BIERCO S.A.

- **Annual Board of Directors' management report**
- **Financial Statements for the year ended on the 31st of December 2018 in accordance with the International Financial Reporting Standards (IFRS)**

General Commercial Registry No.: 138830501000
Vas. Georgiou B', 10674, Athens

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Management report of the Board of Directors for the year ended on the 31st of December 2018

Dear Shareholders,

We present to you the Company information regarding its activities for the year ended on the 31st of December 2018.

ECONOMIC POSITION OF THE COMPANY

The company's financial position for 2018 remained stable as there were no significant developments. The company continues the long-term lease of its property in Ierapetra to the company Greek Hypermarkets Sklavenitis S.A., which generated a revenue of **222 thousand euro** for the year 2018. In addition, on 31.12.2018 the property was valued by certified valuators at **2.800 thousand euro** (2.710 thousand on 31.12.2017) and as a result the company recorded a profit from its revaluation at a fair value of **90 thousand euro**.

NET RESULTS FOR THE YEAR

The results for the year ended on 31.12.2018 are as follows:

	1.1.2018 - 31.12.2018
Rental Income	222.000
Net result from fair value adjustments of investment property	90.000
Expenses directly related to investment property	-14.711
Other income	437
Gross profit	**297.726**
Other expense	-21.446
Operating profit	**276.280**
Finance income	3.175
Finance expense	-
Profit before tax	**279.455**
Tax expense	-23.775
Profit after tax	**255.700**

Basic Ratios

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

Net Operating Margin	$\frac{\text{Operating Profit}}{\text{Rental Income}}$	X 100

Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Debt to Assets	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$

	31/12/2018	31/12/2017
Performance Ratios		
Net Operating Margin	1,24	1,53
Liquidity Ratios		
Current Ratio	21,16	11,23
Gearing Ratios		
Debt to Assets	1,68%	2,08%

FINANCIAL RISK FACTORS

Foreign exchange risk

The Company operates in Greece and does not have foreign currency. As such, it is not exposed to exchange rate risks from various currencies. As a standard tactic, the Company does not buy foreign currencies and does not enter into foreign exchange contracts with external counterparties.

Credit risk

The Company, apart from its cash equivalents which are deposited in a domestic bank, does not have any other assets that are subject to credit risk on 31.12.2018, as all the Company's trade receivables had been collected. The company does not expect any losses related to its cash equivalents.

Regarding the credit risk in relation to the rents of the Company, the Company leases its property to a large group and estimates that the credit risk for the collection of these rents is not significant.

Price risk

The Company does not hold any financial assets at fair value through profit or loss or through other comprehensive income, so it is not exposed to price risks from them. The Company leases its property and is therefore subject to a risk of change in the price of rents. The Company's Management however, looking at the situation in the real estate market, estimates that the risk in the immediate future is not significant.

Liquidity risk

The Company has sufficient reserves to cover its short-term liabilities. In addition, the Company estimates that the rents it receives from the future lease of the property will be sufficient to cover future operating expenses and its short-term liabilities.

ENVIRONMENTAL MATTERS

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

- Continuous development of the investment property of the Company, with the aim to improve their energy and environmental performance.
- Preference of suppliers and associates that follow environmentally friendly practices.

EMPLOYMENT MATTERS

The Company, both in year 2018 and 2017, did not employ any personnel. If recruitment is deemed necessary in the future, the personnel will be chosen on the basis of equal opportunities. Future candidates will be evaluated solely on the basis of their skills and experience, regardless of gender, age or other characteristics.

BRANCHES

The Company does not have any branches as at 31.12.2018.

EVENTS AFTER THE REPORTING PERIOD

The Board of Directors decided to propose for approval by the General Assembly of the Shareholders, the distribution of earnings in the form of dividends amounting to 53.114,39 € plus remuneration to members of the Board of 64.000 €.

PROSPECTS

The Company estimates that its participation in the Group of "Intercontinental International" as well as the lease agreement with "Greek Hypermarkets Sklavenitis S.A." sets the foundations for a solid growth and expects a stable profitability for the following years.

Athens, 7th of June 2019

The undersigned

The Chairman of the Board	The Managing Director	The Finance Director
Helen Halikias	**Marios Apostolinas**	**Gerasimos Robotis**
ID No. AE 783895	**ID No. AN024492**	**ID No. AN 139944**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "BIERCO S.A."

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of BIERCO S.A. (hereafter "Company") which comprise the statement of financial position as of 31 December 2018, the statements of comprehensive income, changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2018, its financial performance and its 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 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 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, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, and the requirements of the IESBA Code.

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information is 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 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Board of Directors Report, we considered whether the Board of Directors Report includes the disclosures required by Codified Law 2190/1920.

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 financial statements,
- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a of the Codified Law 2190/1920.

In addition, in light of the knowledge and understanding of the Company and its 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. We have nothing to report in this respect.

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

The Board of Directors is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 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 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

With respect to the Board of Directors Report, the procedures we performed are described in the "Other Information" section of our report.

Athens, 7th of June 2019
The Certified Auditor Accountant

PricewaterhouseCoopers
Auditing Company S.A.
268 Kifissias Avenue
Halandri 153 32
Athens, Greece
SOEL Reg No 113

Dimitris Sourbis
SOEL Reg No 16891

STATEMENT OF FINANCIAL POSITION

	Note	31.12.2018	31.12.2017
ASSETS			
Non-current Assets			
Investment property	**5**	2.800.000	2.710.000
		2.800.000	**2.710.000**
Current Assets			
Cash and cash equivalents	**6**	439.040	281.073
		439.040	**281.073**
TOTAL ASSETS		**3.239.040**	**2.991.073**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**7**	1.900.000	1.900.000
Statutory reserves		12.785	-
Retained earnings		1.271.680	1.028.765
Total Equity		**3.184.465**	**2.928.765**
LIABILITIES			
Non-current liabilities			
Guarantees	**9**	33.825	37.269
		33.825	**37.269**
Current Assets			
Trade and other payables	**8**	8.640	14.380
Current tax liabilities		12.110	10.659
		20.750	**25.039**
Total Liabilities		**54.575**	**62.308**
TOTAL EQUITY AND LIABILITIES		**3.239.040**	**2.991.073**

The notes on pages 13 to 28 form an integral part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

	Note	1.1.2018 - 31.12.2018	1.1.2017 - 31.12.2017
Rental Income	**10**	222.000	210.556
Net result from fair value adjustments of investment property	**5**	90.000	170.000
Expenses directly related to investment property	**11**	-14.711	-9.027
Other income		437	-
Gross profit		**297.726**	**371.529**
Other expense	**12**	-21.446	-49.544
Operating profit		**276.280**	**321.985**
Finance income		3.175	-
Profit before tax		**279.455**	**321.985**
Tax expense	**13**	-23.755	245.340
Profit after tax		**255.700**	**567.325**
Total comprehensive income for the year		**255.700**	**567.325**

The notes on pages 13 to 28 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Retained Earnings	Statutory Reserves	Total
Balance on January 1st, 2017	1.900.000	461.440	-	2.361.440
Profit after Tax for the year	-	567.325	-	567.325
Total comprehensive income for the year	1.900.000	1.028.765	-	2.928.765
Balance on December 31st, 2017	**1.900.000**	**1.028.765**	**-**	**2.928.765**

	Share Capital	Retained Earnings	Statutory Reserves	Total
Balance on January 1st, 2018	1.900.000	1.028.765	-	2.928.765
Profit after Tax for the year	-	255.700	-	255.700
Total comprehensive income for the year	1.900.000	1.284.465	-	3.184.465
Formation of Statutory Reserve	-	-12.785	12.785	-
Balance on December 31st, 2018	**1.900.000**	**1.271.680**	**12.785**	**3.184.465**

The notes on pages 13 to 28 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

Cash flows from operating activities	Note	1.1.2018 - 31.12.2018	1.1.2017 - 31.12.2017
Profit before tax		279.455	321.985
Plus (less) Adjustments for:			
Interest income		-3.175	-
(Increase)/decrease in the fair value of investment property	**5**	-90.000	-170.000
Changes in working capital			
Decrease/ (increase) of receivables		-	26.870
(Decrease)/ increase of payables (except for borrowing)		-6.009	-12.878
Cash flows from operating activities		**180.271**	**165.977**
Tax paid		-22.304	-3.081
Net cash flows from operating activities (a)		**157.967**	**162.896**
Cash flows from investing activities			
Net cash flows from investing activities (b)		**-**	**-**
Cash flows from financing activities			
Net cash flows from financing activities (c)		**-**	**-**
Net increase/ (decrease) in cash and cash equivalents for the period (a)+(b)+(c)		**157.967**	**162.896**
Cash and cash equivalents at the beginning of the period		281.073	118.177
Effect of foreign exchange differences on cash and cash equivalents			
Cash and cash equivalents at the end of the period		**439.040**	**281.073**

The notes on pages 13 to 28 form an integral part of these financial statements

Notes to the financial statements

1. General Information

BIERCO S.A. (henceforth "the Company"), was established as a limited company in 2016 and is registered in the General Commercial Registry with the number 138830501000. The Company is domiciled in Greece, Vas. Georgiou B' 12, 10674, Athens. On 31.12.2018, the main business activity of the Company is the development, utilization and management of real estate.

The company "Intercontinental International R.E.I.C." (Parent of the Company), domiciled in Athens, owns a 100% of the Company's shares since 04.05.2017, and as such, the financial statements of the Company are included in the consolidated financial statements of the Parent.

The 31st of December 2018 financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

These financial statements have been approved by the Board of Directors of the Company on the 7th of June 2019 and are subject to the approval by the Annual General Assembly of the Shareholders.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation of the Financial Statements

Theses financial statements have been prepared by the Management in accordance with the International Financial Reporting Standards (IFRS), and the IFRIC interpretations, as adopted by the European Union with a first-time adoption date on the 1st of January 2017. The financial statements present the Company's financial position, performance and cash flows under the going concern assumption, after taking into account various macroeconomic and microeconomic factors and their impact on the Company's business activities. Based on the above, the Management has concluded that a) the going concern assumption is appropriate and b) the total assets and liabilities are appropriately presented in accordance with the accounting policies of the Company.

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 1.1.2018. The Company's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial year

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.

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 1st, 2018, the Company 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 Company.

In accordance with the transitional provisions of IFRS 9, the Company 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 financial statements of the Company.

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 recognizes 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 Company, as the Company's revenue consists of lease income.

Standards and Interpretations effective in 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 recognize 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 Company is not expected to be significant.

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

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.

2.3 Going Concern

These financial statements have been prepared under the going concern assumption, as the Company's Management has evaluated the facts that the Company has maintained its profitability from the previous years, has cash reserves and income that are sufficient to cover its short-term liabilities and working capital requirements, and has entered into a long-term lease agreement for its real estate investment property.

2.4 Foreign currencies

(a) Functional currency and Presentation currency

Items in the financial statements of the Company are denominated in the currency of its primary economic environment (functional currency). The financial statements are presented in Euro, which is both the functional and the presentation currency of the Company.

(b) Transactions and balances

Transactions in foreign currencies are converted in the Company's functional currency according to the foreign exchange rate that are applicable at the transaction dates. The foreign exchange differences (gains or losses) that occur from the settlement of the foreign exchange transactions, as well as the from the conversion of the cash balances in foreign currency to the functional currency using the exchange rates applicable at the financial statements date, are recorded in the statement of comprehensive income.

2.5 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.

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.

When the use of an investment property is subject to change, indicating a sale without re-utilization, the property is classified as non-current asset held for sale as long as it meets the criteria of IFRS 5. The cost of the property for the purpose of its subsequent accounting treatment is its fair value at the date of the reclassification.

2.6 Financial Assets - Changes in significant accounting policies from the adoption of IFRS 9

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 amortized 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:

<u>Financial assets measured at amortized cost.</u>

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 the financial assets of the Company.

The financial assets classified in this category 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 recognized at fair value and subsequently measured at

amortized cost using the effective interest method, less any impairment. On 31.12.2018, the Company did not have any trade receivables.

Financial assets measured at fair value through other comprehensive income

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.

On 31.12.2018, the Company did not hold any financial assets under this classification.

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.

On 31.12.2018, the Company did not hold any financial assets under this classification.

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 Company 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.

Trade and other receivables

The Company 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 Company 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.

No expected credit losses are estimated for the year 2018, due to the Company having collected all its trade and other receivables on 31.12.2018.

Other financial assets measured at amortized cost

For the other financial assets of the Company 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.

<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.

2.7 Offsetting of financial assets

Financial assets and liabilities may be offset against each other and the net amount be presented on the statement of financial position, when there is a legal exercisable right to do so and there is the will to settle the amounts on a clear basis or the recovery of the asset and the settlement of the liability take place simultaneously. The legal right to settle must not be dependent on future events and must be exercised within the usual activities of the Company, as well as in in cases of default, insolvency or bankruptcy of the Company or the counterparty.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful economic life are not being depreciated or amortized, but instead are subject to impairment test annually and any tome events may indicate that their accounting value may not be recoverable. The recoverable value is the greater between the net realizable value of the asset (reduced by the cost of the sale) and its value-in-use. For impairment purposes, the assets are grouped by the lowest possible level for which cash flows may be separately determined. The impairment losses are recorded as expenses in the statement of comprehensive income in the year that they occur.

2.9 Cash and cash equivalents

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

2.10 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.

2.11 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.

2.12 Guarantees

The Company receives advance payments from tenants as a guarantee under operating leases. These guarantees are financial liabilities under IFRS 9 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 Company 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.

2.13 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 subsidiary, 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.

2.14 Revenue recognition

Revenue from operating leases is recognized in the results of the period, using the straight-line method, for the duration of the lease. When the Company provides incentives to its customers, the cost of those incentives is recognized during the duration of the lease, using the straight-line method, decreasing the revenue from the operating leases. Variable (contingent) rents, such as those based on revenue, are recorded as income in the periods that they occur. Both in the current year and in the prior year, the Company did not earn any contingent revenue.

2.15 Leases

a) Cases where the Company is the lessee:

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

(ii) Finance Lease – So far, the Company has not entered into any finance lease as a lessee.

b) Cases where the Company is the lessor:

(i) Operating lease – The Company rents its owned real estate property under operating lease. When property has been rented under operating lease, it is classified as investment property in the statement of financial position. 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 – So far, the Company has not entered into any finance lease as a lessor.

2.16 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.

3. Financial risk management

Financial risk factors

The Company is exposed in various financial risks, such as, market risk (cash flow risk from changes in interest rates), credit risk and liquidity risk. The financial risks are related to the following financial assets: Trade and Other Receivables, Cash and Cash Equivalents, Trade and Other Payables.

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.

Foreign Exchange Risk

The Company operates in Greece and does not have foreign currency. As such, it is not exposed to exchange rate risks from various currencies. As a standard tactic, the Company does not buy foreign currencies and does not enter into foreign exchange contracts with external counterparties.

Credit Risk

The Company, apart from its cash equivalents which are deposited in a domestic bank, does not have any other assets that are subject to credit risk on 31.12.2018, as all the Company's trade receivables had been collected. The company does not expect any losses related to its cash equivalents.

Regarding the credit risk in relation to the rents of the Company, the Company leases its property to a large group and estimates that the credit risk for the collection of these rents is not significant.

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

Credit Rating	**Cash Reserves**	
(Amounts in thousands of €)	**2018**	**2017**
Aaa	-	-
Caa1	-	-
Caa2	438.620	280.703
Caa3	-	-
Not Rated	420	370

Price Risk

The Company does not hold any financial assets at fair value through profit or loss or through other comprehensive income, so it is not exposed to price risks from them. The Company leases its property and is therefore subject to a risk of change in the price of rents. The Company's Management however, looking at the situation in the real estate market, estimates that the risk in the immediate future is not significant.

Liquidity Risk

The Company has sufficient reserves to cover its short-term liabilities. In addition, the Company estimates that the rents it receives from the future lease of the property will be sufficient to cover future operating expenses and its short-term liabilities.

The tables below present an analysis of the maturities of the financial assets and liabilities:

2018

	Up to 1 year	1 to 2 years	2 to 5 years	Longer than 5 years
Financial Assets				
Cash and cash equivalents	439.040	-	-	-
Total	**439.040**	**-**	**-**	**-**
Financial Liabilities				
Guarantees	-	-	-	33.825
Trade and other payables	8.640	-	-	-
Current tax liabilities	12.110	-	-	-
Total	**20.750**	**-**	**-**	**33.825**

2017

	Up to 1 year	1 to 2 years	2 to 5 years	Longer than 5 years
Financial Assets				
Cash and cash equivalents	281.073	-	-	-
Total	**281.073**	**-**	**-**	**-**
Financial Liabilities				
Guarantees	-	-	-	37.269
Trade and other payables	14.380	-	-	-
Current tax liabilities	10.659	-	-	-
Total	**25.039**	**-**	**-**	**37.269**

4. Significant Management accounting estimates and assumptions

The Management's estimates and assumptions are constantly re-evaluated and are based on historical information and on expectations for future events that are considered reasonable under the circumstances.

The Company makes estimates and assumptions in relation to future events. The estimates and assumptions that have a higher risk to cause material adjustments in the accounting values of the assets and liabilities for the following 12 months relate to the following:

Estimation of investment property fair value

The most suitable indication of fair value are the market prices that apply in an active market for similar leases and other contracts. If such information is unavailable, the Company determines the fair value using a broad range of accounting estimates for the fair value. In order to reach such decision, the Company considers data from various sources, which include the following:

i(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.

Disclosures regarding the estimation of the fair value of the real estate investment property is thoroughly presented in Note 5.

5. Investment Property

	31.12.2018	**31.12.2017**
Opening Balance	**2.710.000**	**2.540.000**
Net gain from fair value adjustment of investment property	90.000	170.000
Closing Balance	**2.800.000**	**2.710.000**

The Company leases its real estate in Ierapetra to the company Greek Hypermarkets Sklavenitis S.A.

The Company revaluated its real estate property to its fair value on 31.12.2018, according to IAS 40. The valuation was performed by certified valuators and resulted in a net gain from the revaluation to fair value of 90.000€.

The valuation of the investment property is performed by certified valuators using the discounted cash flow method (DCF), which is based on estimations of future cash flows according to the terms of the active lease agreements and other contracts, as well as (where possible), on external data such as, current rent levels of similar real estate in the same location and condition, using discount rates that are connected to the industry of each tenant as well as the current evaluation of the market regarding the uncertainty of the magnitude

and timing of those cash flows. In addition, in combination with the DCF, the comparative method is used based on comparative indications of the market, which have been adjusted appropriately in order to reflect the condition and the circumstances regarding the particular real estate.

The yield of the real estate property with which the annual income was capitalized was 8,5% for 2018, while the discount rate used on the future cash flows was 10%.

The fair value estimation of the real estate property is classified as level 3.

6. Cash and cash equivalents

	31.12.2018	31.12.2017
Cash on hand	420	370
Sight deposits in €	438.620	280.703
Total	**439.040**	**281.073**

7. Share capital

The share capital of the Company on 31.12.2018 and 31.12.2017 was 1.900.000€, fully paid in cash and divided in 19.000 registered shares with a nominal value of 100€ each.

8. Trade and other payables

	31.12.2018	31.12.2017
Taxes and duties	4.392	5.160
Other liabilities	1.248	6.220
Accrued expenses	3.000	3.000
Total	**8.640**	**14.380**

The accrued expenses relate to statutory audit fees of the audit company PriceWaterhouseCoopers S.A. for the year ended on 31.12.2018.

9. Guarantees

On 31.12.2018, the Company had received the total amount of **33.825€** as long-term rent guarantees for the real estate property it leases (31.12.2017: 37.269€).

10. Rental income

The total rental income of the year is generated from the operating lease of the real estate investment property of the Company. The rent of the real estate property of the Company is annual adjusted by the CPI. The Company did not earn any variable rents during the year.

The minimum non-cancellable future rental income from the lease of the Company's investment property, including the contractual rent adjustments are as follows:

	31.12.2018	31.12.2017
Rental income within the following year:	223.332	222.000
Rental income within 2 to 5 years:	931.945	916.367
Rental income after 5 years and up to 2026:	511.016	749.926
	1.666.293	**1.888.293**

11. Expenses directly related to investment property

	31.12.2018	31.12.2017
Insurance expenses	2.002	2.347
Other taxes and duties	432	395
Real estate ownership tax (ENFIA)	12.277	6.285
Total	**14.711**	**9.027**

12. Other expenses

	31.12.2018	31.12.2017
Third party fees	6.850	42.861
Rent expense	12.000	5.100
Taxes – duties	1.000	0
Miscellaneous expenses	1.596	1.582
Total	**21.446**	**49.544**

13. Taxes

As a Real Estate Investment Company subsidiary after its acquisition, the Company is taxed in accordance with article 31 of L. 2778/1999. According to the article, 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. As a result, the deferred tax liability that was recorded in 2016, has been reversed in 2017.

14. Tax Compliance Report and unaudited tax years

Since the year ended on the 31st of December of 2011, according to L. 4174/2013 (article 65A), as applicable (and as defined by article 82 of L. 2238/1994), Greek limited companies whose financial statements have statutory audit requirements, were required to receive a "Tax Compliance Certificate" for the years ending before the 1st of January 2016. The certificate is issued after the completion of the tax audit by the statutory auditor or audit firm that audits the annual financial statements of the Company.

For the years starting after the 1st of January 2016, the "Tax Compliance Certificate" is optional and the Company has opted out for the years ended up to 31.12.2018. The Company has not been audited by the tax authorities for the years ended on 31.12.2016, 31.12.2017 and 31.12.2018. For the unaudited tax years, there is the possibility of added imposed taxes and surcharges, for the year that they are identified and finalized. The Management estimates that any additional taxes that might be imposed will not have a material impact on the financial statements of the Company.

15. Commitments

Operating lease obligations

The Company leases its headquarters from the parent company Intercontinental International REIC under an operating lease. The minimum future lease payments according to the lease agreement are as follows:

	31.12.2018	**31.12.2017**
Rental income within the following year:	12.000	12.000
Rental income within 2 to 5 years:	48.000	48.000
Rental income after 5 years and up to 2026:	29.000	41.000
	89.000	**101.000**

16. Related Party balances and transactions

The following table presents the balances and transactions of the Company with related parties:

Payables to related parties	**31.12.2018**	**31.12.2017**
Payables to the Parent	-	5.180
Payables to other related parties	1.248	-

Related party transactions	**31.12.2018**	**31.12.2017**
Service purchases from the Parent	12.000	5.000
Service purchases from other related parties	-	37.000

17. Events after the reporting period

The Board of Directors decided to propose for approval by the General Assembly of the Shareholders, the distribution of earnings in the form of dividends amounting to 53.114,39 € plus remuneration to members of the Board of 64.000 €.

Athens, 7th of June 2019

The undersigned

The Chairman of the Board	**The Managing Director**	**The Finance Director**
Helen Halikias	**Marios Apostolinas**	**Gerasimos Robotis**
ID No. AE 783895	**ID No. AN024492**	**ID No. AN 139944**