Eurobank Properties REIC

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2005

According to the Directive
5/204/14.11.2000
of the Capital Market Commission

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DIRECTORS' REPORT OF
«EUROBANK PROPERTIES REAL ESTATE INVESTMENT COMPANY»
TO THE ORDINARY ANNUAL GENERAL MEETING OF THE SHAREHOLDERS
FOR THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

Capital Market Commission Decision Number 11/352/21.9.2005

Dear Shareholders,

Hereby we present information of the Company that relate to the fiscal year 2005:

FINANCIAL POSITION OF THE COMPANY

The aforementioned fiscal year is the fifty third company year and includes the period from January 1 to December 31, 2005.

During the year, the activities of the Company were in line with the law in effect and its Constitution.

The consolidated annual financial statements for the year ended December 31, 2005 as published and submitted to the General Meeting, have been prepared in accordance with International Financial Reporting Standards (I.F.R.S.). Analytical information for the accounting policies applied is set out in the Notes to the Financial Statements for the year ended December 31, 2005. The consolidated financial statements have been approved by the Board of Directors on February 7, 2006.

In August 2005, in anticipation of the Company's reorganisation into a REIC, the Company merged with its wholly owned subsidiary ELDEPA S.A., and disposed its 50% interest in joint venture, Zenon Real Estate S.A.

The merger between the parent and its subsidiary constitutes a transaction between parties under common control and is not considered to have economic significance under IFRS, since the parent company continues to control the Company even after the completion of the merger. Therefore, the merger has been accounted for using the uniting of interests' method of accounting, under which the assets, liabilities, cash flows, revenues and expenses of the parent company have been adjusted to reflect the effects of the combining entities as if they were a single reporting entity from the earliest period presented in the financial statements.

However, the Company were obliged to draft Consolidated Financial Statements, in accordance with IAS 31, since the Company's interest in the joint venture is valued differently in the company and the consolidated financial statements.

The Board of Directors informs you on the following:

Revenue: The Company's revenues consisted of rental revenues amounting to €16,864 thousand in year 2005 compared to €16,003 thousand in year 2004 (5.4% increase). The increase was primarily due to rentals annual increase in rental revenues in accordance with the lease terms by reference to the Consumer Price Index (CPI) plus a spread of up to 2%. According to the Hellenic National Statistical Service, CPI for 2005 amounted to 3.5%. Rental revenues also increased due to new rental agreements. In 2005, the Company received approximately €274 thousand of rental revenues from new rental agreements (mainly due to the rental of 9.426 sq. m. of the ambient warehouse at Enofyta, Voiotia).

Net profit from continuing operations: Net profit for continuing operations in 2005 and 2004 amounted to €24,033 and €10.761 thousand respectively. Net profit increased substantially by 123%, despite the fact that the income statement for the year 2005 was negatively affected by:

- The accounting loss of €3,543 thousand that arose from the disposal of interest in joint venture Zenon Real Estate S.A., and
- The management fees of €1.351 thousand.

The significant increase is mainly due to:

- The net gain from fair value adjustment on investment property of € 7,269 thousand in 2005 compared to €2.955 thousand in 2004. During 2005, the fair value adjustment was greater than 2004 primarily due to the completion of the second phase of development of the Enofyta ambient warehouse which added 9,426 sq. m. of leaseable areato the property. The increase was also, to a lesser extent, due to an increase in rental revenues attributable to the annual revaluation of rental revenues in accordance with the lease terms by reference to the CPI index.
- The decreased finance costs (from €8,175 thousand in 2004 to €3,044 thousand in 2005) principally as a result of the repayment of the Company's borrowings of €110.819 thousand in August 2005, and
- The release of €10,915 thousand of deferred tax liabilities in 2005. According to I.F.R.S., the Company had to calculate deferred income tax on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. With effect from 29 September 2005, when the Company obtained regulatory approval to operate as a REIC under Law 2778/1999, the tax basis on which the Company is subject to tax changed from an income tax basis to an asset tax basis. Accordingly, with effect from the above date, no further temporary differences arise requiring the recognition of deferred income tax assets and liabilities, since the Company is no longer subject to income taxes as a result of its change in tax status. Consequently, previously recognised net deferred income tax liabilities of €10,915 thousand have been included in profit for the period.

SIGNIFICANT EVENTS

In 2004, the Company submitted an application to the Hellenic Capital Market Commission seeking to be transformed into a Real Investment Company (REIC) under L. 2778/1999.

In order for the Company to comply with the regulatory regime that governs REIC, it took the following steps in 2004:

- Disposal of the valuation and agency services business to Eurobank Property Services S.A.
- Ceased the provision of other real estate services.
- Early terminated an Interest Rate Swap

In 2005, the Company took the following steps:

- Issuance of 11.851.852 ordinary shares with a par value of € 2.13 and offer price of € 13,50 each, in August 2005, for a total consideration of €159,722 thousand, net of issue costs of €278 thousand,
- Repayment of borrowings (current and non-current), which amounted to €110.819 thousand, in August 2005. The Company repaid all borrowings using a portion of the proceeds from the aforementioned issue of new ordinary shares to the Company's existing shareholders.
- Merger with the Company's wholly-owned subsidiary, ELDEPA S.A. in August 2005. ELDEPA S.A. owned the Enofyta Chilled warehouses with gross leaseable area of 17,223 sq. m., which is located on land of 57,791.30 sq. m.
- Disposal of a number of equity interests and the 50% joint venture interest in Zenon Real Estate S.A.

On 21 September 2005, the Board of Directors of the Hellenic Capital Market Commission approved the Company's application for reorganisation into a REIC.

On September 29, 2005, the Company was reorganised into a REIC under L. 2778/99, after receiving approval for the Athens Prefecture.

On March 1, 2006, the Board of Directors of the Athens Exchange (ATHEX) approved the application of the Company regarding the admission to trading of its shares in the Large Capitalization category of the Securities Market of the Athens Exchange.

On April 4, 2006, the ATHEX Board of Directors approved the admission to trading of the 24,400,000 common registered shares of the Company, after it found out that the company's shares fulfil the adequate dispersion criterion. Out of the total number of shares to be admitted for trading, 7,290,066 shares were issued in the recent Public Offer (29/03/06-31/03/06) at an issue price of € 15.60 per share.

The net proceeds from the Public Offering amounted to €79,308 thousand (net of costs of approximately €6.649 thousand).

The date that the shares of Eurobank Properties started trading on Athens Exchange was April 12, 2006.

BUSINESS DEVELOPMENT

In June 2005, the Company completed the second phase of development of the Enofyta ambient warehouse, which added 9,426 sq. m. of leaseable area to the property. From June 1, 2005, the Company sub-leased the additional square meters to Carrefour Marinopoulos S.A.. The sub-lease expires on April 2, 2013.

The Company entered into pre-contracts for the purchase of buildings (a multi-story shopping centre situated in Athens – Ermou 33 and an office development situated in Alimos – Agiou Dimitriou 63), of total value of €50,929 thousand. The final purchase agreements were signed in September 2005.

Moreover, in September 2005, the Company acquired four buildings with parking spaces (330 parking spaces) and additional an 112 parking spaces, situated in the Nea Ionia Area of Athens – Filikis Eterias, Iolkou, Alekou Panagouli and Siniosoglou 116 for future development as an investment property at a cost of €52,000 thousand. The gross leaseable area of the property is 37,966 sq. m. (incluing the parking spaces). The total cost of the investment as at 31 December 2005 amounted to €53,488 thousand. This property has been mainly financed by the proceeds from the issue of equity instruments in August 2005. As at December 31, 2005, the market value of the property, in accordance with the valuation of the independent sworn valuers, amounted to €56,663 thousand.

The Company entered into a 20-year lease agreement with EFG Eurobank Ergasias S.A., which commences on April 1, 2006 and expires on March 31, 2026, with an option of Eurobank to renew after renegotiation of the terms about the duration and the rental payments.

In November 17, 2005, the Company entered into a sale and leaseback agreement with EFG Eurobank Ergasias Leasing S.A. in relation to the Enofyta ambient warehouse, under which the Company raised financing of €24.544 thousand. The gross leaseable area of the property is 29,412.00 sq. m. and is situated on 73,765.36 sq. m. of land. Finance lease agreement has an initial lease term of 15 years and the Company has the option to acquire the property for the amount of €3. The Company will repay the finance lease in 180 monthly instalments, increased by the monthly Euribor interest plus 1.5%. By virtue of the lease agreement, the Company pledged its claims under the sub-lease agreement with Carrefour Marinopoulos S.A., as security for the claims of EFG Eurobank Ergasias Leasing S.A.

The fixed assets of the Company are free of charges and encumbrances.

The total number of employees as at December 31, 2005 was 5 (2004: 4).

DIVIDEND POLICY

Under Law 2778/1999, as a REIC the Company is required to pay a minimum dividend equal to at least 35% of the annual distributable net profits. Moreover, on March 10, 2006, the Board of Directors, unanimously decided to propose to the General Meeting of the Shareholders for the fiscal year 2005, the current fiscal year as well as future years, the distribution of dividend of not less that 85% to 90% of the company's recurring distributable net profits, subject to the company's financial position, its business strategy and applicable restrictions on the payments of dividends under Greek Law.

The proposed dividend to be distributed for the fiscal year 2005 is €0.36 per share. The total amount of dividends payable is €8,784 thousand compared to € 3,026 thousand for the 2004 fiscal year.

PROSPECTS

For 2006, the Company's strategy for future growth is to continue to acquire high-quality office, retail and logistic spaces in prime locations in Greece.

The recent signing of the pre-contract for the acquisition of an 11.545,59 sq. m. property (previously Tsirozides spinning mill), located on the corner of Kyprou and Archimidous streets in Moschato of Attica, is included in the aforementioned strategy.

Finally, an important part of the Company's overall strategic initiative is to increase cash flow and to enhance the value of its portfolio through (i) maximising rental income by achieving an optimum level of rental rates and occupancy levels, (ii) operating properties in a cost-effective manner, (iii) renovating existing properties in order to maintain or improve their competitive position and performance in the marketplace and (iv) completing the construction of new properties as permitted by the Greek REIC regulatory framework.

The Board of Directors

Athens, May 15, 2006

Eurobank Properties REIC

Consolidated Financial Statements

for the year ended 31 December 2005

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All amounts expressed in €'000s unless otherwise stated

Consolidated balance sheet

	Notes	As at 31 December 2005	2004
Assets			
Non-current assets			
Investment property …………	7	213,417	203,355
Interest in joint venture …………	8	-	4,838
Property, plant and equipment …………	9	54,804	1,344
Available-for-sale financial assets …………	10	-	-
Other non-current assets …………	11	89	1,279
Total non-current assets …………		**268,310**	**210,816**
Current assets			
Trade and other receivables …………	11	4,500	3,334
Cash and cash equivalents …………	12	37,982	10,262
Total current assets …………		**42,482**	**13,596**
Total assets …………		**310,792**	**224,412**
Shareholder's equity and liabilities			
Capital and reserves			
Share capital …………	13	40,235	14,991
Share premium …………	13	153,923	20,303
Other reserves …………	14	3,370	2,925
Retained earnings …………		61,440	41,791
Total shareholders' equity…………		**258,968**	**80,010**
Deferred income …………	15	290	319
Non-current liabilities			
Borrowings, including finance leases …………	15	41,149	82,198
Deferred tax liabilities …………	16	-	10,915
Total non-current liabilities …………		**41,149**	**93,113**
Current liabilities			
Trade and other payables …………	17	4,106	3,110
Dividends payable …………	24	2,954	-
Current income tax liabilities …………		1,648	1,213
Borrowings, including finance leases …………	15	1,677	46,647
Total current liabilities …………		**10,385**	**50,970**
Total liabilities …………		**51,824**	**144,402**
Total equity and liabilities …………		**310,792**	**224,412**

Refer to General Information (Note 1) for details about the Group's restructuring activities.

All amounts expressed in €'000s unless otherwise stated

Consolidated Income Statement

	Notes	Year ended 31 December 2005	2004
Continuing Operations			
Revenue	18	16,864	16,003
Net gain from fair value adjustment on investment property	7	7,269	2,955
Gain on disposal of investment property	7	15	-
Loss on disposal of interest in joint venture	8	(3,543)	-
Repair and maintenance costs		(115)	(81)
Management fees	29	(1,351)	-
Other direct property relating expenses	20	(645)	(636)
Employee benefit expense	21	(205)	(396)
Depreciation of property, plant and equipment	9	(52)	(22)
Interest income		246	133
Other income		832	188
Other expenses		(1,005)	(723)
Operating profit		18,310	17,421
Finance costs	22	(3,044)	(8,175)
Share of profit from joint venture	8	505	801
Profit before income tax from continuing operations		15,771	10,047
Income tax relief	23	8,262	714
Profit for the year from continuing operations		**24,033**	**10,761**
Discontinued Operations			
Profit for the year from discontinued operations	19	**-**	**4,040**
Profit for the year		**24,033**	**14,801**
Earnings per share (expressed in € per share)			
From continuing operations:			
- Basic and diluted	25	2.10	1.53
From discontinued operations:			
- Basic and diluted	25	0.00	0.57

All amounts expressed in €'000s unless otherwise stated

Consolidated statement of changes in equity

	Note	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
Balance at 1 January 2004		**14,991**	**20,303**	**2,689**	**30,463**	**68,446**
Profit for the year …………………..		-	-	-	14,801	14,801
Transfer to reserves ……………….	14	-	-	236	(236)	-
Dividends …………………………..						
Surplus dividend for 2003 approved by shareholders ……….	24	-	-	-	(1,195)	(1,195)
Interim dividend for 2004 ……….	24	-	-	-	(2,042)	(2,042)
Balance at 31 December 2004 ……		**14,991**	**20,303**	**2,925**	**41,791**	**80,010**
Balance at 1 January 2005 ……….		14,991	20,303	2,925	41,791	80,010
Profit for the year …………………..		-	-	-	24,033	24,033
Proceeds from share issue ………….	13	25,244	134,478	-	-	159,722
Incremental costs associated with contemplated domestic offering ….	13	-	(858)	-	-	(858)
Transfer to reserves ……………….	14	-	-	445	(445)	-
Dividends …………………………..						
Dividend for 2004 approved by shareholders ……………………..	24	-	-	-	(985)	(985)
Minimum statutory dividend ……	24	-	-	-	(2,954)	(2,954)
Balance at 31 December 2005 ……		**40,235**	**153,923**	**3,370**	**61,440**	**258,968**

All amounts expressed in €'000s unless otherwise stated

Consolidated cash flow statement

	Notes	Year ended 31 December 2005	2004
Cash flows from operating activities			
Cash generated from operations	26	13,585	17,484
Income taxes paid		(2,943)	(4,656)
Interest paid		(2,907)	(8,547)
Net cash from operating activities		**7,735**	**4,281**
Cash flows from investing activities			
Capital expenditure on investment properties	7	(3,014)	(1,456)
Purchases of Property, plant and equipment	9	(24)	(26)
Advances relevant to investment properties	9	(53,488)	-
Proceeds on disposal of investment property	7	236	-
Proceeds from disposal of real estate services business	19	-	6,000
Proceeds on disposal of available-for-sale investments		1,510	50
Proceeds on disposal of joint venture	8	1,800	-
Interest received		246	133
Net cash (used in) / from investing activities		**(52,734)**	**4,701**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	13	159,722	-
Proceeds from borrowings	15	41,544	-
Repayments of borrowings, including overdrafts	15	(127,562)	(372)
Dividends paid	24	(985)	(3,871)
Net cash from / (used in) financing activities		**72,719**	**(4,243)**
Net increase in cash and cash equivalents for the year		**27,720**	**4,739**
Cash and cash equivalents at the beginning of the year		**10,262**	**5,523**
Cash and cash equivalents at the end of the year	12	**37,982**	**10,262**

The notes included in pages 8 – 68 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

1 General information

Eurobank Properties S.A. Real Estate Investment Company (previously known as EFG Eurobank Properties S.A.) (the Company) and its subsidiary (together the Group) is an investment property group with a major portfolio in Greece. It is currently involved in leasing out investment property under operating leases and is classified as a real estate investment vehicle under Greek Law 2778/1999 with effect from 29 September 2005.

The Company is incorporated and domiciled in Athens, Greece. The address of its registered office is 16, Laodikeias Street, Athens, Greece. The Company is contemplating an initial public offering of ordinary shares on the Athens Stock Exchange (see Note 30).

The regulatory regime governing real estate investment vehicles, inter alia, requires that the Company (a) invests at least 80% of its assets in cash and cash equivalents and real estate investments which should be located mainly in Greece and other EU member states, (b) maintains at least 10% of its assets in cash and cash equivalents and (c) does not have any significant concentrations of risks with respect to any particular real estate asset.

The Company enjoys certain tax privileges as a real estate investment vehicle effective 29 September 2005 (see Note 2.15)

In anticipation of the Company's application to obtain approval from the regulatory authorities to become a real estate investment vehicle it had to restructure its operations prior to obtaining the necessary approval on 29 September 2005. This restructuring comprised:

- Disposal of its valuation and agency services business to a related party during December 2004 (see Note 19);
- Cessation of providing other real estate services;
- Merger between the Company and its wholly owned subsidiary (ELDEPA S.A.) during August 2005
- Disposal of joint venture (Zenon Real Estate SA) to a related party during August 2005 (see Note 8); and
- Disposal of a number of equity interests in certain companies to related parties (see Notes 10 and 29).

As of 31 December 2005 the parent company was the sole surviving company within the Group.

These financial statements have been approved for issue by the Board of Directors on 7 February 2006.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union, and International Financial Reporting Standards issued by the IASB. All International Financial Reporting Standards issued by the IASB and effective at the time of preparing these financial statements have been adopted by the European Commission through the endorsement procedure established by the European Commission, with the exception of International Accounting Standard 39 "Financial Instruments: Recognition and Measurement". Following recommendations from the Accounting Regulatory Committee, the Commission adopted Regulations 2086/2004 and 1864/2005 requiring the use of IAS 39, minus certain provisions on portfolio hedging of core deposits, by all listed companies from 1 January 2005.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

Since the Group is not affected by the provisions regarding portfolio hedging that are not required by the EU-endorsed version of IAS 39, the accompanying financial statements comply with both IFRS as adopted by the EU and IFRS issued by the IASB.

The financial statements of Eurobank Properties as at 31 December 2003, which were issued by the Company on 11 May 2004 were prepared in accordance with generally accepted accounting principles in Greece (Greek GAAP). These were considered to be the previous GAAP as defined in IFRS 1 for the preparation of the preliminary opening IFRS balance sheet as at 1 January 2004. The Company also issued on 5 May 2005 its financial statements as at 31 December 2004 in accordance with Greek GAAP. Greek GAAP differs in certain respects from IFRS.

The policies set out below have been consistently applied to all the periods presented except for those relating to the classification and measurement of financial instruments. The Company has made use of the exemption available under IFRS 1 to only apply IAS 32 and IAS 39 from 1 January 2005. The policies applied to financial instruments for 2004 and 2005 are disclosed separately below.

The Company's financial statements were previously prepared in accordance with Greek GAAP until 31 December 2004. Greek GAAP differs in some areas from IFRS. In preparing the IFRS financial statements, management has amended certain accounting and valuation methods applied in the Greek GAAP financial statements, and has presented consolidated financial statements, statement of changes in equity, cash flow statements and more comprehensive explanatory notes, to comply with IFRS. The comparative figures in respect for the year ended 31 December 2004 were restated to reflect these adjustments, except as described in the accounting policies.

Reconciliations and descriptions of the adjustments from Greek GAAP 2003 and 2004 financial statements to the opening IFRS balance sheet as of 1 January 2004, and 31 December 2004 IFRS equity and profit and loss respectively are provided in Note 5.

The financial statements have been prepared under the historical cost convention, as modified for the fair value of investment properties and certain financial instruments.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill which is not depreciated but subject to annual testing for impairment. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recorded directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Joint ventures

The Group's interests in jointly controlled entities are accounted for by the equity method of accounting and are initially recorded at cost.

The Group's share of its joint venture's post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if it provides evidence of a reduction in the net realisable value of current assets, or an impairment loss. Joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the period-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.5 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property comprises freehold land, freehold buildings and property held under finance leases.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations were performed by independent professional valuers in accordance with the guidance issued by the International Valuation Standards Committee for each balance sheet date up to 31 December 2005. Subsequently, these valuations will be performed at periodic intervals not exceeding six months.

Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continue to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Some of those outflows are reflected as a liability; whereas other, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

Investment property held for sale without redevelopment is classified within non-current assets held for sale under IFRS 5.

2.6 Property, plant and equipment

All property, plant and equipment is stated in the balance sheet at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation, based on the component approach, is calculated so as to write off the cost of the assets, over their estimated useful lives, using the straight-line method, as follows:

–	Land	Nil
–	Buildings	50 years
–	Fixtures and equipment	4 – 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

All borrowing costs are expensed.

2.7 Leasing

a) Where a group company is the lessee

(i) Operating lease – leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received by the lessor) are charged to the income statement on a straight-line basis over the period of the lease. There were no material operating leases for the periods covered by the consolidated financial statements.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

(ii) Finance lease – leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the balance of the lease liability outstanding. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance charges are charged to the income statement. The investment properties acquired under finance leases are carried at their fair value.

b) Where a group company is the lessor

Operating lease – properties leased out under operating leases are included in investment property in the balance sheet (Note 7). The Group does not currently lease out properties under finance leases.

2.8 Impairment of assets

Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). There were no assets with indefinite lives nor any triggers that indicate that any assets subject to depreciation may be impaired during the period covered by these financial statements.

2.9 Investments

From 1 January 2004 to 31 December 2004

Financial fixed assets include investments in non-listed companies other than joint ventures, financial receivables and other securities. These financial fixed assets are recorded at cost, including additional direct charges. A permanent impairment is provided as a direct reduction in the carrying amount of these assets.

From 1 January 2005

The Group classifies its investments in the following two categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and revaluates this designation at every reporting date.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Receivables are included in trade and other receivables in the balance sheet.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified as financial assets at fair value through profit or loss, loans and receivables, or held-to-maturity investments. They are included in non-current assets unless management intends to dispose the investment within 12 months of the balance sheet date.

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Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value though profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available for sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.10 Trade receivables

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

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Bank borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost: any difference between the proceeds received (net of transaction costs) and the redemption values are recognised in the income statement over the period of the borrowings using the effective interest rate method.

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2.14 Deferred taxation

Deferred income tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred income tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

With effect from 29 September 2005, when the Company obtained regulatory approval to operate as a real estate investment vehicle under Greek Law 2778/1999, the tax basis on which it will be subject to tax changed from an income tax basis to an asset based tax basis (see Notes 16 and 23). Accordingly, with effect from the above date, no further temporary differences will arise requiring the recognition of deferred income tax assets or liabilities since the Company will no longer be subject to income taxes as a result of its change in tax status. Consequently, previously recognised net deferred income tax liabilities of €10,915 have been included in profit for the period in accordance with the requirements set out in SIC 25 "Changes in the tax status of an entity or its shareholders".

2.15 Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be acquired to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Where the Group, as a lessee, is contractual required to restore a leased in property to an agreed condition, prior to release by a lessor, provision is made for such costs as they are identified.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

2.16 Revenue recognition

Revenue includes rental income, service and management charges from properties, income from property trading and income from the sale of property valuation and agency services (latter until December 2004).

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Rental income from operating leases is recognised in income on a straight-line basis over the lease term. When the Group provides incentives to its customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction from rental income.

Service and management charges as well as income from property services (valuations, advisory services etc.) are recognised on a gross basis in the accounting period in which the services are rendered. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

2.17 Dividend distribution

A provision is made for the estimated minimum statutory dividend expected to be payable to the Company's shareholders for each period. Any dividends in excess of the minimum statutory dividend are recognised as a liability by the Company in the period when such dividends are approved for distribution by either the board of directors or the shareholders.

2.18 Off-setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legal enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.19 New accounting standards and IFRIC interpretations

Certain new accounting standards, amendments and IFRIC interpretations have been published that are mandatory for accounting periods beginning on or after 1 January 2006 for which the Group has not adopted early as follows:

- **IAS 19 (Amendment), Employee Benefits** (effective from 1 January 2006). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and looses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts. This amendment is not expected to materially impact the Group.

- **IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions** (effective from 1 January 2006). The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment is not relevant to the Group's operations, as the sole surviving entity within the Group was the parent company as of 31 December 2005.

- **IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006).** This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The Group believes that this amendment should not impact its financial statements since it does not currently hold any financial instruments designated at fair value through profit and loss. However, the Group might apply this option from annual periods beginning 1 January 2006 should it hold any such financial instruments in future periods.

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- **IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006).** This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management has concluded that this amendment is not relevant to the Group.

- **IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards** and **IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006).** These amendments are not relevant to the Group's operations, as the Group does not carry out exploration for and evaluation of mineral resources.

- **IFRS 6, Exploration for and Evaluation of Mineral Resources** (effective from 1 January 2006). IFRS 6 is not relevant to the Group's operations.

- **IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures** (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

- **IFRIC 4, Determining whether an Arrangement contains a Lease** (effective from 1 January 2006). IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management believes that the implementation of IFRIC 4 is not expected to change the accounting for any of the Group's current arrangements.

- **IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds** (effective from 1 January 2006). IFRIC 5 is not relevant to the Group's operations.

- **IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment** (effective from 1 December 2005). IFRIC 6 is not relevant to the Group's operations.

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3 Financial risk management

3.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including price risk), credit risk, liquidity risk and cash flow interest rate risk.

Risk management is carried out by the Company's management based on the advice of the treasury and risk management departments within its parent company. Risk management primarily focuses on the identification and evaluation of financial risk, which includes the following specific areas: such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investing excess liquidity.

a) Market risk

i) Foreign exchange risk

The Group operates in a single economic environment (Greece) and is not significantly exposed to foreign currency exposures due to the restricted value of foreign currency transactions.

ii) Price risk

The Group is exposed to property price and market rental risks. In order to reduce price risk the Group usually enters into long term operating lease arrangements with tenants for a minimum duration of 12 years under which annual rental increases are linked to the consumer price index plus a spread of up 2%.

b) Credit risk

The Group has significant concentrations of credit risk with respect to cash balances and deposits held with banks and rental income received from tenants under property operating lease contracts. However, no significant losses are anticipated, as procedures are in place to ensure that rental contracts are entered into with customers with an appropriate credit history and cash transactions are restricted to high-credit-quality financial institutions.

c) Liquidity risk

Prudent liquidity risk management implies sufficient cash balances, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group management aims to maintain flexibility in funding by keeping adequate cash; including compliance with the minimum levels of cash resources necessary to comply with Greek Law 2778/1999.

d) Cash flow and fair value interest rate risk

The Group has significant interest bearing assets comprising deposits held at call and short term deposits with banks.

The Group's interest rate risk arises from long-term finance leases and bank borrowings (Note 15). Finance leases which are all issued at variable rates expose the Group to cash flow interest rate risk.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Finance charges may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. In order to reduce the Group's interest rate exposure under long term finance leases, contractual re-pricing dates are restricted to a maximum period of 3 months.

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4 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

a) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group, based on the advice of its independent external valuers, determines the amount within a range of reasonable fair value estimates. In making their judgment, the Group considers information from a variety of sources including:

(i) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contacts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

b) Principal assumptions for management's estimation of fair value

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

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Were the void periods assumed in the discounted cash flow analysis to differ by 10% from management's estimates, the carrying amount of investment properties would be an estimated €748 lower or €748 higher.

Were the discount rate used in the discounted cash flow analysis to differ by +/- 100 bp from management's estimates, the carrying amount of the investment properties would be an estimated €14,342 lower or €15,808 higher.

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c) Income taxes

Significant estimates are required in determining the provision for income taxes up until the date that the Company changed its status to a real estate investment vehicle. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be assessed. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.2 Critical judgments in the Group's accounting policies

Classification of newly acquired properties that are being developed for future use as investment properties

The Group determines whether a property acquired with the intention of development as a future investment property should be initially recognised as property, plant and equipment or whether such property should be initially recognised as an investment property. In making such judgement, the Group considers whether the related development costs are significant, the period of time necessary to prepare a newly acquired property for its intended future use an investment properties and whether when the recognition of rental income commences. The Group considers each property separately in making its judgment.

5 Transition to IFRS

5.1 Basis of transition to IFRS

5.1.1 Application of IFRS 1

The Group's financial statements for the year ending 31 December 2005 are the first annual financial statements that comply with IFRS. The consolidated financial statements have been prepared as described in Note 2.1. The Group has applied IFRS 1 in preparing the consolidated financial statements.

Eurobank Properties' transition date is 1 January 2004. The Group prepared its opening IFRS balance sheet at that date. The reporting date of the consolidated financial statements is 31 December 2005. The Group's IFRS adoption date is 1 January 2005.

In preparing the consolidated financial statements in accordance with IFRS 1, the Group has applied the mandatory exceptions and certain of the optional exceptions from full retrospective application of IFRS.

5.1.2 Exemptions from full retrospective application elected by the Group

The Group has elected to apply the following optional exemptions from full retrospective application.

a) Fair value as deemed cost exemption

Eurobank Properties has elected to measure owner-occupied property included within property, plant and equipment at fair value as at 1 January 2004. The application of this exemption is detailed in Note 5.2.1.

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b) Exemption from restatement of comparatives for IAS 32 and IAS 39.

The Group has elected to apply this exemption; therefore comparative financial information has not been restated. It applies previous Greek GAAP rules to derivates, financial assets and financial liabilities and to hedging relationships for the 2004 comparative information. The adjustments required for differences between Greek GAAP and IAS 32 and IAS 39 are determined and recognised at 1 January 2005. The only required adjustment related to the reclassification of certain unlisted securities having a carrying amount of €1,139 to available for sale securities; these securities were subsequently sold during 2005 at amounts which closely approximated their carrying amounts.

5.1.3 Exemptions from full retrospective application followed by the Group

The Group has applied the following mandatory exceptions from retrospective application.

a) De-recognition of financial assets and liabilities exemption

The application of this exception did not impact the opening balance sheet date of 1 January 2005 since the Group did not have any previously derecognised financial assets and liabilities.

b) Hedge accounting exception

The application of this exception did not impact the opening balance sheet as of 1 January 2005 as the Group did not have any hedging instruments at this date since all hedging instruments entered into during periods covered by previous GAAP had expired or were terminated prior to the opening balance sheet date.

c) Estimates exemption

Estimates under IFRS at 1 January 2004 were consistent with estimates made for the same date under Greek GAAP, unless there was any evidence that those estimates were in error.

d) Assets held for sale and discontinued operations exemption

The Group has accounted for and presented its discontinued services business retrospectively in accordance with the transitional rules in IFRS 5 from 1 January 2004, since all relevant valuations and other information necessary to comply with the IFRS were obtained at the time those criteria were originally met. The effect of the retrospective application of this standard is detailed in Note 19.

5.2 Reconciliation between IFRS and Greek GAAP - Group

The following reconciliations provide a quantification of the effect of the transition to IFRS. The first reconciliation provides an overview of the impact on equity of the transition at 1 January 2004 and 31 December 2004.

The following reconciliations provide details of the impact of the transition on:

- Equity at 1 January 2004 (5.2.1)
- Equity at 31 December 2004 (5.2.2)
- Net income 31 December 2004 (5.2.3)
- Equity at 1 January 2005 (5.2.4)

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Summary of Shareholder's equity at 1 January 2004 and 31 December 2004

	01/01/2004	Note	31/12/2004	Note
Total unconsolidated shareholder's equity under local GAAP ……...	**39,625**		**40,981**	
Write off of expenditure related to capital increase ………….	(3)	5.2.1 (d) 5.2.1 (j)	(3)	5.2.2 (d) 5.2.2 (j)
De-recognition of assets not recognised as intangibles under IFRS ………………………………………………………...	(78)	5.2.1 (d)	(78)	5.2.2 (d)
Recognition of capital portion of finance lease payments written off through the profit and loss under Greek GAAP...	186	5.2.1 (l) 5.2.1 (r)	557	5.2.2 (m) 5.2.2 (s)
Derecognition and deferral of gain on sale and leaseback transaction ………………………………………………….	(348)	5.2.1 (k)	(319)	5.2.2 (l)
Restatement of investment property to fair value under IFRS 1 ………………………………………………………	34,723	5.2.1 (a)	37,315	5.2.2 (a)
Impairment of investments of non-listed companies ………	(471)	5.2.1 (f)	(471)	5.2.2 (f)
Restatement of owner-occupied building to fair value under IFRS 1 ………………………………………………………	(210)	5.2.1 (e)	(210)	5.2.2 (e)
Reversal of depreciation recognised under Greek GAAP for property that under IAS 40 is carried at fair value …………	-	-	4,293	5.2.2 (d) 5.2.2 (e)
Derecognition of dividends recognised under Greek GAAP that are in excess of the minimum statutory dividend ……..	1,195	5.2.1 (p)	985	5.2.2 (q)
Derecognition of revaluation of property in accordance with L. 2065/1992 ……………………………………………….	-	-	(759)	5.2.2 (e) 5.2.2 (g)
Provision for specific risks ………………………………...	(300)	5.2.1 (o)	(400)	5.2.2 (p)
Cumulative impact of other non-material items ……………	-	-	(141)	-
Deferred tax adjustments …………………………………...	(11,264)	5.2.1 (m)	(8,937)	5.2.2 (n)
Total shareholder's equity under IFRS (Eurobank Properties) …………………………………………………	**63,055**		**72,813**	
Effect of previously unconsolidated subsidiary (ELDEPA)..	3,154	5.3.1	4,159	5.3.2
Effect of previously unconsolidated joint venture (Zenon) ...	2,237	5.4.1	3,038	5.4.2
Total consolidated equity under IFRS	**68,446**		**80,010**	

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5.2.1 Reconciliation of equity at 1 January 2004 - Group

	Notes	Greek GAAP	Effect of transition	IFRS
Assets				
Non-current assets				
Investment property ……………………………………..	a	-	198,944	198,944
Investment in affiliated entities (ELDEPA and Zenon Real Estate) …………………………………………...	b	5,914	(1,877)	4,037
Investments in other entities …………………………….	c	1,626	(1,626)	-
Intangible assets …………………………………………	d	3,938	(3,938)	-
Property, plant and equipment …………………………..	e	125,997	(124,561)	1,436
Other non current assets ………………………………...	f	240	1,155	1,395
Total non-current assets ……………………………….		**137,715**	**68,097**	**205,812**
Current assets				
Inventories ……………………………………………….	g	1,641	(1,641)	-
Trade and other receivables ……………………………	h	6,168	(44)	6,124
Cash and cash equivalents ……………………………….	i	4,667	856	5,523
Total current assets …………………………………….		**12,476**	**(829)**	**11,647**
Total assets ……………………………………………		**150,191**	**67,268**	**217,459**
Shareholder's equity and liabilities				
Capital and reserves				
Share capital ……………………………………………..		14,991	-	14,991
Share premium ……………………………………………	j	20,306	(3)	20,303
Reserves ………………………………………………….		2,689	-	2,689
Retained earnings ………………………………………..	s	1,639	28,824	30,463
Total shareholder's equity ……………………………..		**39,625**	**28,821**	**68,446**
Deferred income …………………………………………	k	-	348	348
Non-current liabilities				
Borrowings, including finance leases ……………………	l	57,971	24,707	82,678
Deferred tax liabilities …………………………………..	m	-	13,089	13,089
Retirement benefit obligations …………………………..	n	55	(55)	-
Total non-current liabilities ……………………………		**58,026**	**37,741**	**95,767**
Current liabilities				
Trade and other payables	o	4,763	143	4,906
Dividends payable	p	1,830	(1,195)	635
Current income tax liabilities	q	2,136	(1,317)	819
Borrowings, including finance leases	r	43,811	2,727	46,538
Total current liabilities ………………………………..		**52,540**	**358**	**52,898**
Total liabilities ………………………………………….		**110,566**	**38,447**	**149,013**
Total equity and liabilities …………………………….		**150,191**	**67,268**	**217,459**

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Explanation of the effect of the transition to IFRS

The following explains the material adjustments to the balance sheet.

(a) Investment Properties

Reclassification from property, plant and equipment ………………………………………………..	124,434
Recognition of finance leases that were treated as operating leases under Greek GAAP ……………	18,583
Effect of difference between fair value and depreciated cost ………………………………………..	34,723
Reclassification of charges relating to investment property acquisitions from intangible assets ……	3,774
Reclassification from inventories to investment properties ……………………………………….	1,641
Consolidation of subsidiary previously excluded from consolidation under Greek GAAP ………….	16,135
Leasehold improvements recovered from tenants …………………………………………………	(346)
Total impact - increase in investment property ………………………………………………...	**198,944**

Under Greek GAAP, companies classified investment properties under property, plant and equipment that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value. Valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee at periodic intervals not exceeding six months.

(b) Investments in affiliated entities

Recognition of share of results of joint venture previously excluded from consolidation under Greek GAAP - Zenon Real Estate …………………………………………………………………...	2,237
Consolidation of subsidiary previously excluded from consolidation under Greek GAAP – ELDEPA ……………………………………………………………………………………...	(4,114)
Total impact – decrease in investments affiliated entities ……………………………………….	**(1,877)**

(c) Investments in other entities

Transfer of investments in other entities to other non-current assets ……………………………….	(1,626)
Total impact – decrease in investments in other entities …………………………………………	**(1,626)**

(d) Intangible assets

Reclassification of costs relating to investment property acquisitions to investment property ………	(3,774)
Write off of capitalised expenses that do not meet the IFRS definition of an intangible asset ………	(81)
Reclassification of computer software to property, plant and equipment ……………………………	(83)
Total impact – decrease in intangible assets ……………………………………………………	**(3,938)**

(e) Property Plant and Equipment

Reclassification to investment property …………………………………………………………	(124,434)
Reclassification of computer software from intangible assets ………………………………………..	83
Restatement of owner occupied building to fair value …………………………………………….	(210)
Total impact - decrease in property, plant and equipment ………………………………………	**(124,561)**

Owner occupied property included within property, plant and equipment was measured at fair value as at 1 January 2004 as deemed cost.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

(f) Other non-current assets

Reclassification from investments in other entities	1,626
Impairment of investments in non-listed companies	(471)
Total impact – increase in other non-current assets	**1,155**

(g) Inventories

Reclassification from inventories to investment properties	(1,641)
Total impact - decrease in inventories	**(1,641)**

(h) Trade and Other receivables

Consolidation of subsidiary previously excluded from consolidation under Greek GAAP	1,302
Reclassification of prepaid tax to current income tax liability	(1,346)
Total impact – decrease in trade and other receivables	**(44)**

(i) Cash and cash equivalents

Consolidation of subsidiary previously excluded from consolidation under Greek GAAP	856
Total impact – increase in cash and cash equivalents	**856**

(j) Share premium

Write off of share capital increase related expenses	(3)
Total impact – decrease in share premium	**(3)**

(k) Deferred income

Gain from the sale and leaseback of investment property	348
Total impact – increase in deferred income	**348**

The Company sold and leased back an investment property. The Group has therefore recognised the gain between the market value of the investment property and the sale price under Greek GAAP. The gain from the sale and leaseback is deferred and recognised over the period of the lease in accordance with IAS 17.

(l) Borrowings including finance leases (non-current)

Recognition of finance lease obligation (non-current portion) that were treated as operating leases under Greek GAAP	18,026
Consolidation of subsidiary previously excluded from consolidation under Greek GAAP	6,681
Total impact – increase in borrowings, including finance leases (non-current)	**24,707**

Two investment properties leased by the Company qualify as finance leases under IFRS. The Group has therefore recognised the leased assets as investment property and the corresponding lease liabilities.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

(m) Deferred tax liabilities

Overall impact of recognising deferred tax in accordance with IAS 12	11,264
Consolidation of subsidiary previously excluded from consolidation under Greek GAAP	1,825
Total impact – increase in deferred tax liabilities	**13,089**

(n) Retirement benefit obligations

Transfer to trade and other payables (current)	(55)
Total impact – decrease in retirement benefit obligations	**(55)**

(o) Trade and other payables (current)

Consolidation of subsidiary previously excluded from consolidation under Greek GAAP	135
De-recognition of deferred revenue from leasehold improvements recovered from tenants	(346)
Provision for specific risks	300
Transfer from retirement benefit obligations	55
Other minor adjustments	(1)
Total impact – increase in trade and other payables (current)	**143**

(p) Dividends payable

Derecognition of dividends recognised under Greek GAAP that is in excess of the minimum statutory dividend	(1,195)
Total impact – decrease in dividends payable	**(1,195)**

These consolidated financial statements reflect the estimated minimum statutory dividend expected to be payable by the Company for each respective period together with any interim dividends approved by the directors and final dividends approved by the shareholders.

(q) Current income tax liabilities (current)

Consolidation of subsidiary previously excluded from consolidation under Greek GAAP	29
Reclassification of prepaid tax from trade and other receivables	(1,346)
Total impact – increase in current income tax liabilities (current)	**(1,317)**

(r) Borrowings including finance leases (current)

Consolidation of subsidiary previously excluded from consolidation under Greek GAAP	2,356
Recognition of finance lease obligation (current portion) that were treated as operating leases under Greek GAAP	371
Total impact – increase in borrowings, including finance leases (current)	**2,727**

Two investment properties leased by the Company qualify as finance leases under IFRS. The Group has therefore recognised the leased assets as investment property and the corresponding lease liabilities.

(s) Retained earnings

All above adjustments were recorded against the opening retained earnings at 1 January 2004. The total net impact is an increase in retained earnings of €28,824.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

5.2.2 Reconciliation of equity at 31 December 2004 – Group

	Notes	Greek GAAP	Effect of transition	IFRS
Assets				
Non-current assets				
Investment property ……………………………………..	a	-	203,355	203,355
Investment in affiliated entities (ELDEPA and Zenon Real Estate) ……………………………………………..	b	5,914	(1,076)	4,838
Investments in other entities ……………………………..	c	1,510	(1,510)	-
Intangible assets …………………………………………	d	2,046	(2,046)	-
Property, plant and equipment …………………………..	e	126,365	(125,021)	1,344
Other non current assets …………………………………	f	240	1,039	1,279
Total non-current assets ……………………………….		**136,075**	**74,741**	**210,816**
Current assets				
Inventories ……………………………………………….	g	1,676	(1,676)	-
Trade and other receivables ……………………………..	h	3,231	103	3,334
Cash and cash equivalents ……………………………….	i	8,277	1,985	10,262
Total current assets …………………………………….		**13,184**	**412**	**13,596**
Total assets ……………………………………………		**149,259**	**75,153**	**224,412**
Shareholder's equity and liabilities				
Capital and reserves				
Share capital ……………………………………………..		14,991	-	14,991
Share premium …………………………………………..	j	20,306	(3)	20,303
Reserves ………………………………………………….	k	3,672	(747)	2,925
Retained earnings ………………………………………..	t	2,012	39,779	41,791
Total shareholder's equity …………………………….		**40,981**	**39,029**	**80,010**
Deferred income …………………………………………	l	-	319	319
Non-current liabilities				
Borrowings, including finance leases ………………….	m	57,971	24,227	82,198
Deferred tax liabilities …………………………………..	n	-	10,915	10,915
Retirement benefit obligations …………………………..	o	11	(11)	-
Total non-current liabilities ………………………….		57,982	35,131	93,113
Current liabilities				
Trade and other payables ……………………………….	p	3,645	(535)	3,110
Dividends payable ……………………………………….	q	985	(985)	-
Current income tax liabilities …………………………..	r	1,855	(642)	1,213
Borrowings, including finance leases ………………….	s	43,811	2,836	46,647
Total current liabilities ……………………………….		50,296	674	50,970
Total liabilities ………………………………………..		**108,278**	**36,124**	**144,402**
Total shareholder's equity and liabilities ……………		**149,259**	**75,153**	**224,412**

The nature of the adjustments from Greek GAAP to IFRS at 31 December 2004 is similar to those at 1 January 2004.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

Explanation of the effect of the transition to IFRS

(a) Investment Properties

Reclassification from property, plant and equipment ……………………………………………...	126,571
Recognition of finance leases that were treated as operating leases under Greek GAAP ……………	18,583
Effect of difference between fair value and depreciated cost ……………………………………..	37,315
Reclassification of charges relating to investment property acquisitions from intangible assets …….	3,774
Reclassification from inventories to investment properties ………………………………………..	1,641
Consolidation of subsidiary previously excluded from consolidation under Greek GAAP ………….	16,518
Leasehold improvements recovered from tenants …………………………………………………	(1,047)
Total impact - increase in investment property ………………………………………………..	**203,355**

Under Greek GAAP, companies classified investment properties under property, plant and equipment that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value. Valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee at periodic intervals not exceeding six months.

(b) Investments in affiliated entities

Recognition of share of results of joint venture previously excluded from consolidation under Greek GAAP - Zenon Real Estate …………………………………………………………………..	3,038
Consolidation of subsidiary previously excluded from consolidation under Greek GAAP – ELDEPA ………………………………………………………………………………………...	(4,114)
Total impact – decrease in investments affiliated entities ……………………………………….	**(1,076)**

(c) Investments in other entities

Transfer of investments in other entities to other non-current assets ……………………………...	(1,510)
Total impact – decrease in investments in other entities ………………………………………...	**(1,510)**

(d) Intangible assets

Reclassification of costs relating to investment property acquisitions to investment property ………	(3,774)
Effect of difference between Greek GAAP and IFRS depreciation ………………………………….	1,877
Reclassification of computer software to property, plant and equipment …………………………….	(68)
Write off of capitalised expenses that do not meet the IFRS definition of an intangible asset ………	(81)
Total impact – decrease in intangible assets ……………………………………………………....	**(2,046)**

(e) Property Plant and Equipment

Reclassification to investment property ………………………………………………………………	(126,571)
Reclassification of computer software from intangible assets ……………………………………….	68
Restatement of owner occupied building to fair value ……………………………………………….	(210)
Effect of difference between Greek GAAP and IFRS depreciation ………………………………….	2,416
De-recognition of revaluation in accordance with L. 2065/1992 …………………………………….	(724)
Total impact - decrease in property, plant and equipment ……………………………………….	**(125,021)**

Owner occupied property included within property, plant and equipment was measured at fair value as at 1 January 2004 as deemed cost.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

(f) Other non-current assets

Reclassification from investments in other entities	1,510
Impairment of investments in non-listed companies	(471)
Total impact - increase in other non-current assets	**1,039**

(g) Inventories

Reclassification from inventories to investment properties	(1,641)
De-recognition of revaluation in accordance with L. 2065/1992	(35)
Total impact - decrease in inventories	**(1,676)**

(h) Trade and Other receivables

Consolidation of subsidiary previously excluded from consolidation under Greek GAAP	933
Reclassification of prepaid tax to current income tax liability	(784)
Other minor adjustments	(46)
Total impact – decrease in trade and other receivables	**103**

(i) Cash and cash equivalents

Consolidation of subsidiary previously excluded from consolidation under Greek GAAP	1,985
Total impact – increase in cash and cash equivalents	**1,985**

(j) Share premium

Write off of share capital increase related expenses	(3)
Total impact – decrease in reserves	**(3)**

(k) Other Reserves

De-recognition of revaluation in accordance with L. 2065/1992	(759)
Consolidation of subsidiary previously excluded from consolidation under Greek GAAP	12
Total impact – decrease in reserves	**(747)**

(l) Deferred income

Gain from the sale and leaseback of investment property	319
Total impact – increase in deferred income	**319**

The Company sold and leased back an investment property. The Group has therefore recognised the gain between the market value of the investment property and the sale price under Greek GAAP. The gain from the sale and leaseback is deferred and recognised over the period of the lease in accordance with IAS 17.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

(m) Borrowings including finance leases (non-current)

Recognition of finance lease obligation (non-current portion) that were treated as operating leases under Greek GAAP ………………………………………………………………………………...	17,546
Consolidation of subsidiary previously excluded from consolidation under Greek GAAP ………….	6,681
Total impact – increase in borrowings, including finance leases (non-current) ………………...	**24,227**

Two investment properties leased by the Company qualify as finance leases under IFRS. The Group has therefore recognised the leased assets as investment property and the corresponding lease liabilities.

(n) Deferred tax liabilities

Overall impact of recognising deferred tax in accordance with IAS 12 ……………………………...	8,937
Consolidation of subsidiary previously excluded from consolidation under Greek GAAP ………….	1,978
Total impact – increase in deferred tax liabilities ………………………………………………	**10,915**

(o) Retirement benefit obligations

Transfer to trade and other payables (current) ………………………………………………………..	(11)
Total impact – decrease in retirement benefit obligations ……………………………………..	**(11)**

(p) Trade and other payables (current)

Provision for specific risks ……………………………………………………………………………	400
De-recognition of deferred revenue from leasehold improvements recovered from tenants ………...	(958)
Transfer from retirement benefit obligations …………………………………………………………	11
Other minor adjustments ………………………………………………………………………………..	12
Total impact – decrease in trade and other payables (current) ………………………………….	**(535)**

(q) Dividends payable

Derecognition of dividends recognised under Greek GAAP that is in excess of the minimum statutory dividend ………………………………………………………………………………………..	(985)
Total impact – decrease in dividends payable …………………………………………………..	**(985)**

These consolidated financial statements reflect the estimated minimum statutory dividend expected to be payable by the Company for each respective period together with any interim dividends approved by the directors and final dividends approved by the shareholders.

(r) Current income tax liabilities (current)

Consolidation of subsidiary previously excluded from consolidation under Greek GAAP ………….	142
Reclassification of prepaid tax from trade and other receivables …………………………………….	(784)
Total impact – increase in current income tax liabilities (current) ………………………………	**(642)**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

(s) Borrowings including finance leases (current)

Consolidation of subsidiary previously excluded from consolidation under Greek GAAP ………….	2,356
Recognition of finance lease obligation (current portion) that were treated as operating leases under Greek GAAP …………………………………………………………………………………..............	480
Total impact – increase in borrowings, including finance leases (non-current) ………………...	**2,836**

Two investment properties leased by the Company qualify as finance leases under IFRS. The Group has therefore recognised the leased assets as investment property and the corresponding lease liabilities.

(t) Retained earnings

All above adjustments were recorded against the opening retained earnings at 31 December 2004. The total net impact is an increase in retained earnings of €39,779.

5.2.3 Reconciliation of net income for year ended 31 December 2004

	Notes	Greek GAAP	Effect of transition	IFRS
Continuing Operations				
Revenue …………………………………………………	a	15,324	679	16,003
Net gain from fair value adjustment on investment property ………………………………………………	b	-	2,955	2,955
Repair and maintenance costs …………………………..		(81)	-	(81)
Other direct property relating expenses …………………	c	(125)	(511)	(636)
Employee benefits ………………………………………	d	(254)	(142)	(396)
Depreciation of property, plant and equipment …………	e	(4,315)	4,293	(22)
Interest income …………………………………………..	f	149	(16)	133
Other income ……………………………………………	g	157	31	188
Other expenses …………………………………………	h	(1,326)	603	(723)
Operating profit ……………………………………..		**9,529**	**7,892**	**17,421**
Finance costs ………………………………………….	i	(8,206)	31	(8,175)
Share of profit from joint venture ………………………	j	-	801	801
Profit before income tax from continuing operations.		**1,323**	**8,724**	**10,047**
Income tax expense ……………………………………	k	(1,598)	2,312	714
Profit for the period from continuing operations …….		**(275)**	**11,036**	**10,761**
Discontinued Operations				
Profit for the period from discontinued operations ….		**4,040**	**-**	**4,040**
Profit for the period ……………………………………		**3,765**	**11,036**	**14,801**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

Explanation of the effect of the transition to IFRS

(a) Revenue

Consolidation of subsidiary previously excluded from consolidation under Greek GAAP ………….	1,479
De-recognition of excess deferred revenue from leasehold improvements recovered from tenants …	(89)
De-recognition of deferred revenue from leasehold improvements recovered from tenants ………...	(701)
Other minor adjustments …………………………………………………………………………..	(10)
Total impact – increase in revenue ………………………………………………………………	**679**

Under Greek GAAP, the gain from the sale and leaseback of property is recognised in the period that took place. Under IFRS, the gain should be deferred over the period of the finance lease.

(b) Net gain from fair value adjustment on investment property

Consolidation of subsidiary previously excluded from consolidation under Greek GAAP ………….	362
Net gain from fair value adjustment on investment property ……………………………………...	2,593
Total impact – increase in net gain from fair value adjustment on investment property ………	**2,955**

Under Greek GAAP, investment property is recognised at cost. Under IFRS, investment property is carried at fair value.

(c) Other direct property related expenses

Transfer of Large Property Tax ………………………………………………………………………	470
Consolidation of subsidiary previously excluded from consolidation under Greek GAAP ………….	41
Total impact – increase in other direct property related expenses ………………………………	**511**

Under Greek GAAP, large property tax does not affect the profit of the year, but affects retained earnings. Under IFRS, Large property tax is included in the income statement.

(d) Employee benefits

Recognition of bonus to employees for 2004 period …………………………………………………	142
Total impact – increase in employee benefits …………………………………………………..	**142**

(e) Depreciation of property, plant and equipment

Under IFRS, investment property is carried at fair value and is not depreciated.

(f) Interest income

Total impact of minor items ……………………………………………………………………….	16
Total impact – increase in interest income ……………………………………………………...	**16**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

(g) Other income

Consolidation of subsidiary previously excluded from consolidation under Greek GAAP ………….	31
Total impact – increase in interest income ………………………………………………………...	**31**

(h) Other expenses

De-recognition of expense for leasehold improvements recovered from tenants …………………….	(701)
Consolidation of subsidiary previously excluded from consolidation under Greek GAAP ………….	100
Total impact of minor items ………………………………………………………………………..	(2)
Total impact - decrease in other expenses …………………………………………………………	**(603)**

(i) Finance costs

Consolidation of subsidiary previously excluded from consolidation under Greek GAAP ………….	341
De-recognition of capital portion of finance lease payments ……………………………………...	(372)
Total impact – decrease in finance costs ……………………………………………………………...	**(31)**

IAS 17 has been applied to calculate the amount of finance expense paid on assets leased as finance leases.

(j) Share of profit from joint venture

Recognition of share of results of joint venture previously excluded from consolidation under Greek GAAP - Zenon Real Estate ………………………………………………………………….....	801
Total impact – increase in share of profit from joint venture …………………………………....	**801**

(k) Income tax expense

Deferred tax adjustments …………………………………………………………………………..	1,928
Consolidation of subsidiary previously excluded from consolidation under Greek GAAP ………….	384
Total impact – increase in income tax expense …………………………………………………….	**2,312**

The adjustments to income tax expense reflect the effect of consolidation of the subsidiary that was excluded from consolidation under Greek GAAP. It also reflects the total effect of measuring deferred tax in accordance with IAS 12.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

5.2.4 Reconciliation of equity at 1 January 2005 - Group

	Notes	IFRS 31 Dec 2004	Effect of transition	IFRS 1 Jan 2005
Assets				
Non-current assets				
Investment property ……………………………………		203,355	-	203,355
Investment in joint venture ……………………………..		4,838	-	4,838
Property, plant and equipment …………………………		1,344	-	1,344
Available-for-sale financial assets ………………………	a	-	1,139	1,139
Other non current assets …………………………………	b	1,279	(1,139)	140
Total non-current assets ………………………………		210,816	-	210,816
Current assets				
Trade and other receivables ………………………..........		3,334	-	3,334
Cash and cash equivalents ………………………………		10,262	-	10,262
Total current assets …………………………………….		**13,596**	**-**	**13,596**
Total assets …………………………………….........		**224,412**	**-**	**224,412**
Shareholders' equity and liabilities				
Capital and reserves				
Share capital ……………………………………………		14,991	-	14,991
Share premium …………………………………………		20,303	-	20,303
Reserves …………………………………………………		2,925	-	2,925
Retained earnings ………………………………………		41,791	-	41,791
Total shareholders' equity ……………………………		**80,010**	**-**	**80,010**
Deferred income		319	-	319
Non-current liabilities				
Borrowings, including finance leases ……………………		82,198	-	82,198
Deferred tax liabilities ……………………………….........		10,915	-	10,915
Total non-current liabilities ……………………………		**93,113**	**-**	**93,113**
Current liabilities				
Trade and other payables …………………………….........		3,110	-	3,110
Current income tax liabilities ……………………………		1,213	-	1,213
Borrowings, including finance leases ……………...........		46,647	-	46,647
Total current liabilities ……………………….........		**50,970**	**-**	**50,970**
Total liabilities …………………………………………		**144,402**	**-**	**144,402**
Total shareholders' equity and liabilities …………….		**224,412**	**-**	**224,412**

The Group took the exemption not to restate its comparative information for IAS 32 and IAS 39. It therefore adopted IAS 32 and IAS 39 at 1 January 2005.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

The following notes explain the adjustments made at 1 January 2005 to the Group's balance sheet at 31 December 2004 to reflect the adoption of IAS 32 and IAS 39.

Explanation of the effect of the transition to IFRS

(a) Available-for-sale financial assets – non-current

Reclassification from other non-current assets ………………………………………………………	1,139
Total adjustment to available-for-sale financial assets ……………………………………………	**1,139**

Reclassification of investments from other non-current assets to available-for-sale under IFRS. The available for sale securities are stated in fair value.

(b) Other non-current assets

Reclassification to available-for-sale financial assets - non-current ………………………………….	(1,139)
Total adjustment to other non-current assets …………………………………………………..	**(1,139)**

Reclassification of investments from other non-current assets to available-for-sale classification under IFRS.

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All amounts expressed in €'000s unless otherwise stated

5.3 Reconciliation between IFRS and GAAP – Subsidiary (ELDEPA S.A.)

5.3.1 Reconciliation of equity at 1 January 2004 – Subsidiary (ELDEPA S.A.)

	Notes	Greek GAAP	Effect of transition	IFRS
Assets				
Non-current assets				
Investment property ………………………………..	a	-	16,135	16,135
Intangible assets ……………………………………	b	268	(268)	-
Property, plant and equipment ……………………..	c	10,653	(10,653)	-
Total non-current assets …………………………		**10,921**	**5,214**	**16,135**
Current assets				
Trade and other receivables ………………………..	d	1,391	(88)	1,303
Cash and cash equivalents ………………………….		856	-	856
Total current assets ………………………………		2,247	(88)	2,159
Total assets ………………………………………...		**13,168**	**5,126**	**18,294**
Shareholders' equity and liabilities				
Capital and reserves				
Share capital ………………………………………..		3,721	-	3,721
Reserves …………………………………………….		15	-	15
Retained earnings …………………………………..	g	143	3,389	3,532
Total shareholders' equity ………………………..		**3,879**	**3,389**	**7,268**
Non-current liabilities				
Borrowings, including finance leases ………………		6,681	-	6,681
Deferred tax liabilities ……………………………..	e	-	1,825	1,825
Total non-current liabilities ……………………...		**6,681**	**1,825**	**8,506**
Current liabilities				
Trade and other payables …………………………..		135	-	135
Current income tax liabilities ………………………	f	117	(88)	29
Borrowings, including finance leases ………………		2,356	-	2,356
Total current liabilities …………………………...		2,608	(88)	2,520
Total liabilities ……………………………………		**9,289**	**1,737**	**11,026**
Total shareholder's equity and liabilities ……….		**13,168**	**5,126**	**18,294**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

Explanation of the effect of the transition to IFRS

The following explains the material adjustments to the balance sheet.

(a) Investment Properties

Reclassification from property, plant and equipment ...	10,653
Effect of difference between fair value and depreciated cost ...	5,234
Reclassification of charges relating to investment property acquisitions ...	248
Total impact - increase in investment property ...	**16,135**

Under Greek GAAP, companies classified investment properties under property, plant and equipment that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value. Valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee at periodic intervals not exceeding six months.

(b) Intangible assets

Reclassification of charges relating to investment property acquisitions to investment property ...	(248)
Write off of capitalised expenses that do not meet the IFRS definition of an intangible asset ...	(20)
Total impact – decrease in intangible assets ...	**(268)**

(c) Property, plant and equipment

Reclassification to investment property ...	(10,653)
Total impact decrease in property, plant and equipment ...	**(10,653)**

Under Greek GAAP, companies classified investment properties under property, plant and equipment that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value.

(d) Trade and other receivables

Reclassification of prepaid tax to current income tax liability ...	(88)
Total impact – decrease in trade and other receivables ...	**(88)**

(e) Deferred tax liabilities

Overall impact of recognising deferred tax in accordance with IAS 12 ...	1,825
Total impact – increase in deferred tax liabilities ...	**1,825**

(f) Current income tax liabilities

Reclassification of prepaid tax from trade and other receivables ...	(88)
Total impact – increase in current income tax liabilities (current) ...	**(88)**

(g) Retained earnings

All above adjustments were recorded against the opening retained earnings at 1 January 2004. The total net impact is an increase in retained earnings of €3,389.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

5.3.2 Reconciliation of equity at 31 December 2004 – Subsidiary (ELDEPA S.A.)

	Notes	Greek GAAP	Effect of transition	IFRS
Assets				
Non-current assets				
Investment property ………………………………..	a	-	16,518	16,518
Intangible assets ……………………………………	b	161	(161)	-
Property, plant and equipment ……………………..	c	10,174	(10,174)	-
Total non-current assets ………………………….		**10,335**	**6,183**	**16,518**
Current assets				
Trade and other receivables ………………………..	d	1,060	(127)	933
Cash and cash equivalents ………………………….		1,985	-	1,985
Total current assets ……………………………….		**3,045**	**(127)**	**2,918**
Total assets ………………………………………...		**13,380**	**6,056**	**19,436**
Shareholder's equity and liabilities				
Capital and reserves				
Share capital ………………………………………..		3,721	-	3,721
Reserves …………………………………………….		27	-	27
Retained earnings …………………………………..	g	320	4,205	4,525
Total shareholder's equity ………………………..		**4,068**	**4,205**	**8,273**
Non-current liabilities				
Borrowings, including finance leases ………………		6,681	-	6,681
Deferred tax liabilities ……………………………...	e	-	1,978	1,978
Total non-current liabilities ………………………		**6,681**	**1,978**	**8,659**
Current liabilities				
Trade and other payables		5	-	5
Current income tax liabilities	f	270	(127)	143
Borrowings, including finance leases		2,356	-	2,356
Total current liabilities …………………………...		**2,631**	**(127)**	**2,504**
Total liabilities …………………………………….		**9,312**	**1,851**	**11,163**
Total shareholders' equity and liabilities ……….		**13,380**	**6,056**	**19,436**

The nature of the adjustments from Greek GAAP to IFRS at 31 December 2004 is similar to those at 1 January 2004.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

Explanation of the effect of the transition to IFRS

The following explains the material adjustments to the balance sheet and income statement.

(a) Investment Properties

Reclassification from property, plant and equipment	10,673
Effect of difference between fair value and depreciated cost	5,597
Reclassification of charges relating to investment property acquisitions	248
Total impact - increase in investment property	**16,518**

Under Greek GAAP, companies classified investment properties under property, plant and equipment that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value. Valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee at periodic intervals not exceeding six months.

(b) Intangible assets

Reclassification of charges relating to investment property acquisitions to investment property	(248)
Effect of difference between Greek GAAP and IFRS depreciation	107
Write off of capitalised expenses that do not meet the IFRS definition of an intangible asset	(20)
Total impact – decrease in intangible assets	**(161)**

Under Greek GAAP, costs relating to investment property acquisitions were recorded at cost, adjusted by amortisation on a straight-line basis using specific tax rates. Under IFRS, these costs increase the cost of the property.

(c) Property, plant and equipment

Reclassification to investment property	(10,673)
Effect of difference between Greek GAAP and IFRS depreciation	499
Total impact - decrease in property, plant and equipment	**(10,174)**

Under Greek GAAP, companies classified investment properties under property, plant and equipment that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value.

(d) Trade and other receivables

Reclassification of prepaid tax to current income tax liability	(127)
Total impact – decrease in trade and other receivables	**(127)**

(e) Deferred tax liabilities

Overall impact of recognising deferred tax in accordance with IAS 12	1,978
Total impact – increase in deferred tax liabilities	**1,978**

(f) Current income tax liabilities

Reclassification of prepaid tax from trade and other receivables	(127)
Total impact – decrease in current income tax liabilities (current)	**(127)**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

(g) Retained earnings

All above adjustments were recorded against the opening retained earnings at 1 January 2004. The total net impact is an increase in retained earnings of €4,205.

5.3.3 Reconciliation of net income for the year ended 31 December 2004 – Subsidiary (ELDEPA S.A.)

	Notes	Greek GAAP	Effect of transition	IFRS
Revenue …………………………………………		1,479	-	1,479
Net gain from fair value adjustment on investment property …………………………………………	a	-	362	362
Other direct property relating expenses ……………	b	(20)	(21)	(41)
Depreciation of property, plant and equipment …….	c	(607)	607	-
Other income …………………………………….		31	-	31
Other expenses …………………………………..		(100)	-	(100)
Operating profit …………………………………...		**783**	**948**	**1,731**
Finance costs …………………………………….		(341)	-	(341)
Profit before income tax ………………………....		**442**	**948**	**1,390**
Income tax expense ……………………………...	d	(252)	(132)	(384)
Profit for the period ………………………………		**190**	**816**	**1,006**

Explanation of the effect of the transition to IFRS

(a) Net gain from fair value adjustment of investment property

Net gain from fair value adjustment on investment property ……………………………………...	362
Total impact – increase in net gain from fair value adjustment on investment property ………	**362**

Under Greek GAAP, investment property is recognised at cost. Under IFRS, investment property is carried at fair value.

(b) Other direct property relating expenses

Transfer of Large Property Tax …………………………………………………………………	21
Total impact – increase in repair and maintenance costs ……………………………………...	**21**

Under Greek GAAP, large property tax does not affect the profit of the year, but affects retained earnings. Under IFRS, large property tax is included in the income statement.

(c) Depreciation
Under IFRS, investment property is carried at fair value and is not depreciated.

(d) Income tax expense

Deferred tax adjustments ………………………………………………………………………..	132
Total impact – increase in income tax expense …………………………………………………	**132**

The adjustment to income tax expense reflects the total effect of measuring deferred tax in accordance with IAS 12.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

5.4 Reconciliation between IFRS and GAAP – Joint Venture (Zenon Real Estate S.A.)

5.4.1 Reconciliation of equity at 1 January 2004 – Joint Venture (Zenon Real Estate S.A.)

	Notes	Greek GAAP	Effect of transition	IFRS
Assets				
Non-current assets				
Investment property	a	-	65,714	65,714
Intangible assets	b	540	(540)	-
Property, plant and equipment	c	6,560	(6,560)	-
Total non-current assets		**7,100**	**58,614**	**65,714**
Current assets				
Trade and other receivables		86	-	86
Cash and cash equivalents		722	-	722
Total current assets		808	-	808
Total assets		**7,908**	**58,614**	**66,522**
Shareholders' equity and liabilities				
Capital and reserves				
Share capital		3,600	-	3,600
Retained earnings	h	(233)	4,706	4,473
Total shareholders' equity		**3,367**	**4,706**	**8,073**
Non-current liabilities				
Borrowings, including finance leases	d	4,077	50,313	54,390
Deferred tax liabilities	e	-	2,534	2,534
Total non-current liabilities		**4,077**	**52,847**	**56,924**
Current liabilities				
Trade and other payables	f	196	180	376
Current income tax liabilities		183	-	183
Borrowings, including finance leases	g	85	881	966
Total current liabilities		**464**	**1,061**	**1,525**
Total liabilities		**4,541**	**53,908**	**58,449**
Total shareholders' equity and liabilities		**7,908**	**58,614**	**66,522**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

Explanation of the effect of the transition to IFRS

The following explains the material adjustments to the balance sheet.

(a) Investment Properties

Reclassification from property, plant and equipment	4,137
Recognition of finance leases that were treated as operating leases under GAAP	55,000
Effect of difference between fair value and depreciated cost	6,071
Reclassification of charges relating to investment property acquisitions from intangible assets	506
Total impact - increase in investment property	**65,714**

Under Greek GAAP, companies classified investment properties under property, plant and equipment that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value.

(b) Intangible assets

Reclassification of charges relating to investment property acquisitions to investment property	(506)
Write off of capitalised expenses that do not meet the IFRS definition of an intangible asset	(34)
Total impact – decrease in intangible assets	**(540)**

Under Greek GAAP, costs relating to investment property acquisitions were recorded at cost, adjusted by amortisation on a straight-line basis using specific tax rates. Under IFRS, these costs increase the cost of the property.

(c) Property, plant and equipment

Reclassification to investment property	(4,137)
Write off of capitalised lease payments	(2,423)
Total impact - decrease in property, plant and equipment	**(6,560)**

Under Greek GAAP, companies classified investment properties under fixed assets that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value.

(d) Borrowings including finance leases (non-current)

Recognition of finance leases (non-current portion) that were treated as operating leases under GAAP	50,313
Total impact – increase in borrowings, including finance leases (non-current)	**50,313**

The fifteen investment properties leased by Zenon Real Estate S.A. qualify as finance leases under IFRS. Zenon Real Estate has therefore recognised the leased assets as investment property and the corresponding lease liabilities.

(e) Deferred tax liabilities

Overall impact of recognising deferred tax in accordance with IAS 12	2,534
Total impact – increase in deferred tax liabilities	**2,534**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

(f) Trade and other payables (current)

Recognition of accrued expenses …………………………………………………………………	180
Total impact – increase in trade and other payables (current) ……………………………………	**180**

(g) Borrowings including finance leases (current)

Recognition of finance leases (current portion) that were treated as operating leases under GAAP …	881
Total impact – increase in borrowings, including finance leases (current) ………………………	**881**

The fifteen investment properties leased by Zenon Real Estate S.A. qualify as finance leases under IFRS. Zenon Real Estate has therefore recognised the leased assets as investment property and the corresponding lease liabilities.

(h) Retained earnings

All above adjustments were recorded against the opening retained earnings at 1 January 2004. The total net impact is an increase in retained earnings of €4,706.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

5.4.2 Reconciliation of equity at 31 December 2004 – Joint Venture (Zenon Real Estate S.A.)

	Notes	Greek GAAP	Effect of transition	IFRS
Assets				
Non-current assets				
Investment property …………………………………	a	-	67,072	67,072
Intangible assets …………………………………	b	405	(405)	-
Property, plant and equipment …………………………	c	7,898	(7,898)	-
Total non-current assets ……………………………		8,303	58,769	67,072
Current assets				
Trade and other receivables ……………………………		517	-	517
Cash and cash equivalents ……………………………		949	-	949
Total current assets ……………………………………		1,466	-	1,466
Total assets ……………………………………………		**9,769**	**58,769**	**68,538**
Shareholders' equity and liabilities				
Capital and reserves				
Share capital ………………………………………………		3,600	-	3,600
Reserves …………………………………………………		31	-	31
Retained earnings …………………………………………	h	585	5,460	6,045
Total shareholders' equity ……………………………..		**4,216**	**5,460**	**9,676**
Non-current liabilities				
Borrowings, including finance leases ……………………				
Deferred tax liabilities …………………………………	d	4,017	49,748	53,765
Total non-current liabilities …………………………	e	-	2,934	2,934
		4,017	52,682	56,699
Current liabilities				
Trade and other payables ………………………………	f	73	62	135
Current income tax liabilities …………………………		1,403	-	1,403
Borrowings, including finance leases ……………………	g	60	565	625
Total current liabilities ………………………………		1,536	627	2,163
Total liabilities ………………………………………		**5,553**	**53,309**	**58,862**
Total shareholders' equity and liabilities ……………..		**9,769**	**58,769**	**68,538**

The nature of the adjustments from Greek GAAP to IFRS at 31 December 2004 is similar to those at 1 January 2004.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

Explanation of the effect of the transition to IFRS

The following explains the material adjustments to the balance sheet and income statement.

(a) Investment Properties

Reclassification from property, plant and equipment	4,137
Recognition of finance leases that were treated as operating leases under GAAP	55,000
Effect of difference between fair value and depreciated cost	7,429
Reclassification of charges relating to investment property acquisitions from intangible assets	506
Total impact - increase in investment property	**67,072**

Under Greek GAAP, companies classified investment properties under property, plant and equipment that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value.

(b) Intangible assets

Reclassification of charges relating to investment property acquisitions to investment property	(506)
Effect of difference between Greek GAAP and IFRS depreciation	135
Write off of capitalised expenses that do not meet the IFRS definition of an intangible asset	(34)
Total impact – decrease in intangible assets	**(405)**

(c) Property, plant and equipment

Reclassification to investment property	(4,137)
Write off of capitalised lease payments	(3,813)
Effect of difference between Greek GAAP and IFRS depreciation	52
Total impact - decrease in property, plant and equipment	**(7,898)**

Under Greek GAAP, companies classified investment properties under property, plant and equipment that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value.

(d) Borrowings including finance leases (non-current)

Recognition of finance leases (non-current portion) that were treated as operating leases under GAAP	49,748
Total impact – increase in borrowings, including finance leases (non-current)	**49,748**

The fifteen investment properties leased by Zenon Real Estate S.A. qualify as finance leases under IFRS. Zenon Real Estate has therefore recognised the leased assets as investment property and the corresponding lease liabilities.

(e) Deferred tax liabilities

Overall impact of recognising deferred tax in accordance with IAS 12	2,934
Total impact – increase in deferred tax liabilities	**2,934**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

(f) Trade and other payables (current)

Recognition of accrued expenses …………………………………………………………………………	62
Total impact – increase in trade and other payables (current) ……………………………………	**62**

(g) Borrowings including finance leases (current)

Recognition of finance leases (current portion) that were treated as operating leases under GAAP …	565
Total impact – increase in borrowings, including finance leases (current) ………………………	**565**

The fifteen investment properties leased by Zenon Real Estate S.A. qualify as finance leases under IFRS. Zenon Real Estate has therefore recognised the leased assets as investment property and the corresponding lease liabilities.

(h) Retained earnings

All above adjustments were recorded against the opening retained earnings at 1 January 2004. The total net impact is an increase in retained earnings of €5,460.

5.4.3 Reconciliation of net income for the year ended 31 December 2004 – Joint Venture (Zenon Real Estate S.A.)

	Notes	Greek GAAP	Effect of transition	IFRS
Revenue …………………………………………………….		4,931	-	4,931
Net gain from fair value adjustment on investment property ……………………………………………….	a	-	1,358	1,358
Other direct property relating expenses …………………	b	(37)	(212)	(249)
Depreciation of property, plant and equipment ………….	c	(187)	187	-
Interest income …………………………………………..		7	-	7
Other expenses …………………………………………		(182)	-	(182)
Operating profit ………………………………………		**4,532**	**1,333**	**5,865**
Finance costs ………………………………………….	d	(2,681)	(394)	(3,075)
Profit before income tax ………………………………		**1,851**	**939**	**2,790**
Income tax expense ……………………………………	e	(641)	(547)	(1,188)
Profit for the period ……………………………………		**1,210**	**392**	**1,602**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

Explanation of the effect of the transition to IFRS

(a) Net gain from fair value adjustment of investment property

Net gain from fair value adjustment on investment property	1,358
Total impact – increase in net gain from fair value adjustment on investment property	**1,358**

Under Greek GAAP, investment property is recognised at cost. Under IFRS, investment property is carried at fair value.

(b) Other direct property relating expenses

Transfer of Large Property Tax	212
Total impact – increase in other direct property relating expenses	**212**

Under Greek GAAP, large property tax does not affect the profit of the year, but affects retained earnings. Under IFRS, large property tax is included in the income statement.

(c) Depreciation

Under IFRS, investment property is carried at fair value and is not depreciated.

(d) Finance costs

De-recognition of capital portion of finance lease payments	394
Total impact – increase in finance costs	**394**

IAS 17 has been applied to calculate the amount of finance expense paid on assets leased as finance leases.

(e) Income tax expense

Deferred tax adjustments	547
Total impact – increase in income tax expense	**547**

The adjustment to income tax expense reflects the total effect of measuring deferred tax in accordance with IAS 12.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

6 Segment Information

a) Primary reporting format – business segments

At 31 December 2005, the Group is organised into three main business segments determined in accordance with the type of the investment property:

Retail – mainly bank branches
Offices – mainly in Athens
Industrial – principally warehouses, including parking.

The Group was also previously involved in the provision of property related services up until 1 December 2004, at which date this business was disposed of to a related party (see Note 19).

For the year ended 31 December 2005

	Industrial	Offices	Retail	Group
REVENUE				
Segment Revenue	4,076	9,060	3,728	16,864
RESULT				
Segment result (including fair value gains)	8,721	10,267	4,975	23,963
Unallocated corporate expenses				(3,137)
Unallocated corporate income				1,027
Profit from operations				21,853
Finance costs				(3,044)
Loss on disposal of interest in joint venture				(3,543)
Share of profit in joint venture				505
Profit before tax				15,771
Income tax relief				8,262
Profit after tax				**24,033**
OTHER INFORMATION				
Capital additions	2,655	53,678	169	56,502
BALANCE SHEET				
ASSETS				
Segment assets	52,172	107,541	56,178	215,891
Unallocated corporate assets				94,901
Consolidated total assets				**310,792**
LIABILITIES				
Segment liabilities	24,349	17,717	11	42,077
Unallocated corporate liabilities				9,747
Consolidated total liabilities				**51,824**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

For the year ended 31 December 2004

	Continuing Services Investment Property				Discontinuing Services	Group
	Industrial	Offices	Retail	Total		
REVENUE						
Segment Revenue …………………..	3,736	8,651	3,616	16,003	4,736	20,739
RESULT						
Segment result (including fair value gains) ……………………………….	3,954	10,103	4,736	18,793	911	19,704
Unallocated corporate expenses …….						(1,632)
Unallocated corporate income ………						261
Profit from operations ………………						18,333
Finance costs ………………………						(8,175)
Share of profit in joint venture ……..						801
Profit on disposal of discontinuing operations …………………………..						5,586
Profit before tax ……………………						16,545
Income tax expense …………………						(1,744)
Profit after tax ……………………						**14,801**
OTHER INFORMATION						
Capital additions ……………………	-	1,456	-	1,456	-	1,456
BALANCE SHEET						
ASSETS						
Segment assets ……………………	44,744	105,461	54,684	204,889	-	204,889
Unallocated corporate assets ……..						19,523
Consolidated total assets ………						**224,412**
LIABILITIES						
Segment liabilities ……………….	725	18,180	-	18,905	-	18,905
Unallocated corporate liabilities ….						125,497
Consolidated total liabilities …….						**144,402**

There are no transactions between the business segments. Unallocated costs represent corporate expenses. Finance costs in the year ended 31 December 2004 include losses on the termination of derivative financial instruments linked to interest bearing borrowings.

Segment assets consist primarily of investment property and trade receivables. They exclude property, plant and equipment, investments, non-trade receivables and cash and cash equivalents.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

Segment liabilities comprise operating liabilities and finance lease obligations. They exclude items such as taxation, dividends payable and corporate borrowings.

Capital expenditure comprises additions to investment property and property under construction or development for future use as investment property (Notes 7 and 9).

b) Geographical Segments

The Group's business segments operate in two main geographical areas and are managed in Athens.

With the exception of territories mentioned, no other individual territory contributed more than 10% of consolidated revenue or assets.

The location of the customers is the same as the location of the assets.

The following table provides an analysis of the Group's rental income by geographical market:

	From continuing operations Year ended 31 December	
	2005	**2004**
Athens ………………………………………………………………	12,479	11,976
Rest of Greece ……………………………………………………...	4,385	4,027
	16,864	**16,003**

Rest of Greece mainly relates to Enofyta, Viotia, (located about 50 kms outside Athens), Thessaloniki, Patras and Ioannina.

Revenue from the Group's discontinued operations, which amounted to €4,736 for the year ended 31 December 2004 was derived principally from Athens.

Assets by geographical segments:

	Year ended 31 December	
	2005	**2004**
Athens ………………………………………………………………	256,423	178,147
Rest of Greece ……………………………………………………..	54,369	46,265
	310,792	**224,412**

Capital expenditures by geographical segments:

	Year ended 31 December	
	2005	**2004**
Athens ………………………………………………………………	56,502	1,456
Rest of Greece ……………………………………………………..	-	-
	56,502	**1,456**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

7 Investment Property

	Year ended 31 December 2005	2004
At beginning of period	203,355	198,944
Additions	3,014	1,456
Disposal	(221)	-
Net gain from fair value adjustments	7,269	2,955
At end of period	**213,417**	**203,355**

The Group's investment properties were revalued at each balance sheet date by independently professional valuers (Greek Institute of Certified Appraisers – "SOE"). Valuations were based primarily on discounted cash flow projections due to the absence of sufficient current prices for an active market.

On 17 November 2005 the Company entered into a sale and leaseback agreement for one of its properties with a related party under which it raised additional financing of €24,544. The leaseback has been classified as a finance lease (Note 15) since the Company will acquire the leased property for a nominal value at the end of the lease term.

Investment properties as at 31 December 2005 include three (2004 - two) properties having an aggregate fair value of €42,347 (2004 - €17,023) which are held under finance leases (see Note 15).

There are restrictions on the ability of the Group to realise the carrying amounts of its investment property in certain circumstances under Greek Law 2778/1999 governing real estate investment vehicles (see Note 1) and the distribution of unrealised fair value gains relating to investment property under Greek Company Law 2190/1920 (as amended).

8 Interest in Joint Venture

The Group had a 50% interest in a joint venture, Zenon Real Estate S.A., which owned and managed investment properties. The Group disposed of its interest in the joint venture during August 2005 to a related party (see Note 29) as part of management's restructuring of the group in anticipation of obtaining the legal status of a real estate investment company. This disposal resulted in a loss of €3,543, as shown below, which is included within operating profit in the income statement for the year ended 31 December 2005:

Proceeds on disposal	1,800
Carrying amount at date of disposal	(5,343)
Loss on disposal	**3,543**

The movement in the Group's interest in the joint venture was as follows:

	Year ended 31 December 2005	2004
Beginning of the period	4,838	4,037
Share of net profit after tax	505	801
Disposal	(5,343)	-
End of year	**-**	**4,838**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

The following amounts represented the Group's share of the assets, liabilities, revenue, and results of the joint venture:

	31 December	
	2005	**2004**
Total non-current assets ……………………………………………….	-	33,536
Total current assets …………………………………………………….	-	733
Total assets ……………………………………….………………….....	**-**	**34,269**
Total non-current liabilities …………………….……………………..	-	28,350
Total current liabilities …………………………………………………...	-	1,081
Total liabilities …………………………………………………………..	**-**	**29,431**
Net assets ………………………………………………………………...	**-**	**4,838**

	Year ended 31 December	
	2005	**2004**
Revenue ………………………………………………………………….	3,379	4,931
Expenses (including taxation) ……………….………………………...	(2,370)	(3,329)
Profit for the year …………………………..…………………………..	1,009	1,602
Company's share of joint venture's profit for the year ……………...	**505**	**801**

There are no contingent liabilities relating to the Group's interest in the joint venture, and no contingent liabilities of the venture itself. The joint venture did not have any outstanding capital commitments.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

9 Property, Plant and Equipment

	Land and buildings	Fixtures and equipment	Property under development	Total
At 1 January 2004				
Cost …………………………………………	1,214	250	-	1,464
Accumulated depreciation ……………………	-	(28)	-	(28)
Net book amount ……………………………	**1,214**	**222**	**-**	**1,436**
Year ended 31 December 2004				
Opening net amount at 1 January 2004 ……….	1,214	222	-	1,436
Additions ………………………………………	-	26	-	26
Disposals ………………………………………	-	(4)	-	(4)
Depreciation charge ……………………………	(26)	(88)	-	(114)
Closing net book amount at 31 December 2004 ……………………………………………	**1,188**	**156**	**-**	**1,344**
At 31 December 2004				
Cost …………………………………………	1,214	272	-	1,486
Accumulated depreciation ……………………	(26)	(116)	-	(142)
Net book amount ……………………………	**1,188**	**156**	**-**	**1,344**
Year ended 31 December 2005				
Opening net amount at 1 January 2005 ………..	1,188	156	-	1,344
Additions ………………………………………	-	24	53,488	53,512
Depreciation charge ……………………………	(26)	(26)	-	(52)
Closing net book amount at 31 December 2005……………………………………………	**1,162**	**154**	**53,488**	**54,804**
At 31 December 2005				
Cost …………………………………………	1,214	296	53,488	54,998
Accumulated depreciation ……………………	(52)	(142)	-	(194)
Net book amount ……………………………	**1,162**	**154**	**53,488**	**54,804**

There were no impairment charges during 2005 and 2004.

Land and buildings comprise owner-occupied property located at 16 Laodikias Street, Athens, used for administration purposes. This asset is unsecured.

During September 2005 the Group acquired land and buildings located in Nea Ionia (Greater Athens area) for future development as an investment property at a cost of €52,000 from a third party. This property has been mainly financed from proceeds received from the issue of equity instruments during August 2005 (see Note 13). The acquired property was acquired specifically for purposes of entering into an operating lease with EFG Eurobank Ergasias for an initial 20 year term. The operating lease agreement requires that the Company carry out certain development works of €12,000 that are necessary to prepare the property for its intended use by the lessee.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

10 Available-for-sale financial assets

At 31 December 2004	**-**
Impact of IAS 32 and 39 adoption (Note 5)	1,139
At 1 January 2005	**1,139**
Disposals	(1,139)
At 31 December 2005	**-**

This line item is only used from 1 January 2005, the IAS 32/39 transition date.

Available-for-sale financial assets include the following:

Unlisted securities:	
- debt securities issued by Companies incorporated in Greece	1,139

The above securities where sold during 2005 for an amount of €1,510, resulting in a gain of €371 (which is included in other income).

11 Trade and other receivables

	31 December	
	2005	**2004**
Trade receivables	1,655	1,052
Receivables from related parties (Note 29)	923	339
Other receivables	2,011	2,083
Marketable securities	-	1,139
	4,589	4,613
Less non-current portion	**89**	**1,279**
Current portion	**4,500**	**3,334**

All non-current receivables are due within five years from the balance sheet date.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Group has a significant concentration of credit risks with respect to two key tenants, EFG Eurobank Ergasias Group and Marinopoulos Group that individually account for over 10% of rental income. However, no significant credit losses are anticipated in view of the high credit status of the tenants.

12 Cash and cash equivalents

		31 December
	2005	**2004**
Cash at bank and in hand	37,982	2,762
Short-term bank deposits	-	7,500
	37,982	**10,262**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

The effective interest rate on short-term bank deposits was 1.71% as at 31 December 2004. Short-term bank deposits have an average maturity of less than 30 days.

The Group has a significant concentration of credit risk with respect to cash and bank balances which are held with its parent company. However, no credit losses are anticipated in view of the high credit status of the counterparty.

13 Share Capital

	Number of shares (thousands)	Ordinary shares	Share premium	Total
At 1 January and 31 December 2004 ……………………………	**7,038**	**14,991**	**20,303**	**35,294**
Proceeds from share issue in August 2005 (net of issue costs of €278) ………………………..	11,852	25,244	134,478	159,722
Incremental costs associated with domestic offering (Note 30)	-	-	(858)	(858)
At 31 December 2005 …………..	**18,890**	**40,235**	**153,923**	**194,158**

The total authorised number of ordinary shares is 18,890 thousands (31 December 2004 – 7,038 thousands) with a par value of €2.13 per share. All shares are fully paid up.

The Company issued 11,852 thousand ordinary shares with a par value of €2.13 in August 2005 to existing shareholders for a total consideration of €159,722. The proceeds of this issue were used to extinguish existing borrowings in anticipation of the change in the Company's legal status to that of a real estate investment company under Greek Law 2778/1999 and finance the acquisition of the Nea Ionia property (Note 9).

The Company has one class of ordinary shares, which have a right to receive a minimum dividend equivalent to 35% of the annual distributable profits under its Greek Law 2778/1999 and its constitution.

The Company does not operate a shared based compensation scheme nor do any of its employees participate in its parent company's group share based compensation scheme.

14 Other Reserves

	Statutory Reserve	Reserves established under tax laws	Total
Balance at 1 January 2004 …………………………….	**393**	**2,296**	**2,689**
Transfer from retained earnings ………………………...	236	-	236
Balance at 31 December 2004 …………………………	**629**	**2,296**	**2,925**
Transfer from retained profits …………………………...	445	-	445
Balance at 31 December 2005 ………………………..	**1,074**	**2,296**	**3,370**

The Company is required by Greek Company Law 2190/1920 to transfer 5% of the annual distributable income to a statutory reserve until such time as the accumulated reserves is equal to a third of the paid up ordinary share capital. This reserve is not distributable to the Company's shareholders except upon liquidation.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

The Company has established tax free reserves under various Greek tax laws over the years in order to achieve tax efficiencies, by either (a) deferring the settlement of its income tax liabilities until such time as these reserves are distributed to the Company's shareholders or (b) effectively eliminating any future income tax payments by utilising these reserves for purposes of issuing bonus shares to the Company's shareholders. In the event that these reserves were to be distributed to the Company's shareholders as dividends, such distributions may attract income tax at rates applicable when such reserves were originally established. No provision for contingent income taxes payable in the event of a future distribution of such reserves to the Company's shareholders has been recognised since such income tax liabilities are recognised together with the liability for the dividend relating to such distributions.

15 Borrowings, including obligations under finance leases

All borrowings are at floating rates of interest. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase or decrease as a result of such changes. In order to manage the Group's interest rate exposure on its debentures the Group entered into an interest rate swap agreement during 2002 under which it converted its floating interest rate to a fixed rate of interest. This interest rate swap was terminated in December 2004 and resulted in a loss of €2,745, which is included in finance costs (Note 22).

	31 December	
	2005	**2004**
Non-current		
Bank borrowings ……………	1,000	19,652
Debentures ……………	-	45,000
Finance lease obligations ……………	40,149	17,546
Total non-current borrowings ……………	41,149	82,198
Current		
Bank borrowings ……………	-	46,167
Finance lease obligations ……………	1,677	480
Total current borrowings ……………	1,677	46,647
Total borrowings ……………	**42,826**	**128,845**

The maturity of the non-current borrowings is as follows:

	31 December	
	2005	**2004**
Between 1 and 2 years ……………	1,795	523
Between 2 and 5 years ……………	9,517	66,952
Over 5 years ……………	29,837	14,723
	41,149	**82,198**

The Group extinguished all its non-current bank borrowings in advance of their repayment dates during August 2005 in anticipation of the Company's change in legal status to a real estate investment company. The extinguishment was necessary in order to comply with the regulatory regime, applicable to investment property vehicles, which restricts the level of debt that such vehicles can assume.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates are restricted to a maximum re-pricing period of 90 days.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

The effective interest rates at the balance sheet dates were as follows:

	31 December 2005	31 December 2004
Bank borrowings …………………………………………………………	3.78%	4.23%
Debentures …………………………………………………………….	2.32%	2.33%
Finance lease obligations ………………………………………………...	3.00%	2.82%

The fair value of these floating-rate borrowings closely approximated their carrying amounts at the various balance sheet dates.

The Group is not exposed to any foreign currency risks on its borrowings since as all borrowings are denominated in the functional currency.

Minimum Lease Payments

	31 December 2005	31 December 2004
No later than 1 year ……………………………….…………………...	3,203	1,078
Later than 1 year but not later than 5 years ……….....…………………...	13,348	4,411
Later than 5 years ……………………………....…………………...	39,070	19,485
	55,621	24,974
Less future finance charges ……………………….…………………...	(13,795)	(6,948)
Present value of finance lease obligation ……………………………...	**41,826**	**18,026**

Present value of minimum lease payments

	31 December 2005	31 December 2004
Not later than 1 year ……………………………………………………...	1,677	480
Later than 1 year but not later than 5 years ……………….……………...	7,968	2,217
Later than 5 years ……………………………………………………...	32,181	15,329
Present value of lease obligation ………………………………………	**41,826**	**18,026**

Finance lease obligations are secured over investment properties (see Note 7).

The Company entered into a sale and leaseback to finance the purchase of one of its investment properties through a finance lease with a third party leasing company during December 2003. This transaction resulted in a surplus of €348 representing the excess of the net sale proceeds over the fair value of the property, which has been deferred and is being amortised over the lease term of 12 years. Rentals receivable under sub-leases relating to this property have been assigned to the principal lessor as security for lease payments payable by the Company under the finance lease.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

On 17 November 2005, the Company entered into a sale and leaseback agreement with EFG Eurobank Ergasias Leasing S.A. (a related party) under which it raised additional financing of approximately €24,544. The transaction did not result in a gain or loss, since the property was sold at fair value. Rental receivable under the subleases relating to this investment property have been assigned to the principal lessor as security for lease payments payable by the Company under the finance lease (see Note 7).

The three finance leases (including that under the sale and leaseback) have an initial lease term of 12 years, 15 years and 20 years respectively and attract interest at floating rates of interest. The Company has an option to repurchase the investment properties for amounts predetermined at the inception of the leases.

Future minimum payments receivable under non-cancellable subleases were as follows:

	31 December	
	2005	**2004**
Not later than 1 year ……	870	888
Later than 1 year but not later than 5 years ……	3,700	3,590
Later than 5 years ……	12,106	13,086
Present value of lease obligation ……	**16,676**	**17,564**

16 Deferred income tax

Deferred income taxes and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred tax assets and liabilities have been offset since these relate to the same fiscal authority. The offset amounts are as follows:

	31 December	
	2005	**2004**
Deferred tax assets		
- deferred tax assets to be recovered after 12 months ……	-	107
- deferred tax assets to be recovered within 12 months ……	-	-
Total deferred tax assets ……	**-**	**107**
Deferred tax liabilities		
- deferred tax liabilities to be recovered after 12 months ……	-	11,022
- deferred tax liabilities to be recovered within 12 months ……	-	-
Total deferred tax liabilities ……	**-**	**11,022**
Net deferred tax liabilities ……	**-**	**10,915**

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2005	**2004**
Beginning of period ……	10,915	13,089
Income statement relief ……	(10,915)	(2,174)
End of period ……	**-**	**10,915**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

The movement in deferred tax assets and liabilities during the periods, without taking into account offsetting of balance within the same tax jurisdiction, is as follows:

Deferred tax liabilities

	Accelerated tax depreciation	Revaluation of investment property	Total
At 1 January 2004 …………………………………...	5,465	7,799	13,264
Charge to income for the year ……………………...	1,050	497	1,547
Effect of change in tax rate …………………………...	(1,561)	(2,228)	(3,789)
At 31 December 2004 ………………………….…….	**4,954**	**6,068**	**11,022**
Relief to income for the year ………………………….	(4,954)	(6,068)	(11,022)
At 31 December 2005 ………………………….…….	-	-	-

Deferred tax assets

	Gain from sale and lease back	Staff Retirement Indemnity	Deferred Costs	Total
At 1 January 2004 ……………………………	122	19	34	175
(Charge) / Relief to income for the year ………	(7)	(11)	1	(17)
Effect of change in tax rate ……………………	(35)	(6)	(10)	(51)
At 31 December 2004 ………………………..	**80**	**2**	**25**	**107**
Charge to income for the year …………………	(80)	(2)	(25)	(107)
At 31 December 2005 ………………………..	-	-	-	-

17 Trade and other payables

	31 December 2005	31 December 2004
Trade payables …………………………………….………………………..	470	116
Other payables ……………………………………………………………...	1,453	1,754
Amounts due to related parties (Note 29) ………………………………..	2,183	1,240
	4,106	**3,110**

The directors consider that the carrying amount of trade payables approximates their fair value.

18 Revenue

	Year ended 31 December 2005	Year ended 31 December 2004
Rental Income from investment properties ………………………………	16,864	16,003

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

The period of leases whereby the Group leases out its investment property under operating leases is for a minimum 12 years term. Lease rentals are revised annually in accordance with the lease terms by reference to the consumer price index plus a spread up to 2%.

There were no contingent rental arrangements under the existing operating leases

Future aggregate minimum non-cancellable rentals receivable under operating leases, exclusive of future rental adjustments, were as follows:

	Year ended 31 December	
	2005	**2004**
No later than 1 year	20,149	16,480
Later than 1 year but not later than 5 years	85,748	65,417
Later than 5 years	88,756	73,087
	194,653	**154,984**

19 Discontinued Operation – Service Business

On 1 December 2004 the Group disposed of its valuation and agency services as part of its restructuring plans in anticipation of its change in legal status to a real estate investment vehicle. This business, which also represents a separate business segment, was sold to a related party (Eurobank Property Services S.A.) for a consideration of €6,000 resulting in a gain of €5,586 before income tax of €1,955 (Note 23).

Assets and liabilities related to the discontinued operations were as follows:

Assets	
Non-current assets	35
Current assets	530
Total assets	**565**
Liabilities	
Current liabilities	151
Total liabilities	**151**
Net assets	**414**

The results of the discontinued operation were as follows:

	Year ended 31 December	
	2005	**2004**
Revenue	-	4,736
Operating costs	-	(3,825)
Profit before tax	-	911
Income tax expense (Note 23)	-	(502)
Profit after tax from ordinary operations	-	**409**
Capital gain arising upon disposal	-	3,631
	-	**4,040**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

	Year ended 31 December	
	2005	**2004**
Operating cash flows	-	409
Investing cash flows	-	-
Financing cash flows	-	-
Total cash flows	-	**409**
Proceeds from disposal (net of tax)	-	4,045
	-	**4,454**

20 Other direct property operating expenses

Other direct property operating expenses comprise the following:

	Year ended 31 December	
	2005	**2004**
Property taxes	506	490
Insurance and other expenses	139	146
	645	**636**

Direct operating expenses incurred on let and unlet investment property was as follows:

	Year ended 31 December	
	2005	**2004**
Let properties	1,988	626
Unlet properties	8	10
	1,996	**636**

21 Employee Benefit Expense

	Year ended 31 December	
	2005	**2004**
Wages and salaries	130	1,046
Social security costs	27	187
Other benefits	48	191
Bonus paid to employees	-	142
Total employee costs	205	1,566
Less Attributable to discontinued operation	-	1,170
Attributable to continuing operations	**205**	**396**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

22 Finance Costs

	Year ended 31 December	
	2005	**2004**
Interest on borrowings ……………………….………………………..	2,812	3,726
Interest on interest rate swap (Note 15) ………………………………….	-	1,350
Loss on the unwinding of the interest rate swap (Note 15) ……………..	-	2,745
Other …………………………………………………………………….	232	354
Total borrowing costs ………………………………………………….	**3,044**	**8,175**

23 Income Tax Expense

	31 December	
	2005	**2004**
Current tax ……………………………………………………………….	2,653	3,917
Deferred tax (Note 16) ……………………….………………………..	(10,915)	(2,174)
	(8,262)	1,743
Less attributable to discontinued operations ……………………………..	-	(2,457)
Attributable to continuing operations …………………………………….	**(8,262)**	**(714)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	31 December	
	2005	**2004**
Profit before tax from		
-Continuing operations …………………………………………………..	15,771	10,047
- Discontinuing operations ……………………………………………….	-	6,497
Tax profit before tax ……………………………………………………..	**15,771**	**16,544**
Tax at the income tax rate of 32% (2004 – 35%) ………………………..	5,047	5,790
Asset based tax for period subject to change in tax status ……………….	236	-
Tax effects of unrecognised temporary differences for the current period prior to date of change in tax status……………………………………....	(2,994)	-
Exempt income …………………………………………………………..	(1,073)	-
Supplementary tax on rental income ……………………………………..	375	444
Effect of change in tax rate on deferred income tax ……………………..	-	(3,740)
Tax rate differential on deferred income tax ……………………………..	-	(785)
Disallowable expenses …………………………………………………...	90	314
De-recognition of net deferred liability due to change in tax status (Note 16) ……………………………………………………………………….	(10,915)	-
Effect of loss on disposal of interest in joint venture ……………………	1,134	-
Effect of share of interests from joint ventures …………………………..	(162)	(280)
Total tax (relief) / expense ……………………………………………...	**(8,262)**	**1,743**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

	31 December	
	2005	**2004**
Attributable to:		
-Continuing operations …………………………………………………..	(8,262)	(714)
- Discontinuing operations ……………………………………………….	-	2,457
Total tax (relief) / expense …………………………………………….	**(8,262)**	**1,743**

In December 2004 income tax rates for fiscal years ending on or after 31 December 2004 were reduced from 35% to 32%, with further gradual decreases in tax rates reaching 25% for fiscal years ending on or after 31 December 2007.

Following the change in the Company's legal status to a real estate investment vehicle, its taxable income is with effect from 29 September 2005 determined by reference to the fair value of its investment properties and cash and cash equivalents at the tax rate of 0.3% and not by reference to taxable profits.

24 Dividends per share

On 30 December 2004 the Company paid a dividend of €1,830 (€0.26 per share) in respect to 2003, which was approved by the shareholders at their annual general meeting on 30 June 2004.

An interim dividend in respect of 2004 of €0.29 per share, amounting to a total dividend of €2,042 was declared by the directors at their meeting on 3 December 2004 and paid on 10 December 2004. On 9 and 10 October 2005 the Company paid a final dividend of €0.14 per share, amounting to €985, in respect to 2004, which was approved by the shareholders at their annual general meeting on 30 June 2005.

These financial statements reflect the estimated minimum statutory dividend expected to be payable by the Company for each respective period together with any interim dividends approved by the directors and final dividends approved by the shareholders.

25 Earnings per share

Continuing Operations

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding, if any, ordinary shares purchased by the Company and held as treasury shares.

	Year ended 31 December	
	2005	**2004**
Profit attributable to equity holders of the Company.................................	24,033	10,761
Weighted average number of ordinary shares in issue (thousands) ……..	11,454	7,038
Basic earnings per share (€ per share) …………………………………	**2.10**	**1.53**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

Discontinued Operations

The additional basic earnings per share presents data of operations discontinued in the period.

	Year ended 31 December	
	2005	2004
Profit attributable to equity holders of the Company ……………………	-	4,040
Weighted average number of ordinary shares in issue (thousands) ……..	11,454	7,038
Basic earnings per share (€ per share) ………………………………	**0.00**	**0.57**

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

26 Cash generated from operations

		Year ended 31 December	
	Notes	**2005**	**2004**
Profit for the period ……………………………………………….		24,033	14,801
Adjustments for:			
Other gains and losses ……………………………………………		3,455	(29)
Other income ……………………………………………………		(532)	-
Interest income …………………………………………………..		(246)	(133)
Finance costs ……………………………………………………..	22	3,044	8,175
Income tax expense ………………………………………………	23	(8,262)	1,743
Gain on disposal of discontinued operations …………………….	19	-	(5,586)
Depreciation of property, plant and equipment ………………….	9	52	114
Increase in fair value of investment property ……………………	7	(7,269)	(2,955)
Gain on disposal of investment property …………………………	7	(15)	-
Share of profits from joint venture ………………………………	8	(505)	(801)
Operating cash flows before movements in working capital ….		**13,755**	**15,329**
(Increase) / decrease in receivables ……………………………….		(1,166)	4,987
Increase / (decrease) in payables ………………………………….		996	(2,832)
Cash generated from operations ………………………………..		**13,585**	**17,484**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

27 Contingent Liabilities

The Group has not been subject to tax audit for the year ended 31 December 2005. Management does not believe that any significant additional taxes will be finally assessed by the tax authorities for the open tax year and that adequate provision for this contingency has been recognised in these financial statements.

The tax authorities issued final tax assessments for both the Company and Eldepa during November 2005 for additional income taxes, VAT and penalties totalling €3,320 for the open tax years to 31 December 2004. The Company's management, based on the advice of its tax advisors, will be disputing additional assessments of incomes taxes, VAT and penalties totalling €2,874 on the grounds that it can challenge the tax authority in courts based on reasonable and prudent interpretations of existing lax legislation, whilst other amounts assessed totalling €446 will be accepted and settled in due course. No further provisions for the later amounts finally assessed by the tax authorities is necessary in these financial statements since adequate provision for such risks were recognised by management for each respective period in accordance with the Company's accounting policy.

28 Capital Commitments

	31 December	
	2005	**2004**
Capital commitments relating to the further development of investment properties ………………………………………………………………	**12,000**	**2,723**

29 Related Party Transactions

The Group is controlled by EFG Eurobank Ergasias (incorporated in Athens and listed on the Athens Stock Exchange, Greece), which owns 70.9% of the Company's shares. The remaining 13.2% and 15.9% of the shares are held by Lamda Development S.A. (a company controlled by the Latsis family) and REIB (a subsidiary of Deutsche Bank), respectively. The ultimate controlling shareholder of the Group is the Latsis family.

The following transactions were carried out with related parties:

(a) Rental income received and sale of services

	Year ended 31 December	
	2005	**2004**
Rental income received		
Parent …………………………………………………………………….	3,177	3,086
Subsidiaries of parent company ………………………………………….	360	303
Associates of parent company ……………….…………………………..	1,266	1,220
Joint Venture (Zenon Real Estate S.A.) ………………………………….	5	4
	4,808	4,613
Sale of services		
Parent …………………………………………………………………….	-	3,629
Subsidiaries of parent company ………………………………………….	-	56
Joint Venture (Zenon Real Estate S.A.) ………………………………….	-	148
	-	3,833
Total ……………………………………………………………………..	**4,808**	**8,446**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

(b) Purchase of services and property development works

	Year ended 31 December	
	2005	**2004**
Management fees		
Parent …………………………………………………………………	1,351	-
Property development works		
Subsidiary of parent company (Lamda Estate Development) …………..	2,164	618
Total ……………………………………………………………………..	**3,515**	**618**

Management fees represent amounts payable to EFG Eurobank Ergasias for investment property management and other administrative service effective from 1 January 2005.

(c) Financing costs incurred on borrowings

	Year ended 31 December	
	2005	**2004**
Bank Borrowings and debentures		
Parent …………………………………………………………………	936	1,519
Subsidiary of parent company (EFG Private Bank Luxemburg) ………..	1,242	1,945
Obligations under finance leases		
Subsidiary of parent company (EFG Eurobank Ergasias Leasing SA) …	492	417
Financial derivative instruments (interest rate swap)		
Parent …………………………………………………………………	-	4,095
Total ……………………………………………………………………..	**2,670**	**7,976**

(d) Interest income earned on cash and cash equivalents

	Year ended 31 December	
	2005	**2004**
Parent …………………………………………………………………	**237**	**82**

(e) Transfer under financing arrangements

	Year ended 31 December	
	2005	**2004**
Net cash transfers in/(out) under financing arrangements		
Parent …………………………………………………………………	(64,819)	-
Subsidiary of parent company (EFG Eurobank Leasing SA) …………..	23,950	(248)
Subsidiary of parent company (EFG Private Bank Luxemburg) ………..	(45,000)	-
Total ……………………………………………………………………..	**(85,869)**	**(248)**

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

(f) Proceeds from disposal of the valuation and agency services business, joint venture and equity instruments

	Year ended 31 December	
	2005	**2004**
Parent ……………………………………………………………………….	1,477	-
Shareholders other than parent ………………………………………..	1,587	-
Subsidiary of parent company (Eurobank Property Services SA) ……….	245	6,000
Total ………………………………………………………………….	**3,309**	**6,000**

(g) Key management compensation

	Year ended 31 December	
	2005	**2004**
Salaries and other short-term employee benefits ………………………..	**-**	**95**

(h) Period-end balances arising from transactions with related parties

	Year ended 31 December	
	2005	**2004**
Trade receivables from related parties (Note 11)		
Parent Company ………………………………………………………….	-	-
Other related parties ……………………………………………………...	923	339
Total ………………………………………………………………….	**923**	**339**
Trade payables to related parties (Note 17)		
Parent Company ………………………………………………………….	1,756	347
Other related parties ……………………………………………………...	427	893
Total ………………………………………………………………….	**2,183**	**1,240**
Borrowings, including finance lease obligations (Note 15)		
Parent Company ………………………………………………………….	1,000	65,819
Subsidiary of Parent Company (EFG Eurobank Ergasias Leasing SA) …	38,593	14,637
Subsidiary of Parent Company (EFG Private Bank Luxemburg) ……….	-	45,000
Total ………………………………………………………………….	**39,593**	**125,456**
Cash and cash equivalents (Note 12)		
Parent Company ………………………………………………………….	37,926	2,701
Total ………………………………………………………………….	**37,926**	**2,701**

(i) Commitments and Contingencies

There were no commitments and contingencies between the Group and related parties.

Notes to the Consolidated Financial Statements

All amounts expressed in €'000s unless otherwise stated

30 Events after the balance sheet date

Combined offering of shares

The Company is currently in the process of completing an initial public offering of ordinary shares on the Athens Stock. The domestic offering is expected to be completed by April 2006 and raise approximately €85,000 in equity for the Company. The proceeds from the offering are expected to be used mainly to finance future investment property acquisitions when appropriate investment opportunities arise.

Report of the independent auditors

To the Shareholders of the Eurobank Properties

We have audited the accompanying consolidated balance sheet of Eurobank Properties and its subsidiary (the 'Group') as of 31 December 2005 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2005, and of the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

In addition, in our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2005, and of the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the IASB.

Kyriacos Riris
Certified Accountant – Auditor
Reg. No. SOE 12111

PricewaterhouseCoopers

Athens, 8 February 2006

II. Company Financial Statements for the year ended 31 December 2005

- *Directors' report for the Company Financial Statements*
- *Company Financial Statements for the year ended 31 December 2005*
- *Notes to the Financial Statements*
- *Auditors' Report*

DIRECTORS' REPORT OF
«EUROBANK PROPERTIES REAL ESTATE INVESTMENT COMPANY»
TO THE ORDINARY ANNUAL GENERAL MEETING OF THE SHAREHOLDERS
FOR THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

Capital Market Commission Decision Number 11/352/21.9.2005

Dear Shareholders,

Hereby we present information of the Company that relate to the fiscal year 2005:

FINANCIAL POSITION OF THE COMPANY

The aforementioned fiscal year is the fifty third company year and includes the period from January 1 to December 31, 2005.

During the year, the activities of the Company were in line with the law in effect and its Constitution.

The consolidated annual financial statements for the year ended December 31, 2005 as published and submitted to the General Meeting, have been prepared in accordance with International Financial Reporting Standards (I.F.R.S.). Analytical information for the accounting policies applied is set out in the Notes to the Financial Statements for the year ended December 31, 2005. The consolidated financial statements have been approved by the Board of Directors on February 7, 2006.

The Board of Directors informs you on the following:

Revenue: The Company's revenues consisted of rental revenues amounting to €16,864 thousand in year 2005 compared to €16,003 thousand in year 2004 (5.4% increase). The increase was primarily due to rentals annual increase in rental revenues in accordance with the lease terms by reference to the Consumer Price Index (CPI) plus a spread of up to 2%. According to the Hellenic National Statistical Service, CPI for 2005 amounted to 3.5%. Rental revenues also increased due to new rental agreements. In 2005, the Company received approximately €274 thousand of rental revenues from new rental agreements (mainly due to the rental of 9.426 sq. m. of the ambient warehouse at Enofyta, Voiotia).

Net profit from continuing operations: Net profit for continuing operations in 2005 and 2004 amounted to €27,071 and €9.960 thousand respectively. The significant increase is mainly due to:

- The net gain from fair value adjustment on investment property of € 7,269 thousand in 2005 compared to €2.955 thousand in 2004. During 2005, the fair value adjustment was greater than 2004 primarily due to the completion of the second phase of development of the Enofyta ambient warehouse which added 9,426 sq. m. of leaseable areato the property. The increase was also, to a lesser extent, due to an increase in rental revenues attributable to the annual revaluation of rental revenues in accordance with the lease terms by reference to the CPI index.
- The decreased finance costs (from €8,175 thousand in 2004 to €3,044 thousand in 2005) principally as a result of the repayment of the Company's borrowings of €110.819 thousand in August 2005, and
- The release of €10,915 thousand of deferred tax liabilities in 2005. According to I.F.R.S., the Company had to calculate deferred income tax on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. With effect from September 29, 2005, when the Company obtained regulatory approval to operate as a REIC under Law 2778/1999, the tax basis on which the Company is subject to tax changed from an income tax basis to an asset tax basis. Accordingly, with effect from the above date, no further

temporary differences arise requiring the recognition of deferred income tax assets and liabilities, since the Company is no longer subject to income taxes as a result of its change in tax status. Consequently, previously recognised net deferred income tax liabilities of €10,915 thousand have been included in profit for the period.

SIGNIFICANT EVENTS

In 2004, the Company submitted an application to the Hellenic Capital Market Commission seeking to be transformed into a Real Estate Investment Company (REIC) under L. 2778/1999.

In order for the Company to comply with the regulatory regime that governs REIC, it took the following steps in 2004:

- Disposal of the valuation and agency services business to Eurobank Property Services S.A.
- Ceased the provision of other real estate services.
- Early termination of an Interest Rate Swap

In 2005, the Company took the following steps:

- Issuance of 11.851.852 ordinary shares with a par value of € 2.13 and offer price of € 13,50 each, in August 2005, for a total consideration of €159,722 thousand, net of issue costs of €278 thousand,
- Repayment of borrowings (current and non-current), which amounted to €110.819 thousand, in August 2005. The Company repaid all borrowings using a portion of the proceeds from the aforementioned issue of new ordinary shares to the Company’s existing shareholders.
- Merger with the Company’s wholly-owned subsidiary, ELDEPA S.A. in August 2005. ELDEPA S.A. owned the Enofyta Chilled warehouses with gross leaseable area of 17,223 sq. m., which is located on land of 57,791.30 sq. m.
- Disposal of a number of equity interests and the 50% joint venture interest in Zenon Real Estate S.A.

On September 21, 2005, the Board of Directors of the Hellenic Capital Market Commission approved the Company’s application for reorganisation into a REIC.

On September 29, 2005, the Company was reorganised into a REIC under L. 2778/99, after receiving approval for the Athens Prefecture.

On March 1, 2006, the Board of Directors of the Athens Exchange (ATHEX) approved the application of the Company regarding the admission to trading of its shares in the Large Capitalization category of the Securities Market of the Athens Exchange.

On April 4, 2006, the ATHEX Board of Directors approved the admission to trading of the 24,400,000 common registered shares of the Company, after it found out that the company's shares fulfil the adequate dispersion criterion. Out of the total number of shares to be admitted for trading, 7,290,066 shares were issued in the recent Public Offer (29/03/06-31/03/06) at an issue price of € 15.60 per share.

The net proceeds from the Public Offering amounted to €79,308 thousand (net of costs of approximately €6.649 thousand).

The date that the shares of Eurobank Properties started trading on Athens Exchange was April 12, 2006.

BUSINESS DEVELOPMENT

In June 2005, the Company completed the second phase of development of the Enofyta ambient warehouse, which added 9,426 sq. m. of leaseable area to the property. From June 1, 2005, the Company sub-leased the additional square meters to Carrefour Marinopoulos S.A.. The sub-lease expires on April 2, 2013.

The Company entered into pre-contracts for the purchase of buildings (a multi-story shopping centre situated in Athens – Ermou 33 and an office development situated in Alimos – Agiou Dimitriou 63), of total value of €50,929 thousand. The final purchase agreements were signed in September 2005.

Moreover, in September 2005, the Company acquired four buildings with parking spaces (330 parking spaces) and additional an 112 parking spaces, situated in the Nea Ionia Area of Athens – Filikis Eterias, Iolkou, Alekou Panagouli and Siniosoglou 116 for future development as an investment property at a cost of €52,000 thousand. The gross leaseable area of the property is 37,966 sq. m. (incluing the parking spaces). The total cost of the investment as at December 31, 2005 amounted to €53,488 thousand. This property has been mainly financed by the proceeds from the issue of equity instruments in August 2005. As at December 31, 2005, the market value of the property, in accordance with the valuation of the independent sworn valuers, amounted to €56,663 thousand.

The Company entered into a 20-year lease agreement with EFG Eurobank Ergasias S.A., which commences on April 1, 2006 and expires on March 31, 2026, with an option of Eurobank to renew after renegotiation of the terms about the duration and the rental payments.

In November 17, 2005, the Company entered into a sale and leaseback agreement with EFG Eurobank Ergasias Leasing S.A. in relation to the Enofyta ambient warehouse, under which the Company raised financing of €24.544 thousand. The gross leaseable area of the property is 29,412.00 sq. m. and is situated on 73,765.36 sq. m. of land. Finance lease agreement has an initial lease term of 15 years and the Company has the option to acquire the property for the amount of €3. The Company will repay the finance lease in 180 monthly instalments, increased by the monthly Euribor interest plus 1.5%. By virtue of the lease agreement, the Company pledged its claims under the sub-lease agreement with Carrefour Marinopoulos S.A., as security for the claims of EFG Eurobank Ergasias Leasing S.A.

The fixed assets of the Company are free of charges and encumbrances.

The total number of employees as at December 31, 2005 was 5 (2004: 4).

DIVIDEND POLICY

Under Law 2778/1999, as a REIC the Company is required to pay a minimum dividend equal to at least 35% of the annual distributable net profits. Moreover, on March 10, 2006, the Board of Directors, unanimously decided to propose to the General Meeting of the Shareholders for the fiscal year 2005, the current fiscal year as well as future years, the distribution of dividend of not less that 85% to 90% of the company's recurring distributable net profits, subject to the company's financial position, its business strategy and applicable restrictions on the payments of dividends under Greek Law.

The proposed dividend to be distributed for the fiscal year 2005 is €0.36 per share. The total amount of dividends payable is €8,784 thousand compared to € 3,026 thousand for the 2004 fiscal year.

PROSPECTS

For 2006, the Company's strategy for future growth is to continue to acquire high-quality office, retail and logistic spaces in prime locations in Greece.

The recent signing of the pre-contract for the acquisition of an 11.545,59 sq. m. property (previously Tsirozides spinning mill), located on the corner of Kyprou and Archimidous streets in Moschato of Attica, is included in the aforementioned strategy.

Finally, an important part of the Company’s overall strategic initiative is to increase cash flow and to enhance the value of its portfolio through (i) maximising rental income by achieving an optimum level of rental rates and occupancy levels, (ii) operating properties in a cost-effective manner, (iii) renovating existing properties in order to maintain or improve their competitive position and performance in the marketplace and (iv) completing the construction of new properties as permitted by the Greek REIC regulatory framework.

The Board of Directors

Athens, May 15, 2006

Eurobank Properties REIC

Financial Statements

for the year ended 31 December 2005

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Notes to the Financial Statements

All amounts expressed in €‘000s unless otherwise stated

Parent Company’s balance sheet

	Notes	As at 31December 2005	2004
Assets			
Non-current assets			
Investment property	7	213,417	203,355
Interest in joint venture	8	-	1,800
Property, plant and equipment	9	54,804	1,344
Available-for-sale financial assets	10	-	-
Other non-current assets	11	89	1,279
Total non-current assets		**268,310**	**207,778**
Current assets			
Trade and other receivables	11	4,500	3,334
Cash and cash equivalents	12	37,982	10,262
Total current assets		**42,482**	**13,596**
Total assets		**310,792**	**221,374**
Shareholders’ equity and liabilities			
Capital and reserves			
Share capital	13	40,235	14,991
Share premium	13	153,923	20,303
Other reserves	14	3,370	2,925
Retained earnings		61,440	38,753
Total shareholders’ equity		**258,968**	**76,972**
Deferred income	15	290	319
Non-current liabilities			
Borrowings, including finance leases	15	41,149	82,198
Deferred tax liabilities	16	-	10,915
Total non-current liabilities		**41,149**	**93,113**
Current liabilities			
Trade and other payables	17	4,106	3,110
Dividends payable	24	2,954	-
Current income tax liabilities		1,648	1,213
Borrowings, including finance leases	15	1,677	46,647
Total current liabilities		**10,385**	**50,970**
Total liabilities		**51,824**	**144,402**
Total shareholders’ equity and liabilities		**310,792**	**221,374**

Refer to General Information (Note 1) for details about the Group's restructuring activities.

All amounts expressed in €'000s unless otherwise stated

Parent Company's Income Statement

	Notes	Year ended 31 December 2005	Year ended 31 December 2004
Continuing Operations			
Revenue	18	16,864	16,003
Net gain from fair value adjustment on investment property	7	7,269	2,955
Gain on disposal of investment property	7	15	-
Repair and maintenance costs		(115)	(81)
Management fee	29	(1,351)	-
Other direct property relating expenses	20	(645)	(636)
Employee benefit expense	21	(205)	(396)
Depreciation of property, plant and equipment	9	(52)	(22)
Interest income		246	133
Other income		832	188
Other expenses		(1,005)	(723)
Operating profit		**21,853**	**17,421**
Finance costs	22	(3,044)	(8,175)
Profit before income tax from continuing operations		18,809	9,246
Income tax expense	23	8,262	714
Profit for the year from continuing operations		**27,071**	**9,960**
Discontinued Operations			
Profit for the year from discontinued operations	19	**-**	**4,040**
Profit for the year		**27,071**	**14,000**

The notes included in pages 8 – 60 are an integral part of these financial statements.

All amounts expressed in €'000s unless otherwise stated

Parent company statement of changes in shareholders' equity

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
Balance at 1 January 2004 …………..		**14,991**	**20,303**	**2,689**	**28,226**	**66,209**
Profit for the year …………………….......		-	-	-	14,000	14,000
Transfer to reserves …………………...	14	-	-	236	(236)	-
Dividends						
Surplus dividend for 2003 approved by shareholders	24	-	-	-	(1,195)	(1,195)
Interim dividend for 2004	24				(2,042)	(2,042)
Balance at 31 December 2004 ……….		**14,991**	**20,303**	**2,925**	**38,753**	**76,972**
Balance at 1 January 2005 …………….		14,991	20,303	2,925	38,753	76,972
Profit for the year ……………………..		-	-	-	27,071	27,071
Proceeds from share issue …………….	13	25,244	134,478	-	-	159,722
Incremental costs associated with contemplated domestic offering ……...	13	-	(858)	-	-	(858)
Transfer to reserves …………………...	14	-	-	445	(445)	-
Dividends						
Dividends for 2004 approved by shareholders ………………………….	24	-	-	-	(985)	(985)
Minimum statutory dividend ………...	24	-	-	-	(2,954)	(2,954)
Balance at 31 December 2005 ………		**40,235**	**153,923**	**3,370**	**61,440**	**258,968**

All amounts expressed in €'000s unless otherwise stated

Company's cash flow statement

	Notes	Year ended 31 December	
		2005	2004
Cash flows from operating activities			
Cash generated from operations	25	13,585	17,484
Income taxes paid		(2,943)	(4,656)
Interest paid		(2,907)	(8,547)
Net cash from operating activities		**7,735**	**4,281**
Cash flows from investing activities			
Capital expenditure on investment properties	7	(3,014)	(1,456)
Purchases of Property, plant and equipment	9	(24)	(26)
Purchases of investment properties under development	9	(53,488)	-
Proceeds on disposal of investment property	7	236	-
Proceeds from disposal of real estate services business	19	-	6,000
Proceeds on disposal of available-for-sale investments		1,510	50
Proceeds on disposal of joint venture	8	1,800	-
Interest received		246	133
Net cash (used in) / from investing activities		**(52,734)**	**4,701**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	13	159,722	-
Proceeds from borrowings	15	41,544	-
Repayments of borrowings, including overdrafts	15	(127,562)	(372)
Dividends paid	24	(985)	(3,871)
Net cash from / (used in) financing activities		**72,719**	**(4,243)**
Net increase in cash and cash equivalents for the year		**27,720**	**4,739**
Cash and cash equivalents at the beginning of the year		**10,262**	**5,523**
Cash and cash equivalents at the end of the year	12	**37,982**	**10,262**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

1 General information

Eurobank Properties Real Estate Investment Company (previously known as EFG Eurobank Properties S.A.) (the "Company") is an investment property company with a major portfolio in Greece. It is currently involved in leasing out investment property under operating leases and is classified as a real estate investment vehicle under Greek Law 2778/1999 with effect from 29 September 2005.

The Company is incorporated and domiciled in Athens, Greece. The address of its registered office is 16, Laodikeias Street, Athens, Greece. The Company is contemplating an initial public offering of ordinary shares on the Athens Stock Exchange (see Note 30).

The regulatory regime governing real estate investment vehicles, inter alia, requires that the Company (a) invests at least 80% of its assets in cash and cash equivalents and in real estate investments which should be located mainly in Greece and other E.U. member states, (b) maintains at least 10% of its assets in cash and cash equivalents and (c) does not have any significant concentrations of risks with respect to any particular real estate asset.

The Company enjoys certain tax privileges as a real estate investment vehicle (see Note 2.15)

In anticipation of the Company's application to obtain approval from the regulatory authorities to become a real estate investment vehicle, it restructured its operations prior to obtaining the necessary approval on 29 September 2005. This restructuring comprised:

- Disposal of the valuation and agency services to a related party during December 2004 (see Note 19);
- Cessation of the other real estate services;
- Merger between the Company and its wholly owned subsidiary (ELDEPA SA) during August 2005 (see Note 26). The 2004 financial statements attributable to the Company have been restated to reflect ELDEPA's assets, liabilities, cash flows, revenues and expenses with effect from 1 January 2004;
- Disposal of joint venture (Zenon Real Estate SA) to a related party during August 2005 (see Note 8); and
- Disposal of a number of equity interests in certain companies to related parties (see Notes 10 and 29).

These financial statements have been approved for issue by the Board of Directors on 7 February 2006.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union and International Financial Reporting Standards issued by the IASB. All International Financial Reporting Standards issued by the IASB and effective at the time of preparing these financial statements have been adopted by the European Commission through the endorsement procedure established by the European Commission, with the exception of International Accounting Standard 39 "Financial Instruments: Recognition and Measurement". Following recommendations from the Accounting Regulatory Committee, the Commission adopted Regulations 2806/2004 and 1864/2005 requiring the use of IAS 39, minus certain provisions on portfolio hedging of core deposits, by all listed companies from 1 January 2005.

Since the Company is not affected by the provisions regarding portfolio hedging that are not required by the EU-endorsed version of IAS 39, the accompanying financial statements comply with both IFRS as adopted by the EU and IFRS issued by the IASB.

Notes to the Financial Statements

All amounts expressed in €‘000s unless otherwise stated

The financial statements of Eurobank Properties as at 31 December 2003, which were issued by the Company on 11 May 2004 were prepared in accordance with generally accepted accounting principles in Greece (Greek GAAP). These were considered to be the previous GAAP as defined in IFRS 1 for the preparation of the preliminary opening IFRS balance sheet as at 1 January 2004. The Company also issued on 5 May 2005 its financial statements as at 31 December 2004 in accordance with Greek GAAP. Greek GAAP differs in certain respects from IFRS.

The policies set out below have been consistently applied to all the periods presented except for those relating to the classification and measurement of financial instruments. The Company has made use of the exemption available under IFRS 1 to only apply IAS 32 and IAS 39 from 1 January 2005. The policies applied to financial instruments for 2004 and 2005 are disclosed separately below.

The Company’s financial statements were previously prepared in accordance with Greek GAAP until 31 December 2004. Greek GAAP differs in some areas from IFRS. In preparing the IFRS financial statements, management has amended certain accounting and valuation methods applied in the Greek GAAP financial statements, and has presented consolidated financial statements, statement of changes in equity, cash flow statements and more comprehensive explanatory notes, to comply with IFRS. The comparative figures in respect for the year ended 31 December 2004 were restated to reflect these adjustments, except as described in the accounting policies.

Reconciliations and descriptions of the adjustments from Greek GAAP 2003 and 2004 financial statements to the opening IFRS balance sheet as of 1 January 2004, and 31 December 2004 IFRS equity and profit and loss respectively are provided in Note 5.

The financial statements have been prepared under the historical cost convention, as modified for the fair value of investment properties and certain financial instruments.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2 Interest in joint venture

The Company's interests in jointly controlled entities are recorded at cost.

2.3 Company restructuring involving merger of entities

The merger between the parent and its subsidiary (ELDEPA SA) has been accounted for using the uniting of interests method of accounting. Under the uniting of interests method, the assets, liabilities, cash flows, revenues and expenses of the parent company have been adjusted to reflect the effects of the combining entities as if they were a single reporting entity from the earliest period presented in the financial statements.

The assets and liabilities of the subsidiary are at their predecessor values with any difference between the amount recorded for share capital issued plus any additional consideration and the amount recorded for share capital acquired treated as an adjustment against equity.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

2.4 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the period-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment property comprises freehold land, freehold buildings and property held under finance leases.

Investment property is measured initially at its cost, included related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations were performed by independent professional valuers in accordance with the guidance issued by the International Valuation Standards Committee for each balance sheet date up to 31 December 2005. Subsequently, these valuations will be performed at periodic intervals not exceeding six months.

Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continued to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Some of those outflows are reflected as a liability; whereas other, including contingent rent payments, are not recognised in the financial statements.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

Investment property held for sale without redevelopment is classified within non-current assets held for sale under IFRS 5.

2.7 Property, plant and equipment

All property, plant and equipment is stated in the balance sheet at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation, based on the component approach, is calculated so as to write off the cost of the assets, over their estimated useful lives, using the straight-line method, as follows:

–	Land	Nil
–	Buildings	50 years
–	Fixtures and equipment	4 – 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

All borrowing costs are expensed.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

2.8 Leasing

a) Where the Company is the lessee

(i) Operating lease – leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received by the lessor) are charged to the income statement on a straight-line basis over the period of the lease. There were no material operating leases for the periods covered by the financial statements.

(ii) Finance lease – leases of assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the balance of the lease liability outstanding. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance charges are charged to the income statement. The investment properties acquired under finance leases are carried at their fair value.

b) Where the Company is the lessor

Operating lease – properties leased out under operating leases are included in investment property in the balance sheet (Note 7). The Company does not currently lease out properties under finance leases.

2.9 Impairment of assets

Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). There were no assets with indefinite lives nor any triggers that indicate that any assets subject to depreciation may be impaired during the period covered by these financial statements.

2.10 Investments

From 1 January 2004 to 31 December 2004

Financial fixed assets include investments in non-listed companies other than joint ventures, financial receivables and other securities. These financial fixed assets are recorded at cost, including additional direct charges. A permanent impairment is provided as a direct reduction in the carrying amount of these assets.

From 1 January 2005

The Company classifies its investments in the following two categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and revaluates this designation at every reporting date.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Receivables are included in trade and other receivables in the balance sheet.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified as financial assets at fair value through profit or loss, loans and receivables, or held-to-maturity investments. They are included in non-current assets unless management intends to dispose the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value though profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available for sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.11 Trade receivables

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

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

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All amounts expressed in €'000s unless otherwise stated

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Bank borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost: any difference between the proceeds received (net of transaction costs) and the redemption values are recognised in the income statement over the period of the borrowings using the effective interest rate method.

2.15 Deferred taxation

Deferred income tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred income tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

With effect from 29 September 2005, when the Company obtained regulatory approval to operate as a real estate investment vehicle under Greek Law 2778/1999, the tax basis on which it will be subject to tax changed from an income tax basis to an asset based tax basis (see Notes 16 and 23). Accordingly, with effect from the above date, no further temporary differences will arise requiring the recognition of deferred income tax assets or liabilities since the Company will no longer be subject to income taxes as a result of its change in tax status. Consequently, previously recognised net deferred income tax liabilities of €10,915 have been included in profit for the period in accordance with the requirements set out in SIC 25 "Changes in the tax status of an entity or its shareholders".

2.16 Provisions

Provisions for legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be acquired to settle the obligation; and the amount has been reliably estimated.

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Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Where the Company, as a lessee, is contractual required to restore a leased in property to an agreed condition, prior to release by a lessor, provision is made for such costs as they are identified.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

2.17 Revenue recognition

Revenue includes rental income, service and management charges from properties, income from property trading and income from the sale of property advisory and valuation services (latter until December 2004).

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. When the Company provides incentives to its customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction from rental income.

Service and management charges as well as income from property services (valuations, advisory services etc.) are recognised on a gross basis in the accounting period in which the services are rendered. When the Company is acting as an agent, the commission rather than gross income is recorded as revenue.

2.18 Dividend distribution

A provision is made for the estimated minimum statutory dividend expected to be payable to the Company's shareholders for each period. Any dividends in excess of the minimum statutory dividend are recognised as a liability by the Company in the period when such dividends are approved for distribution by either the board of directors or the shareholders.

2.19 Off-setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legal enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.20 New accounting standards and IFRIC interpretations

Certain new accounting standards, amendments and IFRIC interpretations have been published that are mandatory for accounting periods beginning on or after 1 January 2006, for which the Company has not adopted early as follows:

- **IAS 19 (Amendment), Employee Benefits** (effective from 1 January 2006). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Company does not intend to change the accounting policy adopted for recognition of actuarial gains and looses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts. This amendment is not expected to materially impact the Company.

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- **IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions** (effective from 1 January 2006). This amendment is not relevant to the Company's separate financial statements.

- **IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006).** This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The Company believes that this amendment should not impact its financial statements since it does not currently hold any financial instruments designated at fair value through profit and loss. However, the Company might apply this option from annual periods beginning 1 January 2006 should it hold any such financial instruments in future periods.

- **IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006).** This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management has concluded that this amendment is not relevant to the Company.

- **IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards** and **IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006).** These amendments are not relevant to the Company's operations, as the Company does not carry out exploration for and evaluation of mineral resources.

- **IFRS 6, Exploration for and Evaluation of Mineral Resources** (effective from 1 January 2006). IFRS 6 is not relevant to the Company's operations.

- **IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures** (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Company assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Company will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

- **IFRIC 4, Determining whether an Arrangement contains a Lease** (effective from 1 January 2006). IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management believes that the implementation of IFRIC 4 is not expected to change the accounting for any of the Company's current arrangements.

- **IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds** (effective from 1 January 2006). IFRIC 5 is not relevant to the Company's operations.

- **IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment** (effective from 1 December 2005). IFRIC 6 is not relevant to the Company's operations.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

3 Financial risk management

3.1 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk), credit risk, liquidity risk and cash flow interest rate risk.

Risk management is carried out by the Company's management based on the advice of the treasury and risk management departments within its parent company. Risk management primarily focuses on the identification and evaluation of financial risk, which includes the following specific areas: such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investing excess liquidity.

a) Market risk

i) Foreign exchange risk

The Company operates in a single economic environment (Greece) and is not significantly exposed to foreign currency exposures due to the restricted value of foreign currency transactions.

ii) Price risk

The Company is exposed to property price and market rental risks. In order to reduce price risk, the Company usually enters into long term operating lease arrangements with tenants for a minimum of 12 years under which annual rental increases are linked to the consumer price index plus a spread of up to 2%.

b) Credit risk

The Company has significant concentrations of credit risk with respect to cash balances and deposits held with banks and rental income received from tenants under property operating lease contracts. However, no significant losses are anticipated, as procedures are in place to ensure that rental contracts are entered into with customers with an appropriate credit history and cash transactions are restricted to high-credit-quality financial institutions.

c) Liquidity risk

Prudent liquidity risk management implies sufficient cash balances, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company management aims to maintain flexibility in funding by keeping adequate cash; including compliance with the minimum levels of cash resources necessary to comply with Greek Law 2778/1999.

d) Cash flow and fair value interest rate risk

The Company has significant interest bearing assets comprising deposits held at call and short term deposits with banks.

The Company's interest rate risk arises from long-term finance leases and bank borrowings (Note 15). Finance leases which are all issued at variable rates expose the Company to cash flow interest rate risk.

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Finance charges may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. In order to reduce the Company's interest rate exposure under long term finance leases, contractual re-pricing dates are restricted to a maximum period of 3 months.

Notes to the Financial Statements

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4 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

a) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Company, based on the advice of its independent external valuers, determines the amount within a range of reasonable fair value estimates. In making their judgment, the Company considers information from a variety of sources including:

(i) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contacts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

b) Principal assumptions for management's estimation of fair value

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

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Company and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Were the void periods assumed in the discounted cash flow analysis to differ by 10% from management's estimates, the carrying amount of investment properties would be an estimated €748 lower or €748 higher.

Notes to the Financial Statements

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Were the discount rate used in the discounted cash flow analysis to differ by +/- 10% bp from management's estimates, the carrying amount of the investment properties would be an estimated €14,342 lower or €15,808 higher.

c) Income taxes

Significant estimates are required in determining the provision for income taxes up until the date that the Company changed its status to a real estate investment vehicle. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be assessed. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.2 Critical judgments in the Company's accounting policies

Classification of newly acquired properties that are being developed for future use as investment properties

The Company determines whether a property acquired with the intention of development as a future investment property should be initially recognised as property, plant and equipment or whether such property should be initially recognised as an investment property. In making such judgement, the Company considers whether the related development costs are significant, the period of time necessary to prepare a newly acquired property for its intended future use an investment properties and whether when the recognition of rental income commences. The Company considers each property separately in making its judgment.

5 Transition to IFRS

5.1 Basis of transition to IFRS

5.1.1 Application of IFRS 1

The Company's financial statements for the year ending 31 December 2005 are the first annual financial statements that comply with IFRS. The financial statements have been prepared as described in Note 2.1. The Company has applied IFRS 1 in preparing the financial statements.

Eurobank Properties' transition date is 1 January 2004. The reporting date of the financial statements is 31 December 2005. The Company's IFRS adoption date is 1 January 2005.

In preparing the financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions and certain of the optional exceptions from full retrospective application of IFRS.

5.1.2 Exemptions from full retrospective application elected by the Company

The Company has elected to apply the following optional exemptions from full retrospective application.

a) Fair value as deemed cost exemption

Eurobank Properties has elected to measure owner-occupied property included within property, plant and equipment at fair value as at 1 January 2004. The application of this exemption is detailed in Note 5.2.1.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

b) Exemption from restatement of comparatives for IAS 32 and IAS 39.

The Company has elected to apply this exemption; therefore comparative financial information has not been restated. It applies previous Greek GAAP rules to derivates, financial assets and financial liabilities and to hedging relationships for the 2004 comparative information. The adjustments required for differences between Greek GAAP and IAS 32 and IAS 39 are determined and recognised at 1 January 2005. The only required adjustment related to the reclassification of certain unlisted securities having a carrying amount of €1,139 to available for sale securities; these securities were subsequently sold during 2005 at amounts which closely approximated their carrying amounts.

5.1.3 Exemptions from full retrospective application followed by the Company

The Company has applied the following mandatory exceptions from retrospective application.

a) De-recognition of financial assets and liabilities exemption

The application of this exception did not impact the opening balance sheet date of 1 January 2005 since the Company did not have any previously derecognised financial assets and liabilities.

b) Hedge accounting exception

The application of this exemption did not impact the opening balance sheet as of 1 January 2005 as the Company did not have any hedging instruments at this date since all hedging instruments entered into during periods covered by previous GAAP had expired or were terminated prior to the opening balance sheet date.

c) Estimates exemption

Estimates under IFRS at 1 January 2004 were consistent with estimates made for the same date under Greek GAAP, unless there was any evidence that those estimates were in error.

d) Assets held for sale and discontinued operations exemption

The Company has accounted for and presented its discontinued services business retrospectively in accordance with the transitional rules in IFRS 5 from 1 January 2004, since all relevant valuations and other information necessary to comply with the IFRS were obtained at the time those criteria were originally met. The effect of the retrospective application of this standard is detailed in Note 19.

5.2 Reconciliation between IFRS and Greek GAAP – Eurobank Properties

The following reconciliations provide a quantification of the effect of the transition to IFRS. The first reconciliation provides an overview of the impact on equity of the transition at 1 January 2004 and 31 December 2004.

The following reconciliations provide details of the impact of the transition on:

- Equity at 1 January 2004 (5.2.1)
- Equity at 31 December 2004 (5.2.2)
- Net income 31 December 2004 (5.2.3)
- Equity at 1 January 2005 (5.2.4)

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

Summary of Shareholders' equity at 1 January 2004 and 31 December 2004

	01/01/2004	Notes	31/12/2004	Notes
Total shareholders' equity under local GAAP …………..	**39,625**		**40,981**	
Write off of expenditure related to capital increase ………...	(3)	5.2.1 (d) 5.2.1 (j)	(3)	5.2.2 (d) 5.2.2 (j)
De-recognition of assets not recognised as intangibles under IFRS ………………………………………………………...	(78)	5.2.1 (d)	(78)	5.2.2 (d)
Recognition of capital portion of finance lease payments written off through the profit and loss under Greek GAAP...	186	5.2.1 (l) 5.2.1 (r)	557	5.2.2(m) 5.2.2(s)
Derecognition and deferral of gain on sale and leaseback transaction …………………………………………………..	(348)	5.2.1 (k)	(319)	5.2.2(l)
Restatement of investment property to fair value under IFRS 1 ………………………………………………………	34,723	5.2.1 (a)	37,315	5.2.2(a)
Impairment of investments of non-listed companies ……….	(471)	5.2.1 (f)	(471)	5.2.2(f)
Restatement of owner-occupied building to fair value under IFRS 1 ………………………………………………………	(210)	5.2.1 (e)	(210)	5.2.2 (e)
Reversal of depreciation recognised under Greek GAAP for property that under IAS 40 is carried at fair value …………	-	-	4,293	5.2.2(d) 5.2.2(e)
Derecognition of dividends recognised under Greek GAAP that are in excess of the minimum statutory dividend ……...	1,195	5.2.1 (p)	985	5.2.2(q)
Derecognition of revaluation of property in accordance with L. 2065/1992 ………………………………………………..	-	-	(759)	5.2.2(e) 5.2.2(g)
Provision for specific risks …………………………………	(300)	5.2.1 (o)	(400)	5.2.2(p)
Cumulative impact of other non-material items ……………	-	-	(141)	-
Deferred tax adjustments …………………………………...	(11,264)	5.2.1(m)	(8,937)	5.2.2(n)
Total shareholders' equity under IFRS …………………	**63,055**		**72,813**	
Effect of Company's restructuring (Note 26) ………………	3,154	5.3.1	4,159	5.3.2
Total shareholders' equity after restructuring under IFRS ……………………………………………………..	**66,209**		**76,972**	

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

5.2.1 Reconciliation of equity at 1 January 2004 – Eurobank Properties

	Notes	Greek GAAP	Effect of transition	IFRS
Assets				
Non-current assets				
Investment property ………………………………...	a	-	198,944	198,944
Investment in affiliated entities (ELDEPA and Zenon Real Estate) ……………………………....	b	5,914	(4,114)	1,800
Investments in other entities ………………………	c	1,626	(1,626)	-
Intangible assets ……………………………………	d	3,938	(3,938)	-
Property, plant and equipment ……………………..	e	125,997	(124,561)	1,436
Other non current assets ……………………………	f	240	1,155	1,395
Total non-current assets ……………………….....		**137,715**	**65,860**	**203,575**
Current assets				
Inventories ………………………………………....	g	1,641	(1,641)	-
Trade and other receivables ………………………..	h	6,168	(44)	6,124
Cash and cash equivalents ………………………....	i	4,667	856	5,523
Total current assets …………………………….....		**12,476**	**(829)**	**11,647**
Total assets ……………………………………….....		**150,191**	**65,031**	**215,222**
Shareholders' equity and liabilities				
Capital and reserves				
Share capital ………………………………………..		14,991	-	14,991
Share premium ……………………………………..	j	20,306	(3)	20,303
Reserves ……………………………………………		2,689	-	2,689
Retained earnings ………………………………….	s	1,639	26,587	28,226
Total shareholders' equity ……………………….		**39,625**	**26,584**	**66,209**
Deferred income ……………………………………	k	-	348	348
Non-current liabilities				
Borrowings, including finance leases ………………	l	57,971	24,707	82,678
Deferred tax liabilities ……………………………...	m	-	13,089	13,089
Retirement benefit obligations ……………………..	n	55	(55)	-
Total non-current liabilities ………………………		**58,026**	**37,741**	**95,767**
Current liabilities				
Trade and other payables …………………………...	o	4,763	143	4,906
Dividends payable ……………………………….….	p	1,830	(1,195)	635
Current income tax liabilities ………………………	q	2,136	(1,317)	819
Borrowings, including finance leases ………………	r	43,811	2,727	46,538
Total current liabilities …………………………...		52,540	358	52,898
Total liabilities ………………………………….....		**110,566**	**38,447**	**149,013**
Total shareholders' equity and liabilities ……….		**150,191**	**65,031**	**215,222**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

Explanation of the effect of the transition to IFRS

The following explains the material adjustments to the balance sheet.

(a) Investment Properties

Reclassification from property, plant and equipment ……………………………………………..	124,434
Recognition of finance leases that were treated as operating leases under Greek GAAP ……………	18,583
Effect of difference between fair value and depreciated cost ………………………………………..	34,723
Reclassification of charges relating to investment property acquisitions from intangible assets ……	3,774
Reclassification from inventories to investment properties ………………………………………….	1,641
Effects of company's restructuring (ELDEPA) ……………………………………………………...	16,135
Leasehold improvements recovered from tenants ……………………………………………………	(346)
Total impact - increase in investment property ………………………………………………...	**198,944**

Under Greek GAAP, companies classified investment properties under property, plant and equipment that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value. Valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee at periodic intervals not exceeding six months.

(b) Investments in affiliated entities

Effects of company's restructuring (ELDEPA) ……………………………………………………..	(4,114)
Total impact – decrease in investments affiliated entities ………………………………………...	**-4,114**

(c) Investments in other entities

Transfer of investments in other entities to other non-current assets ………………………………..	(1,626)
Total impact – decrease in investments in other entities …………………………………………	**(1,626)**

(d) Intangible assets

Reclassification of costs relating to investment property acquisitions to investment property ………	(3,774)
Write off of capitalised expenses that do not meet the IFRS definition of an intangible asset ………	(81)
Reclassification of computer software to property, plant and equipment ……………………………	(83)
Total impact – decrease in intangible assets ……………………………………………………	**(3,938)**

(e) Property Plant and Equipment

Reclassification to investment property ………………………………………………………………	(124,434)
Reclassification of computer software from intangible assets ………………………………………..	83
Restatement of owner occupied building to fair value ……………………………………………….	(210)
Total impact - decrease in property, plant and equipment ………………………………………	**(124,561)**

Owner occupied property included within property, plant and equipment was measured at fair value as at 1 January 2004 as deemed cost.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

(f) Other non-current assets

Reclassification from investments in other entities	1,626
Impairment of investments in non-listed companies	(471)
Total impact – increase in other non-current assets	**1,155**

(g) Inventories

Reclassification from inventories to investment properties	(1,641)
Total impact - decrease in inventories	**(1,641)**

(h) Trade and Other receivables

Effects of company's restructuring (ELDEPA)	1,302
Reclassification of prepaid tax to current income tax liability	(1,346)
Total impact – decrease in trade and other receivables	**(44)**

(i) Cash and cash equivalents

Effects of company's restructuring (ELDEPA)	856
Total impact – increase in cash and cash equivalents	**856**

(j) Share premium

Write off of share capital increase related expenses	(3)
Total impact – decrease in share premium	**(3)**

(k) Deferred income

Gain from the sale and leaseback of investment property	348
Total impact – increase in deferred income	**348**

The Company sold and leased back an investment property. The Company has therefore recognised the gain between the market value of the investment property and the sale price under Greek GAAP. The gain from the sale and leaseback is deferred and recognised over the period of the lease in accordance with IAS 17.

(l) Borrowings including finance leases (non-current)

Recognition of finance lease obligation (non-current portion) that were treated as operating leases under Greek GAAP	18,026
Effects of company's restructuring (ELDEPA)	6,681
Total impact – increase in borrowings, including finance leases (non-current)	**24,707**

Two investment properties leased by the Company qualify as finance leases under IFRS. The Company has therefore recognised the leased assets as investment property and the corresponding lease liabilities.

Notes to the Financial Statements

All amounts expressed in €‘000s unless otherwise stated

(m) Deferred tax liabilities

Overall impact of recognising deferred tax in accordance with IAS 12 …………………………...	11,264
Effects of company’s restructuring (ELDEPA) ………………………………………………………	1,825
Total impact – increase in deferred tax liabilities ………………………………………………	**13,089**

(n) Retirement benefit obligations

Transfer to trade and other payables (current) ………………………………………………………..	(55)
Total impact – decrease in retirement benefit obligations ……………………………………..	**(55)**

(o) Trade and other payables (current)

Effects of company’s restructuring (ELDEPA) ………………………………………………………	135
De-recognition of deferred revenue from leasehold improvements recovered from tenants ………...	(346)
Provision for specific risks …………………………………………………………………………	300
Transfer from retirement benefit obligations …………………………………………………………	55
Other minor adjustments ………………………………………………………………………...	(1)
Total impact – increase in trade and other payables (current) …………………………………..	**143**

(p) Dividends payable

Derecognition of dividends recognised under Greek GAAP that is in excess of the minimum statutory dividend …………………………………………………………………………………….	(1,195)
Total impact – decrease in dividends payable …………………………………………………..	**(1,195)**

These financial statements reflect the estimated minimum statutory dividend expected to be payable by the Company for each respective period together with any interim dividends approved by the directors and final dividends approved by the shareholders.

(q) Current income tax liabilities (current)

Effects of company’s restructuring (ELDEPA) ………………………………………………………	29
Reclassification of prepaid tax from trade and other receivables …………………………………….	(1,346)
Total impact – increase in current income tax liabilities (current) ………………………………	**(1,317)**

(r) Borrowings including finance leases (current)

Effects of company’s restructuring (ELDEPA) ………………………………………………………	2,356
Recognition of finance lease obligation (current portion) that were treated as operating leases under Greek GAAP ……………………………………………………………………………............	371
Total impact – increase in borrowings, including finance leases (current) ……………………...	**2,727**

Two investment properties leased by the Company qualify as finance leases under IFRS. The Company has therefore recognised the leased assets as investment property and the corresponding lease liabilities.

(s) Retained earnings

All above adjustments were recorded against the opening retained earnings at 1 January 2004. The total net impact is an increase in retained earnings of €26,587.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

5.2.2 Reconciliation of equity at 31 December 2004 – Eurobank Properties

	Notes	Greek GAAP	Effect of transition	IFRS
Assets				
Non-current assets				
Investment property ………………………………..	a	-	203,355	203,355
Investment in affiliated entities (ELDEPA and Zenon Real Estate) …………………………………	b	5,914	(4,114)	1,800
Investments in other entities ……………………….	c	1,510	(1,510)	-
Intangible assets ……………………………………	d	2,046	(2,046)	-
Property, plant and equipment ……………………..	e	126,365	(125,021)	1,344
Other non current assets ……………………………	f	240	1,039	1,279
Total non-current assets …………………………		**136,075**	**71,703**	**207,778**
Current assets				
Inventories ………………………………………….	g	1,676	(1,676)	-
Trade and other receivables ………………………...	h	3,231	103	3,334
Cash and cash equivalents ………………………….	i	8,277	1,985	10,262
Total current assets ……………………………….		**13,184**	**412**	**13,596**
Total assets ………………………………………...		**149,259**	**72,115**	**221,374**
Shareholders' equity and liabilities				
Capital and reserves				
Share capital ………………………………………..		14,991	-	14,991
Share premium ……………………………………..	j	20,306	(3)	20,303
Reserves …………………………………………….	k	3,672	(747)	2,925
Retained earnings …………………………………..	t	2,012	36,741	38,753
Total shareholders' equity ……………………….		**40,981**	**35,991**	**76,972**
Deferred income ……………………………………	l	-	319	319
Non-current liabilities				
Borrowings, including finance leases ………………	m	57,971	24,227	82,198
Deferred tax liabilities ……………………………...	n	-	10,915	10,915
Retirement benefit obligations ……………………..	o	11	(11)	-
Total non-current liabilities ………………………		**57,982**	**35,131**	**93,113**
Current liabilities				
Trade and other payables …………………………..	p	3,645	(535)	3,110
Dividends payable …………………………………	q	985	(985)	-
Current income tax liabilities ………………………	r	1,855	(642)	1,213
Borrowings, including finance leases ………………	s	43,811	2,836	46,647
Total current liabilities …………………………...		**50,296**	**674**	**50,970**
Total liabilities ……………………………………		**108,278**	**36,124**	**144,402**
Total shareholders' equity and liabilities ………..		**149,259**	**72,115**	**221,374**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

The nature of the adjustments from Greek GAAP to IFRS at 31 December 2004 is similar to those at 1 January 2004.

Explanation of the effect of the transition to IFRS

(a) Investment Properties

Reclassification from property, plant and equipment	126,571
Recognition of finance leases that were treated as operating leases under Greek GAAP	18,583
Effect of difference between fair value and depreciated cost	37,315
Reclassification of charges relating to investment property acquisitions from intangible assets	3,774
Reclassification from inventories to investment properties	1,641
Effects of company's restructuring (ELDEPA)	16,518
Leasehold improvements recovered from tenants	(1,047)
Total impact - increase in investment property	**203,355**

Under Greek GAAP, companies classified investment properties under fixed assets that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value. Valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee at periodic intervals not exceeding six months.

(b) Investments in affiliated entities

Effects of company's restructuring (ELDEPA)	(4,114)
Total impact – increase in investments affiliated entities	**(4,114)**

(c) Investments in other entities

Transfer of investments in other entities to other non-current assets	(1,510)
Total impact – decrease in investments in other entities	**(1,510)**

(d) Intangible assets

Reclassification of costs relating to investment property acquisitions to investment property	(3,774)
Effect of difference between Greek GAAP and IFRS depreciation	1,877
Reclassification of computer software to property, plant and equipment	(68)
Write off of capitalised expenses that do not meet the IFRS definition of an intangible asset	(81)
Total impact – decrease in intangible assets	**(2,046)**

(e) Property Plant and Equipment

Reclassification to investment property	(126,571)
Reclassification of computer software from intangible assets	68
Restatement of owner occupied building to fair value	(210)
Effect of difference between Greek GAAP and IFRS depreciation	2,416
De-recognition of revaluation in accordance with L. 2065/1992	(724)
Total impact - decrease in property, plant and equipment	**(125,021)**

Owner occupied property included within Property Plant and Equipment was measured at fair value as at 1 January 2004 as deemed cost.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

(f) Other non-current assets

Reclassification from investments in other entities	1,510
Impairment of investments in non-listed companies	(471)
Total impact - increase in other non-current assets	**1,039**

(g) Inventories

Reclassification from inventories to investment properties	(1,641)
De-recognition of revaluation in accordance with L. 2065/1992	(35)
Total impact - decrease in inventories	**(1,676)**

(h) Trade and Other receivables

Effects of company's restructuring (ELDEPA)	933
Reclassification of prepaid tax to current income tax liability	(784)
Other minor adjustments	(46)
Total impact – decrease in trade and other receivables	**103**

(i) Cash and cash equivalents

Effects of company's restructuring (ELDEPA)	1,985
Total impact – increase in cash and cash equivalents	**1,985**

(j) Share premium

Write off of share capital increase related expenses	(3)
Total impact – decrease in reserves	**(3)**

(k) Other Reserves

De-recognition of revaluation in accordance with L. 2065/1992	(759)
Effects of company's restructuring (ELDEPA)	12
Total impact – decrease in reserves	**(747)**

(l) Deferred income

Gain from the sale and leaseback of investment property	319
Total impact – increase in deferred income	**319**

The Company sold and leased back an investment property. The Company has therefore recognised the gain between the market value of the investment property and the sale price under Greek GAAP. The gain from the sale and leaseback is deferred and recognised over the period of the lease.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

(m) Borrowings including finance leases (non-current)

Recognition of finance lease obligation (non-current portion) that were treated as operating leases under Greek GAAP	17,546
Effects of company's restructuring (ELDEPA)	6,681
Total impact – increase in borrowings, including finance leases (non-current)	**24,227**

Two investment properties leased by the Company qualify as finance leases under IFRS. The Company has therefore recognised the leased assets as investment property and the corresponding lease liabilities.

(n) Deferred tax liabilities

Overall impact of recognising deferred tax in accordance with IAS 12	8,937
Effects of company's restructuring (ELDEPA)	1,978
Total impact – increase in deferred tax liabilities	**10,915**

(o) Retirement benefit obligations

Transfer to trade and other payables (current)	(11)
Total impact – decrease in retirement benefit obligations	**(11)**

(p) Trade and other payables (current)

Provision for specific risks	400
De-recognition of deferred revenue from leasehold improvements recovered from tenants	(958)
Transfer from retirement benefit obligations	11
Other minor adjustments	12
Total impact – decrease in trade and other payables (current)	**(535)**

(q) Dividends payable

Derecognition of dividends recognised under Greek GAAP that is in excess of the minimum statutory dividend	(985)
Total impact – decrease in dividends payable	**(985)**

These financial statements reflect the estimated minimum statutory dividend expected to be payable by the Company for each respective period together with any interim dividends approved by the directors and final dividends approved by the shareholders.

(r) Current income tax liabilities (current)

Effects of company's restructuring (ELDEPA)	142
Reclassification of prepaid tax from trade and other receivables	(784)
Total impact – increase in current income tax liabilities (current)	**(642)**

(s) Borrowings including finance leases (current)

Effects of company's restructuring (ELDEPA)	2,356
Recognition of finance lease obligation (current portion) that were treated as operating leases under Greek GAAP	480
Total impact – increase in borrowings, including finance leases (non-current)	**2,836**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

Two investment properties leased by the Company qualify as finance leases under IFRS. The Company has therefore recognised the leased assets as investment property and the corresponding lease liabilities.

(t) Retained earnings

All above adjustments were recorded against the opening retained earnings at 31 December 2004. The total net impact is an increase in retained earnings of €36,741.

5.2.3 Reconciliation of net income for year ended 31 December 2004 – Eurobank Properties

	Notes	GAAP	Effect of transition	IFRS
Continuing Operations				
Revenue …………………………………………….	a	15,324	679	16,003
Net gain from fair value adjustment on investment property …………………………………………….	b	-	2,955	2,955
Repair and maintenance costs ……………………..		(81)	-	(81)
Other direct property relating expenses …………….	c	(125)	(511)	(636)
Employee benefits ………………………………….	d	(254)	(142)	(396)
Depreciation of property, plant and equipment …….	e	(4,315)	4,293	(22)
Interest income ……………………………………..	f	149	(16)	133
Other income ……………………………………….	g	157	31	188
Other expenses ……………………………………..	h	(1,326)	603	(723)
Operating profit …………………………………..		**9,529**	**7,892**	**17,421**
Finance costs ……………………………………….	i	(8,206)	31	(8,175)
Profit before income tax from continuing operations ………………………………………….		**1,323**	**7,923**	**9,246**
Income tax expense ………………………………...	j	(1,598)	2,312	714
Profit for the period from continuing operations .		**(275)**	**10,235**	**9,960**
Discontinued Operations …………………………				
Profit for the period from discontinued operations ………………………………………….		**4,040**	**-**	**4,040**
Profit for the period ………………………………		**3,765**	**10,235**	**14,000**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

Explanation of the effect of the transition to IFRS

(a) Revenue

Effects of company's restructuring (ELDEPA)	1,479
De-recognition of excess deferred revenue from leasehold improvements recovered from tenants	(89)
De-recognition of deferred revenue from leasehold improvements recovered from tenants	(701)
Other minor adjustments	(10)
Total impact – increase in revenue	**679**

Under Greek GAAP, the gain from the sale and leaseback of property is recognised in the period that took place. Under IFRS, the gain should be deferred over the period of the finance lease.

(b) Net gain from fair value adjustment on investment property

Effects of company's restructuring (ELDEPA)	362
Net gain from fair value adjustment on investment property	2,593
Total impact – increase in net gain from fair value adjustment on investment property	**2,955**

Under Greek GAAP, investment property is recognised at cost. Under IFRS, investment property is carried at fair value.

(c) Other direct property related expenses

Transfer of Large Property Tax	470
Effects of company's restructuring (ELDEPA)	41
Total impact – increase in other direct property related expenses	**511**

Under Greek GAAP, large property tax does not affect the profit of the year, but affects retained earnings. Under IFRS, Large property tax is included in the income statement.

(d) Employee benefits

Recognition of bonus to employees for 2004 period	142
Total impact – increase in employee benefits	**142**

(e) Depreciation of property, plant and equipment

Under IFRS, investment property is carried at fair value and is not depreciated.

(f) Interest income

Total impact of minor items	16
Total impact – increase in interest income	**16**

(g) Other income

Effects of company's restructuring (ELDEPA)	31
Total impact – increase in interest income	**31**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

(h) Other expenses

De-recognition of expense for leasehold improvements recovered from tenants …………………….	(701)
Effects of company's restructuring (ELDEPA) ………………………………………………………	100
Total impact of minor items ………………………………………………………………………..	(2)
Total impact - decrease in other expenses ………………………………………………………	**(603)**

(i) Finance costs

Effects of company's restructuring (ELDEPA) ………………………………………………………	341
De-recognition of capital portion of finance lease payments …………………………………..	(372)
Total impact – decrease in finance costs ……………………………………………………...	**(31)**

IAS 17 has been applied to calculate the amount of finance expense paid on assets leased as finance leases.

(j) Income tax expense

Deferred tax adjustments ………………………………………………………………………..	1,928
Effects of company's restructuring (ELDEPA) ………………………………………………………	384
Total impact – increase in income tax expense ……………………………………………….	**2,312**

The adjustment to income tax expense reflect reflects the total effect of measuring deferred tax in accordance with IAS 12.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

5.2.4 Reconciliation of equity at 1 January 2005 – Eurobank Properties

	Notes	IFRS 31 Dec 2004	Effect of transition	IFRS 1 Jan 2005
Assets				
Non-current assets				
Investment property ………………………………..		203,355	-	203,355
Investment in joint venture …………………………		1,800	-	1,800
Property, plant and equipment ……………………..		1,344	-	1,344
Available-for-sale financial assets ………………….	a	-	1,139	1,139
Other non current assets ……………………………	b	1,279	(1,139)	140
Total non-current assets ………………………….		**207,778**	**-**	**207,778**
Current assets				
Trade and other receivables ………………………...		3,334	-	3,334
Cash and cash equivalents ………………………….		10,262	-	10,262
Total current assets ……………………………….		**13,596**	**-**	**13,596**
Total assets ………………………………………...		**221,374**	**-**	**221,374**
Shareholders' equity and liabilities				
Capital and reserves				
Share capital ………………………………………..		14,991	-	14,991
Share premium ……………………………………..		20,303	-	20,303
Reserves …………………………………………….		2,925	-	2,925
Retained earnings …………………………………..		38,753	-	38,753
Total shareholders' equity ………………………..		**76,972**	**-**	**76,972**
Deferred income		319	-	319
Non-current liabilities				
Borrowings, including finance leases ………………		82,198	-	82,198
Deferred tax liabilities ……………………………...		10,915	-	10,915
Total non-current liabilities ………………………		**93,113**	**-**	**93,113**
Current liabilities				
Trade and other payables …………………………...		3,110	-	3,110
Current income tax liabilities ………………………		1,213	-	1,213
Borrowings, including finance leases ……………...		46,647	-	46,647
Total current liabilities …………………………...		**50,970**	**-**	**50,970**
Total liabilities …………………………………….		**144,402**	-	**144,402**
Total shareholders' equity and liabilities ………..		**221,374**	-	**221,374**

The Company took the exemption not to restate its comparative information for IAS 32 and IAS 39. It therefore adopted IAS 32 and IAS 39 at 1 January 2005.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

The following notes explain the adjustments made at 1 January 2005 to the Company's balance sheet at 31 December 2004 to reflect the adoption of IAS 32 and IAS 39.

Explanation of the effect of the transition to IFRS

(a) Available-for-sale financial assets – non-current

Reclassification from other non-current assets	1,139
Total adjustment to available-for-sale financial assets	**1,139**

Reclassification of investments from other non-current assets to available-for-sale under IFRS. The available for sale securities are stated in fair value.

(b) Other non-current assets

Reclassification to available-for-sale financial assets - non-current	(1,139)
Total adjustment to other non-current assets	**(1,139)**

Reclassification of investments from other non-current assets to available-for-sale classification under IFRS.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

5.3 Reconciliation between IFRS and GAAP – Subsidiary (ELDEPA S.A.)

5.3.1 Reconciliation of equity at 1 January 2004 – Subsidiary (ELDEPA S.A.)

	Notes	Greek GAAP	Effect of transition	IFRS
Assets				
Non-current assets				
Investment property ……………………………...	a	-	16,135	16,135
Intangible assets ……………………………………	b	268	(268)	-
Property, plant and equipment ……………………..	c	10,653	(10,653)	-
Total non-current assets ………………………….		**10,921**	**5,214**	**16,135**
Current assets				
Trade and other receivables ………………………..	d	1,391	(88)	1,303
Cash and cash equivalents ………………………….		856	-	856
Total current assets ……………………………….		2,247	(88)	2,159
Total assets ………………………………………...		**13,168**	**5,126**	**18,294**
Shareholders' equity and liabilities				
Capital and reserves				
Share capital ………………………………………..		3,721	-	3,721
Reserves …………………………………………….		15	-	15
Retained earnings …………………………………..	g	143	3,389	3,532
Total shareholders' equity ……………………….		**3,879**	**3,389**	**7,268**
Non-current liabilities				
Borrowings, including finance leases ………………		6,681	-	6,681
Deferred tax liabilities ……………………………..	e	-	1,825	1,825
Total non-current liabilities ……………………...		**6,681**	**1,825**	**8,506**
Current liabilities				
Trade and other payables …………………………..		135	-	135
Current income tax liabilities ………………………	f	117	(88)	29
Borrowings, including finance leases ………………		2,356	-	2,356
Total current liabilities …………………………...		2,608	(88)	2,520
Total liabilities …………………………………….		**9,289**	**1,737**	**11,026**
Total shareholders' equity and liabilities ………..		**13,168**	**5,126**	**18,294**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

Explanation of the effect of the transition to IFRS

The following explains the material adjustments to the balance sheet.

(a) Investment Properties

Reclassification from property, plant and equipment ……………………………………………...	10,653
Effect of difference between fair value and depreciated cost ……………………………………...	5,234
Reclassification of charges relating to investment property acquisitions …………………………….	248
Total impact - increase in investment property ………………………………………………...	**16,135**

Under Greek GAAP, companies classified investment properties under fixed assets that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value. Valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee at periodic intervals not exceeding six months.

(b) Intangible assets

Reclassification of charges relating to investment property acquisitions to investment property ……	(248)
Write off of capitalised expenses that do not meet the IFRS definition of an intangible asset ………	(20)
Total impact – decrease in intangible assets …………………………………………………….	**(268)**

(c) Property, plant and equipment

Reclassification to investment property ………………………………………………………………	(10,653)
Total impact decrease in property, plant and equipment ………………………………………...	**(10,653)**

(d) Trade and other receivables

Reclassification of prepaid tax to current income tax liability ……………………………………….	(88)
Total impact – decrease in trade and other receivables ………………………………………..	**(88)**

(e) Deferred tax liabilities

Overall impact of recognising deferred tax in accordance with IAS 12 ……………………………...	1,825
Total impact – increase in deferred tax liabilities …………………………………………………	**1,825**

(f) Current income tax liabilities

Reclassification of prepaid tax from trade and other receivables …………………………………….	(88)
Total impact – increase in current income tax liabilities (current) ………………………………	**(88)**

(g) Retained earnings

All above adjustments were recorded against the opening retained earnings at 1 January 2004. The total net impact is an increase in retained earnings of €3,389.

Notes to the Financial Statements

All amounts expressed in €‘000s unless otherwise stated

5.3.2 Reconciliation of equity at 31 December 2004 – Subsidiary (ELDEPA S.A.)

	Notes	Greek GAAP	Effect of transition	IFRS
Assets				
Non-current assets				
Investment property ……………………………..	a	-	16,518	16,518
Intangible assets …………………………………	b	161	(161)	-
Property, plant and equipment ……………………..	c	10,174	(10,174)	-
Total non-current assets ………………………….		**10,335**	**6,183**	**16,518**
Current assets				
Trade and other receivables ………………………..	d	1,060	(127)	933
Cash and cash equivalents ………………………….		1,985	-	1,985
Total current assets ……………………………….		**3,045**	**(127)**	**2,918**
Total assets ……………………………………...		**13,380**	**6,056**	**19,436**
Shareholders’ equity and liabilities				
Capital and reserves				
Share capital ……………………………………..		3,721	-	3,721
Reserves …………………………………………		27	-	27
Retained earnings ………………………………..	g	320	4,205	4,525
Total shareholders’ equity ………………………..		**4,068**	**4,205**	**8,273**
Non-current liabilities				
Borrowings, including finance leases ………………		6,681	-	6,681
Deferred tax liabilities ……………………………...	e	-	1,978	1,978
Total non-current liabilities ………………………		**6,681**	**1,978**	**8,659**
Current liabilities				
Trade and other payables		5	-	5
Current income tax liabilities	f	270	(127)	143
Borrowings, including finance leases		2,356	-	2,356
Total current liabilities …………………………...		**2,631**	**(127)**	**2,504**
Total liabilities …………………………………….		**9,312**	**1,851**	**11,163**
Total shareholders’ equity and liabilities ……….		**13,380**	**6,056**	**19,436**

The nature of the adjustments from Greek GAAP to IFRS at 31 December 2004 is similar to those at 1 January 2004.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

Explanation of the effect of the transition to IFRS

The following explains the material adjustments to the balance sheet and income statement.

(a) Investment Properties

Reclassification from property, plant and equipment ……………………………………………...	10,673
Effect of difference between fair value and depreciated cost ……………………………………...	5,597
Reclassification of charges relating to investment property acquisitions …………………………….	248
Total impact - increase in investment property ………………………………………………...	**16,518**

Under Greek GAAP, companies classified investment properties under fixed assets that were recorded at cost, adjusted by depreciation. Under IFRS, investment properties are classified separately from owner-occupied buildings and are carried at fair value. Valuations are performed in accordance with the guidance issued by the International Valuation Standards Committee at periodic intervals not exceeding six months.

(b) Intangible assets

Reclassification of charges relating to investment property acquisitions to investment property ……	(248)
Effect of difference between Greek GAAP and IFRS depreciation ………………………………….	107
Write off of capitalised expenses that do not meet the IFRS definition of an intangible asset ………	(20)
Total impact – decrease in intangible assets ……………………………………………………….	**(161)**

Under Greek GAAP, costs relating to investment property acquisitions were recorded at cost, adjusted by amortisation on a straight-line basis using specific tax rates. Under IFRS, these costs increase the cost of the property.

(c) Property, plant and equipment

Reclassification to investment property ………………………………………………………………	(10,673)
Effect of difference between Greek GAAP and IFRS depreciation ………………………………….	499
Total impact - decrease in property, plant and equipment ………………………………………	**(10,174)**

(d) Trade and other receivables

Reclassification of prepaid tax to current income tax liability ……………………………………….	(127)
Total impact – decrease in trade and other receivables …………………………………………..	**(127)**

(e) Deferred tax liabilities

Overall impact of recognising deferred tax in accordance with IAS 12 ……………………………...	1,978
Total impact – increase in deferred tax liabilities …………………………………………………	**1,978**

(f) Current income tax liabilities

Reclassification of prepaid tax from trade and other receivables …………………………………….	(127)
Total impact – decrease in current income tax liabilities (current) ……………………………...	**(127)**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

(g) Retained earnings

All above adjustments were recorded against the opening retained earnings at 1 January 2004. The total net impact is an increase in retained earnings of €4,205.

5.3.3 Reconciliation of net income for the year ended 31 December 2004 – Subsidiary (ELDEPA S.A.)

	Notes	Greek GAAP	Effect of transition	IFRS
Revenue …………………………………………		1,479	-	1,479
Net gain from fair value adjustment on investment property …………………………………………	a	-	362	362
Other direct property relating expenses ……………	b	(20)	(21)	(41)
Depreciation of property, plant and equipment …….	c	(607)	607	-
Other income …………………………………….		31	-	31
Other expenses …………………………………..		(100)	-	(100)
Operating profit …………………………………...		**783**	**948**	**1,731**
Finance costs …………………………………….		(341)	-	(341)
Profit before income tax ……………………….....		**442**	**948**	**1,390**
Income tax expense ……………………………...	d	(252)	(132)	(384)
Profit for the period ………………………………		**190**	**816**	**1,006**

Explanation of the effect of the transition to IFRS

(a) Net gain from fair value adjustment of investment property

Net gain from fair value adjustment on investment property ………………………………………...	362
Total impact – increase in net gain from fair value adjustment on investment property ………	**362**

Under Greek GAAP, investment property is recognised at cost. Under IFRS, investment property is carried at fair value.

(b) Other direct property relating expenses

Transfer of Large Property Tax ………………………………………………………………………	21
Total impact – increase in repair and maintenance costs ………………………………………...	**21**

Under Greek GAAP, large property tax does not affect the profit of the year, but affects retained earnings. Under IFRS, large property tax is included in the income statement.

(c) Depreciation

Under IFRS, investment property is carried at fair value and is not depreciated.

(d) Income tax expense

Deferred tax adjustments ……………………………………………………………………………..	132
Total impact – increase in income tax expense ……………………………………………………	**132**

The adjustment to income tax expense reflects the total effect of measuring deferred tax in accordance with IAS 12.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

6 Segment Information

a) Primary reporting format – business segments

At 31 December 2005, the Company is organised into three main business segments determined in accordance with the type of the investment property:

Retail – mainly bank branches
Offices – mainly in Athens
Industrial – principally warehouses, including parking spaces.

The Company was also previously involved in the provision of property related services up until 1 December 2004, at which date this business was disposed of to a related party (see Note 19).

For the year ended 31 December 2005

	Industrial	Offices	Retail	Company
REVENUE				
Segment Revenue ……………………	4,076	9,060	3,728	16,864
RESULT				
Segment result (including fair value gains) …………………………………	8,721	10,267	4,975	23,963
Unallocated corporate expenses ……..				(3,137)
Unallocated corporate income ……….				1,027
Profit from operations ………………..				21,853
Finance costs …………………………				(3,044)
Profit before tax ……………………...				18,809
Income tax expense ………………….				8,262
Profit after tax ……………………...				**27,071**
OTHER INFORMATION				
Capital additions ……………………..	2,655	53,678	169	56,502
BALANCE SHEET				
ASSETS				
Segment assets ……………………..	52,172	107,541	56,178	215,891
Unallocated corporate assets ……….				94,901
Company's total assets …………...				**310,792**
LIABILITIES				
Segment liabilities ………………….	24,349	17,717	11	42,077
Unallocated corporate liabilities …...				9,747
Company's total liabilities ………...				**51,824**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

For the year ended 31 December 2004

	Continuing Services Investment Property				Discontinuing Services	Company
	Industrial	Offices	Retail	Total		
REVENUE						
Segment Revenue ………………….	3,736	8,651	3,616	16,003	4,736	20,739
RESULT						
Segment result (including fair value gains) ………………………………	3,954	10,103	4,736	18,793	911	19,704
Unallocated corporate expenses …..						(1,632)
Unallocated corporate income ……..						261
Profit from operations ……………..						18,333
Finance costs ………………………						(8,175)
Profit on disposal of discontinuing operations ………………………….						5,586
Profit before tax ……………………						15,744
Income tax expense ………………..						(1,744)
Profit after tax ……………………						**14,000**
OTHER INFORMATION						
Capital additions …………………..	-	1,456	-	1,456	-	1,456
BALANCE SHEET						
ASSETS						
Segment assets ………………….	44,744	105,461	54,684	204,889	-	204,889
Unallocated corporate assets …….						16,485
Company's total assets …………						**221,374**
LIABILITIES						
Segment liabilities ……………….	725	18,180	-	18,905	-	18,905
Unallocated corporate liabilities …						125,497
Company's total liabilities ……..						**144,402**

There are no transactions between the business segments. Unallocated costs represent corporate expenses. Finance costs in the year ended 31 December 2004 include losses on the termination of derivative financial instruments linked to interest bearing borrowings.

Segment assets consist primarily of investment property and trade receivables. They exclude property, plant and equipment, investments, non-trade receivables and cash and cash equivalents.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

Segment liabilities comprise operating liabilities and finance lease obligations. They exclude items such as taxation, dividends payable and corporate borrowings.

Capital expenditure comprises additions to investment property and property under construction or development for future use as investment property (Notes 7 and 9).

b) Geographical Segments

The Company's business segments operate in two main geographical areas and are managed in Athens.

With the exception of territories mentioned, no other individual territory contributed more than 10% of consolidated revenue or assets.

The location of the customers is the same as the location of the assets.

The following table provides an analysis of the Company's rental income by geographical market:

	From continuing operations Year ended 31 December	
	2005	**2004**
Athens ………………………………………………	12,479	11,976
Rest of Greece ………………………………………	4,385	4,027
	16,864	**16,003**

Rest of Greece mainly relates to Enofyta, Viotia, which is located about 50 kms outside Athens.

Revenue from the Company's discontinued operations, which amounted to € 4,736 for the year ended 31 December 2004 was derived principally from Athens.

Assets by geographical segments:

	Year ended 31 December	
	2005	**2004**
Athens ………………………………………………	256,423	175,109
Rest of Greece ………………………………………	54,369	46,265
	310,792	**221,374**

Capital expenditures by geographical segments:

	Year ended 31 December	
	2005	**2004**
Athens ………………………………………………	56,502	1,456
Rest of Greece ………………………………………	-	-
	56,502	**1,456**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

7 Investment Property

	Year ended 31 December	
	2005	**2004**
At beginning of period	203,355	198,944
Additions	3,014	1,456
Disposal	(221)	-
Net gain from fair value adjustments	7,269	2,955
At end of period	**213,417**	**203,355**

The Company's investment properties were revalued at each balance sheet date by independently professional valuers (Greek Institute of Certified Appraisers – "SOE"). Valuations were based primarily on discounted cash flow projections due to the absence of sufficient current prices for an active market.

On 17 November 2005 the Company entered into a sale and leaseback agreement for one of its properties with a related party under which it raised additional financing of €24,544. The leaseback has been classified as a finance lease (Note 15) since the Company will acquire the leased property for a nominal value at the end of the lease term.

Investment properties as at 31 December 2005 include three (2004 - two) properties having an aggregate fair value of €42,347 (2004 - €17,023) which are held under finance leases (see Note 15).

There are restrictions on the ability of the Company to realise the carrying amounts of its investment property in certain circumstances under Greek Law 2778/1999 governing real estate investment vehicles (see Note 1) and the distribution of unrealised fair value gains relating to investment property under Greek Company Law 2190/1920 (as amended).

8 Interest in Joint Venture

The Company had a 50% interest in a joint venture, Zenon Real Estate S.A., which owned and managed investment properties. The Company disposed of its interest in the joint venture during August 2005 to a related party (see Note 29) as part of management's restructuring of the company in anticipation of obtaining the legal status of a real estate investment company. The carrying amount of the interest in the joint venture in the separate financial statements of the Company was reflected at its cost of €1,800 until the date of its disposal. The disposal of the interest in the joint venture did nit result in a gain or loss.

Proceeds on disposal	1,800
Carrying amount at date of disposal	(1,800)
Result on disposal	-

There are no contingent liabilities relating to the Company's interest in the joint venture, and no contingent liabilities of the venture itself. The joint venture did not have any outstanding capital commitments.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

9 Property, Plant and Equipment

	Land and buildings	Fixtures and equipment	Property under development	Total
At 1 January 2004				
Cost …………………………………………	1,214	250	-	1,464
Accumulated depreciation ……………………..	-	(28)	-	(28)
Net book amount ……………………………..	**1,214**	**222**	**-**	**1,436**
Year ended 31 December 2004				
Opening net amount at 1 January 2004 ……….	1,214	222	-	1,436
Additions ………………………………………	-	26	-	26
Disposals ………………………………………	-	(4)	-	(4)
Depreciation charge ……………………………	(26)	(88)	-	(114)
Closing net book amount at 31 December 2004 ……………………………………………	**1,188**	**156**	**-**	**1,344**
At 31 December 2004				
Cost …………………………………………	1,214	272	-	1,486
Accumulated depreciation ……………………..	(26)	(116)	-	(142)
Net book amount ……………………………..	**1,188**	**156**	**-**	**1,344**
Year ended 31 December 2005				
Opening net amount at 1 January 2005 ………..	1,188	156	-	1,344
Additions ………………………………………	-	24	53,488	53,512
Depreciation charge ……………………………	(26)	(26)	-	(52)
Closing net book amount at 31 December 2005……………………………………………	**1,162**	**154**	**53,488**	**54,804**
At 31 December 2005				
Cost …………………………………………	1,214	296	53,488	54,998
Accumulated depreciation ……………………..	(52)	(142)	-	(194)
Net book amount ……………………………..	**1,162**	**(154)**	**53,488**	**54,804**

There were no impairment charges during 2005 and 2004.

Land and buildings comprise owner-occupied property located at 16 Laodikias Street, Athens, used for administration purposes. This asset is unsecured.

During September 2005, the Company acquired land and buildings located in Nea Ionia (Greater Athens area) for future development as an investment property at a cost of €52,000 from a third party. This property has been mainly financed from proceeds received from the issue of equity instruments during August 2005 (see Note 13). The acquired property was acquired specifically for purposes of entering into an operating lease with EFG Eurobank Ergasias for an initial 20 year term. The operating lease agreement required that the Company carry out certain development works of €12,000 that are necessary to prepare the property for its intended use by the lessee.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

10 Available-for-sale financial assets

At 31 December 2004	-
Impact of IAS 32 and 39 adoption (Note 5)	1,139
At 1 January 2005	**1,139**
Disposals	(1,139)
At 31 December 2005	-

This line item is only used from 1 January 2005, the IAS 32 and IAS 39 transition date.

Available-for-sale financial assets include the following:

Unlisted securities:	
- debt securities issued by Companies incorporated in Greece	1,139

The above securities where sold during 2005 for an amount of €1,510, resulting in a gain of €371 (which is included in other income).

11 Trade and other receivables

	31 December	
	2005	**2004**
Trade receivables	1,655	1,052
Receivables from related parties (Note 29)	923	339
Other receivables	2,011	2,083
Marketable securities	-	1,139
	4,589	4,613
Less non-current portion	**89**	**1,279**
Current portion	**4,500**	**3,334**

All non-current receivables are due within five years from the balance sheet date.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Company has a significant concentration of credit risks with respect to two key tenants, EFG Eurobank Ergasias Group and Marinopoulos Group that individually account for over 10% of rental income. However, no significant credit losses are anticipated in view of the high credit status of the tenants.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

12 Cash and cash equivalents

	31 December	
	2005	**2004**
Cash at bank and in hand ……………………..	37,982	2,762
Short-term bank deposits …………………………...............................	-	7,500
	37,982	**10,262**

The effective interest rate on short-term bank deposits was 1.71% as of 31 December 2004. Short-term bank deposits have an average maturity of less than 30 days.

The Company has a significant concentration of credit risk with respect to cash and bank balances which are held with its parent company. However, no credit losses are anticipated in view of the high credit status of the counterparty.

13 Share Capital

	Number of shares (thousands)	**Ordinary shares**	**Share premium**	**Total**
At 1 January and 31 December 2004 ………..................................	**7,038**	**14,991**	**20,303**	**35,294**
Proceeds from share issue in August 2005 (net of issue costs of €278) ………………………..	11,852	25,244	134,478	159,722
Incremental costs associated with domestic offering (Note 30)	-	-	(858)	(858)
At 31 December 2005 …………	**18,890**	**40,235**	**153,923**	**194,158**

The total authorised number of ordinary shares is 18,890 thousands (31 December 2004 – 7,038 thousands) with a par value of €2.13 per share. All shares are fully paid up.

The Company issued 11,852 thousand ordinary shares with a par value of €2.13 in August 2005 to existing shareholders for a total consideration of €159,722. The proceeds of this issue were used to extinguish existing borrowings in anticipation of the change in the Company's legal status to that of a real estate investment company under Greek Law 2778/1999 and finance the acquisition of New Ionia property (Note 9).

The Company has one class of ordinary shares, which have a right to receive a minimum dividend equivalent to 35% of the annual distributable profits under its Greek Law 2778/1999 and its constitution.

The Company does not operate a shared based compensation scheme nor do any of its employees participate in its parent company's group share based compensation scheme.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

14 Other Reserves

	Statutory Reserve	Reserves established under tax laws	Total
Balance at 1 January 2004 …………………………….	**393**	**2,296**	**2,689**
Transfer from retained earnings ………………………...	236	-	236
Balance at 31 December 2004 …………………………	**629**	**2,296**	**2,925**
Transfer from retained profits …………………………...	445	-	445
Balance at 31 December 2005 ………………………..	**1,074**	**2,296**	**3,370**

The Company is required by Greek Company Law 2190 to transfer 5% of the annual net income to a statutory reserve until such time as the accumulated reserves is equal to a third of the paid up ordinary share capital. This reserve is not distributable to the Company's shareholders except upon liquidation.

The Company has established tax free reserves under various Greek tax laws over the years in order to achieve tax efficiencies, by either (a) deferring the settlement of its income tax liabilities until such time as these reserves are distributed to the Company's shareholders or (b) effectively eliminating any future income tax payments by utilising these reserves for purposes of issuing bonus shares to the Company's shareholders. In the event that these reserves were to be distributed to the Company's shareholders as dividends, such distributions may attract income tax at rates applicable when such reserves were originally established. No provision for contingent income taxes payable in the event of a future distribution of such reserves to the Company's shareholders has been recognised since such income tax liabilities are recognised together with the liability for the dividend relating to such distributions.

15 Borrowings, including obligations under finance leases

All borrowings are at floating rates of interest. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase or decrease as a result of such changes. In order to manage the Company's interest rate exposure on its debentures the Company entered into an interest rate swap agreement during 2002 under which it converted its floating interest rate to a fixed rate of interest. This interest rate swap was terminated in December 2004 and resulted in a loss of €2,745, which is included in finance costs (Note 22).

	31 December	
	2005	**2004**
Non-current		
Bank borrowings ……………………………………..................................	1,000	19,652
Debentures ……………………………………………...............................	-	45,000
Finance lease obligations …………………………….................................	40,149	17,546
Total non-current borrowings ………………………..................................	41,149	82,198
Current		
Bank borrowings ……………………………………..................................	-	46,167
Finance lease obligations …………………………….................................	1,677	480
Total current borrowings …………………………….................................	1,677	46,647
Total borrowings ……………………………………..................................	**42,826**	**128,845**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

The maturity of the non-current borrowings is as follows:

	31 December 2005	2004
Between 1 and 2 years	1,795	523
Between 2 and 5 years	9,517	66,952
Over 5 years	29,837	14,723
	41,149	**82,198**

The Company extinguished all its non-current bank borrowings in advance of their repayment dates during August 2005 in anticipation of the Company's change in legal status to a real estate investment company. The extinguishment was necessary in order to comply with the regulatory regime, applicable to investment property vehicles, which restricts the level of debt that such vehicles can assume.

The exposure of the Company's borrowings to interest rate changes and the contractual re-pricing dates are restricted to a maximum re-pricing period of 90 days.

The effective interest rates at the balance sheet dates were as follows:

	31 December 2005	2004
Bank borrowings	3.78%	4.23%
Debentures	2.32%	2.33%
Finance lease obligations	3.00%	2.82%

The fair value of these floating-rate borrowings closely approximated their carrying amounts at the various balance sheet dates.

The Company is not exposed to any foreign currency risks on its borrowings since as all borrowings are denominated in the functional currency.

Minimum Lease Payments

	31 December 2005	2004
No later than 1 year	3,203	1,078
Later than 1 year but not later than 5 years	13,348	4,411
Later than 5 years	39,070	19,485
	55,621	24,974
Less future finance charges	(13,795)	(6,948)
Present value of finance lease obligation	**41,826**	**18,026**

Notes to the Financial Statements

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Present value of minimum lease payments

	31 December 2005	31 December 2004
Not later than 1 year	1,677	480
Later than 1 year but not later than 5 years	7,968	2,217
Later than 5 years	32,181	15,329
Present value of lease obligation	**41,826**	**18,026**

Finance lease obligations are secured over investment properties (see Note 7).

The Company entered into a sale and leaseback to finance the purchase of one of its investment properties through a finance lease with a third party leasing company during December 2003. This transaction resulted in a surplus of €348 representing the excess of the net sale proceeds over the fair value of the property, which has been deferred and is being amortised over the lease term of 12 years. Rentals receivable under sub-leases relating to this property have been assigned to the principal lessor as security for lease payments payable by the Company under the finance lease.

On 17 November 2005, the Company entered into a sale and leaseback agreement with EFG Eurobank Ergasias Leasing S.A. (a related party) under which it raised additional financing of approximately €24,544. The transaction did not result in a gain or loss, since the property was sold at fair value. Rental receivable under the subleases relating to this investment property have been assigned to the principal lessor as security for lease payments payable by the Company under the finance lease (see Note 7).

The three finance leases (including that under the sale and leaseback) have an initial lease term of 12 years, 15 years and 20 years respectively and attract interest at floating rates of interest. The Company has an option to repurchase the investment properties for amounts predetermined at the inception of the leases.

Future minimum payments receivable under non-cancellable subleases were as follows:

	31 December 2005	31 December 2004
Not later than 1 year	870	888
Later than 1 year but not later than 5 years	3,700	3,590
Later than 5 years	12,106	13,086
Present value of lease obligation	**16,676**	**17,564**

16 Deferred income tax

Deferred income taxes and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred tax assets and liabilities have been offset since these relate to the same fiscal authority. The offset amounts are as follows:

	31 December 2005	31 December 2004
Deferred tax assets		
- deferred tax assets to be recovered after 12 months	-	107
- deferred tax assets to be recovered within 12 months	-	-
Total deferred tax assets	**-**	**107**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

Deferred tax liabilities		
- deferred tax liabilities to be recovered after 12 months …………………	-	11,022
- deferred tax liabilities to be recovered within 12 months …………………	-	-
Total deferred tax liabilities ……………………..................................	**-**	**11,022**
Net deferred tax liabilities ………………………………………………..	**-**	**10,915**

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2005	**2004**
Beginning of period	10,915	13,089
Income statement relief	(10,915)	(2,174)
End of period	**-**	**10,915**

The movement in deferred tax assets and liabilities during the periods, without taking into account offsetting of balance within the same tax jurisdiction, is as follows:

Deferred tax liabilities

	Accelerated tax depreciation	**Revaluation of investment property**	**Total**
At 1 January 2004 ………………………………	5,465	7,799	13,264
Charge to income for the year ……………………	1,050	497	1,547
Effect of change in tax rate ………………………	(1,561)	(2,228)	(3,789)
At 31 December 2004 …………………………...	**4,954**	**6,068**	**11,022**
Relief to income for the year ……………………	(4,954)	(6,068)	(11,022)
As 31 December 2005 ………………………….	**-**	**-**	**-**

Deferred tax assets

	Gain from sale and lease back	**Staff Retirement Indemnity**	**Deferred Costs**	**Total**
At 1 January 2004 ……………………………	122	19	34	175
(Charge)/Relief to income for the year ………..	(7)	(11)	1	(17)
Effect of change in tax rate ……………………	(35)	(6)	(10)	(51)
At 31 December 2004 ………………………..	**80**	**2**	**25**	**107**
Charge to income for the year …………………	(80)	(2)	(25)	(107)
As 31 December 2005 ……………………….	**-**	**-**	**-**	**-**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

17 Trade and other payables

	31 December	
	2005	**2004**
Trade payables	470	116
Other payables	1,453	1,754
Amounts due to related parties (Note 29)	2,183	1,240
	4,106	**3,110**

The directors consider that the carrying amount of trade payables approximates their fair value.

18 Revenue

	Year ended 31 December	
	2005	**2004**
Rental Income from investment properties	16,864	16,003

The period of leases whereby the Company leases out its investment property under operating leases is for a minimum 12 years term. Lease rentals are revised annually in accordance with the lease terms by reference to the consumer price index plus a spread up to 2%.

There were no contingent rental arrangements under the existing operating leases

Future aggregate minimum non-cancellable rentals receivable under operating leases, exclusive of future rental adjustments, were as follows:

	Year ended 31 December	
	2005	**2004**
No later than 1 year	20,149	16,480
Later than 1 year but not later than 5 years	85,748	65,417
Later than 5 years	88,756	73,087
	194,653	**154,984**

19 Discontinued Operation – Service Business

On 1 December 2004, the Company disposed of its valuation and agency services as part of its restructuring plans in anticipation of its change in legal status to a real estate investment vehicle. This business, which also represents a separate business segment, was sold to a related party (Eurobank Property Services S.A.) for a consideration of €6,000 resulting in a gain of €5,586 before income tax of €1,955 (Note 23).

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

Assets and liabilities related to the discontinued operations were as follows:

Assets	
Non-current assets	35
Current assets	530
Total assets	**565**
Liabilities	
Current liabilities	151
Total liabilities	**151**
Net assets	**414**

The results of the discontinued operation were as follows:

	Year ended 31 December	
	2005	**2004**
Revenue	-	4,736
Operating costs	-	(3,825)
Profit before tax	-	911
Income tax expense (Note 23)	-	(502)
Profit after tax from ordinary operations	-	**409**
Capital gain arising upon disposal	-	3,631
	-	**4,040**

	Year ended 31 December	
	2005	**2004**
Operating cash flows	-	409
Investing cash flows	-	-
Financing cash flows	-	-
Total cash flows	-	**409**
Proceeds from disposal (net of tax)	-	4,045
	-	**4,454**

20 Other direct property operating expenses

Other direct property operating expenses comprise the following:

	Year ended 31 December	
	2005	**2004**
Property taxes	506	490
Insurance and other expenses	139	146
	645	**636**

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All amounts expressed in €'000s unless otherwise stated

Direct operating expenses incurred on let and unlet investment property was as follows:

	Year ended 31 December	
	2005	2004
Let properties	1,988	626
Unlet properties	8	10
	1,996	**636**

21 Employee Benefit Expense

	Year ended 31 December	
	2005	2004
Wages and salaries	130	1,046
Social security costs	27	187
Other benefits	48	191
Bonus paid to employees	-	142
Total employee costs	205	1,566
Less Attributable to discontinued operation	-	1,170
Attributable to continuing operations	**205**	**396**

22 Finance Costs

	Year ended 31 December	
	2005	2004
Interest on borrowings	2,812	3,726
Interest on interest rate swap (Note 15)	-	1,350
Loss on the unwinding of the interest rate swap (Note 15)...	-	2,745
Other	232	354
Total borrowing costs	**3,044**	**8,175**

23 Income Tax Expense

	31 December	
	2005	2004
Current tax	2,653	3,917
Deferred tax (Note 16)	(10,915)	(2,174)
	(8,262)	1,743
Less attributable to discontinued operations	-	(2,457)
Attributable to continuing operations	**(8,262)**	**(714)**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	31 December	
	2005	**2004**
Profit before tax from		
-Continuing operations ……………………………..………………………	18,809	9,246
- Discontinuing operations ………………………. ……………………..	-	6,497
Tax profit before tax ………………………………..………………………	18,809	15,743
Tax at the income tax rate of 32% (2004 – 35%)..……………………...	6,019	5,510
Asset based tax for period subject to change in tax status ……………….	236	-
Tax effect of unrecognised temporary differences of the current period prior to date of change in tax status ……………………………………..	(2,994)	-
Exempt income …………………………………………………………	(1,073)	-
Supplementary tax on rental income ……….…………………………	375	444
Effect of change in tax rate on deferred income tax …………………….	-	(3,740)
Tax rate differential on deferred income tax ……..………………………	-	(785)
Disallowable expenses …………………..……………………………	90	314
De-recognition of net deferred liability due to change in tax status (Note 16) ..……………………………..……………………………...	(10,915)	-
Total tax (relief) / expense ……………………………..…………..	**(8,262)**	**1,743**
Attributable to:		
-Continuing operations ………………………....................................	(8,262)	(714)
- Discontinuing operations ……………………..................................	-	2,457
Total tax (relief) / expense ……………………………………………...	**(8,262)**	**1,743**

In December 2004 income tax rates for fiscal years ending on or after 31 December 2004 were reduced from 35% to 32%, with further gradual decreases in tax rates reaching 25% for fiscal years ending on or after 31 December 2007.

Following the change in the Company's legal status to a real estate investment vehicle, its taxable income is with effect from 29 September 2005 determined by reference to the fair value of its investment properties and cash and cash equivalents at the tax rate of 0.3% and not by reference to taxable profits.

24 Dividends per share

On 30 December 2004 the Company paid a dividend of €1,830 (€0.26) in respect to 2003, which was approved by the shareholders at their annual general meeting on 30 June 2004.

An interim dividend in respect of 2004 of €0.29 per share, amounting to a total dividend of €2,042 was declared by the directors at their meeting on 3 December 2004 and paid on 10 December 2004. On 9 and 10 October 2005 the Company paid a final dividend of €0.14 per share, amounting to €985, in respect to 2004, which was approved by the shareholders at their annual general meeting on 30 June 2005.

These financial statements reflect the estimated minimum statutory dividend expected to be payable by the Company for each respective period together with any surplus dividends approved by the directors or shareholders.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

25 Cash generated from operations

		31 December	
		2005	**2004**
Profit for the period …………………………………..................		27,071	14,000
Adjustments for:			
Other gains and losses ……………………………..................		(88)	(29)
Other income ……………………………..............................		(532)	-
Interest income …………………………………….................		(246)	(133)
Finance costs …………………………………….....................	22	3,044	8,175
Income tax expense ………………………………...................	23	(8,262)	1,743
Gain on disposal of discontinued operations ……...................	19	-	(5,586)
Depreciation of property, plant and equipment ….....................	9	52	114
Increase in fair value of investment property ……...................	7	(7,269)	(2,955)
Gain on disposal of investment property..................................	7	(15)	-
Operating cash flows before movements in working capital .		**13,755**	**15,329**
(Increase) / decrease in receivables ………………...................		(1,166)	4,987
Increase / (decrease) in payables …………………...................		996	(2,832)
Cash generated from operations ………………….................		**13,585**	**17,484**

26 Company restructuring involving merger of entities

As part of the Company's restructuring of its operations, in anticipation of obtaining approval for classification as a real estate investment company, it merged its investment property businesses, previously carried out by the parent and the subsidiary (ELDEPA S.A.), on 9 August 2005 into a single entity, with the Company as the surviving entity.

The merger has been accounted for using the uniting of interests method of accounting as described in Note 2.3.

Details of the net assets, revenues and expenses attributable to the subsidiary were as follows:

	31 December 2004
Balance sheet:	
Non-current assets (mainly investment property) …………………………………………..	16,518
Current assets ……………………………………….....……………………………...	2,918
Total assets ………………………………………….……………………………...	**19,436**
Non-current liabilities	8,659
Current liabilities ………………………………………..……………………………...	2,504
Total liabilities ……………………………………………………………………...	**11,163**
Net assets …………………………………………………………………………...	**8,273**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

Income Statement:	Year ended 31 December 2004
Revenues ……………………………………………….. …………………………..........	1,872
Expenses ………………………………………………..………………………...........	(482)
Net income before tax …………………………………..………………………...........	1,390
Taxation ………………………………………………………………………………...........	(384)
Net income after tax ………………………………….……………………………...........	**1,006**

The 2004 financial statements attributable to the Company have been restated to reflect the above assets, liabilities, cash flows, revenues and expenses with effect from 1 January 2004.

27 Contingent Liabilities

The Company has not been subject to tax audit for the year ended 31 December 2005. Management does not believe that any significant additional taxes will be finally assessed by the tax authorities for the open tax year and that adequate provision for this contingency has been recognised in these financial statements.

The tax authorities issued final tax assessments for both the Company and Eldepa during November 2005 for additional income taxes, VAT and penalties totalling €3,320 for the open tax years to 31 December 2004. The Company's management, based on the advice of its tax advisors, will be disputing additional assessments of incomes taxes, VAT and penalties totalling €2,874 on the grounds that it can challenge the tax authority in courts based on reasonable and prudent interpretations of existing lax legislation, whilst other amounts assessed totalling €446 will be accepted and settled in due course. No further provisions for the later amounts finally assessed by the tax authorities is necessary in these financial statements since adequate provision for such risks were recognised by management for each respective period in accordance with the Company's accounting policy.

28 Capital Commitments

	31 December	
	2005	**2004**
Capital commitments relating to the further development of investment properties …………...………………………..………………………...	**12,000**	**2,723**

29 Related Party Transactions

The Company is controlled by EFG Eurobank Ergasias (incorporated in Athens and listed on the Athens Stock Exchange, Greece), which owns 70.9% of the Company's shares. The remaining 13.2% and 15.9% of the shares are held by Lamda Development (a company controlled by the Latsis family) and REIB (a subsidiary of Deutsche Bank), respectively. The ultimate controlling shareholder of the Company is the Latsis family.

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

The following transactions were carried out with related parties:

(a) Rental income received and sale of services

	Year ended 31 December 2005	Year ended 31 December 2004
Rental income received		
Parent	3,177	3,086
Subsidiaries of parent company	360	303
Associates of parent company	1,266	1,220
Joint Venture (Zenon Real Estate S.A.)	5	4
	4,808	4,613
Sale of services		
Parent	-	3,629
Subsidiaries of parent company	-	56
Joint Venture (Zenon Real Estate S.A.)	-	148
	-	3,833
Total	**4,808**	**8,446**

(b) Purchase of services and property development works

	Year ended 31 December 2005	Year ended 31 December 2004
Management fees		
Parent	1,351	-
Property development works		
Subsidiary of parent company (Lamda Estate Development)	2,164	618
Total	**3,515**	**618**

Management fees represent amounts payable to EFG Eurobank Ergasias for investment property management and other administrative services effective from 1 January 2005.

(c) Financing costs incurred on borrowings

	Year ended 31 December 2005	Year ended 31 December 2004
Bank Borrowings and debentures		
Parent	936	1,519
Subsidiary of parent company (EFG Private Bank Luxemburg)	1,242	1,945
Obligations under finance leases		
Subsidiary of parent company (EFG Eurobank Ergasias Leasing SA)	492	417
Financial derivative instruments (interest rate swap)		
Parent	-	4,095
Total	**2,670**	**7,976**

Notes to the Financial Statements

All amounts expressed in €‘000s unless otherwise stated

(d) Interest income earned on cash and cash equivalents

	Year ended 31 December 2005	2004
Parent	**237**	**82**

(e) Transfer under financing arrangements

	Year ended 31 December 2005	2004
Net cash transfers in/(out) under financing arrangements		
Parent	(64,819)	-
Subsidiary of parent company (EFG Eurobank Ergasias Leasing SA)	23,950	(248)
Subsidiary of parent company (EFG Private Bank Luxemburg)	(45,000)	-
Total	**(85,869)**	**(248)**

(f) Proceeds from disposal of the valuation and agency services, joint venture and equity instruments

	Year ended 31 December 2005	2004
Parent	1,477	-
Shareholders other than parent	1,587	-
Subsidiary of parent company (Eurobank Property Services SA)	245	6,000
Total	**3,309**	**6,000**

(g) Key management compensation

	Year ended 31 December 2005	2004
Salaries and other short-term employee benefits	**-**	**95**

(h) Period-end balances arising from transactions with related parties

	Year ended 31 December 2005	2004
Trade receivables from related parties (Note 11)		
Parent Company	-	-
Other related parties	923	339
Total	**923**	**339**

Notes to the Financial Statements

All amounts expressed in €'000s unless otherwise stated

	Year ended 31 December	
	2005	**2004**
Trade payables to related parties (Note 17)		
Parent Company ……………………………………………………….	1,756	347
Other related parties …………………………………………………...	427	893
Total ……………………………………………………………………..	**2,183**	**1,240**
Borrowings, including finance lease obligations (Note 15)		
Parent Company …………………………………................................	1,000	65,819
Subsidiary of Parent Company (EFG Eurobank Ergasias Leasing SA) …	38,593	14,637
Subsidiary of Parent Company (EFG Private Bank Luxemburg) ………..	-	45,000
Total ……………………………………………………………………..	**39,593**	**125,456**
Cash and cash equivalents (Note 12)		
Parent Company ………………………………….................................	37,926	2,701
Total ……………………………………………………………………..	**37,926**	**2,701**

(i) Commitments and Contingencies

There were no commitments and contingencies between the Company and related parties.

30 Events after the balance sheet date

Combined offering of shares

The Company is currently in the process of completing an initial public offering of ordinary shares on the Athens Stock Exchange. The domestic offering is expected to be completed by April 2006 and raise approximately €85,000 in equity for the Company. The proceeds from the offering are expected to be used mainly to finance future investment property acquisitions when appropriate investment opportunities arise.

Report of the independent auditors

To the Shareholders of Eurobank Properties

We have audited the accompanying balance sheet of Eurobank Properties (the 'Company') as of 31 December 2005 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2005, and of the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

In addition, in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2005, and of the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the IASB.

Kyriacos Riris
Certified Accountant – Auditor
Reg. No. SOE 12111

PricewaterhouseCoopers

Athens, 8 February 2006

III. Summary Financial (Company and Consolidated) Data and Information for the year from 1 January to 31 December 2005

Eurobank Properties

Eurobank Properties REIC.

SUMMARY FINANCIAL DATA AND INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2005

(published according to Article 135 of Law 2190, for companies preparing annual financial statements, consolidated or not, in accordance with the IFRS)

Information listed below is aiming to provide general awareness about the financial position and the financial results of Eurobank Properties REIC. Users requiring non-summarised information of the company's financial position and results, must refer to the annual financial statements prepared under International Financial Reporting Standards (IFRS), as well as the certified auditors opinion. Indicatively, users may visit the company's website, where the aforementioned information is published.

COMPANY'S DATA

Registered office:	16 Laodikias Street, Athens, GR 11528
Main activity:	Management of Real Estate Portfolio
Register No:	365/06/B/86/2
Regulatory Authorities:	Ministry of Development
Capital Market Commission Decision Number:	11/352/21.9.2005
Date of approval of the annual financial statements (from which summary data were compiled):	7 February 2006
Certified Auditor Accountant:	Kyriakos Riris
Audit Firm:	PricewaterhouseCoopers S.A.
Auditors opinion:	Unqualified
Company's website:	http://www.eurobankproperties.gr

Board of Directors:

Haralambos Kyrkos	Chairman
Lambros Anagnostopoulos	Vice Chairman
Nikolaos Galetas	Executive Member
Aristotelis Karytinos	Executive Member
Christophoros Papachristophorou	Non Executive Member
Dimitrios Serbetis	Independent Non Executive Member
Spyridon Makridakis	Independent Non Executive Member

BALANCE SHEET INFORMATION AS AT 31 DECEMBER 2005
Amounts in Euro thousand

	Group		Company	
	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
ASSETS				
Investment Property	**213.417**	203.355	**213.417**	203.355
Interest in joint venture	**0**	4.838	**0**	1.800
Property, plant and equipment	**54.804**	1.344	**54.804**	1.344
Other non-current assets	**89**	1.279	**89**	1.279
Total non-current assets	**268.310**	210.816	**268.310**	207.778
Trade and other receivables	**4.500**	3.334	**4.500**	3.334
Cash and cash equivalents	**37.982**	10.262	**37.982**	10.262
Total current assets	**42.482**	13.596	**42.482**	13.596
TOTAL ASSETS	**310.792**	224.412	**310.792**	221.374
EQUITY				
Share capital	**40.235**	14.991	**40.235**	14.991
Share premium	**153.923**	20.303	**153.923**	20.303
Other reserves	**3.370**	2.925	**3.370**	2.925
Retained earnings	**61.440**	41.791	**61.440**	38.753
	258.968	80.010	**258.968**	76.972
LIABILITIES				
Deferred income	**290**	319	**290**	319
Borrowings, including finance leases	**41.149**	82.198	**41.149**	82.198
Deferred tax liabilities	**0**	10.915	**0**	10.915
Total non-current liabilities	**41.149**	93.113	**41.149**	93.113
Trade and other payables	**4.106**	3.110	**4.106**	3.110
Dividends payable	**2.954**	0	**2.954**	0
Current income tax liabilities	**1.648**	1.213	**1.648**	1.213
Borrowings, including finance leases	**1.677**	46.647	**1.677**	46.647
Total current liabilities	**10.385**	50.970	**10.385**	50.970
TOTAL LIABILITIES	**51.824**	144.402	**51.824**	144.402
TOTAL EQUITY AND LIABILITIES	**310.792**	224.412	**310.792**	221.374

INCOME STATEMENT INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2005
Amounts in Euro thousand

	Group		Company	
	1.1-31.12.05	1.1-31.12.04	1.1-31.12.05	1.1-31.12.04
Continuing Operations				
Revenue	**16.864**	16.003	**16.864**	16.003
Net gain from fair value adjustment on investment property	**7.269**	2.955	**7.269**	2.955
Gain on disposal of investment property	**15**	0	**15**	0
Loss of disposal of interest in joint venture	**-3.543**	0	**0**	0
Repair and maintenance costs	**-115**	-81	**-115**	-81
Management fees	**-1.351**	0	**-1.351**	0
Other direct property related expenses	**-645**	-636	**-645**	-636
Employee benefit expense	**-205**	-396	**-205**	-396
Depreciation of property, plant and equipment	**-52**	-22	**-52**	-22
Interest income	**246**	133	**246**	133
Other income	**832**	188	**832**	188
Other expenses	**-1.005**	-723	**-1.005**	-723
Operating profit	**18.310**	17.421	**21.853**	17.421
Finance costs	**-3.044**	-8.175	**-3.044**	-8.175
Share of profit from joint venture	**505**	801	**0**	0
Profit before income tax from continuing operations	**15.771**	10.047	**18.809**	9.246
Income tax relief	**8.262**	714	**8.262**	714
Profit for the year from continuing operations	**24.033**	10.761	**27.071**	9.960
Discontinued operations				
Profit for the year from discontinued operations	**0**	4.040	**0**	4.040
Profit for the year	**24.033**	14.801	**27.071**	14.000
Earnings per share - basic and diluted (expressed in € per share)				
- From continuing operations	**2,10**	1,53	–	–
- From discontinued operations	**0,00**	0,57	–	–

STATEMENT OF CHANGES IN EQUITY
Amounts in Euro thousand

	Group		Company	
	1.1-31.12.05	1.1-31.12.04	1.1-31.12.05	1.1-31.12.04
Balance at 01.01.2005 and 01.01.2004	**80.010**	68.446	**76.972**	66.209
Profit for the year	**24.033**	14.801	**27.071**	14.000
Proceeds from share issue	**159.722**	0	**159.722**	0
Incremental costs associated with contemplated domestic offering	**-858**	0	**-858**	0
Dividends approved by the shareholders	**-985**	-1.195	**-985**	-1.195
Interim dividend	**0**	-2.042	**0**	-2.042
Minimum statutory dividend	**-2.954**	0	**-2.954**	0
Balance as 31.12.2005 and 31.12.2004	**258.968**	80.010	**258.968**	76.972

CASH FLOW STATEMENT
Amounts in Euro thousand

	Group		Company	
	1.1-31.12.05	1.1-31.12.04	1.1-31.12.05	1.1-31.12.04
Net cash from operating activities	**7.735**	4.281	**7.735**	4.281
Net cash from financing activities	**-52.734**	4.701	**-52.734**	4.701
Net cash from investing activities	**72.719**	-4.243	**72.719**	-4.243
Net increase in cash and cash equivalents	**27.720**	4.739	**27.720**	4.739
Cash and cash equivalents at beginning of the year	**10.262**	5.523	**10.262**	5.523
Cash and cash equivalents at end of the year	**37.982**	10.262	**37.982**	10.262

Additional information:

1. The Company has been audited by tax authorities up to 2004.
2. The Company's financial statements are included in the consolidated financial statements of EFG Eurobank Ergasias S.A., which owns 70.9% of the Company's ordinary shares.
3. The fixed assets of the Company is free of charges and encumbrances.
4. The Company's Management and its legal advisors believe that the outcome of the existing legal disputes will not have a significant impact on the Company's Financial Statements.
5. The total number of employees as at 31.12.2005 was 5 (2004: 4).
6. In August 2005, the Company issued 11.851.852 ordinary shares with a par value of € 2.13 to existing shareholders for a total consideration of €160.000 thousand (before issue costs of € 278 thousand). The proceeds of this issue were used to repay existing borrowings amounting to € 110.819 thousand in anticipation of the change in the Company's legal status to that of a REIC and finance the acquisition of an investment property.
7. In August 2005, the Company merged with its wholly-owned subsidiary ELDEPA S.A. The merger has been accounted for using the uniting of interests method of accounting, resulting the two entities to be presented as a single one from the earliest period presented in the financial statements (01.01-31.12.04).
8. The Company held 50% of interest in joint venture Zenon Real Estate S.A., until August 2005, when the Company sold the interest as part of the restructuring in anticipation of the Company's reorganisation into a REIC.
9. After the Company's application to the Hellenic Capital Market Commission in October 2004 for its reorganisation into a REIC, in September 2005, the BoD of the Hellenic Capital Market Commission approved (no: 11/352/21.9.2005) the application for reorganisation into a REIC in accordance with article 21 par. 3, of L. 2778/1999, as is in effect and the same month, after the approval of the Athens Prefecture, the Company changed it status into a REIC.
10. As at 31.12.2005, the Company was in the process of completing an initial public offering of ordinary shares on the Athens Exchange.
11. The related party transactions of the Company and the Group are as follows: Receivables €38,849 thousand, Payables €41,776 thousand, Income €5,045 thousand and Expenses €4,021 thousand.

Athens, 7 February 2006

The Chairman of the Board of Directors	The General Manager	The Executive Member of the Board of Directors	The Chief Financial Officer
Haralambos Kyrkos	**Nikolaos Galetas**	**Aristotelis Karytinos**	**Ilias Papailiopoulos**
I.D. No X 052022	I.D. No Π 028271	I.D. No Σ 199654	PERM. NO 18103

IV. Report of Company Transactions with Related Parties for the Year 2005 (in accordance with Law 3016/2002, article 2, paragraph 4)

Report of Transactions
of Eurobank Properties REIC (the “Company”)
with related parties,
during the period from 1/1 up to and including 31/12/2005

A. Transactions of the Company with companies of the Group of the Parent of “EFG Eurobank Ergasias S.A.”

A1. EFG Eurobank Ergasias S.A.

Company’s Revenues: €4,654

Company’s Expenses: €2,287

A2. EFG Private Bank Luxemburg S.A.

Company’s Revenues: €0

Company’s Expenses: €1.242

A3. EFG Eurobank Ergasias Leasing S.A.

Company’s Revenues: €0

Company’s Expenses: €492

A4. Eurobank Property Services S.A.

Company’s Revenues: €494

Company’s Expenses: €0

A5. Hellas On Line S.A.

Company’s Revenues: €316

Company’s Expenses: €0

A6. Logic Data Information Systems S.A.

Company's Revenues: €992

Company's Expenses: €0

A7. Zenon Real Estate S.A.

Company's Revenues: €5

Company's Expenses: €0

A8. Filoxenia'04 S.A.

Company's Revenues: €5

Company's Expenses: €0

The total amount of receivables of the Company due from the aforementioned companies (A1 to A8), as of 31.12.2005 amounted σε € 38,849 thousand.

The total amount of payables of the Company due to the aforementioned companies (A1 to A8), as of 31.12.2005 amounted to σε € 41,708 thousand.

B. Transactions of the Company with the shareholder Lamda Development S.A.

B1. Lamda Development S.A.

Company's Revenues: €1,227

Company's Expenses: €0

Property development works: €2,164

The total amount of payables of the Company due to the aforementioned company (B1), as of 31.12.2005 amounted to σε € 68 thousand.

C. Transactions of the Company with the shareholder REIB Europe Investments Ltd and other related companies.

C1. Repeq Holdings Lux SARL.

Company's Revenues: €360

Company's Expenses: €0

V. Reference Table to the Information Requested According to Law 3401/2005, article 10

As at 31.12.2005, the shares of Eurobank Properties REIC did not trade to the Athens Exchange. The Company did not publish or made available to the public any information in pursuance of the European or National law during the past twelve months.

VI. Website Address

- ***Annual Financial Statements***
- ***Directors' Report***
- ***Auditors' Report***

The financial statements of the Company Eurobank Properties REIC, accompanied by the Audit report and the Directors' report, after their finalization, will be available at the website: http://www.eurobankproperties.gr.