

**Note: Translation from the Greek original, in case of discrepancy the Greek version prevails.**



**INTERCONTINENTAL INTERNATIONAL  
REAL ESTATE INVESTMENT COMPANY**

**"INTERCONTINENTAL INTERNATIONAL R.E.I.C."**

**ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED ON**

**31/12/2016**

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## **Statement of the Board of Directors of the Company**

**(in compliance with article 4, par.2 of L. 3556/2007)**

We declare that, to the best of our knowledge, the annual financial statements for the year ended on the 31st of December 2016, have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union and fairly and truthfully present the Assets, Liabilities, Equity, Financial Position and Results of the Company **“Intercontinental International R.E.I.C.”**.

We also declare that, to the best of our knowledge, the Annual Report of the Board of Directors, truthfully presents the development, performance and financial position of **“Intercontinental International R.E.I.C.”**, including the description of the most significant risks and uncertainties it faces.

**Athens, 16<sup>th</sup> of March 2017**

**The undersigned**

**The Chairman of the Board**

**The Managing Director**

**Executive member of the  
Board**

**Aristotle Halikias  
ID No. AE 783893**

**Marios Apostolinas  
ID No. AN024492**

**Patricia Halikias  
ID No. AE 783894**

## **Annual report of the Board of Directors of the Company for the year ended on the 31st of December 2016**

Ladies and Gentlemen,

In accordance with the provisions of L. 3556/2007 and C.L. 2190/1920, we present to you the Annual Report of the Board of Directors of Intercontinental International R.E.I.C. ("the Company") for the year 2016. This Report includes the information of articles 43a and 43bb of C.L. 2190/1920, paragraph 7 of article 4 of L. 3556/2007 and the statement of Corporate Governance of article 2 par. 2 of L. 3873/2010.

### **Financial Position of the Company**

During the 2016 period, the Company continued to realize its Investment Plan, evaluating various investment properties that meet the qualitative characteristics of its Investment Strategy.

The Company is in full compliance with the Labor legislation and looks after the labor matters of the employees, continuously investing in their training and development.

On the 31<sup>st</sup> of December 2016, the Company's Investment Portfolio included 20 real estate properties, consisting mostly of retail shops and office space in high profile marketable locations throughout Greece.

The fair value of the Investment Property on the 31<sup>st</sup> of December 2016, according to the report of the Independent Valuator, was 63.150 thousand Euro (31 December 2015: 54.413 thousand Euro).

The Company's financial results were characterized, as in the previous two years, by consistent and sustainable high profitability, which derives from the combination of a high occupancy rate and the lack of material bad debt, which results in a high performance for the Invested Capital.

Specifically:

### **Income:**

The Company's Revenue – Rent Income reached **4.723,9 thousand Euro** (2015: 4.406,4 thousand Euro), as a result mostly of the increase in the rent from the long term operational leasing of real estate property to the former Emporiki Bank – now Alpha Bank, the acquisition of property in Heraklion in Crete and the acquisition of the properties made at the end of 2015. The two real estate properties purchased by the Company in the Athens Tower at the end of 2016, did not have adequate time to contribute significantly to the reporting period's income.

The negative investment climate did not affect the income of the Company, due to long-term pre-agreed leases. The profit from the valuation of the investment property in fair value for the reporting period was **1.793,1 thousand Euro** (2015: **2.596,6 thousand Euro**)

and increased the total positive surplus value of the investment property to **4.628,9 thousand Euro** from its acquisition cost.

#### **Operating Expenses:**

The **Direct Operating Expenses relating to the investment property** reached **388,0 thousand Euro** (2015: 258,5 thousand Euro), consisting mostly of independent valuator fees – legal and notary expenses – municipal cleaning fees – insurance premiums – common use expenses – Unified Real Estate Ownership Tax (ENFIA) etc.

**Other Operating Expenses on 31.12.2016** amounted at **625,7 thousand Euro** i.e. 13,3% of the total rental income (2015: 249 thousand Euro, i.e. 5,7% of the total rental income). The increase of those expenses was mostly due to allowances for doubtful accounts, increase of the payroll and employee expenses and the increase of non-deductible VAT.

#### **Operating Profit – Profit before Tax:**

The **Operating Profit** on 31.12.2016 was **5.622,3 thousand Euro**, i.e. 119% of the total rental income, which includes the positive foreign exchange differences of the cash reserves (2015: 6.459,4 thousand Euro, i.e. 147,4% of total rental income).

The **Profit before Tax** on 31.12.2016 reached **6.011,2 thousand Euro**, i.e. 127,3% of total rental income, including the positive foreign exchange differences of the cash reserves of 673,6 thousand Euro and after excluding net finance expenses of 284,7 thousand Euro (2015: 8.272,7 thousand Euro, i.e. 187,9% of the total rental income, including foreign exchange differences on cash reserves of 2.103,5 thousand Euro, excluding the net finance expense of 326,2 thousand Euro).

#### **Tax Expense – Profit after Tax:**

The Tax Expense on 31.12.2016 reached **672,3 thousand Euro**, i.e. 14,2% of total rental income, resulting in Profit after Tax of **5.338,9 thousand Euro**, i.e. 113,0% of total rental income (2015: The Tax Expense for 2015 reached 81,0 thousand Euro, i.e. 1,9% of total rental income, resulting in Profit after Tax of 8.191,7 thousand Euro). The significant variance of between the 2015 and 2016 tax expense is due to changes in tax legislation (Article 46, L. 4389/2016).

#### **Basic Ratios**

The Company's Management evaluates its results and performance on a quarterly basis, promptly identifying any deviations and taking corrective measures. The performance of the Company is measured using the following ratios, as described below:

Net Profit Margin	$\frac{\text{Profit after Tax}}{\text{Rental Income}} \times 100$
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Net Asset Value per Share (N.A.V.)	<u>Equity</u> Total Number of Shares
Funds From Operations – FFO	Profit after Tax plus depreciation and amortization, net finance expense, employee retirement benefit provision, less foreign exchange differences, fair value adjustments of the investment property, plus the increase of liabilities (excluding borrowing) and less the interest paid and the increase of trade and other receivables.
Current Ratio	<u>Current Assets</u> Current Liabilities
Debt to Assets Ratio	<u>Total Liabilities</u> Total Assets
Loan to Value	<u>Total Borrowing</u> Investment Property

31/12/2016 31/12/2015

#### Performance Ratios

Net Profit Margin	1,13	0,54
Net Asset Value per Share (N.A.V.)	6,44	6,13

#### Liquidity Ratios

Funds From Operations (FFO)	2.747.510€	3.203.731€
Current Ratio	19,02	22,83

#### Gearing Ratios

Debt to Assets Ratio	31,46%	39,24%
Loan to Value – LTV	47,73%	56,40%

#### Significant Events during the reporting period

On 24.03.2016, the Extraordinary General Meeting of the Company's Shareholders decided a Share Capital Increase of €10.500.000, with Private Placement and the issuance of 2.625.000 new registered ordinary shares with voting rights and a nominal value of €4,0 each, as well as the admission to listing of the Company's total shares in the Main Market of the Athens Exchange. The total proceeds from the Share Capital Increase were 14.490 thousand Euro and the payment was confirmed by the Company's Board of Directors in the meeting held on 12.7.2016. The total proceeds include 3.990 thousand Euro from the disposal of the shares at a premium.

The Company acquired the following real estate property during 2016:

- Of a building complex in Heraklion of Crete with a total area of horizontal property of 2.645,78 sq.m. for a price of €5,0 million. Areas of that property are rented to

company “A.V. Vasilopoulos S.A.”, the Heraklion Statistical Service, the Greek Agricultural Insurance Organization (ELGA) and to a local business (bakery). The estimated value of the property on 31.12.2016 was 5.930 thousand Euro.

- Office space on the 12<sup>th</sup> and 13<sup>th</sup> floor of the Athens Tower, with a total area of 669,10 sq.m on each floor and a total price of 700 thousand and 915 thousand Euro, respectively. The area on the 13<sup>th</sup> floor is rented to company RANDSTAD Hellas, while that on the 12<sup>th</sup> floor as at 31.12.2016 was vacant. The estimated value of the property on the 12<sup>th</sup> and 13<sup>th</sup> floor on 31.12.2016, was 1.060 and 1.280 thousand Euro, respectively.

### **Prospects for 2017**

The macroeconomic condition of Greece remains difficult. The prospects of the Company are affected by the real estate market.

It has been noted that in 2016, rent levels have shown an improvement albeit a marginal one, in comparison with the previous year, mostly on A class real estate. The rents are expected to follow the general economic climate and it is estimated that they will increase with a growth in the economy.

The percentage of vacant high quality space has been notably reduced on the last two years, for A as well as B class real estate property. This decrease is largely due to the fact that construction activity, for the development of new real estate or radical renovations of existing (obsolete) real estate, is almost non-existent.

On a rent yield level, there is still a gap between the yield demanded by the sellers and that expected by the buyers. However, this gap is gradually eliminated. This gradual convergence is proved by the fact that during the last months, a high activity of business real estate sales has been recorded, despite the intense and uncertain economic climate. This activity is selective, focused primarily on high quality, complete and operating income real estates. If the Greek economy growth is achieved from 2017 and onwards, the yields of real estate transactions are expected to decline, as the uncertainty moves away.

The Company's goal is the creation of mid-long-term value for its shareholders through a quality portfolio of fixed income. Investment opportunities in prime locations and creditworthy tenants are continuously evaluated. The Company's direct goal is, inter alia, the achievement of an at least 80% ratio of real estate investment property to total portfolio of investments.

### **Events after reporting period**

On February 2017, the Company acquired a two-level property in Aigio, with a total area of 1.367 sq.m, which is divided in ground floor and a basement. This is a building that was constructed in 2008 and is currently rented to the company DIXOS SOUTH – EAST EUROPE (Kotsovolos) with an initial gross lease yield of 9,9%. The total acquisition price for the property was €400.000.

On March 2017, the Company agreed to acquire the total shares of the company BIERCO S.A. The company to be acquired is the sole possessor of a business real estate on the

provincial road Ierapetra – Agios Nikolaos. This is a separate and independent property and more specifically, a retail shop of a 1.640 sq.m. area with a parking lot, located inside a land plot of 2.639 sq.m. The whole property is rented to a large supermarket chain, with a minimum guaranteed lease duration of 9 years. The initial gross lease yield of the property is 9,65%.

The Company, on March 2017, also acquired to real estate properties in Kallithea and Glyfada.

The property in Kallithea has a total area of 560 sq.m., which is divided between the ground floor and a basement, is rented to the company Vodafone, its acquisition price was €800.000 and its initial gross lease yield was 8,85%.

The property in Glyfada consists of offices and retail shops rented to companies HEMPEL Hellas and SALTWATER Hellas, has been raised on a land plot of 1.200,87 sq.m. and is divided between the ground floor (535,3 sq.m.), the first floor (406,98 sq.m.), the second floor (406,98), first basement (660,08 sq.m.) and second basement (710,06 sq.m.). The price for the acquisition reached € 3.412.000, while the initial gross lease yield is estimated at 8,44%.

On March 2017, the Company purchased a Hellenic T-Bill at €4.971.200 and maturity on 9.6.2017.

Finally, the Board of Directors of the Company on 16.3.2017, decided to propose for approval by the Annual General Meeting of the Shareholders, the distribution of profits in the form of a dividend of a total €2.940.000.

The profits for distribution derive from the total realized profit of the 2016 period (Profit after Tax, less net income from fair value adjustments of the investment property, less the unrealized foreign exchange differences, i.e. €2.865.601,69), plus part of the realized retained earnings from previous periods, i.e. €74.398,31.

When approved, the distribution will correspond to a net dividend of 0,28€ per share.

### **Significant risks faced by the Company**

#### **Inflation Risk**

The exposure of the Company to inflation risk is minimum, as the annual rent adjustments are linked to the Greek C.P.I. In addition, the lease agreements with Alpha Bank set a guaranteed minimum 3,5% annual increase in the rent, therefore in the case of deflation, there are no negative effects on the income of the Company.

#### **Credit Risk**

The Company is exposed to credit risk in relation to its rent receivables from the lease agreements in place, its cash reserves and securities. The credit risk concerns the cases of counterparty default on their contractual obligations. Given that 78% of the income of the Company derives from the lease agreements with Alpha Bank, which are linked to the



repayment of the bond loan held by the same institution, no significant losses from doubtful accounts are expected.

The related entity, Republic Bank of Chicago, in which the Company keeps the majority of its cash reserves, has a capital adequacy Tier 1 ratio of 13,23% and is included in the FDIC list of preferred contractors. As a result, the Company does not expect any losses on its deposits.

## **Market Risk**

### **i) Foreign Exchange Risk**

Foreign Exchange Risk exists due to the cash reserves of the Company and its securities that are denominated in U.S. Dollars. Due to the significant deposits of the Company in U.S. Dollars, the effect of foreign exchange risk on the Company's results and financial position is considered to be material.

### **ii) Price Risk**

Changes in real estate prices have an effect on the statement of comprehensive income and the statement of financial position of the Company (profitability and assets). The Company tries to enter in long-term lease agreements with quality tenants. At the current stage, the Company minimized the above risk by having secured with its prime tenant (Alpha Bank), lease agreements that cannot legally be terminated by the tenant until the year 2027. From this particular tenant, who as a banking institution is subject to the uncertainties that derive from the current economic conditions, 78% of the total annualized rent income of the Company is generated. During the reporting period, the Company had a positive result from the fair value adjustments of its Investment Property.

The Company does not hold shares or inventory and as such, it is not subject to price risk from those items.

### **iii) Cash flow risk**

Cash flow risk relates to variations in future cash flows of the Company that may affect its ability to meet its financial obligations. Since the Company has, at a significant level, secured rent income until the year 2027, the volatility of its cash flows and as a result the risk derived from it, is not considered to be significant.

### **iv) Interest rate risk**

Interest rate risk derives mostly from the borrowing of the Company. The floating rate of the Company's bond loan, exposes the Company to cash flow risk due to fluctuations on the borrowing rate. In addition, fixed rate securities expose the Company to risk due fluctuations in the fair value of those securities.

During 2016, if the average borrowing rate was 50 basis points higher/lower, with all other variables remaining the same, the Company's results after tax for the period would have been higher/lower by € 154,3 thousand, i.e. +/- 36,63% over the Company's borrowing interest expense (2015: € 155,8 thousand, i.e. +/- 31,16% over the borrowing interest expense), as a result the increased/decreased interest expense that would have resulted from the floating rate bond loan.

**Liquidity risk**

Prudent management of liquidity risk means adequate cash reserves, ability to raise capital through a sufficient amount of committed credit facilities and the ability to close out open market positions.

The liquidity of the Company is monitored by the Management at regular intervals. As is evident by the basic ratios above, the Company is in no direct liquidity risk.

**Regulation and Compliance risk**

The Company has not made investments abroad at the moment and, as a result, is not subject to risk of non-compliance with any regulatory authorities abroad. Regarding the compliance with the regulatory authorities in Greece, the Company employs competent personnel that monitors the developments in the legislation and the regulatory framework, and ensures the Company's compliance towards them.

**External factors and international investments**

The Company currently invests in the Greek dominion. The Company may be affected by factors such as economic instability, political turmoil and changes in taxation.

**Branches**

The Company currently does not have any branches in operation.

**Related Party Transactions**

All related party transactions are made under market terms. As related parties, as defined in IAS 24, the Company has identified the following:

- AJOLICO Trading Limited, Main Shareholder (71,4%) of INTERCONTINENTAL INTERNATIONAL R.E.I.C. – No related party transactions apart from the initial payment of the Shareholder's Capital.
- REPUBLIC BANK of CHICAGO – USA, maintenance of an interest-bearing deposit account of INTERCONTINENTAL INTERNATIONAL R.E.I.C.
- Aristotle Halikias, Chairman of the Board of Directors of INTERCONTINENTAL INTERNATIONAL R.E.I.C., 33,33% shareholder of AJOLICO Trading Limited, 3,6% shareholder of INTERCONTINENTAL INTERNATIONAL R.E.I.C., Chairman of the Board of Directors of REPUBLIC BANK of CHICAGO – USA.
- Patricia Halikias, Vice Chairman of the Board of Directors of INTERCONTINENTAL INTERNATIONAL R.E.I.C. and 33,33% shareholder of AJOLICO Trading Limited.

In addition, key management personnel as well as their close relatives and Companies owned by them or in which they hold significant influence, are also considered to be related parties.

The related party transactions of the Company during the 2016 period as well as the open balances between them and the Company on 31.12.2016 are as follows:

#### **REPUBLIC BANK of CHICAGO**

	<b>31/12/2016</b>
Sight Deposits in USD	18.079.411
Interest income for the period	46.525
Loss on disposal of property, plant and equipment	9.333

#### **Members of the Board and Key Management Personnel**

	<b>31/12/2016</b>
Payables	100
Receivables	2.502
BoD remuneration	57.750
Key Management Personnel remuneration	81.159

#### **Additional information in accordance with article 4 par. 7 of L. 3556/2007 and article 2 of EU Decision 7/448/11.10.2017**

##### **1) Share capital structure of the Company**

The Company's share capital on 31.12.2016 amounted at 42.000.000 Euro, divided in 10.500.000 registered ordinary shares with voting rights and a nominal value of 4,00 Euro per share. All of the Company's shares are listed for trading in the main market of Athens Exchange and have all the rights and obligations derived by the Law.

##### **2) Restrictions in the transferring of the Company's shares**

The transferring of the Company's shares is being made in accordance with the applicable legislation and there are no restrictions on the transfer, as is defined by the Company's Statute.

##### **3) Significant direct or indirect participations by the definition of articles 9 to 11 of L. 3556/2007**

The individuals and legal entities that participate directly or indirectly in the Company with more than a 5% percentage are the following:

<b>Shareholder</b>	<b>Direct Participation</b>	<b>Indirect Participation</b>	<b>Total</b>
Ajolico Trading Limited	71,40%	0%	71,40%
Aristotle Halikias	3,60%	23,80%	27,40%
Patricia Halikias	0%	23,80%	23,80%
Helen Halikias	0%	23,80%	23,80%

**4) Shareholders of any kind of shares that provide special control rights**

There are no Company's shares that provide special control rights.

**5) Restrictions on voting rights**

There are no restrictions on the voting rights of the Company's shares.

**6) Agreements between the shareholders of the Company, that are known to the Company and imply restrictions in the transferring of shares or the exercise of voting rights**

There are no agreements between the shareholders for the coordinated exercise of voting rights or for the application of restrictions in the transferring of shares.

**7) Rules for the appointment and replacement of BoD members and the amendment of the Statute**

The rules for the appointment and replacement of the BoD members and the amendment of the Company's Statute do not deviate from the provisions of C.L. 2190/1920.

**8) Responsibility of the Board of Directors or certain members of it, for the issuance of new shares or the purchase of own shares**

The appointment of the BoD members is made by the General Meeting of the Shareholders, after the proposal of the BoD. Decisions to replace a member of the Board are made by the Board and are validated by the following General Meeting of the Shareholders.

**9) Significant Agreements signed by the Company that are enforced, amended or terminated in case of change of control of the Company after a public offer and their results**

No such agreements are in place.

**10) Agreements signed by the Company with the members of the Board or its personnel, which provides for compensation in case of resignation or termination of employment on baseless grounds or the termination of their service or employment due to public offer**

No such agreements are in place.

**Statement of Corporate Governance**

The current Statement of Corporate Governance is made in accordance with the provisions of article 43bb of C.L. 2190/1920.

**i. Corporate Governance Code**

The Company, in compliance with the provisions of L. 2778/1999 as amended by L. 2992/2002 and L. 4141/2013 (article 24), has established and follows the Corporate Governance Code that is uploaded on the Company's website [www.ici-reic.com](http://www.ici-reic.com).

The Code was prepared based on the Hellenic Corporate Governance Code (HCGC) that was written by the Hellenic Federation of Enterprises (SEV), as amended on October 2013 and which includes rules, practices and procedures that are applied by the Company for complying with the existing legislation (Corporate Law & listed companies' obligations), as well as the rules and practices applied by the Company that go beyond those requirements. The aforementioned Hellenic Corporate Governance Code is followed by the Company with the following deviations:

- 1) There is no documented diversity policy with regards to the structure of the Board of Directors and the upper management and there is no determination of the percentage of representation of each gender (Part A, par. 3.4 of the HCGC).
- 2) The BoD of the Company meets with adequate frequency so as to perform its duties diligently, but does not prepare a meeting schedule at the beginning of each year (Part A, par. 6.1 of the HCGC).
- 3) The members of the Board of the Company receive an introductory briefing on Company matters, but there is no dedicated program of continuous professional development for the personnel (Part A, par. 6.5 of the HCGC).
- 4) The Company's Corporate Governance Code provides for a maximum duration for the service of appointed members of the Board of six (6) years, in contrast to the maximum duration of four (4) years, as determined by the Hellenic Corporate Governance Code (Part A, par. 5.1).
- 5) Regarding the evaluation of the BoD's performance, there is no specific provision for the period meeting of the non-executive Board members, in order for them to evaluate the performance of the executive members and determine their remuneration (Part A, par. 7.2 of the HCGC).
- 6) There is no specific provision for the disclosure in the Statement of Corporate Governance, of the attendance frequency per year of the BoD members and the members of the other committees in the meetings of those committees (Part A, par. 4.5 of the HCGC).
- 7) The names of the members of the Board of Directors that are submitted for election or re-election, are accompanied with sufficient curriculum information, as well as the opinion of the current Board regarding the independence of the proposed members, in accordance with the independence criteria set by the Law, as well as any other information that may help the shareholders to make an informed decision. However, there is no provision for the structuring of a special committee for the selection of the candidates for the Board, as provided for in the HCGC (Part A, par. 5.4 to 5.7). The evaluation of the candidates for the Board is made directly by the shareholders.

## **ii. Description of the Internal Control System and management of risks in relation to the preparation of the financial statements**

### **Internal Control System**

The BoD of the Company has the final responsibility for the proper and effective operation of the Internal Control System and is responsible for the following:

- to present to the shareholders and the public a clear evaluation of the Company's actual position and prospects, and to ensure the credibility of the financial statements and the correctness of its announcements, where they are imposed.
- to maintain an effective Internal Control System, as well as a risk management system, so as to safeguard the Company's assets, as well as to identify and counter the most significant risks.
- to monitor the application of the Corporate Strategy and re-evaluate it regularly.
- to regularly review the main risks that the Company faces and the effectiveness of the Internal Control System in managing those risks. The review must cover all material controls, including the financial and operating controls, compliance controls, as well as the controls of the risk management system.
- through the Audit Committee, to maintain direct and regular contact with the external and internal auditors, in order to receive regular briefings from them regarding the proper operation of the Internal Control System in accordance with international standards.

### **Corporate Governance Code**

The Board of Directors is the sole custodian of the application of the Corporate Governance Code, its members are elected according to specific criteria such as, their management ability, their integrity, their trustworthiness, their devotion to the Company, their experience and other personal skills that need to coexist for the achievement of the Company's goals.

In addition, the combined relationship of the executive and non-executive – independent non-executive members, guarantees the continuity and/or the smooth succession in the upper management of the Company, ensuring the continuity of successful results.

The application of the Corporate Governance Code, as well as the successful operation of the Company, looking towards the Company's goals, is monitored by the Board of Directors through the Audit Committee that answers to it.

### **Organizational Structure**

The organizational structure of the Company is simple and flexible. On 31.12.2016 the Company's personnel consist of few persons (4 employees), devoted in maintaining high level of professionalism and skills.

### **Duties and responsibilities**

The Board of Directors appoints and authorizes all the individuals that are competent to perform bank transactions and write cheques, as well as those responsible for managing the assets of the Company.

### **Informational Systems**

The Company maintains all the means that allow it to plan its long-term and mid-term business strategy.

### **Planning and monitoring**

Through the continuous flow of the financial information between the bodies of management, successful monitoring is achieved. For this purpose, the BoD has put together an internal audit unit, as per the requirements of the Greek legislation, that operates in accordance with written policies and regularly evaluates the appropriateness of the Internal Control System. The internal audit unit is independent from the other operational units and during the performance of its duties, must have access to all documents, services and employees of the Company and report managerially to the Managing Director and operatively to the Audit Committee.

In addition, the Board performs an annual evaluation of the Internal Control System. This evaluation includes the review of all the range of the activities and the effectiveness of the internal audit unit, the adequacy of the risk management and internal audit reports addressed to the BoD, as well as the respond and effectiveness of management towards the identified errors or deficiencies of the Internal Control System.

### **Accounting Software**

The Company has installed a suitable accounting software which allows the Company to measure all the ratios that it considers necessary at each period, in order to monitor its financial performance.

### **Internal Control Framework**

The Internal Control Framework of the Company consists of:

- The Audit Committee, which consists entirely of Non-Executive Members of the Board of Directors (independent and non-independent) and to which the Internal Audit Service, as well as the Regulatory Compliance and Risk Management Service report.
- The establishment and application of the Corporate Governance, via the complete application of the Corporate Governance Code, the Internal Control Policy, the Regulator Compliance Policy, the Risk Management Policy and the Remuneration Policy, by all the members of the Board, the Management, the Supervisory Borides, the employees and the Company's associates.
- The Internal Audit, which is regularly (quarterly) performed, as well as on an ad hoc basis, with the respective preparation of the Internal Control Report that is submitted to the Audit Committee.

The responsibilities of the internal audit function include, inter alia, the performance of general or on a sample basis audits on all the functions and transactions of the Company, the assurance of compliance with the institutional framework that governs the Company's operation, the evaluation of the effectiveness of the accounting system and the IT system of the Company, the written report submitted to the Board at least quarterly, with information on the audits performed and attendance in the General Meetings of the Shareholders. More information regarding the internal audit function are included in the Corporate Governance Code of the Company.

For the fulfillment of the corporate goal and the identification of internal and external risks that may jeopardize Company's operations or results, the Board of Directors regularly evaluates all the data from the Audit Committee, the Internal Audit and the Upper Management of the Company.

### **Risk Management**

Risk management is a continuous and developing task, which runs throughout the internal structure of the Company. The basic principles and goals of risk management are described in the Risk Management Policy included in the Risk Management Manual. The Company has put in place appropriate procedures that allows it to the evaluate and respond to the risks that may arise during its operation. The members of the Board frequently contact the personnel and the committees of the Company and evaluate the existence of risks, their severity regarding the Company's operations and the available options to counter them.

### **iii. Reference to information required by Article 10 par. 1 items c), d), f), h) and i) of the EU Directive 2004/25/EC**

- Regarding the required information of item c) of par.1, Article 10 of the EU Directive 2004/25/EC, this information is already included in the part of the BoD Report that refers to the additional information of article 4 par. 7 of L. 3556/2007.
- Regarding the required information of item d) of par.1, Article 10 of the Directive, there are no Company titles that provide special control rights to their holders.
- Regarding the required information of item f) of par.1, Article 10 of the Directive, there are no restrictions on share voting rights.
- Regarding the required information of item h), of par.1, Article 10 of the Directive, amendments to the Statute require the approval of the General Meeting of the Shareholders, in accordance with C.L. 2190/1920. The appointment of BoD members is made by the General Meeting, following the proposal from the BoD. In case of replacement of a member, the decision is made by the BoD and submitted for validation on the following General Meeting.
- Regarding the required information of item i), of par.1, Article 10 of the Directive, the issuance of new shares is subject to the decisions of the General Meeting of the Shareholders and to the provisions of par. 1b of article 13 and 7b of the C.L. 2190/1920. The allocation of shares to the members of the Board and the personnel, in the form of share options as per the special definitions of the Directive, is subject to the decision of the General Meeting and the provisions of article 13, par. 13 of C.L. 2190/1920.

### **iv. Information regarding the General Meeting of the Shareholders**

The General Meeting of the Shareholders is the supreme body of the Company, convened by the BoD and authorized to decide on every corporate affair, in which all the shareholders are entitled to participate, either directly or through a legally authorized representative, in accordance with the legal procedure.

The Board ensures that the preparation and conduct of the General Meeting of the Shareholders facilitates the effective exercise of the shareholders' rights, who are informed



on all matters related to their participation on the General Meeting, including the agenda and their rights during the Meeting. In more detail, and regarding the preparation of the Meeting in accordance with the provisions of L. 3884/2010 the Company uploads on its website, at least twenty (20) days before the Meeting, both in Greek and in English, information regarding the following:

- the date, time and place of the General Meeting,
- the basic rules and practices of the participation, including the right to add matters for discussion in the agenda and submit questions, as well as the deadlines to exercise those rights,
- the procedures of the voting, the terms of representation by proxy and the necessary documents,
- the proposed agenda of the meeting, including draft decisions for discussion and vote and all documents related to them,
- the proposed catalogue of candidate members for the BoD and their curriculums (when the need to elect new members exists), and
- the total number of shares and voting rights existing at the date of the meeting.

i. The Chairman of the Board, the Managing Director and the Chairmen of the other Committees, attend the General Meeting of the Shareholders in order to provide information and updates regarding the matters for discussion and any queries or clarifications need by the shareholders.

ii. During the General Meeting, the Chairman of the Board temporarily chairs. On or two of the attending shareholders or their representatives, selected by the Chairman, is appointed as a temporary secretary for the meeting.

iii. After the validation of the list of shares with voting rights, the General Meeting immediately appoints the final committee, consisting of the Chairman and one or two secretaries with the duty to collect the votes. The Decisions of the General Meeting are taken in accordance with the provisions of the applicable law and those of the Company's Statute.

iv. A summary of the meetings of the General Meeting is made available at the Company's website within fifteen (15) days from the General Meeting, translated also in English.

v. Every shareholder who is included at the records of the institution that maintains the records of the Company's shares, is entitled to participate and vote in the General Meeting. The exercise of those rights does not require the withholding of any shares nor the conduct of any other procedure. The shareholder may appoint a representative if he so wishes. For any other matter the Company complies with the provisions of C.L. 2190/1920 (Article 28a).

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

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

The Company is managed by the Board of Directors, which consists of five (5) to eleven members, in accordance with its Statute. The composition of the Board is as follows:

- Aristotle Michael Halikias – Chairman of the Board – Executive Member
- Patricia Michael Halikias – Vice Chairman of the Board – Executive Member
- Marios Apostolos Apostolinas – Managing Director – Executive Member

- George Ioannis Georgopoulos – Independent Non-Executive Member
- Giuseppe Giovanni Giano – Independent Non-Executive Member
- Nikolaos Ioannis Zerdes – Non-Executive Member
- Michael Dimitrios Sapountzoglou – Independent Non-Executive Member

The procedures that relate to the replacement of the members of the Board of Directors, as well as the procedures for the convention and decision making, are included in detail in the Company's Statute and Corporate Governance Code.

The first and foremost obligation and duty of the members of the Board, is the continuous pursuit of the development of the Company's long-term value, the safeguarding of its general interests, as well as the application and upholding of the Corporate Governance Code that has been prepared in support of the above purposes.

The Board consists of both executive and non-executive members. The distinction between executive and non-executive is set by the Board and validated by the General Meeting of the Shareholders.

The non-executive members represent at least one third of the BoD members. Among the non-executive members there are at least two independent members that are appointed by the General Meeting of the Shareholders and during their service they cannot hold shares of the Company at a participation percentage higher than 0,5% of the Company's share capital and must not have a relationship of dependence with the Company.

The Board of Directors determines and reviews the existence of any dependence relationship between the independent candidates and the Company, before proposing their election by the General Meeting of the Shareholders.

### **Composition and Operation of the BoD Committees**

#### **Audit Committee**

The Audit Committee consists of three non-executive members of the Board of Directors, with a proven and sufficient knowledge of accounting and auditing. The composition of the Audit Committee is as follows:

- Michael Sapountzoglou – Chairman, independent non-executive member of the BoD
- Nikolaos Zerdes – Secretary, non-executive member of the BoD
- George Georgopoulos – Member, independent non-executive member of the BoD

The Audit Committee is tasked with the monitoring of the financial information processes and the preparation of the financial statements. All its members are appointed by the General Meeting of the Shareholders, following proposition from the Board of Directors. The tasks of the Audit Committee (indicatively) are as follows:

- the monitoring of the financial information process,
- the monitoring of the effective operation of the Internal Control System and the Risk Management System, as well as the monitoring of the proper function of the Internal Audit Service of the Company,
- the monitoring of the statutory audit of the Company's financial statements,

- the evaluation of the actions of Management regarding the compliance with the Corporate Governance Code and the compliance with the regulation regarding the identification and prevention of money laundering.

For the fulfillment of its purpose, the Audit Committee has freedom of communication with the Management and the internal and external auditors, so as to investigate any matter that comes to its attention, having unrestricted access to all records and information, facilities and personnel of the Company.

#### **Investment Committee**

The Investment Committee is tasked with the duty of designing the investment policy of the Company, within the framework set by the decisions of the Board, to which the Committee makes proposals over the investment strategy, and ensuring the compliance with the provisions of the Statute and the applicable legislation, regulation and recommendations from the competent authorities that regulate the investment activity of the Company.

The Investment Committee consists of 3 members, appointed by the Board of Directors, which appoints its Chairman and Secretary. Its members are specialized professionals and are selected in accordance with the applicable regulation, decisions and directives of the supervising authority.

The composition of the Investment Committee is as follows:

- Marios Apostolinas – Chairman – Managing Director – Executive Member of the BoD
- Aristotle Halikias – Secretary – Chairman of the BoD – Executive Member
- Patricia Halikias – Vice Chairman of the BoD – Executive Member

#### **Remuneration Committee**

The tasks of the Remuneration Committee is the processing and proposal to the BoD of the Remuneration Policy of the Company, which regards and applies to the determination of the total remuneration of the Upper Management, as well as to the personnel that has been assigned duties in Investment Risk, as well as Auditing, Management, Marketing, Human Resources and Sales, whether they are executive or non-executive members, but with the purpose of exercising influence, management or participating in decision making in taking investment risk, especially when their remuneration is the same or similar with those of the Upper Management and fully disclosed to the Supervisory Authority.

The composition of the Remuneration Committee is the following:

- Patricia Halikias – Chairman – Vice Chairman of the BoD, Executive Member
- Michael Sapountzoglou – Secretary, Independent Non-Executive Member
- George Georgopoulos – Member, Independent Non-Executive Member

#### **vi. Diversity Practices**

The Company supports and adopts the principles of equality and diversity regarding its personnel and upper management, with the purpose of promoting equality and fair treatment.

The Company aims for the recruitment of personnel and upper management of various ages, genders and professional backgrounds. However, mostly due to the limited number of personnel employed, the Company has not included specific diversity policies in its Corporate Governance Code.

**For the Board of Directors**

**Athens, March 16, 2017**

**The undersigned**

**The Chairman of the Board**

**The Managing Director**

**Aristotle Halikias**

**ID No. AE 783893**

**Marios Apostolinas**

**ID No. AN024492**

## **REPORT ON THE APPLICATION OF SHARE CAPITAL INCREASE PROCEEDS**

**INTERCONTINENTAL INTERNATIONAL R.E.I.C.**

HCMC LICENSE NO.: 5/604/6.12.2011

G.E.MI NO: 120108101000

**APPLICATION OF PROCEEDS FROM THE SHARE CAPITAL INCREASE OF THE COMPANY FROM THE ISSUANCE OF NEW REGISTERED ORDINARY SHARES WITH VOTING RIGHTS PAID IN CASH, IN ACCORDANCE WITH THE DECISION OF THE GENERAL MEETING OF THE COMPANY'S SHAREHOLDERS ON THE 24<sup>TH</sup> OF MARCH 2016.**

It is disclosed, in accordance with article 4.1.2 of the Athens Exchange regulation, as well as decisions 25/17.7.2008 of the its Board of Directors and 7/448/11.10.2007 of the Board of Directors of the Hellenic Capital Market Commission, that the share capital of the Company, during year 2016, has been increased with the issuance of 2.625.000 new registered ordinary shares with voting rights and a nominal value of €4,0 per share, paid in cash, from which total capital of 14.490.000€ was raised. The confirmation of the payment of the share capital increase was made by the Company's Board on 12.7.2016.

<b>TABLE OF APPLICATION OF THE SHARE CAPITAL INCREASE PROCEEDS (Amounts in Euro)</b>			
<b>Description of the use of proceeds</b>	<b>Total Proceeds</b>	<b>Applied up to 31/12/2016</b>	<b>Remaining Proceeds on 31/12/2016</b>
1. Investments in accordance with the provisions of L. 2778/1999.	13.955.829,73	0,00	13.955.829,73

2. Expenses of the issuance and the admission to Athens Exchange	534.170,27	534.170,27	0
<b>Totals</b>	<b>14.490.000,00</b>	<b>534.170,27</b>	<b>13.955.829,73</b>

**Note 1:** The Company is planning to utilize the proceeds from the share capital increase to perform investments in accordance with the REIC Law. The Company estimates that the completion of those investments will occur within 24 months from the time the proceeds were made available.

**Note 2:** The remaining proceeds on 31.12.2016 are placed in short-term bank deposits and are included in “Cash and Cash Equivalents” on the Company’s Statement of Financial Position.

**Athens , March 16, 2017**

**The undersigned**

**The Chairman**

**The Managing Director**

**The Finance Director**

**Aristotle Halikias**  
**ID No. AE 783893**

**Marios Apostolinas**  
**ID No. AN024492**

**Gerasimos Robotis**  
**ID No. AB 595414**

[Translation from the original text in Greek]

## **Independent Auditor’s Report**

To the Shareholders of “**Intercontinental International R.E.I.C.**”

### **Report on the Audit of the Company’s Financial Statements**

We audited the accompanying financial statements of the Company “Intercontinental International Real Estate Investment Company”, which consist of the Statement of Financial Position of the 31<sup>st</sup> of December 2016, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement, as well as the 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 which have been transposed into Greek Law (GG/B’/2848/23.10.2012). 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.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the "Intercontinental International REIC" as of December 31, 2016, and their 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 Requirements**

Taking into consideration, that management is responsible for the preparation of the Board of Directors' report and Corporate Governance Statement that is included to this report according to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we note the following:

- a) In the Board of Directors' Report is included the Corporate Governance Statement that contains the information required by article 43bb of Codified Law 2190/1920.
- b) In our opinion, the Board of Directors' report has been prepared in accordance with the legal requirements of articles 43a and 107A and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying financial statements for the year ended 31/12/2016.
- c) Based on the knowledge we obtained from our audit for the Company "Intercontinental International REIC" and its environment, we have not identified any material misstatement to the Board of Directors report.

Athens, March 17, 2017

CERTIFIED AUDIT ACCOUNTANT

PriceWaterhouseCoopers S.A.  
Kifissias Ave. 268, Chalandri  
SOEL Reg. No. 113

Dimitris Sourbis  
SOEL Reg No. 16891



**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR  
ENDED ON THE  
31<sup>st</sup> of December 2016**

**ASSETS****Non-Current Assets**

	Note	31/12/16	
Investment Property	6	63.150.000	54.413.000
Property, Plant and Equipment	7	0	13.500
		<b><u>63.150.000</u></b>	<b><u>54.426.500</u></b>

**Current Assets**

Trade and Other Receivables	8	179.480	81.347
Financial Assets Available for Sale	9	2.584.618	4.228.077
Cash and Cash Equivalents	10	32.823.356	20.779.037
		<b><u>35.587.454</u></b>	<b><u>25.088.461</u></b>

**TOTAL ASSETS****98.737.454** **79.514.962****EQUITY AND LIABILITIES****Equity**

Share Capital	11	42.000.000	31.500.000
Share Premium		3.990.000	0,00
Statutory Reserves		844.714	844.714
Other Reserves		-14.027	-86.269
Retained Earnings		20.850.856	16.049.565
<b>TOTAL EQUITY</b>		<b><u>67.671.543</u></b>	<b><u>48.308.010</u></b>

**LIABILITIES****Non-Current Liabilities**

Retirement Benefit Obligations		5.432	5.432
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Borrowing	12	29.015.437	30.063.602
Guarantees	13	174.217	38.909
		<b><u>29.195.086</u></b>	<b><u>30.107.943</u></b>
<b>Current Liabilities</b>			
Trade and Other Payables	14	372.279	316.039
Borrowing	12	1.125.607	627.136
Guarantees	13	0	115.000
Current Tax Payable		372.938	40.834
		<b><u>1.870.824</u></b>	<b><u>1.099.009</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>31.065.911</u></b>	<b><u>31.206.952</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>98.737.454</u></b>	<b><u>79.514.962</u></b>

The notes on pages 28 to 52 form an integral part of these Financial Statements

#### Statement of Comprehensive Income

	Note	31/12/16	31/12/15
Rental Income	15	4.723.896	4.406.395
Net results from fair value adjustments of Investment Property		1.793.164	2.596.578
Expenses directly related to Investment Property	16	-388.004	-258.534
Other Income		118.990	0
<b>Gross Profit</b>		<b>6.248.047</b>	<b>6.744.439</b>
Payroll and other employee expenses	17	-103.857	-68.873
Other Expenses	18	-407.347	-180.134
Allowance for doubtful accounts		-114.544	0
<b>Operating Profit</b>		<b>5.622.298</b>	<b>6.495.432</b>
Foreign Exchange Differences		670.153	2.103.446
Finance Income	19	177.320	174.071
Finance Expense	19	-462.034	-500.269
<b>Profit Before Tax</b>		<b>6.007.737</b>	<b>8.272.680</b>
Taxes	20	-672.272	-81.000
<b>Profit for the year</b>		<b>5.335.464</b>	<b>8.191.680</b>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Profit/Loss from the valuation of financial assets available for sale		-3.541	-86.269
<b>Total comprehensive income for the year</b>		<b>5.331.923</b>	<b>8.105.411</b>

Earnings per Share (expressed in € per share)

The notes on pages 28 to 52 form an integral part of these Financial Statements

### Statement of Changes in Equity

	Share Capital	Share Premium	Statutory Reserves	Available for Sale Reserve	Retained Earnings	Total
<b>Balance on 1st of January 2015</b>	<b>31.500.000</b>	<b>0</b>	<b>435.130</b>	<b>0</b>	<b>8.267.469</b>	<b>40.202.599</b>
Profit After Tax	0	0	0	0	8.191.680	8.191.680
Other Comprehensive Income	0	0	0	-86.269	0	-86.269
Statutory Reserve formation	0	0	409.584		-409.584	0
<b>Total Comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>409.584</b>	<b>-86.269</b>	<b>7.782.096</b>	<b>8.105.411</b>
<b>Balance on 31st of January 2015</b>	<b>31.500.000</b>	<b>0</b>	<b>844.714</b>	<b>-86.269</b>	<b>16.049.565</b>	<b>48.308.010</b>
<b>Balance on the 1st of January 2016</b>	<b>31.500.000</b>	<b>0</b>	<b>844.714</b>	<b>-86.269</b>	<b>16.049.565</b>	<b>48.308.010</b>
Profit After Tax	0	0	0	0	5.335.464	5.335.464
Share Capital Increase	10.500.000	3.990.000	0	0	0	14.490.000
Sale of Available for Sale financial assets	0	0	0	75.783	0	75.783
Cost of admission to Athens Exchange	0	0	0	0	-534.174	-534.174
Other Comprehensive Income	0	0	0	-3.541	0	-3.541
Statutory Reserve formation	0	0	0	0	0	0
<b>Total Comprehensive income for the year</b>	<b>10.500.000</b>	<b>3.990.000</b>	<b>0</b>	<b>72.242</b>	<b>4.801.291</b>	<b>19.363.532</b>

The notes on pages 28 to 52 form an integral part of these Financial Statements

## CASH FLOW STATEMENT

	Note	01/01/2016 31/12/2016	01/01/2015 31/12/2015
<b>Cash flows from operating activities</b>			
Profit before tax		6.007.737	8.272.680
<b>Plus (less) Adjustments for:</b>			
Interest Income	19	-177.320	-174.071
Interest Expense	19	462.034	500.269
Foreign Exchange Differences		-670.153	-2.103.446
(Increase)/decrease in the fair value of investment property	6	-1.793.164	-2.596.578
Provision for employee benefit obligation		0	0
Depreciation and Amortization	7	2.993	2.000
		3.832.127	3.900.854
<b>Changes in working capital</b>			
Decrease/ (increase) of receivables		-98.133	-67.641
(Decrease)/ increase of payables (except for borrowing)		63.046	-37.019
<b>Cash flows from operating activities</b>		<b>3.797.040</b>	<b>3.796.194</b>
Tax paid		-365.732	-82.148
Interest paid		-374.264	-509.463
<b>Net cash flows from operating activities (a)</b>		<b>3.057.044</b>	<b>3.204.582</b>
<b>Cash flows from investing activities</b>			
Investments in real estate properties	6	-6.846.643	-825.000
Capital expenditure for investment property	6	-97.193	-21.848
(Purchase)/ Sale of Property, Plant and Equipment		10.507	0
(Purchase)/ Sale of available for sale financial assets	9	1.736.133	-4.243.273
Interest received		177.320	219.948

<b>Net cash flows from investing activities (b)</b>		<b>-5.019.876</b>	<b>-4.870.174</b>
<b><u>Cash flows from financing activities</u></b>			
Proceeds from share capital increase		14.490.000	0
Expenses for the admission in the Athens Exchange		-534.170	0
Bond Loan payments	12	-532.350	-332.325
<b>Net cash flows from financing activities (c)</b>		<b>13.423.480</b>	<b>-332.325</b>
<b>Net increase/ (decrease) in cash and cash equivalents for the period</b>		<b><u>11.460.647</u></b>	<b><u>-1.997.917</u></b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>20.779.037</b>	<b>20.673.508</b>
<b>Effect of foreign exchange differences on cash and cash equivalents</b>		<b>583.672</b>	<b>2.103.446</b>
<b>Cash and cash equivalents at the end of the period</b>		<b><u>32.823.356</u></b>	<b><u>20.779.037</u></b>

The notes on pages 28 to 52 form an integral part of these Financial Statements

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

These financial statements of **“INTERCONTINENTAL INTERNATIONAL REAL ESTATE INVESTMENT COMPANY”** (“the Company”) have been prepared for the year ended on the 31<sup>st</sup> of December 2016.

The Company is registered as a Real Estate Investment Company of Law 2778/1999 and its subsequent amendments.

The Company has been incorporated on 22.03.2013, after obtaining a license from the Hellenic Capital Market Commission with the decision of its Board, No. 5/604/06.12.2011.

The current Financial Statements (henceforth “the Financial Statements”) have been approved by the Board of Directors of the Company on the 16<sup>th</sup> of March 2017.

The company “AJOLICO TRADING LIMITED” (Reg. No. 284633), which domiciles in Nicosia in Cyprus, participates in the Company with a percentage of 71,4%.

### 2. Summary of Significant Accounting Policies

The basic accounting policies that have been applied at the preparation of these financial statements are described below. These policies have been consistently applied in all periods presented, unless stated otherwise.

## **2.1 Basis of preparation**

The current financial statements have been prepared by Management in accordance with the International Financial Reporting Standards (IFRS), and the IFRIC interpretations, as adopted by the European Union.

These financial statements have been prepared based on the principle of historical cost, as modified to include the valuation of investment property and available for sale financial assets in “fair value”.

The preparation of the Financial Statement in accordance with the IFRS required the use of certain accounting estimates and assumptions. In addition, it requires the exercise of judgement from Management during the application of the accounting policies (See Note 5).

### **2.1.2 New standards, amendments to standards and interpretations**

Specific new standards, amendments to standards and interpretations have been issued, which are mandatory for accounting periods that begin during the current period or subsequently. The estimation of the Company, in relation to the effect from the adoption of those standards, amendments and interpretations is presented below.

#### **Standards and Interpretations that are mandatory for the current period**

##### **IAS 19, Revised (Amendment) “Defined Benefit Plans: Employee Contributions”**

The limited purpose amendment is applicable to contributions of employees or third-parties to defined benefit plans and simplifies the accounting of the contributions when they are independent from the number of years of the employment; for example, employee contributions that are calculated based on a fixed percentage of the salary.

##### **IAS 16 and IAS 38, Amendments - Clarification of Acceptable Methods of Depreciation and Amortization**

The amendments clarify that the use of the revenue-based methods to calculate the depreciation of an asset is not appropriate and they also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

##### **IAS 1, Amendment - Disclosure initiative**

The amendment clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

### **Annual Improvements to IFRSs 2010-2012 Cycle**

The amendments below describe the most significant changes for specific IFRS as a result of cycle 2010 – 2012 of the annual improvement program of IASB.

#### *IFRS 8 “Operating Segments”*

The amendment requires the disclosure of Management’s estimations regarding the aggregation of operating segments.

#### *IFRS 13 “Fair Value Measurement”*

The amendment clarifies that the standard does not exclude the possibility of measuring the short-term receivables and payables using invoice amounts when the effect of discounting is immaterial.

#### *IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”*

Both standards have been amended in order to clarify the treatment of the accounting value of an asset prior to depreciation/amortization and the accumulated depreciation when an entity follows the revaluation method.

#### *IAS 24 “Related Party Disclosures”*

The standard has been amended in order to include as a related party the entity that provides the services of a key management personnel to the entity or its parent.

### **Annual Improvements to IFRSs 2012-2014 Cycle**

The amendments presented below describe the main changes of specific IFRS.

#### *IFRS 7 “Financial Instruments: Disclosures”*

The amendment adds specific guidance in order to assist management to determine whether the terms of an agreement for the service of a financial asset that has been transferred constitute a continuous involvement and clarifies that the additional disclosures required by the amendment of IFRS 7 “Disclosures – Offsetting financial assets and financial liabilities” are not required for all interim periods, unless required by IAS 34.

#### *IAS 19 “Employee Benefits”*

The amendment clarifies that, when determining the discount rate for the employee retirement benefit obligation, the determining factor is the currency that the obligation is presented and not the country from which the obligations arise.

### IAS 34 "Interim Financial Reporting"

The amendment clarifies the definition of "information disclosed elsewhere in the interim financial report" that is referenced in the standard.

### **Standards and Interpretations effective in subsequent periods**

#### **IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective for accounting periods beginning on or after the 1<sup>st</sup> of January 2018)**

IFRS 9 replaces the provisions of IAS 39 that relate to the classification and measurement of the financial assets and financial liabilities and includes an expected credit loss model that is currently applied. IFRS 9 established an approach of hedge accounting based on principles and addresses the inconsistencies and weaknesses of the IAS 39 model. The Company is in the process of determining the effect of IFRS to its financial statements, however, significant effects are not expected. The Company plans to adopt the standards at the date that it becomes effective.

#### **IFRS 15 "Revenue from Contracts with Customers" (effective for accounting periods beginning on or after the 1st of January 2018)**

IFRS 15 was issued on May 2014. Its purpose is to provide a single, comprehensive model of revenue recognition from all customer contracts so as to increase the comparability between companies of the same sector, of different sectors and of different capital markets. It includes the principles that must be adopted by an economic entity in order to determine the measurement of revenue and the period of recognition. The basic principle is that an economic entity will recognize revenue in a way that depicts the transfer of goods or services to the customers at the amount the entity expects to be entitled in, in exchange for those goods or services. The Company is in the process of determining the effect of IFRS 15 on its financial statement, however, the effect is not expected to be significant.

#### **IFRS 16 "Leases" (effective for accounting periods beginning on or after the 1st of January 2019)**

IFRS 16 was issued on January 2016 and replaces IAS 17. Its purpose is to ensure that lessees and lessors provide useful information that fairly presents the essence of the transactions that relate to leases. IFRS 16 introduces a single model for the accounting treatment from the lessee's part, which requires them to recognize in their accounting records, all the financial assets and liabilities deriving from leases with duration above 12 months, unless the underlying asset is of insignificant value. Regarding the accounting treatment from the part of the lessor, IFRS 16 essentially incorporates the requirements of IAS 17. Therefore, the lessor continues to classify the lease agreements between operating and finance leases, and to follow a different accounting treatment for each type of agreement. The Company is still in the process of determining the effect of IFRS 16 to its financial statements, however it is not expected to be significant. This standard has not been adopted by the European Union yet.

**IAS 7 (amendments) Disclosure Initiative** (effective for accounting periods beginning on or after the 1st of January 2017)

The amendments introduce mandatory disclosures that provide the possibility to the users of the financial statements to evaluate the variations of liabilities from financing activities. The amendments have not been adopted by the European Union yet.

**IAS 40 (Amendments) “Transfers of Investment Property”** (effective for accounting periods that begin on or after the 1st of January 2018)

The amendments clarify that in order for a transfer to or from Investment Property to occur, a change in use must take place. In order for a change in use to be justified, it should be examined the extent that the investment property meets the definition and the that the change of use can be supported by evidence. The amendments have not yet been adopted by the European Union.

**IFRIC 22 “Foreign Currency Transactions and Advance Consideration”** (effective for accounting periods beginning on or after the 1st of January 2018)

The clarification provides guidance regarding the determination of the date of transaction when standard for foreign currency transactions, IAS 21, is applied. The clarification applies when an entity either pays or receives consideration in advance for contracts expressed in foreign currency. The clarification has not been adopted by the European Union yet.

## **2.2 Going concern**

The current financial statements have been prepared based on the principle of going concern, as determined by the Board of Directors which, evaluating the fact that the Company has maintained its profitability, has cash reserves and revenues that are sufficient to cover the Company’s short-term liabilities as well as its working capital needs and has entered into long-term lease agreements the majority of which cannot be terminated until 2027, ensuring stable revenue.

## **2.3. Accounting Principles**

### **2.3.1 Operating Segments**

The operating segments are presented in a way that is in accordance with the internal information that is available to the head of business decision making. The head of decision making that is responsible for the allocation of sources and the evaluation of the effectiveness of operating segments, is Management, who is making the strategic decisions for the Company.

### **2.3.2 Foreign currency transactions**

The Financial Statements of the Company are presented in **euro (€)** which is the Company’s functional currency.

Foreign currency transactions are translated in the Company’s functional currency based on the foreign currency rates that applied at the date of the transaction. At the date of the of



the financial statements, receivables and liabilities in foreign currencies, are translated to euro based on the official rate of the foreign currency at that date, as issued by the European Central Bank (henceforth “ECB”). The foreign exchange profit or loss that derives from the settlement of those transactions and from the translation of assets and liabilities in foreign currency, is presented in the statement of comprehensive income.

### **2.3.3 Investment Property**

Real estate property held for long-term lease agreements or capital gains or both, and are not used by the Company, are classified as investment property. Investments in real estate include owned land plots and buildings. Investment property is initially recognized at cost, including direct acquisition costs and borrowing costs. After initial recognition, investment property is measured at “fair value”. Fair value is based on prices that apply in an active market, adjusted when necessary, due to differences in nature, location and condition of the individual asset. If this information is not available, then the Company applies alternative methods of valuation, such as recent prices in less active markets or discounted cash flow methods. Those valuations are regularly re-examined on the 30<sup>th</sup> of June and 31<sup>st</sup> of December of each year, by independent professional valuers, with market insight, proven professional experience and registered on the competent Independent Valuator Registry of the Ministry of Finance, in accordance with the guidance issued by the International Valuation Standards Committee. Investments in real estate property that are repurposed to serve as investment property or for which the market has evolved to be less active, are still classified as investment property and measured at “fair value”. The fair value of investment property represents, inter alia, rental revenue from existing lease agreement and assumptions in relation to rental revenue from future lease agreements, under the light of current conditions in the market. Fair value also represents, on a similar basis, any cash outflow (including rent payments and other outflows) that is expected for such an asset. Some of those outflows are recognized as a liability, while others, including contingent rent payments, are not recognized in the financial statements.

Subsequent expenditures are added in the cost value of the property only if it is likely that future economic benefit, related to property, will flow to the Company and that these expenditures can be measured reliably. Repairs and maintenance costs affect the results of the period in which they occur. Changes in the fair value are recorded in the results of the period. Investment property is derecognized when it is sold or when its use as an investment property ceases permanently and no capital gains are expected from its sale. If an investment property changes into an own-use property, it is reclassified in Property, Plant and Equipment and its fair value at the date of the reclassification, becomes the book value of the property for accounting purposes.

If an asset is reclassified from Property, Plant and Equipment to investment property, due to changes in its use, any difference between its accounting value and its fair value at the date of its reclassification, is recognized in other comprehensive income and is presented in Equity as fair value adjustment reserve in “Other Reserves”, in accordance with IAS 16. However, if the gain from fair value adjustments reverses prior impairment losses, then the gain is recognized in the results of the period, to the extent that it reverses the impairment.

Any gain surplus is recognized in other comprehensive income, increasing the reserves from fair value adjustments.

When the use of an investment property is subject to change, with an indication of selling the property without using it again, the property is reclassified in non-current assets as “held for sale” if it meets the criteria of IFRS 5. The cost of the property for the subsequent accounting treatment, is its fair value at the date of the reclassification.

#### **2.3.4 Borrowing Costs**

Borrowing costs that directly relate to the acquisition, construction or production of property for which a significant time to construct is required, increase the cost of the property, up to the time that the property is ready for use or sale. Income gained from the temporary investment of the borrowed funds until their use for the funding of the property, are deducted from the borrowing cost that meets the criteria for capitalization. Up to the current period, the Company does not have property under construction or development, and as such, there are no borrowing costs to increase the cost of the property.

All other borrowing costs are recorded in the finance expenses of the period that they relate to.

#### **2.3.5 Property, Plant and Equipment**

All property, plant and equipment is presented in the Statement of Financial Position at historical cost less accumulated depreciation. The historical cost includes all costs that are directly related to the acquisition of the assets. Subsequent expenditure is recorded as an increase in the accounting value of the property, plant and equipment or as a separate item, only if it is likely that future economic benefit will flow to the Company and their cost can be measured reliably. Repairs and maintenance cost is recorded in the statement of comprehensive income in the period that they occur. Depreciation for the property, plant and equipment is calculated using the straight-line method during the useful life of the asset, which is determined as follows:

Fixtures and other equipment: 4–7 years

Vehicles: 10 years

The residual values and useful lives of the property, plant and equipment are subject to review and adjusted accordingly at least once at the end of every period. The accounting value of a property, plant and equipment is reduced to its recoverable value, when the accounting value exceeds its estimated recoverable value (note 2.3.7).

Any gain or loss from the sale of a PPE asset is determined as the difference between the consideration received from the sale and its accounting value and is presented in the statement of comprehensive income.

#### **2.3.6 Leases**

##### **a) Cases where the Company is the lessee:**

**(i) Operating lease** – leases where the risks and benefits of the property are held by the lessor, are classified as operating leases. The payments made for operating leases, including advances paid (net of any incentive offers made by the lessor), are recognized in the period's results, using the straight-line method, proportionally to the duration of the lease. The Company currently leases its headquarters.

**(ii) Finance Lease** – The Company has not entered, as a lessee, into any finance leases yet.

**b) Cases where the Company is the lessor:**

**(i) Operating lease** – The Company rents all its owned property under operating lease. When property has been rented under operating lease, it is classified as investment property in the statement of financial position (Note 5). Rental income (less the value of any incentives offered by the lessor) are recognized on a straight-line basis for the duration of the lease. Rent Guarantees received at the beginning of a lease are recorded as liabilities and presented at cost.

**(ii) Finance Lease** – The Company has not entered into Finance Leases as a lessor yet.

**2.3.7 Impairment of non-financial assets**

Non-financial assets that are depreciated/amortized are regularly examined for impairment when facts or changes in conditions suggest that their accounting value might not be recoverable. When the accounting value of an assets exceeds its recoverable amount, the respective loss from its impairment is recorded in the period's results. The recoverable value is defined as the higher of its fair value less cost to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash- generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. The Company owns Property, Plant and Equipment at the reporting date.

**2.3.8 Trade Receivables**

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, less any impairments. Impairments for trade receivables take place when there is an objective indication that the Company may not be able to collect the whole amount of the receivables based on the contractual terms. The amount of the allowance for doubtful accounts is the difference between the accounting value of the receivable and the present value if the estimated future cash flows, discounted using the initial effective interest rate and is recorded as a loss in the results of the period.

**2.3.9 Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, cash deposits and highly liquid time deposits held with banks with original maturities of approximately three months or less.

**2.3.10 Financial Assets**

The financial assets of the Company are classified in the following categories: lending and receivables and available for sale assets. The classification depends on the purpose for which the investment was acquired. Management determines the use at the initial recognition.

*(a) Lending and receivables*

Includes non-derivative financial assets with fixed or otherwise determined payments, that are not traded in an active market. They are included in the current assets, except for those with a maturity longer than 12 months from the reporting date. The latter are included in the non-current assets. The lending and receivables of the Company include the items "Trade and Other Receivables" and "Cash and Cash Equivalents" that are presented in the statement of financial position (notes 8 and 10).

*(b) Available for Sale Financial Assets*

Includes non-derivative financial assets which are either determined by this classification, or they cannot be classified in any other categories. They are included in the non-current assets, if they have no maturities or Management has no intention of selling them in the 12 months following the reporting date.

**Recognition and measurement**

The purchases and sales of financial assets are recognized at the date of the transaction which is the date that the Company commits to the purchase or sale of the asset. The investments are initially recognized at fair value plus the transaction costs. The investments are derecognized when the right to their cash flows ends or is transferred and the Company has essentially transferred all the risks and rewards associated with the ownership of the asset. Available for sale financial assets are subsequently measured at fair value. Lending and receivables are subsequently measured at amortized cost using the effective interest method.

Gains and losses from the change in the fair value of the available for sale financial assets, monetary or otherwise, are recorded in other comprehensive income.

When the available for sale financial assets are sold or impaired, the total accumulated changes in fair value that have been recorded in equity are reclassified in the result for the year.

Interest income from the available for sale investments is calculated using the effective interest rate method and are recorded in the statement of comprehensive income as finance income.

**Offsetting financial assets**

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position, when there is a legal exercisable right to offset the amounts recognized and at the same time there is the will to settle the amounts or the receipt of the asset and the settlement of the liability occur simultaneously. The legal exercisable right cannot

depend on future events and must be exercisable in the normal course of business and in cases of default, insolvency or bankruptcy of the counterparty.

### **Impairment of financial assets**

#### *(a) Financial Assets measured at amortized cost*

The Company evaluates on every reporting date, whether there are any indications that a financial asset or a group of financial assets are impaired. A financial asset or a group of financial assets is impaired and loss of impairment occurs, if and only if there is an objective indication of impairment as a result of one or more events that took place after the initial recognition of the asset ("loss event") and this event (or events) has an effect on the future cash flows of the asset or the group of assets and that effect can be measured reliably.

Impairment indications may consist of the following events: significant financial difficulties of the issuer or the group of issuers, delays or cessation of interest and capital payments, possibility of default or other financial restructuring, and observable data that show a measurable decline in the expected future cash flows.

If there is an objective indication of an impairment that relates to lending or receivables, the amount of the impairment loss is calculated as the difference between the accounting value of the asset and the present value of its expected cash flows (excluding future credit losses that have not occurred yet), discounted using the effective interest rate for the asset. The accounting value of the assets is decreased by the amount of the impairment loss and the loss is recorded in the results for the year. If a loan has a floating rate, the discount rate is the current effective interest rate as determined by the loan agreement.

If at a subsequent period, the amount of impairment decreases and the decrease can be objectively related to an event that took place after the initial impairment recognition (for example, improvement of the credit rating of the issuer), the reversal of the impairment is recognized in the results for the period.

#### *(b) Available for sale financial assets*

On every reporting date, the Company evaluates data to determine whether any financial asset or group of financial assets has been impaired.

For investments in bonds, if any indications for impairment exist, the accumulated loss – which is calculated as the difference between the purchase cost and the current fair value, less the impairment loss previously recognized in the results for the period – is transferred from equity to the results. If at a subsequent period, the fair value of the available for sale bond is increased and the increase can be objectively related to an event that took place in a period subsequent to the one that the loss of impairment occurred, then the loss of impairment can be reversed in the results.

### **2.3.11 Share Capital**

Ordinary shares are presented in Equity. The expenses for share capital increases are presented, net of taxes, deductively in Equity as a decrease in the product of the issue.

#### **2.3.12 Retirement Benefits Obligation provision**

This contribution plan relates to the legal obligation for the payment to the personnel, of a one-off compensation at the date of each employee's retirement date. The obligation that is presented in the statement of financial position of the Company is the present value of that compensation which depends on the accrued right of the employee in relation to the time that the compensation is expected to be paid.

#### **2.3.13 Trade and Other Payable**

The liabilities are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest rate method.

#### **2.3.14 Dividend Distribution**

The dividend for distribution to the shareholders of the Company is recognized as a liability in the Financial Statements of the period in which the distribution has been approved by the General Meeting of the Shareholders.

#### **2.3.15 Bank Borrowing**

Liabilities from borrowing are recognized initially at fair value, less transaction costs. Subsequently, borrowing liabilities are measured at amortized cost. Any difference between the net amount initially received and the value at the maturity are recognized in the statement of comprehensive income as finance cost for the duration of the borrowing, using the effective interest method. Borrowing liabilities are registered in current liabilities, unless the Company has the right to postpone the settlement of the liability for 12 months after the reporting date.

#### **2.3.16 Current Tax**

Current Tax is calculated in accordance with the applicable tax legislation. Management regularly evaluates the Company's position in matters related to the tax authorities and, when necessary, accounts for provisions for amounts expected to be paid to the tax authorities.

As a REIC, the Company is not subject to income tax, but is taxed based on the total value of its assets. In more detail, the Company is taxed with a tax rate equal to 10% of the applicable intervention rate of the ECB, increased by 1 percent, on the six-month average of its investments plus its reserves in current prices. It is noted that after the changes of Law 4389/2016, and more specifically article 46, which came into effect on 1.1.2016, the payable tax for each six-month period cannot be less than 0,375% of the average investments, plus the reserves, in current prices as presented in the six-month investment schedules.

#### **2.3.17 Provisions**

Provisions that relate to the outcome of judicial cases are recognized when the Company has a present legal or constructive obligation as a result of past events and when it is considered

possible that an outflow of resources will be required in order to settle the obligation, the value of which must be able to be reliably measured.

In the cases where there is a number of similar cases, the chance that an outflow of resources will be required is determined by taking into account all the obligations. A provision is recognized even if the chance of an outflow of resources in relation to the obligations is small. The Management of the Company, together with its legal counselor, does not consider that there is currently a reason for any provision to be made.

#### **2.3.18 Revenue Recognition**

Revenue from operating leases is recognized in the results of the period, using the straight-line method, for the duration of the lease. When the Company provides incentives to its customers, the cost of those incentives is recognized during the duration of the lease, using the straight-line method, decreasing the revenue from the operating leases. Variable (contingent) rents, such as those based on revenue, are recorded as income in the periods that they occur.

#### **2.3.19 Interest income**

Interest income is recognized using the effective interest rate. When there is an impairment on lending or receivables, their accounting value decreases to their recoverable amount, which is the present value of the expected future cash flows, discounted using the effective interest rate. Then, interest income is calculated using the same effective interest rate on the impaired value.

#### **2.3.20 Dividend distribution**

Dividend distribution is recognized as a liability when the distribution is approved by the General Meeting of the Shareholders.

### **3. Financial Risk Management**

#### **3.1 Financial Risk factors**

The Company is exposed in various financial risks, such as, market risk (cash flow risk from changes in interest rates), credit risk and liquidity risk. The financial risks are related to the following financial assets: Trade and Other Receivables, Cash and Cash Equivalents, Trade and Other Payables, and Borrowing. The accounting principles related to the above financial items are described in Note 2. Risk Management is performed by the Management of the Company. Risk Management is focused mostly on the recognition and evaluation of financial risks such as market risk (foreign exchange risk, interest rate risk), credit risk, liquidity risk and surplus liquidity investment policy.

##### **a) Market Risk**

##### **i) Foreign Exchange Risk**

Foreign Exchange Risk exists due to the cash reserves of the Company and its securities that are denominated in U.S. Dollars. On 31.12.2016 and 31.12.2015 the bank deposits and the

security in US Dollars amounted at \$ 21.853.662 (€ 20.732.057) and \$ 23.531.727 (€ 21.614.519) respectively. The positive foreign exchanges that resulted on 31.12.2016 and 31.12.2015, were € 670.152 and € 2.103.446 respectively, and increased the results before tax by +14% and +35% respectively. On the 31<sup>st</sup> of December 2016, if Euro was stronger/weaker in relation to USD by 5%, the results after tax for the period would have decreased/increased by € 987 thousand / € 1.091 thousand (2015: €1.029 thousand / € 1.138 thousand).

#### ii) Price Risk

Changes in real estate prices have an effect on the statement of comprehensive income and the statement of financial position of the Company (profitability and assets). The Company tries to enter in long-term lease agreements with quality tenants. At the current stage, the Company minimized the above risk by having secured with its prime tenant (Alpha Bank), lease agreements that cannot legally be terminated by the tenant until the year 2027. From this particular tenant, who as a banking institution is subject to the uncertainties that derive from the current economic conditions, 78% of the total annualized rent income of the Company is generated. During the reporting period, the Company had a positive result from the fair value adjustments of its Investment Property.

The Company does not hold shares or inventory and as such, it is not subject to price risk from those items.

#### iii) Cash flow risk

Cash flow risk relates to variations in future cash flows of the Company that may affect its ability to meet its financial obligations. Since the Company has, at a significant level, secured rent income until the year 2027, the volatility of its cash flows and as a result the risk derived from it, is not considered to be significant.

#### iv) Interest rate risk

Interest rate risk derives mostly from the borrowing of the Company. The floating rate of the Company's bond loan, exposes the Company to cash flow risk due to fluctuations on the borrowing rate. In addition, fixed rate securities expose the Company to risk due fluctuations in the fair value of those securities.

During 2016, if the average borrowing rate was 50 basis points higher/lower, with all other variables remaining the same, the Company's results after tax for the period would have been higher/lower by € 154,3 thousand, i.e. +/- 36,63% over the Company's borrowing interest expense (2015: € 155,8 thousand, i.e. +/- 31,16% over the borrowing interest expense), as a result the increased/decreased interest expense that would have resulted from the floating rate bond loan.

#### b) Credit Risk

The Company is exposed to credit risk in relation to its rent receivables from the lease agreements in place, its cash reserves and securities. The credit risk concerns the cases of counterparty default on their contractual obligations.



During 2016, the Company has recorded for the first time an allowance for doubtful accounts of 114.544€.

Given that 78% of the income of the Company derives from the lease agreements with Alpha Bank, which are linked to the repayment of the bond loan held by the same institution, no significant losses from doubtful accounts are expected.

The related entity, Republic Bank of Chicago, in which the Company keeps the majority of its cash reserves, has a capital adequacy Tier 1 ratio of 13,23% and is included in the FDIC list of preferred contractors. As a result, the Company does not expect any losses on its deposits.

The following table presents the Company's financial assets per credit rating (by Moody's) on the 31<sup>st</sup> of December 2016 and 2015:

<b>Credit Rating</b> <i>(amount in thousands of €)</i>	<b>Cash Reserves</b>		<b>Financial Assets available for sale</b>		<b>Trade and Other Receivables</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Aaa</b>	-	-	2.585	3.573	-	-
<b>Caa1</b>			-	-		
<b>Caa2</b>	-	-	-	655	-	-
<b>Caa3</b>	14.744	1.702	-	-	-	-
<b>Not Rated</b>	18.079	19.077	-	-	294	81

#### c) Liquidity Risk

Prudent management of liquidity risk means adequate cash reserves, ability to raise capital through a sufficient amount of committed credit facilities and the ability to close out open market positions. Due to the dynamic nature of the Company's business activities, Management aims to maintain flexibility in raising capital, by having sufficient cash reserves and open credit from overdraft accounts, as well as time deposits. The liquidity of the Company is monitored by Management at regular intervals.

Trade and Other Payables are payable within 12 months from the reporting period, while the maturity of the Company's long-term borrowing is presented in note 12.

Regarding cash inflows, all trade and other receivables are expected to be collected within 12 months from the reporting period, with the exception of rent receivables, whose aging is presented in note 8. Cash and Cash Equivalents consist of sight deposits and time deposits with a duration of less than 3 months, while minimum future cash flows from rents are analyzed in note 15.

### 3.2 Financial Risk Management

The purpose of the Company when managing its capital is to ensure the ability of the Company to continue its activities, in order to secure returns for its shareholders and

benefits for other stakeholders of the Company and maintain optimum capital structure, achieving minimum cost of capital. To maintain or change its capital structure, the company may change the distributable income to its shareholders, return capital to them, issue new shares or sell financial assets.

The Company monitors its capital using the debt ratio. The ratio is calculated as follows:

Total borrowing to total assets, as presented in the statement of financial position.

The legal framework that applies REICs, allows borrowing and credit to them for amounts that, in aggregate, do not exceed 75% of their total assets, for the purpose of acquiring and utilizing real estate property. The goal of the Company is to optimize its capital by effectively managing its credit. The debt ratio on the 31<sup>st</sup> of December 2016 was 31% (2015: 39%).

### 3.3 Fair value estimation

The Company provides the necessary disclosures regarding fair value measurement using a three-level ranking.

- For financial assets that are traded in an active market, their fair value is determined using the published market prices that apply at the reporting date for similar assets and liabilities ("Level 1").
- For financial assets that are not traded in an active market, their fair value is determined using valuation technics and assumptions that are supported directly or indirectly by market data at the reporting date ("Level 2").
- For financial assets that are not traded in an active market, their fair value is determined using valuation technics and assumptions that are not supported by market data ("Level 3").

The following table presents the fair value of the financial assets and liabilities that are not measured in fair value on the 31<sup>st</sup> of December 2016:

Liabilities	Level 1	Level 2	Level 3
Long-term borrowing	-	-	20.997.794
<b>Total</b>	<b>-</b>	<b>-</b>	<b>20.997.794</b>

The fair value has been calculated using cash flows that have been discounted to present value, using a discount rate in line with the current market interest rate.

On the 31<sup>st</sup> of December 2016, the accounting value of trade and other receivables, cash and cash equivalents, short-term borrowing, rent guarantees, as well as trade and other payables, approximated their fair value.

## 4. Operating Segments

The Company has adopted a single monitoring of Operating Segments, due to similar economic characteristics shared by the Investment Property as a result of the following:

- The homogenous nature of revenue, due to single lease agreements per tenant
- The fact that in the majority of lease agreement, the cost of insurance, management and repair and maintenance burdens the tenants
- The uniform structure of the Company
- The fact that the Company operates only in Greece
- The adoption of a uniform Regulatory Framework for the total investment property portfolio
- The absence of a segment with assets of more than 10% of the total investment portfolio
- The absence of a segment with revenue of more than 10% of the Company's total revenue

The Company has the necessary readiness for analytical monitoring of future Operating Segments, as soon as the diversity of its future investments requires it.

## **5. Significant accounting estimates and assumptions**

The Company makes estimates and assumptions regarding future events. Those estimates, by definition, rarely match with the actual results for which they are formed. The estimates and assumptions that have significant risk and may cause material adjustments to the accounting values of assets and liabilities in the following period are the following:

a) The estimation of "fair value" of the real estate investments of the Company

The most suitable indication of "fair value", are the market prices that apply in an active market for similar leases and other contracts. If such information is unavailable, the Company determines the fair value using a broad range of accounting estimates for the "fair value. According to the legislation applicable to REICs, the estimations for the investments in real estate must be supported by independent valuations performed by Independent Valuers, registered in the Independent Valuers registry of the Ministry of Finance, on the 30<sup>th</sup> of June and 31<sup>st</sup> of December of each year. The estimations are based primarily on forecasts of discounted cash flows due to lack of sufficient market prices from an active market. In order to reach such decision, the Company considers data from various sources, which include the following:

- (i) Current prices in an active market of real estates of different nature, condition or location (or subject to different leases or contracts), which have been adjusted for those differences.
- (ii) Recent prices of similar real estate properties in less active markets, adjusted so as to reflect any changes in economic conditions that took place after the date that the respective transactions took place, and
- (iii) Discounted cash flows, based on reliable forecasts of future cash flows, that derive from the terms of existing lease agreements and other contracts and (when possible) from external data such as, current rent prices of similar real estate properties in the same location and condition, using discount rates that reflect the current market expectation regarding the uncertainty for the amount and time of occurrence of those cash flows.

b) Main assumptions of Management in relation to the estimation of “fair value”

If current or recent market prices are unavailable, the “fair values” of the investment properties are determined using valuation technics of discounted cash flows. The Company uses assumptions, which rely primarily on the current market conditions at the date that the financial statements are prepared.

The main assumptions that form the bases of the Management’s estimates for the determination of “fair value” are those that relate to the collectability of the contractual rents, the expected future market rents, vacancy periods, maintenance requirements, as well as discount rates. Those estimates are regularly compared to actual market data, actual transactions made by the Company or announced in the market. The expected future rents are determined based on the rent market rent for similar real estates in the same location and condition.

## 6. Investment Property

	31/12/16	31/12/2015
<b>Opening Balance</b>	<b>54.413.000</b>	<b>50.969.574</b>
Acquisition of new investment property and additions	6.846.643	825.000
Capital expenditure for investment property	97.193	21.848
Net gain from fair value adjustments on investment property	1.793.164	2.596.578
<b>Closing Balance</b>	<b>63.150.000</b>	<b>54.413.000</b>

As a REIC, the Company is regulated by specific regulatory framework, according to which:

**a)** a periodic valuation of the Company’s real estate from Independent Valuators is required, **b)** valuation from Independent Valuators is required prior to the acquisition or disposal of real estate property, and **c)** the value of each individual property must not exceed 25% of the total investment property portfolio. As a result, this framework contributes significantly to the avoidance or timely mitigation of related risks.

The Company acquired the following real estate property during 2016:

- Of a building complex in Heraklion of Crete with a total area of horizontal property of 2.645,78 sq.m. for a price of €5,0 million. Areas of that property are rented to company “A.V. Vassilopoulos S.A.”, the Heraklion Statistical Service, the Greek Agricultural Insurance Organization (ELGA) and to a local business (bakery). The estimated value of the property on 31.12.2016 was 5.930 thousand Euro.
- Office space on the 12<sup>th</sup> and 13<sup>th</sup> floor of the Athens Tower, with a total area of 669,10 sq.m on each floor and a total price of 700 thousand and 915 thousand Euro, respectively. The area on the 13<sup>th</sup> floor is rented to company RANDSTAD Hellas,

while that on the 12<sup>th</sup> floor as at 31.12.2016 was vacant. The estimated value of the property on the 12<sup>th</sup> and 13<sup>th</sup> floor on 31.12.2016, was 1.060 and 1.280 thousand Euro, respectively.

The last available valuation is dated on 31.12.2016, and has been performed by an Independent Valuator with experience in the performance of such valuations and registered in the Independent Valuator Registry of the Ministry of Finance.

In the current valuation, the real estate properties have been evaluated using the methods and their weighted average rates presented below:

- the method of comparative data using real estate market data (10%), and
- the discounted cash flow method (DCF) (90%)
- for real estate property with a remaining building coefficient, its value has been estimated using the residual method (100%).

The basic assumptions used in the DCF method are the following:

Minimum (predetermined) annual increase of rents – weighted for all investment property	0%-3,5%
Market rent adjustment	CPI to CPI+1,00%
Exit yield	4,00% to 10,00%
Discount rate	6,00%-12,00%

In more detail, the fair value per real estate category, as well as the methods of valuation and their assumptions for 2016, are as follows:

Use	Fair Value	Valuation Method	Monthly Market Rent	Discount Rate	Exit Yield
Retail Shops	55.994.553,26	90% DCF - 10% Comparative Method	473.920,55	8% - 12%	7% - 10%
Offices	5.445.446,74	90% DCF - 10% Comparative Method	43.512,04	8% - 12%	7% - 10%
Apartments	1.710.000,00	90% DCF - 10% Comparative Method	5.584,00	6%	4%
	<b>63.150.000,00</b>				

For the 4 retail shops that are located in Nea Ionia, Corfu, Zakynthos and Volos, there is a remaining building coefficient and its value has been estimated using the residual method and its fair value is included in the figures on the above table. On the investment property that are currently leased to Alpha Bank, there is a mortgage prenotation for € 31.500.000, i.e. 100% of the initial borrowing of the Company. The investment property is classified as a **level 3** investment (financial assets measured using valuation technics using non-observable prices).

If the discount rate used for the DCF method differed by +/- 0,5% from the estimates used by the Management, the value of the investment property would have been €1.916 thousand lower or €2.010 thousand higher, respectively.

If the exit yield of the investment property used for the DCF method differed by +/- 1% from the estimates used by Management, the value of the investment property would have been € 3.469 thousand higher or € 2.629 thousand lower, respectively. The Company has fully

insured its total investment property, in accordance with the provisions of par. 12 of article 22 of L. 4141/2013 and the decision of the Board of Directors of the Hellenic Capital Market Commission No. 7/259/19.12.2002.

## 7. Property, Plant and Equipment

	Vehicles	Fixture and other equipment	Total
<b><u>Cost value or valuation</u></b>			
As at 31/12/2015	20.000	7.873	27.873
Additions of the period	0	1.327	1.327
Reductions in the period	-20.000	0	-20.000
<b>As at 31/12/2016</b>	<b>0</b>	<b>9.200</b>	<b>9.200</b>
<b><u>Accumulated Depreciation</u></b>			
As at 31/12/2015	6.500	7.873	14.373
Depreciation for the period	1.667	1.327	2.993
Reductions in the period	-8.167	0	-8.167
<b>As at 31/12/2016</b>	<b>0</b>	<b>9.200</b>	<b>9.200</b>
<b><u>Net Book Value</u></b>			
As at 31/12/2016	<b>0</b>	<b>0</b>	<b>0</b>

## 8. Trade and Other Receivables

	31/12/16	31/12/15
Hellenic public withheld tax	1.949	3.267
Rent Receivables	178.950	70.762
Guarantees	6.819	6.555
Other Receivables	89.030	763
<b>Total</b>	<b>276.748</b>	<b>81.347</b>
Expenses related to future periods	17.276	0
<b>Total</b>	<b>294.024</b>	<b>81.347</b>
<b>Less:</b> Allowance for doubtful accounts	-114.544	0
<b>Total</b>	<b>179.480</b>	<b>81.347</b>

Rent receivables are further analyzed as such:

	31/12/16	31/12/15
<b>Non-doubtful accounts</b>		
Receivables aged up to 30 days:	37.198	25.424
Receivables aged between 30 and 90 days:	14.002	19.229
Receivables aged between 90 and 180 days:	13.205	21.229
Receivables aged over 180 days:	0	4.880
<b>Total non-doubtful accounts</b>	<b>64.406</b>	<b>70.762</b>
<b>Doubtful accounts</b>	<b>114.544</b>	<b>0</b>
<b>Less:</b> Allowance for doubtful accounts:	-114.544	0

<b>Net receivables after allowance:</b>	<b>64.406</b>	<b>70.762</b>
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The fair value of the Company's receivables approximates their fair value on 31.12.2016, since their collection is expected to take place at a such a time interval, that the time value of money is not considered to be significant.

Customer Aggregation: The Company tenant, Alpha Bank, represents over 10% of the Company's revenue. For the period ended on 31.12.2016 the rent revenue from Alpha Bank was € 3.916.220, i.e. 83% of the total rent revenue for the year, and is ensured for the following 11 years (Note 15).

## 9. Financial Assets available for sale

	<b>31/12/16</b>	<b>31/12/15</b>
Securities in €	0	1.736.133
Securities in USD	2.584.618	2.491.944
<b>Total</b>	<b>2.584.618</b>	<b>4.228.077</b>

The financial assets available for sale relate to a listed bond issued by an international organization, with a total value of € 2.584.618.

## 10. Cash and Cash Equivalents

	<b>31/12/16</b>	<b>31/12/15</b>
Cash on hand	43	181
Sight deposits in €	3.675.873	1.656.281
Time deposits in €	11.000.000	0
USD deposits in €	18.147.440	19.122.575
<b>Total</b>	<b>32.823.356</b>	<b>20.779.037</b>

One of the bank accounts has been pledged as a collateral for rent receivables, for the purpose of the activation of the cash sweep mechanism, in case of non-compliance with the contractual terms of the bond loan. For the period ended on 31.12.2016 no such case took place.

## 11. Share Capital

The Company's share capital of € 42.000.000, is divided into 10.500.000 registered ordinary shares with a nominal value of € 4 each.

On 24.03.2016, the Extraordinary General Meeting of the Company's Shareholders decided the Share Capital Increase by the amount of €10.500.000, with private placement and the issuance of 2.625.000 new registered ordinary shares, with a nominal value of € 4 each, as well as the admission to listing of the total shares of the Company to Athens Exchange. During the share capital increase, the Company reduced the nominal value of its shares from €100 to €4. Thus, the share capital of the Company, immediately before the share capital increase was € 31.500.000, divided in 7.875.000 registered ordinary shares with a nominal

value of €4. The shares of the Company during the share capital increase, have been made available at a premium, forming a total premium reserve of € 3.990.000.

The Company does not hold treasury shares on 31.12.2016.

## 12. Borrowing

	31/12/16	31/12/15
Bond Loan	29.015.437	30.063.602
Short-term part of the bond loan	1.048.163	532.350
Accrued interest for the period	77.444	94.786
<b>Total</b>	<b>30.141.044</b>	<b>30.690.738</b>

The maturity of the bond loan is as follows:

Payable principal and interest for the following year	1.422.605	1.025.209
Payable principal and interest for the following 2 - 5 years	6.207.474	6.392.307
Payable principal and interest up year 2027	25.537.133	27.796.161
<b>Total</b>	<b>33.167.211</b>	<b>35.213.677</b>

Bond payments are made quarterly, with a floating interest rate based on 3M Euribor plus spread. The fair value of the borrowing on 31.12.2016, was 20.997.794,35€.

As a collateral for the repayment of the bond loan, the following pledges have been made:

1. 100% prenotation for mortgage on the investment property leased to Alpha Bank, of a total value of €31.500.000.
2. Pledge on the lease agreements of the total investment property leased to Alpha Bank, for the duration of the bond loan.
3. Guarantees from the main shareholder for the prompt service of the bond loan, and assurances that the shareholder composition will not change in a way that would reduce the main shareholder's participation below 67%.
4. Clause for complete withholding of monthly rents in case of breach of financial covenants that are not remediated within 30 calendar days.

The Company has fully complied with the terms of the bond loan agreement during the period ended on 31.12.2016.

## 13. Rent Guarantees

	31/12/16	31/12/15
<b>Long-term rent guarantees</b>		
Rent guarantees	174.217	38.909
<b>Short-term rent guarantees</b>		
Rent guarantees	0	115.000



<b>Total</b>	<b>174.217</b>	<b>153.909</b>
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#### 14. Trade and Other Payables

	<b>31/12/16</b>	<b>31/12/15</b>
Suppliers	39.987	47.756
Insurance Organizations	5.598	2.335
Stamp duties and other taxes	159.113	159.165
ENFIA Tax	54.081	74.783
Accrued expenses	113.500	32.000
<b>Total</b>	<b>372.279</b>	<b>316.039</b>

#### 15. Rental Income

The total rent revenue of the period is generated from operating leases from the investment properties of the Company. The duration of the operating leases for the Company's investment property is at least 12 months. The rents are adjusted annually in accordance with the lease contract terms and by the CPI increased by 0% - 1%, as well as by 3,5% (at a minimum) for the leases with Alpha Bank. There are no variable (contingent) rents as at 31<sup>st</sup> of December 2016. Rental revenue is not subject to seasonal variations.

The minimum non-cancelable future rent receivables from operating leases, including the contractual adjustments, are as follows:

Rental Revenue in 2017:	4.262.861
Rental Revenue for 2018 - 2022:	23.616.636
Rental Revenue for 2023 - 2027:	27.970.507
<b>Total</b>	<b>55.850.005</b>

#### 16. Expenses directly related to Investment Property

	<b>31/12/16</b>	<b>31/12/15</b>
Independent Valuator fees	40.764	23.703
Insurance expenses	48.155	10.517
Maintenance – common use expenses	16.707	15.138
Other Taxes and duties	15.628	19.375
Other expenses	6.878	2.845
Unified Real Estate Ownership Tax (ENFIA)	259.871	186.959
<b>Total</b>	<b>388.004</b>	<b>258.537</b>

#### 17. Payroll and other employee expenses

	<b>31/12/16</b>	<b>31/12/15</b>
Payroll expense	83.195	56.158
Employer contributions	20.662	12.715

<b>Total</b>	<b>103.857</b>	<b>68.873</b>
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The Company employed 4 persons on 31.12.2016.

## 18. Other Expenses

	<b>31/12/16</b>	<b>31/12/15</b>
Third party fees	123.916	94.561
Rent expense	15.788	15.770
Taxes – duties	113.614	34.843
Miscellaneous expenses	154.030	34.961
<b>Total</b>	<b>407.347</b>	<b>180.134</b>

Miscellaneous expenses include BoD remuneration of 57,5 thousand Euro.

## 19. Finance income/ (expense)

	<b>31/12/16</b>	<b>31/12/15</b>
Interest expense from borrowing	422.969	500.269
Interest expense from other liabilities	39.065	0
Interest income from deposits	-80.792	-78.067
Other interest income	-5.027	0
Income from securities	-91.501	-96.005
<b>Net finance expense</b>	<b>284.714</b>	<b>326.198</b>

## 20. Taxes

	<b>31/12/2016</b>	<b>31/12/2015</b>
Tax for the period	672.272	80.000
Other taxes	0	1.000
<b>Total</b>	<b>672.272</b>	<b>81.000</b>

The tax on assets is calculated based on the provisions of article 31 of L. 2778/1999, according to which, real estate investment companies are required to pay tax at a rate determined as 10% of the applicable intervention rate of the European Central Bank (Reference rate), increased by one (1) percentage point, and is calculated on the six-month weighted average of their investments, plus their reserves, in current prices, as presented in their semi-annual investment schedules, per par.1 of article 25 of L. 2778/1999.

The significant variance between the tax of 2015 and 2016, is due to changes in tax legislation, made by article 46 of L. 4389/2016, according to which, the payable tax for every six-month period, cannot be less than 0,375% of the six-month weighted average of the investments, plus reserves, at current prices.

## 21. Earnings per share

The basic earnings per share (EPS) index is calculated by dividing the profit or loss after tax attributable to shareholders, with the weighted average number of ordinary shares in circulation during the period, excluding any treasury shares.

The calculation of basic earnings per share is as follows:

### 2016

Earnings per Share	<u>Profit after Tax</u> Number of Shares	<u>5.335.464</u> 8.968.750	=	<b>0,59</b>
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### 2015

Earnings per Share	<u>Profit after Tax</u> Number of Shares	<u>8.191.680</u> 7.875.000	=	<b>1,04</b>
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It is noted that in 2016, the Company decreased the nominal value of its shares from €100 to €4, simultaneously increasing the number of shares from 315.000 to 7.875.000. For comparison reasons and in accordance of IAS 33, prior period earnings per share have been revised.

In addition, it is noted that as the Company increased its share capital during 2016, the number of shares used in the calculation of EPS for 2016, is the weighted average of shares for the period.

## 22. Related Party transactions

Related Parties of the Company are its parent entity, AJOLICO TRADING LIMITED as well as REPUBLIC BANK of CHICAGO, in which the ultimate shareholders of the Company have control over their management and economic policy.

- AJOLICO Trading Limited, Main Shareholder (71,4%) of INTERCONTINENTAL INTERNATIONAL R.E.I.C. – No related party transactions apart from the initial payment of the Shareholder's Capital.
- REPUBLIC BANK of CHICAGO – USA, maintenance of an interest-bearing deposit account of INTERCONTINENTAL INTERNATIONAL R.E.I.C.
- Aristotle Halikias, Chairman of the Board of Directors of INTERCONTINENTAL INTERNATIONAL R.E.I.C., 33,33% shareholder of AJOLICO Trading Limited, 3,6% shareholder of INTERCONTINENTAL INTERNATIONAL R.E.I.C., Chairman of the Board of Directors of REPUBLIC BANK of CHICAGO – USA.

- Patricia Halikias, Vice Chairman of the Board of Directors of INTERCONTINENTAL INTERNATIONAL R.E.I.C. and 33,33% shareholder of AJOLICO Trading Limited.

In addition, key management personnel as well as their close relatives and Companies owned by them or in which they hold significant influence, are also considered to be related parties. All related party transactions are made essentially under the same terms that would apply for similar transactions with non-related parties, including interest rates and collaterals and they do not have higher-than-normal risk.

The related party transactions of the Company during the 2016 period as well as the open balances between them and the Company on 31.12.2016 are as follows:

**1. With the related bank REPUBLIC BANK OF CHICAGO domiciled in OAL BROOK in Chicago:**

	<b>31/12/2016</b>	<b>31/12/2015</b>
Sight Deposits in USD	18.079.411	19.077.419
Interest income for the period	46.525	51.467
Loss on disposal of property, plant and equipment	9.333	0

**2. Members of the Board and Key Management Personnel:**

	<b>31/12/2016</b>	<b>31/12/2015</b>
Payables	100	0
Receivables	2.502	0
BoD remuneration	57.750	2.068
Key Management Personnel remuneration	81.159	54.090

The Chairman of the Board Mr. Aristotle Halikias, as well as the Vice Chairman of the Board Ms. Patricia Halikias, are offering their services without compensation.

**23. Contingent Liabilities**

**Tax audit**

The Company undergoes its 4<sup>th</sup> financial period. For this period the Company is under tax audit from Certified Auditor Accountants under the provisions of article 65A of L. 4174/2013. This audit is currently undergoing and the related report is expected to be issued after the publication of the 2016 financial statements. Management estimates that no additional tax liabilities that may have a material effect on the financial statements will arise.

**Litigation and Claims**

There are no litigation cases against the Company that may materially affect the financial position of the Company and that should be taken into consideration at this point.

**Obligations that derive from the provisions of L.4141/2013**

The Company commenced its investment activity on March 2012 and as such, its investment percentage in real estate properties (64,07%) over its total investments, does not yet meet the target of 80% as required by the applicable legislation. The Company continuously evaluates new opportunities that will enable it to cover the required percentage with the lowest possible risk.

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

On February 2017, the Company acquired a two-level property in Aigio, with a total area of 1.367 sq.m, which is divided in ground floor and a basement. This is a building that was constructed in 2008 and is currently rented to the company DIXOS SOUTH – EAST EUROPE (Kotsovolos) with an initial gross lease yield of 9,9%. The total acquisition price for the property was €400.000.

On March 2017, the Company agreed to acquire the total shares of the company BIERCO S.A. The company to be acquired is the sole possessor of a business real estate on the provincial road Ierapetra – Agios Nikolaos. This is a separate and independent property and more specifically, a retail shop of a 1.640 sq.m. area with a parking lot, located inside a land plot of 2.639 sq.m. The whole property is rented to a large supermarket chain, with a minimum guaranteed lease duration of 9 years. The initial gross lease yield of the property is 9,65%.

The Company, on March 2017, also acquired to real estate properties in Kallithea and Glyfada.

The property in Kallithea has a total area of 560 sq.m., which is divided between the ground floor and a basement, is rented to the company Vodafone, its acquisition price was €800.000 and its initial gross lease yield was 8,85%.

The property in Glyfada consists of offices and retail shops rented to companies HEMPEL Hellas and SALTWATER Hellas, has been raised on a land plot of 1.200,87 sq.m. and is divided between the ground floor (535,3 sq.m.), the first floor (406,98 sq.m.), the second floor (406,98), first basement (660,08 sq.m.) and second basement (710,06 sq.m.). The price for the acquisition reached € 3.412.000, while the initial gross lease yield is estimated at 8,44%.

On March 2017, the Company purchased a Hellenic T-Bill at €4.971.200 and maturity on 9.6.2017.

Finally, the Board of Directors of the Company on 16.3.2017, decided to propose for approval by the Annual General Meeting of the Shareholders, the distribution of profits in the form of a dividend of a total €2.940.000.

The profits for distribution derive from the total realized profit of the 2016 period (Profit after Tax, less net income from fair value adjustments of the investment property, less the unrealized foreign exchange differences, i.e. €2.865.601,69), plus part of the realized retained earnings from previous periods, i.e. €74.398,31.

When approved, the distribution will correspond to a net dividend of 0,28€ per share.

**Athens , March 16, 2017**

**The undersigned**

**The Chairman of the Board**

**The Managing Director**

**The Finance Director**

**Aristotle Halikias  
ID No. AE 783893**

**Marios Apostolinas  
ID No. AN024492**

**Gerasimos Robotis  
ID No. AB 595414**

Translation from the Greek original