



NBG PANGAEA REAL ESTATE INVESTMENT COMPANY

NBG PANGAEA

FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

(published in accordance with article 135 of Codified Law 2190, for Companies preparing annual consolidated and separate financial statements, in accordance with IFRS)

(Amounts are expressed in thousand euros)

Company Information

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

Statement of Financial Position (Consolidated and Standalone)

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

Statement of Changes in Equity (Consolidated and Standalone)

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

Notes

- On October 1, 2015, the merger by absorption of NBG Pangaea REIC by its subsidiary MIG Real Estate REIC was completed. In particular, the Boards of Directors of MIG Real Estate REIC and NBG Pangaea REIC, in their meetings held on January 30, 2015, decided to propose to the General Assembly Meetings of their shareholders the merger by absorption (hereinafter "Merger") of NBG Pangaea REIC by its 96.944% subsidiary MIG Real Estate REIC. As transformation date had been set the 31st of January 2015. The Merger was performed according to the provisions of C.L. 2190/1920 and L. 2166/1993 and according to the terms and conditions included in the draft merger agreement signed between the merging companies on August 6, 2015 and was approved by the Extraordinary General Meetings of the merging companies on September 25, 2015. The Merger was approved by the Ministry of Economy, Development and Tourism (currently Ministry of Economy and Development) with its decision No. 100104/01.10.2015 which was registered in the General Commercial Registry of the abovementioned Ministry on October 1, 2015. As a result of the Merger, the company resulted from the Merger (hereinafter "New Company" or "Company") is named "NBG PANGAEA REAL ESTATE INVESTMENT COMPANY", with the distinctive title "NBG PANGAEA REIC", following the amendment of all articles of the Articles of Association of the former MIG Real Estate REIC and the approval of the new Articles of Association by the Hellenic Capital Market Commission and the competent services of the Ministry of Economy, Development and Tourism (currently Ministry of Economy and Development). The Company together with its subsidiaries (hereinafter the "New Group" or "Group") is considered as absolute continuity of NBG Pangaea REIC Group and operates in real estate investments both in Greece and abroad (Note 1 of the Annual Financial Statements for the year ended December 31, 2016).
- Following the resolution of the Boards of Directors of the Company (the "Absorbing Company") and its subsidiary "KARELA S.A." (the "Absorbed Company") held on December 28, 2015, on the commencement of the preparatory works of the merger by absorption of the latter by the first, on May 19, 2016 the Boards of Directors of the merging companies approved the draft merger agreement which was signed on May 20, 2016. The Company owned 100% of the share capital and voting rights of the Absorbed Company. The envisaged merger took place through the consolidation of assets and liabilities of the two companies, with the combined application of the provisions of articles 68 et seq., and particularly of article 78, par. 2 of the C.L. 2190/1920 and those of L. 2166/1993, as in force. December 31, 2015 has been set as the transformation date, whereas the auditing firm PRICEWATERHOUSECOOPERS S.A. proceeded to the ascertainment of the soundness of the transformation balance sheet of the Absorbed Company. On July 28, 2016, the merger by absorption of the company KARELA S.A. by its parent entity NBG PANGAEA REIC was completed in accordance with the decision protocol No. 80578/28.07.2016 of the Ministry of Economy, Development and Tourism (currently Ministry of Economy and Development) which was registered on the same day with the General Commercial Register of the abovementioned Ministry (Note 1 of the Annual Financial Statements for the year ended December 31, 2016).
- The principal accounting policies that have been adopted are in accordance with the requirements of International Financial Reporting Standards (hereinafter "IFRS") as adopted by the European Union and are the same with those applied in the previous year financial statements. Regarding the accounting treatment of the Merger mentioned in Note 1, one of the most important principles that IFRS adopt is that of economic substance over legal form which results in the reflection of economic substance of events and transactions and not merely their legal form. Consequently, in any case, the group financial statements shall not be affected by the merger of companies within the group, but only by the amount of the total shareholding structure's change (change in non-controlling interests in the event that the ratios of the parent entity's shareholders and the subsidiaries' minorities, change after the merger in relation to the respective ratios prior to the merger). More specifically, the absorption of NBG Pangaea REIC, parent entity, by MIG Real Estate REIC, subsidiary of NBG Pangaea REIC Group, is a legal fact which does not substantially change the function of NBG Pangaea REIC Group, as at group level, the companies had already been consolidated and continue to operate on the same activities as a single entity. At group level, the only change is the conversion of non-controlling in the former MIG Real Estate REIC to shareholders of the New Company. At the level of separate financial statements, the merger is not covered by IFRS provisions. Specifically, paragraph 2 (c) of IFRS 3 "Business Combinations" states that the specific standard does not apply to business combinations which are under common control. In absence of a standard or an interpretation, under the provisions of paragraph 10 of IAS 8 regarding the Accounting policies, Management decided to depict the specific transaction by applying the method of merger accounting. Upon the completion of the Merger, the "old" shareholders of NBG Pangaea REIC continue to hold a significant stake in the New Company. As a result, while MIG Real Estate REIC is legally the absorbing company, from an accounting perspective, it is considered that NBG Pangaea REIC absorbed MIG Real Estate REIC. Consequently, the comparative figures of the separate financial statements are those that NBG Pangaea REIC had published as of December 31, 2015. Details are included in Note 2 of the Annual Financial Statements as of December 31, 2016.
- The tax authorities have not audited the books and records of NBG Pangaea REIC for the year ended December 31, 2010 and consequently the tax obligations for that year are not considered as final. In a future tax audit, additional taxes and penalties may be imposed, the amount of which cannot be determined accurately at present. However, Management estimates that they will not have a material effect on the financial position of the Company. The financial years 2011, 2012, 2013 and 2014 have been audited by the elected under C.L. 2190/1920 statutory auditor, i.e. the auditing firm "Deloitte Certified Public Accountants S.A." ("the statutory auditor"), in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/2013 and the relevant tax audit certificates were issued with no qualifications on July 19, 2012, September 30, 2013, July 10, 2014 and September 30, 2015 respectively. According to P.O.L. 1006/05.01.2016, the companies for which a tax audit certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company (Note 30 of the Annual Financial Statements for the year ended December 31, 2016).
- The tax authorities have not audited the books and records of MIG Real Estate REIC for the year ended December 31, 2010 and consequently the tax obligations for that year are not considered as final. In a future tax audit, additional taxes and penalties may be imposed, the amount of which cannot be determined accurately at present. However, Management estimates that they will not have a material effect on the financial position of the Company. The financial years 2011, 2012, 2013 and 2014 have been audited by the elected under C.L. 2190/1920 statutory auditor in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/2013 and the relevant tax audit certificates were issued with no qualifications on July 25, 2012, September 23, 2013, July 7, 2014 and September 30, 2015 respectively. According to P.O.L. 1006/05.01.2016, the companies for which a tax audit certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company (Note 30 of the Annual Financial Statements for the year ended December 31, 2016).
- The financial year 2015 of the Company has been audited by the elected under C.L. 2190/1920 statutory auditor, i.e. the auditing firm "Deloitte Certified Public Accountants S.A." ("the statutory auditor"), in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/2013 and the relevant tax audit certificate was issued with no qualifications on September 30, 2016. According to P.O.L. 1006/05.01.2016, the companies for which a tax audit certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company (Note 30 of the Annual Financial Statements for the year ended December 31, 2016).
- The tax authorities have not audited the books and records of KARELA S.A. for the financial years 2010-2013 and consequently the tax obligations for those years are not considered as final. In a future tax audit, additional taxes and penalties may be imposed, the amount of which cannot be determined accurately at present. However, the Management estimates that they will not have a material effect on the financial position of the company. The financial years 2014 and 2015 have been audited by the elected under C.L. 2190/1920 statutory auditor, i.e. the auditing firm "Deloitte Certified Public Accountants S.A." ("the statutory auditor"), in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/2013 and the relevant tax audit certificates were issued with no qualifications on September 28, 2015 and September 30, 2016 respectively. According to P.O.L. 1006/05.01.2016, the companies for which a tax certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company (Note 30 of the Annual Financial Statements for the year ended December 31, 2016).
- Until the date of the approval of the Financial Statements, the tax audit for the year 2016 has not been completed by the statutory auditor.
- Information about the unaudited tax years of the subsidiaries are included in Note 30 of the Annual Financial Statements for the year ended December 31, 2016.
- There are no pending cases under litigation or in arbitration, nor any pending cases, which are expected to have a material impact on the financial position or operations of the Group (Note 29 of the Annual Financial Statements for the year ended December 31, 2016). It is noted that the Company filed an appeal against the Greek State for the refund (incl. interest) of capital accumulation tax paid by the Company at April 14, 2010, September 16, 2014 and September 17, 2014 totally amounted to € 7,790 thousand and the Company's Management, based on the advice of its legal advisors, believes that the reimbursement of the amounts is in essence certain (Note 12 of the Annual Financial Statements for the year ended December 31, 2016).
- The number of Group and Company employees as of December 31, 2016 was 25. The number of Group and Company employees as of December 31, 2015 was 27 (Note 1 and 24 of the Annual Financial Statements for the year ended December 31, 2016).
- The Company's Financial Statements are included in the Consolidated Financial Statements of National Bank of Greece S.A. (incorporated in Greece), which owns 32.66% of the Company's share capital, by the full consolidation method.
- Nine properties of the Company in Attica, 8 in Athens and 1 in Piraeus, have prenotations of mortgage in favour of Alpha Bank S.A., each for an amount of €9,880 thousand. The outstanding balance of the bond loan as of December 31, 2016 amounted to €2,806 thousand and the fair value of the nine properties as of December 31, 2016 amounted to €9,527 thousand (Note 16 of the Annual Financial Statements for the year ended December 31, 2016).
- In accordance with the terms of the bond loan program dated August 11, 2014, for the issuance of the bonds totaling amounting to €237,500 thousand, the Company registered mortgages on 77 properties in Greece (included the owneroccupied property located at 6, Karageorgi Servias str., Athens) in favour of Alpha Bank S.A. (bondholder agent) as collateral for all Company's obligations under the financing documents, each for an amount of €250,000 thousand. The fair value of the 77 properties as of December 31, 2016 amounted to €541,181 thousand. (Note 16 of the Annual Financial Statements for the year ended December 31, 2016).
- In the context of the credit agreement to open a current account with Alpha Bank S.A., the Company provided specific and irrevocable power of attorney, authorization and right to lawyers acting for Alpha Bank S.A. so that they may attend and represent the Company before any competent court for the purpose of the registration of mortgage prenotation amounting to €55,440 thousand into fourteen (14) Company's properties in Greece, which were the subject of the tender "sale and leaseback" by HRADF, in favour of Alpha Bank S.A. The power of attorney shall expire automatically, either with the full and complete settlement of all Company's obligations under the credit agreement, or the moment that Alpha Bank S.A. covers entirely the debentures of a bond loan, as it may be issued in the future by the Company, and it will be subject to full and complete settlement of any amount under the aforementioned credit agreement (Note 30 of the Annual Financial Statements for the year ended December 31, 2016).
- On one property of the Company (owned by KARELA S.A. which was absorbed by the Company) a prenotation of mortgage was established in favour of Piraeus Bank S.A. (the representative of the bondholders) for an amount of €106,000 thousand. The outstanding balance of the bond loan as of December 31, 2016 amounted to €49,059 thousand and the fair value of the property as of December 31, 2016 amounted to €125,439 thousand. In addition, all rights of the Company, arising from the lease with Cosmote, have been assigned in favour of the bondholders (Note 16 of the Annual Financial Statements for the year ended December 31, 2016).
- Four properties owned by subsidiary Picasso Fund are burdened with first class mortgage in favour of Banca IMI S.p.A. for an amount of €204,000 thousand. The outstanding balance of the loan as of December 31, 2016 amounted to €97,807 thousand and the fair value of the properties amounted to €167,770 thousand. Finally, all rights of Picasso Fund arising from the lease agreements have been assigned in favour of the lender (Note 16 of the Annual Financial Statements for the year ended December 31, 2016).
- Nine properties owned by subsidiary Picasso Fund are burdened with first class mortgage in favour of Intesa Sanpaolo S.p.A. for an amount of €19,700 thousand. The outstanding balance of the loan as of December 31, 2016 amounted to €9,591 thousand and the fair value of the properties amounted to €22,620 thousand. Finally, all rights of Picasso Fund arising from the lease agreements have been assigned in favour of the lender (Note 16 of the Annual Financial Statements for the year ended December 31, 2016).
- Related party transactions and balances of the Group as defined in IAS 24 are as follows: a) Income €68,343 thousand, b) Expense €3,070 thousand, c) Assets €5,767 thousand, d) Liabilities €10,575 thousand. Related party transactions and balances of the Company as defined in IAS 24 are as follows: a) Income €72,350 thousand, b) Expense €3,067 thousand, c) Assets €5,843 thousand, d) Liabilities €10,360 thousand. Related party transactions and balances of the Group with BoD, its Committees and senior management personnel are as follows: a) Key management compensation €1,298 thousand, b) Due from key management personnel Nil and c) Due to key management personnel €15 thousand. Related party transactions and balances of the Group with BoD, its Committees and senior management personnel are as follows: a) Key management compensation €1,298 thousand, b) Due from key management personnel Nil and c) Due to key management personnel €15 thousand of the Annual Financial Statements for the year ended December 31, 2016).
- On December 21, 2016 the Company acquired from a third party 100% of the share capital of the company KAROLOU S.A. The company at the day of the acquisitions was owner of two properties with a total leaseable area of approximately 8 thousand sq.m. which are located in Patra. The two properties were leased in order to be redeveloped and operate, by the tenant, as at least three (3) stars city hotels, one of which will be a furnished apartment hotel mainly addressed to students. The consideration for the acquisition of KAROLOU S.A. was equal to the fair value of the net assets at the date of the acquisition, i.e. €3,580 thousand, and was paid in cash. The expenses for the acquisition amounted to €71 thousand and was included in "Direct property related expenses" in the income statement for the period ended December 31, 2016 (Note 9 of the Annual Financial Statements for the year ended December 31, 2016).
- There are no entities exempted from the annual financial statements as of 31.12.2016 and there have been no changes in the method of consolidation since the previous annual financial statements. Information regarding the name, the registered office's country and the consolidation method for each of the entities included in the consolidated financial statements as well as the percentage with which the Company participates in their share capital are included in the note 10 of the Annual Financial Statements as of December 31, 2016.
- As of December 31, 2016, the Group has accounted for a cumulative provision of: a) cases under litigation or in arbitration which may have material effect on the financial position of the Group and the Company amounted to Nil, b) unaudited tax years amounted to Nil and c) other provisions amounted to €174 thousand.
- In the Statement of Total Comprehensive Income, "Other comprehensive income / (expense) for the period" of the Group, in the current period, is comprised of €(24) thousand relating to the remeasurement of the net defined benefit liability/asset, €30 thousand relating to revaluation reserve, €20 thousand relating to currency translation differences and €(263) thousand relating to cash flow hedging. The corresponding amounts for the Company are €(24) thousand, €30 thousand, Nil and Nil respectively.
- As of December 31, 2016, the Group and the Company did not hold any treasury shares (Note 14 of the Annual Financial Statements for the year ended December 31, 2016).
- On March 21, 2017 the Board of Directors of Quadratix Ltd, 100% subsidiary of the Company, decided on its share capital increase by: a) the amount of €10,700 thousand due to the contribution in kind on behalf of the Company to Quadratix Ltd of the 30.06.2016 agreement between the Company and Chris Cash & Carry Ltd for the sale by Chris Cash & Carry Ltd of properties in Limassol Cyprus (hypermarket and offices), with the issuance of 2,675 common ordinary shares with a par value of one (1) euro each and an issue price of four (4) thousand euros each and b) the amount of €14,400 thousand to be paid in cash, with the issuance of 3,600 common ordinary shares, with a par value of one (1) euro each and an issue price of four (4) thousand euros each. The properties in Limassol Cyprus will be acquired by Quadratix for a total consideration of €24,000 thousand. The agreement provides, among others, for the lease of the properties to Chris Cash & Carry Ltd, with a 25-year duration. There are no other significant events subsequent to the date of the financial statements relating to the Group or the Company for which disclosure is required by IFRS (Note 33 of the Annual Financial Statements for the year ended December 31, 2016).

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

The Board of Directors

Christos Protopoulos	Non Executive member - Chairman of the BoD
Ioannis Kyriakopoulos	Non Executive member - Vice-chairman A'
Christophoros Papachristophorou	Executive member - Vice-chairman B'
Aristotelis Karytinios	Executive member - Chief Executive Officer
Theresia Messari	Executive member
Nikolaos Iatrou	Non Executive member
Athanasios Karagiannis	Non Executive member
Prodromos Valmis	Independent Non Executive member
Spyridon Makridakis	Independent Non Executive member

Statement of Comprehensive Income (Consolidated and Standalone)

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

Statement of Cash Flows (Consolidated and Standalone)

	Group		Company	
	From 1.1 to 31.12.2016	From 1.1 to 31.12.2015	From 1.1 to 31.12.2016	From 1.1 to 31.12.2015
Operating activities				
Profit/ (loss) before tax (continuing operations)	60,255	44,072	62,272	51,054
Adjustments for:				
Provisions for employee benefits	21	12	21	12
Other Provisions	17	87	17	87
Other	58	(13)	58	0
Depreciation of property and equipment	24	40	25	45
Amortization of intangible assets	28	29	28	29
Net (gain) / loss from the fair value adjustment of investment property	18,220	23,723	12,726	13,366
Interest income	(142)	(182)	(126)	(146)
Finance costs	21,099	20,814	17,411	14,068
Net change in fair value of financial instruments at fair value through profit or loss	(1,145)	(416)	(1,105)	0
Plus / less adjustments to operating activities and working capital changes:				
(Increase) / Decrease in receivables	(8,919)	(6,127)	(13,441)	94,641
Increase / (Decrease) in payables (excl. borrowings)	(2,871)	(14,411)	(3,886)	(5,583)
Less:				