

TRADE ESTATES CYPRUS LTD

FINANCIAL STATEMENTS

31 December 2023

TRADE ESTATES CYPRUS LTD

FINANCIAL STATEMENTS Year ended 31 December 2023

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TRADE ESTATES CYPRUS LTD

BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors

Maria Theodoulidou
Costas Christoforou

Company Secretary

Cymarco Services Limited

Independent Auditors

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors
Jean Nouvel Tower
6 Stasinou Avenue
PO Box 21656
1511 Nicosia, Cyprus

Registered office

Esperidon, 5, 4th floor,
Strovolos
2001, Nicosia
Cyprus

Bankers:

Hellenic Bank Public Company Ltd
Eurobank Cyprus Ltd

Registration number

C399970

TRADE ESTATES CYPRUS LTD

MANAGEMENT REPORT

The Board of Directors of Trade Estates Cyprus Ltd (the "Company") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 December 2023.

Incorporation

Trade Estates Cyprus Ltd (the "Company") was incorporated in Cyprus on 15 July 2019 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

Principal activity and nature of operations of the Company

The principal activity of the Company, which is unchanged from last year, is the holding of investments and immovable property.

Review of current position, future developments and performance of the Company's business

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

Share capital

There were no changes in the share capital of the Company during the year under review.

Authorised capital

Under its Memorandum the Company fixed its share capital at 10,000 ordinary shares of nominal value of €1 each.

Issued capital

Upon incorporation on 15 July 2019 the Company issued to the subscribers of its Memorandum of Association 1,000 ordinary shares of €1 each at par.

On 28 November 2019, the Company issued 1,000 ordinary shares of €1 each, at a total premium of €17.946,10 each.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2023 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2023.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 25 of the financial statements.

Independent Auditors

The independent auditors, Ernst & Young Cyprus Limited, have been informed for the intention of the Board of the Company to propose at the Annual General Meeting of the Company their replacement by another audit firm for the audit of the Company for the year ended 31 December 2024.

By order of the Board of Directors,

Cymarco Services Limited
Secretary

Nicosia, 13 June 2024



Independent Auditor's Report

To the Members of Trade Estates Cyprus Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Trade Estates Cyprus Ltd (the "Company"), which are presented in pages 6 to 21 and comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal Requirements

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

- In our opinion, based on the work undertaken in the course of our audit, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this respect.

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.



Avgoustinos Hadjirousos
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 13 June 2024

TRADE ESTATES CYPRUS LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

| | Note | 2023 € | 2022 € |
|---|----------|------------------|-----------|
| Income from investment property | | 3.230.321 | 3.136.234 |
| Other operating income | 8 | 41.869 | 580 |
| Administration expenses | | (226.627) | (69.966) |
| Fair value gain/(loss) from Investment property | | 115.142 | (206.629) |
| Operating profit | 9 | 3.160.705 | 2.860.219 |
| Finance costs | 11 | (310.401) | (318.116) |
| Profit before tax | | 2.850.304 | 2.542.103 |
| Tax | 12 | (356.410) | (317.987) |
| Net profit for the year | | 2.493.894 | 2.224.116 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 2.493.894 | 2.224.116 |


The notes on pages 10 to 21 form an integral part of these financial statements.

TRADE ESTATES CYPRUS LTD

STATEMENT OF FINANCIAL POSITION 31 December 2023

| | Note | 2023 € | 2022 € |
|-------------------------------------|------|-------------------|------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investment properties | 14 | <u>47.942.441</u> | 47.827.299 |
| | | <u>47.942.441</u> | 47.827.299 |
| Current assets | | | |
| Receivables | 15 | 93.673 | 55.864 |
| Receivables from parent | 22 | 15.493 | - |
| Cash and cash equivalents | 16 | <u>3.067.763</u> | 2.662.993 |
| | | <u>3.176.929</u> | 2.718.857 |
| Total assets | | <u>51.119.370</u> | 50.546.156 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 17 | 2.000 | 2.000 |
| Share premium | | 17.946.100 | 17.946.100 |
| Other equity contributions | | 11.722.514 | 11.722.514 |
| Retained earnings | | <u>2.500.477</u> | 2.226.583 |
| Total equity | | <u>32.171.091</u> | 31.897.197 |
| Non-current liabilities | | | |
| Lease liabilities | 18 | 13.890.644 | 14.262.927 |
| Deferred tax liabilities | 19 | <u>2.320.569</u> | 2.151.505 |
| | | <u>16.211.213</u> | 16.414.432 |
| Current liabilities | | | |
| Trade and other payables | 20 | 143.310 | 20.054 |
| Lease liabilities | 18 | 372.283 | 364.372 |
| Current tax liabilities | 21 | 1.473 | 101 |
| Payable dividends | | <u>2.220.000</u> | 1.850.000 |
| | | <u>2.737.066</u> | 2.234.527 |
| Total liabilities | | <u>18.948.279</u> | 18.648.959 |
| Total equity and liabilities | | <u>51.119.370</u> | 50.546.156 |

On 13 June 2024 the Board of Directors of Trade Estates Cyprus Ltd authorised these financial statements for issue.

DocuSigned by:

 A8ECDBADD1174EE.....
 Maria Theodoulidou
 Director



 Costas Christoforou
 Director

The notes on pages 10 to 21 form an integral part of these financial statements.

TRADE ESTATES CYPRUS LTD

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

| | Note | Share capital € | Share premium € | Other equity contributions € | Retained earnings € | Total € |
|--|------|-----------------------|-----------------------|---------------------------------------|---------------------------|-------------------|
| Balance at 1 January 2022 | | 2.000 | 17.946.100 | 11.722.514 | 1.852.467 | 31.523.081 |
| Comprehensive income | | | | | | |
| Net profit for the year | | - | - | - | 2.224.116 | 2.224.116 |
| Total comprehensive income for the year | | - | - | - | 2.224.116 | 2.224.116 |
| Transactions with owners | | | | | | |
| Dividends | 13 | - | - | - | (1.850.000) | (1.850.000) |
| Balance at 31 December 2022/ 1 January 2023 | | 2.000 | 17.946.100 | 11.722.514 | 2.226.583 | 31.897.197 |
| Comprehensive income | | | | | | |
| Net profit for the year | | - | - | - | 2.493.894 | 2.493.894 |
| Total comprehensive income for the year | | - | - | - | 2.493.894 | 2.493.894 |
| Transactions with owners | | | | | | |
| Dividends | 13 | - | - | - | (2.220.000) | (2.220.000) |
| Balance at 31 December 2023 | | 2.000 | 17.946.100 | 11.722.514 | 2.500.477 | 32.171.091 |

Share premium is not available for distribution.

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 10 to 21 form an integral part of these financial statements.

TRADE ESTATES CYPRUS LTD

STATEMENT OF CASH FLOWS

Year ended 31 December 2023

| | Note | 2023 € | 2022 € |
|---|------|--------------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 2.850.304 | 2.542.103 |
| Adjustments for: | | | |
| Fair value (gains)/losses on investment property | | (115.142) | 206.629 |
| Interest expense | 11 | 309.703 | 317.446 |
| | | 3.044.865 | 3.066.178 |
| Changes in working capital: | | | |
| (Increase)/decrease in receivables | | (37.809) | 8 |
| (Increase)/decrease in receivables from parent | | (15.493) | 6.215 |
| Increase/(Decrease) in trade and other payables | | 123.256 | (700) |
| Cash generated from operations | | 3.114.819 | 3.071.701 |
| Tax paid | | (185.974) | (195.273) |
| Net cash generated from operating activities | | 2.928.845 | 2.876.428 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments of lease liabilities | | (674.074) | (674.074) |
| Dividends paid | | (1.850.000) | (4.000.000) |
| Net cash used in financing activities | | (2.524.074) | (4.674.074) |
| Net increase/(decrease) in cash and cash equivalents | | 404.771 | (1.797.646) |
| Cash and cash equivalents at beginning of the year | | 2.662.993 | 4.460.639 |
| Cash and cash equivalents at end of the year | 16 | 3.067.763 | 2.662.993 |

The notes on pages 10 to 21 form an integral part of these financial statements.

TRADE ESTATES CYPRUS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

1. Corporate information

Country of incorporation

Trade Estates Cyprus Ltd (the "Company") was incorporated in Cyprus on 15 July 2019 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 5 Esperidon, 4th Floor, P.V. 2001, Nicosia, Cyprus.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the holding of investments and immovable property.

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 for the fair value of investment property.

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 (IFRSs) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023.

Except for the reduction in disclosure of the accounting policies, the adoption of these standards and amendments has not had any material impact on the other disclosures or on the amounts reported in these financial statements. The Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies, are effective for annual periods beginning on or after January 1, 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. The Company assessed its accounting policies disclosure and retained material accounting public information on the Company's main assets, liabilities, equity, income and expenses.

4. Material accounting policies

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

Management seeks not to reduce the understandability of these financial statements by obscuring material information with immaterial information. Hence, only material accounting policy information is disclosed, where relevant, in the related disclosure notes.

Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

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.

TRADE ESTATES CYPRUS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

4. Material accounting policies (continued)

Tax (continued)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

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 tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and approved by the Company's Directors.

Investment properties

Investment property includes a right-of-use asset of land that meets the definition of investment property, along with shops and office buildings, held for long-term rental yields and/or for capital appreciation and is not occupied by the Company.

Changes in fair values are recorded in profit or loss.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset.

Lease duration

The non-cancellable period for which a lessee has the right to use an underlying asset, plus extension or termination options if the lessee is reasonably certain to exercise them.

The company defines the leasing duration as the contractual time of leasing and takes into account the extension or termination options of leasing as long as there is a certainty that they will be exercised.

Starting date of leasing period

Upon lease commencement lessee recognises a right-of-use asset and a lease liability as follows:

Initial measurement of right of uses asset = Initial measurument of leasing liability

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

4. Material accounting policies (continued)

Leases (continued)

The present value of the lease payment payable over the lease term, discounted as the implicit rate of the lease if that can be readily determined or the lessee's Incremental borrowing rate (the interest rate that a lessee would accept to borrow the necessary funds under similar terms namely a loan duration equals to the lease term and with similar security to obtain the asset).

Subsequent measurement of right of use asset

Subsequent to initial recognition, the right of use assets that meet the definition of investment property are carried at fair value being the open market value as determined by external valuers.

Subsequent measurement of lease liability

The lessee measures lease liability by increasing book value with lease liability interest and decreasing book value with lease payments.

Lease liability interest results from implementation of lease interest rate or borrowing rate.

The Company as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms and is Included in revenue in the statement of profit or loss due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental Income.

Contingent rents are required as revenue in the period in which they are earned.

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 receivables

Trade 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 when there is objective evidence that the asset is impaired. The allowance recognised 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and bank overdrafts. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest "SPPI", and (ii) they are not designated at FVTPL. Expected credit losses as per IFRS 9 are also calculated on cash at bank balances, if significant.

Trade payables

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

4. Material accounting policies (continued)

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.

5. New accounting pronouncements

Standards issued but not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union

- Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as Current or Non-current (issued on 23 January 2020); Classification of liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and Non-current Liabilities with Covenants (issued on 31 October 2022) (effective date 1 January 2024)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022) (effective for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023) (effective for annual periods beginning on or after 1 January 2024)

(ii) Issued by the IASB but not yet adopted by the European Union

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) (effective for annual periods beginning on or after 1 January 2025)
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024) (effective for annual periods beginning on or after 1 January 2027)
- IFRS 19 Subsidiaries without Public Accountability Disclosures (effective for annual periods beginning on or after 1 January 2027)

The above are expected to have no significant impact on the Company's financial statements when they become effective.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

6. Financial risk management objectives and policies

Financial risk factors

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

6.1 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The company has no significant concentration of credit risk. The company monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with recognised financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

6.2 Liquidity risk

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

6.3 Capital risk management

Capital includes equity shares and share premium and other equity contributions.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions, in order to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company's overall objectives, policies and processes remain unchanged from last year.

6.4 Fair values

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable Inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

7. Critical accounting estimates, judgments and assumptions

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.

Critical accounting estimates, judgements and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements 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.

- **Leases**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

- **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.

- **Leases - Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

- **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 using the Income Approach (DCF Method).

8. Other operating income

| | 2023 | 2022 |
|-------------------------|---------------|------------|
| | € | € |
| Sundry operating income | <u>41.869</u> | <u>580</u> |
| | <u>41.869</u> | <u>580</u> |

TRADE ESTATES CYPRUS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

9. Operating profit

| | 2023 € | 2022 € |
|--|-----------|-----------|
| Operating profit is stated after charging the following items: | | |
| Directors' fees | 2.730 | 2.600 |
| Staff costs (Note 10) | 41.869 | 34.597 |
| Auditor's remuneration | 12.652 | 8.500 |

10. Staff costs

| | 2023 € | 2022 € |
|-----------------------|-----------|-----------|
| Wages | 37.627 | 30.111 |
| Social security costs | 2.328 | 3.011 |
| GHS contribution | 1.161 | 873 |
| Social cohesion fund | 753 | 602 |
| | 41.869 | 34.597 |

11. Finance costs

| | 2023 € | 2022 € |
|---------------------------------------|----------------|----------------|
| Interest expense on lease liabilities | 309.703 | 317.446 |
| Sundry finance expenses | 698 | 670 |
| Finance costs | 310.401 | 318.116 |

12. Tax

| | 2023 € | 2022 € |
|---------------------------------|----------------|----------------|
| Corporation tax | 187.346 | 190.113 |
| Deferred tax - charge (Note 19) | 169.064 | 127.874 |
| Charge for the year | 356.410 | 317.987 |

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

| | 2023 € | 2022 € |
|--|----------------|----------------|
| Profit before tax | 2.850.304 | 2.542.103 |
| Tax calculated at the applicable tax rates | 356.288 | 317.763 |
| Tax effect of expenses not deductible for tax purposes | 38.757 | 65.632 |
| Tax effect of allowances and income not subject to tax | (207.699) | (193.282) |
| Deferred tax | 169.064 | 127.874 |
| Tax charge | 356.410 | 317.987 |

The corporation tax rate is 12,5%.

TRADE ESTATES CYPRUS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

12. Tax (continued)

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (reduced to 17% as of 1 January 2024). 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.

13. Dividends

On 27 December 2023 the Board of Directors approved the payment of an interim dividend of €2.220.000 (2022: €1.850.000).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled. Dividends are also subject to a 2,65% contribution to the General Healthcare System.

14. Investment properties

| | 2023 € | 2022 € |
|-------------------------------|-------------------|-------------------|
| Balance at 1 January | 47.827.299 | 48.033.927 |
| Fair value gain/(loss) | 115.142 | (206.628) |
| Balance at 31 December | 47.942.441 | 47.827.299 |

On 30 November 2019, the Company acquired ownership of the IKEA Nicosia store building from a company under common control, H.M Housemarket (Cyprus) Limited, under an approved legal restructuring plan. The restructuring was done within the context of the wider decision of the Fournal Holdings S.A. group to operate the business of the group in a more efficient manner by dividing the properties of each group company from their main operations and manage these properties through a real estate holding company.

The building represents investment property for the Company.

The property was acquired by the Company through a non cash transaction in November 2019. The Company issued shares to its shareholder for the value of €17.947.100 (constituting €1.000 share capital and €17.946.100 share premium) in order to acquire the property. This value was the net book value of the property in the financial records of H.M Housemarket (Cyprus) Limited at the time. The Company elected to recognise the asset initially at the value of €31.250.000, which represented the fair value of the building as at that date. This amount was included in the €46.952.746 value of additions to investment property in 2019. The difference of €13.302.900 between the initial recognition fair value of €31.250.000 and the transfer value of €17.947.100 was recognised by the Company within reserves under the heading 'other equity contributions', net of an amount of €1.580.386 of deferred tax charge relating to this fair value uplift in property value in prior period.

The building is located on land that is leased from a third party. A new lease agreement was signed that stipulates that the Company replaces H.M Housemarket (Cyprus) Limited as the lessee of the land and as of 28 August 2019 the Company has itself a separate lease agreement with H.M. Housemarket (Cyprus) Limited in order to lease to the latter both the land and the building for use by H.M. Housemarket (Cyprus) Limited in the operations of the IKEA Nicosia store.

In accordance with IFRS 16, the Company also recognises a right of use asset and lease liability for the land lease. This right of use asset that is recognised in accordance with IFRS 16 within investment properties for the value of €14.262.927 as at 31 December 2023 (2022: €14.627.298).

TRADE ESTATES CYPRUS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

14. Investment properties (continued)

The building and the underlying land lease right of use asset are both carried at fair value as at 31 December 2023 at the amount of €47,942,441 (2022: €47,827,299). The fair value of the investment property has been estimated using a combination of the Income Approach (80% weighting) (DCF Method, based on a 10 year projection period) and the Market approach – comparable sales (20% weighting). The valuation methods are Level 3 in the fair value hierarchy. The estimate of the fair value of the building element of the property was carried out by accredited independent external appraisers engaged by the Company that are a member of the Royal Institution of Chartered Surveyors (MRICS) and amounts to €33,679,514 (2022: €33,200,000).

Key inputs used in the valuation for the Income Approach:

- Target rate of return ("TRR") for the first 10 years of the analysis (31 December 2023 – 31 December 2033): 8.1% (31 December 2022 – 31 December 2032: 8,1%)
- Capitalisation coefficient (All Risks Yield 'ARY') for the remaining lease term: 6,85% (2022: 6,85%)
- Lease income used in the valuation derives from the agreement between the Company and H.M. Housemarket (Cyprus) Ltd for the agreed rent rate of €3,059,293 (adjusted for CPI).

Key inputs used in the valuation for the Market approach (comparable sales):

- The price per square meter was in the range of €460/square meter – €1,841/square meter for the separate shop areas (2022: €475/square meter – €1,899/square meter)

During the period, lease income amounting to €3,230,321 (2022: €3,136,234) was derived from the investment property – this was income earned by the Company from H.M Housemarket (Cyprus) Ltd, an entity under common control.

15. Receivables

| | 2023 | 2022 |
|--------------------------|---------------|---------------|
| | € | € |
| Deposits and prepayments | 1.283 | 369 |
| Current tax receivable | 92.390 | 55.495 |
| | <u>93.673</u> | <u>55.864</u> |

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

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

16. Cash and cash equivalents

Cash balances are analysed as follows:

| | 2023 | 2022 |
|--------------------------|------------------|------------------|
| | € | € |
| Cash at bank and in hand | 3.067.763 | 2.662.993 |
| | <u>3.067.763</u> | <u>2.662.993</u> |

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

TRADE ESTATES CYPRUS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

17. Share capital

| | 2023 Number of shares | 2023 € | 2022 Number of shares | 2022 € |
|-------------------------------|-----------------------------|--------------|-----------------------------|--------------|
| Authorised | | | | |
| Ordinary shares of €1 each | 10.000 | 10.000 | 10.000 | 10.000 |
| Issued and fully paid | | | | |
| Balance at 1 January | 2.000 | 2.000 | 2.000 | 2.000 |
| Balance at 31 December | 2.000 | 2.000 | 2.000 | 2.000 |

Upon incorporation on 15 July 2019 the Company issued to the subscribers of its Memorandum of Association 1.000 ordinary shares of €1 each at par.

On 28 November 2019, the Company issued 1.000 ordinary shares of €1 each, at a premium of €17.946,10 each, totalling €17.947.100. This was not settled in cash but instead this share capital and premium was issued in exchange for the acquisition of the IKEA Nicosia store property which was transferred to the Company by the shareholder on the same date (Note 14).

This value was the net book value of the property in the financial records of H.M Housemarket (Cyprus) Limited at the time. The Company elected to recognise the asset initially at the value of €31.250.000, which represented the fair value of the building as at that date. This amount is included in the €46.952.746 value of additions to investment property during the period. The difference of €13.302.900 between the initial recognition fair value of €31.250.000 and the transfer value of €17.947.100 was recognised by the Company within reserves under the heading 'other equity contributions', net of an amount of €1.580.386 of deferred tax charge (Note 14).

18. Lease liabilities

| | Minimum lease payments | | The present value of minimum lease payments | |
|--|------------------------|-------------------|---|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | € | € | € | € |
| Not later than 1 year | 674.074 | 674.074 | 372.283 | 364.372 |
| Later than 1 year and not later than 5 years | 2.696.297 | 2.696.297 | 1.571.742 | 1.538.340 |
| Later than 5 years | 15.625.414 | 16.299.489 | 12.318.902 | 12.724.587 |
| | 18.995.785 | 19.669.860 | 14.262.927 | 14.627.299 |
| Future finance charges | (4.732.858) | (5.042.561) | - | - |
| Present value of lease liabilities | 14.262.927 | 14.627.299 | 14.262.927 | 14.627.299 |

The lease liabilities relate to the ground (land) lease that the Company has as lessee with a third party lessor, for the land on which the IKEA Nicosia store is located (Note 14) for the annual amount of €674.074 (2022: €674.074).

The Company has an enforceable extension option in relation to the lease of the land from the third party with initial duration of the lease being 14 years and 10 months, starting September 2007, with the right to renew for another 14 years and 10 months twice. The Company has assessed whether the extension options are reasonably certain to be exercised by considering that the lease will continue as long as the Investment Property is owned by the Company and has concluded that it is reasonably certain to exercise.

All lease obligations are denominated in Euro.

TRADE ESTATES CYPRUS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

19. Deferred tax

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

The movement on the deferred taxation account is as follows:

Deferred tax liability

| | Temporary tax differences € |
|--|--------------------------------------|
| Balance at 1 January 2022 | 2.023.630 |
| Charged/(credited) to: | |
| Statement of profit or loss and other comprehensive income (Note 12) | <u>127.875</u> |
| Balance at 31 December 2022/ 1 January 2023 | <u>2.151.505</u> |
| Charged/(credited) to: | |
| Statement of profit or loss and other comprehensive income (Note 12) | <u>169.064</u> |
| Balance at 31 December 2023 | <u>2.320.569</u> |

The deferred tax liability relates to deferred tax on investment property valuation at fair value.

20. Trade and other payables

| | 2023 € | 2022 € |
|-----------------------------|-----------------------|---------------|
| Trade payables | 3.300 | 3.170 |
| Payable to Social Insurance | 1.194 | 1.126 |
| Other creditors | <u>138.816</u> | <u>15.758</u> |
| | <u>143.310</u> | <u>20.054</u> |

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

21. Current tax liabilities

| | 2023 € | 2022 € |
|-----------------|---------------------|------------|
| Corporation tax | <u>1.473</u> | <u>101</u> |
| | <u>1.473</u> | <u>101</u> |

TRADE ESTATES CYPRUS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

22. Related party transactions

The Company is controlled by H.M.Estates Cyprus Ltd, incorporated in Cyprus, which owns 100% of the Company's shares. The ultimate controlling party is Fourlis Holdings S.A., incorporated in Greece and listed on the Athens Stock Exchange.

The following transactions were carried out with related parties:

22.1 Directors' remuneration

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

| | 2023 | 2022 |
|-----------------|--------------|--------------|
| | € | € |
| Directors' fees | <u>2.730</u> | <u>2.600</u> |

22.2 Receivables from related parties

| Name | Nature of transactions | 2023 | 2022 |
|-----------------------------|------------------------|---------------|------|
| | | € | € |
| H.M. Housemarket Cyprus Ltd | Finance | <u>15.493</u> | - |
| | | <u>15.493</u> | - |

During the period, lease income amounting to €3.230.321 (2022: €3.136.234) was derived from the investment property – this was income earned by the Company from H.M Housemarket (Cyprus) Ltd, an entity under common control.

Other related party transactions are described in Notes 14, 17 and 18.

22.3 Payables to related parties

| Name | Nature of transactions | 2023 | 2022 |
|----------------------------|------------------------|------------------|------------------|
| | | € | € |
| H.M. Estates Cyprus Ltd | Dividends | 2.220.000 | 1.850.000 |
| H.M Housemarket Cyprus Ltd | Technical support | 570 | 570 |
| Fourlis Holdings S.A | Management Fees | <u>2.730</u> | <u>2.600</u> |
| | | <u>2.223.300</u> | <u>1.853.170</u> |

The payables to related parties are unsecured, interest free, and are repayable on demand.

23. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2023 and 31 December 2022.

24. Commitments

The Company had no capital or other commitments as at 31 December 2023 and 31 December 2022.

25. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

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