

QUADRATIX LIMITED

FINANCIAL STATEMENTS
31 December 2018

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QUADRATIX LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Stelios Loizou
Eleni Ierodiakonou
Themis Themistocleous
Aristotelis Karytinou
Thiresia Messari

Company Secretary:

Calmco Secretarial Ltd

Independent Auditors:

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Registered office:

21 Demostheni Severi
ANNA COURT, Floor 5
CY 1080, Nicosia
Cyprus

Registration number:

HE350057



Independent Auditor's Report

To the Members of Quadratix Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Quadratix Limited (the "Company"), which are presented in pages 5 to 22 and comprise the statement of financial position as at 31 December 2018, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its 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' Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

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

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

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

PricewaterhouseCoopers Ltd, PwC Central, 43 Demostheni Severi Avenue, CY-1080
Nicosia

Auditor's Responsibilities for the Audit of the Financial Statements

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

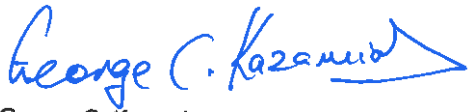
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

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



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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 26/6/2019

QUADRATIX LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2018

	Note	2018 €	2017 €
Revenue	7	1,560,000	1,148,333
Direct property related expenses	9	(50,653)	(37,819)
Net gain/(loss) from the fair value adjustment of investment property	12	1,406,000	(606,627)
Other expenses	8	(60,038)	(29,445)
Net impairment loss on financial assets	13	(68)	-
Operating profit		2,855,241	474,442
Finance income		4,083	539
Finance costs	10	(546,417)	(2,500)
Profit before tax		2,312,907	472,481
Tax	11	(358,383)	(22,914)
Net profit for the year		1,954,524	449,567
Other comprehensive income		-	-
Total comprehensive income for the year		1,954,524	449,567

The notes on pages 9 to 23 form an integral part of these financial statements.


QUADRATIX LIMITED

STATEMENT OF FINANCIAL POSITION 31 December 2018

	Note	2018 €	2017 €
ASSETS			
Non-current assets			
Investment properties	12	<u>25,803,000</u>	24,397,000
		<u>25,803,000</u>	<u>24,397,000</u>
Current assets			
Trade and other receivables	13	130,585	130,653
Current tax asset	19	2,806	-
Cash at bank	14	<u>1,559,690</u>	1,042,050
		<u>1,693,081</u>	<u>1,172,703</u>
Total assets		<u>27,496,081</u>	<u>25,569,703</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	8,275	8,275
Share premium	15	10,783,610	25,083,610
Retained earnings		<u>2,397,080</u>	<u>442,556</u>
Total equity		<u>13,188,965</u>	<u>25,534,441</u>
Non-current liabilities			
Borrowings	16	13,264,160	-
Deferred tax liabilities	17	<u>338,000</u>	-
		<u>13,602,160</u>	-
Current liabilities			
Borrowings	16	692,823	-
Trade and other payables	18	12,133	24,306
Current tax liabilities	19	-	10,956
		<u>704,956</u>	<u>35,262</u>
Total liabilities		<u>14,307,116</u>	<u>35,262</u>
Total equity and liabilities		<u>27,496,081</u>	<u>25,569,703</u>

On 26 June 2019 the Board of Directors of Quadratix Limited authorised these financial statements for issue


.....
Thiresia Messari
Director


.....
Eleni Terodiakonou
Director

QUADRATIX LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2018

	Note	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2017		2,000	-	(7,011)	(5,011)
Comprehensive income					
Net profit for the year		-	-	449,567	449,567
Transactions with owners					
Issue of share capital	15	6,275	25,093,725	-	25,100,000
Share capital increase related expenses		-	(10,115)	-	(10,115)
Total transactions with owners		6,275	25,083,610	-	25,089,885
Balance at 31 December 2017/ 1 January 2018		8,275	25,083,610	442,556	25,534,441
Comprehensive income					
Net profit for the year		-	-	1,954,524	1,954,524
Transactions with owners					
Reduction of share premium	15	-	(14,300,000)	-	(14,300,000)
Balance at 31 December 2018		8,275	10,783,610	2,397,080	13,188,965

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax resident and domiciled. The special contribution for defence rate increased from 15% to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011 and was reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividends paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 9 to 23 form an integral part of these financial statements.

QUADRATIX LIMITED

CASH FLOW STATEMENT

31 December 2018

	Note	2018 €	2017 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,312,907	472,481
Adjustments for:			
Net (gain)/loss from the fair value adjustment of investment property	12	(1,406,000)	606,627
Net impairment loss on financial assets		68	-
Interest income		(4,083)	(539)
Finance costs		546,417	-
		1,449,309	1,078,569
Changes in working capital:			
(Increase) / Decrease in trade and other receivables		1	(129,003)
Increase/(Decrease) in trade and other payables		(12,173)	16,644
Cash generated from operations		1,437,137	966,210
Interest paid		(491,356)	-
Tax paid		(34,145)	(10,957)
Net cash generated from operating activities		911,636	955,253
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investment property		-	(14,302,213)
Subsequent capital expenditure on investment property		-	(1,414)
Interest received		4,083	539
Net cash generated from/(used in) investing activities		4,083	(14,303,088)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	15	-	6,275
Proceeds from issue of shares at a premium	15	-	14,383,610
Reduction of share premium	15	(14,300,000)	-
Proceeds from borrowings		15,000,000	-
Expenses related to the issuance of borrowings		(410,579)	-
Repayment of borrowings – principal		(687,500)	-
Net cash (used in)/generated from financing activities		(398,079)	14,389,885
Net increase in cash and cash equivalents		517,640	1,042,050
Cash and cash equivalents at beginning of the year		1,042,050	-
Cash and cash equivalents at end of the year	14	1,559,690	1,042,050

The notes on pages 9 to 22 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

1. Incorporation and principal activities

Country of incorporation

The Company Quadratix Limited (the "Company") was incorporated in Cyprus on 11 December 2015 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 21 Demostheni Severi, ANNA COURT, Floor 5, CY 1080, Nicosia, Cyprus.

Principal activities

In accordance with the Company's Article of Association, its purpose is to operate in the real estate investment market. The Company is a member of the Group of NBG Pangaea REIC (incorporated in Greece), which on 31 December 2018 held 100% of the Company's share capital. The Company's financial statements are consolidated in the financial statements of the above Group by the full consolidation method, which in turn are consolidated in the financial statements of National Bank of Greece S.A. ("NBG") as of December 31, 2018. NBG controlled NBG Pangaea REIC, based on an agreement signed between the shareholders, NBG and Invel Real Estate (Netherlands) II B.V.. More specifically, according to the Shareholders' Agreement, NBG appointed the majority of the members of the Board of Directors and the Investment Committee and guarantees were provided to NBG for certain other contractual rights. As a result of this shareholders' agreement, as of December 31, 2018 NBG was the controlling shareholder of NBG Pangaea REIC under IFRSs and the ultimate parent company of the Company. On March 31, 2019 NBG announced that it received from Invel Real Estate (Netherlands) II B.V. on March 29, 2019 a Call Option Exercise Notice to acquire NBG's shareholding participation in the Company, pursuant to the relevant terms of the Shareholders Agreement. The sale and purchase transaction of NBG's shareholding was concluded on May 23, 2019 (Note 24).

The Company did not employ any personnel as of December 31, 2018.

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

2. Basis of preparation

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

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

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise the judgement in the process of applying the Company's accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018. The adoption of IFRS 9 did not have a material impact on the Company's financial statements and the adoption of IFRS 15 has no impact on the Company's financial statements as the Company's revenue arises from operating leases which are recognized under IAS 17 "Leases".

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

NOTES TO THE FINANCIAL STATEMENTS

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4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these policies have been consistently applied to all the years presented, unless otherwise stated. The principal accounting policies in respect of financial instruments and revenue recognition applied till 31 December 2017 are presented in note 23.

Revenue recognition

Revenues earned by the Company are recognized on the following bases:

Rental income

Rental income is recognized on an accrual basis in accordance with the substance of the relevant rental agreements.

Interest income and Finance costs

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

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

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

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 recognized in profit or loss.

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Tax

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

Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

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

Investment properties

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

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

Impairment of non-financial assets

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

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Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss. From January 1, 2018 the Company assesses on a forward-looking basis the expected credit losses (ECL) for trade and other receivables. ECL represent the difference between contractual cash flows and those that the Company expects to receive.

ECL are recognized on the following basis:

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

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

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

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank.

Trade payables

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

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

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

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion

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features attached to the instrument and change in loan covenants are also considered.

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

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

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

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

Derecognition of financial assets and liabilities

Financial assets

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

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

Financial liabilities

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

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

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

NOTES TO THE FINANCIAL STATEMENTS

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Provisions

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

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

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

Share capital

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

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

5. Financial risk management

Financial risk factors

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

5.1 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company is exposed to credit risk primarily with respect to cash balances held as at the reporting date. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

5.2 Interest rate risk

The Company's interest rate risk arises from interest-bearing long-term borrowings. Interest-bearing borrowings at variable interest rates expose the Company to cash flow interest rate risk. Interest bearing borrowings issued at fixed rates expose the Company to fair value interest rate risk.

As at December 31, 2018, if interest rate on Euro-denominated interest bearing borrowings had been 50 basis point higher with all other variables held constant, post-tax profit for the year would have been lower by €31.311, as a result of higher interest expense on floating rate borrowings.

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

NOTES TO THE FINANCIAL STATEMENTS

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5.2 Liquidity risk

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

The Company's liquidity is monitored by the Management on a regular basis. The maturity analysis of financial liabilities for the Company as at December 31, 2018 and 2017 is as follows:

December 31, 2018	Less than 1 month	1 - 3 months	3 - 12 months	12 months - 2 years	2 - 5 years	More than 5 years	Total
Financial Liabilities	€	€	€	€	€	€	€
Borrowings	106.869	208.881	944.050	1.233.775	3.533.025	10.966.894	16.993.494
Trade and other payables	845	5.004	6.284	-	-	-	12.133
Total	107.714	213.885	950.334	1.233.775	3.533.025	10.966.894	17.005.627

December 31, 2017	Less than 1 month	1 - 3 months	3 - 12 months	12 months - 2 years	2 - 5 years	More than 5 years	Total
Financial Liabilities	€	€	€	€	€	€	€
Trade and other payables	1.689	17.715	4.902	-	-	-	24.306
Total	1.689	17.715	4.902	-	-	-	24.306

The amounts disclosed in the above table are the contractual undiscounted cash flows. Given that the amount of contractual undiscounted cash flows relate to loans of variable and not fixed interest rates, the amount presented is determined by reference to the conditions existing at reporting date – that is, the actual spot interest rates effective as of December 31, 2018, were used for determining the related undiscounted cash flows.

5.3 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Company monitors the capital structure on the basis of gearing ratio (or debt ratio). This ratio is calculated as total borrowings divided by total assets, as depicted in the statement of financial position. The goal of the Company's Management is to optimise the Company's capital structure through the effective use of debt financing.

The table below presents the gearing ratio (or debt ratio) as at December 31, 2018:

Borrowings	31.12.2018
Total assets	13,956,983
Gearing ratio	27,496,081
	50.8%

Fair value estimation

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

Fair value measurements recognised in statement of financial position

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

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

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

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- *Financial instruments not carried at fair value*

The table below analyses the financial liabilities of the Group not carried at fair value as at December 31, 2018:

December 31, 2018	Valuation hierarchy			Total
	Level 1	Level 2	Level 3	
Liabilities				
Borrowings	-	-	13,956,983	13,956,983

6. Critical accounting estimates and judgments

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- **Income taxes**

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

- **Fair value of investment property**

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

- **Impairment of financial assets**

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

7. Revenue

	2018	2017
	€	€
Rental income	<u>1,560,000</u>	<u>1,148,333</u>
	<u>1,560,000</u>	<u>1,148,333</u>

There were no contingent rental arrangements under the existing operating leases. Rental income is not subject to seasonality.

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

	2018	2017
	€	€
No later than 1 year	1,563,510	1,563,510
Later than 1 year and no later than 5 years	6,301,086	6,301,086
Later than 5 years	13,237,349	14,864,165
Total	21,101,945	22,728,761

8. Other expenses

	2018	2017
	€	€
Auditors' remuneration	4,500	5,000
Accounting fees	2,840	3,100
Other professional fees	38,860	12,750
Irrecoverable VAT	10,962	3,992
Stationery and printing	854	591
Other expenses	2,022	4,012
Total	60,038	29,445

9. Direct property related expenses

	2018	2017
	€	€
Insurance (Note 20.5)	13,747	10,169
Defence contribution on rental income	35,100	25,838
Other expenses	1,806	1,812
	50,653	37,819

Direct property related expenses relate to leased property.

10. Finance costs

	2018	2017
	€	€
Interest expense on bank borrowings	491,913	-
Sundry finance expenses	54,504	2,500
Finance costs	546,417	2,500

11. Tax

	2018	2017
	€	€
Corporation tax - current year	23,189	21,912
Corporation tax - prior years	(2,806)	-
Deferred tax - charge (Note 17)	338,000	1,002
Charge for the year	358,383	22,914

	2018	2017
	€	€
Profit before tax	2,312,907	472,481
Tax calculated at the applicable corporation tax rate of 12.5%	289,113	59,060
Tax effect of expenses not deductible for tax purposes	73,687	79,082
Tax effect of allowances and income not subject to taxation	(1,611)	(116,005)
Tax effect of tax losses (brought)/carried forward	-	(225)
Corporation tax - prior years	(2,806)	-
Charge for the year	358,383	22,914

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The corporation tax rate is 12,5%.

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

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

12. Investment properties

	2018	2017
	€	€
Balance at 1 January	24,397,000	-
Additions	-	25,003,627
Fair value gain/(loss)	<u>1,406,000</u>	<u>(606,627)</u>
Balance at 31 December	<u>25,803,000</u>	<u>24,397,000</u>

The Company's borrowings which are secured on investment property are stated in Note 16.

The Company's investment property is measured at fair value. The table below presents the fair value hierarchy and movement of investment property per business segment for 2018:

Country	Cyprus		Total 2018	Total 2017
	Retail	Offices		
Fair value measurement level	3	3		
Fair value at the beginning of the period	22,645,730	1,751,270	24,397,000	-
Additions:				
Direct acquisition of investment property	-	-	-	25,002,213
Subsequent capital expenditure on investment property	-	-	-	1,414
Net gain/(loss) from the fair value adjustment of investment property	1,042,253	363,747	1,406,000	(606,627)
Fair value at the end of the period	<u>23,687,983</u>	<u>2,115,017</u>	<u>25,803,000</u>	<u>24,397,000</u>

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

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

Information about fair value measurements of investment property per business segment for 31.12.2018 and 31.12.2017:

Country	Segment	Fair Value	Valuation Method	Monthly passing rent	Discount rate (%)	Capitalization rate (%)
Cyprus	Retail	23,687,983	20% market approach and 80% DCF	121,898	7.60%	6.25%
Cyprus	Offices	2,115,017	20% market approach and 80% DCF	8,102	7.60%	6.25%

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Country	Segment	Fair Value	Valuation Method	Monthly passing rent	Discount rate (%)	Capitalization rate (%)
Cyprus	Retail	22,645,730	15% market approach and 85% DCF	121,898	8.33%	6.75%
Cyprus	Offices	1,751,270	15% market approach and 85% DCF	8,102	8.33%	6.75%

The last valuation of the Company's properties was performed at December 31, 2018 by independent valuers. For the Company's portfolio the market approach and the discounted cash flow (DCF) method were used.

The abovementioned valuation had as a result a net gain from fair value adjustment of investment property amounting to €1,406,000 (31.12.2017: loss of €606,627).

Were the discount rate as at December 31, 2018, used in the DCF analysis, to increase or decrease by +/-10% from Management's estimate, the carrying amount of investment property would be lower by €1,756,000 or higher by €2,104,000, respectively (December 31, 2017: lower by €1,887,908 or higher by €2,204,602).

Were the capitalization rate as at December 31, 2018, used in the DCF analysis, to increase or decrease by +/-10% from Management's estimate, the carrying amount of investment property would be lower by €1,880,000 or higher by €1,572,000 respectively (December 31, 2017: lower by €349,462 or higher by €427,901).

13. Trade and other receivables

	2018	2017
	€	€
Trade receivables	127,075	127,075
Less: expected credit loss on trade receivables	(68)	-
Trade receivables - net	127,007	127,075
Deferred expenses	3,578	3,578
	<u>130,585</u>	<u>130,653</u>

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

14. Cash at bank

Cash balances are analysed as follows:

	2018	2017
	€	€
Cash at bank	1,559,690	1,042,050
	<u>1,559,690</u>	<u>1,042,050</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 5 of the financial statements.

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15. Share capital and Share premium

	2018		2018		2017		2017	
	Number of shares	Share capital €	Share premium €	Number of shares	Share capital €	Share premium €	Number of shares	Share premium €
Authorised								
Ordinary shares of €1 each	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>		
Issued and fully paid								
Balance at 1 January	8,275	8,275	25,083,610	2,000	2,000	-		
Reduction of share premium	-	-	(14,300,000)	-	-	-		
Issue of shares	-	-	-	6,275	6,275	25,083,610		
Balance at 31 December	<u>8,275</u>	<u>8,275</u>	<u>10,783,610</u>	<u>8,275</u>	<u>8,275</u>	<u>25,083,610</u>		

On May 21, 2018 the Board of Directors of Quadratrix Ltd. resolved on the reduction of its share premium account with a refund of €14,300,000 to the parent company NBG Pangaea REIC.

16. Borrowings

Company's borrowings have variable interest rates. The Company is exposed to fluctuations in interest rates prevailing in the market and which affect its financial position, its income statement and its cash flows. Cost of debt may increase or decrease as a result of such fluctuations.

On January 31, 2018 the Company signed a loan agreement with a Cyprus banking institution for a facility amount of €15,000,000, bearing interest of 6-month Euribor plus a margin of 3.65%. The purpose of the facility is the refinancing of the property owned by the Company and has seven years maturity.

The Company's borrowings are denominated in €.

	2018 €	2017 €
Non-current borrowings		
Bank loans	13,264,160	-
Total	<u>13,264,160</u>	<u>-</u>
Current borrowings		
Bank loans	692,823	-
Total	<u>692,823</u>	<u>-</u>
Total	<u>13,956,983</u>	<u>-</u>

Maturity of the Company's borrowings:

	2018 €	2017 €
Up to 1 year	692,823	-
From 1 to 5 years	2,765,407	-
More than 5 years	10,498,753	-
Total	<u>13,956,983</u>	<u>-</u>

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The property owned by the Company is burdened with mortgage in favour of the lender for an amount of €16,500,000. In addition, all rights of Quadratix Ltd. arising from the lease agreement with the property tenant have been assigned in favour of the lender. It is noted that the parent company, NBG Pangaea REIC, has given corporate guarantee up to the amount of €5,000,000 for liabilities of the Company under the abovementioned loan agreement. The outstanding nominal balance of the borrowings as of December 31, 2018 amounted to €14,312,500 while the fair value of the property as of December 31, 2018 amounted to €25,803,000.

17. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 11).

The movement on the deferred taxation account is as follows:

	Temporary tax differences €
Balance at 31 December 2017/ 1 January 2018	-
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 11)	<u>338,000</u>
Balance at 31 December 2018	<u>338,000</u>

The temporary tax difference for the year 2018 relate to the fair value adjustment of investment property.

18. Trade and other payables

	2018 €	2017 €
Accruals	7,129	4,902
Other creditors	<u>5,004</u>	<u>19,404</u>
Total	<u>12,133</u>	<u>24,306</u>

19. (Refundable) taxes/current tax liabilities

	2018 €	2017 €
Corporation tax	<u>(2,806)</u>	<u>10,956</u>
Total	<u>(2,806)</u>	<u>10,956</u>

20. Related party transactions

As of December 31, 2018 the Company is controlled by NBG Pangaea REIC (parent company), incorporated in Greece, which owns 100% of the Company's shares and the National Bank of Greece S.A. ("NBG"), as ultimate parent Company. Both NBG Pangaea REIC and National Bank of Greece SA are listed on the Athens Stock Exchange.

NBG controlled NBG Pangaea REIC, based on an agreement signed between the shareholders, NBG and Invel Real Estate (Netherlands) II B.V.. More specifically, according to the Shareholders' Agreement, NBG appointed the majority of the members of the Board of Directors and the Investment Committee and guarantees were provided to NBG for certain other contractual rights. As a result of this shareholders' agreement, as of December 31, 2018 NBG was the controlling shareholder of NBG Pangaea REIC under IFRSs and the ultimate parent company of the Company. On March 31, 2019 NBG announced that it received from Invel Real Estate (Netherlands) II B.V. on March 29, 2019 a Call Option Exercise Notice to acquire NBG's shareholding participation in the Company, pursuant to the relevant terms of the Shareholders Agreement. The sale and purchase transaction of NBG's shareholding was concluded on May 23, 2019 (Note 24).

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

20.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2018	2017
	€	€
Directors' remuneration	2,400	2,400
Total	2,400	2,400

20.2 Cash balances

	2018	2017
	€	€
National Bank of Greece (Cyprus), subsidiary of NBG	1,056,410	1,042,050
Total	1,056,410	1,042,050

20.3 Finance costs

	2018	2017
	€	€
National Bank of Greece (Cyprus), subsidiary of NBG	874	2,500
Finance costs	874	2,500

20.4 Interest Income

	2018	2017
	€	€
National Bank of Greece (Cyprus), subsidiary of NBG	4,083	539
	4,083	539

20.5 Direct property related expenses-Insurance

	2018	2017
	€	€
Ethniki Insurance Cyprus Ltd., subsidiary of NBG (Note 9)	13,747	10,169
	13,747	10,169

20.6 Trade and other receivables

	2018	2017
	€	€
Ethniki Insurance Cyprus Ltd., subsidiary of NBG	3,578	3,578
	3,578	3,578

21. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2018 and 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2018

22. Commitments

The Company had no capital or other commitments as at 31 December 2018, except of those already disclosed to Note 16 Borrowings.

23. Accounting policies up to 31 December 2017

Accounting policies applicable to the comparative period ended 31 December 2017 that were amended by IFRS 9, are as follows.

Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

24. Events after the Date of the Financial Statements

On May 23, 2019 Invel Real Estate B.V. directly acquired 76,156,116 shares with voting rights in the parent company, NBG Pangaea REIC, i.e. it acquired on a solo basis a percentage of 29.81% of the total number of voting rights of the parent company. On the same date, May 23, 2019, CL Hermes Opportunities L.P. directly acquired, 7,281,997 shares with voting rights in NBG Pangaea REIC, i.e. 2.85% of the total number of voting rights of the parent company. The above-mentioned percentage of 32.66% of voting shares was transferred to Invel Real Estate B.V. and CL Hermes Opportunities L.P. by National Bank of Greece S.A. Following those two acquisitions, National Bank of Greece S.A. does not own any shares or voting rights in NBG Pangaea REIC. Consequently, from the above mentioned date (May 23, 2019) onwards, National Bank of Greece S.A. no longer controls the parent company by virtue of the Shareholders Agreement dated 30.12.2013 between National Bank of Greece S.A. and Invel Real Estate (Netherlands) II B.V., and consequently the control rights over NBG Pangaea REIC, according to the law and the Company's articles of association, are conferred to Invel Real Estate (Netherlands) II B.V., in its capacity as majority shareholder of NBG Pangaea REIC with a percentage of 63.39% fully exercised by the latter. Therefore, from May 23, 2019 the ultimate parent company of Quadratrix Ltd. is Invel Real Estate (Netherlands) II B.V.

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.

Independent auditor's report on pages 2 to 4