

**Note: No reassurance or guarantee is given concerning the translation accuracy  
from the Greek original**



**INTERCONTINENTAL INTERNATIONAL REAL ESTATE INVESTMENT COMPANY  
“INTERCONTINENTAL INTERNATIONAL R.E.I.C.S.A.”**

**ANNUAL FINANCIAL REPORT FOR THE YEAR THAT ENDED ON  
31 DECEMBER 2015**

**March 2016**

## TABLE OF CONTENTS

Statements of the Members of the Board of Directors .....	3
Management Report of the Board of Directors for the year that ended on 31 December 2015 .....	4
Independent Auditor's Report .....	21
<b>Annual Financial Statements of the year that ended on 31 December 2015</b>	
Statement of Financial Position .....	25
Statement of Comprehensive Income .....	26
Statement of Changes in Equity .....	27
Statement of Cash Flows .....	28
<b>Notes to the financial statements</b>	
1. General information .....	29
2. Description of significant accounting principles .....	29
3. Management of the financial risk .....	42
4. Significant accounting estimates and assumptions .....	45
5. Investment property .....	46
6. Property, plant and equipment .....	48
7. Trade and other receivables .....	48
8. Marketable Securities .....	49
9. Cash and cash equivalents .....	49
10. Share capital .....	50
11. Loan obligations .....	50
12. Guarantees .....	51
13. Suppliers and other liabilities .....	51
14. Current tax liabilities .....	51
15. Rental income .....	51
16. Direct expenses related to investment property .....	52
17. Employee compensation and expenses .....	52
18. Other expenses .....	53
19. Financial income / (expenses) .....	53
20. Taxes .....	53
21. Earnings per share .....	53
22. Related party transactions .....	54
23. Contingent liabilities .....	55
24. Events after the reporting period .....	56

**Statements of the Members of the Board of Directors**  
**(in accordance with paragraph 2 of article 4 of Hellenic Law 3556/2007)**

We hereby state that, to the best of our knowledge, the financial statements of the year that ended on 31 December 2015 were drawn up in accordance with the International Financial Reporting Standards (IFRS), as these standards have been adopted by the European Union, and depict in a true and fair manner the Assets and Liabilities, the Net Asset Value and the Results of **“INTERCONTINENTAL INTERNATIONAL Real Estate Investment Company”(REIC)**.

We also hereby state that, to our knowledge, the Annual Report of the Board of Directors depicts in a true and fair manner the development, performance and financial position of **“INTERCONTINENTAL INTERNATIONAL Real Estate Investment Company”**, including a description of the main risks and uncertainties that the Company faces.

**Athens, 31 March 2016**

**The Declarants**

**The Chairman**

**The Managing Director**

**The Executive Member of  
the Board of Directors**

**Aristeidis Halikias**

**Identity Card No. AE 783893**

**Marios Apostolinas**

**Identity Card No. P  
594816**

**Panaghiota Halikias**

**Identity Card No. AE 783894**

## **Management Report of the Board of Directors for the year that ended on 31 December 2015**

Dear Shareholders,

In accordance with the provisions of Hellenic Law 3556/2007 and Hellenic Codified Law 2190/1920, we are pleased to present to you the Report of the Board of Directors of “INTERCONTINENTAL INTERNATIONAL Real Estate Investment Company” (the “Company”) for the year that ended on 31 December 2015. The present Report includes the information required by the provisions of paragraphs 7 and 8 of article 4 of Hellenic Law 3556/2007, as well as the Corporate Governance statement that is provided for under paragraph 2 of article 2 of Hellenic Law 3873/2010.

### **Background**

The Company is lawfully licenced as a Real Estate Investment Company of Hellenic Law 2778/1999, as said law was amended with Hellenic Law 2992/2002 and Hellenic Law 4141/2013.

The Company was incorporated on 22 March 2013 following a receipt of a REIC operating licence that it was issued by the Hellenic Capital Market Committee with decision No. 5/604/06.12.2011 of its Board of Directors.

The Company's first investment was the acquisition of a portfolio of fourteen (14) commercial properties (of the former Emporiki Bank of Greece) in March 2012. Subsequently, during the administrative year that ended on 31 December 2014, the Company acquired a retail store / supermarket (situated on the ground storey) and an independent commercial building (offices and retail stores). During the following administrative year that ended on 31 December 2015, the Company acquired another property (apartment).

The Company's seventeen (17) properties include retail stores and offices and are located throughout Greece: eleven (11) in Athens, two (2) in Thessaloniki and one (1) in Crete, Volos, Corfu and Zakynthos. The Company's main lessees are Alpha Bank (long-term lease contract), the Social Security Organization (IKA) – Unified Insurance Fund for Employees (ETAM) and I & S Sklavenitis S.A.

### **Financial Position**

The Company continued to implement its Investment Plan throughout the previous year, evaluating various investment properties that met the qualitative characteristics of its Investment Strategy.

At 31 December 2015, the Company's real estate portfolio contained seventeen (17) properties that are primarily comprised of retail stores and office spaces situated throughout Greece in prime locations with high visibility and marketability.

According to a valuation that was carried out by Company's appointed Certified Valuer, the fair value of the investment properties at 31 December 2015 was 54.513 thousand Euros (31 December 2014: 50.970 thousand Euros).

As in the two previous years, the Company's financial results were characterised by a high sustainable profitability, which arose from a combination of a high occupancy rate and a high collectability of rents due to the absence of substantial bad debts that generate high rent yields and lead to a high return on invested capital – IRR (16.32%).

Specifically:

### **Income**

The Company's **turnover – rental income** amounted to **4.406,4, thousand Euros** (2014: 3.728,3 thousand Euros) primarily as a result of the increase in the rents that it received from the long-term operating lease of the investment property that it rented to Emporiki Bank of Greece (presently Alpha Bank) and of the two new properties that it acquired at the end of 2014.

The Greek negative investment climate did not affect the Company's income due to signed long-term leases. The valuation of the Company's investment property at fair value was positive and amounted to **2.596,6 thousand Euros** (2014: -321,9 thousand Euros), recording a gain of a total amount of 2.835,8 thousand Euros from their acquisition.

### **Operating Expenses**

The Company's **direct property operating expenses** amounted to **258,5 thousand Euros** (2014: 200,8 thousand Euros), and are comprised primarily of the fees for the certified valuers, lawyers and notaries, municipal duties, insurance premiums, utilities, the Unified Real Estate Ownership Tax (ENFIA), etc.

The Company's **other operating expenses** at 31 December 2015 amounted to **249 thousand Euros**, being 5.7% of its rentals (2014: 297,7 thousand Euros, being 8% of the Company's rentals).

### **Operating Profits – Profits before Taxes**

The Company's **operating profits** at 31 December 2015 amounted to **6.495,4 thousand Euros**, being 147.4% of its rentals, including the valuation gain of the Company's real estate portfolio (2014: 2.916,8 thousand Euros, being 78.3% of the Company's rentals).

The Company's **profits before taxes** at 31 December 2015, including the foreign exchange gain on cash for 2.103,5 thousand Euros, amounted to **8.272,7 thousand Euros**, being 187.8% of its rentals, less the net financial expenses of 326,2 thousand Euros (2014: 4.890,3 thousand Euros, being 131.2% of the Company's rentals, including the foreign exchange gain on cash for 2.100,3 thousand Euro, less the net financial expenses of 126,8 thousand Euros).

### **Tax – Net Profits of the Year**

The Company's **tax** at 31 December 2015 amounted to **81,0 thousand Euros**, being 1.9% of its rentals, resulting in a net profit of **8.191,7 thousand Euros**, being 185.9% of its rentals (2014: 85,7 thousand Euros, being 2.3% of the Company's rentals, resulting in a net profit of 4.804,6 thousand Euros).

### **Main Ratios**

The Company's Management evaluates its results and performance on a quarterly basis, identifying on time and effectively the deviations from its targets and taking corrective measures. The Company's profitability is measured on the basis of the following ratios:

Adjusted Net Return of Rents to Investment Property	$\frac{\text{Income from adjusted rents of a 12-month basis} - \text{Doubtful rents}}{\text{Investment Property}} \times 100$
Gross Return of Rents to Investment Property	$\frac{\text{Rental Income}}{\text{Investment Property}} \times 100$
Net Return of Rents to Investment Property	$\frac{\text{Rental Income} - \text{Doubtful rents}}{\text{Investment Property}} \times 100$
Return on Invested Capital (IRR)	$\frac{(\text{Net Profits}) - (\text{Foreign Exchange Gains}) - (\text{Interest income}) - (\text{Gains from Property valuation})}{(\text{Investment Property}) - (\text{Share Capital}) - (\text{Gains from Property valuation})} \times 100$
Current (Working Capital) Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Funds from Operations FFO to Shares	$\frac{\text{Total Cash Flows from Operating Activities}}{\text{Outstanding Shares}}$
Debt Ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Loan Obligations to Investments (LTV)	$\frac{\text{Total Loan Obligations}}{\text{Investment Property}}$
Net Asset Value per Share (NAV)	$\frac{\text{Equity}}{\text{Outstanding Shares}}$
Earnings per Share	$\frac{\text{Net Profits}}{\text{Outstanding Shares}}$

### **Profitability Ratios**

	<b>31 December 2015</b>	<b>31 December 2014</b>
Adjusted Net Return of Rents	8.21%	8.14%
Gross Return of Rents	8.10%	7.31%
Net Return of Rents	8.00%	7.21%
Occupancy rate of properties		
* Purchase of a property in December 2015 – for lease	91%*	96%
Collectability rate of rents of leased properties	99.03%	98.55%

Return on Invested Capital (IRR)	16.32%	11.58%
----------------------------------	--------	--------

#### **Liquidity Ratios**

Current (Working Capital) Ratio	22.82	22.65
Funds from operations - FFO	3,204,582	2,707,542
Funds from operations - FFO/ per Share	10.17	8.60

#### **Leverage Ratios**

Debt Ratio	39.24%	43.98%
Loan Obligations to Investments (LTV)	56.40%	60.88%

#### **Market Ratios**

Net Asset Value (NAV) / per Share	153,36 Euros	127,63 Euros
Earnings per Share	26,01 Euros	15,25 Euros

#### **Significant events during the current administrative year**

During the current fiscal year the Company acquired one (1) apartment [situated on the A' above ground storey (residence – office space)] of a total area of 349.38 square metres that is located at the intersection of 12 Vas. Georgiou B' street and Rygillis street in Athens. These two streets provide access to two arterial roads, namely Vas. Sofias avenue and Bas Konstantinou avenue. Buildings of the surrounding area house embassies, the Syntagma police station and the Athens Conservatoire. The apartment has balconies on the sides that face Vas. Georgiou B' street and Rygillis street, as well as on the side that faces the open space of the lot. The apartment is located in a six-storey residential building that has been erected on a lot of an area of 444.94 square metres (co-ownership percentage of 11%). Moreover, the apartment has the exclusive use of a storage facility of an area of 10 square metres. The apartment has a government objective value (tax basis) of 1,538,051.42 Euros, its purchase price amounted to 846,848.33 Euros, while at 31 December 2015 valued by Certified Valuer at 1,256,000 Euros.

#### **Prospects for 2016**

For Greece, 2015 was a difficult year. The government's negotiations with the "Institutions" ( E.U,E.C,E.C.B,I.M.F) and the ongoing political instability in Greece 'froze' various investment plans that brought the activities of various sectors of the economy to a standstill, including the real estate sector. Although, generally speaking, there are many real estate investors who have a growing interest in investing in Greece –particularly foreign investors– factors such as capital controls and the high cost of bank loans have proven to be a deterrent in the realisation of sale transactions.

On the other hand, the return on office spaces recorded a slight decrease in the second semester. It should be noted that rental income from 'class A' offices was approximately half of that which was recorded in 2008. Over the past few years, the sector has seen a trend in which businesses and professionals have moved to buildings of the same or of a higher quality but with lower rents. In 2016, the market rents of quality offices are not expected to change. In the retail store markets, many businesses and professionals are opening new points of sale, taking advantage of the low rents. As a result, the number of vacant stores has decreased and, in fact, on high streets such as Ermou street, the market has seen an increase in leases at higher prices.

The commercial real estate market (offices / retail stores / storage facilities) is expected to rebound gradually, provided the climate of uncertainty that exists in Greece ends and gradually gets out of its economic recession. Today, the interest of most investors in commercial real estate is turning to high quality, operational real estate for which, at the present stage, many negotiations are taking place. If these negotiations conclude in 2016, they may push returns on rental income yields for 'prime' commercial real estate lower. In other respects, there is a particular interest in tourist real estate, a sector that benefited from the significant increase of the incoming foreign tourists, both in volume and income.

The Company's primary aim is to continue to provide its shareholders medium term to long term value, primarily through a quality fixed-income portfolio. To achieve this aim, the Company continuously evaluates new investment opportunities, mainly in commercial real estate, that must meet a number of conditions, such as the high quality construction, ideally at prices lower than the cost of replacement, good location, leases with reliable lessees carrying long-term contracts to the possible extend. In this way, the Company tries to minimise the various risks that it faces from the instable macroeconomic environment, it secures a significant initial rental yield and it creates prospects for high future surplus value. At the same time, on a smaller scale, the Company examines selective investments in tourist real estate. The Company's low loan obligations and high liquidity enable it to take advantage of the attractive emerging investment opportunities may arise.

In any case, it should be noted that the Company, throughout 2016 and for the following years, will place particular emphasis on the proper management and upgrade of its real estate as well as on maintaining an active communication with its lessees.

Finally, the Company's aim is to reinforce and broaden its shareholder base by attracting new investors, participating in its share capital, with the ultimate aim of listing its shares for trading on the Athens Exchange for the implementation of its growth strategy.

### **Significant risks facing by the Company**

#### **Macroeconomic conditions in Greece**

In Greece, 2015 was a year that was marked by significant developments on a financial – economic level. These developments can be summed up by the two elections and the one referendum that were held during the year the



government's extended and tense negotiations with the "Partners" of the European Union and the International Monetary Fund that culminated in the conclusion and implementation of the 3<sup>rd</sup> Third Economic Adjustment Programme – Memorandum, accompanied by the closure of banks, the imposition of capital controls and the third recapitalisation of the four Greek systemic banks.

Greece's GDP remained at approximately the same level as that of last year at 178 billion Euros, with an absence of direct investments, an unemployment rate that persistently remained at 25% – 26% according to official statistics, an increase in overall taxation with the exception of the already high Unified Real Estate Ownership Tax (ENFIA) that remained unchanged and an increase in Non-Performing Loans (NPL) (a total amount of approximately +100 billion Euros). Greece's economy was characterised by uncertainty and by the spread of financial suffocation indicators in all of its sectors.

These developments, however, did not have a negative effect on the Company's real estate portfolio nor on its returns for the reason that the Company continued to effectively apply the quality criteria set by its Management regarding the selection of investment property and the lessees of its properties, with an additional emphasis on the risk management aspect.

### **Changes in the real estate values**

Changes in the values of real estate have an impact on the Income Statement and on the Financial Position (profitability and assets). The Company always looks to conclude long-term lease contracts with reliable lessees. The Company has managed to minimise this risk having secured with its main lessee (Alpha Bank) leases that for the next twelve (12) years cannot be terminated or changed by the lessee. The Company earns more than 85% of its annualised total rentals from this lessee. In the current year, the Company recorded a gain from the revaluation of its investment property at fair value.

### **Inflationary risk**

The Company's exposure to inflationary risk is minimal given that the annual readjustments to the rents that it receives are linked to the Greek Consumer Price Index (CPI). Moreover, the lease contracts that it has concluded with Alpha Bank provide for a minimum guaranteed increase in rents of 3.5%. Therefore, in conditions of deflation the Company's income is not negatively affected.

### **Credit risk**

The Company is subject to concentrations of credit risk with respect to rental receivables that derive from operating lease contracts, cash and debt instruments. The Company's credit risk concerns cases of a breach of the rental obligation of its contracting parties to fulfil their contractual obligations. Given that 85% of the Company's income

is derived from the Alpha Bank operating leases that are linked to the payment of the bond loan that it has received from the same bank, the Company does not expect to sustain any losses from the non-collection of its receivables.

Republic Bank of Chicago, in which the Company maintains most of its cash, has a Tier 1 capital adequacy ratio of 12.2% and is included on the list of the FDIC's preferred bidders list to buy troubled financial institutions. As a result, the Company does not expect to sustain any losses from its deposits.

### **Market risk**

#### **i) Foreign exchange risk**

The Company's foreign exchange risk arises from its cash and bond instrument in US dollars.

#### **ii) Price risk**

The Company is not exposed to a risk of a change in the value of financial assets.

#### **iii) Cash flow risk and risk of a change in fair values due to a change in interest rates**

The Company's interest rate risk derives primarily from its borrowings. The Company's floating-rate loan exposes it to a cash flow risk due to changes in the lending rate. Moreover, the fixed-rate debt instruments expose the Company to a risk of a change in fair values due to changes in interest rates.

### **Liquidity risk**

Prudent management of liquidity risk requires adequate cash, the capacity to draw capital from an adequate number of committed credit facilities and the capacity to close open positions on the market. Due to the dynamic nature of the Company's business activities, the aim of the Company's Management is to maintain its flexibility in drawing capital by maintaining adequate cash and credit lines with open accounts, as well as time deposits.

The Company's liquidity is monitored regularly by its Management. The Company's current liabilities, in their entirety, are payable within twelve (12) months of the end of the year.

### **Foreign factors and international investments**

At the present time, the Company's investment activities are concentrated only on the Hellenic market. The Company may be affected by factors such as economic instability, political unrest and changes to the tax regime.

### **Branches**

The Company does not have any branches.

### **Related party transactions**

All of the Company's transactions with related parties are carried out under the usual market conditions. The Company's related party transactions, as these are defined under IAS 24, are described in detail in Note 22 of the financial statements. At present, the Company has deemed the following institutions and individual persons as related parties:

- Ajolico Trading Limited, major shareholder of INTERCONTINENTAL INTERNATIONAL Real Estate Investment Société Anonyme (95.24%). The Company did not carry out any transaction with Ajolico Trading Limited with the exception of the receipt of its initial share capital.
- Republic Bank of Chicago – USA. The Company has opened and maintains an interest-bearing deposit account with this bank.
- Mr Panaghiotis-Aristeidis Halikias, Chairman of the Board of Directors of INTERCONTINENTAL INTERNATIONAL Real Estate Investment Company, shareholder of Ajolico Trading Limited (33.3344%), shareholder of INTERCONTINENTAL INTERNATIONAL Real Estate Investment Company (4.76%), Chairman of the Board of Directors of Republic Bank of Chicago – USA.
- Mrs Panaghiota Halikia, Vice-Chairman of the Board of Directors of INTERCONTINENTAL INTERNATIONAL Real Estate Investment Company, shareholder of Ajolico Trading Limited (33.3344%).

In addition, legally, related parties are also considered the members of the Company's Management, the close relatives of these members, as well as companies in which these persons have a holding or a significant influence on their management and financial policies.

#### **Events after the reporting period**

Within the framework of its obligations that emanate from the Law, the Company has proceeded in those actions that are necessary for the listing of its shares to trading on the Athens Exchange. There are no other events after the date of publication of the Company's financial statements and statement of investments that have a significant effect on these statements.

#### **Distribution of profits**

According to the provisions that are in force (article 27 of Hellenic Law 4141/2013), real estate investment companies are required to distribute to their shareholders, annually, at least 50% of their annual net profits. Profits that relate to gains arising from the disposal of properties are not included in the profits to be distributed. Real estate investment sociétés anonymes, however, are permitted to distribute a lower percentage up to the limits provided for under Hellenic Codified Law 2190/1920 or not to distribute a dividend subject to a decision of the general meeting of the shareholders, provided their articles of incorporation contain a relative provision stipulating that the company shall either form an extraordinary untaxed reserve from other income other than capital gains, or

freely distribute shares to its shareholders with an increase of its share capital in accordance with the provisions of Hellenic Codified Law 2190/1920.

The Board of Directors intends to propose a non-distribution of profits in the present year and withhold these profits with the purpose of forming a reserve of an equal amount within the framework of the Company's prudent capital management.

As a result, the Board of Directors proposes the following distribution of profits for the current year:

Statutory Reserve	Euros	409,584
Extraordinary Reserve	Euros	7,782,096

## **Corporate governance**

### **i. Corporate Governance Code**

In compliance with the provisions of Hellenic Law 2778/1999, as it was amended with the Laws 2992/2002 and 4141/2013, (article 24), respectively, the Company has adopted and follows a Corporate Governance Code that can be found on the Company's website ([www.ici-reic.com](http://www.ici-reic.com)).

### **ii. Description of the internal control and risk management system as regards the preparation of the financial statements**

#### *Internal Control System*

An Internal Control System is the set of procedures that are followed and implemented by a company's Board of Directors, Management and personnel with the purpose of securing the effectiveness and efficiency of the company's operations, the reliability of the company's financial reporting and financial statements and the company's compliance with the laws and regulations that are in force. The Board of Directors:

- is required to present to the shareholders and to the public a clear evaluation of the Company's net asset value and prospects and to ensure the reliability of the Company's financial statements and the accuracy of its announcements, wherever these are required.
- is required to maintain an effective internal control system, as well as a risk management system, with the purpose of protecting the Company's assets, as well as detecting and managing the most significant risks that the Company faces.
- is required to monitor the implementation of the Company's strategy and to re-examine it on a regular basis.
- is required to review, on a regular basis, the main risks that the Company faces and the effectiveness of its internal control system with respect to the management of these risks. This review has to cover all the

substantial controls, including the financial and operational controls, the compliance control and the controls of the risk management systems.

- is required, via the Audit Committee, to develop a direct and regular communication with the Company's external and internal auditors in order to receive regular updates from these persons as regards the correct operation of the internal control system in accordance with international standards.

### *Corporate Governance Code*

The Corporate Governance Code evolves and adapts to the current economic – social – business conditions in order to ensure transparency and proper business ethics, as well as proper management of corporate resources at every management level.

The Board of Directors is the Company's administrative body that is responsible for the application of the Corporate Governance Code, the members of which are chosen based on certain criteria such as capability of successful management, integrity, reliability, corporate dedication, experience and other personal skills that must co-exist in order for the Company to be able to achieve its scope.

Moreover, the combined relationship between executive, non-executive and independent non-executive members guarantees the continuity and/or smooth succession to the Company's senior management and ensures the continuation of successful results.

The application of the Corporate Governance Code, as well as the Company's successful operation, orientated in direct line with its scope, are monitored by the Board of Directors through the Audit Committee.

### *Organisational structure*

The Company's organisational structure is simple and flexible. At 31 December 2015, the Company's organisational structure was comprised of a small number of personnel [four (4) employees] who are focused on maintaining and preserving a high level of professionalism and skills.

### *Duties and competences*

The Board of Directors decides on and selects all those persons who will have the authority to carry out banking transactions and issue cheques, as well as those persons who will be responsible for the management of the Company's assets.

### *Information systems*

The Company has all those means that enable it to formulate a long-term and medium-term business strategy.

### *Planning and monitoring*

Through a continuous flow of financial reporting between its administrative bodies, the Company is able to continuously monitor its business plans.

### *Accounting programme*

The Company has installed an appropriate accounting programme that allows it to calculate all the ratios that it deems necessary at a given time to monitor its financial performance.

### *Internal audit framework*

The internal audit framework is composed of:

- The Audit Committee that is exclusively comprised of Non-Executive Members of the Board of Directors (independent and non-independent), to which the Internal Audit Service and the Regulatory Compliance and Risk Management Service report.
- The establishment and application of the Company's Corporate Governance, via the universal application of its Corporate Governance Code, Company's Operating Manual, Regulatory Compliance Policy, Risk Management Policy, Remuneration and Benefits Policy by all the Members of the Board of Directors and by the Company's executives, monitoring bodies, staff and associates.
- The Internal Audit, which is carried out on a regular basis (quarterly) and ad hoc, being always concluded with the issue of an Internal Audit Report.

For the achievement of the Company's scope and the detection of internal and external risks that may jeopardise the Company's operations or results, the Board of Directors periodically evaluates all the information that it receives from the Audit Committee, the Internal Audit mechanisms and the Company's Management.

### *Management of risks*

The management of risks is an ongoing and evolving process that extends at all levels of the Company's organisation. The basic principles and objectives of risk management are described in the Company's Risk Management Policy that is set out in the Risk Management Manual.

The main objectives of the Company's Risk Management Policy are to:

- Identify and describe the principles, policies and procedures that the Company follows in managing every type of risk that it faces during the performance of its activities.
- Minimise the losses that relate to the different types of risks and to protect the Company against financial losses and a potential damage to its reputation.

- Set up a strong and effective internal audit environment with respect to the management of the Company's risks. Moreover, it allows the Company's business lines to achieve their targets and, at the same time, to help the Company continuously improve the management of its risks.

Moreover, a framework of transparency and successful business risk management facilitates an effective communication between the Company's administrative personnel and its senior management is facilitated. This allows the Company's personnel of all levels to work together vis-à-vis the Company's risks for their prompt and organised management, as well as for the actions that need to be taken.

**iii. Reference to the information is requested under sub-paragraphs (c), (d), (f), (h) and (i) of paragraph 1 of article 10 of Directive 2004/25/EC**

- As regards the information that is requested under sub-paragraph (c) of paragraph 1 of article 10 of Directive 2004/25/EC:

- A. The Company's share composition, with a direct shareholding, related to shareholders who hold more than 5% of its share capital at 31 December 2015 is as follows:

Ajolico Trading Limited	95.24%
-------------------------	--------

- B. The Company's share composition, with an indirect shareholding, related to shareholders who hold more than 5% of its share capital at 31 December 2015 is as follows

Panagiotis-Aristeidis Halikias	36.52%
Eleni Halikia	31.74%
Panaghiota Halikia	31.74%

- As regards the information that is requested under sub-paragraph (d) of paragraph 1 of article 10 of Directive 2004/25/EC, the Company does not have any securities that provide special control rights to their holders.
- As regards the information that is requested under sub-paragraph (f) of paragraph 1 of article 10 of Directive 2004/25/EC, there are no restrictions of any kind on voting rights.
- As regards the information that is requested under sub-paragraph (h) of paragraph 1 of article 10 of Directive 2004/25/EC, amendments to the Company's articles of association are subject to the approval of the General Shareholders Meeting in accordance with the provisions of Hellenic Codified Law 2190/1920. The members of the Board of Directors are appointed by the General Shareholders Meeting following a relative proposal of the Board of Directors. In the case of replacement of a member of the Board of Directors, the relative decision is taken by the Board of Directors and is subject to ratification in the next General Shareholders Meeting.
- As regards the information that is provided for under sub-paragraph (i) of paragraph 1 of article 10 of Directive 2004/25/EC, the issue of new shares is subject to a decision of the General Meeting of the shareholders and

to the provisions of paragraph 1b of article 13 and article 7b of Hellenic Codified Law 2190/1920. The distribution of shares to the members of the Board of Directors and to the Company's personnel, in the form of a call option for the purchase of shares in accordance with the analytical terms of the decision, is subject to a decision of the General Shareholders Meeting and to the provisions of paragraph 13 of article 13 of Hellenic Codified Law 2190/1920.

#### **iv. Information concerning the General Shareholders Meeting**

The General Shareholders Meeting is the Company's highest governing body, it is called by the Board of Directors and it has the right to decide on any corporate matter. All the shareholders of the Company have the right to take part in the General Shareholders Meeting, either in person or via a lawfully authorised representative, in accordance with the procedure provided for under the law.

The Board of Directors is responsible for ensuring that the General Shareholders Meeting is prepared and held in such a manner that it facilitates the effective exercise of the rights of the shareholders, who are informed of all the matters that concern their participation in the General Shareholders Meeting, including the items of the discussion agenda, and of the rights that they have during the General Shareholders Meeting. Specifically, as regards the preparation of the General Shareholders Meeting, in conjunction with the provisions of Hellenic law 3884/2010, the Company is required to post on its website, at least twenty (20) days prior to the day the General Shareholders Meeting is set to convene, both in Greek and in English, information concerning:

- the date, the time and the premises where the General Shareholders Meeting will convene,
- the main rules and practices that regulate a shareholder's participation in the General Shareholders Meeting, including the right to add an item to the agenda and to raise questions, as well as the deadlines within which these rights may be exercised,
- the voting process, the terms of representation via proxy and the forms that are used for cases of proxy voting,
- the proposed agenda of the meeting, including drafts of the decisions that will be discussed and voted on, as well as any relative accompanying documents,
- the proposed list of candidate members of the Board of Directors and their curricula vitae (in the case of election of members), and
- the total number of shares and voting right that exist on the date the General Shareholders Meeting convenes.

i. The Chairman of the Board of Directors, the Managing Director and the Chairmen of the committees of the Board of Directors attend the General Shareholders Meeting in order to provide information and updates on the items that are raised for discussion and on questions or clarifications that are raised or requested by the shareholders.



- ii. The Chairman of the Board of Directors temporarily presides over the assemblies of the General Shareholders Meeting. One (1) or two (2) of the shareholders who are present or of the representatives thereof who are appointed by the Chairman temporarily act as secretaries.
- iii. Following the ratification of the list of shareholders who have a right to vote in the General Shareholders Meeting, the final Chair is elected, which is comprised of the Chairman and one (1) or two (2) secretaries who act as tellers. The decisions of the General Shareholders Meeting are taken in accordance with the provisions of the relative legislation that is in force and the provisions of the Company's articles of incorporation.
- iv. A summary of the minutes of the General Shareholders Meeting is made available on the Company's website within fifteen (15) days of the day the General Shareholders Meeting convened, translated into English.
- v. Shareholders who appear in this capacity in the records of the organisation in which the Company's securities are kept have the right to take part and to vote in the General Shareholders Meeting. The exercise of these rights does not presuppose the blocking of the beneficiary's shares (share blocking) nor compliance with any other relative procedure. Shareholders may appoint a representative if they choose. In all other respects, the Company complies with the provisions of Hellenic Codified Law 2190/1920 (article 28a).

#### **v. Information concerning the Board of Directors and its Committees**

##### *Composition and Operation of the Board of Directors*

The Company is managed by its Board of Directors, which is comprised of five (5) to eleven (11) directors in accordance with the Company's articles of incorporation. The Board of Directors is comprised of the following persons:

- Panagiotis-Arteidis Halikias of Michail      Chairman of the Board of Directors – Executive Member
- Panaghiota Halikia of Michail              Vice-Chairman of the Board of Directors – Executive Member
- Marios Apostolinas of Apostolos            Managing Director – Executive Member
- George Georgopoulos of Ioannis            Independent Non-Executive Member
- George Kontogiorgis of Dimitrios           Independent Non-Executive Member
- Nikolaos Zerdas of Ioannis                  Non-Executive Member
- Michail Sapountzoglou of Dimitrios        Independent Non-Executive Member

The procedures concerning the replacement or substitution of the members of the Board of Directors, as well as the procedures regarding the composition of the Board of Directors and the taking of decisions, are set out in detail in the Company's articles of incorporation and in the Corporate Governance Code.

The primary obligation and duty of the members of the Board of Directors is the continuous pursuit of the improvement of the Company's long-term value, as well as the protection of the Company's business interests and

the application and compliance with the Corporate Governance Code that has been drawn up for the support of these objectives.

The Board of Directors is comprised of executive and non-executive members. The capacity of the members of the Board of Directors as executive or non-executive members is defined by the Board of Directors and ratified by the General Meeting of the shareholders.

Executive members are considered those persons who are involved with the Company's daily matters that concern its management and include the Managing Director and the Company's executives, while non-executive members are considered those persons who are responsible for promoting the Company's business matters through their participation on the Board of Directors. Non-executive members represent at least one-third (1/3) of the members of the Board of Directors, at least two (2) of whom are independent members who are appointed by the General Meeting of the shareholders. During their term, these members cannot hold a number of shares which exceeds 0.5% of the Company's share capital and they must not have a relationship of dependence with the Company.

The Board of Directors determines and examines the existence or non-existence of a relationship of dependence of a candidate independent member before proposing his election by the General Meeting of the shareholders.

#### *Composition and Operation of the Committees of the Board of Directors*

##### Audit Committee

The Audit Committee is comprised of three (3) non-executive members of the Board of Directors who have an established and adequate knowledge of matters relating to accounting and auditing.

The Audit Committee is comprised of the following persons:

- Michail Sapountzoglou                      Chairman – Independent Non-Executive Member of the Board of Directors
- Nikolaos Zerdes                              Secretary – Non-Executive Member of the Board of Directors
- George Georgopoulos                      Member – Independent Non-Executive Member of the Board of Directors

The Audit Committee is responsible for monitoring the Company's financial reporting procedures and preparing the Company's financial statements. The members of the Audit Committee are appointed by the General Shareholders Meeting following a proposal of the Board of Directors. The Audit Committee has the following (indicative) responsibilities:

- monitoring the Company's financial reporting procedures,
- monitoring the effectiveness of the Company's internal audit and risk management systems, as well as monitoring the sound operation of the Company's Internal Audit Department,
- monitoring the progress of the mandatory audit of the Company's financial statements,
- evaluating the acts and actions of the Company's Management in relation to its compliance with the Corporate Governance Code and with the rules on identifying and combating money laundering acts.

For the purpose of fulfilling its scope, the Audit Committee has the right to freely communicate with the Company's Management, as well as with the Company's internal and external auditors, so that it may investigate any and all matters that come to its attention, with unhindered access to the Company's books and records, premises and personnel.

#### Investment Committee

The Investment Committee is responsible for formulating the Company's investment policy within the framework of the decisions of the Board of Directors, to which it submits its recommendations on matters that concern the Company's investment policy and compliance with the provisions of the Company's articles of incorporation and of the legislation that is in force, and of the regulatory decisions and recommendations of the competent authorities that regulate the Company's investment activities.

The Investment Committee is comprised of three (3) members who are appointed by the Board of Directors which appoints its Chairman and Secretary. The members of the Investment Committee are specialised professionals and are selected in accordance with the rules, decisions and guidelines of the monitoring authority.

The Investment Committee is comprised of the following persons:

- Marios Apostolinas Chairman – Managing Director – Executive Member of the Board of Directors
- Panagiotis-Aristeidis Halikias Secretary – Chairman of the Board of Directors – Executive Member of the Board of Directors
- Panaghiota Halikia Member – Vice-Chairman of the Board of Directors – Executive Member of the Board of Directors

#### Remuneration and Benefits Committee

The work of the Remuneration and Benefits Committee is to formulate and recommend to the Board of Directors the Company's Remuneration and Benefits Policy, the aim of which is to set the remuneration of the Company's executives who constitute its senior management, as well as of those persons who have been assigned the task of managing the Company's investment risks, as well as duties that concern the Company's Audit, Management, Marketing, Human Resources and Sales, whether they are Executive or Non-Executive Members, who however also have the authority to influence or to manage or to take part in the decision-taking process concerning the Company's investment risks, particularly when their total fees are the same or similar to those of the Company's senior management, duly communicated to the monitoring authority.

The Remuneration and Benefits Committee is comprised of the following persons:

- George Kontogiorgis Chairman – Independent Non-Executive Member of the Board of Directors

- Michael Sapountzoglou
- George Georgopoulos

Secretary – Independent Non-Executive Member of the Board of Directors  
Member – Independent Non-Executive Member of the Board of Director

**For the Board of Directors**

**Athens, 31 March 2016**

**The Declarants**

**The Chairman**

**The Managing Director**

**Aristeidis Halikias**

**Identity Card No. AE 783893**

**Marios Apostolinas**

**Identity Card No. P 594816**

Translation of the Greek Original



## **Independent Auditor's Report**

To the Shareholders of "Intercontinental International REIC"

### **Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of "Intercontinental International REIC" which comprise the statement of financial position as of 31 December 2015 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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.

Translation of the Greek Original

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of “Intercontinental International REIC” as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

## Report on Other Legal and Regulatory Matters

- a) Included in the Board of Directors’ Report is the corporate governance statement that contains the information that is required by article 43a (par.3d) of Codified Law 2190/1920.
- b) We verified the conformity and consistency of the information given in the Board of Directors’ Report with the accompanying financial statements in accordance with the requirements of articles 43a (par.3a) and 37 of Codified Law 2190/1920.



**pwc**

PRICEWATERHOUSECOOPERS

Auditing Société Anonyme

268 Kifisias ave

152 32 Chalandri

Registration No. of the Certified

Public Accountants of Greece: 113

Athens, 31 March 2016

THE CERTIFIED AUDITOR ACCOUNTANT

Dimitris Sourbis

Registration No. of the Certified Public

Accountants of Greece: 16891



**ANNUAL FINANCIAL STATEMENTS  
OF THE YEAR  
THAT ENDED ON  
31 DECEMBER 2015**

Translation of the Greek Original



# STATEMENT OF FINANCIAL POSITION

	Note	31.12.2015	31.12.2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	5	54,413,000.00	50,969,574.00
Tangible Assets	6	13,500.0	15,500.00
		<b>54,426,500.00</b>	<b>50,985,074.00</b>
<b>Current assets</b>			
Trade and other receivables	7	81,347.00	100,994.00
Marketable Securities	8	4,228,044.00	0.00
Cash and cash equivalents	9	20,779,037.00	20,673,508.00
		<b>25,088,461.00</b>	<b>20,774,502.00</b>
<b>TOTAL ASSETS</b>		<b>79,514,962.00</b>	<b>71,759,576.00</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	10	31,500,000.00	31,500,000.00
Other reserves		758,445.00	435,130.00
Profits carried forward		16,049,565.00	8,267,469.00
<b>Total Equity</b>		<b>48,308,008.00</b>	<b>40,202,599.00</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions for employee benefits		5,432.00	5,432.00
Bank Loans	11	30,063,602.00	30,595,952.00
Guarantees	12	38,909.00	38,689.00
		<b>30,107,943.00</b>	<b>30,640,073.00</b>
<b>Current liabilities</b>			
Suppliers and other liabilities	13	316,039.00	323,615.00
Bank Loans	12	627,136.00	436,306.00
Guarantees		115,000.00	115,000.00
Current tax obligations	14	40,836.00	41,984.00
		<b>1,099,011.00</b>	<b>916,905.00</b>
<b>Total liabilities</b>		<b>31,206,954.00</b>	<b>31,556,976.00</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>79,514,962.00</b>	<b>71,759,576.00</b>

The notes on pages 28 to 56 constitute an integral part of the present Financial Statements

# STATEMENT OF COMPREHENSIVE INCOME

	Note	31.12.2015	31.12.2014
Rental income	15	4,406,395	3,728,270
Net gain / loss from the revaluation of investment property at fair value	5	2,596,578	-312,961
Direct expenses related to investment property	16	-258,534	-200,751
<b>Gross Profits</b>		<b>6,744,439</b>	<b>3,214,558</b>
Employee compensation and expenses	17	-68,873	-125,988
Other Operating Expenses	18	-180,134	-171,736
<b>Operating profits</b>		<b>6,495,432</b>	<b>2,916,834</b>
Foreign exchange gains / (losses)		2,103,446	2,100,343
Financial income	19	174,071	451,180
Financial expenses	19	-500,269	-578,033
<b>Profits before taxes</b>		<b>8,272,680</b>	<b>4,890,324</b>
Taxes	20	-81,000	-85,762
<b>Net profits of the year</b>		<b>8,191,680</b>	<b>4,804,562</b>
<b>Other total income</b>			
<b>Amounts that may be subsequently transferred to the results</b>			
Losses from the evaluation of the Marketable Securities		-86,269	0
<b>Aggregated total income of the year</b>		<b>8,105,409</b>	<b>4,804,562</b>
<b>Earnings per share (denominated in € per share)</b>	<b>21</b>	<b>26</b>	<b>15</b>
- Basic and Diluted			

The notes on pages 28 to 56 constitute an integral part of the present Financial Statements

# STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Statutory reserve	Reserves for the Marketable Securities	Profits carried forward	Total
<b>Balance at 1 January 2014</b>		<b>31,500,000</b>	<b>194,902</b>	<b>0</b>	<b>3,703,135</b>	<b>35,398,037</b>
Net profits of the year		0	0	0	4,804,562	4,804,562
Aggregated total income of the year		0	0	0	4,804,562	4,804,562
<b>Transactions with shareholders:</b>						
Formation of the statutory reserve		0	240,228	0	-240,228	0
<b>Balance at 31 December 2014</b>		<b>31,500,000</b>	<b>435,130</b>	<b>0</b>	<b>8,267,469</b>	<b>40,202,599</b>
<b>Balance at 1 January 2015</b>		<b>31,500,000</b>	<b>435,130</b>	<b>0</b>	<b>8,267,469</b>	<b>40,202,599</b>
Net profits of the year		0	0	0	8,191,680	8,191,680
Other total income		0	0	-86,269	0	-86,269
Aggregated total income of the year		0	0	-86,269	8,191,680	8,105,409
<b>Transactions with shareholders:</b>						
Formation of the statutory reserve			409,584		-409,584	0
<b>Balance at 31 December 2015</b>		<b>31,500,000</b>	<b>844,714</b>	<b>-86,269</b>	<b>16,049,565</b>	<b>48,308,008</b>

## STATEMENT OF CASH FLOWS

	Note	01.01.2015-31.12.2015	01.01.2014-31.12.2014
<b><u>Cash flows from operating activities</u></b>			
Profits before taxes		8,272,680	4,890,324
<b>Plus / (less) adjustments for:</b>			
Interest revenue	19	-174,071	-451,180
Interest expenses	19	500,269	548,033
Foreign exchange gains / losses		-2,103,446	-2,100,343
(Increase) / decrease in the fair value of investment property	5	-2,596,578	312,961
Depreciation of Tangible Assets		2,000	2,372
		<u>3,900,854</u>	<u>3,232,166</u>
<b>Changes in working capital:</b>			
Decrease / (increase) in receivables		-67,641	-53,607
(Decrease) / increase in liabilities (not including banks)		-37,019	213,470
		<u>3,796,194</u>	<u>3,392,029</u>
<b>Cash flows from operating activities</b>			
Taxes paid		-82,148	-91,867
Interest paid		-509,463	-592,620
<b>Net cash flows from operating activities (a)</b>		<u><b>3,204,582</b></u>	<u><b>2,7407,542</b></u>
<b><u>Cash flows from investment activities</u></b>			
Investment property	5	-825,000	-5,110,000
Investment acquisition costs	5	-21,848	-66,535
Purchase of Marketable Securities	8	-4,243,273	0
Interest earned		219,948	412,776
<b>Net cash flows from investment activities (b)</b>		<u><b>-4,870,174</b></u>	<u><b>-4,763,759</b></u>
<b><u>Cash flows from financing activities</u></b>			
Bond loan repayments	11	-332,325	-283,500
<b>Net cash flows from financing activities (c)</b>		<u><b>-332,325</b></u>	<u><b>-283,500</b></u>
<b>Net increase / (decrease) in cash and cash equivalents of the year</b>			
<b>(a) + (b) + (c)</b>		<u><b>-1,997,917</b></u>	<u><b>-2,339,717</b></u>
<b>Opening balance of cash and cash equivalents</b>			
		<b>20,673,508</b>	<b>20,912,882</b>
<b>Effect of foreign exchange gains / (losses) on cash</b>			
		<b>2,103,446</b>	<b>2,100,343</b>
<b>Closing balance of cash and cash equivalents</b>			
		<u><b>20,779,037</b></u>	<u><b>20,673,508</b></u>

The notes on pages 28 to 56 constitute an integral part of the present Financial Statements

## **Notes to the Financial Statements**

### **1. General information**

The present financial statements of “INTERCONTINENTAL INTERNATIONAL Real Estate Investment Company” (the “Company”) have been drawn up for the year that ended on 31 December 2015.

The Company is characterised as a Real Estate Investment Company of Hellenic Law 2778/1999, and its amendments with Hellenic Law 2992/2002 and 4141/2013.

The Company was incorporated on 22 March 2012 following an operating licence that it was issued by the Hellenic Capital Market Committee with decision No. 5/604/06.12.2011 of its Board of Directors.

The present Financial Statements (the “financial statements”) were approved by the Board of Directors on 31 March 2016.

The Company's share capital is entirely (100%) held (directly and indirectly) by “Ajolico Trading Limited” (registration No. 284633), which is seated in Nicosia, Cyprus.

### **2. Description of significant accounting principles**

The main accounting principles that were applied for the preparation of the financial statements are described below. Unless it is otherwise stated, these principles have been applied consistently for all the years that are presented.

#### **2.1 Basis of preparation of the financial statements**

The present financial statements have been prepared by the Company's Management in accordance with the International Financial Reporting Standards (IFRS) and the Interpretations of the IFRS Interpretations Committee, as they have been adopted by the European Union.

The financial statements have been prepared based on the principle of historical cost, as this principle was amended, so that they include the Company's investment property and marketable securities at “fair value”.

Preparation of financial statements in accordance with the IFRS requires the use of certain accounting estimates and assumptions. It also requires the Management judgment during the application of the Company's accounting principles (see Note 4).

##### **2.1.1 Reclassification of amounts**

During the current year, certain amounts of the previous year were reclassified for reasons of comparability.

More specifically:

STATEMENT OF FINANCIAL POSITION	Note	Comparative amounts 2014	Published amounts 2014	Adjustments
<b>EQUITY</b>				
Other reserves		435,130	0	435,130
Profits carried forward		8,267,469	8,702,599	-435,130
<b>Total equity</b>		<b>40,202,599</b>	<b>40,202,599</b>	<b>0</b>

STATEMENT OF FINANCIAL POSITION	Note	Comparative amounts 2014	Published amounts 2014	Adjustments
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Guarantees	12	38,689	0	38,689
<b>Current liabilities</b>				
Suppliers and other liabilities	13	323,615	124,877	198,738
Guarantees	12	115,000	153,689	-38,689
Current tax obligations	14	41,984	240,722	-198,738
<b>Total liabilities</b>		<b>31,556,97</b>	<b>31,556,976</b>	<b>0</b>

STATEMENT OF COMPREHENSIVE INCOME	Note	Comparative amounts 2014	Published amounts 2014	Adjustments
Direct expenses related to investment property	16	-200,751	-38,777	-161,974
<b>Gross Profits</b>		<b>3,214,558</b>	<b>3,376,532</b>	<b>-161,974</b>
Depreciation of Tangible Assets		0	-2,372	2,372
Other Operating expenses	18	-171,736	-167,885	-3,851
<b>Operating Profits</b>		<b>2,916,834</b>	<b>3,080,287</b>	<b>-163,453</b>
Financial income	19	451,180	0	451,180
Financial expenses	19	-578,033	0	-578,033
Financial income / (expenses)		0	-128,332	-128,332
<b>Profits before taxes</b>		<b>4,890,324</b>	<b>5,052,298</b>	<b>-161,974</b>
Taxes	20	-85,762	-247,736	161,974
<b>Net profits of the year</b>		<b>4,804,562</b>	<b>4,804,562</b>	<b>0</b>

STATEMENT OF CHANGES IN EQUITY	Note	Comparative amounts 2014	Published amounts 2014	Adjustments
<b>Statutory Reserve</b>		<b>435,130</b>	<b>0</b>	<b>435,130</b>

Profits carried forward	8,267,469	8,702,599	-435,130
<b>Total liabilities</b>	<b>40,202,599</b>	<b>40,202,599</b>	<b>0</b>

<b>STATEMENT OF CASH FLOWS</b>	<b>Note</b>	<b>Comparative amounts 2014</b>	<b>Published amounts 2014</b>	<b>Adjustments</b>
<b><u>Cash flows from operating activities</u></b>				
Profits before taxes		4,890,324	5,052,298	-161,974
<b>Plus / (less) adjustments for:</b>				
Interest expenses	19	578,033	579,512	-1,479
<b>Changes in working capital:</b>				
Decrease / (increase) in receivables		-53,607	-91,003	37,396
(Decrease) / increase in liabilities (not including banks)		213,470	197,247	16,223
<b>Cash flows from operating activities</b>		<b>3,392,029</b>	<b>3,501,863</b>	<b>-109,834</b>
Taxes paid		-91,867	-311,318	219,451
Interest paid		592,620	-475,532	-117,088
<b>Net cash flows from operating activities</b>		<b>2,707,542</b>	<b>2,715,013</b>	<b>-7,471</b>
<b><u>Cash flows from investing activities</u></b>				
Interest earned		412,776	405,305	7,471
<b>Net cash flows from investing activities</b>		<b>-4,763,759</b>	<b>-4,771,230</b>	<b>7,471</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>-2,339,717</b>	<b>-2,339,717</b>	<b>0</b>
<b>Opening balance of cash and cash equivalents</b>		<b>20,912,882</b>	<b>20,912,882</b>	<b>0</b>
<b>Closing balance of cash and cash equivalents</b>		<b>20,673,508</b>	<b>20,673,508</b>	<b>0</b>

## 2.1.2 New standards, amendments to standards and interpretations

Specific new standards, amendments to standards and interpretations have been issued that are mandatory for accounting periods beginning in or after the present year. The Company's assessment regarding the effect of the application of these new standards, amendments and interpretations is presented below.

### Standards and Interpretations that are mandatory for the current fiscal year

#### IFRIC Interpretation 21 "Levies"

This interpretation specifies how an entity should account for a liability to pay a levy that has been imposed by the government and that is not an income tax. The interpretation clarifies that the obligating event that gives rise to a

liability to pay a levy (one of the criteria for the recognition of the liability in accordance with IAS 37) is the activity as it is described in the relative legislation that triggers the payment of the levy. The interpretation may lead to the recognition of the liability at a date later than that which is in effect today, particularly regarding levies that are imposed as a result of conditions that are in effect on a particular date.

### **Annual improvements to IFRS 2013**

The improvements noted below describe the most important changes that have been made to the IFRS as a consequence of the results of the 2011 – 2013 cycle of the annual improvements process of the International Accounting Standards Board (IASB).

#### *IFRS 13 “Fair value measurement”*

The amendment clarifies that the exception provided for under IFRS 13 for a portfolio of financial assets and liabilities (‘portfolio exception’) applies to all contracts (including non-financial contracts) within the scope of IAS 39 / IFRS 9.

#### *IAS 40 “Investment property”*

The standard was amended in order to clarify that IAS 40 and IFRS 3 are mutually exclusive.

### **Standards and Interpretations that are mandatory for subsequent periods**

#### **IFRS 9 “Financial instruments” and subsequent amendments to IFRS 9 and IFRS 7 (this standard applies to annual reporting periods beginning on or after 1 January 2018)**

IFRS 9 replaces the benefits provided for under IAS 39 that concern the classification and measurement of financial assets and financial liabilities and also includes an expected credit loss model that replaces the incurred credit loss model that applies today. IFRS 9 establishes an approach to hedge accounting based on principles and addresses inconsistencies and weaknesses in the current model of IAS 39. The Company is currently in the stage of assessing the effect of IFRS 9 on its financial statements. The Company cannot apply IFRS 9 earlier whereas it has not been adopted by the European Union.

#### **IFRS 15 “Revenue from Contracts with Customers” (this standard applies to annual reporting periods beginning on or after 1 January 2018)**

IFRS 15 was issued in May 2014. The objective of this standard is to provide a single, comprehensible model for the recognition of revenues from all contracts with customers in order to improve the comparability between entities of the same sector, of different sectors and of different capital markets. The standard includes the principles that an entity has to apply in estimating the revenues and in determining the time of their recognition. The core principle is that an entity will recognise revenues to depict the transfer of goods or services to customers in an amount that



reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company is currently in the stage of assessing the effect of IFRS 15 on its financial statements. This standard has not yet been adopted by the European Union.

**IFRS 16 “Leases”** (this standard applies to annual reporting periods beginning on or after 1 January 2019)

IFRS 16 was issued in January 2016 and replaces IAS 17. The objective of this standard is to ensure that lessees and lessors provide relevant information that faithfully presents the substance of transactions that concern leases. IFRS 16 introduces a single lessee accounting model requiring lessees to recognise assets and liabilities for all lease contracts unless the lease term is twelve (12) months or less or the underlying asset has a low value. As regards lessor accounting, IFRS 16 substantially incorporates the requirements of IAS 17. Therefore, lessors continue to classify lease contracts as operating leases or finance leases, and follow a different accounting approach for each type of contract. The Company is currently in the stage of assessing the effect of IFRS 16 on its financial statements. This standard has not yet been adopted by the European Union.

**IAS 16 and IAS 38 (Amendments) “Clarification of Acceptable Methods of Depreciation and Amortisation”** (these standards apply to annual reporting periods beginning on or after 1 January 2016)

This amendment clarifies that the use of revenue-based methods are not appropriate for the calculation of depreciation of an asset while it also clarifies that revenues are not considered an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

**IAS 1 (Amendments) “Disclosures”** (this standard applies to annual reporting periods beginning on or after 1 January 2016)

These amendments clarify the guidelines of IAS 1 regarding the meaning of materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosures of accounting policies.

**Annual Improvements to IFRS 2012** (these improvements apply to annual reporting periods beginning on or after 1 February 2015)

The improvements noted below describe the most important changes that have been made to certain IFRS as a consequence of the results of the 2010 – 2012 cycle of the annual improvements process of the International Accounting Standards Board (IASB).

**IFRS 8 “Operating segments”**

This amendment requires the disclosure of the judgments made by management as regards the aggregation of operating segments.

IFRS 13 “Fair value measurement”

The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at their invoice amounts in cases in which the effect of discounting is immaterial.

IAS 16 “Property, plant and equipment” and IAS 38 “Intangible assets”

Both standards were amended in order to clarify the manner in which an entity accounts for the carrying amount of an asset prior to its depreciation and the asset’s accumulated depreciation when it applies the revaluation method.

IAS 24 “Related party disclosures”

The standard was amended in order to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

**Annual Improvements to IFRS 2014** (these improvements apply to annual reporting periods beginning on or after 1 January 2016)

The improvements noted below describe the main changes that have been made to certain IFRS.

IFRS 7 “Financial Instruments: Disclosures”

The amendment adds specific guidance to help management determine if the terms of a contract for the servicing of a financial asset that has been transferred constitute continuing involvement and clarifies that the additional disclosures that are required on the basis of IFRS 7 “Disclosures – Offsetting financial assets and liabilities” are not required for all interim periods, unless they are required by IAS 34.

IAS 19 “Employee benefits”

The amendment clarifies that in estimating the discount rate for post-employment benefits, entities should take into consideration the currency in which these liabilities are denominated rather than the country in which they arise.

IAS 34 “Interim financial reporting”

The amendment clarifies the meaning of “disclosure of information elsewhere in the interim financial report” that is set out in the standard.

## **2.2 Going concern**

The present financial statements have been prepared on the basis of the going concern principle as the Board of Directors deemed appropriate having regard to the following:

In Greece, 2015 was a year that was marked by significant developments on a financial – economic level. These developments can be summed up by the two elections and the one referendum that were held during the year and

by the government's extended and tense negotiations with the "Partners" of the European Union and the International Monetary Fund that culminated in the conclusion and implementation of the 3<sup>rd</sup> Third Economic Adjustment Programme – Memorandum, accompanied by the closure of banks, the imposition of capital controls and the third recapitalisation of the four Greek systemic banks.

Greece's GDP remained at approximately the same level as that of last year at 178 billion Euros, with an absence of direct investments, an unemployment rate that persistently remained at 25% – 26% according to official statistics, an increase in overall taxation with the exception of the already high Unified Real Estate Ownership Tax (ENFIA) that remained unchanged and an increase in Non-Performing Loans (NPL) (a total amount of approximately +100 billion Euros). Greece's economy was characterised by uncertainty and by the spread of financial suffocation indicators to all of its sectors.

These developments, however, did not have a negative effect on the Company's real estate portfolio nor on its returns for the reason that the Company continued to effectively apply the quality criteria set by its Management regarding the selection of investment property and the lessees of its properties, with an additional emphasis on the risk management aspect.. In spite of the above, the Company continuously assesses the situation and its possible effects, in order to ensure that all the necessary and practicable measures and actions are taken to minimise possible consequences on its activities.

## **2.3 Accounting principles**

### **2.3.1 Operating segments**

Segments are presented in a manner that is consistent with the internal reporting that is provided to an entity's chief operating decision maker. The Company's chief operating decision maker, who is responsible for allocating resources and assessing the performance of its sectors, is its Management, which is responsible for taking the Company's strategic decisions.

### **2.3.2 Foreign currency transactions**

The Company's financial statements are denominated in **Euros (€)**, which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency at the exchange rates that were in effect at the date of each transaction. At the date the financial statements are prepared, receivables and liabilities in foreign currency are translated into the Euro on the basis of the rate that is in effect on this date, as these rates are issued by the European Central Bank (the "ECB"). Foreign exchange gains and losses that arise from the clearing of these transactions and from the translation of monetary assets and liabilities in a foreign currency are recognised in the statement of comprehensive income.

### 2.3.3 Investment property

Property that is held for the purpose of earning long-term rentals or for capital appreciation or both and is not used by the Company is classified as investment property. Investment property includes privately-owned land and privately-owned buildings. Investment property is initially measured at cost, including the relevant direct costs of acquisition and borrowing costs. Following its initial recognition, an investment property is subsequently measured at "fair value". "Fair value" is based on the current prices that are in effect on an active market, readjusted –wherever it is deemed necessary– due to differences in the nature, location and condition of the property. If this information is not available, the Company applies alternative measurement methods, such as recent prices on less active markets or discounted cash flows. These valuations are re-examined on 30 June and 31 December of each year by certified valuer who have knowledge of the real estate market and proven professional experience and are registered with the Register of Certified Valuers of the Hellenic Ministry of Finance, in accordance with the guidelines of the International Valuation Standards Committee. Investment property that is being constructed or developed for future use as investment property or for which the market has developed into a less active market continue to be classified as investment property and measured at "fair value". The "fair value" of an investment property depicts, among other things, rental income of existing leases and assumptions regarding rental income from future leases in the light of the current conditions that are prevailing in the market. "Fair value" also reflects, similarly, any cash outflow (including the payment of rents and other outflows) that would be expected from the property. Some of these outflows are recognised as a liability, while other outflows, including contingent rents, are not recognised in the financial statements.

Subsequent expenses are added to the carrying amount of the property only when it is probable that the future economic benefits that are associated with the property will flow to the Company and the relevant costs can be reliably measured. Repair and maintenance expenses are recognised in profit or loss of the year in which they are incurred. Changes to "fair values" are recognised in profit or loss of the year. Investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. When an investment property is classified as an owner-occupied asset, it is reclassified in property, plant and equipment and its "fair value" at the date of reclassification is defined as the cost of acquisition for accounting purposes.

If an asset is reclassified from property, plant and equipment to investment property due to a change in its use, any difference arising between the carrying amount and the "fair value" at the date of its transfer is recognised in other comprehensive income and accumulated in equity under the heading "Other Reserves". However, if the gain arising from the revaluation of an investment property at fair value reverses prior impairment losses, this gain is recognised in profit and loss to the extent that it offsets a previous impairment loss. Any possible remaining gain is recognised in other comprehensive income increasing the revaluation surplus in equity.

When the use of an investment property changes, with the indication for disposal and withdrawal from use, the property is classified as a non-current asset held for sale provided the criteria of IFRS 5 are met. The cost of the property is accounted for at fair value at the date of transfer.

### 2.3.4 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset for which a substantial period of time of construction is required increase the cost of the asset until the asset is substantially ready for use or sale. Income that is earned from the temporary investment of borrowings until such borrowings are used for financing corresponding assets is deducted from the cost of borrowing that meets the capitalisation criteria. Until the current year, the Company does not have any assets under construction or development and, therefore, there is no reason to increase the cost of their acquisition with finance charges.

All borrowing costs are recognised in the financial expenses of the year they are incurred.

### 2.3.5 Tangible Assets

All Tangible Assets are recognised in the statement of financial position at their historical cost less accumulated depreciation. The historical cost includes all expenses that are directly related to the acquisition of the property, plant and equipment. Subsequent expenses are recorded as an increase in the carrying amount of the property, plant and equipment or as a separate asset only if it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost of the property can be reliably measured. Repair and maintenance expenses are recognised in profit and loss of the period in which they are incurred. Property, plant and equipment are depreciated on the basis of the straight-line method over their projected useful lives as follows:

Furniture and other fixtures: 4 – 7 years

Transportation equipment: 10 years

The residual values and the useful lives of property, plant and equipment are reviewed and adjusted accordingly at least at the end of each year. The book value amount of tangible assets is reduced to its recoverable amount when its book value amount exceeds its estimated recoverable amount (Note 2.3.7).

The gain or loss that arises from the sale of Tangible Asset is determined as the difference between the price that is received at the time of its sale and book value amount, being recognised in the Statement of Comprehensive Income.

### 2.3.6 Leases

#### a) Cases in which the Company is the lessee:

(i) **Operating lease** – leases in which substantially the risks and rewards of ownership are maintained by the lessor are classified as operating leases. Payments that are made for operating leases, including upfront payments (net of any incentives offered by the lessor), are recognised in the Statement of Comprehensive Income of the year with the straight-line pro rata method over the lease term. The Company leases the premises of its seat.

(ii) **Financial Leasing** – The Company has not yet entered into any financial leasing agreement, as a lessee.

**b) Cases in which the Company is the lessor:**

(i) **Operating lease** – The Company leases all of its privately-owned properties on the basis of operating lease contracts. When a property has been leased with an operating lease contract, it is classified as an investment property in the statement of financial position (Note 5). Rental income (less the value of any incentives offered by the lessor) is recognised with the straight-line method over the lease term. Guarantee deposits that are collected at the time the contract signatory, are recognised as liabilities and are recorded at their cost of acquisition.

(ii) **Financial Leasing** – The Company has not yet entered into any financial leasing agreement, as a lessor.

### **2.3.7 Impairment of non-financial assets**

Non-financial assets that are depreciated are assessed for purposes of impairment when events or changes in conditions suggest that the book value amount may not be recoverable. When the book value amount of an asset item exceeds its recoverable amount, the corresponding impairment loss is recognised in the Statement of the Comprehensive Income. The recoverable amount is determined as the fair value less costs of disposal and the accumulated depreciation. For the purpose of determining the impairment of a non-financial asset, assets are categorised at the lowest level for which the cash flows can be determined separately (cash-generating units). Impairments that have been recognised in previous periods in non-financial assets are examined at each reporting date for any possible reversal. At the reporting date, the Company holds tangible assets.

### **2.3.8 Trade receivables**

Trade receivables are initially recognised at fair value and are being evaluated at their book value amount using the actual interest method, less any possible doubtful receivable provision. A doubtful provision of trade receivables is raised when there is objective evidence that the Company is not in a position to collect all the amounts of the receivables on the basis of the contractual terms. The amount of the provision is equal to the difference between the book value amount and the present value of the estimated future cash flows, discounted with the actual interest rate and is recognised as an expense in the Statement of the Comprehensive Income.

### **2.3.9 Cash and cash equivalents**

Cash and cash equivalents include cash, current deposit bank accounts, and time deposit bank accounts of high liquidation characteristics – mainly up to three (3) months.

### **Financial assets**

The Company's financial assets are classified in the following categories: loans and receivables and marketable securities. The classification of a financial asset is contingent on the purpose for which the asset was acquired. The Company's Management determines the classification of a financial asset at the time of its initial recognition.

*(a) Loans and receivables*

Loans and receivables include non-derivative financial assets with fixed or determinable collections that are not quoted in an active market. They are recognised in current assets, with the exception of those that have a maturity of more than twelve (12) months from the reporting date. These latter assets are recognised in non-current assets. The Company's loans and receivables include "trade and other receivables" and "cash and cash equivalents" that are recognised in the statement of financial position (Notes 7 and 9).

*(b) Marketable Securities*

Marketable Securities include non-derivative financial assets that either are classified in this category or cannot be classified in any of the other categories. The Marketable Securities are recognised in non-current assets provided they do not expire or if Management does not intend to sell them within twelve (12) months of the reporting date.

### **Recognition and measurement**

The purchase and sale of a financial asset is recognised on the date of the transaction (trade date), which is also the date on which the Company intends to purchase or sell the item. Investments in financial assets are initially recognised at fair value plus transaction costs. These investments are derecognised when the right to the cash flows from the investments expires or is transferred and the Company has transferred substantially all the risks and rewards that ownership of the asset entails. The Marketable Securities are subsequently evaluated at fair value. Loans and receivables are subsequently evaluated at their book value amount on the basis of the actual interest method.

Gains or losses arising from changes in the fair value of Marketable Securities, monetary or non-monetary, are recognised in other comprehensive income.

When Marketable Securities are sold or impaired, the cumulative changes in the fair value that have been recognised in the equity are transferred to the Statement of Comprehensive Income.

Interest revenue from investments in Marketable Securities is recognised in the Statement of the Comprehensive Income as part of the financial income.

### **Offsetting (netting) of financial assets**

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when an entity has a legally enforceable right to set-off the amounts that were recognised and, at the same time, intends

to settle the asset on a net basis or the realization of the asset and the settlement the liability, will be done simultaneously. The legal enforceable right must not be contingent on future events and must be exercisable both in the normal course of business and in the event of default, insolvency or bankruptcy of the company or of the counterparty.

### **Impairment of financial assets**

#### *(a) Financial assets measured at book value amount*

At each reporting date, the Company assesses where there is any evidence that a financial asset or group of financial assets has been impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ('loss event') and that loss event (or events) has an impact on the future cash flows of the financial asset or group of financial assets and this impact can be accurately measured.

The following events may constitute evidence of impairment: significant financial difficulty of the debtor or group of debtors, a default or delinquency in interest or principal payments, probability of bankruptcy or any financial reorganisation and observable indicators that a measurable decrease in the estimated future cash flows may occur.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted with the asset's original effective interest rate. The carrying amount of the asset is reduced by the amount of the impairment loss and the loss recognised in profit or loss. If a loan has a variable interest rate, the discount rate with which the impairment loss is measured is the current effective interest rate as it was set out in the contract.

If, in a subsequent period, the amount of the impairment decreases and the decrease can be attributed objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the recognised impairment loss shall be recognised in profit or loss.

#### *(b) Marketable Securities*

At each reporting date, the Company assesses where there is any evidence that a financial asset or group of financial assets has been impaired.

As regards investments in bonds, if any such evidence exists, the cumulative loss –which is measured as the difference between the acquisition cost and the current fair value, less the impairment losses of the financial asset that were previously recognised as an expense in profit and loss– is transferred from equity to profit and loss. If, in a subsequent period, the fair value of an available-for-sale bond increases and the increase can be attributed objectively to an event that occurred after the impairment loss was recognised in profit or loss, then the impairment loss can be reversed through profit and loss.



### **2.3.10 Share capital**

Common shares are recognised in equity. Costs that are directly attributable to capital increases are recognised, net of taxes, in equity as a deduction from the proceeds.

### **2.3.11 Post-employment benefits provision**

The defined benefit plan concerns an entity's legal obligation to pay its personnel a lump sum compensation on the date each employee terminates from service due to retirement. The obligation that is recognised in the statement of financial position for this plan is the present value of the defined benefit obligation dependent on the employee's accrued entitlement and the time the obligation is expected to be paid.

### **2.3.12 Suppliers and other liabilities**

These liabilities are initially recognised at fair value. They are subsequently measured at their book value amount with the effective interest method.

### **2.3.13 Bank loans**

Liabilities from loans are initially recognised at fair value less transaction costs. These liabilities are subsequently measured at their book value amount. Any difference between the initial net amounts that were collected and the value of the loan at the time of maturity is recognised in the statement of comprehensive income as a financial expense over the term of the loan with the effective interest method. Liabilities from loans are recognised in current liabilities unless the Company has the right to defer the payment of the liability for a period of twelve (12) months after the reporting date.

### **2.3.14 Current taxation**

The current tax is calculated in accordance with the tax laws that are in force. The Company's Management regularly assesses its position on matters relating to taxation and raises provisions, wherever necessary, for the amounts that are expected to be paid to the tax authorities.

As a real estate company, the Company is not subject to an income tax but is taxed on the basis of the value of its assets. More specifically, the Company is taxed with a rate that is equal to 10% on the three months Euribor of the European Central Bank (ECB) that is in effect increased by one (1) percentage point on its total semi-annual real estate investments taken as an average plus its cash and cash means, at fair value.

### **2.3.15 Provisions**

Provisions that concern the outcome of judicial proceedings are recognised when the Company has a present legal or constructive obligation as a result of past events, when the settlement of the obligation is expected to result in an cash outflow and when the amount can be measured accurately.,

Where there are a number of similar obligations, the probability that an cash outflow will be required for the settlement of the obligation is determined by considering the obligations as a whole. A provision is recognised even when the probability that an outflow will be required for one of the obligations that is included in the corresponding class of obligations is small. The Company's Management, together with the Company's legal counsel, believes that at the present stage the Company does not need to raise any provision.

#### **2.3.16 Recognition of income**

Income from operating leases is recognised in profit and loss, with the straight-line method, over the lease term. When the Company provides incentives to its clients, the cost of these incentives is recognised over the lease term, with the straight-line method, as a deduction from income from operating leases. Variable rentals, such as revenue-based rents, are recognised as income in the periods in which they have been occurred.

#### **2.3.17 Interest revenue**

Interest revenue is recognised with the use of the actual interest rate. When there is an impairment of loans or receivables, the carrying amount of these loans or receivables is reduced to their recoverable amount, which is the present value of the expected future cash flows discounted with the actual interest rate. Subsequently, interest revenue is accounted for with the same interest rate (actual interest rate) on the impaired (book value) amount.

#### **2.3.18 Distribution of profits**

The distribution of profits is recognised as an obligation when the distribution is approved by the General Shareholders Meeting.

### **3. Management of the financial risk**

#### **3.1 Financial risk factors**

The Company is exposed to many financial risks, such as market risk (cash flow risk from changes in interest rates), credit risk and liquidity risk. The Company's financial risks relate to the following asset and liability items: trade and other receivables, cash and cash equivalents, suppliers and other liabilities and borrowings. The accounting principles relative to these asset and liability items are described in Note 2. The Company's risks are managed by its Management. Risk management focuses primarily on the recognition and measurement of financial risks, such

as market risk (foreign exchange risk, interest rate risk), credit risk, liquidity risk and the policy on the investment of surplus – additional liquidity on hand.

a) Market risk

i) Foreign exchange risk

The Company's foreign exchange risk arises from its cash and debt instrument in US dollars. At 31 December 2015 and 31 December 2014 the Company's bank deposits and debt instrument in US dollars amounted to \$23,531,727 (€21,614,519) and \$21,450,943 (€17,669,640) respectively. The foreign exchange gains that arose for the years that ended on 31 December 2015 and 31 December 2014 amounted to €2,103,446 and €2,100,343 respectively and increased the Company's results after taxes by +35% and +78% respectively. At 31 December 2015, if the Euro was stronger / weaker against the US dollar by 5%, the Company's results after taxes of the year would be lower / higher by an amount of €1.029 thousand / €1.138 thousand (2014: €841 thousand / €84 thousand).

ii) Price risk

The Company is not exposed to a risk of a change in the value of financial assets.

iii) Cash flow risk and risk of a change in the fair value due to a change in interest rates

The Company's interest rate risk derives primarily from its borrowings. The Company's floating-rate loan exposes it to a cash flow risk due to changes in the lending rate. Moreover, the fixed-rate debt instruments expose the Company to a risk of a change in fair values due to changes in interest rates.

At 31 December 2015, if the average lending rate was 50 base units higher / lower, with all other variables remaining unchanged, the Company's results after taxes would be higher / lower by an amount of €4 thousand, in other words +/- 0.70% on the interest on borrowings (2014: €23 thousand, in other words +/- 0.81% on the interest on borrowings), as a result of the higher / lower interest expenses that would have arisen from the floating rate loan. The Company's other equity items would be lower / higher by an amount of €45 thousand (2014: no such items existed) primarily due to the decrease / increase in the fair value of fixed rate financial assets that have been classified as available-for-sale.

b) Credit risk

The Company is subject to concentrations of credit risk with respect to rental receivables that derive from operating lease contracts, cash and debt instruments. The Company's credit risk concerns cases of a breach of the obligation of its contracting parties to fulfil their contractual obligations. Given that 85% of the Company's income derives from the operating with of Alpha Bank that is linked to the bond loan that it has received from this bank, the Company does not expect to sustain any losses from the non-collection of its receivables.

Republic Bank of Chicago, in which the Company maintains most of its cash, has a Tier 1 capital adequacy ratio of 12.2% and is included on the preferred list of the FDIC. As a result, the Company does not expect to sustain any losses from its deposits.

The table below presents the financial assets per credit rating (Moody's) at 31 December 2015 and 31 December 2014:

Rating (in thousands of €)	Cash		Available-for-sale financial assets		Trade and other receivables	
	2015	2014	2015	2014	2015	2014
<b>Aaa</b>	-	-	3.573	-	-	-
<b>Caa1</b>		19.750	-	-		46
<b>Caa2</b>	-	-	655	-	-	-
<b>Caa3</b>	1.702	-	-	-	-	-
<b>Not rated</b>	19.077	924	-	-	81	55

### c) Liquidity risk

Prudent management of liquidity risk requires adequate cash, the capacity to draw capital from committed credit facilities and the capacity to close open positions in the market. Due to the dynamic nature of the Company's business activities, the aim of the Company's Management is to maintain its flexibility in drawing capital by maintaining adequate cash and credit lines with open accounts, as well as time deposits.

The Company's liquidity is monitored regularly by its Management. The Company's liabilities, in their entirety, are payable within twelve (12) months of the end of the year, while the maturities of the Company's long-term borrowings are presented in Note 11.

## 3.2 Capital risk management

The Company's aim, in managing its capital, is to secure its ability to continue to carry out its activities in order to ensure returns for its shareholders and benefits for its other related parties and to maintain an optimum capital structure, achieving a decrease in the cost of capital. In maintaining or changing its capital structure, the Company may increase or decrease the dividend that is payable to its shareholders, return capital to its shareholders, issue new shares or proceed in the disposal of its assets.

The Company monitors its capital with the use of the leverage ratio (debt ratio). This ratio is calculated as follows:

*Total borrowings to total assets, as they appear in the statement of financial position.*

The legal framework that governs real estate investment companies allows for loans and credit facilities the amounts of which cannot exceed, in their entirety, 75% of the value of their total assets for the purpose of acquiring

and utilising real estate properties. The Company's aim is to optimise its capital through the proper management of its credit facilities. The Company's leverage ratio (debt ratio) at 31 December 2015 was 39% (2014: 44%).

### 3.3 Measurement of fair values

The Company provides the necessary disclosures regarding the measurement of fair values via a three-level hierarchy.

- Financial assets that are traded on an active market the fair value of which is measured on the basis of the quoted market prices that are in effect at the reporting date for identical assets and liabilities ("Level 1").
- Financial assets that are not traded on an active market the fair value of which is measured with the use of valuation techniques and assumptions that are based directly or indirectly on market data at the reporting date ("Level 2").
- Financial assets that are not traded on an active market the fair value of which is determined with the use of valuation techniques and assumptions that are not based on market data ("Level 3").

The table below presents the fair value of the Company's financial assets and liabilities that are not measured at fair value at 31 December 2015:

Liabilities	Level 1	Level 2	Level 3
Non-current borrowings	-	-	29,163,498
<b>Total</b>	<b>-</b>	<b>-</b>	<b>29,163,498</b>

The fair value has been measured on the basis of cash flows that have been discounted with the use of an interest rate that is consistent with the current floating interest rates.

At 31 December 2015, the carrying amounts of the Company's trade and other receivables, cash and cash equivalents, current borrowings, guarantees and suppliers and other liabilities approached their fair value.

### 4. Significant accounting estimates and assumptions

The Company makes estimates and assumptions regarding the development of future events. These estimates, by definition, rarely reflect the actual results that arise. The estimates and assumptions that entail a significant risk of bringing about substantial adjustments to the carrying amounts of the Company's assets and liabilities in the next financial year are the following:

- a) Measurement of the "fair value" of the Company's investment property.

The best indicator of an investment's "fair value" is the current prices that apply on an active market for similar leases and other contracts. If such prices are not available, the Company determines the value of its investment property with the use of a number of logical estimates of the "fair values". According to the relative legislation on real estate investment companies that is in force, the valuation of an investment property has to be supported by independent valuations that are carried out by Certified Valuers who are registered with the Register of Certified Valuers of the Hellenic Ministry of Finance for 30 June and 31 December of every year. The valuations are based primarily on projections of discounted cash flows due to the lack of adequate current prices on an active market. In taking its decisions, the Company considers information from various sources that include:

- (i) Current prices on an active real estate market of a different nature, condition or location (or subject to different leases or other contracts) that have been adjusted to these differences,
  - (ii) Recent prices of similar properties on less active markets, adjusted accordingly so that they depict possible changes to the economic conditions that took place from the date the corresponding transactions were carried out at those prices, and
  - (iii) Discounted cash flows, based on reliable estimates of future cash flows, that arise from the terms of rentals and other contracts that are in effect and (wherever possible) from external factors, such as current rent amounts of similar properties in the same location and in the same condition, with the use of discount rates that depict the current estimate of the market as regards the uncertainty of the amount of the cash flows and the time at which these cash flows will be realised.
- b) Main assumptions of the Company's Management regarding the measurement of the "fair value"

If current or recent prices are not available, the "fair value" of an investment property is determined with the use of discounted cash flow methods. The Company uses assumptions that are primarily based on the conditions that prevail in the market at the date the financial statements are drawn up.

The main assumptions on which the Company's Management bases its estimates for the measurement of the "fair value" are those that relate to the collection of contractual rents, anticipated future rentals, periods of vacancy, maintenance obligations and appropriate discount rates. These estimates are systematically compared to actual market data, to the transactions that the Company carried out and to those that are announced by the market. The anticipated future rentals are determined on the basis of current rents as they apply in the market for similar properties in the same location and in the same condition.

## 5. Investment property

31 December 2015    31 December 2014

---

<b>Opening balance</b>	<b>50,969,574</b>	<b>46,106,000</b>
Acquisition of investment property	825,000	5,110,000
Capital expenditures for investment property	21,848	66,535
Net gain / (loss) from the revaluation of investment property	2,596,578	-312,961
<b>Closing balance</b>	<b>54,413,000</b>	<b>50,969,574</b>

The Company, as a real estate investment company, is governed by a specific institutional framework that stipulates that **(a)** properties have to be valued bi-annually by a certified valuer, **(b)** properties have to be valued by a certified valuer prior to their acquisition or disposal and **(c)** the value of each property cannot exceed an amount equal to 25% of the value of the real estate portfolio. This framework, thus, contributes significantly to the avoidance or even to the prompt management of relevant risks.

The last available valuation was carried out with a reporting date of 31 December 2015 by a certified valuer who is registered with the Register of Certified Valuers of the Hellenic Ministry of Finance. According to this valuation, a gain of €2.596.578 arose which was recognised in the Company's statement of comprehensive income.

In the present valuation, the Company's properties were measured with the following methods and weighting percentages:

- comparative method on the basis of data that were taken from the real estate market (10%), and
- discounted cash flow method (DCF) (90%)

The following basic assumptions were used in the discounted cash flow method (DCF):

Minimum (agreed) increase in rentals – weighted for all of the properties of the portfolio	0% – 3.5%
Readjustment of rentals of vacant premises	Consumer Price Index (CPI) + 1.00%
Exit yield	7.00% to 10.50%
Discount interest rate	9.50% – 12.50%

A mortgage has been taken out on the Company's investment property in the amount of €31,500,000, in other words in an amount that is equal to 100% of the value of its properties, against the Company's loan obligations.

The Company's investment property fall under the **Level 3** investment category (financial assets and liabilities whose values are based on valuation techniques in which all the significant data derive from unobservable inputs).

If the discount rate that was used in the discounted cash flow (DCF) analysis differed by +/- 1.50% from the valuations of the Company's Management, the fair value amount of the Company's investment property would be approximately €700 thousand lower or €300 thousand higher respectively.

If the market rent that was used in the discounted cash flow (DCF) analysis differed by +/- 2.50% from the valuations of the Company's Management, the fair value amount of the Company's investment property would be approximately €274 thousand higher or €673 thousand lower respectively.

The Company has fully insured all of its investment property in accordance with the provisions of paragraph 12 of article 22 of Hellenic law 4141/2013 and decision No. 7/259/19.12.2002 of the Board of Directors of the Hellenic Capital Market Commission.

## 6. Property, plant and equipment

	Transportation equipment	Furniture and other fixtures	Total
<b>Acquisition value</b>			
At 31 December 2014	20,000	7,873	27,873
At 31 December 2015	<b>20,000</b>	<b>7,873</b>	<b>27,873</b>
<b>Accumulated depreciation</b>			
At 31 December 2014	4,500	7,873	12,373
Depreciation	2,000	0	2,000
At 31 December 2015	<b>6,500</b>	<b>7,873</b>	<b>14,373</b>
<b>Residual value</b>			
At 31 December 2015	<b>13,500</b>	<b>0</b>	<b>13,500</b>

## 7. Trade and other receivables

	31 December 2015	31 December 2014
Trade receivables	78,080	1,118
Other receivables	3,267	99,876
<b>Total</b>	<b>81,347</b>	<b>100,994</b>
Non-overdue receivables	38,604	100,994
Overdue receivables longer than 90 days	42,743	0



At 31 December 2015, the fair value of the Company's receivables approached their book value amount. At 31 December 2014, the Company's other receivables included accrued interest on deposits of an amount of €45,876 and a tender participation bond in the amount of €54,000.

Concentration of clients: The Company's lessee Alpha Bank represents more than 10% of the Company's rental income. For the fiscal year that ended on 31 December 2015, income from property that was leased to Alpha Bank amounted to €3,782,821, being the 85% of the Company's total rental income, and is secured for the next twelve (12) years (Note 15).

## 8. Marketable Securities

	31 December 2015	31 December 2014
Debt instruments in €	1,736,133	0
Debt instruments in USD	2,491,944	0
<b>Total</b>	<b>4,228,077</b>	<b>0</b>

The Company's marketable securities includes (listed) bonds of multinational organisations of a value of €3,573,072 and (listed) corporate bond of a value of €655,005.

## 9. Cash and cash equivalents

	31 December 2015	31 December 2014
Cash	181	628
Bank current account deposits in €	1,656,281	603,240
Bank time deposits in €	0	2,400,000
Bank time deposits in USD	19,122,575	17,669,640
<b>Total</b>	<b>20,779,037</b>	<b>20,673,508</b>

A pledge has been established against a bank deposit account for cash sweep in the event of a breach of the terms of the bond loan agreement. No such case concurred for the year that ended on 31 December 2015.

## 10. Share capital

The Company's share capital, in the amount of €31,500,000, is divided into 315,000 registered common shares of a value of €100 each and is that which was fully paid up at the time of its incorporation.

The Company did not hold any treasury stock at the end of the year (31 December 2015).

## 11. Loan obligations

	31 December 2015	31 December 2014
Non-current instalments of a bond loan	30,063,602	30,595,952
Current instalments of a bond loan	532,350	332,325
Accrued interest of the year	94,786	103,981
<b>Total</b>	<b>30,690,738</b>	<b>31,032,258</b>

The repayment schedule of the bond loan is as follows:

Principal and interest due in 2016	1,025,209	436,606
Principal and interest due during the period 2017-2020	6,392,307	5,394,679
Principal and interest due during the period 2021-2027	27,796,161	31,361,955
<b>Total</b>	<b>35,213,677</b>	<b>37,193,240</b>

Payments are made on a quarterly basis with an interest rate that is equal to a 3 month EURIBOR plus a spread.

The following have been provided as collateral against the Company's debt from the bond loan:

1. A mortgage equal to 100% of the value of the Company's investment property in the amount of €31,500.000.
2. A pledge against the lease contracts that have been concluded for all of the Company's investment property that have been leased to Alpha Bank throughout the lease term thereof.
3. A guarantee provided by the Company's major shareholder for the due and prompt repayment of the loan and assurances that the Company's share composition will not undergo any change that would lead to a decrease in the participation of the Company's major shareholder below 67%.
4. A clause that stipulates that the monthly rentals will be fully withheld in the event of a breach of any financial term of the bond loan agreement and the non-repair thereof within thirty (30) calendar days.

The Company complied with all the terms of the bond loan agreement throughout the year that ended on 31 December 2015.

## 12. Guarantees

	31 December 2015	31 December 2014
<b>Non-current guarantees</b>		
Security deposits	38,909	38,689
<b>Current guarantees</b>		
Guarantee of PHARMAPLAST S.A.	115,000	115,000
<b>Total</b>	<b>153,909</b>	<b>153,689</b>

## 13. Suppliers and other liabilities

	31 December 2015	31 December 2014
Suppliers	47,755	87,591
Social Security organisations	2,335	5,286
Stamp duties and other taxes	159,165	144,746
Unified Real Estate Ownership Tax (ENFIA)	74,783	53,992
Accrued expenses	32,000	32,000
<b>Total</b>	<b>316,038</b>	<b>323,615</b>

## 14. Current tax liabilities

	31 December 2015	31 December 2014
Current tax	40,836	41,984
<b>Total</b>	<b>40,836</b>	<b>41,984</b>

## 15. Rental income

The Company's total rental income of the year derived from operating leases of its investment property.

The lease term during which the Company leases its property under operating lease contracts is at least twelve (12) years.

The Company's rents are adjusted annually in accordance with the terms of the contracts in relation to the consumer price index (CPI) increased by 0% – 1%, while as regards the real estate portfolio of Alpha Bank rents are adjusted additionally by a rate of 3.5% (minimum adjustment) annually.

There are no variable (contingent) rentals at 31 December 2015. The Company's rental income is not subject to seasonal fluctuations.

The Company's future total minimum – non-cancellable rentals to be received from operating lease contracts, including contractual adjustments, are as follows:

Rents in 2016	3,915,220
Rents during the period 2017 – 2021	21,730,065
Rents during the period 2021 – 2027	31,524,603
<b>Total</b>	<b>57,169,888</b>

#### 16. Direct expenses related to investment property

	<b>31 December 2015</b>	<b>31 December 2014</b>
Fees of Certified valuers	23,703	20,315
Insurance premiums	10,517	5,115
Maintenance costs – Utilities expenses	15,138	6,449
Other taxes – duties	19,375	3,148
Other expenses	2,845	3,750
Unified Real Estate Ownership Tax (ENFIA)	186,959	161,974
<b>Total</b>	<b>258,537</b>	<b>200,751</b>

#### 17. Employee compensation and expenses

	<b>31 December 2015</b>	<b>31 December 2014</b>
Compensation of salary-paid employees	56,158	100,816
Employer contributions	12,715	25,172
<b>Total</b>	<b>68,873</b>	<b>125,988</b>

At 31 December 2015, the Company employed four (4) persons.

## 18. Other expenses

	31 December 2015	31 December 2014
Third-party fees and expenses	94,561	79,126
Rents	15,770	14,264
Taxes – duties	34,843	41,475
Miscellaneous expenses	34,961	36,871
<b>Total</b>	<b>180,135</b>	<b>171,736</b>

## 19. Financial income / (expenses)

	31 December 2015	31 December 2014
Interest expenses from borrowings	500,269	578,033
Interest income from deposits	-174,071	-451,180
<b>Net financial income / (expenses)</b>	<b>326,198</b>	<b>126,853</b>

## 20. Taxes

	31 December 2015	31 December 2014
Taxes of the year	79,999	84,762
Other taxes	1,000	1,000
<b>Total</b>	<b>80,999</b>	<b>85,762</b>

## 21. Earnings per share

The earnings per share (EPS) ratio is calculated by dividing the net profit or loss of the year that corresponds to the common shareholders by the average weighted number of common shares that are outstanding during the year less the shares that were acquired by the Company and that are held as treasury stock.

The Company's earnings per share are calculated as follows:

### 2015

Earnings per share	$\frac{\text{Net profits}}{\text{Outstanding shares}}$	$\frac{8,191,680}{315,000}$	<b>26.01</b>
--------------------	--	-----------------------------	--------------

**2014**

Earnings per share	<i>Net profits</i> <i>Outstanding shares</i>	$\frac{4,804,562}{315,000}$	<b>15.25</b>
--------------------	---	-----------------------------	--------------

The adjusted earnings per share ratio are calculated in the same manner as the basic earnings per share. However, the profits and the number of shares are adjusted so that they depict the potential decrease in the earnings per share that could be brought from the conversion of convertible bonds to common shares or by the exercise of preemption rights or by other related contracts. At the date the Company's financial statements were prepared, the Company had not undertaken any such commitments.

**22. Related party transactions**

The Company's related parties include its parent company, Ajolico Trading Limited, and the Republic Bank of Chicago in which the Company's ultimate shareholders maintain a control over their management and financial policies. The Company's related parties are presented below:

- Ajolico Trading Limited, major shareholder of INTERCONTINENTAL INTERNATIONAL Real Estate Investment Société Anonyme (95.24%). The Company did not carry out any transaction with Ajolico Trading Limited with the exception of the payment of its initial share capital.
- Republic Bank of Chicago – USA. The Company has opened and maintains an interest-bearing deposit account with this bank.
- Mr Panaghiotis-Arsteidis Halikias, Chairman of the Board of Directors of INTERCONTINENTAL INTERNATIONAL Real Estate Investment Company, shareholder of Ajolico Trading Limited (33.3344%), shareholder of INTERCONTINENTAL INTERNATIONAL Real Estate Investment Company (4.76%), Chairman of the Board of Directors of Republic Bank of Chicago – USA.
- Mrs Panaghiota Halikia, Vice-Chairman of the Board of Directors of INTERCONTINENTAL INTERNATIONAL Real Estate Investment Company, shareholder of Ajolico Trading Limited (33.3344%).

In addition, the members of the Company's Management, the close relatives of these members, as well as the companies in which these persons have a holding or a significant influence on their management and financial policies are also considered related parties. All of the Company's related party transactions are carried out under the same terms as those that apply to similar transactions with non-related parties, including interest rates and collateral, and do not entail any risk that is higher than the usual risk.

During the current year, the Company carried out the following related party transactions:

1. With the Republic Bank of Chicago seated in Oal Brook, Chicago, as follows:

	31 December 2015	31 December 2014
Cash	19,077,419	924,726
Interest income for the year	51,467	16,542

2. With the members of its Board of Directors and its key management personnel as follows:

	31 December 2015	31 December 2014
Liabilities	0	0
Receivables	0	0
Board of Directors fees	2,068	300
Fees of Key Management Personnel – Monitoring Bodies	54,090	46,001

The Chairman of the Board of Directors Mr Panaghiotis-Aristeidis Halikias, as well as the Vice-Chairman of the Board of Directors Mrs Panaghiota Halikia, provide their services gratis and do not receive any compensation.

## 23. Contingent liabilities

### Tax audit

The Company is in its third administrative year. For this year, the Company is subject to a tax audit by a Certified Public Accountant in accordance with the provisions of article 65A of Hellenic law 4174/2013. This audit is currently in progress, while the relative audit certificate is expected to be issued after the publication of the Company's financial statements of 2015. The Company's Management believes that no additional tax liabilities will arise from this tax audit that will have a significant effect on the Company's financial statements.

### Legal cases

No action has been filed against the Company that significantly affects its net asset value and that should have been taken into consideration at the present stage.

### Obligations that occur from the provisions of Hellenic Law 4141/2013

- The Company began its investment activities in March 2012 and for this reason the percentage of its investment property (68.43%) to its total investments has not reached the 80% threshold that is provided for under the legislation that is in force. The Company is continuously examining new opportunities that would enable it to reach this threshold with the lowest possible business risk.

- In accordance with the provisions of article 23 of Hellenic law 4141/2013, the Company has a deadline of two (2) years from the date of its incorporation, in other words until 22 March 2015, with a possibility of extending this deadline for a period of time that does not exceed twelve (12) months, in other words until 22 March 2016, following a relative approving decision of the Hellenic Capital Market Commission, to admit its shares to trading on an organised market within the meaning of paragraph 10 of article 2 of Hellenic Law 3606/2007. As permitted by the provisions of paragraph 2 of article 58 of Hellenic Law 4370/2016, the Company filed a new application requesting a further extension of the deadline for the admission of its shares to trading on an organised market until 22 March 2017.

## **24. Events after the reporting period**

Within the framework of its obligations that emanate from Hellenic law 2778/1999, as this law was amended with Hellenic Law 2992/2002 and Hellenic Law 4141/2013, the Company has proceeded in those actions that are necessary for the listing of its shares to the Athens Stock Exchange. There are no other events after the date of publication of the Company's financial statements that have a significant effect on these statements.

Based on the decision of the Extra Ordinary Shareholders Meeting dated March 24'2016, the Company decided for a Share Capital increase by Euro 10.500.000,- via a private placement process, by issuing 2.625.000 new registered common shares, at nominal value of Euro 4,- per share.

**Athens, 31 March 2016**

**The Declarants**

**The Chairman**

**The Managing Director**

**The Finance Director**

**Aristeidis Halikias**

**Marios Apostolinas**

**Gerasimos Robotis**

**Identity Card No. AE 783893**

**Identity Card No. P 594816**

**Identity Card No. AB 595414**