PEARL ISLAND HOLDINGS LTD

ANNUAL CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2017

Table of Contents of Annual Financial Statements for the period ended December 31, 2017 page

CONSOLIDATED BALANCE SHEET 4
SEPARATE BALANCE SHEET 5
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 6
SEPARATE INCOME STATEMENT FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 7
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 8
SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 9
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 10
COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 11
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 12
SEPARATE CASH FLOW STATEMENT FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 13

1. GENERAL INFORMATION 14
1.1 Country of Incorporation *14*
1.2 Principal activities *14*
2. SUMMARY OF ACCOUNTING POLICIES 14
2.1 Basis of preparation *14*
2.2 New standards, amendments to standards and interpretations *15*
2.3 Consolidation *16*
2.4 Revenue Recognition *17*
2.5 Foreign currency translation *18*
2.6 Investment property *18*
2.7 Property, Plant and equipment *19*
2.8 Financial Assets *20*
2.9 Trade receivables *20*
2.10 Cash and cash equivalents *21*
2.11 Share capital and share premium *21*
2.12 Borrowings *21*
2.13 Trade and other payables *22*
2.14 Current and deferred tax *22*
2.15 Off-setting financial instruments *22*
3. FINANCIAL RISK MANAGEMENT 22
3.1 Financial risk factors *22*
3.2 Fair value estimation *24*
3.3 Capital risk management *24*
4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS 24
5 FINANCIAL INSTRUMENTS BY CATEGORY 26
6. INVESTMENT PROPERTY 27
7. INVESTMENT IN SUBSIDIARIES 27
8. TRADE AND OTHER RECEIVABLES 29

9. BORROWINGS RECEIVABLE 29
10. CASH AND CASH EQUIVALENTS 29
11. SHARE CAPITAL AND SHARE PREMIUM 30
12. OTHER RESERVES 30
13. TRADE AND OTHER PAYABLES 30
14. BORROWINGS PAYABLE 31
15. INCOME FROM SERVICE CHARGES 31
16. EXPENSES BY NATURE 31
17. EMPLOYEE BENEFIT EXPENSE 31
18. RELATED PARTY TRANSACTIONS 31
19. EVENTS AFTER THE BALANCE SHEET DATE 33

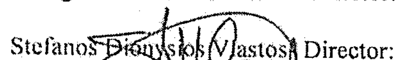
INDEPENDENT AUDITORS REPORT 34

Consolidated Balance Sheet

	Note	Group 31/12/2017
ASSETS		
Non-current assets		
Investment property	6	88.174
Property, plant and equipment		29
		88.203
Current assets		
Trade and other receivables	8	631
Cash and cash equivalents	10	4.313
		4.944
TOTAL ASSETS		93.147
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share Capital	11	4
Share premium	11	26.998
Capital contributions	11	5.000
Other reserves	12	(2.865)
Minority interest		33.921
Retained earnings		26.636
Total shareholders' equity		89.694
Non-current liabilities		
Other non-current liabilities		264
		264
Current liabilities		
Trade and other payables	13	1.027
Current tax liabilities		1
Borrowings payable	14	2.161
		3.189
Total liabilities		3.453
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		93.147

On June 14, 2018 the Board of Directors of Pearl Island Holdings Limited authorised these financial statements if issue.

Panagiotis Aristeidis Varfis- Director:



Stefanos Dionysios Vlastos- Director:

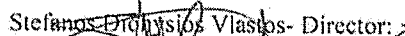
The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Separate Balance Sheet

	Note	Company 31/12/2017
ASSETS		
Non-current assets		
Investment in subsidiaries	7	27.000
		27.000
Current assets		
Loans receivable	9	4.015
Cash and cash equivalents	10	896
		4.911
TOTAL ASSETS		**31.911**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share Capital	11	4
Share premium	11	26.998
Capital contributions	11	5.000
Retained earnings		(111)
Total shareholders' equity		**31.891**
Current liabilities		
Trade and other payables	13	20
		20
Total liabilities		**20**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**31.911**

On June 14, 2018 the Board of Directors of Pearl Island Holdings Limited authorised these financial statements if issue.

Panagiotis-Aristeidis Varlis- Director:


Stefanos-Dionysios Vlastos- Director:

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Consolidated Income Statement for the period from December 15 2016 (date of incorporation) to December 31 2017

	Note	Group From 15/12/2016 to 31/12/2017
Revenue		
Income from service charges	15	1.575
		1.575
Fair value gain on investment property	6	45.706
Direct property relating expenses	16	(96)
Corporate Social Responsibility		(15)
Employee benefit expense	17	(1.109)
Depreciation of property, plant and equipment	16	(38)
Other expenses	16	(1.511)
Operating profit		**44.512**
Finance costs		(21)
Profit before tax		**44.491**
Taxes		(23)
Profit for the period		**44.468**
Attributable to:		
Shareholders (owners of the parent)		26.636
Non-controlling interest		17.832
Profit for the period		**44.468**

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Separate Income Statement for the period from December 15 2016 (date of incorporation) to December 31 2017

	Note	Company From 15/12/2016 to 31/12/2017
Revenue		
Other expenses	16	(34)
Operating loss		**(34)**
Foreign exchange losses on financing activities		(77)
Loss before tax		**(111)**
Taxes		-
Loss for the period		**(111)**

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Consolidated Statement of Comprehensive Income for the period from December 15 2016 (date of incorporation) to December 31 2017

	Group
	From 15/12/2016 to 31/12/2017
Profit for the period	44.468
Other comprehensive income:	
Items that will not be reclassified to profit or loss	
Foreign exchange differences	(4.776)
Total other comprehensive (loss) after taxes	(4.776)
Total comprehensive income after taxes for the period	**39.692**
Total comprehensive income for the period attributable to:	
- Shareholders (Owners of the parent)	23.771
- Minority interest	15.921
Total comprehensive income after taxes for the period	**39.692**

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Separate Statement of Comprehensive Income for the period from December 15 2016 (date of incorporation) to December 31 2017

	Company
	From 15/12/2016 to 31/12/2017
Loss for the period	(111)
Total comprehensive loss after taxes for the year	(111)
Total comprehensive loss for the period attributable to:	
- Shareholders (Owners of the parent)	(111)
- Minority interest	-
Total comprehensive loss after taxes for the period	(111)

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Consolidated Statement of Changes in Shareholders' Equity for the period from December 15 2016 (date of incorporation) to December 31 2017

	Note	Share capital	Share premium	Capital Cotnributions	Reserves	Retained earnings	Non controlling intetrest	Total Equity
Profit for the period		-	-		-	26,636	17,832	44,468
Other comprehensive income	12	-	-		(2,865)	-	(1,911)	(4,776)
Total comprehensive income for the period		-	-	-	**(2,865)**	**26,636**	**15,921**	**39,692**
Transactions with shareholders:								
Capital contribution	18	-	-	5,000	-	-		5,000
Issuance of shares	11	4	26,998	-	-	-		27,002
Non controlling interest on acquisition of asset							18,000	18,000
Balance December 31, 2017		**4**	**26,998**	**5,000**	**(2,865)**	**26,636**	**33,921**	**89,694**

Retained earnings in the separate financial statements of the Company is the only reserve that is available for distribution in the form of dividends to the Company's shareholders.

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Company Statement of Changes in Shareholders' Equity for the period from December 15 2016 (date of incorporation) to December 31 2017

	Note	Share capital	Share premium	Capital Contributions	Retained earnings	Total Equity
Loss for the period		-	-	-	(111)	(111)
Total comprehensive income for the period		-	-	-	(111)	(111)
Transactions with shareholders:						
Issuance of shares	11	4	26,998	-	-	27,002
Capital contribution	18	-	-	5,000	-	5,000
Balance December 31, 2017		4	26,998	5,000	(111)	31,891

Retained earnings in the separate financial statements of the Company is the only reserve that is available for distribution in the form of dividends to the Company's shareholders.

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Consolidated Cash Flow Statement for the period from December 15 2016 (date of incorporation) to December 31 2017

	Note	15/12/2016 - 31/12/2017
Cash flows from operating activities		
Profit/ (loss) for the period		44.491
Finance costs		21
Fair value gain on investment property	6	(45.706)
Depreciation of property, plant and equipment	16	38
Changes in working capital:		
(Increase) in receivables		(30)
(Decrease) in payables		(862)
Cash generated from operating activities		(2.047)
Taxes paid		(23)
Net cash used in operating activities		(2.070)
Cash flows from investing activities		
Subsequent capital expenditure for interest property	6	(1.108)
Net cash used in investing activities		(1.108)
Cash flows from financing activities		
Interest paid		(21)
Capital contribution	11	5.000
Shareholders' loan		2.161
Net cash generated from financing activities		7.140
Net increase in cash and cash equivalents for the year		3.962
Cash and cash equivalents from acquisition		11
Exchange gains / (losses) on cash and cash equivalents		341
Cash and cash equivalents at the end of the year	10	4.313

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Separate Cash Flow Statement for the period from December 15 2016 (date of incorporation) to December 31 2017

	Note	15/12/2016 - 31/12/2017
Cash flows from operating activities		
(Loss) for the period		(111)
Foreign exchange losses on financing activities		77
Changes in working capital:		
Increase in payables		22
Cash generated from operating activities		(12)
Net cash used in operating activities		(12)
Cash flows from investing activities		
Loan to foreign subsidiaries		(4.092)
Net cash used in investing activities		(4.092)
Cash flows from financing activities		
Subsequent Capital contributions	11	5.000
Net generated from financing activities		5.000
Net increase in cash and cash equivalents for the year		896
Cash and cash equivalents at the beginning of the year		-
Cash and cash equivalents at the end of the year	10	896

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Notes to Consolidated and Separate Financial Statements

1. General Information

The present financial statements include the financial statements of the Company Pearl Island Holding Ltd. (the "Company") as well as the consolidated financial statements of the Company and its subsidiaries (together the "Group").

1.1 Country of Incorporation

The Company was established in December 15, 2016 under the laws of Cyprus as a limited company and is incorporated and domiciled in Cyprus. The address of its registered office is 10 Giannou Kranidioti Str., Nice Day House, Floor 6, Apt 602, Nicosia.

These Financial Statements (hereafter the "Financial Statements") for the period from December 15, 2016 (date of incorporation) to December 31, 2017 have been approved for issue by the Board of Directors on June 15th, 2018.

The ultimate parent company is Grivalia Hospitality S.A., incorporated and domiciled Luxembourg-City. The address of its registered office is 63-65, rue de Merl, L-2146 Luxembourg and is registered at the Luxembourg Commercial Register under number R.C.S. Luxembourg n B 198.264.

The Company and its subsidiaries is included in the consolidated financial statements prepared by its ultimate parent company which are available at its registered address.

1.2 Principal activities

The principal activity of the Company, is the holding of investments, including any interest earning activities.

The principal activity of the Group, is the development and sale of immovable property.

2. Summary of accounting policies

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

2.1 Basis of preparation

Statement of compliance

These Consolidated and Separate Financial Statements have been prepared by Management in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2017 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

Preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention and have been adjusted for the fair value of investment properties. The preparation of financial statements, in accordance with I.F.R.S., requires that certain critical accounting estimates are used along with management exercising its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Notes to Consolidated and Separate Financial Statements

2.2 New standards, amendments to standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2017. This adoption did not have a material effect on the accounting policies of the Company.

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

IAS 7 (Amendments) "Disclosure initiative"

These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Standards and Interpretations effective for subsequent periods

IFRS 9 "Financial Instruments: Classification and Measurement" (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

i. Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortized cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

ii. Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortized cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI.

   Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

iii. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

iv. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

v. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

vi. Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

Notes to Consolidated and Separate Financial Statements

The Group has not currently finalized a detailed assessment in relation to the impact of this new standard regarding the classification and valuation of the financial liabilities of the Group but expect that the impact will not be significant. In addition, with regards to the effect of the new standard of the impairment losses, considering the credit quality of the trade receivables and loan receivables, their repayment terms, their history and the possibility of default in relation to their obligations to the Group, the Group does not expect that it will suffer significant impairment losses.

IAS 40 (Amendments) "Transfers of Investment Property" (issued on December 8, 2016 and effective for annual periods beginning on or after 1 January 2018)

The amendments clarify the requirements on transfers to, or from, investment property in respect of properties under construction. Prior to the amendments, there was no specific guidance on transfers into, or out of, investment properties under construction in IAS 40. The amendment clarifies that there was no intention to prohibit transfers of a property under construction or development, previously classified as inventory, to investment property when there is an evident change in use. IAS 40 was amended to reinforce the principle of transfers into, or out of, investment property in IAS 40 to specify that a transfer into, or out of investment property should only be made when there has been a change in use of the property; and such a change in use would involve an assessment of whether the property qualifies as an investment property. Such a change in use should be supported by evidence. According to the preliminary estimates, the application of this standard will not materially affect the financial position and the financial results of the Group.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018).

The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group has not currently finalised a detailed assessment in relation to the impact of this new standard. According to the preliminary estimates, the application of this standard will not materially affect the financial position and the financial results of the Group.

Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018).

The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard. The Group has not currently finalised a detailed assessment in relation to the impact of this amendment. According to the preliminary estimates, the application of this amendment will not materially affect the financial position and the financial results of the Group.

2.3 Consolidation

a) 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

Notes to Consolidated and Separate Financial Statements

liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises 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 recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

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

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

For the acquisition of an asset or a group of assets that does not constitute a business, the Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The cost of the group is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill.

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.

(b) Transactions and non-controlling interest

The Group treats transactions with non-controlling interest as transactions with equity owners of the Group. For purchases from non-controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity within non-controlling interest. Gains or losses of the Group on disposals to non-controlling interest are also recorded in equity within non-controlling interest. Gains or losses of the Group from transactions with non-controlling interest with companies under common control are recorded in equity in common control reserve.

2.4 Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for the sale of goods and services in the ordinary course of the Company's activities, net of value added taxes, returns and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues earned by the Company are recognized on the following bases:

(a) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Notes to Consolidated and Separate Financial Statements

2.5 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Euro, which is the Company's and the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other gains/(losses) – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, in which income and expenses are translated at the rate of the dates of the transactions).
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the closing entity and translated at the closing rate. All resulting exchange differences are recognised in other comprehensive income.

2.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property and is not used by the Group.

Investment property comprises from properties under construction which are being developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the investment property is substantially complete, or suspended if the development of the investment property is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are appraised as at June 30 and December 31 each year by independent professional valuers.

Notes to Consolidated and Separate Financial Statements

Investment property under construction is measured at fair value only if it can be measured reliably.

Investment property further qualified for continued use as investment property, or for which the market has become less active, continues to be valued at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Some of those outflows are reflected as a liability; whereas others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement. Investment property is derecognised when disposed or when use of investment property is ended and there is no future economic benefit expected from the disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer, is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement to the extent that this gain reverses a previous impairment loss. Any remaining profit is recognized in Other comprehensive income by increasing the asset revaluation reserve in equity.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to non-current assets as available for safe if they meet the criteria of IFRS 5. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Group didn't capitalize borrowing costs within the period.

2.7 Property, Plant and equipment

All property, plant and equipment is stated in the balance sheet at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation, based on the component approach, is calculated so as to write off the cost of the assets, over their estimated useful lives, using the straight-line method, as follows:

Land	Nil
Buildings	50 years
Fixtures and equipment	4 – 9 years

The assets' residual values and useful life are reviewed, and adjusted if appropriate, at least each financial year-end.

Notes to Consolidated and Separate Financial Statements

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the income statement.

2.8 Financial Assets

2.8.1 Classification

The group's financial assets consist of receivables. The Group does not hold other financial assets such as financial assets at fair value through profit or loss and investments held to maturity at the balance sheet date. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 2.9 and 2.10).

2.8.2 Recognition and measurement

When recognized as financial assets, loans and receivables financial assets are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

2.8.3 Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that there is an impairment loss for receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

2.9 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method, unless the effects of discounting are not material, less provision for impairment. A

Notes to Consolidated and Separate Financial Statements

provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the initial effective interest rate.

2.10 Cash and cash equivalents

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

2.11 Share capital and share premium

Ordinary shares and share premium are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction (net of tax), from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any gain or loss on extinguishment is recognised in profit or loss except to the extent that it arises as a result of transactions with shareholders acting in their capacity as shareholders when it is recognised directly in equity. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Notes to Consolidated and Separate Financial Statements

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.13 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured using the effective interest rate method.

2.14 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

The Company is taxed on its taxable income based on a tax rate of 12.50% in Cyprus. The Company's foreign subsidiaries are taxed on their taxable income based on a tax rate of 17.5% in Panama.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.15 Off-setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

3. Financial risk management

3.1 Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The financial risks relate to "Trade and other receivables", "Cash and cash equivalents", "Trade and other payables", "Other non-current liabilities", and "Long term tenant deposits". The accounting policy with respect to these financial instruments is described in note 2.

Notes to Consolidated and Separate Financial Statements

Risk management primarily focuses on the identification and evaluation of financial risk, which includes foreign exchange risk.

a) Market risk

Market risk is the risk that the Fair Value or future cash flows of a financial instrument will fluctuate because of changes in market prices. As at December 31, 2017 due the limited financial instruments in the statement of financial position, there is no market risk to be disclosed.

i) Foreign exchange risk

The group operates internationally. Foreign exchange risk arises due to foreign currency transactions, recognized financial assets and liabilities that are not in the functional currency of each Group company and mainly from the Group's investments in subsidiaries abroad. As at December 31 2017, the effect of foreign exchange differences is not significant to be disclosed.

ii) Price risk

The Group is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities.

b) Credit risk

The Company has concentrations of credit risk mainly with respect to cash balances and deposits held with banks. However, no significant losses are anticipated, as procedures are in place to ensure that cash transactions are restricted to financial institutions.

The Group's maximum exposure to credit risk is the carrying value of those financial assets.

c) Liquidity risk

Prudent liquidity risk management implies sufficient cash balances, availability of funding through an adequate amount of committed credit facilities and ability to close out market positions. Due to the dynamic nature of the underlying business, the Group management aims to maintain flexibility in funding by keeping adequate cash and committed credit lines available for overdrafts and time deposits.

Group's liquidity position is monitored on a regular basis by the management. A summary table is presented below with maturity of financial assets and liabilities (the tables include undiscounted flows for interest and principal):

For the period ended December 31st, 2017:

Group

	Up to 1 year	1 to 2 years	2 to 5 years	over 5 years
Financial Assets				
Trade and other receivables	631	-	-	-
Cash and cash equivalents	4.313	-	-	-
	4.944	-	-	-
Financial Liabilities				
Borrowings	2.161	-	-	-
Trade and other payables	1.027	264	-	-
	3.188	264	-	-

Notes to Consolidated and Separate Financial Statements

Company

	Up to 1 year	1 to 2 years	2 to 5 years	over 5 years
Financial Assets				
Loans receivable	4.015	-	-	-
Cash and cash equivalents	896	-	-	-
	4.911	-	-	-
Financial Liabilities				
Trade and other payables	20	-	-	-
	20	-	-	-

3.2 Fair value estimation

The Group uses the following hierarchy in order to determine and disclose the fair value of financial assets and liabilities per valuation technique:

Level 1: Financial assets that are traded on active markets, the fair value of which is determined based on published market prices at the reporting date for similar assets and liabilities.

Level 2: Financial assets that are not traded on active markets, the fair value of which is determined using valuation techniques and assumptions that are either directly or indirectly based on market conditions at the reporting date.

Level 3: Financial assets that are not traded on active markets, the fair value of which is determined using valuation techniques and assumptions that are essentially not based on market data.

Refer to note 6 for disclosures in relation to the fair value of investment property.

As at December 31, 2017, the book value of all financial assets (trade and other receivables, long term tenant deposits, trade and other payables and other long term payables) approximates the fair value.

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue operating in order to provide returns to shareholders, benefits to other stakeholders as well as maintain an optimal capital structure in order to reduce the cost of capital.

In order to sustain or adjust the capital structure, the Company can do one of the following: adjust the dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets.

4. Critical accounting estimates and assumptions

a) Estimation of the fair value of investment properties

For the revaluation of investment properties the Board of Directors relies on valuations from independent external professional valuers based on the provisions of IFRS 13 "Fair Value Measurement". This revaluation requires considerable judgment to assess the maximum and optimal use of an investment property and for the significant data and assumptions used for the estimates. For the accounting calculation and the main assumptions used, refer to Note 6.

The Group evaluates investment property by taking the high and best use (HABU) of each asset wherever possible, legally permissible and financially possible, into consideration. This valuation is based on the physical characteristics of each asset, the allowed usage and the opportunity cost of each investment.

The Group uses the following hierarchy for determining and disclosing the fair value of its financial instruments for each valuation technique:

Notes to Consolidated and Separate Financial Statements

Level 1: Financial assets that are traded on active markets whose fair value is determined on the basis of quoted prices at the reporting date for identical assets or liabilities.

Level 2: Financial assets that are not traded on active markets, whose fair value is determined by using valuation techniques and assumptions based directly or indirectly on published market prices at the reporting date.

Level 3: Financial assets not traded on active markets, whose fair value is determined by the use of techniques not based on available market information.

The best evidence of fair value is based on the current prices in an active market for similar lease and other contracts. In the event that such information is unavailable, the Group's Management determines the fair value amount through a range of reasonable fair value estimates based on advice received from its independent external valuers.

In order to make such a decision, Group's Management looks at information from various sources, including the following:

(i) Current prices in an active market for properties of a different nature, condition or location (or subject to a different lease or other contracts), adjusted to reflect those differences.

(ii) Recent prices of similar properties in less active markets, with adjustments made to reflect any changes in economic conditions since the date of the transactions that occurred at those prices, and

(iii) Discounted cash flow projections based on reliable estimates of future cash flows.

The Group carried sensitivity analysis on the principal assumptions underlying management's estimation regarding fair value:

(a) Rates for hotels in relation to the average value per room, the occupancy rate, and general investment in hotels; rates for residences in relation to selling price per square metre and the cost of construction per square metre; and

(b) the appropriate discount rates.

If the rates mentioned in (a) above varied by +/- 2.5% and the discount rate by +/- 0.5% the fair value of the investment property would vary between €82.018 thousand and €126.459 thousand.

No other areas exist where significant judgments are exercised which in turn affect the Group's financial position.

There are no other assumptions that would significantly affect the Group's financial position.

b) Acquisition of subsidiaries

In December 2016 the Company acquired from its previous shareholder through a share for share exchange its investments in subsidiaries for €27.000 thousand. Details of the main assets and liabilities acquired were as follows:

Investment property	46,218
Property, plant and equipment	65
Trade and other receivables	625
Cash and cash equivelants	11
Trade and other payables	(1,919)
Non controlling interest	(18,000)
Net assets	27,000

Significant judgement was required to determine whether the above transaction qualified as a business combination or whether it should have been accounted for using the asset acquisition method.

Notes to Consolidated and Separate Financial Statements

The Board of Directors has assessed that as of the date of acquisition the missing elements in the various processes could not be replaced by any market participant and as such the above transaction has been accounted for as an asset acquisition in line with the provisions of IFRS 3 "Business combination". As a result the deferred tax liability upon initial recognition in relation to the assets acquired was not recognised.

5. Financial instruments by category

Group

	Loans and receivables	Total
31 December 2017		
Assets as per balance sheet		
Trade and other receivables	631	**631**
Cash and bank balances	4.313	**4.313**
Total	**4.944**	**4.944**

	Liabilities at amortised cost	Total
Liabilities as per balance sheet		
Borrowings (excluding finance lease liabilities)	2.161	**2.161**
Trade and other payables	1.027	**1.027**
Total	**3.188**	**3.188**

Company

	Loans and receivables	Total
31 December 2017		
Assets as per balance sheet		
Loan receivable	4.015	**4.015**
Cash and bank balances	896	**896**
Total	**4.911**	**4.911**

	Liabilities at amortised cost	Total
Liabilities as per balance sheet		
Trade and other payables	20	**20**
Total	**20**	**20**

Notes to Consolidated and Separate Financial Statements

6. Investment property

	31/12/2017
Balance at the beginning of the period	-
Additions:	
Acquisition of investment property through subsidiary	46.218
Subsequent capital expenditure on investment	1.108
Net gain/(loss) from fair value adjustments on investment property	45.706
Translation differences arising through consolidation	(4.858)
Balance at the end of the period	**88.174**

The Group's investment properties are measured at fair value. Investment property includes Isla Pedro Gonzalez (Pearl Island) in Panama. The Group's investment property is measured at fair value. The Group received from HVS Global Hospitality Services, a consulting firm specialized in appraisals in the hospitality industry, an evaluation of the project as at December 31, 2017.

The Group's finance department includes a team that review the valuations of investment properties at least every six months. This team reports directly to the Chief Financial Officer (CFO). Discussions in relation to the valuation process and results are held between the CFO and the Board of Directors at least once every six months. At each financial year end the finance department:

(i) verifies all major inputs and assumptions used for the valuation report;

(ii) assesses property valuation movements when compared to the prior year valuation report; and

(iv) holds discussions with the Board of Directors.

The valuation of investment properties has been based on significant unobservable inputs and is therefore a level 3 valuation. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

7. Investment in subsidiaries

	31/12/2017
Balance at the beginning of the period	-
Additions:	27.000
Balance at the end of the year	**27.000**

For further information on investment in subsidiaries please refer to note 4b.

The Group's interests in its subsidiaries, which are unlisted, were as follows:

Notes to Consolidated and Separate Financial Statements

Name	Principal activity	2017 % Holding
Zoniro Panama S.A.	Project Administration Services.	60%
Don Bernardo Hotel S.A.	Development of Tourism Real Estate Projects	60%
Pearl Island Limited S.A.	Development of Tourism Real Estate Projects	60%
Pearl Island Utility S.A.	Project Administration Services.	60%
Pearl Island Airport S.A.	Airfield Services	60%
Don Bernardo Residences S.A.	Development of Tourism Real Estate Projects	60%

The summarised financial information for subsidiaries with material non-controlling interests are presented below:

Summarised balance sheet

	Zoniro Panama S.A.	Don Bernardo Hotel S.A.	Pearl Island Limited S.A.
	2017	2017	2017
Assets	653	2.712	1.075
Liabilities	2.496	3.875	1.211
Total	(1.843)	(1.163)	(137)
Non-current			
Assets	687	53.502	34.014
Liabilities	180	-	-
Total	507	53.502	34.014
Net Assets	(1.336)	52.339	33.878
Third parties - %	40%	40%	40%
Third parties	(534)	20.936	13.551

Summarised statement of comprehensive icome

	Zoniro Panama S.A.	Don Bernardo Hotel S.A.	Pearl Island Limited S.A.
	2017	2017	2017
Revenue	1.575	-	3
Fair value adjustment on investment property	340	26.349	19.039
Profit/(loss) for the year	(674)	26.348	18.906
Other comperehensive income/(loss)	-	-	-
Total comprehensive income/(loss)	(674)	26.348	18.906
Total comprehensive income/(loss) allocated to non-controlling interests	**(269)**	**10.539**	**7.562**

Summarised statement of cash flows

	Zoniro Panama S.A.	Don Bernardo Hotel S.A.	Pearl Island Limited S.A.
	2017	2017	2017
Net cash from/(used in) operating activities	(1.595)	203	(320)
Net cash from/(used in) investing activities	1.632	2.423	1.065
Net cash from/(used in) financing activities	-	-	-
Net increase/(decrease) in cash, cash equivalents	37	2.626	745
Cash and cash equivalents at beginning of the year	2	2	5
Cash and cash equivalents at year end	**39**	**2.628**	**750**

Notes to Consolidated and Separate Financial Statements

8. Trade and other receivables

The analysis of trade and other receivables is as follows:

	Note	Group 31/12/2017	Company 31/12/2017
Trade receivables		40	-
Receivables from related parties	18	451	-
Other receivables		141	-
Trade and other receivables		631	0

The ageing analysis of trade receivables is as follows:

	Group 31/12/2017	Company 31/12/2017
Trade receivables		
Due within due date	40	-
Past due but not impaired:		
- 4 to 6 months	-	-
- over 6 months	-	-
Doubtful debts	-	-
Less: Provision for doubtful debts past due	-	-
	40	-

9. Loans receivable

Loans receivable for the Company as at December 31, 2017, include an amount of €4.015, relating to a shareholder's loan given to the Panamanian companies. The shareholder's loan is interest free and received on demand.

10. Cash and cash equivalents

The analysis of cash and cash equivalents is as follows:

	Group 31/12/2017	Company 31/12/2017
Cash in hand	-	-
Cash at bank and short-term deposits	4.313	896
Cash and cash equivalents	4.313	896

Notes to Consolidated and Separate Financial Statements

Cash and bank balances are denominated in the following currencies:

	Group	Company
	31/12/2017	31/12/2017
Euro - functional and presentation currency	896	896
US Dollar	3.417	-
	4.313	896

11. Share capital and share premium

The Group's shareholder equity is analysed as follows:

	Number of shares (thousands)	Share capital	Share premium
Balance January 01, 2017			
Issuance of New Shares	4	4	26.998
Balance December 31, 2017	4	4	26.998

The total authorised number of ordinary shares as at December, 31, 2017, is 5.000 with a par value of €4 per share. 4.000 shares are fully paid up amounting to €4.000. On incorporation 2.000 shares were issued with a par value of €1 per share (total €2.000 thousand). On December 16, 2016 an additional 2.000 shares were issued with a par value of €13.500 per share (total €27.000 thousand).

On April 25th, 2017 the Extraordinary Shareholder Meeting of the Company decided to allot up to 1.000 shares each with a nominal value of €1 and each at a premium of up to €9.999 to its sole shareholder Grivalia Hospitality S.A. in consideration of any amounts of up to €10.000 thousand by the end of 2017. Up to today €5.000 thousand have been contributed.

12. Other reserves

Other reserves refer to exchange difference from translating the financial statements of consolidated entities to presentation currency (euro).

13. Trade and other payables

The analysis of trade and other payables is as follows:

	Note	Group	Company
		31/12/2017	31/12/2017
Trade payables		486	-
Other payables and accruals		322	20
Amounts due to related parties	18	219	-
Trade and other payables		1.027	20

Notes to Consolidated and Separate Financial Statements

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

14. Borrowings payable

"Borrowings" for the Group as at December 31, 2017, include an amount of €2.161, relating to a shareholder's loan received from the Panamanian companies. The shareholder's loan is interest free and payable on demand.

15. Income from service charges

It includes income from third parties for their use of use of the Group's infrastructure and human capital on the island.

16. Expenses by nature

Expenses comprise the following:

	Group	Company
	From 15/12/2016 to 31/12/2017	From 15/12/2016 to 31/12/2017
Depreciation, amortisation and impairment charges	38	-
Repairs and maintenance	53	-
Insurance	29	-
Property permits	14	-
Salaries, wages and allowances	746	-
Social security costs	165	-
Other benefits	198	-
Corporate Social Responsibility	15	-
Depreciation of property, plant and equipment	38	-
Professionals fees	284	3
Auditors' remuneration	20	20
Advertising and promotion	7	-
Non deducatble VAT	6	-
Other	1.156	11
Total	2.769	34

17. Employee benefit expense

	Group	Company
	From 15/12/2016 to 31/12/2017	From 15/12/2016 to 31/12/2017
Salaries, wages and allowances	746	-
Social security costs	165	-
Other benefits	198	-
Employee benefit expense- BoD	1.109	-
Average number of staff employed during the period	65	-

18. Related party transactions

On incorporation the Company was controlled by Dolphin Capital Investors Limited (DCI). On March 14th, 2017, Grivalia Hospitality S.A. acquired 100% of the issued shares of the Company from DCI. Grivalia Hospitality S.A. is jointly controlled by Grivalia Properties REIC (25%), Eurolife ERB Insurance Group (25%), M&G investments (50%).

Notes to Consolidated and Separate Financial Statements

The following transactions were carried out with related parties:

a) Sales and purchase of services

	Group From 15/12/2016 to 31/12/2017	Company From 15/12/2016 to 31/12/2017
Sales of services:		
Subsidiaries	-	-
Other related parties	1.231	-
	1.231	-
Purchases of services:		
Subsidiaries	-	-
Other related parties	197	-
	197	-

b) Year-end balances arising from sales/purchases of services

	Group 31/12/2017	Company 31/12/2017
Receivables from related parties:		
Subsidiaries	-	-
Other related parties	451	-
	451	-
Payable to related parties:		
Subsidiaries	-	-
Other related parties	219	-
	219	-

c) Loans to related parties

	Group 31/12/2017	Company 31/12/2017
Loans to subsidiaries		
At beginning of year		
New loans	-	-
Interest charged	-	4.105
At end of year	-	-
	-	4.105

Loans to subsidiaries as at December 31, 2017 relates to a shareholder's loan given from the Company to the Panamanian subsidiaries. The shareholder's loan is interest free and received on demand.

Notes to Consolidated and Separate Financial Statements

d) Borrowings from related parties

	Group	Company
Loans from related parties:	**31/12/2017**	**31/12/2017**
At beginning of year	-	-
New loans	2.161	-
Interest charged	-	-
At end of year	**2.161**	-

Borrowings from subsidiaries as at December, 31, 2017 relates to a shareholder's risk free loan received from the Panamanian subsidiaries.

e) Commitments and contingent liabilities

There were no commitments and contingent liabilities between the Company and related parties.

f) Capital contribution

On April 25th, 2017 the shareholder made a capital contribution to the Company amounting € 5.000 thousands.

19. Events after the balance sheet date

There are no other significant events have taken place after December 31, 2017, which affect either the Group or the Company's financial position that need to be mentioned according to the International Financial Reporting Standards.

Independent Auditor's Report
To the Members of Pearl Island Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Pearl Island Holdings Limited (the "Company"), and its subsidiaries (the "Group") and the accompanying separate financial statements of the Company, which are presented in pages 4 to 33 and comprise the consolidated balance sheet as at 31 December 2017, the separate balance sheet as at 31 December 2017 and the consolidated and separate statements of income statement and comprehensive income, changes in shareholders' equity and cash flows for the period from 15 December 2016 (date of incorporation) to 31 December 2017, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group as at 31 December 2017, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the period from 15 December 2016 to 31 December 2017 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers Ltd, City Housel, 6 Karaiskakis Street, CY-3032 Limassol, Cyprus
P O Box 53034, CY-3300 Limassol, Cyprus
T: +357 - 25 555 000, F:+357 - 25 555 001, www.pwc.com.cy

PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No.143594). Its registered office is at 3 Themistocles Dervis Street, CY-1066, Nicosia. A list of the company's directors, including for individuals the present and former (if any) name and surname and nationality, if not Cypriot and for legal entities the corporate name, is kept by the Secretary of the company at its registered office. PwC refers to the Cyprus member firm, PricewaterhouseCoopers Ltd and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

Responsibilities of the Board of Directors for the Consolidated and Separate Financial Statements

The Board of Directors is responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's and financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

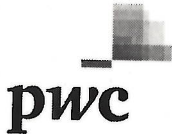
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.



- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 Group to cease to continue as a going concern.

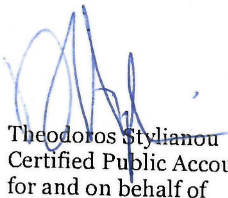
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

We communicate with the Board of Directors 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.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Theodoros Stylianou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 18 June 2018

PEARL ISLAND HOLDINGS LTD

ANNUAL CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2017

Table of Contents of Annual Financial Statements for the period ended December 31, 2017 page

CONSOLIDATED BALANCE SHEET 4
SEPARATE BALANCE SHEET 5
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 6
SEPARATE INCOME STATEMENT FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 7
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 8
SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 9
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 10
COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 11
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 12
SEPARATE CASH FLOW STATEMENT FOR THE PERIOD FROM DECEMBER 15 2016 (DATE OF INCORPORATION) TO DECEMBER 31 2017 13
1. GENERAL INFORMATION 14
1.1 Country of Incorporation 14
1.2 Principal activities 14
2. SUMMARY OF ACCOUNTING POLICIES 14
2.1 Basis of preparation 14
2.2 New standards, amendments to standards and interpretations 15
2.3 Consolidation 16
2.4 Revenue Recognition 17
2.5 Foreign currency translation 18
2.6 Investment property 18
2.7 Property, Plant and equipment 19
2.8 Financial Assets 20
2.9 Trade receivables 20
2.10 Cash and cash equivalents 21
2.11 Share capital and share premium 21
2.12 Borrowings 21
2.13 Trade and other payables 22
2.14 Current and deferred tax 22
2.15 Off-setting financial instruments 22
3. FINANCIAL RISK MANAGEMENT 22
3.1 Financial risk factors 22
3.2 Fair value estimation 24
3.3 Capital risk management 24
4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS 24
5 FINANCIAL INSTRUMENTS BY CATEGORY 26
6. INVESTMENT PROPERTY 27
7. INVESTMENT IN SUBSIDIARIES 27
8. TRADE AND OTHER RECEIVABLES 29

9. Borrowings receivable 29
10. Cash and cash equivalents 29
11. Share capital and share premium 30
12. Other reserves 30
13. Trade and other payables 30
14. Borrowings payable 31
15. Income from service charges 31
16. Expenses by nature 31
17. Employee benefit expense 31
18. Related party transactions 31
19. Events after the balance sheet date 33

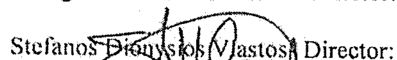
INDEPENDENT AUDITORS REPORT 34

Consolidated Balance Sheet

	Note	Group 31/12/2017
ASSETS		
Non-current assets		
Investment property	6	88.174
Property, plant and equipment		29
		88.203
Current assets		
Trade and other receivables	8	631
Cash and cash equivalents	10	4.313
		4.944
TOTAL ASSETS		93.147
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share Capital	11	4
Share premium	11	26.998
Capital contributions	11	5.000
Other reserves	12	(2.865)
Minority interest		33.921
Retained earnings		26.636
Total shareholders' equity		89.694
Non-current liabilities		
Other non-current liabilities		264
		264
Current liabilities		
Trade and other payables	13	1.027
Current tax liabilities		1
Borrowings payable	14	2.161
		3.189
Total liabilities		3.453
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		93.147

On June 14, 2018 the Board of Directors of Pearl Island Holdings Limited authorised these financial statements if issue.

Panagiotis Aristeidis-Vartis- Director:



Stefanos Dionysios Vlastos- Director:

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

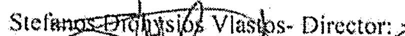
Separate Balance Sheet

	Note	Company 31/12/2017
ASSETS		
Non-current assets		
Investment in subsidiaries	7	27.000
		27.000
Current assets		
Loans receivable	9	4.015
Cash and cash equivalents	10	896
		4.911
TOTAL ASSETS		31.911
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share Capital	11	4
Share premium	11	26.998
Capital contributions	11	5.000
Retained earnings		(111)
Total shareholders' equity		31.891
Current liabilities		
Trade and other payables	13	20
		20
Total liabilities		20
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		31.911

On June 14, 2018 the Board of Directors of Pearl Island Holdings Limited authorised these financial statements if issue.

Panagiotis Aristeidis Varlis- Director:

Stefanos Dionysios Vlastos- Director:



The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Consolidated Income Statement for the period from December 15 2016 (date of incorporation) to December 31 2017

	Note	Group From 15/12/2016 to 31/12/2017
Revenue		
Income from service charges	15	1.575
		1.575
Fair value gain on investment property	6	45.706
Direct property relating expenses	16	(96)
Corporate Social Responsibility		(15)
Employee benefit expense	17	(1.109)
Depreciation of property, plant and equipment	16	(38)
Other expenses	16	(1.511)
Operating profit		**44.512**
Finance costs		(21)
Profit before tax		**44.491**
Taxes		(23)
Profit for the period		**44.468**
Attributable to:		
Shareholders (owners of the parent)		26.636
Non-controlling interest		17.832
Profit for the period		**44.468**

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Separate Income Statement for the period from December 15 2016 (date of incorporation) to December 31 2017

	Note	Company From 15/12/2016 to 31/12/2017
Revenue		
Other expenses	16	(34)
Operating loss		**(34)**
Foreign exchange losses on financing activities		(77)
Loss before tax		**(111)**
Taxes		-
Loss for the period		**(111)**

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Consolidated Statement of Comprehensive Income for the period from December 15 2016 (date of incorporation) to December 31 2017

	Group
	From 15/12/2016 to 31/12/2017
Profit for the period	44.468
Other comprehensive income:	
Items that will not be reclassified to profit or loss	
Foreign exchange differences	(4.776)
Total other comprehensive (loss) after taxes	(4.776)
Total comprehensive income after taxes for the period	**39.692**
Total comprehensive income for the period attributable to:	
- Shareholders (Owners of the parent)	23.771
- Minority interest	15.921
Total comprehensive income after taxes for the period	**39.692**

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Separate Statement of Comprehensive Income for the period from December 15 2016 (date of incorporation) to December 31 2017

	Company
	From 15/12/2016 to 31/12/2017
Loss for the period	(111)
Total comprehensive loss after taxes for the year	(111)
Total comprehensive loss for the period attributable to:	
- Shareholders (Owners of the parent)	(111)
- Minority interest	-
Total comprehensive loss after taxes for the period	(111)

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Consolidated Statement of Changes in Shareholders' Equity for the period from December 15 2016 (date of incorporation) to December 31 2017

	Note	Share capital	Share premium	Capital Cotnributions	Reserves	Retained earnings	Non controlling intetrest	Total Equity
Profit for the period		-	-		-	26,636	17,832	44,468
Other comprehensive income	12	-	-		(2,865)	-	(1,911)	(4,776)
Total comprehensive income for the period		-	-	-	**(2,865)**	**26,636**	**15,921**	**39,692**
Transactions with shareholders:								
Capital contribution	18	-	-	5,000	-	-		5,000
Issuance of shares	11	4	26,998	-	-	-		27,002
Non controlling interest on acquisition of asset							18,000	18,000
Balance December 31, 2017		**4**	**26,998**	**5,000**	**(2,865)**	**26,636**	**33,921**	**89,694**

Retained earnings in the separate financial statements of the Company is the only reserve that is available for distribution in the form of dividends to the Company's shareholders.

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Company Statement of Changes in Shareholders' Equity for the period from December 15 2016 (date of incorporation) to December 31 2017

	Note	Share capital	Share premium	Capital Cotnributions	Retained earnings	Total Equity
Loss for the period		-	-	-	(111)	(111)
Total comprehensive income for the period		-	-	-	**(111)**	**(111)**
Transactions with shareholders:						
Issuance of shares	11	4	26,998	-	-	27,002
Capital contribution	18	-	-	5,000	-	5,000
Balance December 31, 2017		4	**26,998**	**5,000**	**(111)**	**31,891**

Retained earnings in the separate financial statements of the Company is the only reserve that is available for distribution in the form of dividends to the Company's shareholders.

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Consolidated Cash Flow Statement for the period from December 15 2016 (date of incorporation) to December 31 2017

	Note	15/12/2016 - 31/12/2017
Cash flows from operating activities		
Profit/ (loss) for the period		44.491
Finance costs		21
Fair value gain on investment property	6	(45.706)
Depreciation of property, plant and equipment	16	38
Changes in working capital:		
(Increase) in receivables		(30)
(Decrease) in payables		(862)
Cash generated from operating activities		(2.047)
Taxes paid		(23)
Net cash used in operating activities		(2.070)
Cash flows from investing activities		
Subsequent capital expenditure for interest property	6	(1.108)
Net cash used in investing activities		(1.108)
Cash flows from financing activities		
Interest paid		(21)
Capital contribution	11	5.000
Shareholders' loan		2.161
Net cash generated from financing activities		7.140
Net increase in cash and cash equivalents for the year		3.962
Cash and cash equivalents from acquisition		11
Exchange gains / (losses) on cash and cash equivalents		341
Cash and cash equivalents at the end of the year	10	4.313

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Separate Cash Flow Statement for the period from December 15 2016 (date of incorporation) to December 31 2017

	Note	15/12/2016 - 31/12/2017
Cash flows from operating activities		
(Loss) for the period		(111)
Foreign exchange losses on financing activities		77
Changes in working capital:		
Increase in payables		22
Cash generated from operating activities		(12)
Net cash used in operating activities		(12)
Cash flows from investing activities		
Loan to foreign subsidiaries		(4.092)
Net cash used in investing activities		(4.092)
Cash flows from financing activities		
Subsequent Capital contributions	11	5.000
Net generated from financing activities		5.000
Net increase in cash and cash equivalents for the year		896
Cash and cash equivalents at the beginning of the year		-
Cash and cash equivalents at the end of the year	10	896

The notes on pages 14 to 33 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2017.

Notes to Consolidated and Separate Financial Statements

1. General Information

The present financial statements include the financial statements of the Company Pearl Island Holding Ltd. (the "Company") as well as the consolidated financial statements of the Company and its subsidiaries (together the "Group").

1.1 Country of Incorporation

The Company was established in December 15, 2016 under the laws of Cyprus as a limited company and is incorporated and domiciled in Cyprus. The address of its registered office is 10 Giannou Kranidioti Str., Nice Day House, Floor 6, Apt 602, Nicosia.

These Financial Statements (hereafter the "Financial Statements") for the period from December 15, 2016 (date of incorporation) to December 31, 2017 have been approved for issue by the Board of Directors on June 15th, 2018.

The ultimate parent company is Grivalia Hospitality S.A., incorporated and domiciled Luxembourg-City. The address of its registered office is 63-65, rue de Merl, L-2146 Luxembourg and is registered at the Luxembourg Commercial Register under number R.C.S. Luxembourg n B 198.264.

The Company and its subsidiaries is included in the consolidated financial statements prepared by its ultimate parent company which are available at its registered address.

1.2 Principal activities

The principal activity of the Company, is the holding of investments, including any interest earning activities.

The principal activity of the Group, is the development and sale of immovable property.

2. Summary of accounting policies

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

2.1 Basis of preparation

Statement of compliance

These Consolidated and Separate Financial Statements have been prepared by Management in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2017 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

Preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention and have been adjusted for the fair value of investment properties. The preparation of financial statements, in accordance with I.F.R.S., requires that certain critical accounting estimates are used along with management exercising its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Notes to Consolidated and Separate Financial Statements

2.2 New standards, amendments to standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2017. This adoption did not have a material effect on the accounting policies of the Company.

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

IAS 7 (Amendments) "Disclosure initiative"

These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Standards and Interpretations effective for subsequent periods

IFRS 9 "Financial Instruments: Classification and Measurement" (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

i. Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortized cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

ii. Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortized cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI.

   Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

iii. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

iv. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

v. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

vi. Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

Notes to Consolidated and Separate Financial Statements

The Group has not currently finalized a detailed assessment in relation to the impact of this new standard regarding the classification and valuation of the financial liabilities of the Group but expect that the impact will not be significant. In addition, with regards to the effect of the new standard of the impairment losses, considering the credit quality of the trade receivables and loan receivables, their repayment terms, their history and the possibility of default in relation to their obligations to the Group, the Group does not expect that it will suffer significant impairment losses.

IAS 40 (Amendments) "Transfers of Investment Property" (issued on December 8, 2016 and effective for annual periods beginning on or after 1 January 2018)

The amendments clarify the requirements on transfers to, or from, investment property in respect of properties under construction. Prior to the amendments, there was no specific guidance on transfers into, or out of, investment properties under construction in IAS 40. The amendment clarifies that there was no intention to prohibit transfers of a property under construction or development, previously classified as inventory, to investment property when there is an evident change in use. IAS 40 was amended to reinforce the principle of transfers into, or out of, investment property in IAS 40 to specify that a transfer into, or out of investment property should only be made when there has been a change in use of the property; and such a change in use would involve an assessment of whether the property qualifies as an investment property. Such a change in use should be supported by evidence. According to the preliminary estimates, the application of this standard will not materially affect the financial position and the financial results of the Group.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018).

The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group has not currently finalised a detailed assessment in relation to the impact of this new standard. According to the preliminary estimates, the application of this standard will not materially affect the financial position and the financial results of the Group.

Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018).

The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard. The Group has not currently finalised a detailed assessment in relation to the impact of this amendment. According to the preliminary estimates, the application of this amendment will not materially affect the financial position and the financial results of the Group.

2.3 Consolidation

a) 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

Notes to Consolidated and Separate Financial Statements

liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises 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 recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

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

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

For the acquisition of an asset or a group of assets that does not constitute a business, the Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The cost of the group is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill.

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.

(b) Transactions and non-controlling interest

The Group treats transactions with non-controlling interest as transactions with equity owners of the Group. For purchases from non-controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity within non-controlling interest. Gains or losses of the Group on disposals to non-controlling interest are also recorded in equity within non-controlling interest. Gains or losses of the Group from transactions with non-controlling interest with companies under common control are recorded in equity in common control reserve.

2.4 Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for the sale of goods and services in the ordinary course of the Company's activities, net of value added taxes, returns and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues earned by the Company are recognized on the following bases:

(a) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Notes to Consolidated and Separate Financial Statements

2.5 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Euro, which is the Company's and the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other gains/(losses) – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, in which income and expenses are translated at the rate of the dates of the transactions).
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the closing entity and translated at the closing rate. All resulting exchange differences are recognised in other comprehensive income.

2.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property and is not used by the Group.

Investment property comprises from properties under construction which are being developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the investment property is substantially complete, or suspended if the development of the investment property is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are appraised as at June 30 and December 31 each year by independent professional valuers.

Notes to Consolidated and Separate Financial Statements

Investment property under construction is measured at fair value only if it can be measured reliably.

Investment property further qualified for continued use as investment property, or for which the market has become less active, continues to be valued at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Some of those outflows are reflected as a liability; whereas others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement. Investment property is derecognised when disposed or when use of investment property is ended and there is no future economic benefit expected from the disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer, is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement to the extent that this gain reverses a previous impairment loss. Any remaining profit is recognized in Other comprehensive income by increasing the asset revaluation reserve in equity.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to non-current assets as available for safe if they meet the criteria of IFRS 5. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Group didn't capitalize borrowing costs within the period.

2.7 Property, Plant and equipment

All property, plant and equipment is stated in the balance sheet at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation, based on the component approach, is calculated so as to write off the cost of the assets, over their estimated useful lives, using the straight-line method, as follows:

Land	Nil
Buildings	50 years
Fixtures and equipment	4 – 9 years

The assets' residual values and useful life are reviewed, and adjusted if appropriate, at least each financial year-end.

Notes to Consolidated and Separate Financial Statements

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the income statement.

2.8 Financial Assets

2.8.1 Classification

The group's financial assets consist of receivables. The Group does not hold other financial assets such as financial assets at fair value through profit or loss and investments held to maturity at the balance sheet date. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 2.9 and 2.10).

2.8.2 Recognition and measurement

When recognized as financial assets, loans and receivables financial assets are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

2.8.3 Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that there is an impairment loss for receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

2.9 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method, unless the effects of discounting are not material, less provision for impairment. A

Notes to Consolidated and Separate Financial Statements

provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the initial effective interest rate.

2.10 Cash and cash equivalents

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

2.11 Share capital and share premium

Ordinary shares and share premium are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction (net of tax), from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any gain or loss on extinguishment is recognised in profit or loss except to the extent that it arises as a result of transactions with shareholders acting in their capacity as shareholders when it is recognised directly in equity. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Notes to Consolidated and Separate Financial Statements

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.13 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured using the effective interest rate method.

2.14 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

The Company is taxed on its taxable income based on a tax rate of 12.50% in Cyprus. The Company's foreign subsidiaries are taxed on their taxable income based on a tax rate of 17.5% in Panama.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.15 Off-setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

3. Financial risk management

3.1 Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The financial risks relate to "Trade and other receivables", "Cash and cash equivalents", "Trade and other payables", "Other non-current liabilities", and "Long term tenant deposits". The accounting policy with respect to these financial instruments is described in note 2.

Notes to Consolidated and Separate Financial Statements

Risk management primarily focuses on the identification and evaluation of financial risk, which includes foreign exchange risk.

a) Market risk

Market risk is the risk that the Fair Value or future cash flows of a financial instrument will fluctuate because of changes in market prices. As at December 31, 2017 due the limited financial instruments in the statement of financial position, there is no market risk to be disclosed.

i) Foreign exchange risk

The group operates internationally. Foreign exchange risk arises due to foreign currency transactions, recognized financial assets and liabilities that are not in the functional currency of each Group company and mainly from the Group's investments in subsidiaries abroad. As at December 31 2017, the effect of foreign exchange differences is not significant to be disclosed.

ii) Price risk

The Group is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities.

b) Credit risk

The Company has concentrations of credit risk mainly with respect to cash balances and deposits held with banks. However, no significant losses are anticipated, as procedures are in place to ensure that cash transactions are restricted to financial institutions.

The Group's maximum exposure to credit risk is the carrying value of those financial assets.

c) Liquidity risk

Prudent liquidity risk management implies sufficient cash balances, availability of funding through an adequate amount of committed credit facilities and ability to close out market positions. Due to the dynamic nature of the underlying business, the Group management aims to maintain flexibility in funding by keeping adequate cash and committed credit lines available for overdrafts and time deposits.

Group's liquidity position is monitored on a regular basis by the management. A summary table is presented below with maturity of financial assets and liabilities (the tables include undiscounted flows for interest and principal):

For the period ended December 31st, 2017:

Group

	Up to 1 year	1 to 2 years	2 to 5 years	over 5 years
Financial Assets				
Trade and other receivables	631	-	-	-
Cash and cash equivalents	4.313	-	-	-
	4.944	-	-	-
Financial Liabilities				
Borrowings	2.161	-	-	-
Trade and other payables	1.027	264	-	-
	3.188	264	-	-

Notes to Consolidated and Separate Financial Statements

Company

	Up to 1 year	1 to 2 years	2 to 5 years	over 5 years
Financial Assets				
Loans receivable	4.015	-	-	-
Cash and cash equivalents	896	-	-	-
	4.911	-	-	-
Financial Liabilities				
Trade and other payables	20	-	-	-
	20	-	-	-

3.2 Fair value estimation

The Group uses the following hierarchy in order to determine and disclose the fair value of financial assets and liabilities per valuation technique:

Level 1: Financial assets that are traded on active markets, the fair value of which is determined based on published market prices at the reporting date for similar assets and liabilities.

Level 2: Financial assets that are not traded on active markets, the fair value of which is determined using valuation techniques and assumptions that are either directly or indirectly based on market conditions at the reporting date.

Level 3: Financial assets that are not traded on active markets, the fair value of which is determined using valuation techniques and assumptions that are essentially not based on market data.

Refer to note 6 for disclosures in relation to the fair value of investment property.

As at December 31, 2017, the book value of all financial assets (trade and other receivables, long term tenant deposits, trade and other payables and other long term payables) approximates the fair value.

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue operating in order to provide returns to shareholders, benefits to other stakeholders as well as maintain an optimal capital structure in order to reduce the cost of capital.

In order to sustain or adjust the capital structure, the Company can do one of the following: adjust the dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets.

4. Critical accounting estimates and assumptions

a) Estimation of the fair value of investment properties

For the revaluation of investment properties the Board of Directors relies on valuations from independent external professional valuers based on the provisions of IFRS 13 "Fair Value Measurement". This revaluation requires considerable judgment to assess the maximum and optimal use of an investment property and for the significant data and assumptions used for the estimates. For the accounting calculation and the main assumptions used, refer to Note 6.

The Group evaluates investment property by taking the high and best use (HABU) of each asset wherever possible, legally permissible and financially possible, into consideration. This valuation is based on the physical characteristics of each asset, the allowed usage and the opportunity cost of each investment.

The Group uses the following hierarchy for determining and disclosing the fair value of its financial instruments for each valuation technique:

Notes to Consolidated and Separate Financial Statements

Level 1: Financial assets that are traded on active markets whose fair value is determined on the basis of quoted prices at the reporting date for identical assets or liabilities.

Level 2: Financial assets that are not traded on active markets, whose fair value is determined by using valuation techniques and assumptions based directly or indirectly on published market prices at the reporting date.

Level 3: Financial assets not traded on active markets, whose fair value is determined by the use of techniques not based on available market information.

The best evidence of fair value is based on the current prices in an active market for similar lease and other contracts. In the event that such information is unavailable, the Group's Management determines the fair value amount through a range of reasonable fair value estimates based on advice received from its independent external valuers.

In order to make such a decision, Group's Management looks at information from various sources, including the following:

(i) Current prices in an active market for properties of a different nature, condition or location (or subject to a different lease or other contracts), adjusted to reflect those differences.

(ii) Recent prices of similar properties in less active markets, with adjustments made to reflect any changes in economic conditions since the date of the transactions that occurred at those prices, and

(iii) Discounted cash flow projections based on reliable estimates of future cash flows.

The Group carried sensitivity analysis on the principal assumptions underlying management's estimation regarding fair value:

(a) Rates for hotels in relation to the average value per room, the occupancy rate, and general investment in hotels; rates for residences in relation to selling price per square metre and the cost of construction per square metre; and

(b) the appropriate discount rates.

If the rates mentioned in (a) above varied by +/- 2.5% and the discount rate by +/- 0.5% the fair value of the investment property would vary between €82.018 thousand and €126.459 thousand.

No other areas exist where significant judgments are exercised which in turn affect the Group's financial position.

There are no other assumptions that would significantly affect the Group's financial position.

b) Acquisition of subsidiaries

In December 2016 the Company acquired from its previous shareholder through a share for share exchange its investments in subsidiaries for €27.000 thousand. Details of the main assets and liabilities acquired were as follows:

Investment property	46,218
Property, plant and equipment	65
Trade and other receivables	625
Cash and cash equivelants	11
Trade and other payables	(1,919)
Non controlling interest	(18,000)
Net assets	27,000

Significant judgement was required to determine whether the above transaction qualified as a business combination or whether it should have been accounted for using the asset acquisition method.

Notes to Consolidated and Separate Financial Statements

The Board of Directors has assessed that as of the date of acquisition the missing elements in the various processes could not be replaced by any market participant and as such the above transaction has been accounted for as an asset acquisition in line with the provisions of IFRS 3 "Business combination". As a result the deferred tax liability upon initial recognition in relation to the assets acquired was not recognised.

5. Financial instruments by category

Group

	Loans and receivables	Total
31 December 2017		
Assets as per balance sheet		
Trade and other receivables	631	**631**
Cash and bank balances	4.313	**4.313**
Total	**4.944**	**4.944**

	Liabilities at amortised cost	Total
Liabilities as per balance sheet		
Borrowings (excluding finance lease liabilities)	2.161	**2.161**
Trade and other payables	1.027	**1.027**
Total	**3.188**	**3.188**

Company

	Loans and receivables	Total
31 December 2017		
Assets as per balance sheet		
Loan receivable	4.015	**4.015**
Cash and bank balances	896	**896**
Total	**4.911**	**4.911**

	Liabilities at amortised cost	Total
Liabilities as per balance sheet		
Trade and other payables	20	**20**
Total	**20**	**20**

Notes to Consolidated and Separate Financial Statements

6. Investment property

	31/12/2017
Balance at the beginning of the period	-
Additions:	
Acquisition of investment property through subsidiary	46.218
Subsequent capital expenditure on investment	1.108
Net gain/(loss) from fair value adjustments on investment property	45.706
Translation differences arising through consolidation	(4.858)
Balance at the end of the period	**88.174**

The Group's investment properties are measured at fair value. Investment property includes Isla Pedro Gonzalez (Pearl Island) in Panama. The Group's investment property is measured at fair value. The Group received from HVS Global Hospitality Services, a consulting firm specialized in appraisals in the hospitality industry, an evaluation of the project as at December 31, 2017.

The Group's finance department includes a team that review the valuations of investment properties at least every six months. This team reports directly to the Chief Financial Officer (CFO). Discussions in relation to the valuation process and results are held between the CFO and the Board of Directors at least once every six months. At each financial year end the finance department:

(i) verifies all major inputs and assumptions used for the valuation report;

(ii) assesses property valuation movements when compared to the prior year valuation report; and

(iv) holds discussions with the Board of Directors.

The valuation of investment properties has been based on significant unobservable inputs and is therefore a level 3 valuation. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

7. Investment in subsidiaries

	31/12/2017
Balance at the beginning of the period	-
Additions:	27.000
Balance at the end of the year	**27.000**

For further information on investment in subsidiaries please refer to note 4b.

The Group's interests in its subsidiaries, which are unlisted, were as follows:

Notes to Consolidated and Separate Financial Statements

Name	Principal activity	2017 % Holding
Zoniro Panama S.A.	Project Administration Services.	60%
Don Bernardo Hotel S.A.	Development of Tourism Real Estate Projects	60%
Pearl Island Limited S.A.	Development of Tourism Real Estate Projects	60%
Pearl Island Utility S.A.	Project Administration Services.	60%
Pearl Island Airport S.A.	Airfield Services	60%
Don Bernardo Residences S.A.	Development of Tourism Real Estate Projects	60%

The summarised financial information for subsidiaries with material non-controlling interests are presented below:

Summarised balance sheet

	Zoniro Panama S.A.	Don Bernardo Hotel S.A.	Pearl Island Limited S.A.
	2017	2017	2017
Assets	653	2.712	1.075
Liabilities	2.496	3.875	1.211
Total	(1.843)	(1.163)	(137)
Non-current			
Assets	687	53.502	34.014
Liabilities	180	-	-
Total	507	53.502	34.014
Net Assets	(1.336)	52.339	33.878
Third parties - %	40%	40%	40%
Third parties	(534)	20.936	13.551

Summarised statement of comprehensive icome

	Zoniro Panama S.A.	Don Bernardo Hotel S.A.	Pearl Island Limited S.A.
	2017	2017	2017
Revenue	1.575	-	3
Fair value adjustment on investment property	340	26.349	19.039
Profit/(loss) for the year	(674)	26.348	18.906
Other comperehensive income/(loss)	-	-	-
Total comprehensive income/(loss)	(674)	26.348	18.906
Total comprehensive income/(loss) allocated to non-controlling interests	**(269)**	**10.539**	**7.562**

Summarised statement of cash flows

	Zoniro Panama S.A.	Don Bernardo Hotel S.A.	Pearl Island Limited S.A.
	2017	2017	2017
Net cash from/(used in) operating activities	(1.595)	203	(320)
Net cash from/(used in) investing activities	1.632	2.423	1.065
Net cash from/(used in) financing activities	-	-	-
Net increase/(decrease) in cash, cash equivalents	37	2.626	745
Cash and cash equivalents at beginning of the year	2	2	5
Cash and cash equivalents at year end	**39**	**2.628**	**750**

Notes to Consolidated and Separate Financial Statements

8. Trade and other receivables

The analysis of trade and other receivables is as follows:

	Note	Group 31/12/2017	Company 31/12/2017
Trade receivables		40	-
Receivables from related parties	18	451	-
Other receivables		141	-
Trade and other receivables		631	0

The ageing analysis of trade receivables is as follows:

	Group 31/12/2017	Company 31/12/2017
Trade receivables		
Due within due date	40	-
Past due but not impaired:		
- 4 to 6 months	-	-
- over 6 months	-	-
Doubtful debts	-	-
Less: Provision for doubtful debts past due	-	-
	40	-

9. Loans receivable

Loans receivable for the Company as at December 31, 2017, include an amount of €4.015, relating to a shareholder's loan given to the Panamanian companies. The shareholder's loan is interest free and received on demand.

10. Cash and cash equivalents

The analysis of cash and cash equivalents is as follows:

	Group 31/12/2017	Company 31/12/2017
Cash in hand	-	-
Cash at bank and short-term deposits	4.313	896
Cash and cash equivalents	4.313	896

Notes to Consolidated and Separate Financial Statements

Cash and bank balances are denominated in the following currencies:

	Group	Company
	31/12/2017	31/12/2017
Euro - functional and presentation currency	896	896
US Dollar	3.417	-
	4.313	**896**

11. Share capital and share premium

The Group's shareholder equity is analysed as follows:

	Number of shares (thousands)	Share capital	Share premium
Balance January 01, 2017			
Issuance of New Shares	4	4	26.998
Balance December 31, 2017	4	4	**26.998**

The total authorised number of ordinary shares as at December, 31, 2017, is 5.000 with a par value of €4 per share. 4.000 shares are fully paid up amounting to €4.000. On incorporation 2.000 shares were issued with a par value of €1 per share (total €2.000 thousand). On December 16, 2016 an additional 2.000 shares were issued with a par value of €13.500 per share (total €27.000 thousand).

On April 25th, 2017 the Extraordinary Shareholder Meeting of the Company decided to allot up to 1.000 shares each with a nominal value of €1 and each at a premium of up to €9.999 to its sole shareholder Grivalia Hospitality S.A. in consideration of any amounts of up to €10.000 thousand by the end of 2017. Up to today €5.000 thousand have been contributed.

12. Other reserves

Other reserves refer to exchange difference from translating the financial statements of consolidated entities to presentation currency (euro).

13. Trade and other payables

The analysis of trade and other payables is as follows:

	Note	Group 31/12/2017	Company 31/12/2017
Trade payables		486	-
Other payables and accruals		322	20
Amounts due to related parties	18	219	-
Trade and other payables		**1.027**	**20**

Notes to Consolidated and Separate Financial Statements

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

14. Borrowings payable

"Borrowings" for the Group as at December 31, 2017, include an amount of €2.161, relating to a shareholder's loan received from the Panamanian companies. The shareholder's loan is interest free and payable on demand.

15. Income from service charges

It includes income from third parties for their use of use of the Group's infrastructure and human capital on the island.

16. Expenses by nature

Expenses comprise the following:

	Group	Company
	From 15/12/2016 to 31/12/2017	From 15/12/2016 to 31/12/2017
Depreciation, amortisation and impairment charges	38	-
Repairs and maintenance	53	-
Insurance	29	-
Property permits	14	-
Salaries, wages and allowances	746	-
Social security costs	165	-
Other benefits	198	-
Corporate Social Responsibility	15	-
Depreciation of property, plant and equipment	38	-
Professionals fees	284	3
Auditors' remuneration	20	20
Advertising and promotion	7	-
Non deducatble VAT	6	-
Other	1.156	11
Total	2.769	34

17. Employee benefit expense

	Group	Company
	From 15/12/2016 to 31/12/2017	From 15/12/2016 to 31/12/2017
Salaries, wages and allowances	746	-
Social security costs	165	-
Other benefits	198	-
Employee benefit expense- BoD	1.109	-
Average number of staff employed during the period	65	-

18. Related party transactions

On incorporation the Company was controlled by Dolphin Capital Investors Limited (DCI). On March 14th, 2017, Grivalia Hospitality S.A. acquired 100% of the issued shares of the Company from DCI. Grivalia Hospitality S.A. is jointly controlled by Grivalia Properties REIC (25%), Eurolife ERB Insurance Group (25%), M&G investments (50%).

Notes to Consolidated and Separate Financial Statements

The following transactions were carried out with related parties:

a) Sales and purchase of services

	Group From 15/12/2016 to 31/12/2017	Company From 15/12/2016 to 31/12/2017
Sales of services:		
Subsidiaries	-	-
Other related parties	1.231	-
	1.231	-
Purchases of services:		
Subsidiaries	-	-
Other related parties	197	-
	197	-

b) Year-end balances arising from sales/purchases of services

	Group 31/12/2017	Company 31/12/2017
Receivables from related parties:		
Subsidiaries	-	-
Other related parties	451	-
	451	-
Payable to related parties:		
Subsidiaries	-	-
Other related parties	219	-
	219	-

c) Loans to related parties

	Group 31/12/2017	Company 31/12/2017
Loans to subsidiaries		
At beginning of year		
New loans	-	-
Interest charged	-	4.105
At end of year	-	-
	-	**4.105**

Loans to subsidiaries as at December 31, 2017 relates to a shareholder's loan given from the Company to the Panamanian subsidiaries. The shareholder's loan is interest free and received on demand.

Notes to Consolidated and Separate Financial Statements

d) Borrowings from related parties

	Group	Company
Loans from related parties:	**31/12/2017**	**31/12/2017**
At beginning of year	-	-
New loans	2.161	-
Interest charged	-	-
At end of year	**2.161**	-

Borrowings from subsidiaries as at December, 31, 2017 relates to a shareholder's risk free loan received from the Panamanian subsidiaries.

e) Commitments and contingent liabilities

There were no commitments and contingent liabilities between the Company and related parties.

f) Capital contribution

On April 25th, 2017 the shareholder made a capital contribution to the Company amounting € 5.000 thousands.

19. Events after the balance sheet date

There are no other significant events have taken place after December 31, 2017, which affect either the Group or the Company's financial position that need to be mentioned according to the International Financial Reporting Standards.

Independent Auditor's Report

To the Members of Pearl Island Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Pearl Island Holdings Limited (the "Company"), and its subsidiaries (the "Group") and the accompanying separate financial statements of the Company, which are presented in pages 4 to 33 and comprise the consolidated balance sheet as at 31 December 2017, the separate balance sheet as at 31 December 2017 and the consolidated and separate statements of income statement and comprehensive income, changes in shareholders' equity and cash flows for the period from 15 December 2016 (date of incorporation) to 31 December 2017, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group as at 31 December 2017, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the period from 15 December 2016 to 31 December 2017 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No.143594). Its registered office is at 3 Themistocles Dervis Street, CY-1066, Nicosia. A list of the company's directors, including for individuals the present and former (if any) name and surname and nationality, if not Cypriot and for legal entities the corporate name, is kept by the Secretary of the company at its registered office. PwC refers to the Cyprus member firm, PricewaterhouseCoopers Ltd and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

Responsibilities of the Board of Directors for the Consolidated and Separate Financial Statements

The Board of Directors is responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's and financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 Group to cease to continue as a going concern.

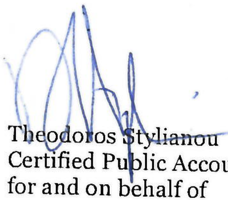
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

We communicate with the Board of Directors 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.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Theodoros Stylianou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 18 June 2018