

Vagelizo Holdings Limited

Registrar of Companies Copy (signed)

*Report and
financial
statements*

31 December 2018

Certified true copy of the original Financial Statements
Directors' and Independent Auditors' report laid before the
Company's Annual General Meeting held on

Director:

Secretary:



VAGELIZO HOLDINGS LIMITED

ANNUAL CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

Table of Contents of Annual Financial Statements for the period ended December 31, 2018	page
CONSOLIDATED BALANCE SHEET	3
SEPARATE BALANCE SHEET	4
CONSOLIDATED INCOME STATEMENT	5
SEPARATE INCOME STATEMENT	6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	7
SEPARATE STATEMENT OF COMPREHENSIVE INCOME	8
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	9
NOTE TO THE FINANCIAL STATEMENTS	10
CONSOLIDATED CASH FLOW STATEMENT	11
SEPARATE CASH FLOW STATEMENT	12
1. GENERAL INFORMATION	13
1.1 COUNTRY OF INCORPORATION	13
1.2 PRINCIPAL ACTIVITIES	13
2. BASIS OF PREPARATION	13
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	14
4. FINANCIAL RISK MANAGEMENT	21
5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS	24
6. REVENUE	25
7. INVESTMENT PROPERTY	26
8. INVESTMENT IN SUBSIDIARY	26
9. TRADE AND OTHER RECEIVABLES	27
10. CASH AND CASH EQUIVALENTS	28
11. SHARE CAPITAL AND SHARE PREMIUM	29
12. TRADE AND OTHER PAYABLES	29
13. EXPENSES BY NATURE	30
14. RELATED PARTY TRANSACTIONS	31
15. EVENTS AFTER THE BALANCE SHEET DATE	31
INDEPENDENT AUDITORS REPORT	32

Consolidated Balance Sheet

	Note	<u>Group</u> 31/12/2018	<u>Group</u> 31/12/2017
Assets			
Non-current assets			
Investment property	7	52.200	51.000
Deferred tax asset		5	-
Non-current receivables	10	1.071	1.018
		<u>53.276</u>	<u>52.018</u>
Current assets			
Loans receivable	11	1.167	-
Prepayments		185	636
Trade and other receivables	10	2.309	1.788
Cash and cash equivalents	12	16.059	93
		<u>19.720</u>	<u>2.517</u>
Total assets		<u>72.996</u>	<u>54.535</u>
Equity and liabilities			
Capital and reserves			
Share capital	13	2	1
Share premium	13	5.993	-
Capital contribution		16.000	-
Non-controlling interest		4.869	4.268
Retained earnings		14.174	16.886
Total equity		<u>41.038</u>	<u>21.155</u>
Non-current liabilities			
Borrowings	15	7.190	7.190
Trade and other payables		10.449	10.449
		<u>17.639</u>	<u>17.639</u>
Current liabilities			
Trade and other payables	14	4.346	6.134
Current tax liabilities		1.689	1.280
Borrowings	15	8.284	8.327
		<u>14.319</u>	<u>15.741</u>
Total liabilities		<u>31.958</u>	<u>33.380</u>
Total equity and liabilities		<u>72.996</u>	<u>54.535</u>

On 15 April 2020 the Board of Directors of Vagelizo Holdings Limited authorised these financial statements if issue.

Panagiotis Aristeidis Varfis, Director



Charalampos Anastaselos, Director



The notes on pages 13 to 31 form an integral part of these Consolidated and Separate Financial Statements for the period ended December 31, 2018.

Separate Balance Sheet

	Note	Company 31/12/2018	Company 31/12/2017
Assets			
Non-current assets			
Investment in subsidiary	8	17.032	12.237
		<u>17.032</u>	<u>12.237</u>
Current assets			
Loan receivables	11	1.967	-
Cash and cash equivalents	12	15.262	-
		<u>17.229</u>	<u>-</u>
Total assets		<u><u>34.261</u></u>	<u><u>12.237</u></u>
Equity and liabilities			
Capital and reserves			
Share capital	13	2	1
Share premium	13	5.993	-
Capital contribution		16.000	-
Accumulated losses		(171)	(187)
Total equity		<u>21.824</u>	<u>(186)</u>
Non-current liabilities			
Borrowings	15	7.190	7.190
		<u>7.190</u>	<u>7.190</u>
Current liabilities			
Trade and other payables	14	111	96
Borrowings	15	5.136	5.136
		<u>5.247</u>	<u>5.232</u>
Total liabilities		<u>12.437</u>	<u>12.422</u>
Total equity and liabilities		<u><u>34.261</u></u>	<u><u>12.237</u></u>

On 15 April 2020 the Board of Directors of Vagelizo Holdings Limited authorised these financial statements if issue.

Panagiotis Aristeidis Varfis, Director



Charalampios Anastasebs, Director



The notes on pages 13 to 31 form an integral part of these Consolidated and Separate Financial Statements for the period ended December 31, 2018.

Consolidated Income Statement for the year ended December 31, 2018

	Note	<u>Group</u> <u>2018</u>	<u>Group</u> <u>2017</u>
Revenue			
Income from services	6	1.624	3.148
		<u>1.624</u>	<u>3.148</u>
Administrative expenses	16	(5.508)	(4.869)
Other income/ (expenses) – net		31	(533)
Fair value gain of investment property	7	1.200	-
		<u>(2.653)</u>	<u>(2.254)</u>
Operating profit/(loss)			
Finance costs		(322)	(465)
		<u>(2.975)</u>	<u>(2.719)</u>
Profit/(Loss) before tax			
Tax charge	9	(335)	(1)
		<u>(3.310)</u>	<u>(2.720)</u>
Profit/(Loss) for the year			
Attributable to:			
-Shareholders (owners of the parent)		(2.712)	2.176
-Minority interest		(598)	544
		<u>(3.310)</u>	<u>2.720</u>
(Loss)/Profit for the year			

The notes on pages 13 to 31 form an integral part of these Consolidated and Separate Financial Statements for the period ended December 31, 2018.

Separate Income Statement for the year ended December 31, 2018

	Note	Company 2018	Company 2017
Administrative expenses	16	(15)	(180)
Other income – net		1	-
Operating loss		(14)	(180)
Finance income		30	-
Profit/(Loss) before tax		16	(180)
Taxes		-	-
Profit/(Loss) for the year		16	(180)

The notes on pages 13 to 31 form an integral part of these Consolidated and Separate Financial Statements for the period ended December 31, 2018.

Consolidated Statement of Comprehensive Income for the year ended December 31, 2018

	<u>Group</u> 2018	<u>Group</u> 2017
(Loss)/Profit for the year	(3.310)	2.720
Total comprehensive (loss)/income after taxes for the year	(3.310)	2.720
Total comprehensive income/(loss) for the year attributable to:	<u> </u>	<u> </u>
-Shareholders (owners of the parent)	(2.712)	2.176
-Non-controlling interest	(598)	544
Total comprehensive (loss)/income after taxes for the year	<u>(3.310)</u>	<u>2.720</u>

The notes on pages 13 to 31 form an integral part of these Consolidated and Separate Financial Statements for the period ended December 31, 2018.

Separate Statement of Comprehensive Income for the year ended December 31 2018

	<u>Company</u> 2018	<u>Company</u> 2017
Profit/(loss) for the year	16	(180)
Total comprehensive income/(loss) after taxes for the year	<u>16</u>	<u>(180)</u>
Total comprehensive income/(loss) for the year attributable to:		
-Shareholders (owners of the parent)	16	(180)
-Minority interest	-	-
Total comprehensive income/(loss) after taxes for the year	<u>16</u>	<u>(180)</u>

The notes on pages 13 to 31 form an integral part of these Consolidated and Separate Financial Statements for the period ended December 31, 2018.

Consolidated Statement of Changes in Shareholders' Equity for the year ended December 31, 2018

	Note	Share capital	Share premium	Capital contributions	Retained earnings	Non-controlling interest	Total
Balance at 1 January 2017		1	-	-	18,919	4,776	23,696
Loss for the year					(2,033)	(508)	(2,541)
Total comprehensive income for the year					(2,033)	(508)	(2,541)
Balance at December 31 2017/ January 1 2018		1	-	-	16,886	4,268	21,155
Loss for the year					(2,712)	(598)	(3,310)
Total comprehensive income for the year					(2,712)	(598)	(3,310)
Transactions with shareholders:							
Capital contribution	17	-	-	16,000	-	-	16,000
Issuance of shares	13	1	5,993	-	-	-	5,994
Issue of shares in subsidiary		-	-	-	-	1,999	1,999
Total transactions with shareholders		1	5,993	16,000	-	-	23,193
Balance at December 31 2018		2	5,993	16,000	14,174	4,869	41,038

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 13 to 31 form an integral part of these Consolidated and Separate Financial Statements for the period ended December 31, 2018

Company Statement of Changes in Shareholders' Equity for the year ended December 31, 2018

	Note	Share capital	Share premium	Capital contributions	Retained earnings	Total
Balance at 1 January 208		1	-	-	(7)	(6)
Loss for the year		-	-	-	(180)	(180)
Total comprehensive income for the year		-	-	-	(180)	(180)
Balance at December 31 2017/ January 1 2018		1	-	-	(187)	(186)
Profit for the year		-	-	-	16	16
Total comprehensive income for the year		-	-	-	16	16
Transactions with shareholders:						
Capital contribution	17	-	-	16.000	-	16.000
Issuance of shares	13	1	5.993	-	-	5.994
Total transactions with shareholders		1	5.993	16.000	(171)	21.994
Balance at December 31 2018		2	5.993	16.000	(171)	21.824

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 13 to 31 form an integral part of these Consolidated and Separate Financial Statements for the period ended December 31, 2018.

Consolidated Cash Flow Statement for the year ended December 31 2018

	Note	2018	2017
Cash flows from operating activities			
Loss for the year before tax		(2.975)	(2.719)
Adjustments for:			
Interest income		(29)	-
Interest expense		322	471
Fair value gain on investment property	7	(1.200)	-
		<u>(3.882)</u>	<u>(2.248)</u>
Changes in working capital:			
Trade and other receivables		(574)	(1.569)
Trade and other payables		451	(635)
Prepayments		(1.720)	7.513
Cash (used in)/ generated from operating activities		<u>(5.725)</u>	<u>3.061</u>
Taxes paid		-	-
Net cash (used in)/ generated from operating activities		<u>(5.72)</u>	<u>3.061</u>
Cash flows from investing activities			
Interest paid		(322)	(471)
Interest received		29	-
Loans granted		(1.167)	-
Net cash used in investing activities		<u>(1.460)</u>	<u>(471)</u>
Cash flows from financing activities			
Issue of share capital to minority interest		1.999	-
Issuance of share capital	13	5.994	-
Capital contribution	17	16.000	-
Repayment of borrowings		(422)	(2.668)
Net cash generated from/ (used in) financing activities		<u>23.951</u>	<u>(2.668)</u>
Net increase/ (decrease) in cash, cash equivalents for the year		<u>15.966</u>	<u>(79)</u>
Cash and cash equivalents at the beginning of the year		<u>93</u>	<u>172</u>
Cash and cash equivalents at the end of the year	12	<u>16.059</u>	<u>93</u>

The notes on pages 13 to 31 form an integral part of these Consolidated and Separate Financial Statements for the period ended December 31, 2018.

Separate Cash Flow Statement for the for the year ended December 31 2018

	Note	2018	2017
Cash flows from operating activities			
Profit/ (Loss) for the year before tax		16	(180)
Adjustments for:			
Interest income		(29)	-
		<u>(13)</u>	<u>(180)</u>
Changes in working capital:			
Trade and other receivables		-	1
Trade and other payables		15	3.179
		<u>2</u>	<u>3.000</u>
Cash generated from operating activities		<u>2</u>	<u>3.000</u>
Taxes paid		-	-
		<u>2</u>	<u>3.000</u>
Net cash generated from operating activities		<u>2</u>	<u>3.000</u>
Cash flows from investing activities			
Capital contribution in subsidiary	8	(4.795)	(3.000)
Interest income		29	-
Loans granted		(1.968)	-
		<u>(6.734)</u>	<u>(3.000)</u>
Net cash used in investing activities		<u>(6.734)</u>	<u>(3.000)</u>
Cash flows from financing activities			
Issuance of share capital	13	5.994	-
Capital contribution from shareholders		16.000	-
		<u>21.994</u>	<u>-</u>
Net cash generated from financing activities		<u>21.994</u>	<u>-</u>
Net increase in cash, cash equivalents for the year		<u>15.262</u>	<u>-</u>
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at the end of the year	12	<u>15.262</u>	<u>-</u>

The notes on pages 13 to 31 form an integral part of these Consolidated and Separate Financial Statements for the year ended December 31, 2018.

1. General Information

The present financial statements include the financial statements of the Company Vagelizo Holdings Limited. (the "Company") as well as the consolidated financial statements of the Company and its subsidiary (together the "Group").

1.1 Country of Incorporation

The Company was established in 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 consolidated and separate Financial Statements (hereafter the "Financial Statements") for the period ended December 31, 2018 have been approved for issue by the Board of Directors on 15 April 2020.

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 subsidiary are 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 Tourism Real Estate units.

2. Basis of preparation

These consolidated and separate financial statements have been prepared 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 authorization of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2018 and are relevant to the Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The financial statements have been prepared under the historical cost convention as modified by the valuation of investment property at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's 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 5.

3. Summary of significant accounting policies

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

Basis of 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 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.

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 with 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.

Revenue recognition

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company recognizes revenue when the parties have approved the contract and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance, it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

The Group does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognized.

Revenue from rendering of services is recognized based on the stage of completion determined by reference to services performed to date as a percentage of total services to be provided. If the income from rendering of services cannot be reliably measured, only the income up to the level of the expenses to be claimed is recognized.

Interest income

Interest income on financial assets at amortised cost that are calculated using the effective interest method is recognized in the income statement as "Other income – net". Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit - impaired financial assets – Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance), for Stage 1 and Stage 2 – to the gross amount of financial assets.

Foreign currency translation**(i) Functional and presentation currency**

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

(ii) 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".

(iii) 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.

Current and deferred income 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 29% in Greece.

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 or 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.

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 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 December 31 each year by independent professional valuers.

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.

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. The Group did not capitalize borrowing costs within the period.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events and changes in circumstances indicate that they might be impaired. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets – Classification

From 1 January 2018, the Company classifies its financial assets in those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into the following measurement category:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables, loans receivable and financial assets at amortised cost.

Financial assets – impairment – credit loss allowance for ECL

From 1 January 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the balance sheet net of the allowance for ECL.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

The Company applies general approach – three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 4, Credit risk section for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in Note 4, Credit risk section.

Additionally the Company has decided to use the credit risk assessment exemption for investment grade financial assets. Refer to Note 4, Credit risk section for a description of how Company determines low credit risk financial assets.

Financial assets - Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery

Financial assets – modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset, change in the currency denomination.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are 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 assets.

Financial liabilities – measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

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. 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.

Borrowings are removed from the balance sheet when the obligation specified in the contract is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). 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.

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are 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.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

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.

Offsetting 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.

Trade receivables

Trade receivables are amounts due from customers for goods 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 fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 4 Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Share capital, share premium and capital contributions

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.

Capital contribution represents contributions by the Company's shareholders directly in the reserves of the Company. The Company has no contractual obligation to repay these amounts.

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 payments 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 and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Prepayments

Prepayments are recorded at cost less any accumulated amortisation charged to the income statement within "administrative expenses".

4. Financial risk management**(i) Financial risk factors**

The Group is exposed to a variety of financial risks: market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk. The financial risks relate to "Loan receivables", "Trade and other receivables", "Cash and cash equivalents", "Borrowings" and "Trade and other payables". The accounting policy with respect to these financial instruments is described in Note 3.

• Market risk*Cash flow and fair value interest rate risk*

The Company's interest rate risk arises from interest-bearing assets and liabilities. Interest bearing assets and liabilities issued at fixed rates expose the Company to fair value interest rate risk.

The Company's operating cash flows are exposed to changes in market interest rates arising mainly from borrowings at floating interest rates. Borrowings at variable rates expose the Company to cash flow interest rate risk. Additionally, the Company is exposed to fair value interest rate risk arising from fluctuations in the market value of loans receivables and borrowings that bear fixed interest rate. However, any potential change in market interest rates, will not impact the carrying value of financial instruments at fixed interest rates and neither the (loss)/profit after tax and equity as these are accounted at amortised cost.

At 31 December 2018, if interest rates on Euro denominated borrowings had been 1% higher/lower with all other variables held constant, the effect on post tax loss for the year would have been insignificant.

The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **Credit risk**

Credit risk arises mainly from cash and cash equivalents, trade receivables, loans receivable and other receivables.

A significant increase of credit risk is justified if the debtor is more than 30 days past due on its contractual payments. A financial instrument is considered impaired when it is more than 90 days past due on its payment. Financial assets are written-off when there is no reasonable expectation of recovery, such as the failure of a debtor to engage in a repayment plan with the Group. When the receivables are written off, the Group continues to perform activities for legislation enforcement in order to retrieve the due claim. When there are recoveries, they are recognized in profit or loss.

Trade receivables

For trade receivables the Group applies policies which ensure that sales of property and services are provided to customers with the proper historical credibility. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Based on the above, the expected credit losses for trade receivables at 31 December 2018 were not significant.

Cash and cash equivalents

For the credit risk related to cash and cash equivalents and deposits at bank and financial institutions, the Group has policies in place to ensure that cash balances are deposited with financial institutions of an acceptable credit quality. The Group calculates the expected credit losses based on external credit ratings.

The following table contains an analysis of the gross carrying value of the Group's cash at bank and short term bank deposits in connection with the credit risk assessments that have been performed by external credit rating agencies. The following amounts represent the Group's maximum exposure to credit risk for these financial assets as at 31 December 2018 and 31 December 2017.

Group	2018 €	2017 €
Cash at bank and short-term bank deposits		
CCC-C	16.059	93
	<u><u>16.059</u></u>	<u><u>93</u></u>
Company	2018 €	2017 €
Cash at bank and short-term bank deposits		
CCC-C	15.262	-
	<u><u>15.262</u></u>	<u><u>-</u></u>

The expected credit loss for cash balances as at 31 December 2018 based on general approach of IFRS 9 was not significant. All cash and cash equivalents were performing-Stage 1 at 31 December 2018 and 31 December 2017.

Loans receivable

For credit risk related to loans receivables, the Group estimates on an individual basis its exposure to credit risk. This estimation takes into account, among others, the period over which the loan balance is due, whether the loan amount is past due, the expectations regarding changes in the business, financial or economic conditions and the ability of the borrower to repay the loan balance as well. The Group's loans receivables are at Stage 1 of the impairment model of IFRS 9. According to the assessment that was performed, no credit loss arises.

- 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).

	Group		Company	
	Up to 1 year €	Between 1 and 2 years €	Up to 1 year €	Between 1 and 2 years €
At 31 December 2018				
Financial assets				
Financial assets at amortised cost	2.309	1.071	-	-
Loans receivables	1.167	-	1.967	-
Cash and cash equivalents	16.059	-	15.262	-
	<u>19.985</u>	<u>1.071</u>	<u>17.229</u>	<u>-</u>
Financial liabilities				
Trade and other payables	4.346	10.449	111	-
Borrowings	8.285	7.190	5.136	7.190
	<u>12.631</u>	<u>17.639</u>	<u>5.247</u>	<u>7.190</u>
	Group		Company	
	Up to 1 year €	Between 1 and 2 years €	Up to 1 year €	Between 1 and 2 years €
At 31 December 2017				
Financial assets				
Financial assets at amortised cost	1.788	1.108	-	-
Cash and cash equivalents	93	-	-	-
	<u>1.881</u>	<u>1.108</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Trade and other payables	6.134	10.449	96	-
Borrowings	7.300	8.217	4.109	8.217
	<u>13.434</u>	<u>18.666</u>	<u>4.205</u>	<u>8.217</u>

(ii) 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.

(iii) 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 7 for disclosures in relation to the fair value of investment property.

As at December 31, 2018, the book value of all financial assets (trade and loans receivables, cash and cash equivalents, trade and other payables and borrowings) approximates the fair value.

5. Critical accounting estimates and assumptions

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **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 7.

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:

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
- (iv) 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:

1. 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
2. the appropriate discount rates.

If the rates mentioned in (1) above varied by +/- 2.5% and the discount rate by +/- 0.5% the fair value of the investment property would vary between €45.5 thousand and €59.9 thousand respectively.

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.

6. Revenue

Group

	2018	2017
	€	€
Rental income	<u>1.624</u>	<u>2.456</u>

It includes income from third parties for the rental of properties.

7. Investment property

	31/12/2018 €	31/12/2017 €
Balance at the beginning of the year	51.000	-
Additions:		
Acquisition of investment property through subsidiary	-	51.000
Net gain from fair value adjustments on investment property	1.200	-
Balance at the end of the year	<u>52.200</u>	<u>51.000</u>

The Group's investment properties are measured at fair value. Investment property includes a lease of the property 'Asteria', at Glyfada, where the luxury Hotel unit 'Asteria' was operating, which is expected to be reconstructed by the Group. 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, 2018 in relation to the fair value of investment property.

The Group's finance department includes a team that review the valuations of investment properties at least every year. 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 year. 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.

8. Investment in subsidiary

	31/12/2018 €	31/12/2017 €
Balance at the beginning of the year	12.237	9.237
Additions	4.795	3.000
Balance at the end of the year	<u>17.032</u>	<u>12.237</u>

The Group's interest in its subsidiary, which is unlisted, was as follows:

Name	Principal activity	2018 % holding	2017 % holding
Nafsika S.A.	Development of Tourism Real Estate Projects	80%	80%

9. Income tax expense**Group**

	2018 €	2017 €
Deferred tax :		
Origination and reversal of temporary differences	335	-
Total deferred tax	<u>335</u>	<u>-</u>
Tax expense	<u>335</u>	<u>-</u>

The tax on the Group's and Company's (losses)/ profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

Group

	2018 €	2017 €
(Loss)/profit before tax	<u>(2.974)</u>	<u>2.720</u>
Tax calculated at the applicable corporation tax rate	(767)	707
Tax effect of allowances and income not subject to tax	1	(706)
Tax effect of tax losses for which no deferred tax asset was recognised	766	-
Deferred tax	335	-
Tax charge	<u>335</u>	<u>1</u>

Company

	2018 €	2017 €
Profit / (Loss) before tax	<u>16</u>	<u>(180)</u>
Tax calculated at the applicable corporation tax rate	2	(23)
Tax effect of allowances and income not subject to tax	1	-
Tax effect of tax losses for which no deferred tax asset was recognised	-	23
Tax losses utilised	3	-
Tax charge	<u>-</u>	<u>-</u>

The Group is subject to income tax on taxable profits in Cyprus, at the rate of 12,5% and at a rate of 29% for taxable profits in Greece.

From January 1, 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from August 31, 2011, and to 30% as from April 29, 2013.

On 31 December 2018 the Group had tax losses carried forward amounting to €170.481 (2017: €182.136). No deferred tax asset has been recognised for the Companies registered in Cyprus as it is not certain whether they will have taxable profits to utilise the tax losses.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc.) are exempt from Cyprus income tax.

10. Trade and other receivables

The analysis of trade and other receivables (financial assets at amortised cost) is as follows:

	Group 2018 €	Company 2018 €	Group 2017 €	Company 2017 €
Other receivables	2.137	-	2.007	-
Trade receivables	1.243	-	799	-
Total financial assets at amortised cost	3.380	-	2.806	-

The carrying amount of current and non-current financial assets at amortised cost is considered to approximate their fair value.

The financial assets at amortised cost are denominated in Euros.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial asset at amortised cost mentioned above. The Company does not hold any collateral as security.

11. Loans receivable

	Group 2018 €	Company 2018 €	Group 2017 €	Company 2017 €
Current				
Loan to subsidiary (Note 17)	-	800	-	-
Loans to non-controlling interest	1.167	1.167	-	-
	1.167	1.967	-	-

On 20 December 2018 the Company granted a loan to the subsidiary of the Group amounting to €800.000. The loan bears interest of 3,65% and is repayable on 20 February 2019.

On 30 July 2018, the Company granted a loan amounting to €1.138.866 to the minority shareholders of the subsidiary, Nafsika S.A. The loans bear interest of 6% and are repayable on demand.

The fair values of the above loans receivable approximate their carrying value.

The carrying amounts of the loans receivable are denominated in Euros.

The maximum exposure to credit risk at the balance sheet date is the carrying value of the loans receivable mentioned above. The Group does not hold any collateral as security.

12. Cash and cash equivalents

The analysis of cash and cash equivalents is as follows:

	Group 2018 €	Company 2018 €	Group 2017 €	Company 20187 €
Cash at bank and short-term deposits	16.059	15.262	93	-
	<u>16.059</u>	<u>15.262</u>	<u>93</u>	<u>-</u>

Cash and bank balances are denominated in the following currencies:

	Group 2018 €	Company 2018 €	Group 2017 €	Company 20187 €
Euro – functional and presentation currency	16.059	15.262	93	-
	<u>16.059</u>	<u>15.262</u>	<u>93</u>	<u>-</u>

13. Share capital and share premium

The Group's shareholder equity is analysed as follows:

	Number of Shares (thousands)	Share capital	Share Premium
Balance at 1 January 2017/ 31 December 2017/1 January 2018	1	1	-
Issuance of new shares	1	1	5.993
Balance at December 31 2018	<u>2</u>	<u>2</u>	<u>5.993</u>

The total authorised number of ordinary shares as at December, 31 2018, is 5.000 with a par value of €1 per share. 2.000 shares are fully paid up amounting to €2.000.

On incorporation 1.000 shares were issued with a par value of €1 per share (total €1.000). On 21 March 2018 an additional 1.000 shares were issued with a par value of €1 per share at a premium of €5.993,03 per share amounting to €5.993.030.

14. Trade and other payables

The analysis of trade and other payables is as follows:

	Group 31/12/2018 €	Company 31/12/2018 €	Group 31/12/2017 €	Company 31/12/2017 €
Trade payables	4.058	-	4.058	-
Other payables and accruals	4.346	111	6.364	96
Provisions	6.391	-	6.391	-
	<u>14.795</u>	<u>111</u>	<u>16.813</u>	<u>96</u>

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

15. Borrowings

	Group 31/12/2018 €	Company 31/12/2018 €	Group 31/12/2017 €	Company 31/12/2017 €
Current				
Borrowings from parent entity (Note 17)	5.136	5.136	5.136	5.136
Bank Borrowings	3.148	-	3.191	-
	<u>8.284</u>	<u>5.136</u>	<u>8.327</u>	<u>4.109</u>
Non-current				
Borrowings from parent entity (Note 17)	7.190	7.190	7.190	7.190
Bank Borrowings	-	-	-	-
	<u>7.190</u>	<u>7.190</u>	<u>7.190</u>	<u>7.190</u>
Total borrowings	<u>15.474</u>	<u>12.326</u>	<u>15.517</u>	<u>12.326</u>
Maturity of non-current borrowings:				
Between 1 and 2 years	7.190	7.190	7.190	7.190
	<u>7.190</u>	<u>7.190</u>	<u>7.190</u>	<u>7.190</u>

The loan from parent entity is interest free and repayable in 12 monthly installments commencing on 15 August 2018. On 21 July 2018, the loan from the parent entity was amended and is repayable in 12 month installments commencing on 15 August 2019 . The bank borrowings bears interest EURIBOR+spread.

The carrying amounts of the borrowings are denominated in Euros.

The carrying amounts of borrowings approximate their fair value.

16. Expenses by nature

	Group 2018 €	Company 2018 €	Group 2017 €	Company 2017 €
Staff costs	883	-	369	-
Direct costs	3.060	-	3.386	-
Professional fees	640	-	623	179
Auditors' remuneration	15	14	10	-
Property and other taxes	453	-	154	-
Other	457	1	327	1
	<u>5.508</u>	<u>15</u>	<u>4.869</u>	<u>180</u>

17. Related party transactions

The Company is 100% controlled by Grivalia Hospitality S.A. Grivalia Hospitality S.A. is jointly controlled by Grivalia Properties REIC (25%), Eurolife ERB Insurance Group (25%) and M&G investments (50%). As of May 17 2019, Grivalia Properties REIC was acquired by Eurobank Ergasias S.A. (Note 18).

The following transactions were carried out with related parties:

a) Borrowings from related parties:

	Group 31/12/2018 €	Company 31/12/2018 €	Group 31/12/2017 €	Company 31/12/2017 €
Borrowings from parent entity:				
Opening balance	12.325	12.325	-	-
Additions	-	-	12.325	12.325
At end of year (Note 15)	<u>12.325</u>	<u>12.325</u>	<u>12.325</u>	<u>12.325</u>

b) Loans to related parties:

	Company 31/12/2018 €	Company 31/12/2017 €
Loans to subsidiary:		
Opening balance	-	-
Additions	800	-
At end of year (Note 11)	<u>800</u>	<u>-</u>

c) On 20 December 2018 the shareholder made a capital contribution amounting to €16 million.

18. Events after the balance sheet date

On November 26, 2018, the merger through absorption of Grivalia Properties REIC by Eurobank Ergasias S.A. was announced. The merger was completed on May 17, 2019 making Eurobank Ergasias S.A. the owner of the Company.

The outbreak of the COVID-19 virus has had a significantly negative impact on markets and the asset values in the beginning of 2020 and it adds considerable uncertainties in 2020. While this is still an evolving situation at the time of issuing these financial statements, it appears that the negative impact on global trade and on the Company may be more severe than originally expected. As the situation is still developing, management considers it impracticable to provide a quantitative estimate of the potential impact of this outbreak however management is closely monitoring the situation and is ready to act depending on the developments.

There are no other significant events have taken place after December 31, 2018, 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 on pages 32 to 34.



Independent Auditor's Report To the Members of Vagelizo Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Vagelizo Holdings Limited (the "Company"), and its subsidiary (the "Group") and the accompanying separate financial statements of the Company, which are presented in pages 4 to 31 and comprise the consolidated and separate balance sheet as at 31 December 2018, and the consolidated and separate statements of income statement and comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion section of our report, 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 2018, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended 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 Qualified Opinion

The financial information of the subsidiary of the Company, Nafsika S.A. (the "subsidiary") as of and for the year ended 31 December 2017 was unaudited. The total assets for the subsidiary as of 31 December 2017 amounted to €54,545,216, its total liabilities amounted to €20,941,823, and the loss for the 2017 was €2,540,637. Since opening balances affect the determination of results of operations of the current year, we were unable to determine whether adjustments to the results of operations and opening retained earnings of the subsidiary might be necessary for 2018. In view of this situation which rendered us unable to obtain sufficient appropriate audit evidence about the financial information of the subsidiary as of and for the year ended 31 December 2017 we were unable to obtain sufficient appropriate audit evidence about the financial information of the Company as of and for the year ended 31 December 2017 and we were unable to determine whether adjustments to its results of operations and opening retained earnings might be necessary for 2018.

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 qualified opinion.



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.

A handwritten signature in blue ink, appearing to read 'Theodoros Stylianou', is written over the printed name.

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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 15 April 2020