

LASMANE PROPERTIES LIMITED

FINANCIAL STATEMENTS

31 December 2019

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LASMANE PROPERTIES LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Ioannis Grammatidis
Aristotelis Karytinis
Charikleia Katsivela
Spyridon Makridakis
Thiresia Messari

Company Secretary:

Y.G. Justitia Advisory Limited

Independent Auditors:

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Registered office:

Lemesou 5
Eurosure Tower
Aglantzia, 2112
Nicosia, Cyprus

Independent Auditor's report

To the Members of Lasmane Properties Limited

Report on the financial statements

We have audited the accompanying financial statements of Lasmane Properties Limited (the "Company") which are presented on pages 5 to 21 and comprise the statement of financial position as at 31 December 2019, and the statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Lasmane Properties Limited as at 31 December 2019, and of its financial performance and its cash flows for the period 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 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 opinion.

Responsibilities of the Board of Directors for the Financial Statements

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

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

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

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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, 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.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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.

Independent Auditor's Report (continued)

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.



George C. Kazamias
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 3 August 2020

LASMANE PROPERTIES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

31 December 2019

	Note	2019 €	2018 €
Gain/(loss) from the fair value adjustment of investment property	12	1,386,100	(59,435)
Direct property related expenses	9	(12,658)	(20,470)
Property taxes-levies		(2,400)	(2,255)
Other expenses	8	(14,852)	(31,809)
Operating profit/(loss)		1,356,190	(113,969)
Net finance costs	10	(1,733)	(141,099)
Profit/(loss) before tax		1,354,457	(255,068)
Tax	11,16	(656,392)	-
Net profit/(loss) for the year		698,065	(255,068)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		698,065	(255,068)

The notes on pages 9 to 21 form an integral part of these financial statements.

LASMANE PROPERTIES LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2019

	Note	2019 €	2018 €
ASSETS			
Non-current assets			
Investment properties	12	<u>13,170,000</u>	11,200,000
		<u>13,170,000</u>	11,200,000
Current assets			
Other receivables	13	11,608	6,112
Cash at bank	14	<u>1,364,579</u>	167,398
		<u>1,376,187</u>	173,510
Total assets		<u>14,546,187</u>	11,373,510
EQUITY AND LIABILITIES			
Equity			
Share capital	15	2,012,000	212,000
Share premium	15	9,804,627	9,807,822
Retained earnings		<u>2,040,047</u>	1,341,982
Total equity		<u>13,856,674</u>	11,361,804
Non-current liabilities			
Deferred tax liabilities	16	<u>656,392</u>	-
		<u>656,392</u>	-
Current liabilities			
Trade and other payables	17	<u>33,121</u>	11,706
		<u>33,121</u>	11,706
Total liabilities		<u>689,513</u>	11,706
Total equity and liabilities		<u>14,546,187</u>	11,373,510

On 3rd August of 2020 the Board of Directors of Lasmane Properties Limited authorised these financial statements for issue.


Thiresia Messari
Director


Spyridon Makridakis
Director

The notes on pages 9 to 21 form an integral part of these financial statements.

LASMANE PROPERTIES LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2019

	Note	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2018		1,000	-	1,597,050	1,598,050
Comprehensive loss					
Net loss for the year		-	-	(255,068)	(255,068)
Transactions with owners					
Issue of share capital	15	211,000	9,807,822	-	10,018,822
Balance at 31 December 2018/ 1 January 2019		212,000	9,807,822	1,341,982	11,361,804
Comprehensive income					
Net profit for the year		-	-	698,065	698,065
Transactions with owners					
Issue of share capital	15	1,800,000	-	-	1,800,000
Expenses attributable to share capital increase		-	(3,195)	-	(3,195)
Balance at 31 December 2019		2,012,000	9,804,627	2,040,047	13,856,674

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 9 to 21 form an integral part of these financial statements.

LASMANE PROPERTIES LIMITED

CASH FLOW STATEMENT

31 December 2019

	Note	2019 €	2018 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		1,354,457	(255,068)
Adjustments for:			
Net (gain)/loss from the fair value adjustment of investment property	12	(1,386,100)	59,435
Finance costs	10	1,733	141,099
		(29,910)	(54,534)
Changes in working capital:			
(Increase)/decrease in other receivables		(5,496)	469
Increase in trade and other payables		21,415	672,164
Cash (used in)/generated from operations		(13,991)	618,099
Interest paid		(1,733)	(141,099)
		-	-
Net cash (used in)/generated from operating activities		(15,724)	477,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment property	12	(583,900)	(509,435)
Net cash used in investing activities		(583,900)	(509,435)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	15	1,800,000	211,000
Transaction costs on issue of shares		(3,195)	-
Net cash generated from financing activities		1,796,805	211,000
Net increase in cash and cash equivalents		1,197,181	178,565
Cash and cash equivalents at beginning of the year	14	167,398	(11,167)
Cash and cash equivalents at end of the year	14	1,364,579	167,398

Non-cash investing and financing activities

Issued of 1,000 ordinary shares of €1 each at a premium of €9,817,423 per share for settlement of an amount due to Bank of Cyprus Ltd (ex-shareholder).

15 - 9,817,423

The notes on pages 9 to 21 form an integral part of these financial statements.

LASMANE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

1. Incorporation and principal activities

Country of incorporation

The Company Lasmane Properties Limited (the "Company") was incorporated in Cyprus on 24 March 2016 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Lemesou 5, Eurosure Tower, Aglantzia, 2112, Nicosia, Cyprus.

Principal activities

The principal activities of the Company is the holding of properties for investment purposes.

The Company is a member of the Group of Prodea Investments (ex NBG Pangaea REIC) incorporated in Greece, which on 31 December 2019 held 100% of the Company's share capital. The Company's financial instruments are consolidated in the financial statements of the above Group by the full consolidation method, which in turn are consolidated in the financial statements of Invel Real Estate (Netherlands) II B.V.

The Company did not employ any personnel as of December 31, 2019.

These financial statements are available at the Company's Registered Office and on the website address of the parent company, Prodea Investments (<http://www.prodea.gr>).

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property.

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 2019 and are relevant to the Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise the judgement in the process of applying the Company's accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

3. Adoption of new or revised 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 2019. This adoption did not have a material effect on the accounting policies of the Company.

LASMANE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

4. Significant accounting policies

Interest income and Finance costs

Interest income is recognized on a time proportion basis using the effective interest method.

Interest expense for borrowings are recognized within "Finance costs" in the income statement using the effective interest rate method. Exempt are borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate to the net carrying amount of the financial asset or the financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and other premiums or discounts.

Foreign currency translation

(1) 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.

(2) 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 profit or loss.

Tax

Income tax expense represents the sum of the tax current income tax and deferred tax.

Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized 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 country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

LASMANE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

4. Significant accounting policies (continued)

Tax (continued)

Deferred 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. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred 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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes levied by the same tax authority on the Company where there is an intention to settle the balances on a net basis.

Investment properties

Investment property is held for long-term rental yields and/or for capital appreciation and is not occupied by the Company. Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in profit or loss and are included in other operating income.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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 instruments

Trade and other receivables

ECL are recognized on the following basis:

- 12-month ECL are recognized from initial recognition, reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring. Receivables in this category are referred to as instruments in stage 1.
- Lifetime ECL are recognized if a significant increase in credit risk (SICR) is detected subsequent to the instrument's initial recognition, reflecting lifetime cash shortfalls that would result from all possible default events over the expected life of a financial instrument, weighted by the risk of a default occurring. Receivables in this category are referred to as instruments in stage 2.

LASMANE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

4. Significant accounting policies (continued)

Financial instruments (continued)

The Company's receivables (including those arising from operating leases) are short term in nature and in general are due in a period less than 12-months, hence ECL are determined for this shorter period where applicable, irrespective of their classification in stage 1 or 2.

•Lifetime ECL are always recognized for credit-impaired trade and other receivables, referred to as instruments in stage 3. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Cash and cash equivalents

Cash and cash equivalents have been recognised as loans and receivables. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated 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.

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 recognized 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. In addition, other qualitative factors such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification of terms is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized 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 recognized in profit or loss, unless the economic substance of the difference in carrying values is attributable to a capital transaction with owners and is recognized directly in equity.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortization of discounts or premium relating to borrowings, amortization 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 assets that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

LASMANE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

4. Significant accounting policies (continued)

Trade payables

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

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position. 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.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

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.

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.

LASMANE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

4. Significant accounting policies (continued)

Provisions (continued)

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.

Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the Company becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Company are not provided in advance.

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

6. Financial risk management

Financial risk factors

The Company is exposed to credit risk, liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company is exposed to credit risk primarily with respect to cash balances held as at the reporting date. The Company monitors on a continuous basis the ageing profile of its receivables.

6.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The Company's liquidity is monitored by the Management on a regular basis. The maturity analysis of financial liabilities for the Company as at December 31, 2019 and 2018 is as follows:

31 December 2019

	Less than 1 month	1-3 months	3-12 months	12 months -2 years	2-5 years	More than 5 years	Total
	€	€	€	€	€	€	€
Trade and other payables	-	26,571	6,550	-	-	-	33,121
	-	26,571	6,550	-	-	-	33,121

31 December 2018

	Less than 1 month	1-3 months	3-12 months	12 months -2 years	2-5 years	More than 5 years	Total
	€	€	€	€	€	€	€
Trade and other payables	750	-	10,956	-	-	-	11,706
	750	-	10,956	-	-	-	11,706

LASMANE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

6. Financial risk management (continued)

6.2 Liquidity risk (continued)

The amounts disclosed in the above table are the contractual undiscounted cash flows.

6.3 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

Fair value measurements recognised in statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Disclosures relating to fair value hierarchy of non-financial assets measured at fair value are disclosed in Note 12.

7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments 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.

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:

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

LASMANE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

7. Critical accounting estimates and judgments (continued)

- **Fair value of investment property**

The fair value of investment property is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. Further details on the valuation methodologies, assumptions used and sensitivity analysis are disclosed in Note 12.

8. Other expenses

	2019	2018
	€	€
Professional fees	9,200	6,499
Other professional fees	5,254	25,228
Annual levy	350	-
Courier expenses	48	-
Sundry expenses	-	82
	<u>14,852</u>	<u>31,809</u>

9. Direct property related expenses

	2019	2018
	€	€
Insurance	12,658	14,461
Repairs and maintenance	-	421
Security expenses	-	3,989
Utilities	-	1,599
Total expenses	<u>12,658</u>	<u>20,470</u>

10. Finance costs

	2019	2018
	€	€
Other interest expense	-	140,058
Bank Interest expense	1,733	1,041
Finance costs	<u>1,733</u>	<u>141,099</u>

11. Tax

	2019	2018
	€	€
Deferred tax - charge (Note 16)	656,392	-
Charge for the year	<u>656,392</u>	<u>-</u>

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11. Tax (continued)

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

	2019 €	2018 €
Profit/(loss) before tax	1,354,457	(255,068)
Tax calculated at the tax rate of 12,5%	169,307	(31,884)
Tax effect of expenses not deductible for tax purposes	(172,919)	7,973
Tax effect of unused losses not recognised as deferred tax assets	3,612	23,911
Deferred tax (Note 16)	656,392	-
Tax charge	656,392	-

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

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

12. Investment properties

	2019 €	2018 €
Balance at 1 January	11,200,000	10,750,000
Additions	583,900	509,435
Fair value gains/(losses)	1,386,100	(59,435)
Balance at 31 December	13,170,000	11,200,000

The Company's investment property is measured at fair value. The table below presents the fair value hierarchy and movement of investment property per business segment for 2019:

Country	Cyprus	Total 2019	Total 2018
Fair value measurement level	3	3	3
Fair value at the beginning of the period	11,200,000	11,200,000	10,750,000
Subsequent capital expenditure on investment property	583,900	583,900	509,435
Net gain/(loss) from the fair value adjustment of investment property	1,386,100	1,386,100	(59,435)
Fair value at the end of the period	13,170,000	13,170,000	11,200,000

The Company's policy is to recognize transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the period, there were no transfers into and out of Level 3.

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12. Investment properties (continued)

The property valuations are supported by appraisals performed by independent professionally qualified valuers for December 31 each year. The professionally qualified valuers hold a recognized relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The investment property valuation for the consideration of the fair value is performed taking into consideration the high and best use of each property given the legal status, technical characteristics and the allowed uses for each property. The valuations are based on at least two methods.

Information about fair value measurements of investment property per business segment for 31.12.2019 and 31.12.2018 is as follows:

31 December 2019

Country	Segment	Fair Value	Valuation Method	Discount rate (%)	Capitalization rate (%)
Cyprus	Hotels	13,170,000	100% DCF	10.00%	8.50%

31 December
2018

Country	Segment	Fair Value	Valuation Method	Discount rate (%)	Capitalization rate (%)
Cyprus	Hotels	11,200,000	100% DCF	9.97%	7.50%

The last valuation of the Company's properties was performed at December 31, 2019 by independent valuers. For the Company's portfolio the discounted cash flow (DCF) method was used.

The abovementioned valuation had as a result a net gain from fair value adjustment of investment property amounting to €1,386,100 (31.12.2018: loss of €59,435).

13. Other receivables

	2019	2018
	€	€
Prepaid insurances	7,380	6,112
Refundable VAT	4,228	-
	<u>11,608</u>	<u>6,112</u>

14. Cash at bank

	2019	2018
	€	€
Cash at bank	1,364,579	167,398
	<u>1,364,579</u>	<u>167,398</u>

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31 December 2019

14. Cash at bank (continued)

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2019 €	2018 €
Cash at bank	<u>1,364,579</u>	<u>167,398</u>
	<u>1,364,579</u>	<u>167,398</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

15. Share capital and Share premium

	2019 Number of shares	2019 Share Capital €	2019 Share Premium €	2018 Number of Shares	2018 Share Capital €	2018 Share Premium €
Authorised						
Ordinary shares of €1 each	<u>2,012,000</u>	<u>2,012,000</u>	<u>-</u>	<u>212,000</u>	<u>212,000</u>	<u>-</u>
		€	€		€	
Issued and fully paid						
Balance at 1 January	212,000	212,000	9,807,822	1,000	1,000	-
Issue of shares	1,800,000	1,800,000	-	211,000	211,000	-
Reduction of share premium	-	-	(3,195)	211,000	211,000	9,807,822
Balance at 31 December	<u>2,012,000</u>	<u>2,012,000</u>	<u>9,804,627</u>	<u>212,000</u>	<u>212,000</u>	<u>9,807,822</u>

Authorised capital

On 11 November 2019 the authorised share capital was increased from 212,000 ordinary shares of €1 each to 2,012,000 ordinary shares of €1 each.

On 21 December 2018 the authorised share capital was increased from 55,000 ordinary shares of €1 each to 212,000 ordinary shares of €1 each.

On 27 July 2018 the authorised share capital of the Company was increased from 2,000 ordinary shares of €1 each to 55,000 ordinary shares of €1 each.

On 15 June 2018 the authorised share capital of the Company was increased from 1,000 ordinary shares of €1 each to 2,000 ordinary shares of €1 each.

Issued capital

On 11 November 2019 the Company issued an additional 1,800,000 ordinary shares of €1 each.

On 15 June 2018 the Company issued additional 1,000 ordinary shares of €1 each at a premium of €9,817,423 per share (total share premium of €9,816,423). On 04 October 2018 the company issued additional 53,000 ordinary shares of €1 each. On 21 December 2018 the Company issued additional 157,000 ordinary shares of €1 each. The share capital increase related expenses, which amounted to €8,601, have been deducted from share premium. As of December 31, 2018 total share premium amounted to €9,807,822.

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31 December 2019

16. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 11). The applicable corporation tax rate in the case of tax losses is 12,5%.

The movement on the deferred taxation account is as follows:

Deferred tax liability

	Temporary tax differences €
Balance at 31 December 2018/ 1 January 2019	-
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 11)	<u>656,392</u>
Balance at 31 December 2019	<u>656,392</u>

The temporary tax difference for the year 2019 relate to the fair value adjustment of investment property.

17. Trade and other payables

	2019 €	2018 €
Trade payables	26,571	-
Accruals	<u>6,550</u>	<u>11,706</u>
	<u>33,121</u>	<u>11,706</u>

18. Related party transactions

The Company is controlled by Prodea Investments, incorporated in Greece, which owns 100% of the Company's shares. Prodea Investments is listed on the Athens Stock Exchange. Prodea is controlled by Invel Real Estate (Netherlands) II B.V. from 23.05.2019.

National Bank of Greece (NBG)¹ controlled Prodea Investments, based on an agreement signed between the shareholders, NBG and Invel Real Estate (Netherlands) II B.V.. More specifically, according to the Shareholders' Agreement, NBG appointed the majority of the members of the Board of Directors and the Investment Committee and guarantees were provided to NBG for certain other contractual rights. On March 31, 2019 NBG announced that it received from Invel Real Estate (Netherlands) II B.V. on March 29, 2019 a Call Option Exercise Notice to acquire NBG's shareholding participation in Prodea Investments, pursuant to the relevant terms of the Shareholders Agreement. The sale and purchase transaction of NBG's shareholding was concluded on May 23, 2019.

Up to June 26, 2018 the ultimate beneficial owner of the Company was the Bank of Cyprus Public Company Ltd (the "Bank"). On June 26, 2018 NBG Pangaea REIC, which has changed its name to Prodea Investments as of September 11, 2019, acquired the 100% of the share capital of the Company.

All transactions with related parties have been carried out on the basis of the "arm's length" principle, i.e. under normal market conditions for similar transactions with third parties. All transactions with related parties have been carried out on the basis of the "arm's length" principle, i.e. under normal market conditions for similar transactions with third parties. The following transactions were carried out with related parties:

¹ National Bank of Greece and its subsidiaries are considered as related parties until 22.05.2019, as the sale of the Company's shares held by NBG was concluded on 23.05.2019

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

18. Related party transactions (continued)

18.1 Finance costs

	2019 €	2018 €
Bank of Cyprus Public Company Ltd	-	140,058
	<u>-</u>	<u>140,058</u>

18.2 Direct property related expenses Insurance

	2019 €	2018 €
Ethniki Insurance Cyprus Ltd	6,112	6,564
	<u>6,112</u>	<u>6,564</u>

19. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2019 and 31 December 2018.

20. Commitments

The Company had no capital or other commitments as at 31 December 2019 and 31 December 2018.

21. Events after the reporting period

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. With a view to contain the infection, the Government has adopted measures which gradually lead to a lock-down of businesses and activities in the country and announced measures to sustain the local economy.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's financial position. The event is not expected to have an immediate material impact on the business operations based on the below:

-The Company's property is under construction and is anticipated to be concluded during 2021. The exploitation of the building is estimated to begin on the second semester of 2021 when the effect of COVID – 19 is estimated to be dealt with.

-The Company has ensured the equity funds required for the completion of the construction of the building.

-Even if in the short term the Hotel operations (the industry in which the tenant will be involved) will be negatively affected, this fact will be temporary in relation to the long-term investment horizon of the Company and the duration of the lease of the property under development.

Management will continue to monitor and assess the situation closely.

Independent auditor's report on pages 2 to 4