

**Report of the Board of Directors of the Societe Anonyme under the trade name “JUMBO SOCIETE ANONYME” to the General Meeting of its shareholders in accordance with article 69§4 of law 2190/1920 and article 4.1.4.1.3 of the Athens Exchange Rulebook with respect to the Merger Terms dated 05/04/2016 through the absorption of the company under the trade name “TANOCERIAN COMMERCIAL AND INVESTMENT S.A.” by “JUMBO SOCIETE ANONYME”**

Dear Shareholders,

During the meetings, held as at 4/3/2016, the Boards of Directors of the companies “**JUMBO SOCIETE ANONYME**” («**Absorbing Company**» or the «**Company**») and “**TANOCERIAN COMMERCIAL AND INVESTMENT S.A.**” («**Absorbed Company**» and together the “**Merging Companies**”) decided to commence a merger procedure through the absorption of the Absorbed Company by the Absorbing Company in accordance with the provisions of articles 69-77<sup>A</sup> of law 2190/1920 and articles 1-5 of law 2166/1993, as effective (the «**Merger**»).

The present report has been prepared in order to be submitted to the General Meeting of the shareholders of the Company in accordance with article 69§4 of law 2190/1920, so as to explain to the shareholders the reasons behind the Merger dated 05/04/2016 from an economic and legal perspective and, more specifically, the share exchange ratio of the Merging Companies. The final decision on the merger shall be made by the General Meetings of the shareholders of the Merging Companies, with an increased quorum and majority in accordance with article 72 of law 2190/1920.

**A. Reasons behind the Merger from an economic perspective**

The Merger will result in the simplification of the shareholding structure of the Company through making it more transparent, taking into account the size of the Company and its extensive shareholding basis, comprised particularly of Greek and foreign institutional investors, whereas the above corporate action is in line with the already expressed desire of the Company for its evolvement into an international group of companies.

**B. Reasons behind the Merger from a legal perspective**

From a legal standpoint, it was decided that the optimal way to proceed with the merger is through the absorption of the Absorbed Company by the Absorbing Company pursuant to the provisions of articles 69-77<sup>A</sup> of law 2190/1920 and articles 1-5 of law 2166/1993 on the basis of the transformation balance sheet of the Absorbed Company dated 07/03/2016.

Upon completion of the Merger, the Absorbed Company will be dissolved without liquidation, its shares will be cancelled and the total of its property (assets and liabilities) will be transferred to the Absorbing Company, which will substitute the Absorbed Company by

way of a universal succession in all its rights, obligations and claims pursuant to article 75 of law 2190/1920.

The Merging Companies undertake the obligation to comply with any special formalities required by applicable law in respect of the transfer of assets of the Absorbed Company to the Absorbing Company.

### **C. Valuation Methods – Share Exchange Ratio**

The Company assigned the valuation of the Merging Companies to the auditing firm «PKF Euroauditing S.A.». PKF was also assigned the task of opining whether the share exchange ratio proposed by the Merging Companies is fair and reasonable in accordance with article 4.1.4.1.3 of the Athens Exchange Rulebook and in connection with the above a report dated 6/4/2016 was issued by the Certified Public Accountant Auditor, Mr. Antonios Prokopidis.

Pursuant to the above report, the following models were used for the valuation of the Merging Companies:

<b>Valuation model</b>	<b>Company</b>
Market Capitalization	JUMBO
Discounted Free Cash Flows	JUMBO
Adjusted Equity	TANOCERIAN

The Discounted Free Cash Flows model uses the total of the future free cash flow projections of an entity and discounts them to arrive at a present value estimate, which is equal to the weighted average share capital cost and borrowing costs, taking tax effect into account. The aforementioned model is based on estimates regarding the level of future earnings, future investment needs and other key financial sizes of the Entities. The projections used under applying the model in question are considered reasonable in relation to the historical data and the assets of the Absorbing Company as well as the competitive environment and the future prospects of the segment, both – at domestic and global level.

The Market Capitalization method applies to the entities whose shares are traded on capital markets and defines an Entity's value as the average of daily capitalizations for a particular period. The Absorbing Company market cap has been defined based on the average daily capitalizations within various last month, quarter and half year periods, prior to the Absorbed Company Balance Sheet date (7/3/2016).

The Adjusted Equity method is a static method of an Entity's value measurement. Under this method, the values of the net assets of an Entity are readjusted and added. According

to this method, the value of each asset is readjusted in case there is evidence that its book value does not reflect its current market value.

Given the absence of the Absorbed Company commercial operations, it was deemed not appropriate to apply a second valuation method. According to the above Independent Auditor's Report, the valuation methods applied as well as the weights attributed to each of them have been deemed appropriate in view of the particular occasion. No complications or difficulties have been experienced in applying the aforementioned valuation methods.

Application of the valuation methods in question has resulted in the following correlation range of values in respect of the Merging Companies.

<b>Ratio Correlation of the Companies Values</b>			
<b>The Company</b>	<b>Lowest</b>	<b>Medium</b>	<b>Highest</b>
<b>Correlation range of values - JUMBO to TANOSIRIAN</b>	<b>3,69 to 1</b>	<b>3,72 to 1</b>	<b>3,76 to 1</b>

Based on the correlation range of values presented in the above table, the following correlation has arisen in respect of exchange of shares pertaining to each Merging Company.

<b>Exchange ratio of 1 old share of the Absorbed Company for shares of the company arising from the Merger</b>	<b>204,3292214</b>	<b>201,3597442</b>
<b>Exchange ratio of 1 old share of the Absorbing Company for shares of the company arising from the Merger</b>	<b>0,996145595</b>	<b>1,001500476</b>

In the Merger Terms, the Board of Directors proposed that the value ratio between the Absorbing Company and the Absorbed Company should be set to 3,72 to 1 and the share exchange ratio between the Merging Companies should be set as follows:

- For each one (1) current share of the Absorbed Company, its holder shall receive 202,1918131256950 new shares of the Absorbing Company of a par value of € 0,88 each.
- The shareholders of the Absorbing Company (except for the Absorbed Company) will continue to hold one (1) common registered share for each share they had prior to the Merger, of a new par value of €0,88.

Pursuant to the opinion of the independent auditor, the proposed by the Boards of Directors of the Merging Companies value ratio of the Absorbing Company to the Absorbed Company 3,72 to 1 falls within the range of the above value ratios of the Merging Companies, whereas

the proposed share exchange ratios of the Merging Companies falls within the range of the share exchange ratios set out above and therefore is fair and reasonable.

**D. New Share Capital of the Absorbing Company after the Merger**

The General Meeting of the shareholders of the Company, which will be convened for the approval of the Merger, shall decide upon the following issues:

a) the increase of the share capital of the Absorbing Company by an amount of €1.078.800, which is equal to the contributed share capital of the Absorbed Company,

b) the decrease of the share capital of the Absorbing Company by an amount of €43.261.364,72, due to the cancellation of 36.354.088 shares of the Absorbing Company held by the Absorbed Company, of a par value of €1,19 each (36.354.088 shares X €1,19 = €43.261.364,72),

c) the increase of the share capital of the Absorbing Company by an amount of €4.039,43 through capitalization of reserves, for the purpose of rounding the par value of its new shares.

Following the above, the share capital of the Absorbing Company after the Merger will be €119.732.587,92, divided into 136.059.759 registered shares, of a par value of €0,88 each.

Following the completion of the Merger, the old shareholders of the Absorbing Company shall participate in the new share capital of the Absorbing Company with 73,28079347840090%, whereas the old shareholders of the Absorbed Company shall participate in the new share capital of the Absorbing Company with 26,71920652159910%.

Taking the above into account, including that the proposed share exchange ratio between the Merging Companies is fair and reasonable, as confirmed by the above mentioned report of the independent auditor, the Board of Directors deems that the contemplated Merger is justified and necessary and we urge you to approve the Merger Terms as prepared by us.

**ATHENS, 11/04/2016**  
**THE BOARD OF DIRECTORS**