NBG PANGAEA

NBG PANGAEA R.E.I.C.

INTERIM CONDENSED FINANCIAL STATEMENTS
for the period from January 1 to September 30, 2016

This interim 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.

November 2016

All amounts expressed in € thousand, unless otherwise stated

	Note	Group 30.09.2016	Group 31.12.2015	Company 30.09.2016	Company 31.12.2015
ASSETS					
Non-current assets					
Investment property	5	1,465,883	1,470,079	1,238,265	1,111,067
Investment in subsidiaries	6	-	-	151,361	210,908
Property and equipment		2,313	3,348	2,445	3,508
Intangible assets		166	187	166	187
Other long-term receivables	7	17,324	17,314	17,324	17,314
		1,485,686	**1,490,928**	**1,409,561**	**1,342,984**
Current assets					
Trade and other receivables	8	44,311	35,074	44,436	26,230
Cash and cash equivalents	9	73,634	90,433	45,033	61,885
		117,945	**125,507**	**89,469**	**88,115**
Total assets		**1,603,631**	**1,616,435**	**1,499,030**	**1,431,099**
SHAREHOLDERS' EQUITY					
Share capital	10	766,484	766,484	766,484	766,484
Share premium	10	15,890	15,890	15,970	15,970
Reserves	11	335,976	333,615	336,206	333,435
Retained Earnings / (Losses)		61,453	77,719	68,661	62,830
Total equity		**1,179,803**	**1,193,708**	**1,187,321**	**1,178,719**
LIABILITIES					
Long-term liabilities					
Borrowings	12	384,551	387,284	281,600	234,495
Retirement benefit obligations		149	213	149	213
Deferred tax liability		192	226	-	-
Other long-term liabilities	13	3,224	3,320	3,147	701
		388,116	**391,043**	**284,896**	**235,409**
Short-term liabilities					
Trade and other payables	15	18,469	18,319	13,570	10,091
Borrowings	12	12,144	9,830	9,010	6,196
Derivative financial instruments	14	2,426	2,779	1,560	-
Current tax liabilities		2,673	756	2,673	684
		35,712	**31,684**	**26,813**	**16,971**
Total liabilities		**423,828**	**422,727**	**311,709**	**252,380**
Total shareholders' equity and liabilities		**1,603,631**	**1,616,435**	**1,499,030**	**1,431,099**

Athens, November 14, 2016

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

		Group		Company	
		From 01.01. to		From 01.01. to	
	Note	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Revenue					
Rental income		85,949	82,434	76,403	67,943
		85,949	**82,434**	**76,403**	**67,943**
Net loss from the fair value adjustment of investment property	5	(16,145)	(57,615)	(9,791)	(45,248)
Direct property related expenses		(8,737)	(9,293)	(7,011)	(6,972)
Personnel expenses		(1,637)	(1,620)	(1,637)	(1,560)
Depreciation of property and equipment		(18)	(31)	(19)	(33)
Amortisation of intangible assets		(22)	(21)	(22)	(21)
Net change in fair value of financial instruments at fair value through profit or loss	14	781	480	781	-
Other income		250	1,646	4,175	2,985
Other expenses		(2,115)	(3,215)	(1,708)	(2,794)
Corporate Social Responsibility		(49)	-	(49)	-
Operating Profit / (Loss)		**58,257**	**12,765**	**61,122**	**14,300**
Interest income		124	152	108	117
Finance costs		(15,757)	(15,089)	(13,117)	(10,569)
Profit / (Loss) before tax		**42,624**	**(2,172)**	**48,113**	**3,848**
Taxes	17	(4,156)	(960)	(4,190)	(986)
Profit / (Loss) for the period		**38,468**	**(3,132)**	**43,923**	**2,862**
Attributable to:					
Non-controlling interests		-	(82)	-	-
Company's equity shareholders		**38,468**	**(3,050)**	**43,923**	**2,862**
Earnings / (Losses) per share (expressed in € per share) - Basic and diluted	18	0.1506	(0.0119)	0.1719	0.0112

Athens, November 14, 2016

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

All amounts expressed in € thousand, unless otherwise stated

	Group		Company	
	From 01.01. to		From 01.01. to	
	30.09.2016	**30.09.2015**	**30.09.2016**	**30.09.2015**
Profit / (Loss) for the period	**38,468**	**(3,132)**	**43,923**	**2,862**
Other comprehensive income / (expense):				
Items that may not be reclassified subsequently to profit or loss:				
Revaluation reserve	30	-	30	-
Total of items that may not be reclassified subsequently to profit or loss	**30**	**-**	**30**	**-**
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	(105)	(88)	-	-
Cash flow hedges	(305)	(24)	-	-
Total of items that may be reclassified subsequently to profit or loss	**(410)**	**(112)**	**-**	**-**
Other comprehensive income/(expense) for the period	**(380)**	**(112)**	**30**	**-**
Total comprehensive income/(expense) for the period	**38,088**	**(3,244)**	**43,953**	**2,862**
Attributable to:				
Non-controlling interests	-	(83)	-	-
Company’s equity shareholders	**38,088**	**(3,161)**	**43,953**	**2,862**

Athens, November 14, 2016

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

	Group		Company	
	From 01.07. to		From 01.07. to	
	30.09.2016	**30.09.2015**	**30.09.2016**	**30.09.2015**
Revenue				
Rental income	28,702	27,527	25,512	23,064
	28,702	**27,527**	**25,512**	**23,064**
Net gain/(loss) from the fair value adjustment of investment property	523	294	523	(2,074)
Direct property related expenses	(2,864)	(3,181)	(2,299)	(2,635)
Personnel expenses	(538)	(584)	(538)	(746)
Depreciation of property and equipment	(6)	(10)	(6)	(27)
Amortisation of intangible assets	(8)	(7)	(8)	(7)
Net change in fair value of financial instruments at fair value through profit or loss	330	(115)	330	-
Other income	84	1,344	3,281	1,335
Other expenses	(701)	(1,704)	(587)	(1,856)
Corporate Social Responsibility	(49)	-	(49)	-
Operating Profit / (Loss)	**25,473**	**23,564**	**26,159**	**17,054**
Interest income	9	(1)	8	10
Finance costs	(5,216)	(5,264)	(4,378)	(3,529)
Profit / (Loss) before tax	**20,266**	**18,299**	**21,789**	**13,535**
Taxes	(2,679)	(374)	(2,673)	(354)
Profit / (Loss) for the period	**17,587**	**17,925**	**19,116**	**13,181**
Attributable to:				
Non-controlling interests	-	60	-	-
Company's equity shareholders	**17,587**	**17,865**	**19,116**	**13,181**
Earnings / (Losses) per share (expressed in € per share) - Basic and diluted	0.0688	0.0699	0.0748	0.0516

Athens, November 14, 2016

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

All amounts expressed in € thousand, unless otherwise stated

	Group		Company	
	From 01.07. to		From 01.07. to	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Profit / (Loss) for the period	**17,587**	**17,925**	**19,116**	**13,181**
Other comprehensive income / (expense):				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	(98)	(74)	-	-
Cash flow hedges	(843)	(24)	-	-
Total of items that may be reclassified subsequently to profit or loss	**(941)**	**(98)**	**-**	**-**
Other comprehensive income for the period	**(941)**	**(98)**	**-**	**-**
Total comprehensive income / (expense) for the period	**16,646**	**17,827**	**19,116**	**13,181**
Attributable to:				
Non-controlling interests	-	60	-	-
Company's equity shareholders	**16,646**	**17,767**	**19,116**	**13,181**

Athens, November 14, 2016

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

	Note	Attributable to Company's shareholders						
		Share capital	Share premium	Reserves	Retained Earnings / (Losses)	Total	Non-controlling interests	Total
Balance January 1, 2015		**765,193**	**15,890**	**326,953**	**151,038**	**1,259,074**	**1,362**	**1,260,436**
Other comprehensive expense for the period		-	-	(111)	-	**(111)**	(1)	**(112)**
Loss for the period		-	-	-	(3,050)	**(3,050)**	(82)	**(3,132)**
Total comprehensive expense after tax		**-**	**-**	**(111)**	**(3,050)**	**(3,161)**	**(83)**	**(3,244)**
Acquisition of additional shareholding in subsidiaries		-	-	(4)	2	**(2)**	(17)	**(19)**
Transfer to reserves		-	-	6,692	(6,692)	**-**	-	**-**
Dividends relating to 2014	16	-	-	-	(109,362)	**(109,362)**	-	**(109,362)**
Share capital increase	10	1,291	-	-	-	**1,291**	(1,291)	**-**
Effect from Merger		-	-	-	(29)	**(29)**	29	**-**
Balance September 30, 2015		**766,484**	**15,890**	**333,530**	**31,907**	**1,147,811**	-	**1,147,811**
Movements to December 31, 2015		-	-	85	45,812	**45,897**	-	**45,897**
Balance December 31, 2015		**766,484**	**15,890**	**333,615**	**77,719**	**1,193,708**	**-**	**1,193,708**
Balance January 1, 2016		**766,484**	**15,890**	**333,615**	**77,719**	**1,193,708**	**-**	**1,193,708**
Other comprehensive expense for the period		-	-	(380)	-	**(380)**	-	**(380)**
Profit for the period		-	-	-	38,468	**38,468**	-	**38,468**
Total comprehensive income/(expense) after tax		**-**	**-**	**(380)**	**38,468**	**38,088**	**-**	**38,088**
Transfer to reserves		-	-	2,741	(2,741)	-	-	-
Dividends relating to 2015	16	-	-	-	(51,993)	**(51,993)**	-	**(51,993)**
Balance September 30, 2016		**766,484**	**15,890**	**335,976**	**61,453**	**1,179,803**	**-**	**1,179,803**

Athens, November 14, 2016

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

All amounts expressed in € thousand, unless otherwise stated

	Note	Share capital	Share premium	Reserves	Retained Earnings / (Losses)	Total
Balance January 1, 2015		**765,193**	**15,890**	**326,917**	**127,909**	**1,235,909**
Profit for the period		-	-	-	2,862	**2,862**
Total comprehensive income after tax		**-**	**-**	**-**	**2,862**	**2,862**
Transfer to reserves		-	-	6,396	(6,396)	-
Dividends relating to 2014	16	-	-	-	(109,362)	**(109,362)**
Share capital increase	10	1,291	-	-	-	**1,291**
Effect from Merger		-	80	71	963	**1,114**
Balance September 30, 2015		**766,484**	**15,970**	**333,384**	**15,976**	**1,131,814**
Movements to December 31, 2015		-	-	51	46,854	46,905
Balance December 31, 2015		**766,484**	**15,970**	**333,435**	**62,830**	**1,178,719**
Balance January 1, 2016		**766,484**	**15,970**	**333,435**	**62,830**	**1,178,719**
Other comprehensive income for the period		-	-	30	-	**30**
Profit for the period		-	-	-	43,923	**43,923**
Total comprehensive income after tax		**-**	**-**	**30**	**43,923**	**43,953**
Transfer to reserves		-	-	2,741	(2,741)	-
Dividends relating to 2015	16	-	-	-	(51,993)	**(51,993)**
Effect from merger through absorption of KARELA S.A. by the Company		-	-	-	16,642	**16,642**
Balance September 30, 2016		**766,484**	**15,970**	**336,206**	**68,661**	**1,187,321**

Athens, November 14, 2016

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

	From 01.01. to	
	30.09.2016	**30.09.2015**
Cash flows from operating activities		
Profit / (Loss) before tax	42,624	(2,172)
Adjustments for:		
- Provisions for employee benefits	10	5
- Other provisions	-	87
- Depreciation of property and equipment	18	31
- Amortization of intangible assets	22	21
- Net loss from the fair value adjustment of investment property	16,145	57,615
- Interest income	(124)	(152)
- Finance costs	15,757	15,089
- Net change in fair value of financial instruments at fair value through profit or loss	(781)	(480)
Changes in working capital:		
- (Increase) / Decrease in receivables	(9,256)	(10,847)
- Increase / (Decrease) in payables	(23)	(1,032)
Cash flows from operating activities	64,392	58,165
Interest paid	(13,427)	(13,001)
Tax paid	(2,279)	(1,576)
Net cash flows from operating activities	**48,686**	**43,588**
Cash flows from investing activities		
Acquisition of investment property	(10,958)	(84,721)
Subsequent capital expenditure on investment property	(152)	(70)
Prepayments for the acquisition of investment property and overseas subsidiaries	(26)	(5,665)
Returns of prepayments for the acquisition of property	300	-
Purchases of property and equipment	(78)	(18)
Interest received	124	152
Net cash flows used in investing activities	**(10,790)**	**(90,322)**
Cash flows from financing activities		
Proceeds from the issuance of bond loans and other borrowed funds	-	106,400
Expenses related to the issuance of bond loans and other borrowed funds	-	(1,759)
Repayment of borrowings	(2,707)	(43,913)
Acquisition of additional shareholding in subsidiaries	-	(17)
Dividends paid	(51,990)	(51,193)
Net cash flows used in financing activities	**(54,697)**	**9,518**
Net increase / (decrease) in cash and cash equivalents	**(16,801)**	**(37,216)**
Cash and cash equivalents at the beginning of the period	90,433	125,638
Effect of foreign exchange currency changes on cash and cash equivalents	2	1
Cash and cash equivalents at the end of the period	**73,634**	**88,423**

Athens, November 14, 2016

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All amounts expressed in € thousand, unless otherwise stated

	From 01.01. to	
	30.09.2016	**30.09.2015**
Cash flows from operating activities		
Profit / (Loss) before tax	48,113	3,848
Adjustments for:		
- Provisions for employee benefits	10	5
- Depreciation of property and equipment	19	33
- Amortization of intangible assets	22	21
- Net loss from the fair value adjustment of investment properties	9,791	45,248
- Interest income	(108)	(117)
- Finance costs	13,117	10,569
- Net change in fair value of financial instruments at fair value through profit or loss	(781)	-
Changes in working capital:		
- (Increase) / Decrease in receivables	(17,956)	64,390
- Increase / (Decrease) in payables	(531)	(2,621)
Cash flows from operating activities	51,696	121,376
Interest paid	(11,836)	(9,290)
Tax paid	(2,275)	(1,373)
Net cash flows from operating activities	**37,585**	**110,713**
Cash flows from investing activities		
Acquisition of investment property	(10,958)	-
Subsequent capital expenditure on investment property	(56)	(21)
Prepayments for the acquisition of investment properties and overseas subsidiaries	-	(5,665)
Returns of prepayments for the acquisition of property	300	-
Purchases of property and equipment	(78)	(18)
Interest received	108	120
Net cash flows used in investing activities	**(10,684)**	**(5,584)**
Cash flows from financing activities		
Proceeds from the issuance of bond loans and other borrowed funds	-	4,400
Repayment of borrowings	(1,576)	(8,785)
Acquisition of additional shareholding in subsidiaries	-	(17)
Participation in subsidiaries’ capital increase	-	(39,748)
Decrease of subsidiaries’ share capital	3,380	-
Dividends paid	(51,990)	(51,193)
Net cash flows used in financing activities	**(50,186)**	**(95,343)**
Net increase / (decrease) in cash and cash equivalents	**(23,285)**	**9,786**
Cash and cash equivalents at the beginning of the period	61,885	7,193
Effect from merger through absorption of KARELA S.A. by the Company	6,433	-
Effect from Merger	-	2,626
Cash and cash equivalents at the end of the period	**45,033**	**19,605**

Athens, November 14, 2016

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All amounts expressed in € thousand, unless otherwise stated

NOTE 1: General Information

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

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

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

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

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

As of September 30, 2016, the Group’s and the Company’s number of employees was 24 (December 31, 2015: 27 employees for the Group and the Company, September 30, 2015: 25 employees for the Group and the Company).

The Company's shareholding structure is as follows:

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

All amounts expressed in € thousand, unless otherwise stated

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

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

In conclusion, from all the above, it is understood that the dilution of the "old" shareholders' of NBG Pangaea REIC rights due to the Merger was immaterial, the "old" shareholders continue to hold a significant stake, 99.90%, in the share capital of the New Company after the completion of the Merger, and that as a result of the abovementioned agreement, NBG continues to be the controlling shareholder in the Company in accordance with IFRSs (Note 20).

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

The current Board of Directors has the following composition:

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

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

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

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

These consolidated and separate financial statements have been approved by the Company's Board of Directors on November 14, 2016 and are available on the website address http://www.nbgpangaea.gr.

All amounts expressed in € thousand, unless otherwise stated

NOTE 2: Summary of Significant Accounting Policies

2.1 Basis of Preparation

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

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

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

From the accounting perspective, the aforementioned exchange was treated according to the provisions of paragraph B96 of IFRS 10 "Consolidated Financial Statements", i.e. as a transaction between shareholders and the difference was directly recognized in the New Group's equity. The dilution of the "old" shareholders' of NBG Pangaea REIC rights due to the Merger was immaterial. The "old" shareholders continue to hold a significant stake, 99.90%, in the share capital of the New Company after the completion of the Merger and NBG continues to be the controlling shareholder in NBG Pangaea as outlined in Note 1 and Note 20 of the interim condensed financial statements. The non-controlling interests of the group before the completion of the merger by absorption are converted into shareholders of the New Company with a percentage of 0.10% via a share capital increase which took place by contribution in kind.

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

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

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

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

At the level of separate financial statements, the merger is not covered by IFRSs provisions. Specifically, paragraph 2 (c) of IFRS 3 “Business Combinations” states that the specific standard does not apply to business combinations which are under common control. In absence of a standard or an interpretation, under the provisions of paragraph 10 of IAS 8 regarding the Accounting policies, Management decided to depict the specific transaction by applying the method of merger accounting. Upon the completion of the Merger, the “old” shareholders of NBG Pangaea REIC continue to hold a significant stake in the New Company. As a result, while MIG Real Estate REIC is legally the absorbing company, from an accounting perspective, it is considered that NBG Pangaea REIC absorbed MIG Real Estate REIC. Consequently, the comparative figures of the separate financial statements are those that NBG Pangaea REIC had published as of September 30, 2015 and December 31, 2015.

Additionally, as already mentioned in Note 1, on July 28, 2016 the merger by absorption of the company KARELA S.A. by the Company was completed. Given that December 31, 2015 has been set as the transformation date the results of the Company for the nine-month period ended September 30, 2016 include both the results of the Company and the results of KARELA S.A. for the period 01.01.2016 – 28.07.2016.

The interim condensed financial statements of the Group and the Company for the nine-month period ended September 30, 2016 (the “Interim Financial Statements”) have been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”.

These Interim Financial Statements include selected explanatory notes and do not include all the information required for full annual financial statements. Therefore, the Interim Financial Statements should be read in conjunction with the annual consolidated and separate financial statements of NBG Pangaea REIC as at and for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards (“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.

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

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

2.2 Adoption of International Financial Reporting Standards (IFRS)

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

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

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

- **IAS 16 and IAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortisation".** 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.

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

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

- **"Annual Improvements to IFRSs 2010-2012 Cycle".** The following amendments describe the most important changes to six IFRSs as a consequence of the results of 2010-2012 Cycle of the IASB's annual improvements project:

  - **IFRS 2 "Share-based Payment"** – Amends the definitions of "vesting conditions" and "market condition" and adds definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting conditions". Specifically:
    - For "market condition", the amendment indicates that it is a performance condition that relates to the market price or value of the entity's equity instruments or the equity instruments of another entity in the same group. A market condition requires the counterparty to complete a specified period of service.
    - For "performance condition", the amendment specifies that the period over which the performance target is achieved should not extend beyond the service period and that it is defined by reference to the entity's own operations or activities of another entity in the same group.

  - **IFRS 3 "Business Combinations"** – Requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value should be recognized in profit or loss.

- **IFRS 8** "**Operating Segments"** – Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, including a brief description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have similar economic characteristics. 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 "Fair Value Measurement"** – Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis, if the effect of discounting is not material (amends basis for conclusions only).

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

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

There was no impact from these amendments in the Interim Financial Statements of the Group and the Company.

- **"Annual Improvements to IFRSs 2012-2014 Cycle".** The amendments impact the following standards:

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

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

1. <u>Servicing contracts</u>

   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. <u>Interim financial statements</u>

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

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

- **IAS 34 "Interim Financial Reporting" –** 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.

There was no impact from these amendments in the Interim Financial Statements of the Group and the Company.

2.3 Critical Accounting Estimates and Judgments

In preparing these Interim Financial Statements, the significant estimates, judgments and assumptions made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the consolidated and separate financial statements for the year ended December 31, 2015.

NOTE 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 risk management policy, followed by the Group, focuses on minimizing the impact of unexpected market changes.

The Interim Financial Statements do not include all information regarding the financial risk management and the relevant disclosures required in the annual financial statements and should be read in conjunction with the published consolidated and separate financial statements for the year ended December 31, 2015.

3.2 Fair Value Estimation of Financial Assets and Liabilities

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

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

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

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

All amounts expressed in € thousand, unless otherwise stated

- *Financial instruments carried at fair value*

The table below analyses financial assets and liabilities of the Group carried at fair value, by valuation method, as at September 30, 2016 and December 31, 2015, respectively.

September 30, 2016		**Valuation hierarchy**		
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities				
Derivative financial instruments	-	2,426	-	**2,426**

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

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

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

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

- *Financial instrument not carried at fair value*

The tables below analyse financial assets and liabilities of the Group not carried at fair value as at September 30, 2016 and December 31, 2015, respectively:

September 30, 2016			
Liabilities	**Level 1**	**Level 2**	**Level 3**
Borrowings	**-**	**-**	**396,695**

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

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

As at September 30, 2016 and December 31, 2015, the carrying value of cash and cash equivalents, trade and other receivables as well as trade and other payables approximate their fair value.

NOTE 4: Segment Reporting

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

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

All amounts expressed in € thousand, unless otherwise stated

From 01.01. to 30.09.2016

Country	**Greece**	**Greece**	**Greece**	**Italy**	**Italy**	**Italy**	**Romania**	**Romania**	
Segment	**Retail**	**Offices**	**Other**	**Offices**	**Retail**	**Other**	**Retail**	**Offices**	**Total**
Rental income	38,263	37,312	829	8,939	165	-	101	340	85,949
Total segment revenue	**38,263**	**37,312**	**829**	**8,939**	**165**	**-**	**101**	**340**	**85,949**
Net gain / (loss) from the fair value adjustment of investment properties	(12,012)	3,045	(824)	(8,878)	(152)	3,004	185	(513)	**(16,145)**
Direct property related expenses	(2,717)	(3,937)	(358)	(1,332)	(8)	(314)	(20)	(51)	**(8,737)**
Total segment operating profit / (loss)	**23,534**	**36,420**	**(353)**	**(1,271)**	**5**	**2,690**	**266**	**(224)**	**61,067**
Unallocated operating income									**250**
Unallocated operating expenses									**(3,060)**
Operating Profit / (Loss)									**58,257**
Unallocated interest income									**124**
Unallocated finance costs									**(12,673)**
Allocated finance costs	(29)	(3,055)	-	-	-	-	-	-	**(3,084)**
Profit / (Loss) before tax									**42,624**
Taxes									**(4,156)**
Profit / (Loss) for the period									**38,468**
Segment assets as at September 30, 2016									
Segment assets	660,180	609,801	13,306	167,438	3,147	53,704	1,440	5,013	**1,514,029**
Unallocated assets									**89,602**
Total assets									**1,603,631**
Segment liabilities as at September 30, 2016									
Segment liabilities	5,023	60,382	222	2,557	48	1,864	10	47	**70,153**
Unallocated liabilities									**353,675**
Total liabilities									**423,828**
Non-current assets additions as at September 30, 2016	7,963	3,051	-	-	-	96	-	-	**11,110**

All amounts expressed in € thousand, unless otherwise stated

From 01.01. to 30.09.2015

Country	**Greece**	**Greece**	**Greece**	**Italy**	**Italy**	**Italy**	**Romania**	**Romania**	**Bulgaria**	
Segment	**Retail**	**Offices**	**Other**	**Offices**	**Retail**	**Other**	**Retail**	**Offices**	**Retail**	**Total**
Rental income	37,982	36,226	764	6,985	44	-	91	342	-	82,434
Total segment revenue	**37,982**	**36,226**	**764**	**6,985**	**44**	**-**	**91**	**342**	**-**	**82,434**
Net gain / (loss) from the fair value adjustment of investment properties	(41,306)	(7,814)	298	8,632	15	(16,700)	(144)	(596)	-	**(57,615)**
Direct property related expenses	(2,496)	(4,489)	(328)	(1,291)	(1)	(598)	(8)	(51)	(11)	**(9,273)**
Provision for impairment	(89)	-	-	(14)	-	-	-	-	-	**(103)**
Total segment operating profit / (loss)	**(5,909)**	**23,923**	**734**	**14,312**	**58**	**(17,298)**	**(61)**	**(305)**	**(11)**	**15,443**
Unallocated operating income										**1,646**
Unallocated operating expenses										**(4,324)**
Operating Profit / (Loss)										**12,765**
Unallocated interest income										**152**
Unallocated finance costs										**(10,386)**
Allocated finance costs	(76)	(3,212)	-	(1,322)	(10)	-	(10)	(73)	-	**(4,703)**
Profit / (Loss) before tax										**(2,172)**
Taxes										**(960)**
Profit / (Loss) for the period										**(3,132)**

Country	**Greece**	**Greece**	**Greece**	**Italy**	**Italy**	**Italy**	**Romania**	**Romania**	
Segment	**Retail**	**Offices**	**Other**	**Offices**	**Retail**	**Other**	**Retail**	**Offices**	**Total**
Segment assets as at December 31, 2015									
Segment assets	652,363	600,507	14,115	176,155	3,286	56,150	1,254	5,522	**1,509,352**
Unallocated assets									**107,083**
Total assets									**1,616,435**
Segment liabilities as at December 31, 2015									
Segment liabilities	1,681	57,790	194	2,352	14	1,637	1,282	5,134	**70,084**
Unallocated liabilities									**352,643**
Total liabilities									**422,727**
Non-current assets additions as at December 31, 2015	-	250	-	82,343	2,388	113	6	43	**85,143**

All amounts expressed in € thousand, unless otherwise stated

In relation to the above segment analysis we state that:

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

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

Concentration of customers

NBG and the Hellenic Republic, lessees of the Group, represent, each one individually, more than 10% of Group's rental income. Rental income from NBG for the nine-month period ended September 30, 2016 amounted to €50,882 thousand, i.e. 59.2% and rental income from the Hellenic Republic for the aforementioned period amounted to €8,659 thousand, i.e. 10.1%. On an annualised basis (i.e. rental income in force as of September 30, 2016 times 12), the abovementioned percentage of NBG amounts to 58.8% and of Hellenic Republic to 10.0%.

NOTE 5: Investment Property

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Balance at the beginning of the period	1,470,079	1,407,659	1,111,067	1,081,049
Additions:				
- Direct acquisition of investment property	10,958	84,731	10,958	-
- Subsequent capital expenditure on investment property	152	412	56	250
- Transfer from property and equipment	1,786	1,000	1,786	-
- Transfer to property and equipment	(947)	-	(947)	-
- Effect from merger	-	-	125,136	43,134
Net gain / (loss) from the fair value adjustment of investment property	(16,145)	(23,723)	(9,791)	(13,366)
Balance at the end of the period	**1,465,883**	**1,470,079**	**1,238,265**	**1,111,067**

Due to the merger by absorption of the company NBG PANGAEA REIC ("Absorbed Company) by its subsidiary MIG Real Estate REIC ("Absorbing Company") and the resulting quasi-universal succession, in accordance with the provisions of article 75 par.1, subpar. a' of C.L. 2190/1920, the Company has automatically substituted the Absorbed Company vis-à-vis all of its rights and obligations, among others over all properties of the latter. Therefore, Investment Property of the Company includes the properties of both the Absorbing Company and the Absorbed Company. The Company is in the process of registering the transfer of the Absorbed Company's properties with the relevant land registries or cadastral offices. Four (4) properties of the Absorbed Company in Athens and one (1) property in Paros of a total fair value of €15,468 thousand as of September 30, 2016 (December 31, 2015: €15,288 thousand) will be subject to a transfer in rem, once the necessary legal and technical procedures are concluded.

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

On July 7, 2016 the Company acquired three commercial properties for a total consideration of €4,700 thousand (not including acquisition expenses of €148 thousand). According to a valuation performed by the statutory independent valuers, the total value of the properties at the date of the acquisition amounted to €5,371 thousand. The acquisitions were financed by the bond loan issued by the Company in August 2014.

More specifically, the Company proceeded with the following acquisitions:

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

On June 29, 2016 the Company concluded on the acquisition of a retail property of a total area of approximately 217 sq.m. which is located at 14, Patriarxou Ioakeim and Irodotou str., Athens, for a consideration of €1,570 thousand (not including acquisition expenses of €28 thousand). The property is leased to Vodafone – Panafon S.A.. According to a valuation performed by the statutory independent valuers, the value of the property at the date of the acquisition amounted to €1,621 thousand. The acquisition of the property was financed by the bond loan issued by the Company in August 2014.

On March 11, 2016 the Company concluded on the acquisition of a retail property, of a total area of approximately 680 sq.m., which is located at 12, Agiou Nikolaou str., Patra, for a consideration of €2,551 thousand (not including acquisition expenses of €70 thousand). The property is leased to the company named Massimo Dutti Hellas S.A., member of Inditex Group. According to a valuation performed by the statutory independent valuers, the value of the property at the date of the acquisition amounted to €2,674 thousand. The acquisition of the property was financed by the bond loan issued by the Company in August 2014.

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

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

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

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

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

The Group's borrowings which are secured on investment property are stated in Note 12.

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:

Country	**Greece**	**Greece**	**Greece**	**Italy**	**Italy**	**Italy**	**Romania**	**Romania**	**30.09.2016**	**31.12.2015**
Segment	**Retail**	**Offices**	**Other[1]**	**Offices**	**Retail**	**Other[2,3]**	**Retail**	**Offices**	**Total**	**Total**
Level	3	3	3	3	3	3	3	3		
Fair value at the beginning of the period	**631,318**	**591,852**	**13,033**	**173,457**	**3,243**	**50,400**	**1,254**	**5,522**	**1,470,079**	**1,407,659**
Additions:										
Direct acquisition of investment property	7,942	3,016	-	-	-	-	-	-	**10,958**	**84,731**
Subsequent capital expenditure on investment property	21	35	-	-	-	96	-	-	**152**	**412**
Transfer from property and equipment	-	1,786	-	-	-	-	-	-	**1,786**	**1,000**
Transfer to property and equipment	-	(947)	-	-	-	-	-	-	**(947)**	**-**
Net gain / (loss) from the fair value adjustment of investment property	(12,012)	3,045	(824)	(8,878)	(152)	3,004	185	(513)	**(16,145)**	**(23,723)**
Fair value at the end of the period	**627,269**	**598,787**	**12,209**	**164,579**	**3,091**	**53,500**	**1,439**	**5,009**	**1,465,883**	**1,470,079**

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

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

All amounts expressed in € thousand, unless otherwise stated

In accordance with existing Greek REIC legislation, property valuations are supported by appraisals performed by independent professionally qualified valuers as at 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.

Information about fair value measurements of investment property as of 30.09.2016 per business segment and geographical area:

Country	Segment	Fair Value	Valuation Method	Monthly market rent	Discount rate (%)	Capitalization rate (%)
Greece	Retail	627,248	15%-20% sales comparison and 80%-85% discounted cash flows (DCF)	3,256	8.25% - 11.87%	6.50% - 9.50%
Greece	Offices	598,771	15%-20% sales comparison and 80%-85% DCF	3,317	8.19% - 12.00%	7.50% - 10.50%
Greece	Other[1]	12,209	15%-20% sales comparison and 80%-85% DCF	56	10.30% - 17.40%	8.50% - 15.00%
Italy	Offices	164,579	0% sales comparison and 100% DCF (see note below)	936	5.89% - 7.35%	5.25% - 6.29%
Italy	Retail	3,091	0% sales comparison and 100% DCF (see note below)	18	5.89%	5.25%
Italy	Other[2]	53,500	100% sales comparison and 0% residual method (see note below)	-	-	-
Romania	Retail	1,439	20% sales comparison and 80% DCF	9	8.75% - 10.25%	8.00% - 9.50%
Romania	Offices	5,009	20% sales comparison and 80% DCF	34	8.41% - 8.75%	8.00%

The last valuation of the Group's properties was performed at June 30, 2016 by independent valuers, as stipulated by the relevant provisions of L.2778/1999, as in force. For the Group's portfolio the comparative method and the discounted cash flow (DCF) method were used. For properties in Italy, which constitute commercial properties (offices and retail), the independent valuers used two methods, according to the data depicted in the above table. According to the valuers' reports, the fair value of these properties is based on the latter method (DCF), as a) the method of discounted cash flows reflects more effectively the manner in which investment properties, as the appraised ones, transact in the market and represents the common appraisal practice and b) the value derived by using the comparative method is very close to the one derived by using the DCF method.

[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

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

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

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

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

All amounts expressed in € thousand, unless otherwise stated

NOTE 6: Investment in Subsidiaries

			Group		Company		
Subsidiaries	**Country of incorporation**	**Unaudited tax years**	**30.09.2016**	**31.12.2015**	**30.09.2016**	**31.12.2015**	**Consolidation Method**
Nash S.r.L.	Italy	2011 – 2015	100.00%	100.00%	100.00%	100.00%	Full Consolidation
Picasso Fund	Italy	2011 – 2015	100.00%	100.00%	100.00%	100.00%	Full Consolidation
Egnatia Properties S.A.	Romania	2011 – 2015	99.96%	99.96%	99.96%	99.96%	Full Consolidation
Quadratix Ltd. (1)	Cyprus	-	100.00%	100.00%	100.00%	100.00%	Full Consolidation

(1) The specific subsidiary was incorporated on December 11, 2015, for the acquisition of properties in Cyprus. Its share capital amounted to €2 thousand as of September 30, 2016 and December 31, 2015.

NOTE 7: Other Long-Term Assets

Following the preliminary agreement dated April 17, 2015, on June 30, 2016 the Company signed an updated agreement with Chris Cash & Carry Ltd for the acquisition of those properties in Limassol, Cyprus, mainly consisting of a supermarket (of approximately 11 thousand sq.m.) and offices (of approximately 1 thousand sq.m.) (hereinafter "The Properties to be Sold"), agreement which is legally registered in the relevant cadastral office and according to which the consideration for the acquisition of the Properties to be Sold amounts to €20,000 thousand. The Company has already paid €5,000 thousand as part of the consideration, and offset a further amount of €5,700 thousand which had already paid under the preliminary agreement dated September 30, 2015 for the acquisition of 2 properties in Limassol and 1 property in Nicosia, Cyprus, since the transaction is no longer completed. The completion of the transaction requires, among others, the legal and technical settlement of the Properties to be Sold. The agreement provides for the lease of the whole property to Chris Cash & Carry Ltd, with a 25-year duration.

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

NOTE 8: Trade and Other Receivables

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Trade receivables	27,563	14,641	24,737	11,791
Trade receivables from related parties (Note 20)	4	89	4	89
Receivables from Greek State	8,087	8,092	8,087	8,089
Prepaid expenses	4,003	2,346	3,909	2,113
Other receivables	3,664	8,915	3,427	3,157
Other receivables from related parties (Note 20)	990	991	4,272	991
Total	**44,311**	**35,074**	**44,436**	**26,230**

Group's and Company's trade receivables as at September 30, 2016 include provisions for doubtful receivables amounting to €126 thousand (December 31, 2015: €126 thousand).

All amounts expressed in € thousand, unless otherwise stated

As at September 30, 2016, the total Group's and Company's trade receivables from the company Marinopoulos S.A. amount to €9,961 thousand and relate to due rents, plus stump duty, for the operating lease of seven commercial properties. In the context of the restructuring plan of Marinopoulos, on September 30, 2016, a rehabilitation agreement was submitted to the competent authorities according to which a newly established company, 100% controlled by Sklavenitis Group ("NewCo"), undertakes certain rights and obligations of Marinopoulos. Among them, the lease contracts for the 7 properties owned by the Company which are leased to Marinopoulos as well as the total liabilities of the latter to the Company for accrued rentals of these properties until the day of the completion of the transaction will be transferred in NewCo. It is also noted that the indirect participation of Marinopoulos in Chris Cash & Carry Ltd, with which the Company has signed an agreement dated June 30, 2016 for the acquisition of two properties in Limassol, Cyprus, will be also transferred in NewCo. According to this agreement, the Company's aforementioned receivables from rents will be paid in 36 equal monthly installments within 60 working days from the day of the completion of the transaction. Based on the above, on September 30, 2016 the difference between the carrying amount of these receivables from rents and the present value of estimated future cash flows discounted at the effective interest rate is not material and therefore no provision for impairment was required to be recognized in the current period income statement.

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

As of September 30, 2016 prepaid expenses mainly relate to deferred expenses (legal expenses, insurance costs, valuers' fees etc.).

The analysis of other receivables is as follows:

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Receivables from Italian State	162	5,708	-	-
Pledged deposits	3,379	3,017	3,379	3,017
Other	123	190	48	140
Total	**3,664**	**8,915**	**3,427**	**3,157**

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

Pledged deposits mainly relate to deposits pledged in accordance with the terms of the bond loan agreement dated August 11, 2014 as amended on August 20, 2014 (Note 12).

NOTE 9: Cash and Cash Equivalents

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Cash in hand	1	1	1	1
Sight and time deposits	73,633	90,432	45,032	61,884
Total	**73,634**	**90,433**	**45,033**	**61,885**

Group's and Company's sight and time deposits include restricted cash amounting to €5,417 thousand and €3,867 thousand, respectively (December 31, 2015: €7,400 thousand and Nil, respectively), in accordance with the provisions of the loan agreements.

All amounts expressed in € thousand, unless otherwise stated

NOTE 10: Share Capital & Share Premium

			Group	Company
	No. of shares	Share Capital	Share Premium	
Balance at January 1, 2015	**191,298,329**	**765,193**	**15,890**	**15,890**
Share capital increase as a result of the Merger (NBG Pangaea REIC and MIG Real Estate REIC)	64,196,205	1,291	-	-
Effect from Merger (NBG Pangaea REIC and MIG Real Estate REIC)	-	-	-	80
Balance at December 31, 2015 & September 30, 2016	**255,494,534**	**766,484**	**15,890**	**15,970**

As of September 30, 2016 and December 31, 2015, the total paid up share capital of the Company amounted to €766,484 thousand divided into 255,494,534 common shares with voting rights with a par value of €3.00 per share.

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

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

The Company does not hold own shares.

NOTE 11: Reserves

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Statutory reserve (art. 44 of the C.L. 2190/1920)	12,419	9,678	12,140	9,399
Special reserve	323,987	323,987	323,987	323,987
Other reserves	30	-	84	54
Defined benefit plan	(30)	(30)	(5)	(5)
Foreign exchange differences	26	131	-	-
Cash flow hedges	(456)	(151)	-	-
Total	**335,976**	**333,615**	**336,206**	**333,435**

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

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

NOTE 12: Borrowings

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

It is noted that in accordance with the terms of loans, the Group has entered into interest rate swaps for hedging the Group’s exposure to variations in variable rate (Note 14).

All amounts expressed in € thousand, unless otherwise stated

On June 30, 2015, the subsidiary Picasso Fund signed a loan agreement with the bank "Banca IMI S.p.A", totally amounted to €102,000 thousand, bearing interest of 6-month EURIBOR plus a margin of 2.65%. An amount of €75,000 thousand relates to refinancing of two properties owned by the subsidiary in Rome and Milan (and repayment of existing loans from the bank "Banca Monte dei Paschi di Sienna SpA" amounted to €33,572 thousand), as well as financing of the acquisition of property located on 6, Cavour str., Rome, Italy (which was acquired by the subsidiary on February 11, 2015 (Note5)). Moreover, an amount of €27,000 thousand relates to the financing of the acquisition of a property located on 5, Cavour str., Rome, Italy (which was acquired by the subsidiary on July 20, 2015 (Note 5)).

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Long term				
Bond loans	281,597	283,548	281,600	234,495
Other borrowed funds	102,954	103,736	-	-
Long term borrowings	**384,551**	**387,284**	**281,600**	**234,495**
Short term				
Bond loans	6,398	4,755	6,401	3,587
Other borrowed funds	5,746	5,075	2,609	2,609
Short term borrowings	**12,144**	**9,830**	**9,010**	**6,196**
Total	**396,695**	**397,114**	**290,610**	**240,691**

As of September 30, 2016, short-term borrowings of the Group and the Company include an amount of €2,287 thousand which relates to accrued interest expense on the bond loans (December 31, 2015: €2,387 thousand and €2,378 thousand, respectively) and also an amount of €978 thousand for the Group and €39 thousand for the Company, which relate to accrued interest expense on other borrowed funds (December 31, 2015: €308 thousand and €39 thousand, respectively).

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

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Up to 1 year	12,144	9,830	9,010	6,196
From 1 to 5 years	379,276	381,904	281,600	234,495
More than 5 years	5,275	5,380	-	-
Total	**396,695**	**397,114**	**290,610**	**240,691**

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

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

The borrowings are secured on properties. More specifically:

- Nine properties of the Company in Attica, 8 in Athens and 1 in Piraeus, have prenotations of mortgage in favour of Alpha Bank S.A., each for an amount of €9,880 thousand.
- In accordance with the terms of the bond loan program dated August 11, 2014, as amended on August 20, 2014, for the issuance of the bonds totally amounting to €237,500 thousand, the Company registered mortgages on 77 properties in Greece (included the owneroccupied property located at 6, Karageorgi Servias str., Athens) in favour of Alpha Bank S.A. (bondholder agent) as collateral for all Company's obligations under the financing documents, each for an amount of €250,000 thousand.
- On one property of the Company (owned by KARELA S.A. which was absorbed by the Company) a prenotation of mortgage was established in favour of Piraeus Bank S.A. (the representative of the bondholders) for an amount of €106,000 thousand. In addition, all rights of the Company, arising from the lease agreement with Cosmote, have been assigned in a favour of the bondholders.
- The properties owned by subsidiary Picasso Fund are burdened with first class mortgage in favour of Banca IMI S.p.A. for an amount of €204,000 thousand. Finally, all rights of Picasso Fund arising from the lease agreements have been assigned in favour of the lender.

All amounts expressed in € thousand, unless otherwise stated

NOTE 13: Other Long-Term Liabilities

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Long-term guarantees	3,224	3,320	3,147	701
Total	**3,224**	**3,320**	**3,147**	**701**

The increase in “Long-term guarantees” of the Company as at September 30, 2016 in comparison to December 31, 2015 is due to the merger through absorption of KARELA S.A. by the Company, therefore as at September 30, 2016 an amount of €2,542 thousand is included, which relates to guarantee paid from the tenant of the property of KARELA S.A. (which was absorbed by the Company) according to the terms of the lease agreement.

NOTE 14: Derivative Financial Instruments

	Group 30.09.2016		Company 30.09.2016	
	Notional amount	Fair value Liabilities	Notional amount	Fair value Liabilities
Derivatives held for trading				
Interest rate derivatives - OTC	47,233	1,560	47,233	1,560
Derivatives held for cash flow hedging				
Interest rate derivatives - OTC	79,968	866	-	-
Total	**127,201**	**2,426**	**47,233**	**1,560**

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

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

Credit risk

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

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

Cash flow hedges

As at September 30, 2016, the Group’s cash flow hedges consist of interest rate swaps, used to hedge the variability in cash flows of the Group’s borrowings that are attributable to changes in the market interest rates. For the nine-month period ended September 30, 2016, the Group recognised directly in other comprehensive income a loss on cash flow hedging derivatives of €305 thousand (nine-month period ended September 30, 2015: loss of €24 thousand), while there were no terminated hedge relationships within 2016 and consequently no amount was reclassified from other comprehensive income into the income statement (nine-month period ended September 30, 2015: Nil).

All amounts expressed in € thousand, unless otherwise stated

During the nine-month period ended September 30, 2016 and September 30, 2015, there was no effect in the income statement from hedge ineffectiveness.

Additionally, during the nine-month period ended September 30, 2016, the fair value gain on derivatives held for trading for the Group and the Company amounted to €781 thousand (nine-month period ended September 30, 2015: gain €480 thousand and Nil for the Group and the Company, respectively).

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

NOTE 15: Trade and Other Payables

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Trade payables	442	1,860	222	1,599
Amounts due to related parties (Note 20)	294	442	294	396
Taxes – levies	11,911	6,507	9,508	4,261
Deferred revenues	5,151	5,142	2,889	2,884
Other payables and accrued expenses	671	4,367	657	951
Total	**18,469**	**18,319**	**13,570**	**10,091**

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

The analysis of taxes – levies is as follows:

	30.09.2016		31.12.2015	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Stamp duty on leases	2,144	2,584	2,144	2,584
Unified Property Tax (ENFIA)	5,479	86	5,479	-
Special Real Estate Levy (EETA) and Special Electricity Powered Surfaces Levy (EETHDE)	1,388	1,388	1,388	1,388
Foreign real estate tax	2,087	1,547	-	-
Other	813	902	497	289
Total	**11,911**	**6,507**	**9,508**	**4,261**

As of June 30, 2016 and December 31, 2015 taxes and levies include provision for Special Real Estate Levy (EETA) of L.4152/2013 and for Electricity Powered Surfaces Levy (EETHDE) of L.4021/2011 totally amounted to €1,388 thousand. It is noted that the Unified Property Tax (ENFIA) from January 1, 2014 replaced the Real Estate Tax of L.3842/2010 and the EETA of L. 4152/2013 (ex EETHDE of L.4021/2011).

Deferred revenues mainly relate to rental income owed by the Hellenic Republic for the period following September 30, 2016 and December 31, 2015, respectively according to the relevant lease agreements.

The decrease of Group's "Other payables and accrued expenses" as at September 30, 2016 compared to December 31, 2015 relates to the fact that on December 31, 2015 an amount of €3,386 thousand was included, related to lease advance which was totally offset by rents within 2016.

NOTE 16: Dividends per Share

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

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

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

NOTE 17: Taxes

	Group		Company	
	From 01.01. to		From 01.01. to	
	30.09.2016	**30.09.2015**	**30.09.2016**	**30.09.2015**
REICs' tax	4,190	1,101	4,190	986
Deferred tax	(34)	(173)	-	-
Other taxes	-	32	-	-
Total	**4,156**	**960**	**4,190**	**986**

In accordance with article 3, par. 3 of L.2778/1999, as in force, the Company, as a REIC, is subject to an annual tax determined by reference to the fair value of its investment properties and cash and cash equivalents (as depicted on the Company's biannual investment schedule) at the tax rate of 10.0% of the European Central Bank reference rate plus 1.0% (the taxation formula is as follows: 10.0% * (ECB reference rate + 1.0%)). The above tax relieves the Company and its shareholders of any further tax liabilities. It is noted that in accordance with par. 2 of article 45 of L.4389/2016, a minimum tax threshold of 0.375% on its average investments plus cash was imposed for each semester (i.e. 0.75% annually) from 01.06.2016.

The Company's foreign subsidiaries, Nash S.r.L., Egnatia Properties S.A. and Quadratix Ltd. are taxed on their income, assuming a tax rate of 31.4% in Italy, 16.0% in Romania and 12.5% in Cyprus, respectively. The Company's subsidiary, Picasso Fund, in Italy, is not subject to income tax.

NOTE 18: 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 September 30,	**2016**	**2015**	**2016**	**2015**
Profit / (Loss) attributable to equity shareholders	38,468	(3,050)	43,923	2,862
Weighted average number of ordinary shares in issue (thousand)	255,495	255,466	255,495	255,466
Earnings / (Losses) per share (expressed in € per share) – Basic & diluted	**0.1506**	**(0.0119)**	**0.1719**	**0.0112**

The weighted average number of ordinary shares in issue for the nine-month period ended September 30, 2015 has been adjusted according to exchange ratio (Note 2) for comparative purposes with the nine-month period ended September 30, 2016.

The dilutive earnings / (losses) per share are the same as the basic earnings / (losses) per share for all periods presented as there were no dilutive potential ordinary shares.

NOTE 19: Contingent Liabilities and Commitments

Group companies have not yet been 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. As at September 30, 2016 and December 31, 2015 the Group has not accounted for provisions for unaudited tax years. It is estimated that additional taxes and penalties that may be imposed will not have a material effect on the statement of financial position of the Group and the Company.

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

The tax authorities have not audited the books and records of MIG Real Estate REIC for the year ended December 31, 2010 and consequently the tax obligations for that year are not considered as final. In a future tax audit, additional taxes and penalties may be imposed, the amount of which cannot be determined accurately at present. However, Management estimates that they will not have a material effect on the financial position of the Company. The financial years 2011, 2012, 2013 and 2014 have been audited by the elected under C.L. 2190/1920 statutory auditor in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/2013 and the relevant tax audit certificates were issued with no qualifications on July 25, 2012, September 23, 2013, July 7, 2014 and September 30, 2015 respectively. According to POL. 1006/05.01.2016, the companies for which a tax audit certificate with no qualifications is issued, are not exempted from tax audit for offenses of tax legislation by the tax authorities. Therefore the tax authorities may come back and conduct their own tax audit. However, Management estimates that the results of future tax audits may conducted by the tax authorities, will not have a material effect on the financial position of the Company.

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

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

All amounts expressed in € thousand, unless otherwise stated

In the context of the acquisition of the 14 properties portfolio by HRADF, the Company undertook the commitment to perform any improvements required. As of September 30, 2016, the remaining amount of these capital expenditure commitments amount to €2,103 thousand (incl. VAT) (December 31, 2015: €2,243 thousand (incl. VAT) according to management estimates).

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

There are no pending lawsuits against the Group, nor other contingent liabilities resulting from commitments at September 30, 2016, which would affect the Group's financial position.

NOTE 20: Related Party Transactions

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

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

i. Balances arising from transactions with related parties

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Trade receivables from related parties				
Parent company	-	82	-	82
Subsidiaries	-	3	-	3
Other shareholders	2	2	2	2
Companies related to other shareholders	2	2	2	2
Total	**4**	**89**	**4**	**89**

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Other receivables from related parties				
Parent company	-	1	-	1
Picasso find, Company's subsidiary	-	-	3,281	-
Other shareholders	990	990	990	990
Total	**990**	**991**	**4,271**	**991**

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Prepaid expenses				
NBG Securities, a company of NBG Group	75	75	75	75
Hellenic National Insurance Company, a company of NBG Group	248	266	245	215
Total	**323**	**341**	**320**	**290**

All amounts expressed in € thousand, unless otherwise stated

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Cash and cash equivalents				
Parent company	12,945	27,023	12,945	27,023
Total	**12,945**	**27,023**	**12,945**	**27,023**

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Amounts due to related parties				
Parent company	-	102	-	102
Hellenic National Insurance Company, a company of NBG Group	289	88	287	40
NBG Securities, a company of NBG Group	-	246	-	246
Ethniki Leasing, a company of NBG Group	5	6	5	6
Quadratix Ltd, Company's subsidiary	-	-	2	2
Total	**294**	**442**	**294**	**396**

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Other Liabilities				
Parent company	9	-	9	-
Hellenic National Insurance Company, a company of NBG Group	1	-	1	-
Companies related to other shareholders	278	560	278	560
Total	**288**	**560**	**288**	**560**

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Borrowings				
Parent company [1]	9,231	9,332	9,232	-
Total	**9,231**	**9,332**	**9,232**	**-**

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
Derivative financial instruments – Liabilities				
Parent company[1]	336	415	336	-
Total	**336**	**415**	**336**	**-**

ii. Rental income

	Group		Company	
	From 01.01. to		From 01.01. to	
	30.09.2016	**30.09.2015**	**30.09.2016**	**30.09.2015**
Parent company	50,882	50,663	50,882	50,663
Other companies of NBG Group [2]	28	88	28	88
Other shareholders	2	2	2	2
Companies related to other shareholders	2	2	2	2
Total	**50,914**	**50,755**	**50,914**	**50,755**

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

All amounts expressed in € thousand, unless otherwise stated

iii. Other direct property related expenses

	Group		Company	
	From 01.01. to		From 01.01. to	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Hellenic National Insurance Company, a company of NBG Group	323	315	321	266
Companies related to other shareholders	1,072	2,247	1,072	2,247
Total	**1,395**	**2,562**	**1,393**	**2,513**

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

	Group		Company	
	From 01.01. to		From 01.01. to	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Parent company[1]	138	140	138	-
Total	**138**	**140**	**138**	**-**

v. Personnel Expenses

	Group		Company	
	From 01.01. to		From 01.01. to	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Hellenic National Insurance Company, a company of NBG Group	25	14	25	14
Total	**25**	**14**	**25**	**14**

vi. Other income

	Group		Company	
	From 01.01. to		From 01.01. to	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Other shareholders	-	-	-	1,650
Picasso Fund, Company's subsidiary	-	-	4,175	-
Hellenic National Insurance Company, a company of NBG Group	2	3	2	-
Total	**2**	**3**	**4,177**	**1,650**

vii. Other expenses

	Group		Company	
	From 01.01. to		From 01.01. to	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Parent company	30	28	30	28
Ethniki Leasing, a company of NBG Group	31	28	31	28
Total	**61**	**56**	**61**	**56**

viii. Interest income

	Group		Company	
	From 01.01. to		From 01.01. to	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Parent company	90	100	90	100
Total	**90**	**100**	**90**	**100**

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

All amounts expressed in € thousand, unless otherwise stated

ix. Finance costs

	Group		Company	
	From 01.01. to		From 01.01. to	
	30.09.2016	**30.09.2015**	**30.09.2016**	**30.09.2015**
Parent company	535	544	535	7
UBB, a company of NBG Group	27	22	27	22
Total	**562**	**566**	**562**	**29**

x. Due to key management

	Group		Company	
	30.09.2016	**31.12.2015**	**30.09.2016**	**31.12.2015**
BoD, its committees and Senior Management compensation	5	-	5	-
Retirement benefit obligations	9	10	9	10
Total	**14**	**10**	**14**	**10**

xi. Key management compensation

	Group		Company	
	From 01.01. to		From 01.01. to	
	30.09.2016	**30.09.2015**	**30.09.2016**	**30.09.2015**
BoD, its committees and Senior Management compensation	994	1,232	994	1,212
Total	**994**	**1,232**	**994**	**1,212**

xii. Commitment and contingent liabilities

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

NOTE 21: Events after the Date of Financial Statements as at September 30, 2016

On October 13, 2016 the Group signed a preliminary binding agreement for the acquisition of a property portfolio, which consists of 9 commercial properties (mainly retail and offices), which are located in Italy, for a total consideration of €21,560 thousand. The properties are among others leased to internationally recognized entities and the Italian State. The completion of the acquisition is estimated that will take place within 2016.

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