Zekakou 18 Owner S.M.P.C.

- **Annual report of the Administrators**
- **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.: 008006301000
Vas. Georgiou B', 10674, Athens

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

Dear Shareholders,

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

ECONOMIC POSITION OF THE COMPANY

The year 2018 was a major step in the progress of the Company, as since 4.5.2018 is part of the group of **Intercontinental International**, after the Company has been converted from an unlimited liability sole proprietorship to a limited liability company. The parent company Intercontinental International is a Real Estate Investment Company (R.E.I.C.) listed on Athens Stock Exchange, and the Group owned 36 real estate properties on 31.12.2018.

The Company continues to lease its investment property that is located on 18 Nikolaou Zekakou Str. on Marousi in Attica to the company "Friesland Campina Hellas S.A.", recording a rental income of **552 thousand euro.** On 31.12.2018, the property was evaluated by certified valuators at **7.840 thousand euro** and the Company recorded a gain from the adjustment in fair value of **120 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	552.000
Net result from fair value adjustments of investment property	120.000
Expenses directly related to investment property	-27.843
Other income	44
Gross profit	**644.201**
Other expense	-33.250
Operating profit	**610.950**
Finance income	93
Finance expenses	-1.044
Profit before tax	**609.999**
Tax expense	-84.535
Profit after tax	**525.465**

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	Operating Profit / Rental Income	X 100
Current Ratio	Current Assets / Current Liabilities	
Debt to Assets	Total Liabilities / Total Assets	

	31/12/2018	31/12/2017
Performance Ratios		
Net Operating Margin	1,11	1,16
Liquidity Ratios		
Current Ratio	8,11	0,06
Gearing Ratios		
Debt to Assets	1,61%	1,69%

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 Company's Administrators decided to propose for approval by the General Assembly of the Shareholders, the distribution of profit of 381.401,96€.

PROSPECTS

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

Athens, 9th of September 2019

The Administrators

Helen Halikias	**Irene Stromatia**
ID No. AE 783895	**ID No. AN 092069**

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Company "ZEKAKOY OWNER 18 SINGLE MEMBER PRIVATE COMPANY"

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of "ZEKAKOY OWNER 18 SINGLE MEMBER PRIVATE COMPANY" (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 Administrators are responsible for the Other Information. The Other Information is the Administrator's 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 Administrator's Report, we considered whether the it 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 Administrator's Report for the year ended at 31 December 2018 is consistent with the financial statements,

- The Administrator's Report has been prepared in accordance with the legal requirements of articles 43a of the Codified Law 2190/1920.

In addition, based on 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 Administrator's Report. We have nothing to report in this respect.

Other matter

The financial statements of the Company for the year ended on the 31st of December 2017 have not been audited by an independent auditor.

Responsibilities of Administrators and those charged with governance for the financial statements

The Administrators are 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 Administrators determine 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 Administrators are 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 the Administrators either intend to liquidate the Company or to cease operations, or have 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 Administrators.
- Conclude on the appropriateness of the Administrators' 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 Administrator's Report, the procedures we performed are described in the "Other Information" section of our report.

Athens, 10th of September 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**	7.840.000	7.720.000
		7.840.000	**7.720.000**
Current Assets			
Trade and other receivables		-	-
Current tax receivables		119.113	-
Cash and cash equivalents	**6**	289.938	1.918
		409.051	**1.918**
TOTAL ASSETS		**8.249.051**	**7.721.918**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**7**	2.400.000	2.400.000
Share premium		111.698	111.698
Statutory reserve		20.321	-
Retained earnings		5.584.620	5.079.477
Total Equity		**8.116.639**	**7.591.175**
LIABILITIES			
Non-current liabilities			
Guarantees	**9**	81.976	80.932
		81.976	**98.932**
Current Liabilities			
Trade and other payables	**8**	20.234	29.149
Guarantees	**9**	-	18.000
Current tax liabilities		30.201	2.662
		50.435	**49.811**
Total Liabilities		**132.411**	**130.744**
TOTAL EQUITY AND LIABILITIES		**8.249.051**	**7.721.918**

The notes on pages 14 to 32 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**	552.000	659.982
Net result from fair value adjustments of investment property		120.000	138.000
Expenses directly related to investment property	**11**	-27.843	-28.341
Other income		44	0
Gross profit		**644.201**	**769.641**
Other expense	**12**	-33.250	-7.319
Operating profit		**610.950**	**762.323**
Finance income		93	11.068
Finance expense		-1.044	-5.396
Profit before tax		**609.999**	**767.995**
Tax expense	**13**	-84.535	-162.846
Profit after tax		**525.465**	**605.148**
Total comprehensive income for the year		**525.465**	**605.148**

The notes on pages 14 to 32 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings	Statutory reserves	Total
Balance on 1 January 2018	2.400.000	111.698	5.079.477	-	7.591.175
Profit after tax	-	-	525.465	-	525.465
Total comprehensive income for the year	**-**	**-**	**525.465**	**-**	**525.465**
Formation of statutory reserve	-	-	-20.321	20.321	-
Balance on 31 December 2018	**2.400.000**	**111.698**	**5.584.620**	**20.321**	**8.116.639**

	Share capital	Share premium	Retained earnings	Statutory reserves	Total
Balance on 1 January 2017	2.400.000	111.698	4.930.409	-	7.442.107
Profit after tax transferred to retained earnings	-	-	149.068	-	149.068
Total comprehensive income for the year	**-**	**-**	**149.068**	**-**	**149.068**
Balance on 31 December 2017	**2.400.000**	**111.698**	**5.079.477**	**-**	**7.591.175**

The notes on pages 14 to 32 form an integral part of these financial statements

Cash flows from operating activities	Note	1.1.2018 - 31.12.2018	1.1.2017 - 31.12.2017
Profit before tax		609.999	767.995
Plus (less) adjustments for:			
Interest income		-93	-11.068
Interest expense		1.044	5.396
(Increase) / decrease of investment property fair value	**5**	-120.000	-138.000
Changes in working capital			
(Decrease) / increase of payables (except for borrowing)		-3.158	-
Cash flows from operating activities		**487.792**	**624.323**
Tax paid		-199.866	-213.954
Interest paid		-	-5.396
Net cash flows from operating activities (a)		**287.926**	**404.973**
Cash flows from investing activitites			
Interest income		93	-
Net cash flows from investing activities (b)		**93**	**-**
Cash flows from financing activities			
Repayment of bank borrowing		-	-173.882
Earnings distributed to shareholders		-	-244.339
Net cash flows from financing activities (c)		**-**	**-418.221**
Net increase / (decrease) of cash and cash equivalents of the period (a) + (b) + (c)		**288.019**	**-13.248**
Cash and cash equivalents at the beginning of the period		1.918	15.167
Cash and cash equivalents at the end of the period		**289.938**	**1.918**

STATEMENT OF CASH FLOWS

The notes on pages 14 to 32 form an integral part of these financial statements

Notes to the financial statements

1. General information

Zekakou 18 Owner S.M.P.C. (henceforth "the Company"), was established as a unlimited liability sole proprietorship in 2008 and is registered in the General Commercial Registry with the number 008006301000. 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 04.05.2018, 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 Administrators of the Company on the 9th of September 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 Administrators 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 2018. 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 Administration 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.

The Company as R.E.I.C. subsidiary, prepares its financial statements in accordance with the IFRS. As a result, the Company applied IFRS 1 "First time adoption of the IFRS" in the preparation of its financial statements for the year ended on 31.12.2018, which are the first full set of financial statements prepared under the IFRS.

According to the provisions of IFRS 1 "First time adoption of IFRS", in preparing the first financial statements under the FIRS, a company must use the IFRS that will be applicable at the closing date of the first financial statements for all the years that will be presented, as well as at the transition statement of financial position.

As a result, all revised or newly issued Standards that are applicable to the Company on the 31st of December 2018 have been used for the preparation of the financial statements for the current year and the corresponding financial statements of 31 December 2017.

IFRS 1 “First time adoption of IFRS” provides the option, specifically for the transition to IFRS, to apply a number of exemptions from the general provisions that require retrospective application of IFRS. No such alternative treatments or exemptions have been applied by the Company.

Capital controls have created an uncertain economic condition, which may affect the activity, the economic position and the prospects of the Company. Despite the aforementioned uncertainties, the activities of the Company continue as usual. However, the Administration is not in a position to accurately predict the future developments of the Greek economy and their effect on the Company’s activities.

The preparation of the financial statements in accordance with the IFRS requires the use of certain accounting estimates and assumptions. It also requires the exercise of judgment from the Administrators when applying the accounting principles of the Company.

The financial statements of the Company for the year ended on the 31st of December 2017, as well as those of the years before that, have not been audited by an independent auditor.

2.2 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:

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

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.

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

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

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

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.

The effect of the adoption of IFRS 9 on the statement of financial position

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

Company 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 Earnings Distribution

Earnings for distribution to the shareholders of the Company are 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:

Credit Rating	**Cash Reserves**		**Trade and Other Payables**	
(Amounts in thousands of €)	**2018**	**2017**	**2018**	**2017**
Aaa	-	-	-	-
Caa1	-	-	-	-
Caa2	44	1.875	-	-
Caa3	289.878	44	-	-
Not Rated	16	-	-	-

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 Administration 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	289.938	-	-	-
Current tax receivables	119.113	-	-	-
Total	**409.051**	**-**	**-**	**-**
Financial Liabilities				
Guarantees	-	-	-	81.976
Trade and other payables	20.234	-	-	-
Current tax liabilities	30.201	-	-	-

Total	**50.435**	**-**	**-**	**81.976**

2017

	Up to 1 year	1 to 2 years	2 to 5 years	Longer than 5 years
Financial Assets				
Cash and cash equivalents	1.918	-	-	-
Total	**1.918**	**-**	**-**	**-**
Financial Liabilities				
Guarantees	-	-	-	98.932
Trade and other payables	29.149	-	-	-
Current tax liabilities	2.662	-	-	-
Total	**31.811**	**-**	**-**	**98.932**

4. Significant Management accounting estimates and assumptions

The Administrators' 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	**7.720.000**	**7.582.000**
Net gain from fair value adjustment of investment property	120.000	138.000
Closing Balance	**7.840.000**	**7.720.000**

The Company leases its real estate in Marousi to the company “Friesland Campina Hellas 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 120.000€.

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 7,5% for 2018, while the discount rate used on the future cash flows was 8,95%.

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	16	-
Sight deposits in €	289.922	1.918
Total	**289.938**	**1.918**

7. Share capital

On 31.12.2018 the Company's capital was 2.400.000 euro divided in 60.000 company shares with a nominal value of 40 euro per share.

8. Trade and other payables

	31.12.2018	31.12.2017
Suppliers	2.494	0
Taxes and duties	11.992	24.879
ENFIA	0	4.226
Other liabilities	1.248	44
Accrued expenses	4.500	0
Total	**20.234**	**29.149**

9. Guarantees

On 31.12.2018 the Company had received a total amount of 92.000€ as long-term rent guarantees for its leased property (31.12.2017: 110.000€). The liability that relates to rent guarantees is presented in the financial statements discounted by a rate of 1,29%. On 31.12.2018, the discounted amount of long-term guarantees was 81.976€ (31.12.2017: 80.932€).

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 annually adjusted by the CPI plus 1%. 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:	560.832	552.000
Rental income within 2 to 5 years:	2.398.897	2.335.829
Rental income after 5 years and up to 2027:	2.668.660	3.292.560
	5.628.389	**6.180.389**

11. Expenses directly related to investment property

		31.12.2018	31.12.2017
Insurance expenses		6.059	7.112
Repairs and maintenance		460	250
Other taxes and duties		324	0
Real estate ownership tax (ENFIA)		21.000	20.979
	Total	**27.843**	**28.341**

12. Other expenses

		31.12.2018	31.12.2017
Third party fees		21.470	5.900
Rent expense		9.000	300
Taxes – duties		40	1.000
Miscellaneous expenses		2.740	119
	Total	**33.250**	**7.319**

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.

Tax income for the Company since the beginning of the year until its acquisition by Intercontinental International R.E.I.C. and its placement under R.E.I.C. regulation, was 43.748€. The obligation for the current income of year 2018, is settled against the 162.846€ prepayment of income tax of 2017, and the difference of 119.098€ is presented in "Current tax receivables" of the Company. At the acquisition date and up to 31.12.2018, the total investment tax amounted at 39.787€, of which 30.201€ relates to the second half of 2018, is presented under "Current tax liabilities".

14. Unaudited tax years

The Company has not been tax audited for the years 2013 to 2018, while the right of the State to issue an income tax adjustment act until the year 2012 expired on 31.12.2018. For the unaudited tax years there is the possibility of additional taxes and fines, at the time that those tax years are audited and made final. The estimation of the Administrators is that any additional taxes that may occur will not have any material effect 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**
Rent expense within the following year:	12.000	9.000
Rent expense within 2 to 5 years:	36.000	48.000
	48.000	**57.000**

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 other related parties	1.248	-

Related party transactions	**31.12.2018**	**31.12.2017**

Service purchases from the Parent	9.000	0
Service purchases from other related parties	-	300

17. First-time adoption and transitional provisions

According to Law 4308/2014, legal entities have the option to decide, through their management, the preparation of their financial statement in accordance with the IFRS. In this case, the application of IFRS is mandatory for five consecutive annual periods since the first-time adoption of the IFRS.

The Company, as a R.E.I.C. subsidiary, prepares its financial statements under the IFRS. Consequently, the Company applied IFRS 1 “First-time adoption of IFRS” in preparing its financial statements for the year ended on 31.12.2018, which is its first full set of financial statements prepared under the IFRS.

According to the provisions of IFRS 1 “First time adoption of IFRS”, in preparing the first financial statements under the FIRS, a company must use the IFRS that will be applicable at the closing date of the first financial statements for all the years that will be presented, as well as at the transition statement of financial position.

As a result, all revised or newly issued Standards that are applicable to the Company on the 31st of December 2018 have been used for the preparation of the financial statements for the current year and the corresponding financial statements of 31 December 2017.

IFRS 1 “First time adoption of IFRS” provides the option, specifically for the transition to IFRS, to apply a number of exemptions from the general provisions that require retrospective application of IFRS. No such alternative treatments or exemptions have been applied by the Company.

	Note	Greek Accounting Standards	Transition	IFRS
ASSETS				
Non-current assets				
Investment property	**1**	-	7.720.000	7.720.000
Property, plant and equipment	**1**	2.651.591	-2.651.591	-
		2.651.591	**5.068.409**	**7.720.000**
Current Assets				
Cash and cash equivalents		1.918	-	1.918
		1.918	**-**	**1.918**
TOTAL ASSETS		**2.653.509**	**5.068.409**	**7.721.918**
<u>EQUITY AND LIABILITIES</u>				
EQUITY				
Share capital		2.400.000	-	2.400.000
Share premium		111.698	-	111.698

Retained earnings	3	-	5.079.477	5.079.477
Total Equity		**2.511.698**	**5.079.477**	**7.591.175**
LIABILITIES				
Non-current liabilities				
Guarantees	2	92.000	-11.068	80.932
		92.000	**-11.068**	**80.932**
Current liabilities				
Trade and other payables		29.149	-	29.149
Guarantees		18.000	-	-
Current tax liabilities		2.662	-	2.662
		49.811	**-**	**49.811**
Total liabilities		**141.811**	**-11.068**	**130.744**
TOTAL EQUITY AND LIABILITIES		**2.653.509**	**5.068.409**	**7.721.918**

Explanations

1) Recognition of real estate as investment property at fair value, instead of PPE.
2) The effect of the long-term rent guarantee discounting.
3) The total effect from adjustments related to the recognition of gain from the revaluation of the investment property and the discounting of the rent guarantees.

Statement of Comprehensive Income 1.1.2017 - 31.12.2017

	Note	Greek Accounting Standards	Transition	IFRS
Rental income		659.982	-	659.982
Net results from fair value adjustments of investment property	4	-	138.000	138.000
Expenses directly related to investment property	5	-	-28.341	-28.341
Gross profit		**659.982**	**109.659**	**769.641**
Other expenses	6	-94.047	86.729	-7.319
Operating profit		**565.935**	**196.387**	**762.323**
Finance income	7	-	11.068	11.068
Finance expense		-5.396	-	-5.396
Profit before tax		**560.540**	**207.455**	**767.995**
Taxes		-162.846	-	-162.846
Profit after tax		**397.693**	**207.455**	**605.148**
Total comprehensive income for the year		**397.693**	**207.455**	**605.148**

Explanations:

4) Recognition of gain from fair value adjustments of investment property.
5) Reclassification of expenses related to investment property from other expenses.
6) Reclassification of expenses related to investment property from other expenses and elimination of depreciation for the year.
7) Recognition of gain from the discounting of long-term rent guarantees.

Equity reconciliation table 31.12.2017

	Balance in Euro
Equity under Greek Accounting Standards as at 31.12.2017	**2.511.698**
Prior years' recognition of fair value adjustment gains of the investment property	4.930.409
Recognition of fair value adjustment gain of the investment property for current year	138.000
Finance income from the discounting of long-term rent guarantees	11.068
Equity under IFRS as at 31.12.2017	**7.591.175**

18. Events after the reporting period

The Administrators of the Company decided to propose for approval by the General Assembly of the Shareholders, the distribution of earnings of a total amount of 381.401,96€.

Athens, 9th of September 2019

The Administrators

Helen Halikias	**Irene Stromatia**
ID No. AE 783895	**ID No. AN 092069**