



KPMG Audit SRL
DN1, Bucharest - Ploiești Road no. 89A
Sector 1, Bucharest
013685, P.O.Box 18 - 191
Tel: +40 372 377 800
Fax: +40 372 377 700
www.kpmg.ro

Independent Auditors' Report

(free translation¹)

To the Shareholders of RETAIL DEVELOPMENT SA

Mircea Eliade Boulevard, No. 18, Ap 13, District 1, Bucuresti, Romania
Unique Registration Code: 21588303

Opinion

1. We have audited the financial statements of RETAIL DEVELOPMENT 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 14,417,753
 - Net profit for the year: Lei 683,849
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.

¹ 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

RETAIL DEVELOPMENT 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**

RETAIL DEVELOPMENT SA

FINANCIAL STATEMENTS

31 DECEMBER 2021

TABLE OF CONTENTS

PAGE

Abridged balance sheet

1 - 2

Profit and loss account

3 - 4

Explanatory Notes to the financial statements

5 - 19

RETAIL DEVELOPMENT SA

ABRIDGED BALANCE SHEET

31 DECEMBER 2021

ABRIDGED BALANCE SHEET

(Code 10)

	Row	Note	31 December 2020	31 December 2021
			(RON)	(RON)
A. NON-CURRENT ASSETS				
II. TANGIBLE ASSETS	02	1b)	<u>49,505,511</u>	<u>45,265,286</u>
NON-CURRENT ASSETS - TOTAL	04		49,505,511	45,265,286
B. CURRENT ASSETS				
II. RECEIVABLES	06a		400,946	1,067,282
III. SHORT-TERM INVESTMENTS	07		6,573,321	8,407,088
IV. PETTY CASH AND BANK ACCOUNTS	08		<u>1,599,156</u>	<u>1,417,698</u>
CURRENT ASSETS - TOTAL	09		8,573,423	10,892,068
D. DEBTS: AMOUNTS TO BE PAID WITHIN UP TO ONE YEAR	13		811,092	1,061,663
E. NET CURRENT ASSETS/ NET CURRENT DEBTS	14		7,762,331	9,830,405
F. TOTAL ASSETS MINUS CURRENT DEBTS	15		57,267,842	55,095,691
G. DEBTS: AMOUNTS TO BE PAID WITHIN MORE THAN ONE YEAR	16	3	40,041,218	40,677,938
J. EQUITY			-	-
I. UNDERWRITTEN CAPITAL	29	5	<u>90,000</u>	<u>90,000</u>
1. Underwritten and paid capital	30		90,000	90,000
III. REEVALUATION RESERVES	36		20,312,916	16,566,191

RETAIL DEVELOPMENT SA**ABRIDGED BALANCE SHEET****31 DECEMBER 2021**

	Row	Note	31 December 2020 (RON)	31 December 2021 (RON)
IV. RESERVES	37		18,000	18,000
V. RETAINED PROFIT OR LOSS				
<u>Balance D</u>	42		3,377,129	2,940,287
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR				
<u>Balance C</u>	44		182,837	683,849
<u>Balance D</u>			-	-
Profit appropriation	45		-	-
EQUITY - TOTAL	46		<u>17,226,624</u>	<u>14,417,753</u>
CAPITAL – TOTAL	49		<u>17,226,624</u>	<u>14,417,753</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:

RETAIL DEVELOPMENT SA

PROFIT AND LOSS ACCOUNT

(Code 20)

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

	Row	Note	2020	2021
			(RON)	(RON)
1. Net turnover	01		<u>4,360,490</u>	<u>4,994,771</u>
Sales of production	02		4,360,490	4,994,771
Trade discounts offered	04		-	-
Revenues from revaluation of tangible assets	10		-	-
Other operating revenues (accounts 758+7815)	13		2	0
OPERATING REVENUES –				
TOTAL	16		4,360,492	4,994,771
8. a) Expenses related to raw materials and consumables	17		120	0
b) Others external expenses (electricity and water)	19		57	49
10. a) Value adjustments relating to tangible and intangible assets	25		<u>718,008</u>	<u>747,506</u>
a.1) Expenses	26		718,008	747,506
a.2) Revenues	27			
11. Other operating expenses	31		<u>353,494</u>	<u>353,331</u>
11.1 Expenses relating to external services	32		155,000	154,196
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		197,744	199,135
11.5 Expenses from revaluation of tangible assets	35		-	-
11.6. Other expenses	37		<u>750</u>	<u>0</u>
OPERATING EXPENSES –				
TOTAL	42		1,071,679	1,100,886
OPERATING PROFIT OR LOSS				
- Profit	43		3,288,813	3,893,885
- Loss	44		-	-
13. Interest income	47		143,396	128,096
15. Other financial revenues	50		<u>141,370</u>	<u>107,389</u>
FINANCIAL REVENUES - TOTAL	52		284,766	235,485

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

	Row	Note	2020	2021
			(RON)	(RON)
17. Interest expense	56		2,383,839	2,417,350
- of which, expenses relating to affiliated entities	57		2,383,839	2,417,350
Other financial expenses	58		<u>881,144</u>	<u>758,601</u>
FINANCIAL EXPENSES - TOTAL	59		3,264,983	3,175,951
FINANCIAL PROFIT OR LOSS				
- Loss	61		<u>2,980,217</u>	<u>2,940,466</u>
TOTAL REVENUES	62		4,645,258	5,230,256
TOTAL EXPENSES	63		4,336,662	4,276,837
18. GROSS PROFIT OR LOSS				
- Profit	64		308,596	953,419
- Loss	65		-	-
19. Corporate tax	66		-	174,698
21. Other taxes not included above (tax on income)	68		125,759	94,872
21. NET PROFIT OR LOSS FOR THE REPORTING PERIOD				
- Profit	69		<u>182,837</u>	<u>683,849</u>
- Loss	70		=	=

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

DIRECTOR,
PAVLOU KONSTANTINOS
Signature _____**PSYCHOGYIOS SPYRIDON**
Signature _____

Company's stamp:

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

RETAIL DEVELOPMENT SA

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

REPORTING ENTITY

These financial statements are submitted by Retail Development SA (the “Company”).

The Company was incorporated in 2007 in accordance with Law no. 31/1990, having tax code 21588303, registered in the Trade Registry under no. J40/7773/2007.

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, Retail Development 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.

Such changes were detailed in the note concerning affiliated parties 7 b).

1 NON-CURRENT ASSETS

a) Intangible assets

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

b) Tangible assets

Real estate investments **(RON)**

Gross amount

Balance as of 1 January 2021	49,505,511
Reevaluation decreases	(3,492,719)
Removal of amortization accrued from reevaluation	(747,506)
Balance as of 31 December 2021	<u>45,265,286</u>

Aggregate value adjustments

Balance as of 1 January 2021	-
Adjustments disclosed during the financial year	747,506
Removal of amortization accrued from reevaluation	(747,506)
Balance as of 31 December 2021	<u>-</u>

Net accounting value

as of 1 January 2021	<u>49,505,511</u>
-----------------------------	-------------------

Notes 1 through 10 form an integral part of the financial statements.

RETAIL DEVELOPMENT SA

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

Net accounting value

as of 31 December 2021

45,265,286

Reevaluation of real-estate investments

The company has a real-estate investment consisting of building and land, leased as shopping area to a retail chain. The real estate is located at no. 121 Tudor Vladimirescu Blvd., Iași.

The latest reevaluation of tangible assets took place on 31 December 2021. Following such reevaluation, an increase of value was revealed.

Upon reevaluation of the building, on 31 December 2021, there was an increase in the value of reevaluation reserve amounting to RON 551,491. Furthermore, for the land, the reevaluation reserve was decreased by RON 4,298,216, which means that the previously created reserve decreased by RON 3,746,724.

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

	<u>31 December 2020</u>	<u>31 December 2021</u>
	(RON)	(RON)
Cost of land	15,662,450	15,662,450
Cost of building	19,574,705	19,574,705
Building fit-out cost	85,928	85,928
Aggregate value adjustments	<u>(6,377,249)</u>	<u>(6,870,750)</u>
Net value	<u>28,945,834</u>	<u>28,452,333</u>

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

	<u>2020</u>	<u>2021</u>
	(RON)	(RON)
The reevaluation reserve at the beginning of the financial year	<u>19,111,824</u>	<u>20,312,916</u>
Reevaluation reserves registration of real estate investment assessment report	1,425,599	(3,492,720)
Transfer to the result carried forward of the surplus achieved		
from reevaluation reserves	<u>(224,507)</u>	<u>(254,005)</u>
Reevaluation reserve at the end of the financial year	<u>20,312,916</u>	<u>16,566,191</u>

Notes 1 through 10 form an integral part of the financial statements.

RETAIL DEVELOPMENT SA

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

Treatment of the reevaluation reserve for tax purposes

In accordance with the Romanian tax laws, before 1 May 2009, reserves from the reevaluation of real estate investments 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, the Company had no fixed assets subject to pledge.

2 PROVISIONS

The Company had no provisions in place for risks and expenses as of 31 December 2021 and 31 December 2020.

3 STATUS OF DEBTS

As of 31 December 2021, the following debts have a maturity period of less than one year:

	2020 (RON)	2021 (RON)
Performance guarantees	<u>745,160</u>	<u>746,771</u>
Amounts payable to the majority shareholder EUROBANK S.A	<u>39,296,058</u>	<u>39,931,167</u>
Total	<u>40,041,218</u>	<u>40,677,938</u>

On 30 May 2019, the decision was adopted to replace the shareholder Grivalia Properties Real Estate Investment Company with the shareholder EUROBANK S.A., so that the shareholder EUROBANK S.A. took over that loan. On 21.03.2022 it was decided to partially repay the loan with the value of EUR 1,600,000.

Additional information concerning the loans is included in Note 7b).

4 ACCOUNTING PRINCIPLES, POLICIES, AND METHODS

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

RETAIL DEVELOPMENT SA

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

- 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 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 evaluated 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 evaluated 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

(1) General information

These financial statements have been drawn up in compliance with:

- (i) Accounting Law no. 82/1991 republished, as subsequently 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”).

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

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.

The Company has yielded net profit amounting to RON 683,849 in the financial year ended on 31 December 2021 (2020: net profit of RON 182,837) and, at that date, it had losses carried forward amounting to RON 2,940,287 (31 December 2020: RON 3,337,129).

In conducting its business, the Company relies on the financial support of the Eurobank group, of which it forms part, which has granted a repayable loan for more than 1 year..

(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.

In 2021, the land and building owned by the Company 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 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

RETAIL DEVELOPMENT SA

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

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

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) 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);

RETAIL DEVELOPMENT SA

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

- 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 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.

F 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.

G 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.

H 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.

I Dividends

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

J 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.

K Commercial debts

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

L 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.

M Employees' benefits

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

N Taxation

Starting from 01 October 2021, the Company was registered as payer of microenterprise revenue tax. The Company pays tax on microenterprise revenues, in accordance with the relevant tax laws.

O Disclosure of revenues

Revenues relate to rents.

They 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.

P 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

RETAIL DEVELOPMENT SA

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

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.

Q Operating expenses

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

R Financial expenses

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

5 SHARE CAPITAL

The value of the share capital underwritten as of 31 December 2021 and as of 31 December 2020 was RON 90,000, consisting of 90,000 shares. All shares afford the same voting right and a face value of RON 1 per share. The shareholding structure as of 31 December 2021 is as follows:

	<u>Number of shares (thousand)</u>	<u>Amount (RON)</u>	<u>Percentage (%)</u>
Eurobank SA	89,999	89,999	99.9989
Cerved Property Services SA	<u>1</u>	<u>1</u>	<u>0.0011</u>
Total	<u>90,000</u>	<u>90,000</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 5 members appointed by the General Shareholders Meeting (GSM). As of 31 December 2021, the members of the Board of Directors were as follows:

- Stamou Michail;
- Atsali Aikaterini;
- Karamanolis Filippos;

Notes 1 through 10 form an integral part of the financial statements.

RETAIL DEVELOPMENT SA

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

- Pavlou Konstantinos and
- Psychogyios Spyridon.

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 and on 31 December 2020, the Company had no employees.

7 OTHER INFORMATION

a) Probable debts and commitments

The company has commitments in place such as specified in the transactions with related parties.

b) 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.

During the financial year ended 31.12.2021, the company was trading with and/or had outstanding amounts towards the following affiliated parties:

- Eurobank S.A.
- Eurolife ERB Asigurari Generale S.A.
- Eliade Tower SA

Purchase of goods and services

	<u>31 December 2020</u>	<u>31 December 2021</u>
	(RON)	(RON)
Purchase of services		
- <i>related/affiliated entities</i>	63,254	29,053

Notes 1 through 10 form an integral part of the financial statements.

RETAIL DEVELOPMENT SA

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

Interest expense		
- entities holding joint control or a significant influence on the Company	<u>2,383,839</u>	<u>2,417,350</u>
Total	<u>2,447,093</u>	<u>2,446,403</u>

Balances resulting from the sale/purchase of goods/services

	<u>31 December 2020</u> (RON)	<u>31 December 2021</u> (RON)
Debts		
- related/ affiliated entities	6,045	9
Total	<u>6,045</u>	<u>9</u>

Loans from related parties

	<u>31 December 2020</u> (RON)	<u>31 December 2021</u> (RON)
Loans (principal + interest)		
- entities holding joint control or significant influence on the Company	39,898,598	40,543,445
Total	39,898,598	40,543,445

In 2013, the Company received a loan for conducting its current business from the majority shareholder, amounting to RON 39,931,167, the equivalent of EUR 8,070,000, at an interest rate of 6%. Interest to be paid as of 31 December 2021 is RON 612,277, the equivalent EUR 123,740. The maturity date for the loan is 12 March 2023.

c) Information regarding the turnover

On 31 December 2021, the Company's turnover amounted to RON 4,994,771, consisting of revenues from rents.

8 CONTINGENCIES

(a) Court proceedings

The Company is not involved in any court proceedings.

(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 incompliance; 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

RETAIL DEVELOPMENT SA

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021

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

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: