Eurobank Properties REIC

Financial Statements

for the year ended 31 December 2006

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 2006

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 2006:

FINANCIAL POSITION OF THE COMPANY

The aforementioned fiscal year is the fifty fourth company year and includes the period from January 1 to December 31, 2006.

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, 2006 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, 2006.

The Board of Directors informs you on the following:

Revenue: The Company's revenues mainly consisted of rental revenues amounting to €21,698 thousand in year 2006 compared to €16,864 thousand in year 2005 (28.7% increase). The increase was primarily due to income from new rentals. In 2006, the Company received approximately €4,482 thousand of rental revenues from new rental agreements (due to the rental the newly acquired properties at Nea Ionia, Moschato and Vrilissia).

Net profit: Net profit in 2006 and 2005 amounted to €31,303 and €27,071 thousand respectively. The significant increase is mainly due to:

- The net gain from fair value adjustment on investment property of €15,352 thousand in 2006 compared to €7.269 thousand in 2005.
- The decreased finance costs (from €3,044 thousand in 2005 to €2,032 thousand in 2006) principally as a result of the repayment of the Company's borrowings of €110.819 thousand in August 2005, and
- The increased interest income of €1,793 thousand in 2006 compared to €246 thousand in 2005. Due to the public offering of the Company's shares, the Company had an inflow in April 2006 from the IPO procceeds. The procceeds were temporarily invested in short-term deposits, resulting in interest income to increase.

SIGNIFICANT EVENTS

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 €78,918 thousand (net of costs of approximately €7,039 thousand).

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

BUSINESS DEVELOPMENT

During June 2006, the Company acquired property located in Moschato (Greater Athens area) for future development as an investment property at a cost of €10,241 thousand from a third party. The gross leaseable area of the property is 12,083 sq.m. This property has been financed from proceeds received from the initial public offering during March 2006. The total cost of the investment as at December 31, 2006 amounted to €14,088 thousand. As at December 31, 2006, the market value of the property, in accordance with the valuation of the independent sworn valuers, amounted to €18,022 thousand.

On 7 July 2006, the Company acquired three buildings, comprising offices, retail property, a conference centre and car park spaces, for development as an investment property at a cost of €27,000 thousand in Nea Ionia, Attica. The gross leaseable area of the property is 15,428 sq.m. (includind the car park spaces). This property has been financed from proceeds received from the initial public offering during March 2006. As at December 31, 2006, the market value of the property, in accordance with the valuation of the independent sworn valuers, amounted to €29,027 thousand.

On December 14, 2006, the Company acquired a property located in Vrilissia (Greater Athens area) as an investment property at a cost of €2,175 thousand from a third party. The gross leaseable area of the property is 393 sq.m. This property has been financed from proceeds received from the initial public offering during March 2006. As at December 31, 2006, the market value of the property, in accordance with the valuation of the independent sworn valuers, amounted to €2,257 thousand.

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

The total number of employees as at December 31, 2006 was 6 (2005: 5).

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 2006 is €0.64 per share. The total amount of dividends payable is €15,616 thousand compared to €8,784 thousand for the 2005 fiscal year. It should be noted that the total amount of dividend of 15,616 thousand includes the interim dividend of €7,076 thousand (€0.29 per share) paid out in 2006.

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.

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, January 30, 2007

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All amounts expressed in €‘000s unless otherwise stated

Balance sheet

	Notes	As at 31December 2006	2005
Assets			
Non-current assets			
Investment property	6	339,888	213,417
Property, plant and equipment	7	1,067	54,804
Other non-current assets	8	89	89
Total non-current assets		**341,044**	**268,310**
Current assets			
Trade and other receivables	8	4,878	4,500
Cash and cash equivalents	9	72,901	37,982
Total current assets		**77,779**	**42,482**
Total assets		**418,823**	**310,792**
Shareholders’ equity and liabilities			
Capital and reserves			
Share capital	10	51,972	40,235
Share premium	10	221,962	153,923
Other reserves	11	4,167	3,370
Retained earnings		79,040	61,440
Total shareholders’ equity		**357,141**	**258,968**
Deferred income	12	261	290
Non-current liabilities			
Borrowings, including finance leases	12	52,796	41,149
Total non-current liabilities		**52,796**	**41,149**
Current liabilities			
Trade and other payables	13	6,541	4,106
Dividends payable	20	-	2,954
Current income tax liabilities		615	1,648
Borrowings, including finance leases	12	1,469	1,677
Total current liabilities		**8,625**	**10,385**
Total liabilities		**61,682**	**51,824**
Total shareholders’ equity and liabilities		**418,823**	**310,792**

All amounts expressed in €'000s unless otherwise stated

Income Statement

	Note	Year ended 2006	2005
Revenue	14	21,698	16,879
Repair and maintenance costs		(176)	(115)
Management fees	25	(1,800)	(1,351)
Other direct property related expenses	15	(669)	(645)
Employee benefit expense	16	(539)	(205)
Depreciation of property, plant and equipment	7	(53)	(52)
Other income		147	832
Prior Year V.A.T. expense		(203)	-
Other expenses	17	(1,074)	(1,005)
Operating profit before net gain or loss from fair value adjustment on investment properties		**17,331**	**14,338**
Net gain from fair value adjustment on investment property	6	15,352	7,269
Operating profit (EBIT)		**32,683**	**21,607**
Interest income		1,793	246
Finance costs	18	(2,032)	(3,044)
Profit before income tax		**32,444**	18,809
Income tax expense	19	(1,141)	8,262
Profit for the period		**31,303**	**27,071**
Earnings per share (expressed in € per share)			
- Basic and Diluted	21	**1.36**	**2.36**

Refer to Reclassifications (Note 27) for details about the reclassification of certain comparatives.

These financial statements were approved by the Board of Directors on 30 January, 2007 and are signed on its behalf by:

Nikolas Galetas General Manager & Executive Member of the BoD	Aristotelis Karytinos Executive Member of the BoD	Ilias Papailiopoulos Chief Financial Officer

All amounts expressed in €'000s unless otherwise stated

Statement of changes in shareholders' equity

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
Balance at 1 January 2005		**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	10	25,244	134,478	-	-	159,722
Incremental costs associated with initial public offering	10	-	(858)	-	-	(858)
Transfer to reserves		-	-	445	(445)	-
Dividends						
Dividends for 2004 approved by shareholders	20	-	-	-	(985)	(985)
Minimum statutory dividend	20	-	-	-	(2,954)	(2,954)
Balance at 31 December 2005		**40,235**	**153,923**	**3,370**	**61,440**	**258,968**
Profit for the year		-	-	-	31,303	31,303
Proceeds from share issue	10	11,737	74,220	-	-	85,957
Costs associated with initial public offering	10	-	(6,181)	-	-	(6,181)
Transfer to reserves		-	-	797	(797)	-
Dividends						
Dividends for 2005 approved by shareholders	20	-	-	-	(5,830)	(5,830)
Interim dividend	20	-	-	-	(7,076)	(7,076)
Balance at 31 December 2006		**51,972**	**221,962**	**4,167**	**79,040**	**357,141**

All amounts expressed in €'000s unless otherwise stated

Cash flow statement

	Notes	Year ended 31 December	
		2006	2005
Cash flows from operating activities			
Cash generated from operations	22	19,351	13,821
Income taxes paid		(2,474)	(2,943)
Interest paid		(1,677)	(2,907)
Net cash from operating activities		**15,200**	**7,971**
Cash flows from investing activities			
Capital expenditure on investment properties	6	(12,715)	(3,014)
Purchase of investment properties	6	(2,206)	-
Purchases of Property, plant and equipment	7	(44)	(24)
Purchases of investment properties under development	7	(42,470)	(53,488)
Proceeds on disposal of available-for-sale investments		-	1,510
Proceeds on disposal of joint venture		-	1,800
Interest received		1,793	246
Net cash used in investing activities		**(55,642)**	**(52,970)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	10	79,776	159,722
Proceeds from borrowings	12	13,000	41,544
Repayments of borrowings, including overdrafts	12	(1,561)	(127,562)
Dividends paid	20	(15,854)	(985)
Net cash from financing activities		**75,361**	**72,719**
Net increase in cash and cash equivalents for the year		**34,919**	**27,720**
Cash and cash equivalents at the beginning of the year		**37,982**	**10,262**
Cash and cash equivalents at the end of the year	9	**72,901**	**37,982**

Refer to Reclassifications (Note 27) for details about the reclassification of ceratin comparatives.

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 Nea Ionia, Athens, Greece. The address of its registered office is 6, Siniosoglou Street, Nea Ionia, Athens, Greece.

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 2.12)

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;
- Cessation of the other real estate services;
- Merger between the Company and its wholly owned subsidiary (ELDEPA SA) during August 2005;
- Disposal of joint venture (Zenon Real Estate SA) to a related party during August 2005; and
- Disposal of a number of equity interests in certain companies to related parties.

These financial statements have been approved for issue by the Board of Directors on 30 January 2007.

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

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.

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

a) Standards that are not yet effective but are relevant for 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 adoption of IFRS 7 will not have a material impact on the classification and valuation of the Company's financial statements, but will introduce new information relating to these financial instruments.

b) Standards, amendments and interpetations effective in 2006 but not relevant.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Company's operations:

- IAS 19 (Amendment), Employee Benefits;
- IAS 21 (Amendment), Net Investment in a Foreign Operation;
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- IAS 39 (Amendment), The Fair Value Option;
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards;
- IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRIC 4, Determining whether an Arrangement contains a Lease;
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment;

c) Standards and interepretations that are not yet effective and are not relevant for the Company's operations

The following interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 March 2006 or latter periods but are not relevant to the Company's operations:

- **IFRS 8, Operating Segments** (effective from 1 January 2009). IFRS 8 specifies how an entity should report information about its operating segments in annual financial statements and, as a consequential amendment to IAS 34 Interim Financial Reporting, requires an entity to report selected information about its operating segments in interim financial reports. It also sets out requirements for related disclosures about products and services, geographical areas and major customers. IFRS 8 replaces IAS 14 Segment Reporting. The standard is not expected to materially impact the Company.

- **IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies** (effective from 1 March 2006). IFRIC 7 provides quidance on how to apply requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As the Company does not have a currency of a hyperinflationary economy as its functional currency. IFRIC 7 is not relevant to the Company's operations.

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

- **IFRIC 8, Scope of IFRS 2** (effective for annual periods beginning on or after 1 May 2006). IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instrument issued – to establish whether or not they fall within the scope of IFRS2. IFRIC 8 is not expected to have any impact on the Company's accounts.

- **IFRIC 9, Reassessment of Embedded Derivatives** (effective for annual periods beginning on or after 1 June 2006). IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. IFRIC 9 is not relevant to the Group's operations.

- **IFRIC 10, Interim Financial Reporting and Impairement** (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 prohibits the impairement losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. IFRIC 10 is not expected to have any impact on the Company's accounts.

- **IFRIC 11 IFRS 2 - Group and Treasury Shares Transactions** (effective for annual periods beginning on or after 1 March 2007). IFRIC 11 adresses two issues. The first is whether the following transactions should be accounted for as equity-settled or as cash-settled under the requirements of IFRS 2: (a) an entity grants to its employees rights to equity instruments of the entity (eg share options), and either chooses or is required to buy equity instruments (ie treasury shares) from another party, to satisfy its obligations to its employees; and (b) an entity's employees are granted rights to equity instruments of the entity (eg share options), either by the entity itself or by its shareholders, and the shareholders of the entity provide the equity instruments needed. This Interpretation addresses how the share-based payment arrangements set out above should be accounted for in the financial statements of the subsidiary that receives services from the employees. IFRIC 11 is not expected to have any impact on the Company's accounts.

2.2 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.

2.3 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 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.

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

2.4 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 2006. 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.

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.

2.5 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.

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

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.

2.6 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 6). The Company does not currently lease out properties under finance leases.

Notes to the Financial Statements

All amounts expressed in ‘000s unless otherwise stated

2.7 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.

2.8 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 carrying amount of the asset is reduced through the use of an allowance account, and the amount of the provision is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account of trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

2.9 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.

2.10 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.

2.11 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.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 motnhs after the balance sheet date.

2.12 Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are excpected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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 Note 19). 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 year ended 31 December 2005 in accordance with the requirements set out in SIC 25 "Changes in the tax status of an entity or its shareholders".

2.13 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 probable that an outflow of resources will be required 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 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.

2.14 Revenue recognition

Revenue includes rental income and income from property trading.

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.

2.15 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.

2.16 Interest Expense

Interest expenses for borrowings are recognised within 'finance costs' in the income statement usig the effective interest rate mathod.

Notes to the Financial Statements

All amounts expressed in ‘000s unless otherwise stated

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exacly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate to the net carrying amount of the financial asset or the financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider futue credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and other premiums or discounts.

2.17 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.

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 and cash flow interest rate risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings. The accounting policy with respect to these financial instruments is described in Note 2.

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%. The Company is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities.

iii) 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 12). Finance leases which are all issued at variable rates expose the Company to cash flow interest rate risk.

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

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.

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.

The Company's liquidity position is monitored on a daily basis by the management. A summary table is presented below with maturity of financial assets and liabilities.

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to comply with Greek Law 2778/1999.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets.

According to Greek Law 2778/1999, the Company must maintain at least 10% of its assets in cash and cash equivalents.

4 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions 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 year are discussed below.

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

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 €1,404 lower or €1,486 higher.

Were the discount rate used in the discounted cash flow analysis to differ by +/- 10% from management's estimates, the carrying amount of the investment properties would be an estimated €17,126 lower or €19,884 higher.

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.

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

5 Segment Information

a) Primary reporting format – business segments

At 31 December 2006, the Company is organised into three main business segments determined in accordance with the type of the investment property:

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

For the year ended 31 December 2006

	Offices	Industrial	Retail	Company
REVENUE				
Segment Revenue	13,379	4,367	3,952	21,698
RESULT				
Segment result (including fair value gains)	19,935	8,836	7,682	36,453
Unallocated corporate expenses				(3,800)
Unallocated corporate income				30
Profit from operations				32,683
Interest income				1,793
Finance costs				(2,032)
Profit before tax				32,444
Income tax expense				(1,141)
Profit after tax				**31,303**
OTHER INFORMATION				
Capital additions	54,084	-	3,307	57,391
BALANCE SHEET				
ASSETS				
Segment assets	222,867	56,706	62,600	342,173
Unallocated corporate assets				76,650
Company's total assets				**418,823**
LIABILITIES				
Segment liabilities	35,213	23,229	28	58,470
Unallocated corporate liabilities				3,212
Company's total liabilities				**61,682**

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

For the year ended 31 December 2005

	Offices	Industrial	Retail	Company
REVENUE				
Segment Revenue	9,060	4,076	3,743	16,879
RESULT				
Segment result (including fair value gains)	10,267	8,721	4,975	23,963
Unallocated corporate expenses				(3,137)
Unallocated corporate income				781
Profit from operations				21,607
Interest income				246
Finance costs				(3,044)
Profit before tax				18,809
Income tax expense				8,262
Profit after tax				**27,071**
OTHER INFORMATION				
Capital additions	53,678	2,655	169	56,502
BALANCE SHEET				
ASSETS				
Segment assets	107,541	52,172	56,178	215,891
Unallocated corporate assets				94,901
Company's total assets				**310,792**
LIABILITIES				
Segment liabilities	17,717	24,349	11	42,077
Unallocated corporate liabilities				9,747
Company's total liabilities				**51,824**

Revenues for the office segment for the financial year include rental income of €4,475 from the newly acquired Nea Ionia and Moscato properties (Note 6). Revenues for the retail segment for the financial year include rental income of €7 from the newly acquired Vrilissia property (Note 6).

There are no transactions between the business segments. Unallocated costs represent corporate expenses.

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 6 and 7).

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:

	Year ended 31 December	
	2006	**2005**
Athens	16,952	12,479
Rest of Greece	4,746	4,385
	21,698	**16,864**

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

Assets by geographical segments:

	Year ended 31 December	
	2006	**2005**
Athens	360,974	256,423
Rest of Greece	57,849	54,369
	418,823	**310,792**

Capital expenditures by geographical segments:

	Year ended 31 December	
	2006	**2005**
Athens	57,391	56,502
Rest of Greece	-	-
	57,391	**56,502**

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

6 Investment Property

	Year ended 31 December	
	2006	**2005**
At beginning of period	213,417	203,355
Additions	14,921	3,014
Transfer from Property Plant and Equipment	96,198	-
Disposal	-	(221)
Net gain from fair value adjustments	15,352	7,269
At end of period	**339,888**	**213,417**

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.

Transfers from property, plant and equipment amounting to €96,198 relate to the following properties:

1. amount of €54,387 relates to the four Nea Ionia properties, which were acquired during September 2005 and were subject to further development as investment properties in accordance with the lease terms agreed with the tenants. The majority of the operating leases for this property commenced on 1 April 2006 and resulted in rental income of €3,444 for the year ended December 31, 2006 (Note 4). As of December 31, 2006 the Company was committed for capital expenditures of €814 under the lease agreements (see capital commitments – Note 24).

2. amount of €13,541 relates to part of the Moshato property, which was acquired during June 2006 and was subject to further development as investment property. The operating leases commenced on July 12 2006 and November 1, 2006, respectively and resulted in rental income of €280 for the year ended 31 December 2006 (Note 4).

3. amount of €27,124 relates to part of three Nea Ionia properties, which were acquired in July 2006. The start date of the operating leases relating to the buildings was 7 July 2006, 1 November 2006 and 1 December 2006, respectively and resulted in rental income of €751 for the year ended 31 December 2006 (Note 4).

4. amount of €1,146 relates to the Laodikias property. In August 2006, the Company transferred the Investment Division and the Financial Services from 16, Laodikias Str., Athens to 6, Siniosoglou Str., Nea Ionia resulting in the transfer of the property from Property, plant and equipment to Investment property.

On December 14, 2006, the Company acquired a property located in Vrilissia (Greater Athens area) as an investment property at a cost of €2,175 from a third party. This property has been financed from proceeds received from the initial public offering during March 2006 (see Note 7). The property was leased to Marks and Spencer for an initial lease term of 12 years and resulted in rental income of €7 for the year ended December 31, 2006 (Note 4).

Investment properties as at 31 December 2006 include three (2005 - three) properties having an aggregate fair value of €43,940 (2005 - €42,347) which are held under finance leases (see Note 12).

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).

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

7 Property, Plant and Equipment

	Land and buildings	Fixtures and equipment	Property under development	Total
At 1 January 2005				
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**
Year ended 31 December 2006				
Opening net amount at 1 January 2006	1,162	154	53,488	54,804
Additions	-	44	42,470	42,514
Depreciation charge	(17)	(36)	-	(53)
Transfer to Investment Properties	(1,147)	-	(95,051)	(96,198)
Transfer to Land and Buildings	334	-	(334)	-
Closing net book amount at 31 December 2006	**332**	**162**	**573**	**1,067**
At 31 December 2006				
Cost	334	340	573	1,247
Accumulated depreciation	(2)	(178)	-	(180)
Net book amount	**332**	**162**	**573**	**1,067**

There were no impairment charges during 2006 and 2005.

Land and buildings comprise owner-occupied property located at 6 Siniosoglou Strt., Nea Ionia, used for administration purposes. This asset is unsecured. In August 2006, the Company transferred the Investment Division and the Financial Services from 16, Laodikias Str., Athens to 6, Siniosoglou Str., Nea Ionia resulting in the transfer of the Laodikias property from Property, plant and equipment to Investment property.

During June 2006, the Company acquired property located in Moschato (Greater Athens area) for future development as an investment property at a cost of €10,241 from a third party. This property has been financed from proceeds received from the initial public offering during March 2006 (see Note 10). A part of the property was leased to a company of the Eurobank EFG Group for an initial lease term of 15 years commecing on 12 July 2006, whereas the remaining part was leased to a company of the Eurobank EFG Group for an initial lease term of 15 years commecing on 1 November 2006. The property is included in Investment Property (see Note 6).

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

On 7 July 2006, the Company acquired three buildings, comprising offices, retail property, a conference centre and car park spaces, for development as an investment property at a cost of €27,000 in Nea Ionia, Attica. The first building is leased to a leading IT company (see Note 6), the second building is leased to Eurobank EFG for a initial lease term of 20 years commencing on December 1, 2006, whilst the Company is currently negotiating the lease of part the third building to a well-known catering company. The remaining part of third building was leased to Eurobank EFG Group for an initial lease term of 16 years commecing on November 1, 2006. The operating lease agreement between the Company and Eurobank EFG Group requires that the Company will carry out certain development works of €1,200 subsequent to December 31, 2006 that are necessary to prepare the property for its intended use by the lessee (see capital commitments – Note 24).

8 Trade and other receivables

	31 December	
	2006	**2005**
Trade receivables	2,092	1,655
Receivables from related parties (Note 25)	210	923
Other receivables	2,665	2,011
	4,967	4,589
Less non-current portion	**89**	**89**
Current portion	**4,878**	**4,500**

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 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.

9 Cash and cash equivalents

	31 December	
	2006	**2005**
Cash in hand	2	2
Cash at bank	72,899	37,980
	72,901	**37,982**

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 deposited in its parent company, EFG Eurobank Ergasias S.A., accounts. However, no credit losses are anticipated in view of the high credit status of the counterparty.

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

10 Share Capital

The movement of the share capital and the share premium is as follows:

	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 initial public offering	-	-	(858)	(858)
At 31 December 2005	**18,890**	**40,235**	**153,923**	**194,158**
Proceeds from initial public offering	5,510	11,737	74,220	85,957
Costs associated with initial public offering	-	-	(6,181)	(6,181)
At 31 December 2006	**24,400**	**51,972**	**221,962**	**273,934**

The total authorised number of ordinary shares is 24,400 thousands (31 December 2005 – 18,890 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.

On February 7, 2006, the shareholders approved the combined offering of 5,510 thousand new ordinary registered shares and 1,780 thousand existing ordinary registered shares owned by REIB Europe Investments Limited in Greece and internationally. On April 12, 2006 the Company's shares commenced trading on the Athens Stock Exchange. The net proceeds from the Initial Public Offering amounted to €78,918 (net of costs of approximately €7,039 of which €858 were previously recognised and deducted from share premium as of 31 December 2005).

The Company will use the proceeds from the initial public offering to acquire additional investment properties in accordance with the applicable legislation as well as the Company's investment strategy. In accordance with this strategy the Company acquired a property located in Moschato at an initial cost of € 10,241 during June 2006, three buildings and parking spaces in Nea Ionia on 7 July 2006 for a total cost of €27,000 and a property located in Vrilissia on 14 December 2006 at an initial cost of €2,175 (see Note 6).

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.

11 Other Reserves

	Statutory Reserve	Reserves established under tax laws	Total
Balance at 1 January 2005	**629**	**2,296**	**2,925**
Transfer from retained earnings	445	-	445
Balance at 31 December 2005	**1,074**	**2,296**	**3,370**
Transfer from retained profits	797	-	797
Balance at 31 December 2006	**1,871**	**2,296**	**4,167**

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

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 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 at the date of distribution. 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.

12 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.

	31 December	
	2006	**2005**
Non-current		
Bank borrowings	14,000	1,000
Finance lease obligations	38,796	40,149
Total non-current borrowings	52,796	41,149
Current		
Finance lease obligations	1,469	1,677
Total current borrowings	1,469	1,677
Total borrowings	**54,265**	**42,826**

The Company maintains a € 55,000 committed credit facility with EFG Eurobank Ergasias S.A. (a related party) of which € 14,000 was drawn down as of December 31, 2006. The loan facility is a revolving line of credit and attracts interest of the base lending rate of EFG Eurobank Ergasias S.A. (currently at 7.75%) less a spread of 2.5% plus the 0.6% contrbution in accordance with L. 128/1975.

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

	31 December	
	2006	**2005**
Between 1 and 2 years	1,601	1,795
Between 2 and 5 years	5,683	9,517
Over 5 years	45,512	29,837
	52,796	**41,149**

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.

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

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

	31 December	
	2006	**2005**
Bank borrowings	5.22%	3.78%
Debentures	-	2.32%
Finance lease obligations	4.94%	3.00%

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	
	2006	**2005**
No later than 1 year	3,408	3,203
Later than 1 year but not later than 5 years	14,190	13,348
Later than 5 years	40,294	39,070
	57,892	55,621
Less future finance charges	(17,627)	(13,795)
Present value of finance lease obligation	**40,265**	**41,826**

Present value of minimum lease payments

	31 December	
	2006	**2005**
Not later than 1 year	1,469	1,677
Later than 1 year but not later than 5 years	7,284	7,968
Later than 5 years	31,512	32,181
Present value of lease obligation	**40,265**	**41,826**

Finance lease obligations are secured over investment properties (see Note 6).

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.

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

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	
	2006	**2005**
Not later than 1 year	2,850	2,807
Later than 1 year but not later than 5 years	11,362	11,448
Later than 5 years	11,703	16,625
Present value of lease obligation	**25,915**	**30,880**

13 Trade and other payables

	31 December	
	2006	**2005**
Trade payables	2,367	470
Other payables	1,738	1,453
Amounts due to related parties (Note 25)	2,436	2,183
	6,541	**4,106**

Trade payables include payables to construction companies for development works to investment properties of €2,266 (2005: €0).

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

14 Revenue

	Year ended 31 December	
	2006	**2005**
Rental Income from investment properties	21,698	16,864
Realised gain on sale of investment properties	-	15
	21,698	**16,879**

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

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

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

	Year ended 31 December	
	2006	**2005**
No later than 1 year	24,181	20,149
Later than 1 year but not later than 5 years	97,379	85,747
Later than 5 years	138,780	88,756
	260,340	**194,653**

15 Other direct property related expenses

Other direct property related expenses comprise the following:

	Year ended 31 December	
	2006	**2005**
Property taxes	-	506
Insurance and other expenses	669	139
	669	**645**

On September 29, 2005 the Company was transformed into a Real estate Investment Company (REIC), resulting in the Company to be governed by a tax efficient regime. The regulatory regime governing real estate investment vehicles does not require REICs to pay Large Property Tax. For the year ended 31 December 2005, the relevant tax amounted to €506.

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

	Year ended 31 December	
	2006	**2005**
Let properties	662	637
Unlet properties	7	8
	669	**645**

16 Employee Benefit Expense

	Year ended 31 December	
	2006	**2005**
Wages and salaries	338	130
Social security costs	59	27
Other benefits	41	48
Bonus paid to employees	101	-
Total employee costs	**539**	**205**

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

17 Other Expenses

	Year ended 31 December	
	2006	**2005**
Professional fees	317	586
Advertising, publication and other related expenses	155	53
Non deductible VAT	465	55
Other	137	311
	1,074	**1,005**

18 Finance Costs

	Year ended 31 December	
	2006	**2005**
Interest on borrowings	2,016	2,812
Other	16	232
Total borrowing costs	**2,032**	**3,044**

19 Income Tax Expense

	31 December	
	2006	**2005**
Current tax	1,141	2,653
Deferred tax	-	(10,915)
	1,141	**(8,262)**

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	
	2006	**2005**
Profit before tax from		
Tax profit before tax	31,303	18,809
Tax at the income tax rate of 0% (2005 – 32%)	0	6,019
Asset based tax for period subject to change in tax status	1,141	236
Unrecognised taxable temporary differences at date of change in tax status	-	(3,966)
Supplementary tax on rental income	-	375
Other items	-	11
De-recognition of net deferred liability due to change in tax status	-	(10,915)
Total tax (relief) / expense	**1,141**	**(8,262)**

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. With effect from January 1 2007, the Company's tax rate changed from that described above and will be determined at 10% of the "ECB reference rate+1%" applied to the average fair value of investment properties plus cash & cash equivalents, based on Law 3522/2006.

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

20 Dividends per share

An interim dividend in respect of 2006 of €0.29 per share, amounting to a total dividend of €7,076 was declared by the directors at their meeting on 30 October 2006. The payment of the interim dividend commenced on 4 December 2006. As of 31 December 2006, the total dividends amounting to €7,071 were paid to shareholders. The proposed dividend for 2006 amounts to €0.64 per share (€15,616) which includes the aformentioned interim dividend. The total dividend for 2006 is subject to the approval of the upcoming Annual General Meeting of the Shareholders.

On June 19, 2006 the Company's shareholders approved a dividend of €0.36 per share, amounting to €8,784, in respect to 2005, for payment commencing on June 30, 2006.

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.

21 Earnings per share

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
	2006	**2005**
Profit attributable to equity holders of the Company	31,303	27,071
Weighted average number of ordinary shares in issue (thousands)	22,951	11,454
Basic earnings per share (€ per share)	**1.36**	**2.36**

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.

Notes to the Financial Statements

All amounts expressed in '000s unless otherwise stated

22 Cash generated from operations

		31 December	
		2006	**2005**
Profit for the period		31,303	27,071
Adjustments for:			
Other gains and losses		(90)	(88)
Other income		-	(532)
Interest income		(1,793)	(246)
Finance costs	18	2,032	3,044
Income tax expense	19	1,141	(8,262)
Depreciation of property, plant and equipment	7	53	52
Increase in fair value of investment property	6	(15,352)	(7,269)
Proceeds on disposal of investment property	6	-	236
Gain on disposal of investment property	6	-	(15)
Operating cash flows before movements in working capital .		**17,294**	**13,991**
(Increase) in receivables		(378)	(1,166)
Increase in payables		2,435	996
Cash generated from operations		**19,351**	**13,821**

Refer to Reclassifications (Note 27) for details about the reclassifications of certain comparables.

23 Contingent Liabilities

The Company has not been subject to tax audit for the years ended 31 December 2005 and 2006. 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, disputes 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 were 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.

24 Capital Commitments

	31 December	
	2006	**2005**
Capital commitments relating to the further development of investment properties	**2,014**	**12,000**

All amounts expressed in '000s unless otherwise stated

25 Related Party Transactions

The Company is controlled by EFG Eurobank Ergasias (incorporated in Athens and listed on the Athens Stock Exchange, Greece), which owns 54.88% of the Company's shares. 10.22% and 5.03% of the shares are held by Lamda Development S.A. (a company controlled by the Latsis family) and REIB Europe Investments Ltd (a subsidiary of Deutsche Bank), respectively. The ultimate parent company of the Company is EFG Bank European Financial Group, a bank incorporated in Switzerland. All the voting rights in EFG Bank Eurpean Financial Group are held by the Latsis family, the ultimate controlling party of the Company.

The following transactions were carried out with related parties:

(a) Rental income received

	Year ended 31 December	
	2006	**2005**
Rental income received		
Parent	6,659	3,177
Subsidiaries of parent company	449	360
Associates of parent company	118	1,266
Joint Venture (Zenon Real Estate S.A.)	-	5
Total	**7,226**	**4,808**

(b) Purchase of services and property development works

	Year ended 31 December	
	2006	**2005**
Management fees		
Parent (EFG Eurobank Ergasias S.A.)	1,800	1,351
Property development works		
Subsidiary of ultimate parent company (Lamda Estate Development)	-	2,164
Valuations and Brokerage Fees		
Subsidiary of parent company (Eurobank Property Services)	283	**-**
Total	**2,083**	**3,515**

Management fees represent amounts payable to EFG Eurobank Ergasias for investment property management and other administrative services.

(c) Financing costs incurred on borrowings

	Year ended 31 December	
	2006	**2005**
Bank Borrowings		
Parent (EFG Eurobank Ergasias S.A.)	297	936
Subsidiary of ultimate parent company (EFG Private Bank Luxemburg)	-	1,242
Obligations under finance leases		
Subsidiary of parent company (EFG Eurobank Ergasias Leasing SA)	1,536	492
Total	**1,834**	**2,670**

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 2006	2005
Parent (EFG Eurobank Ergasias S.A.)	**1,729**	**237**

(e) Transfer under financing arrangements

	Year ended 31 December 2006	2005
Net cash transfers in/(out) under financing arrangements		
Parent (EFG Eurobank Ergasias S.A.)	13,000	(64,819)
Subsidiary of parent company (EFG Private Bank Lux)	-	(45,000)
Subsidiary of parent company (EFG Eurobank Ergasias Leasing SA)	(1,512)	23,950
Total	**11,488**	**(85,869)**

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

	Year ended 31 December 2006	2005
Parent (EFG Eurobank Ergasias S.A.)	-	1.477
Shareholders other than parent	-	1.587
Subsidiary of parent company (Eurobank Property Services SA)	-	245
Total	**-**	**3.309**

(g) Key management compensation

	Year ended 31 December 2006	2005
Salaries and other short-term employee benefits	**292**	**-**

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

	Year ended 31 December 2006	2005
Trade receivables from related parties (Note 8)		
Parent Company	56	-
Other related parties	154	923
Total	**210**	**923**
Trade payables to related parties (Note 13)		
Parent Company	1,927	1,756
Other related parties	509	427
Total	**2,436**	**2,183**

Notes to the Financial Statements

All amounts expressed in ‘000s unless otherwise stated

	Year ended 31 December	
	2006	**2005**
Borrowings, including finance lease obligations (Note 12)		
Parent Company	14,000	1,000
Subsidiary of Parent Company (EFG Eurobank Ergasias Leasing SA)	37,081	38,593
Total	**51,081**	**39,593**
Cash and cash equivalents (Note 9)		
Parent Company	72,843	37,926
Total	**72,843**	**37,926**

(i) Commitments and Contingencies

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

26 Events after the balance sheet date

There were no significant events after the balance sheet date.

27 Reclassifications of comparatives

Certain comparatives previously presented in the income statement have been reclassified in order to better present the company performance. Fair value gain from investment properties have been seperately shown after operating profit before fair value gain and losses from investment properties and interest income, previously presented within operating profit, have been reclassified and is now shown within financing activities.

Certain comparatives previously presented in the cash flow statement have been reclassified in order to better present the company performance. Proceeds on disposal of investment property, previously presented in investing activities, have been reclassified and is now shown within operating activities, since the operating activities of the Company include the sale of properties.

Independent auditor's report

To the Shareholders of
Eurobank Properties REIC

Report on the Financial Statements

We have audited the accompanying financial statements of Eurobank Properties REIC set out on pages 6 to 36 which comprise the balance sheet as of 31 December 2006 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes..

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Company as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal Requirements

In our opinion the Board of Directors' Report set out on pages 2 to 3 is consistent with the aforementioned financial statements.

Athens, 30 January 2007

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