



NBG PANGAEA

Report of the Board of Directors of the Company to the general meeting of shareholder of the Company of 11.09.2019, or any other adjourned meeting or any meeting to be held as a continuation of such meeting, pursuant to article 27 paragraph 1 of Law 4548/2018 and the Athex Regulation on the abolition of pre-emption rights in relation to an authorisation granted to the Board of Directors for a share capital increase through the issuance of new, dematerialized, common, registered, voting shares to be paid in cash

Introduction

The Company has repeatedly stated the intention to proceed to a share capital increase, subject to market conditions, in order to:

- a) further expand its portfolio in the context of the investment goals of the Company; and
- (b) to increase the Company's free float, aiming, in particular, to attract foreign investors and funds to Greece.

In the above context and taking into account the market environment, the Board of Directors of the Company is proposing to the general meeting of shareholders of the Company of 11.09.2019, or any other adjourned meeting or any meeting to be held as a continuation of such meeting, the granting of an authorisation to the Company's Board of Directors pursuant to article 24 par. 1b of Law 4548/2018 so that the latter proceeds with a share capital increase through the issuance of new dematerialized common registered voting shares to be paid in case under terms that the Company's Board of Directors will determine in the future by issuing a decision which will include the items required by article 25 of Law 4548/2018. (the Share Capital Increase or the SCI).

It is also proposed that such authorisation is exercised by the Board of Directors within 10 months from the date of the Company's shareholders general meeting granting the SCI authorisation to the Company's Board of Directors.

In the context of the Board of Directors being authorized to so proceed with a share capital increase, pursuant to article 24 par. 1b of Law 4548/2018, following review of the circumstances applicable, it is further proposed that the meeting of shareholders already now, and in advance of the Board of Directors resolving on a Share Capital Increase, authorize such SCI taking place (when this is decided by the Company' Board of Directors) by abolishing Company's existing shareholders' preemption rights pursuant to article 27 paragraph 1 of Law 4548/2018 for the following reasons:

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Structure of the envisaged transaction

Subject to relevant shareholder and/or Board of Directors' approval, as the case may be, the envisaged Share Capital Increase is expected to take place through a combined offering consisting of i) a private placement to institutional investors outside the United States in compliance with Regulation S under the Securities Act of 1933, as amended (the "Securities Act") and to persons within the United States reasonably believed to be QIBs in reliance on Rule 144A as well as ii) a domestic offering to Greek institutional and retail investors under a Regulation 1129/2017 compliant prospectus to be approved by the Hellenic Capital Market Commission (the Greek Prospectus).

Factors Relating to the contemplated Share Capital Increase

1. Impact on timeline and execution process

From an overall execution perspective of the contemplated Share Capital Increase, it is considered that it is in the interest of the Company to retain the ability to act quickly and to take advantage of potential market windows (which will depend, among other things, on prevailing market conditions). This would ultimately require that the Company has flexibility regarding the issuance of new shares with a view to better managing potential volatility in the international capital markets, in order to maximize its potential to attract quality international and Greek investors, and diversify its shareholder base.

Should the pre-emption rights be abolished, the period between pricing and settlement for the transaction will be 5 business days, which is longer than the usual international standard of 2 to 3 business days (depending on jurisdiction) but would still be expected to be acceptable for potential investors.

Should the pre-emption rights not be abolished, the Share Capital Increase timeline would be extended by at least 14 calendar days given that in the event of a pre-emptive offering, there is a minimum 14-day subscription period for pre-emption rights which starts only after the Greek Prospectus has been published and the exact offering price has been set (either in the Greek Prospectus or afterwards, through a book building process). In practice, the extension of the timeline is longer than the 14-day subscription period by at least 3-4 business days (due to ex-rights date, record date etc).

Consequently, by achieving the abolition of pre-emption rights, the Company would be able to price and close the Share Capital Increase more rapidly by reducing the length of

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time between launch and closing, thus providing the Company with additional flexibility on launch windows in order to take advantage of favourable market conditions. Additionally, such an extended time between pricing and settlement would be exceptionally long and highly unusual from an international market perspective, thus significantly increasing overall execution risk and negatively impacting investor appetite given that adverse market events could happen during this period.

2. Tender Offer

On 24 June 2019, Invel Real Estate (Netherlands) II B.V., as majority shareholder in the Company, launched a tender offer for shares in the Company not already held by it and persons acting in concert with it, i.e. for c.1.85% of the total number of the Company's shares, at a price of €4.88 per share, which represents a discount of 7.0% against the closing price on 21 June 2019 of €5.25 per share (the last trading day prior the publication of the tender offer dated 24 June 2019).

The acceptance period of the Tender Offer, during which 1,592 shares in the Company were offered (i.e. c.0.001%), closed on 31 July 2019 but the sell-out period (during which shareholders continue to have the ability to submit their shares for purchase at the tender offer price) will run for a period of three (3) months after the publication of the results of the tender offer, i.e. until 2 November 2019. There is therefore a period of several months ahead of the contemplated Share Capital Increase following the publication of the invitation for the convocation of the Extraordinary General Meeting of shareholders on 9 August 2019, during which minority shareholders can access an immediate cash alternative equal to €4.88 per share.

Existing minority shareholders will therefore be expected to have adequate visibility on the contemplated Share Capital Increase before making a decision on whether to participate in the Tender Offer.

3. Distribution of the Share Capital Increase

The existing majority shareholders do not intend to participate in the Share Capital Increase, and the Company intends to offer a broad range of international and domestic investors the ability to participate in the Share Capital Increase via a customary book building process. The Company's aim is to increase the current free-float of the company of c.1.85% to at least 20-25%.

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4. Domestic Offering

The Transaction is also expected to consist of a domestic Greek offering, thus providing existing minority shareholders an ability to participate in the Transaction at the same price as foreign and Greek institutional investors, to the extent a minority shareholder does not choose to tender its shares during the MTO sell-out period.

5. Pricing of the transaction

The Board of Directors of the Company will retain control of the final pricing of the offered shares until a later date, whereas in a pre-emptive offering, the offer price would need to be determined at an earlier stage.

In the context of the contemplated Share Capital Increase, the final pricing of the transaction would be determined following multiple rounds of early investor interaction, a pre-deal investor education as well as a bookbuilding process. Depending on investors' feedback and prevailing market conditions at the time of start of bookbuilding, the offering would be undertaken either on a fixed price or a price range, which would then determine the final pricing of the offered shares.

6. Potential Benefits for Retail Investors

The contemplated Share Capital Increase aims to improve the Company's liquidity given the Company's free-float following the transaction is expected to be at least 20%-25% vs. c.1.85% currently. This means that existing shareholders of the Company would own, following the Share Capital Increase, shares in a much more liquid company and could be better positioned to manage their investment in the aftermarket.

There are market precedents for this course of action. For example, in June 2019, Marel, a multi-national food processing company headquartered in Iceland, completed its dual listing on Euronext Amsterdam adding to its local listing on Nasdaq Iceland, and effectively resulting in a re-IPO of the company, where pre-emption rights were disappplied. Similar to our envisaged Transaction, pre-emption rights were waived in order to support liquidity, trading and help achieve international institutional investors, facilitate trade and ensure fair pricing of Marel shares for the benefit of all shareholders.

The Company's Board of Directors

Athens 08.08.2019

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