

**REPORT OF THE BOARD OF DIRECTORS OF
“MARFIN INVESTMENT GROUP HOLDINGS SA”
TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
IN ACCORDANCE WITH ARTICLE 13, PARA. 10 OF CODIFIED LAW 2190/1920**

Esteemed Shareholders,

1. The Board of Directors of “MARFIN INVESTMENT GROUP HOLDINGS SA” proposes to the Annual General Meeting of Shareholders to be held on 15.6.2017, or to any reiterative Meeting or any Meeting to be held due to adjournment or deferment of this Meeting, the issuance of a Convertible Bond Loan (hereinafter referred to as “CBL”) through private placement, with abolition of the pre-emption rights of existing shareholders. The issuance of the CBL is part of the agreement concluded by the Company’s Management with PIRAEUS BANK for restructuring the Company’s existing borrowing obligations. The essential terms of the CBL are included in the Draft Decisions of the Board of Directors on the items on the Agenda of the Annual General Meeting of the Company’s Shareholders on 15.6.2017 or any reiterative Meeting or any Meeting to be held due to adjournment or deferment thereof.
2. The Company’s Board of Directors proposes the abolition of the pre-emption rights of existing shareholders, provided for in article 5, para. 7 of the Articles, and article 13, para. 7 of codified law 2190/1920, in relation to the planned CBL issuance, in accordance with the provisions of article 5, para. 10 of the Articles, and article 13, para. 10 of the aforementioned law.
3. The CBL will be subscribed for, through a private placement, by PIRAEUS BANK, which has already expressed in principle its interest in participating and covering the entire CBL issue. PIRAEUS BANK shall retain the right to transfer, under certain conditions, the respective bonds in whole or in part.
4. The abolition of the pre-emption right will allow for the fast and flexible coverage of the CBL without requiring time-consuming procedures (as would be the case if a public offer procedure for the disposal of the CBL to all shareholders was followed) and significant costs. This will result in the immediate repayment of the Company’s existing debt, by further extending the repayment horizon of the largest part of its borrowing obligations at a lower cost. The Company will have the right (as provided for in the Draft Decisions of the Board of Directors on the items on the Agenda) for the early repayment of the entire number (and not part) of the bonds for which a request for conversion into shares has been submitted.
5. The issuance of the CBL will contribute to the immediate achievement of the Company’s objectives to reduce its financial expenses and fulfil its long-term liabilities. Furthermore, it will be pivotal in improving the Company’s financial condition, achieving its strategic goals and enhancing the shareholder value of all shareholders, considering the current circumstances and market conditions.
6. The decision to set the conversion price as the stock market price of the day prior to the Conversion Notice Day – which conversion may be requested for the first time 12 months

following the issuance date of the CBL as per the proposed terms of the CBL - compared to other alternatives (for example the stock market price of the share on the issuance date of the CBL), connects the conversion right with the market conditions, both on the basis of the country's financial condition and on the Company's market positioning. Furthermore, it allows for the protection of the Company's existing shareholders from the risk of losing part of the value of their holding or devaluation of their participation in the share capital in the event that the current market performance of the Company's shares improves in the future. The mechanism of readjusting the conversion price following the bondholders' request in case that the stock market price of the share is lower than €0.30 aims to comply with the legislative provision forbidding the issuance of shares of a nominal value lower than €0.30.

Consequently, the abolition of the pre-emption right is a suitable, necessary and proportionate means for achieving the goals described above. In this context, we kindly request the esteemed Shareholders to decide on the abolition of pre-emption rights with regard to the issuance of the CBL in question, also taking into consideration the Company's financial figures, liabilities and prospects as published in the Annual Financial Report for 2016 and, in particular, in Section 3.1 thereof.

Kifissia, 25.5.2017