



Eurobank Properties REIC

CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

This financial report has been translated from the original report that has been prepared in the Greek language. Reasonable care has been taken to ensure that this report represents an accurate translation of the original text. In the event that differences exist between this translation and the original Greek language financial report, the Greek language financial report will prevail over this document.

**DIRECTORS' REPORT OF
«EUROBANK PROPERTIES REAL ESTATE INVESTMENT COMPANY»
TO THE ORDINARY ANNUAL GENERAL MEETING OF THE SHAREHOLDERS
FOR THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

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 2007:

FINANCIAL POSITION OF THE GROUP

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

The consolidated and company financial statements for the year ended 31 December 2007 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 31 December 2007.

The Board of Directors informs you on the following:

Revenue: The Group's revenues mainly consist of rental income amounting to €6,823 thousand in year 2007 compared to €1,698 thousand in year 2006 (23.6% increase). The increase is primarily due to income from new rentals (approximately 13.5% of total rental income). Additionally, gain from the sale of investment properties for the year 2007 amounts to €1,070 as a result of the sale of a retail property in Ioannina for an amount of €2,363 thousand.

Net profit: Net profit in year 2007 amounted to €37,325 compared to €1,303 thousand in year 2006. The significant increase is mainly due to:

- The increased rental income (as analysed above),
- The gain from the sale of investment properties of €1.070 thousand, and
- The net gain from fair value adjustment on investment property of €19,568 thousand in 2007 compared to €15,352 thousand in 2006.

SIGNIFICANT EVENTS

The Extraordinary Shareholders' Meeting on 3.9.2007 and 15.10.2007 approved the share capital increase of the Company through the issue of 36,600,000 new common registered shares, of nominal value €2.13 each to existing shareholders, at a ratio of 3 New Shares for every 2 shares held. The Subscription Price for every New Share was set by the Company's Board of Directors dated 9.11.2007 at € and the exercise period was set from 26.11.2007 to 10.12.2007.

The share capital increase of the Company was fully subscribed and the Board of Directors of the ATHEX at its meeting on 20.12.2007, approved the admission to trading of the 36,600,000 new ordinary registered shares of the Company. The net proceeds from the share capital increase amounted to €22,745 thousand (net of costs of approximately €6,655 thousand). The date on the ATHEX that the abovementioned 36,600,000 shares started trading was on 24.12.2007.

BUSINESS DEVELOPMENT OF THE COMPANY

Acquisition of properties

On 15 June 2007, the Company acquired a property located in Nea Ionia for future development as an investment property at a cost of €19,700 thousand (excluding notaries and lawyers fees amounting to €377 thousand) from a third party. The Company had contracted to further develop this property for an additional cost of €4,300 thousand in order to prepare it for its intended use as contemporary office space.

The majority of the above property, representing approximately of 81% of total gross leasable area has already been leased to L'Oreal S.A., a multinational company with a leading presence in the cosmetics and beauty products sector. The Company is in the process of negotiating the lease for the remaining unlet property with various potential tenants.

On 23 July 2007, the Company completed the acquisition of two retail properties aggregating to 791.18 sqm for the total purchase consideration of €4,325 thousand (excluding notaries and lawyers fees of €67 thousand). These properties are located in Athens and are subject to existing operating leases entered into with EFG Eurobank Ergasias S.A for the lease of bank branch and AB Vassilopoulos for the lease of a supermarket.

On 24 December 2007, the Company completed the acquisition of nine investment properties, comprising retail and office spaces located in Athens, Heraklion and Larissa (all cities located in Greece), from its parent company, for a total purchase consideration of €51,630 thousand (excluding notaries and lawyers fees of €727 thousand).

Acquisition of Special Purpose Vehicles (SPVs)

On 26 July 2007, the Company acquired the entire share capital of Reco Real Property A.D., owner of a prime property located in the centre of Belgrade comprising office and retail spaces of 5,503 sqm for a purchase consideration of €22,630 thousand. The property is subject to existing operating leases with three tenants.

On 22 August 2007, the Company acquired 99.99% of the share capital of Eliade Tower S.A., an investment property company, owner of an office building located on the northern side of Bucharest (Floreasca area) with a total gross leasable area of 9,704 sqm for a purchase consideration of €1,915 thousand (agreed amount net from liabilities and debt).

Preliminary Agreements

During August 2007, the Company entered into two separate agreements with unrelated parties for the purchase, subject to certain conditions, of two Romanian joint stock companies engaged in the development of retail and office space in Bucharest and Iasi respectively. The total purchase consideration for the two companies is expected to be €50,500 thousand on a debt free basis upon completion.

As of 31 December 2007, the Company made down payments of €8,900 thousand, which are secured by way of second ranking pledges over the respective shares of the two companies. Completion of the two transactions is expected to take place no later than 28th February 2008. Conditions precedent for completion, inter alia, include: satisfactory and timely completion of the construction works in accordance with technical specifications, subdivision of land and transfer to a newco in one instance, regulatory approvals, tenant acceptance and signed leases and due diligence procedures. Risks associated with development of the two investment properties are retained by the sellers and may result in delay penalties or contract termination, in the event of absence of tenant acceptance, non-timely completion of construction works, force majeure or any unforeseen event.

On 28 December 2007, the Company entered into a preliminary agreement with third parties to acquire a commercial investment property located in Kiev, Ukraine, for a total purchase consideration of €5,853 thousand (equivalent of \$8,616 thousand). In accordance with the agreement, the Company has paid an advance of €82 thousand (equivalent of \$1,000 thousand). Risks and rewards associated with the properties are retained by the seller until such time as a definite agreement which is expected to be finalised by 1 March 2008, is concluded. The advance payment is fully refundable in the event that the sale and purchase transaction is not completed.

All the fixed assets of the Company are free of charges and encumbrances, except for the fixed assets of Reco Real Property A.D. and Eliade Tower S.A., which are mortgaged in order to secure loans of €1,500 thousand and €12,618 thousand, respectively.

The total number of employees as at December 31, 2007 was 8 (2006: 6).

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 than 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 2007 amounts to €17,413 thousand compared to €15,616 thousand for the 2006 fiscal year. It should be noted that the total amount of dividend of €17,413 thousand includes the interim dividend of €7,808 thousand paid out in 2007.

PROSPECTS

The Company's fundamental investment objective is to create long-term value of its shareholders. The Company expects to achieve this objective through an overall strategy, focused on property acquisitions of high-end commercial real estate primarily located in major urban areas in Greece and the CEE for lease, emphasising attractive rental yields, prime credit-worthy tenants, cash flow growth at a rate equal to or higher than the CPI and the appreciation of property values. The Company may also participate with other entities in property ownership, through co-ownership or indirectly through a shareholding in an SPV, subject to any restrictions imposed by the regulatory regime governing Greek REICs. The Company also intends to use leverage to increase its access to capital available to fund its investment strategy.

The Company's strategy for future growth is in 2008 to continue to acquire high-end office, retail and logistics spaces in prime locations primarily in Greece and CEE as capital and real estate market conditions permit. The Company is also evaluating certain cross-border investments, including additional investments in the Romanian and Serbian commercial real estate sector and potential investments in Bulgaria. The Company may also, from time to time, implement programs of redevelopment or expansion of certain of its properties and, subject to market conditions, complete the construction of new properties as permitted by the Greek REIC regulatory framework. The Company believes that, among other factors and relationships, its strategic concentration in the Greek commercial real estate sector and substantial knowledge of its regional markets afford the Company a competitive advantage in the identification of real estate trends and in accessing and pursuing investment opportunities of prime commercial real estate at favourable prices in Greece.

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.

Nea Ionia, 30 January 2008

The Board of Directors

**Explanatory Report of the Board of Directors of
«Eurobank Properties Real Estate Investment Company»
for the Fiscal Year 2007
(In accordance with article 11^a of Law 3371/2005)**

1. Structure of the Company's Share Capital

The Company's share capital amounts to €129,930,000.00, divided into 61,000,000 shares of nominal value of €2.13 each. All the shares are ordinary, nominal, with voting rights, and listed for trading in the Securities Market of the Athens Exchange ("Large Cap" Classification) and have all the rights and obligations as determined by the law.

2. Limits of transfer of Company shares

The Company shares may be transferred as provided by the law and the Company's Articles of Association provide no restrictions as regards the transfer of shares.

3. Significant direct or indirect shares in the sense of articles 9 and 11 of Law 3556/2007.

On 31.12.2007, EFG Eurobank Ergasias S.A. holds 54.88% of the share capital of the Company, Lamda Development S.A. holds 10.22% and REIB Europe Investments Ltd holds 5.82%. No other individual or legal entity holds more than 5% of the share capital.

4. Shares conferring special control rights

No Company shares exist that confer special control rights.

5. Limitations on voting rights

The Company's Articles of Association make no provisions for any limitations on voting rights.

6. Agreements among Company shareholders entailing limitations on the transfer of shares or limitations on voting rights.

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights, with the exception of the 30.1.2006 agreement between EFG Eurobank Ergasias S.A., Lamda Development S.A. and REIB Europe Investment Ltd. In this agreement, the following terms can be considered, in a wider sense, as limitations on voting rights:

- Each of Lamda Development S.A. and REIB Europe Investment Ltd, has the rights to designate for appointment one member of the Board of Directors of the Company and one member of the Investment Committee and to replace such members during the term, as long as they hold more than 5% of the share capital of the Company.
- The decisions of the Investment Committee must be taken with unanimous vote of its members.

It is noted that if the shareholding of Lamda Development S.A. or REIB Europe Investment Ltd falls below 5% of the Company's share capital, the agreement shall be terminated in relation to such party. Moreover, in the case where EFG Eurobank Ergasias S.A. ceases to be the major shareholder, the agreement shall be terminated (in respect of all parties).

7. Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association

The rules set out in the Articles of Association of the Company on the appointment and replacement of members of the Board of Directors and the amendment of the provisions of the Articles of Association do not differ from those envisaged in Codified Law 2190/20.

8. Authority of the Board of Directors or certain of its members to issue new shares or to purchase the own shares of the Company

The Board of Directors as well as its members do not have the power to issue new shares, nor to purchase own shares.

9. Significant agreements put in force, amended or terminated in the event of a change in the control of the Company, following a public offer.

The Company has no agreements which are put in force, amended or terminated in the event of a change in the control of the Company following a public offer.

10. Significant agreements with members of the Board of Directors or employees of the Company.

The Company has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without good reason or termination of their period of office or employment due to of a public offer.

Nea Ionia, 30 January 2008

The Board of Directors

All amounts expressed in €000s unless otherwise stated

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All amounts expressed in €000s unless otherwise stated

Consolidated and Company Balance sheet

	Notes	Group		Company	
		31/12/2007	31/12/2006	31/12/2007	31/12/2006
ASSETS					
<i>Non-current assets</i>					
Investment property	6	488,299	339,888	438,014	339,888
Property, plant and equipment	7	3,487	1,067	3,487	1,067
Investments in subsidiaries	8	-	-	34,545	-
Deferred tax asset		178	-	-	-
Other non-current assets	9	21,808	89	21,758	89
		513,772	341,044	497,804	341,044
<i>Current assets</i>					
Trade and other receivables	9	4,697	4,878	6,356	4,878
Cash and cash equivalents	10	256,112	72,901	255,163	72,901
		260,809	77,779	261,519	77,779
Total assets		774,581	418,823	759,323	418,823
Shareholders' equity and liabilities					
<i>Capital and reserves</i>					
Share capital	11	129,930	51,972	129,930	51,972
Share premium	11	466,749	221,962	466,749	221,962
Other reserves	12	5,124	4,167	5,029	4,167
Retained earnings		99,155	79,040	98,361	79,040
Total shareholders' equity		700,958	357,141	700,069	357,141
Deferred income		232	261	232	261
<i>Non-current liabilities</i>					
Borrowings, including finance leases	13	51,756	52,796	37,638	52,796
		51,756	52,796	37,638	52,796
<i>Current liabilities</i>					
Trade and other payables	14	18,812	6,541	18,577	6,541
Dividends payable		22	-	22	-
Current income tax liabilities		1,536	615	1,520	615
Borrowings, including finance leases	13	1,265	1,469	1,265	1,469
		21,635	8,625	21,384	8,625
Total liabilities		73,623	61,682	59,254	61,682
Total shareholders' equity and liabilities		774,581	418,823	759,323	418,823

All amounts expressed in €000s unless otherwise stated

Consolidated and Company Income Statement

	Note	Group Year ended		Company Year ended	
		2007	2006	2007	2006
Revenue					
Rental Income	15	26,823	21,698	26,000	21,698
Gain from sale of investment property	15	1,070	-	1,070	-
		27,893	21,698	27,070	21,698
Net gain from fair value adjustment on investment property	6	19,568	15,352	19,289	15,352
Repair and maintenance costs		(411)	(176)	(408)	(176)
Management fee	26	(2,435)	(1,800)	(2,435)	(1,800)
Other direct property relating expenses	16	(1,880)	(669)	(1,701)	(669)
Employee benefit expense	17	(829)	(539)	(829)	(539)
Depreciation of property, plant and equipment	7	(45)	(53)	(45)	(53)
Other income		703	147	546	147
Prior year VAT expense		-	(203)	-	(203)
Other expenses	18	(1,608)	(1,074)	(1,525)	(1,074)
		40,956	32,683	39,962	32,683
Operating profit (EBIT)					
Interest income		2,286	1,793	2,279	1,793
Finance costs	19	(3,582)	(2,032)	(3,212)	(2,032)
		39,660	32,444	39,029	32,444
Profit before income tax					
Income tax expense	20	(2,335)	(1,141)	(2,498)	(1,141)
		37,325	31,303	36,531	31,303
Profit for the period					
Earnings per share (expressed in €per share)					
- Basic and Diluted	22	1.48	1.36	-	-

The consolidated and company financial statements was approved by the Board of Directors on 30 January, 2008 and is signed on its behalf by:

Aristotelis Karytinis

Executive Member of the BoD

Nikolaos Galetas

General Manager &
Executive Member of the BoD

Ilias Papailiopoulos

Chief Financial Officer

All amounts expressed in €000s unless otherwise stated

Consolidated Statement of changes in shareholders' equity

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
Balance at 1 January 2006		40,235	153,923	3,370	61,440	258,968
Profit for the period		-	-	-	31,303	31,303
Proceeds from initial public offering	11	11,737	74,220	-	-	85,957
Costs associated with initial public offering	11	-	(6,181)	-	-	(6,181)
Transfer to reserves		-	-	797	(797)	-
Dividends						
Dividends relating to 2005 approved by the shareholders		-	-	-	(5,830)	(5,830)
Interim dividend	21	-	-	-	(7,076)	(7,076)
Balance at 31 December 2006		51,972	221,962	4,167	79,040	357,141
Balance at 1 January 2007		51,972	221,962	4,167	79,040	357,141
Currency translation reserves		-	-	95	-	95
Profit for the period		-	-	-	37,325	37,325
Proceeds from share capital increase	11	77,958	251,442	-	-	329,400
Costs associated with share capital increase	11	-	(6,655)	-	-	(6,655)
Transfer to reserves		-	-	862	(862)	-
Dividends						
Dividends relating to 2006 approved by the shareholders	21	-	-	-	(8,540)	(8,540)
Interim dividend	21	-	-	-	(7,808)	(7,808)
Balance at 31 December 2007		129,930	466,749	5,124	99,155	700,958

All amounts expressed in €000s unless otherwise stated

Company Statement of changes in shareholders' equity

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
Balance at 1 January 2006		40,235	153,923	3,370	61,440	258,968
Profit for the period		-	-	-	31,303	31,303
Proceeds from initial public offering	11	11,737	74,220	-	-	85,957
Costs associated with initial public offering	11	-	(6,181)	-	-	(6,181)
Transfer to reserves		-	-	797	(797)	-
Dividends						
Dividends relating to 2005 approved by the shareholders		-	-	-	(5,830)	(5,830)
Interim dividend	21	-	-	-	(7,076)	(7,076)
Balance at 31 December 2006		51,972	221,962	4,167	79,040	357,141
Balance at 1 January 2007		51,972	221,962	4,167	79,040	357,141
Profit for the period		-	-	-	36,531	36,531
Proceeds from share capital increase	11	77,958	251,442	-	-	329,400
Costs associated with share capital increase	11	-	(6,655)	-	-	(6,655)
Transfer to reserves		-	-	862	(862)	-
Dividends						
Dividends relating to 2006 approved by the shareholders	21	-	-	-	(8,540)	(8,540)
Interim dividend	21	-	-	-	(7,808)	(7,808)
Balance at 31 December 2007		129,930	466,749	5,029	98,361	700,069

All amounts expressed in €000s unless otherwise stated

Consolidated and Company Cash flow statement

	Notes	Group		Company	
		Year ended 2007	2006	Year ended 2007	2006
Cash flows from operating activities					
Cash generated from operations	23	23,402	19,351	22,904	19,351
Income taxes paid		(1,592)	(2,474)	(1,592)	(2,474)
Interest paid		(3,032)	(1,677)	(2,662)	(1,677)
Net cash from operating activities		18,778	15,200	18,650	15,200
Cash flows from investing activities					
Capital expenditure on investment properties	6	(1,334)	(12,715)	(1,334)	(12,715)
Purchases of investment properties	6	(83,099)	(2,206)	(56,749)	(2,206)
Purchases of Property, plant and equipment	7	(20)	(44)	(20)	(44)
Purchases of investment properties under development		(37,518)	(42,470)	(21,492)	(42,470)
Acquisition of foreign subsidiaries		-	-	(26,915)	-
Advances for the acquisition of investment properties and foreign subsidiaries	9	(21,669)	-	(21,669)	-
Purchase of foreign subsidiary loan	9	-	-	(2,238)	-
Interest received		2,131	1,793	2,124	1,793
Net cash used in investing activities		(141,509)	(55,642)	(128,293)	(55,642)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	11	323,593	79,776	323,593	79,776
Proceeds from borrowings	13	30,117	13,000	16,000	13,000
Repayments of borrowings	13	(31,362)	(1,561)	(31,362)	(1,561)
Dividends paid	21	(16,326)	(15,854)	(16,326)	(15,854)
Net cash from / (used in) financing activities		306,022	75,361	291,905	75,361
Net (decrease) / increase in cash and cash equivalents for the period		183,291	34,919	182,262	34,919
Cash and cash equivalents at the beginning of the period		72,901	37,982	72,901	37,982
Exchange losses on cash and cash equivalents		(80)	-	-	-
Cash and cash equivalents at the end of the period	10	256,112	72,901	255,163	72,901

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”) and its subsidiaries (together the “Group”) is an investment property group with a major portfolio in Greece and an expanding portfolio in Central and Eastern Europe (“CEE”). 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 Company enjoys certain tax privileges in Greece as a real estate investment vehicle (see Note 20).

During June 2007, a number of amendments were made to Greek legislation governing REICs which significantly increase the Company's potential for future growth. The main changes to the regulatory regime now enable Greek REICs to (a) have access to a number of alternative transactions that were previously not possible (i.e. can now invest in special purpose vehicle owning real estate, and are now allowed to enter into promissory contracts for the acquisition, upon completion, of properties under construction), (b) assume additional debt to finance acquisitions, refurbishment and development (c) improved liquidity as a result of the abolishment of the requirement to maintain minimum cash and cash equivalents of 10% of total assets and (d) additional favourable tax benefits.

The Company's shares are listed on the Athens stock exchange.

These consolidated and company financial statements have been approved for issue by the Board of Directors on 30 January 2008.

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 consolidated 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 consolidated 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.

a) Standards, amendment and interpretations effective in 2007

IFRS 7, "Financial Instruments: Disclosures" and the complementary amendment to IAS 1 "Presentation of financial statements – Capital disclosures", mainly requires the Group to include additional disclosures about sensitivity analysis to market risk and capital disclosures.

All amounts expressed in €000s unless otherwise stated

b) Standards, amendments and interpretations effective in 2007 but not relevant.

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group's operations:

- IFRS 4, "Insurance contracts",
- IFRIC 7 "Applying the Restatement Approach under IAS 29, Financial reporting in hyperinflationary economies",
- IFRIC 8 "Scope of IFRS 2 "Scope of IFRS 2",
- IFRIC 9 "Reassessment of Embedded Derivatives",
- IFRIC 10 "Interim Financial Reporting and Impairment" and
- IFRIC 11, IFRS 2 "Group and Treasury Share Transactions".

c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2008 or later periods, but the group has not early adopted them:

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The group will apply IAS 23 (Amended) from 1 January 2009 but is not expected to have any impact on the Group's operations.
- IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The group will apply IFRS 8 from 1 January 2009. Management does not anticipate that this will have any impact on the Group's accounts.
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The group will apply IFRIC 14 from 1 January 2008, but it is not expected to have any impact on the group's accounts.

d) Interpretations to existing standards that are not yet effective and not relevant for the Group's operations:

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

- IFRIC 12, 'Service concession arrangements' (effective from 1 January 2008). IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is not relevant to the Group's operations because none of the Group's companies provide for public sector services.
- IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

All amounts expressed in €000s unless otherwise stated

2.2 Investment in Subsidiaries

Investment in subsidiaries are stated at cost less impairment.

2.3 Consolidation

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 voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether controls an entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

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 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.

All amounts expressed in €000s unless otherwise stated

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which income and expenses are translated at the rate of the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the closing entity and translated at the closing rate.

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 are reviewed as at 30 June and 31 December each year by independent professional valuers in accordance with the guidance issued by the International Valuation Standards Committee.

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.

All amounts expressed in €000s unless otherwise stated

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.

2.8 Leasing

a) Where the Group 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.

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 the Group is the lessor

Operating lease – properties leased out under operating leases are included in investment property in the balance sheet (Note 6). The Group 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 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 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.

2.11 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 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at cost using the effective interest rate method.

All amounts expressed in €000s unless otherwise stated

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.

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

2.15 Current and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 20). 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.

2.16 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 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 Group, as a lessee, is contractually 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.

All amounts expressed in €000s unless otherwise stated

2.17 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 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.

2.18 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by either the board of directors or the Company's shareholders.

2.20 Interest Expense

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

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 exactly 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 future 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.

2.21 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 Group'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.

All amounts expressed in €000s unless otherwise stated

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, EFG Eurobank Ergasias S.A.. 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 internationally but is not significantly exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from commercial transactions. However, recognised assets and liabilities are initially recognised in Euro, which is the Group's functional currency. The Group's exposure to foreign currency risk at 31 December 2007 and 2006 was not significant representing less than 5% of total assets and total liabilities for each respective year end. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

The Group's policy, in accordance with the legislation governing Greek REICs, is not to enter into any currency hedging 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 of 12 years under which annual rental increases are linked to the consumer price index plus a spread of up to 2%. The Group 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 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 13). Finance leases and bank borrowings 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.

The sensitivity analyses below are based on a change in an assumption while holding other assumptions constant. In practise, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values.

An increase in 100 basis points in interest yields would result in a post-tax gain on the income statement of €1 in 2007 (2006: €75). A decrease in 100 basis points in interest yields would result in a post tax loss on the income statement of €1 in 2007 (2006: €72).

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.

All amounts expressed in €000s unless otherwise stated

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 and committed credit lines available. The Group has an unused credit facility of €55million.

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

	As at 31 December	
	2007	2006
Financial assets - current		
Trade and other receivables – maturity within one year	4,697	4,878
Cash and cash equivalents – maturity within one year	256,112	72,901
	260,809	77,779
Financial liabilities – non-current		
Borrowings, including finance leases		
Between 1 and 2 years	1,404	1,601
Between 2 and 5 years	5,150	5,683
Over 5 years	45,202	45,512
	51,756	52,796
Current		
Trade and other payables – maturity within one year (including dividends payable)	18,834	6,541
Current income tax liabilities	1,536	615
Borrowings, including finance leases – maturity within one year	1,265	1,469
	21,635	8,625
	73,391	61,421

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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.

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.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio (debt ratio). This ratio is calculated as total borrowings (including finance leases) divided by total assets, as shown in the consolidated balance sheet. The regulatory regime governing Greek REICs permit Greek REICs to borrow up to 50% of the value of total assets, for acquisitions and improvements on properties. The Company's goal is to optimise its capital structure through effective use of debt financing.

The gearing ratios (debt ratios) as at 31 December 2007 and 31 December 2006 were as follows:

	As at 31 December	
	2007	2006
Total borrowings (including finance leases)	53,021	54,265
Total assets	774,581	418,823
Gearing ratio	7%	13%

All amounts expressed in €000s unless otherwise stated

The decrease in the gearing ratio during 2007 resulted from the share capital increase for the acquisition of high-end commercial properties primarily in major urban areas in Greece and the CEE (see Note 11).

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 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 year 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 contracts, 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 €2,464 lower or €2,437 higher.

All amounts expressed in €000s unless otherwise stated

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 €1,806 lower or €4,273 higher.

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 as investment properties and whether when the recognition of rental income commences. The Group considers each property separately in making its judgment.

All amounts expressed in €000s unless otherwise stated

5 Segment Information

a) Primary reporting format – business segments

At 31 December 2007, the Group 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 2007:

	Offices	Logistics	Retail	Group
REVENUE				
Segment Revenue	17,710	4,386	5,797	27,893
RESULTS				
Segment result (including fair value gains)	25,471	9,777	7,341	42,589
Unallocated corporate expenses				(1,644)
Unallocated corporate income				11
Operating profit				40,956
Interest income				2,286
Finance costs	(1,931)	(1,240)	(411)	(3,582)
Profit before income tax				39,660
Income tax expense				(2,335)
Profit for the period				37,325
OTHER INFORMATION				
Capital additions	90,248	42,333	-	132,581
BALANCE SHEET				
ASSETS				
Segment assets	342,253	59,809	113,374	515,436
Unallocated corporate assets				259,145
Company's total assets				774,581
LIABILITIES				
Segment liabilities	31,094	22,641	15,617	69,352
Unallocated corporate liabilities				4,271
Company's total liabilities				73,623

All amounts expressed in €000s unless otherwise stated

5 Segment Information - continued

For the year ended 31 December 2006:

	Offices	Logistics	Retail	Group
REVENUE				
Segment Revenue	13,379	4,367	3,952	21,698
RESULTS				
Segment result (including fair value gains)	19,935	8,836	7,682	36,453
Unallocated corporate expenses				(3,800)
Unallocated corporate income				30
Operating profit				32,683
Interest income				1,793
Finance costs				(2,032)
Profit before income tax				32,444
Income tax expense				(1,141)
Profit for the period				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

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

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

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

Capital expenditure comprises additions to investment property and property under construction or development for future use as investment property (Notes 6 and 7).

All amounts expressed in €000s unless otherwise stated

5 Segment Information - continued

b) Geographical Segments

The Group's business segments operate in three 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 revenue by geographical market:

	Year ended 31 December	
	2007	2006
Athens	21,203	16,952
Rest of Greece	5,867	4,746
CEE Countries	823	-
	27,893	21,698

Rest of Greece mainly relates to Enofyta, Viotia, which is located about 50 kms outside Athens. CEE Countries relates to Romania and Serbia.

Assets by geographical segments:

	31 December	
	2007	2006
Athens	652,016	360,974
Rest of Greece	70,524	57,849
CEE Countries	52,041	-
	774,581	418,823

Capital expenditures by geographical segments:

	31 December	
	2007	2006
Athens	71,280	57,391
Rest of Greece	11,295	-
CEE Countries	50,006	-
	132,581	57,391

All amounts expressed in €000s unless otherwise stated

6 Investment Property

	Group	Company
Year ended 31 December 2006		
At beginning of period – 1 January 2006	213,417	213,417
Additions	14,921	14,921
Transfer from property, plant and equipment	96,198	96,198
Net gain from fair value adjustments	15,352	15,352
At end of period – 31 December 2006	339,888	339,888
Year ended 31 December 2007		
At beginning of period – 1 January 2007	339,888	339,888
Additions	84,433	58,083
Transfer from property, plant and equipment (see Note 7)	45,703	22,047
Disposals	(1,293)	(1,293)
Net gain from fair value adjustments	19,568	19,289
At end of period – 31 December 2007	488,299	438,014

Investment properties are fairly valued on a quarterly basis based on management's assessment of market conditions in existence at each balance sheet date. In accordance with existing Greek REIC legislation, property valuations have to be supported by independent appraisals performed by the Greek Institute of Certified Appraisers ("SOE") for 30 June and 31 December each year. Valuations are based primarily on discounted cash flow projections due to the absence of sufficient current prices for an active market. The net increase in the fair value of the Group's investment properties for the year ended 31 December 2007 was mainly driven by lower discount rates caused by declining property investment yields.

In August 2007, the Company concluded the acquisition of Eliade Tower, an office building located on the northern side of Bucharest (Floreasca area) with a total gross leasable area of 9,704 sqm, at its fair value of €6,350 through the acquisition of the shares of a Romanian joint stock company (see Note 8).

On 23 July 2007, the Company completed the acquisition of two retail properties aggregating 791 sqm for the total purchase consideration of €4,325 (excluding notaries and lawyers fees of €67). These properties are located in Athens and are subject to existing operating leases entered into with EFG Eurobank Ergasias S.A for the lease of bank branch and AB Vassilopoulos for the lease of a supermarket.

On 24 December 2007, the Company completed the acquisition of nine investment properties, comprising retail and office spaces located in Athens, Heraklion and Larissa (all cities located in Greece), from its parent company, for a total purchase consideration of €51,630 (excluding notaries and lawyers fees of €727).

Investment properties as at 31 December 2007 include three properties having an aggregate fair value of €46,124 (31/12/2006 - €43,940) which are held under finance leases.

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 and the distribution of unrealised fair value gains under Greek Company Law 2190/1920 (as amended).

All amounts expressed in €000s unless otherwise stated

7 Property, plant and equipment

Group

	Land and buildings	Fixtures and equipment	Property under development	Total
At 1 January 2006				
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 land and buildings	334	-	(334)	-
Transfer to investment property	(1,147)	-	(95,051)	(96,198)
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
Year ended 31 December 2007				
Opening net amount at 1 January 2007	332	162	573	1,067
Additions	-	20	48,148	48,168
Depreciation charge	(5)	(40)	-	(45)
Transfer to investment property	-	-	(45,703)	(45,703)
Closing net book amount at 31 December 2007	327	142	3,018	3,487
At 31 December 2007				
Cost	334	360	3,018	3,712
Accumulated depreciation	(7)	(218)	-	(225)
Net book amount	327	142	3,018	3,487

All amounts expressed in €000s unless otherwise stated

7 Property, plant and equipment - continued

Company

	Land and buildings	Fixtures and equipment	Property under development	Total
At 1 January 2006				
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 land and buildings	334	-	(334)	-
Transfer to investment property	(1,147)	-	(95,051)	(96,198)
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
Year ended 31 December 2007				
Opening net amount at 1 January 2007	332	162	573	1,067
Additions	-	20	24,492	24,512
Depreciation charge	(5)	(40)	-	(45)
Transfer to investment property	-	-	(22,047)	(22,047)
Closing net book amount at 30 September 2007	327	142	3,018	3,487
At 31 December 2007				
Cost	334	360	3,018	3,712
Accumulated depreciation	(7)	(218)	-	(225)
Net book amount	327	142	3,018	3,487

Land and buildings comprise freehold owner-occupied property located at 6 Siniosoglou Street, Nea Ionia, used for administration purposes.

In July 2007, the Company concluded the acquisition of a prime property located in the centre of Belgrade comprising office and retail spaces of 5,503 sqm for a consideration of €2,619, through the acquisition of the entire share capital of a Serbian joint stock company, Reco Real Property A.D. (see Note 8). The property is subject to existing operating leases with three tenants. Reco Real Property A.D. had contracted to further develop this property for an additional cost of €2,000 in order to prepare it for its intended use as contemporary office and retail space. Until 31 December 2007, the Company had already performed additional works of €1,037. The remaining balance of €63 is included in capital commitments (see Note 25).

On 15 June 2007, the Company acquired a property located in Nea Ionia (Greater Athens area) for future development as an investment property at a cost of €19,700 (excluding notaries and lawyers fees amounting to €77) from a third party of which €3,000 remained unpaid as of 31 December 2007 (see Note 14). The Company had contracted to further develop this property for an additional cost of €4,300 in order to prepare it for its intended use as contemporary office space.

All amounts expressed in €000s unless otherwise stated

7 Property, plant and equipment - continued

The majority of the above property, representing approximately of 81% of total gross leasable area has already been leased to L'Oreal S.A., a multinational company with a leading presence in the cosmetics and beauty products sector. The Company is in the process of negotiating the lease for the remaining unlet property with various potential tenants. The Company has contracted to further develop this property for an additional cost of €1,500 in order to prepare it for its intended use as contemporary office space (see Note 25).

8 Investment in subsidiaries

	<u>Country of incorporation</u>	<u>% of interest</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Reco Real Property A.D.	Serbia	100%	22,630	-
Eliade Tower S.A.	Romania	99.99%	11,915	-
			<u>34,545</u>	<u>-</u>

On 26 July 2007, the Company acquired the entire share capital of Reco Real Property A.D., for a purchase consideration of €22,630. Assets purchased upon acquisition comprised an investment property under development and cash balances of €22,619 (see Note 7) and €1, respectively. This transaction has been accounted for as a purchase of net assets in the consolidated financial statements.

On 22 August 2007, the Company acquired 99.99% of the share capital of Eliade Tower S.A., an investment property company, based on the fair value of its underlying net assets which have been provisionally estimated at €1,915 together with the assignment of shareholders loans of €2,238 (see Note 9). This transaction has been accounted for as a purchase of net assets in the consolidated financial statements.

The assets and liabilities acquired upon acquisition are as follows:

Investment Property – Eliade Tower (Note 6)	26,350
Cash and bank balances	856
Other assets	153
Debt – bank borrowings	(12,697)
- Shareholder loans (Note 9)	(2,238)
Other liabilities	(509)
Total purchase price	<u>11,915</u>

9 Trade and other receivables

Trade and other receivables comprise:

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Trade receivables	2,047	2,092	1,793	2,092
Receivables from related parties (Note 26)	284	210	2,522	210
Advances for the purchase of assets	21,669	-	21,669	-
Other receivables	2,505	2,665	2,130	2,665
	<u>26,505</u>	<u>4,967</u>	<u>28,114</u>	<u>4,967</u>
Less: non current portion	21,808	89	21,758	89
Current portion	<u>4,697</u>	<u>4,878</u>	<u>6,356</u>	<u>4,878</u>

Amounts receivable by the Company from related parties as at 31 December 2007 primarily comprise shareholder loans of €2,238 payable by the foreign subsidiary, Eliade Tower S.A. (see Note 8). These loans are interest free.

All amounts expressed in €000s unless otherwise stated

9 Trade and other receivables - continued

Advances for the purchase of assets comprise:

Advances for the purchase of shares in foreign subsidiaries

During August 2007, the Company entered into two separate agreements with unrelated parties for the purchase, subject to certain conditions, of two Romanian joint stock companies engaged in the development of office and retail space in Bucharest and Iasi respectively. The total purchase consideration for the two companies is expected to be €50,500 on a debt free basis upon completion.

During the year, the Company made down payments of €8,900 which are secured by way of second ranking pledges over the respective shares in two companies and the maintenance of €12,087 in an escrow account. Completion of the two transactions is expected to take place no later than 28th February 2008. Conditions precedent for completion, inter alia, include: satisfactory and timely completion of the construction works in accordance with technical specifications, sub-division of land and transfer to a newco in one instance, regulatory approvals, tenant acceptance and signed leases and due diligence procedures. Risks associated with development of the two investment properties are retained by the sellers and may result in delay penalties or contract termination, in the event of absence of tenant acceptance, non-timely completion of construction works, *force majeure* or any unforeseen event.

Advances for the acquisition of investment properties

On 28 December 2007, the Company entered into a preliminary agreement with third parties to acquire a commercial investment property located in Kiev, Ukraine, for a total purchase consideration of €8,853 (equivalent of \$8,616). In accordance with the agreement, the Company has paid an advance of €82 (equivalent of \$1,000). Risks and rewards associated with the property is retained by the seller until such time as a definite agreement which is expected to be finalised by 1 March 2008, is concluded. The advance payment is fully refundable in the event that the sale and purchase transaction is not completed. The remaining balance of the purchase price of €5,171 is included in capital commitments (see Note 25).

10 Cash and cash equivalents

Cash and cash equivalents comprise:

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Cash in hand	7	2	7	2
Cash at bank	2,105	899	1,156	899
Short term time deposits	254,000	72,000	254,000	72,000
	256,112	72,901	255,163	72,901

All amounts expressed in €000s unless otherwise stated

11 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 2006	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
At 1 January 2007	24,400	51,972	221,962	273,934
Proceeds from share capital increase	36,600	77,958	251,442	329,400
Costs associated with share capital increase	-	-	(6,655)	(6,655)
At 31 December 2007	61,000	129,930	466,749	596,679

The total authorised number of ordinary shares is 61,000 thousands (31 December 2006 - 24,400 thousands) with a par value of €2.13 per share. All shares are fully paid up.

On 3 September 2007 and 15 October 2007, the shareholders approved the issuance of 36,600 thousand new ordinary registered shares. On 24 December 2007, the Company's new shares commenced trading on the Athens Stock Exchange. The issuance was completed on 24 December 2007 and resulted in net proceeds of €22,745 (net of costs of approximately €6,655).

On 7 February 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 abroad. On 12 April 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 €358 were previously recognised and deducted from share premium as of 31 December 2005).

The Company concluded the use of the proceeds from the initial public offering and will continue to use the unutilised proceeds from the share capital increase to acquire additional investment properties in accordance with its investment strategy. On 24 December 2007, the Company used €30,000 of the proceeds from the share capital increase to repay all certain existing outstanding borrowings (see Note 13).

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.

12 Other Reserves

Group

	Statutory Reserve	Reserves established under tax laws	Other reserves	Total
Balance at 1 January 2006	1,074	2,296	-	3,370
Transfer from retained earnings	797	-	-	797
Balance at 31 December 2006	1,871	2,296	-	4,167
Transfer from retained profits	862	-	-	862
Currency translation reserves	-	-	95	95
Balance at 31 December 2007	2,733	2,296	95	5,124

All amounts expressed in €000s unless otherwise stated

12 Other reserves - continued

Company

	Statutory Reserve	Reserves established under tax laws	Total
Balance at 1 January 2006	1,074	2,296	3,370
Transfer from retained earnings	797	-	797
Balance at 31 December 2006	1,871	2,296	4,167
Transfer from retained profits	862	-	862
Balance at 31 December 2007	2,733	2,296	5,029

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.

13 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.

	Group 31 December		Company 31 December	
	2007	2006	2007	2006
Non-current				
Bank borrowings	14,118	14,000	-	14,000
Finance lease obligations	37,638	38,796	37,638	38,796
Total non-current borrowings	51,756	52,796	37,638	52,796
Current				
Finance lease obligations	1,265	1,469	1,265	1,469
Total current borrowings	1,265	1,469	1,265	1,469
Total borrowings	53,021	54,265	38,903	54,265

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

	Group 31 December		Company 31 December	
	2007	2006	2007	2006
Between 1 and 2 years	1,404	1,601	1,404	1,601
Between 2 and 5 years	5,150	5,683	5,150	5,683
Over 5 years	45,202	45,512	31,084	45,512
	51,756	52,796	37,638	52,796

All amounts expressed in €000s unless otherwise stated

13 Borrowings, including obligations under finance leases - continued

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.

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

	Group 31 December		Company 31 December	
	2007	2006	2007	2006
Bank borrowings	5.89%	5.22%	5.42%	5.22%
Finance lease obligations	5.42%	4.94%	5.42%	4.94%

The fair value of these floating-rate borrowings closely approximate their carrying amounts at the various balance sheet dates as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the latest applicable floating rates at the end of the year.

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

	Group and Company 31 December	
	2007	2006
No later than 1 year	3,594	3,408
Later than 1 year but not later than 5 years	14,950	14,190
Later than 5 years	41,292	40,294
	59,836	57,892
Less future finance charges	(20,933)	(17,627)
Present value of finance lease obligation	38,903	40,265

Present value of minimum lease payments

	Group and Company 31 December	
	2007	2006
Not later than 1 year	1,265	1,469
Later than 1 year but not later than 5 years	6,554	7,284
Later than 5 years	31,084	31,512
Present value of lease obligation	38,903	40,265

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

Rentals receivable under sub-leases relating to the properties acquired through finance leases have been assigned to the principal lessors as securities for lease payments payable by the Company under the finance leases.

All amounts expressed in €000s unless otherwise stated

13 Borrowings, including obligations under finance leases - continued

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

	Group and Company 31 December	
	2007	2006
Not later than 1 year	3,517	2,850
Later than 1 year but not later than 5 years	14,171	11,362
Later than 5 years	10,675	11,703
Present value of lease obligation	28,363	25,915

During the year ended 31 December 2007, additional borrowings of €17,500 and €16,000 were drawn down by the Group and the Company respectively, for purposes of financing additional construction costs associated with investment properties under development (see Note 6). The loan of €1,500 assumed by Reco Real Property A.D. is secured over the company's investment property.

A loan of €12,617 was assumed by the Group when it completed the purchase of the net assets of Eliade Tower S.A. during August 2007. This loan is secured over the Eliade Tower investment property (see Note 6).

On 24 December 2007, the Company repaid €30,000 of outstanding borrowings from the proceeds resulting from the share capital increase (see Note 11).

14 Trade and other payables

Trade and other payables comprise:

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Trade payables	5,068	2,367	4,908	2,367
Other payables and accruals	10,537	1,738	10,462	1,738
Amounts due to related parties (Note 26)	3,207	2,436	3,207	2,436
	18,812	6,541	18,577	6,541

Trade payables as at 31 December 2007 primarily comprise the balance of the purchase price amounting to €3,000 under the sale and purchase agreement for the Nea Ionia investment property acquired during June 2007 (see Note 7).

Other payables and accruals as at 31 December 2007 primarily comprise the balance of the purchase price amounting to €7,630 under the sale and purchase agreement for shares in Reco Real Property A.D. acquired during July 2007 (see Note 8) and accrued costs of €348 relating to the share capital increase.

15 Revenue

	Group		Company	
	Year ended 31 December 2007	2006	Year ended 31 December 2007	2006
Rental Income from investment properties	26,823	21,698	26,000	21,698
Realised gain on sale of investment properties	1,070	-	1,070	-
	27,893	21,698	27,070	21,698

All amounts expressed in €000s unless otherwise stated

15 Revenue - continued

The period of leases whereby the Group leases out its investment property (located in Greece) 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:

	Group		Company	
	Year ended 31 December 2007	2006	Year ended 31 December 2007	2006
No later than 1 year	34,027	24,181	30,277	24,181
Later than 1 year but not later than 5 years	131,047	97,379	120,146	97,379
Later than 5 years	175,191	138,780	169,082	138,780
	340,265	260,340	319,505	260,340

16 Other direct property related expenses

Other direct property related expenses comprise the following:

	Group		Company	
	Year ended 31 December 2007	2006	Year ended 31 December 2007	2006
Expenses relating to the acquisition of investment properties	1,021	-	1,021	-
Insurance and other expenses	859	669	680	669
	1,880	669	1,701	669

Direct operating expenses incurred on let and unlet investment properties were as follows:

	Group		Company	
	Year ended 31 December 2007	2006	Year ended 31 December 2007	2006
Let properties	1,871	662	1,692	662
Unlet properties	9	7	9	7
	1,880	669	1,701	669

All amounts expressed in €000s unless otherwise stated

17 Employee Benefit Expense

	Group		Company	
	Year ended 31 December		Year ended 31 December	
	2007	2006	2007	2006
Wages and salaries	413	338	413	338
Social security costs	82	59	82	59
Other benefits	62	41	62	41
Bonus paid to employees	272	101	272	101
Total employee costs	829	539	829	539

Bonuses paid to employees include an amount of €133 paid to the Chairman of the Board of Directors, in his capacity as member of the Board of Directors, as a recognition of his long-term contribution to the Company, as approved by the extraordinary shareholders meeting on 15 October 2007 (see Note 26).

18 Other Expenses

	Group		Company	
	Year ended 31 December		Year ended 31 December	
	2007	2006	2007	2006
Professional fees	410	317	403	317
Advertising, publication and other related expenses	222	155	222	155
Non deductible VAT	643	465	643	465
Other	333	137	257	137
	1,608	1,074	1,525	1,074

19 Finance Costs

	Group		Company	
	Year ended 31 December		Year ended 31 December	
	2007	2006	2007	2006
Interest on borrowings	3,543	2,016	3,173	2,016
Other	39	16	39	16
Total borrowing costs	3,582	2,032	3,212	2,032

20 Income tax expense

	Group		Company	
	Year ended 31 December		Year ended 31 December	
	2007	2006	2007	2006
Domestic taxes	2,498	1,141	2,498	1,141
Foreign taxes	(163)	-	-	-
	2,335	1,141	2,498	1,141

All amounts expressed in €000s unless otherwise stated

20 Income tax expense - continued

The Company is exempted from corporate income tax under Greek REIC legislation and is subject to an annual tax determined by reference to the fair value of its investment properties and cash and cash equivalents at the tax rate of 10% of the aggregate European Central Bank reference rate plus 1% (The taxation formula is as follows: $10\% * (\text{ECB reference rate} + 1\%)$). The above tax is final and relieves the Company and its shareholders any further tax liabilities.

The Company's foreign subsidiaries are taxed on their taxable income based on tax rates of 10% (Serbia) and 16% (Romania) applicable to each respective tax jurisdiction. No significant foreign income tax expense was incurred during the 2nd semester ended 31 December 2007.

21 Dividends per share

On 23 March 2007, the Company's shareholders approved a dividend of €0.64 per share amounting to €15,616 in respect to 2006, including the interim dividend paid in December 2006 of €0.29 per share amounting to €7,076.

On 30 September 2007, the Company's shareholders approved an interim dividend of €0.32 per share amounting to €7,808 in respect to 2007.

On 30 January 2008, the Company's board of directors decided to propose to the upcoming General Meeting of the Shareholders the distribution of a dividend of €17,568 in respect to 2007. The proposed dividend for distribution includes the interim dividend paid during 2007 of €7,808.

As of 31 December 2007, total dividends amounting to €16,326 were paid to shareholders.

22 Earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Year ended 31 December	
	2007	2006
Profit attributable to equity holders of the Company	37,325	31,303
Weighted average number of ordinary shares in issue (thousands)	25,202	22,951
Basic earnings per share (€per share)	1.48	1.36

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.

All amounts expressed in €000s unless otherwise stated

23 Cash generated from operations

Group

	Note	Group		Company	
		Year ended 31 December 2007	2006	Year ended 31 December 2007	2006
Profit for the period		37,325	31,303	36,531	31,303
Adjustments for:					
Other gains and losses		(22)	(90)	(29)	(90)
Interest income		(2,286)	(1,793)	(2,279)	(1,793)
Finance costs	19	3,582	2,032	3,212	2,032
Income tax expense	20	2,335	1,141	2,498	1,141
Depreciation of property, plant and equipment	7	45	53	45	53
Increase in fair value of investment property	6	(19,568)	(15,352)	(19,289)	(15,352)
Proceeds on disposal of investment property		2,363	-	2,363	-
Gain on disposal of investment property		(1,070)	-	(1,070)	-
Operating cash flows before movements in working capital		22,704	17,294	21,982	17,294
Decrease / (Increase) in receivables		750	(378)	915	(378)
(Decrease) / Increase in payables		(52)	2,435	7	2,435
Cash generated from operations		23,402	19,351	22,904	19,351

24 Contingent Liabilities

The Company has not been subject to tax audit for the years ended 31 December 2005, 2006 and 2007. 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 tax legislation, whilst other amounts assessed totalling €446 were accepted and fully settled.

25 Capital Commitments

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Development of investment properties (Note 7)	2,463	2,014	1,500	2,014
Acquisition of investment properties (Note 9)	5,171	-	5,171	-
Acquisition of foreign subsidiaries (Note 9)	29,513	-	29,513	-
	37,147	2,014	36,184	2,014

All amounts expressed in €000s unless otherwise stated

26 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. A further 10.22% of the Company's shares are held by Lamda Development S.A., a company related to EFG Eurobank Ergasias. 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 European 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 and sale of services – Group and Company

	Year ended	
	31/12/2007	31/12/2006
Rental income received		
Parent (EFG Eurobank Ergasias S.A.)	9,131	6,659
Subsidiaries of parent company	1,503	449
Associates of parent Company	-	118
	10,634	7,226

(b) Purchase of services , properties and property development works – Group and Company

	Year ended	
	31/12/2007	31/12/2006
Management fees		
Parent (EFG Eurobank Ergasias S.A.)	2,435	1,800
Acquisition of properties		
Parent (EFG Eurobank Ergasias S.A.)	51,630	-
Valuations and Brokerage Fees		
Subsidiary of parent company (Eurobank Property Services)	123	283
	54,188	2,083

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

(c) Financing costs incurred on borrowings

	Group		Company	
	Year ended		Year ended	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Bank Borrowings				
Parent (EFG Eurobank Ergasias S.A.)	1,103	297	1,103	297
Subsidiary of Parent Company (EFG New Europe Funding BV)	38	-	-	-
Obligations under finance leases				
Subsidiary of parent company (EFG Eurobank Ergasias Leasing SA)	1,912	1,536	1,912	1,536
	3,053	1,834	3,015	1,834

All amounts expressed in €000s unless otherwise stated

26 Related party transactions - continued

(d) Interest income earned on cash and cash equivalents

	Group Year ended		Company Year ended	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Parent (EFG Eurobank Ergasias S.A.)	2,279	1,729	2,279	1,729
Subsidiary of Parent Company (Eurobank EFG Stedonica A.D., Beograd)	7	-	-	-
	2,286	1,729	2,279	1,729

(e) Transfer under financing arrangements

	Group Year ended		Company Year ended	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Net cash transfers in/(out) under financing arrangements				
Parent (EFG Eurobank Ergasias S.A.)	(18,000)	13,000	(18,000)	13,000
Subsidiary of Parent Company (EFG New Europe Funding B)	1,500	-	-	-
Subsidiary of Parent Company (SC Bancpost S.A.)	12,618			
Subsidiary of parent company (EFG Eurobank Ergasias Leasing SA)	(965)	(1,512)	(1,201)	(1,512)
	(4,847)	11,488	(19,201)	11,488

(f) Key management compensation – Group and Company

	Year ended	
	31/12/2007	31/12/2006
Salaries and other short-term employee benefits	535	292

Salaries and other short-term employee benefits include an amount of €133 to the Chairman of the Board of Directors, in his capacity as member of the Board of Directors, as a recognition of his long-term contribution to the Company, as approved by the extraordinary shareholders meeting on 15 October 2007.

All amounts expressed in €000s unless otherwise stated

26 Related party transactions - continued

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

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Trade receivables from related parties				
Parent (EFG Eurobank Ergasias S.A.)	221	56	221	56
Subsidiaries	-	-	2,238	-
Other related parties	63	154	63	154
	284	210	2,522	210
Trade payables to related parties				
Parent (EFG Eurobank Ergasias S.A.)	2,699	1,927	2,699	1,927
Other related parties	508	509	508	509
	3,207	2,436	3,207	2,436
Borrowings, including finance lease obligations				
Parent (EFG Eurobank Ergasias S.A.)	-	14,000	-	14,000
Subsidiary of Parent Company (EFG New Europe Funding BV)	1,500	-	-	-
Subsidiary of Parent Company (SC Bancpost S.A.)	12,618			
Subsidiary of Parent Company (EFG Eurobank Ergasias Leasing SA)	35,997	37,081	35,997	37,081
	50,115	51,081	35,997	51,081
Cash and cash equivalents				
Parent (EFG Eurobank Ergasias S.A.)	255,101	72,843	255,101	72,843
Subsidiary of Parent Company (Eurobank EFG Stedonica A.D., Beograd)	336	-	-	-
	255,437	72,843	255,101	72,843

(h) Commitments and Contingencies

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

27 Events after the balance sheet date

On 8 January 2008, the Company entered into an agreement for the purchase of 100% of the shares of Greek company "Kalampokis Tours & Cargo S.A.", owner of a property located Schimatari municipality, Prefecture of Viotia, which is subject to two leases expiring at 2011. The acquisition price for the shares has been agreed at €3,350 on a debt free and liability free basis. The Company paid the amount of €3,867 (acquisition price less liabilities and debts)

On 18 January 2008, the Company acquired two retail properties located in Kifisias Avenue by Pasa Development S.A., for a total consideration of €16,014. Both properties are subject to operating leases with SATO S.A. and the leases expire at 2016 and 2019.

28 Comparative Income Statement Financial Information

The form and content of the income statement for the year ended 31 December 2007 differs from that presented during the year ended 31 December 2006. More specifically, pre-tax operating income is no longer determined and presented to show the operating results prior to the effects of any adjustments from fair value changes from investment properties as a separate sub-total within operating profit.

Certain comparatives previously presented in the income statement have been reclassified in order to better present the company performance. Interest income, previously presented within operating profit, have been reclassified and is now shown within financing activities.

Independent Auditor's Report

To the board of directors of Eurobank Properties REIC

Report on the Financial Statements

We have audited the accompanying financial statements of Eurobank Properties REIC (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group") which comprise the company and consolidated balance sheet as of 31 December 2007 and the Company and consolidated 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 EU. 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 Greek auditing standards which conform 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 and the Group as of 31 December 2007, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU.

Report on Other Legal and Regulatory Requirements

The information included in the Board of Directors' Report is consistent with the accompanying financial statements.

31 January 2008

The Chartered Accountant Auditor

Kyriakos Riris

SOEL Reg. No 12111