousand sq.m, facing Evridamantos and Lagoumitzi streets. On March 28, 2019 the Company signed a notarial preliminary agreement for the acquisition of the properties (Note 32).

  The final consideration will be determined on the date of the transfer of CYREIT's shares taking into account the financial position of CYREIT on that date and it is estimated to be in the range of €149,356. The Company has already paid an amount of €1,000 as prepayment. CYREIT owns, through its subsidiaries, 21 commercial properties with a total gross area of more than 120 thousand sq.m., in Cyprus (Nicosia, Limassol, Larnaca and Paphos). The signing of the final agreement is subject to customary conditions precedents, e.g., indicatively, obtaining approval from the competent supervisory authorities of Cyprus, completing the process of financing part of the transaction, confirming the fulfillment of prerequisites with regard to the properties and CYREIT and the Company concluding the legal and technical due diligence of the properties in Greece. The conclusion of the transaction is estimated to take place by May 10, 2019 and will be financed by loans.

- On September 4, 2018 the Company proceeded with the signing of preliminary agreements for the acquisition of a property located in Thessaloniki, for a total amount of €1,260. On the same date, the Company paid an amount of €126 as prepayment. The total area of the property is approximately 4.3 thousand sq.m..

EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS

On February 22, 2019 the Company acquired 90% of the shares of the company Vibrana Holdings Ltd. in Cyprus. The company initiated a public sale procedure for the acquisition of at least 90% (and up to 100%) of the shares of the Cypriot company "The Cyprus Tourism Development Public Company Limited" ("CTDC"). CTDC is the owner of Hilton Cyprus Hotel, the only 5* in Nicosia, Cyprus. On April 18, 2019 the Board of Directors of Vibrana Holdings Ltd. resolved on its share capital increase by the amount of €57,350 with the issuance of 100 new ordinary common shares with a par value of €1 each, of which the amount of €57,349.9 is the share premium. In the context of the aforementioned share capital increase, the Company paid on the same day an amount of €51,615 (in proportion to its participation in Vibrana), which was financed by loans. Finally, on April 18, 2019 Vibrana Holdings Ltd. concluded on the acquisition of 97.93% of the shares of the company CTDC for a total consideration of €55,524. Vibrana intends to exercise its right to acquire 100% of the shares of CTDC. The acquisition will be accounted for as a business combination. Until the date of the approval of the Financial Statements the fair values of assets and liabilities as of the date of acquisition are not final. The fair value of the property owned by Vibrana, as determined by the Company's independent statutory values amounted to €63,600 and the balance of the cash and cash equivalents and borrowings as of April 18, 2019 amounted to €1,695 and €1,476, respectively (unaudited financial information).

On April 18, 2019 the Company proceeded with the signing of a bond loan agreement for a total amount of €32,000 with Bank of Cyprus Public Company Limited. The maturity of the bonds is three years with the right to extend for an additional seven years period, under specific conditions, and bear interest of 3-month Euribor plus a margin of 3.5%. The total amount of the loan was disbursed on the same day and was used for the financing of the aforementioned share capital increase of the subsidiary Vibrana Holdings Ltd.

On April 12, 2019 the Company proceeded with the signing of a bond loan agreement for a total amount of €90,000 with Bank of Cyprus Public Company Limited. The maturity of the bonds is ten years and bear interest of 6-month Euribor plus a margin of 3.35%. The loan will be used for the financing of part of the consideration for the acquisition of 100% of the management shares and 88.2% of the investment shares of CYREIT.

On March 28, 2019 the Company acquired a majority stake (60%) in Aphrodite Hills Resort Limited and Aphrodite Springs Public Limited in Paphos, Cyprus. Aphrodite Hills Resort covers 234 hectares of land, the majority of which is pure indigenous plantation, greenery and landscaping. It has the only certified PGA National Cyprus golf course, 500 thousand sq.m., which is the heart of the multi award-wining resort, in Paphos, with accommodation and activity options that stand out throughout Europe. Aphrodite Hills Resort has recently been awarded the "European Golf Resort of the Year 2018" and the "European Golf Course of the Year 2018/2019". The Resort includes the Aphrodite Hills Hotel by Atlantica with 290 rooms and suites. The holiday villas and apartments of Holiday Residences, which operate in the concept of selfcatering holidays with innovative services, are ranked among the top holiday villas in Europe. With exceptional conference facilities, a 9 tennis courts academy, Retreat Spa by Atlantica (Best Luxury Resort Spa Regional Winner), soccer academy, nature trails for walking and jogging, horseback riding, archery and cycling, beach club, children's club and splash park, supermarket, bakery, pharmacy, numerous cafes and shops, a chapel, 18 restaurants and bars by Atlantica and a gym, Aphrodite Hills Resort is a destination of theme tourism and collection of experiences. Pangaea and its partners aim to continue to expand the resort as there is a significant residual building factor for the development of additional housing.

The consideration for the acquisition of Aphrodite Hills Resort Limited amounted to €12,291 (out of which an amount of €1,800 is payable on December 31, 2019), while the Company also paid an amount of €17,080 for payment (in proportion to its participation) of existing financing obligations of the company to a private lender (total investment: €29,371). The acquisition will be accounted for as a business combination. Until the date of the approval of the Financial Statements the fair values of assets and liabilities as of the date of acquisition are not final.

The following table summarizes the provisional fair values of assets and liabilities of Aphrodite Hills Resort Limited as of the date of acquisition, which is March 28, 2019:

All amounts expressed in € thousand, unless otherwise stated

	28.03.2019
ASSETS	
Property and equipment	59,000
Intangible assets	13,200
Inventories	28,326
Cash and cash equivalents	2,857
Other assets	10,821
Total assets	**114,204**
LIABILITIES	
Borrowings	(69,874)
Deferred tax	(5,726)
Other liabilities	(17,014)
Total liabilities	**(92,614)**
Fair value of acquired interest in net assets	**21,590**
Fair value of acquired interest in net assets attributable to non-controlling interests	(8,636)
Negative Goodwill	(663)
Total purchase consideration	**12,291**

Source: Unaudited financial information

Aphrodite Springs covers 150 hectares of land, adjacent to Aphrodite Hills Resort, and is licensed to develop a golf course and 125 thousand sq.m. of residential properties and properties of supplementary uses. The consideration for the acquisition of Aphrodite Springs Public Limited amounted to €2,400 and the acquisition will be accounted for as an assets acquisition.

The abovementioned acquisitions were financed by loans.

Following the agreement with Bank of Cyprus Public Company Limited, dated November 18, 2018 (as presented above), on March 28, 2019 the Company signed a notarial preliminary agreement for the acquisition of the two commercial properties in Athens for a final consideration of €10,000. The signing of the final agreement is expected to take place until 10 May 2019 subject to the completion of the transfer until that date of the shares of CYREIT.

On February 27, 2019 the Company proceeded with the signing of a loan agreement with Piraeus Bank S.A. for an amount of €20,000 bearing interest of 3-month Euribor plus a margin of 3.25%. The loan has five years maturity and will be used for the financing of investments.

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. Additionally, for the vast majority of the leases, the annual rental adjustment is associated with either the Consumer Price Index (CPI) of the country in which each Group company operates or the European Harmonized CPI and in the event of deflation, there is no negative impact on the 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.

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 (2018: 54.9%, 2017: 57.3% 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. Additionally, for the vast majority of the leases, the annual rental adjustment is associated with either the Consumer Price Index (CPI) of the country in which each Group company operates or the European Harmonized CPI and in the event of deflation, there is no negative impact on the rents.

Cash flow risk and fair value interest rate risk

The Group has 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 decreased by €3,502 and increased by €2,239 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.

All amounts expressed in € thousand, unless otherwise stated

The Group's liquidity is monitored by the Management on a regular basis. The maturity analysis of financial liabilities for the Group and the Company as at December 31, 2018 and 2017 is as follows:

Group:

December 31, 2018	Less than 1 month	1 - 3 months	3 - 12 months	12 months - 2 years	2 - 5 years	More than 5 years	Total
Liabilities							
Borrowings	3,492	57,439	398,112	9,363	74,398	43,088	**585,892**
Other long-term liabilities	-	-	-	186	424	3,345	**3,955**
Derivative financial liabilities	-	-	164	-	-	-	**164**
Trade and other payables	2,119	5,947	4,271	-	-	-	**12,337**
Total	**5,611**	**63,386**	**402,547**	**9,549**	**74,822**	**46,433**	**602,348**

December 31, 2017	Less than 1 month	1 - 3 months	3 - 12 months	12 months - 2 years	2 - 5 years	More than 5 years	Total
Liabilities							
Borrowings	2,723	48,240	63,664	351,268	593	5,748	**472,236**
Other long-term liabilities	-	-	-	62	276	3,139	**3,477**
Derivative financial liabilities	-	-	336	164	-	-	**500**
Trade and other payables	1,051	931	51	-	-	-	**2,033**
Total	**3,774**	**49,171**	**64,051**	**351,494**	**869**	**8,887**	**478,246**

Company:

December 31, 2018	Less than 1 month	1 - 3 months	3 - 12 months	12 months - 2 years	2 - 5 years	More than 5 years	Total
Liabilities							
Borrowings	2,756	56,997	288,905	4,353	58,088	-	**411,099**
Other long-term liabilities	-	-	-	59	157	3,210	**3,426**
Derivative financial liabilities	-	-	-	-	-	-	**-**
Trade and other payables	1,004	3,367	3,747	-	-	-	**8,118**
Total	**3,760**	**60,364**	**292,652**	**4,412**	**58,245**	**3,210**	**422,643**

December 31, 2017	Less than 1 month	1 - 3 months	3 - 12 months	12 months - 2 years	2 - 5 years	More than 5 years	Total
Liabilities							
Borrowings	2,706	47,730	58,459	245,384	-	-	**354,279**
Other long-term liabilities	-	-	-	27	137	3,139	**3,303**
Derivative financial liabilities	-	-	-	-	-	-	**-**
Trade and other payables	776	763	26	-	-	-	**1,565**
Total	**3,482**	**48,493**	**58,485**	**245,411**	**137**	**3,139**	**359,147**

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, 2018 and 2017 respectively, were used for determining the related undiscounted cash flows.

All amounts expressed in € thousand, unless otherwise stated

It is noted that as of December 31, 2018, the maturity bucket of 3-12 months includes Group's borrowings amounted to €104,030 as of December 31, 2018, which were transferred in their whole to short term borrowings since they are repayable on June 30, 2019 and Company's loan amounted to €238,791 as of December 31, 2018, whish was transferred in its whole to short term borrowings since it is repayable on July 15. It is noted that the Group has already secured the extension or the refinancing of these borrowings as more fully disclosed in Note 15.

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 75.0% 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, 2018 and 2017.

	Group		**Company**	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Borrowings	560,139	446,880	393,759	334,616
Total assets	1,885,865	1,699,244	1,686,057	1,592,157
Gearing ratio	**29.7%**	**26.3%**	**23.4%**	**21.0%**

Under the terms of the majority of the borrowing facilities, the Group is required to comply with certain financial covenants. It is noted that throughout the years 2018 and 2017 the Group has complied with this obligation.

External factors and international investments

The Group has investments in Italy, Romania, Cyprus and Bulgaria. 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.

LABOUR ISSUES

a) Diversification and equal opportunities policy
The Company has adopted a Code of Business Contact and Ethics, according to which promotes equal opportunities and protects diversity. By virtue of the code as above, any discriminatory behaviour based on sex, age or other special trait is inter alia prohibited. The Company's management does not discriminate when recruiting, remunerating, training or delegating job tasks. Candidates and executives of the Company are assessed only by taking into account their experience, their qualifications, their education, their skills and their performance. Company's main value is the principle of equality and equal opportunities in employment, while during 2018 the Company employed persons of different gender and ages.

b) Human rights and trade union freedom
The Company fully complies with labor laws and respects the rights of employees. During the year 2018 the Company has not been imposed with any fine or remark for violation of labor law by the competent authorities. There is no union of employees in the Company.

c) Health and safety
The Company provides safe and healthy working conditions as employee's safety is a top priority. The Company cooperates with a safety technician in accordance with the current legislation and trains its employees in matters of first aid and fire safety.

d) Training, education and promotions
The Company is continuously informed about the conduct of training seminars and conferences and encourages the participation of its executives in those where it is considered appropriate and beneficial. The Company operates an employee evaluation system on an annual basis, based on which promotions or other type of recognitions are provided. The Company has a Human Resources and Remuneration Committee which is responsible for evaluating candidates for recruitment as well as for promotions.

ENVIRONMENTAL ISSUES

Management approach
The Company by implementing a responsible business operation, is harmonized with the United Nations' Sustainable Development Goals (SDGs), recognizing the crucial role of the private sector towards the achievement of the goals for a better future for all.

The Company by adopting an environmental friendly policy, which aims to reduce its environmental footprint, implements actions that cover both the broader range of its business activity and its role as a user.

Basic policy measures
The basic elements for the achievement of the objectives of the Company's policy are the continuous improvement of the energy efficiency of its real estate portfolio, the reduction of greenhouse gas emissions and the rational use of natural resources.

Basic policy measures of the Company as a property manager are:
- The recording and monitoring of the energy consumption of the properties of its portfolio.
- The benchmarking between Company's properties through the issuance of energy performance certificates.
- The identification of energy efficiency measures of the properties of its portfolio.
- The development of collaborations with external partners for the systematic and rational management of its real estate portfolio.
- The adoption of energy and environmental criteria when acquiring real estate and the assignment of maintenance and upgrading services.

Basic policy measures of the Company as an investor in real estate are:
- The recognition of the multiple benefits of sustainable properties and their increased importance in the Company's investment decision making process.
- Targeting in the continuous increase of the certified real estate in its portfolio according to sustainability standards.

Basic policy measures of the Company as a user of real estate are:
- The performance of energy audit in its current office premises.
- The promotion of the recycling of paper and devices.
- The adoption of energy and environmental criteria when purchasing goods and assignment maintenance and operation services.
- The awareness of its employees for a more rational use of energy and natural resources.
- The identification of opportunities to improve the energy performance of its office building by conducting energy audits.

The Company, consistent with the continuous improvement of the environmental footprint of its business operations, systematically monitors the developments and the legislative framework both at national and European level through its participation in conferences and international organizations.

Disclosure of results

The Company owns the Karela property, with a total area of 62 thousand sq.m., located in Poussi Ledi area in Peania, which is certified according to the environmental LEED ("Leadership in Energy and Environmental Design") sustainability standard at Gold level.

The Company's property located at the center of Athens at Chrysospiliotissis str., in which reconstruction work is in progress in order to relocate the Company's headquarters, is under certification according to LEED standard. Except of the LEED certification, this property is in the process of international certification according to Well. Well Building Standard is the first building standard that focuses on the health and well-being of people in buildings. It is an American system that incorporates best practices from scientific and medical research into building design, construction and management. Upon completion of the reconstruction work it will be the first WELL-certified building in Greece.

Recently, the Company acquired a 20-storey professional building of 54 thousand sq.m., in Sofia, Bulgaria, which is in the process to receive the international environmental certification according to BREEAM.

Regarding the new investments, the Company implements its strategy in accordance with the principles of sustainable development. A typical example is the under development property on a newly acquired plot of land located at Fragkokklisias str., for which a basic specification for the studies which are in progress, is the Company's requirement for environmental certification according to LEED at Gold level at least.

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 30 of the Annual Consolidated and Separate Financial Statements for the year ended December 31, 2018.

PROSPECTS FOR THE YEAR 2019

The decline in uncertainty, the recovery of the economy and the improving fiscal credibility resulted by the successful completion of the third fiscal adjustment program in August 2018 led to the activation of investment interest in the Greek commercial real estate market, especially those with significant investment characteristics which is expected to continue in 2019.

The Group's revenue for 2019, is expected to present a further increase mainly due to the new investments of the Group in real estate property carried out in 2018 and the new investments already carried out and those that are expected to occur during 2019.

Finally, it is noted that the Company is considering the ability to raise capital from the market as soon as market conditions permit, in order to: a) further develop its portfolio and achieve its objectives, which include the possibility of expanding the existing, of its high quality portfolio, mainly in Greece, with the ultimate aim of furthering value for its shareholders, and b) enhancing the dispersion of the Company's share capital (free float) and the trading of its shares in the category Large cap the Athens Stock Exchange with the aim of attracting institutional investors and investment funds to Greece and stimulating 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 framework that describes the Company's corporate governance structure and policies. 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 regularly (and at least every two (2) years) assess its effectiveness in fulfilling its obligations and that of its committees.

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 the establishment and implementation of 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, including 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, as in force, 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, which includes 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.
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 within 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

The BoD elects 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 general, 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
Athanasios D. Karagiannis*	Member
George E. Kountouris	Member

Upon resignation of Mr Nikolaos M. Iatrou, Mr Athanasios D. Karagiannis was elected as a member of the Investment Committee by virtue of a resolution of the Board of Directors dated February 12, 2019.

- **Audit Committee**

The Audit Committee consists of at least three (3) members, who are appointed by the General Meeting of shareholders. It may consists of one (1) to three (3) non-executive members of the Company's BoD. At least one (1) independent non-executive BoD member should be member of the Committee, while members of the Committee may also be non-members of the Board.

The majority of the Committee's members are independent of the Company within the meaning of L. 3016/2002, as in force. The evaluation of their independence is carried out by the general meeting of the shareholders which elects the members of the Committee, which is adequately justified when elected.

All the members of the Audit Committee have adequate knowledge in the sector in which the Company operates. At least one member of the Audit Committee is a suspended or retired chartered accountant or has 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, provided that such a participation is not able to create a conflict of interest.

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 separate 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, April 24, 2019

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, 2018 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

According to TR-1 notifications that the Company has received up to December 31, 2018, National Bank of Greece S.A. held as of December 31, 2018 32.66% of the Company's share capital and Invel Real Estate (Netherlands) II B.V. held 65.49% of the Company's share capital.

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.

On January 4, 2019, NBG and Invel made a second amendment to the Shareholders Agreement. The matter of this amendment agreement was the extension of the duration of the Shareholders Agreement by three months, i.e. from December 31, 2018 to March 31, 2019. The said extension implies also continuation of NBG's control of the Company, over the same period.

NBG announced that on March 29, 2019 the bank received from Invel of a Call Option Exercise Notice, according to the relevant terms of the Shareholders Agreement. The call option price is €4.684 per share, while the total amount to be paid for NBG's shareholding (which equals to 83,438,113 shares) amounts to €390,824. The completion of the sale and purchase transaction of NBG's shareholding is expected to be concluded up to May 30, 2019. Until the completion of the transaction NBG retains the control of the Company.

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, April 24, 2019

The Chief Executive Officer

Aristotelis Karytinos

[Translation from the original text in Greek]

Independent auditor's report

To the Shareholders of NBG Pangaea Real Estate Investment Company

Report on the audit of the separate and consolidated financial statements

Our opinion

We have audited the accompanying separate and consolidated financial statements of NBG Pangaea Real Estate Investment Company (Company and Group) which comprise the separate and consolidated statement of financial position as of 31 December 2018, the separate and consolidated income statements and statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects the separate and consolidated financial position of the Company and the Group as at 31 December 2018, their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Codified Law 2190/1920.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report.

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

Independence

During our audit we remained independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017 and of Regulation (EU) No 537/2014, that are relevant to the audit of the separate and consolidated financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, Regulation (EU) No 537/2014 and the requirements of the IESBA Code.

We declare that the non-audit services that we have provided to the Company and its subsidiaries are in accordance with the aforementioned provisions of the applicable law and regulation and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Company and its subsidiaries, for the year ended 31 December 2018, are disclosed in Note 31 to the separate and consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of Investment Property *(Notes 2.6, 4.1.a and 6 in the separate and consolidated financial statements)* The Company and Group measures investment property at fair value in accordance with International Accounting Standard 40. As stated in Note 6 to the separate and consolidated financial statements, the fair value of the Company's and Group's investment property as at 31 December 2018 amounts to €1,360 million and €1,779 million respectively, representing 81% and 94% of their respective total assets. The gain from the revaluation of the aforementioned investment property for the year ended 31 December 2018 amounted to €20 million for the Company and €46 million for the Group. Determining the fair value of investment property is subjective, mainly because it depends on factors such as, inter alia, the particular nature and specific location of the real estate as well as the expected future market rents. The valuation of all the Company's and Group's investment property was carried out by certified external valuers who performed their valuations in accordance with International Valuation Standards. In order to determine the fair value of investment property, certified external valuers take into account factors directly associated with the property concerned, such as existing leases, rentals, and any restrictions on the use of the property. They then use assumptions, based on available information in the real estate market, at the date of preparation of the financial statements, relating to expected future market rentals, discount rates and exit yields in order to determine appropriate valuations.	We have conducted the following procedures regarding the assessment of the valuation of Investment Property as at 31 December 2018: • We obtained management's valuation reports for the year ended 31 December 2018, that were prepared by certified external valuers, and compared the fair value of investment property to the book values in the Company's and the Group's accounting records. • We have evaluated and confirmed the independence and objectivity of the certified external valuers of the Company and the Group. • We compared the fair values as at 31 December 2018 with those as at 31 December 2017 in order to assess whether the change was in line with market trends. For the most significant deviations, we evaluated justifications provided by the Company's and Group's Management. • With the assistance of independent external real estate valuation experts, for those investment properties with the highest fair value, new acquisitions and for those whose fair value fluctuations were not within the acceptable range of fluctuations based on market data, we assessed the appropriateness of the methodologies used and the underlying assumptions adopted in the valuations, such as discount rates, market rentals and exit yields of individual lease agreements. • We examined, on a sample basis, the accuracy and relevance of the data used by Management's certified external valuers to determine the fair value of the Company's and the Group's property investments. This data mainly concerned information on property leases, future rentals, the discount rate, and other data and assumptions included in the valuation reports. Concerning future rentals, we compared the rental income and the lease timetable with existing lease contracts on a sampling basis.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>We focused on this matter because of the:

Relative size of the investment property to the total assets of the Company and the Group
Significant assumptions and estimates made by Management in the investment property valuation process
Sensitivity of valuations to key input assumptions, specifically discount rates and future rental income following the expiry of existing lease contracts.
</td><td>
For purchases of new investment properties, we reviewed Company procedures and the resolutions of the Board of Directors for such transactions. We have confirmed that the purchase price of the new investment property agrees with the sale and purchase contract and we have compared the fair value with that determined by the certified valuers at the acquisition date. We compared the purchase price with the fair value of the acquired investment property as at 31 December 2018, in order to assess the reasonableness of the change.

Our audit procedures concluded that the valuations carried out were based on reasonable assumptions and appropriate data that are consistent with the prevailing market conditions.

We also found that the disclosures in Note 6 of the Company and Consolidated Financial Statements are adequate and consistent with the requirements of International Accounting Standard 40.</td></tr>
<tr><td>Refinancing of short-term borrowings
(Notes 2.1 and 15 in the stand alone and consolidated financial statements)

As at 31 December 2018, the Company and the Group have short-term borrowings of approximately €338 million and €448 million respectively.

Short-term borrowings mainly relate to the bond loan of the Company (€239 million) and the term loan of the subsidiary Picasso Fund (€104 million) payable within financial year 2019, as disclosed in the Note 15 of the separate and consolidated financial statements.

As at 31 December 2018, the management was in the process of negotiating with the financial institutions as regards the refinancing of the above short-term borrowings.

Subsequent to 31 December 2018, management was able to secure the refinancing or the extension of those borrowings.

We focused on this area due to the:

significant amount of short-term borrowing in the Company’s and Group’s liabilities and their impact on the increased liquidity risk of the Company and the Group
</td><td>We performed the following procedures with respect to the refinancing of the short-term borrowings of the Company and the Group:

We discussed and assessed with management their refinancing plans and the status of related negotiations.
Reviewed the signed commitment letter dated 5 February 2019 for the provision of a long-term bond loan of €300 million partially for the repayment of the Company’s short-term borrowing of €239 million and the remaining amount for the financing of the Company and Group investment plans. In addition, we have reviewed the relevant terms of the loan as mentioned in the commitment letter.
We reviewed the loan agreement of the subsidiary Picasso Fund with the financial institutions Banca IMI S.p.A. and Banca Intesa SanPaolo S.p.A. and we confirmed that on 4 December 2018 the subsidiary exercised its right to extend the maturity of its loan obligations by a further two years until June 2021.
</td></tr>
</table>

Key audit matter	*How our audit addressed the key audit matter*
• the possible impact on the going concern basis for preparation, under which the financial statements have been prepared, from the timing of the negotiations with the financial institutions.	Based on the above procedures, we confirm that management's actions with respect to its refinancing activities and its assessment of the resulting impact thereof support the going concern principle for the business. We also reviewed the relevant disclosures included in Note 15 with respect to the refinancing of borrowings and the provision of new financing and concluded that the disclosures are sufficient.

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information, which is included in the Annual Report in accordance with Law 3556/2007, is the Statements of Board of Directors members, the Board of Directors Report, the Corporate Governance Declaration and the Explanatory Report of the Board of Directors (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the separate and consolidated financial statements does not cover the Other Information and except to the extent otherwise, explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We considered whether the Board of Directors Report includes the disclosures required by Codified Law 2190/1920 and the Corporate Governance Statement required by article 43bb of Codified Law 2190/1920 has been prepared.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the the Board of Directors' Report for the year ended at 31 December 2018 is consistent with the separate and consolidated financial statements,
- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A of the Codified Law 2190/1920,
- The Corporate Governance Statement provides the information referred to items c and d of paragraph 1 of article 43bb of the Codified Law 2190/1920.

In addition, in light of the knowledge and understanding of the Company and Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report and Other Information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

Responsibilities of Board of Directors and those charged with governance for the separate and consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Codified Law 2190/1920, and for such internal control as the Board of Directors determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, the Board of Directors is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report.

Report on other legal and regulatory requirements

1. Additional Report to the Audit Committee

Our opinion on the accompanying separate and consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Company.

2. Appointment

We were first appointed as auditors of the Company by the decision of the annual general meeting of shareholders on 9 May 2017.

Athens, 24 April 2019
The Certified Auditor

PricewaterhouseCoopers S.A.
Certified Auditors
268 Kiffisias Avenue,
152 32, Halandri
SOEL Reg. No. 113

Marios Psaltis
SOEL Reg. No. 38081

All amounts expressed in € thousand, unless otherwise stated

		Group		Company	
	Note	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
ASSETS					
Non-current assets					
Investment property	6	1,779,481	1,580,698	1,359,579	1,309,775
Investment in subsidiaries	9	-	-	226,228	178,824
Property and equipment	7	2,149	2,058	2,147	2,216
Intangible assets		101	130	101	130
Deferred tax assets	18	-	4	-	-
Other long-term receivables	10	9,733	16,731	19,181	17,099
		1,791,464	**1,599,621**	**1,607,236**	**1,508,044**
Current assets					
Trade and other assets	11	47,525	50,288	45,605	47,805
Cash and cash equivalents	12	46,876	49,335	33,216	36,308
		94,401	**99,623**	**78,821**	**84,113**
Total assets		**1,885,865**	**1,699,244**	**1,686,057**	**1,592,157**
SHAREHOLDERS' EQUITY					
Share capital	13	766,484	766,484	766,484	766,484
Share premium	13	15,890	15,890	15,970	15,970
Reserves	14	342,176	339,152	341,748	338,894
Retained Earnings		162,132	106,327	143,331	117,788
Total equity		**1,286,682**	**1,227,853**	**1,267,533**	**1,239,136**
LIABILITIES					
Long-term liabilities					
Borrowings	15	111,859	344,668	55,862	234,979
Retirement benefit obligations	16	218	197	218	197
Deferred tax liability	18	4,586	223	-	-
Other long-term liabilities		3,955	3,477	3,426	3,302
		120,618	**348,565**	**59,506**	**238,478**
Short-term liabilities					
Trade and other payables	17	24,118	14,452	15,139	9,262
Borrowings	15	448,280	102,212	337,897	99,637
Derivative financial instruments		148	480	-	-
Current tax liabilities		6,019	5,682	5,982	5,644
		478,565	**122,826**	**359,018**	**114,543**
Total liabilities		**599,183**	**471,391**	**418,524**	**353,021**
Total shareholders' equity and liabilities		**1,885,865**	**1,699,244**	**1,686,057**	**1,592,157**

Athens, April 24, 2019

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	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Revenue	19	121,366	117,949	105,922	103,250
		121,366	**117,949**	**105,922**	**103,250**
Net gain / (loss) from the fair value adjustment of investment property	6	46,326	17,166	20,050	25,657
Direct property related expenses	20	(4,467)	(3,889)	(3,674)	(2,961)
Property taxes-levies	21	(9,378)	(8,941)	(7,700)	(7,291)
Personnel expenses	22	(2,606)	(2,347)	(2,606)	(2,347)
Depreciation of property and equipment	7	(24)	(25)	(24)	(25)
Amortisation of intangible assets		(29)	(29)	(29)	(29)
Net change in fair value of financial instruments at fair value through profit or loss		158	1,236	-	1,218
Net impairment loss on financial assets		(192)	-	(156)	-
Other income	23	2,072	527	7,298	6,985
Other expenses	24	(5,782)	(4,350)	(5,073)	(3,758)
Corporate Responsibility		(314)	(148)	(314)	(148)
Operating Profit		**147,130**	**117,149**	**113,694**	**120,551**
Interest income		57	41	446	74
Finance costs	25	(21,944)	(22,231)	(17,532)	(18,128)
Negative goodwill from acquisition of subsidiaries	8	2,093	-	-	-
Profit before tax		**127,336**	**94,959**	**96,608**	**102,497**
Taxes	27	(12,232)	(11,261)	(11,751)	(11,131)
Profit for the period		**115,104**	**83,698**	**84,857**	**91,366**
Attributable to:					
Non-controlling interests		-	-	-	-
Company's equity shareholders		**115,104**	**83,698**	**84,857**	**91,366**
Earnings per share (expressed in € per share) - Basic and diluted	28	0.45	0.33	0.33	0.36

Athens, April 24, 2019

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Profit for the period	**115,104**	**83,698**	**84,857**	**91,366**
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	(2)	(8)	(2)	(8)
Revaluation reserve	-	-	-	-
Total of items that may not be reclassified subsequently to profit or loss	**(2)**	**(8)**	**(2)**	**(8)**
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	4	155	-	-
Cash flow hedges	166	166	-	-
Total of items that may be reclassified subsequently to profit or loss	**170**	**321**	**-**	**-**
Other comprehensive income/(expense) for the period	**168**	**313**	**(2)**	**(8)**
Total comprehensive income for the period	**115,272**	**84,011**	**84,855**	**91,358**
Attributable to:				
Non-controlling interests	-	-	-	-
Company's equity shareholders	**115,272**	**84,011**	**84,855**	**91,358**

Athens, April 24, 2019

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

		Attributable to Company's shareholders				
	Note	Share capital	Share premium	Reserves	Retained Earnings / (Losses)	Total
Balance January 1, 2017		**766,484**	**15,890**	**336,119**	**76,448**	**1,194,941**
Other comprehensive income for the period		-	-	313	-	**313**
Profit for the period		-	-	-	83,698	**83,698**
Total comprehensive income after tax		**-**	**-**	**313**	**83,698**	**84,011**
Transfer to reserves		-	-	2,720	(2,720)	-
Dividends relating to 2016	26	-	-	-	(51,099)	**(51,099)**
Balance December 31, 2017		**766,484**	**15,890**	**339,152**	**106,327**	**1,227,853**
Balance January 1, 2018		**766,484**	**15,890**	**339,152**	**106,327**	**1,227,853**
Adjustment due to adoption of IFRS 9 (Note 32)		-	-	-	(234)	**(234)**
Balance January 1, 2018 as adjusted		**766,484**	**15,890**	**339,152**	**106,093**	**1,227,619**
Other comprehensive income for the period		-	-	168	-	**168**
Profit for the period		-	-	-	115,104	**115,104**
Total comprehensive income after tax		**-**	**-**	**168**	**115,104**	**115,272**
Transfer to reserves		-	-	2,856	(2,856)	**-**
Dividends relating to 2017	26	-	-	-	(56,209)	**(56,209)**
Balance December 31, 2018		**766,484**	**15,890**	**342,176**	**162,132**	**1,286,682**

All amounts expressed in € thousand, unless otherwise stated

	Note	Share capital	Share premium	Reserves	Retained Earnings / (Losses)	Total
Balance January 1, 2017		**766,484**	**15,970**	**336,182**	**80,241**	**1,198,877**
Other comprehensive expense for the period		-	-	(8)	-	**(8)**
Profit for the period		-	-	-	91,366	**91,366**
Total comprehensive income / (expense) after tax		**-**	**-**	**(8)**	**91,366**	**91,358**
Transfer to reserves		-		2,720	(2,720)	-
Dividends relating to 2016	26	-	-	-	(51,099)	**(51,099)**
Balance December 31, 2017		**766,484**	**15,970**	**338,894**	**117,788**	**1,239,136**
Balance January 1, 2018		**766,484**	**15,970**	**338,894**	**117,788**	**1,239,136**
Adjustment due to adoption of IFRS 9 (Note 32)		-	-	-	(249)	**(249)**
Balance January 1, 2018 as adjusted		**766,484**	**15,970**	**338,894**	**117,539**	**1,238,887**
Other comprehensive expense for the period		-	-	(2)	-	**(2)**
Profit for the period		-	-	-	84,857	**84,857**
Total comprehensive income / (expense) after tax		**-**	**-**	**(2)**	**84,857**	**84,855**
Transfer to reserves		-	-	2,856	(2,856)	-
Dividends relating to 2017	26	-	-	-	(56,209)	**(56,209)**
Balance December 31, 2018		**766,484**	**15,970**	**341,748**	**143,331**	**1,267,533**

All amounts expressed in € thousand, unless otherwise stated

	Note	From 01.01. to 31.12.2018	31.12.2017
Cash flows from operating activities			
Profit before tax		127,336	94,959
Adjustments for:			
- Provisions for employee benefits		19	18
- Other provisions		12	-
- Depreciation of property and equipment	7	24	25
- Amortization of intangible assets		29	29
- Net (gain) / loss from the fair value adjustment of investment property	6	(46,326)	(17,166)
- Interest income		(57)	(41)
- Finance costs	25	21,944	22,231
- Net change in fair value of financial instruments at fair value through profit or loss		(158)	(1,236)
- Other		(3,787)	76
- Net impairment loss on financial assets		192	-
Changes in working capital:			
- (Increase) / Decrease in receivables		3,306	6,501
- Increase / (Decrease) in payables		1,994	(923)
Cash flows from operating activities		104,528	104,473
Interest paid		(19,540)	(19,095)
Tax paid		(11,507)	(10,928)
Net cash flows from operating activities		**73,481**	**74,450**
Cash flows from investing activities			
Acquisition of investment property	6	(33,693)	(62,130)
Subsequent capital expenditure on investment property	6	(961)	(554)
Purchases of property and equipment	7	(1)	(10)
Prepayments and expenses related to future acquisition of investment property		(3,932)	(32)
Acquisitions of subsidiaries (net of cash acquired)	8	(49,860)	-
Interest received		60	38
Net cash flows used in investing activities		**(88,387)**	**(62,688)**
Cash flows from financing activities			
Proceeds from the issuance of bond loans and other borrowed funds	15	126,405	47,430
Expenses related to the issuance of bond loans and other borrowed funds		(1,465)	-
Repayment of borrowings		(56,283)	(7,600)
Dividends paid	26	(56,209)	(56,976)
Net cash flows used in financing activities		**12,448**	**(17,146)**
Net decrease in cash and cash equivalents		**(2,458)**	**(5,384)**
Cash and cash equivalents at the beginning of the period		49,335	54,732
Effect of foreign exchange currency differences on cash and cash equivalents		(1)	(13)
Cash and cash equivalents at the end of the period		**46,876**	**49,335**

All amounts expressed in € thousand, unless otherwise stated

	Note	From 01.01. to 31.12.2018	31.12.2017
Cash flows from operating activities			
Profit before tax		96,608	102,497
Adjustments for:			
- Provisions for employee benefits		19	28
- Other provisions		12	-
- Depreciation of property and equipment	7	24	25
- Amortization of intangible assets		29	29
- Net (gain) / loss from the fair value adjustment of investment properties	6	(20,050)	(25,657)
- Interest income		(446)	(74)
- Finance costs	25	17,532	18,128
- Net change in fair value of financial instruments at fair value through profit or loss		-	(1,218)
- Other		(1,397)	76
- Net impairment loss on financial assets		156	-
Changes in working capital:			
- (Increase) / Decrease in receivables		4,201	14,556
- Increase / (Decrease) in payables		2,121	(808)
Cash flows from operating activities		98,810	107,572
Interest paid		(15,749)	(15,743)
Tax paid		(11,413)	(10,827)
Net cash flows from operating activities		**71,648**	**81,002**
Cash flows from investing activities			
Acquisition of investment property	6	(28,813)	(47,828)
Subsequent capital expenditure on investment property	6	(901)	(552)
Prepayments and expenses related to future acquisition of investment property		(3,932)	(31)
Purchases of property and equipment	7	(1)	(10)
Participation in subsidiaries' capital increase		(360)	(14,400)
Proceeds from subsidiaries' capital decrease	9	14,300	2,009
Acquisition of subsidiaries	8	(51,542)	-
Incorporation of subsidiaries		(4,470)	(26)
Loans granted to foreign subsidiaries for the acquisition of properties		-	(9,750)
Interest received		55	37
Net cash flows used in investing activities		**(75,664)**	**(70,551)**
Cash flows from financing activities			
Proceeds from the issuance of bond loans and other borrowed funds	15	105,000	47,430
Expenses related to the issuance of bond loans and other borrowed funds		(1,054)	-
Repayment of borrowings	15	(46,813)	(5,221)
Dividends paid	26	(56,206)	(56,976)
Net cash flows used in financing activities		**924**	**(14,767)**
Net increase / (decrease) in cash and cash equivalents		**(3,092)**	**(4,316)**
Cash and cash equivalents at the beginning of the period		36,308	40,624
Cash and cash equivalents at the end of the period		**33,216**	**36,308**

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 an 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 Commercial Companies Registry (G.E.MI.) and its duration expires on December 31, 2110.

The Company together with its subsidiaries (hereinafter the "Group") operates in real estate investments both in Greece and abroad, such as Italy, Romania, Cyprus and Bulgaria.

As of December 31, 2018, the Group's and the Company's number of employees was 30 (December 31, 2017: 27 employees for the Group and the Company).

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. On February 24, 2017, the Board of Directors was reconstituted as a body and currently has the following composition:

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	Assistant Professor at University of Piraeus & Associate at the University of Cambridge	Independent - Non Executive Member
Spyridon G. Makridakis	Professor at University of Nicosia & Emeritus Professor at INSEAD Business School	Independent - Non Executive Member

These consolidated and separate Financial Statements have been approved for issue by the Company's Board of Directors on April 24, 2019, 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.

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

The financial statements of the Group and the Company for the year ended December 31, 2018 (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 accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out below.

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. Management believes that such adjustments do not have a 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.

As at December 31, 2018 current liabilities exceed current assets by €384,099 and €280,125 for the Group and the Company respectively, due to the reclassification of long term borrowings, which are payable within the next twelve months, from long term liabilities to current liabilities as more fully disclosed in Note 15. Management believes that it is appropriate to prepare this Financial Statements on the going concern basis since the Company has already secured the refinancing or the extension of these borrowings as more fully disclosed in Note 15.

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 2018:

- **IFRS 9 Financial Instruments** On January 1 2018, the Group adopted IFRS 9, *Financial Instruments*, which replaced IAS 39 *Financial Instruments: Recognition and Measurement* and changed the requirements for impairment on the Group's financial assets, including the individual payments under operating leases currently due and payable by the lessee. IFRS 9 introduces a forward-looking expected credit loss (ECL) approach, which is intended to result in an earlier recognition of credit losses based on an ECL impairment approach compared with the incurred-loss impairment approach for financial instruments under IAS 39. As permitted by IFRS 9, the Group elected not to restate prior-period information. IFRS 9 includes an accounting policy choice to continue IAS 39 hedge accounting, which the Group has exercised. The impact from adoption of IFRS 9 in the Interim Financial Statements of the Group and the Company was not material. Further information on the accounting policy applied by the Group related to impairment under IFRS 9, is included in Note 2.12 Trade and other assets. The IFRS 9 impact upon transition is provided in Note 33.

- **IFRS 15 (new standard)** "**Revenue from Contracts with Customers**". IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 superseded 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.

    There was no impact from the amendment of IFRS 15 in the Financial Statements of the Group and the Company, since the Group's revenue arises from operating leases which are recognized under IAS 17 "Leases".

- **IFRS 15 (Amendment) "Clarifications for IFRS 15 Revenue from Contracts with Customers".** The modification clarifies three areas of the standard (identification of the performance obligations in the contracts, issues of distinguish between agent and principal and right of use) and provides for exemptions for the transition for contracts that can be modified and for completed contracts.

    There was no impact from the modification of IFRS 15 in the Financial Statements of the Group and the Company.

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration ".** The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts.

    There was no impact from the aforementioned interpretation in the Financial Statements of the Group and the Company.

- **IFRS 40 (Amendment) "Transfers to Investment Property**". The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence.

    There was no impact from the amendment of IAS 40 in the Financial Statements of the Group and the Company.

- **"Annual Improvements to IFRS Standards 2014–2016 Cycle".** The amendments applicable to the Group relate solely to IAS 28 and clarify that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss, this election should be made separately for each associate or joint venture at initial recognition.

    There was no impact from the abovementioned amendment in the Financial Statements of the Group and the Company.

2.2.2. New standards, amendments and interpretations to existing standards effective after 2018

- **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 intends to adopt this standard on January 1, 2019 and is currently evaluating the impact of IFRS 16 on the consolidated and separate Financial Statements. 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 19 (Amendment) Plan Amendment, Curtailment or Settlement** (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB). The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendment has been endorsed by the EU and is not expected to have a material impact on the Financial Statements of the Group and the Company.

- **IFRS 9 (Amendment) Prepayment Features with Negative Compensation** (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB). The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss. The amendment has been endorsed by the EU and is not expected to have a material impact on the Financial Statements of the Group and the Company.

- **IAS 28 (Amendment) Long-Term Interests in Associates and Joint Ventures** (effective for annual periods beginning on or after 1 January 2019, as issued by the IASB). The amendments clarify that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9. The amendment has been endorsed by the EU and is not expected to have a material impact on the Financial Statements of the Group and the Company.

- **IFRIC 23 Uncertainty over Income Tax Treatments** (effective for annual periods on or after 1 January 2019, as issued by the IASB). The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation has been endorsed by the EU and is not expected to have a material impact on the Financial Statements of the Group and the Company.
- **"Annual Improvements to IFRS Standards 2015–2017 Cycle" (**effective for annual periods beginning on or after 1 January 2019, as issued by the IASB).The amendments impact the following standards:

  - **IFRS 3 "Business Combinations"** - amended to clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

  - **IFRS 11** "Joint Arrangements" - amended to clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  - **IAS 12** "Income Taxes"- clarified to state that a company accounts for all income tax consequences of dividend payments in the same way.

  - **IAS 23** "Borrowing costs" - clarified to provide that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

  The amendments are not expected to have a material impact on the Financial Statements of the Group and the Company.

- **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.

  Consensus: 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.

- **Definition of a Business - Amendments to IFRS 3** (effective for annual periods beginning on or after 1 January 2020, as issued by the IASB). The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. The amendments have not yet been endorsed by the EU.

- **Definition of Materiality - Amendments to IAS 1 and IAS 8** (effective for the Group on 1 January 2020). In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are applied prospectively. The amendments have not yet been endorsed by the EU.

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 IFRS 9 "*Financial Instruments*" 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.

In these cases, 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, an associate or a jointly controlled entity 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:

- 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 a financial asset under IFRS 9 or a non financial asset or a liability is remeasured at subsequent reporting dates at fair value 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.

2.4.6 Asset acquisitions

For acquisition of a subsidiary not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities based on their relative fair values at the date of the acquisition. Such transactions do not give rise to goodwill.

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 Assets

Trade and other assets 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 effect of discounting is not material, less an allowance for expected credit losses (ECL). ECL represent the difference between contractual cash flows and those that the Group expects to receive.

ECL are recognized on the following basis:

- 12-month ECL are recognized from initial recognition, reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring. Receivables in this category are referred to as instruments in stage 1.

- Lifetime ECL are recognized if a significant increase in credit risk (SICR) is detected subsequent to the instrument's initial recognition, reflecting lifetime cash shortfalls that would result from all possible default events over the expected life of a financial instrument, weighted by the risk of a default occurring. Receivables in this category are referred to as instruments in stage 2.

  The Group's receivables (including those arising from operating leases) are short term in nature and in general are due in a period less than 12-months, hence ECL are determined for this shorter period where applicable, irrespective of their classification in stage 1 or 2.

- Lifetime ECL are always recognized for credit-impaired trade and other assets, referred to as instruments in stage 3. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 the original maturity of which is not more than 90 days. 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 IFRS 9.

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 10.0% of the aggregate European Central Bank ("E.C.B.") reference rate plus 1.00% (the taxation formula is as follows: 10.0% * (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 27). 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 nor 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 highly 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 30), 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 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 assets, 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, 2018 and December 31, 2017 is not significant.

ii) Price risk

The Group and the Company are not exposed to price risks as they do not hold equity instruments.

The Group is exposed to risk from price changes in non-financial instruments, such as 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 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. Additionally, for the vast majority of the leases, the annual rental adjustment is associated with either the Consumer Price Index (CPI) of the country in which each Group company operates or the European Harmonized CPI and in the event of deflation, there is no negative impact on the 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, and more specifically the l. 2778/1999, 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 interest bearing assets comprising demand deposits and short term deposits (Note 12). Additionally, the Group has borrowings (Note 15).

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 to be decreased by €3,502 and increased by €2,239, respectively.

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 (2018: 54.9%, 2017: 57.3% of total revenue) (Notes 5 and 30).

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 for the Group and the Company as at December 31, 2018 and 2017 is as follows:

All amounts expressed in € thousand, unless otherwise stated

Group:

December 31, 2018	Less than 1 month	1 - 3 months	3 - 12 months	12 months - 2 years	2 - 5 years	Over 5 years	Total
Liabilities							
Borrowings	3,492	57,439	398,112	9,363	74,398	43,088	**585,892**
Other long term liabilities	-	-	-	186	424	3,345	**3,955**
Derivative financial instruments	-	-	164	-	-	-	**164**
Trade and other payables	2,119	5,947	4,271	-	-	-	**12,337**
Total	**5,611**	**63,386**	**402,547**	**9,549**	**74,822**	**46,433**	**602,348**

December 31, 2017	Less than 1 month	1 - 3 months	3 - 12 months	12 months - 2 years	2 - 5 years	Over 5 years	Total
Liabilities							
Borrowings	2,723	48,240	63,664	351,268	593	5,748	**472,236**
Other long term liabilities	-	-	-	62	276	3,139	**3,477**
Derivative financial instruments	-	-	336	164	-	-	**500**
Trade and other payables	1,051	931	51	-	-	-	**2,033**
Total	**3,774**	**49,171**	**64,051**	**351,494**	**869**	**8,887**	**478,246**

Company:

December 31, 2018	Less than 1 month	1 - 3 months	3 - 12 months	12 months - 2 years	2 - 5 years	Over 5 years	Total
Liabilities							
Borrowings	2,756	56,997	288,905	4,353	58,088	-	**411,099**
Other long term liabilities	-	-	-	59	157	3,210	**3,426**
Derivative financial instruments	-	-	-	-	-	-	**-**
Trade and other payables	1,004	3,367	3,747	-	-	-	**8,118**
Total	**3,760**	**60,364**	**292,652**	**4,412**	**58,245**	**3,210**	**422,643**

December 31, 2017	Less than 1 month	1 - 3 months	3 - 12 months	12 months - 2 years	2 - 5 years	Over 5 years	Total
Liabilities							
Borrowings	2,706	47,730	58,459	245,384	-	-	**354,279**
Other long term liabilities	-	-	-	27	137	3,139	**3,303**
Derivative financial instruments	-	-	-	-	-	-	**-**
Trade and other payables	776	763	26	-	-	-	**1,565**
Total	**3,482**	**48,493**	**58,485**	**245,411**	**137**	**3,139**	**359,147**

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, 2018 and 2017 respectively, are used for determining the related undiscounted cash flows.

It is noted that as of December 31, 2018, the maturity bucket of 3-12 months includes Group's borrowings amounted to €104,030 as of December 31, 2018, which were transferred in their whole to short term borrowings since they are repayable on June 30, 2019 and Company's loan amounted to €238,791 as of December 31, 2018, whish was transferred in its whole to short term borrowings since it is repayable on July 15. It is noted that the Group has already secured the extension or the refinancing of these borrowings as more fully disclosed in Note 15.

All amounts expressed in € thousand, unless otherwise stated

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 (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, 2018 and 2017.

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Borrowings	560,139	446,880	393,759	334,616
Total assets	1,885,865	1,699,244	1,686,057	1,592,157
Gearing ratio	**29.7%**	**26.3%**	**23.4%**	**21.0%**

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial covenants. It is noted that throughout the years 2018 and 2017 the Group has complied with this obligation.

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, 2018 and 2017, respectively.

December 31, 2018		**Valuation hierarchy**		
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments	-	148	-	**148**

December 31, 2017		**Valuation hierarchy**		
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments	-	480	-	**480**

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.

All amounts expressed in € thousand, unless otherwise stated

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.

- *Financial instruments 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, 2018 and 2017, respectively:

December 31, 2018		**Valuation hierarchy**		
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Borrowings	-	-	560,139	**560,139**

December 31, 2017		**Valuation hierarchy**		
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Borrowings	-	-	446,880	**446,880**

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

As at December 31, 2018 and 2017, the carrying value of cash and cash equivalents, trade and other assets 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, 2018 and were similar to those used in the preparation of consolidated and separate financial statements for the year ended December 31, 2017.

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:

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.

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),
- Other Countries[1] - Retail,
- Other Countries - Offices,
- Other Countries - Other (relates to city hotels)

[1] The category "Other Countries" as of 31.12.2018 includes Cyprus, Romania and Bulgaria, while as of 31.12.2017 includes Cyprus and Romania

All amounts expressed in € thousand, unless otherwise stated

From 01.01. to 31.12.2018

Country	**Greece**			**Italy**			**Other countries**			
Segment	**Retail**	**Offices**	**Other**	**Retail**	**Offices**	**Other**	**Retail**	**Offices**	**Other**	**Total**
Revenue	55,911	48,588	1,803	878	11,968	-	1,603	615	-	**121,366**
Total segment revenue	**55,911**	**48,588**	**1,803**	**878**	**11,968**	**-**	**1,603**	**615**	**-**	**121,366**
Net gain / (loss) from the fair value adjustment of investment property	8,903	10,378	1,508	111	9,554	13,762	1,620	490	-	**46,326**
Direct property related expenses (incl. property taxes-levies)	(4,612)	(5,948)	(854)	(82)	(1,776)	(416)	(110)	(39)	(8)	**(13,845)**
Net impairment gain / (loss) on financial assets	41	(211)	(2)	(5)	(24)	(3)	-	-	-	**(204)**
Total segment operating profit / (loss)	**60,243**	**52,807**	**2,455**	**902**	**19,722**	**13,343**	**3,113**	**1,066**	**(8)**	**153,643**
Unallocated operating income										**2,230**
Unallocated operating expenses										**(8,743)**
Operating Profit										**147,130**
Unallocated interest income										**57**
Unallocated finance costs										**(21,427)**
Allocated finance costs	-	(506)	-	-	-	-	-	(11)	-	**(517)**
Negative Goodwill from acquisition of subsidiaries										**2,093**
Profit before tax										**127,336**
Taxes										**(12,232)**
Profit for the period										**115,104**
Segment assets as at December 31, 2018										
Segment assets	738,728	619,948	42,563	14,493	192,040	55,693	35,148	92,154	11,206	**1,801,973**
Unallocated assets										**83,892**
Total assets										**1,885,865**
Segment liabilities as at December 31, 2018										
Segment liabilities	2,870	8,391	6,595	186	2,365	2,523	17	39,032	-	**61,979**
Unallocated liabilities										**537,204**
Total liabilities										**599,183**
Non-current assets additions as at December 31, 2018	21,301	5,592	20,321	-	-	60	9,528	84,600	11,200	**152,602**

All amounts expressed in € thousand, unless otherwise stated

From 01.01. to 31.12.2017

Country	Greece			Italy			Other Countries		
Segment	**Retail**	**Offices**	**Other**	**Retail**	**Offices**	**Other**	**Retail**	**Offices**	**Total**
Revenue	53,062	49,078	1,462	890	11,692	18	1,214	533	**117,949**
Total segment revenue	**53,062**	**49,078**	**1,462**	**890**	**11,692**	**18**	**1,214**	**533**	**117,949**
Net gain / (loss) from the fair value adjustment of investment property	18,071	7,347	476	(231)	4,391	(12,282)	(957)	351	**17,166**
Direct property related expenses (incl. property taxes-levies)	(5,781)	(4,063)	(445)	(104)	(1,967)	(350)	(49)	(71)	**(12,830)**
Total segment operating profit / (loss)	**65,352**	**52,362**	**1,493**	**555**	**14,116**	**(12,614)**	**208**	**813**	**122,285**
Unallocated operating income									**527**
Unallocated operating expenses									**(5,663)**
Operating Profit									**117,149**
Unallocated interest income									**41**
Unallocated finance costs									**(18,405)**
Allocated finance costs	-	(3,826)	-	-	-	-	-	-	**(3,826)**
Profit before tax									**94,959**
Taxes									**(11,261)**
Profit for the period									**83,698**
Segment assets as at December 31, 2017									
Segment assets	711,509	605,083	18,167	14,375	182,273	41,931	23,998	6,987	**1,604,323**
Unallocated assets									**94,921**
Total assets									**1,699,244**
Segment liabilities as at December 31, 2017									
Segment liabilities	2,970	55,207	243	178	2,354	2,203	10	43	**63,208**
Unallocated liabilities									**408,183**
Total liabilities									**471,391**
Non-current assets additions as at December 31, 2017	48,007	373	-	-	-	-	23,400	1,604	**73,384**

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 & other assets.
(c) Unallocated assets include property and equipment, intangible assets, cash and cash equivalents, other long-term and current assets.
(d) Unallocated liabilities as of 31 December 2018 and 31 December 2017 mainly include borrowings amounted to €521,504 and €400,054 respectively.

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

Concentration of customers

NBG and the company Sklavenitis Hellenic Hypermarket S.A., lessees of the Group, represent, each one individually, more than 10% of Group's revenue. Rental income from NBG for the year ended December 31, 2018 amounted to €66,688, i.e. 54.9% (31 December 2017: €67,616, i.e. 57.3%) and rental income from the company Sklavenitis Hellenic Hypermarket S.A. for the aforementioned period amounted to €12,292 i.e. 10.1% (31 December 2017: €10,393, i.e. 8.8%).

NOTE 6: Investment Property

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Balance at the beginning of the period	**1,580,698**	**1,490,000**	**1,309,775**	**1,235,590**
Additions:				
- Direct acquisition of investment property	42,784	72,830	28,840	47,828
- Acquisitions through business combinations (Note 8)	84,600	-	-	-
- Acquisitions of subsidiaries other than through business combinations (Note 8)	24,257	-	-	-
- Subsequent capital expenditure on investment property	961	554	901	552
- Transfer from property and equipment	13	148	13	148
- Transfer to property and equipment	(158)	-	-	-
Net gain / (loss) from the fair value adjustment of investment property	46,326	17,166	20,050	25,657
Balance at the end of the period	**1,779,481**	**1,580,698**	**1,359,579**	**1,309,775**

On December 28, 2018 the Company proceeded with the acquisition of 100% of the share capital of the company I&B Real Estate EAD in Bulgaria. The company owns a fully let office building with a total area of 54 thousand sq.m. in Sofia. The consideration for the acquisition of the shares of I&B Real Estate EAD amounted to €40,152 (taking into account the liabilities and assets of I&B Real Estate EAD), out of which an amount of €40,418 was paid in cash while an amount of €266 was recognized as a receivable. The acquisition value of the property amounted to €78,571 and the fair value at the date of the acquisition amounted to €84,600, according to the valuation performed by the independent statutory valuers (Note 8).

On December 19, 2018 the Company proceeded with the acquisition of a complex that comprises three warehouses in Aspropyrgos, Attica, through the acquisition of the 100% of the share capital of the company "Irinna Ktimatiki S.A.". The total area of the properties is 27.2 thousands sq.m. and are leased to creditworthy tenants. The consideration for the acquisition of the shares of Irinna Ktimatiki S.A. amounted to €3,574 (taking into account the liabilities and assets of Irinna Ktimatiki S.A.), out of which an amount of €3,564 was paid in cash, an amount of €50 was recognized as a liability and an amount of €40 was recognised as a receivable. The acquisition value and the fair value of the properties at the date of the acquisition, according to the valuation performed by the independent statutory valuers, amounted to €13,057 (Note 8).

On November 19, 2018 the Company signed an agreement with Bank of Cyprus Public Company Limited for the acquisition of a portfolio of properties in Cyprus and Greece as follows:

1) Acquisition of 100% of the management shares and 88.2% of the investment shares of CYREIT Variable Investment Company Plc ("CYREIT") based in Cyprus and
2) Acquisition of two adjacent commercial properties in Athens, one with a total surface of c. 6.9 thousand sq.m. facing Syggrou Avenue and Lagoumitzi street and the other with a total area of c. 2 thousand sq.m, facing Evridamantos and Lagoumitzi street. On March 28, 2019 the Company signed a notarial preliminary agreement for the acquisition of the properties. (Note 32)

The final consideration will be determined on the date of the transfer of CYREIT's shares taking into account the financial position of CYREIT on that date and it is estimated to be in the range of €149,356. The Company has already paid an amount of €1,000 as prepayment. CYREIT owns, through its subsidiaries, 21 commercial properties with a total gross area of more than 120 thousand sq.m., in Cyprus (Nicosia, Limassol, Larnaca and Paphos). The signing of the final agreement is subject to customary conditions precedents, e.g., indicatively, obtaining approval from the competent supervisory authorities of Cyprus, completing the process of financing part of the transaction, confirming the fulfillment of prerequisites with regard to the properties and CYREIT and the Company concluding the legal and technical due diligence of the properties in Greece. The conclusion of the transaction is estimated to take place by May 10, 2019 and will be financed by loans.

On November 2, 2018 the Company concluded on the acquisition of a commercial property of high visibility, of a total area of 563 sq.m., which is located at 51, Ermou str., Athens. The final consideration for the acquisition amounted to €4,285 (not including acquisition expenses of €127). From this amount the Company had paid a total amount of €381 as prepayment.

On October 30, 2018 the newly established company "Anaptixi Fragokklisia Real Estate S.A.", subsidiary of the Company, acquired two adjacent land plots which are located at Fragkokklisias str. for which the Company had signed a preliminary agreement. The total area of the land plots is 5.2 thousand sq.m.. The final consideration for the acquisition amounted to €4,200 out of which the Company had paid an amount of €840 as prepayment. A modern office building with energy certification will be developed on the land plots. The property to be developed will comprise of office spaces of modern specifications according to the international sustainability standards of a total area of 9.1 thousand sq.m. (including underground parking spaces and auxiliary areas).The investment is expected to totally amount to €13,560.

On September 4, 2018 the Company proceeded with the signing of a preliminary agreement for the acquisition of a property which is located in Thessaloniki for a total amount of €1,260. On the same date, the Company paid an amount of €126 as prepayment. The total area of the property is approximately 4.3 thousand sq.m..

On June 26, 2018 the Company proceeded with the acquisition of 100% of the share capital of the company Lasmane Properties Ltd. in Cyprus, which owns an under development hotel of a total area of 13 thousand sq.m. in Nicosia. The consideration amounted to €11,200 (taking into account the liabilities and assets of Lasmane Properties), out of which an amount of €7,560 was paid in cash while an amount of €3,640 recognized as a liability. The property is leased to Zeus International group. The acquisition value and the fair value of the property at the acquisition date amounted to €11,200 (Note 8). Lasmane Properties Ltd will undertake the complete restoration of the property with an estimated cost of the additional investment of €5,900 (total investment of €17,100).

On June 19, 2018 the Company concluded the acquisition of two properties which are located at 66-68, Mitropoleos and 5, Kapnikareas str., Athens, and 66, Adrianou and 4, Aiolou str., Athens, for a final consideration of €7,200 (not including acquisition expenses of €127). The total area of the properties is approximately 2.3 thousand sq.m..

On May 21, 2018 the Company acqiored a 5* city hotel in Thessaloniki, of a total area of approximately 7,892 sq.m., for a total consideration of €6,996 (not including acquisition expenses of €257). The property is leased to Zeus International group.

On March 8, 2018 the Company acquired a commercial property of high visibility, of a total area of approximately 2,526 sq.m., which is located at 66, Ermou str. and Agias Irinis str., Athens, for a consideration of €5,700 (not including acquisition expenses of €138). The Company will undertake the complete restoration of the property with an estimated cost of the additional investment of €1,250 (total investment of €6,950).

On February 28, 2018 the Company acquired a retail property, of a total area of approximately 1,086 sq.m., which is located at 1, Solonos str. and 17, Kanari str., Athens, for a consideration of €3,750 (not including acquisition expenses of €138). The property is a listed building of high visibility and is fully leased to retail and F&B companies.

PNG Properties EAD, subsidiary of the Company in Bulgaria, participated in a public sale procedure which was carried out within the period from October 27, 2017 to November 27, 2017 in relation to 63 units and the land plot forming an, under development, shopping center in Sofia, Bulgaria (the abovementioned "property"). On November 28, 2017 PNG Properties was announced as the successful bidder and the transfer of the abovementioned property was concluded within March 2018 with effective date January 8, 2018. The consideration for the acquisition of the property amounted to € 9,000 (not including acquisition expenses of €65).

On June 15, 2017 the Company acquired from a company of foreign institutional investors' interests four commercial properties (hypermarkets) of a total area of approximately 75,154 sq.m. for a total consideration of €47,000 (not including acquisition expenses of approximately €828 thousand). The properties are located at Marathonos Avenue (Gerakas), Athinon Avenue (Athens), Petrou Ralli (Agios Ioannis Renti) and Patra. The properties are leased to the company "SKLAVENITIS HELLENIC HYPERMARKETS S.A." with the distinctive name "SKLAVENITIS" with a 25-year duration. According to a valuation performed by the independent statutory valuers, the total value of the four properties at the date of the acquisition amounted to €52,711.

On April 6, 2017 the Group concluded on the acquisition of a commercial property (hypermarket and offices), of a total area of approximately 12,437 sq.m., which is located in Limassol Cyprus, for a total consideration of €24,000 thousand (not including acquisition expenses of €1,002). The property is leased to Sklavenitis Cyprus Limited, a company of Sklavenitis Group, with a 25-year duration. According to a valuation performed by the independent statutory valuers, the value of the property at the date of the acquisition amounted to €24,113.

The Group's borrowings which are secured on investment property are stated in Note 15.

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 2018:

Country	**Greece**			**Italy**			**Romania**		**Cyprus**			**Bulgaria**		**31.12.2018**	**31.12.2017**
Segment	**Retail**	**Offices**	**Other[1]**	**Retail**	**Offices**	**Other[2,3]**	**Retail**	**Offices**	**Retail**	**Offices**	**Other[4]**	**Retail**	**Offices**	**Total**	**Total**
Level	3	3	3	3	3	3	3	3	3	3	3	3	3		
Fair value at the beginning of the period	**697,233**	**600,129**	**16,723**	**14,210**	**179,790**	**41,768**	**1,230**	**5.218**	**22,646**	**1,751**	-	-	-	**1,580,698**	**1,490,000**
Additions:											-	-	-		
Direct acquisition of investment property	20,829	5,175	7,252	-	-	-	-	-	-	-	-	9,528	-	**42,784**	**72,830**
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-	-	-	84,600	**84,600**	**-**
Acquisitions through not business combinations	-	-	13,057	-	-	-	-				11,200	-	-	**24,257**	**-**
Subsequent capital expenditure on investment property	472	417	12	-	-	60	-	-	-	-	-	-	-	**961**	**554**
Transfer from property and equipment	13	-	-	-	-	-	-	-	-	-	-	-	-	**13**	**148**
Transfer to property and equipment	-	(158)	-	-	-	-	-	-	-	-	-	-	-	**(158)**	**-**
Net gain / (loss) from the fair value adjustment of investment property	6,753	10,378	3,658	111	9,554	13,762	(4)	126	1,042	364	-	582	-	**46,326**	**17,166**
Fair value at the end of the period	**725,300**	**615,941**	**40,702**	**14,321**	**189,344**	**55,590**	**1,226**	**5,344**	**23,688**	**2,115**	**11,200**	**10,110**	**84,600**	**1,779,481**	**1,580,698**

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.

[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.
[4] The segment “Other” in Cyprus relates to city hotel.

All amounts expressed in € thousand, unless otherwise stated

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.

Information about fair value measurements of investment property per business segment and geographical area for 31.12.2018:

Country	Segment	Fair Value	Valuation Method	Monthly market rent	Discount rate (%)	Capitalization rate (%)
Greece	Retail	725,300	15%-20% market approach and 80%-85% discounted cash flows (DCF)	3,668	7.19% - 10.49%	6.00% - 9.25%
Greece	Offices	615,941	15%-20% market approach and 80%-85% DCF	3,302	8.17% - 10.73%	7.00% - 9.50%
Greece	Other[1]	40,702	0%-15%-20% market approach and 80%-85%-100% DCF	201	9.75% - 12.20%	7.75% - 11.75%
Italy	Retail	14,321	0% market approach and 100% DCF	77	5.43% - 6.90%	5.00% - 6.35%
Italy	Offices	189,344	0% market approach and 100% DCF	1,027	5.85% - 8.19%	5.10% - 6.90%
Italy	Other[2]	55,100	0% market approach and 100% residual method	-	-	-
Italy	Other[3]	490	0% market approach and 100% direct capitalization	2	-	4.50%
Romania	Retail	1,226	20% market approach and 80% DCF	10	9.55% - 10.80%	7.75% - 9.00%
Romania	Offices	5,344	20% market approach and 80% DCF	35	9.55%	7.75%
Cyprus	Retail	23,688	20% market approach and 80% DCF	88	7.60%	6.25%
Cyprus	Offices	2,115	20% market approach and 80% DCF	8	7.60%	6.25%
Cyprus	Other[4]	11,200	20% market approach and 80% DCF	79	9.97%	7.50%
Bulgaria	Retails	10,110	0% depreciated replacement cost method and 100% DCF	131	10.26%	8.10%
Bulgaria	Offices	84,600	20% market approach and 80% DCF	549	9.31%	7.50%

[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.
[4] The segment “Other” in Cyprus relates to city hotel.

The last valuation of the Group's properties was performed at December 31, 2018 by independent valuers, as stipulated by the relevant provisions of L.2778/1999, as in force. For the Group's portfolio the market approach and the discounted cash flow (DCF) method were used, for the majority of the valuations. For the valuation of the Group's properties, except for one property, the discounted cash flow (DCF) method was assessed by the independent valuers to be the most appropriate.

For the valuation of Group's properties in Greece, Cyprus and Romania, two methods were used, the method of discounted cash flow (DCF) and the market approach. For the weighing of the two methods (DCF and market approach), the rates 80%, 85% or 100% for the DCF method and 20%, 15% or 0%, respectively, for the market approach have been applied, as shown in the table above. The increased weighting for the DCF method is due to the fact that this method reflects more effectively the manner in which investment properties, such as the properties of our portfolio, transact in the market.

For the property in Bulgaria, which constitutes Retail, two methods were used, the method of discounted cash flow (DCF) and the depreciated replacement cost method. For the weighing of the two methods the rates 100% for the DCF method and 0% for the depreciated replacement cost method have been applied, as shown in the table above. The increased weighting for the DCF method is due to the fact that this method reflects more effectively the manner in which investment properties, as the appraised one, transact in the market, while the property is under development thus the other methods are considered as less appropriate.

For the property in Bulgaria, which constitutes Offices, two methods were used, the discounted cash flow (DCF) method and the market approach. For the weighing of the two methods (DCF and market approach), the rates 80% for the DCF method and 20% for the market approach, respectively have been applied, as shown in the table above. The increased weighting for the DCF method is due to the fact that this method reflects more effectively the manner in which investment properties, as the appraised one, transact in the market.

For properties in Italy, which constitute commercial properties (offices and retail), the independent valuers used two methods, the discounted cash flow (DCF) method and the market approach, as shown in the table above. For the weighing of the two methods the rates 100% for the DCF method and 0% for the market approach have been applied. The increased weighting for the DCF method is due to the fact that this method reflects more effectively the manner in which investment properties, as the appraised ones, transact in the market and represents the common appraisal practice, while the value derived by using the market approaches 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, two methods were used, the residual method and the market approach according to the the data depicted in the above table. For the weighing of the two methods the rates 100% for the residual method and 0% for the market approach have been applied. The increased weighting for the residual method is due to the fact that the valuers take into consideration the current development plan, which is difficult to be considered by using another method, and and that the value derived by using the market approach is very close to the one derived by using the residual method. According to the above, the fair value of the land plot as of December 31, 2018 increased by €13,900 in comparison to the fair value as of December 31, 2017.

Finally, with regards to the property located on Via Vittoria 12, Ferrara, which is used as storage space, two methods were used, the direct capitalization method and the market approach, according to the data depicted in the above table. For the weighing of the two methods the rates 100% for the direct capitalization method and 0% for the market approach have been applied, according to the common valuation practice, taking into consideration that at the date of the valuation the property was vacant and the fact that this method reflects more effectively the manner in which investment properties, as the appraised one, transact in the market.

All amounts expressed in € thousand, unless otherwise stated

Information about fair value measurement of investment property as of 31.12.2017 per business segment and geographical area:

Country	Segment	Fair Value	Valuation Method	Monthly market rent	Discount rate (%)	Capitalization rate (%)
Greece	Retail	697,233	15%-20% market approach and 80%-85% discounted cash flows (DCF)	3,577	7.67% - 11.65%	6.60% - 10.25%
Greece	Offices	600,129	15%-20% market approach and 80%-85% DCF	3,446	8.55% - 11.52%	7.25% - 10.00%
Greece	Other[1]	16,723	0%-15%-20% market approach and 80%-85%-100% DCF	53	9.67% - 12.23%	8.50% - 12.00%
Italy	Offices	179,790	0% market approach and 100% DCF	1,002	6.50% - 7.20%	4.66% - 5.35%
Italy	Retail	14,210	0% market approach and 100% DCF	69	6.20% - 7.20%	4.22% - 5.30%
Italy	Other[2]	41,200	100% market approach and 0% residual method	-	-	-
Italy	Other[3]	568	100% market approach and 0% direct capitalization	3	-	7.00%
Romania	Retail	1,230	20% market approach and 80% DCF	10	9.85% - 12.12%	8.00% - 10.50%
Romania	Offices	5,218	20% market approach and 80% DCF	32	9.85%	8.00%
Cyprus	Retail	22,646	15% market approach and 85% DCF	126	8.33%	6.75%
Cyprus	Offices	1,751	15% market approach and 85% DCF	8	8.33%	6.75%

[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

The abovementioned valuation had as a result a net gain from fair value adjustment of investment property amounting to €46,326 thousand for the Group and €20,050 thousand for the Company (31 December 2017: net gain of €17,166 for the Group and €25,657 for the Company).

Were the discount rate as at December 31, 2018, used in the DCF analysis, to increase or decrease by +/-10% from Management estimates, the carrying amount of investment property would be lower by €108,300 or higher by €125,282, respectively.

Were the capitalization rate as at December 31, 2018, used in the DCF analysis, to increase or decrease by +/-10% from Management estimates, the carrying amount of investment property would be lower by €71,276 or higher by €85,792, respectively.

Were the sales price/rental value of the development as at December 31, 2018, 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 an estimated €42,400 higher or €45,000 lower, respectively.

Were the construction cost of the development as at December 31, 2018, 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 an estimated €54,760 lower or €51,600 higher, respectively.

NOTE 7: Property and Equipment

Group	**Land and buildings**	**Motor vehicles**	**Fixtures and equipment**	**Assets under construction & Advances**	**Total**
Cost					
At January 1, 2017	**2,150**	**2**	**13**	**239**	**2,404**
Additions	3	-	7	32	**42**
Transfer to investment property	-	-	-	(148)	**(148)**
Other transfers	-	-	-	(76)	**(76)**
At December 31, 2017	**2,153**	**2**	**20**	**47**	**2,222**
Accumulated depreciation					
At January 1, 2017	**(128)**	**(2)**	**(9)**	**-**	**(139)**
Depreciation charge	(21)	-	(4)	-	**(25)**
At December 31, 2017	**(149)**	**(2)**	**(13)**	**-**	**(164)**
Net book value December 31, 2017	**2,004**	**-**	**7**	**47**	**2,058**
Cost					
At January 1, 2018	**2,153**	**2**	**20**	**47**	**2,222**
Additions	-	-	2	-	**2**
Transfer to investment property	-	-	-	(13)	**(13)**
Other transfers	282	7	291	(33)	**547**
At December 31, 2018	**2,435**	**9**	**313**	**1**	**2,758**
Accumulated depreciation					
At January 1, 2018	**(149)**	**(2)**	**(13)**	**-**	**(164)**
Depreciation charge	(21)	-	(3)	-	**(24)**
Other transfers	(123)	(7)	(291)	-	**(421)**
At December 31, 2018	**(293)**	**(9)**	**(307)**	**-**	**(609)**
Net book value December 31, 2018	**2,142**	**-**	**6**	**1**	**2,149**

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, 2017	**2,432**	**9**	**303**	**239**	**2,983**
Additions	3	-	7	31	**41**
Transfer to investment property	-	-	-	(148)	**(148)**
Other transfers	-	-	-	(76)	**(76)**
At December 31, 2017	**2,435**	**9**	**310**	**46**	**2,800**
Accumulated depreciation					
At January 1, 2017	**(251)**	**(9)**	**(299)**	**-**	**(559)**
Depreciation charge	(21)	-	(4)	-	**(25)**
At December 31, 2017	**(272)**	**(9)**	**(303)**	**-**	**(584)**
Net book value December 31, 2017	**2,163**	**-**	**7**	**46**	**2,216**
Cost					
At January 1, 2018	**2,435**	**9**	**310**	**46**	**2,800**
Additions	-	-	1	-	**1**
Transfer to investment property	-	-	-	(13)	**(13)**
Other transfers	-	-	-	(33)	**(33)**
At December 31, 2018	**2,435**	**9**	**311**	**-**	**2,755**
Accumulated depreciation					
At January 1, 2018	**(272)**	**(9)**	**(303)**	**-**	**(584)**
Depreciation charge	(21)	-	(3)	-	**(24)**
At December 31, 2018	**(293)**	**(9)**	**(306)**	**-**	**(608)**
Net book value December 31, 2018	**2,142**	**-**	**5**	**-**	**2,147**

Land and buildings comprise the 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 years ended December 31, 2018 and 2017.

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 15).

All amounts expressed in € thousand, unless otherwise stated

NOTE 8: Acquisition of Subsidiaries (business combinations and asset acquisitions)

a) Business combinations

The Company proceeded with the following acquisition during the year ended December 31, 2018 as part of its investment policy to strengthen its position in the real estate markets where it operates:

- On December 28, 2018 the Company proceeded with the acquisition of 100% of the share capital of the company I&B Real Estate EAD in Bulgaria. The company owns a fully let office building with a total area of 54 thousand sq.m. in Sofia (City Tower).

  The aforementioned acquisition was accounted for as a business combination, therefore all transferred assets and liabilities of I&B Real Estate EAD were valued at fair value.

  The following table summarizes the fair value of assets and liabilities of I&B Real Estate EAD as of the date of acquisition, which is December 28th, 2018:

	28.12.2018
ASSETS	
Investment property (Note 6)	84,600
Cash and cash equivalents	1,198
Other assets	85
Total assets	**85,880**
LIABILITIES	
Borrowings (Note 15)	(38,624)
Deferred tax	(3,974)
Other liabilities	(1,036)
Total liabilities	**(43,635)**
Fair value of acquired interest in net assets	**42,244**
Negative Goodwill	(2,093)
Total purchase consideration	**40,152**

Source: Unaudited financial information

The consideration for the acquisition of I&B Real Estate EAD amounted to €40,152, out of which an amount of €40,418 was paid in cash while an amount of €266 was recognized as receivable. The consideration was lower than the fair value of the net assets acquired and the gain (negative goodwill) amounted to €2,093 was recognized directly in the Income Statement for the year ended 31 December 2018 in the item "Negative goodwill from acquisition of subsidiaries".

The subsidiary acquired contributed rental income of €47 and profit for the period of €16 from the day of its acquisition until December 31, 2018. If the above acquisition had occurred on January 1, 2018, with all other variables held constant, Group's revenue for the year 2018 would have been €126,728 and Group profit for the year 2018 would have been €118,286.

b) Asset Acquisitions

- On December 19, 2018 the Company proceeded with the acquisition of 100% of the company Irinna Ktimatiki S.A.. The company owns a complex that comprises of three warehouses in Aspropyrgos, Attica. The total area of the properties is 27.2 thousands sq.m. and are leased to creditworthy tenants.

All amounts expressed in € thousand, unless otherwise stated

The assets and liabilities recognized in the Statement of Financial Position on the date of the acquisition were:

	19.12.2018
ASSETS	
Investment property (Note 6)	13,057
Cash and cash equivalents	484
Other assets	1,289
Total assets	**14,830**
LIABILITIES	
Borrowings (Note 15)	(3,344)
Other liabilities	(7,912)
Total liabilities	**(11,256)**
Fair value of acquired interest in net assets	**3,574**
Goodwill	-
Total purchase consideration	**3,574**

Source: Unaudited financial information

The consideration for the acquisition of Irinna Ktimatiki S.A. amounted to €3,574 (taking into account the liabilities and assets of Irinna Ktimatiki S.A. The aforementioned acquisition was accounted for as an asset acquisition. The acquisition value and the fair value of the properties at the date of the acquisition amounted to €13,057 at the acquisition date.

- On June 26, 2018 the Company proceeded with the acquisition of 100% of the share capital of the company Lasmane Properties Ltd. in Cyprus. Lasmane Properties Ltd. owns an under development hotel of a total area of 13 thousand sq.m. in Nicosia. The property is leased to Zeus International group.

The assets and liabilities recognized in the Statement of Financial Position on the date of the acquisition were:

	26.06.2018
ASSETS	
Investment property (Note 6)	11,200
Total assets	**11,200**
Fair value of acquired interest in net assets	**11,200**
Goodwill	-
Total purchase consideration	**11,200**

Source: Unaudited financial information

The consideration for the acquisition of Lasmane Properties Ltd. was equal to the fair value of the net assets at the date of the acquisition, i.e. €11,200, out of which an amount of €7,560 was paid in cash and an amount of €3,640 was recognized as a liability.

All amounts expressed in € thousand, unless otherwise stated

NOTE 9: Investment in Subsidiaries

Subsidiaries	Country of incorporation	Unaudited tax years	Participation Percentage		Cost of Investment	
			31.12.2018	31.12.2017	31.12.2018	31.12.2017
Nash S.r.L.	Italy	2013 – 2018	100.00%	100.00%	69,428	69,378
Picasso Fund	Italy	2013 – 2018	100.00%	100.00%	80,752	80,752
Egnatia Properties S.A.	Romania	2013 – 2018	99.96%	99.96%	20	20
Quadratix Ltd.	Cyprus	2016 – 2018	100.00%	100.00%	10,802	25,102
Karolou Touristiki S.A.	Greece	2013 – 2018	100.00%	100.00%	4,007	3,546
PNG Properties EAD	Bulgaria	2017 - 2018	100.00%	100.00%	26	26
Pangaea UK Finco Plc	United Kingdom	-	100.00%	100.00%	57	-
Lasmane Properties Ltd.	Cyprus	2016 - 2018	100.00%	-	11,410	-
Anaptixi Fragokklisia Real Estate S.A.	Greece	2018	100.00%	-	6,000	-
Irina Ktimatiki S.A.	Greece	2018	100.00%	-	3,574	-
I&B Real Estate EAD	Bulgaria	2016 - 2018	100.00%	-	40,152	
					226,228	**178,824**

The subsidiaries are consolidated with the full consolidation method.

The financial years 2012 – 2014 of Karolou Touristiki S.A. have not been audited for tax purposes from the Greek tax authorities and consequently the tax obligations for these years are not considered as final. The years 2015, 2016 and 2017 have 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 certificates were issued 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 approval of the Financial Statements, the tax audit by the statutory auditor for the year 2018 has not been completed. On September 28, 2018 the Extraordinary General Meeting of the Shareholders of Karolou S.A decided on its share capital increase by the amount of €461 with the issuance of 23,050 new ordinary common shares with a par value of €10 and issue price of €20 each.

On December 28, 2018 the Company proceeded with the acquisition of 100% of the share capital of the company I&B Real Estate EAD in Bulgaria (Note 8).

On December 27, 2018 the Company contributed capital of €50 in the subsidiary Nash S.r.l..

On December 19, 2018 the Company proceeded with the acquisition of the 100% of the share capital of the company Irinna Ktimatiki S.A. (Note 8).

As of October 29, 2018, Anaptixi Fragokklisia Real Estate S.A. was incorporated in which the Company owns the 100% of the share capital.

On June 26, 2018 the Company acquired 100% of the share capital of Lasmane Properties Ltd. in Cyprus (Note 8). On July 27, 2018 the Extraordinary General Meeting of the shareholders of Lasmane Properties Ltd. approved its share capital increase by the amount of €50 with the issuance of 50,000 new ordinary common shares with a par value €1 each. On December 21, 2018 the Extraordinary General Meeting of the shareholders of Lasmane Properties Ltd. approved its share capital increase by the amount of €160 with the issuance of 157,000 new ordinary common shares with a par value of €1 each while €3 were used to cover the initial outstanding share capital.

All amounts expressed in € thousand, unless otherwise stated

On May 21, 2018 the Board of Directors of Quadratix Ltd. resolved on the reduction of its share premium account with a refund of €14,300 to the Company.

On May 9, 2018 the Company, in accordance with article 26 of L. 2778/1999, established a subsidiary in United Kingdom named Pangaea UK Finco Plc owning 100% of its share capital (amounted to €57). The scope of Pangaea UK Finco Plc is the issuance of a loan and the use of the loan funds for the financing of the Company and/or its subsidiaries. It is noted that up to December 31, 2018 Pangaea UK Finco Plc had no activity and the liquidation of the company was completed on January 8, 2019.

It is noted that the financial statements of the consolidated non-listed subsidiaries of the Group are available on the Company's website address (http://www.nbgpangaea.gr).

NOTE 10: Other Long-Term Assets

The decrease of the item "Other Long-Term assets" of the Group as of December 31, 2018 in comparison to December 31, 2017 is mainly due to the transfer to "Investment Property" of the prepayment of €9,000 plus related acquisition expenses of €65 resulting from the conclusion of the acquisition of a property by the subsidiary PNG Properties EAD in Bulgaria (Note 6).

The above decrease was partially offset mainly due to the following:

- Lease incentives under certain lease agreements amounted to €9,374 and €8,652 for the Group and the Company, respectively, as of December 31, 2018 (December 31, 2017: €7,643 and €7,292 for the Group and the Company, respectively). The accounting treatment of these incentives, according to the relevant accounting standards, provides for the partial amortization over the life of each lease. It is noted that amounts of €7,643 and €7,292 for the Group and the Company respectively, were reclassified from trade and other assets to other long-term assets in the in the statements of financial position of the Group and the Company as of December 31, 2017, in order to be comparable with the statements of financial position as of December 31, 2018 (Note 11).

- Prepayments and expenses related to future acquisition of investment property of an amount of €324.

NOTE 11: Trade and Other Assets

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Trade receivables	6,839	7,717	3,775	4,934
Trade receivables from related parties (Note 30)	2	2	2	2
Receivables from Greek State	9,522	8,179	8,248	8,179
Prepaid expenses	763	414	709	372
Preliminary dividend paid	22,995	22,995	22,995	22,995
Other receivables	6,401	9,974	6,278	9,821
Other receivables from related parties (Note 30)	1,003	1,007	3,598	1,502
Total	**47,525**	**50,288**	**45,605**	**47,805**

It is noted that amounts of €7,643 and €7,292 for the Group and the Company respectively, were reclassified from trade and other assets to other long-term assets in the statements of financial position of the Group and the Company as of December 31, 2017, in order to be comparable with the statements of financial position as of December 31, 2018 (Note 10).

The classification of the item "Trade and Other Assets" of the Group and the Company to financial and non-financial assets and the ECL allowance for financial assets as of December 31, 2018 and January 1, 2018 is presented below:

All amounts expressed in € thousand, unless otherwise stated

Group

Financial assets	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 31.12.2018	11,033	477	697	**12,207**
ECL allowance	(20)	(1)	(406)	**(427)**
Net carrying amount 31.12.2018	**11,013**	**476**	**291**	**11,780**
Non-financial assets 31.12.2018				35,745
Total Trade and other assets 31.12.2018				**47,525**

Company

Financial assets	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 31.12.2018	10,840	185	669	**11,694**
ECL allowance	(26)	(1)	(373)	**(400)**
Net carrying amount 31.12.2018	**10,814**	**184**	**296**	**11,294**
Non-financial assets 31.12.2018				34,311
Total Trade and other assets 31.12.2018				**45,605**

Group

Total Trade and other assets 31.12.2017				**50,288**
Adjustment due to adoption of IFRS 9 (Note 33)				(234)
Total Trade and other assets 01.01.2018				**50,054**
out of which:				
Financial assets	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount 01.01.2018	14,762	1,116	1,457	**17,335**
ECL allowance	(136)	-	(98)	**(234)**
Net carrying amount 01.01.2018	**14,626**	**1,116**	**1,359**	**17,101**
Non-financial assets 01.01.2018				32,953
Total Trade and other assets 01.01.2018				**50,054**

Company

Total Trade and other assets 31.12.2017				**47,805**
Adjustment due to adoption of IFRS 9 (Note 33)				(243)
Total Trade and other assets 01.01.2018				**47,562**
out of which:				
Financial assets	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount 01.01.2018	12,740	1,077	1,364	**15,181**
ECL allowance	(145)	-	(98)	**(243)**
Net carrying amount 01.01.2018	**12,595**	**1,077**	**1,266**	**14,938**
Non-financial assets 01.01.2018				32,624
Total Trade and other assets 01.01.2018				**47,562**

The Group's and the Company's trade receivables as at December 31, 2018 include an amount of € 103 (December 31, 2017: €83 for the Group and the Company) relating to lease incentives under certain lease agreements. The accounting treatment of these incentives, according to the relevant accounting standards, provides for their partial amortization over the life of each lease.

All amounts expressed in € thousand, unless otherwise stated

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. It is noted that according to the decision of the Council of State No. 90/2019, which was published on January 16, 2019, the application for appeal was accepted for the amount of €5,900.
The analysis of other receivables is as follows:

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Receivables from Italian State	48	105	-	-
Pledged deposits	3,009	3,007	3,009	3,007
Other	3,344	6,862	3,269	6,814
Total	**6,401**	**9,974**	**6,278**	**9,821**

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 15).

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 owned an area of approximately 23 thousand sq.m. of the shopping mall West Plaza in Sofia, Bulgaria, for a consideration of €33,000, out of which the Company has paid in advance an amount of €6,600. 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. However, the Company proceeded with the unwinding of the transaction, as certain terms of the agreement were not met by the seller, Stirling Properties Bulgaria EOOD. On March 22, 2018 the Company received part of the abovementioned receivable of €4,776. It is finally noted that the Company has received a corporate guarantee (joint liability) from Marinopoulos Holding Sarl, located in Luxembourg.

NOTE 12: Cash and Cash Equivalents

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Cash in hand	2	-	1	-
Sight and time deposits	46,874	49,335	33,215	36,308
Total	**46,876**	**49,335**	**33,216**	**36,308**

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 pledged deposits amounting to €3,432 and €537, respectively (December 31, 2017: €3,449 and €1,779 respectively), in accordance with the provisions of the loan agreements.

NOTE 13: Share Capital & Share Premium

			Group	Company
	No. of shares	**Share Capital**	**Share Premium**	
Balance at December 31, 2018 & 2017	**255,494,534**	**766,484**	**15,890**	**15,970**

All amounts expressed in € thousand, unless otherwise stated

The total paid up share capital of the Company as of December 31, 2018 and 2017, amounted to €766,484 divided into 255,494,534 common shares with voting rights with a par value of €3.0 per share.

The Company does not hold own shares.

NOTE 14: Reserves

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Statutory reserve	17,995	15,139	17,716	14,860
Special reserve	323,987	323,987	323,987	323,987
Other reserves	194	26	45	47
Total	**342,176**	**339,152**	**341,748**	**338,894**

According to article 44 of C.L.2190/1920, as in force, the Company is required to withhold from its net profit 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 15: 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, its income statement 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, amounted to €104,310 as of December 31, 2018, the Group has entered into interest rate swaps for hedging the Group's exposure to variations in variable rate.

On December 13, 2018, the Company signed a bond loan agreement for an amount of €120,000 with Piraeus Bank S.A. with a five years duration. From this amount, an amount of €55,000 will be used for the repayment of short-term borrowing and the remaining amount of €65,000 will be used for investments and the overall development of the Company's operations. The bonds bear interest of 3-month Euribor plus a margin of 3.20%. It is noted that subsequent to December 31, 2018 the total amount of the loan of €120,000 was disbursed, out of which and amount of €55,000 was used for the repayment of short-term borrowings

On November 2, 2018 the Company entered into an agreement for a bridge loan up to the amount of €55,000 with Piraeus Bank S.A., bearing interest of 3-month Euribor plus a margin of 3.25%.

On February 20, 2018, the Company signed a bond loan agreement for a total amount of €60,000 with Piraeus Bank S.A. as representative on its own behalf and on behalf of the other bondholder, Alpha Bank S.A.. From this amount, an amount of €46,813 was used for the refinancing of current short term borrowings and the remaining amount of €13,187 will be used for investments and the overall development of the Company's operations. It is noted that the bonds bear interest of 3-month Euribor plus a margin of 3.50% and their maturity is five years.

On January 31, 2018 the subsidiary Quadratix Ltd. signed a loan agreement with the Bank of Cyprus Ltd. for an amount of €15,000, bearing interest of 6-month Euribor plus a margin of 3.65%. The loan has seven years maturity and will be used for the refinancing of the investments of Quadratix.

Under the terms of the majority of the borrowing facilities, the Group is required to comply with certain financial covenants. It is noted that throughout the years 2018 and 2017 the Group has complied with this obligation.

All amounts expressed in € thousand, unless otherwise stated

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Long term				
Bond loans	55,862	234,979	55,862	234,979
Other borrowed funds	55,997	109,689	-	-
Long term borrowings	**111,859**	**344,668**	**55,862**	**234,979**
Short term				
Bond loans	242,248	49,056	242,248	49,056
Other borrowed funds	206,032	53,156	95,649	50,581
Short term borrowings	**448,280**	**102,212**	**337,897**	**99,637**
Total	**560,139**	**446,880**	**393,759**	**334,616**

The increase of the Group's short-term borrowings as of December 31, 2018 in comparison to December 31, 2017 is mainly due to the fact that:

- Group's loans totally amounted to €104,030 as of December 31, 2018 are included in current liabilities since they are repayable on June 30, 2019. It is noted that the Group in accordance with the terms of the existing loan agreements has secured the extension of these loans for an additional two years period, and
- Company's loan amounted to €238,791 as of December 31, 2018 is included in current liabilities since it is repayable on July 15, 2019. It is noted that the company has already secured a new financing from a systemic financial institution in Greece, which will be used for the refinancing of this loan.

As of December 31, 2018, short-term borrowings of the Group and the Company include an amount of €2,196 which relates to accrued interest expense on the bond loans (December 31, 2017: €2,242 for the Group and the Company) and also an amount of €943 for the Group and €649 for the Company, which relate to accrued interest expense on other borrowed funds (December 31, 2017: €866 and €581, respectively).

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

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2017**	**31.12.2016**
Up to 1 year	448,280	102,212	337,897	99,637
From 1 to 5 years	70,606	339,567	55,862	234,979
More than 5 years	41,253	5,101	-	-
Total	**560,139**	**446,880**	**393,759**	**334,616**

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

Borrowings bear average coupons (incl. interest rate swaps) of 4.03% (2017: 5.05%), whereas if interest rate swaps are excluded, average coupons amount to 3.98% (2017: 4.67%).

The Group is not exposed to foreign exchange risk in relation to the borrowings, as all borrowings are denominated in the functional currency, except for the loan of I&B Real Estate EAD located in Bulgaria, which is in foreign currency (BGN), the rate of which is fixed according to European Central Bank.

The borrowings are secured on properties. More specifically:

- 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, 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. The fair value of the 77 properties as of December 31, 2018 amounted to €562,328 (December 31, 2017: €551,271).

- On one property of the Company a prenotation of mortgage was established in favour of Piraeus Bank S.A. (the representative of the bondholders) for an amount of €78,000. The outstanding balance of the bond loan as of December 31, 2018 (not including accrued interest of €23) amounted to €60,000 and the fair value of the property as of December 31, 2018 amounted to €125,006 (December 31, 2017: €125,186). In addition, all rights of the Company, arising from the lease with Cosmote, have been assigned in favour of the bondholders.

- On 35 properties of the Company a prenotation of mortgage was established in favour of Piraeus Bank S.A. for an amount of €144,000. The fair value of the properties as of December 31, 2018 amounted to €199,010. In addition, all rights of the Company, arising from the lease contracts of the above properties, have been assigned in favour of the lender.

- Four properties owned by the subsidiary Picasso Fund are burdened with first class mortgage in favour of Banca IMI S.p.A. for an amount of €204,000. The outstanding balance of the loan as of December 31, 2018 amounted to €94,860 and the fair value of the properties amounted to €181,800 (December 31, 2017: €173,400). Finally, all rights of Picasso Fund arising from the lease agreements have been assigned in favour of the lender.

- Nine properties owned by the subsidiary Picasso Fund are burdened with first class mortgage in favour of Intesa SanPaolo S.p.A. for an amount of €19,700. The outstanding balance of the loan as of December 31, 2018 amounted to €9,450 and the fair balue of the properties amounted to €22,355 (December 31, 2017: €21,168). Finally, all rights of Picasso Fund arising from the lease agreements have been assigned in favour of the lender.

- One property owned by the subsidiary Quadratix Ltd. is burdened with mortgage in favour of Bank of Cyprus Ltd. for an amount of €16,500. In addition, all rights of Quadratix Ltd. arising from the lease agreement with Sklavenitis Cyprus Limited have been assigned in favour of the lender. It is noted that the Company has given corporate guarantee up to the amount of €5,000 for liabilities of Quadratix Ltd. under the abovementioned loan agreement. The outstanding balance of the loan as of December 31, 2018 amounted to €14,313 while the fair value of the property as of December 31, 2018 amounted to €25,803.

- Two properties owned by the subsidiary Egnatia Properties S.A. are burdened with mortgage in favour of Bank of Cyprus Ltd. for an amount of € 6,405. The outstanding balance of the loans as of December 31, 2018 amounted to €6,405 and the fair value of the aforementioned properties as of December 31, 2018 amounted to €6,570.

- On one property owned by the subsidiary Irina Ktimatiki S.A. a prenotation of mortgage was established in favour of Alpha Bank S.A. for an amount of €4,800. The outstanding balance of the loan as of December 31, 2018 (not including accrued interest of €55) amounted to €3,295 and the fair value of the property as of December 31, 2018 amounted to €13,481.

- One property owned by the subsidiary I&B Real Estate EAD is burdened with mortgage in favour of Eurobank Bulgaria AD for an amount of €38,880. The outstanding balance of the loan as of December 31, 2018 (not including accrued interest of €238) amounted to €38,880 and the fair value of the property as of December 31, 2018 amounted to €84,600.

The movement in liabilities from financing activities is as follows:

All amounts expressed in € thousand, unless otherwise stated

Group

	Borrowings	Dividends payable
Liabilities from financing activities 01.01.2018:	**446,880**	**8**
Cash outflows	(60,364)	(56,210)
Additions	126,405	56,209
Other non-cash movements	47,418	3
Liabilities from financing activities 31.12.2018:	**560,139**	**10**

Company

	Borrowings	Dividends payable
Liabilities from financing activities 01.01.2018:	**334,616**	**8**
Cash outflows	(50,469)	(56,210)
Additions	105,000	56,209
Other non-cash movements	4,612	3
Liabilities from financing activities 31.12.2018:	**393,759**	**10**

NOTE 16: 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	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Present value of obligations	218	197	218	197
Fair value of plan assets	-	-	-	-
Total	**218**	**197**	**218**	**197**

Movement in net liability

	Group		Company	
	2018	**2017**	**2018**	**2017**
Net liability at the beginning January 1,	**197**	**174**	**197**	**174**
Total expense recognised in the income statement	19	47	19	47
Total expense recognised in the statement of comprehensive income	2	8	2	8
Benefits paid	-	(32)	-	(32)
Net liability at December 31,	**218**	**197**	**218**	**197**

Pension costs – defined benefit plans

	Όμιλος		Εταιρεία	
	2018	**2017**	**2018**	**2017**
Service cost	16	15	16	15
Net interest expense on the net defined benefit liability	3	3	3	3
Losses / (income) on curtailments / settlements and other expense / (income)	-	29	-	29
Total amount recognised in Income Statement	**19**	**47**	**19**	**47**

All amounts expressed in € thousand, unless otherwise stated

Re-measurements on the net liability

	Group		Company	
	2018	**2017**	**2018**	**2017**
Liability gain / (loss) due to change in assumptions	(7)	-	(7)	-
Liability experience gain / (loss) arising during the year	9	(8)	9	(8)
Total amount recognised in OCI	**2**	**(8)**	**2**	**(8)**

Movement of defined benefit obligation

	Group		Company	
	2018	**2017**	**2018**	**2017**
Balance at January 1,	**197**	**174**	**197**	**174**
Service cost	16	15	16	15
Interest cost	3	3	3	3
Benefits paid	-	(32)	-	(32)
Losses / (income) on curtailments / settlements and other expense / (income)	-	29	-	29
Re-measurements (gains) / losses:				
Actuarial (gain)/loss - financial assumptions	(7)	-	(7)	-
Actuarial (gain)/loss – experience	9	8	9	8
Balance at December 31,	**218**	**197**	**218**	**197**

Weighted average assumptions at the end of the reporting period

	Group		Company	
	2018	**2017**	**2018**	**2017**
Discount rate	1.75%	1.60%	1.75%	1.60%
Price inflation	1.50%	1.50%	1.50%	1.50%
Rate of compensation change	1.50%	1.50%	1.50%	1.50%

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**	**31.12.2018 Increase / (decrease) in defined benefit obligation**
Discount rate	Increase by 50 basis points	(8.3%)
	Decrease by 50 basis points	9.2%
Price inflation	Increase by 50 basis points	2.6%
	Decrease by 50 basis points	(3.3%)
Rate of compensation change	Increase by 50 basis points	5.6%
	Decrease by 50 basis points	(5.9%)

All amounts expressed in € thousand, unless otherwise stated

NOTE 17: Trade and Other Payables

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Trade payables	9,910	674	4,758	235
Amounts due to related parties (Note 30)	155	468	142	466
Taxes – Levies	7,128	7,172	4,620	4,756
Deferred revenues	5,243	5,195	2,976	2,921
Other payables and accrued expenses	1,020	341	395	282
Other payables and accrued expenses due to related parties (Note 30)	662	602	2,248	602
Total	**24,118**	**14,452**	**15,139**	**9,262**

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

The analysis of Taxes – Levies is as follows:

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Stamp duty on leases	2,520	2,627	2,520	2,627
Unified Property Tax (ENFIA)	1,021	6	1,015	-
Foreign real estate tax	2,523	2,203	-	-
Other	1,064	2,336	1,085	2,129
Total	**7,128**	**7,172**	**4,620**	**4,756**

The category "Other" of the item “Taxes-levies” as of December 31, 2017 includes provision for Special Real Estate Levy (EETA) of L.4152/2013 and for Electricity Powered Surfaces Levy (EETHDE) of L.4021/2011 of a total amount of €1,388. As of December 31, 2018, the provision of € 1,388 was reversed and the amount was recognized in the Income Statement in "Other Income" (Note 23). It is noted that since 1 January 2014, ENFIA has replaced the Real Estate Tax of L.3842/2010 and the “EETA” of Law 4152/2013 (former EETHDE of Law 4021/2011).

Deferred revenues relate to deferred income for the period following December 31, 2018 and December 31, 2017, respectively, according to the relevant lease agreements of the Group and the Company.

NOTE 18: Deferred tax assets and liabilities

	Group	
Deferred tax assets	**31.12.2018**	**31.12.2017**
Tax losses	-	4
Total	**-**	**4**

	Group	
Deferred tax liabilities	**31.12.2018**	**31.12.2017**
Investment property	4,586	223
Total	**4,586**	**223**

	Group	
Deferred tax income / (expense)	**31.12.2018**	**31.12.2017**
Tax Losses	46	3
Investment property	(439)	(25)
Total	**(393)**	**(22)**

All amounts expressed in € thousand, unless otherwise stated

Movement of deferred tax assets:

	Group Tax Losses
Balance January 1, 2017	**1**
Credited to the Income Statement	3
Balance December 31, 2017	**4**
Credited to the Income Statement	46
Offset with deferred tax liabilities	(50)
Balance December 31, 2018	-

Movement of deferred tax liabilities:

	Group Investment Property
Balance January 1, 2017	**198**
Charged to the Income Statement	25
Balance December 31, 2017	**223**
Deferred tax liabilities recognised following business combinations (Note 8)	3,974
Charged to the Income Statement	439
Offset with deferred tax assets	(50)
Balance December 31, 2018	**4,586**

The tax liability of the Company (and its subsidiaries in Greece) is calculated on the basis of its investments and cash and cash equivalents rather than on its profits, therefore no temporary differences arise and accordingly no deferred tax liabilities and / or assets are recognised. The same applies to the Company’s subsidiary, Picasso Fund, in Italy, which is not subject to income tax.

The Company's foreign subsidiaries, Nash S.r.L., Egnatia Properties S.A., Quadratix Ltd., Lasmane Properties, PNG Properties EAD and I&B Real Estate EAD are taxed based on their income (Note 27), therefore temporary differences may arise and accordingly deferred tax liabilities and / or assets may be recognised.

The Group have offset the deferred tax assets and deferred tax liabilities on an entity by entity basis based on the legally enforceable right to set off the recognized amounts i.e. offset current income tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

NOTE 19: Revenue

	Group		Company	
	From 01.01 to		From 01.01 to	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Revenue	121,363	117,943	105.919	103,244
Compensation due to early lease termination	3	6	3	6
Total	**121,366**	**117,949**	**105,922**	**103,250**

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	
	31.12.2018	**31.12.2017**	**31.12.2017**	**31.12.2017**
No later than 1 year	115,734	117,702	101,549	102,953
Later than 1 year and no later than 5 years	416,956	443,987	392,767	412,062
Later than 5 years	1,270,233	1,404,616	1,249,659	1,382,007
Total	**1,802,923**	**1,966,305**	**1,743,975**	**1,897,022**

All amounts expressed in € thousand, unless otherwise stated

NOTE 20: Direct Property Related Expenses

Direct property related expenses include the following:

	Group		Company	
	From 01.01 to		From 01.01 to	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Valuation expenses	662	471	626	447
Fees and expenses of lawyers, notaries, land registrars, technical and other advisors	988	568	687	268
Advisory services in relation to real estate portfolio	1,629	1,471	1,627	1,471
Insurance expenses	663	598	508	457
Office utilities and other service charges	127	149	45	90
Repair and maintenance expenses	283	287	138	99
Brokerage expenses	32	249	32	104
Other expenses	83	96	11	25
Total	**4,467**	**3,889**	**3,674**	**2,961**

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

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Leased properties	3,365	3,449	2,625	2,497
Vacant properties	1,102	474	1,049	465
Total	**4,467**	**3,923**	**3,674**	**2,962**

NOTE 21: Property taxes-levies

As of December 31, 2018, property taxes - levies amounted to €9,378 and €7,700 for the Group and the Company respectively (December 31, 2017: €8,941 and €7,291 respectively) and includes ENFIA of €7,449 and €7,418 for the Group and the Company respectively (December 31, 2017: €6,949 and €6,919 respectively). The increase of ENFIA is due to the properties acquired by the Company during 2017, given that ENFIA is calculated for the properties owned by a legal entity as of January 1st of each year.

NOTE 22: Personnel Expenses

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Salaries	1,970	1,799	1,970	1,799
Social security costs	443	419	443	419
Retirement benefit obligations expenses (Note 16)	19	47	19	47
Other expenses	174	82	174	82
Total	**2,606**	**2,347**	**2,606**	**2,347**

The total number of employees of the Group and the Company as of December 31, 2018 was 30 (December 31, 2017: 27 for the Group and the Company).

NOTE 23: Other income

During the year ended December 31, 2018, the Company received dividend amounted to €5,874 from its subsidiary Picasso Fund (December 31, 2017: €6,769).

All amounts expressed in € thousand, unless otherwise stated

Additionally, as of December 31, 2018, the Group's and the Company's other income includes an amount of €1,388 which relates to the reversal of a provision for the EETA of Law 4152/2013 and EETHDE of Law 4021/2011 (Note 17).

NOTE 24: Other Expenses

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
BoD remuneration	609	597	607	595
Third party fees	3,321	1,269	2,634	692
Expenses relating to advertising, publication, etc.	419	122	419	122
Taxies – levies	1,071	400	1,056	393
Other	363	1,962	357	1,956
Total	**5,782**	**4,350**	**5,073**	**3,758**

It is noted that as of December 31, 2018 other expenses include an amount of €2,314 (2017: Nil) relating to the issuance of a bond loan on May 2018 which was cancelled, while as of December 31, 2017 other expenses include an amount of €1,728 relating to prepaid expenses in the context of the Company's IPO preparation for the listing of its shares on ATHEX, which was canceled (2018: Nil).

NOTE 25: Finance costs

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Interest Expense	19,160	19,375	15,409	16,059
Finance and Bank Charges (incl. amortization of discount)	2,774	2,679	2,120	2,069
Foreign Exchange Differences	10	177	3	-
Total	**21,944**	**22,231**	**17,532**	**18,128**

NOTE 26: Dividends per Share

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

On December 18, 2018 the Board of Directors of the Company resolved on the distribution of a total amount of €22,995 (i.e. €0.09 per share – amount in €), as preliminary dividend to its shareholders for the year 2018. As of December 31, 2018 the amount of the preliminary dividend is included in trade and other assets.

On April 23, 2018 the Annual General Meeting of the Company's shareholders, approved the distribution of a total amount of €56,209 (i.e. 0.20 per share – amount in €) as dividend to its shareholders for the year 2017. Due to the distribution of interim dividend of a total amount of €22,995 (i.e. €0.09 per share – amount in €), following the relevant decision of the Board of Directors dated December 12, 2017, the remaining dividend to be distributed amounted to €33,214 (i.e. €0.133 per share – amount in €). As of December 31, 2017, the amount of the preliminary dividend is included in trade and other assets.

NOTE 27: Taxes

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
REICs' tax	11,800	11,163	11,751	11,131
Deferred tax	39	76	-	-
Other taxes	393	22	-	-
Total	**12,232**	**11,261**	**11,751**	**11,131**

As a REIC, in accordance with article 31, 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 (as depicted on the Company's biannual investment schedule) 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 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). Karolou Touristiki S.A., Irinna Ktimatiki S.A. and Anaptixi Fragokklisia S.A. as the Company's subsidiaries in Greece, have the same tax treatment.

The Company's foreign subsidiaries, Nash S.r.L., Egnatia Properties S.A., Quadratix Ltd., Lasmane Properties, PNG Properties EAD and I&B Real Estate EAD are taxed based on their income, assuming a tax rate of 27.9% in Italy, 16.0% in Romania, 12.5% in Cyprus and 10.0% in Bulgaria, 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 ended December 31, 2018 and 2017, respectively.

NOTE 28: Earnings per Share

Basic Earnings per share ratio is calculated by dividing the profit 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	**2018**	**2017**	**2018**	**2017**
Profit attributable to equity shareholders	115,104	83,698	84,857	91,366
Weighted average number of ordinary shares in issue (thousands)	255,495	255,495	255,495	255,495
Earnings per share (expressed in € per share) - basic and diluted	**0.45**	**0.33**	**0.33**	**0.36**

The dilutive Earnings per share are the same as the basic Earnings per share for the year ended December 31, 2018 and 2017, as there were no dilutive potential ordinary shares.

NOTE 29: 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, 2018 and 2017 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 the of the absorbed by the Company with same legal name 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, 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. Especially for the year 2012, it is noted that within 2018 the tax audit was completed by the competent tax authorities with no findings and therefore no additional taxes were imposed.

The years 2013 – 2017 of the Company 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.

The tax authorities have not audited the books and records of KARELA S.A., which was absorbed by the Company, for the financial year 2013 and consequently the tax obligations for this year is 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, 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.

It is noted that 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.

Up until December 31, 2018, the tax authorities have not notified for any audit order for the Company and for KARELA S.A., which was absorbed by the Company, for the fiscal year 2010, 2011 and 2012. Therefore, the right of the State to disclose audit trails and transactions for the determination of tax, fees, levies and fines for the purpose of charging a tax has been time-barred for the aforementioned, per company, reported uses pursuant to a) par. 1 of article 84 of l. 2238/1995 (unaudited income tax cases); b) par. 1 of article 57 of l. 2859/2000 (non-audited cases of VAT) and c) of par. 5 of article 9 of l. 2523/1997 (imposition of fines for income tax cases). Management considers that the circumstances limiting the aforementioned laws, which could extend the five-year limitation period to ten years, are not met.

Until the date of approval of the Annual Financial Statements, the tax audit for the year 2018 has not been completed by the statutory auditor of the Company.

As of 31 December 2018 Group's capital expenditure relating to improvements on investment property amounted to € 17,444 (excluding VAT).

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 €65,000 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.

All amounts expressed in € thousand, unless otherwise stated

In the context of the credit agreement to open a current account with Piraeus Bank S.A., the Company provided specific and irrevocable power of attorney, authorization and right to lawyers acting for Piraeus 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 €66,000 into three (3) Company's properties in Greece, in favour of Piraeus 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 Piraeus 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. It is noted that the Company repaid the said obligations, subsequent to December 31, 2018, in the context of the issuance of a common bond loan with Piraeus Bank S.A. (Note 15).

There are no pending lawsuits against the Group nor other contingent liabilities resulting from commitments at December 31, 2018, which would affect the Group's financial position.

NOTE 30: Related Party Transactions

National Bank of Greece S.A. (parent company) controls the Company, based on an agreement signed between the shareholders. 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. 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.

On January 4, 2019, NBG and Invel made a second amendment to the Shareholders Agreement. The matter of this amendment agreement was the extension of the duration of the Shareholders Agreement by three months, i.e. from December 31, 2018 to March 31, 2019. The said extension implies also continuation of NBG's control of the Company, over the same period.

NBG announced that it received from Invel on March 29, 2019 a Call Option Exercise Notice to acquire NBG's shareholding participation in the Company, pursuant to the relevant terms of the Shareholders Agreement. The completion of the sale and purchase transaction of NBG's shareholding is expected to be concluded up to May 30, 2019. Until the completion of the transaction, NBG retains the control of the Company.

The Company's shareholding structure is as follows:

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

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

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:

All amounts expressed in € thousand, unless otherwise stated

i. Balances arising from transactions with related parties

	Group		Company	
Trade receivables from related parties	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Other shareholders	1	1	1	1
Companies related to other shareholders	1	1	1	1
Total	**2**	**2**	**2**	**2**

	Group		Company	
Other receivables from related parties	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Picasso Fund, Company's subsidiary	-	-	-	150
Karolou Touristiki S.A., Company's subsidiary	-	-	-	361
Other shareholders	1,003	1,007	3,598	991
Total	**1,003**	**1,007**	**3,598**	**1.502**

	Group		Company	
Preliminary dividends	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Parent company	7,509	7,509	7,509	7,509
Other shareholders	15,060	15,060	15,060	15,060
Total	**22,569**	**22,569**	**22,569**	**22,569**

	Group		Company	
Prepaid expenses	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Hellenic National Insurance Company, company of NBG Group	428	269	403	262
Total	**428**	**269**	**403**	**262**

	Group		Company	
Cash and cash equivalents	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Parent company	5,603	10,566	5,531	10,477
NBG Cyprus, company of NBG Group	1,056	1,042	-	-
Total	**6,659**	**11,608**	**5,531**	**10,477**

	Group		Company	
Other long-term assets	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
PNG Properties EAD, Company's subsidiary	-	-	10,179	9,784
Total	**-**	**-**	**10,179**	**9,784**

	Group		Company	
Amounts due to related parties	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Parent company	80	319	80	319
Hellenic National Insurance Company, company of NBG Group	69	145	56	143
Ethniki Leasing, company of NBG Group	6	4	6	4
Total	**155**	**468**	**142**	**466**

All amounts expressed in € thousand, unless otherwise stated

	Group		Company	
Other Liabilities	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Parent company	1	1	1	1
Hellenic National Insurance Company, company of NBG Group	1	-	-	-
Pangaea UK Finco, Company's subsidiary	-	-	57	-
Anaptixi Fragokklisia S.A., Company's subsidiary	-	-	1,530	-
Companies related to other shareholders	653	598	653	598
Total	**655**	**599**	**2,241**	**599**

ii. Rental income

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Parent company	66,688	67,616	66,688	67,616
National Insurance Brokers [1]	-	2	-	2
Other shareholders	3	2	3	2
Companies related to other shareholders	2	2	2	2
Total	**66,693**	**67,622**	**67,693**	**67,622**

iii. Other direct property related expenses

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Hellenic National Insurance Company, company of NBG Group	541	476	508	457
Companies related to other shareholders	1,559	1,428	1,559	1,428
Total	**2,100**	**1,904**	**2,067**	**1,885**

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

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Parent company	-	216	-	216
Total	**-**	**216**	**-**	**216**

v. Personnel expenses

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Hellenic National Insurance Company, company of NBG Group	34	35	34	35
Total	**34**	**35**	**34**	**35**

[1] Includes the rental income for the period 01.01.2017 – 19.01.2017, as the sale of National Insurance Brokers, a company of NBG Group, was completed on 20.01.2017.

All amounts expressed in € thousand, unless otherwise stated

vi. Other income

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Picasso Fund, Company's subsidiary	-	-	5,874	6,769
Hellenic National Insurance Company, company of NBG Group	2	16	2	16
Total	**2**	**16**	**5,876**	**6,785**

vii. Other expenses

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Parent company	122	273	122	273
Ethniki Leasing, company of NBG Group	52	50	52	50
Total	**174**	**323**	**174**	**323**

viii. Interest income

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Parent company	25	36	25	36
PNG Properties EAD, Company's subsidiary	-	-	395	34
NBG Cyprus, company of NBG Group	1	-	-	-
Total	**26**	**36**	**420**	**70**

ix. Finance costs

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Parent company	16	665	55	665
NBG Cyprus, company of NBG Group	-	3	-	-
Total	**16**	**668**	**155**	**665**

x. Due to key management

	Group		Company	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Other liabilities to BoD its committees and Senior Management	7	3	7	3
Retirement benefit obligations	16	14	16	14
Total	**23**	**17**	**23**	**17**

xi. Key management compensation

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
BoD, its committees and Senior Management compensation	1,559	1,478	1,557	1,476
Total	**1,559**	**1,478**	**1,557**	**1,476**

All amounts expressed in € thousand, unless otherwise stated

xii. Commitment and contingent liabilities

In the context of the new loan agreement signed by the subsidiary Quadratix Ltd. with the Bank of Cyprus Ltd. on January 31, 2018 (Note 15), the Company has given a corporate guarantee up to the amount of €5,000 thousand for liabilities of Quadratix Ltd. under the abovementioned loan agreement. Management does not expect to incur any financial losses by the subsidiary's loan.

NOTE 31: Independent Auditor's fees

PricewaterhouseCoopers S.A. has served as our principal independent public accountant auditor for the years ended December 31, 2018 and 2017.

The following table presents the aggregate fees for professional audit services and other services rendered to the Group by the PricewaterhouseCoopers network for the years 2018 and 2017 respectively.

	Group From 01.01. to		**Company From 01.01. to**	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Fees for auditing services	268	112	168	60
Audit fees for the Annual Tax Certificate	29	19	15	15
Other non-audit services	328	18	315	-
Total	**625**	**149**	**498**	**75**

NOTE 32: Events after the Date of Financial Statements

On February 22, 2019 the Company acquired 90% of the shares of the Company Vibrana Holdings Ltd. located in Cyprus. The company initiated a public sale procedure for the acquisition of at least 90% (and up to 100%) of the shares of the Cypriot company "The Cyprus Tourism Development Public Company Limited" ("CTDC"), owner of Hilton Cyprus Hotel, the only 5* in Nicosia, Cyprus. On April 18, 2019 the Board of Directors of Vibrana Holdings Ltd. resolved on its share capital increase by the amount of €57,350 with the issuance of 100 new ordinary common shares with a par value of €1 each, of which the amount of €57,349.9 is the share premium. In the context of the abovementioned share capital increase, the Company paid on the same day an amount of €51,615 (in proportion to its participation in Vibrana), which was finance by loans. Finally, on April 18, 2019 Vibrana Holdings Ltd. concluded on the acquisition of 97.93% of the shares of the company CTDC for a total consideration of €55,524. Vibrana intends to exercise its right to acquire 100% of the shares of CTDC.The acquisition will be accounted for as a business combination. Until the date of the approval of the Financial Statements the fair values of assets and liabilities as of the date of acquisition are not final. The fair value of the property owned by Vibrana, as determined by the Company's independent statutory values amounted to €63,600 and the balance of the cash and cash equivalents and borrowings as of April 18, 2019 amounted to €1,695 and €1,476, respectively (unaudited financial information).

On April 18, 2019 the Company proceeded with the signing of a bond loan agreement for a total amount of €32,000 with Bank of Cyprus Public Company Limited. The maturity of the bonds is three years with the right to extend for an additional seven years period, under specific conditions, and bear interest of 3-month Euribor plus a margin of 3.5%. The total amount of the loan was disbursed on the same day and was used for the financing of the aforementioned share capital increase of the subsidiary Vibrana Holdings Ltd.

On April 12, 2019 the Company proceeded with the signing of a bond loan agreement for a total amount of €90,000 with Bank of Cyprus Public Company Limited. The maturity of the bonds is ten years and bear interest of 6-month Euribor plus a margin of 3.35%. The loan will be used for the financing of part of the consideration for the acquisition of 100% of the management shares and 88.2% of the investment shares of CYREIT (Note 6).

All amounts expressed in € thousand, unless otherwise stated

On March 28, 2019 the Company acquired a majority stake (60%) in Aphrodite Hills Resort Limited and Aphrodite Springs Public Limited in Paphos, Cyprus. Aphrodite Hills Resort covers 234 hectares of land, the majority of which is pure indigenous plantation, greenery and landscaping. It has the only certified PGA National Cyprus golf course, 500 thousand sq.m., which is the heart of the multi award-wining resort, in Paphos, with accommodation and activity options that stand out throughout Europe. Aphrodite Hills Resort has recently been awarded the "European Golf Resort of the Year 2018" and the "European Golf Course of the Year 2018/2019". The Resort includes the Aphrodite Hills Hotel by Atlantica with 290 rooms and suites. The holiday villas and apartments of Holiday Residences, which operate in the concept of selfcatering holidays with innovative services, are ranked among the top holiday villas in Europe. With exceptional conference facilities, a 9 tennis courts academy, Retreat Spa by Atlantica (Best Luxury Resort Spa Regional Winner), soccer academy, nature trails for walking and jogging, horseback riding, archery and cycling, beach club, children's club and splash park, supermarket, bakery, pharmacy, numerous cafes and shops, a chapel, 18 restaurants and bars by Atlantica and a gym, Aphrodite Hills Resort is a destination of theme tourism and collection of experiences. Pangaea and its partners aim to continue to expand the resort as there is a significant residual building factor for the development of additional housing. The consideration for the acquisition of Aphrodite Hills Resort Limited amounted to €12,291 (out of which an amount of €1,800 is payable by December 31, 2019), while the Company also paid an amount of €17,080 for payment (in proportion to its participation) of existing financing obligations of the company to a private lender (total investment: €29,371). The acquisition will be accounted for as a business combination. Until the date of the approval of the Financial Statements the fair values of assets and liabilities as of the date of acquisition are not final.

The following table summarizes the provisional fair values of assets and liabilities of Aphrodite Hills Resort Limited as of the date of acquisition, which is March 28, 2019:

	28.03.2019
ASSETS	
Property and equipment	59,000
Intangible assets	13,200
Inventories	28,326
Cash and cash equivalents	2,857
Other assets	10,821
Total assets	**114,204**
LIABILITIES	
Borrowings	(69,874)
Deferred tax	(5,726)
Other liabilities	(17,014)
Total liabilities	**(92.614)**
Fair value of acquired interest in net assets	**21,590**
Fair value of acquired interest in net assets attributable to non-controlling interests	(8,636)
Negative Goodwill	(663)
Total purchase consideration	**12,291**

Source: Unaudited financial information

Aphrodite Springs covers 150 hectares of land, adjacent to Aphrodite Hills Resort, and is licensed to develop a golf course and 125 thousand sq.m. of residential properties and properties of supplementary uses. The consideration for the acquisition of Aphrodite Springs Public Limited amounted to €2,400 and the acquisition will be accounted for as an assets acquisition.

The abovementioned acquisitions were financed by loans.

All amounts expressed in € thousand, unless otherwise stated

Following the agreement with Bank of Cyprus Public Company Limited, dated November 18, 2018 (Note 6), on March 28, 2019 the Company signed a notarial preliminary agreement for the acquisition of the two adjacent commercial properties in Athens (one of which has a total surface of 6.9 thousands sq.m. and is located on Syggrou Avenue and Lagoumtzi Avenue and the second is a total area of 2 thousands sqm. and is located on Evridamantos and Lagoumtzi street), for a final consideration of € 10.000. The signing of the final agreement is expected to take place until 10 May 2019 subject to the completion of the transfer until that date of the shares of CYREIT.

On February 27, 2019 the Company proceeded with the signing of a loan agreement with Piraeus Bank S.A. for an amount of €20,000 bearing interest of 3-month Euribor plus a margin of 3.25%. The loan has five years maturity and will be used for the financing of investments.

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 as endorsed by the EU.

NOTE 33: Impact from IFRS 9

The adoption of IFRS 9 on January 1 2018, had a negative impact on the Group's and the Company's shareholders' equity due to the changes in impairment requirements by approximately €234 and €249 respectively. The Group elected to recognise any difference between the previous and the new carrying amount directly in the opening retained earnings as of January 1, 2018 instead of restating the comparative information. The adjustments arising from the new impairment rules are therefore not reflected in the restated statement of financial position as at December 31, 2017, and are recognised in the opening balance sheet on January 1, 2018.

The following table shows the adjustments recognized for each individual line item on January 1, 2018. Line items that were not affected by the impairment requirements of IFRS 9 have not been included. As a result, the totals and sub-totals disclosed cannot be recalculated based on the numbers provided.

	Group			Company		
	01.01.2018 As adjusted (IFRS 9)	**31.12.2017 (IAS 39)**	**IFRS 9 Impact**	**01.01.2018 As adjusted (IFRS 9)**	**31.12.2017 (IAS 39)**	**IFRS 9 Impact**
ASSETS						
Non-current assets						
Other long-term assets	16,731	16,731	-	17,093	17,099	(6)
Total Non- current assets	**1,599,621**	**1,599,621**	**-**	**1,508,038**	**1,508,044**	**(6)**
Current assets						
Trade and other assets	50,054	50,288	(234)	47,562	47,805	(243)
Total current assets	**99,389**	**99,623**	**(234)**	**83,870**	**84,113**	**(243)**
Total assets	**1,699,010**	**1,699,244**	**(234)**	**1,591,908**	**1,592,157**	**(249)**
SHAREHOLDERS' EQUITY						
Retained Earnings	106,093	106,327	(234)	117,539	117,788	(249)
Total equity	**1,227,619**	**1,227,853**	**(234)**	**1,238,887**	**1,239,136**	**(249)**
Total shareholders' equity and liabilities	**1,699,010**	**1,699,244**	**(234)**	**1,591,908**	**1,592,157**	**(249)**