TRANSLATION FROM THE GREEK ORIGINAL. IN CASE OF DESCREPANCY THE GREEK DOCUMENT PREVAILS

INTERCONTINENTAL INTERNATIONAL
REAL ESTATE INVESTMENT COMPANY
"INTERCONTINENTAL INTERNATIONAL R.E.I.C."

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED ON 31/12/2018

April 2019

TABLE OF CONTENTS

	Page
Statement of the Board of Directors of the Company	3
Board of Directors' report for year ended on the 31st of December 2018	4
Corporate Governance Statement	17
Independent Auditor's Report	26
Consolidated and Separate Financial Information for the year ended on the 31st of December 2018	
Consolidated and Separate Statement of Financial Position	32
Consolidated and Separate Statement of Comprehensive Income	33
Consolidated Statement of Changes in Equity	34
Separate Statement of Changes in Equity	35
Consolidated and Separate Statement of Cash Flows	36
Notes to the Consolidated and Separate Financial Statements	
1.General Information	38
2.Summary of significant accounting policies	38
3.Financial risk management	53
4.Operating segments	58
5.Significant accounting estimates and assumptions	59
6.Investment property	60
7.Investments in subsidiaries	63
8.Property, plant and equipment	64
9.Trade and other receivables	66
10.Financial Assets at fair value through other comprehensive income	67
11.Cash and cash equivalents	68
12.Share capital	68
13.Borrowing	69
14.Guarantees	69
15.Trade and other payables	70
16.Rental income	70
17.Expenses directly related to investment property	71
18.Payroll and other employee expenses	71
19.Other expenses	71
20.Financial income / (expense)	72
21.Taxes	72
22.Dividend per share	73
23.Earnings per share	73
24.Related party transactions	74
25.Contingent liabilities	76
26.Events after the reporting period	76

Statement of the Board of Directors of the Company
(in compliance with article 4, par.2 of L. 3556/2007)

We declare that, to our knowledge, the annual consolidated and seperate financial statements for the year ended on the 31st of December 2018, have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union and fairly and truthfully present the Assets and Liabilities, the Equity and the Comprehensive Income of **"INTERCONTINENTAL INTERNATIONAL R.E.I.C."** and its two subsidiaries that are included in the consolidation, taken together as a whole.

In addition, we declare that, to our knowledge, the Annual Report of the Board of Directors truthfully presents the development, performance and financial position of the Company and its two subsidiaries that are included in the consolidation, taken together as a whole, including the description of the most significant risks and uncertainties they face.

Athens, 11th of April 2019

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 "Intercontinental International Real Estate Investment Company" on the consolidated and separate financial statements for the year ended on the 31st of December 2018.

Ladies and Gentlemen, dear shareholders,

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 REIC ("the Company"/ "the Group") for the year of 2018. The present Report includes the information of the articles 43a, 43bb and 107A 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 and the Group

The Group continued to implement its investment plan during 2018, evaluating different investment opportunities and purchasing nine new real estate properties, as well as acquiring the total holding of the company "Zekakou 18 Owner S.M.P.C.", which as of 4.5.2018 is part of the Group. In aggregate, on 31.12.2018, the Group owned 36 real estate properties, 34 of which are investment property, while two of them are own-used.

The fair value of the investment property of the Group, as estimated by a Certified Valuator, recorded a further increase in 2018, with the total fair value reaching **94.733 thousand euro** (31st of December 2017: 77.234 thousand), while for the Company the fair value was **84.445 thousand euro** (31st of December 2017: 74.702 thousand). The Group had the fair value of the two own-used properties estimated at **2.710.000€.**

The rental income of the Group recorded an increase of **34,77%** compared to prior year, while operating profits increased by **69,85%.** The respective figures for the Company are **28,71%** and **71,06%.**

The financial results of the Group reflect its momentum and verify the effectiveness of its investment plan. The Group maintains high rent collectability and a lack of material doubtful accounts, a fact that marks the quality of its profits as "high".

In more detail:

<u>Income:</u>

The rental income of the Group for the year 2018 was **7.972 thousand euro,** compared to 5.915 thousand in 2017, while for the Company the respective figures were **7.407 thousand euro** in 2018 and 5.755 thousand in 2017. The increase is mainly due to the new investments made in the during the year, as well as due to the contractual rent adjustments.

The Group's gain from the fair value adjustment of its investment property was **3.712 thousand euro** (2017: 1.102 thousand), while that of the Company was **3.508 thousand euro** (2017: 932 thousand).

Operating expenses:

The Group's expenses that are directly related to investment property were **699 thousand euro** for 2018 (2017: 519 thousand). These expenses include mostly valuation fees, legal and notary expenses, municipal cleaning fees, insurance premiums, common use expenses and real estate ownership tax (ENFIA). The respective figures for the Company were **661 thousand euro** (2017: 510 thousand).

The increase of the above expenses in comparison to 2017 was anticipated, as the number of the investment property of the Group has increased significantly compared to the prior year (34 real estate properties on 31.12.2018 compared to 28 on 31.12.2017), which resulted in higher maintenance costs and consultation fees related to investment property as well as higher property tax.

The other operating expenses were **1.158 thousand euro** for the Group and **1.126 thousand** for the Company (2017: 804 and 799 thousand respectively).

Operating Profit – Profit before Tax:

The **Operating Profit** on 31.12.2018 was **10.108 thousand euro** i.e. 126,8% of the rental income for the Group and **9.204 thousand** for the Company (i.e. 124,25% of the rental income), including the positive difference from the fair value adjustment of the investment property portfolio (2017: 5.951 thousand euro, i.e. 101% of the rental income for the Group and 5.380 thousand for the Company, i.e. 93% of the rental income).

The **Profit before Tax** of the Group on 31.12.2018 was **9.777 thousand euro** i.e. 122,47% of rental income, which includes negative foreign exchange differences of **61 thousand** and net finance expense of **271 thousand** (2017: 3.469 thousand euro, i.e. 58,6% of the rental income, which includes positive foreign exchange differences of 2.192 thousand and net finance expense of 290 thousand). It is noted that the Profit before Tax of 2018 includes an amount of **206 thousand euro** which is the profit from the acquisition of Zekakou 18 Owner S.M.P.C., as the difference between the consideration paid and the fair value of the company at the time of the acquisition.

The **Profit before Tax** for the Company was **8.859 thousand euro,** i.e. 119,6% of the rental income, including negative foreign exchange differences of **61 thousand** and net finance expense of **284 thousand** (2017: 2.898 thousand, i.e. 38% of the rental income, including negative foreign exchange differences of 2.192 thousand and net finance expense of 290 thousand).

Tax – Profit after Tax:

The tax expense for 2018 for the Group was **736 thousand euro,** which resulted in Profit after Tax of **9.040 thousand euro** (2017: 727 thousand, resulting in Profit after Tax of 2.742 thousand euro). Respectively, the tax expense of 2018 for the Company was **672 thousand euro,** resulting in Profit after tax of 8.187 thousand (2017: 713 thousand, resulting in Profit after Tax of 2.185 thousand euro).

Basic Ratios

The Group's Management evaluates its results and performance, identifying any deviations from set goals and taking corrective measures. The performance of the Group is measured using the following ratios, as described below:

Net Operating Margin	Operating Profit / Rental Income X 100
Net Asset Value per Share (N.A.V.)	Equity / Total Number of Shares
Funds From Operations – FFO	Profit after Tax excluding the effect of fair value adjustments, foreign exchange differences, gains from the acquisition of subsidiaries, depreciation and amortization, allowance for bad debt and the net finance expense.
Adjusted EBITDA	Profit before Tax excluding the effect of depreciation and amortization, net financial results, fair value adjustments, allowance for doubtful accounts and foreign exchange differences.
Current Ratio	Current Assets / Current Liabilities
Debt to Assets	Total Liabilities / Total Assets
Loan to Value	Total Borrowing / Investment Property

	Group		Company	
Performance Ratios	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Net Operating Margin	1,27	1,01	1,24	0,93
FFO	5.576.520	3.889.132	5.132.719	3.756.601
Net Asset Value per Share (N.A.V.)	6,97	6,42	6,84	6,37
Adjusted EBITDA	6.507.825	4.870.126	5.793.423	4.469.459
Liquidity Ratios				
Current Ratio	2,18	7,56	1,85	7,51
Gearing Ratios				
Debt to Assets	28,71%	31,43%	28,98%	31,57%
Loan to Value (LTV)	29,53%	37,66%	33,13%	38,94%

Significant events during the year

On 4.5.2018 the Company acquired the total holding of "Zekakou 18 Owner S.M.P.C.". "Zekakou 18 Owner S.M.P.C." has as its sole company objective, the earning of rent revenue from real estate properties and owns a real estate office building consisting of two basement levels, a ground floor and a first floor and a loft and has a total area of 3.589,34 sq.m. The property is located on 18' Nik. Zekkakou Str in the municipality of Amarousio, is currently leased to the company "Friesland Campina Hellas S.A." and its fair value on 31.12.2018 was 7.840 thousand euro.

In addition, during 2018 the Group has acquired the following investment properties:

- A two-level retail store with a semi-basement and ground floor, with a warehouse and a total surface of 218,00 sq.m. on Spefsipou Street 7 in Kolonaki, for a price of 550 thousand euro. The property is currently vacant, and its fair value on 31.12.2018 was estimated at 700 thousand euro.
- A first-floor apartment with exclusive underground parking, as well as a storage room and a total area of 202,40 sq.m. located on 47' Papaflessa Str. in Kastri, Municipality of Nea Erythraia in Attica, for a price of 240 thousand euro. The property is currently vacant, and its fair value on 31.12.2018 was estimated at 376 thousand euro.
- Two horizontal, residential use properties, which include a ground floor apartment and a first-floor apartment of a total area of 391,43 sq.m. at the junction of 12' Moni Asteriou and 20' Daedalou Str. in Athens, for a price of 640 thousand euro. The total surface of the property is leased to the company "Andreas Bogdanos M.P.C." and its fair value on 31.12.2018 was estimated at 850 thousand euro.
- An independent 5-storey building with basement for office and retail use for a total area of 838,37 sq.m. on Haritos Street 3 in the Kolonaki area for a consideration of 2,450 thousand euro. The entire building is leased to the companies "JP Morgan", "Impero Uomo Sartoriale", "Dared", "Le day spa" and the Law Office "Ioannis Marakakis & Associates". Its fair value on 31.12.2018 was estimated at 2.700 thousand euro.
- A 3rd floor apartment with basement storage room, total area 265,00 sq.m. on 79' Vasilissis Sofias Ave. in Athens, for a total price of 550 thousand euro. The property is currently vacant, and its fair value on 31.12.2018 was estimated at 700 thousand euro.
- A 4th floor apartment with a total area of 98,60 sq.m. on 44' Fokianou Street in Athens, for a consideration of 145 thousand euro. The property is currently leased to a private individual, and its fair value on 31.12.2018 was estimated at 240 thousand euro.
- A professional building consisting of a basement, ground floor, 1st and 2nd floor, with a total area of 2.169,43 sq. m., at the junction of Delphi, Orchomenou & Arkadiou Street in the Municipality of Livadia, for a price of 2.310,7 thousand euro. The property is currently leased to the company

"Greek Hypermarkets Sklavenitis S.A." and its fair value on 31.12.2018 was estimated at 2.490 thousand euro.

Prospects for 2019

The prospects of the group for the following year are influenced by the course of the real estate market. A quality portfolio of investment properties has already been developed, with high occupancy rates, long term lease contracts and reliable tenants. It is noteworthy that the group maintains low operating costs. Considering that the real estate market will follow a controlled but steady recovery, it is expected to continue its profitable course within the 2019.

The Group's forecasts for gradual de-escalation of returns on commercial properties began to be confirmed. The industry of the REIC seems to continue to play a leading role in the domestic real estate market. At the same time, various investment vehicles increase the demand for Greek property, mainly in Athens, Thessaloniki and tourist destinations of high interest.

The Group constantly analyses macroeconomic developments and operates on the basis of its investment strategy as it stands. It assesses unprejudiced investment opportunities for further development of its portfolio. The Group remains focused on the creation of medium-to long-term value and is driven by high annual dividend returns to shareholders.

Events after the reporting period

In February 2019, the Company sold two residential horizontal properties located on the ground floor (surface 192,18 sq. m.) and on the 1st floor (surface 199,25 sq. m.), of a building at the junction of Moni Asteriou & Dedalos street (Plaka district). The price amounted to €849.000, while the estimated value by independent appraisers is €850.000. They were acquired in March 2018 for €640.000.

Also in February 2019, the Company leased a self-contained, independent horizontal property-store for nine years. The property has a total surface of 218,00 sq.m. (consisting in particular of a semi-basement floor with a total area of 90,00 sq. m. and ground floor with a total area of 128,00 sq. m), which is located on 7’ Spefsipou Street, Kolonaki, Athens. The monthly rent amounted to €3.100 with predetermined annual adjustments to €3.300 in the second wage year and €3.500 in the third wage year. The tenant company "H.A.T.O ESTIA DEVELOPMENTS M.P.C." will use this property as a real estate agency.

In April 2019, the company proceeded to the purchase of a self-contained professional property which has been erected on a plot with a surface of 901,58 sq.m. The existing multi-storey building (consisting of a basement, ground floor, mezzanine and a first floor) has a total structured surface of 1,693.29 sq. m. and is located within the city plan of the municipality of Pavlos Melas, on the land plot Γ46, in the area of Nea

Efkarpia, Prefecture of Thessaloniki. The purchase price amounted to €1.186.000, while its estimated value from independent appraisers is €1.327.000.

On April 11, 2019, the Board of Directors decided to propose for approval by the General Meeting of the Shareholders, the distribution of profits in the form of a dividend totaling €3.774.585,60 plus additional remuneration from the profits to the members of Board of Directors amounting to €54.000.

Treasury shares

The company on 31.12.2018 owns a total of 15.040 treasury shares of total nominal value of 60.160€ and cost of 82.258€. The treasury shares correspond to 0,14% of the Company's total share capital, which is less than the maximum permissible 10% as provided for in article 16 of codified law 2190/1920.

Significant risks faced by the Group

Inflation Risk
The exposure of the Group 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 Group.

Credit Risk
The Group 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.

The related entity, Republic Bank of Chicago, in which the Group keeps the majority of its cash reserves, has a capital adequacy Tier 1 ratio of 11,44% and is included in the FDIC list of preferred contractors. As a result, the Group 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 Group for years 2018 and 2017 and the securities denominated in U.S. Dollars that were held in 2017. On 31.12.2018 and 31.12.2017 the bank deposits and the security in US Dollars amounted at $974.402 ($851.006) and $18.071.995 (€15.079.278) respectively. The foreign exchange differences for the years ended on 31.12.2018 and 31.12.2017, were €-60.740 and €-2.192.257 respectively.

ii) Price Risk

The group is exposed to price risks other than financial instruments, such as the price risk of investment property, including the risk of leasing property.

The group does not hold equity securities or commodities, except for a non-significant number of treasury shares, and is therefore not exposed to substantial price risks from them.

Changes in real estate prices have an effect on the statement of comprehensive income and the statement of financial position of the Group (profitability and assets). The Group tries to enter in long-term lease agreements with quality tenants. At the current stage, the Group 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, 58% of the total annualized rent income of the Group is generated. During the reporting period, the Group had a positive result from the fair value adjustments of its Investment Property.

iii) 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.

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 Group is monitored by the Management at regular intervals. As is evident by the basic ratios above, the Group 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 and the Group may be affected by factors such as economic instability, political turmoil and changes in taxation.

Environmental Matters

The Group recognizes the importance of a balanced economic development in harmony with the environment. The Group has established the following environmental goals:

- Continuous development of the investment property of the Group, with the aim to improve their energy and environmental performance.
- Preference of suppliers and associates that follow environmentally friendly practices.
- Development of environmental awareness among employees and associates of the Group through their briefing on environmental issues and the practices followed by the Group.

a) Actual and potential impact of the Group to the environment

The Group, due to the nature of its activities, does not have a significant impact on the environment as it does not generate any substantial waste. Regarding other environmental impact, such as energy or paper consumption, the Group takes care to minimize their effect.

b) Disclosures regarding the procedures followed by the Group regarding the prevention and control of pollution and the environmental impact from various factors.

The Group has adopted the following policies:

- Recycling supplies, such as paper, ink, batteries etc. as well as electronic appliances.
- Replacement of the lighting bulbs in the Group's properties, with new energy-efficient LED lights.
- Upgrading the energy efficiency of the Group's real estate properties.

Employment matters

The Group promotes diversity and equal opportunities in employment. The Group's employee candidates and executives are evaluated exclusively based on their abilities and experience, regardless of gender, age or other traits.

a) Diversity and equal opportunities policy

The Group values the principle of equality and equal opportunity in employment. Since its foundation, the Group has employed persons of different gender and age. The Group is in full compliance with the labor law.

b) Respect for the rights of employees and trade union freedom

The Group cares for the rights of all its employees and, for the time being, there is no trade union for its employees. Up to this day, the Group has not received any fines or rebukes for violation of labor law from the competent authorities.

c) Hygiene and safety at work, training systems, promotion policies and other matters

The Group takes all the necessary precautions so that its employees, as well as the associates and third parties that perform tasks for the Group, work in safety. In addition, the Group is in compliance with all fire safety regulations.

The Group's personnel are trained in matters of safety and emergency situations.

The Group employs a safety technician, in according with the requirements of the law.

The Group has appointed a Remuneration Committee, which is tasked with the evaluation of candidates for employment or promotion. The committee evaluates the ability and contribution of the candidates of the Group and proposes promotions for approval by the Board of Directors.

The Group's personnel are regularly trained in their field of work through seminars.

Branches

The companies of the Group do not have any branches on 31.12.2018.

Related Party Transactions

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

- AJOLICO Trading Limited, main shareholder (78,78%) 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, keeping 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., 36,51% shareholder of AJOLICO Trading Limited, 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 31,75% shareholder of AJOLICO Trading Limited.

- Helene Halikias, Chairman of the Board of Directors of the subsidiary BIERCO S.A. and member of the Board of INTERCONTINENTAL INTERNATIONAL R.E.I.C., 31,74% shareholder of AJOLICO Trading Limited.

- BIERCO S.A., a subsidiary of the Group. The Company holds the total shares of BIERCO S.A.

- Zekakou 18 Owner S.M.P.C., a subsidiary of the Group. The Company owns the entire holding of Zekakou 18 Owner S.M.P.C.

Furthermore, also considered related parties are the members of the Group's management, close relatives to those persons and companies held by them or in which the latter have a substantial influence on their management and economic policy. All transactions with related parties are made in essence in terms identical to those applicable to similar transactions with unrelated parties, including interest rates and collateral and do not involve Risk higher than normal.

The transactions of the Company and the Group with related parties for the year 2018, as well as their open balances on 31.12.2018 are as follows:

a) Income from leases and provision of services

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Subsidiary "BIERCO S.A."	0	0	12.000	5.000
Subsidiary "Zekakou 18 Owner S.M.P.C."	0	0	9.000	0
	0	0	21.000	5.000

b) Interest income from Cash and Cash Equivalents

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Republic Bank of Chicago	6.623	21.974	6.623	21.974
	6.623	**21.974**	**6.623**	**21.974**

c) BoD and key management personnel remuneration

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
BoD remuneration	-54.000	-89.400	-54.000	-89.400
Key management personnel remuneration	-303.579	-153.432	-303.579	-153.432
	-357.579	**-242.832**	**-357.579**	**-242.832**

d) Related party balances

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Trade and other receivables				
Subsidiary "BIERCO S.A."	0	0	0	5.180
Other related parties	13.020	2.500	13.020	2.500
	13.020	**2.500**	**13.020**	**7.680**
Cash and cash equivalents				
Republic Bank of Chicago – Deposits in USD	762.958	12.707.816	762.958	12.707.816
	762.958	**12.707.816**	**762.958**	**12.707.816**
Trade and other payables				
Other related parties	-2.200	0	-2.200	0
	-2.200	**0**	**-2.200**	**0**

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 31.12.2018 amounted to 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:

Shareholder	Direct Participation	Indirect Participation	Total
Ajolico Trading Limited	78,78%	0%	78,78%
Aristotle Halikias	0%	28,76%	28,76%
Patricia Halikias	0%	25,01%	25,01%
Helen Halikias	0%	25,00%	25,00%

It is noted that the indirect participation of Aristotle Halikias, Patricia Halikias and Helen Halikias derives from their participation in the capital of Ajolico Trading Limited and is presented here only for informational purposes, in compliance with the requirements of article para. 1 (c) of Directive 2004/25/EC. According to their statement, the shareholders of Ajolico Trading Limited do not hold indirect voting rights in the company (within the meaning of article 10 of L. 3556/2007), and Ajolico Trading Limited is not controlled (at the meaning of L. 3556/2007) by any individual and there is no agreement between its shareholders for the coordinated exercise of the voting rights they hold.

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.

Corporate Governance Statement

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.

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.

The Company is currently in the process of amending its Corporate Governance Code in order for it to fully in line with the HCGC.

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 31.12.2018 the Company's personnel consist of a small number of staff (8 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 issue 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, is 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 is 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 (11) 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
- Helen Michael Halikias – Non-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, April 11, 2019

The undersigned

The Chairman of the Board	The Managing Director
Aristotle Halikias ID No. AE 783893	Marios Apostolinas ID No. AN024492

Independent auditor's report

To the Shareholders of "INTERCONTINENTAL INTERNATIONAL REIC"

Report on the audit of the separate and consolidated financial statements

Our opinion

We have audited the accompanying separate and consolidated financial statements of INTERCONTINENTAL INTERNATIONAL REIC (Company and Group) which comprise the separate and consolidated statement of financial position as of 31 December 2018, the separate and consolidated statements of comprehensive income, changes in equity and cash flow statements for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects the separate and consolidated financial position of the Company and the Group as at 31 December 2018, their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Codified Law 2190/1920.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

During our audit we remained independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017 and of Regulation (EU) No 537/2014, that are relevant to the audit of the separate and consolidated financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, Regulation (EU) No 537/2014 and the requirements of the IESBA Code.

We declare that the non-audit services that we have provided to the Company and its subsidiaries are in accordance with the aforementioned provisions of the applicable law and regulation and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Company and its subsidiaries, in the period during the year ended as at 31 December 2018, are disclosed in the note 19 to the separate and consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property (Separate and Consolidated Financial Statements, notes 2.6, 5, and 6) The Company's and the Group's investment property comprises of land and buildings owned by the Company and the Group, which mainly accommodate offices and shops. The Company and the Group measure investment property at fair value. The estimation of fair value was performed using a combination of the discounted cash flow and the comparative method and, sometimes, also the residual method, in accordance with the provisions of International Valuation Standards, International Financial Reporting Standard (IFRS) 13, International Accounting Standard (IAS) 40 as well as Law 2778/1999 of the Common Ministerial Decision 26294/B.1425/19.07.2000 (Greek Government Gazette Issue 949/31.07.2000). This accounting policy is consistent with the financial statements of the previous financial year as well as with the provisions of the applicable legislation regulating the operation of Real Estate Investment Companies (Law 2778/1999). Furthermore, the application of the above methods was consistent with the valuation methods applied in the previous financial year. At 31 December 2018, the fair value of the Company's and the Group's investment property amounted to €84.4 mil. and €94,7 mil respectively, representing 84.1% and 92.9% of the Company's and the Group's total assets respectively, while the profit from the adjustment of their value in the year then ended amounted to €3.4 mil. and €3.7 mil. respectively and had been appropriately recorded in the separate and consolidated statement of comprehensive income, as stated in note 6 of the separate and consolidated financial statements. According to the applicable legislation, management engaged a certified valuer for the valuation of the Company's and the Group's investment property as of 31 December 2018, in order to support the assumptions underpinning the estimation of these properties' fair value. The estimation of each property's value took into account specific data, such as the lease income earned from each property. However, the assessment of properties was based on assumptions that require a significant degree of judgement, such as appropriate discount rates, existing contracts' yields to maturity and comparative leases based on available market data, in order to determine a range of valuation results from which a representative valuation can be extracted. The location of each property was also taken into account as it affects significantly each property's fair value.	We performed the following audit procedures for the Company's and the Group's investment property for the year ended 31 December 2018: • We reconciled the fair values of the Company's and Group companies' investment property to the corresponding accounting records. • We performed procedures in order to test, on a sampling basis, whether the data provided by management to the certified valuer for the estimation of the fair value of the Company's and the Group's investment property was based on the existing contracts and the approved future business plans (where applicable). The aforementioned data mainly consists of information based on the relevant lease contracts. • We received and reviewed the valuations performed, as well as the contract signed between the valuer and the Company, and we did not identify any information or facts which could affect valuer's objectivity and independence. • We compared the fair values of investment property of the previous and the current year in order to assess whether they changed according to market trends and we requested from management to justify any significant deviation. All significant deviations were sufficiently justified by management. • In cooperation with external property valuation experts, we tested, on a sampling basis, whether the valuation methods used were appropriate for each property, consistent with those applied in the previous year as well as in compliance with International Valuation Standards and Law 2778/1999. We also assessed the reasonableness of the assumptions adopted (such as discount rates, yields to maturity and market lease rates), comparing them to market data, in order to determine a reasonable range for the relevant data. Where discount rates, yields to maturity and market lease rates did not fall within the expected range, we requested from management to justify the

Management has adopted the aforementioned value of investment property by decision of the Board of Directors dated 28 February 2018, by which was approved the Statement of Investments prepared for the year ended 31 December 2018, in accordance with article 25 of Law 2778/1999 and the decision 8/259/19.12.2002 of the Hellenic Capital Market Commission's Board of Directors, as amended by decisions 10/566/26.10.2010 and 5/760/14.97.2016. The uncertainty inherent in the valuation assumptions combined with the significant value of investment property in the separate and consolidated financial statements as well as the sensitivity of valuations to changes in the adopted assumptions (such as rates concerning less active markets, discount rates and yields to maturity) are the main reasons why we focused on this matter.	use of these assumptions in the respective valuation. Based on the audit procedures we performed, the valuations performed by the Group and the Company and the assumptions used were within the expected range and in line with current market conditions. Furthermore, the lease income from the Group's and the Company's investment property, which was used for fair value estimation, was based on the existing contracts effective as of 31 December 2018. Finally, we confirmed that the disclosures in note 6 of the separate and consolidated financial statements, were sufficient.

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information, which is included in the Annual Report in accordance with Law 3556/2007, is the Statements of Board of Directors members and the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the separate and consolidated financial statements does not cover the Other Information and except to the extent otherwise explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We considered whether the Board of Directors Report includes the disclosures required by Codified Law 2190/1920 and the Corporate Governance Statement required by article 43bb of Codified Law 2190/1920 has been prepared.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the the Board of Directors' Report for the year ended at 31 December 2018 is consistent with the separate and consolidated financial statements,
- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A of the Codified Law 2190/1920,
- The Corporate Governance Statement provides the information referred to items c and d of paragraph 1 of article 43bb of the Codified Law 2190/1920.

In addition, in light of the knowledge and understanding of the Company and Group INTERCONTINENTAL INTERNATIONAL REIC and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report and Other Information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

Responsibilities of Board of Directors and those charged with governance for the separate and consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Codified Law 2190/1920, and for such internal control as the Board of Directors determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, the Board of Directors is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate

and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report.

Report on other legal and regulatory requirements

1. Additional Report to the Audit Committee

Our opinion on the accompanying separate and consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Company.

2. Appointment

We were first appointed as auditors of the Company by the decision of the annual general meeting of shareholders on 30/06/2014. Our appointment has been renewed annually by the decision of the annual general meeting of shareholders for a total uninterrupted period of appointment of 5 years.

pwc

Athens, 12 April 2019

PricewaterhouseCoopers
268 Kifissias Ave.
15232 Athens, Greece.
AM SOEL 113

THE CERTIFIED AUDITOR

Dimitris Sourbis
AM SOEL 16891

ANNUAL CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2018

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

		Group		Company	
ASSETS	**Note**	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Non-current Assets					
Investment property	6	94.733.000	77.234.000	84.444.948	74.701.794
Property, plant and equipment	8	2.512.873	2.475.040	2.180.862	2.297.246
Intangible assets		50.500	0	50.500	0
Other receivables		726.120	0	726.120	0
Investment in subsidiaries	7	0	0	9.865.396	2.371.838
		98.022.494	***79.709.040***	***97.267.827***	***79.370.878***
Current Assets					
Trade and other receivables	9	203.706	232.542	203.706	237.722
Current tax receivables		113.469	0	0	0
Financial assets at fair value through other comprehensive income	10	0	2.287.402	0	2.287.402
Cash and cash equivalents	11	4.327.481	16.102.647	3.598.503	15.821.574
		4.644.655	***18.622.591***	***3.802.209***	***18.346.699***
TOTAL ASSETS		**102.667.149**	**98.331.631**	**101.070.036**	**97.717.576**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	12	42.000.000	42.000.000	42.000.000	42.000.000
Share premium		3.990.000	3.990.000	3.990.000	3.990.000
Statutory reserves		875.598	844.714	844.714	844.714
Other reserves		0	-11.185	0	-11.185
Treasury shares		-82.258	-51.776	-82.258	-51.776
Retained earnings		26.410.588	20.652.829	25.031.346	20.095.902
Total Equity		**73.193.929**	**67.424.582**	**71.783.802**	**66.867.655**
LIABILITIES					
Non-current liabilities					
Retirement benefit obligations		13.857	5.432	13.857	5.432
Borrowing	13	26.729.323	27.905.848	26.729.323	27.905.848
Guarantees	14	603.304	532.917	487.502	495.648
		27.346.484	***28.444.197***	***27.230.682***	***28.406.928***
Current Assets					
Trade and other receivables	15	483.857	914.494	454.983	905.293
Borrowing	16	1.246.142	1.183.346	1.246.142	1.183.346
Guarantees	14	15.459	420	15.459	420
Current tax liabilities		381.278	364.593	338.967	353.934
		2.126.737	***2.462.853***	***2.055.552***	***2.442.994***
Total Liabilities		**29.473.221**	**30.907.049**	**29.286.234**	**30.849.922**
TOTAL EQUITY AND LIABILITIES		**102.667.149**	**98.331.631**	**101.070.036**	**97.717.576**

The notes on pages 38 to 77 form an integral part of these annual consolidated and separate financial statements

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

		Group		Company	
	Note	**1/1/2018 - 31/31/2018**	**1/1/2017 - 31/12/2017**	**1/1/2018 - 31/31/2018**	**1/1/2017 - 31/12/2017**
Rental Income	16	7.971.844	5.915.351	7.407.296	5.755.033
Net result from fair value adjustments of investment property	6	3.711.842	1.101.545	3.507.945	931.545
Expenses directly related to investment property	17	-699.487	-518.599	-660.950	-509.787
Other income		75.243	2.581	74.806	2.581
Gross profit		**11.059.442**	**6.500.878**	**10.329.098**	**6.179.372**
Payroll and other personnel expenses	18	-437.668	-218.280	-437.668	-218.280
Other income	19	-695.847	-571.132	-663.909	-565.897
Gain from the acquisition of subsidiary	7	206.059	254.396	0	0
Allowance for doubtful accounts		-24.020	-14.879	-24.020	-14.879
Operating profit		**10.107.967**	**5.950.983**	**9.203.501**	**5.380.316**
Foreign exchange differences		-60.740	-2.192.257	-60.740	-2.192.257
Finance income	20	96.608	92.571	83.331	92.571
Finance expense	20	-367.223	-382.726	-367.223	-382.726
Profit before tax		**9.776.611**	**3.468.571**	**8.858.870**	**2.897.904**
Tax expense	21	-736.431	-726.598	-671.889	-712.858
Profit after tax		**9.040.180**	**2.741.973**	**8.186.981**	**2.185.046**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Profit/Loss from measuring financial assets at fair value through other comprehensive income		11.185	2.842	11.185	2.842
Total comprehensive income for the year		**9.051.365**	**2.744.815**	**8.198.166**	**2.187.888**
Earnings per Share (expressed in € per share)					
Basic and diluted	23	**0,86**	**0,26**	**0,78**	**0,21**

The notes on pages 38 to 77 form an integral part of these annual consolidated and separate financial statement

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital	Share Premium	Statutory Reserve	Financial assets available for sale Reserve	Retained Earnings	Treasury Shares	Total
Balance on January 1st, 2017		**42.000.000**	**3.990.000**	**844.714**	**-14.027**	**20.850.856**	**0**	**67.671.543**
Profit after Tax for the year		0	0	0	0	2.741.973	0	**2.741.973**
Other comprehensive income		0	0	0	2.842	0	0	**2.842**
Total comprehensive income for the year		**0**	**0**	**0**	**2.842**	**2.741.973**	**0**	**2.744.815**
Transactions with shareholders								
Purchase of treasury shares	12	0	0	0	0	0	-51.776	**-51.776**
Dividend payment for year 2016		0	0	0	0	-2.940.000	0	-2.940.000
Balance on December 31st, 2017		**42.000.000**	**3.990.000**	**844.714**	**-11.185**	**20.652.829**	**-51.776**	**67.424.582**
Balance on January 1st, 2018		**42.000.000**	**3.990.000**	**844.714**	**-11.185**	**20.652.829**	**-51.776**	**67.424.582**
Profit after Tax for the year		0	0	0	0	9.040.180	0	**9.040.180**
Sale of financial assets measured at fair value through other comprehensive income		0	0	0	16.258	0	0	**16.258**
Other comprehensive income		0	0	0	-5.073	0	0	**-5.073**
Total comprehensive income for the year		**0**	**0**	**0**	**11.185**	**9.040.180**	**0**	**9.051.365**
Formation of Statutory Reserve		0	0	30.884	0	-30.224	0	**0**
Transactions with shareholders								
Purchase of treasury shares	12	0	0	0	0	0	-30.482	**-30.482**
Dividend payment for year 2017	22	0	0	0	0	-3.251.536	0	**-3.251.536**
Balance on December 31st, 2018		**42.000.000**	**3.990.000**	**875.598**	**0**	**26.410.588**	**-82.258**	**73.193.929**

The notes on pages 38 to 77 form an integral part of these annual consolidated and separate financial statements

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital	Share Premium	Statutory Reserve	Financial assets available for sale Reserve	Retained Earnings	Treasury Shares	Total
Balance on January 1st, 2017		**42.000.000**	**3.990.000**	**844.714**	**-14.027**	**20.850.856**	**0**	**67.671.543**
Profit after Tax for the year		0	0	0	0	2.185.046	0	**2.185.046**
Other comprehensive income		0	0	0	2.842	0	0	**2.842**
Total comprehensive income for the year		**0**	**0**	**0**	**2.842**	**2.185.046**	**0**	**2.187.888**
Transactions with shareholders								
Purchase of treasury shares	12	0	0	0	0	0	-51.776	**-51.776**
Dividend payment for year 2016		0	0	0	0	-2.940.000	0	-2.940.000
Balance on December 31st, 2017		**42.000.000**	**3.990.000**	**844.714**	**-11.185**	**20.095.902**	**-51.776**	**66.867.655**
Balance on January 1st, 2018		**42.000.000**	**3.990.000**	**844.714**	**-11.185**	**20.095.902**	**-51.776**	**66.867.655**
Profit after Tax for the year		0	0	0	0	8.186.981	0	**8.186.981**
Sale of financial assets measured at fair value through other comprehensive income		0	0	0	16.258	0	0	**16.258**
Other comprehensive income		0	0	0	-5.073	0		**-5.073**
Total comprehensive income for the year		**0**	**0**	**0**	**11.185**	**8.186.981**	**0**	**8.198.166**
Formation of Statutory Reserve								
Transactions with shareholders	12	0	0	0	0	0	-30.482	**-30.482**
Purchase of treasury shares	22	0	0	0	0	-3.251.536	0	**-3.251.536**
Dividend payment for year 2017		**42.000.000**	**3.990.000**	**844.714**	**0**	**25.031.346**	**-82.258**	**71.783.802**

The notes on pages 38 to 77 form an integral part of these annual consolidated and separate financial statements

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

	Note	Group 01/01/2018 31/12/2018	Group 01/01/2017 31/12/2017	Company 01/01/2018 31/12/2018	Company 01/01/2017 31/12/2017
Cash flows from operating activities					
Profit before tax		9.776.611	3.468.571	8.858.870	2.897.904
Plus (less) Adjustments for:					
Interest income and income from securities	20	-96.608	-92.571	-83.331	-92.571
Interest expense	20	367.223	382.726	367.223	382.726
Foreign exchange differences		60.740	2.192.257	60.740	2.192.257
Gain from the acquisition of subsidiary		-206.059	-254.396	0	0
Gain from the sale of real estate		-65.000	0	-65.000	0
(Increase)/decrease in the fair value of investment property	6	-3.711.842	-1.101.545	-3.507.945	-931.545
Provision for employee benefit obligation		8.425	0	8.425	0
Allowance for doubtful accounts		24.020	14.879	24.020	14.879
Depreciation and amortization	8	107.866	5.810	94.032	5.810
		6.265.376	4.600.852	5.757.033	4.469.460
Changes in working capital					
Decrease/ (increase) of receivables		-711.672	-23.487	-716.124	-73.121
(Decrease)/ increase of payables (except for borrowing)		-389.713	851.704	-380.751	854.865
Cash flows from operating activities		**5.163.991**	**5.429.068**	**4.660.159**	**5.251.204**
Tax paid		-922.599	-709.381	-700.428	-706.300
Interest paid		-371.363	-386.412	-371.363	-386.412
Net cash flows from operating activities (a)		**3.870.030**	**4.333.275**	**3.588.368**	**4.158.492**
Cash flows from investing activities					
Purchase of real estate properties	6	-6.905.368	-11.962.049	-6.905.368	-11.962.049
Sale of real estate properties	6	1.075.000	0	1.075.000	0
Capital expenditure for investment property	6	-171.790	-180.406	-171.790	-180.406
(Purchase)/ Sale of Property, Plant and Equipment		-145.700	-780.139	-145.700	-780.139
(Purchase)/ Sale of intangible assets		-50.500		-50.500	0
Investment in subsidiaries	7	-7.327.394	-2.265.550	-7.493.558	-2.371.838
(Purchase)/ Sale of financial assets measured at fair value through other comprehensive income	10	2.287.402	0	2.287.402	0
Interest received		20.743	92.571	20.665	92.571
Net cash flows from investing activities (b)		**-11.217.607**	**-15.095.573**	**-11.383.849**	**-15.201.861**
Cash flows from financing activities					
Share capital payments		0	0	0	0
Dividends paid		-3.251.536	-2.940.000	-3.251.536	-2.940.000
(Purchase) / Sale of treasury shares		-30.482	-72.598	-30.482	-72.598
Athens Exchange admission costs		0	0	0	0
Bond loan payments	13	-1.109.589	-1.048.163	-1.109.589	-1.048.163
Net cash flows from financing activities (c)		**-4.391.607**	**-4.060.761**	**-4.391.607**	**-4.060.761**
Net increase/ (decrease) in cash and cash equivalents for the period (a)+(b)+(c)		**-11.739.184**	**-14.823.058**	**-12.187.089**	**-15.104.130**
Cash and cash equivalents at the beginning of the period		**16.102.647**	**32.823.356**	**15.821.576**	**32.823.356**
Effect of foreign exchange differences on cash and cash equivalents		**-35.984**	**-1.897.651**	**-35.984**	**-1.897.651**
Cash and cash equivalents at the end of the period		**4.327.480**	**16.102.647**	**3.598.504**	**15.821.574**

Change in liabilities from financing activities

	Group		Company	
	Borrowing	**Total**	**Borrowing**	**Total**
Liabilities from financing activities on 1.1.2018	**29.089.194**	**29.089.194**	**29.089.194**	**29.089.194**
Capital repayment of bond loan	-1.109.589	-1.109.589	-1.109.589	-1.109.589
Interest expense for the period	367.223	367.223	367.223	367.223
Interest payments (Operating activities)	-363.083	-371.363	-371.363	-371.363
Liabilities from financing activities on 31.12.2018	**27.975.465**	**27.975.465**	**27.975.465**	**27.975.465**

The notes on pages 38 to 77 form an integral part of these annual consolidated and separate financial statements

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1. General Information

The current financial statements include the separate financial statements of "**INTERCONTINENTAL INTERNATIONAL REAL ESTATE INVESTMENT COMPANY**" (the "Company") and the consolidated financial statements of the Company and its subsidiaries (together "the Group") for the year ended on the 31st of December 2018. Information regarding the subsidiaries of the Company is presented on note 7.

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 11th of April 2019.

The company "AJOLICO TRADING LIMITED" (Reg. No. 284633), which domiciles in Nicosia in Cyprus, participates in the Company with a percentage of 78,78%.

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

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after 1.1.2017. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

<u>Standards and Interpretations effective for the current financial year</u>

IFRS 9 "Financial Instruments"

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model that was applied under IAS 39. In addition, IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model in IAS 39.

On the January the 1^{st}, 2018, the Group adopted IFRS 9 "Financial Instruments", which replaces IAS 39 "Financial Instruments: Recognition and Measurement" and changes the requirements regarding the recognition and measurement of the impairment of the financial assets of the Group.

In accordance with the transitional provisions of IFRS 9, the Group chose not to restate the comparative figures of the prior period. The application of the above standard did not have a significant effect on the consolidated and separate financial statements.

The nature and effect of these changes are presented in note 2.13.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized.

IFRS 15 applies to all revenue arising from contracts with customers, unless such contracts fall within the scope of other standards. The new standard establishes a five-stage model to measure revenue arising from contracts with customers. These steps are as follows:

A) determination of the contract with the customer, (b) determination of the performance obligations of the contract, (c) determination of the price of the transaction, (d) allocation of the price of the transaction in the contract execution obligations, (e) recognition of revenue when an entity fulfils the conditions for the execution of the contract.

The underlying principle is that an entity recognises revenues in order to reflect the transfer of goods or services to customers in the amount which they are entitled to in return for these goods or services. It also includes the principles for the identification and measurement of revenue. In addition, according to the new standard, revenue is recognized when the customer acquires control over the goods or services transferred, specifying the time of transfer of the check at a specific time or in future time horizon.

The adoption of the standard did not have any effect on the financial statements of the Group, as the Group's revenue consists of lease income.

IAS 40 (Amendments) "Transfers of Investment Property"

The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence.

IFRIC 22 "Foreign currency transactions and advance consideration"

The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts.

Standards and Interpretations effective for subsequent periods

IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019)

IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The effect of the standard on the Group is not expected to be significant.

IAS 19 (Amendments) "Amendments regarding plan amendments, curtailments or settlements" (effective for annual periods beginning on or after 1 January 2019)

The amendments determine the method under which the entities must estimate the retirement benefit expenses that occur when changes in the retirement benefit plan take place.

IFRS 3 (Amendments) "Definition of a business" (effective for annual periods beginning on or after 1 January 2020)

The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments have not yet been endorsed by the EU.

IAS 1 and IAS 8 (Amendments) "Definition of a material" <u>(effective for annual periods beginning on or after 1 January 2020)</u>

The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS. The amendments have not yet been endorsed by the EU.

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 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies**.**

The Company recognizes its investments in subsidiaries in separate financial statements at cost less impairment. In addition, the acquisition cost is adjusted to reflect changes in price resulting from any modifications of contingent consideration.

At each financial statement date, the Company examines whether any indications of impairment of the subsidiary exist. If such indications exist, Management calculates the recovery value as the greater between the cost value and the fair value, decreased by the costs of disposal. When the accounting value of the subsidiary exceeds the recovery amount, the respective loss of impairment is recorded in the statement of comprehensive income.

The calculation of the recovery value of the subsidiary is directly linked to the fair value of its investment property, because those investments are its most significant asset. Impairments recognized in prior periods are re-evaluated at each financial statement date for possible reversal.

2.4 Accounting Principles

Operating segments, if such segments exist, 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 Group.

2.5 Foreign currency transactions

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

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

2.6 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 that are used mostly as offices and retail shops.

In accordance with the current REIC law (L. 2778/1999), 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 30th of June and 31st of December of each year, by independent professional valuators, 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.

2.7 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.

In come 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.

2.8 Property, Plant and Equipment

All property, plant and equipment are 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 costs are 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:

Buildings: 25 years
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 2.10).

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.

2.9 Leases

a) Cases where a company of the Group 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 – No Group company has entered into any finance lease as a lessee yet.

b) Cases where a company of the Group is the lessor:

(i) Operating lease – The Group 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 6). 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 – No Group company has entered into any finance lease as a lessor yet.

2.10 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 asset impairments recognized in prior periods are re-examined at every financial statement date for possible reversal.

2.11 Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortised cost using the effective interest rate method less any allowance for expected credit loss.

Expected credit loss represent the difference between the contractual cash flows and those that the Group expects to receive.

For trade receivables, the Group applies the simplified approach as allowed by IFRS 9. According to this approach, the Group recognizes expected credit loss for the total lifetime of its trade receivables (expected lifetime losses). The Group's trade receivables are short-term and generally receivable within 12 months.

2.12 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.

2.13 Changes in significant accounting policies from the adoption of IFRS 9

The adoption of IFRS 9 "Financial Instruments" resulted in changes in the accounting policies of the Company that relate to financial instruments from the 1st of January 2018 and forward. The following accounting policies replace sections 2.9 and 2.13 in note 2 in the annual financial statements of the Company for the year ended on the 31st of December 2017.

Financial assets

(a) Classification and measurement

IFRS 9 largely maintains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it removes the previous classifications of IAS 39 for the financial assets: held to maturity, loans and receivables and available for sale. According to IFRS 9, financial instruments are subsequently measured at fair value through profit and loss, at amortised cost or at fair value through other comprehensive income.

The classification depends on two criteria:

• the business model within which the financial asset is held, i.e. whether it is held with the intension to collect its contractual cash flows or with the intention to collect its contractual cash flows and sell or with the intention to sell the financial asset.

• whether the contractual cash flows of the financial asset consist exclusively of principal repayments and interest on the outstanding principal (“SPPI”).

The Company uses the following classifications for the measurement for its financial assets:

Financial assets measured at amortised cost.

Financial assets that are held within the business model with the intention to collect the contractual cash flows the meet the SPPI. This classification includes all financial assets of the Group, except for the investments in financial assets measured at fair value through other comprehensive income.

This classification includes the security that according to IAS 39 was previously classified as available for sale, provided that the intention of the Management did not change within 2018 and until the date of its sale, and is therefore classified as a financial asset measured at fair value through other comprehensive income, according to IFRS 9 (refer to note 10).

The financial assets classified in this category mostly include the following assets:

· Cash and cash equivalents

· Trade receivables

Trade receivables are the receivable amounts form clients from the provision of service to them during the usual activity of the company. If receivables are collected during the normal operating cycle of the company, which does not exceed one year, they are recorded as current assets. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment.

<u>Financial assets measured at fair value through other comprehensive income</u>

Relates to financial assets that are held with the intention to collect contractual cash flows as well as for their sale and which create, at specific dates, cash flows that consist entirely of principal repayments and interest on the remaining principal.

Changes in their current value are recognized in other comprehensive income, except for impairment losses, interest income and gains/losses from foreign exchange differences, which are recognized in profit and loss. When the financial asset is derecognized, the accumulated gain/loss that has been recognized in other comprehensive income is reclassified in profit and loss under “Other income/expense”. Interest income is calculated using the effective interest method and recognized in finance income. Foreign exchange gains/losses are recognized in under “Foreign exchange differences” and the impairment losses are recognized in a separate financial statement line in the statement of comprehensive income.

The security that was held in the comparative period was reclassified under this category on the 1st of January 2018, which under IAS 39 was previously classified as available for sale financial asset. The security was sold in 2018 (refer to note 10).

Fair value through profit and loss

Financial assets that do not meet the classification criteria of “Financial assets at amortized cost” and “Financial assets measured at fair value through other comprehensive income” are measured at fair value through profit and loss. The profit/loss is recognized in profit and loss under “Other income/expense” in the period it has occurred. As at the 31st of December 2018, the Group and the Company do not hold assets classified under this category.

Impairment

For investments in securities that are measured at amortized cost or at fair value through other comprehensive income, from the 1st of January 2018, the Group determines impairment loss due to expected credit loss. The relative methodology depends on whether there is significant increase of credit risk.

Expected credit loss is recognized based on the following:

- expected credit loss within 12 months are recognized at initial recognition, reflecting part of the lost cash flows during the asset’s lifetime that may occur due to default within 12 months from the financial statement date, weighted by their possibility of default.

- lifetime expected credit loss are recognized in the case of significant increase of credit risk that is identified subsequently to the asset’s initial recognition and reflects loss of cash flows from any possible eventuality of default during the lifetime of the asset, weighted by their possibility of default.

On the 31st of December 2018, the Group has trade and other receivables (including those from operating leases), as well as other financial assets that are measured at amortized cost.

Trade and other receivables

The Group applies the simplified approach of IFRS 9 for the calculation of the expected credit loss. The allowance for the loss, is always measured at an amount equal to the lifetime expected credit loss of the receivable. To determine the expected credit loss from its trade and other receivables, the Group uses a table of expected credit loss based on the aging of the receivable balances. Expected credit losses are based on historical data taking into account future factors in relation to the debtors and the economic environment.

Other financial assets measured at amortized cost

For the other financial assets of the Group that are measured at amortized cost, the general approach is used. These financial assets are considered to be of low credit risk and any allowance for loss is limited in the expected credit loss for the following 12 months. The adoption of IFRS 9 did not have a significant effect on the Financial Statements of the Company and the Group.

<u>The effect of the adoption of IFRS 9 on the statement of financial position</u>

The adoption of IFRS 9 on the 1st of January 2018 had no effect on the equity of the Company and the Group.

2.14 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.

2.15 Treasury shares

The treasury shares are shares of the Company that have been issued and subsequently repurchased by the Company and have not been cancelled. The cost of purchase of the treasury shares is deducted from the share capital of the Company until those shares are either sold or cancelled. Every gain or loss from the sale of treasury shares, free of transaction costs and taxes, is included as reserve in equity. In case that the treasury shares are cancelled, their purchase cost is deducted from the share capital and the share premium, with any difference being debited in retained earnings.

2.16 Employee benefits

Post-employment benefits

Post-employment benefits include both defined benefit plans and defined contribution schemes. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate social security fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a retirement plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognized immediately in the income statement.

The net interest is included in payroll and other employee expenses in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.17 Trade and other payables

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

2.18 Guarantees

The Group receives advance payments from tenants as a guarantee under operating leases. These guarantees are financial liabilities under IAS 39 and are initially recognized at fair value. Subsequently, they are measured at amortized cost using the effective interest rate method. Guarantees are recognized in short-term liabilities unless the Group has the right to postpone the settlement of the liability for 12 months after the balance sheet date, in which case they are recognized in the long-term liabilities.

2.19 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.

2.20 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.

2.21 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.

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.

2.22 Provision

Provisions that relate to the outcome of judicial cases are recognized when the Group 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.

2.23 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 Group 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.

2.24 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.

2.25 Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to the parent company’s owners by the weighted average number of shares outstanding during each year. Diluted earnings per share are computed by dividing the profit for the year attributable to the Company’s owners by the weighted average number of shares outstanding during the year adjusted for the impact of option rights to purchase shares.

3. Financial risk management

3.1 Financial risk factors

The Group 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 Group for years 2018 and 2017 and the securities denominated in U.S. Dollars that were held in 2017. On 31.12.2018 and 31.12.2017 the bank deposits and the security in US Dollars amounted at $974.402 ($851.006) and $18.071.995 (€15.079.278) respectively. The foreign exchange differences for the years ended on 31.12.2018 and 31.12.2017, were €-60.740 and €-2.192.257 respectively. On the 31st of December 2018, if Euro was stronger/weaker in relation to USD by 5%, the results after tax for the period would have decreased/increased by € 40,5 thousand / € 44,8 thousand (2017: € 728 thousand / € 783 thousand).

The Group's policy, in accordance with the legal framework for the R.E.I.C.s operating in Greece, is not to hedge against its foreign exchange risk.

ii) Price risk

The group is exposed to price risks other than financial instruments, such as the price risk of investment property, including the risk of leasing property.

The group does not hold equity securities or commodities, except for a non-significant number of treasury shares, and is therefore not exposed to substantial price risks from them.

Changes in real estate prices have an effect on the statement of comprehensive income and the statement of financial position of the Group (profitability and assets). The Group tries to enter in long-term lease agreements with quality tenants. At the current stage, the Group 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, 58% of the total annualized rent income of the Group is generated. During the reporting period, the Group had a positive result from the fair value adjustments of its Investment Property.

iii) 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 2018, if the average borrowing rate was 50 basis points higher/lower, with all other variables remaining the same, the Group's results after tax for the period would have been higher/lower by € 143 thousand, i.e. +/- 39,19% over the Company's borrowing interest expense (2017: € 149 thousand, i.e. +/- 39,35% 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 Group 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. The financial condition of the clients is continuously monitored. The Management of the Company estimates that there is no material credit risk from trade receivables for which an allowance has not be made already.

In the year 2018, the Group proceeded to write off trade receivables of 86 thousand euro, for which an allowance had already been made. In addition, during this year, the Group provided for an additional allowance for doubtful accounts of € 24.020 (Note 9). The movement of the allowance for doubtful accounts for the Group and the Company is as follows:

Allowance for doubtful accounts	**Company and Group**
Balance 1/1/2017	**114.544**
Additional allowance in the year	14.879
Write offs	0
Balance 31/12/2017	**129.423**

Balance 1/1/2018	**129.423**
Additional allowance in the year	24.020
Write offs	-86.044
Balance 31/12/2018	**67.398**

The following table presents the Group financial assets per credit rating (by Moody's) on the 31st of December 2018 and 2017:

Credit Rating	Cash Reserves		Financial Assets available for sale		Trade and Other Receivables	
(Amounts in thousands of €)	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Aaa	-	-	-	2.287	-	-
Caa1			-	-		
Caa2	1.188	1.849	-	-	-	-
Caa3	2.296	1.409	-	-	-	-
Not Rated	843	12.844	-	-	930	233

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. The liquidity of the Group is monitored by the Management at regular intervals. The tables below present an analysis of the maturities of the financial assets and liabilities (the tables include undiscounted cash flows of interest and capital repayments):

Year 2018

Group

	Up to 1 year	1 to 2 years	2 to 5 years	Longer than 5 years
Financial Assets				
Long term receivables	-	-	61.011	665.109
Trade and other receivables	203.706	-	-	-
Cash and cash equivalents	4.327.481	-	-	-
	4.531.481	**-**	**61.011**	**665.109**
Financial Liabilities				
Borrowing	1.522.488	1.577.830	5.128.872	22.045.209
Guarantees	15.459	4.631	185.144	489.394
Trade and other payables	439.757	-	-	-
	1.977.705	**1.582.460**	**5.314.017**	**22.534.603**

Company

	Up to 1 year	1 to 2 years	2 to 5 years	Longer than 5 years
Financial Assets				
Long term receivables	-	-	61.011	665.109
Trade and other receivables	203.706	-	-	-
Cash and cash equivalents	3.598.503	-	-	-
	3.802.209	**-**	**61.011**	**665.109**
Financial Liabilities				
Borrowing	1.522.488	1.577.830	5.128.872	22.045.209
Guarantees	15.459	4.631	185.144	360.394
Trade and other payables	410.883	-	-	-
	1.948.831	**1.582.460**	**5.314.017**	**22.405.603**

Year 2017

Group

	Up to 1 year	1 to 2 years	2 to 5 years	Longer than 5 years
Financial Assets				
Trade and other receivables	232.542	-	-	-
Financial assets available for sale	2.287.402	-	-	-
Cash and cash equivalents	16.102.647	-	-	-
	18.622.591	**-**	**-**	**-**
Financial liabilities				
Borrowing	1.470.206	1.381.958	5.057.479	23.834.963
Guarantees	420	-	139.361	393.555
Trade and other payables	841.394	-	-	-
	2.312.020	**1.381.958**	**5.196.840**	**24.228.518**

	Company			
	Up to 1 year	1 to 2 years	2 to 5 years	Longer than 5 years
Financial Assets				
Trade and other receivables	237.722	-	-	-
Financial assets available for sale	2.287.402	-	-	-
Cash and cash equivalents	15.821.574	-	-	-
	18.346.699	**-**	**-**	**-**
Financial liabilities				
Borrowing	1.470.206	1.381.958	5.057.479	23.834.963
Guarantees	420	-	139.361	356.287
Trade and other payables	835.193	-	-	-
	2.305.820	**1.381.958**	**5.196.840**	**24.191.249**

3.2 Capital risk management

The purpose of the Group when managing its capital is to ensure the ability of the Group to continue its activities, in order to secure returns for its shareholders and benefits for other stakeholders of the Group 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 Group monitors its capital using the debt ratio. The ratio is calculated as the ratio of 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 debt ratio on the 31st of December 2018 was 28,98% for the Company and 28,71% for the Group (2017: 31,57% for the Company and 31,43% for the Group).

3.3 Fair value estimation

The Group 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 Group does not hold financial assets measured in fair value. However, the Group owns investment property that is measured at fair value (Note 6). On 31.12.2018, the book value of the Company’s floating rate bond loan was approaching its fair value.

4. Operating Segments

The Group 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

In conclusion, the investment property of the Group constitutes a single operating segment. The total comprehensive income of the Group derives from investment property leases in Greece. In the current year, the lease income of the Group in Greece was 7.972 thousand euro (2017: 5.915 thousand euro). The non-current assets of the Group in Greece, on 31.12.2018, was 98.022 thousand euro (31.12.2017: 79.709 thousand euro).

The Company has the necessary readiness for detailed monitoring of its future Operating Segments, as soon as the diversity and variety of its future acquisitions demands it.

5. Significant accounting estimates and assumptions

The Group 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:

The estimation of "fair value" of the real estate investments of the Group

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 Group determines the fair value using a broad range of accounting estimates for the "fair value" (refer to Note 6). According to the legislation applicable to REICs, the estimations for the investments in real estate must be supported by independent valuations performed by Independent Valuators, registered in the Independent Valuators registry of the Ministry of Finance, on the 30th of June and 31st 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 Group 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.

6. Investment Property

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Opening Balance	**77.234.000**	**63.150.000**	**74.701.794**	**63.150.000**
Acquisition of new property and additions	6.905.368	11.962.049	6.905.368	11.962.049
Additions from the acquisition of subsidiary	7.720.000	2.540.000	0	0
Capital expenditure related to investment property	171.790	180.406	171.790	180.406
Net gains from fair value adjustments of the investment property	3.711.842	1.101.545	3.507.945	931.545
Sale of investment property	-1.010.000	0	-1.010.000	0
Reclassifications from Property, Plant and Equipment	0	0	168.052	0
Reclassifications to Property, Plant and Equipment	0	-1.700.000	0	-1.522.206
Closing Balance	**94.733.000**	**77.234.000**	**84.444.948**	**74.701.794**

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.

In addition, during 2018 the Group has acquired the following investment properties:

- A two-level retail store with a semi-basement and ground floor, with a warehouse and a total surface of 218,00 sq.m. on Spefsipou Street 7 in Kolonaki, for a price of 550 thousand euro. The property is currently vacant, and its fair value on 31.12.2018 was estimated at 700 thousand euro.
- A first-floor apartment with exclusive underground parking, as well as a storage room and a total area of 202,40 sq.m. located on 47' Papaflessa Str. in Kastri, Municipality of Nea Erythraia in Attica, for a price of 240 thousand euro. The property is currently vacant, and its fair value on 31.12.2018 was estimated at 376 thousand euro.
- Two horizontal, residential use properties, which include a ground floor apartment and a first-floor apartment of a total area of 391,43 sq.m. at the junction of 12' Moni Asteriou and 20' Daedalou Str. in Athens, for a price of 640 thousand euro. The total surface of the property is leased to the company "Andreas Bogdanos M.P.C." and its fair value on 31.12.2018 was estimated at 850 thousand euro.

- An independent 5-storey building with basement for office and retail use for a total area of 838,37 sq.m. on Haritos Street 3 in the Kolonaki area for a consideration of 2,450 thousand euro. The entire building is leased to the companies "JP Morgan", "Impero Uomo Sartoriale", "Dared", "Le day spa" and the Law Office "Ioannis Marakakis & Associates". Its fair value on 31.12.2018 was estimated at 2.700 thousand euro.
- A 3rd floor apartment with basement storage room, total area 265,00 sq.m. on 79' Vasilissis Sofias Ave. in Athens, for a total price of 550 thousand euro. The property is currently vacant, and its fair value on 31.12.2018 was estimated at 700 thousand euro.
- A 4th floor apartment with a total area of 98,60 sq.m. on 44' Fokianou Street in Athens, for a consideration of 145 thousand euro. The property is currently leased to a private individual, and its fair value on 31.12.2018 was estimated at 240 thousand euro.
- A professional building consisting of a basement, ground floor, 1st and 2nd floor, with a total area of 2.169,43 sq. m., at the junction of Delphi, Orchomenou & Arkadiou Street in the Municipality of Livadia, for a price of 2.310,7 thousand euro. The property is currently leased to the company "Greek Hypermarkets Sklavenitis S.A." and its fair value on 31.12.2018 was estimated at 2.490 thousand euro.

In addition, the Group sold the apartment in the junction of 1' Marasli & 53' Vas. Sofias Str, for 500 thousand euro and the apartment on the 4th and 5th floor in 4' Pindarou Str for 575 thousand euro.

The last available valuation is dated on 31.12.2018 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. Based on the above valuation the Group recorded a 3.712 thousand euro profit in the consolidated statement of comprehensive income, while the respective figure for the Company was 3.508 thousand euro.

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% - 20%), and
- the discounted cash flow method (DCF) (90% -95%)
- 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% to 3,5%
Market rent adjustment	CPI to CPI +1,00%
Exit yield	4,25% to 10,00%
Discount rate	4,8% to 11,00%

Regarding the comparative method, the estimation was based in comparative real estate sale prices from 400 euro to 12.500 euro (2017: 930 euro to 7.500 euro) per square meter.

In more detail, the fair value per real estate category, as well as the methods of valuation and their assumptions for 2018 for the Group, are as follows:

Use	**Fair Value**	**Valuation Method**	**Monthly Market Rent**	**Discount Rate**	**Exit Yield**
Retail Shops	69.019.646,87	90% DCF - 10% Comparative Method	455.796	8,2% - 10,2%	7% - 10%
Retail Shops	12.227.000	90% DCF - 10% Comparative Method plus Residual Method	78.072	8,95% - 9,7%	7,75% - 8,25%
Retail Shops	2.800.000,00	95% DCF - 5% Comparative Method	18.611	10%	8%
Offices	7.820.353,13	90% DCF - 10% Comparative Method	111.286	8,95% - 11%	7,75% - 9,25%
Apartments	2.866.000,00	90% DCF - 10% Comparative Method	4.400	4,8% - 6,7%	4,25% - 6%
	94.733.000				

For the Company, the table is as follows:

Use	**Fair Value**	**Valuation Method**	**Monthly Market Rent**	**Discount Rate**	**Exit Yield**
Retail Shops	61.179.647	90% DCF - 10% Comparative Method	455.796	8,2% - 10,2%	7% - 10%
Retail Shops	12.227.000	90% DCF - 10% Comparative Method plus Residual Method	78.072	8,95% - 9,7%	7,75% - 8,25%
Offices	8.172.302	90% DCF - 10% Comparative Method	111.286	8,95% - 11%	7,75% - 9,25%
Apartments	2.866.000	90% DCF - 10% Comparative Method	4.400	4,8% - 6,7%	4,25% - 6%
	84.444.948				

The fair value of the investment property of the Company and the Group that were vacant on 31.12.2018 was 1.776 thousand euro.

On the investment property that are currently leased to Alpha Bank, there is a mortgage prenotation for 31.500 thousand euro, 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 1.993 thousand euro lower or 2.255 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 5.561 thousand euro higher or 3.699 thousand lower respectively.

The Group 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. Investments in subsidiaries

On 4.5.2018, the Company acquired the total holding of Zekakou 18 Owner S.M.P.C. for 7.493.558,40€. The S.M.P.C. has as its sole company objective, the earning of rent revenue from real estate properties and, as at 31.12.2018 owns a real estate independent office building of bioclimate architecture consisting of 2 basements, a ground and a first floor and loft. It has a total surface of 3.589,34 sq.m., is located in the municipality of Amarousio in Attica and is the prime asset of the subsidiary.

The following table depicts the equity of Zekakou 18 Owner S.M.P.C. at the date of its acquisition:

Fair value of real estate property:	7.720.000
Cash reserves:	166.165
Other assets:	164.638
Other liabilities:	-351.186
Equity:	**7.699.617**

The Group's operating profit includes the negative goodwill of 206.059€ that resulted from the above acquisition. The total comprehensive income and profit after tax of the subsidiary included in the consolidated statement of comprehensive income relate to the 4.5.2018 – 31.12.2018 period and amount to 364 and 401 thousand euro respectively.

The Company's investments in subsidiaries are presented below:

Subsidiary Name	Domicile	Participation percentage	31/12/2018	31/12/2017
Bierco S.A.	Greece	100%	2.371.838	2.371.838
Zekakou 18 Owner S.M.P.C.	Greece	100%	7.493.558	0
Total Investments in subsidiaries			**9.865.396**	**2.371.838**

8. Property, plant and equipment

Group

	Land and buildings	Vehicles	Fixture and other equipment	Total
Cost value or valuation				
As at 31/12/2017	2.458.367	15.036	15.936	2.489.339
Additions for the year	102.017	0	43.683	145.700
As at 31/12/2018	**2.560.383**	**15.036**	**59.619**	**2.635.039**
Accumulated Depreciation				
As at 31/12/2017	0	-1.403	-12.896	-14.299
Depreciation for the year	-102.372	-2.406	-3.089	-107.866
Disposals for the year	0	0	0	0
As at 31/12/2018	**-102.372**	**-3.809**	**-15.985**	**-122.165**
Net Book Value				
As at 31/12/2018	**2.458.012**	**11.227**	**43.635**	**2.512.873**

	Land and buildings	Vehicles	Fixture and other equipment	Total
Cost value or valuation				
As at 31/12/2016	0	0	9.200	9.200
Additions for the year	758.367	15.036	6.736	780.139
Transfers from Investment Property	1.700.000	0	0	1.700.000
Disposals for the year	0	0	0	0
As at 31/12/2017	**2.458.367**	**15.036**	**15.936**	**2.489.339**
Accumulated Depreciation				
As at 31/12/2016	0	0	-9.200	-9.200
Depreciation for the year	0	-1.403	-3.696	-5.100
As at 31/12/2017	**0**	**-1.403**	**-12.896**	**-14.299**
Net Book Value				
As at 31/12/2017	**2.458.367**	**13.633**	**3.040**	**2.475.040**

Company

	Land and buildings	Vehicles	Fixture and other equipment	Total
Cost value or valuation				
As at 31/12/2017	2.280.573	15.036	15.936	2.311.545
Additions for the year	102.017	0	43.683	145.700
Transfers to Investment Property	-169.556	0	0	-168.052
As at 31/12/2018	**2.213.033**	**15.036**	**59.619**	**2.287.689**
Accumulated Depreciation				
As at 31/12/2017	0	-1.403	-12.896	-14.299
Depreciation for the year	-88.538	-2.406	-3.089	-94.032
Transfers to Investment Property	1.505	0	0	0
Disposals for the year	0	0	0	0
As at 31/12/2018	**-87.033**	**-3.809**	**-15.985**	**-106.827**
Net Book Value				
As at 31/12/2018	**2.126.000**	**11.227**	**43.635**	**2.180.862**

	Land and buildings	Vehicles	Fixture and other equipment	Total
Cost value or valuation				
As at 31/12/2016	0	0	9.200	9.200
Additions for the year	758.367	15.036	6.736	780.139
Transfers from Investment Property	1.522.206	0	0	1.522.206
As at 31/12/2017	**2.280.573**	**15.036**	**15.936**	**2.311.545**
Accumulated Depreciation				
As at 31/12/2016	0	0	-9.200	-9.200
Depreciation for the year	0	-1.403	-3.696	-5.100
As at 31/12/2017	**0**	**-1.403**	**-12.896**	**-14.299**
Net Book Value				
As at 31/12/2017	**2.280.573**	**13.633**	**3.040**	**2.297.246**

On 31.12.2017, the Group reclassified the real estate property located in 12’ Vas. Georgiou B’ & Rigillis street, from investment properties to property, plant and equipment, as from that date forward the property is own-used. The reclassification

of the property was made in its fair value at the date of the reclassification, in accordance with the IAS.

In 2018, the Company reclassified part of the property in 12' Vas. Georgiou B' & Rigillis street, from own-used to investment property, as part of it equal to 34,5 sq.m. had been leased to subsidiary "Zekakou 18 Owner S.M.P.C.". The reclassification was made at the fair value that was proportionate to the area leased.

9. Trade and other receivables

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Rent receivables	190.902	235.945	190.902	241.125
Guarantees	8.772	56.819	8.772	56.819
Advanced payments for real estate property	0	24.000	0	24.000
Other receivables	71.430	44.889	71.430	44.889
Total	**271.104**	**361.653**	**271.104**	**366.833**
Expenses related to future periods	0	312	0	312
Total	**271.104**	**361.965**	**271.104**	**367.145**
Allowance for doubtful accounts	-67.398	-129.423	-67.398	-129.423
Total	**203.706**	**232.542**	**203.706**	**237.722**

Rent receivables are further analyzed as follows:

	Group				Company			
	31/12/2018	**Expected Credit Loss rate 31.12.2018**	**Expected Credit Loss 31.12.2018**	**31/12/2017**	**31/12/2018**	**Expected Credit Loss rate 31.12.2018**	**Expected Credit Loss 31.12.2018**	**31/12/2017**
Non-doubtful accounts								
Receivables up to 30 days:	62.926	8,44%	5.310	57.296	62.926	8,44%	5.310	58.332
Receivables between 30 and 60 days:	29.724	10,23%	3.041	14.768	29.724	10,23%	3.041	15.804
Receivables between 60 and 90 days:	35.248	12,56%	4.427	15.081	35.248	12,56%	4.427	18.189
Receivables between 90 and 120 days:	6.331	13,48%	853	4.495	6.331	13,48%	853	4.495
Receivables between 120 and 150 days:	1.837	14,21%	261	3.632	1.837	14,21%	261	3.632
Receivables between 150 and 180 days:	1.555	14,44%	224	4.938	1.555	14,44%	224	4.938
Receivables over 180 days:	9.903	100%	53.281	6.312	9.903	100%	53.281	6.312
Total Non-doubtful accounts	**147.523**		**67.398**	**106.522**	**147.523**		**67.398**	**111.702**

The fair value of the Group's receivables approximates their fair value on 31.12.2018, 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.

The Group's "other receivables" mainly include advance payments to suppliers.

Customer Aggregation: The Company tenant, Alpha Bank, represents over 10% of the Company's revenue. For the period ended on 31.12.2018 the rent revenue from Alpha Bank was € 4.920.241, i.e. 62% of the total rent revenue of the Group for the year and is ensured for the following 9 years (Note 16). On 31.12.2018, the Group had collected all the receivables that relate to Alpha Bank.

During 2018, the Group wrote off a total amount of 86 thousand euro of doubtful accounts for which an allowance has already been made. In addition, the Group made an allowance for doubtful accounts of € 24.020. The movement of the allowance for doubtful accounts for the Group and the Company is as follows:

Allowance for doubtful accounts	**Company and Group**
Balance 1/1/2017	**114.544**
Additional allowance in the year	14.879
Write offs	0
Balance 31/12/2017	**129.423**
Balance 1/1/2018	**129.423**
Additional allowance in the year	24.020
Write offs	-86.044
Balance 31/12/2018	**67.398**

10. Financial Assets measured at fair value through other comprehensive income

	Group		**Company**	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Securities denominated in USD	0	2.287.402	0	2.287.402
Total	**0**	**2.287.402**	**0**	**2.287.402**

In 2018, the Group sold a listed international bond for € 2.282.329, recording a total loss of € 16.258. On 31.12.2018, the Group does not hold any available for sale financial assets.

In 2017, the bond security was classified as "Available for sale". In accordance with IFRS 9, the financial asset is classified as "measured at fair value through other comprehensive income".

On 31.12.2018, the Group did not hold any financial assets measured at fair value through other comprehensive income.

11. Cash and cash equivalents

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Cash on hand	1.663	1.046	1.227	676
Sight deposits in Euro	3.474.812	3.309.726	2.746.271	3.029.023
USD deposits in Euro	851.006	12.791.876	851.006	12.791.876
Total	**4.327.481**	**16.102.647**	**3.598.503**	**15.821.574**

As referenced in Note 13, in order to secure the debt from the bond loan to Alpha Bank, the total lease income for the property leased to Alpha Bank has been pledged as collateral for the duration of the loan. The lease payments are deposited to a specific bank account, with the intention of activating the cash sweep mechanism in case of breach in the bond loan contractual terms.

Specifically, in case of breach of the minimum debt service coverage ratio (DSCR) > 120% without it being rectified within 30 calendar days with equity from the issuer, the abovementioned cash sweep mechanism will activate, by withholding the lease payments from the abovementioned property until the required amount for the restoration of the breach has been aggregated.

For the period ended on 31.12.2018 no such case took place.

12. 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. The movement of the Company's share capital is as follows:

	Number of Shares	**Common Shares**	**Share Premium**	**Treasury Shares**	**Total**
January 1st, 2017	**10.500.000**	**42.000.000**	**3.990.000**	**-**	**45.990.000**
Purchases of treasury shares	13.065	-	-	-72.597	**-72.597**
Shares given to personnel	-3.885	-	-	20.821	**20.821**
Sales of treasury shares	-	-	-	-	**-**
December 31st, 2017	**10.490.820**	**42.000.000**	**3.990.000**	**-51.776**	**45.938.224**
January 1st, 2018	**10.490.820**	**42.000.000**	**3.990.000**	**-51.776**	**45.938.224**
Purchases of treasury shares	5.860	-	-	-30.482	-30.482
Sales of treasury shares	-	-	-	-	-
December 31st, 2018	**10.484.960**	**42.000.000**	**3.990.000**	**-82.258**	**45.907.742**

On 31.12.2018, the Company holds a total of 15.040 treasury shares with a nominal value of 60.160€ and cost 82.258€. The shares held represent 0,14% of the total share capital of the Company.

13. Borrowing

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Bond Loan	26.729.323	27.905.848	26.729.323	27.905.848
Short-term portion of the bond loan	1.176.525	1.109.589	1.176.525	1.109.589
Accrued interest for the period	69.617	73.757	69.617	73.757
Total	**27.975.465**	**29.089.194**	**27.975.465**	**29.089.194**

Bond payments are made quarterly, with a floating interest rate based on 3M Euribor plus spread. The fair value of the borrowing on 31.12.2018, was € 19.415.241. The bond loan of the Company and the Group matures in 2027.

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 31.12.2018.

14. Guarantees

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Long-term guarantees				
Rent guarantees	603.304	532.917	487.503	495.648
Short-term guarantees				
Rent guarantees	15.459	420	15.459	420
Total	**618.763**	**533.337**	**502.962**	**496.068**

15. Trade and other payables

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Suppliers	111.101	218.158	108.607	223.338
Insurance organizations	18.903	12.986	18.903	12.986
Stamp duties and other taxes	287.217	231.676	270.833	226.516
Real estate ownership tax (ENFIA)	0	62.668	0	62.668
Other liabilities	7.436	51.864	4.940	45.644
Customer prepayments	7.600	264.041	7.600	264.041
Accrued expenses	51.600	73.100	44.100	70.100
Total	**483.857**	**914.494**	**454.983**	**905.293**

16. Rental income

The total rent revenue of the period is generated from operating leases from the investment properties of the Group. The duration of the operating leases for the Group’s investment property is at least 12 years.

Rents are adjusted annually in accordance with the lease contract terms and by the CPI increased by 0% - 3%, as well as by 3,5% (at a minimum) for the leases with Alpha Bank. The are no variable (contingent) rents as at 31st of December 2018. Rental revenue is not subject to seasonal variations.

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

	Group	
	31.12.2018	**31.12.2017**
Rental income within the following year:	8.332.819	5.100.882
Rental income within 2 to 5 years:	37.894.564	27.382.373
Rental income after 5 years and up to 2032:	25.505.525	26.480.506
Total	**71.732.908**	**58.963.761**

17. Expenses directly related to investment property

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Independent Valuator fees	108.406	28.750	108.406	28.750
Insurance expenses	29.737	52.079	25.233	49.732
Maintenance – common use expenses	34.485	52.669	34.485	52.669
Other taxes and duties	63.644	24.048	41.888	23.868
Other expenses	33.490	37.385	33.490	37.385
Real estate ownership tax (ENFIA)	429.725	323.669	417.449	317.384
Total	**699.487**	**518.599**	**660.950**	**509.787**

18. Payroll and other personnel expenses

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Payroll expense	309.127	98.292	309.127	98.292
Employer contributions	66.116	25.709	66.116	25.709
BoD remuneration	54.000	89.400	54.000	89.400
Retirement benefit obligation provision	8.425	0	8.425	0
Other expenses	0	4.879	0	4.879
Total	**437.668**	**218.280**	**437.668**	**218.280**

The Company employed 8 persons on 31.12.2018.

19. Other expenses

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Third party fees	226.686	283.478	213.736	278.785
Rent expense	5.453	17.160	5.453	17.160
Taxes – duties	120.373	75.696	119.332	75.696
Miscellaneous expenses	343.335	194.798	325.388	194.255
Total	**695.847**	**571.132**	**663.909**	**565.897**

The fees of the audit firm PriceWaterhouseCoopers, domiciled in Greece, for the services they provided to the Company and its subsidiaries BIERCO S.A. and Zekakou 18 Owner S.M.P.C. for the years 2018 and 2017, are the following:

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Statutory audit fees	36.000	33.000	30.000	30.000
Fees for other services	20.000	20.000	20.000	20.000
Total	**56.000**	**53.000**	**50.000**	**50.000**

20. Finance income / (expense)

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Interest expense from borrowing	-367.223	-379.738	-367.223	-379.738
Interest expense from other liabilities	0	-1.202	0	-1.202
Other expenses	0	-1.785	0	-1.785
Interest income from deposits	9.331	39.886	9.253	39.886
Other interest income	0	0	0	0
Income from securities	11.412	52.686	11.412	52.686
Other income	75.865	0	62.666	0
Net finance expense	**-270.615**	**-290.155**	**-283.892**	**-290.155**

21. Taxes

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 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.

In the case that the Reference Rate changes, the new tax calculation basis applies on the first day of the month following the change. The payable tax for each six-month period cannot be less than 0,375% of the average the investments, plus the reserves, in current prices, as presented in the abovementioned semi-annual investment schedules.

In case of withheld tax from dividends received, this tax is settled against the tax declared on the tax statement submitted by the REIC on July. Any credit balance is transferred for settlement in future tax statements. With the payment of this tax, the tax liability of the company and its shareholders is exhausted. For the calculation of the above tax, the real estate property held directly or indirectly by the subsidiaries of the REIC is not taken into consideration, as long as those properties are presented separately on their investment schedules.

Current tax liabilities include the short-term obligations towards the tax authorities that relate to the above tax. Management regularly evaluates its position on matters that relate to the tax authorities and, when necessary, records provisions for amounts that are expected to be paid to those authorities.

Since the tax obligation of the Company is calculated based on its investments plus its reserves and not based on its profit, no temporary tax differences emerge and therefore, there are no respective deferred tax assets or liabilities.

The tax expense for the Company and the Group for the period ended on the 31st of December 2018 includes assets tax (current tax) of € 671,9 thousand and € 736,4 thousand respectively (31.12.2017: € 712,9 thousand and € 726,6 thousand euro respectively). The Group's asset tax relates to the Company and its domestic subsidiaries BIERCO S.A. and Zekakou 18 Owner S.M.P.C., which are domiciled in Greece and are considered REICs for tax purposes.

22. Dividend per share

On the 1st of June 2018, the Annual General Meeting of the Shareholders approved the distribution of net dividend of 0,31€ per share. The distributed profit resulted from a 100% of the year 2017 realized profit (profit after tax less gains from fair value adjustments and unrealized foreign exchange differences, i.e. 2.185.046€) and from part of the realized profit of prior years that amounted to 1.066.490€. The net dividend per share calculation excluded 9.180 treasury shares.

On the 11th of April 2019, the Board of Directors decided to propose for approval by the General Meeting of the Shareholders, the distribution of earnings in the form of dividends of a total amount of 3.774.585,60€.

23. Earnings per share

The basic earnings per share (EPS) ratio 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.

For the current as well as the prior year, the basic earnings per share were equal to the diluted and their calculation is as follows:

	Group		Company	
	1.1.2018 - 31.12.2018	1.1.2017 - 31.12.2017	1.1.2018 - 31.12.2018	1.1.2017 - 31.12.2017
Profit/(loss) attributed to the shareholders of the parent	9.040.180	2.741.973	8.186.981	2.185.046
Weighted average of the number of shares	10.487.890	10.495.410	10.487.890	10.495.410
Basic earnings/(losses) per share (Euro per share)	**0,86**	**0,26**	**0,78**	**0,21**

24. Related Party Transactions

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

- AJOLICO Trading Limited, main shareholder (78,78%) 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, keeping 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., 36,51% shareholder of AJOLICO Trading Limited, 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 31,75% shareholder of AJOLICO Trading Limited.
- Helene Halikias, Chairman of the Board of Directors of the subsidiary BIERCO S.A. and member of the Board of INTERCONTINENTAL INTERNATIONAL R.E.I.C., 31,74% shareholder of AJOLICO Trading Limited.
- BIERCO S.A., a subsidiary of the Group. The Company holds the total shares of BIERCO S.A.
- Zekakou 18 Owner S.M.P.C., a subsidiary of the Group. The Company owns the entire holding of Zekakou 18 Owner S.M.P.C.

Furthermore, also considered related parties are the members of the Group's management, close relatives to those persons and companies held by them or in which the latter have a substantial influence on their management and economic policy. All transactions with related parties are made in essence in terms identical to those applicable to similar transactions with unrelated parties, including interest rates and collateral and do not involve Risk higher than normal.

The transactions of the Company and the Group with related parties for the year 2018, as well as their open balances on 31.12.2018 are as follows:

a) Income from leases and provision of services

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Subsidiary "BIERCO S.A."	0	0	12.000	5.000
Subsidiary "Zekakou 18 Owner S.M.P.C."	0	0	9.000	0
	0	0	21.000	5.000

b) Interest income from Cash and Cash Equivalents

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Republic Bank of Chicago	6.623	21.974	6.623	21.974
	6.623	**21.974**	**6.623**	**21.974**

c) BoD and key management personnel remuneration

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
BoD remuneration	-54.000	-89.400	-54.000	-89.400
Key management personnel remuneration	-303.579	-153.432	-303.579	-153.432
	-357.579	**-242.832**	**-357.579**	**-242.832**

d) Related party balances

	Group		Company	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Trade and other receivables				
Subsidiary "BIERCO S.A."	0	0	0	5.180
Other related parties	13.020	2.500	13.020	2.500
	13.020	**2.500**	**13.020**	**7.680**
Cash and cash equivalents				
Republic Bank of Chicago – Deposits in USD	762.958	12.707.816	762.958	12.707.816
	762.958	**12.707.816**	**762.958**	**12.707.816**
Trade and other payables				
Other related parties	-2.200	0	-2.200	0
	-2.200	**0**	**-2.200**	**0**

The Chairman of the Board Mr. Aristotle Halikias, Vice Chairman of the Board Ms. Patricia Halikias, as well as the Chairman of the Board of the subsidiary "Bierco S.A." and member of the Board of the Company and administrator of subsidiary "Zekakou 18 Owner S.M.P.C.", Ms. Helen Halikias, are offering their services without receiving any compensation.

25. Contingent Liabilities

Tax audit

The Company undergoes its 6^{th} 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 in progress and the related report is expected to be issued after the publication of the 2018 financial statements. Management estimates that no additional tax liabilities that may have a material effect on the financial statements will arise.

Unaudited tax years

The Company, since its incorporation in 2013 and up to this day, has not been audited by the competent tax authorities. For the years up to 2017, the Company has been tax audited by PriceWaterhouseCoopers S.A. and received unqualified auditor's opinions for the Tax Compliance Reports issued by that company, is accordance with the provisions of article 82, par. 5 of L. 2238/1994, for year 2013 and article 65A of L. 4174/2013 for years 2014 to 2017. The tax audit for the year 2018 is in progress by the same audit firm and Management estimates that no material tax liabilities will arise, apart from those already presented in the financial statements of 31.12.2018.

Litigation and Claims

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

26. Events after the reporting period

In February 2019, the Company sold two residential horizontal properties located on the ground floor (surface 191,18 sq. m.) and on the 1st floor (surface 199,25 sq. m.), of a building at the junction of Moni Asteriou & Dedalos street (Plaka district). The price amounted to €849.000, while the estimated value by independent appraisers is €850.000. They were acquired in March 2018 for €640.000.

Also in February 2019, the Company leased a self-contained, independent horizontal property-store for nine years. The property has a total surface of 218,00 sq.m. (consisting in particular of a semi-basement floor with a total area of 90,00 sq. m. and ground floor with a total area of 128,00 sq. m), which is located on 7' Spefsipou Street, Kolonaki, Athens. The monthly rent amounted to €3.100 with predetermined annual adjustments to €3.300 in the second wage year and €3.500 in the third wage year. The tenant company "H.A.T.O ESTIA DEVELOPMENTS M.P.C." will use this property as a real estate agency.

In April 2019, the company proceeded to the purchase of a self-contained professional property which has been erected on a plot with a surface of 901,58 sq.m. The existing multi-storey building (consisting of a basement, ground floor, mezzanine and a first floor) has a total structured surface of 1,693.29 sq. m. and is located within the city plan of the municipality of Pavlos Melas, on the land plot Γ46, in the area of Nea Efkarpia, Prefecture of Thessaloniki. The purchase price amounted to €1.186.000, while its estimated value from independent appraisers is €1.327.000.

On April 11, 2019, the Board of Directors decided to propose for approval by the General Meeting of the Shareholders, the distribution of profits in the form of a dividend totaling €3.774.585,60 plus additional remuneration from the profits to the members of Board of Directors amounting to €54.000.

Athens, April 11, 2019

	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. AN 139944**