KANTZA SINGLE-MEMBER BUSINESS ACTIVITIES & DEVELOPMENT SOCIETE ANONYME

(distinctive title KANTZA COMMERCIAL SINGLE-MEMBER SA)

Annual Financial Report
In accordance with the International Financial Reporting Standards
for the fiscal year ended 31 December 2019

KANTZA COMMERCIAL SINGLE-MEMBER SA
BUSINESS
ACTIVITIES &DEVELOPMENT SOCIETE ANONYME
25 ERMOU ST. NEA KIFISSIA - P.C. 145 64
TAX ID NO: 094394623 TAX OFFICE: ATHENS
TAX OFFICE FOR COMMERCIAL COMPANIES
SA Reg. No. 28943/01AT/B/93/2049 - DOSSIER NO 671655
General Commercial Register (GEMI) No: 1246601000

Table of Contents

Report of the Board of Directors

Significant events and anticipated progress of the Company

Dear Shareholders,

We have the honour to present our company's financial statements, the description and impact of the most significant events that occurred for the closed year 2019 (01.01.-31.12.2019), and provide the following explanations.

Both during this year and during the previous fiscal year, the company did not exercise any activity. Losses before interest, tax depreciation and amortisation (EBITDA) during the closed year amounted to € 309 thousand, compared to losses of € 80 thousand in the previous fiscal year, losses after taxes for the current year amounted to € 425, compared to losses of € 191 thousand for the previous year.

The Company owns properties, with a surface of about 264 thousand m^2 at the area of Kantza, Pallini, and their value amounts to € 38 million, according to these financial statements. The Company's property is intended for the development of a Commercial - Entertainment - Cultural Centre.

On 19 March 2019 the Company signed a memorandum of cooperation with the Municipality of Pallini, as part of the development of the "Cambas Park", which serves the twofold purpose of renovating the listed buildings of the historic Cambas winery in Pallini and setting up a modern mixed-use complex, which will include primary business tertiary sector uses, office, trade and culture uses, supported by dining, recreation, and tourist accommodation uses.

On 15 October 2019, the Ministry of the Environment and Energy issued an announcement on the adoption of a decision by the Central Council for Urban Planning Matters and Disputes regarding the 'Approval of an Urban Planning Design on the Area for Integrated Deployment of Production Activities in the tertiary sector in Kantza, Pallini, by validating the designation of stream limits. The decision establishes the framework of urban planning development in the area and marks the end of the urban planning study approval procedures. The draft Presidential Decree is expected to be sent to the Council of State for review, approval and publication in the Government Gazette, which will pave the way for issuing building permits and proceeding with the implementation of the "Cambas Park".

On 15/6/2020 the General Commercial Registry approved the amendment, rewording, and consequent completion or abolition of Articles, with a view to harmonising the company's Articles of Association with the provisions of Law 4548/2018. With the above amendment, the new name of the company is "KANTZA SINGLE-MEMBER BUSINESS ACTIVITIES AND DEVELOPMENT SOCIETE ANONYME", and its distinctive title is "KANTZA COMMERCIAL SINGLE-MEMBER SA".

Risks and uncertainties

In 2019 the outlook for the Greek economy and real estate market was evaluated as the best over the past few years, recording a steady improvement since 2017. Positive reinforcement measures were taken for the real estate market, with tax incentives, such as decrease of the Single Property Tax (ENFIA) on average by 22%, with a view to a further decrease, and suspension of VAT for real estate. However, the development of the real estate market calls for a substantial improvement of the economic climate, with a view to the fulfillment and activation of the investment interest, which is still below expectations.

The prospects of stabilisation and recovery of the real estate market are directly associated with the normalisation of liquidity, the improvement of the financing conditions, the stabilisation of the economic environment, and the adoption of a fixed tax framework. The real estate sector seeks activation of the investment interest, with a friendlier framework for entrepreneurship and medium-term development.

Other significant risks and uncertainties to which the Company is exposed include market risk (changes to real estate market prices), and liquidity risk.

The real estate development industry involves risks which may be associated with factors such as the geographic location of a real estate property, merchantability, type of use depending on future developments, and market trends. The risk of decrease of an investment due to changes to the factors that form the market value is related to the business sectors where the Company operates.

Liquidity risk pertains to the potential inability of the Company to meet its obligations as and when they become due, and, therefore, liquidity is constantly monitored by the Company’s management.

Having regard to exposure to the following risks, the Company places special importance on the management, recognition, and assessment thereof for the purpose of ensuring financial stability, judging separately, assessing, and specifying risk management actions. The Board of Directors is responsible for adopting decisions on implementing the investment plans, exercising control, monitoring the activities, and ensuring smooth operation of the company.

Labour issues

Equal opportunities policy

We cultivate a corporate environment characterised by principles of equality and respect for individual rights as well as respect for diversity, visible or otherwise, on the basis of age, gender orientation, nationality and physical abilities, or on culture, religion, marital status, personal experience and views, indicatively but not limited to the abovementioned.

Evaluation

We provide career development opportunities according to the performance, capabilities and skills of each employee. We evaluate the performance of our employees in order to provide them with appropriate guidance and to help them cultivate their professional skills.

Health and Safety

Health and safety rules in the workplace are essential to the protection of human life. Due care and attention to health and safety matters for all our personnel is a key part of our broader business policy and philosophy. We monitor and review respective risks and take all necessary preventive measures against accidents and occupational diseases in the workplace and on construction sites.

Environmental matters

- The highest environmental standards are applied in our activities and projects with regard to the conservation and protection of natural resources and biodiversity, energy consumption, waste management, etc.
- Our aim is to minimise any negative impact arising from our activities on the environment. In this context, we follow the principles of prevention in environmental challenges and give priority to the development of Environmental Management Systems, applying internationally-recognised environmental standards.
- We are committed to full compliance with all environmental legislation, including obtaining and maintaining all permits and approvals required in the course of our business activity.
- Targeted improvement of environmental indicators and the targeted reduction of carbon dioxide (CO_2) emissions from activities and projects underline our long-term commitment to combatting climate change, sustainable development, and corporate responsibility in the broadest sense.
- We are committed to operating responsibly and with absolute respect for the environment and the community. Proper environmental management of our projects is one of the most important goals and it is deemed absolutely essential to the sustainability of our Group's activities.

Other issues

- The Company does not hold any foreign exchange reserves, and does not maintain any branches.
- The company has no ongoing research and development activities.
- The Company does not hold any treasury shares.
- The encumbrances on the Company's properties are set out in note 5 of the Financial Statements.
- The transactions carried out with related parties (according to IAS 24) are presented in the following table:

	Intercompany transactions – amounts in €				
Year	Company	Sales of goods and services	Purchases of goods and services	Receivables	Liabilities
2019	***Parent***				
	REDS S.A.		-		627,813
	Other related parties	-	-	-	-
	9 TOTAL INTERCOMPANY TRANSACTIONS FOR 2018	_	_	_	**627,813**
2018	***Parent***				
	REDS S.A.	-	-	-	627,813
	Other related parties	-	-	-	-
	TOTAL INTERCOMPANY TRANSACTIONS FOR 2018	_	_	_	**627,813**

Liabilities to the parent company concern previous balances from service and construction agreements.

No other event has occurred that might affect the financial position or the progress of the Company to any significant degree prior to the date of submission of this report.

In view of what we have presented to you, we invite you, Dear Shareholders, to approve the financial statements for the year 2019, together with the accompanying Directors' and Certified Auditor's reports, and release the Members of the Board of Directors individually and the Board of Directors as a whole, as well as the Auditor, from all liability for compensation with regard to the fiscal year 2019.

Kifissia, 24 July 2020

For the Board of Directors

The Chairman of the B.o.D. and CEO

Anastasios Kallitsantsis

Audit report of the independent certified auditor and accountant

To Messrs Shareholders of the company “KANTZA SINGLE-MEMBER BUSINESS ACTIVITIES & DEVELOPMENT SOCIETE ANONYME”

Audit Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of “KANTZA BUSINESS ACTIVITIES AND DEVELOPMENT SOCIETE ANONYME” (the Company), which comprise the statement of financial position as at 31 December 2019, the statements of income and comprehensive income, the statement of changes in equity and cash flows statement for the year then ended, and the summary of significant accounting policies and methods and other explanatory notes.

In our opinion, the attached financial statements fairly present, in all material aspects, the financial standing of the company “KANTZA BUSINESS ACTIVITIES AND DEVELOPMENT SOCIETE ANONYME” as at 31st December 2019, as well as of its financial performance and cash flow for the year then ended, according to the International Financial Reporting Standards, as adopted by the European Union.

Basis of opinion

We have conducted our audit in accordance with International Auditing Standards (IAS), as transposed into Greek legislation. Our responsibilities under those standards are further described in the section of our report entitled “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the Company, and have been throughout the entire period of our appointment, in accordance with the Code of Ethics for Professional Auditors established by the International Auditing and Assurance Standards Board, as incorporated into Greek legislation, as well as the ethical requirements related to the audit of financial statements in Greece, and we have fulfilled our ethical obligations in accordance with the requirements of the applicable legislation and the abovementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our audit opinion.

Responsibilities of the management regarding the financial statements

The management is responsible for the preparation and fair presentation of these Financial Statements, in accordance with International Financial Reporting Standards, as adopted by the European Union, and for those safeguards that the management thinks are necessary to enable preparation of Financial Statements free of material misstatements due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company’s ability to continue its activities, disclosing, where applicable, any issues related to the going concern and the use of the accounting basis of the going concern unless the management either intends to liquidate the Company or to discontinue its activities or has no other realistic option than to take such actions.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor’s report presenting our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that the audit carried out in accordance with the IAS, as transposed into Greek legislation, will always identify a material misstatement, when such a misstatement exists. Misstatements may result from fraud or error and are considered material when individually or collectively could reasonably be expected to affect the financial decisions of users made on the basis of these financial statements.

As a duty of the audit, according to IAS as transposed into Greek legislation, we exercise our professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatements in the Financial Statements, whether due to fraud or error, by designing and performing audit procedures that respond to those risks and we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to identify a material misstatement due to fraud is higher than that due to error, since fraud may involve collusion, forgery, deliberate omissions, false assertions or the bypassing of internal audit safeguards.

- We understand audit-related internal safeguards to design audit procedures appropriate to the circumstances, but not to express an opinion on the effectiveness of the Company’s internal audit.

- We assess the appropriateness of the accounting principles and methods used and the reasonableness of accounting estimates and respective disclosures made by the Management.

- We reach a decision on the appropriateness of management's use of the going concern accounting principle, based on audit evidence obtained on whether there is material uncertainty about events or circumstances that may indicate material uncertainty as to the ability of the Company to continue its business activity. If we conclude that there is material uncertainty, we are required to report such disclosures in the financial statements in the auditor’s report or whether these disclosures are insufficient to differentiate our opinion. Our findings are based on audit evidence obtained until the date of the auditor's report. However, future events or circumstances may result in the Company ceasing to operate as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements reflect the underlying transactions and events in a manner ensuring their reasonable presentation.

Among other matters, we communicate to the management the planned scope and timing of the audit, as well as significant audit findings, including any material deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Taking into account that the management is responsible for drawing up the Management Report of the B.o.D., pursuant to Article 2 paragraph 5 (Part B) of Law 4336/2015, it is noted that:

a) In our opinion the Board of Directors Management Report has been drawn up according to the current legal requirements of Article 150 of Law 4548/2018 and its contents correspond to the attached Financial Statements for the year ended 31/12/2019.

b) On the basis of the information obtained during our audit in relation to the company “KANTZA BUSINESS ACTIVITIES AND DEVELOPMENT SOCIETE ANONYME” and the environment it operates in, we did not identify any material misstatements in the Board of Directors Management Report.

Athens, 29 July 2020

IOANNIS ANT. KROKOS
Certified Auditor & Accountant
SOEL Reg. No 13641

SOL SA
Member of the Crowe Global Network
3 Fokionos Negri St., 112 57 Athens
SOEL Reg. No. 125

Statement of Financial Position

All amounts are in euro.

	Note	31-Dec-19	31-Dec-18
ASSETS			
Non-current assets			
Investment property	5	38,211,746	38,327,253
		38,211,746	38,327,253
Current assets			
Trade and other receivables	6	42	1,184
Cash and cash equivalents	7	4,254	14,621
		4,296	15,805
Total assets		38,216,042	38,343,058
EQUITY			
Equity attributable to shareholders			
Share capital	8	45,364,035	45,066,925
Other reserves	9	3,759	3,759
Profit/(loss) carried forward		(7,825,862)	(7,401,251)
Total equity		37,541,931	37,669,433
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	11	35,492	35,883
		35,492	35,883
Short-term liabilities			
Trade and other payables	10	638,619	637,742
		638,619	637,742
Total liabilities		674,111	673,625
Total equity and liabilities		38,216,042	38,343,058

The notes on pages 16 to 30 form an integral part of these financial statements.

Income statement

All amounts are in euro, except earnings per share.

	Note	31-Dec-19	31-Dec-18
Sales		-	-
Cost of goods sold		-	-
Gross profit		-	-
Administrative expenses	13	(424,570)	(194,786)
Other operating income/(expenses) (net)	15	(401)	(756)
Operating results		(424,971)	(195,542)
Financial income/ (expenses) - net	12	(32)	(52)
Profit/ (loss) before tax - total		(425,004)	(195,594)
Income tax	14	392	4,480
Profit / loss after tax - total		(424,612)	(191,114)
Earnings/ (losses) per share- basic (in €)		(0.2747)	(0.1245)

The notes on pages 16 to 30 form an integral part of these financial statements.

Statement of Comprehensive Income

All amounts are in euro.

	01/01-31/12/2019	01/01-31/12/2018
Net earnings/ (losses) for the period	**(424,612)**	**(191,114)**
Other Comprehensive Income		
Foreign exchange differences	**-**	**-**
Changes in value of financial assets available for sale	**-**	**-**
Cash flow hedge	**-**	**-**
Other	**-**	**-**
Other comprehensive income/ (losses) for the period (net after taxes)	**-**	**-**
Comprehensive income/ (losses) for the period	**(424,612)**	**(191,114)**
Comprehensive income/ (losses) for the period in:		
Owners of the parent company	**(424,612)**	**(191,114)**
Minority rights	**-**	**-**

The notes on pages 16 to 30 form an integral part of these financial statements.

Statement of Changes in Equity

All amounts are in euro.

	Share capital	Other reserves	Results carried forward	Total
1 January 2018	45,002,355	3,759	(7,210,137)	37,795,977
Net profit/(loss) for the year		-	(191,114)	(191,114)
Other Comprehensive Income				
Other comprehensive income for the period (net after taxes)	_	_	(191,114)	(191,114)
Total Comprehensive Income/(Expenses) for the year	_	.	(191,114)	(191,114)
Share capital issue	64,570	-	-	64,570
31 December 2018	45,066,925	3,759	(7,401,251)	37,669,433
1 January 2019	45,066,925	3,759	(7,401,251)	37,669,433
Net profit/(loss) for the year	-	-	(424,612)	(424,612)
Other Comprehensive Income	-	-	-	-
Other comprehensive income for the period (net after taxes)	-_	-_	(424,612)	(424,612)
Total Comprehensive Income/(Expenses) for the year	_	_	(424,612)	(424,612)
Share capital issue	297,110	-	-	297,110
31 December 2019	45,364,035	3,759	(7,825,863)	37,541,931

The notes on pages 16 to 30 form an integral part of these financial statements.

Cash flow statement

All amounts are in euro.

	Note	31-Dec-19	31-Dec-18
Operating activities			
Profit before taxes		**(425,004)**	**(195,594)**
Plus/less adjustments for:			
Depreciation and amortisation	**5**	**115,507**	**115,507**
Results (income, expenses, profit/loss) from investing activities		**(1)**	**(2)**
Debit interest and related expenses		**34**	**54**
Plus/minus adjustments for changes in working capital accounts or relating to operating activities:			
Decrease/(increase) in receivables	**6**	**1,142**	**27**
(Decrease)/ increase of liabilities (except banks)	**10**	**877**	**(135)**
Less:			
Debit interest and related expenses paid		**(34)**	**(54)**
Total inflows/(outflows) from operating activities (a)		**(307,479)**	**(80,197)**
Investment activities			
Interest received	**12**	**1**	**2**
Total inflows/(outflows) from investing activities (b)		**1**	**2**
Financing activities			
Issue of common shares	**8**	**297,110**	**64,570**
Total inflows/(outflows) from financing activities (c)		**297,110**	**64,570**
Net increase/ (decrease) in cash and cash equivalents for the period (a) + (b) + (c)		**(10,367)**	**(15,626)**
Cash and cash equivalents at fiscal year start	**7**	**14,621**	**30,247**
Cash and cash equivalents at fiscal year end	**7**	**4,254**	**14,621**

The notes on pages 16 to 30 form an integral part of these financial statements.

Notes to the financial statements

1 General information

The main activity of the company involves development and exploitation of properties owned by the company, and management thereof.

The Company was incorporated and is based in Greece with registered and central offices at 25 Ermou St, Nea Kifissia.

The financial statements of the Company are included in the consolidated financial statements of "REDS SA", and are available on the website https://www.reds.gr

The financial statements were approved by the Board of Directors on 24 July 2020.

2 Summary of significant accounting policies

2.1 Basis of preparation of the financial statements

The basic accounting principles applied in the preparation of these financial statements are set out below. These principles have been consistently applied to all fiscal years that are presented unless otherwise stated.

These corporate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as these have been adopted by the European Union, and the IFRS published by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, except for the financial assets available for sale at fair value through profit and loss valued at fair value.

The preparation of the financial statements under IFRS requires the use of accounting estimates and assumptions by the Management in implementing the accounting policies adopted. Areas that involve a significant degree of judgment or complexity, or where assumptions and estimates significantly affect the financial statements, are listed in Note 4.

2.1.1. Going concern

The financial statements of 31 December 2019 were prepared in accordance with the International Financial Reporting Standards (IFRS) and fairly present the Company's financial position, profit and loss, and cash flows, in accordance with the principle of going concern.

Given the economic crisis, there is increased financial insecurity in international markets, as regards the economy of Greece in particular. After careful examination, the Company considers that: (a) use of the going concern principle for preparation of the financial statements is not affected; (b) the assets and liabilities of the Company are accurately represented in relation to the accounting principles applied by the Company; and c) operating programmes and initiatives are in place to address any problems that may arise in relation to the Company's activities.

Macroeconomic conditions in Greece

In 2019, the Greek economy continued to recover with economic sentiment indicators and expectations appearing to improve, suggesting a continuing growth dynamic. There were positive developments in the financial sector, marked by an increase in deposits and an improvement in the banks' financing conditions. Confidence in the banking sector strengthened significantly and restrictions on capital movements were lifted completely as of 1 September 2019. The improved liquidity of the banking system contributed to the increase in the bank financing for non-financial enterprises, while the single-party government elected in July 2019 further strengthened expectations as to the prospects of the Greek economy in the next period.

However, the growth dynamic of this year (2020), and especially after February 2020, has been interrupted by the appearance and spread of the Covid-19 virus. In the light of the latest developments, the Covid-19 epidemic is expected to have a negative impact on both the global economy and national economies in 2020, leading to a slow-down in world growth. The magnitude of the disturbance in the Greek economy will, among other things, depend to a significant extent on the duration and intensity of the Covid-19 pandemic and the measures taken by the Greek government and governments elsewhere to limit its spread, as well as other geopolitical factors such as the refugee and migrant crisis affecting Greece. Therefore, it is estimated that 2020 will be a challenging year for the Greek and global economy.

2.2 New standards, amendments to standards and interpretations

New standards, amendments to standards and interpretations: Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years. The evaluation of the effects of these new standards, amendments to standards and interpretations is presented below.

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

IFRS 16 "Leases"

IFRS 16 was issued in January 2016 and replaces IAS 17. The objective of the standard is to ensure that lessees and lessors provide useful information that fairly presents the essence of the lease-related transactions. IFRS 16 introduces a single model for the accounting treatment by the lessee, which requires that the lessee recognises assets and liabilities for all lease contracts with a term of over 12 months, except if the underlying asset has non-significant value. With regard to the accounting treatment by the lessor, IFRS 16 essentially incorporates the requirements of IAS 17. Therefore, the lessor continues to classify lease contracts into operating and finance leases and to apply different accounting treatment for each type of contract. The standard had no application or impact on the Company's financial statements.

IFRIC 23 "Uncertainty over income tax treatments"

The Interpretation explains how to recognise and measure current and deferred tax assets and liabilities if there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The application of the interpretation had no impact on the Company's financial statements.

IAS 19 (Amendments) "Plan amendment, curtailment or settlement"

The amendments specify how companies determine pension expenses when changes to a defined benefit pension scheme occur. The amendment to the standard had no impact on the Company's financial statements.

Annual Improvements to IFRSs (2015 – 2017 Cycle)

The amendments set out below include changes to four IFRSs.

IFRS 3 'Business combinations'

The amendments clarify that an entity should remeasure the interest previously held in a jointly controlled operation when it acquires control of that operation.

IAS 12 "Income Taxes"

The amendments clarify that an entity should equally account for all income tax consequences of dividends.

IAS 23 "Borrowing costs"

The amendments clarify that an entity should account for any borrowing costs incurred to produce an asset when such asset is ready for its intended use or sale.

Standards and interpretations effective for subsequent periods

IFRS 3 (Amendments) "Definition of a business" (effective for annual periods beginning on or after 1 January 2020)

The new definition focuses on the concept of business outputs in the form of goods and services provided to customers, contrary to the previous definition that focused on outputs in the form of dividends, reduced cost or other financial benefits to investors and third parties.

IAS 1 and IAS 8 (Amendments) "Definition of material" (effective for annual accounting periods beginning on or after 1 January 2020)

The amendments clarify the definition of 'material' and how it should be used, supplementing the definition with instructions that have to date been provided in other parts of the IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRSs.

IFRS 9, IAS 39 and IFRS 7 (Amendments) "Interest rate benchmark reform" (effective for annual accounting periods beginning on or after 1 January 2020)

The amendments modify certain specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

IAS 1 (Amendment) "Classification of liabilities as current or non-current" (effective for annual periods beginning on or after 1 January 2022)

The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendment has not yet been endorsed by the EU.

There are no other standards or interpretations which are mandatory for subsequent periods, and which are expected to have a significant impact on the financial statements of the Company.

2.3 Comparative information

Comparative amounts have been adjusted as necessary for the sake of consistency with changes in the presentation for the current year.

2.4 Rounding

The amounts contained in the financial statements have been rounded in euros, and any differences that may exist are due to such rounding.

2.5 Investments in property

Properties held for long-term leases or capital gains or both, and that are not used by the Company, are classified as investments in property. Investments in property include privately owned fields and buildings.

As of 1 January 2009, the Company has applied the amended IAS 40, under which properties built or developed for future use as investment property, are recognised initially as investments in property. Investment property is recognised initially at cost, including the relevant direct acquisition and borrowing costs. Borrowing costs relating to acquisition or construction of investment property are capitalised to the investment cost for the duration of the acquisition or construction and are no longer capitalised when the fixed asset is completed or stops to be constructed. After initial recognition, investments in property are valued at cost, less depreciation and any impairment. Depreciation of investment property is calculated using the straight-line method, based on the useful life estimated at 40 years, save non-renovated listed buildings whose depreciation is estimated at 20 years.

Subsequent expenditure is added to the book value of the property only if it is probable that future financial benefits related to such property will flow to the company and the costs thereof can be measured reliably. All other costs of repairs and maintenance burden the results of the year to which they relate.

If an investment in property is converted to an asset for own use, then it is classified in tangible assets. Respectively, investments in property, for which the Company had pre-agreed their sale, are classified as inventories.

2.6 Tangible Assets

Fixed assets are reported in the financial statements at acquisition cost less accumulated depreciation and any impairment. Acquisition costs include all costs directly attributable to the acquisition of the items.

Subsequent costs are posted to increase the tangible assets' book value or recognised as a separate asset, only when it is probable that future economic benefits will flow to the Company and their cost can be valued reliably. The costs of repairs and maintenance are recorded in the income statement as they arise.

Land is not subject to depreciation. Depreciation of other tangible assets (PPE) is calculated using the straight-line method over their useful life as follows:

Furniture & other fixtures 5-10 years

The residual values and useful economic life of PPE are subject to reassessment at least at each balance sheet date.

When the book values of tangible assets exceed their recoverable value, the difference (impairment) is posted in the income statement as expense.

When tangible assets are sold, any difference between the proceeds and their undepreciated book value is recorded as profit or loss in the income statement.

Borrowing costs arising for the acquisition, construction or production of a qualifying fixed asset are incorporated in the cost of such asset. An asset qualifies when a significant preparation period is required for the intended use. Borrowing cost is capitalised provided that construction is in progress and is terminated upon essential completion of the asset, or suspended if construction has been interrupted. All other borrowing expenses are posted through profit and loss.

2.7 Impairment of assets

Assets that are depreciated are subject to an impairment review when there is evidence that their value will not be recoverable. The recoverable value is the greater value of the net sales and the value in use. To estimate the impairment losses, the assets are included in the smallest possible cash-generating units. Impairment losses are recorded as expenses in the income statement when they arise.

2.8 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, except if the discount outcome is not important, less provision for impairment. Impairment losses for trade receivables arise when objective indications are in place that the Company is not in the position to collect all receivables under contractual terms.

Trade receivables comprise commercial paper and notes payable from customers.

Serious problems that the customer encounters, the possibility of bankruptcy or financial reorganisation and the inability of scheduled payments considered to be evidence that the receivable value must be impaired. The amount of the provision is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised as an expense in the income statement.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash, sight deposits, and short-term investments of up to 3 months, with high liquidity and low risk.

2.10 Share capital

The share capital includes the Company's ordinary shares.

2.11 Deferred Income Tax

Deferred income tax is calculated using the liability method which arises from temporary differences between the book value and the tax base of assets and liabilities. Deferred income tax is not taken into account if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, which at the time of the transaction did not affect accounting or taxable profit or loss. Deferred tax is determined by the tax rates that have entered into force or will actually apply at the balance sheet date.

Deferred tax receivables are recognised to the extent that there are going to be future taxable gains so that the temporary difference that gives rise to the deferred tax assets can be utilised.

3 Financial risk management

3.1 Financial risk factors

The company is exposed to various financial risks, such as market risks (changes in market values), credit risk, liquidity risk, and interest rate risk.

Risk management is monitored by the Finance Division and is determined under the rules approved by the Board of Directors. The finance division determines and estimates the financial risks in collaboration with the services managing those risks. The Board of Directors provides directions on general risk management as well as specialised directions on the management of specific risks such as interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, as well as investment of cash.

a) Market risk

The company is exposed to the risk of change in the value of real estate property and leases. The Company is closely monitoring the trends in the individual markets in which it operates and plans actions for prompt and efficient adaptation to the individual markets' new circumstances.

(b) Liquidity risk

Liquidity risk is maintained at low levels, by sustaining sufficient reserves and immediately liquidating bonds, as well as bank credit ceilings. The Company's liquidity is monitored by the Management.

4 Significant accounting estimates and judgments by management

Management's estimates and judgments are continually evaluated and are based on historical data and expectations of future events that are considered reasonable under the circumstances.

4.1 Significant accounting estimates and assumptions

The annual financial statements and the accompanying notes and reports might contain certain assumptions and calculations pertaining to future events in relation to the Company's operations, growth and financial performance. Although such assumptions and calculations are based on the best knowledge of the Company's management with regard to current conditions and actions, the actual results may be different from such calculations and assumptions taken into account in the preparation of the Company's annual financial statements.

The Company makes estimates and assumptions concerning future events. Assessments and assumptions that involve important risk of causing material adjustments to the assets' and liabilities' book values:

(a) Estimates for potential impairment to Group investment property

Investment in property is examined for possible impairment when event or changes in conditions indicate that their book value may not be recoverable. When the recoverable value is less than their carrying value, investment properties are depreciated to the recoverable amount. The Company assesses to its discretion whether the indications for the impairment of an investment in property are substantial and objective.

(b) Income tax

Judgment is required in order to determine provisions for income tax. There are many transactions and calculations for which determination of taxes ultimately remains uncertain. If the final outcome of the tax audit is different from that initially recognised, the difference will affect income tax and the provision for deferred taxes for the fiscal year.

5 Investment property

All amounts are in euro.

	31-Dec-19	31-Dec-17
Cost		
Period start	40,299,846	40,299,847
Additions	-	-
Period End	40,299,846	40,299,846
Accumulated depreciation		
Period start	(1,972,594)	(1,857,087)
Fiscal year depreciation	(115,507)	(115,507)
Period End	(2,088,100)	(1,972,594)
Net book value	38,211,746	38,327,253

A mortgage prenotation has been registered on the properties of the Company, as a guarantor, for a total amount of approximately 14.6 million euro, as a security for the Bond Loan Agreement dated 29/4/2014 of the parent company REDS SA.

6 Receivables

All amounts are in euro.

	31-Dec-19	31-Dec-18
Taxes deducted & prepaid	-	1,143
Advance payments to suppliers/creditors	42	41
Total	42	1,184
Total Non-Current Assets		
Total Current Assets	42	1,184
Total	42	1,184

There is no credit risk concentration in relation to trade receivables.

7 Cash and cash equivalents

All amounts are in euro.

	31-Dec-19	31-Dec-18
Cash in hand	525	589
Sight deposits	3,729	14,032
Total	**4,254**	**14,621**

8 Share capital

All amounts are in euro.

	Number of shares	Face value of shares	Ordinary shares	Total
1 January 2018	**1,533,300**	**29.35**	**45,002,355**	**45,002,355**
Issue of new shares / (decrease)	**2,200**	**29.35**	**64,570**	**64,570**
31 December 2018	**1,535,500**	**29.35**	**45,066,925**	**45,066,925**
1 January 2019	**1,535,500**	**29.35**	**45,066,925**	**45,066,925**
Issue of new shares / (decrease)	**10,123**	**29.35**	**297,110**	**297,110**
31 December 2019	**1,545,623**	**29.35**	**45,364,035**	**45,364,035**

At the Extraordinary General Meeting of the Shareholders held on 20/12/2019, it was decided that the company's share capital be increased by the amount of € 297,110, with the issuance of 10,123 shares with a value of €29.35/share. On 31/12/2019, the share capital reached the amount of €45,364,025, divided into 1,545,623 registered shares of €29.35 each.

9 Reserves

All amounts are in euro.

	Statutory reserves	Special & extraordinary reserves	Total
1 January 2018	1,600	2,159	3,759
Transfer from/ (to) profit and loss	**-**	**-**	**-**
31 December 2018	**1,600**	**2,159**	**3,759**
1 January 2019	**1,600**	**2,159**	**3,759**
Transfer from/ (to) profit and loss		-	-
31 December 2019	**1,600**	**2,159**	**3,759**

10 Trade and other payables

All amounts are in euro.

	31-Dec-19	31-Dec-18
Trade payables (suppliers)	-	40
Social security and other taxes/duties	9,252	9,730
Other payables	1,555	159
Liabilities to related parties	627,813	627,813
Total	**638,619**	**637,742**
Long-term liabilities	-	-
Short-term liabilities	638,619	637,742
Total	**638,619**	**637,742**

The Company's liabilities from trade activities are free of interest.

11 Deferred taxation

All amounts are in euro.

Deferred tax receivables and liabilities are compensated when there is an applicable legal right to compensate the current tax receivables against the current tax liabilities and when the deferred income taxes involve the same tax authority.

Total change in deferred income tax is presented below.

	31-Dec-19	31-Dec-18
Balance at fiscal year start	(35,883)	(40,363)
Income statement (debit)/credit	392	4,480
Balance at fiscal year end	**(35,492)**	**(35,883)**

Changes in deferred tax liabilities during the year are as follows:

Deferred tax liabilities:

	Depreciation and amortisation	Total
1 January 2018	40,364	40,364
Income statement (debit)/credit	(4,480)	(4,480)
31 December 2018	35,883	35,883
1 January 2019	35,883	35,883
Income statement (debit)/credit	(392)	(392)
31 December 2019	35,492	35,492

12 Financial income/ (expenses) - net

All amounts are in euro.

	31-Dec-19	31-Dec-18
Other financial expenses		
-Miscellaneous bank expenses	(34)	(54)
Income from interest / securities	1	2
Net interest (expenses)/ income	(32)	(52)
Total	(32)	(52)

13 Expenses per category

All amounts are in euro.

	31-Dec-19	31-Dec-18
	Administrative expenses	Administrative expenses
Employee benefits	429	11,835
Depreciation of investment properties	115,507	115,507
Insurance premiums	-	207
Other third party benefits	356	-
28Other third party fees & expenses	207,651	15,612
Taxes - Duties	100,048	50,090
Subscriptions, contributions, donations and subsidies	360	370
Printed material and office supplies		348
Miscellaneous expenses	219	817
Total	424,570	194,786

14 Income tax

As of the fiscal year ended 31 December 2011, pursuant to Law 4174/2013 (Article 65A), as currently in force (and as stipulated in Article 82 of Law 2238/1994), Greek Sociétés Anonyme and Limited Liability Companies whose annual financial statements are mandatorily audited by certified auditors were required, up to the years starting before 1 January 2016, to obtain an “Annual Tax Certificate”, which is issued following a tax audit performed by the same certified auditor or audit firm that audits the annual financial statements.

For fiscal years beginning on 1 January 2016 and onwards, the “Annual Tax Certificate” is optional. The Company did not opt to continue undergoing a tax audit by statutory auditors, since it now applies on an optional basis, and it has not been audited for years 2015 to 2019 (included). The tax liabilities of the Company for those years have not been reviewed by the tax authorities, and, therefore, the tax results have not been rendered definitive. In our opinion, the taxes that may arise will not have a material effect on the financial statements.

15 Other income / (expenses)

All amounts are in euro.

	31-Dec-19	31-Dec-18
Extraordinary non-operating expenses	**(401)**	**(756)**
Total	**(401)**	**(756)**

16 Company transactions with related parties

All amounts are in euro.

Balances of Related Parties	**31-Dec-19**	**31-Dec-18**
Receivables from parent company	-	-
Receivables from other related parties	-	-
Liabilities to the parent company	**627,813**	**627,813**
Liabilities to other related parties		**Π**

Related party Income/Expenses	**1/1/2019-31/12/2019**	**1/1/2018-31/12/2018**
Sales of goods & services to the parent company	-	-
Sales of goods & services to other related parties	-	-
Purchases of goods & services from the parent company	-	-
Purchases of goods & services from other related parties	-	-

Transactions & fees of directors & managers	**31-Dec-19**	**31-Dec-18**
Transactions & fees of directors & managers	-	-
Amounts receivable from key management	-	-
Amounts payable to key management	-	-

17 Other notes

- The basic accounting principles of the Balance Sheet as of 31.12.2018 have been followed.
- The company has no disputes in litigation or in arbitration, nor are there any decisions by judicial or arbitration bodies that may have a significant impact on its financial situation or operation.
- On 31.12.2019, the company did not employ any staff, and on 31.12.2018, it employed 1 person.
- The company is consolidated, using the full consolidation method, in the financial statements of "REDS SA", which holds 100% of its share capital, and has its registered office in Greece.
- The total fees payable to the Company's legal auditors for the performance of mandatory audit on the annual financial statements stand at € 3,520 for the year 2019.

18 Post balance sheet events

There are no post Financial Statements events concerning the Company for which reporting is required under the IFRS.

Kifissia, 24 July 2020

THE CHAIRMAN & CEO	THE VICE-CHAIRMAN OF THE BOARD OF DIRECTORS	THE CFO
ANASTASIOS KALLITSANTSIS	IOANNIS MORAITIS	GERASIMOS GEORGOULIS
ID Card No Ξ 434814	ID Card No AE 574340	OEE Licence No 1981