NBG PANGAEA

NBG PANGAEA R.E.I.C.

Group and Company
ANNUAL FINANCIAL REPORT
for the year from 1 January to 31 December 2014
In accordance with International Financial Reporting Standards

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

March 2015

Certification by Members of the Board of Directors ... 4
Board of Directors Annual Report ... 5
Independent Auditor's Report ... 24
Statement of Financial Position ... 26
Income Statement ... 27
Statement of Total Comprehensive Income ... 28
Statement of Changes in Shareholders' Equity - Group ... 29
Statement of Changes in Shareholders' Equity - Company ... 30
Cash Flow Statement - Group ... 31
Cash Flow Statement - Company ... 32
1. General Information ... 33
2. Summary of Significant Accounting Policies ... 35
2.1. Basis of Preparation ... 35
2.2. Adoption of IFRSs. ... 35
2.3. Consolidation ... 41
2.4. Business Combinations ... 43
2.5. Foreign Currency Translation ... 45
2.6. Investment Property ... 45
2.7. Property and Equipment ... 46
2.8. Intangible Assets ... 47
2.9. Leases ... 47
2.10. Sale and Leaseback Transactions – A Company of the Group is the Lessee ... 48
2.11. Impairment of Non Financial Assets ... 48
2.12. Trade and Other Receivables ... 49
2.13. Cash and Cash equivalents ... 49
2.14. Share Capital ... 49
2.15. Dividends Distribution ... 49
2.16. Trade and Other Payables ... 49
2.17. Borrowings ... 49
2.18. Borrowing Costs ... 49
2.19. Derivative Financial Instruments ... 50
2.20. Current and Deferred Tax ... 50
2.21. Employee Benefits ... 51
2.22. Provisions ... 51
2.23. Revenue Recognition ... 52
2.24. Interest Income and Finance Costs ... 52
2.25. Segment Reporting ... 52
2.26. Related Party Transactions ... 53
2.27. Offsetting ... 53
2.28. Earnings / (Losses) per Share ... 53
3. Financial Risk Management ... 53
3.1. Financial Risk Management ... 53
3.2. Capital Risk Management ... 55
3.3. Fair Value Estimation of Financial Assets and Liabilities ... 56
4. Critical Accounting Estimates and Judgments ... 57
4.1. Critical Accounting Estimates and Assumptions ... 57
5. Segment Reporting ... 59
6. Investment Property ... 62
7. Property and Equipment ... 69

8. Intangible Assets ... 71
9. Acquisition of Subsidiaries (business combinations and asset acquisition) ... 71
10. Investment in Subsidiaries ... 75
11. Other Long-Term Assets ... 76
12. Trade and Other Receivables ... 76
13. Cash and Cash Equivalents ... 77
14. Share Capital ... 78
15. Reserves ... 79
16. Borrowings ... 79
17. Retirement Benefit Obligations ... 81
18. Other Long-Term Liabilities ... 82
19. Derivative Financial Instruments ... 83
20. Trade and Other Payables ... 83
21. Revenue Recognition ... 84
22. Direct Property Related Expenses ... 85
23. Personnel Costs ... 86
24. Other Expenses ... 86
25. Dividends per Share ... 86
26. Taxes ... 87
27. Earnings / (Losses) per Share ... 87
28. Contingent Liabilities and Commitments ... 88
29. Related Party Transactions ... 89
30. Independent Auditor’s Fees ... 92
31. Events After the Balance Sheet Date ... 93
32. Reclassifications of Financial Assets ... 93
Summary Financial Data ... 95
Availability of the Annual Financial Report ... 96

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 financial statements for the annual period ended 31 December 2014 have been prepared in accordance with the applicable accounting standards and present a true and fair view of the assets, liabilities, equity and results of operations 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, 27 March 2015

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

All amounts expressed in € thousand, unless otherwise stated

Board of Directors' Annual Report
of "NBG Pangaea Real Estate Investment Company"
on the Consolidated and Company Financial Statements for the Financial Year 2014

In accordance with provisions of the L.3556/2007 and C.L. 2190/1920, we present below the Board of Directors' annual report on the Consolidated and Company Financial Statements for the period from 1 January 2014 to 31 December 2014.

This report contains the information required from Law 3556/2007 (paragraph 7 and 8 of article 4) and Law 3873/2010 (paragraph 2 of article 2) as well as the Decision no. 7/448/11.10.2007 of the Board of Directors of the Hellenic Capital Market Commission. Moreover, this report contains the Consolidated and Company Financial Statements for the year ended 31 December 2014 in accordance with IFRS as endorsed by the European Union, and the Independent Auditor's report.

SIGNIFICANT EVENTS DURING 2014

A. CORPORATE EVENTS

1. The extraordinary General Meeting of the Company's shareholders dated 12 August 2014, approved the Company's share capital increase by: a) an amount of €13,395 due to the contribution in kind of 6,734,011 listed in the Athens Exchange ("ATHEX") shares of the real estate investment company, MIG Real Estate REIC, with the issuance of 3,348,651 common redeemable shares with a par value of €4.00 each and an issue price of €6.23 each and b) an amount of €16,087 partly in cash of €5,825 and partly in contribution in kind of a property used as retail and office owned by Anthos Properties S.A. (with a fair value, as determined by independent statutory valuers, of €19,230), with the issuance of 4,021,678 common ordinary shares, with a par value of €4.00 each.

   Upon completion of the transaction, the Company's shareholder structure is as follows:

	% ownership
• National Bank of Greece S.A.("NBG"):	32.69%
• Invel Real Estate (Netherlands) II B.V. ("Invel"):	65.56%
• Other shareholders:	1.75%

   It is noted that the percentage ownership of Invel includes the ownership of Anthos Properties S.A. (a subsidiary of Invel) which directly holds 4,021,678 ordinary shares, corresponding to 2.10% of the share capital of the Company.

2. On 22 August 2014, the Company entered into a bond loan agreement of an amount of €237,500 in accordance with the bond program dated 11 August 2014 as amended on 20 August 2014, with Alpha Bank S.A. as bondholder agent. The purchase of the bonds was financed by international investors, through two unrelated entities which were established for the purpose of the above transaction. It is noted that the bonds bear interest of 3-month EURIBOR plus a margin of 4.85% and have a final maturity date of 15 July 2019.

In accordance with the terms of the bond loan agreement for the issuance of the bonds, the Company registered mortgage prenotations on 8 real estate properties in Greece and mortgages on 68 real estate properties in Greece by 31 December 2014 in favor of Alpha Bank S.A. as collateral for all Company's obligations under the financing documents, each for an amount of €250,000. In order for the total number of properties, on which a mortgage or a mortgage prenotation is registered, to be 77 the registration of a mortgage on 1 property is pending. The fair value of the 77 properties amounted to €544,326 as of 31 December 2014.

3. On 25 November 2014 the Board of Directors decided to distribute a total amount of € 58,169 (i.e. €0.304 per share), as interim dividend to the shareholders.

4. On 30 January 2015 the Board of Directors of the Company ("Acquiree") and its subsidiary "MIG Real Estate REIC" ("Acquirer") in their meetings, decided the commencement of the preparatory actions for the merger by absorption of the first by the second. The planned merger has been proposed to take place by consolidating the assets and liabilities of the above mentioned companies, with combined application of articles 68 et seq. of C.L. 2190/1920 and L. 2166/1993, as applicable. The transformation date has been set for 31 January 2015.

B. ACQUISITIONS

1. The Group proceeded in 2014 with total investments in real estate of €358,613, which contributed to the dispersion of the Group's real estate portfolio, as presented below:

   - On 3 February 2014 the Company completed the the acquisition by the Hellenic Real Estate Development Fund ("HDRAF") of a commercial property, of a total area of approximately 1 thousand sq.m., located at 19 Ermou Street, Athens for a consideration of €5,900. The property was leased to Folli Follie Group for a period of 16 years.

   - On 23 May 2014 the Company concluded the acquisition by HDRAF, of one on the two portfolios in the framework of the sale and leaseback transaction organized by HDRAF. The portfolio consists of 14 assets geographical distributed in Greece (11 properties are located in Attica, 2 properties in Thessaloniki and 1 property in Evros). The properties are leased by the Hellenic Republic for 20 years. The total area of the properties amounts to approximately 200 thousand sq.m. The consideration for the acquisition of the portfolio amounted to €115,500.

   - On 20 March 2014 the Company acquired 100% of the units of Picasso Fund in Italy, which owns an office complex, of a total area of approximately 21 thousand sq.m., located in Milan and an office property, of a total area of approximately 12 thousand sq.m., located in Rome, Italy. The consideration amounted to €37,953 (taking into account the assets and liabilities of the Picasso Fund), out of which €36,953 was paid in cash (funded from equity) and €1,000 was recognized as payable. The fair value of the properties as of the acquisition date amounted to €76,146.

   - On 12 August 2014 the Company acquired 34.96% of the share capital of MIG Real Estate REIC, a listed company in the Athens Exchange, for a consideration of €12,300. On the same day the Company acquired an additional 47.85% in the share capital of MIG Real Estate REIC as contribution in kind at a share capital increase of the Company of €13,395 with the issuance of 3,348,651 new common redeemable shares with a nominal value of €4.00 and a subscription price of €6.23 per newly issued share. On 22 October 2014 the Company completed the mandatory tender offer ("MTO") to the shareholders of MIGRE and acquired 1,951,053 shares (13.86% of the share capital of MIGRE) at an offer price of €3.10 per share, increasing its shareholding in MIGRE at 96.67%. Given the fact that following the MTO the Company held shares that represented at least 90% of the voting rights of MIGRE, the Company is under obligation, in accordance with article 28 of L.3461/2006, combined with the 1/409/29.12.2006 decision of the Hellenic Capital Market Commission, to acquire via the stock market all the shares offered to it within a period of three months as of the date of publication of the MTO results (i.e. up to 27 January 2015), against payment of the offer price of €3.10 per share (exit right). Upon the completion of the three-month period, the shareholding of the Company in MIGRE increased to 96.94% (shareholding in MIGRE as of 31 December 2014: 96.90%).

It is noted that the total fair value of the investment and owner-occupied properties of MIGRE as of the date of acquisition amounted to €53,967.

- On 25 September 2014 the Company acquired four (4) properties located in Marousi of Attica, Ilion of Attica, Katerini of Northern Greece and Agrinio of Western Greece, which are used as supermarkets, with a total surface of approximately 83 thousand sq.m. for a total consideration of €66,800. The properties are leased to Marinopoulos S.A., for a duration of 25 years.

- On 7 November 2014 the Company concluded the acquisition of a property used as supermarket, of a total area of approximately 11 thousand sq. m., which is located in Marousi of Attica, 3-5 Cheimaras Street, for a total consideration of €9,245. At the same date, the Company signed a commercial lease agreement of the said property with Marinopoulos S.A., for a duration of 25 years.

- On 19 November 2014 the Company concluded the acquisition of two properties used as supermarkets. The first property, of a total area of approximately 1 thousand sq.m., is located in Palaio Faliro, Attica, 73 Poseidonos Street, for a consideration of €2,012. The second property, of a total area of approximately 14 thousand sq.m., is located at Giannouli, Larisa on the 3rd km of the National Hightway of Larisa – Tyrnavos, for a consideration of €18,043. The properties are leased to Marinopoulos S.A. for a duration of 25 years.

- On 11 December 2014 the Company concluded the acquisition of a p property located at 23 Mitropoleos Street, Athens, which is used as a cultural centre / office and parking, for a total consideration of €11,000. The property has a total area of approximately 4 thousand sq.m. and it is leased to Cervantes Institute of Athens and Metropark.

2. In addition, the Group proceeded within 2014 with the signing of binding agreements for the acquisition of real estate investments amounting to €264,300, as presented below:

   - On 29 July 2014 the Company entered into a preliminary agreement to acquire an office property under reconstruction, located at 21 Mitropoleos Street, Athens, of a total area of approximately 1 thousand sq.m. for a consideration of €3,500, out of which the Company has already paid an amount of €300 as an advance. The transaction is estimated to close after the finalization of the works and until 29 May 2015.

   - On 30 September 2014, the Company entered into an agreement with "Sterling Properties Bulgaria EOOD", member of Marinopoulos S.A. Group, for the purchase of two companies that will own an area of approximately 23 thousand sq.m. of the shopping mall WEST PLAZA in Sofia, Bulgaria, for a total consideration of €33,000, out of which €6,600 was paid in advance.

The transaction will be executed in two stages. The first stage (which was concluded as of 27 February 2015), the Company will acquire a newly created company "PLAZA WEST A.D.", which owns approximately 9 thousand sq.m. of West Plaza, by paying an amount of €4,400. The second stage it is at the discretion of the Company whether to acquire a newly created company "PLAZA WEST 2 A.D.", which owns approximately 14 thousand sq.m. of West Plaza, at a predetermined price, or to resale company "PLAZA WEST A.D." to the seller company "Stirling Properties Bulgaria EOOD" at a predetermined price.

- On 10 October 2014, the Group signed a binding agreement for the acquisition of a property portfolio, which consists of 88 commercial properties (offices and retail), owned by an Italian banking institution, mainly located in northern Italy, for a total consideration of €167,300. The properties will be leased back to the banking institution under long-term lease agreements (with average lease duration of approximately 15 years). The binding agreement expired on 31 December 2014, however, the parties are still in the process of negotiating the terms of the transaction and the Italian banking institution has granted the Group exclusivity until the end of March 2015.

- On 10 October 2014, a binding agreement was signed for the acquisition of an office building, of a total gross area of approximately 14 thousand sq.m., located in Rome, Italy for a total consideration of €38,700. The property is leased to the Italian State and its acquisition was concluded as of 11 February 2015.

- The Company entered into a preliminary agreement dated 31 July 2014, as amended on 15 January 2015, with Chris Cash & Carry Limited, a company of the Marinopoulos S.A. Group, for the acquisition of two properties in Limassol, Cyprus for a total consideration of €21,800, out of which the Company has paid an amount of €5,000 as an advance. The signing of the final agreement, agreed to be concluded by 10 March 2015, is conditional, among others, on the successful completion of legal and technical due diligence process. Of these properties, the one property houses a supermarket of approximately 11 thousand sq.m., while the other one consists of a floor of approximately 1 thousand sq.m., which is used as office space. The Company has also signed a pre-agreement for the lease of the properties with Marinopoulos S.A., with a 25-year duration.

FINANCIAL POSITION AND PERFORMANCE OF THE GROUP

The Greek real estate market is fragmented and operates with different speeds and reactions depending on the characteristics of the specific properties under examination. In relation to commercial properties with investment characteristics that are similar to those of the portfolio of our Group (good quality, long term leases and trustworthy tenants), we would like to note that the first nine months of 2014 were characterized by stabilization with signs of recovery and a positive outlook of the real estate market. The last quarter was influenced by the political / financial circumstances and as a result a stand by mode of the market was evidenced.

The Company proceeded with the implementation of its investment plan (see INVESTMENTS above as well as EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014 below), using both its available cash and the inflow from the bond loan of a gross amount €237,500 which was covered by international investors. As a result, the diversification of the Company's portfolio was improved in terms of tenant mix and the percentage of the annualized rental income from NBG (ie passing rent as at 31.12.2014 multiplied by 12) is 64.2% versus 87.9% in 2013.

As of 31 December 2014 the Group's portfolio consisted of 314 (31.12.2013: 252) commercial properties (mainly bank branches and offices), of a total leasable area of 847 thousand sq.m., located in prime areas throughout Greece. The Group also owned as of 31 December 2014 three properties in Italy and two properties in Romania.

The fair value of investment property at 31 December 2014, in accordance with a relevant valuation by the regular independent valuer, amounted to €1,407,659 (31 December 2013: €930,879).

Revenue: Total revenue for the year ended 31 December 2014 amounted to €93,054, which relates to rental income, compared to €79,166 in 2013, representing an increase of 17.5%. This increase relates to rental income from new acquisitions during 2014.

Net gain from the fair value adjustment of investment property: During the current year, the fair value of investment properties increased by €98,651 (compared to net loss of €101,988 of the previous year). The net gain in the fair value of investment properties that resulted in 2014 reflects the change in the Greek commercial real estate market, which was positive in the first nine months of 2014 and went into stand by mode during the last quarter. The positive trend of the first nine months was recorded particularly for commercial properties that have investment characteristics comparable to those of the Group's portfolio (investment grade properties). Those characteristics include mainly the location of our properties, the quality of our tenants as well as the main terms of our leases, primarily those with NBG. We would like to note that the change in the investment grade commercial real estate market is related to a decrease in yields and not to an increase of rents or a combination of the two.

Operating profits / (losses): Operating profits of the Group for the year 2014 amounted to €186,560 compared to operating losses of €(25,420) of the previous year. Operating profits of the Group, not including the net loss from the fair value adjustment of investment property, amounted to €87,909 compared to €76,568 of the previous year (an increase of 14.8%). The increase is mainly related to the increase of the Group's revenues, as presented above.

Interest income: The Group's total interest income for the year 2014 amounted to €3,233 compared to €5,510 of the previous year (a decrease of 41.3%), which is mainly related to the decrease in cash and cash equivalents due to investments in real estate (directly or through business combinations) that the Company proceeded with during year 2014.

Finance costs: Group's finance costs for the year 2014 amounted to €10,693 (2013: €4,032). The increase in finance costs resulted from the increase in borrowings of the Group.

Taxes: As a Real Estate Investment Company, and in accordance with article 31, par. 3 of 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% of the aggregate European Central Bank ("ECB") reference rate plus 1% (the taxation formula is as follows: 10% * (ECB reference rate + 1%)). The Company's subsidiaries in Greece, i.e. MIG Real Estate REIC, and KARELA, have the same tax treatment.

The Company's foreign subsidiaries, Nash S.r.L. and Egnatia Properties S.A. are taxed on their income, assuming a tax rate of 31.4% in Italy and 16.0% in Romania, 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 2014.

Taxes on a Group level for the year ended 31 December 2014 amounted to €1,482 compared to €1,666 for the previous year. The 11.0% decrease is mainly due to the fact that ECB decreased the reference rate.

Profit / (loss) for the period: The Group's profit for the year 2014 amounted to €177,618 compared to net loss for the period of €(25,608) of the previous year.

BASIC RATIOS

	31.12.2014	31.12.2013
Current ratio (Current assets / Current liabilities)	4.33x	12.93x
Gearing ratio (Borrowings / Total assets)	20.5%	4.8%
LTV (Borrowings / Fair value of properties)	23.8%	5.8%
Net LTV [Net Borrowings (Borrowings less Cash and Cash equivalents) / Fair value of properties]	14.9%	(11.5)%

Net Asset Value (NAV)	**31.12.2014**	**31.12.2013**
NAV	**1,258,912**	**1,035,899**
No. of shares at year end (in thousands)	191,298	183,928
NAV (per share)	**6.58**	**5.63**

EPRA Net Asset Value (EPRA NAV)	**31.12.2014**	**31.12.2013**
EPRA NAV	**1,262,336**	**1,038,682**
No. of shares at year end (in thousands)	191,298	183,928
EPRA NAV (per share)	**6.60**	**5.65**

All amounts expressed in € thousand, unless otherwise stated

	From 01.01. to 31.12.2014	31.12.2013	% Change
Profit / (loss) for the period	177,618	(25,608)	
Plus: Depreciation of property and equipment	23	14	
Plus: Amortization of intangible assets	29	29	
Plus / Less: Net Finance costs / Interest Income	7,460	(1,478)	
Plus: Taxes	1,482	1,666	
EBITDA	**186,612**	**(25,377)**	
Less: Net non-recurring gains	(3,788)	(917)	
Plus / Less: Net change in fair value of financial instruments at fair value through profit or loss	125	(293)	
Plus / Less : Net gain / loss of fair value adjustment of investment properties	(98,651)	101,988	
Adjusted EBITDA	**84,298**	**75,401**	**11.8%**

Funds from Operations (FFO)	From 01.01. to 31.12.2014	31.12.2013	% Change
Profit / (loss) for the period	177,618	(25,608)	
Plus: Depreciation of property and equipment	23	14	
Plus: Amortization of intangible assets	29	29	
Less: Net non-recurring gains	(3,788)	(917)	
Plus / Less: Net change in fair value of financial instruments at fair value through profit or loss	125	(293)	
Plus / Less : Net gain / loss of fair value adjustment of investment properties	(98,651)	101,988	
FFO	**75,356**	**75,213**	**0.2%**

EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

On 30 January 2015 the Board of Directors of the Company ("Acquiree") and its subsidiary "MIG Real Estate REIC" ("Acquirer") in their meetings, decided the commencement of the preparatory actions for the merger by absorption of the first by the second. The planned merger has been proposed to take place by consolidating the assets and liabilities of the above mentioned companies, with combined application of articles 68 et seq. of C.L. 2190/1920 and L. 2166/1993, as applicable. The transformation date has been set for 31 January 2015.

Following the a binding agreement dated 10 October 2014, the Group concluded as of 11 February 2015 the acquisition of an office building, of a total gross area of approximately 14 thousand sq.m., located in Rome, Italy for a total consideration of €38,700. The property is leased to the Italian State.

Following the preliminary agreement dated 30 September 2014 with "Sterling Properties Bulgaria EOOD", member of Marinopoulos S.A. Group, the Company concluded on 27 February 2015 the acquisition a newly created company "PLAZA WEST A.D.", which owns approximately 9 thousand sq.m. of West Plaza in Sofia, Bulgaria. The consideration amounted to €11,000. At the second stage it is at the discretion of the Company whether to acquire a newly created company "PLAZA WEST 2 A.D.", which owns approximately 14 thousand sq.m. of West Plaza, at a predetermined price, or to resale company "PLAZA WEST A.D." to the seller company "Stirling Properties Bulgaria EOOD" at a predetermined price.

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.

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 leases consist of long-term operating leases with creditworthy tenants, for a period between 20 and 25 years, while for the majority of the leases the annual rental adjustment is associated with the Consumer Price Index plus a spread of 1.0%.

The Group is governed by an institutional framework (Law 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.

Non-performance of tenants (credit risk)

Credit risk relates to cases of default of counterparties to meet their transactional obligations.

The Group has significant 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 results from related party transactions, since the majority of the Group's property portfolio is leased to NBG (74.3% of total rental income). It is noted that on an annualised basis (i.e. rental income in force as of 31.12.2014 times 12), the above mentioned percentage of NBG amounts to 64.2%.

Inflation risk

The uncertainty over the real value of the Group's investments resulting from a potential increase of inflation in the future.

The Group minimizes its exposure to inflation risk as the majority of the Group's leases consist of long-term operating leases with tenants for a period between 20 and 25 years, , while for the majority of the leases the annual rental adjustment is associated with the Consumer Price Index plus a spread of 1.0%.

All amounts expressed in € thousand, unless otherwise stated

Cash flow risk and fair value interest rate risk

The Group has significant interest bearing assets comprising demand deposits and short term deposits as well as 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 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% the effect on the Group's results would be estimated at - €205 and +€204, respectively.

Liquidity risk

The current or future risk for earnings and capital arising from the inability of the Group to collect outstanding receivables without suffering significant losses. The Group ensures the required liquidity in time to timely meet its obligations through regular monitoring of liquidity needs and collection of amounts due from tenants and prudent cash management.

The liquidity of the Group is monitored by the Management on a regular basis. The maturity analysis of financial liabilities as at 31 December 2014 and 2013 is as follows:

31 December 2014	**Less than 1 month**	**1 - 3 months**	**3 - 12 months**	**12 months - 2 years**	**2 - 5 years**	**More than 5 years**	**Total**
Liabilities							
Borrowings	3,175	3,081	25,168	21,787	334,971	21,459	**409,641**
Other long-term liabilities	-	-	-	3,335	61	3,101	**6,497**
Derivative financial liabilities	-	470	1,405	1,851	1,593	-	**5,319**
Trade and other payables	15,808	1	4,355	-	-	-	**20,164**
Total	**18,983**	**3,552**	**30,928**	**26,973**	**336,625**	**24,560**	**441,621**

31 December 2013	**Less than 1 month**	**1 - 3 months**	**3 - 12 months**	**12 months - 2 years**	**2 - 5 years**	**More than 5 years**	**Total**
Liabilities							
Borrowings	-	1,278	4,140	4,183	56,039	-	**65,640**
Other long-term liabilities	-	-	-	6,691	-	2,492	**9,183**
Derivative financial liabilities	-	273	819	1,042	2,006	-	**4,140**
Trade and other payables	2,623	-	-	-	-	-	**2,623**
Total	**2,623**	**1,551**	**4,959**	**11,916**	**58,045**	**2,492**	**81,586**

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 is based on variable rather than fixed interest rates, the amount disclosed is determined by reference to the conditions existing at reporting date – that is, the actual spot interest rates effective as of 31 December 2014 and 2013, respectively, are used for determining the related undiscounted cash flows.

All amounts expressed in € thousand, unless otherwise stated

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 Greek REICs to borrow up to 75.0% of the value of total assets, for acquisitions and improvements on properties.

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

The table below presents the gearing ratio (debt ratio) at 31 December 2014 and 2013.

	Group		**Company**	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Borrowings	335,675	53,657	238,554	-
Total assets	1,636,702	1,110,546	1,490,895	1,036,925
Gearing ratio	**20.5%**	**4.8%**	**16.0%**	**-**

External factors and international investments

The Group has invested in three properties in Italy, through Nash S.rL. and Picasso Fund. In addition the Group has invested in two properties in Romania, through Egnatia Properties S.A.. External factors that may affect the relevant investments is the political and economic instability and changes in the tax framework for investment property in Italy and Romania.

RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out on the basis of the principle of equidistance (under normal market conditions for similar transactions with third parties). The significant transactions with related parties as defined by IAS 24, are described in detail in note 30 of the Annual Consolidated and Company Financial Statements for the year ended 31 December 2014.

OUTLOOK FOR THE YEAR 2015

In 2013 and 2014 there was increased investment activity in real estate portfolios with investment characteristics similar to those of the properties of our Group and we believe that, once circumstances allow it, the dynamics of the relevant market will once attract the interest of the investors.

Following the completion of the reverse merger (see EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014 below), the Company's shares will become listed at the Athens Exchange in 2015. As soon as market conditions allow it, our Company will examine the possibility to raise funds from the equity market in order to further develop its portfolio and to achieve its goals, which include the growth of the existing high quality portfolio and the improvement of its tenant and geographical diversification with the ultimate target of creating further value for the shareholders.

NBG PANGAEA

CORPORATE GOVERNANCE REPORT IN ACCORDANCE WITH THE PROVISION OF ARTICLE 43(A), PAR. 3d OF L. 2190/1920

1. **Corporate Governance Code**

   The Company, in compliance with the requirements of Law 3873/2010, has enacted a Corporate Governance Code which is posted on the Company website www.nbgpangaea.gr.

2. **Corporate Governance Practices**

   The Company has established policies and implements, in the contents of its business operation, respectively practices relating to the management and progression of its employees and its executives, to the prevention of conflicts of interest and risk management in which the Company is exposed.

   More specifically, taking into account the relevant provisions of L. 2778/1999 regarding Real Estate Investment Companies and L. 4209/2013 on alternative investment funds and fund managers, the Company maintain and implements a Code of Business Conduct and Ethics, a Remuneration Policy which refers to the remuneration of its employees (including its subsidiaries), a procedure to prevent abuse of privileged information and market manipulation as well as situations of conflict of interests within the meaning of L. 3340/2005 and Regulation 231/2013, respectively, detailed procedures for the outsourcing of important activities of the Company as provided in the relevant provisions of L. 4209/2013 and Regulation 231/2013, as well as a risk management policy.

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

   Internal Audit System

   The Board of Directors adopts appropriate policies to ensure that the exercise of the Company's internal audit is effective.

   The Audit Committee oversees the internal financial audits of the Company and monitors the effectiveness of internal audit and risk management systems of the Company.

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

- evaluates the processes regarding the preparation of the annual and quarterly company and consolidated financial statements, as well as any other financial disclosures made publicly available,
- reviews the financial statements prior to their submission to the BoD for approval and expresses to the BoD its views
- oversees the Company's compliance issues with regulatory requirements, etc.

Risk Management

The Company follows procedures to identify, assess and manage the risks that may arise during the preparation of the financial statements.

4. Additional information pursuant to sections (c), (d), (f), (h) and (i) of article 10, paragraph 1 of the 2004/25/EC Directive

- **Information pursuant to section (c) of paragraph 1, article 10 of the 2004/25/EC Directive**
  See section 7.3 of this Annual Report.

- **Information pursuant to section (d) of paragraph 1, article 10 of the 2004/25/EC Directive**
  See section 7.4 of this Annual Report.

- **Information pursuant to section (f) of paragraph 1, article 10 of the 2004/25/EC Directive**
  See sections 7.5 and 7.6 of this Annual Report.

- **Information pursuant to section (h) of paragraph 1, article 10 of the 2004/25/EC Directive**
  See section 7.7 of this Annual Report.

- **Information pursuant to section (i) of paragraph 1, article 10 of the 2004/25/EC Directive**
  See section 7.8 of this Annual Report.

5. Information about the General Meeting of Shareholders

Authorities

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

Operation of the General Meeting of Shareholders - Rights of the Shareholders

The BoD ensures that the preparation and the conduct of the General Meeting of Shareholders facilitate the effective exercise of the rights of the shareholders, by informing the shareholders of all the issues relating to their attendance to the General Meeting, including the agenda as well as the rights they have during the course of the General Meeting of Shareholders. The BoD facilitates, within the framework of the relevant statutory provisions, the participation of shareholders in the General Meeting, and especially minority shareholders, foreign shareholders and any of those staying in remote areas and exploit the general meeting of shareholders as a means for the meaningful and open dialogue with the Company.

The BoD convenes and conducts the General Meeting of Shareholders in accordance with applicable legislation and the Company's articles of association.

The Chairman of the BoD, the CEO and the regular auditor (the latter in the case of the ordinary general meeting of the Company) are present at the general meeting of shareholders, 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 Assembly 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 validation of the list of shareholders with voting rights, the General Assembly shall immediately elect its final officers, consisting of a Chairman and one or two secretaries who shall also serve as vote-counters.

The decisions by the general meeting are taken in accordance with the provisions of law and as provided in the Company's Articles of Association.

Shareholders have rights to information offered by the current legislation.

6. Information about the Board of Directors and its Committees

Composition and Operation of the Board of Directors of the Company

The Company is managed by its 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 duration of the current BoD is three years and ends at the General Meeting of Shareholders that will take place during the first semester of 2017.

The BoD is consisted by the following:

Full Name	Capacity
Christos I. Protopapas	Chairman of the BoD (non-executive member)
Paula N. Hadjisotiriou	Vice-Chairman (non-executive member)
Christophoros N. Papachristophorou	Vice-Chairman (non-executive member)
Aristotelis D. Karytinos	CEO
Thiresia G. Messari	Executive member
Akbar Abdul Aziz Rafiq*	Non-executive member
Arnaud Dominique Maurice Bertrand Plat**	Non-executive member
Spyridon G. Makridakis	Independent non-executive member
Prodromos G. Vlamis	Independent non-executive member

** Upon resignation of Mr. Nikolaos J. Papapolitis, Mr. Akbar Abdul Aziz Rafiq was elected as a member of the Board of Directors by virtue of a resolution of the Board of Directors dated on 17 April 2014.*

***Upon resignation of Mr. David J. Netser, Mr. Arnaud Dominique Maurice Bertrand Plat was elected as a member of the Board of Directors by virtue of a resolution of the Board of Directors dated on 26 September 2014.*

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

If one Vice-Chairman has been elected, when the Chairman is absent, indisposed or non-existent, his functions (as defined by the provisions of 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 indisposed or non-existent, his functions (as defined by the provisions of law or of the Articles of Association) are undertaken by the first Vice-Chairman. In the absence or incapacity of the first Vice-Chairman, the role of acting Chairman are undertaken by the second Vice-Chairman, or an officer designated by the BoD.

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

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

Committees established

The following committees have been established and operate: the Investment Committee, the Audit Committee, the Human Resources and Remuneration Committee and the Procurement Committee.

- **Investment Committee**

  The Investment Committee is responsible (following a decision of the BoD and to the extent of the powers assigned by the BoD) for making decisions on investment strategy, implementation of new investments, liquidation of existing investments, cooperation with any investment advisor of the Company, 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, out of which one (1) is the Chairperson of the Investment Committee.

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

  The Investment Committee currently consists of the following persons, as appointed by the BoD as of 18 July 2014:

Full Name	Capacity
Christophoros Papachristophorou	Chairperson
Aristotelis Karytinos	Member
Damianos Charampidis	Member
David Netser	Member
George Kountouris	Member

- **Audit Committee**

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

  The term of the Audit Committee members is annual and can be renewed indefinitely. Each member is provided at its appointment, as well as on a continuous basis, appropriate information and training. It is noted that the Audit Committee members shall not hold other posts or carry out transactions that could be considered incompatible with the mission of the Audit Committee. Participation in the Audit Commission does not exclude the possibility of participating in other committees of the BoD.

  The Audit Committee meets as often as necessary, but at least four times a year upon an invitation by the Chairperson of the Audit Committee and meets the regular auditor of the Company at least twice a year.

  The primary responsibilities of the Audit Committee relate to:

  - the internal audit system and the reporting systems,
  - the supervision of the internal audit unit,
  - the supervision of the regular audit,

  The composition, responsibilities and operation of the Audit Committee are governed in detail by the Internal Regulation of Operation of the Audit Committee.

  The Audit Committee currently consists of the following persons, as appointed by the General Meeting of Shareholders as of 30 December 2014:

Full Name	Capacity
Paula N. Hadjisotiriou	Chairperson
Spyridon G. Makridakis	Member
Prodromos G. Vlamis	Member

- **Human Resources and Remuneration Committee**

  The objective of the Human Resources and Remuneration Committee is to assist the BoD to perform its duties regarding the establishment and monitoring of application of the remuneration policy to be applied on the entirety of the staff of the Company and the Group. Additionally, the committee will also have as a main objective to contribute in order for the Company and its subsidiaries to attract, maintain, and evolve their main executives.

  The committee is responsible to ensure that the Company maintains clear, well established and transparent remuneration policy, which is consonant with its investment strategy, the profile and the assumption of any risks and does not encourage in any way the exaggerate assumption of short term risks. The committee is also dedicated to the prevention or elimination of conflicts of interest that may from time to time arise.

The Human Resources and Remuneration Committee reports to the BoD. In that respect the BoD has assigned to the committee a series of relevant competences, such as the examination of the adequacy, efficiency and productivity of the BoD members, as well as the recommendation for the appointment of key management personnel of the Company and the Group, the period examination of the benefits' policy for the staff of the Company and the Group, the recommendations as regards remunerations of the staff, addressed to the BoD, including those that have an impact on the risks and the risk management of the Company, the general monitoring of application of the Company and the Group's remuneration policy.

The Human Resources and Remuneration Committee consists of at least three non-executive members of the BoD with experience in the real estate sector. All members of the committee, including its chairman, are appointed by the BoD. To the extent the two Vice-Chairpersons of the Board of Directors are both, non-executive members of the BoD, they will be members of the committee. The committee must be chaired by an independent non-executive member of the BoD, while the majority of the committee's members must be independent non-executive members of the BoD.

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

The Human Resources and Remuneration Committee currently consists of the following persons, as appointed by the decision of the BoD dated 3 October 2014:

Full Name	Capacity
Spyridon G. Makridakis	Chairperson
Paula N. Hadjisotiriou	Member
Prodromos G. Vlamis	Member

- **Procurement Committee**

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

- The two Vice Chairpersons of the Company,
- The CEO, and
- 2 independent member of the Company's BoD.

The main objective of the Procurement Committee is to shape the Company's strategy with respect to the planning of supplies that would allow the Company to meet its targets.

Within the scope of its competences, the Procurement Committee measures and approves the necessity of proceeding to a procurement and the relevant expense that exceed the approval limits that the CEO and the CFO/COO has been assigned by the Company's 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 of the Company.

The Procurement Committee currently consists of the following persons, as appointed by the decision of the BoD dated 03 October 2014:

All amounts expressed in € thousand, unless otherwise stated

Full Name	Capacity
Spyridon G. Makridakis	Chairperson
Paula N. Hadjisotiriou	Member
Christophoros N. Papachristophorou	Member
Aristotelis D. Karytinos	Member
Prodromos G. Vlamis	Member

7. ADDITIONAL INFORMATION ACCORDING TO ARTILE 4, PARAGRAPH 7 OF LAW 3556/2007 AND ARTICLE 2 OF THE DECISTION 7/448/11.10.2007 OF THE CAPITAL MARKET COMMITTEE – EXPLANATORY REPORT

7.1 Structure of the share capital of the Company

The Share Capital of the Company as of 31 December 2014 amounted to €765,193, divided into 187,949,678 ordinary nominal shares, with voting rights, of nominal value of (amount in €) €4.00 each and 3,348,651 ordinary redeemable shares, with voting rights, of nominal value of (amount in €) €4.00 each.

Regarding the redeemable shares, in accordance with the Company's Articles of Association, the right of redemption of the redeemable shares ceases with the authorization of the Company's shares listing in the ATHEX. The redemption price is €7.16 per share. The redeemable shares represent 1.75% of total share capital of the Company.

7.2 Limits of transfer of Company's shares

There are no restrictions as regards to the transfer of shares other than those imposed by Law 2778/1999, as in force, relating to the acquisition of shares. Also, please refer to point 7.6 below.

7.3 Significant direct or indirect shareholdings within the meaning of the provisions of articles 9 and 11 of Law 3556/2007

On 31 December 2014, the National Bank of Greece S.A. held 32.69% of the share capital of the Company and Invel Real Estate (Netherlands) II B.V. held 65.56%.

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

7.4 Shares conferring special control rights and description of the respective rights

No Company shares exist that confer special control rights.

7.5 Limitations on voting rights

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

7.6 Agreements among Company shareholders entailing limitations on the transfer of shares or limitations on voting rights.

There are no agreements between the Company's shareholders that entail limitations on voting rights.

In accordance with the Shareholders Agreement dated 30 December 2013 concluded between the shareholders, National Bank of Greece S.A. and Invel Real Estate (Netherlands) II B.V. (hereinafter the "Shareholders") the following limitations on the transfer of Company's shares exist:

*In a*ccordance with article 3.2 of the abovementioned Shareholders Agreement, *"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 IPO (the "Lock-up period"). After the IPO, the Shareholders will negotiate in good faith in order to agree any reasonable restrictions on Transfer, in addition to those provided under Article 3.3. (Right of first offer) and Article 5 (Adherence to this Agreement) of this Agreement. The Shareholders agree that 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:
"After the Lock-up period, each Shareholder shall not, directly or indirectly together with its Affiliates, dispose of, in part or in whole, its Shareholding to any third party (hereinafter the "Third Party") by means of a block trade or an over-the-counter transaction, after which transaction the Third party shall be, to the best of the relevant Shareholder's knowledge, the owner either directly or indirectly together with its Affiliates of 5% or more of the 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 give effect to any share transfer (i.e. to annotate any share certificates or provide the shareholders' book for signature in pursuant to article 8b of the Codified Law 2190/1920) which is note in accordance with this Agreement 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 five years from the date of acquisition of the Company's shares Closing to not transfer any shares of the Company to a third party unless such third party becomes a party to this Agreement.

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

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 Codified Law 2190/1920. Resolution on the amendment of the Company's Articles of Association require a quorum of 75.5% for the initial General Meeting, 75% for the first repeat General Meeting and 74% for the second repeat General Meeting.

7.8 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 has not taken a decision to purchase treasury and there is no pending decision to issue new shares.

7.9 Significant agreements entered in force, amended or terminated in the event of a change in the control of the Company, following a public tender offer

The Company's shares are not listed in a regulated market, therefore the provisions relating to public tender offers do not apply.

7.10 Significant agreements with members of the Board of Directors or employees of the Company, which provide for the payment of compensation in the case of resignation or dismissal without good reason or termination of their term of office or employment as a result of a public tender offer

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

(a) on 11 August 2014 the Company entered into a fixed-term employment agreement with Mr. Aristotelis Karytinos in relation to the provision of his services to the Company and its Group as CEO. The CEO agreement expires as of 10 August 2019. In case the Company terminates the CEO agreement prior to its expiry without good cause, the Company is obliged to indemnify the CEO with the total of the remaining monthly wages that would be payable up to the expiry of the definite term of the CEO agreement.

(b) on 11 August 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 as of 10 August 2019. In case the Company terminates the CFO/COO agreement prior to its expiry without good cause, the Company is obliged to indemnify Ms Messari with 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 on 11 August 2014, in accordance with C.L. 2190/1920.

Athens, 27 March 2015

The Chief Executive Officer

Aristotelis Karytinos

Deloitte.

TRANSLATION
Independent Auditor's Report

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

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of the Company "NBG PANGAEA REAL ESTATE INVESTMENT COMPANY" (the "Company") and its subsidiaries (the "Group" as a whole), which comprise the separate and consolidated statement of financial position as of 31 December 2014, the separate and consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards, as these have been adopted by the European Union, and for such internal control as management 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group and its subsidiaries as at 31 December 2014, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as these have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

a) The Directors' Report includes a Corporate Governance Statement which provides the information required according to the provisions of paragraph 3d of Article 43a of Codified Law 2190/1920, as arises from the paragraph 4, art. 24, of Law 2778/1999 and paragraph 3f of article 107 of Codified Law 2190/1920.

b) We have agreed and confirmed the content and consistency of the Directors' Report to the accompanying separate and consolidated financial statements according to the provisions of the articles 43a, 108 and 37 of the Codified Law 2190/1920.

Athens, 27 March 2015

The Certified Public Accountant

Beate Randulf
Reg. No. SOEL: 37541

Deloitte.

Hadjipavlou Sofianos & Cambanis S.A.
Fragoklisias 3a & Granikou Str.
GR 151 25 Marousi
Reg. No. SOEL: E120

All amounts expressed in € thousand, unless otherwise stated

		Group		Company	
	Note	**31.12.2014**	**31.12.2013**	**31.12.2014**	**31.12.2013**
ASSETS					
Non-current assets					
Investment property	6	1,407,659	930,879	1,081,049	739,758
Investment in subsidiaries		-	-	210,091	129,672
Property and equipment	7	4,334	1,433	1,698	1,433
Intangible assets	8	216	245	216	245
Other long-term receivables	11	11,737	-	11,729	-
		1,423,946	**932,557**	**1,304,783**	**871,108**
Current assets					
Trade and other receivables	12	87,118	17,026	178,920	9,446
Cash and cash equivalents	13	125,638	160,963	7,193	156,371
		212,756	**177,989**	**186,113**	165,817
Total assets		**1,636,702**	**1,110,546**	**1,490,896**	**1,036,925**
SHAREHOLDERS' EQUITY					
Share capital	14	765,193	735,712	765,193	735,712
Share premium	14	15,890	-	15,890	-
Reserves	15	326,953	326,973	326,917	326,973
Retained earnings / (losses)		151,038	(26,502)	127,909	(32,135)
Equity attributable to Company's shareholders		**1,259,074**	**1,036,183**	**1,235,909**	**1,030,550**
Non-controlling interests		1,362	-	-	-
Total equity		**1,260,436**	**1,036,183**	**1,235,909**	**1,030,550**
LIABILITIES					
Long-term liabilities					
Borrowings	16	320,054	51,390	230,054	-
Retirement benefit obligations	17	251	26	85	26
Deferred tax liability		382	-	-	-
Other long-term liabilities	18	6,497	9,183	319	-
		327,184	**60,599**	**230,458**	**26**
Short-term liabilities					
Trade and other payables	20	29,553	7,932	15,393	5,661
Borrowings	16	15,621	2,267	8,500	-
Derivative financial instruments	19	3,042	2,783	-	-
Current tax liabilities		866	782	636	688
		49,082	**13,764**	**24,529**	**6,349**
Total liabilities		**376,266**	**74,363**	**254,987**	**6,375**
Total shareholders' equity and liabilities		**1,636,702**	**1,110,546**	**1,490,896**	**1,036,925**

Athens, 27 March 2015

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	
	Note	**31.12.2014**	**31.12.2013**	**31.12.2014**	**31.12.2013**
Revenue					
Rental income	21	93,054	79,166	78,393	71,343
		93,054	**79,166**	**78,393**	**71,343**
Net gain / (loss) from the fair value adjustment of investment property	6	98,651	(101,988)	91,799	(103,173)
Direct property related expenses	22	(6,718)	(2,850)	(5,152)	(2,478)
Personnel expenses	23	(1,287)	(484)	(1,074)	(484)
Depreciation of property and equipment	7	(23)	(14)	(12)	(13)
Amortisation of intangible assets	8	(29)	(29)	(29)	(29)
Net change in fair value of financial instruments at fair value through profit or loss		(125)	293	-	-
Other income		4,472	921	591	-
Other expenses	24	(1,435)	(435)	(1,111)	(403)
Operating profit / (loss)		**186,560**	**(25,420)**	**163,405**	**(35,237)**
Interest income		3,233	5,510	3,210	5,496
Finance costs		(10,693)	(4,032)	(5,284)	(7)
Profit / (loss) before tax		**179,100**	**(23,942)**	**161,331**	**(29,748)**
Taxes	26	(1,482)	(1,666)	(1,271)	(1,493)
Profit / (loss) for the period		**177,618**	**(25,608)**	**160,060**	**(31,241)**
Attributable to:					
Non-controlling interests		19	-	-	-
Company's equity shareholders		**177,599**	**(25,608)**	**160,060**	**(31,241)**
Earnings / (losses) per share (expressed in € per share)					
Basic and diluted	27	0.956	(0.173)	0.862	(0.211)

Athens, 27 March 2015

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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Profit / (loss) for the period	**177,618**	**(25,608)**	**160,060**	**(31,241)**
Other comprehensive income / (expense):				
Items that may not be reclassified subsequently to profit or loss:				
Effect of IAS19R	(82)	-	(56)	-
Total of items that may be reclassified subsequently to profit or loss	**(82)**	**-**	**(56)**	**-**
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	63	-	-	-
Total of items that may be reclassified subsequently to profit or loss	**63**	**-**	**-**	**-**
Other comprehensive expense for the period	**(19)**	**-**	**(56)**	**-**
Total comprehensive income / (expense) for the period	**177,599**	**(25,608)**	**160,004**	**(31,241)**
Attributable to:				
Non-controlling interests	20	-	-	-
Company's equity shareholders	**177,579**	**(25,608)**	**160,004**	**(31,241)**

Athens, 27 March 2015

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

NBG PANGAEA

All amounts expressed in € thousand, unless otherwise stated

	Note	Share capital	Share premium	Reserves	Retained Earnings	Total	Non-controlling interests	Total
		Attributable to Company's shareholders						
Balance 1 January 2013		**590,000**	**-**	**325,984**	**23,467**	**939,451**	**-**	**939,451**
Loss for the period		-	-	-	(25,608)	**(25,608)**	**-**	**(25,608)**
Total comprehensive expense after tax		**-**	**-**	**-**	(25,608)	**(25,608)**	**-**	**(25,608)**
Share capital increase	14	145,712	-	-	-	**145,712**	**-**	**145,712**
Expenses related to the share capital increase		**-**	-	-	(938)	**(938)**	**-**	**(938)**
Transfer to reserves		**-**	-	989	(989)	**-**	**-**	**-**
Dividends relating to 2012	25	**-**	**-**	**-**	(22,434)	**(22,434)**	**-**	**(22,434)**
Balance 31 December 2013		**735,712**	**-**	**326,973**	**(26,502)**	**1,036,183**	**-**	**1,036,183**
Balance 1 January 2014		**735,712**	**-**	**326,973**	**(26,502)**	**1,036,183**	**-**	**1,036,183**
Other comprehensive expense for the period after tax		-	-	(20)	-	**(20)**	1	**(19)**
Profit for the period		-	-	-	177,599	**177,599**	19	**177,618**
Total comprehensive income / (expense) after tax		**-**	**-**	**(20)**	**177,599**	**177,579**	**20**	**177,599**
Acquisition of subsidiary		-	-	-	(43)	**(43)**	1,342	**1,299**
Share capital increase	14	29,481	16,436	-	-	**45,917**	-	**45,917**
Expenses related to the share capital increase		-	(546)	-	(16)	**(562)**	-	**(562)**
Balance 31 December 2014		**765,193**	**15,890**	**326,953**	**151,038**	**1,259,074**	**1,362**	**1,260,436**

All amounts expressed in € thousand, unless otherwise stated

	Note	Share capital	Share premium	Reserves	Retained Earnings	Total
Balance 1 January 2013		**590,000**	**-**	**325,984**	**23,467**	**939.451**
Loss for the period		-	-	-	(31,241)	**(31,241)**
Total comprehensive loss after tax		**-**	**-**	**-**	**(31,241)**	**(31,241)**
Share capital increase	14	145,712	-	-	-	**145,712**
Expenses related to the share capital increase		**-**	-	-	(938)	**(938)**
Transfer to reserves		**-**	-	989	(989)	**-**
Dividends relating to 2012	25	**-**	**-**	**-**	(22,434)	**(22,434)**
Balance 31 December 2013		**735,712**	**-**	**326,973**	**(32,135)**	**1,030,550**
Balance 1 January 2014		**735,712**	**-**	**326,973**	**(32,135)**	**1,030,550**
Other comprehensive expense for the period after tax		-	-	(56)	-	**(56)**
Profit for the period		-	-	-	160,060	**160,060**
Total comprehensive income after tax		**-**	**-**	**(56)**	**160,060**	**160,004**
Share capital increase	14	29,481	16,436	-	-	**45,917**
Expenses related to the share capital increase		-	(546)	-	(16)	**(562)**
Balance 31 December 2014		**765,193**	**15,890**	**326,917**	**127,909**	**1,235,909**

All amounts expressed in € thousand, unless otherwise stated

	Note	From 01.01. to 31.12.2014	31.12.2013
Cash flows from operating activities			
Profit / (loss) before tax		179,100	(23,942)
Adjustments for:			
Provisions for employee benefits	23	4	4
Other gains		(3,556)	(917)
Depreciation of property and equipment	7	23	14
Amortization of intangible assets	8	29	29
Net (gain) / loss from the fair value adjustment of investment property	6	(98,651)	101,988
Interest income		(3,233)	(5,510)
Finance cost		10,693	4,032
Net change in fair value of financial instruments at fair value through profit or loss		125	(293)
Changes in working capital:			
Increase in receivables		(9,540)	(3,418)
Increase in payables		18,115	2,108
Cash flows from operating activities		93,109	74,095
Interest paid		(10,001)	(4,190)
Tax paid		(1,505)	(1,719)
Net cash flows from operating activities		**81,603**	**68,186**
Cash flows from investing activities			
Acquisition of investment property	6	(230,100)	-
Subsequent capital expenditure on investment property	6	(162)	(23)
Prepayments for the acquisition of investment property and overseas subsidiaries		(13,087)	-
Purchases of property and equipment		(74)	(155)
Acquisitions of subsidiaries (net of cash acquired)		(45,780)	(52,837)
Interest received		3,233	5,510
Net cash flows from investing activities		**(285,970)**	**(47,505)**
Cash flows from financing activities			
Proceeds from share capital increase	14	5,825	1
Expenses related to the share capital increase		(562)	(938)
Proceeds from the issuance of bond loans and other borrowed funds		240,911	-
Repayment of borrowings		(7,343)	(1,755)
Acquisition of additional shareholding in subsidiaries		(6,151)	-
Dividends paid	25	(58,169)	(22,434)
Net cash flows used in financing activities		**169,047**	**(25,126)**
Net increase / (decrease) in cash and cash equivalents for the period		**(35,320)**	**(4,445)**
Cash and cash equivalents at the beginning of the period		160,963	165,408
Effect of foreign exchange currency changes on cash and cash equivalents		(5)	-
Cash and cash equivalents at the end of the period	13	**125,638**	**160,963**

All amounts expressed in € thousand, unless otherwise stated

	Note	From 01.01. to 31.12.2014	31.12.2013
Cash flows from operating activities			
Profit / (loss) before tax		161,331	(29,748)
Adjustments for:			
Provisions for employee benefits	23	3	4
Depreciation of property and equipment	7	12	13
Amortization of intangible assets	8	29	29
Net (gain) loss from the fair value adjustment of investment properties	6	(91,799)	103,173
Interest income		(3,210)	(5,496)
Finance costs		5,284	7
Changes in working capital:			
Increase in receivables		(111,305)	(1,896)
Increase in payables		12,550	743
Cash flows from operating activities		(27,105)	66,829
Interest paid		(4,677)	(7)
Tax paid		(1,324)	(1,640)
Net cash flows from operating activities		**(33,106)**	**65,182**
Cash flows from investing activities			
Acquisition of investment property	6	(230,100)	-
Subsequent capital expenditure on investment property	6	(7)	(23)
Advance payments for the acquisition of investment property and overseas subsidiaries		(12,087)	-
Purchases of property and equipment		(72)	(155)
Acquisition of subsidiaries		(50,253)	(56,166)
Interest received		3,210	5,496
Net cash flows from investing activities		**(289,309)**	**(50,848)**
Cash flows from financing activities			
Proceeds from share capital increase	14	5,825	1
Expenses related to the share capital increase		(562)	(938)
Proceeds from the issuance of bond loans and other borrowed funds		240,911	-
Expenses related to the issuance of bond loans		(5,464)	-
Acquisition of additional shareholding in subsidiaries		(6,151)	-
Participation in subsidiaries’ capital increase		(3,153)	-
Dividends paid	25	(58,169)	(22,434)
Net cash flows used in financing activities		**173,237**	**(23,371)**
Net increase / (decrease) in cash and cash equivalents for the period		**(149,178)**	**(9,037)**
Cash and cash equivalents at the beginning of the period		156,371	165,408
Cash and cash equivalents at the end of the period	13	**7,193**	**156,371**

All amounts expressed in € thousand, unless otherwise stated

1. General Information

NBG Pangaea Real Estate Investment Company (hereinafter the “Company”) is an investment property company in accordance with Article 22 of L. 2778/1999, as in force.

The Company together with its subsidiaries (hereinafter the “Group”) is an investment property group operating in Greece and abroad. More specifically, the Group operates in Italy through Nash S.r.L. and Picasso - Fondo Comune di Investimento Immobiliare Speculativo di Tipo Chiuso ad Investitori Qualificati” (Picasso – Closed End Real Estate Investment Fund Reserved for Qualified Investors), hereinafter “Picasso Fund” and in Romania, through MIG Real Estate’s subsidiary, Egnatia Properties S.A.

The Company was incorporated at 30 March 2010 with the No. 5941/30.03.2010 decision of the Athens Prefecture (General Commercial Registry no.: 009313201000) and as a Real Estate Investment Company (R.E.I.C.), is supervised by the Hellenic Capital Market Commission which granted its operating license no. 9/544/18.3.2010.

The address of the Company’s registered office is 6, Karageorgi Servias street, Syntagma, Athens, Greece.

It is noted that in accordance with the provisions of Law 2778/1999, as in force, the Company must list its shares in a regulated market, within the meaning of paragraph 10 of article 2 of Law 3606/2007, which operates legally in Greece until 15 October 2015.

On 30 January 2015 the Board of Directors of the Company ("Acquiree") and its subsidiary “MIG Real Estate REIC" ("Acquirer") in their meetings, decided the commencement of the preparatory actions for the merger by absorption of the first by the second. The planned merger has been proposed to take place by consolidating the assets and liabilities of the above mentioned companies, with combined application of articles 68 et seq. of C.L. 2190/1920 and L. 2166/1993, as applicable. The transformation date has been set for 31 January 2015 (Note 31).

The extraordinary General Meeting of the Company’s shareholders dated 12 August 2014, approved the Company’s share capital increase by: a) an amount of €13,395 due to the contribution in kind of 6,734,011 listed in the Athens Exchange (“ATHEX”) shares of the real estate investment company, MIG Real Estate REIC, with the issuance of 3,348,651 common redeemable shares with a par value of €4.00 each and an issue price of €6.23 each (Note 9 and 14) and b) an amount of €16,087 partly in cash of €5,825 and partly in contribution in kind of a property owned by Anthos Properties S.A., with the issuance of 4,021,678 common ordinary shares, with a par value of €4.00 each (Note 7 and 14).

Upon completion of the transaction, the Company's shareholding structure is as follows:

	% participation
• National Bank of Greece S.A. (“NBG”):	32.69%
• Invel Real Estate (Netherlands) II B.V. (“Invel”):	65.56%
• Other shareholders:	1.75%

All amounts expressed in € thousand, unless otherwise stated

It is noted that in the abovementioned percentage of Invel Anthos Properties S.A. (subsidiary of Invel) is included which directly holds 4,021,678 common shares which represent 2.10% of the share capital of the Company.

NBG and Invel entered into a shareholders agreement whereby NBG appoints the majority of the members of the Board of Directors and the Investment Committee and guarantee is provided to NBG for certain other contractual rights. As a result of this shareholders agreement NBG is the controlling shareholder of the Company (Note 29) under IFRS.

The current Board of Directors has a term of three years which expires at the 2016 Annual General Meeting of Shareholders, which will take place within year 2017. The Board of Directors was elected by the Extraordinary General Meeting of Shareholders held on 30 December 2013 and was constituted as a body in its same day meeting. The current Board has the following composition:

Christos I. Protopapas	Chairman	Non Executive Member
Paula N. Hadjisotiriou	Vice-Chairman A', Deputy CEO at NBG	Non Executive Member
Christophoros N. Papachristophorou	Vice-Chairman B', Managing Partner at Invel	Executive Member
Aristotelis D. Karytinos	CEO	Executive Member
Thiresia G. Messari	CFO / COO	Executive Member
Akbar Abdul Aziz Rafiq*	Co-Head of European Credit at York Capital	Non Executive Member
Arnaud Dominique Maurice Bertrand Plat**	Chief Operating Officer at Invel	Non Executive Member
Prodromos G. Vlamis	Visiting Professor at Athens University of Economics & Business and Research Associate at University of Cambridge	Independent - Non Executive Member
Spyridon G. Makrydakis	Rector of Neapolis University of Pafos	Independent - Non Executive Member

* *Upon resignation of Mr. Nikolaos J. Papapolitis, Mr. Akbar Abdul Aziz Rafiq was elected as a member of the Board of Directors by virtue of a resolution of the Board of Directors dated on 17 April 2014.*

***Upon resignation of Mr. David J. Netser, Mr. Arnaud Dominique Maurice Bertrand Plat was elected as a member of the Board of Directors by virtue of a resolution of the Board of Directors dated on 26 September 2014.*

These financial statements have been approved for issue by the Company's Board of Directors at 27 March 2015.

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 consolidated financial statements of the Group and the separate financial statements of the Company for the year ended 31 December 2014 (the "financial statements") have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRSs") as endorsed by the European Union (the "EU").

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

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period (Note 32).

The financial statements have been prepared in accordance with the going concern principle, under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value.

The preparation of 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 unaudited tax years and contingencies from litigation. 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 consolidated financial statements are disclosed in Note 4.

2.2. Adoption of International Financial Reporting Standards (IFRS)

2.2.1. New standards, amendments and interpretations to existing standards applied from 1 January 2014

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interest in Other Entities*, IAS 27 (as revised in 2011) *Separate Financial Statements* and IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards. In the current year, the Group has applied for the first time IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011) together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding the transitional guidance. The impact of the application of these standards is set out below.

2.2.1.1. Impact of the application of IFRS 10

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee. There was no impact from the adoption of IFRS 10 in the consolidated financial statements.

2.2.1.2. Impact of the application of IFRS 11

IFRS 11, *Joint arrangements,* focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. There was no impact from the adoption of IFRS 11.

2.2.1.3. Impact of the application of IFRS 12

IFRS 12, *Disclosures of interests in other entities*, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, and structured entities that are not controlled by the entity. At the issuance of IFRS 12 no material amendment was performed in IAS 34, therefore, the requirements of IFRS 12 have no direct application at the time of issuance of the financial statements and the Group has no unconsolidated subsidiaries.

2.2.1.4. Impact of the application of IAS 27 (2011)

Amended version of IAS 27 now deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 *Consolidated and Separate Financial Statements*. Requirements for consolidated financial statements are now contained in IFRS 10 *Consolidated Financial Statements*. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IAS 39 *Financial Instruments: Recognition and measurement*. There was no impact from the adoption of the amended IAS 27 to the separate financial statements of the Company.

2.2.1.5. Impact of the application of IAS 28 (2011)

This Standard supersedes IAS 28 *Investments in Associates* and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines "significant influence" and provides guidance on how the equity method of accounting is to be applied. It also prescribes how investments in associates and joint ventures should be tested for impairment. There was no impact from the adoption of the amended IAS 28 to the financial statements.

In addition, the following amendments applied for the first time in 2014:

2.2.1.6. Impact on the application of IAS 32 "Financial Instruments: Presentation" (Amendment)

These amendments provide clarifications on the application of the offsetting rules. There was no impact from the adoption of these amendments to the financial statements of the Group and the Company.

2.2.1.7. Impact on the application of IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" (Amendment)

These amendments provide relief from discontinuing hedge accounting when a derivative designated as a hedging instrument is novated to a clearing counterparty and certain conditions are met. The adoption of this amendment has no impact to the financial statements.

2.2.1.8. Impact on the application of IAS 36 (Amendments) "Recoverable Amount Disclosures for Non-Financial Assets"

These amendments remove the requirement to disclose the recoverable amount of assets or cash-generating units to which a significant amount of goodwill (or intangibles assets with indefinite useful lives) has been allocated in periods when no impairment or reversal has been recognized, to clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. There was no impact from the adoption of these amendments to the financial statements of the Group and the Company.

2.2.1.9. IFRIC "Interpretation 21 Levies" (IFRIC 21)

IFRIC 21 clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. There was no impact from the adoption of this interpretation to the financial statements of the Group and the Company.

2.2.2. New standards, amendments and interpretations to existing standards effective after 2014

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

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

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

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

- **IAS 19 (Amendments)** “**Defined Benefit Plans: Employee Contributions**” (effective for annual periods beginning on or after 1 July 2014, as issued by the IASB). Amends the requirements in IAS 19 (2011) “Employee Benefits” for contributions from employees or third parties that are linked to service. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. If the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by paragraph 70 of IAS 19 for the gross benefit (i.e. either using the plan’s contribution formula or on a straight-line basis).The Group and the Company have not applied this amendment, but it is not expected to have a material impact on the Consolidated and Company financial statements.

- **IFRS 15 (new standard)** "**Revenue from Contracts with Customers**" (effective for annual periods beginning on or after 1 January 2017 as issued by the IASB). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a five-step approach to revenue recognition:

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

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

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

- **IFRS 11 (Amendments) Accounting for Acquisitions of Interests in Joint Operations** (effective for annual periods beginning on or after 1 January 2016, as issued by the IASB). The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

  The Group and the Company do not expect that this amendment will have an impact on the Consolidated and Company financial statements.

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

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

- **“Annual Improvements to IFRSs 2010-2012 Cycle”** (effective for annual periods beginning on or after 1 July 2014). The amendments impact the following standards:
  - **IFRS 2** – Amends the definitions of “vesting conditions” and “market condition” and adds definitions for “performance condition” and “service condition” which were previously included within the definition of “vesting conditions”.
  - **IFRS 3** – Requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value should be recognized in profit or loss
  - **IFRS 8** – Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, including a brief description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have similar economic characteristics. Clarify that reconciliations of the total of the reportable segments’ assets to the entity’s assets are only required if the segments’ assets are regularly reported to the chief operating decision maker.
  - **IFRS 13** – Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis, if the effect of discounting is not material (amends basis for conclusions only).
  - **IAS 16 and IAS 38** – Clarifies that when an item of property and equipment or an intangible asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after any impairment losses.
  - **IAS 24** – Clarifies that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity and how payments to entities providing management services are to be disclosed.

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

- **IAS 27 (Amendment) Equity Method in Separate Financial Statements** (effective for annual periods beginning on or after 1 January 2016, as issued by the IASB). The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- **“Annual Improvements to IFRSs 2010-2012 Cycle”** (effective for annual periods beginning on or after 1 July 2016). The amendments impact the following standards:

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

IFRS 7 – There are two amendments to IFRS 7.

1. Servicing contracts

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

2. Interim financial statements

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

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

IAS 34 – The amendment clarifies what is meant by the reference in the standard to "information disclosed elsewhere in the interim financial report". The amendment further amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.

The Group and the Company have not applied these amendments, but they are not expected to have a material impact on the Consolidated and Company financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Consolidated and Company 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, respectively, 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 intra-group 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 interests in subsidiaries that do not result in loss of control

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

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

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

2.3.4. Loss of control

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

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

2.3.5. Put options on non-controlling interests

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

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

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 individual 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 individual financial statements

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

2.4. Business Combinations

2.4.1. Acquisition method

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

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

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

2.4.2. Goodwill

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

2.4.3. Contingent consideration

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

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

2.4.4. Business combinations achieved in stages

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

2.4.5. Provisional accounting

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

2.5. Foreign Currency Translation

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

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

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

When a monetary item forms part of a reporting entity's net investment in a foreign operation and is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, the exchange differences that arise in the individual 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.

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

Investment property comprises land and buildings, owned by the Group (or held through a finance leasing agreement) with the intention of earning rental or capital appreciation or both.

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 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.

Property that is being developed for future use as investment property is classified as property and equipment and stated at cost until the development is complete, so it is reclassified and subsequently accounted for as investment property.

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 are taken into account in determining profit / (loss) before tax.

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, 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 - 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 objective evidence that a non financial assets is impaired and if such objective evidence exists the non financial asset is tested for impairment.

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

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

2.12. Trade and Other Receivables

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

2.13. Cash and Cash Equivalents

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

2.14. Share Capital

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

2.15. Dividend Distribution

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

2.16. Trade and Other Payables

Trade 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 are classified as financial instruments at fair value through profit or loss (held for trading). Derivatives are presented in assets when favourable to the Group and in liabilities when unfavourable to the Group.

Derivative financial instruments of the Group comprise interest rate swaps and these derivative instruments transacted as effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting under the specific rules of IAS 39.
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.

Recognition of the derivative financial instruments takes place at the entering into the contracts. They are measured initially and subsequently at the fair value; transaction costs are included directly in finance costs. Unrealised gains or losses on derivatives are recognized in the income statement (net change in fair value of financial instruments at fair value through profit or loss).

2.20. Current and Deferred Tax

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. 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 income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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 utilised.

As a Real Estate Investment Company, and in accordance with law 2778/1999, 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% of the aggregate European Central Bank ("E.C.B.") reference rate plus 1% (the taxation formula is as follows: 10% * (ECB reference rate + 1%)). 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 Company's foreign subsidiaries are taxed based on the regime in force in the respective (Note 26).

2.21. Employee Benefits

A defined contribution plan is a post-employment benefit plan under which the Company 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 relating to employee service in the current and prior periods. Group 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 Group is liable for the payment of the agreed benefits to the employee. The only existing defined benefit plan for the Company relates to the payment of a compensation of L.2112/1920. 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. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined liability/(asset). 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 OCI, with no subsequent recycling to the income statement, in order to fully reflect the full value of the plan deficit or surplus.

2.22. Provisions

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

2.23. 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.

Interest income is recognised on a time-proportion basis using the effective interest method.

2.24. 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.

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.

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.

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.

2.25. 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 Company has determined that its chief operating decision-maker is the Investment Committee of the Company.

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.

2.26. Related Party Transactions

Related parties include the parent company, NBG, as well as entities which the Bank as well as the Company has the ability to exercise influence in making financial and operating decisions. 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.

2.27. 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.

2.28. Earnings / (Losses) per Share

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

3. Financial Risk Management

3.1. Financial Risk Management

The Group's activities expose it to a variety of financial risks such as market risk, credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade and other receivables, cash and cash equivalents, trade and other payables and borrowings. The accounting policies with respect to these financial statements 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 the functional currency. The Group's exposure to foreign currency risk at 31 December 2014 is not significant, as the Group’s subsidiary, which has not as functional currency the €,represents less than 0.5% of the Group’s total assets and less than 2.0% of the Group’s total liabilities.

ii) Price risk

The Group is exposed to risk from changes in property values and rents which can originate from a) the 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 leases consist of long-term operating leases with creditworthy tenants, for a period between 20 and 25 years, while for the majority of the leases the annual rental adjustment is associated with the Consumer Price Index plus a spread of 1.0%. The Group has no significant exposure to price risk relating to financial instruments as it does not hold any equity securities or commodities.

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

iii) Cash flow and fair value interest rate risk

The Group has significant interest bearing assets comprising demand deposits and short term deposits (Note 13). Additionally, the Group has borrowings (Note 16).
The Group is exposed to fluctuations in interest rates prevailing in the market and on its financial position and cash flows. Borrowing costs may increase as a result of such changes or create losses or borrowing costs may be reduced by the occurrence of unexpected events. To reduce the Group's exposure to fluctuations in interest rates of long-term borrowings, the repricing dates are limited by contract to a maximum period of three months. If the reference rate changed by +/-1% the effect on the Group's results would be estimated at -€205 and +€204, respectively.

b) Credit risk

The Group has concentration of credit risk with respect to cash and cash equivalents and lease receivables from operating leases. Credit risk relates to cases of default of counterparties to meet their transactional obligations. 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 (74.3% of total rental income) (Note 5 and 29). It is noted that on an annualised basis (i.e. rental income in force as of 31.12.2014 times 12) the abovementioned percentage of NBG amounts to 64.2%.

c) Liquidity risk

The current or prospective risk to earnings and capital arising from the Group's inability to collect overdue outstanding financial obligations (by tenants) without incurring unacceptable losses.

All amounts expressed in € thousand, unless otherwise stated

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 as well as prudent cash management.

The liquidity of the Group is monitored by the Management on a regular basis. The maturity analysis of financial liabilities as at 31 December 2014 and 2013 is as follows:

31 December 2014	Less than 1 month	1 - 3 months	3 - 12 months	12 months - 2 years	2 - 5 years	Later than 5 years	Total
Liabilities							
Borrowings	3,175	3,081	25,168	21,787	334,971	21,459	**409,641**
Other long term liabilities	-	-	-	3,335	61	3,101	**6,497**
Derivative financial instruments	-	470	1,405	1,851	1,593	-	**5,319**
Trade and other payables	15,808	1	4,355	-	-	-	**20,164**
Total	**18,983**	**3,552**	**30,928**	**26,973**	**336,625**	**24,560**	**441,621**

31 December 2013	Less than 1 month	1 - 3 months	3 - 12 months	12 months - 2 years	2 - 5 years	Later than 5 years	Total
Liabilities							
Borrowings	-	1,278	4,140	4,183	56,039	-	65,640
Other long term liabilities	-	-	-	6,691	-	2,492	9,183
Derivative financial instruments	-	273	819	1,042	2,006	-	4,140
Trade and other payables	2,623	-	-	-	-	-	2,623
Total	**2,623**	**1,551**	**4,959**	**11,916**	**58,045**	**2,492**	**81,586**

The amounts presented in the above table are the contractual undiscounted cash flows. As the amount of contractual undiscounted cash flows related to bond loans is based on variable rather than fixed interest rates, the amount disclosed is determined by reference to the conditions existing at the reporting date – that is, the actual spot interest rates effective as of 31 December 2014 and 2013, respectively and are used for determining the related undiscounted cash flows.

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 Greek REICs to borrow up to 75.0% of the value of total assets, for acquisitions and improvements on properties.

All amounts expressed in € thousand, unless otherwise stated

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

The table below presents the gearing ratio as at 31 December 2014 and 2013.

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Borrowings	335,675	53,657	238,554	-
Total assets	1,636,702	1,110,546	1,490,895	1,036,925
Gearing ratio	**20.5%**	**4.8%**	**16.0%**	**-**

3.3. Fair Value Estimation of Financial Assets and Liabilities

The table below analyses financial instruments carried at fair value, by valuation method, as at 31 December 2014 and 2013, respectively. The different levels are defined as follows:

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

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices) (Level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

31 December 2014	Valuation hierarchy			
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments	-	3,042	-	**3,042**

31 December 2013	Valuation hierarchy			
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments	-	2,783	-	**2,783**

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

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 in Level 2

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.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

All amounts expressed in € thousand, unless otherwise stated

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.

The tables below analyze financial assets and liabilities not carried at fair value at 31 December 2014 and 2013, respectively:

31 December 2014			
Liabilities	**Level 1**	**Level 2**	**Level 3**
Borrowings	**-**	**-**	**335,675**

31 December 2013			
Liabilities	**Level 1**	**Level 2**	**Level 3**
Borrowings	**-**	**-**	**53,657**

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

As at 31 December 2014 and 2013 the carrying value of the cash and cash equivalents, trade and other receivables as well as trade payables approximate their fair value.

4. Critical Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense in the financial statements. The Group's management believes that the judgments, estimates and assumptions used in the preparation of the financial statements are appropriate given the factual circumstances as of 31 December 2014 and 2013.

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 Assumptions

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

a) Fair value of derivative financial instruments.

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

b) 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 Group determines the amount 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 30 June and 31 December each year. The valuations are based primarily on discounted cash flows due to the absence of sufficient current prices in an active market. In making its judgment, the Group 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.

c) Principal assumptions for Management's estimation of fair value of investment property.

If information on current or recent prices of assumptions underlying the discounted cash flow approach is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's 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.

All amounts expressed in € thousand, unless otherwise stated

5. Segment Reporting

The Group manages its business through the following business segments, depending on the origin of the revenues per geography and type of properties:

- Greece - Retail,
- Greece - Offices,
- Greece - Other (include storage space, archives, petrol stations and parking spaces)
- Italy - Offices
- Italy - Other (includes a land plot in Italy)
- Romania - Retail
- Romania - Offices

From 1.1. to 31.12.2014

Country	**Greece**	**Greece**	**Greece**	**Italy**	**Italy**	**Romania**	**Romania**	
Segment	**Retail**	**Offices**	**Other**	**Offices**	**Other**	**Retail**	**Offices**	**Total**
Rental income	45,620	41,595	976	4,644	-	25	194	93,054
Total segment revenue	**45,620**	**41,595**	**976**	**4,644**	**-**	**25**	**194**	**93,054**
Net gain from the fair value adjustment of investment properties	55,934	38,015	368	4,486	-	111	(263)	**98,651**
Direct property related expenses	(2,460)	(2,684)	(447)	(1,001)	(87)	-	(39)	**(6,718)**
Provision for impairment	-	(25)	-	-	-	-	-	**(25)**
Segment operating profit / (loss)	**99,094**	**76,901**	**897**	**8,129**	**(87)**	**136**	**(108)**	**184,962**
Unallocated operating income								**4,472**
Unallocated operating expenses								**(2,874)**
Operating profit / (loss)								**186,560**
Unallocated interest income								**3,233**
Unallocated finance costs								**(5,221)**
Allocated finance costs	(73)	(4,501)	-	(796)	-	(19)	(83)	**(5,472)**
Profit / (loss) before tax								**179,100**
Taxes								(1,482)
Profit / (loss) for the period								**177,618**

All amounts expressed in € thousand, unless otherwise stated

Country	Greece	Greece	Greece	Italy	Italy	Romania	Romania	
Segment	**Retail**	**Offices**	**Other**	**Offices**	**Other**	**Retail**	**Offices**	**Total**
Segment assets as at 31 December 2014								
Segment assets	667,475	588,872	12,637	82,618	73,506	1,387	6,009	**1,432,504**
Unallocated assets								**204,198**
Total assets								**1,636,702**
Segment liabilities as at 31 December 2014								
Segment liabilities	10,968	76,486	462	35,074	-	1,276	5,468	**129,734**
Unallocated liabilities								**246,532**
Total liabilities								**376,266**
Non-current assets additions as at 31 December 2014	125,981	167,098	1,201	76,146	-	1,276	6,272	**377,974**

All amounts expressed in € thousand, unless otherwise stated

From 1.1. to 31.12.2013

Country	**Greece**	**Greece**	**Greece**	**Italy**	
Segment	**Retail**	**Offices**	**Other**	**Other**	**Total**
Rental income	46,160	32,464	542	-	79,166
Total segment revenue	**46,160**	**32,464**	**542**	**-**	**79,166**
Net loss from the fair value adjustment of investment properties	(68,260)	(33,606)	(122)	-	**(101,988)**
Direct property related expenses	(1,363)	(1,461)	(26)	-	**(2,850)**
Provision for impairment	-	(14)	-	-	**(14)**
Segment operating profit / (loss)	**(23,463)**	**(2,617)**	**394**	**-**	**(25,686)**
Unallocated operating income					**1,214**
Unallocated operating expenses					**(948)**
Operating profit / (loss)					**(25,420)**
Unallocated interest income					**5,510**
Allocated finance costs	(4)	(4,028)	-	-	**(4,032)**
Profit / (loss) before tax					**(23,942)**
Taxes	(894)	(689)	(83)	-	**(1,666)**
Profit / (loss) for the period					**(25,608)**
Segment assets as at 31 December 2013					
Segment assets	473,706	380,810	11,077	73,500	**939,093**
Unallocated assets					**171,453**
Total assets					**1,110,546**
Segment liabilities as at 31 December 2013					
Segment liabilities	1,641	65,973	117	-	**67,731**
Unallocated liabilities					**6,632**
Total liabilities					**74,363**
Non-current assets additions as at 31 December 2013	26,531	40,762	4,935	67,800	**140,028**

All amounts expressed in € thousand, unless otherwise stated

In relation to the above segment analysis we state that:

(a) There are no transactions between business segments.
(b) Segment assets include investment properties and trade receivables.
(c) Unallocated assets include property and equipment, intangible assets, cash and cash equivalents and other receivables.

Concentration of customers

NBG, a lessee of the Group, represents more than 10% of the Group's rental income. Rental income for the year ended 31 December 2014 from NBG amounted to €69,093, i.e. 74.3% (2013: €70,844, i.e. 89.5%). On an annualised basis (i.e. rental income in force as of 31.12.2014 times 12), the above mentioned percentage of NBG amounts to 64.2%. It is noted that the relevant rental income is paid on a timely manner.

6. Investment Property

	Group		**Company**	
Period ended	**2014**	**2013**	**2014**	**2013**
Balance at 1 January	930,879	770,609	739,758	770,609
Additions:				
- Direct acquisition of investment property	230,100	-	230,100	-
- Acquisitions through business combinations (Note 9)	128,482	122,136	-	-
- Acquisitions through subsidiaries other than through business combinations (Note 9)	-	67,800	-	-
- Contribution of investment property	19,230	72,205	19,230	72,205
- Subsequent capital expenditure on investment property	162	14	7	14
- Transfer from property and equipment	155	103	155	103
- Net gain / (loss) from the fair value adjustment of investment property	98,651	(101,988)	91,799	(103,173)
Balance at 31 December	**1,407,659**	**930,879**	**1,081,049**	**739,758**

On 23 July 2013 the Company won a bid for the acquisition by the Hellenic Real Estate Development Fund ("HDRAF") of a commercial property, of a total area of approximately 1 thousand sq.m., located at 19 Ermou Street, Athens for a consideration of €5,900. The acquisition process was concluded on 3 February 2014. The property was leased to Folli Follie Group for a period of 16 years.

On 20 March 2014 the Company acquired 100% of the units of Picasso Fund in Italy, which owns an office complex, of a total area of approximately 21 thousand sq.m., located in Milan and an office property, of a total area of approximately 12 thousand sq.m., located in Rome, Italy. The consideration amounted to €37,953 (taking into account the assets and liabilities of the Picasso Fund), out of which €36,953 was paid in cash (funded from equity) and €1,000 was recognized as payable. The fair value of the properties as of 31 December 2014 amounted to €80,632, therefore the Group recognized a gain from the fair value adjustment of investment property, compared to the acquisition value, of €4,486 in the income statement (Note 9).

On 18 October 2013 the Company has been declared as successful bidder for the acquisition by HDRAF, one of the two portfolios in the framework of the sale and leaseback transaction organized by HDRAF. The portfolio consists of 14 assets geographical distributed in Greece (11 properties are located in Attica, 2 properties in Thessaloniki and 1 property in Evros). The properties are leased by the Hellenic Republic for 20 years. The total area of the properties amounts to approximately 200 thousand sq.m.. The consideration for the acquisition of the portfolio amounted to €115,500.

On 12 August 2014 the Company acquired 34.96% of the share capital of MIG Real Estate REIC, a listed company in the Athens Exchange, for a consideration of €12,300. On the same day the Company acquired an additional 47.85% in the share capital of MIG Real Estate REIC as contribution in kind at a share capital increase of the Company of €13,395 with the issuance of 3,348,651 new common redeemable shares with a nominal value of €4.00 and a subscription price of €6.23 per newly issued share. On 22 October 2014 the Company completed the mandatory tender offer ("MTO") to the shareholders of MIGRE and acquired 1,951,053 shares (13.86% of the share capital of MIGRE) at an offer price of €3.10 per share, increasing its shareholding in MIGRE at 96.67%. Given the fact that following the MTO the Company held shares that represented at least 90% of the voting rights of MIGRE, the Company was obliged, in accordance with article 28 of L.3461/2006 combined with the 1/409/29.12.2006 decision of the Hellenic Capital Market Commission, to acquire via the stock market all the shares offered to it within a period of three months as of the date of publication of the MTO results (i.e. up to 27 January 2015), against payment of the offer price of €3.10 per share (exit right). Upon the completion of the three-month period, the shareholding of the Company in MIGRE increased to 96.94% (shareholding in MIGRE as of 31 December 2014: 96.90%). The fair value of the MIGRE's properties as of 31 December 2014 amounted to €52,765, therefore the Group recognized a gain from the fair value adjustment of investment property, compared to the acquisition value, of €275 in the income statement (Note 9 and 14).

On 25 September 2014, the Company acquired from Marinopoulos S.A. four (4) properties located in Marousi of Attica, Ilion of Attica, Katerini of Northern Greece and Agrinio of Western Greece, which are used as supermarkets, with a total surface of approximately 83 thousand sq.m. for the total amount of €66,800. At the same date, the Company signed a commercial lease agreement of the said portfolio with Marinopoulos S.A., for an overall duration of 25 years.

Following the preliminary agreement dated 01 October 2014, on 7 November 2014, the Company concluded the acquisition of a property, used as supermarket, with a total surface of approximately 11 thousand sq.m., located in Marousi, at 3-5 Cheimaras Steet, for a consideration of €9,245. At the same date, the Company signed a commercial lease agreement of the property with Marinopoulos S.A., for a duration of 25 years.

Following the preliminary agreements dated 29 October 2014, on 19 November 2014 the Company concluded the acquisition of two properties used as supermarkets. The first property, of a total area of approximately 1 thousand sq.m., is located in Palaio Faliro, Attica, at 73 Poseidonos Street. The Company acquired the property for a consideration of €2,012. The second property, of a total area of approximately 14 thousand sq.m., is located in Giannouli, Larissa, on the 3rd km of the National Highway Larissa-Tyrnavos. The Company acquired the property for a consideration of €18,043. The properties are leased by Marinopoulos S.A. for 25 years.

The Extraordinary General Meeting of the Company's Shareholders at 12 August 2014 approved among other the share capital increase of the Company for the amount of €16,087 partially in cash and partially in contribution in kind. In the context of the abovementioned share capital increase, Anthos Properties S.A. contributed a property (used as retail and office) with a fair value, as determined by independent valuers, of €19,230 (Note 14).

Following the preliminary agreement dated 29 July 2014, on 11 December 2014 the Company concluded the acquisition of a property located at 23 Mitropoleos Street, Athens, which is used as office/cultural centre and parking for a total consideration of €11,000. The property has a total area of approximately 4 thousand sq.m. and is leased to Cervantes Institute of Athens and Metropark.

The Extraordinary General Meeting of the Company's Shareholders at 5 December 2013 approved the share capital increase of the Company up to an amount of €145,712, partly in cash and partly in contribution in kind. In the context of the abovementioned share capital increase, NBG contributed eight properties, with a fair value, as determined by independent valuers, of €72,205. In addition, Invel contributed 100% of the quotas issued by the, established and operating in accordance with the Italian law, limited liability company under the corporate name "Nash S.r.L.", owner of a land with an area of 1,856 thousand sq.m. and buildings of total area of 4 thousand sq.m. located in Torvaianica in the Administrative District of Pomezia (Rome) in Italy. The fair value of the property, as determined by independent valuers, amount to €67,800 (Note 9 and 14).

On 15 February 2013, the Company acquired 100% of the shares of KARELA S.A., owner of property with a total area of 62 thousand sq.m. (out of which 30 thousand sq.m. are above ground area and 32 thousand sq.m. are basement) on a land plot of a total area of 36 thousand sq.m., located in Paiania, Attica. The acquisition was part of the investment policy of the Company to strengthen its position in the real estate market . The total consideration for the acquisition of the company amounted to €56,166, taking into account the assets and liabilities of the company (Note 9).

For the Group's borrowings that are secured on investment property please refer to Note 16.

All amounts expressed in € thousand, unless otherwise stated

The Group's investment property is measured at fair value. The table below presents the Group's investment property per business segment and geographical area for 2014:

Country Segment	Greece Retail	Greece Offices	Greece Other[1]	Italy Offices	Italy Other[2]	Romania Retail	Romania Offices	31.12.2014 Total
Level	3	3	3	3	3	3	3	
Fair value at 1 January	**473,623**	**378,462**	**10,994**	**-**	**67,800**	**-**	**-**	**930,879**
Additions:								
Direct acquisition of investment property	102,629	126,270	1,201	-	-	**-**	**-**	**230,100**
Acquisitions through business combinations	22,701	22,242	-	76,146	-	1,256	6,137	**128,482**
Contribution of investment property	651	18,579	**-**	-	-	**-**	**-**	**19,230**
Subsequent capital expenditure on investment property	-	7	-	-	-	20	135	**162**
Transfer from property and equipment	62	93	-	-	-	-	-	**155**
Net gain / (loss) from the fair value adjustment of investment property	55,934	38,015	368	4,486	-	111	(263)	**98,651**
Fair value at 31 December	**655,600**	**583,668**	**12,563**	**80,632**	**67,800**	**1,387**	**6,009**	**1,407,659**

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

All amounts expressed in € thousand, unless otherwise stated

The table below presents the Group's investment property per business segment and geographical area for 2013:

Country	**Greece**	**Greece**	**Greece**	**Italy**	**31.12.2013**
Segment	**Retail**	**Offices**	**Other**[3]	**Other**[4]	**Total**
Level	3	3	3	3	
Fair value at 1 January	**515,352**	**249,076**	**6,181**	**-**	**770,609**
Additions:					
Acquisitions through business combinations	-	122,136	-	-	**122,136**
Acquisitions through subsidiaries other than through business combinations	**-**	**-**	**-**	67,800	**67,800**
Contribution of investment property	26,519	40,751	4,935	**-**	**72,205**
Subsequent capital expenditure on investment property	12	2	-	**-**	**14**
Transfer from property and equipment	-	103	-	**-**	**103**
Net loss from the fair value adjustment of investment property	(68,260)	(33,606)	(122)	**-**	**(101,988)**
Fair value at 31 December	**473,623**	**378,462**	**10,994**	**67,800**	**930,879**

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.

[3] The segment «Other» in Greece includes storage space, archives and parking spaces
[4] The segment «Other» in Italy relates to land

All amounts expressed in € thousand, unless otherwise stated

Information about fair value measurements of investment property per business segment and geographical area for 2014:

Country	Segment	Fair Value	Valuation Method (See note below)	Monthly market rent	Discount rate (%)	Capitalization rate (%)
Greece	Retail	655,600	a. 10% sales comparison and 90% discounted cash flows DCF) b. 5% sales comparison and 95% DCF c. 20% sales comparison and 80% DCF	3,626	7.90% - 13.50%	6.00%-9.35%
Greece	Offices	583,668	a. 10% sales comparison and 90% DCF b. 5% sales comparison and 95% DCF c. 15% sales comparison and 85% DCF d. 20% sales comparison and 80% DCF	3,891	7.50% - 13.50%	7.10%-10.15%
Greece	Other[5]	12,563	10% sales comparison and 90% DCF	69	10.50%-13.25%	7.95%-10.65%
Italy	Offices	80,632	20% sales comparison and 80% DCF	498	8.25% - 8.60%	6.75%-7.75%
Italy	Other[6]	67,800	80% residual method and 20% depreciated replacement cost method	-	-	-
Romania	Retail	1,387	20% sales comparison and 80% DCF	8	11.25%	9.0%
Romania	Offices	6,009	20% sales comparison and 80% DCF	38	9.50%	7.15%

It is noted that the fair value is based on a weighted average of the two valuation methods which vary depending on the terms of the lease agreement:

- For the NBG leases with a waiver for the termination of the lease for 25 years: 5.0% (sales comparison) – 95.0% (DCF),
- For the NBG leases with a waiver for the termination of the lease for 15 years: 10.0% - 90.0%
- For the Cosmote lease with a waiver for the termination of the lease for 8 years: 15.0% - 85.0%
- For all the remaining leased properties and the vacant properties: 20.0% - 80.0%

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

All amounts expressed in € thousand, unless otherwise stated

Information about fair value measurements of investment property per business segment and geographical area for 2013:

Greece	Segment	Fair value	Valuation technique	Monthly rental income	Discount rate (%)	Capitalization rate (%)
Greece	Retail	473,623	80% discounted cash flows and 20% sales comparison	2,794	8.75% - 12.00%	6.50%-9.50%
Greece	Office	378,462	80% discounted cash flows and 20% sales comparison	2,289	9.00% - 11.75%	7.60%-10.50%
Greece	Other[7]	10,994	80% discounted cash flows and 20% sales comparison	34	11.00%-13.25%	9.00%-11.00%
Italy	Other[8]	67,800	80% residual method and 20% depreciated replacement cost method	-	-	-

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 JMD 26294/B1425/19.7.2000, valuations are based on at least two methods. For the Group's portfolio in Greece and Romania as well as the office properties in Italy the comparative method and the discounted cash flow (DCF) method are used. For the land in Italy, the residual method and depreciated replacement cost method are used.

The last valuation of the Group's properties was performed at 31 December 2014, as stipulated by the relevant provisions of L.2778/1999. The abovementioned valuation had as a result a net increase from fair value adjustment of investment property of €98,651 (2013: loss of €101,988).

Were the discount rate as at 31 December 2014, used in the DCF analysis, to increase or decrease by +/-10% from Management estimates, the carrying amount of investment property would be an estimated €59,379 lower or €66,329 higher, respectively (31 December 2013: €44,889 lower or €49,213 higher, respectively).

Were the capitalization rate as at 31 December 2014, used in the DCF analysis, to increase or decrease by +/-10% from Management estimates, the carrying amount of investment property would be an estimated €35,305 lower or €43,150 higher, respectively (31 December 2013: €22,878 lower or €28,736 higher, respectively).

Were the sales price as at 31 December 2014, used in the valuation to determine the fair value of the property in Italy to increase or decrease by +/-10% from Management's estimates, the carrying amount of investment property would be an estimated €39,952 lower or €39,960 higher, respectively (31 December 2013: €41,252 lower or €41,260 higher, respectively).

[7] The segment "Other" includes storage space, archives and parking spaces
[8] The segment «Other» in Italy relates to land

All amounts expressed in € thousand, unless otherwise stated

7. Property and Equipment

Group	Land and buildings	Motor vehicles	Fixtures and equipment	Property under development & Advances	Total
Cost					
At 1 January 2013	**1,328**	**-**	**2**	**94**	**1,424**
Additions	-	-	-	164	**164**
Transfer to investment property	-	-	-	(103)	**(103)**
At 31 December 2013	**1,328**	**-**	**2**	**155**	**1,485**
Accumulated depreciation					
At 1 January 2013	(38)	-	(1)	-	(39)
Depreciation charge	(12)	-	(1)	-	(13)
At 31 December 2013	**(50)**	**-**	**(2)**	**-**	**(52)**
Net book value 31 December 2013	**1,278**	**-**	**-**	**155**	**1,433**
Cost					
At 1 January 2014	**1,328**	**-**	**2**	**155**	**1,485**
Additions	-	-	4	1,430	**1,434**
Acquisitions through business combinations (Note 9)	1,631	2	5	7	**1,645**
Transfer to investment property	-	-	-	(155)	**(155)**
At 31 December 2014	**2,959**	**2**	**11**	**1,437**	**4,409**
Accumulated depreciation					
At 1 January 2014	(50)	-	(2)	-	(52)
Depreciation charge	(21)	(1)	(1)	-	(23)
At 31 December 2014	**(71)**	**(1)**	**(3)**	**-**	**(75)**
Net book value 31 December 2014	**2,888**	**1**	**8**	**1,437**	**4,334**

All amounts expressed in € thousand, unless otherwise stated

Company	**Land and buildings**	**Fixtures and equipment**	**Property under development & Advances**	**Total**
Cost				
At 1 January 2013	**1,328**	**2**	**94**	**1,424**
Additions	-	-	164	**164**
Transfer to investment property	-	-	(103)	**(103)**
At 31 December 2013	**1,328**	**2**	**155**	**1,485**
Accumulated depreciation				
At 1 January 2013	(38)	(1)	-	(39)
Depreciation charge	(12)	(1)	-	(13)
At 31 December 2013	**(50)**	**(2)**	**-**	**(52)**
Net book value 31 December 2013	**1,278**	**-**	**155**	**1,433**
Cost				
At 1 January 2014	**1,328**	**2**	**155**	**1,485**
Additions	-	2	430	**432**
Transfer to investment property	-	-	(155)	**(155)**
At 31 December 2014	**1,328**	**4**	**430**	**1,762**
Accumulated depreciation				
At 1 January 2014	(50)	(2)	-	(52)
Depreciation charge	(12)	-	-	(12)
At 31 December 2014	**(62)**	**(2)**	**-**	**(64)**
Net book value 31 December 2014	**1,266**	**2**	**430**	**1,698**

Land and buildings comprise the freehold owner-occupied property of the Company located at 6 Karageorgi Servias Street, Athens, used for administration purposes as well as the freehold owner-occupied property of MIG Real Estate REIC located at 4 George Str, Athens (Note 6).

There was no impairment loss of property and equipment for the years 2014 and 2013.

It is noted that on 22 August 2014 the Company issued a €237,500 bond loan. In accordance with the terms of the bond program agreement, the Company is obliged to secure the bond loan through mortgages over the Company's properties, including its owner-occupied property (Note 16). In addition it is noted that for the owner-occupied property of the Group located at 4 George Street a mortgage prenotation has been registered in favor of Alpha Bank S.A. (Note 16).

On 29 July 2014 the Company entered into a preliminary agreement to acquire an office property under reconstruction, located at 21 Mitropoleos Street, Athens, of a total area of approximately 1 thousand sq.m. for a consideration of €3,500, out of which the Company has already paid an amount of €300 as an advance. The transaction is estimated to close after the finalization of the works and until 29 May 2015.

All amounts expressed in € thousand, unless otherwise stated

8. Intangible Assets

Group and Company	Software
Cost	
At 1 January 2013	346
At 31 December 2013	**346**
Accumulated amortisation	
At 1 January 2013	(72)
Amortisation charge	(29)
At 31 December 2013	**(101)**
Net book value 31 December 2013	**245**
Cost	
At 1 January 2014	346
At 31 December 2014	**346**
Accumulated amortisation	
At 1 January 2014	(101)
Amortisation charge	(29)
At 31 December 2014	**(130)**
Net book value 31 December 2014	**216**

9. Acquisitions of Subsidiaries (business combinations and asset acquisitions)

(a) Business combinations

The Company proceeded with the following acquisitions during the twelve-month period ended 31 December 2014 as part of its investment policy to strengthen its position in the real estate markets where it is active:

- On 20 March 2014, the Company acquired 100% of the units of the Picasso Fund in Italy. Picasso Fund owns an office complex, of a total area of approximately 21 thousand sq.m., located in Milan and an office property, of a total area of approximately 12 thousand sq.m., located in Rome. The property located in Rome is leased to Telecom Italia and the main tenants of the Milan office complex are Adecco S.p.A., UBI S.p.A., Cardiff Vita (member of the BNP Paribas Group) and IPSOS S.p.A..

  The acquired subsidiary contributed revenue from rents of €4,644 and profit for the period of €7,570 to the Group from the date of acquisition to 31 December 2014.

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

All amounts expressed in € thousand, unless otherwise stated

The following table summarizes the fair value of assets and liabilities of the Picasso Fund as of the date of acquisition, which is 20 March 2014:

	20.03.2014
ASSETS	
Investment property (Note 6)	76,146
Cash and cash equivalents	1,364
Other assets	2,020
Total Assets	**79,530**
LIABILITIES	
Borrowings	(38,195)
Derivative financial instruments	(124)
Other liabilities	(2,427)
Total Liabilities	**(40,746)**
Fair value of acquired interest in net assets	**38,784**
Negative goodwill	(831)
Total purchase consideration	**37,953**

Source: Unaudited financial information

The consideration amounted to €37,953, out of which €36,953 was paid in cash and €1,000 was recognized as payable. The purchase consideration is lower than the fair value of net assets acquired and the gain (negative goodwill) of €831 was included in the income statement ("Other income") for the twelve-month period ended 31 December 2014.

- On 12 August 2014, the Company acquired 34.96% of the share capital of MIG Real Estate REIC for a consideration of €12,300. On the same day, the Company acquired an additional 47.85% in the share capital of MIG Real Estate as contribution in kind with the issuance of 3,348,651 new common redeemable shares, with a subscription price of €6.23 per newly issued share (i.e. total fair value of issued shares € 20,862). On 22 October 2014 the Company completed the mandatory tender offer ("MTO") to the shareholders of MIGRE and acquired 1,951,053 shares (13.86% of the share capital of MIGRE) at an offer price of €3.10 per share, increasing its shareholding in MIGRE at 96.67%. Given the fact that following the MTO the Company held shares that represented at least 90% of the voting rights of MIGRE, the Company was obliged, in accordance with article 28 of L.3461/2006 combined with the 1/409/29.12.2006 decision of the Hellenic Capital Market Commission, to acquire via the stock market all the shares offered to it within a period of three months as of the date of publication of the MTO results (i.e. up to 27 January 2015), against payment of the offer price of €3.10 per share (exit right). Upon the completion of the three-month period, the shareholding of the Company in MIGRE increased to 96.94% with the Company having in its ownership 13,605,064 shares (shareholding in MIGRE as of 31 December 2014: 96.90% - number of shares owned by the Company: 13,638,330) (Note 6 and 14).

  MIG Real Estate REIC owns and manages a commercial (office and retail) real estate portfolio of a total area of approximately 29 thousand sq.m.. The majority of the properties is located in Greece (26 properties in Attica, 4 properties in Thessaloniki and 4 properties in other urban centers). In addition, MIG Real Estate REIC owns two properties in Romania (through its 99.96% subsidiary Egnatia Properties S.A.). The properties are leased primarily to Piraeus Bank, Marfin Bank Romania, Marfin Leasing INF Romania, Grant Thornton and Boston Consulting.

All amounts expressed in € thousand, unless otherwise stated

The acquired subsidiary contributed revenue from rents of €1,001 and profit for the period of €620 to the Group from the date of acquisition to 31 December 2014.

At the date of acquisition, MIG Real Estate REIC was actively engaged in managing real estate. Management determined that the acquired entity should be accounted for as a business in accordance with IFRS 3, "Business combinations".

The following table summarizes the fair value of assets and liabilities of MIG Real Estate Group as of the date of acquisition, which is 12 August 2014:

	12.08.2014
ASSETS	
Investment property (Note 6)	52,336
Property and equipment (Note 7)	1,645
Cash and cash equivalents	3,109
Other assets	326
Total Assets	**57,416**
LIABILITIES	
Borrowings	(12,337)
Retirement benefit obligations	(134)
Deferred tax liabilities	(373)
Other long term liabilities	(247)
Other liabilities	(988)
Total Liabilities	**(14,079)**
Fair value of acquired interest in net assets	**43,337**
Non-controlling interests	(7,450)
Negative goodwill	(2,725)
Total purchase consideration	**33,162**

Source: Unaudited financial information

The purchase consideration is lower than the fair value of the net assets acquired and the gain (negative goodwill) of €2,725 was included in the income statement ("Other income") for the twelve-month period ended 31 December 2014.

If the above acquisitions had occurred on 1 January 2014 with all other variables held constant, Group revenue for 2014 would have been €96,382 and Group profit for 2014 would have been €179,535.

On 15 February 2013, the Company acquired 100% of the share capital of KARELA S.A., owner of a building with a total area of 62 thousand sq.m. (out of which 30 thousand sq.m. are above ground and 32 thousand sq.m. is basement) on a land plot of an area of 36 thousand sq.m, located in Paiania, Attica. At the acquisition date the building was leased to Cosmote Mobile Telecommunications S.A. The acquisition was part of the investment policy of the Company to strengthen its position in the real estate market.

All amounts expressed in € thousand, unless otherwise stated

The following table summarizes the fair value of assets and liabilities of the company KARELA SA as of the date of acquisition, which is 15 February 2013:

	15.02.2013
Investment property (Note 6)	122,137
Property and equipment	3
Cash and cash equivalents	3,319
Other assets	359
Total Assets	**125,818**
Borrowings	(55,412)
Other long-term liabilities	(9,183)
Derivative financial instruments	(3,209)
Trade and other payables	(927)
Total Liabilities	(68,731)
Fair value of acquired interest in net assets	**57,087**
Negative goodwill	(921)
Total purchase consideration	**56,166**

Source: Unaudited financial information

The purchase consideration is lower than the fair value of the net assets acquired and the gain of €921 (“negative goodwill”) was included in the income statement (“Other income”) for the twelve-month period ended 31 December 2013. The goodwill assessment has been finalised and there was not need to adjust the provisional amounts as per prior year’s assessment.

At the date of acquisition, KARELA S.A. was actively engaged in managing real estate. Management determined that the acquired entity should be accounted for as a business in accordance with IFRS 3, “Business combinations”.

(b) Asset acquisitions

The Extraordinary General Meeting of the Company’s shareholders dated 5 December 20113 approved the increase of the Company’s share capital up to the amount of €145,712, partly in cash and partly in contribution in kind and in particular with contribution of properties and quotas of a limited liability company, in accordance with the provisions of article 22 of law 2778/1999, with the issuance of 36.428 thousand ordinary shares with a par value and an issue price of four (4) Euros each.

In the context of the abovementioned share capital increase, Invel contributed on 23 December 2013 100% of the quotas issued by the, established and operating in accordance with the Italian law, limited liability company under the corporate name “Nash S.r.L.”, owner of a land with total area of 1,856 thousand sq.m. and buildings of a total area of 4 thousand sq.m. in Torvaianica area in the Administrative District of Pomezia (Rome) in Italy. The net asset value of Nash S.r.L. was determined by independent valuers at €73,506 (Note 6 and 14).

Management considers that at acquisition, Nash SrL constituted group of net assets, rather than business as defined in IFRS 3, “Business combinations”, as prior to acquisition the subsidiary was holding the property in a passive fashion with a view to sale, with no operations.

All amounts expressed in € thousand, unless otherwise stated

The property has significant development potential and the Group is in the process of determining the optimal exploitation scenario by exploring various alternative land uses. The Group is already in cooperation with local authorities and local experts in order to determine the parameters under which the Group will proceed with the development of the property. As the specific way of development is not yet determined, Management classified the property as an investment property at initial recognition.

The assets and liabilities recognized in the consolidated statement of financial positions on the date of the acquisition were:

	23.12.2013
Investment property (Note 6)	67,800
Cash and cash equivalents	9
Other receivables	5,700
Trade and other payables	(8)
Fair value of acquired net assets	**73,501**
Goodwill	4
Total consideration (contribution in kind)	**73,505**

Source: Unaudited financial information

The value by which Nash's contribution was made was lower than the fair value of assets acquired and the amount of €4 was recognized directly in the income statement in "other expenses".

10. Investment in Subsidiaries

			Group		Company	
Subsidiaries	**Country of incorporation**	**Unaudited tax years**	**31.12.2014**	**31.12.2013**	**31.12.2014**	**31.12.2013**
KARELA S.A. (*)	Greece	2010 – 2014	100.00%	100.00%	100.00%	100.00%
Nash S.r.L.	Italy	2010 – 2014	100.00%	100.00%	100.00%	100.00%
Picasso Fund	Italy	2010 – 2014	100.00%	-	100.00%	-
MIG Real Estate REIC (**)	Greece	2010 & 2012- 2014	96,90%	-	96,90%	-
Egnatia Properties S.A. (***)	Romania	2010 – 2014	96,87%	-	-	-

(*) The financial year 2014 is currently under audit by the company's certified auditors accountants. The open tax years prior to 2014 will be audited by the tax authorities.

(**) The financial years 2011, 2012 and 2013 have been audited by certified auditors accountants and the tax certificates for the abovementioned years have been issued. Financial year 2011 is considered closed for tax purposes, since, as per ministerial decision POL 1236/2014, the deadline of 30 April 2014 has elapsed after which the tax authorities cannot tax audit the said financial year. In particular, POL 1236/2014 extended, in the case of financial year 2011, the 18 months deadline (as from the date of submission of the "Tax Compliance Report") which was set by art. 6 of ministerial decision POL 1159/22.7.2011 as the period after the lapse of which the tax authorities cannot tax audit the respective fiscal year. The financial years 2012 and 2013 should be considered closed for tax purposes following the lapse of a period of 18 months from the submission of the "Tax Compliance Report" to the Ministry of Finance (unless the said deadline is extended in the future by a new decision of the Ministry of Finance). The financial year 2014 is currently under audit by the company's certified auditors accountants. The open tax years prior to 2011 will by audited by the tax authorities.

(***) The participation of the Company in Egnatia Properties S.A. is indirect through the Company's 96.90% subsidiary MIG Real Estate REIC, which owns 99.96% of Egnatia Properties S.A.

All amounts expressed in € thousand, unless otherwise stated

11. Other Long-Term Assets

On 30 September 2014, the Company entered into a preliminary agreement with "Sterling Properties Bulgaria EOOD", member of Marinopoulos S.A. Group, for the purchase of two companies that will own a total area of approximately 23 thousand sq.m. in the shopping mall WEST PLAZA in Sofia, Bulgaria, for a total consideration of €33,000, out of which €6,600 was paid in advance. The transaction will be executed in two stages. At the first stage (which was concluded on 27 February 2015) the Company will acquire a newly established company "PLAZA WEST AD", which owns approximately 9 thousand sq.m. of West Plaza, by paying an amount of €4,400. At the second stage, it is at the discretion of the Company whether to acquire a newly established company "PLAZA WEST 2 AD", which owns approximately 14 thousand sq.m. of West Plaza at a predetermined price, or to resale "PLAZA WEST AD" to the seller company "Stirling Properties Bulgaria EOOD" at a predetermined price (Note 31).

The Company entered into a preliminary agreement dated 31 July 2014, as amended on 15 January 2015, with Chris Cash & Carry Limited, a company of the Marinopoulos S.A. Group, for the acquisition of two properties in Limassol, Cyprus. The total consideration amounted to €21,800, from which the Company has paid an amount of €5,000 as an advance. The signing of the final agreement, agreed to take place until 10 March 2015, is conditional on the successful completion of legal and technical due diligence process. Of these properties, the one property houses a supermarket of approximately 11 thousand sq.m., while the other one consists of a floor of approximately 1 thousand sq.m., which is used as office space. The Company has also signed a pre-agreement for the lease of the properties with Marinopoulos S.A., with a 25-year duration.

12. Trade and Other Receivables

The analysis of trade and other receivables is as follows:

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Trade receivables	7,140	2,281	5,129	486
Trade receivables from related parties (Note 29)	2	239	2	239
Receivables from Greek State	7,830	5,904	7,790	5,904
Prepaid expenses	4,402	1,138	4,022	1,055
Paid interim dividend	58,169	-	58,169	-
Other receivables	9,528	5,874	3,808	172
Other receivables from related parties (Note 29)	47	1,590	100,000	1,590
Total	**87,118**	**17,026**	**178,920**	**9,446**

The fair value of the Group's trade and other receivables is estimated to approximate their carrying value, as the recovery is expected to take place over such a period that the effect of the time value of money is considered immaterial.

Trade receivables of the Company as at 31 December 2014 include provisions for doubtful receivables amounting to €39 (31.12.2013: €14), out of which the amount of €25 was recorded in the current year (2013: €14) and are included in "other expenses" in the income statement.

All amounts expressed in € thousand, unless otherwise stated

Receivables from Greek state mainly relate to capital accumulation tax paid by the Company at 14 April 2010, 16 September 2014 and 17 September 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 (incl. relevant interest) 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 tax payment at 14 April 2010, because of the lack of response of the relevant authority after a three months period, the Company filed an appeal and the Company's Management, based on the advice of its legal advisors, believes that the reimbursement of the amounts is in essence certain.

Prepaid expenses at 31 December 2014 and 2013 mainly relate to legal and valuation expenses.

The analysis of other receivables is as follows:

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Receivables from Italian State	5,664	5,700	-	-
Pledged deposits	3,041	-	3,041	-
Other	823	174	768	172
Total	**9,528**	**5,874**	**3,809**	**172**

Receivables from Italian State relate to VAT receivable mainly deriving from the acquisition of the property of the subsidiary Nash S.r.L..

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

Other relate to an advance payment for a future unit subscription of Picasso Fund, an amount that will finance investments in real estate (Note 28 and 31).

13. Cash and Cash Equivalents

The analysis of cash and cash equivalents is as follows:

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Cash at hand	3	2	1	2
Demand and short – term time deposits	125,635	160,961	7,192	156,369
Total	**125,638**	**160,963**	**7,193**	**156,371**

The fair value of the Company’s cash and cash equivalents is estimated to approximate their carrying value.

Demand and short-term deposits includes restricted cash in accordance with the provisions of the program for the issuance of a common bond loan issued by KARELA S.A. (Note 10) of €8,471 (31 December 2013: €2,672). The increase is mainly due to the VAT refund by the relevant tax authority, under the provisions of Article 17 of L.4110/23.1.2013. The Group has the obligation to return to the previous shareholder of KARELA S.A. of the respective refunded and offset VAT on construction works (Note 20).

All amounts expressed in € thousand, unless otherwise stated

14. Share Capital

	No. of shares	Share Capital	Share Premium	Total
Balance at 1 January 2013	**147,500,000**	**590,000**	**-**	**590,000**
Share capital increase	36,428,000	145,712	-	145,712
Balance at 31 December 2013	**183,928,000**	**735,712**	**-**	**735,712**
Share capital increase	7,370,329	29,481	16,436	45,917
Share capital increase related expenses	-	-	(546)	(546)
Balance at 31 December 2014	**191,298,329**	**765,193**	**15,890**	**781,083**

The total paid up share capital of the Company at 31 December 2014 amounted to €765,193 (31 December 2013: €735,712) divided into 187,949,678 common shares with voting rights (31 December 2013: 183,928,000) with a par value of €4.00 per share and 3,348,651 redeemable common shares with voting rights (31 December 2013: 0), with a par value of €4.00 and redemption price of €7.16 per share. In accordance with the Company's Articles of Association, the right of redemption of the redeemable shares is exercisable after 30 March 2015 in the event that the Company's shares are not listed on the ATHEX. Furthermore, under the Framework Agreement (Note 28), if the shares of the Company have not yet been listed by 30 March 2015 but a specific corporate decision has been taken or material acts have been initiated in view of satisfying the listing requirement of the Company (such as the reverse merger of the Company with MIG Real Estate REIC, whose shares are already listed in ATHEX), the right of redemption cannot be exercised before 30 July 2015. In any case, the shareholders of the Company who are parties to the Framework Agreement undertook to take all actions necessary to ensure that the Company can proceed with the acquisition of the redeemable shares (for a total amount of €23,976).

The Extraordinary General Meeting of the Company's shareholders dated 12 August 2014, decided on the Company's share capital increase by: a) the amount of €13,395 due to the contribution in kind of 6,734,011 listed in the ATHEX shares of the real estate investment company, MIG Real Estate REIC, with the issuance of 3,348,651 common redeemable shares with a par value of €4.00 each and an issue price of €6.23 each (Note 1 and 9) and b) the amount of €16,087 partly in cash of €5,825 and partly in contribution in kind of a property owned by Anthos Properties S.A., with the issuance of 4,021,678 common ordinary shares, with a par value of €4.00 each and an issue price of €6.23 each (Note 1 and 6).

The Extraordinary General Meeting of the Company's shareholders dated 5 December 2013 approved the increase of the Company's share capital up to the amount of €145,712, partly in cash and partly in contribution in kind and in particular contribution of properties as well as quotas of a limited liability company, in accordance with the provisions of article 22 of law 2778/1999, with the issuance of 36.428 thousand ordinary shares with a par value and an issue price of four (4) Euros each (Note 6 and 9).

The Company does not hold own shares.

All amounts expressed in € thousand, unless otherwise stated

15. Reserves

Reserves are analysed as follows:

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Statutory reserve	2,986	2,986	2,986	2,986
Special reserve	323,987	323,987	323,987	323,987
Defined benefit plan	(81)	-	(56)	-
Foreign exchange differences	61	-	-	-
	326,953	**326,973**	**326,917**	**326,973**

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

16. Borrowings

All borrowings have variable interest rates. The Group is exposed to fluctuations in interest rates prevailing in the market and which affect its financial position and its cash flows. Cost of debt may increase or decrease as a result of such changes. It is noted that in accordance with the terms of the bond loan issued by KARELA S.A., the latter has entered into interest rate swaps for hedging the Group's exposure to variations in variable rate (Note 19).

On 22 August 2014, the Company entered into a bond loan agreement of an amount of €237,500 in accordance with the bond program dated 11 August 2014 as amended on 20 August 2014, with Alpha Bank S.A. as bondholder agent. The purchase of the bonds was financed by international investors, through two unrelated entities which were established for the purpose of the above transaction. The bonds bear interest of 3-month EURIBOR plus a margin of 4.85% and have a final maturity date of 15 July 2019.

On 29 July 2014 the Company entered into an agreement for a bridge loan up to the amount of €46,200 with Alpha Bank, bearing interest of 3-month EURIBOR plus a margin of 5.30% (Note 28). As at 31 December 2014 the balance of the facility was €6,000.

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Long term				
Bond loans	284,276	51,390	230,054	-
Other borrowed funds	35,778	-	-	-
Long term borrowings	**320,054**	**51,390**	**230,054**	**-**
Short term				
Bond loans	5,137	2,267	2,500	-
Other borrowed funds	10,484	-	6,000	-
Short term borrowings	**15,621**	**2,267**	**8,500**	**-**
Total	**335,675**	**53,657**	**238,554**	**-**

All amounts expressed in € thousand, unless otherwise stated

Short term borrowings of the Group and the Company include as of 31 December 2014 an amount od €2,775 and €2,500, respectively, which mainly relates to accrued interest expense on the bond loans.

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

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Up to 1 year	13,981	2,267	6,860	-
From 1 to 5 years	301,053	51,390	231,694	-
More than 5 years	20,641	-	-	-
Total	**335,675**	**53,657**	**238, 554**	**-**

The fair value of borrowings approximated their carrying value at the date of the statement of financial position, as the impact of discounting is not significant.

The contractual repricing dates are limited to a maximum period of 3 months.

Borrowings bear average coupons (incl. interest rate swaps) of 5.26% (2013: 7.25%), whereas if interest rate swaps are excluded, average coupons amount to 4.68% (31.12.2013: 5.32%).

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

The borrowings are secured on properties. More specifically:

- On the property owned by KARELA S.A. a prenotation of mortgage was established in favor of Piraeus Bank S.A. (the representative of the bondholders) for an amount of €106,000. The outstanding balance of the bond loan as of 31 December 2014 amounted to €51,390 and the fair value of the property as of 31 December 2014 amounted to €125,412. Moreover, the entire share capital of KARELA SA is collateral in favor of Piraeus Bank S.A., for all amounts due under the bond program. In addition, all rights of KARELA S.A. arising from the lease with Cosmote have been assigned in a favor of the bondholders.
- Nine properties in Attica (8 in Athens and 1 in Piraeus) owned by MIG Real Estate REIC have prenotations of mortgage in favor of Alpha Bank S.A., each for an amount of €9,880. The outstanding balance of the bond loan as of 31 December 2014 amounted to €5,200 and the fair value of the nine properties as of 31 December 2014 amounted to €11,395.
- On the office complex in Milan Italy, owned by Picasso Fund, a first rank mortgage has been registered in favor of Banca Monte dei Paschi di Sienna S.p.A. for an amount of €72,000 and a second rank mortgage has been registered in favor of the same bank for an amount of €8,000. In addition, on the office property in Rome Italy, owned by the 100% subsidiary Picasso Fund, a first rank mortgage has been registered in favor of the aforementioned bank, for an amount of €27,000. The outstanding balance of the loans as of 31 December 2014 amounted to €33,565 and the fair value of the abovementioned properties as of 31 December 2014 amounted to €80,632. Finally, all rights of Picasso Fund arising from the leases for the properties mentioned above have been assigned in a favor of Banca Monte dei Paschi di Sienna S.p.A.
- In accordance with the terms of the bond loan program dated 11 August 2014, as amended on 20 August 2014, for the issuance of the bonds totally amounting to €237,500, the Company until 31 December 2014 registered mortgage prenotations on 8 properties in Greece and mortgages on 68 properties in Greece in favor 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. In order for the total

All amounts expressed in € thousand, unless otherwise stated

number of properties, on which a mortgage or a mortgage prenotation is registered, to be 77 the registration of a mortgage on 1 property is pending. The fair value of the 77 properties as of 31 December 2014 amounted to €544,326.

17. Retirement Benefit Obligations

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

Net liability in Statement of Financial Position

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Present value of obligations	251	26	85	26
Fair value of plan assets	-	-	-	-
Total	**251**	**26**	**85**	**26**

Movement in net liability

	Group		Company	
	2014	**2013**	**2014**	**2013**
Net liability at the beginning 1 January	26	22	26	22
Acquisition of a subsidiary	134	-	-	-
Total expense recognised in the income statement	9	-	3	-
Total expense recognised in the statement of comprehensive income	82	4	56	4
Net liability at the 31 December	**251**	**26**	**85**	**26**

Re-measurements on the net liability

	Group		Company	
	2014	**2013**	**2014**	**2013**
Liability gain / (loss) due to change in assumptions	(46)	4	(20)	4
Liability experience gain / (loss) arising during the year	(36)	(4)	(36)	(4)
Total amount recognised in OCI	**(82)**	**-**	**(56)**	**-**

Reconciliation of defined benefit obligation

	Group		Company	
	2014	**2013**	**2014**	**2013**
Defined benefit obligation at the 1 January	26	22	26	22
Acquisition of a subsidiary	134	-	-	-
Service cost	7	4	2	4
Interest cost	2	-	1	-
Re-measurements (gains) / losses:				
Actuarial (gain)/loss - financial assumptions	46	-	20	-
Actuarial (gain)/loss - demographic assumptions	-	-	-	-
Actuarial (gain)/loss – experience	36	-	36	-
Defined benefit obligation at the 31 December	**251**	**26**	**85**	**26**

All amounts expressed in € thousand, unless otherwise stated

Weighted average assumptions at the end of the reporting period

	Group		Company	
	2014	**2013**	**2014**	**2013**
Discount rate	2.5%	3.6%	2.0%	3.6%
Price inflation	1.5%	1.8%	1.5%	1.8%
Rate of compensation change	1.7%	1.8%	1.5%	1.8%

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

Actuarial assumption	**Change in assumptions**	**31.12.2014 Increase / (decrease) in defined benefit obligation**
Discount rate	Increase by 50 basis points	(5.6)%
	Decrease by 50 basis points	6.4%
Rate of compensation change	Increase by 50 basis points	5.5%
	Decrease by 50 basis points	(4.9)%

Sensitivity analysis on actuarial assumptions - Company

Actuarial assumption	**Change in assumptions**	**31.12.2014 Increase / (decrease in defined benefit obligation**
Discount rate	Increase by 50 basis points	(13.0)%
	Decrease by 50 basis points	15.1%
Rate of compensation change	Increase by 50 basis points	12.4%
	Decrease by 50 basis points	(10.8)%

18. Other Long-Term Liabilities

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Long-term deposits	3,162	2,492	319	-
Lease advances	3,335	6,691	-	-
Total	**6,497**	**9,183**	**319**	**-**

The Group had received an advance relating to rental income of €6,691 which will be offset by rents from September 2015. An amount of €3,335 is depicted in other long-term liabilities, whereas an amount of €3,356 is included in trade and other payables as it will be offset within the next twelve months (Note 20).

All amounts expressed in € thousand, unless otherwise stated

19. Derivative Financial Instruments

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Derivative liabilities	3,042	2,783	-	-
Total	**3,042**	**2,783**	**-**	**-**

Derivative financial instruments comprise interest rate swaps and these derivative instruments transacted as effective economic hedges under the Group's risk management positions and do not qualify for hedge accounting under the specific rules of IAS 39.

The notional principal amounts of the outstanding interest rate swaps at 31 December 2014 were €49,151 (31.12.2013: €51,468). The fair value gains on derivative financial instruments amounts to €249 (2013: €293).

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

20. Trade and Other Payables

The analysis of trade and other payables is as follows:

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Trade payables	2,804	222	2,221	171
Amounts due to related parties (Note 29)	862	112	785	88
Taxes – levies	9,394	5,309	8,463	5,194
Deferred revenues	4,285	-	2,884	-
Other payables and accrued expenses	12,208	2,289	1,040	208
Total	**29,553**	**7,932**	**15,393**	**5,661**

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

The analysis of taxes – levies is as follows:

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Stamp duty on leases	2,624	2,568	2,570	2,568
Unified Property Tax (ENFIA)	3,209	-	3,042	-
Special Real Estate Levy (EETA) and Special Electricity Powered Surfaces Levy (EETHDE)	2,594	2,554	2,549	2,554
Other	967	187	302	72
Total	**9,394**	**5,309**	**8,463**	**5,194**

It is noted that from 1 January 2014, the Unified Property Tax replaced the Real Estate Tax and the Special Real Estate Levy – EETA of L.4152/2013 (ex Special Electricity Powered Surfaces Levy (EETHDE) of L. 4021/2011).

All amounts expressed in € thousand, unless otherwise stated

Deferred revenues mainly relates to rental income owed by the Hellenic Republic, as per the relevant lease agreements, for the period following 31 December 2014.

Other payables and accrued expenses of the Group at 31 December 2014 include the following:

- an amount of €7,711 (31 December 2013: €2,057), which relates to the amount that the Group shall reimburse the previous shareholder of the subsidiary KARELA S.A.. More specifically, the subsidiary KARELA S.A. selected to apply to the existing commercial lease agreement the VAT regime under the provisions of article 17 of L.4110/23.01.2013. In accordance with the above provisions, the Company requested the deduction of input VAT amounted to €7,711 which had burdened the construction of the property. The Group has the obligation to return the individual amounts of reimbursed or offset VAT of construction works to the previous shareholder of KARELA S.A.. It is noted that the competent tax authority has already refunded the VAT to the Group (Note 13).
- an amount of €3,356 which relates to lease advance which will be offset by rents within the next twelve months (Note 18).

21. Revenue

	Group		Company	
	From 01.01 to		From 01.01 to	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Rental income	93,054	79,166	78,393	71,343
Total	**93,054**	**79,166**	**78,393**	**71,343**

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

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

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

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
No later than 1 year	76,299	77,829	64,500	68,813
Later than 1 year and no later than 5 years	324,095	295,686	263,604	261,024
Later than 5 years	990,085	825,205	951,594	782,597
Total	**1,390,479**	**1,198,720**	**1,279,698**	**1,112,434**

All amounts expressed in € thousand, unless otherwise stated

22. Direct Property Related Expenses

Direct property related expenses include the following:

	Group From 01.01 to		Company From 01.01 to	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Property taxes – levies	4,000	2,377	3,030	2,059
Valuation expenses	401	288	395	288
Fees and expenses for lawyers, notaries, land registrars, technical and other advisors	959	77	765	75
Advisory services in relation to the real estate portfolio	755	-	755	-
Insurance expenses	278	84	154	32
Office utilities (electricity, common charges, water rates, heating etc) and other service charges	115	23	22	23
Repair and maintenance expenses	74	-	2	-
Brokerage expenses	24	-	24	-
Other expenses	112	1	5	1
Total	**6,718**	**2,850**	**5,152**	**2,478**

Property taxes – levies for the year ended 31 December 2014 include the Unified Property Tax (ENFIA) of €3,327 and €3,030 for the Group and the Company, respectively. Property taxes – levies for the year ended 31 December 2013 include the Real Estate Tax (F.A.P.) of L.3842/2010 of €717 and €571 for the Group and the Company, respectively, and the Special Real Estate Levy (E.E.T.A.) of L.4152/2013 of €1,557 and €1,461 for the Group and the Company, respectively. It is noted that from 1 January 2014, the Unified Property Tax replaced the Real Estate Tax and the Special Real Estate Levy (ex Special Electricity Powered Surfaces Levy (EETHDE) of L. 4021/2011).

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

	Group From 01.01. to		Company From 01.01. to	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Leased properties	5,989	2,749	4,617	2,377
Vacant properties	729	101	535	101
Total	**6,718**	**2,850**	**5,152**	**2,478**

All amounts expressed in € thousand, unless otherwise stated

23. Personnel Expenses

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Salaries	1,104	373	926	373
Social security costs	165	99	131	99
Retirement benefit obligations expenses	4	4	3	4
Other expenses	14	8	14	8
Total	**1,287**	**484**	**1,074**	**484**

The total number of employees of the Group and the Company as of 31 December 2014 was 24 and 16, respectively (31 December 2013: 9 for the Group and the Company).

24. Other Expenses

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
BoD remuneration	104	91	87	91
Third party fees	443	119	173	94
Expenses relating to advertising and publication, etc.	19	39	19	39
Taxies – levies	431	117	430	117
Expenses relating to the acquisition of additional shareholding in subsidiaries	121	-	121	-
Other	317	69	281	62
Total	**1,435**	**435**	**1,111**	**403**

25. Dividends per Share

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

On 25 November 2014 the Board of Directors approved the distribution to the shareholders of interim dividend amounting to €58,169. This amount is included as of 31 December 2014 in trade and other receivables.

On 30 June 2013, the Company's annual shareholders meeting approved, after a relevant proposal by the Company's Board of Directors, the payment of dividend for the third year (01.01.2012 – 31.12.2012) of €22.434.

26. Taxes

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
REICs' tax	1,449	1,666	1,271	1,493
Deferred tax	9	-	-	-
Other taxes	24	-	-	-
Total	**1,482**	**1,666**	**1,271**	**1,493**

As a REIC, in accordance with article 3, par. 3 of L.2778/1999, as in force, the Company is subject to an annual tax determined by reference to the fair value of its investment properties and cash and cash equivalents 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%)). MIG Real Estate REIC and KARELA S.A., subsidiaries of the Company in Greece, have the same tax treatment. The above tax relieves the Company and its shareholders of any further tax liabilities.

The Company's foreign subsidiaries, Nash S.r.L. and Egnatia Properties S.A. are taxed on their income, assuming a tax rate of 31.4% in Italy and 16.0% in Romania, 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 31 December 2014.

27. Earnings / (Losses) per Share

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

	Group		Company	
Period ended 31 December	**2014**	**2013**	**2014**	**2013**
Profit / (loss) attributable to equity shareholders	177,599	(25,608)	160,060	(31,241)
Weighted average number of ordinary shares in issue (thousands)	185,716	147,999	185,716	147,999
Basic earnings / (losses) per share (€ per share)	**0.956**	**(0.173)**	**0.862**	**(0.211)**

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

28. Contingent Liabilities and Commitments

Group companies have not yet been tax audited for tax purposes for certain financial years and accordingly 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. The Group has accounted for provisions for unaudited tax years of €45. It is estimated that apart from the recorded provisions, additional taxes and penalties that may be imposed will not have a material effect on the consolidated or separate statement of financial position of the Group and the Company. The Company has not been audited for tax purposes for the year ended 31 December 2010. The financial years 2011, 2012 and 2013 were audited by the Company’s independent auditors, Deloitte Hadjipavlou Sofianos & Cambanis S.A., in accordance with article 82 of L. 2238/1994. The relevant tax audit certificates for the years 2011, 2012 and 2013 were unqualified and issued on 19 July 2012, 30 September 2013 and 10 July 2014 respectively. Financial year 2011 is considered closed for tax purposes, since, as per ministerial decision POL 1236/2014, the deadline of 30 April 2014 has elapsed after which the tax authorities cannot tax audit the said financial year. In particular, POL 1236/2014 extended, in the case of financial year 2011, the 18 months deadline (as from the date of submission of the "Tax Compliance Report") which was set by art. 6 of ministerial decision POL 1159/22.7.2011 as the period after the lapse of which the tax authorities cannot tax audit the respective fiscal year. The financial years 2012 and 2013 should be considered closed for tax purposes following the lapse of a period of 18 months from the submission of the "Tax Compliance Report" to the Ministry of Finance (unless the said deadline is extended in the future by a new decision of the Ministry of Finance). The financial year 2014 is currently being audited by the Company’s independent auditors. Information about the unaudited tax years of the subsidiaries is included in Note 10.

In the context of the acquisition of the 14 properties portfolio by HRADF, the Company undertook the commitment to perform any improvements required. Management estimates that these capital expenditure commitments amounts to €2,500 (incl. VAT).

On 12 August 2014, the Company entered into a Framework Agreement (the “Framework Agreement”) with shareholders of MIG Real Estate REIC. Parties to the Framework Agreement also were NBG and Invel. Under the Framework Agreement, on 12 August 2014, the shareholders of MIG Real Estate REIC transferred, over the counter, to the Company all of their shares and voting rights (6,734,011) in MIG Real Estate REIC, representing approximately 47.85% of MIG Real Estate REIC’s total share capital, as an in kind contribution to a share capital increase by the Company for a total amount of €13,395. The abovementioned share capital increase corresponding to the issuance of 3,348,651 redeemable common voting shares with a par value of €4.0 each and issue price of €6.23 each was approved by the Extraordinary General Meeting of the Company’s shareholders that took place on 12 August 2014. Each party to the Framework Agreement has the right to terminate the Framework Agreement in the event of default by the other party on any of the terms of the Framework Agreement, provided that such default has not been remedied within the deadlines set in the Framework Agreement. Furthermore, in the event that the Company violates the obligation to proceed with any of the share capital increases as described in the Framework Agreement, the Company shall be obliged to pay a penalty of €3,000 to the MIG Real Estate Shareholders.

In the context of the credit agreement to open a current account with Alpha Bank S.A. (Note 16), the Company provided specific and irrevocable power of attorney, authorization and right to lawyers acting for Alpha Bank S.A. so that they may attend and represent the Company before any competent court for the purpose of the registration of mortgage pre-notation amounting to €55,440 into fourteen (14) Company’s properties in Greece, which were the subject of the tender “sale and leaseback” by

All amounts expressed in € thousand, unless otherwise stated

HRADF (Note 7), in favor 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 (i.e. 30 July 2015), 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.

On 10 October 2014, the Group signed a binding agreement for the acquisition of a property portfolio, which consists of 88 commercial properties (offices and retail), owned by an Italian banking institution, mainly located in northern Italy, for a total consideration of €167,300. The properties will be leased back to the banking institution under long-term lease agreements (with average lease duration of approximately 15 years). The binding agreement expired on 31 December 2014, however, the parties are still in the process of negotiating the terms of the transaction and the Italian banking institution has granted the Group exclusivity until the end of March 2015.

There are no pending lawsuits against the Group, nor other contingent liabilities resulting from commitments at 31 December 2014, which would affect the Group's financial position.

29. Related Party Transactions

The Company is controlled by National Bank of Greece S.A. (parent company), which holds 32.69% of the share capital of the Company (Note 1). All transactions with related parties are objective and carried out, based on the principle of equidistance, on normal commercial terms for similar transactions with third parties.

The nature of the significant transactions entered into by the Company with related parties during the year ended 31 December 2014 and 2013 and the significant balances outstanding at 31 December 2014 and 2013 are presented below.

i. Balances arising from transactions with related parties

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Trade receivables from related parties				
Parent company	-	239	-	239
Companies related to other shareholders	2	-	2	-
	2	**239**	**2**	**239**
Other receivables from related parties				
Parent company	-	1,590	-	1,590
Hellenic National Insurance Company, company of the NBG Group	47	-	-	-
Picasso Fund	-	-	100,000	-
	47	**1,590**	**100,000**	**1,590**

All amounts expressed in € thousand, unless otherwise stated

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Prepaid expenses				
NBG Securities, company of the NBG Group	75	-	75	-
	75	**-**	**75**	**-**
Cash and cash equivalents				
Parent company	7,192	156,369	7,192	156,369
	7,192	**156,369**	**7,192**	**156,369**
Amounts due to related parties				
Parent company	149	45	149	45
Hellenic National Insurance Company, a company of NBG Group	379	66	302	42
NBG Securities, company of the NBG Group	215	-	215	-
Ethnodata, a company of NBG Group	-	1	-	1
Companies related to other shareholders	119	-	119	-
	862	**112**	**785**	**88**
Borrowings				
Parent company	9,549	9,920	-	-
	9,549	**9,920**	**-**	**-**
Derivative financial instruments – Liabilities				
Parent company	536	477	-	-
	536	**477**	**-**	**-**

ii. Rental income

	Group		Company	
	From 01.01. to		**From 01.01. to**	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Parent company	69,093	70,844	69,093	70,844
Other companies of NBG Group [9]	220	282	220	282
Companies related to other shareholders	2	-	2	-
Total	**69,315**	**71,126**	**69,315**	**71,126**

[9] Ethniki Factors, Ethniki Kefalaiou (absorbed by NBG on 31 May 2014), Ethniki Leasing, National Insurance Brokers.

All amounts expressed in € thousand, unless otherwise stated

iii. Other direct property relates expenses

	Group From 01.01. to		Company From 01.01. to	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Hellenic National Insurance Company, a company of NBG Group	200	51	154	28
Other shareholders	100	-	100	-
Companies related to other shareholders	655	-	655	-
Total	**955**	**51**	**909**	**28**

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

	Group From 01.01. to		Company From 01.01. to	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Parent company	(56)	50	-	-
Total	**(56)**	**50**	**-**	**-**

v. Other expenses

	Group From 01.01. to		Company From 01.01. to	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Parent company	31	-	31	-
NBG Securities, company of the NBG Group	106	-	106	-
Ethnodata, a company of NBG Group	3	2	3	2
Ethniki Leasing, a company of NBG Group	14	11	14	11
Companies related to other shareholders	119	-	119	-
Total	**273**	**13**	**273**	**13**

vi. Interest income

	Group From 01.01. to		Company From 01.01. to	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Parent company	3,209	5,496	3,209	5,496
Total	**3,209**	**5,496**	**3,209**	**5,496**

All amounts expressed in € thousand, unless otherwise stated

vii. Finance costs

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Parent company	829	719	78	7
Total	**829**	**719**	**78**	**7**

viii. Due to key management

	Group		Company	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
BoD, its committees and Senior Management compensation	35	-	35	-
Total	**35**	**-**	**35**	**-**

ix. Key management compensation

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
BoD, its committees and Senior Management compensation	544	86	504	86
Total	**544**	**86**	**504**	**86**

x. Commitment and contingent liabilities

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

30. Independent Auditor's Fees

Deloitte Hadjipavlou, Sofianos & Cambanis S.A. has served our principal independent public accountant for the years ended 31 December 2014 and 2013. The following table presents the aggregate fees for professional audit services and other services rendered by the Group's principal accounting firm Deloitte Hadjipavlou, Sofianos & Cambanis S.A.**,** which is a member firm of Deloitte Touche Tohmatsu Limited.

	Group		Company	
	From 01.01. to		From 01.01. to	
	31.12.2014	**31.12.2013**	**31.12.2014**	**31.12.2013**
Audit and audit related fees	459	49	445	42
Tax fees	19	16	12	9
All other fees	16	11	16	11
Total	**494**	**76**	**473**	**62**

All amounts expressed in € thousand, unless otherwise stated

31. Events After the Balance Sheet Date

On 30 January 2015 the Board of Directors of the Company ("Acquiree") and its subsidiary "MIG Real Estate REIC" ("Acquirer") in their meetings, decided the commencement of the preparatory actions for the merger by absorption of the first by the second. The planned merger has been proposed to take place by consolidating the assets and liabilities of the above mentioned companies, with combined application of articles 68 et seq. of C.L. 2190/1920 and L. 2166/1993, as applicable. The transformation date has been set for 31 January 2015 (Note 1).

Following the binding agreement dated 10 October 2014, Picasso Fund proceeded on 11 February 2015 with the acquisition of an office building, of a total area of approximately 14 thousand sq.m., located in Rome, Italy for a total consideration of €38,700. The property is leased to the Italian State. In view of the above acquisition Picasso Fund, following the decision of the unitholders dated 5 February 2015, proceeded on 10 February 2015 with the issuance of units for the amount of €39,000 (Note 12).

Following the preliminary agreement dated 30 September 2014 with "Sterling Properties Bulgaria EOOD", member of Marinopoulos S.A. Group, the Company concluded on 27 February 2015 the acquisition of 100% of the share capital of the newly established company "PLAZA WEST A.D.", which owns approximately 9 thousand sq.m. of West Plaza shopping mall in Sofia, Bulgaria. The acquisition price amounted to €11,000, which was paid in cash (Note 11). The only asset that the company owned as of 27 February 2015, date of acquisition, is the above mentioned property with a fair value of €11,195, as determined by an independent appraiser.

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.

32. Reclassifications of Financial Assets

The Group reclassified an amount of €2,672 which relates to restricted cash in accordance with the provisions of the common bond loan agreement of KARELA S.A. (Note 16) from other receivables to cash and cash equivalents.

Following the reclassification above, the following tables present the consolidated statement of financial position and the consolidated cash flow statement as at 31 December 2013:

Statement of Financial Position

	Group		
	31.12.2013		
	Reclassified amounts	Previously reported amounts	Reclassifications
Current assets			
Trade and other receivables	17,026	19,698	(2,672)
Cash and cash equivalents	160,963	158,291	2,672

All amounts expressed in € thousand, unless otherwise stated

Cash Flow Statement – Group

	From 01.01. to 31.12.2013		
	Reclassified Amounts	Previously reported amounts	Reclassifications
Cash flows from operating activities			
Changes in working capital:			
- Increase in receivables	(3.418)	(3.597)	179
Cash flows from operating activities	74.095	73.916	179
Net cash flows from operating activities	**68.186**	**68.007**	**179**
Cash flows from investing activities			
Acquisitions of subsidiaries (net of cash acquired)	(52.837)	(55.330)	2.493
Net cash flows from investing activities	**(47.505)**	**(49.998)**	**2.493**
Net increase / (decrease) in cash and cash equivalents for the period	**(4.445)**	**(7.117)**	**2.672**
Cash and cash equivalents at the end of the period	**160.963**	**158.291**	**2.672**

NBG PANGAEA

NBG PANGAEA REAL ESTATE INVESTMENT COMPANY

FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014
(published in accordance with the requirements of Hellenic Capital Market Commission decision 4/507/28.04.2009)
(Amounts are expressed in thousand euros)

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

Company information

Supervising Authority:	Ministry of Regional Development and Competitiveness
Headquarters:	6, Karageorgi Servias Str., 10562, Athens
Business:	Real Estate Investment Company
Capital Market Commission Decision Number:	9/544/18.03.2010
General Commercial Registry Number:	009313201000
Date of approval of Financial Statements by BoD:	27 March 2015
Certified Public Accountant - Auditor:	Beate Randulf (R.N. SOEL 37541)
Audit Firm:	Deloitte Hadjipavlou, Sofianos and Cambanis S.A.
Independent Auditor's report:	Unqualified opinion
Issue date of Auditor's report:	27 March 2015
Website:	www.nbgpangaea.gr

The Board of Directors

Christos I. Protopapas	Non Executive member - Chairman of the BoD
Paula N. Hadjisotiriou	Non Executive member - Vice-chairman A'
Christophoros N. Papachristophorou	Executive member - Vice-chairman B'
Aristotelis D. Karytinos	Executive member - Chief Executive Officer
Thiresia G. Messari	Executive member
Akbar Abdul Aziz Rafiq	Non Executive member
Arnaud Dominique Maurice Bertrand Plat	Non Executive member
Prodromos G. Valmis	Independent Non Executive member
Spyridon G. Makridakis	Independent Non Executive member

Statement of Financial Position (Consolidated and Standalone)

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Assets				
Investment property	1,407,659	930,879	1,081,049	739,758
Property, plant and equipment	4,334	1,433	1,698	1,433
Investment in subsidiaries	0	0	210,091	129,672
Intangible Assets	216	245	216	245
Other long-term receivables	11,737	0	11,729	0
Total non-current assets	1,423,946	932,557	1,304,783	871,108
Trade receivables	7,142	2,514	5,131	719
Other receivables	79,976	14,512	173,789	8,727
Cash and cash equivalents	125,638	160,963	7,193	156,371
Total current assets	212,756	177,989	186,113	165,817
Total assets	1,636,702	1,110,546	1,490,896	1,036,925
Shareholders' equity				
Share capital	765,193	735,712	765,193	735,712
Share premium	15,890	0	15,890	0
Reserves	326,953	326,973	326,917	326,973
Retained earnings / (losses)	151,038	(26,502)	127,909	(32,135)
Equity attributable to Company's shareholders	1,259,074	1,036,183	1,235,909	1,030,550
Non-controlling interests	1,362	0	0	0
Total equity	1,260,436	1,036,183	1,235,909	1,030,550
Liabilities				
Borrowings	320,054	51,390	230,054	0
Retirement benefit obligations	251	26	85	26
Deferred tax liability	382	0	0	0
Other long-term liabilities	6,497	9,183	319	0
Total non-current liabilities	327,184	60,599	230,458	26
Trade and other payables	29,553	7,932	15,393	5,661
Derivative financial instruments	3,042	2,783	0	0
Current tax liabilities	866	782	636	688
Borrowings	15,621	2,267	8,500	0
Total current liabilities	49,082	13,764	24,529	6,349
Total liabilities	376,266	74,363	254,987	6,375
Total shareholders' equity and liabilities	1,636,702	1,110,546	1,490,896	1,036,925

Statement of Comprehensive Income (Consolidated and Standalone)

	Group		Company	
	From 1.1 to		From 1.1 to	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Rental income	93,054	79,166	78,393	71,343
Total revenue	93,054	79,166	78,393	71,343
Net gain / (loss) from the fair value adjustment of investment property	98,651	(101,988)	91,799	(103,173)
Less: investment property related expenses	(6,741)	(2,864)	(5,164)	(2,492)
Gross profit/ (loss) from investment activities	184,964	(25,686)	165,028	(34,322)
EBIT	186,560	(25,420)	163,405	(35,237)
Profit/ (loss) before tax	179,100	(23,942)	161,331	(29,748)
Taxes	(1,482)	(1,666)	(1,271)	(1,493)
Profit/ (loss) after tax (A)	177,618	(25,608)	160,060	(31,241)
Attributable to:				
- Equity shareholders	177,599	(25,608)	160,060	(31,241)
- Non controlling interests	19	0	0	0
Other Comprehensive expense, net of tax (B)	(19)	0	(56)	0
Total comprehensive income / (expense) (A+B)	177,599	(25,608)	160,004	(31,241)
Attributable to:				
- Equity shareholders	177,579	(25,608)	160,004	(31,241)
- Non controlling interests	20	0	0	0
Earnings/ (losses) per share (€) - Basic and Diluted	0.9563	(0.1730)	0.8619	0.2111
EBITDA	186,612	(25,377)	163,446	(35,195)

Statement of Cash Flows (Consolidated and Standalone)

	Group		Company	
	From 1.1 to		From 1.1 to	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Operating activities				
Profit/ (loss) before tax (continuing operations)	179,100	(23,942)	161,331	(29,748)
Adjustments for:				
Provisions for employee benefits	4	4	3	4
Other gains	(3,556)	(917)	0	0
Depreciation of property and equipment	23	14	12	13
Amortization of intangible assets	29	29	29	29
Net (gain) / loss from the fair value adjustment of investment property	(98,651)	101,988	(91,799)	103,173
Interest income	(3,233)	(5,510)	(3,210)	(5,496)
Finance costs	10,693	4,032	5,284	7
Net change in fair value of financial instruments at fair value through profit or loss	125	(293)	0	0
Plus / less adjustments to operating activities and working capital changes:				
Increase in receivables	(9,540)	(3,418)	(111,305)	(1,896)
Increase in payables (excl. borrowings)	18,115	2,108	12,550	743
Less:				
Finance costs paid	(10,001)	(4,190)	(4,677)	(7)
Taxes paid	(1,505)	(1,719)	(1,324)	(1,640)
Net cash flows from/ (used in) operating activities (a)	81,603	68,186	(33,106)	65,182
Investing activities				
Acquisition of investment property	(230,100)	0	(230,100)	0
Subsequent capital expenditure on investment property	(162)	(23)	(7)	(23)
Prepayments for the acquisition of investment property and overseas subsidiaries	(13,087)	0	(12,087)	0
Acquisition of property and equipment	(74)	(155)	(72)	(155)
Acquisition of subsidiaries (net of cash acquired)	(45,780)	(52,837)	(50,253)	(56,166)
Interest received	3,233	5,510	3,210	5,496
Net cash flows used in investing activities (b)	(285,970)	(47,505)	(289,309)	(50,848)
Financing activities				
Proceeds from share capital increase	5,825	1	5,825	1
Expenses related to the share capital increase	(562)	(938)	(562)	(938)
Proceeds from the issuance of bond loans and other borrowed funds	240,911	0	240,911	0
Expenses related to the issuance of bond loans	(5,464)	0	(5,464)	0
Repayment of borrowings	(7,343)	(1,755)	0	0
Acquisition of additional participation in subsidiaries	(6,151)	0	(6,151)	0
Participation in subsidiaries' capital increase	0	0	(3,153)	0
Dividends paid	(58,169)	(22,434)	(58,169)	(22,434)
Net cash flows from / (used in) financing activities (c)	169,047	(25,126)	173,237	(23,371)
Net decrease in cash and cash equivalents (a) + (b) + (c)	(35,320)	(4,445)	(149,178)	(9,037)
Cash and cash equivalents at the beginning of the period	160,963	165,408	156,371	165,408
Effect of foreign exchange currency changes on cash and cash equivalents	(5)	0	0	0
Cash and cash equivalents at the end of the period	125,638	160,963	7,193	156,371

Statement of Changes in Equity (Consolidated and Standalone)

	Group		Company	
	From 1.1 to		From 1.1 to	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Balance at beginning of period	1,036,183	939,451	1,030,550	939,451
Changes during the period:				
Total coprehensive income / (expense), net of tax	177,599	(25,608)	160,004	(31,241)
Acquisition of subsidiaries	1,299	0	0	0
Share capital increase / Share Premium	45,917	145,712	45,917	145,712
Expenses related to share capital increase	(562)	(938)	(562)	(938)
Dividends distributed	0	(22,434)	0	(22,434)
Balance at end of period	1,260,436	1,036,183	1,235,909	1,030,550

Notes

1. The principal accounting policies that have been adopted are in accordance with the requirments of International Financial Reporting Standards ("IFRS") and are the same with those applied in the 2013 financial statements. Details are included in Note 2 of the annual financial statements as of 31.12.2014.

2. The Company has not been audited for tax purposes for the year ended 31 December 2010. The fiscal years 2011, 2012 and 2013 were audited by the Company's independent auditors, Deloitte Hadjipavlou Sofianos & Cambanis S.A., in accordance with article 82 of L. 2238/1994. The relevant tax audit certificates for the years 2011, 2012 and 2013 were unqualified and issued on 19 July 2012, 30 September 2013 and 10 July 2014 respectively. Fiscal year 2011 is considered closed for tax purposes, since, as per ministerial decision POL 1236/2014, the deadline of 30 April 2014 has elapsed after which the tax authorities cannot tax audit the said fiscal year. In particular, POL 1236/2014 extended, in the case of fiscal year 2011, the 18 months deadline (as from the date of submission of the "Tax Compliance Report") which was set by art. 6 of ministerial decision POL 1159/22.7.2011 as the period after the lapse of which the tax authorities cannot tax audit the respective fiscal year. The fiscal years 2012 and 2013 should be considered closed for tax purposes following the lapse of a period of 18 months from the submission of the "Tax Compliance Report" to the Ministry of Finance (unless the said deadline is extended in the future by a new decision of the Ministry of Finance) (Note 28). The fiscal year 2014 is currently being audited by the Company's independent auditors. Information about the unaudited tax years of the subsidiaries are included in Note 10 of the annual financial statements of the year ended 31 December 2014.

3. 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 28). 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 14 April 2010, 16 September 2014 and 17 September 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).

4. The number of Group and Company employees as of 31.12.2014 was 24 and 16 respectively. As of 31.12.2013, the number of the Company employees was 9 and the entities of the Group did not employee any personnel.

5. The Company's Financial Statements are included in the Consolidated Financial Statements of National Bank of Greece S.A. (incorporated in Greece), which owns 32.69% of the Company's share capital, by the full consolidation method.

6. In accordance with the terms of the bond loan program dated 11 August 2014, as amended on 20 August 2014, for the issuance of the bonds totally amounting to €237,500 thousand, the Company until 31 December 2014 registered mortgage prenotations on 8 properties in Greece and mortgages on 68 properties in Greece in favor 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. It is pending the registration of a mortgage on 1 property, in order for the total number of properties, on which a mortgage or a mortgage prenotation is registered, to be 77 (Note 16).
In the context of the credit agreement to open a current account with Alpha Bank S.A. (Note 16), 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 (Note 7), in favor 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 (i.e. 30 July 2015), 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 28).
On the property owned by KARELA S.A. a prenotation of mortgage was established in favor of Piraeus Bank S.A. (the representative of the bondholders) for an amount of €106,000 thousand. Moreover, the total number of shares of KARELA S.A. is collateral in favor of Piraeus Bank S.A., for all amounts due under the bond program. In addition, all rights of KARELA S.A. arising from the lease agreement with Cosmote have been assigned in a favor of the bondholders (Note 16).
Nine properties in Attica (8 in Athens and 1 in Piraeus) owned by MIG Real Estate REIC have prenotations of mortgage in favor of Alpha Bank S.A., each for an amount of €9,880 thousand (Note 16).
On the office complex in Milan Italy, owned by Picasso Fund, a first rank mortgage has been registered in favor of Banca Monte dei Paschi di Sienna S.p.A. for an amount of €72,000 thousand and a second rank mortgage has been registered in favor of the same bank for an amount of €8,000 thousand. In addition, on the office property in Rome Italy, owned by the 100% subsidiary Picasso Fund, a first rank mortgage has been registered in favor of the aforementioned bank, for an amount of €27,000 thousand. Finally, all rights of Picasso Fund arising from the leases for the properties mentioned above have been assigned in a favor of Banca Monte dei Paschi di Sienna S.p.A. (Note 16).

7. Related party transactions and balances of the Group as defined in IAS 24 are as follows: a) Income €72,524 thousand, b) Expense €2,199 thousand, c) Assets €7,316 thousand, d) Liabilities €10,947 thousand. Related party transactions and balances of the Company as defined in IAS 24 are as follows: a) Income €72,524 thousand, b) Expense €1,346 thousand, c) Assets €107,269 thousand, d) Liabilities €785 thousand. Related party transactions and balances of the Group with BoD, its Committees and senior management personnel are as follows: a) Key management compensation €544 thousand, b) Due from key management personnel NIL and c) Due to key management personnel €35 thousand. Related party transactions and balances of the Group with BoD, its Committees and senior management personnel are as follows: a) Key management compensation €504 thousand, b) Due from key management personnel NIL and c) Due to key management personnel €35 thousand.

8. On 12 August 2014, the Company acquired 34.96% of the share capital of MIG Real Estate REIC for a consideration of €12,300 thousand. On the same day, the Company acquired an additional 47.85% in the share capital of MIG Real Estate as contribution in kind with the issuance of 3,348,651 new common redeemable shares, with a subscription price of €6.23 per newly issued share (i.e. total fair value of issued shares € 20,862 thousand). The purchase consideration was lower than the fair value of the net assets acquired and the gain (negative goodwill) of €2,725 thousand was recognised directly in the income statement of the year ended 31 December 2014.
On 22 October 2014, the Company completed the mandatory tender offer to the shareholders of MIGRE and acquired 1,951,053 shares (13.86% of the share capital of MIGRE) at an offer price of €3.10 per share, increasing its shareholding in MIGRE at 96.67%. Given the fact that following the MTO, the Company held shares which represented at least 90% of the voting tights of MIGRE, the Company was under obligation, in accordance with article 28 of L.3461/2006, combined with the 1/409/29.12.2006 decision of the Hellenic Capital Market Commission, to acquire via the stock market all the shares offered to it within a period of three months beggining from the date of publication of the MTO results (i.e. up to 27.01.2015), against payment of the offer price of €3.10 per share (exit right). Given the fact that following the MTO the Company held shares that represented at least 90% of the voting tights of MIGRE, the Company is under obligation, in accordance with article 28 of L.3461/2006, combined with the 1/409/29.12.2006 decision of the Hellenic Capital Market Commission, to acquire via the stock market all the shares offered to it within a period of three months as of the date of publication of the MTO results (i.e. up to 27.01.2015), against payment of the offer price of €3.10 per share (exit right). Upon the completion of the three-month period, the shareholding of the Company in MIGRE increased to 96.94% (shareholding in MIGRE as of 31 December 2014: 96.90%) (Note 6, 9 and 14).

9. On 20 March 2014, the Company acquired 100% of the units of the Picasso Fund in Italy. Picasso Fund owns an office complex, of a total area of approximately 21 thousand sq.m., located in Milan and an office property, of a total area of approximately 12 thousand sq.m., located in Rome. The consideration amounted to €37,953 thousand, out of which €36,953 thousand was paid in cash and €1,000 thousand was recognized as payable. The purchase consideration was lower than the fair value of net assets acquired and the gain (negative goodwill) of €839 thousand was recognised directly in the income statement of the year ended 31 December 2014 (Note 9).

10. There are no entities exempted from the annual financial statements as of 31.12.2014 and there have been no changes in the method of consolidation since the previous annual financial statements.

11. As of 31.12.2014, 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 €45 thousand and c)other provisions amounted to €290 thousand.

12. "Other comprehensive expense, net of tax" of the Group, in the current period, is comprised of €(82) thousand relating to the remeasurement of the net defined benefit liability/asset and €63 thousand relating to currency translation differences. The corresponding amounts for the Company are €(56) thousand and NIL respectively.

13. As of 31.12.2014, the Group and the Company did not hold any treasury shares.

14. On 30 January 2015, the Board of Directors of the Company ("Acquiree") and its subsidiary "MIG Real Estate REIC" ("Acquirer") in their meetings, decided the commencement of the preparatory actions for the merger by absorption of the first by the second. The planned merger has been proposed to take place by consolidating the assets and liabilities of the above mentioned companies, with combined application of articles 68 et seq. of C.L. 2190/1920 and L. 2166/1993, as applicable. The transformation date has been set for 31 January 2015 (Note 1 and 31).

Athens, 27 March 2015

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

Availability of the Annual Financial Report

The Annual Financial Report, which includes:

- Certifications by Members of the Board of Directors,
- The Board of Directors' Report,
- The Independent Auditor's Report,
- The Annual Financial Statements of the Group and the Company,
- Summary Financial Data of the Group and the Company

is available on the website address: http://www.nbgpangaea.gr