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# Independent Auditors' Report

(free translation<sup>1</sup>)

## To the Shareholders of ELIADE TOWER SA

Mircea Eliade Boulevard, No. 18, District 1, Bucuresti, Romania  
Unique Registration Code: 18358185

### Opinion

1. We have audited the financial statements of ELIADE TOWER SA ("the Company"), which comprise the balance sheet as at 31 December 2021, the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and notes, comprising significant accounting policies and other explanatory information.
2. The financial statements as at and for the year ended 31 December 2021 are identified as follows:
  - Net assets/Total equity: Lei 28,269,303
  - Net loss for the year: Lei 185,051
3. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Order of Minister of Public Finance No. 1802/2014 for approval of accounting regulations regarding the annual separate financial statements and annual consolidated financial statements and related amendments ("OMPF no. 1802/2014").

### Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISAs") and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with *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 Romania, including the Law 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.

<sup>1</sup> TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version.

## Other information – Administrator's Report

5. The Administrator is responsible for the preparation and presentation of other information. The other information comprises the Administrator's Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

With respect to the Administrator's Report we read and report whether the Administrator's Report is prepared, in all material respects, in accordance with OMPF no. 1802/2014, articles 489 – 492 of the accounting regulations regarding annual separate financial statements and annual consolidated financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements, in our opinion:

- a) The information given in the Administrator's Report for the financial year for which the financial statements are prepared is consistent, in all material respects, with the financial statements;
- b) The Administrator's Report has been prepared, in all material respects, in accordance with OMPF no. 1802/2014, articles 489 – 492 of the accounting regulations regarding annual separate financial statements and annual consolidated financial statements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Administrator's Report. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

6. Management is responsible for the preparation of financial statements that give a true and fair view in accordance with OMPF no. 1802/2014 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditors' Responsibility for the Audit of the Financial Statements

9. 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 auditors' 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.
10. 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 management.
  - Conclude on the appropriateness of management's 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 auditors' 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 auditors' 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 fair presentation.
11. We communicate with those charged with governance 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.

**Refer to the original signed Romanian version**

**For and on behalf of KPMG Audit S.R.L.:**

**VLAD-BALANESCU RADUCU-BOGDAN**

registered in the electronic public register of financial auditors and audit firms under no AF2373

**KPMG Audit SRL**

registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 27 May 2022

**ELIADE TOWER SA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED ON  
31 DECEMBER 2021**

**Drawn up in compliance with Order no. 1802/2014 of the  
Minister of Public Finance of Romania approving the  
Accounting Regulations on individual annual financial  
statements and consolidated annual financial statements,  
as subsequently amended**

**ELIADE TOWER SA**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

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County BUCHAREST  
 The entity ELIADE TOWER SA  
 Address: BUCHAREST, 1<sup>st</sup> District  
 18 MIRCEA ELIADE BLVD., 5<sup>th</sup> floor, room 11  
 Telephone 0213002831  
 Trade Registry no. J40/1917/2006

Type of ownership PRIVATE  
 Predominant activity  
 (name of NACE class) Renting and  
operating of own or leased real estate  
 NACE class code 6820  
 Sole Registration Code: 18358185

**ABRIDGED BALANCE SHEET AS OF 31 DECEMBER 2021**

**(Code 10)**

	Row	Note	<u>31 December 2020</u> (RON)	<u>31 December 2021</u> (RON)
<b>A. NON-CURRENT ASSETS</b>				
II. TANGIBLE ASSETS	02	1 b)	60,614,184	54,250,262
III. FINANCIAL ASSETS	03	1 c)	—	—
NON-CURRENT ASSETS - TOTAL	04		60,614,184	54,250,262
<b>B. CURRENT ASSETS</b>				
I. INVENTORIES	05		0	0
II. RECEIVABLES	06a		143,232	89,098
III. SHORT-TERM INVESTMENTS	07		6,236,621	5,004,219
IV. PETTY CASH AND BANK ACCOUNTS	08		<u>1,493,720</u>	<u>1,789,718</u>
CURRENT ASSETS - TOTAL	09		7,873,573	6,883,035
C. DEFERRED EXPENSES	10		<u>4,038</u>	<u>0</u>
1. Amounts to be recognized within up to one year	11		4,038	0
<b>D. DEBTS: AMOUNTS TO BE PAID WITHIN</b>				
UP TO ONE YEAR	13		34,338,822	32,356,991
<b>E. NET CURRENT ASSETS/ NET CURRENT DEBTS</b>				
	14		-26,472,605	-25,485,677
<b>F. TOTAL ASSETS MINUS CURRENT DEBTS</b>				
	15		34,141,579	28,764,585
<b>G. DEBTS: AMOUNTS TO BE PAID WITHIN MORE THAN ONE YEAR</b>				
	16	3	<u>506,594</u>	<u>495,282</u>

**ELIADE TOWER SA**

**ABRIDGED BALANCE SHEET**

**31 DECEMBER 2021**

	<b>Row</b>	<b>Note</b>	<b>31 December 2020</b>	<b>31 December 2021</b>
			<b>(RON)</b>	<b>(RON)</b>
I. DEFERRED INCOME	18		11,394	11,721
2. Deferred income	22		11,394	11,721
Amounts to be recognized within up to one year	23		11,394	11,721
J. EQUITY				
I. UNDERWRITTEN CAPITAL	29		31,715,950	31,715,950
1. Underwritten and paid capital	30		31,715,950	31,715,950
II. CAPITAL PREMIUMS	35			
III. REEVALUATION RESERVES	36	1	19,823,570	14,255,516
IV. RESERVES	37		7,155	7,155
V. PROFIT OR LOSS				
CARRIED FORWARD   Balance D	42		18,033,991	17,524,267
VI. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD				
Balance C	43		<u>128,736</u>	=
Balance D	44		=	<u>185,051</u>
PROFIT APPROPRIATION	45		<u>6,435</u>	<u>0</u>
EQUITY - TOTAL	46		<u>33,634,985</u>	<u>28,269,303</u>
CAPITAL – TOTAL	49		<u>33,634,985</u>	<u>28,269,303</u>

Authorized and signed on behalf of the Board of Directors on May 26, 2022 by:

DIRECTOR,  
**PAVLOU KONSTANTINOS**  
Signature \_\_\_\_\_

DRAWN UP BY,  
**KRESTON ROMANIA SRL**  
Capacity: Contract no. 140/05 October 2007  
Signature \_\_\_\_\_  
Registration no. with the professional body  
CECCAR Authorization no. 14116

**PSYCHOGYIOS SPYRIDON**  
Signature \_\_\_\_\_

Company's stamp:

**ELIADE TOWER SA**

**PROFIT AND LOSS ACCOUNT**

**(Code 20)**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021**

	<b>Row</b>	<b>Note</b>	<b>2020</b> <b>(RON)</b>	<b>2021</b> <b>(RON)</b>
1. Net turnover	01		<u>3,929,071</u>	<u>3,564,966</u>
Sales of production	02		3,929,071	3,564,966
4. Revenues from revaluation of tangible assets	10		-	-
7. Other operating revenues	13		=	=
<b>OPERATING REVENUES - TOTAL</b>	<b>16</b>		<b>3,929,071</b>	<b>3,564,966</b>
8. a) Expenses related to raw materials and consumables	17		-	-
Other material expenses	18		688	6,198
b) Others external expenses (electricity and water)	19		422,595	441,993
9. Personnel expenses, of which:	22		-	-
a) Salaries and benefits	23		-	-
b) expenses with social security and protection	24		-	-
10. a) Value adjustments relating to tangible and intangible assets	25		<u>1,178,868</u>	<u>1,227,330</u>
a.1) Expenses	26		1,178,868	1,227,330
b) Value adjustments relating to current assets	28		-1,224	-1,683
b.1) Expenses	29		-	-
b.2) Revenues	30		1,224	1,683
11. Other operating expenses	31		<u>999,225</u>	<u>1,057,097</u>
11.1 Expenses relating to external services	32		671,450	729,941
11.2 Expenses relating to others taxes, duties and payments assimilated thereto; expenses consisting of transfers and contributions payable in observance of special normative acts	33		326,985	327,156
11.6 Other expenses	37		790	0
Provision adjustments	39		-	-
- Expenses	40		-	-
- Revenues	41		=	=
<b>OPERATING EXPENSES - TOTAL</b>	<b>42</b>		<b>2,600,152</b>	<b>2,730,935</b>
<b>OPERATING PROFIT OR LOSS</b>				
- Profit	43		1,328,919	834,031
13. Interest income	47		69,164	74,344
- of which, revenues from affiliated entities	48		-	-
15. Other financial revenues	50		177,027	120,259
<b>FINANCIAL REVENUES - TOTAL</b>	<b>52</b>		<b><u>246,191</u></b>	<b><u>194,603</u></b>



**ELIADE TOWER SA****PROFIT AND LOSS ACCOUNT****(Code 20)****FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021**

	<b>Row</b>	<b>Note</b>	<b>2020</b> <b>(RON)</b>	<b>2021</b> <b>(RON)</b>
17. Interest expense	56		568,267	470,805
- of which, expenses relating to affiliated entities	57		568,267	470,805
18. Other financial expenses	58		767,008	635,836
<b>FINANCIAL EXPENSES - TOTAL</b>	<b>59</b>		<b><u>1,335,275</u></b>	<b><u>1,106,641</u></b>
<b>FINANCIAL PROFIT OR LOSS</b>				
- Loss	61		1,089,084	912,038
<b>TOTAL REVENUES</b>	<b>62</b>		<b>4,175,262</b>	<b>3,759,569</b>
<b>TOTAL EXPENSES</b>	<b>63</b>		<b>3,935,427</b>	<b>3,837,576</b>
<b>18. GROSS PROFIT OR LOSS</b>				
- Profit	64		239,835	-
- Loss	65		-	78,007
19. Income tax	68		111,099	107,044
<b>21. NET PROFIT OR LOSS FOR THE FINANCIAL YEAR</b>				
- Profit	69		<u>128,736</u>	=
- Loss	70		=	<u>185,051</u>

Authorized and signed on behalf of the Board of Directors on May 26, 2022 by:

DIRECTOR,  
**PAVLOU KONSTANTINOS**  
Signature \_\_\_\_\_

DRAWN UP BY,  
**KRESTON ROMANIA SRL**  
Capacity: Contract no. 140/05 October 2007  
Signature \_\_\_\_\_  
Registration no. with the professional body  
CECCAR Authorization no. 14116

**PSYCHOGYIOS SPYRIDON**  
Signature \_\_\_\_\_

Company's stamp:

**REPORTING ENTITY**

These financial statements are submitted by Eliade Tower SA (the “Company”).

Eliade Tower SA was incorporated under the name Eliade Tower SRL in 2006, in accordance with Law no. 31/1990, having tax code RO 18358185, and registered with the Trade Registry under no. J40/1917/2006.

Its current registered headquarters are located in Bucharest, no. 18 Mircea Eliade Blvd., 5th floor, room 11, 1st District.

From 13 December 2016 until 17 May 2019, the Company formed part of the Fairfax Financial Holdings Limited Group. On 17 May 2019, the majority shareholder of Grivalia Properties REIC was transferred from the Fairfax Financial Holdings Limited Group to Eurobank Group. Thus, starting from that date, Eliade Tower SA ceased to form part of the Fairfax Financial Holdings Limited Group and became part of the Eurobank group of companies, thus also changing the structure of entities affiliated to the company.

On 30 May 2019, the decision was adopted to amend the company’s Articles of Incorporation, to replace the shareholder Grivalia Properties Real Estate Investment Company with the shareholder EUROBANK S.A.

The amendments concerning the affiliated companies were detailed in the note of affiliated parties 7 c).

**1 NON-CURRENT ASSETS****a) Intangible assets**

As of 31 December 2021, the Company had no intangible assets.

**b) Tangible assets**

	<b>Other plant, machinery, and furniture (RON)</b>	<b>Real estate investments (RON)</b>	<b>Tangible assets in progress (RON)</b>	<b>Total (RON)</b>
<b>Gross amount</b>				
Balance as of 1 January 2021	321,182	60,491,037	-	60,812,219
Inputs	-	-	-	0
Decrease from land reevaluation	-	(6,319,178)	-	(6,319,178)
Increase from building reevaluation	-	1,138,546	-	1,138,546
Increase of building value	-	44,041	-	44,041
Removal of amortization accrued from reevaluation	-	<u>(1,168,278)</u>	-	<u>(1,168,278)</u>

Notes 1 through 9 form an integral part of the financial statements.

**ELIADE TOWER SA**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021**

Balance as of 31 December 2021	321,182	54,186,168	-	54,507,350
<b>Aggregate value adjustments</b>				
Balance as of 1 January 2021	198,035	-	-	198,035
Adjustments disclosed during the financial year	59,053	<u>1,168,278</u>	-	1,227,331
Removal of amortization accrued from reevaluation	<u>-</u>	<u>(1,168,278)</u>	<u>-</u>	<u>(1,168,278)</u>
Balance as of 31 December 2021	257,088	-	-	257,088
<b>Net accounting value</b>				
<b>as of 1 January 2021</b>	<u>123,147</u>	<u>60,491,037</u>	<u>-</u>	<u>60,614,184</u>
<b>Net accounting value</b>				
<b>as of 31 December 2021</b>	<u>64,094</u>	<u>54,186,168</u>	<u>-</u>	<u>54,250,262</u>

**Reevaluation of real-estate investments**

The company has a real-estate investment consisting of building and land, located at 18 Mircea Eliade Blvd., 1st District, Bucharest.

The latest reevaluation of real estate investments took place on 31 December 2021. Following such reevaluation performed by an independent evaluator, a decrease of value was revealed.

On 31 December 2021, an increase of reevaluation reserve amounting to RON 1,138,546 and a decrease of the reserve from the reevaluation of land amounting to RON 6,319,178 was revealed, therefore, the value of the previously created reserve decreased by RON 5,568,055.

If the reevaluated real-estate investments were disclosed at historical cost, they would have had the following values:

	<b><u>31 December 2020</u></b>	<b><u>31 December 2021</u></b>
	<b>(RON)</b>	<b>(RON)</b>
Cost of land	21,060,000	21,060,000
Cost of building	30,438,674	30,482,714
Aggregate value adjustments	<u>(10,830,571)</u>	<u>(11,611,426)</u>
Net value	<u>40,668,103</u>	<u>39,931,288</u>

The changes of reevaluation reserves during the financial year are disclosed as follows:

	<b><u>2020</u></b>	<b><u>2021</u></b>
	<b>(RON)</b>	<b>(RON)</b>
The reevaluation reserve at the beginning of the	<u>18,132,493</u>	<u>19,823,570</u>

Notes 1 through 9 form an integral part of the financial statements.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

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financial year

Reevaluation reserves registration of real estate investment assessment report	<u>2,038,173</u>	<u>(5,180,631)</u>
Transfer to the result carried forward of the surplus achieved from reevaluation reserves	<u>(347,095)</u>	<u>(387,423)</u>
Reevaluation reserve at the end of the financial year	<u>19,823,570</u>	<u>14,255,516</u>

*Treatment of the reevaluation reserve for tax purposes*

In accordance with the Romanian tax laws, before 1 May 2009, reserves from the reevaluation of tangible assets only became taxable when their intended purposes were changed. Following the amendment of the Tax Code, starting from 1 May 2009, differences from the reevaluation of fixed assets performed after 1 January 2004, deducted upon the calculation of taxable profit by means of tax amortization shall be taxed concurrently with the deduction of tax depreciation.

**Pledged and restricted tangible assets**

As of 31 December 2021, there were pledged in favor of Eurobank Private Bank Luxembourg S.A. company's fixed assets amounting to a net accounting value of RON 54,186,168 (31 December 2020: RON 60,491,037).

**c) Financial assets**

As of 31 December 2021, the Company held no financial assets.

**2 PROVISIONS**

As of 31 December 2021, the Company had created no provision for risks and expenses.

**3 STATUS OF DEBTS**

On 19 December 2007, the Company concluded a long-term loan agreement from Eurobank Private Bank Luxembourg S.A., amounting to EUR 13 million for the purpose of refinancing a loan previously granted by Banca Românească.

On 1 June 2021, addendum no. 10 was signed in relation to the loan, extending its term until 30 June 2022.

In 2021, the loan bore an annual interest rate amounting to: EURIBOR at 3 months + 1.40 % p.a. margin, as per addendum no. 12 dated 17 December 2020. Starting from 3 January 2022, the annual interest rate changed into EURIBOR at 3 months + 1.30 % p.a. margin.

The property owned by the Company is mortgaged according to the mortgage contracts concerning the existing loans.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021**

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As of 31 December 2021, the balance of the loan amounted to RON 32,052,729, the equivalent of EUR 6,477,785, while the payable interest amounts to RON 1,246, the equivalent of EUR 252. On March 22, 2022, it was decided to partially repay the loan with a value of EUR 1,000,000. Also on 28.04.2022 it was decided to extend the reimbursement term of the loan by Addendum no. 15 until 30.06.2023.

As of 31 December 2021, the following debts had a maturity period ranging between 1 year and 5 years:

	<b><u>2020</u></b> <b>(RON)</b>	<b><u>2021</u></b> <b>(RON)</b>
Amounts payable	506,594	495,282
Total	<u>506,594</u>	<u>495,282</u>

In relation to bank loans amounting to RON 32,052,729, the Company has created guarantees consisting of: land and building having a net value of RON 54,186,168.

The value of RON 495,282 consists of guarantees received from clients having contracts with a validity period longer than one year.

**4 ACCOUNTING PRINCIPLES, POLICIES, AND METHODS**

The financial statements are drawn up in observance of the following principles:

- The consistency of accounting methods - The accounting policies and evaluation methods have been consistently enforced from one financial year to the next.

- The prudential principle - In drawing up the annual financial statements, disclosure and evaluation were conducted on a prudential basis. Only the profit earned as of the date of the balance sheet has been recognized in the profit and loss account. Debts accrued during the ongoing financial year or a previous financial year are recognized, even if they become obvious only between the date of the balance sheet and the preparation date hereof. Depreciations are disclosed, irrespective of whether the result of the financial year is profit or loss. Depreciation adjustments or value losses are registered in expense accounts, irrespective of their impact on the profit and loss account. Assets and revenues are not overestimated, while debts and expenses, underestimated, and the financial statements shall be neutral and reliable.

- Matching (accrual) principle - The effects of transactions and other events are recognized when the transactions and events occur and are accounted for in the accounting books and reported in the financial statements concerning the reference periods. Revenues and expenses relate to the financial year, irrespective of the date when revenues are collected or expenses are paid. In the revenues accounts, receivables are also disclosed for which no invoice has yet been issued, while, in expenses or goods accounts, debts for which no invoice has yet been received, in reliance upon

Notes 1 through 9 form an integral part of the financial statements.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021**

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documents attesting to the delivery of goods or supply of services. Revenues and expenses directly and concurrently deriving from the same transaction are simultaneously disclosed in the accounting books, by direct association between the matching expenses and revenues, subject to separate emphasis of such revenues and expenses. The accrual principle applied including in respect of recognizing the interest for the period, irrespective of its maturity date.

- The opening balance principle - the opening balance sheet for each financial year matches the closing balance sheet of the previous financial year. If any changes to the accounting policies and rectification of errors occur in relation to the previous periods, the balance sheet relating to the period preceding the reporting period shall not be amended. Posting, in reliance upon the retained earnings, of rectification to material errors relating to the previous financial years, and of amendments to the accounting policies shall not amount to an infringement of the opening balance principle.

- Matching (accrual) principle - The effects of transactions and other events are recognized when the transactions and events occur (and not as the cash or cash equivalent is collected or paid) and are accounted for in the accounting books and reported in the financial statements concerning the reference periods.

- The separate valuation of components of asset and liability items - The components of asset and liability items are valued on a separate basis.

- The no-netting principle – Asset items shall not be set off against liability items and revenue items shall not be set off against expense items. All receivables and debts are disclosed separately in the accounting records, in reliance upon supporting documents. Any offsetting between receivables and debts to the same entity occurring in observance of the legal provisions may only be accounted for after recording of accounts receivable and revenues, and of corresponding accounts payable and expenses in the accounting books. The explanatory notes shall specify the gross value of receivables and debts subject to offsetting. If the assets change, the accounting books shall record, on a separate basis, the sale/derecognition operation and purchase/recognition operation, in reliance upon the supporting documents, also specifying all revenues and expenses relating to those operations. The accounting treatment is also similar in the case of mutual supply of services.

- The principle of valuation at purchase cost or at production cost - The items contained in the financial statements shall usually be valued in reliance upon the principle of purchase cost or production cost. If the Company opted for the reevaluation of tangible assets or evaluation of financial instruments at fair value, the provisions of “Alternative evaluation at fair value” shall apply.

- The materiality principle - When the effects of information and publication are insignificant, the Company may deviate from the requirements concerning their presentation.

**A Considerations underlying the preparation of financial statements**

Notes 1 through 9 form an integral part of the financial statements.

(1) General information

These financial statements have been drawn up in compliance with:

- (i) Accounting Law no. 82/1991 republished, as subsequently amended and supplemented
- (ii) Accounting regulations on individual annual financial statements and consolidated annual financial statements, approved by Order no. 1802/2014 of the Minister of Public Finance of Romania, as subsequently amended (“OMF 1802/2014”).

Depending on the size criteria provided in OMF 1802/2014, the Company falls in the category of small entities.

These financial statements have been drawn up in reliance upon the historic cost convention, subject to the exceptions laid down herein below in the accounting policies.

The attached financial statements are not intended to present the financial position in accordance with accounting regulations and principles accepted in countries and jurisdictions other than Romania. Also, the financial statements are not intended to present the result of operations, cash flows and a complete set of notes to the financial statements in accordance with regulations and accounting principles accepted in countries and jurisdictions other than Romania. Therefore, the attached financial statements are not prepared for the use of persons who do not know the accounting and legal regulations in Romania, including the Order of the Minister of Public Finance no. 1802/2014 with subsequent amendments.

(2) The use of estimates

Upon preparing the financial statements, the Company’s management needs to issue estimates and assumptions impairing the reported values of assets and liabilities, the disclosure of contingent assets and liabilities upon the preparation of financial statements, and revenues and expenses reported for that period. Although such estimates are issued by the Company’s management in reliance upon the best information available at the time of the financial statements, the profit (loss) achieved may differ from such estimates.

(3) Business as a going concern

These financial statements have been drawn up in reliance upon the going concern principle, which means that the Company will continue its business in the foreseeable future. In order to assess the enforceability of this assumption, the management shall analyze the forecasts of future cash inputs and outputs.

The Company has yielded net loss amounting to RON 185,051 in the financial year ended

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021**

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on 31 December 2021 (31 December 2020: profit of RON 128,736) and, at that date, it had losses carried forward amounting to RON 17,524,267 (31 December 2020: RON 18,033,991).

Considering the nature of the relationship with the creditor, but also the historical experience, on 28.04.2022 it was decided to extend the reimbursement term of the loan by Addendum no. 15 until 30.06.2023.

(4) Currency in which the financial statements are expressed

The accounting books shall be kept in Romanian, in the national currency. The items included in these financial statements are expressed in RON.

**B The conversion of foreign currency transactions**

The Company's transactions in foreign currency are disclosed at the exchange rates published by the National Bank of Romania ("BNR") valid for the transaction date. At the end of every month, monetary balances expressed in a foreign currency are converted in RON depending on the exchange rates published by the National Bank of Romania for the last bank day of the month. Earnings and losses deriving from the settlement of foreign currency transactions and the conversion of monetary assets and liabilities expressed in foreign currency are disclosed into the profit and loss account, as part of the financial result. Advance payments do not amount to monetary items and are not subject to valuation depending on the exchange rate.

**C Tangible assets**

(1) Cost/evaluation

Tangible assets, save for real-estate investments, are evaluated at historic cost minus the accrued amortization and value depreciation. Real-estate investments are evaluated in observance of the reevaluated cost method.

As of 31 December 2021, the land and building were reevaluated in line with the evaluation standards in effect on the evaluation date, by an authorized and independent evaluator, in accordance with the law. The entities may reevaluate the real estate investments existing at the end of the financial year, so that they are recognized in the accounting books at fair value, indicating the outcome of such reevaluation in the financial statements drawn up for the year. Real estate investments are reevaluated depending on the fair value at the time of the balance sheet. The fair value is calculated in reliance upon the assessments conducted, usually by skilled professionals, in accordance with the law.

The book value increase derived from reevaluation shall be credited to the reevaluation reserve, unless there was a previous decrease posted as expense corresponding to that asset



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

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or as revenue to set off the expense against the decrease previously acknowledged to that asset. The book value decrease deriving from reevaluation shall be disclosed as a decrease of the reevaluation reserve within the limit of the creditor balance of the reevaluation reserve, and a potential outstanding difference shall be posted as expense, in particular an expense at the entire value of depreciation, when no amount relating to that asset is registered in the reevaluation reserve.

The amortization accrued on the reevaluation date is removed from the gross book value of the asset and the net value, determined further to rectification with value adjustments, is re-calculated depending on the reevaluated value of that asset.

The fair values of reevaluated real estate investments are updated with sufficient frequency, so that the book value is not substantially different from the one determined by using the fair value at the time of the balance sheet.

The maintenance and repairs of tangible assets shall be posted as expenses as they occur, and the significant improvements to tangible assets, which increase the value or service life thereof, or which significantly increase the ability to generate economic benefits, are capitalized.

Key spare parts and security equipment are posted as tangible assets when they are expected to be used for a period longer than one year. Other spare parts and repair shop equipment are recorded as inventories and disclosed in profit or loss, when used.

(2) Amortization

Amortization shall be calculated depending on the input value, using the linear method throughout the estimated useful service life of assets, as follows:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 50
Technical plant and machinery	3 - 20
Other plant, machinery, and furniture	3 - 30

The amortization is calculated starting from the month following the commissioning and until full recovery of their entry value.

Land shall not be subject to amortization, because they have an indefinite service life.

(3) The sale/scraping & dismantling of tangible assets

Tangible assets being scrapped & dismantled or sold are removed from the balance sheet, together with the corresponding accrued amortization. Any profit or loss deriving as

difference between the revenues generated by derecognition and their non-depreciated value, including expenses incurred in relation to such operation, are included in the profit and loss account, in “Other operating revenues” or “Other operating expenses”, as the case may be. The Company did not record such operations in 2021.

When the company discloses, in the book value of a tangible asset, the cost of a partial replacement (part replacement), the book value of the replaced part, together with the corresponding amortization, is deregistered.

(4) Assets sold or subject to leasing

The sale and lease of the same asset by means of a financial leasing agreement shall be treated as a financing transaction, and the asset is maintained in the Company’s property.

(5) Real estate investments

Real-estate investments consist of land and buildings owned for yielding revenues from rents or for increasing the capital value.

Real-estate investments are subject to evaluation rules enforceable in respect of tangible assets, as described herein above. The service life of buildings included in real-estate investments ranges between 20 and 50 years.

Transfers to or from the category of real-estate investments take place when there is a changed use, pointed out by:

- a) the start/ end of use by the Company (transfer between the category of real estate investments and of tangible assets);
- b) the start of arrangement for sale purposes (transfer from real-estate investments to inventories); or
- c) the start of operational leasing (transfer from stocks to real-estate investments).

**D Depreciation of tangible assets**

At the end of the financial year, the value of tangible asset items corresponds to the outcome of inventory. For that purpose, the net book value shall be compared against the value determined further to inventory, herein after referred to as inventory value. Any minus differences found between the inventory value and the net book value of non-current asset items shall be disclosed in the accounting books based on additional amortization, in the case of depreciable assets for which depreciation is irreversible or an adjustment is calculated for depreciation or loss of value, when the depreciation is reversible. The inventory value is determined depending on the usefulness of that asset, on its condition and market price.

**E Financial assets**

The financial assets include shares held in affiliated entities, loans granted to affiliated

entities, participation interests, loans granted to entities to which the Company is related in light of participation interests and other investments held as non-current assets.

Financial assets are disclosed in the balance sheet at their purchase cost or contribution value. The purchase cost also includes trading costs. Financial assets are subsequently valued at their entry value, minus the adjustments accrued for loss of value.

**F Commercial receivables**

Commercial receivables are posted at the invoiced value, minus the provision for the depreciation of such receivables. The provision is created for the depreciation of commercial receivables if there is objective evidence of the fact that the Company will not be able to collect all receivables at their first maturity dates.

**G Short-term financial investments**

They include short-term bank deposits and other short-term investments (debentures, shares, and other securities purchased for the purpose of yielding short-term profit).

Short-term securities admitted for trading on a regulated market shall be valued at the time of the balance sheet depending on the quotation value on the last trading day, and non-traded ones at their historic cost minus potential adjustments for loss of value.

**H Cash and cash equivalents**

The cash and cash equivalents are disclosed in the balance sheet at cost value. Bank deposits up to 3 months are included in short-term investments.

**I Share capital**

Common shares are classified as equity.

Expenses relating to the issuance of equity instruments are reflected directly in the equity, in the row Loss relating to equity instruments.

Upon redeeming the Company's shares, the amount paid shall decrease the equity. When such shares are later re-issued, the amount received (net of the transaction costs) is disclosed in the equity.

Exchange rate differences between the time when the shares are underwritten and the time when the equivalent value thereof is paid shall not amount to earnings or loss relating to the issuance, redemption, sale, assignment free of charge or cancellation of the entity's equity instruments, shall be posted in financial revenues or expenses, as the case may be.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

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**J Dividends**

Dividends payable in connection with ordinary shares are recognized in the equity in the period in which they are declared.

**K Loans**

Short- and long-term loans are originally recorded in the amount received. The differences between the amounts received and the redemption value are posted in the profit and loss account during the loan agreement.

Fees and charges paid with a view to receiving long-term loans shall be recognized as deferred expenses. Deferred expenses are recognized as phased-out current expenses, during the repayment period of those loans.

If the Company has an unconditional right to defer the settlement of loans for at least twelve months after the end of the reporting period, then the debts at issue shall be classified as long-term debts. All other loans shall be posted as short-term debts.

The short-term portion of long-term loans is classified as "Debts: Amounts payable within less than one year" and included together with the interest accrued on the date of the balance sheet in "Amounts payable to credit institutions" in current debts.

**L Commercial debts**

Commercial debts are posted in the value of amounts to be paid for the goods or services received.

**M Provisions**

Provisions for dismantling, restructuring, disputes, as well as other provisions for risks and expenses are recognized at the time when the Company has a legal or binding obligation generated by a previous event, when, in order to fulfill the obligation, an exit of resources could be required and when a trustworthy estimate may be performed in respect of the value of obligation. Restructuring provisions comprise direct costs generated by restructuring, in particular, necessarily generated by the restructuring and not related to the entity's business as a going concern.

No provisions are acknowledged for future operational losses.

**N Employees' benefits**

During the financial year ended on 31 December 2021, the Company had no employees.

**O Taxation**

*Tax on the revenue of micro-enterprises*

Starting from 01 January 2018, the Company was registered as payer of micro-enterprise revenue tax, which is calculated in accordance with the relevant tax laws.

**P Disclosure of revenues**

Revenues concern rents and re-invoicing of expenses incurred for utilities and maintenance of buildings.

Revenues from rents are disclosed in reliance upon accrual-based accounting principles in accordance with the economic substance of the corresponding agreements.

Interest revenues shall be recognized from time to time, on a pro-rated basis, as that revenue is generated, on an accrual basis.

Trade discounts offered after invoicing shall be registered into the profit and loss account as part of operating revenues, in the item "trade discounts offered".

In these financial statements, revenues and expenses are disclosed at their gross value. In the balance sheet, debts and receivables from the same partners are posted at net value whenever there is a set-off right in force.

**Q Turnover**

The revenues corresponding to the turnover are determined according to the specifics of the carried-out activity.

Net turnover means the amounts obtained from the sale of products and the provision of services after deduction of trade discounts and value added tax and other taxes directly related to turnover.

The net turnover corresponding to the predominantly carried out activity presented in the profit and loss account is the net turnover related to the activity carried out on the CAEN code 6820 - Renting and subleasing of own or rented real estate. The predominant activity actually carried out means the activity related to the CAEN code, which generates the largest share of the Company's net turnover. The company determined that the activity of development of residential projects carried out on the CAEN code 6820 - Renting and subletting of own or rented real estate represents 100% of the Company's net turnover. In order to make this determination, the Company applied the Order of the President of the National Statistics Institute 337/2007 regarding the updating of the Classification of activities in the national economy - NACE, proceeded to allocate revenues related to turnover registered in NACE sections and divisions and identified suitable NACE code.

**R Operating expenses**

Notes 1 through 9 form an integral part of the financial statements.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

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Operating expenses are disclosed in the period to which they refer.

**S Financial expenses**

Financial expenses are disclosed in the period to which they refer.

**5 SHARE CAPITAL**

The shareholding structure as of 31 December 2021 is as follows:

	<b><u>Number of shares (thousand)</u></b>	<b><u>Amount (RON)</u></b>	<b><u>Percentage (%)</u></b>
EUROBANK SA	31,715,949	31,715,949	99.9999
CERVED PROPERTY SERVICES SA	<u>1</u>	<u>1</u>	<u>0.0001</u>
Total	<u>31,715,950</u>	<u>31,715,950</u>	<u>100</u>

**6 INFORMATION ON THE SALARIES AND MEMBERS OF ADMINISTRATION, MANAGEMENT, AND SUPERVISORY BODIES AND OF OTHER STAKEHOLDERS****a) Remunerations payable to the members of administration, management, and supervisory bodies**

The Company's management body is the Board of Directors, made up of three members appointed by the General Shareholders Meeting. As of 31 December 2021, the members of the Board of Directors were as follows:

- Pavlou Konstantinos,
- Psychogyios Spyridon,
- Zois Efthymios.

No salaries or benefits, advance payments or loans have been granted to the members of the Company's administration, management, and supervisory boards in 2020 and in 2021.

**b) Employees**

During the financial year ended on 31 December 2021, the Company had no employees.

**7 OTHER INFORMATION****a) Probable debts and commitments**

The company has commitments in place such as specified in note 7 c) Transactions with affiliated parties.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

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**b) Commitments received**

As of 31 December 2021, the Company had no commitments received.

**c) Transactions with related parties**

Parties are construed to be affiliated when one of them has the power to control another or to exercise significant influence on another party in the financial or operational decision-making process. Upon assessing any possible transaction with affiliated parties, attention was paid to the substance of the transaction, rather than to its legal form.

The nature of relationships with such parties engaged in special relationships with which the Company conducted significant transactions or had significant balances as of 31 December 2021 is described below. The transactions with entities engaged in special relationships were performed during the normal course of business.

As of 31 December 2021, the company had the following affiliated parties:

- Eurobank S.A.
- Eurobank Private Bank Luxembourg S.A.
- Eurolife ERB Asigurari Generale S.A.
- Seferco Development SA
- Retail Development SA

**Sale of goods and services**

	<u>31 December 2020</u> (RON)	<u>31 December 2021</u> (RON)
Sale of services		
Revenues from lease agreements		
- <i>related/affiliated entities</i>	1,179,206	621,508
Interest income		
- <i>related/affiliated entities</i>	-	-
<b>Total</b>	1,179,206	621,508

**Purchase of goods and services**

	<u>31 December 2020</u> (RON)	<u>31 December 2021</u> (RON)
Purchase of services		
- <i>related/affiliated entities</i>	63,139	21,233
Interest expense		
- <i>related/affiliated entities</i>	568,267	470,805
<b>Total</b>	<u>631,406</u>	<u>492,038</u>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

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**Balances resulting from the sale/purchase of goods/services**

	<u>31 December 2020</u> (RON)	<u>31 December 2021</u> (RON)
Receivables		
- <i>related/ affiliated entities</i>	<u>63</u>	<u>36</u>
<b>Total</b>	<b><u>63</u></b>	<b><u>36</u></b>
Debts		
- <i>related/ affiliated entities</i>	<u>34.041.985</u>	<u>32.053.976</u>
<b>Total</b>	<b><u>34.041.985</u></b>	<b><u>32.053.976</u></b>

**d) Information regarding the turnover**

On 31 December 2021, a turnover amounting to RON 3,564,966 was disclosed, being made up of rents amounting to RON 2,754,195, revenues from maintenance services amounting to RON 646,543 and revenues from re-invoicing the utilities, amounting to RON 164,227.

**8 CONTINGENCIES****(a) Court proceedings**

The following casefiles in connection with the Company were pending before courts of law, as of 31 December 2021:

- Euroconstruct case no. 732/92/2012 concerning claims amounting to RON 247,618

**(b) Taxation**

The Romanian taxation system has undergone multiple amendments in the past years and is continuously updating and upgrading. Consequently, there are still different interpretations of the tax laws. In certain cases, the tax authorities may treat various issues differently, proceeding to the calculation of additional taxes and levies and the corresponding delay interest and penalties (currently in the total amount of 0.03% per day of delay). In Romania, the financial year remains opened for tax examination for a period of 5 years. The Company's management believes that the tax obligations included in these financial statements are suitable.



**(c) Transfer Pricing**

The Romanian tax laws include the principle of “market value”, pursuant to which transactions between affiliated parties need to take place at market value. Tax-payers engaged in transactions with affiliated parties have to prepare and to provide to the Romanian tax authorities, upon the written demand thereof, the transfer pricing file. Failure to submit the transfer pricing file or submission of an incomplete file may result in the enforcement of penalties for incompliances; in addition to the content of the transfer pricing file, tax authorities may interpret transactions and circumstances differently from the interpretation issued by the management and, consequently, may impose additional tax obligations deriving from the adjustment of transfer pricing. The Company’s management estimates that no losses will be incurred, in the case of a tax inspection in connection with transfer pricing. Nevertheless, the impact of different interpretations by tax authorities cannot be reliably estimated. This may be significant for the financial standing and/or for the operations of the Company.

**9 IMPLICATIONS OF THE EXTERNAL CONFLICT ON THE ACTIVITY OF THE COMPANY**

On February 21, 2022, the Russian Federation officially recognized two separatist regions in eastern Ukraine and authorized the use of military force in those territories. On February 24, 2022, Russian troops invaded Ukraine and began military operations in several places. These ongoing operations have led to casualties, significant relocation of the population, deterioration of infrastructure and disruption of economic activity in Ukraine. In response, several jurisdictions, including the EU, the United Kingdom, Switzerland, the United States, Canada, Japan, and Australia, have announced initial tranches of economic sanctions for Russia (and in some cases Belarus).

The wider global economic impact of the conflict could include: significant disruptions to entities operating in Ukraine, Russia and Belarus, liquidity challenges, significant increases in commodity prices, including crude oil and natural gas; of metals, including nickel, iron ore, aluminum and palladium; of mineral products, such as potassium, and agricultural crops, especially wheat (Russia and Ukraine together producing about 30% of the global wheat supply); increasing global economic uncertainty and suspending the trading of Russian securities, rising borrowing costs and risk premiums, rising inflation and rising interest rates; and disruptions to economic activity caused by cyber attacks on Russia, as well as on jurisdictions that have imposed sanctions or are providing assistance to Ukraine or Russia/Belarus.

The company has no business relations or is financed by sanctioned entities or entities controlled by sanctioned persons or other politically exposed persons in the region. The company does not have a potential impact on business continuity.

**10 Events subsequent to the Balance Sheet Date**

**ELIADE TOWER SA**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021**

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No significant events have been identified subsequent to the Balance Sheet date.

Authorized and signed on behalf of the Board of Directors on May 26, 2022 by:

DIRECTOR,  
**PAVLOU KONSTANTINOS**  
Signature \_\_\_\_\_

DRAWN UP BY,  
**KRESTON ROMANIA SRL**  
Capacity: Contract no. 140/05 October 2007  
Signature \_\_\_\_\_  
Registration no. with the professional body  
CECCAR Authorization no. 14116

**PSYCHOGYIOS SPYRIDON**  
Signature \_\_\_\_\_

Company's stamp: