CYREIT AIF VARIABLE CAPITAL INVESTMENT COMPANY PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

Contents

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Constantinos Katsaros Spyridon Makridakis Aristotelis Karytinos
Company Secretary:	Cyproservus Co. Limited
Independent Auditors:	PricewaterhouseCoopers Limited Certified Public Accountants and Registered Auditors
Registered office:	17, Elenis Palaiologinas and Athinon Corner Street (as from 19/04/2021) CY 3040, Limassol, Cyprus 4, Sotiri Tofini Street, up to 19/04/2021 CY 4102, Limassol Cyprus
AIFM:	Byron Capital Partners Ltd (appointed 16/7/2020) 113 Prodromou Street, 2064, Strovolos, Nicosia, Cyprus.
Fund Administrator:	Trident Trust (Company) Cyprus Ltd (appointed 31/7/2020) 115 Griva Digeni 3101, Limassol, Cyprus.
Depositary:	Hellenic Bank Public Company Ltd (appointed 31/8/2020) Corner of 200 Limassol Avenue & Athalassas Avenue 2025 Strovolos, Nicosia, Cyprus
Real Estate Advisors:	Invel Real Estate Management (Cyprus) Ltd 17, Elenis Palaiologinas and Athinon corner, 3040, Limassol , Cyprus
Registration number:	HE378761

AIF MANAGER REPORT

In relation to CYREIT AIF Variable Capital Investment Company PLC (the "Fund")

Introduction

The Fund was incorporated on 16 January 2018 and is domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113 with registration number HE 378761. Its registered office is 17, Elenis Palaiologinas and Athinon Corner Street, 4102 Limassol, Cyprus.

The Fund's principal activity is to own and operate commercial real estate properties (primarily retail, offices, logistics and hotels) in Cyprus.

Incorporation

The Fund was incorporated on 16 January 2018.

Investment Strategy and Objectives of the Fund

The Fund's Business Strategy is to follow and execute core and core plus strategies pursued by large institutional investors which typically entail investments in properties fully operational, with stable lease roll, that generally involve little capital expenditure after purchase, and therefore, less active management and administration.

The Fund is consolidating a high-quality portfolio of commercial real estate assets with strong income and potential for value creation. This portfolio will combine low-risk rental profile properties that generate recurring income with some potential value on leases for smaller size properties. The Fund considers the potential for value enhancement that may be realized following the improved management of the property, through amongst other things, repositioning or re-leasing strategies on smaller value assets of the portfolio that currently have shorter lease agreements in place. This core income generating business strategy on which the Fund is focused differs from (i) opportunistic strategies, which are generally exposed to a high degree of risk and leveraged rate of return, as they typically involve a significant amount of "value creation" through development and investments in distressed markets; and (ii) value creation strategies which typically entail investments in properties that are not fully leased or operational and with the aim of creating value through development, significant capital expenditure, active property management and maximizing operating efficiency and profitability at the property level in order to capture their cash flow and value.

The primary objective of the Fund will be to generate and grow medium to long-term income through investments in a managed portfolio of real estate assets. The Fund's primary investment objective is to provide Investors with attractive risk-adjusted returns through investments that have the potential to provide stable income by investing in a diversified portfolio of real estate assets that the Board of Directors believes have special investment income profile.

Ultimately, the Fund seeks to generate attractive returns for Investors and at the same time be able to mitigate risk while exploring real estate opportunities within the Cypriot real estate market. The Fund's strategy has been constructed in such a way that will enable its Investors to seize income generating return opportunities with as much elimination of risks exposure as possible.

This is mainly implemented through the acquisition of a diversified real estate portfolio of commercial properties that are currently fully or partly leased under long term contracts.

The Fund shall invest in a manner so as to capitalize on (i) its position as a long-term investor, (ii) the size of its Portfolio, and its ability to achieve diversification. The real estate investment Portfolio of the Fund is to be managed, and sold in a prudent manner for the sole benefit of the Fund and its Investors, in accordance with any applicable statutes.

AIF MANAGER REPORT

Investment restrictions

The Fund is subject to all applicable restrictions and limits set forth in Directive D131-2014- 03 regarding the Classification of the AIFs of the Republic and other relevant issues as well as monitor to ensure compliance with by Directives that may be issued, from time to time, by the CySEC under Section 15 of the AIF Law. The Directive 131-2014-03 defines the applicable investment restrictions for the AIFs according to the nature of their assets and the Investors to which they are addressed, the efficient portfolio management techniques, the categories of AIFs of the Republic based on their investment objective and the structure of their investments as well as transparency rules and disclosures to Investors.

Change of the Investment Strategy or Investment Policy

The Fund shall not alter its objects or powers in any way which would result in it ceasing to qualify as an AIF under the AIF Law and without the prior consent of the CySEC.

In the event the Board of Directors intends to amend the strategic orientations of the Company, a decision through a board resolution is required as well as a written notification to CySEC for approval. Should any of the existing Investors object the change of the Fund's investment strategy/policy they will be given the option to redeem their Investment Shares prior to the effective date of the change in investment strategy/ policy as per the redemption conditions specified in this Prospectus.

As per the Articles of Association of the Fund no such right of redemption will apply during (i) the Lock up Period; or (ii) in the event that the Memorandum and/or Articles of Association are amended by reason of the appointment of an external management company for the management of the Fund's portfolio following relevant notification by the Fund and respective approval of CySEC.

Alternative Investment Fund Manager Commentary

2020 started on a reasonably upbeat note with most economic forecasts broadly constructive for 2020. While the potential impact of Coronavirus or COVID-19 was acknowledged as a risk with economic activity rapidly contracting in China at the start of the year that had the potential to put countries in Europe back into recession COVID-19 was broadly acknowledged as an Asian issue, similar to SARS in 2002. To say the severity of events that followed were underestimated by financial markets is an understatement. With the benefit of hindsight, among the most surprising aspects of this crisis is that most investors, Wall Street economists and strategists, business executives and governments were exceedingly slow in identifying that a deep recession and vast economic shutdown was underway.

In many ways COVID-19 has showed the fragility of the interconnected world in which we live. Advances in air transportation have opened up the world to most of the global population for travel, business and networking, but they have also ensured that something like the current pandemic can spread across the globe in hours, not months, and outrun efforts to contain it.

In February 2020, the coronavirus outbreak reached Europe and led the psychology in the markets across the globe to shift profoundly and rapidly. The stock markets initially shrugged off concerns about the outbreak but the increase in cases outside China led to a sharp selloff towards the end of the month, with the last week of the month of February 2020 being the worst week for global equity markets since the global financial crisis of 2008. Major indices around the world sunk, with the S&P 500, Dow Jones and UK FTSE 100 falling by (8.41%), (10.07%) and (9.68%), respectively for the month. Markets continued to sell off aggressively in March and by March 23rd 2020 the S&P 500 was down (36%) from its February 20th 2020 high with European and Asian market down even more: The Stoxx Europe 600 Index (the benchmark index for European stocks) closed down (11%) on one day alone in March (on March 12th 2020). Of particular note was the sheer speed of the selling – it took the S&P 500 only 22 trading days to fall 30% from its high reached on February 19th 2020, making it the fastest drop of this magnitude in history eclipsing the velocity of the declines of the great depression in the 1930s.

AIF MANAGER REPORT

Alternative Investment Fund Manager Commentary (continued)

Peak stress in the markets was reached on the weekend of March 21st and 22nd 2020 with truly alarming liquidity and pricing been experienced in areas of the corporate credit market. Money Managers operating funds with short-dated (daily or weekly) liquidity experienced a material increase in redemptions from both retail and corporate investors concerned about the economic implications of COVID-19 on the global economy and asset values. Such investors were keen to increase their cash reserves for a variety of reasons. These redemptions forced Money Managers to sell paper into a market where both Hedge Funds and Banks were already restricted in their ability to step in, causing clearing prices to drop sharply. In order to meet these redemptions, many Money Managers began selling whichever assets they could at whatever price they could. This meant that much of the selling occurred in higher-quality liquid sectors, driving prices to historically low levels amidst anemic demand given the market backdrop.

After the aforementioned weekend, policy makes began to move swiftly into action with massive stimulus moves around the world and unimaginably large new rounds of money printing. One thing that we have learned since the great recession of 2009 and stock market crash of 2008 is that public policy will be deployed with all its strength to fight any substantial market declines. Irrespective of these efforts, there remains substantial uncertainty about the future viability of a large range of businesses and these policy efforts cannot ultimately address corporate solvency. The global economy has experienced its deepest and quickest downturn in history and coming out of the virus situation will be more indebted and more dependent than ever before upon "free money," (Quantitative Easing and Modern Monetary Theory, meaning massive asset-buying by central banks and unlimited fiscal spending financed by central banks in their own currencies, respectively) and higher deficits in order to function.

As 2020 evolved, global financial markets recovered, particularly in the fourth quarter of 2020 when the Biden victory in the US presidential elections coupled with better-than-expected vaccine trial results led to a lift-off in global risk assets into the end of the year. Investor exuberance was felt across every corner of the market, with risk premia compressing massively in virtually all asset classes. Consensus suggests most investors in 2021 have a positive fundamental view, buoyed by a favorable political backdrop, COVID vaccine and therapeutic developments, and ongoing policy support. Focus has turned to reopening economies and the potential for inflation going forward given the unprecedented level of fiscal and monetary support provided during COVID-19.

In light of the above circumstances the portfolio of the Fund, comprising of 21 properties in Cyprus, performed well and showed robust performance in highly challenging real economic circumstances. The Fund's Net Asset Value declined year on year from EUR 191,786,756 to EUR 180,466,060 driven by revaluations of underlying properties, described in the notes to these financial statements. Rent receivables, logically given the circumstances, increased and the real estate asset management team and advisors have been proactive in working with the underlying tenants to accommodate where possible any cash flow constraints caused from the real economic stress on the underlying tenants' businesses. Given the confidence in the underlying portfolio, the Fund elected to pay a distribution of EUR 4,000,000 to investors.

There were no fund subscriptions or redemptions during the year so the fund's investment shares in issuance remained at 175,393.

Looking forward, we expect an increasing normalization of the environment in Cyprus and globally to provide support to the portfolio. At the time of writing, almost half of Cyprus' adult population has taken a COVID-19 jab, placing it third in the EU for its vaccination rollout based on OurWorldInData figures. Encouragingly Cypriot tourism data is improving and is expected to improve further still if Cyprus, as expected, moves onto the 'green' list of the UK for international travel. In addition, given low interest rates across the term structure and inflationary pressures starting to build, a portfolio of income producing real estate assets we believe is an attractive investment in the current environment.

AIF MANAGER REPORT

AIFMD Remuneration Disclosure

The Alternative Investment Fund Manager (hereinafter AIFM) has adopted a remuneration policy which meets the requirements of the Alternative Investment Fund Managers' Directive and has been in place since the appointment of the AIFM by the Fund. The below information provides the total remuneration paid by the AIFM during the 12 month period ending December 31, 2020. There is no allocation made by the AIFM to each Fund under the management of the AIFM and as such the disclosure reflects the remuneration paid to individuals who are partly or fully involved in the Fund. The AIFM identified staff totalled 7 persons. The aggregate 2020 total remuneration paid to AIFM Identified Staff was EUR 401,758 of which EUR 300,000 relates to Senior Management or staff engaged in control functions and EUR 101,758 relates to other Identified Staff. No variable remuneration was paid in 2020.

Valuation and Pricing Methodology

The calculation of the NAV attributable to Investment Shares will be calculated by the Fund in respect of the relevant Valuation Day by reference to the valuation guidelines below and in accordance with the Articles and Prospectus of the Fund.

The NAV of the Fund is defined as an aggregate value of the consolidated assets minus consolidated liabilities.

The assets shall be deemed to include: (i) all investment holdings held in the Portfolio (ii) all cash in hand or on deposit, including any interest accrued thereon; (iii) the set up expenses of the Fund, including the cost of issuing and distributing Investment Shares, insofar as the same have not been written off; (iv) all accounts receivable; (v) any cash dividends and cash distributions receivable to the extent information thereon is reasonably available to the Fund; (vi) all interest accrued on any interest bearing assets owned by the Fund except to the extent that the same is included or reflected in the principal amount of such asset; (vii) and all other assets of any kind and nature including expenses paid in advance.

The liabilities allocated to the Fund include: (i) all temporarily contract loans, bills and accounts payable; (ii) all accrued or payable expenses and any other third party service provider fees, that have been appointed pursuant to a written agreement or engagement letter including the management fee; (iii) all known liabilities, present and future, including all matured contractual obligations for payment of money or property; (iv) an appropriate provision for future taxes based on income or reserves to the relevant Valuation Day; (v) any Duties and Charges; and (vi) all other liabilities of the Company of whatsoever kind and nature except liabilities represented by Investment Shares.

Valuations of the Company's real estate assets will be made at least once a year through an on site valuation, performed by a suitable independent qualified RICS accredited appraiser to be appointed by the Alternative Investment Fund Manager and Board of Directors.

Valuations of the Company's real estate assets will be made in accordance with the appropriate sections of the RICS Red Book at the date of valuation. For each asset a new designated independent qualified RICS accredited appraiser will be appointed every two years.

The NAV per Share of the Fund in respect of each Valuation Day shall be ascertained by:

(i) determining the NAV of the Fund; and
(ii) dividing the amount calculated under (i) above by the number of Investment Shares in issue at the relevant Valuation Day; and
(iii) deducting therefrom such amount as may be necessary to round the resulting amount to seven (7) decimal places.

AIF MANAGER REPORT

Liquidity Risk Management and Redemption Rights

For liquidity and to respond to unusual market conditions, the Fund, in accordance with its investment policy, may from time to time invest part of its assets in cash and cash equivalents. Investments in cash and cash equivalents may result in a lower yield than other investments thus preventing the Fund from meeting its investment objective. Such investment in cash will be used for temporary defensive purposes rather than an investment strategy, and will be considered on a wider basis following the lapse of the five year lock up period, and based on the redemption notices to be given during the redemption exit cut off period. Cash equivalents are highly liquid, high-quality instruments with maturities of three months or less on the date they are purchased. They include, but are not limited to, securities issued by sovereign governments, their agencies and instrumentalities, certificates of deposit, bankers' acceptances, commercial paper (rated in one of the two highest rating categories), and bank money market deposit accounts.

The Fund is also classified as an Open-Ended AIF with limited liquidity arrangements since it implements arrangements which result in the limitation of the redemption rights of its Investors e.g. Lock-Up Period, deferral policy etc. as further described in section titled 'Redemptions' of this Prospectus.

Investors will not be able to redeem their Investment Shares prior to the end of the Company's five (5) years Lock-Up Period. Due to the Lock-Up Period imposed by the Directors, redemption of Investment Shares shall be effected from the 5th year of the Company's life onwards on 1st January of every year. The Lock-Up Period is related to the relevant provisions of the law, the Investment Strategy of the Company and the low liquidity nature of its assets.

Redemptions will be effected within 12 months after the expiry of the relevant redemption notice period, subject to applicable creditor notice periods and registration and settlement time of the redemption.

In extraordinary circumstances, the Fund may at its discretion, acting in the best interests of the shareholders, and subject to CySEC's approval suspend a redemption notice period and/or the execution of received redemptions for a period of three month at a time. Suspension may be initiated in situations where there is a clear need to protect the interest of the shareholders or the Fund, including the circumstances justifying a temporary suspension of determination of the NAV. If redemptions are suspended investors will have the right to ask for withdrawal of their redemption request. The withdrawal is subject to acceptance by the Fund.

The name of a redeeming Registered Holder will be removed from the Register on the Dealing Day upon determination of the Redemption Proceeds in respect of the Investment Shares being redeemed. Registered Holders requesting the redemption of all or any part of their Investment Shares on any particular Dealing Day will, with effect from that Dealing Day (i) be treated as creditors of the Fund and will rank accordingly in the event of a winding up of the Fund; (ii) have no rights as Registered Holders of Investment Shares being redeemed; and (iii) are entitled to receive the Redemption Price and any Dividend which has been declared in respect of their Investment Shares but not paid prior to the relevant Dealing Day.

Amendments on the Fund's Memorandum and Articles will be valid only if are approved by CySEC. The valid amendments shall be communicated immediately to the Investors who shall have the right to ask for redemption of their Investment Shares within two (2) months of the communication to them of any amendments to the Memorandum and/or Articles of the Fund.

As per the Articles of Association of the Fund no such right of redemption will apply during (i) the Lock up Period; or (ii) in the event that the Memorandum and/or articles of Association are amended by reason of the appointment of an external management company for the management of the Company's portfolio following relevant notification by the Fund and respective approval of CySEC.

Fees, Charges and Expenses

The Fund's expenses may include, but not be limited to set-up fees, advisory fees and expenses of the members of any committee that may be established for monitoring the Investments and/or risk exposure or for having an advisory role for matters relating to the investment strategy or policy, advisory fees of investment or non-investment nature.

Real estate property costs will include the fees for the periodic valuation of assets, repairs, maintenance and refurbishment costs, electricity and water bills, sewerage charges, municipality and other property holding fees and other related expenses.

AIF MANAGER REPORT

Fees, Charges and Expenses (continued)

Additionally, expenses may also include tax directly arising from the ownership of Investments, costs of establishing and maintaining the Fund registering the Fund and the Investment Shares with any governmental or regulatory authority, costs of printing, reporting and publishing expenses including reasonable marketing and advertising expenses such as addenda and explanatory term-sheets fees payable to the Directors (including all reasonable out-of-pocket expenses and travel expenses), costs of extraordinary measures carried out in the interests of Investors in particular, postage, telephone, and facsimile charges, reports to CySEC and governmental agencies, all taxes, duties, governmental or similar charges, auditing, tax and legal fees, insurance premiums, membership dues for trade associations, paying agent and/or local representative fees that are payable at normal commercial rates, costs of dealing with legal proceedings and expenses of litigation, and all other operating expenses such as governmental or similar charges. Some fees and charges may be subject to value added tax ("VAT") in Cyprus or abroad at the applicable VAT rate.

The following fees and expenses are allocated to the Fund:

I. Directors' Fees
II. Alternative Investment Fund Manager Fees
III. Accounting and Tax service fees
IV. External Auditor Fees
V. Fund Administration Fees
VI. Legal and Secretarial Fees
VII. Regulatory expenses

Fair Treatment Principles

The Fund has procedures, arrangements and policies in place to ensure compliance with the principles of fair treatment of Investors. The Fund has taken all the necessary measures to ensure that its decision-making procedures and its organizational structure ensure fair treatment of Investors.

The Fund will ensure that Investors receive the benefits and level of services to which they are entitled as defined by law, contractual arrangements and the Fund's constitutional documents.

The Board ensures that Investors are properly informed, are fairly and equitably treated and receive the benefits and services to which they are entitled.

Issue of Units

The Fund may only proceed with the issuance of additional Investment Shares on the following occasion:

In the event that the Fund considers it desirable to issue additional Investment Shares so as to raise sufficient funds for satisfying a redemption request submitted by a holder of Investment Shares. Investment Shares may only be subscribed on such dates as the Directors of the Fund may determine at their own discretion, at the Subscription Price calculated with reference to the NAV per Share calculated on the last Business Day of the previous month, being the Valuation Day. Investors should settle payment of the subscription monies at least one (1) Business Day prior to the Valuation Day. Payment of subscription monies should be made to the bank account whose details are provided in the Subscription/Acquisition Application Form.

Investment Shares are issued and allotted on such relevant Dealing Day. No Investment Shares will be issued or allotted by the Fund during any period in which the determination of the NAV per Share is suspended.

The Fund shall provide to each potential Investor, free of charge, the Prospectus, its Articles and its latest annual and half-yearly reports, if available, and shall disclose to the potential Investor the latest Net Asset Value before signing the Subscription/Acquisition Agreement.

AIF MANAGER REPORT

Issue of Units (continued)

For the Subscription by the Investor, the following are necessary:

(a) An application for Subscription in Investment Shares is submitted to the Fund in writing;
(b) Acceptance of the Memorandum and Articles of the Fund by the applicant;
(c) Full payment of the amount due for the acquisition of the Investment Shares, as this is determined on the basis of the Initial Subscription Price or Subscription Price of the Investment Share in cash.

The Directors are authorized to close or restrict the Fund to new Subscriptions, either for a specified period and either in respect of all Investors or new Investors only.

Results

The Net Asset Value of the Fund as at 31 December 2020 amounts to €180,466,060. The Fund's results for the year are set out on page 18.

Disclosures to Investors

The Fund prepare and submits, to the CySEC the following:
(a) The annual report of the Fund for each fiscal year;
(b) The half-yearly report of the Fund for the first six months of the fiscal year.

The annual and half-yearly report of the Fund shall be communicated to the CySEC and made available to Investors at the points of distribution of its Investments Shares with the following deadlines:
(a) Six months from the end of the Financial Year, in the case of the annual report; and
(b) Two months from the end of the six month period, in the case of the half-yearly report.

The Prospectus of the Fund, its last annual and half-yearly report and its Articles shall be given to Investors, free of charge, before their investment or participation in the Fund. The Fund shall communicate to Investors, free of charge the annual accounts and the annual report of the Fund, upon request.

Professional insurance

To cover potential professional liability resulting from the activities of the Fund, the members of the Board of Directors hold professional indemnity insurance against any civil liability arising from professional negligences. The insurance provider is amongst the major insurance providers in Cyprus capable of undertaking any civil liability that may arise.

Events after the reporting period

Further to the decision of Hellenic Bank Public Company Ltd to terminate its depositary and custody services business, Hellenic Bank Public Company Ltd notified the Fund and the AIFM on 16 December 2020 that is terminating the depositary agreement with the Fund. The Fund and the AIFM further to regulatory approval from CySEC has decided to appoint Bank of Cyprus Public Company Limited to replace Hellenic Bank Public Company Ltd as Depositary of the Fund. The appointment is subject to finalization and execution of the depositary agreement.

On 19 April 2021, the Fund’s registered office transferred to 17 Elenis Palaiologinas and Athinon corner Street, 3040 Limassol.

Robert Street
Director
Byron Capital Partners Ltd.

29 June 2021

CONSOLIDATED MANAGEMENT REPORT AND REPORT ON THE ACTIVITIES AND PERFORMANCE OF THE YEAR

The Board of Directors of CYREIT AIF Variable Capital Investment Company PLC (the "Fund") presents to the members its Annual Report together with the audited consolidated financial statements of the Fund for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS OF THE FUND

The Fund is authorized by the Cyprus Securities and Exchange Commission (the "CySEC") to operate as an Alternative Investment Fund with Limited Number of Persons with license number AIF23/2014, in accordance with the provisions of the previously applicable legislation regulating Alternative Investment Funds in Cyprus (Law 13(I)/2014, as subsequently amended), which has been repealed in its entirety by the Alternative Investment Funds in Cyprus Law ("AIF Law").

The Fund’s principal activity is to own and lease commercial real estate properties (primarily retail, offices, logistics and hotels) in Cyprus. The primary objective of the Fund is to generate and grow medium to long-term income through investments in a managed portfolio of real estate assets. The Fund’s primary investment objective is to provide investors with risk-adjusted returns through investing in a diversified portfolio of real estate assets that the Board of Directors approves prescribed investment income profiles.

FINANCIAL RESULTS

The Fund's financial results for the year ended 31 December 2020 are set out on page 17 to the consolidated financial statements. The net loss for the year attributable to the owners of the Fund amounted to €7,320,696 (2019: €7,570,794 profit). By excluding the net loss from the fair value adjustment of investment properties (2020: net loss of €11,978,750 2019: net loss of €1,252,094), the Fund’s adjusted profit for the year 2020 amounted to €4,658,054 compared to €8,822,888.

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE FUND

Market Values

As per the latest valuation reports carried out by independent property valuers, the market value of the properties stands at €169,824,000 (2019: €181,802,750) which on an overall basis is lower due to the revaluation losses arising in majority of investment properties mainly as a result of the more pessimistic assumptions and estimations used by valuers.

Cash and Other Assets

The cash at bank as at 31 December 2020 amounts to €9,478,245. Other net assets refer mainly to trade and other receivables.

Revenue

The Fund's revenue for the year ended 31 December 2020 was €8,604,840 (2019: €9,310,636).

Dividends

The Fund declared the payment of a final dividend of €4,000,000 during the year ended 31 December 2020 (2019: €5,150,000).

PRINCIPAL RISKS AND UNCERTAINTIES

Real estate funds inherently assume real estate property risks such as fluctuation in market values and rents. CYREIT’s properties are concentrated in the Cypriot market therefore it has greater exposure to political, economic and other factors affecting the Cypriot market. The principal other financial risks and uncertainties faced by the Fund are disclosed in Note 7 of the consolidated financial statements.

CONSOLIDATED MANAGEMENT REPORT AND REPORT ON THE ACTIVITIES AND PERFORMANCE OF THE YEAR

REAL ESTATE RISKS

The value of any properties that the Fund owns and the rental income those properties yield may decline and this is affected by the conditions of the Cypriot property market. Property valuations are inherently subjective and uncertain. The Fund's net asset value is expected to fluctuate over time as it may be materially adversely affected by a number of factors inherent to real estate such as sub-optimal tenant rotation policies or lease renegotiations, decreased demand, the inability to recover operating costs, incorrect repositioning of an asset in changing market conditions, increases in operating and other expenses or cash needs without a corresponding increase in turnover or tenant reimbursements, increases in the rate of inflation in excess of rental growth, property taxes or statutory charges or insurance premiums, costs associated with tenant vacancies and unforeseen capital expenditure affecting properties which cannot be recovered from tenants.

The Fund is exposed to the risk of insolvency or illiquidity of its tenants, which might cause them to default on their rental payment commitments. Additionally, a default by a major tenant could cause significant losses of income, create additional costs, or cause a reduction in asset value and increased credit losses. The Fund is exposed to certain risks related to the structural condition of the properties and their maintenance and repair which the Fund could be deemed financially liable for any required remediation measures.

TENANCIES

The Fund has a diversified array of high-quality and well known/established tenants, spanning from government agencies, hotel operators, retailers, universities, DIY suppliers, car dealerships, banking institutions and various other highly regarded tenants. The Fund's intentions is to improve income profiles thus adding value to the property portfolio through proactive renegotiation of leases and through optimisation of vacant spaces.

OPERATIONS

The Fund's aim is to maintain value by keeping the properties in a good state of repair and being proactive in maintenance work as well as proceeding with any works that are deemed necessary as regards health and safety.

FUTURE DEVELOPMENTS

The Board of Directors and the Management Company do not expect any significant changes in the Fund's operations, financial position and performance of the Fund in the foreseeable future.

SHARE CAPITAL

There were no changes in the share capital of the Fund during the year.

BRANCHES

During the year ended 31 December 2020 the Fund did not operate through any branches.

BOARD OF DIRECTORS

The members of the Fund's Board of Directors as at 31 December 2020 and at the date of this report are presented on page 1. In accordance with the Fund's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

CONSOLIDATED MANAGEMENT REPORT AND REPORT ON THE ACTIVITIES AND PERFORMANCE OF THE YEAR

EVENTS AFTER THE REPORTING PERIOD

With the recent and rapid development of the Coronavirus Disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and every day life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations.

Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

Depending on the duration of the Coronavirus disease (COVID-19) pandemic and continued negative impact on economic activity, the Fund might experience negative results, and liquidity restraints in 2021. The exact impact on the Fund's activities in 2021 and thereafter cannot be predicted, however any impact is not expected to be significant given that the Fund's properties are leased mainly to creditworthy tenants.

However, Management will continue to monitor and assess the situation closely.

Further to the decision of Hellenic Bank Public Company Ltd to terminate its depositary and custody services business, Hellenic Bank Public Company Ltd notified the Fund and the AIFM on 16 December 2020 that is terminating the depositary agreement with the Fund. The Fund and the AIFM further to regulatory approval from CySEC has decided to appoint Bank of Cyprus Public Company Limited to replace Hellenic Bank Public Company Ltd as Depositary of the Fund. The appointment is subject to finalization and execution of the depositary agreement.

On 19 April 2021, the Fund's registered office transferred to 17 Elenis Palaiologinas and Athinon corner Street, 3040 Limassol.

INDEPENDENT AUDITORS

A resolution giving authority to the Board of Directors to recommend the independent auditor for the next financial year and to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Aristotelis Karytinos
Director
29 June 2021

Independent Auditor's Report

To the Members of CYREIT AIF Variable Capital Investment Company PLC

Report on the Audit of the Financial statements

We have audited the consolidated financial statements of CYREIT AIF Variable Capital Investment Company PLC (the "Fund") and its subsidiaries (the "Group") which are presented in pages 17 to 42 and comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statements of profit or loss and other comprehensive income, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated 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 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' 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 opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the AIF Manager report and the Consolidated Management Report and Report on the Activities and Performance of the year but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

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

In preparing the consolidated 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 financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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.

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- 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 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following

- In our opinion, the consolidated management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113, and the information given is consistent with the consolidated financial statements.
- In our opinion and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the consolidated management report.

Other matter

This report, including the opinion, has been prepared for and only for the Funds'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

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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 29 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	**2020** **€**	2019 €
Revenue	8	**8,604,840**	9,310,636
Net loss from the fair value adjustment of investment properties	10	**(11,978,750)**	(1,252,094)
Operating expenses	11	**(3,207,007)**	(2,160,950)
Net impairment loss on financial assets	16	**(556,942)**	-
Other income	9	**22,821**	1,985,895
Operating (loss)/ profit		**(7,115,038)**	7,883,487
Finance costs	12	**(17,746)**	(7,547)
(Loss)/Profit before tax		**(7,132,784)**	7,875,940
Tax	13	**(187,912)**	(305,146)
Net (loss)/profit for the year		**(7,320,696)**	7,570,794
Other Comprehensive (loss) / income		**-**	-
(Decrease)/Increase in net assets attributable to holders of investment shares		**(7,320,696)**	7,570,794

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December 2020

	Note	**2020** €	2019 €
ASSETS			
Non-current assets			
Investment properties	15	**169,824,000**	181,802,750
		169,824,000	181,802,750
Current assets			
Trade and other receivables	16	**3,455,496**	1,605,576
Cash at bank	17	**9,478,245**	14,358,383
		12,933,741	15,963,959
Total assets		**182,757,741**	197,766,709
LIABILITIES			
Current liabilities			
Trade and other payables	19	**1,809,571**	747,237
Tax liability		**11,168**	82,716
Dividends payable	14	**470,942**	5,150,000
		2,291,681	5,979,953
Net assets attributable to holders of investment shares		**180,466,060**	191,786,756
Number of shares as at 31 December		**175,393**	175,393
Net assets attributable to holders of investment shares per share		**1,028,92**	1,093,47

On 29 June 2021 the Board of Directors of CYREIT AIF Variable Capital Investment Company PLC approved and authorised these consolidated financial statements for issue.

....
Aristotelis Karytinos
Director

....
Constantinos Katsaros
Director

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2020

	Note	€
Net assets attributable to holders of investment shares as at 1 January 2019		**189,365,962**
Increase in net assets attributable to holders of investment shares in 2019		7,570,794
Dividends declared	14	(5,150,000)
Net assets attributable to holders of investment shares as at 31 December 2019		191,786,756
Decrease in net assets attributable to holders of investment shares in 2020		(7,320,696)
Dividends declared	14	(4,000,000)
Net assets attributable to holders of investment shares as at 31 December 2020		**180,466,060**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Note	2020 €	2019 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(7,132,784)**	7,875,940
Adjustments for:			
Net loss from the fair value adjustment of investment properties	10	**11,978,750**	1,252,094
Net impairment loss on financial assets	16	**556,942**	-
Finance costs	12	**17,746**	7,547
Cash generated from operations before working capital changes		**5,420,654**	9,135,581
Changes in working capital:			
Increase in trade and other receivables		**(2,406,862)**	(1,007,441)
Increase/(decrease) in trade and other payables		**1,062,334**	(1,225,404)
Cash generated from operations		**4,076,126**	6,902,736
Interest paid		**(17,746)**	(7,547)
Tax paid		**(259,460)**	(223,934)
Net cash generated from operating activities		**3,798,920**	6,671,255
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	14	**(8,679,058)**	-
Net cash used in financing activities		**(8,679,058)**	-
Net (decrease)/increase in cash and cash equivalents		**(4,880,138)**	6,671,255
Cash and cash equivalents at beginning of the year		**14,358,383**	7,687,128
Cash and cash equivalents at end of the year	17	**9,478,245**	14,358,383

The notes on pages 21 to 42 form an integral part of these consolidated financial statements

1. Reporting entity

CYREIT AIF Variable Capital Investment Company PLC (the "Fund") was incorporated in Cyprus on 16 January 2018 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 17, Elenis Palaiologinas and Athinon Corner Street, 4102 Limassol (Note 21).

The Fund is authorized by the Cyprus Securities and Exchange Commission (the "CySEC") to operate as an Alternative Investment Fund with Limited Number of Persons with license number AIF23/2014, in accordance with the provisions of the previously applicable legislation regulating Alternative Investment Funds in Cyprus (Law 13(I)/2014, as subsequently amended), which has been repealed in its entirety by the Alternative Investment Funds in Cyprus Law ("AIF Law").

The Fund's principal activity is to own and lease commercial real estate properties (primarily retail, offices, logistics and hotels) in Cyprus. The primary objective of the Fund is to generate and grow medium to long-term income through investments in a managed portfolio of real estate assets. The Fund's primary investment objective is to provide investors with risk-adjusted returns through investing in a diversified portfolio of real estate assets that the Board of Directors approves prescribed investment income profiles.

The Fund did not employ any personnel as of 31 December 2020.

Investment Manager, Depository and Fund Administrator

The Fund is externally managed by Byron Capital Partners Ltd, an Alternative Investment Fund Manager authorized and regulated by CySEC under license number AIFM13/56/2013. and operates with a Depository, as further detailed below.

The Fund's Administrator is Trident Trust (Company) Cyprus Limited. The Administrator performs certain administrative and accounting services for the Fund and is responsible for calculating the Net Asset Value (the "NAV"), maintaining financial books and records and providing services, in connection with the issuance, transfer and redemption of investment shares.

Hellenic Bank Public Company Ltd currently acts as Depositary to the Fund in accordance with section 26(1) of the AIF Law and performs the duties of the Depositary under Article 24 of the AIFM Law (Note 21).

Group structure - subsidiary companies

The Fund holds 100% of the share capital of the following companies: Smooland Properties Ltd, Threefield Properties Ltd, Vameron Properties Ltd, Bascot Properties Ltd, Vanemar Properties Ltd, Consoly Properties Ltd, Alomnia Properties Ltd, Artozaco Properties Ltd, Elizano Properties Ltd, Letimo Properties Ltd, Allodica Properties Ltd, Wiceco Properties Ltd, Primaco Properties Ltd, Arleta Properties Ltd, Kuvena Properties Ltd, Nuca Properties Ltd, Orleania Properties Ltd, Ravenica Properties Ltd, Rouena Properties Ltd, Lancast Properties Ltd and Azemo Properties Ltd. These subsidiaries are incorporated in Cyprus and each holds an investment property. These subsidiaries were transferred to the Fund by Bank of Cyprus Public Company Limited in exchange for the issue of investment shares as disclosed in Note 20.

2. Basis of preparation

These consolidated financial statements of the Fund (the "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 for the current period and have been adopted by the EU through the endorsement procedure established by the European Commission. The principal accounting policies applied in the preparation of these financial statements are set out below in Note 6. These policies have been consistently applied during the reporting period.

2. Basis of preparation (continued)

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties.

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

The Fund's source of revenues is through its investment properties (i.e., rental income). The main sectors that were affected by COVID-19 were high street retail (excluding hypermarkets) and hospitality. In Cyprus, there were no government decisions for mandatory reductions on rents, however the Fund, in some cases, proceeded to voluntary rent reductions to support its tenants. Taking into account the above, the reduction in rental income for 2020 amounts to €441,307 which represents approximately the 4.81% of the annualized rents of the Fund. The Fund's Management, taking into consideration the above as well as, the current financial position of the Fund, the available cash balances which offer to the Fund strong liquidity and the diversification of the Group's real estate portfolio, concluded that the Fund have sufficient resources in order to continue the business activity and the implementation of the Fund's short to medium term business plan. Therefore, the Annual Financial Statements of the Fund have been prepared based on the going concern principle. Management will continue to monitor and evaluate the situation closely.

3. Functional and presentation currency

The consolidated financial statements are presented in Euro (€) which is the functional currency of the Fund.

4. Adoption of new or revised standards and interpretations

During the current year the Fund adopted all the changes to International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Fund. At the date of approval of these consolidated financial statements, Standards, Revised 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 financial reporting standards in future periods will not have a significant effect on the consolidated financial statements of the Fund.

5. Critical accounting estimates and judgements

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.

5.1 Critical accounting estimates and assumptions
The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to 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.

- **Fair value of investment properties**

The fair value of the investment properties is determined by using valuation techniques. The Fund uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the investment properties has been estimated based on the fair value of their individual assets. Further details on the valuation methodology, assumptions used and sensitivity analysis are disclosed in Note 15.

5. Critical accounting estimates and judgements (continued)

- **Impairment of financial assets**

The expected credit loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

5.2 Measurement of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Fund recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in notes:

- Note 15 – Investment property
- Note 7 - Financial risk management

6. Significant accounting policies

The following accounting policies have been applied consistently for all the years presented in these consolidated financial statements. The accounting policies have been consistently applied by all companies of the Group.

6.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Fund and its subsidiaries (together the "Group" or the "Fund") as at and for the year ended 31 December 2020. The financial statements of the subsidiaries are prepared as of the same reporting date as that of the Fund, using consistent accounting policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has power over an investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.

6. Significant accounting policies (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee including the contractual arrangement with the other vote holders , rights arising from other contractual arrangements, and the Group's voting and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts indicate that there are changes to any of the three elements of control. Assets, liabilities, income and expenses of subsidiaries acquired or disposed of during the year are included in the financial statements from the date of acquisition or up to the date of disposal, respectively. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests represent the portion of profit or loss and net assets not held by the Group, directly or indirectly. The non-controlling interests are presented separately in the consolidated statement of comprehensive income and within equity.

All intra-group balances and transactions are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as a transaction between the owners, which affects equity. As a result, no goodwill arises nor any gain/loss is recognised in the consolidated statement of comprehensive income from such transactions.

6.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Fund, liabilities incurred by the Fund to the former owners of the acquiree and the equity interests issued by the Fund in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Fund in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

6.2 Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Fund's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Fund obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Fund reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

6.3 Revenue

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

6.4 Finance income

Interest income on financial assets at amortised cost is calculated using the effective interest method is recognised in the statement of comprehensive income within "Other income". 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 - gross amount of financial assets.

6.5 Finance costs

Interest expense and other borrowing costs are recognised in profit or loss using the effective interest method. The effective interest rate is applied to the amortised cost of the liability.

6.6 Foreign currency translation

(1) Functional and presentation currency

Items included in the Fund'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 Fund'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.

6.7 Tax

Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive.

Current tax

Tax liabilities and assets for the current and prior periods 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. Current tax includes any adjustments to tax payable in respect of previous periods.

Deferred tax

Deferred income tax is recognised 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, 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 transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively 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.

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 recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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.

6.8 Dividends

Dividend distribution to the Fund's shareholders is recognised as a liability in the Fund's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Fund. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Fund's shareholders.

6.9 Investment properties

Investment property, principally comprising office and commercial buildings, is held for long-term rental yields and/or for capital appreciation and is not occupied by the Fund. Investment property is carried at fair value, representing open market value determined semi-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.

6.10 Financial instruments

6.10.1 Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price**.**

6.10.2 Classification and subsequent measurement

At initial recognition, the Fund 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.

Subsequent measurement of financial assets depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. The Fund classifies its financial assets at amortised cost.

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 with original maturity over 3 months, trade receivables and financial assets at amortised cost.

The Fund assesses on a forward-looking basis the ECL for financial assets measured at amortised cost. The Fund 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 loss on financial assets".

Financial assets measured at amortised cost are presented in the balance sheet net of the allowance for ECL.

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

For trade receivables including trade receivables with a significant financing component and contract assets the Fund applies the simplified approach permitted by IFRS 9, which uses lifetime expected credit losses to be recognised from initial recognition of the financial assets.

6.10 Financial instruments (continued)

For all other financial asset that are subject to impairment under IFRS 9, the Fund applies the general approach – three stage model for impairment. The Fund 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 Fund 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"). If the Fund determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Trade and other receivables

Trade receivables are amounts due from tenants in the ordinary course of business.

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 Fund 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 Fund applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. 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 Fund, and a failure to make contractual payments for a period specified in the relevant lease agreement.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash at bank. Cash and cash equivalents are carried at amortised cost 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.

6.10.2.1 Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The financial liabilities of the Fund are measured as follows:

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 rate method

Trade and other payables

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

6.11 Offsetting Financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when, and only when, the Fund has a currently enforceable legal right to offset the recognised amounts and it intends to settle them 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 consolidated statement of financial position.

6.12 Share capital

Ordinary shares are classified as equity

6.13 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

7. Financial risk management

Financial risk factors

The Fund is exposed to credit risk, liquidity risk and market price risk. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Fund's activities.

A. Financial Risk management

(i) Credit risk

Credit risk is the risk of loss that the Fund would incur if the counterparty in a transaction failed to perform its contractual obligations. The Fund is exposed to credit risk from its operating activities primarily, leasing of investment properties.

To mitigate the risk, the chosen tenants are only parties whom management has assessed as financially healthy and stable. The Risk Manager assesses the credit quality of the counterparty, taking into account its financial position, past experience and other factors.

Concerning cash and cash equivalents, in order to minimize credit risk on cash reserves and cash equivalent, the Risk Manager assesses the credit quality of the counterparty, taking into account its financial position, past experience and other factors. Especially

Cash at bank

	2020	2019
	€	€
B3[1]	**9,478,245**	14,358,383

(ii) 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 Fund 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.

[1] As per Moody's rating as at 31 December 2020/31 December 2019

7. Financial risk management (continued)

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

31 December 2020	Carrying amounts €	Contractual cash flows €	Between 12 months €
Trade and other payables	1.809.571	1.809.571	1.809.571
	1.809.571	**1.809.571**	**1.809.571**

31 December 2019	Carrying amounts €	Contractual cash flows €	Between 12 months €
Trade and other payables	747.237	747.237	747.237
	747.237	747.237	747.237

(iii) Market price risk

The exposure to price risk arising from the prevailing general economic conditions and market sentiment, may affect the balance sheet and total return of the Fund. Immovable property and immovable property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to uncertainty and are a matter of an independent valuers' opinion. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where a sale occurs shortly after the valuation date. The Risk Manager adheres to the investment established in the Prospectus, instrument of incorporation and in the rules governing the operation of the Fund.

Capital Management

The capital of the Fund is represented by the net assets attributable to holders of investment shares. The amount of net assets attributable to the holders of investment shares can change significantly as the Fund is subject to subscriptions and redemptions after a minimum holding period of five (5) years from the date of the incorporation of the Fund.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and maintain strong capital base to support the development of the investment activities of the Fund.

Fair value estimation

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

Fair value measurements recognized 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:

7. Financial risk management (continued)

- 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 asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Fund's assets that are measured at fair value at 31 December

		2020		**2019**
	Level 3	Total	**Level 3**	**Total**
	€	€	€	€
Investment properties	**169,824,000**	169,824,000	**181,802,750**	181,802,750
	169,824,000	169,824,000	**181,802,750**	181,802,750

Disclosures relating to fair value hierarchy of non-financial assets measured at fair value are disclosed in Note 15.

Financial instruments by category

31 December 2020	Financial assets at amortised cost **€**	Total **€**
Financial Assets as per consolidated statement of financial position:		
Cash and cash equivalents	9,478,245	9,478,245
Total	**9,478,245**	**9,478,245**

31 December 2020	Financial liabilities at amortised cost **€**	Total **€**
Financial Liabilities as per consolidated statement of financial position:		
Trade and other payables	1,809,571	1,809,571
Total	**1,809,571**	**1,809,571**

31 December 2019	Financial assets at amortised cost **€**	Total **€**
Financial Assets as per consolidated statement of financial position:		
Cash and cash equivalents	14,358,383	14,358,383
Total	**14,358,383**	**14,358,383**

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7. Financial risk management (continued)

31 December 2019	Financial liabilities at amortised cost €	Total €
Financial Liabilities as per consolidated statement of financial position:		
Trade and other payables	747,237	747,237
Total	**747,237**	**747,237**

8. Revenue

	2020 €	2019 €
Rental income	**8,604,840**	9,310,636
	8,604,840	9,310,636

Analysis of rental income

	2020 €	2019 €
Investment properties rental income	**7,543,111**	8,041,691
Usage right income	**1,053,689**	1,183,606
Parking rental income	**8,040**	85,339
	8,604,840	9,310,636

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2020 €	2019 €
No later than 1 year	**9,133,667**	9,103,821
Later than 1 year and no later than 5 years	**19,680,376**	23,394,448
Later than 5 years	**45,222,088**	53,227,876
Total	**74,036,131**	85,726,145

9. Other income

	2020 €	2019 €
Income arising from VAT receivable	**-**	582,717
Reversal of accounting fees of prior year	**-**	1,000,000
Insurance claim	**27,500**	229,231
Bad debts recovered	**-**	4,500
Sundry (expense)/income	**(4,679)**	169,447
Total	**22,821**	1,985,895

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For the year ended 31 December 2020

10. Net loss from the fair value adjustment of investment properties

	2020	2019
	€	€
Fair value loss on investment properties (Note 15)	**11,978,750**	1,252,094
Total	**11,978,750**	1,252,094

11. Operating expenses

	2020	2019
	€	€
Directors fees (Note 20)	**40,000**	43,000
Auditors' remuneration – current year	**95,000**	90,000
Auditors' remuneration – prior years	**22,748**	86,426
Asset management fees	**517,222**	577,354
Administration fees (Note 20)	**123,503**	194,506
Management and capital charge	**33,000**	-
Legal fees	**67,652**	26,158
Insurance expenses (Note 20)	**181,800**	193,741
Other expenses	**591,266**	829,888
Real estate Advisory fees (Note 20)	**1,310,069**	-
Irrecoverable VAT	**183,950**	-
CySEC annual fees	**3,300**	975
Other professional fees	**37,497**	118,902
Total	**3,207,007**	2,160,950

12. Finance costs

	2020	2019
	€	€
Bank charges	**17,746**	7,547
Finance costs	**17,746**	7,547

13. Tax

	2020	2019
	€	€
Corporation tax – current year	**15,031**	146,291
Corporation tax – prior years	**-**	(14,101)
Special contribution to the defence fund	**172,881**	172,956
Charge for the year	**187,912**	305,146

13. Tax (continued)

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

	2020	2019
	€	€
(Loss)/profit before tax	**(7,132,784)**	7,875,940
Tax calculated at the applicable tax rates	**(891,598)**	984,493
Tax effect of expenses not deductible for tax purposes	**1,616,456**	287,639
Tax effect of allowances and income not subject to tax	**(591,717)**	(979,756)
Special contribution to the defence fund	**172,881**	172,956
Tax effect of utilization of tax losses brought forward	**(118,110)**	(146,085)
Prior year tax	**-**	(14,101)
Tax charge	**187,912**	305,146

The corporation tax rate is 12,5%. Corporation tax rate for capital appreciation is 20%. In addition, 75% of the gross rents receivable are subject to defence contribution at the rate of 3%

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.

14. Dividends

	2020	2019
	€	€
Final Dividend declared	**4,000,000**	5,150,000
	4,000,000	5,150,000

Dividends are subject to a deduction of special contribution for defence at 17% for individual owners that are both Cyprus tax resident and Cyprus domiciled. Dividends payable to non-residents of Cyprus are not subject to such a deduction.

The dividends paid as disclosed in the Consolidated Statement of Cash Flows relate to dividends declared to the shareholders during 2019 and 2020. An amount of €470,942. was payable to the shareholders as of 31 December 2020.

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.

15. Investment properties

	2020	2019
	€	€
Balance at 1 January	**181,802,750**	183,054,844
Net loss from fair value adjustment on investment properties (Note 10)	**(11,978,750)**	(1,252,094)
Balance at 31 December	**169,824,000**	181,802,750

The investment properties are valued semi-annually on 31 December and 30 June, at fair value comprising open-market value based on valuations, by independent, professionally qualified valuers.

15. Investment properties (continued)

Fair value is based in active market process, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If the information is not available, the Fund uses alternative valuation methods such as recent prices or less active markets or discounted cash flow projections. Changes in fair values are recorded in profit or loss and are included in "Net loss from the fair value adjustment of investment properties".

The Fund'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.

Valuation processes

The Fund's investment properties were valued at 31 December 2020 by independent professionally qualified valuers who hold a recognised 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.

Information about fair value measurements of investment property for 31.12.2020 and 31.12.2019:

Information about fair value measurement using significant unobservable inputs (Level 3) - 31 December 2020

Property	**Valuation €**	**Valuation Technique**	**Monthly Rent (Average) €**	**Discount rate %**	**Capitalisation rate %**
Leroy Merlin - DIY	€ 26,731,000	80% discounted cash flows (DCF) and 20% market approach	€ 101,502	7.54	6.25
Ellinas House	€ 6,934,000	80% discounted cash flows (DCF) and 20% market approach	€ 30,108	4.97	5.00
Ministry of Education	€ 5,368,000	80% discounted cash flows (DCF) and 20% market approach	€ 27,618	5.96	5.50
Unicars Service Centre	€ 5,374,000	80% discounted cash flows (DCF) and 20% market approach	€ 25,434	5.93	5.00
Althea Hotel	€ 22,645,000	100% discounted cash flows (DCF)	N/A	9.45	8.25
Diapo Distribution Centre	€ 4,185,000	80% discounted cash flows (DCF) and 20% market approach	€ 22,839	6.22	6.25
University of Nicosia	€ 6,228,000	80% discounted cash flows (DCF) and 20% market approach	€ 35,281	5.95	5.75
Gloria Jean's Coffees Ledras	€ 960,000	80% discounted cash flows (DCF) and 20% market approach	€ 5,304	7.75	6.50
Printco Strovolos	€ 2,044,000	80% discounted cash flows (DCF) and 20% market approach	€ 9,681	6.13	4.85

15. Investment properties (continued)

Irida 3 Building	€ 14,161,000	80%-100% discounted cash flows (DCF) and 0%-20% market approach	€ 77,844	6.23 - 8.27	6.25 - 7.50
Bank of Cyprus Kaimakli	€ 4,525,000	80% discounted cash flows (DCF) and 20% market approach	€ 26,790	5.75 - 7.99	5.75 - 6.75
N.P. Lanitis	€ 2,685,000	80% discounted cash flows (DCF) and 20% market approach	€ 11,375	5.25 - 5.90	5.25
Shacolas Tower	€ 13,968,000	80% discounted cash flows (DCF) and 20% market approach	€ 67,203	5.75 - 7.02	5.25 - 6.50
Superhome Centre – DIY	€ 8,893,000	80% discounted cash flows (DCF) and 20% market approach	€ 49,664	6.56	6.50
D. Nicolaou Zakaki	€ 15,098,000	80% discounted cash flows (DCF) and 20% market approach	€ 78,863	5.75 - 7.25	5.75 - 6.25
Athinodorou Business Centre Paphos	€ 2,070,000	80%-100% discounted cash flows (DCF) and 0%-20% market approach	€ 9,465	5.50 - 6.40	5.50
Afentico Anna Commercial Building	€ 2,203,000	80% discounted cash flows (DCF) and 20% market approach	€ 12,060	6.00 - 7.27	6.00
Orphanides Zakaki	€ 7,018,000	80% discounted cash flows (DCF) and 20% market approach	€ 31,662	5.00	5.00
Shop Armenias Branch	€ 566,000	80% discounted cash flows (DCF) and 20% market approach	3,690	8.25	7.00
TNT Express Warehouse	€ 1,302,000	80% discounted cash flows (DCF) and 20% market approach	€ 6,354	6.47	5.75
Debenhams Apollon	€ 16,866,000	80% discounted cash flows (DCF) and 20% market approach	€ 107,797	7.44	6.50
Total	**€ 169,824,000**				

15. Investment properties (continued)

Information about fair value measurement using significant unobservable inputs (Level 3) –31 December 2019

Property	Valuation €	Valuation Technique	Monthly Rent (Average) €	Discount rate %	Capitalisation rate of terminal value/ Exit yield %	Initial Yield %
Leroy Merlin - DIY	€ 28,362,500	Income approach (yield) Market Approach (Comparison)	€ 132,250	5.75	5.50 - 5.75	4.50
Ellinas House	€ 7,017,500	Income approach (yield) Income approach (DCF)	€ 30,000	5.50	5.25	N/A
Ministry of Education	€ 5,755,000	Income Approach (Yield) Market Approach (Comparison)	€ 20,000	5.00	5.00	4.75
Unicars Service Centre	€ 6,605,000	Income approach (yield) Market Approach (Comparison)	€ 22,000	5.00	4.25 - 5.00	4.50
Althea Hotel	€ 23,667,500	Income approach (yield) Income Approach (DCF)	€ 122,917	N/A	6.50 - 7.00	4.50 - 6.75
Diapo Distribution Centre	€ 4,611,250	Income Approach (yield) and Market Approach (Comparison)	€ 22,500	N/A	5.50 – 6.25	N/A
University of Nicosia	€ 7,872,000	Income approach (yield) Income Approach (DCF) and Market Approach (Comparison)	€ 24,741	4.00 – 5.50	5.00 – 5.25	N/A
Gloria Jean's Coffees Ledras	€ 1,275,000	Income approach (DCF) and Market Approach (Comparison)	€ 7,500	6.00	5.50	N/A
Printco Strovolos	€ 1,945,000	Income approach (yield)	€ 7,152	5.00	4.75 – 6.00	4.50
Irida 3 Building	€ 15,319,500	Income approach (yield) and Market Approach (Comparison)	€ 66,640	4.75 – 6.25	4.75 - 5.25	5.00 - 6.25
Bank of Cyprus Kaimakli	€ 4,950,000	Income approach (yield) Income approach (DCF) and Market Approach (Comparison)	€ 15,200	6.25	5.00 - 6.00	5.00
N.P. Lanitis	€ 2,957,000	Income approach (yield) and Market Approach (Comparison) and Cost Approach	€ 12,421	N/A	6.00	N/A

15. Investment properties (continued)

Shacolas Tower	€ 15,319,500	Income approach (yield) and Market Approach (Comparison)	€ 51,758	N/A	3.00 - 6.50	5.00
Superhome Centre - DIY	€ 10,730,000	Income approach (yield) and Market Approach (Comparison)	€ 52,516	N/A	5.75 - 6.00	N/A
D. Nicolaou Zakaki	€ 15,242,500	Income approach (yield) and Market Approach (Comparison)	€ 51,965	N/A	5.50 – 6.00	N/A
Athinodorou Business Centre Paphos	€ 2,415,000	Income approach (yield) and Market Approach (Comparison)	€ 10,150	5.00 – 5.50	5.00 - 5.50	4.50
Afentico Anna Commercial Building	€ 2,672,000	Income approach (yield) and Market Approach (Comparison)	€ 7,396	N/A	5.50	N/A
Orphanides Zakaki	€ 7,845,000	Income approach (yield) and Market Approach (Comparison)	€ 25,000	4.50 – 6.00	6.00	4.50 – 5.00
Shop Armenias Branch	€ 625,000	Market approach (Comparison)	N/A	N/A	N/A	N/A
TNT Express Warehouse	€ 1,798,500	Income approach (DCF)	€ 7,560	6.00	6.00	N/A
Debenhams Apollon	€ 16,820,000	Income approach (yield) and Market Approach (Comparison)	€ 94,195	6.00	6.00	6.50 – 7.50
Total	**€ 181,802,750**					

The abovementioned valuations had as a result a net loss from fair value adjustment of investment property amounting to €11,978,750 (31.12.2019: loss of €1,252,094).

Valuation techniques underlying management's estimation of fair value

Property valuations are supported by appraisals performed by independent professionally qualified valuers who prepare their reports twice a year as at June 30 and December 31. 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 last valuation of the Cyreit's properties was performed at December 31, 2020 by "Proprius Commercial Property Consultants EPE" (representative of Cushman & Wakefield).

For the valuation of Cyreit's properties, two valuation approaches were applied. The income approach, with the use of the Discounted Cash Flow method and the market approach.

15. Investment properties (continued)

The income approach is mainly applied into properties that can produce income and are held or for investment purposes. The basis of this method considers the market rent derived from comparable information, which is then capitalized at a market yield, at gross level, to achieve the property's market value, although in leased properties the passing rent is considered and the cash flow technique is used.

The cash flow technique is applied into properties that are held for a certain period of time, either as leasehold or freehold, where an investor would examine the level of rent achieved (if it is below or above market), the tenant status, the lease length and clauses of the contract. In freehold properties, the value is estimated by the sum of the present value of all income received over a certain period of time, and the capitalized present value of the ERV at the end of the lease period (terminal value). The Discount Rate as a result of the sum of exit yield and growth rate (DDM Model), includes the risk premium for the investment (risk free plus risk premium).

The market approach is based on collection and evaluation of comparable evidence from other similar properties in the nearby area, as well as on general local property market research findings. Some of the following principal factors affect the value of a property and are location, the property's physical characteristics, the urban planning status and prevailing building regulations and uses, the specific time when the valuation is conducted, in conjunction with the current market circumstances, demand and supply levels and the market trends that are evident at that specific point in time.

With regards to the weighing of the two methods (DCF and market approach), the rates 80% or 100% for the DCF method and 20% or 0%, respectively, for the market approach have been applied, as shown in the table above. The increased weighting on the DCF method is due to the fact that this method reflects more effectively the manner in which investment properties, such as the properties of Cyreit's portfolio, transact in the market.

Were the discount rate as at December 31, 2020, used in the DCF analysis, to increase or decrease by +/-10% from Management's estimate, the carrying amount of investment properties would be lower by €5,467,000 or higher by €6,019,000, respectively.

Were the capitalization rate as at December 31, 2020, used in the DCF analysis, to increase or decrease by +/- 10% from Management's estimate, the carrying amount of investment properties would be lower by €8,229,000 or higher by €10,081,000 respectively.

The following amounts have been recognised in profit or loss:

	2020	2019
	€	€
Rental income (Note 8)	**8,604,840**	9,310,636
Direct operating expenses arising from investment properties that generate rental income	**(3,463,454)**	(1,023,629)
Net loss from the fair value adjustment of investment properties (Note 10)	**(11,978,750)**	(1,252,094)

16. Trade and other receivables

	2020	2019
	€	€
Trade receivables	**3,085,290**	538,438
Less: credit loss on trade receivables	**(556,942)**	-
Trade receivables - net	**2,528,348**	538,438
VAT receivable	**452,081**	594,570
Other receivables	**475,067**	472,568
Balance at 31 December	**3,455,496**	1,605,576

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

17. Cash at bank

	2020	2019
	€	€
Balance at 31 December	**9,478,245**	14,358,383

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

	2020	2019
	€	€
Cash and cash equivalents	**9,478,245**	14,358,383

Cash and cash equivalents are denominated in the following currency:

	2020	2019
	€	€
Euro	**9,478,245**	14,358,383

The exposure of the Fund to credit risk and impairment losses in relation to cash and cash equivalents is reported in Note 7 to the consolidated financial statements.

18. Share capital

Share Capital

The share capital structure of the Fund is divided in two types of shares, the Management Shares and the Investment Shares owned by the Investors. The share capital of the Fund is €125.000 divided into 125 Management Shares of nominal value of EUR 1.000 each and 175.393 Investment Shares with no nominal value.

The issue of the investment shares was in exchange of the contribution of investment property into the Fund by Bank of Cyprus Public Company Limited in February 2018 (Note 20).

Management shares

The Management Shares are held as at 31 December 2020 by Prodea Real Investment Company Societe Anonyme. As far as the issue relates to Management Shares, the CySEC's permission is required if such shares are to be issued, allotted or transferred to additional or alternative persons (not to current Management Share Shareholders).

The Management Shares have the following rights:

As to voting: to receive notice of, attend and vote at any general meeting of the Fund, in particular but not limited to the following matters:
(i) the appointment or removal of any Director;
(ii) the winding up of the Fund; and
(iii) any amendment to the Memorandum and Articles.

-As to redemption rights: not to be entitled for Redemption by the Fund.
-As to transferring rights: to be permitted transferring of ownership upon CySEC's permission.
-As to dividends: not to be entitled to participate in any profits and/or other distributions to be made by the Fund.

18. Share capital (continued)

Investment shares

The 88,23% of Investment Shares are held by Prodea Real Investment Company Societe Anonyme.

The Investment Shares have no nominal value and the value of each share is being determined with reference to the net asset value of the Fund in accordance with the provisions of applicable law. The Investment Shares have the following characteristics.

- As to voting: shall not have the right to receive notice of, attend, or vote at any general meeting of the Fund.
- As to redemption rights: to be entitled for Redemption by the Fund, directly or indirectly by its assets.
- As to transferring rights: to be permitted transferring of ownership as long as it is ensured that the transferee qualifies as an Eligible Investor.
- As to dividends: will be entitled to participate in any dividend distributions and/or other distributions to be made out of the Fund's proceeds.

Winding-Up Rights

On a winding up, the assets available for distribution after the deduction of any expenses and/or liabilities shall be applied to the holders of Investment Shares in proportion to the number of Investment Shares held by them. The holders of the Managements Shares will have no right to receive any distribution on the Fund's winding up.

Firstly, in the payment to the holders of the Investment Shares sum in the currency in which that Class of Investment Shares is designated or in any other currency selected by the liquidator as nearly as possible equal (at a rate of exchange determined by the liquidator) to the NAV of the Investment Shares held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available to enable such payment to be made. Secondly, in the payment to the holders of the Management Shares of sums up to the nominal amount paid thereon out of the assets of the Fund not calculated for the determination of the NAV. In the event that there are insufficient assets aforesaid to enable such payment to be made, no recourse shall be held to the assets of the Fund. Thirdly, in the payment to the holders of each class of Investment Shares of any asset remaining in the Fund of any balance being made in proportion to the number of Investment Shares held.

19. Trade and other payables

	2020	2019
	€	€
Trade payables	**1,555,650**	491,216
Rent guarantee deposits	**253,921**	256,021
Balance at 31 December	**1,809,571**	747,237

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

20. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. As at 31 December 2018 Bank of Cyprus Public Company Limited held 88,23% of the investment shares and 100% of management shares and was the controlling and ultimate controlling party of the Fund. On 25 June 2019 an agreement was completed between Prodea Real Investment Company Societe Anonyme and Bank of Cyprus Public Company Limited for the acquisition by Prodea Investments of 100% of the management shares and 88,23% of the investment shares of the Fund. Prodea Investments which is the controlling party of the Fund as at 31 December 2020 is controlled by Invel Real Estate (Netherlands) II B.V. and ultimately controlled by Castlelake Opportunities Partners LLC from 23 May 2019.

The following transactions were carried out with related parties:

20. Related party transactions (continued)

20.1 Directors' remuneration

The remuneration of Directors was as follows:

	2020	2019
	€	€
Directors' remuneration (Note 11)	**40,000**	43,000
	40,000	43,000

20.2 Insurance expenses

	2020	2019
	€	€
Insurance expenses[1] (Note 11)	**-**	100,778
	-	100,778

20.3 Advisory fees

	2020	2019
	€	€
Invel Real Estate Management Cyprus Ltd (Note 11)	**1,310,069**	-
	1,310,069	-

20.4 Administration fees

	2020	2019
	€	€
Administration fees1 – Bank of Cyprus Asset Management Limited	**-**	94,154
	-	94,154

21. Significant events after the end of the financial year

Depending on the duration of the Coronavirus disease (COVID-19) pandemic, and continued negative impact on economic activity, the Fund might experience negative results, and liquidity restraints in 2021. The exact impact on the Fund's activities in 2021 and thereafter cannot be predicted, however any impact is not expected to be significant given that the Fund's properties are leased mainly to creditworthy tenants.

Further to the decision of Hellenic Bank Public Company Ltd to terminate its depositary and custody services business, Hellenic Bank Public Company Ltd notified the Fund and the AIFM on 16 December 2020 that is terminating the depositary agreement with the Fund. The Fund and the AIFM further to regulatory approval from CySEC has decided to appoint Bank of Cyprus Public Company Limited to replace Hellenic Bank Public Company Ltd as Depositary of the Fund. The appointment is subject to finalization and execution of the depositary agreement.

On 19 April 2021, the Fund's registered office transferred to 17 Elenis Palaiologinas and Athinon corner street, 3040 Limassol.

There are no other significant events subsequent to the date of the financial statements relating to the Company for which disclosure is required by the IFRSs as endorsed by the EU.

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[1] Bank of Cyprus Public Company Limited and its subsidiaries are considered as related parties until 24 June 2019, as the sale of the Fund's shares held by Bank of Cyprus Public Company Limited was concluded on 25 June 2019.