



**INTERCONTINENTAL INTERNATIONAL
REAL ESTATE INVESTMENT COMPANY**

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

FINANCIAL REPORT
For the six-month period ended on June 30, 2017

In accordance with article 5 of L. 3556/30.04.2007

September 2017

TABLE OF CONTENTS

	Page
Statement of the Board of Directors of the Company	3
Board of Directors' report for the six-month period ended on 30.6.2017	4
Report on the application of Share Capital Increase Proceeds	11
Independent Auditor's Report	12

CONDENSED INTERIM CONSOLIDATED AND COMPANY FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED ON 30.06.2017

Consolidated and Company Statement of Financial Position	15
Consolidated and Company Statement of Comprehensive Income	16
Consolidated Statement of Changes in Equity	17
Company Statement of Changes in Equity	18
Consolidated and Company Statement of Cash Flows	19

NOTES TO THE CONDENSED INTERIM CONSOLIDATED AND COMPANY FINANCIAL INFORMATION

1. General information	20
2. Summary of significant accounting policies	20
3. Financial risk management	23
4. Operating segments	25
5. Investment property	26
6. Investments in subsidiaries	28
7. Trade and other receivables	28
8. Financial assets available for sale	29
9. Cash and cash equivalents	29
10. Share capital	29
11. Borrowing	30
12. Guarantees	30
13. Trade and other payables	31
14. Rental income	31
15. Taxes	31
16. Earnings per share	32
17. Related party transactions	32
18. Contingent liabilities	33
19. Events after the reporting period	34

Statement of the Board of Directors of the Company

(according to article 5, par.2 of L. 3556/2007)

We declare that, to the best of our knowledge, that the Condensed Interim Consolidated and Company Financial Statements for the six-month period ended on the 30th of June 2017, were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, and present a true and fair record of the Assets, Liabilities, Equity and Financial Results of the Company “Intercontinental International R.E.I.C.”, as well as of the companies included in the consolidation in aggregate, in accordance with paragraphs 3 to 5 of article 5 of L. 3556/2007.

We also declare that, to our knowledge, the six-month Report of the Board of Directors, truthfully presents the development, performance and financial position of the company “Intercontinental International R.E.I.C.” and of the Group, including a description of the most significant risks and uncertainties they face, as required by paragraph 6 of article 5 of L. 3556/2007.

Athens, 28th of September 2017

The undersigned

The Chairman of the Board

The Managing Director

**Executive member of the
Board**

**Aristotle Halikias
ID No. AE 783893**

**Marios Apostolinas
ID No. AN024492**

**Patricia Halikias
ID No. AE 783894**

Six-month Report of the Board of Directors on the consolidated and company financial statements for the period ended on the 30th of June, 2017 (in accordance with article 5, par. 6 of L. 3556/2007)

Ladies and Gentlemen, dear Shareholders,

In accordance with the provisions of L. 3556/2007 and the decisions of the Hellenic Capital Market Commission number 1/434/3.7.2007 and 8/754/14.4.2016, we present to you the six-month Report of the Board of Directors of “Intercontinental International R.E.I.C.” (“the Company”) for the condensed interim consolidated and company financial information for the period ended on the 30th of June, 2017.

Financial Position of the Group

The Group continued to realize its Investment Plan throughout the first half of 2017, evaluating various investment opportunities and acquiring five new real estate investment properties, as well as the total shares of the limited company “BIERCO S.A”, which as of 4.5.2017 belongs to the Group. On 30.6.2017, the Group owns 26 real estate investment properties in total.

The fair values of the Group’s investment properties, as determined by Independent Valuator, further increased during the first half of 2017, with their total fair value reaching **73.650 thousand euro** (December 31, 2016: 63.150 thousand).

The Group’s total rental revenue, compared to the first half of 2016, was increased by **21,5%**, while operating profit increased by **43%**. The Group’s financial results are evidence of its momentum and confirm the effectiveness of its Investment Plan. The Group maintains a high collectability over the rents and a lack of any material doubtful accounts, a fact that characterizes the quality of its profits as high.

In more detail:

Revenue:

The Group’s rental income for the first half of 2017 was **2.739 thousand euro** compared to 2.244,7 thousand for the respective 2016 period. This increase is mostly due to new investments made between those periods, as well as the contractual adjustments of the monthly rents.

The Group’s gains from the adjustment of its investment property in fair value were **516,8 thousand euro** (1st half of 2016: 81,6 thousand).

Operating Expenses

The Group’s expenses that are directly attributed to its investment property, amounted, for the first half of 2017, at **498,6 thousand euro** (1st half of 2016: 327,8 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 increase of these expenses in comparison to the respective period of 2016 is to be expected, as the number of the Group’s real estate investment property has increased significantly in relation to the previous period (26 real estates on 30.6.2017, compared to 17 on 30.06.2016) and this results in higher maintenance cost and higher real estate consultation services as well as higher real estate ownership tax.

The Group's other operating expenses were **379,5 thousand euro** (1st half of 2016: 217,9 thousand).

Operating Profit – Profit before Tax:

The Group's **Operating Profit** for the first half of 2017 was **2.632,1 thousand euro**, i.e. **96,1%** of its total rental income, including the gains from the fair value adjustments of its investment property (1st half of 2016: 1.840,8 thousand, i.e. 82% of rental income).

The Group's **Profit before Tax** for the period was **1.078,4 thousand euro**, i.e. 39,4% of its total rental income, including a loss from foreign exchange differences of **1.423,8 thousand euro** and finance cost of **129,9 thousand euro** (1st half of 2016: 1.259,9 thousand euro, i.e. 55,8% of total rental income, including a loss from foreign exchange differences of 401,7 thousand euro and finance cost of 186,2 thousand euro). It is noted that the Group's Profit before Tax for the period also includes a gain of 254 thousand euro, which is the difference between the compensation paid for the acquisition of BIERCO S.A. and its fair value at the date of the acquisition.

Taxes – Profit after Tax:

The Group's tax expense for the first half of 2017 was **362,5 thousand euro**, which resulted in a Profit after Tax of **716 thousand euro** (1st half of 2016: 324,8 thousand, and a Profit after Tax of 928,1 thousand).

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 Company is measured using the following ratios, as described below:

Net Operating Margin	$\frac{\text{Operating Profit}}{\text{Rental Income}} \times 100$
Net Asset Value per Share (N.A.V.)	$\frac{\text{Equity}}{\text{Total Number of Shares}}$
Funds From Operations – FFO	Profit after Tax excluding the effect of depreciation and amortization, net finance cost, foreign exchange gain or loss, gains/losses from fair value adjustments of investment property, gain from the acquisition of subsidiaries and adding the increase of payables (excluding borrowing) and less any interest paid and the increase of trade and other receivables.
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt to Assets Ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Loan to Value	$\frac{\text{Total Borrowing}}{\text{Investment Property}}$

Performance Ratios	Group		Company	
	30/06/17	30/06/16	30/06/17	30/06/16
Net Operating Margin	0,96	0,82	0,87	0,82
FFO	1.984.802,25	1.414.197,00	1.676.088,10	1.414.197,00
Net Asset Value per Share (N.A.V.)	30/06/17	31/12/16	30/06/17	31/12/16
	6,23	6,44	6,21	6,44
Liquidity Ratios	30/06/17	31/12/16	30/06/17	31/12/16
	10,02	19,02	10,09	19,02
Gearing Ratios	30/06/17	31/12/16	30/06/17	31/12/16
	32,28%	31,46%	32,32%	31,46%
Debt to Assets Ratio	32,28%	31,46%	32,32%	31,46%
Loan to Value - LTV	40,22%	47,73%	41,65%	47,73%

Significant events during the first half of 2017

On 4.5.2017 the Company acquired the total shares of the limited company BIERCO S.A. BIERCO S.A. has as its sole company objective, the earning of rent revenue from real estate properties and, as at 30.06.2017, owns a real estate investment property consisting of a ground floor retail shop with a basement and a loft, a total building area of 1.661,97 sq.m., in the Municipality of Ierapetra, Crete. The property is leased to the company "I & S Sklavenitis S.A." and its estimated fair value on 30.06.2017 was **2.530 thousand euro**.

In addition, during the first half of 2017, the Group acquired the following real estate investment properties:

- A ground floor retail shop with a basement and a total building area 1.387,14 sq.m. in Aigio, for the price of 400 thousand euro. The property is leased to the electric appliances chain "Dixons South-East Europe S.A." and its fair value on 30.06.2017 was estimated at 500 thousand euro.
- A ground floor retail shop with a basement and a storage room and a total building area of 566,8 sq.m. in the Municipality of Kallithea, for the price of 800 thousand euro. The property is leased to Vodafone and its fair value on 30.06.2017 was estimated at 1.040 thousand euro.
- A five-story building with a mezzanine floor and 2 underground parking lots in Vouliagmenis Avenue in Athens, for the price of 1.741 thousand euro. The ground floor and the mezzanine is used as a retail shop, while the other floors as offices. The building has a total area of 2.574,81 sq.m., is leased to the company ELTA Courier and its fair value on 30.06.2017 was estimated at 1.950 thousand euro.
- A ground floor retail shop with 2 basements and a mezzanine of a total area of 1.878,8 sq.m. in Athens, for a total price of 900 thousand euro. The building is leased to the super market chain "Market In S.A." and its fair value on 30.06.2017 was estimated at 1.090 thousand euro.
- A corner luxury building of offices and retail stores, with a retail ground floor and offices on the 1st and 2nd floor, in Vouliagmenis Avenue in Glyfada, for the price of 3.412 thousand euro. The building has a total area of 2.729,24 sq.m., it has a modern architecture and was erected on 2005, with high standards and quality materials, over a land plot area of 1.227 sq.m. A major part of the building has been

recently upgraded and is equipped with modern office systems. The property is fully leased to companies “Hempel Hellas S.A.” and “Salt Water S.A.” The fair value of the building on 30.06.2017 was estimated at 3.580 thousand euro.

Prospects for the 2nd half of 2017

During the first half of 2017, a trend towards the restoration of the investment climate in the Greek business real estate property market has been identified. The yields of “prime” real estate properties are slowly but steadily declining. Furthermore, the disposition of the users of high quality business space – on main commercial streets – appears to be improved to a certain degree. The market state was supported by the completion of the second review of the Financial Adjustment Program, the improved domestic macroeconomic indices, the slight credit rating upgrade from the international rating houses and the decrease in the yields of government bonds.

It appears that tourism will record one of the strongest performances over the last years, acting as a catalyst; however, this by itself is not adequate given the fragile state of Greece. Investments in infrastructure and the positive outcome of the third review are prerequisites for securing economic stability.

The Group’s existing real estate portfolio is generating a fairly stable revenue. The Group’s new acquisitions near the end of 2016 and during 2017, will slightly increase rental income in comparison to the previous year.

The Group continues to keep operating costs low and at the same time invests according to its values and standards. Opportunities are assessed for optimum use of the Group’s funds with high dividend returns as a guideline.

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 Company.

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. Given that over 70% of the income of the Group derives from the lease agreements with Alpha Bank, which are linked to the repayment of the bond loan held by the same institution, no significant losses from doubtful accounts are expected.

The related entity, Republic Bank of Chicago, in which the Group keeps the majority of its cash reserves, has a capital adequacy Tier 1 ratio of 11,78% and is included in the FDIC list of preferred contractors. As a result, the Company does not expect any losses on its deposits.

Market Risk

i) Foreign Exchange Risk

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

ii) Price Risk

Changes in real estate prices have an effect on the statement of comprehensive income and the statement of financial position (profitability and assets). The Group tries to enter in long-term lease agreements with quality tenants. At the current stage, the Group minimizes the above risk by having secured lease agreements with its prime tenant (Alpha Bank), that cannot legally be terminated by the tenant until the year 2027. From this particular tenant, which as a banking institution is subject to the uncertainties that derive from the current economic conditions, over 70% of the total annualized rent income of the Group is generated. During the reporting period, the Group recorded a gain from the fair value adjustments of its Investment Property.

iii) Cash flow risk

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

iv) Interest rate risk

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

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 Group 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 Group employs competent personnel that monitors the developments in the legislation and the regulatory framework, and ensures the Group's compliance towards them.

External factors and international investments

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

Branches

The Group's companies do not have any branches as at 30.06.2017.

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 (78,6%) 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.

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

The related party transactions of the Company and the Group during the first half of 2017, as well as their open balances on 30.06.2017 are as follows:

Balances and transactions with REPUBLIC BANK of CHICAGO

	<u>Group 30/6/2017</u>	<u>Company 30/6/2017</u>
Sight Deposits in USD	13.718.415	13.718.415
	<u>30/6/2017</u>	<u>30/6/2017</u>
Interest income for the period	11.982	11.982

Members of the Board and other key management personnel

	<u>30/6/2017</u>	<u>30/6/2017</u>
Payables	36.225	37.820
Receivables	4.095	2.500
	<u>30/6/2017</u>	<u>30/6/2017</u>
BoD remuneration	13.200	13.200
Key management personnel remuneration	117.695	117.695

Events after the reporting period

In September of 2017, the Group completed the acquisition of a new real estate property in Volos in Magnisia prefecture. It is an independent building of retail shops and offices, consisting of a ground floor, a mezzanine and four more floors, built on a land plot at the junction of Eleftheriou Venizelou 18 and Ermou Str.

The property has been leased to the company “B&F S.A.” which owns the “BSB” and “Lynne” brands. The lease duration is 20 years, the tenant has waived its right to legally terminate the lease agreement for 15 years and has prepaid the rent for the first year. The annual “net”, i.e. after the annual real estate ownership tax and the insurance cost, rent yield of the investment is 8%.

Distribution of earnings

During the first half of 2017 the Group has paid a dividend for the 2016 year, as decided on the annual General Meeting of the Shareholders on the 7th of April 2017. Specifically, the Group paid a total **2.940 thousand euro** in dividend, which corresponds to a 0,28€ dividend per share. Distributed earnings derived from the total realized profit of 2016 (Profit after Tax less net gains from fair value adjustments and unrealized foreign exchange differences, i.e. 2.865.601,69€) and from a part of the realized profit from previous periods of 74.398,31€.

REPORT ON THE APPLICATION OF SHARE CAPITAL INCREASE PROCEEDS

INTERCONTINENTAL INTERNATIONAL R.E.I.C.

HCMC LICENSE NO.: 5/604/6.12.2011

G.E.MI NO: 120108101000

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

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

TABLE OF APPLICATION OF THE SHARE CAPITAL INCREASE PROCEEDS (Amounts in Euro)			
Description of the use of proceeds	Total Proceeds	Applied up to 30/06/2017	Remaining Proceeds on 30/06/2017
1. Investments in accordance with the provisions of L. 2778/1999.	13.955.829,73	0,00	13.955.829,73
2. Expenses of the issuance and the admission to Athens Exchange	534.170,27	534.170,27	0
Totals	14.490.000,00	534.170,27	13.955.829,73

Note 1: The Company is planning to utilize the proceeds from the share capital increase to perform investments in accordance with the REIC Law.

Note 2: The remaining proceeds on 30.06.2017 are placed in short-term bank deposits and are included in "Cash and Cash Equivalents" on the Company's Statement of Financial Position.

Note 3: The Company's investments during the six-month period ended on the 30th June to 2017 have been financed by the cash reserves that the Company owned before the above Share Capital Increase of 12.7.2016.

Athens, 28th of September 2017

The undersigned

The Chairman

The Managing Director

The Finance Director

**Aristotle Halikias
ID No. AE 783893**

**Marios Apostolinas
ID No. AN024492**

**Gerasimos Robotis
ID No. AB 595414**



[Translation from the original document in Greek]

Report on Review of Interim Financial Information

To the Shareholders of “INTERCONTINENTAL INTERNATIONAL REAL ESTATE INVESTMENT COMPANY”

Introduction

We have reviewed the accompanying condensed statement of financial position of “INTERCONTINENTAL INTERNATIONAL REAL ESTATE INVESTMENT COMPANY (the “Company”) of 30 June 2017 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and the selected explanatory notes, that comprise the condensed interim financial information and which form an integral part of the six-month financial report as required by L.3556/2007. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards as they have been adopted by the European Union and applied to interim financial reporting (International Accounting Standard “IAS 34”). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Reference to Other Legal and Regulatory Requirements

Our review has not revealed any inconsistency or discrepancy of the other information of the six-month financial report, as required by article 5 of L.3556/2007, with the accompanying condensed interim financial information.



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

Athens, 28th of September 2017

Certified Public Accountant

Dimitris Sourbis
SOEL Registry No. 16891



INTERIM CONDENCED FINANCIAL INFORMATION

**FOR THE SIX-MONTH PERIOD ENDED ON THE
30th OF JUNE 2017**

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

		Group		Company	
ASSETS	Note	30/06/17	31/12/16	30/06/17	31/12/16
Non-Current Assets					
Investment property	5	73.650.000	63.150.000	71.120.000	63.150.000
Property, plant and equipment		14.836	0	14.836	0
Investments in subsidiaries	6	0	0	2.371.838	0
		<u>73.664.836</u>	<u>63.150.000</u>	<u>73.506.674</u>	<u>63.150.000</u>
Current Assets					
Trade and other receivables	7	1.336.789	179.480	1.316.208	179.480
Financial assets available for sale	8	2.388.997	2.584.618	2.388.997	2.584.618
Cash and cash equivalents	9	19.230.144	32.823.356	19.066.300	32.823.356
		<u>22.955.929</u>	<u>35.587.454</u>	<u>22.771.505</u>	<u>35.587.454</u>
TOTAL ASSETS		<u>96.620.765</u>	<u>98.737.454</u>	<u>96.278.178</u>	<u>98.737.454</u>
<u>EQUITY AND LIABILITIES</u>					
EQUITY					
Share capital	10	42.000.000	42.000.000	42.000.000	42.000.000
Share premium		3.990.000	3.990.000,00	3.990.000	3.990.000,00
Statutory reserves		844.714	844.714	844.714	844.714
Other reserves		-12.030	-14.027	-12.030	-14.027
Treasury shares		-14.562	0	-14.562	0
Retained earnings		18.626.848	20.850.856	18.354.724	20.850.856
Total Equity		<u>65.434.970</u>	<u>67.671.543</u>	<u>65.162.846</u>	<u>67.671.543</u>
LIABILITIES					
Non-current Liabilities					
Retirement benefit obligations		5.432	5.432	5.432	5.432
Borrowing	11	28.468.911	29.015.437	28.468.911	29.015.437
Guarantees	12	421.517	174.217	384.248	174.217
		<u>28.895.860</u>	<u>29.195.086</u>	<u>28.858.591</u>	<u>29.195.086</u>
Current Liabilities					
Trade and other payables	13	636.690	372.279	607.400	372.279
Borrowing	11	1.153.079	1.125.607	1.153.079	1.125.607
Current tax obligations		500.166	372.938	496.262	372.938
		<u>2.289.935</u>	<u>1.870.824</u>	<u>2.256.742</u>	<u>1.870.824</u>
Total Liabilities		<u>31.185.795</u>	<u>31.065.911</u>	<u>31.115.333</u>	<u>31.065.911</u>
TOTAL EQUITY AND LIABILITIES		<u>96.620.765</u>	<u>98.737.454</u>	<u>96.278.178</u>	<u>98.737.454</u>

The notes on pages 20 to 34 form an integral part of this condensed interim financial information

CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Company	
		30/06/17	30/06/16	30/06/17	30/06/16
Rental Income	14	2.739.015	2.244.737	2.699.036	2.244.737
Net results from fair value adjustments of investment property		516.775	81.589	526.775	81.589
Expenses directly related to investment property		-498.636	-327.780	-490.004	-327.780
Other income		92	60.236	92	60.236
Gross profit		2.757.246	2.058.782	2.735.899	2.058.782
Payroll and other employee expenses		-120.694	-42.219	-120.694	-42.219
Other expenses		-258.851	-175.686	-258.470	-175.686
Gain from the acquisition of the subsidiary		254.396	0	0	0
Operating profit		2.632.097	1.840.877	2.356.735	1.840.877
Foreign exchange differences		-1.423.773	-401.735	-1.423.773	-401.735
Finance income		62.533	33.628	62.533	33.628
Finance expense		-192.411	-219.790	-192.411	-219.790
Profit before tax		1.078.446	1.252.980	803.084	1.252.980
Taxes	15	-362.453	-324.897	-359.216	-324.897
Profit after tax		715.992	928.083	443.868	928.083
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Profit/Loss from the valuation of financial assets available for sale		1.997	10.210	1.997	10.210
Total comprehensive income for the year		717.989	938.293	445.865	938.293
Earnings per Share (expressed in € per share)					
Basic and Diluted	16	0,07	0,12		

The notes on pages 20 to 34 form an integral part of this condensed interim financial information

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Statutory Reserve	Available for sale Reserve	Retained Earnings	Treasury Shares	Total
Balance on January 1st, 2016	31.500.000	0	844.714	-86.269	16.049.565	0	48.308.010
Profit after tax for the period	0	0	0	0	928.083	0	928.083
Receipts for upcoming share capital increase	0	5.999.233	0	0	0	0	5.999.233
Share capital increase expenses	0	0	0	0	-215.196	0	-215.196
Fair value adjustments	0	0	0	10.210	0	0	10.210
Reserves reclassified to profit or loss	0	0	0	75.783	0	0	75.783
Total comprehensive income for the period	0	5.999.233	0	85.993	712.887	0	6.798.113
Balance on June 30th, 2016	31.500.000	5.999.233	844.714	-276	16.762.450	0	55.106.121
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 period	0	0	0	0	715.992	0	715.992
Purchase of treasury shares	0	0	0	0	0	-14.562	-14.562
Other comprehensive income	0	0	0	1.997	0	0	1.997
Total comprehensive income for the period	0	0	0	1.997	715.992	-14.562	703.427
Transactions with shareholders							
Dividend paid for the 2016 period	0	0	0	0	-2.940.000	0	-2.940.000
Balance on June 30th, 2017	42.000.000	3.990.000	844.714	-12.030	18.626.848	-14.562	65.434.970

The notes on pages 20 to 34 form an integral part of this condensed interim financial information

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Statutory Reserve	Available for sale Reserve	Retained Earnings	Treasury Shares	Total
Balance on January 1st, 2016	31.500.000	0	844.714	-86.269	16.049.565	0	48.308.010
Profit after tax for the period	0	0	0	0	928.083	0	928.083
Receipts for upcoming share capital increase	0	5.999.233	0	0	0	0	5.999.233
Share capital increase expenses	0	0	0	0	-215.196	0	-215.196
Fair value adjustments	0	0	0	10.210	0	0	10.210
Reserves reclassified to profit or loss	0	0	0	75.783	0	0	75.783
Total comprehensive income for the period	0	5.999.233	0	85.993	712.887	0	6.798.113
Balance on June 30th, 2016	31.500.000	5.999.233	844.714	-276	16.762.450	0	55.106.121
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 period	0	0	0	0	443.868	0	443.868
Purchase of treasury shares	0	0	0	0	0	-14.562	-14.562
Other comprehensive income	0	0	0	1.997	0	0	1.997
Total comprehensive income for the period	0	0	0	1.997	443.868	-14.562	431.303
Transactions with shareholders							
Dividend paid for the 2016 period	0	0	0	0	-2.940.000	0	-2.940.000
Balance on June 30th, 2017	42.000.000	3.990.000	844.714	-12.030	18.354.724	-14.562	65.162.846

The notes on pages 20 to 34 form an integral part of this condensed interim financial information

CONDENSED AND COMPANY STATEMENT OF CASH FLOWS

	Note	Group		Company	
		01/01/2017	01/01/2016	01/01/2017	01/01/2016
		30/06/2017	30/06/2016	30/06/2017	30/06/2016
Cash flows from operating activities					
Profit before tax		1.078.446	1.252.980	803.084	1.252.980
Plus (less) Adjustments for:					
Interest income	19	-62.533	-33.628	-62.533	-33.628
Interest expense	19	192.411	219.790	192.411	219.790
Foreign exchange differences		1.423.773	401.735	1.423.773	401.735
Gain from the acquisition of the subsidiary		-254.396	0	0	0
(Increase)/decrease in the fair value of investment property	6	-516.775	-81.589	-526.775	-81.589
Provision for employee benefit obligation		0	0	0	0
Depreciation and amortization	7	4.447	0	4.447	0
		1.865.373	1.759.288	1.834.408	1.759.288
Changes in working capital					
Decrease/ (increase) of receivables		-172.554	-69.425	-186.728	-69.425
(Decrease)/ increase of payables (except for borrowing)		569.051	282.772	556.636	282.772
Cash flows from operating activities		2.261.870	1.972.635	2.204.315	1.972.635
Tax paid		-347.376	-40.835	-347.376	-40.835
Interest paid		-194.865	-233.541	-194.865	-233.541
Net cash flows from operating activities (a)		1.719.630	1.698.259	1.662.074	1.698.259
Cash flows from investing activities					
Investments in real estate properties	6	-7.325.951	0	-7.325.951	0
Capital expenditure for investment property	6	-117.274	-21.411	-117.274	-21.411
Prepayment for the purchase of investment property		-950.000	0	-950.000	0
Investments in subsidiaries		-2.265.550	0	-2.371.838	0
(Purchase)/ Sale of Property, Plant and Equipment		-19.282	0	-19.282	0
(Purchase)/ Sale of available for sale financial assets	9	0	1.494.064	0	1.494.064
Interest received		62.533	33.628	62.533	33.628
Net cash flows from investing activities (b)		-10.615.524	1.506.281	-10.721.813	1.506.281
Cash flows from financing activities					
Share capital payments		0	5.999.233	0	5.999.233
Dividends paid		-2.940.000	0	-2.940.000	0
Purchase of treasury shares		-14.562	0	-14.562	0
Athens Exchange admission costs		0	-116.282	0	-116.282
Bond loan payments	12	-516.600	-182.050	-516.600	-182.050
Net cash flows from financing activities (c)		-3.471.162	5.700.901	-3.471.162	5.700.901
Net increase/ (decrease) in cash and cash equivalents for the period (a)+(b)+(c)		-12.367.057	8.905.441	-12.530.901	8.905.441
Cash and cash equivalents at the beginning of the period		32.823.356	20.779.037	32.823.356	20.779.037
Effect of foreign exchange differences on cash and cash equivalents		-1.226.155	-401.735	-1.226.155	-401.735
Cash and cash equivalents at the end of the period		19.230.144	29.282.743	19.066.300	29.282.743

The notes on pages 20 to 34 form an integral part of this condensed interim financial information

NOTES TO THE CONDENSED INTERIM CONSOLIDATED AND COMPANY FINANCIAL INFORMATION

1. General Information

The current Condensed Interim Consolidated and Company Financial Information includes the Company Financial Statements of the **“INTERCONTINENTAL INTERNATIONAL Real Estate Investment Company”** (“the Company”), as well as the Condensed Financial Statements of the Company and its subsidiaries (“the Group”) for the six-month period ended on June 30th, 2017.

The Company is registered as a Real Estate Investment Company of L. 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 condensed interim financial information has been approved by the Board of Directors of the Company on the 28th of September 2017.

The company “AJOLICO TRADING LIMITED” (Reg. No. 284633), which domiciles in Nicosia in Cyprus, participates in the Company with a percentage of 78,6%.

2. Summary of Significant Accounting Policies

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

2.1 Basis of preparation

The current condensed interim financial information has been prepared by Management in accordance with the International Financial Reporting Standards (IFRS), and the IFRIC interpretations, as adopted by the European Union and applied in the Interim Financial Report (International Accounting Standard “IAS” 34).

This Condensed Interim Financial Information has 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 Financial Statements in accordance with the IFRS requires 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).

2.2. 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.

If the business combination is achieved in stages, the acquisition date carrying value of the Group 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.

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:

Standards and Interpretations effective for the current financial year

There are no new standards, amendments to standards and interpretations that are mandatory for periods beginning on 1.1.2017.

Standards and Interpretations effective for subsequent periods

IFRS 9 “Financial Instruments” and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018)

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 used today. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The Group is currently investigating the impact of IFRS 9 on its financial statements.

IFRS 15 “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1 January 2018)

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. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The Group is currently investigating the impact of IFRS 15 on its financial statements.

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 Group is currently investigating the impact of IFRS 16 on its financial statements. The standard has not yet been endorsed by the EU.

IAS 7 (Amendments) “Disclosure initiative” (effective for annual periods beginning on or after 1 January 2017)

These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments have not yet been endorsed by the EU.

IAS 40 (Amendments) “Transfers of Investment Property” (effective for annual periods beginning on or after 1 January 2018)

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. The amendments have not yet been endorsed by the EU.

IFRIC 22 “Foreign currency transactions and advance consideration” (effective for annual periods beginning on or after 1 January 2018)

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. The interpretation has not yet been endorsed by the EU.

IFRIC 23 “Uncertainty over income tax treatments” (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation has not yet been endorsed by the EU.

Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle)

The amendment set out below describes the key changes to IFRS 12. The amendment has not yet been endorsed by the EU.

IFRS 12 “Disclosures of Interests in Other Entities”

The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information. The amendment is effective for annual periods beginning on or after 1 January 2017.

3. Financial Risk Management

3.1 Financial Risk factors

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

a) Market Risk

i) Foreign Exchange Risk

Foreign Exchange Risk exists due to the cash reserves of the Group and its securities that are denominated in U.S. Dollars. On 30.06.2017 and 31.12.2016 the bank deposits and the security in US Dollars amounted at \$ 15.743.600 (€ 16.184.048) and \$ 21.853.662 (€ 20.732.057) respectively. Due to the significant deposits of the Group in U.S. Dollars, the effect of the foreign exchange risk on the Group’s results and financial position is considered to be material.

ii) Price Risk

Changes in real estate prices have an effect on the statement of comprehensive income and the statement of financial position of the 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, more than 70% 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.

The Group does not hold shares or inventory, apart from an insignificant number of treasury shares and, as such, it is not subject to material price risk from those items.

iii) Cash flow risk

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

iv) Interest rate risk

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

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.

Given that over 70% of the income of the Group derives from the lease agreements with Alpha Bank, which are linked to the repayment of the bond loan held by the same institution, the Group's Management does not expect significant losses from doubtful accounts.

The related entity, Republic Bank of Chicago, in which the Company keeps the majority of its cash reserves, has a capital adequacy Tier 1 ratio of 11,78% and is included in the FDIC list of preferred contractors. As a result, the Group's Management does not expect any losses on its deposits.

c) Liquidity Risk

Prudent management of liquidity risk means adequate cash reserves, ability to raise capital through a sufficient amount of committed credit facilitations and the ability to close out open market positions. The Group's liquidity is monitored by the Management in regular intervals. As is evident by the basic ratios in the Board of Directors' report accompanying these financial statements, the Group is not in any immediate liquidity risk.

3.2 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 following table presents the fair value of the financial assets and liabilities that are not measured in fair value on the 30th of June 2017:

Liabilities	Level 1	Level 2	Level 3
Long-term borrowing	-	-	20.921.667
Total	-	-	20.921.667

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

On the 30th of June 2017, the accounting value of trade and other receivables, cash and cash equivalents, short-term borrowing, rent guarantees, as well as trade and other payables, approximated their fair value.

4. Operating Segments

The 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 Group operates only in Greece
- The adoption of a uniform Regulatory Framework for the total investment property portfolio

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

5. Investment Property

	Group		Company	
	30/06/17	31/12/16	30/06/17	31/12/16
Opening Balance	63.150.000	54.413.000	63.150.000	54.413.000
Acquisition of new investment property and additions	9.865.951	6.846.643	7.325.951	6.846.643
Capital expenditure for investment property	117.274	97.193	117.274	97.193
Net gain from fair value adjustments on investment property	516.775	1.793.164	526.775	1.793.164
Closing Balance	73.650.000	63.150.000	71.120.000	63.150.000

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 Valuers is required,
- b)** valuation from Independent Valuers 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.

During the first half of 2017, the Group acquired the following properties:

- A ground floor retail shop with a basement and a total building area 1.387,14 sq.m. in Aigio, for the price of 400 thousand euro. The property is leased to the electric appliances chain "Dixons South-East Europe S.A." and its fair value on 30.06.2017 was estimated at 500 thousand euro.
- A ground floor retail shop with a basement and a storage room and a total building area of 566,8 sq.m. in the Municipality of Kallithea, for the price of 800 thousand euro. The property is leased to Vodafone and its fair value on 30.06.2017 was estimated at 1.040 thousand euro.
- A five-story building with a mezzanine floor and 2 underground parking lots in Vouliagmenis Avenue in Athens, for the price of 1.741 thousand euro. The ground floor and the mezzanine is used as a retail shop, while the other floors as offices. The building has a total area of 2.574,81 sq.m., is leased to the company ELTA Courier and its fair value on 30.06.2017 was estimated at 1.950 thousand euro.
- A ground floor retail shop with 2 basements and a mezzanine of a total area of 1.878,8 sq.m. in Athens, for a total price of 900 thousand euro. The building is leased to the super market chain "Market In S.A." and its fair value on 30.06.2017 was estimated at 1.090 thousand euro.
- A corner luxury building of offices and retail stores, with a retail ground floor and offices on the 1st and 2nd floor, in Vouliagmenis Avenue in Glyfada, for the price of 3.412 thousand euro. The building has a total area of 2.729,24 sq.m., it has a modern architecture and was erected on 2005, with high standards and quality materials, over a land plot area of 1.227 sq.m. A major part of the building has been recently upgraded and is equipped with modern office systems. The property is fully

leased to companies “Hempel Hellas S.A.” and “Salt Water S.A.” The fair value of the building on 30.06.2017 was estimated at 3.580 thousand euro.

The last available valuation is dated 30.06.2017 and has been performed by an Independent Valuator with experience in the performance of such valuations and registered in the Independent Valuator Registry of the Ministry of Finance.

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

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

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

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

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

Use	Fair Value	Valuation Method	Monthly Market Rent	Discount Rate	Exit Yield
Retail Shops	66.653.257	90% DCF - 10% Comparative Method	609.097	8% - 10%	7% - 8,5%
Offices	5.286.743	90% DCF - 10% Comparative Method	36.353	8,5% - 12%	8% - 10%
Apartments	1.710.000	90% DCF - 10% Comparative Method	5.584	6%	4%
	<u>73.650.000</u>				

For the 4 retail shops that are located in Nea Ionia, Corfu, Zakynthos and Volos, there is a remaining building coefficient and its value has been estimated using the residual method and its fair value is included in the figures on the above table.

On the investment property that are currently leased to Alpha Bank, there is a mortgage prenotation for € 31.500.000, i.e. 100% of the initial borrowing of the Company. The investment property is classified as a **level 3** investment (financial assets measured using valuation technics using non-observable prices).

The Group has fully insured its total investment properties 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.

6. Investments in subsidiaries

On 4.5.2017 the Company acquired the total shares of the limited company BIERCO, for 2.371.838€. BIERCO S.A. has as its sole company objective, the earning of rent revenue from real estate properties and, as at 30.06.2017 owns a real estate investment property consisting of a ground floor retail shop with a basement and a loft, a total building area of 1.661,97 sq.m., in the Municipality of Ierapetra in Crete, which is the most significant asset of the company. The following table depicts the equity of BIERCO S.A. at the date of its acquisition:

Fair value of real estate property:	2.540.000,00
Cash reserves:	106.288,46
Other assets:	34.755,28
Other liabilities:	-54.809,84
Equity:	<u>2.626.233,90</u>

The Group's operating profit includes the negative goodwill of 254.396€ that resulted from the above acquisition.

The Company's investments in subsidiaries are presented below:

Subsidiary Name	Domicile	Participation Percentage	30/06/17	31/12/16
Bierco A.E.	Greece	100%	2.371.838	0
Total investments in subsidiaries			<u>2.371.838</u>	<u>0</u>

7. Trade and other receivables

	Group		Company	
	30/06/17	31/12/16	30/06/17	31/12/16
Hellenic public withheld tax	0	1.949	0	1.949
Rent Receivables	404.624	178.950	404.624	178.950
Guarantees	6.819	6.819	6.819	6.819
VAT Receivable	20.581	0	0	0
Other Receivables	983.905	89.030	983.905	89.030
Prepaid Expenses	35.405	17.276	35.405	17.276
Less: Allowance for doubtful accounts	-114.544	-114.544	-114.544	-114.544
Total	1.336.789	179.480	1.316.208	179.480

Rent Receivables are further detailed as follows:

	Group		Company	
	30/06/17	31/12/16	30/06/17	31/12/16
Non-doubtful accounts				
Receivables aged up to 30 days:	53.219	37.198	53.219	37.198
Receivables aged between 30 and 90 days:	79.941	14.002	79.941	14.002
Receivables aged between 90 and 180 days:	111.293	13.205	111.293	13.205
Receivables aged over 180 days:	160.171	0	160.171	0
Total non-doubtful accounts	404.624	64.406	404.624	64.406

Doubtful accounts	114.544	114.544	114.544	114.544
Less: Allowance for doubtful accounts:	-114.544	-114.544	-114.544	-114.544
Net receivables after allowance:	404.624	64.406	404.624	64.406

The fair value of the Group's receivables approximates their fair value on 30.06.2017, 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.

8. Financial assets available for sale

	Group		Company	
	30/06/17	31/12/16	30/06/17	31/12/16
Securities in €	0	0	0	0
Securities in USD	2.388.997	2.584.618	2.388.997	2.584.618
Total	2.388.997	2.584.618	2.388.997	2.584.618

The financial assets available for sale relate to a listed bond issued by an international organization.

9. Cash and cash equivalents

	Group		Company	
	30/06/17	31/12/16	30/06/17	31/12/16
Cash on hand	1.366	43	1.366	43
Sight deposits in €	5.433.726	3.675.873	5.269.882	3.675.873
Time deposits in €	0	11.000.000	0	11.000.000
USD deposits in €	13.795.052	18.147.440	13.795.052	18.147.440
Total	19.230.144	32.823.356	19.066.300	32.823.356

One of the bank accounts has been pledged as a collateral for rent receivables, for the purpose of activating the cash sweep mechanism in the case of non-compliance with the contractual terms of the bond loan. For the period ended on 30.06.2017 no such event took place.

10. Share Capital

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

On 30.06.2017, the Company holds treasury shares of a total book value of 14.562€.

11. Borrowing

	Group		Company	
	30/06/17	31/12/16	30/06/17	31/12/16
Bond Loan	28.468.911	29.015.437	28.468.911	29.015.437
Short-term portion of the bond loan	1.078.089	1.048.163	1.078.089	1.048.163
Accrued interest for the period	74.990	77.444	74.990	77.444
Total	29.621.990	30.141.044	29.621.990	30.141.044

The maturity of the bond loan is as follows:

Payable principal and interest for the following year	1.445.716	1.422.605
Payable principal and interest for the following 2 - 5 years	6.319.202	6.207.474
Payable principal and interest up year 2027	24.696.804	25.537.133
Total	32.461.722	33.167.211

Bond payments are made quarterly, with a floating interest rate based on 3M Euribor plus spread. The fair value of the borrowing on 30.06.2017, was 20.921.667€.

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 30.06.2017.

12. Guarantees

	Group		Company	
	30/06/17	31/12/16	30/06/17	31/12/16
Long-term guarantees				
Rent Guarantees	421.517	174.217	384.248	174.217
Total	421.517	174.217	384.248	174.217

13. Accounts and other payables

	Group		Company	
	30/06/17	31/12/16	30/06/17	31/12/16
Suppliers	47.815	39.987	47.443	39.987
Insurance organizations	5.113	5.598	5.113	5.598
Stamp duties and other taxes	110.440	159.113	109.680	159.113
Real estate ownership tax (ENFIA)	322.660	54.081	316.375	54.081
Other liabilities	78.556	0	78.556	0
Customer prepayments	34.306	0	12.433	0
Accrued expenses	37.800	113.500	37.800	113.500
Total	636.690	372.279	607.400	372.279

14. Rental Income

The total rent revenue of the period is generated from operating leases from the investment properties of the Company. The duration of the operating leases for the Company's investment property is at least 12 months.

Rents are adjusted annually in accordance with the lease contract terms and by the CPI increased by 0% - 1%, as well as by 3,5% (at a minimum) for the leases with Alpha Bank.

There are no variable (contingent) rents on the 30th of June 2017. Rental revenue is not subject to seasonal variations.

15. 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 30th of June 2017 includes assets tax (current tax) of €359 thousand and €362 thousand respectively (30.06.2016: €325 thousand). The Group's asset tax relates to the Company and its domestic subsidiary BIERCO S.A., which is domiciled in Greece and is considered a REIC for tax purposes.

16. Earnings per share

Basic earnings per share (EPS) are calculated by dividing the consolidated profit after tax attributed to the shareholders by the weighting average number of shares in circulation during the period.

The basic earnings per share for the six-month period ended on 30.06.2017 are 0,07€ (30.06.2016: 0,12€)

17. Related party transactions

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

The related parties identified are the following:

- AJOLICO Trading Limited, main shareholder (78,6%) 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.

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

The related party transactions of the Company and the Group during the first half of 2017, as well as their open balances on 30.06.2017 are as follows:

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

	Group	Company	
	30/6/2017	30/6/2017	31/12/2016
Sight Deposits in USD	13.718.415	13.718.415	18.079.411
	30/6/2017	30/6/2017	30/6/2016
Interest income for the period	11.982	11.982	27.329

2. Members of the Board and Key Management Personnel:

	Group	Company	
	30/6/2017	30/6/2017	31/12/2016
Payables	36.225	36.225	100
Receivables	4.095	4.095	2.502
	30/6/2017	30/6/2017	30/6/2016
BoD remuneration	13.200	13.200	26.250
Key management personnel remuneration	117.695	117.695	29.920

The Chairman of the Board, Mr. Aristotle Halikias, the Vice Chairman Ms. Patricia Halikias and the Chairman of the Board of BIERCO S.A. and member of the BoD of the Company, Ms. Helene Halikias, are offering their services without any compensation.

18. Contingent Liabilities

Tax audit

The Company has been tax audited by a statutory auditor in accordance with article 65A of L. 4174/2013 and the decision of the General Secretary of Public Revenue of the Ministry of Finance no. POL 1124/18.6.2015 and has received a tax certificate for years 2011, 2012, 2013, 2014 and 2015, while for 2016, the tax audit is still ongoing. Management does not expect significant obligations

Litigation and Claims

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

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

The Company commenced its investment activity on March 2012 and as such, its investment percentage in real estate properties (76,34%) over its total investments, does not yet meet the target of 80% as required by the applicable legislation. The Company continuously evaluates new opportunities that will enable it to cover the required percentage with the lowest possible business risk.

19. Events after the reporting period

In September of 2017, the Group completed the acquisition of a new real estate property in Volos in Magnisia prefecture. It is an independent building of retail shops and offices, consisting of a ground floor, a mezzanine and four more floors, built on a land plot at the junction of Eleftheriou Venizelou 18 and Ermou Str.

The property has been leased to the company “B&F S.A.” which owns the “BSB” and “Lynne” brands. The lease duration is 20 years, the tenant has waived its right to legally terminate the lease agreement for 15 years and has prepaid the rent for the first year. The annual “net”, i.e. after the annual real estate ownership tax and the insurance cost, rent yield of the investment is 8%.

Athens, 28th of September 2017

The undersigned

The Chairman of the Board

The Managing Director

The Finance Director

**Aristotle Halikias
ID No. AE 783893**

**Marios Apostolinas
ID No. AN024492**

**Gerasimos Robotis
ID No. AB 595414**