**REPORT OF THE BOARD OF DIRECTORS**

**OF «MARFIN INVESTMENT GROUP HOLDINGS S.A.» ON THE SHARE CAPITAL INCREASE WITH PAYMENT IN CASH AND BY WAY OF PRE-EMPTION RIGHTS IN FAVOUR OF EXISTING SHAREHOLDERS IN ACCORDANCE WITH PARAGRAPHS 4.1.4.1.1. KAI 4.1.4.1.2. OF THE ATHENS EXCHANGE RULEBOOK**

## 1. SHARE CAPITAL INCREASE WITH PAYMENT IN CASH AND BY WAY OF PRE-EMPTION RIGHTS IN FAVOUR OF EXISTING SHAREHOLDERS

By virtue of the First Reiterative Ordinary General Meeting of the Company's Shareholders dated 03.06.2010 the Board of Directors was granted for a period of five years following the adoption of the respective decision the power to increase the Company's share capital in part or in full through the issuance of new shares for an amount not exceeding the paid up capital as at the date of the General Meeting, in accordance with article 13 para. 1 of c.l. 2190/1920, i.e up to the amount of €410.462.293,32. The Board of Directors, pursuant to the authority granted by the above-mentioned General Meeting, at its meeting held on 23.3.2011 resolved upon the Company's share capital increase for the purpose of raising €256.776.061 with payment in cash and the issuance of equal in number new shares with a nominal value of 0,54 € per share and a subscription price of €1,00 per share, in favour of the existing shareholders and at a subscription ratio of one (1) new share for every three (3) existing shares.

## 2. USE OF PROCEEDS FROM THE PREVIOUS SHARE CAPITAL INCREASE

The Ordinary General Meeting of the Company's Shareholders dated 29.3.2007 resolved upon the Company's share capital increase with payment in cash up to the amount of €448.196.303,70 through the issuance of up to 774.660.278 new common registered shares with a nominal value of 0,54 € per share and a subscription price of €6,70 per share. The total proceeds of the share capital increase (the "SCI") amounted to €5.190.223.862,60.

The proceeds, as per the Prospectus for the SCI, were on aggregate used for the strengthening of the Company's cash reserves as well as the funding of new activities, which consisted in corporate acquisitions, buy out and equity investments in Greece, Cyprus and the wider Southeast European region. In comparison with the published Prospectus there were no modifications to the proceeds from the Company's share capital increase. The proceeds, with reference to the provisions of the Prospectus, were used up until 30/06/2008 as follows:

<table>
<tr><th colspan="8">TABLE ON ALLOCATION OF PROCEEDS</th></tr>
<tr><th colspan="8">(Amounts in € thousands)</th></tr>
<tr><th colspan="3">Use of raised funds/ Prospectus</th><th>Companies Acquired</th><th>Total funds applied until 31/12/2007</th><th>Total funds applied during the period 01/01-30/06/2008</th><th>Total funds applied in the second semester 2007 and the first semester 2008</th><th>Non-applied Balance 30/06/2008</th></tr>
<tr><td rowspan="4">Total funds raised</td><td rowspan="4">5.190.224</td><td rowspan="7">Corporate acquisitions, majority or/and minority buy out and equity investments</td><td>VIVARTIA HOLDING S.A.</td><td>1.751.702</td><td>-</td><td>1.751.702</td><td rowspan="7"></td></tr>
<tr><td>OTE S.A.*</td><td>2.215.045</td><td>-</td><td>2.215.045</td></tr>
<tr><td>MIG SHIPPING S.A. (for the acquisition of ATTICA HOLDINGS S.A.)**</td><td>286.528</td><td>89.401</td><td>375.929</td></tr>
<tr><td>ATTICA HOLDINGS S.A.</td><td>50.968</td><td>-</td><td>50.968</td></tr>
<tr><td rowspan="3">SCI Expenses</td><td rowspan="3">-216.114</td><td>BLUE STAR MARITIME S.A.</td><td>10.983</td><td>-</td><td>10.983</td></tr>
<tr><td>MARFIN POPULAR BANK PUBLIC CO LTD</td><td>494.152</td><td>-</td><td>494.152</td></tr>
<tr><td>MIG REAL ESTATE SERBIA BV*** (for the acquisition of JSC ROBNE KUCE BEOGRAD)</td><td>-</td><td>75.331</td><td>75.331</td></tr>
<tr><td>Total</td><td>4.974.110</td><td colspan="2"></td><td>4.809.378</td><td>164.732</td><td>4.974.110</td><td>0</td></tr>
</table>

* The sale of the Company's total stake in OTE S.A., i.e. 98.026.324 shares, for a consideration of Euro 26 per share, to DEUTSCHE TELEKOM AG was completed on 15 May 2008. Following said sale, the Company does not hold any shares in OTE.

** The results of the Mandatory Tender Offer of MIG SHIPPING S.A. to the shareholders of ATTICA HOLDINGS S.A. were announced on 4 January 2008; pursuant to said results MIG SHIPPING S.A. and MIG held on aggregate shares representing 91,1% of the total share capital of ATTICA HOLDINGS S.A. On 9 January 2008 MIG participated by 100% in the share capital increase of MIG SHIPPING with an amount of € 310.010 thousands in order to cover the tender offer; € 89.401 thousands of said amount derived from MIG's share capital increase.

*** MIG REAL ESTATE (SERBIA) B.V. (a wholly owned subsidiary of MIG) participated together with VERANO MOTORS d.o.o. in the establishment of the company TAU 1 d.o.o. and their respective holdings amounted to 66,67% and 33,33%. The acquisition of JSC ROBNE KUCE BEOGRAD (RKB) was completed through TAU 1 d.o.o. on 29 January 2008. RKB has historically been the largest chain of department stores in the former Yugoslavia and one of the leading chains in Europe. RKB owns a significant portfolio of 232.000 sq.m. of real estate in key and central locations across the largest cities of Serbia and Montenegro. The total consideration for the acquisition amounted to € 360.000 thousands out of which MIG REAL ESTATE SERBIA paid € 75.331 thousands, VERANO € 37.670 thousands and the remaining amount was covered by a € 250.000 thousands loan raised by TAU 1 d.o.o.

## 3. USE OF PROCEEDS FROM THE DECIDED SHARE CAPITAL INCREASE OF THE COMPANY.

The proceeds from the impending share capital increase of the Company will be used for the strengthening of its cash reserves in order to enhance and crystallizing the value of its investments as well as create share value appreciation in the medium-term. The Company's capital strengthening is expected to create positive prospects for its shareholders by addressing existing investment opportunities as well as those that are expected to emerge due to the ongoing economic crisis both domestically as well as in the wider Southeast European (SEE) region.

The proceeds resulting from the share capital increase are expected to be used, within the next two years, in any of the following alternative ways:

1. Recapitalization of the Group's portfolio companies.
    - The strengthening of portfolio companies' balance sheets will enable them to position themselves favorably for further expansion and consolidation in their respective sectors. The existing portfolio companies are expected to serve as platforms for value-adding strategic transactions bolt-on acquisitions with significant cost and revenue synergies, which would make them substantially value accretive to MIG's shareholders in a similar manner to the recent acquisition of MEVGAL S.A. by DELTA Dairy SA
    - Simultaneously, the buyout of minority shareholders will be examined in order to facilitate the procedure of possible delisting of listed subsidiaries, as well as potential share capital increases in portfolio companies where MIG maintains a majority shareholding.
    - Finally, the diversification of activities of existing portfolio companies both geographically and in related fields (e.g. Attica expanding into commercial shipping) will be examined.

2. Examination of attractive acquisition opportunities arising in Greece, out of the Government's announced €50bn privatisation programme, as well as investment opportunities in the wider SEE region where asset valuations are trading at depressed levels.
    - The privatisation programme of the Greek government is expected to offer attractive investment opportunities in the fields of real estate, infrastructure projects, healthcare, energy and across a wide range of other sectors in which MIG is either currently active or possesses significant knowledge and expertise.
    - At the same time, privatizations - sale of assets in Serbia, Turkey, Cyprus, Albania, Romania etc. will be assessed as well.

3. Potential divestments of non-core, non-banking assets by financial institutions in Greece and the SEE region estimated to be to the tune of €12bn as well as rationalization of the loan portfolios.
    - In light of the above, financial institutions are expected to proceed with restructuring of loans through substantial decrease of the total banking

obligations ("haircuts"). Such cases, could offer attractive investment opportunities for MIG and its subsidiaries.

4. Examination of potential investments in the "environmental" sector through the strategic Joint Venture with Veolia, focusing on projects of waste management as well as water management both in Greece and across the SEE region (the area of exclusivity under the agreement between the two companies)

5. Possible participation in the impending round of consolidation in the Greek and wider SEE banking sector

The total liquidity of the Company resulting from this share capital increase, as well as the subsequent convertible bond loan issuance, enables MIG to examine and pursue the same quantum of opportunities, and at potentially more attractive terms, to the opportunities it could address following the capital raising completed in 2007.

## 4. KEY SHAREHOLDER DECLARATIONS

"Dubai Group Limited" (DGL), being a major shareholder in the Company for the purpose of Clause 4.1.4.1.2(e) of the Athex Regulations and owning directly and indirectly a total of 17.28% of the issued share capital and voting rights of the Company, has not yet made an announcement to the Company's board of directors as to whether it intends to participate in the share capital increase which was discussed at the meeting of the board of directors of the Company held on 23 March 2011.

It is expected that DGL will make an announcement as to whether it intends to participate in the share capital increase and continue holding its participating interest until completion of the increase and admission of the new shares for a period of six (6) months after the commencement of trading of the new shares, once DGL has had an opportunity to consider the board of directors' proposal in more detail and in accordance with its internal corporate governance procedures.

## 5. SUBSCRIPTION PRICE

The proposed subscription price for the issuance of new shares will be at €1.00 per share. The subscription price represents a slight premium to the current trading price of MIG on the Athens Exchange, it represents however a substantial discount, exceeding 60%, of the Net Asset Value per share of MIG as per the net assets method. The subscription price could be higher than the trading price which will be determined post the cutoff date of the pre-emption rights on the Athens Exchange.