Dolphin Capital Investors

ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2018

new horizons

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Front and back cover: Kéa Island

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Financial highlights *as at 31 December 2018*

GROSS ASSETS

€244m

2017 €395m

2018 €244m

Gross Assets of €244 million (31 December 2017: €395 million)

TOTAL GROUP NET ASSET VALUE ('NAV')

€178m

before deferred income tax liabilities ('DTL')

2017 €223m

2018 €178m

Total Group Net Asset Value ('NAV') of €178 million and €165 million before and after Deferred Tax Liabilities ('DTL') respectively. This represents a decrease of €45 million and €30 million (20.2% and 15.2%) respectively, against the 2017 year-end figures.

NAV reduction principally due to:

- year-end valuation write-downs and impairment charges of €19 million on the DCI asset portfolio; and
- depreciation charges and other operational, corporate, finance and management expenses as detailed in the Financial Position section.

TOTAL GROUP CASH

€9.9m

Total Group cash as of 22 March 2019 was €9.9 million (31 December 2018: €8.6 million)

STERLING NAV PER SHARE

18p

before deferred income tax liabilities ('DTL')

2017 22p

2018 18p

Sterling NAV per share as at 31 December 2018 stood at 18p before DTL and 16p after DTL, versus 22p and 19p, a 19.1% and 14.0% decrease before and after DTL respectively, compared to 31 December 2017. The decrease, mainly reflecting the factors mentioned above, was partially offset by a 1.4% appreciation of the Euro versus Sterling during the period.

TOTAL DEBT

€25m

Group total debt to gross assets ratio of 10%

2017 €98m

2018 €25m

Total Debt of €25 million with a Group total debt to gross asset ratio of 10% (2017: 25%). DCI itself does not have any borrowings. The Group debt is at project level on a non-recourse basis.

OPERATIONAL HIGHLIGHTS

- Sale of investments in Sitia Bay Golf Resort and Triopetra
- Disposal of Amanzoe and sale of 20 Kilada Hills Golf plots
- Disposal of 25% holding in Nikki Beach Resort & Spa project
- Sale of remaining five Seafront Villas at Kilada Hills Golf Resort
- Investment by One&Only into the Kéa project

For more detail, see Investment Manager's Report page 05

Dolphin at a glance

Dolphin is an investor in high-end residential resort developments. Dolphin is managed by Dolphin Capital Partners, an independent real estate private equity firm.

Dolphin's portfolio is currently spread over approximately 32 million^2 of prime coastal developable land in Greece, Cyprus, Croatia and Turkey.

The Board's strategy is to optimise the disposal of the Company's asset portfolio in order to return capital to shareholders.

The Board has been encouraged by the success of the asset and project disposals achieved since the adoption of the New Asset Strategy in December 2016, which have enabled the Company to significantly reduce its overall leverage levels and meet all its operational expenses. The Board considered the timeline for the full disposal, in an orderly manner, of the remaining assets of the Company by the end of 2019 to be unachievable and will not allow the Board to optimise realised returns and cash distributions to shareholders.

Subsequently, on 10 April 2019, a Circular was posted to shareholders for a proposed extension of the divestment period, proposed amendments to Investment Manager Agreement and proposed Continuation Vote. Accordingly, an Extraordinary General Meeting was held on 2 May 2019 during which, in line with the Board's recommendation, the resolution was passed to continue to pursue the New Asset Strategy by extending the Divestment Period for an additional two years, combined with certain changes in the remuneration structure for the Investment Manager. These are designed to further align its interests with those of shareholders.

Our portfolio

	PROJECTS page 09	Land site (hectares)	DCI's stake
#1	Kilada Hills Golf Resort	235	100%
#2	One&Only Kéa Island	65	67%
#3	Scorpio Bay Resort	172	100%
#4	Lavender Bay Resort	310	100%
#5	Plaka Bay Resort	442	100%
#6	Apollo Heights Polo Resort	461	100%
#7	Livka Bay Resort	63	100%
#8	La Vanta – Mediterra Resorts	8	100%
	Aristo Cyprus	1,448	48.7%
	TOTAL	3,204	

Chairman's statement

"We made significant progress in disposing of a number of portfolio assets during the year. Our attention is now focussed on the commencement of construction at the One&Only at Kéa Resort and the first phase of the Kilada Hills Golf Resort within 2019 which, together with the Company's strategic shareholding in Aristo Developers, we consider critical in our efforts to realise tangible value for our shareholders."

Andrew M. Coppel

I am pleased to report Dolphin's financial results for the year ended 31 December 2018 and to provide a trading update.

Results

Total Group NAV as at 31 December 2018 was €178 million and €165 million before and after DTL respectively. This represents a decrease of €45 million (20.2%) and €30 million (15.2%), respectively, from the 31 December 2017 figures.

The loss for the year was mainly due to the €19 million year-end net valuation reduction and impairment charges, as well as the Company's ongoing overhead and finance expenses.

Further details on the financial performance of the Company during the period are included in the Financial Position section of the report.

Portfolio

During 2018, we completed the divestment of a large portion of our Greek asset portfolio following the strategy of the orderly and controlled disposal of the Group's assets. Namely, we were able to realise:

- the sale of Dolphin's investments in Sitia Bay and Triopetra;
- the disposal of our 100% interest in Amanzoe and the conditional sale of 20 Kilada Hills Golf plots;
- the disposal of our 25% shareholding in the Nikki Beach Resort & Spa project; and,
- the sale of all the remaining five Seafront Villas at Kilada.

Following these disposals, the expected completion of the JV agreement with One&Only for their cash equity investment into the Kéa project, as well as the expected finalisation of the senior development facility for Kilada, our remaining asset base can be divided into two major categories:

- our three major assets, Kilada Hills and One&Only Kéa, where development progress is needed to maximise their saleability and realisable value in a realistic timetable, and Aristo Developers; and
- our remaining asset portfolio, which we intend to opportunistically monetise as soon as practicable taking into account, inter alia, permitting and zoning status and requirements.

"We are pleased that the resolution was passed at the EGM, enabling the Company to move to the next stage of its strategy to return capital to shareholders"

Andrew M. Coppel

Strategy

The Board's strategy is to optimise the disposal of the Company's asset portfolio in order to return capital to shareholders.

The Board has been encouraged by the success of the asset and project disposals achieved since the adoption of the New Asset Strategy, in December 2016, which have enabled the Company to significantly reduce its overall leverage levels and meet all its operational expenses. However, the Board considers the timeline for the full disposal, in an orderly manner, of the remaining assets of the Company by the end of 2019 to be unachievable and will not allow the Board to optimise realised returns and cash distributions to shareholders.

In particular, the Board expects that the generation of meaningful distributions for the shareholders will be linked to the sale of the Company's three major projects: the Kilada Hills Golf Resort, the Kéa Resort and its strategic shareholding position in Aristo Developers. The first two of these projects require up to two years of development to maximise sale proceeds to facilitate material distributions to shareholders, whilst the Company's divestment from Aristo requires the ability to structure and implement an exit transaction for a minority position, which is significantly hindered by the existing hard sale deadline. The Board proposed to shareholders to continue to pursue the New Asset Strategy by extending the Divestment Period for an additional two years, combined with certain changes in the remuneration structure for the Investment Manager. These are designed to further align its interests with those of shareholders. On 2 May 2019, in line with the Board's recommendation, as set out in the Company's circular to shareholders dated 10 April 2019, the resolution was passed at the Extraordinary General Meeting.

Notwithstanding the granted extension of the divestment period, the Board and the Investment Manager will nevertheless work towards selling these assets earlier, if feasible, and will always take advantage of any opportunistic deals for the disposal of all assets, whilst at the same time minimising operating costs.

Board

Sue Farr and Rob Heller stepped down from the Board in January 2018. Their contribution was much appreciated and we wish them much success in their other ventures.

Outlook

We made significant progress in disposing of a number of portfolio assets during the year. Our attention is now focussed on the commencement of construction at the One&Only at Kéa Resort and the first phase of the Kilada Hills Golf Resort within 2019 which, together with the Company's strategic shareholding in Aristo Developers, we consider critical in our efforts to realise tangible value for our shareholders.

The completion of Greece's third financial assistance programme in August 2018 and the issuance for the first time since 2010 of a 10-year Greek State Bond in March 2019, marked the termination of the country's eight-year reliance on EU financial stability funds and its return to a stronger economic footing. This steadily improving economic backdrop, together with the record tourist arrivals recorded during 2018 in both Greece and Cyprus, provide significant tailwinds in our continued divestment efforts.

Andrew M. Coppel CBE, Chairman

Dolphin Capital Investors

Investment Manager's Report

Unlocking value for shareholders and implementing the new asset strategy are our key areas of focus.

Investment Manager's Report

"Whilst market conditions for disposals in our geographic area of operation remain challenging, we are encouraged by the disposals realised in 2018 and the continued improvement in the economic landscape in both Greece and Cyprus. We are working closely with the Board to formulate a realistic exit strategy for each remaining asset."

Miltos Kambourides
Founder of Dolphin and Managing Partner of DCP

Unlocking value for shareholders and implementing the new asset strategy are our key areas of focus.

Asset realisations and Divestments

Sitia Bay, Greece

On 18 January 2018, Dolphin entered into an agreement for the disposal of its 77.8% interest in the Sitia Bay Resort project for a total cash consideration of €14 million. The full consideration was received by the Company and the disposal was completed on 3 April 2018.

Triopetra, Greece

On 5 February 20178, Dolphin sold its 100% interest in Triopetra for a total consideration of €4.1 million.

Amanzoe, Greece

On 1 August 2018 the Company entered into an agreement with Grivalia Hospitality S.A. for the disposal of its 100% interest in Amanzoe and the conditional sale of 20 Kilada Hills Golf plots for a €10 million cash consideration. The disposal of Amanzoe completed on 27 September 2018 and the full €5.8 million cash consideration for Amanzoe was paid to Dolphin, whilst the acquirers also assumed all existing liabilities of Amanzoe which amounted to €117 million as at 30 June 2018. The €10 million cash consideration for the purchase of the 20 Kilada Hills plots will be paid in instalments, commencing when the funding for the development of the first phase of the project is secured.

Nikki Beach, Greece

On 26 October 2018, DCI disposed of its 25% interest in the Nikki Beach Resort & Spa project for a total cash consideration of €1.65 million which was received on the date of the transaction.

Kilada Hills Golf Resort, Greece

On 27 December 2018 Dolphin agreed the sale of the remaining five Seafront Villas in Kilada through a wholesale transaction for a total cash consideration of €4.05 million, of which an amount of €3.4 million has been received while the balance will remain in an escrow account as security for potential project related contingent liabilities.

"The Company is working on finalising the pending conditions precedent under the joint venture agreement with One&Only, including the redesign of the resort to meet the One&Only brand standards, the finalisation of the senior loan and the finalisation of the turn-key construction contract so that its completion is achieved within Q2 2019."

Miltos Kambourides
Founder of Dolphin and Managing Partner of DCP

Progress update

Kéa Resort, Greece

The Company is working on finalising the pending conditions precedent under the joint venture agreement with One&Only, including the redesign of the resort to meet the One&Only brand standards, the finalisation of the senior loan and the finalisation of the turn-key construction contract so that its completion is achieved within Q2 2019.

The additional €4 million equity injection in the resort project in consideration for a 10% stake in the project has been committed by third party investors, including the Investment Manager, and will be injected as soon as the joint venture agreement with One&Only completes.

The Company is negotiating a turn-key construction contract with a major local contractor which is expected to be completed within Q2 2019, with work due to commence during 2019, so that the resort can open in time for the 2021 season.

The promotional material for the One&Only Homes has been prepared, and formal PR / Sales and Marketing actions are expected to commence late spring 2019.

Kilada Hills Golf Resort, Greece

The planning process of Kilada Hills Golf Resort was completed on 22 August 2018 when the Joint Ministerial Decision granting approval for the Environmental Conditions and Urban Study for the project was published in the Greek Government Gazette.

The infrastructure drawings of the master residential components and of the irrigation of the golf course are in progress and expected to be completed by Q2 2019.

Discussions with a major local bank for a senior development facility are progressing for a €23 million long-term facility that would finance the project development cost and construction cost input VAT, together with the €10 million proceeds from the sale of 10 Kilada Hills Golf plots.

The project tendering process is underway so that construction works can commence within the year with an aim to be concluded in 2021.

Formal initiation of the project's PR, sales and marketing activities is expected to start once financing is in place. Nevertheless, we have begun to take in some reservations for the Golf plots and one off-plan sale was signed in November 2018.

La Vanta, Turkey

Two residences were sold during 2018, and one more in January 2019 for a total gross consideration of €0.75 million.

Market dynamics

A GREECE

The completion of Greece's third financial assistance programme in August 2018 and the issuance for the first time since 2010 of a 10-year Greek State Bond in March 2019, marked the termination of the country's eight-year reliance on EU financial stability funds and its return to a stronger economic footing.

Furthermore, tourist arrivals and revenues posted new records in Greece during 2018. According to the provisional data issued by the Bank of Greece, more than 30 million tourists arrived in Greece in 2018, a rise of 10.8%, while travel revenues exceeded €16 billion for the year, up 10% compared to 2017.

The vast majority of tourists, amounting to 21.4 million out of the 30 million who travelled to Greece, were European citizens from another EU member state. Another 8.7 million tourists came from countries outside of the EU.

The increase in the number of tourists over the past year came mainly from inside the EU, as the number of EU nationals visiting the country increased by 15.1% over the previous year. The number of non-EU tourists over that same period increased by only 1.3% compared to 2017's numbers.

According to the Greek Tourism Confederation, tourism traffic and revenues are expected to remain similar for 2019.

B CYPRUS

Cyprus welcomed 3.93 million tourists in 2018, an increase of 7.8% compared to 2017 which was also a record year. The UK and Russia constitute the main sources of tourism for Cyprus, with visitor proportions at 33.7% and 19.9% respectively. Cyprus Tourism Organisation forecasts for 2019 anticipate another successful year.

In addition, according to 'Cyprus Real Estate Market Report - The Insights' (KPMG, December 2018), the Cypriot economy continued its positive growth in 2018 and the positive economic performance over the past years has led to a series of upgrades of Cyprus' sovereign rating by various international credit rating agencies. With regards to the latest update by S&P, Fitch and DBRS, Cyprus' sovereign rating was upgraded to 'Investment Grade' with stable outlook, signalling the strong performance and improvement of the Cypriot economy.

Real estate activity continued its upward trend in 2018, with residential sales contracts showing an increase of 21%, while non-nationals in 2018 bought 103% more properties compared with Q1-Q3 2017, reaching a 48% share of the overall market.

C CROATIA

A record of almost 20 million tourists visited Croatia in 2018, demonstrating a 6.5% uplift compared to 2017, while 106 million overnight stays were recorded representing 4% more than the previous year, according to the Ministry of Tourism. Istria was the most popular region this year, followed by Split.

In addition, more than €1 billion was invested in tourism during 2018 and the investment in 2019 is expected at a similar level.

Demand for luxury real estate was up by 25% compared to 2017 and the prices of luxury real estate rose by 10-15%, reaching €5,000 to €6,000 per m² as reported by Sotheby's. Positive market trends are expected to continue in 2019, with an expected price growth of up to 10%, followed by an even greater growth in demand for luxury real estate.

D TURKEY

After the end of the crisis connected to heightened alarm over security, Turkey registered a boom in tourism in 2018 as more than 39.5 million tourists visited the country, with a nearly 22% year-on-year increase according to the Ministry of Tourism. The majority of foreign visitors were from Russia (+26.5% on 2017). Tourism revenues rose to US$29.5 billion in 2018, with a 12.3% increase compared to the previous year.

The boom was also supported by the depreciation of the Turkish lira compared to euro and dollar, mainly driven by the Fed's tightening monetary policy, the widening of the current account deficit and political uncertainty.

The tourism and hotel market in Turkey has shown great resilience to the crisis of the past two years as the market recovered after seeing a sharp decline in performance measures. However, foreign investors' interest in the Turkish real estate market has shown a significant decrease over the last three years due to political and economic uncertainty, as reported by JLL research.

Portfolio review

DOLPHIN STAKE: 100%

AREA SIZE: 235 hectares, 0.1 km coastline

COMPOSITION

Phase I – Golf residential community permitted to start construction

18-hole Jack Nicklaus Signature Golf Course

Golf clubhouse

c.230 golf residences

c.86 branded villas & residences

Beach club

Other Phases

100-room luxury hotel

Beach club expansion

STATUS

Current permits in place to allow commencement of the Golf phase construction

One of the first projects in Greece to receive 'Strategic Investment' status and permit, which gives significant residential building density advantages and removes the requirement of building a hotel

PARTNERS

www.nicklaus.com

www.denniston.com.my

Kilada Hills Golf Resort
Peloponnese, Greece

Kilada Hills Golf Resort represents the development of the most exclusive golf residential community in Greece, a few minutes' drive from Amanzoe, to include the first Jack Nicklaus championship golf course in the country, together with over 250 luxury serviced residences. There is an impressive array of archaeological sites locally, as well as the cosmopolitan islands of Spetses and Hydra just a stone's throw away.

OPERATIONS UPDATE

The planning and zoning process of Kilada Hills Golf Resort was completed on 22 August 2018, when the Joint Ministerial Decision granting approval for the Environmental Conditions and Urban Study for the project was published in the Greek Government Gazette, making Kilada the first ever private project in Greece to receive an approval under the Strategic Project Legislation. Discussions with a major local bank for a senior development facility are underway together with the project tendering process so that construction works can commence during the year.

On 27 December 2018, Dolphin agreed the sale of the remaining five Seafront Villas at Kilada through a wholesale transaction for a total cash consideration of €4.05 million, of which an amount of €3.4 million has been received while the balance will remain in an escrow account as security for potential project related contingent liabilities.

At the heart of the captivating development, along the shores of the Peloponnese, Kilada Hills Residences are positioned to become the grand destination for families and savvy individuals to enjoy discreet luxury, club services and resort amenities in the Mediterranean, all just a few hours flight from Europe's capital cities.

Sotheby's International Realty


The dramatic hillside location offers incomparable opportunities for skiing, mountain biking, hiking, trekkers and horseback riders alike
ATHENS
PIRAEUS
CORINTH CANAL
The well-preserved ruins of the ancient city of Mycenae are in close proximity
MYCENAE
2-hour drive from ATHENS INTERNATIONAL AIRPORT
EPIDAVROS
NAFPLION
POROS ISLAND
2 hours by ferry from Piraeus Port
The dramatic hillside setting and unobstructed sea views provide the perfect base for the 18-hole championship golf course
1
HYDRA ISLAND
Kilada Hills Golf Resort
235 hectares
The spectacular all-year-round weather conditions and tranquil waters provide ideal conditions for the full range of water sports

DOLPHIN STAKE: 67%

AREA SIZE: 65 hectares, circa. 1 km of coastline

STATUS: The project has received all required permits to start construction

PARTNERS

One&Only
KÉA ISLAND
Greece

www.oneandonlyresorts.com

Heah & Co

One&Only Kéa Island
Tzia, Greece

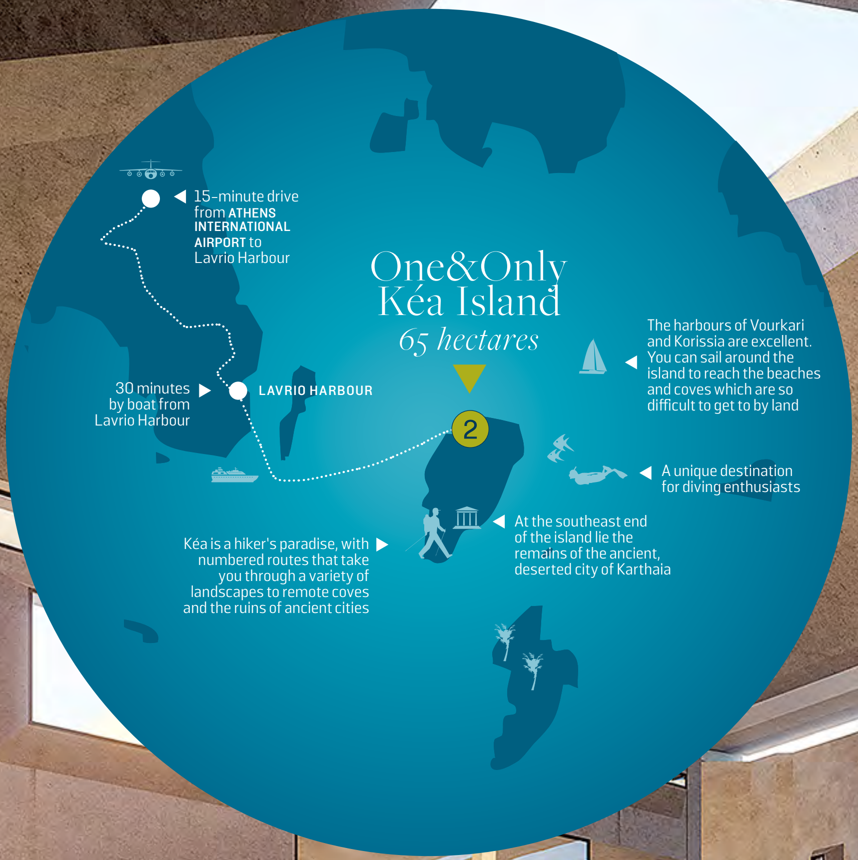
One&Only Kéa Island is Dolphin's third resort in Greece to be constructed on the island of Kéa, the closest Cycladic island to Athens. Surrounded by dramatic sea views and a spectacular sandy beach offering a natural harbour and a safe shelter from the Aegean wind, One&Only Kéa Island is accessible through a 15-minute drive from Athens International Airport to Lavrio Harbour, followed by a 30-minute boat ride.

OPERATIONS UPDATE

The revised construction permits for the One&Only Kéa Island project were issued on 7 July 2018 and the redesign of the resort to meet the One&Only standards has been completed. The bidding process for the appointment of a construction company is underway. Following these developments, and the finalisation of the definitive documentation for the project's senior bank loan which is underway, we expect that all the pending conditions precedent for the finalisation of the joint venture with One&Only for the development of the project will be met within Q2 2019. The commencement of the project development is expected within 2019, so that the resort opens in time for the 2021 season.

KÉA ISLAND. CLASSICAL BEAUTY

Whilst every island of the Cyclades family has its own unique charm, Kéa is known as a haven of breathtaking natural beauty. Undulating landscapes are peppered with vineyards, olive groves, ancient trails, and terracotta-coloured villages. Set apart by a sprawling forest of oak that harbours a fascinating array of birds. A true hiker's paradise.


One&Only
Kéa Island
65 hectares
2
15-minute drive from ATHENS INTERNATIONAL AIRPORT to Lavrio Harbour
LAVRIO HARBOUR
30 minutes by boat from Lavrio Harbour
The harbours of Vourkari and Korissia are excellent. You can sail around the island to reach the beaches and coves which are so difficult to get to by land
A unique destination for diving enthusiasts
At the southeast end of the island lie the remains of the ancient, deserted city of Karthaia
Kéa is a hiker's paradise, with numbered routes that take you through a variety of landscapes to remote coves and the ruins of ancient cities

3

Scorpio Bay Resort

Viotia, Greece

DOLPHIN STAKE: 100%

AREA SIZE: 172 hectares, approximately 2 km of seafront

LOCATION: Skorponeri, Viotia region, making this probably the closest luxury seaside residential resort to Athens

ACCESS: A 1-hour drive from Athens International Airport

SPECIAL FEATURES: A mountainous peninsula of unspoilt natural beauty overlooking a secluded bay and the island of Evoia, and within a 1-hour drive from the ski resort of Mount Parnassus

COMPOSITION: Luxury wellness resort with full service spa and sea related facilities

DESIGN: Hotel and villa designed by Heah & Co, led by John Heah

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Lavender Bay Resort

Magnesia, Greece

DOLPHIN STAKE: 100%

AREA SIZE: 310 hectares, 2 km of seafront

LOCATION: Near the town of Volos, in the region of Thessalia, at the mouth of Pagasitikos Gulf

ACCESS: Approximately 2.5-hour drive from both Athens and Thessaloniki International Airports, also 20-minute drive from new Aghialos International Airport

SPECIAL FEATURES: Unspoilt, undulating hills fronted by a 2 km beach and surrounded by forest

COMPOSITION

A 180-room hotel

More than 220 branded residential units

More than 390 non-branded residential units

An 18-hole Gary Player Signature golf course

Beach club and other leisure facilities

DESIGN: Masterplan by EDSA, golf design by Gary Player and hotel and residences design by Chad Oppenheim (Oppenoffice)

5

Plaka Bay Resort

Crete, Greece

DOLPHIN STAKE: 100%

AREA SIZE: 442 hectares, 7 km of seafront

LOCATION: The island of Crete

ACCESS: A 40-minute drive east from Sitia International Airport, a 2-hour drive east from Heraklion International Airport and in close proximity to Sitia Harbour

SPECIAL FEATURES: Easternmost point of Crete

COMPOSITION

A residential development of over 70,000m^2

One or more 5-star hotels

Other supporting recreational facilities and potentially an 18-hole golf course

DESIGN: Masterplan prepared by Hart Howerton

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Apollo Heights Polo Resort

Cyprus

DOLPHIN STAKE: 100%

AREA SIZE: 461 hectares

LOCATION: Near the town of Limassol

ACCESS: Less than 1-hour drive from both of the island's international airports

SPECIAL FEATURES

With excellent views of the sea, the mountains and neighbouring villages, the site also lies adjacent to a number of polo fields and an 18-hole golf course, and is 500m away from the beach

COMPOSITION

Hotel facilities

Residential units

Polo fields

18-hole golf course

DESIGN: Masterplan by EDSA and golf course design by Tony Jacklin Design

7

Livka Bay Resort

Solta, Croatia

DOLPHIN STAKE: 100%

AREA SIZE: 63 hectares, 3 km of seafront

LOCATION: The bay of Livka on the south end of the island of Solta, off the Dalmatian Coast

ACCESS: 20 km boat ride from Split International Airport

SPECIAL FEATURES: One of the first luxury residential resorts on the Dalmatian coast

COMPOSITION

Luxury hotel with 100 rooms and suites

Approximately 200 private, serviced residences

120-berth marina

Other supporting recreational, sports and retail facilities

DESIGN: WATG

www.livka.com

8

La Vanta – Mediterra Resorts

Antalya, Turkey

OPERATIONS UPDATE

Sales agreements were signed for two residences at La Vanta, Turkey in 2018 and one more followed in early 2019.

DOLPHIN STAKE: 100%

AREA SIZE: 8 hectares

LOCATION: The Antalya region of southern Turkey

ACCESS: A 1.5-hour drive from Dalaman International Airport

SPECIAL FEATURES

La Vanta development is very close to the well-known beaches of Kaputas and Patara and within walking distance of Kalkan beach

5-minute drive to the beach

COMPOSITION

La Vanta is a development of over 25,000m², comprising over 120 villas and townhouses.

Phase 1 was completed in 2009 with 41 units already delivered. Phase 2 is currently under construction

DESIGN: Cemal Mutlu & Xavier Bohl

www.mediterraresorts.com

ARISTO DEVELOPERS

Aristo Developers
Cyprus

DCI has a 47.9% stake in Aristo Developers Ltd

- Large private landowner and one of the largest holiday home developers in Cyprus
- 30 years of development expertise and market knowledge
- Over 3,000 holiday homes sold since 2004
- Diversified portfolio
- Over 250 projects island wide and 50 projects currently in the market
- Member of the FIABCI International Real Estate Federation & the EU Eco-Management & Audit Scheme (EMAS)
- Extensive international sales network

www.aristodevelopers.com

Operating performance

115 homes and plots were sold, representing total sales of €67.2 million, up 2% compared to €66.2 million for 2017, driven by higher prices per m².

- Strong sales momentum continued from China during 2018, representing more than 50% of sales.
- This sales momentum has continued in 2019, with 24 homes and plots sales during the first two months of 2019, representing total sales of €17 million, up 58% compared to the corresponding period in 2018.
- The Company received a €2 million distribution from Aristo during Q4 2018.

	12 months to 31 December 2018	12 months to 31 December 2017
RETAIL SALES		
New sales booked	€67.2m	€66.2m
% change	2%	–
Units sold	115	127
% change	-9%	–
CLIENT ORIGIN		
China	59%	71%
Other Asia	15%	10%
MENA	12%	10%
Russia	6%	4%
UK	1%	–
Cyprus & Other EU	4%	3%
Other	2%	2%

The vast majority of Aristo's sales are under the Cyprus citizenship investment programme, which offers Cypriot citizenship to foreign nationals investing €2 million into real estate. Consequently, the bulk of the relevant sales proceeds remains in escrow until the citizenship is awarded to the applying customer and the construction of the property sold (for off-plan sales) progresses; the full sales proceeds release typically ranges between 8 to 20 months from the signing of each sale transaction. Aristo had a total of €21.5 million in blocked/escrowed funds as at YE 2018 (€19.6 million in YE 2017). As the relevant applications mature and properties are being delivered, its available cash balances are expected to significantly increase.

- We are encouraged by the sustained improvement in Aristo operations and cash-flow generation and the continued strong sales during 2018, alongside the significant reduction in Aristo's bank debt burden achieved during 2017.
- On the back of this operational momentum, we are actively considering divestment alternatives for the realisation of our holding in Aristo, as well as extracting some value in the form of additional shareholder distributions from Aristo's operating profits.

Portfolio breakdown

A summary of Dolphin's current investments is presented below.
*As at 31 December 2018, the net investment amount stood at €424 million**

PROJECTS	Land site (hectares)	DCI's stake	Investment cost* (€m)	Debt** (€m)	Real estate value (€m)	Loan to real estate asset value (%)
#1 Kilada Hills Golf Resort	235	100%	91	–		
#2 One&Only Kéa Island	65	67%	10	–		
#3 Scorpio Bay Resort	172	100%	15	–		
#4 Lavender Bay Resort	310	100%	27	–		
#5 Plaka Bay Resort	442	100%	13	–		
#6 Apollo Heights Polo Resort	461	100%	25	17.4		
#7 Livka Bay Resort	63	100%	31	7.1		
#8 La Vanta – Mediterra Resorts	8	100%	18	–		
TOTAL	1,756		230	24.5	188	13%
Aristo Cyprus*	1,448	47.9%	192	–	43	
Itacaré Investment	n/a	13%	2	–	1	
GRAND TOTAL	**3,204**		**424**	**24.5**	**232**	**11%**

* Residual investment cost, including amounts paid in shares.
** Further details on debt maturities are set out under note 23 of the financial statements.

A breakdown of Dolphin's portfolio, as at 31 December 2018, for certain key metrics is provided below.

COUNTRY	Land size (hectares)	Investment cost * (€m)	Debt (€m)	Real estate value (€m)	Loan to real estate asset value (%)	Net Asset Value
A Greece	1,224	156	–	132	–	56%
B Cyprus**	1,909	217	17.4	66	26%	29%
C Other	71	51	7.1	34	21%	15%
GRAND TOTAL	**3,204**	**424**	**24.5**	**232**	**11%**	**100%**

* Residual investment cost, including amounts paid in shares.
** DCI's portfolio in Cyprus includes its equity investment in Aristo Developers Ltd, which owns assets in Cyprus that are subject to Aristo's debt and other obligations.

Permitting status update

GREECE	LC	A	MP	PEIS	GNTO S	EIS	AD	GNTO A	CP	UC
Kilada Hills Golf Resort										
Hotel	●	●	●	●	●	●	●	●	●	○
The Seafront Villas	●	●	●	●	●	●	●	●	●	◐
Residential	●	●	●	●	●	●	●	◐	○	○
Golf	●	●	●	●	●	●	●	●	●	○
One&Only Kéa Island	●	●	●	●	●	●	●	●	●	○
Scorpio Bay Resort	●	●	●	●	●	●	○	○	○	○
Lavender Bay Resort										
Hotel	●	●	●	●	●	◐	◐	○	○	○
Golf	●	●	●	○	○	○	○	○	○	○
Residential	●	●	●	●	N/A	◐	◐	N/A	○	○
Plaka Bay Resort	●	●	◐	◐	◐	○	○	○	○	○

CYPRUS	IMP	MPA	EIS	AD	BP	CP	UC
Apollo Heights Polo Resort	◐	○	○	○	○	○	○

CROATIA	IMP	EA	TZ	UP	EIS	LP	CP	UC
Livka Bay Resort								
Phase 1	●	●	●	●	●	●	○	○
Phase 2	●	●	●	●	●	◐	○	○

TURKEY	LC	MP	Z	CP	UC
La Vanta – Mediterra Resorts					
Phase 1	●	●	●	●	●
Phase 2	●	●	●	●	◐
Future phases	●	●	●	○	○

KEY

● Completed
◐ In progress
○ To be initiated
N/A Not applicable

GREECE

LC	Land characterisation
A	Archaeology
MP	Masterplan
PEIS	Preliminary environmental impact study
GNTO S	Greek National Tourism Organisation suitability
EIS	Environmental impact study
AD	Architectural designs
GNTO A	Greek National Tourism Organisation approval
CP	Construction permit
UC	Under construction

CYPRUS

IMP	Initial masterplan
MPA	Masterplan approved
EIS	Environmental impact study
AD	Architectural design
BP	Building permit
CP	Construction permit
UC	Under construction

CROATIA

IMP	Initial masterplan
EA	Environmental assessment
TZ	Tourist zoning
UP	Urbanistic plan
EIS	Environmental impact study
LP	Location permit
CP	Construction permit
UC	Under construction

TURKEY

LC	Land characterisation
MP	Masterplan
Z	Zoning
CP	Construction permit
UC	Under construction

go to page 12 for information on One&Only Kéa Island

Investment Manager's Report

Future objectives

The Company's main objectives for 2019 are to:

1. Execute further asset disposals;
2. Initiate construction at the One&Only Kéa Island and Kilada Hills Golf Resort developments; and
3. Progress planning and permitting selectively for the remaining portfolio to maximise sales proceeds and expedite divestment timing.

Miltos Kambourides, Managing Partner
Pierre Charalambides, Founding Partner

Dolphin Capital Partners

Working together...

We partner with some of the world's most recognised hotel operators, architects and golf operators for the creation of sophisticated leisure integrated residential resorts in emerging markets. On a project-by-project basis, Dolphin has joint ventured with leading local or international operating and investment partners.

HOTEL OPERATORS

One&Only KÉA ISLAND Greece

- One&Only Kéa Island

www.oneandonlyresorts.com

ARCHITECTS

DENNISTON

Design:

- The Chedi

www.denniston.com.my

HART HOWERTON

Masterplan and design:

- Plaka Bay Resort

www.harthowerton.com

EDSA

Masterplan:

- Apollo Heights Polo Resort

www.edsaplan.com

Heah & Co

Design:

- One&Only Kéa Island
- The Oberoi at Scorpio Bay Resort

OPPENHEIM

Design:

- The Kempinski at Lavender Bay Resort

www.oppenoffice.com

WATG

Design:

- The hotel in Livka Bay Resort

www.watg.com

CM MIMARLIK

Design:

- La Vanta Resort

www.cemalmutlu.com

GOLF COURSE DESIGN

Jack Nicklaus — A Signature Golf Course

Signature golf course design:

- Kilada Hills Golf Resort

www.nicklaus.com

TONY JACKLIN DESIGN

Golf course design:

- Apollo Heights Polo Resort

www.tonyjacklin.com

Gary Player DESIGN

Golf course design:

- Lavender Bay Resort

www.garyplayer.com

GOLF & LAND DESIGN

Golf course design:

- Apollo Heights Polo Resort

www.golf-land-design.com

PROJECT PARTNERS

ARISTO DEVELOPERS

www.aristodevelopers.com

Financial position

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

	31 December 2018 €'000	31 December 2017 (Restated) €'000
CONTINUING OPERATIONS		
Revenue	4,387	1,273
Cost of sales	(2,099)	(1,969)
GROSS PROFIT/(LOSS)	**2,288**	**(696)**
Disposal of investments	(2,229)	4
Change in valuations	(19,015)	(17,450)
Investment Manager fixed remuneration	(5,000)	(6,000)
Directors' remuneration	(561)	(701)
Professional fees	(3,874)	(4,516)
Administrative and other expenses	(1,793)	(6,558)
Depreciation charge	(45)	(35)
Total operating and other expenses	**(32,517)**	**(35,256)**
Results from operating activities	**(30,229)**	**(35,952)**
Finance income	–	4,069
Finance costs	(6,963)	(8,071)
Net finance costs	**(6,963)**	**(4,002)**
Loss before taxation	**(37,192)**	**(39,954)**
Taxation	1,614	2,893
Loss from continuing operations	**(35,578)**	**(37,061)**
DISCONTINUED OPERATION		
(Loss)/profit from discontinued operation, net of tax	(5,593)	9,792
Loss	(41,171)	(27,269)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss		
Revaluation of property, plant and equipment	11,942	4,515
Related tax	(2,985)	(1,309)
	8,957	3,206
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences	2,201	(11,561)
	2,201	(11,561)
Other comprehensive income, net of tax	**11,158**	**(8,355)**
Total comprehensive income	**(30,013)**	**(35,624)**
Loss attributable to:		
Owners of the Company	(40,706)	(31,986)
Non-controlling interests	(465)	4,717
	(41,171)	(27,269)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the Company	(29,551)	(39,757)
Non-controlling interests	(462)	4,133
	(30,013)	(35,624)
(LOSS)/EARNINGS PER SHARE		
Basic and diluted loss per share (€)	**(0.05)**	**(0.04)**
Basic and diluted loss per share – Continuing operations (€)	**(0.04)**	**(0.05)**
Basic and diluted (loss)/earnings per share – Discontinued operation (€)	**(0.01)**	**0.01**

Further analysis of individual revenue and expense items is provided below.

Financial results

Loss after tax for the period ended 31 December 2018 attributable to owners of the Company amounted to €41 million compared to €32 million for the year ended 31 December 2017. Loss per share was €0.05 in 2018 and €0.04 in 2017. The loss was principally due to:

- the year-end net valuation losses and impairment charges of €19 million; and
- the Group's depreciation costs and other operational, corporate, finance and management expenses as further explained below.

Consolidated statement of profit or loss and other comprehensive income continued

For the year ended 31 December 2018

Revenue

Revenues from continuing operations of €4.4 million (31 December 2017: €1.3 million) were derived from the following sources:

	31 December 2018 € million	31 December 2017 € million
Sale of trading & investment properties	2.0	0.2
Other income	2.4	1.1
TOTAL	**4.4**	**1.3**

Professional fees

The charge for the period from continuing operations was €3.9 million (31 December 2017: €4.5 million) and comprises the following:

	31 December 2018 € million	31 December 2017 € million
Legal & administrator fees	0.7	0.9
Auditors' remuneration	0.4	0.6
Accounting expenses	0.3	0.3
Appraisers' fees	0.1	0.1
Project design and development fees	1.8	1.8
Consultancy fees	0.1	0.2
Other professional fees	0.5	0.6
TOTAL	**3.9**	**4.5**

Administrative and other expenses

The administrative and other expenses from continuing operations amounted to €1.8 million (31 December 2017: €6.5 million) and are analysed as follows:

	31 December 2018 € million	31 December 2017 € million
Travelling and accommodation	0.1	0.3
Insurance	0.1	0.1
Repairs and maintenance	0.1	0.3
Marketing and advertising expenses	0.2	0.3
Immovable property and other taxes	0.5	0.5
Rents	0.1	0.2
Litigation provision	0.0	4.0
Other	0.7	0.8
TOTAL	**1.8**	**6.5**

Change in valuations

Change in valuations from continuing operations amounted to €19.0 million (31 December 2017: €17.4 million) and is analysed as follows:

	31 December 2018 € million	31 December 2017 € million
Net change in fair value of investment property	13.0	12.5
Impairment loss on trading properties	3.8	0.7
Impairment loss on re-measurement of disposal groups	3.0	3.4
Net reversal of (impairment loss) and write offs of property, plant and equipment	(0.8)	1.0
Reversal of concession/write off of land	0.0	(0.2)
TOTAL	**19.0**	**17.4**

Net finance costs

The charge for the period from continuing operations was €7.0 million (31 December 2017: €4.0 million) and comprises the following:

	31 December 2018 € million	31 December 2017 € million
Finance income	0.0	4.1
Finance costs	(7.0)	(8.1)
TOTAL	**(7.0)**	**(4.0)**

In 2017, the Company entered into new contracts in connection with the deferred purchase of land at Lavender Bay. The revised interest rate agreed on the outstanding consideration is lower than the one reflected in the previous contracts. As the new contracts have a retroactive effect, the interest accrued in prior years of c. €4 million was reversed during the year ended 31 December 2017, resulting in corresponding finance income.

Consolidated statement of financial position

As at 31 December 2018

	31 December 2018 €'000	31 December 2017 €'000
ASSETS		
Property, plant and equipment	12,267	87,551
Investment property	116,391	138,672
Deferred tax assets	–	994
Non-current assets	**128,658**	**227,217**
Trading properties	–	30,572
Receivables and other assets	1,863	5,374
Cash and cash equivalents	7,938	2,444
Assets held for sale	105,600	129,131
Current assets	**115,401**	**167,521**
TOTAL ASSETS	**244,059**	**394,738**
EQUITY		
Share capital	9,046	9,046
Share premium	569,847	569,847
Retained deficit	(422,222)	(397,746)
Other reserves	7,845	12,912
Equity attributable to owners of the Company	**164,516**	**194,059**
Non-controlling interests	5,752	4,769
TOTAL EQUITY	**170,268**	**198,828**
LIABILITIES		
Loans and borrowings	–	68,544
Finance lease liabilities	3,005	2,990
Deferred tax liabilities	8,444	19,561
Trade and other payables	20,647	20,858
Deferred revenue	–	6,985
NON-CURRENT LIABILITIES	**32,096**	**118,938**
Loans and borrowings	17,326	21,171
Finance lease liabilities	8	8
Trade and other payables	6,374	16,193
Deferred revenue	–	13,834
Liabilities held for sale	17,987	25,766
Current liabilities	**41,695**	**76,972**
TOTAL LIABILITIES	**73,791**	**195,910**
TOTAL EQUITY AND LIABILITIES	**244,059**	**394,738**
NET ASSET VALUE ('NAV') PER SHARE (€)	**0.18**	**0.21**

The reported NAV as at 31 December 2018 is presented below:

	As at 31 December 2018		Variation since 31 December 2017	
	€	£	€	£
Total NAV before DTL (million)	178	160	(20.2%)	(19.1%)
Total NAV after DTL (million)	165	148	(15.2%)	(14.0%)
NAV per share before DTL	1.20	0.18	(20.2%)	(19.1%)
NAV per share after DTL	0.18	0.16	(15.2%)	(14.0%)

Notes:
1. Euro/GBP rate 0.90053 as at 31 December 2018 and 0.88773 as at 31 December 2017.
2. NAV per share has been calculated on the basis of 904,626,856 issued shares as at 31 December 2018 and as at 31 December 2017.

Total Group NAV as at 31 December 2018 was €178 million and €165 million before and after DTL respectively. This represents a decrease of €45 million (20.2%) and €30 million (15.2%), respectively, from the 31 December 2017 figures. This NAV reduction is mainly due to the valuation write-downs relating to the Company's assets as well as Dolphin's regular fixed operational, corporate, finance and management expenses.

Sterling NAV per share as at 31 December 2018 was 18p before DTL and 16p after DTL and decreased by 19.1% and 14.0% before and after DTL respectively compared to the 31 December 2017 figures. The valuation decreases and operational expenses mentioned above were counter-balanced by a 1.4% appreciation of the Euro versus Sterling.

The Company's consolidated assets of €244 million include €128 million of real estate assets, €106 million of assets held for sale, €2 million of other assets (trade and other receivables) and €8 million in cash.

The figure of €128 million of real estate assets (property, plant and equipment and investment property) represents the independent property valuations conducted as at 31 December 2018 by American Appraisal (for the Greek and Cypriot projects) for both freehold and long leasehold interests in the Kilada Hills, Scorpio Bay, Lavender Bay, Apollo Heights and Plaka Bay projects.

The €106 million of assets held for sale includes €60 million of real estate assets (property, plant and equipment, investment property and trading properties), €43 million of investment in equity accounted investees (the Company's 47.9% interest in Aristo as at 31 December 2018), €1 million of available-for-sale financial assets which represents the Company's investment in Itacare and €2 million of other assets. The €60 million figure comprises the appraised value of Kéa Resort, Livka Bay and La Vanta (Colliers International conducted the independent property valuation for Croatia and Turkey) as well as the value of the Seafront Villas based on the respective sale agreement.

The Company's consolidated liabilities (excluding DTL) total €60 million and mainly comprise €27 million of interest bearing loans and finance lease obligations (of which €7 million are classified as liabilities held for sale). All loans are held by Group subsidiaries and are non-recourse to Dolphin. The €33 million of trade and other payables (including €6 million of trade and other payables held for sale) comprise mainly €21 million of option contracts to acquire land in the Company's Lavender Bay project.

The consolidated financial statements have been audited by KPMG.

Board of Directors

ROLE

Dolphin's Board of Directors (the 'Board') is the Company's absolute decision-making body, approving and disapproving all investment activity proposed by the Investment Manager. The Board is responsible for acquisitions, divestments and major capital expenditures and focuses on the Company's long-term objectives, strategic direction and dividend policy. The biographical details of all the Directors are given here.

ANDREW COPPEL

Chairman

Andrew Coppel has over 20 years' experience within the hospitality and leisure sectors in chairman, CEO and/or senior board level roles, as well as being a non-executive director of one of the UK's largest residential housebuilders.

Most recently, from 2011 to 2015, Andrew was CEO of De Vere Group, one of the largest hotel and leisure groups in the UK, having joined the business initially as executive chairman in March 2010. As CEO, he led a team in turning round the group, building value through operational and investment initiatives, and crystallising that value principally through the sales of the three main divisions to US private equity firms. This resulted in the repayment to Lloyds Banking Group of over £1bn.

Andrew was chairman and CEO of McCambridge Group from 2008 to 2009 and CEO of Jockey Club Racecourses from 2004 to 2007. In 1993, he joined Queens Moat Houses, one of the largest hotel groups in Europe, where he was group CEO until 2003. From 1990 to 1993 he was chairman and CEO of Sale Tilney.

In a non-executive capacity, he was the first chair of Tourism Ireland for seven years (2001-2007), chair of London Irish Rugby Football Club (2008-2011) and a non-executive director of Crest Nicholson (2009-2011). He also sat on Lloyds Bank's Advisory Board on Ireland. Andrew was awarded a CBE in 2009 for services to Irish tourism.

MARK TOWNSEND

Mark Townsend is Investment Consultant to Asset Value Investors Limited, a significant shareholder of the Company. Mark has nearly 40 years' experience investing in listed property companies and directly into property markets in Europe.

Mark has managed the French Property Trust and the European Asset Value Fund, along with discretionary US and European mandates, which focused on under-researched, under-valued listed property companies throughout Europe. Mark was elected a Fellow of the Royal Institution of Chartered Surveyors in 1990.

GRAHAM WARNER

Graham Warner is a non-executive director at J O Hambro Capital Management Umbrella Fund plc, which continues to be a significant shareholder of the Company. Graham has nearly 40 years' experience in banking and financial services, most recently as finance director of J O Hambro Capital Management Group Limited, and extensive experience of statutory reporting and governance of publicly listed entities.

Prior to joining J O Hambro in 2000, Graham worked for Mercury Asset Management (subsequently Merrill Lynch Investment Managers), where he was responsible for Mercury's financial accounting and regulatory reporting. He has also worked for the National Bank of Kuwait Group and Hong Kong & Shanghai Banking Corporation in senior financial management roles. Graham is a qualified Chartered Accountant.

MILTOS KAMBOURIDES

Miltos Kambourides is the founder and Managing Partner of Dolphin Capital Partners (DCP), a private equity business founded in 2004, specialising in real estate investments.

Miltos was previously a founding partner of Soros Real Estate Partners (SREP), a global real estate private equity business formed in 1999 by George Soros, which executed a number of complex real estate transactions in Western Europe and Japan.

Prior to joining Soros, Miltos spent two years at Goldman Sachs working on real estate private equity transactions in the UK, France and Spain. In 1998, he received a Goldman Sachs Global Innovation Award for his work at Trillium, the largest real estate outsourcing company in the UK.

He graduated from the Massachusetts Institute of Technology with a BS and MS in Mechanical Engineering and a BS in Mathematics. He has received several academic honours and participated twice in the International Math Olympiad (Beijing 1990, Moscow 1992) and once in the Balkan Math Olympiad (Sofia 1990) where he received a bronze medal.

Financial statements

KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
T: +357 22 209000, F: +357 22 678200

Independent Auditors' report

to the Members of Dolphin Capital Investors Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of Dolphin Capital Investors Limited (the 'Company'), and its subsidiaries (together with the Company, the 'Group'), which are presented on pages 33 to 77 and comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU').

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants ('IESBA Code'), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

We draw attention to note 2(b) of the consolidated financial statements of the Company for the year ended 31 December 2018, which explains that they have been prepared taking into account the Company's intention to dispose of all of its assets by 31 December 2019. The Board is aware that it is not realistic to dispose all of the remaining assets by 31 December 2019, and it is therefore committed to convene a shareholders' meeting during 2019, so that shareholders have an opportunity to review the life of the Company and consider its strategy. The Board is in the process of formulating its proposal to the Company's shareholders, which will be announced in the near future. The basis of preparation used continues to be in accordance with IFRS-EU. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

VALUATION OF IMMOVABLE PROPERTY

(Refer to notes 16 to 19 to the consolidated financial statements)

The risk

The Group has a significant portfolio of immovable property which is classified, depending on the case, as investment property, property, plant and equipment, trading properties and disposal groups held for sale. The total carrying amount of the aforementioned immovable properties as at 31 December 2018 was €189 million.

Investment properties are measured at fair value, property, plant and equipment at revalued amounts, which are based on fair value, trading properties at the lower of cost and net realisable value and assets held for sale at fair value less costs to sell. In determining fair values the Company utilises in most cases independent professional valuers.

There are significant judgements and estimates inherent in estimating fair value and net realisable value (which is based on the intended development and future selling price of these properties).

The existence of significant estimation uncertainty coupled with the fact that only a small percentage change in the assumptions can have a significant impact on the valuation is why we have given specific audit focus and attention to this area.

Our response

Our audit procedures in relation to the valuation of immovable properties included among others:

- evaluating the competence, capabilities and objectivity of the external valuation specialists engaged by the Company. In the limited cases where the valuation of disposal groups was carried out directly by the Company, the competence and experience of the internal valuation team was evaluated.
- challenging the appropriateness of the valuation methodology and assumptions used. Assumptions, such as those relating to the discount rates used and the amounts and timing of forecasted cash inflows and outflows, as well as the comparables used and adjustments made in valuations, were challenged based on industry norms and external data. Our internal valuation specialist was used within this process. Explanations were sought for significant movements in value.
- assessing the sensitivity of the forecasts used in valuations.
- assessing the adequacy of the disclosures around the valuation of property assets.

CLASSIFICATION AS DISPOSAL GROUPS HELD FOR SALE AND PRESENTATION OF DISCONTINUED OPERATION

(Refer to notes 10 and 18 to the consolidated financial statements)

The risk

The Company presented in its consolidated statement of financial position five of its property-owning sub-groups as disposal groups held for sale and in its consolidated statement of profit or loss its 'Hotel & Leisure' operation segment and its geographical segment of Americas as a discontinued operation.

These accounting treatments require specific conditions to be met and judgement to be made at the reporting date around the identification of the disposal groups. There are also detailed related disclosure requirements. We focused on this area due to the judgement involved in determining whether or not each asset or group of assets and liabilities meet the IFRS-EU requirements for such classification.

Our response

Our audit procedures included among others assessing:

- whether the underlying facts and circumstances support the accounting treatment adopted. This involved, among others, discussions with the Investment Manager and the Board of Directors, inspecting minutes and announcements of the Board, obtaining specific written representations from the Board of Directors and inspecting other documents. In performing these procedures we considered whether assets and liabilities presented as held for sale and results from discontinued operation have been accurately identified.
- the adequacy of the disclosures in relation to these matters.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 there is an intention to either liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

This report, including the opinion, has been prepared for and only for the Company's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to. These financial statements have not been prepared for the purpose of complying with the legal requirements of the British Virgin Islands Law.

The engagement partner on the audit resulting in this independent auditors' report is Haris A. Kakoullis.

Haris A. Kakoullis, CPA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

1 April 2019

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

	Note	31 December 2018 €'000	31 December 2017 (Restated) €'000
CONTINUING OPERATIONS			
Revenue	6	4,387	1,273
Cost of sales	7	(2,099)	(1,969)
Gross profit/(loss)		**2,288**	**(696)**
Disposal of investments	8A	(2,229)	4
Change in valuations	8B	(19,015)	(17,450)
Investment Manager fixed remuneration	29.2	(5,000)	(6,000)
Directors' remuneration	29.1	(561)	(701)
Professional fees	11	(3,874)	(4,516)
Administrative and other expenses	12	(1,793)	(6,558)
Depreciation charge	16	(45)	(35)
Total operating and other expenses		**(32,517)**	**(35,256)**
Results from operating activities		**(30,229)**	**(35,952)**
Finance income	13	–	4,069
Finance costs	13	(6,963)	(8,071)
Net finance costs		**(6,963)**	**(4,002)**
Loss before taxation		**(37,192)**	**(39,954)**
Taxation	14	1,614	2,893
Loss from continuing operations		**(35,578)**	**(37,061)**
DISCONTINUED OPERATION			
(Loss)/profit from discontinued operation, net of tax	10	(5,593)	9,792
Loss		**(41,171)**	**(27,269)**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Revaluation of property, plant and equipment	16	11,942	4,515
Related tax	14	(2,985)	(1,309)
		8,957	3,206
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences	13	2,201	(11,561)
		2,201	(11,561)
Other comprehensive income, net of tax		**11,158**	**(8,355)**
Total comprehensive income		**(30,013)**	**(35,624)**
Loss attributable to:			
Owners of the Company		(40,706)	(31,986)
Non-controlling interests		(465)	4,717
		(41,171)	**(27,269)**
Total comprehensive income attributable to:			
Owners of the Company		(29,551)	(39,757)
Non-controlling interests		(462)	4,133
		(30,013)	**(35,624)**
(LOSS)/EARNINGS PER SHARE			
Basic and diluted loss per share (€)	15	**(0.05)**	**(0.04)**
Basic and diluted loss per share – Continuing operations (€)	15	**(0.04)**	**(0.05)**
Basic and diluted (loss)/earnings per share – Discontinued operation (€)	15	**(0.01)**	**0.01**

The notes on pages 37 to 77 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 December 2018

	Note	31 December 2018 €'000	31 December 2017 €'000
ASSETS			
Property, plant and equipment	16	12,267	87,551
Investment property	17	116,391	138,672
Deferred tax assets	24	–	994
Non-current assets		**128,658**	**227,217**
Trading properties	19	–	30,572
Receivables and other assets	20	1,863	5,374
Cash and cash equivalents	21	7,938	2,444
Assets held for sale	18	105,600	129,131
Current assets		**115,401**	**167,521**
Total assets		**244,059**	**394,738**
EQUITY			
Share capital	22	9,046	9,046
Share premium	22	569,847	569,847
Retained deficit		(422,222)	(397,746)
Other reserves		7,845	12,912
Equity attributable to owners of the Company		**164,516**	**194,059**
Non-controlling interests		5,752	4,769
Total equity		**170,268**	**198,828**
LIABILITIES			
Loans and borrowings	23	–	68,544
Finance lease liabilities	25	3,005	2,990
Deferred tax liabilities	24	8,444	19,561
Trade and other payables	27	20,647	20,858
Deferred revenue	26	–	6,985
Non-current liabilities		**32,096**	**118,938**
Loans and borrowings	23	17,326	21,171
Finance lease liabilities	25	8	8
Trade and other payables	27	6,374	16,193
Deferred revenue	26	–	13,834
Liabilities held for sale	18	17,987	25,766
Current liabilities		**41,695**	**76,972**
Total liabilities		**73,791**	**195,910**
Total equity and liabilities		**244,059**	**394,738**
Net asset value ('NAV') per share (€)	28	**0.18**	**0.21**

The notes on pages 37 to 77 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2018

	Attributable to owners of the Company							
	Share capital €'000	Share premium €'000	Translation reserve €'000	Revaluation reserve €'000	Retained deficit €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balance at 1 January 2017	9,046	569,847	16,345	4,338	(365,689)	233,887	17,993	251,880
TOTAL COMPREHENSIVE INCOME								
Loss	–	–	–	–	(31,986)	(31,986)	4,717	(27,269)
Other comprehensive income								
Revaluation of property, plant and equipment, net of tax	–	–	–	3,206	–	3,206	–	3,206
Foreign currency translation differences	–	–	(10,977)	–	–	(10,977)	(584)	(11,561)
Total other comprehensive income	–	–	(10,977)	3,206	–	(7,771)	(584)	(8,355)
Total comprehensive income	**–**	**–**	**(10,977)**	3,206	**(31,986)**	**(39,757)**	**4,133**	**(35,624)**
TRANSACTIONS WITH OWNERS OF THE COMPANY								
Contributions and distributions								
Non-controlling interests on capital increases of subsidiaries	–	–	–	–	–	–	95	95
Equity-settled share-based payment arrangements	–	–	–	–	(71)	(71)	–	(71)
Total contribution and distributions	–	–	–	–	(71)	(71)	95	24
Changes in ownership interests								
Disposal of subsidiary with non-controlling interests	–	–	–	–	–	–	(17,452)	(17,452)
Total changes in ownership interests	–	–	–	–	–	–	(17,452)	(17,452)
Total transactions with owners of the Company	**–**	**–**	**–**	**–**	**(71)**	**(71)**	**(17,357)**	**(17,428)**
Balance at 31 December 2017	**9,046**	**569,847**	**5,368**	**7,544**	**(397,746)**	**194,059**	**4,769**	**198,828**
Balance at 1 January 2018	9,046	569,847	5,368	7,544	(397,746)	194,059	4,769	198,828
TOTAL COMPREHENSIVE INCOME								
Loss	–	–	–	–	(40,706)	(40,706)	(465)	(41,171)
Other comprehensive income								
Revaluation of property, plant and equipment, net of tax	–	–	–	8,957	–	8,957	–	8,957
Foreign currency translation differences	–	–	2,198	–	–	2,198	3	2,201
Transfer of revaluation reserve to retained earnings due to disposal	–	–	–	(16,222)	16,222	–	–	–
Total other comprehensive income	–	–	2,198	(7,265)	16,222	11,155	3	11,158
Total comprehensive income	**–**	**–**	**2,198**	**(7,265)**	**(24,484)**	**(29,551)**	**(462)**	**(30,013)**
TRANSACTIONS WITH OWNERS OF THE COMPANY								
Contributions and distributions								
Non-controlling interests on capital increases of subsidiaries	–	–	–	–	–	–	6,639	6,639
Equity-settled share-based payment arrangements	–	–	–	–	8	8	–	8
Total contribution and distributions	–	–	–	–	8	8	6,639	6,647
Changes in ownership interests								
Disposal of subsidiaries with non-controlling interests	–	–	–	–	–	–	(5,194)	(5,194)
Total changes in ownership interests	–	–	–	–	–	–	(5,194)	(5,194)
Total transactions with owners of the Company	**–**	**–**	**–**	**–**	**8**	**8**	**1,445**	**1,453**
Balance at 31 December 2018	**9,046**	**569,847**	**7,566**	**279**	**(422,222)**	**164,516**	**5,752**	**170,268**

The notes on pages 37 to 77 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2018

	31 December 2018 €'000	31 December 2017 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss	(41,171)	(27,269)
Adjustments for:		
Net change in fair value of investment property	13,039	12,486
Impairment loss on trading properties	3,763	680
Loss on disposal of investment in subsidiaries	10,003	1,307
Gain on disposal of investment in equity-accounted investees held for sale	(516)	(4)
Equity-settled share-based payment arrangements	8	(71)
Impairment loss on re-measurement of disposal groups	2,954	3,409
(Reversal of)/impairment loss and write offs of property, plant and equipment	(741)	2,456
Reversal of concession/write off of land	–	(193)
Depreciation charge	1,141	2,308
Interest income	–	(4,069)
Interest expense	5,633	7,865
Exchange difference	2,205	(11,560)
Taxation	(1,614)	(2,893)
	(5,296)	(15,548)
Changes in:		
Receivables	(1,080)	(1,778)
Payables	3,694	972
Cash used in operating activities	(2,682)	(16,354)
Tax received	97	10
Net cash used in operating activities	**(2,585)**	**(16,344)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from disposal of subsidiaries, net of cash disposed of	10,786	24,687
Net proceeds from disposal of investment in equity-accounted investees held for sale	1,541	700
Net acquisitions of investment property	(51)	(203)
Net acquisitions of property, plant and equipment	(119)	(153)
Net change in trading properties	42	(1,079)
Net change in net assets held for sale	(7,830)	193
Net cash from investing activities	**4,369**	**24,145**
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds received from non-controlling interests	6,639	95
Change in loans and borrowings	–	(2,728)
Change in finance lease obligations	15	16
Interest paid	(2,930)	(7,401)
Net cash from/(used in) financing activities	**3,724**	**(10,018)**
Net increase/(decrease) in cash and cash equivalents	**5,508**	**(2,217)**
Cash and cash equivalents at 1 January	2,444	4,698
Cash and cash equivalents reclassified to assets held for sale	(14)	(37)
Cash and cash equivalents at 31 December	**7,938**	**2,444**
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of the following:		
Cash in hand and at bank (see note 21)	7,938	2,444
Cash and cash equivalents at the end of the year	**7,938**	**2,444**

The notes on pages 37 to 77 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. REPORTING ENTITY

Dolphin Capital Investors Limited (the 'Company') was incorporated and registered in the British Virgin Islands ('BVIs') on 7 June 2005. The Company is a real estate investment company focused on the early-stage, large-scale leisure-integrated residential resorts in south-east Europe, and managed by Dolphin Capital Partners Limited (the 'Investment Manager'), an independent private equity management firm that specialises in real estate investments, primarily in south-east Europe. The shares of the Company were admitted to trading on the AIM market of the London Stock Exchange ('AIM') on 8 December 2005.

The consolidated financial statements of the Company as at 31 December 2018 comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates.

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 are available at www.dolphinci.com.

2. BASIS OF PREPARATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

The consolidated financial statements were authorised for issue by the Board of Directors on 1 April 2019.

Details of the Group's accounting policies are included in note 5.

This is the first set of the Group's annual financial statements in which IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have been applied. Changes to significant accounting policies are described in note 2(g).

b. Basis of preparation

The consolidated financial statements of the Company for the year ended 31 December 2018 have been prepared taking into account the Company's intention to dispose of all of its assets by 31 December 2019, as further explained below. The basis of preparation used continues to be in accordance with International Financial Reporting Standards as adopted by the European Union.

Based on the Company's new asset strategy approved by its shareholders in December 2016, the Company's objective is to dispose of all of the Company's assets by 31 December 2019. The allocation of any additional capital investment into any of the Company's projects will be substantially sourced from third party capital providers and with the sole objective of enhancing the respective asset's realisation potential. The Board expects to return the proceeds from asset disposals to shareholders as the orderly realisation of the Company's assets progresses and taking into account the Company's liquidity position and working capital requirements. The Board is committed to convene a shareholders' meeting before 31 December 2019, so that shareholders have an opportunity to review the life of the Company and consider its strategy. The Board is in the process of formulating its proposal to the Company's shareholders and this will be announced in the near future.

c. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, with the exception of property (investment property and property, plant and equipment), which are stated at their fair values and assets and liabilities held for sale, which are stated at their fair value less costs to sell.

d. Adoption of new and revised standards and interpretations

As from 1 January 2018, the Group adopted all changes to IFRS which are relevant to its operations. This adoption did not have a material effect on the consolidated financial statements of the Company, except for the adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' (see note 2(g)).

The following standards, amendments to standards and interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2018. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early. The Group continues to assess the potential impact on its consolidated financial statements resulting from the application of the following standards.

(i) Standards and interpretations adopted by the EU

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019)

IFRS 16 replaces existing leases guidance including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases – Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard introduces a single, on-balance sheet lease accounting model for lessees. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The previous distinction between operating and finance leases is removed for lessees. Instead, a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. Based on assessments undertaken to date, the adoption of IFRS 16 is not expected to have a material impact on the Group's financial statements.

Notes to the consolidated financial statements

2. BASIS OF PREPARATION CONTINUED

d. Adoption of new and revised standards and interpretations continued

(i) Standards and interpretations adopted by the EU continued

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019)

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. The key test is whether it is probable that the tax authority will accept the chosen tax treatment, on the assumption that tax authorities will have full knowledge of all relevant information in assessing a proposed tax treatment. The uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty, being either the most likely amount or the expected value. The interpretation also requires companies to reassess the judgements and estimates applied if facts and circumstances change. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements in relation to judgements made, assumptions and estimates used, and the potential impact of uncertainties that are not reflected. The Group is currently evaluating the expected impact of adopting the interpretation on its financial statements. As such, the expected impact of the interpretation is not yet known or reasonably estimable.

(ii) Standards and interpretations not adopted by the EU

Annual Improvements to IFRSs 2015 2017 Cycle (effective for annual periods beginning on or after 1 January 2019)

In December 2017, the IASB published Annual Improvements to IFRSs 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements'. The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, then the transaction is a business combination achieved in stages and the acquiring party re-measures the previously held interest in that business at fair value. The amendments to IFRS 11 clarify that when an entity maintains (or obtains) joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.
- IAS 12 'Income Taxes': the amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income ('OCI') or equity.
- IAS 23 'Borrowing Costs': the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The Group is currently evaluating the expected impact of adopting the amendments on its financial statements. As such, the expected impact of the amendments is not yet known or reasonably estimable.

Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020)

In March 2018 the IASB issued a comprehensive set of concepts for financial reporting, the revised 'Conceptual Framework for Financial Reporting' (Conceptual Framework), replacing the previous version issued in 2010. The main changes to the framework's principles have implications for how and when assets and liabilities are recognised and derecognised in the financial statements, while some of the concepts in the revised framework are entirely new (such as the 'practical ability' approach to liabilities). To assist companies with the transition, the IASB issued a separate accompanying document, 'Amendments to References to the Conceptual Framework in IFRS Standards'. This document updates some references to previous versions of the Conceptual Framework in IFRS Standards, their accompanying documents and IFRS Practice Statements. The Group is currently evaluating the expected impact of adopting the amendment on its financial statements. As such, the expected impact of the amendment is not yet known or reasonably estimable.

IFRS 3 'Business Combinations' (amendments): Definition of a Business (effective for annual periods beginning on or after 1 January 2020)

The amendments narrow and clarify the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. Distinguishing between a business and a group of assets is important because an acquirer recognises goodwill only when acquiring a business. The Group is currently evaluating the expected impact of adopting the amendment on its financial statements. As such, the expected impact of the amendment is not yet known or reasonably estimable.

IAS 1 and IAS 8 (amendments): Definition of Material (effective for annual periods beginning on or after 1 January 2020)

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The amendments include definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

- Old definition: Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements (IAS 1 'Presentation of Financial Statements').
- New definition: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The Group is currently evaluating the expected impact of adopting the amendments on its financial statements. As such, the expected impact of the amendments is not yet known or reasonably estimable.

Notes to the consolidated financial statements

2. BASIS OF PREPARATION CONTINUED

e. Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively – that is, in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described below:

Going concern assumptions

The Group's cash flow forecasts for the foreseeable future involve uncertainties related primarily to the exact disposal proceeds and timing of disposals of the assets expected to be disposed of. Management believes that the proceeds from forecasted asset sales will be sufficient to maintain the Group's cash flow at a positive level. Should the need arise, management is confident that it can secure additional banking facilities and/or obtain waivers on existing ones, until planned asset sales are realised and proceeds received. If for any reason the Group is unable to continue as a going concern, then this could have an impact on the Group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Significant unobservable inputs and valuation adjustments are regularly reviewed and changes in fair value measurements from period to period are analysed.

Further information about judgements, estimates and assumptions made in applying accounting policies that have the most material effects on the amounts recognised in the financial statements is included in the following notes:

- Note 5.9 – **work in progress**;
- Note 5.23 – **revenue recognition**;
- Note 5.31 – **taxation**.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

When applicable, further information about the assumptions made in measuring fair values is included in the notes specific to that asset or liability.

f. Functional and presentation currency

These consolidated financial statements are presented in Euro (€), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Notes to the consolidated financial statements

2. BASIS OF PREPARATION CONTINUED

g. Changes in significant accounting policies

The Group has initially applied IFRS 15 (see 2(g)(A)) and IFRS 9 (see 2(g)(B)) from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables and contract assets (see 2(g)(B)).

A. IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 'Revenue' and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

As a result of adopting IFRS 15, there was no material impact on the Group's statement of financial position as at 31 December 2018, and its statements of profit or loss and other comprehensive income and cash flows for the year then ended.

IFRS 15 did not have a significant impact on the Group's accounting policies with respect to revenue recognition (see note 6).

B. IFRS 9 'Financial Instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 'Financial Instruments: Recognition and Measurement'.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. Previously, the Group's approach was to include the impairment of trade receivables in other expenses. Impairment losses on other financial assets are presented under 'finance costs', similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and other comprehensive income due to materiality considerations.

Additionally, the Group has adopted consequential amendments to IFRS 7 'Financial Instruments: Disclosures' that are applied to disclosures about 2018 but have not been generally applied to comparative information.

Classification and measurement of financial assets and financial liabilities:

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVTPL'). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see note 5.

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

Impairment of financial assets:

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to:

- financial assets measured at amortised cost;
- debt investments at FVOCI;
- contract assets;
- lease receivables;
- loan commitments and financial guarantee contracts issued.

The new impairment model does not apply to investments in equity instruments.

Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see note 5.21.

Notes to the consolidated financial statements

2. BASIS OF PREPARATION CONTINUED

g. Changes in significant accounting policies continued

B. IFRS 9 'Financial Instruments' continued

Transition:

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have been restated only for retrospective application of the cost of hedging approach for forward points (see below). Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

Following the assessments and analyses performed by the Group with respect to the first time application, there were no adjustments to the statement of financial position as at 1 January 2018.

3. DETERMINATION OF FAIR VALUES

Properties

The fair value of investment property and land and buildings classified as property, plant and equipment is determined at the end of each reporting period. External, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued, value the Group's properties at the end of each year and where necessary, semi-annually.

The Directors have appointed Colliers International and American Appraisal, two internationally recognised firms of surveyors, to conduct valuations of the Group's acquired properties to determine their fair value. These valuations are prepared in accordance with generally accepted appraisal standards, as set out by the Royal Institute of Chartered Surveyors ('RICS'). Furthermore, the valuations are conducted on an 'as is condition' and on an open market comparative basis.

The valuation analysis of properties is based on all the pertinent market factors that relate both to the real estate market and, more specifically, to the subject properties. The valuation analysis of a property typically uses four approaches: the cost approach, the direct sales comparison approach, the income approach and the residual value approach. The cost approach measures value by estimating the Replacement Cost New or the Reproduction Cost New of property and then determining the deductions for accrued depreciation that should be made to reflect the age, condition and situation of the asset during its past and proposed future economic working life. The direct sales comparison approach is based on the premise that persons in the marketplace buy by comparison. It involves acquiring market sales/offerings data on properties similar to the subject property. The prices of the comparables are then adjusted for any dissimilar characteristics as compared to the subject's characteristics. Once the sales prices are adjusted, they can be reconciled to estimate the fair value for the subject property. Based on the income approach, an estimate is made of prospective economic benefits of ownership. These amounts are discounted and/or capitalised at appropriate rates of return in order to provide an indication of value. The residual value approach is used for the valuation of the land and depends on two basic factors: the location and the total value of the buildings developed on a site. Under this approach, the residual value of the land is calculated by subtracting the development cost from the estimated sales value of the completed development.

Each of the above-mentioned valuation techniques results in a separate valuation indication for the subject property. A reconciliation process is then performed to weigh the merits and limiting conditions of each approach. Once this is accomplished, a value conclusion is reached by placing primary weight on the technique, or techniques, that are considered to be the most reliable, given all factors.

Equity-settled share-based payment arrangements

The fair values of equity-settled share-based payment arrangements are measured at grant date using the Trinomial Tree Option Pricing Model and Monte Carlo simulations. Service and non-market performance conditions attached to the arrangements are not taken into account in measuring fair value.

Notes to the consolidated financial statements

4. PRINCIPAL SUBSIDIARIES

As at 31 December 2018, the Group's most significant subsidiaries were the following:

Name	Project	Country of incorporation	Shareholding interests
Scorpio Bay Holdings Limited	Scorpio Bay Resort	Cyprus	100%
Scorpio Bay Resorts S.A.	Scorpio Bay Resort	Greece	100%
Xscape Limited	Lavender Bay Resort	Cyprus	100%
Golfing Developments S.A.	Lavender Bay Resort	Greece	100%
MindCompass Overseas S.A.	Kilada Hills Golf Resort	Greece	100%
MindCompass Overseas Two S.A.	Kilada Hills Golf Resort	Greece	100%
MindCompass Parks S.A.	Kilada Hills Golf Resort	Greece	100%
Dolphin Capital Greek Collection Limited	Kilada Hills Golf Resort	Cyprus	100%
DCI Holdings One Limited	Aristo Developers	BVIs	100%
D.C. Apollo Heights Polo and Country Resort Limited	Apollo Heights Resort	Cyprus	100%
Symboula Estates Limited ('Symboula')	Apollo Heights Resort	Cyprus	100%
Azurna Uvala D.o.o. ('Azurna')	Livka Bay Resort	Croatia	100%
Eastern Crete Development Company S.A.	Plaka Bay Resort	Greece	100%
DolphinLux 2 S.a.r.l.	La Vanta – Mediterra Resorts	Luxembourg	100%
Kalkan Yapi ve Turizm A.S. ('Kalkan')	La Vanta – Mediterra Resorts	Turkey	100%
Single Purpose Vehicle Ten Limited ('SPV 10')	Kéa Resort	Cyprus	67%
Eidikou Skopou Eikosi Tessera S.A.	Kéa Resort	Greece	67%
Therissos Hills S.A.	Kéa Resort	Greece	67%

The above shareholding interest percentages are rounded to the nearest integer.

As at 31 December 2018 and 31 December 2017, all or part of the shares held by the Company in some of its subsidiaries are pledged as a security for loans (see note 23).

5. SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Subsidiaries

Subsidiaries are those entities, including special purpose entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

5.2 Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

5.3 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred, plus the recognised amount of any non-controlling interests in the acquiree, plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Notes to the consolidated financial statements

5. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

5.4 Interest in equity-accounted investees

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associates (equity-accounted investees) are accounted for using the equity method (unless they are classified as assets held for sale – see accounting policy 5.7) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

5.5 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of the business, use in the production or supply of goods or services or for administration purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value. Lease payments are accounted for as described in accounting policy 5.10.

5.6 Property, plant and equipment

Land and buildings are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to fair value reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are recognised in profit or loss.

The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and appropriate proportion of production overheads.

Depreciation charge is recognised in profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment, unless it constitutes part of the cost of another asset in which case it is included in this asset's carrying amount. Freehold land is not depreciated.

The annual rates of depreciation are as follows:

Buildings	3%
Machinery and equipment	10% – 33.33%
Motor vehicles and other	10% – 20%

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as incurred.

Notes to the consolidated financial statements

5. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

5.7 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held for sale, property, plant and equipment is no longer depreciated, and any equity-accounted investee is no longer equity accounted.

5.8 Trading properties

Trading properties (inventory) are shown at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of trading properties is determined on the basis of specific identification of their individual costs and represents the fair value paid at the date that the land was acquired by the Group.

5.9 Work in progress

Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. In 2017, the cost of work in progress includes materials, labour and direct expenses plus attributable overheads based on a normal level of activity. On adoption of IFRS 15, revenue and the associated costs for these contracts are recognised over time. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

5.10 Leased assets

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property held under operating leases that would otherwise meet the definition of investment property may be classified as investment property on a property-by-property basis. Such property is accounted for as if it were a finance lease and the fair value model is used for the asset recognised. Minimum lease payments on finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

5.11 Trade and other receivables

Policy applicable after 1 January 2018

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Policy applicable before 1 January 2018

Trade and other receivables are stated at their cost less impairment losses (see accounting policy 5.21).

The fair value of trade and other receivables, excluding construction work in process, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

5.12 Financial assets

Policy applicable after 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the consolidated financial statements

5. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

5.12 Financial assets continued

Policy applicable after 1 January 2018 continued

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see note 33). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the consolidated financial statements

5. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

5.12 Financial assets continued

Policy applicable after 1 January 2018 continued

Subsequent measurement and gains and losses:

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Policy applicable before 1 January 2018

The classification of the Group's investments in equity securities depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every statement of financial position date.

The fair value of financial assets that are listed on a stock exchange is determined by reference to their quoted bid price at the reporting date. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available for sale. These are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and then in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss. In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of fair value reserve.

5.13 Cash and cash equivalents

Cash and cash equivalents comprise cash deposited with banks and bank overdrafts repayable on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

5.14 Share capital and premium

Share capital represents the issued amount of shares outstanding at their par value. Any excess amount of capital raised is included in share premium. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in share premium from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

5.15 Dividends

Dividends are recognised as a liability in the period in which they are declared and approved and are subtracted directly from retained earnings.

5.16 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Notes to the consolidated financial statements

5. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

5.17 Trade and other payables

Trade and other payables are stated at their cost.

5.18 Prepayments from clients

Payments received in advance on development contracts for which no revenue has been recognised yet are recorded as prepayments from clients as at the statement of financial position date and carried under deferred income. Payments received in advance on development contracts for which revenue has been recognised are recorded as prepayments from clients to the extent that they exceed revenue that was recognised in profit or loss as at the statement of financial position date.

5.19 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.20 Expenses

Investment Manager remuneration, Directors' remuneration, operational expenses, professional fees, administrative and other expenses are accounted for on an accrual basis. Expenses are charged to profit or loss, except for expenses incurred on the acquisition of an investment property, which are included within the cost of that investment. Expenses arising on the disposal of an investment property are deducted from the disposal proceeds.

5.21 Impairment

Policy applicable after 1 January 2018

Financial instruments and contract assets

The Group recognises loss allowances for expected credit losses ('ECLs') on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's rating agency.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Notes to the consolidated financial statements

5. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

5.21 Impairment continued

Policy applicable after 1 January 2018 continued

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

The carrying amounts of the Group's assets, other than investment property (see accounting policy 5.5) and deferred tax assets (see accounting policy 5.31), are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. The recoverable amount is the greater of the net selling price and value in use of an asset. In assessing value in use of an asset, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

5.22 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group. A discontinued operation has either been disposed of or is classified as held for sale and:

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation; or

(c) is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes to the consolidated financial statements

5. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

5.23 Revenue recognition

Policy applicable after 1 January 2018

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Policy applicable before 1 January 2018

Revenue comprised the invoiced amount for the sale of goods and services net of value added tax, rebates and discounts.

The Group applied IAS 18 for income from land and buildings under development, according to which revenue and the related costs were recognised in profit or loss when the building was completed and delivered and all associated risks were transferred to the buyer.

5.24 Equity-settled share-based payment arrangements

The grant-date fair value of equity-settled share-based arrangements is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The grant-date fair value is measured to reflect market performance conditions and there is no true-up for differences between expected and actual outcomes. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

5.25 Finance income and costs

Finance income comprises interest income on funds invested, dividend income and gains on the disposal of and increase in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and losses on the disposal of and reduction in the fair value of financial assets at fair value through profit or loss.

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

5.26 Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

5.27 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Euro at exchange rates at the dates of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to Euro at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Foreign currency differences are recognised directly in equity in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

Notes to the consolidated financial statements

5. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

5.28 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (operating segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment results that are reported to the Group's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5.29 Earnings per share

The Group presents basic and diluted (if applicable) earnings per share ('EPS') data for its shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential shares.

5.30 NAV per share

The Group presents NAV per share by dividing the total equity attributable to owners of the Company by the number of shares outstanding as at the statement of financial position date.

5.31 Taxation

Taxation comprises current and deferred tax. Taxation is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of significant judgements about future events. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to the tax liabilities will impact the income tax and deferred tax expense in the period that such a determination is made.

5.32 Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants related to non-current assets are recognised as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset. Government grants that relate to expenses are recognised in profit or loss as revenue.

5.33 Comparatives

Comparative figures have been adjusted to reflect the required changes in presentation in relation to the agreement to dispose DolphinCI Fourteen Limited ('DCI 14') (owner of 'Amanzoe' project in Greece) and the presentation of the Group's 'Hotel & Leisure' segment as a discontinued operation (see note 10).

Notes to the consolidated financial statements

6. REVENUE

The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers – that is, sale of trading and investment properties – is described in note 2(g). Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

	From 1 January 2018 to 31 December 2018			From 1 January 2017 to 31 December 2017		
	Continuing operations €'000	Discontinued operation €'000	Total €'000	Continuing operations (Restated) €'000	Discontinued operation (Restated) €'000	Total (Restated) €'000
Income from hotel operations	–	11,861	11,861	–	18,229	18,229
Sale of trading and investment properties	1,989	–	1,989	220	–	220
Rental income	9	–	9	18	–	18
Other income	2,389	–	2,389	1,035	–	1,035
Other	**4,387**	**11,861**	**16,248**	**1,273**	**18,229**	**19,502**

7. COST OF SALES

	From 1 January 2018 to 31 December 2018			From 1 January 2017 to 31 December 2017		
	Continuing operations €'000	Discontinued operation €'000	Total €'000	Continuing operations (Restated) €'000	Discontinued operation (Restated) €'000	Total (Restated) €'000
Cost of sales related to:						
Hotel operations	–	4,545	4,545	–	6,320	6,320
Sales of trading and investment properties	1,358	–	1,358	248	–	248
Personnel expenses (see below)	638	2,914	3,552	669	5,931	6,600
Branding management fees	30	268	298	326	1,196	1,522
Other operating expenses	73	26	99	726	143	869
Total	**2,099**	**7,753**	**9,852**	**1,969**	**13,590**	**15,559**

Personnel expenses

Continuing operations

	From 1 January 2018 to 31 December 2018		
	Hotel & leisure operations €'000	Construction & development & other €'000	Total €'000
Wages and salaries	–	496	496
Compulsory social security contributions	–	112	112
Other personnel costs	–	30	30
Total	**–**	**638**	**638**
The average number of employees employed by the Group during the year was	–	29	29

Discontinued operation

	From 1 January 2018 to 31 December 2018		
	Hotel & leisure operations €'000	Construction & development & other €'000	Total €'000
Wages and salaries	2,298	–	2,298
Compulsory social security contributions	573	–	573
Other personnel costs	43	–	43
Total	**2,914**	**–**	**2,914**
The average number of employees employed by the Group during the year was	202	–	202

Notes to the consolidated financial statements

7. COST OF SALES CONTINUED

Personnel expenses continued

Continuing operations

	From 1 January 2017 to 31 December 2017		
	Hotel & leisure operations (Restated) €'000	Construction & development & other (Restated) €'000	Total (Restated) €'000
Wages and salaries	–	531	531
Compulsory social security contributions	–	116	116
Other personnel costs	–	22	22
Total	**–**	**669**	**669**
The average number of employees employed by the Group during the year was	–	26	26

Discontinued operation

	From 1 January 2017 to 31 December 2017		
	Hotel & leisure operations (Restated) €'000	Construction & development & other (Restated) €'000	Total (Restated) €'000
Wages and salaries	4,466	174	4,640
Compulsory social security contributions	1,062	37	1,099
Other personnel costs	149	43	192
Total	**5,677**	**254**	**5,931**
The average number of employees employed by the Group during the year was	169	33	202

8. INCOME AND EXPENSES

A. DISPOSAL OF INVESTMENTS

		From 1 January 2018 to 31 December 2018			From 1 January 2017 to 31 December 2017		
	Note	Continuing operations €'000	Discontinued operation €'000	Total €'000	Continuing operations (Restated) €'000	Discontinued operation (Restated) €'000	Total (Restated) €'000
Loss on disposal of investment in subsidiaries	31	(2,229)	(7,774)	(10,003)	–	(1,307)	(1,307)
Gain on disposal of investment in equity-accounted investees held for sale	18	–	516	516	4	–	4
Total		**(2,229)**	**(7,258)**	**(9,487)**	**4**	**(1,307)**	**(1,303)**

B. CHANGE IN VALUATIONS

		From 1 January 2018 to 31 December 2018			From 1 January 2017 to 31 December 2017		
	Note	Continuing operations €'000	Discontinued operation €'000	Total €'000	Continuing operations (Restated) €'000	Discontinued operation (Restated) €'000	Total (Restated) €'000
Net change in fair value of investment property	17	(13,039)	–	(13,039)	(12,486)	–	(12,486)
Impairment loss on trading properties	19	(3,763)	–	(3,763)	(680)	–	(680)
Impairment loss on re-measurement of disposal groups	18	(2,954)	–	(2,954)	(3,409)	–	(3,409)
Net reversal of (impairment loss) and write offs of property, plant and equipment	16	741	–	741	(1,068)	(1,388)	(2,456)
Reversal of concession/write off of land	19	–	–	–	193	–	193
Total		**(19,015)**	**–**	**(19,015)**	**(17,450)**	**(1,388)**	**(18,838)**

Notes to the consolidated financial statements

9. SEGMENT REPORTING

Operating segments

The Group has two reportable operating segments, the 'Hotel & leisure operations' and 'Construction & development' segments. Information related to each operational reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance as management believes such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

	Hotel & leisure operations		Construction & development		Other		Reportable segments' totals	
	Continuing operations €'000	Discontinued operation €'000	Continuing operations €'000	Discontinued operation €'000	Continuing operations €'000	Discontinued operation €'000	Continuing operations €'000	Discontinued operation €'000
31 December 2018								
Revenue	–	11,861	2,001	–	2,386	–	4,387	11,861
Cost of sales	–	(7,753)	(1,794)	–	(305)	–	(2,099)	(7,753)
Investment Manager fixed remuneration	–	–	–	–	(5,000)	–	(5,000)	–
Directors' remuneration	–	–	–	–	(561)	–	(561)	–
Depreciation charge	–	(1,096)	–	–	(45)	–	(45)	(1,096)
Professional fees	–	–	(358)	–	(3,516)	–	(3,874)	–
Administrative and other expenses	–	–	(192)	–	(1,601)	–	(1,793)	–
(Loss)/gain on disposal of investments in subsidiaries	–	(7,774)	460	–	(2,689)	–	(2,229)	(7,774)
Gain on disposal of investments in equity-accounted investees held for sale	–	516	–	–	–	–	–	516
Net change in fair value of investment property	–	–	–	–	(13,039)	–	(13,039)	–
Impairment loss on trading properties	–	–	(3,763)	–	–	–	(3,763)	–
Impairment loss on re-measurement of disposal groups	–	–	(768)	–	(2,186)	–	(2,954)	–
Reversal of impairment loss and write offs of property, plant and equipment	–	–	–	–	741	–	741	–
Results from operating activities	**–**	**(4,246)**	**(4,414)**	**–**	**(25,815)**	**–**	**(30,229)**	**(4,246)**
Finance costs	–	(1,347)	(3,001)	–	(3,962)	–	(6,963)	(1,347)
Net finance costs	**–**	**(1,347)**	**(3,001)**	**–**	**(3,962)**	**–**	**(6,963)**	**(1,347)**
Loss before taxation	**–**	**(5,593)**	**(7,415)**	**–**	**(29,777)**	**–**	**(37,192)**	**(5,593)**
Taxation	–	–	(22)	–	1,636	–	1,614	–
Loss	**–**	**(5,593)**	**(7,437)**	**–**	**(28,141)**	**–**	**(35,578)**	**(5,593)**

Notes to the consolidated financial statements

9. SEGMENT REPORTING CONTINUED

	Hotel & leisure operations		Construction & development		Other		Reportable segments' totals	
	Continuing operations €'000	Discontinued operation €'000	Continuing operations €'000	Discontinued operation €'000	Continuing operations €'000	Discontinued operation €'000	Continuing operations €'000	Discontinued operation €'000
31 December 2017 (Restated)								
Revenue	–	18,229	235	–	1,038	–	1,273	18,229
Cost of sales	–	(13,222)	(1,747)	(368)	(222)	–	(1,969)	(13,590)
Investment Manager fixed remuneration	–	–	–	–	(6,000)	–	(6,000)	–
Directors' remuneration	–	–	–	–	(701)	–	(701)	–
Depreciation charge	–	(2,273)	–	–	(35)	–	(35)	(2,273)
Professional fees	–	–	(200)	(29)	(4,316)	(53)	(4,516)	(82)
Administrative and other expenses	–	–	(4,144)	(80)	(2,414)	(853)	(6,558)	(933)
Loss on disposal of investments in subsidiaries	–	–	–	–	–	(1,307)	–	(1,307)
Gain on disposal of investments in equity-accounted investees held for sale	–	–	4	–	–	–	4	–
Net change in fair value of investment property	–	–	–	–	(12,486)	–	(12,486)	–
Impairment loss on trading properties	–	–	(680)	–	–	–	(680)	–
Impairment loss on re-measurement of disposal groups	–	–	(1,081)	–	(2,328)	–	(3,409)	–
Impairment loss and write offs of property, plant and equipment	–	(1,388)	–	–	(1,068)	–	(1,068)	(1,388)
Concession/write off of land	–	–	–	–	193	–	193	–
Results from operating activities	**–**	**1,346**	**(7,613)**	**(477)**	**(28,339)**	**(2,213)**	**(35,952)**	**(1,344)**
Finance income	–	–	–	–	4,069	13,471	4,069	13,471
Finance costs	–	(2,335)	(3,695)	–	(4,376)	–	(8,071)	(2,335)
Net finance (costs)/income	**–**	**(2,335)**	**(3,695)**	**–**	**(307)**	**13,471**	**(4,002)**	**11,136**
(Loss)/profit before taxation	**–**	**(989)**	**(11,308)**	**(477)**	**(28,646)**	**11,258**	**(39,954)**	**9,792**
Taxation	–	–	5	–	2,888	–	2,893	–
(Loss)/profit	**–**	**(989)**	**(11,303)**	**(477)**	**(25,758)**	**11,258**	**(37,061)**	**9,792**

Notes to the consolidated financial statements

9. SEGMENT REPORTING CONTINUED

Country risk developments

The general economic environment prevailing in the south-east Europe area and internationally may affect the Group's operations. Factors such as inflation, unemployment, public health crises, international trade and development of the gross domestic product directly impact the economy of each country. Variations in those factors and the economic environment in general affect the Group's performance to a certain extent.

The global fundamentals of the hospitality sector remained strong during 2017 and 2018, with both international tourism and wealth continuing to grow, even though economic activity in two of the Group's primary markets, Greece and Cyprus, continued to face significant challenges.

Greece

Gross Domestic Product (GDP) of Greece grew 1.4% in 2017 compared to 2016. The country also realised a 1.9% year-on-year GDP increase in 2018. In addition, macroeconomic indicators have been quite encouraging about the country's economic prospects. S&P, Fitch and Moody's upgraded the country's credit rating in 2018 and made very favourable assessments of the Greek economy's progress. In August 2018 Greece successfully exited its final, three-year bailout programme that had been agreed in August 2015 to help it cope with the continued fallout from a debt crisis.

The tourism sector is expected to have a significant impact on the recovery of the country's economy and on curbing the external trade deficit. According to the provisional data issued by the Bank of Greece, more than 30 million tourists arrived in Greece in 2018, a rise of 10.8%, while travel revenues exceeded 16 billion euros for the year, up 10% compared to 2017, posting a new record. According to the Greek Tourism Confederation, tourism traffic and revenues are expected to stay the same for 2019.

Cyprus

The emerging economic recovery has been reinforced since the conclusion of the three-year European Stability Mechanism financial assistance programme on 31 March 2016, placing the island amongst the highest accelerating economies in Europe. The economy expanded by 3.4% year-on-year in 2017, driven mainly by improved levels of private consumption and a record year for the tourism industry. GDP growth rate in real terms during 2018 was also positive and estimated at +3.9% compared to 2017.

In addition, according to 'Cyprus Real Estate Market Report – The Insights' (KPMG, December 2018), the Cypriot economy continued its positive growth in 2018 and the positive economic performance over the past years has led to a series of upgrades of Cyprus' sovereign rating by various international credit rating agencies. In the latest update by S&P, Fitch and DBRS, Cyprus' sovereign rating was upgraded to 'Investment Grade' with stable outlook, signifying the strong performance and improvement of the Cypriot economy.

The available data for the tourism industry highlighted, once again, that tourism was one of the key catalysts for the country's 2017 economic performance. Tourist arrivals in Cyprus recorded an impressive increase in 2017, according to the Cyprus Tourism Organisation (CTO). For the period of January – December 2017 tourist arrivals totalled 3.7 million, recording an increase of 14.6% and outnumbering the total arrivals ever recorded in Cyprus during a year. In 2018 Cyprus welcomed 3.93 million tourists, an increase of 7.8% compared to 2017. The UK and Russia constitute the main sources of tourism for Cyprus, with visitor proportions at 33.7% and 19.9% respectively. CTO forecasts for 2019 call for another successful year.

Real estate activity continued its upward trend in 2018, with contracts of sale exhibiting an increase of 21%, while non-nationals in 2018 bought 103% more properties compared with Q1-Q3 2017, reaching a 48% share of the overall market.

The acceleration was due to established incentives such as the scheme for naturalisation of investors in Cyprus by exception, which has attracted mainly non-EU buyers, as well as transactions recorded by local banks in the context of implementing Debt-for-Asset swaps for the restructuring of their Non-Performing Exposures. Recognising the growing interest, Cyprus has focused on modernising legislation, introducing tax incentives and speeding up licensing procedures.

Notes to the consolidated financial statements

10. DISCONTINUED OPERATION

On 1 August 2018, as also mentioned in note 31, the Group entered into an agreement for the disposal of the Amanzoe project in Greece. Part of Amanzoe constituted the 'Hotel & Leisure' operations of the Group, which as at 31 December 2018 is presented as a discontinued operation.

As at 31 December 2017, the 'Hotel & Leisure' operation segment was not classified as a discontinued operation. The comparative consolidated statement of profit or loss and other comprehensive income has been restated to show the discontinued operation separately from continuing operations.

Also during the first quarter of 2017 the Group sold the Pearl Island project ('Pearl Island' in Republic of Panama). Pearl Island constituted the operations of the Group in the geographical area of Americas, which as at 31 December 2017 was presented as a discontinued operation.

Results of discontinued operation

	Note	From 1 January 2018 to 31 December 2018 €'000	From 1 January 2017 to 31 December 2017 (Restated) €'000
Revenue	6	11,861	18,229
Expenses			
Cost of sales	7	(7,753)	(13,590)
Change in valuations	8B	–	(1,388)
Depreciation charge	16	(1,096)	(2,273)
Professional fees	11	–	(82)
Administrative and other expenses	12	–	(933)
Net finance (expense)/income	13	(1,347)	11,136
Results from operating activities		**1,665**	**11,099**
Taxation		–	–
Results from operating activities, net of tax		**1,665**	**11,099**
Loss on disposal of discontinued operation	8A	**(7,258)**	**(1,307)**
(Loss)/profit from discontinued operation, net of tax		**(5,593)**	**9,792**

Cash flows from discontinued operation

	From 1 January 2018 to 31 December 2018 €'000	From 1 January 2017 to 31 December 2017 (Restated) €'000
Net cash from/(used in) operating activities	4,676	(22,258)
Net cash (used in)/from investing activities	(102)	26,110
Net cash used in financing activities	(1,100)	(3,704)
Net cash flows for the year	**3,474**	**148**

Notes to the consolidated financial statements

11. PROFESSIONAL FEES

	From 1 January 2018 to 31 December 2018			From 1 January 2017 to 31 December 2017		
	Continuing operations €'000	Discontinued operation €'000	Total €'000	Continuing operations (Restated) €'000	Discontinued operation (Restated) €'000	Total (Restated) €'000
Legal fees	607	–	607	868	19	887
Auditors' remuneration (see below)	397	–	397	618	28	646
Accounting expenses	275	–	275	333	–	333
Appraisers' fees	48	–	48	71	–	71
Project design and development fees	1,813	–	1,813	1,751	21	1,772
Consultancy fees	154	–	154	216	–	216
Administrator fees	50	–	50	29	–	29
Other professional fees	530	–	530	630	14	644
Total	**3,874**	**–**	**3,874**	**4,516**	**82**	**4,598**

	From 1 January 2018 to 31 December 2018			From 1 January 2017 to 31 December 2017		
	Continuing operations €'000	Discontinued operation €'000	Total €'000	Continuing operations (Restated) €'000	Discontinued operation (Restated) €'000	Total (Restated) €'000
Auditors' remuneration comprises the following fees:						
Audit and other audit related services	397	–	397	583	28	611
Tax and advisory	–	–	–	35	–	35
Total	**397**	**–**	**397**	**618**	**28**	**646**

12. ADMINISTRATIVE AND OTHER EXPENSES

	From 1 January 2018 to 31 December 2018			From 1 January 2017 to 31 December 2017		
	Continuing operations €'000	Discontinued operation €'000	Total €'000	Continuing operations (Restated) €'000	Discontinued operation (Restated) €'000	Total (Restated) €'000
Travelling and accommodation	155	–	155	247	–	247
Insurance	41	–	41	133	–	133
Repairs and maintenance	134	–	134	278	5	283
Marketing and advertising expenses	157	–	157	269	14	283
Immovable property and other taxes	444	–	444	448	–	448
Rents	106	–	106	250	23	273
Litigation liability provision	–	–	–	4,000	–	4,000
Other	756	–	756	933	891	1,824
Total	**1,793**	**–**	**1,793**	**6,558**	**933**	**7,491**

Notes to the consolidated financial statements

13. NET FINANCE COSTS

	From 1 January 2018 to 31 December 2018			From 1 January 2017 to 31 December 2017		
	Continuing operations €'000	Discontinued operation €'000	Total €'000	Continuing operations (Restated) €'000	Discontinued operation (Restated) €'000	Total (Restated) €'000
RECOGNISED IN PROFIT OR LOSS						
Interest income (see note 27)	–	–	–	4,069	–	4,069
Exchange difference	–	–	–	–	13,471	13,471
Finance income	**–**	**–**	**–**	**4,069**	**13,471**	**17,540**
Interest expense	(4,580)	(1,053)	(5,633)	(6,103)	(1,762)	(7,865)
Bank charges	(44)	(294)	(338)	(111)	(573)	(684)
Exchange difference	(2,339)	–	(2,339)	(1,857)	–	(1,857)
Finance costs	**(6,963)**	**(1,347)**	**(8,310)**	**(8,071)**	**(2,335)**	**(10,406)**
Net finance (costs)/income recognised in profit or loss	**(6,963)**	**(1,347)**	**(8,310)**	**(4,002)**	**11,136**	**7,134**

	From 1 January 2018 to 31 December 2018 €'000	From 1 January 2017 to 31 December 2017 (Restated) €'000
RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Foreign currency translation differences	2,201	(11,561)
Finance costs recognised in other comprehensive income	**2,201**	**(11,561)**

14. TAXATION

	From 1 January 2018 to 31 December 2018 €'000	From 1 January 2017 to 31 December 2017 (Restated) €'000
RECOGNISED IN PROFIT OR LOSS		
Income tax	27	(48)
Net deferred tax (see note 24)	(1,641)	(2,845)
Taxation recognised in profit or loss	**(1,614)**	**(2,893)**
RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Revaluation of property, plant and equipment (see note 24)	2,985	1,309
Taxation recognised in other comprehensive income	**2,985**	**1,309**

Notes to the consolidated financial statements

14. TAXATION CONTINUED

Reconciliation of taxation based on taxable loss and taxation based on accounting loss:

	From 1 January 2018 to 31 December 2018 €'000	From 1 January 2017 to 31 December 2017 (Restated) €'000
Loss before taxation	(37,192)	(42,435)
Taxation using domestic tax rates	(6,399)	(10,384)
Effect of valuation loss on properties	(1,641)	(2,845)
Non-deductible expenses	4,028	9,958
Tax-exempt income	–	(3)
Current year losses for which no deferred tax is recognised	2,389	1,018
Effect of tax losses utilised	4	(457)
Effect of losses surrendered to Group companies	–	(133)
Other	5	(47)
Total	**(1,614)**	**(2,893)**

As a company incorporated under the BVI International Business Companies Act (Cap. 291), the Company is exempt from taxes on profits, income or dividends. Each company incorporated in BVI is required to pay an annual government fee, which is determined by reference to the amount of the company's authorised share capital.

The profits of the Cypriot companies of the Group are subject to a corporation tax rate of 12.50% on their total taxable profits. Tax losses of Cypriot companies are carried forward to reduce future profits for a period of five years. In addition, the Cypriot companies of the Group are subject to a 3% special contribution on rental income. Under certain conditions, interest income may be subject to a special contribution at the rate of 30%. In such cases, this interest is exempt from corporation tax.

In Greece, the corporation tax rate applicable to profits is 29%. According to legislation enacted in 2018, the corporation tax rate will be reduced to 28% in 2019, 27% in 2020, 26% in 2021 and 25% from 2022 onwards. Tax losses of Greek companies are carried forward to reduce future profits for a period of five years. In Turkey, the corporation tax rate is 22% (2017: 20%). Tax losses of Turkish companies are carried forward to reduce future profits for a period of five years. In Croatia, the corporation tax rate is 18%. Tax losses of Croatian companies are carried forward to reduce future profits for a period of five years.

15. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of common shares outstanding during the year.

	From 1 January 2018 to 31 December 2018			From 1 January 2017 to 31 December 2017		
	Continuing operations '000	Discontinued operation '000	Total '000	Continuing operations (Restated) '000	Discontinued operation (Restated) '000	Total (Restated) '000
(Loss)/profit attributable to owners of the Company (€)	(35,144)	(5,562)	(40,706)	(36,878)	4,892	(31,986)
Number of weighted average common shares outstanding	904,627	904,627	904,627	904,627	904,627	904,627
Basic (loss)/earnings per share (€)	**(0.04)**	**(0.01)**	**(0.05)**	**(0.05)**	**0.01**	**(0.04)**

(Loss)/profit attributable to owners of the Company

	From 1 January 2018 to 31 December 2018			From 1 January 2017 to 31 December 2017		
	Continuing operations €'000	Discontinued operation €'000	Total €'000	Continuing operations (Restated) €'000	Discontinued operation (Restated) €'000	Total (Restated) €'000
(Loss)/profit attributable to owners of the Company	(35,144)	(5,562)	(40,706)	(36,878)	4,892	(31,986)
(Loss)/profit attributable to non-controlling interests	(434)	(31)	(465)	(183)	4,900	4,717
Total	**(35,578)**	**(5,593)**	**(41,171)**	**(37,061)**	**9,792**	**(27,269)**

Notes to the consolidated financial statements

15. (LOSS)/EARNINGS PER SHARE CONTINUED

Weighted average number of common shares outstanding

	From 1 January 2018 to 31 December 2018 '000	From 1 January 2017 to 31 December 2017 (Restated) '000
Outstanding common shares at the beginning and end of the year	**904,627**	**904,627**

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the (loss)/profit attributable to owners and the number of common shares outstanding to assume conversion of all dilutive potential shares. As of 31 December 2018 and 31 December 2017, the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share, due to the fact that no dilutive potential ordinary shares were outstanding during these years.

16. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings €'000	Machinery & equipment €'000	Other €'000	Total €'000
2018				
Cost or revalued amount				
At beginning of year	104,136	4,608	875	109,619
Direct acquisitions	26	71	22	119
Disposal through disposal of subsidiary companies	(88,627)	(4,331)	(867)	(93,825)
Revaluation adjustment	4,440	–	–	4,440
At end of year	**19,975**	**348**	**30**	**20,353**
Depreciation and impairment losses				
At beginning of year	18,608	2,847	613	22,068
Depreciation charge for the year – continuing operations	30	15	–	45
Depreciation charge for the year – discontinued operation	859	169	68	1,096
Revaluation adjustment	(7,502)	–	–	(7,502)
Disposals through disposal of subsidiary companies	(3,534)	(2,695)	(651)	(6,880)
Impairment loss	167	–	–	167
Reversal of impairment loss	(908)	–	–	(908)
At end of year	**7,720**	**336**	**30**	**8,086**
Carrying amounts	**12,255**	**12**	**–**	**12,267**
2017				
Cost or revalued amount				
At beginning of year	99,561	4,594	815	104,970
Direct acquisitions	60	55	69	184
Direct disposals	–	(41)	(9)	(50)
Revaluation adjustment	4,515	–	–	4,515
At end of year	**104,136**	**4,608**	**875**	**109,619**
Depreciation and impairment losses				
At beginning of year	14,381	2,456	486	17,323
Direct disposals	–	(14)	(5)	(19)
Depreciation charge for the year – continuing operations	35	–	–	35
Depreciation charge for the year – discontinued operation	1,736	405	132	2,273
Impairment loss	2,466	–	–	2,466
Reversal of impairment loss	(10)	–	–	(10)
At end of year	**18,608**	**2,847**	**613**	**22,068**
Carrying amounts	**85,528**	**1,761**	**262**	**87,551**

The carrying amount at year end of land and buildings, if the cost model was used, would have been €12.2 million (2017: €75 million).

As at 31 December 2017, part of the Group's immovable property is held as security for bank loans (see note 23).

Notes to the consolidated financial statements

16. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Fair value hierarchy

The fair value of land and buildings, amounting to €12,255 thousand (2017: €85,528 thousand), has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

The following table shows a reconciliation from opening to closing balances of Level 3 fair value.

	31 December 2018 €'000	31 December 2017 €'000
At beginning of year	85,528	85,180
Acquisitions	26	60
Disposals through disposal of subsidiary companies	(85,093)	–
Gains/(losses) recognised in profit or loss		
Reversal of/(impairment loss) and write offs in 'Change in valuations'	741	(2,456)
Depreciation in 'Depreciation charge'	(859)	(1,771)
Depreciation in 'Loss from discontinued operation, net of tax'	(30)	–
Gains recognised in comprehensive income		
Revaluation adjustment in 'Revaluation on property, plant and equipment'	11,942	4,515
At end of year	**12,255**	**85,528**

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring land and buildings, as well as the significant unobservable inputs used.

Property location	Valuation technique (see note 3)	Significant unobservable inputs		Inter-relationship between key unobservable inputs and fair value measurement
Property in Greece	Income approach	Room occupancy rate (annual):	2018: 48% to 62% (weighted average: 60%) (2017: 36% to 62%) (weighted average: 45%-59%)	The estimated fair value would increase/(decrease) if: Room occupancy rate was higher/(lower); Average daily rate per occupied room was higher/(lower); Gross operating margin was higher/(lower); Terminal capitalisation rate was lower/(higher); Risk-adjusted discount rate was lower/(higher).
		Average daily rate per occupied room:	2018: €399 to €655 (weighted average: €601) (2017: €399 to €1,611) (weighted average: €593-€1,506)	
		Gross operating margin rate:	2018: 9% to 42% (weighted average: 39%) (2017: 9% to 52%) (weighted average: 38%-51%)	
		Terminal capitalisation rate:	2018: 9% (2017: 8%)	
		Risk-adjusted discount rate:	2018: 12% (2017: 11% to 13%)	

Notes to the consolidated financial statements

16. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Property in Greece	Combined approach (Market and Cost)	*Market approach (for land components)*		The estimated fair value would increase/(decrease) if:
		Premiums/(discounts) on the following:		Premiums were higher/(lower);
		Location:	2018: -10% (2017: -10% to 0%)	Discounts were lower/(higher);
		Site size:	2018: 0% to +10% (2017: 0%)	Weights on comparables with premiums were higher/(lower);
		Asking vs transaction:	2018: -30% to -20% (2017: -30% to -20%)	Weights on comparables with discounts were lower/(higher);
		Frontage sea view:	2018: -10% to +20% (2017: 0% to +20%)	Replacement cost (new) per m² was higher/(lower);
		Maturity/development potential:	2018: 0% to +10% (2017: 0% to +10%)	Entrepreneurial profit rate was higher/(lower);
		Weight allocation:	2018: +15% to +30% (2017: +5% to +20%)	Depreciation rate was lower/(higher).
		Cost approach (for building components)		
		Replacement cost (new) per m²:	2018: €500–€1,100 (2017: €500–€1,100)	
		Entrepreneurial profit rate:	2018: 20% (2017: 20%)	
		Depreciation rate:	2018: 35% (2017: 33%)	
		Useful life (years):	2018: 60 (2017: 60)	
	Combined approach (Market and Income)	*Market approach*		The estimated fair value would increase/(decrease) if:
		Premiums/(discounts) on the following:		Premiums were higher/(lower);
		Location:	2017: -20% to 0%	Discounts were lower/(higher);
		Site size:	2017: -20% to -10%	Weights on comparables with premiums were higher/(lower);
		Asking vs transaction:	2017: -30% to -20%	Weights on comparables with discounts were lower/(higher);
		Frontage sea view:	2017: 0% to +30%	Room occupancy rate was higher/(lower);
		Maturity/development potential:	2017: -50% to -20%	Average daily rate per occupied room was higher/(lower);
		Premium due to being part of strategic investment:	2017: 15%	Gross operating margin was higher/(lower);
		Weight allocation:	2017: +10% to +30%	Terminal capitalisation rate was lower/(higher);
		Cost approach		Risk-adjusted discount rate was lower/(higher).
		Room occupancy rate (annual):	2017: 33% to 37% (weighted average: 36%)	
		Average daily rate per occupied room:	2017: €1,517 to €1,839 (weighted average: €1,707)	
		Gross operating margin rate:	2017: 32% to 42% (weighted average: 41%)	
		Terminal capitalisation rate:	2017: 8%	
		Risk-adjusted discount rate:	2017: 11%	

Notes to the consolidated financial statements

17. INVESTMENT PROPERTY

	Note	31 December 2018 €'000	31 December 2017 €'000
At beginning of year		138,672	176,548
Direct acquisitions		51	203
Disposals through disposal of subsidiary companies		(9,293)	–
Transfers to trading properties	19	–	(217)
Reclassification to assets held for sale		–	(25,376)
Fair value adjustment – continuing operations	8B	(13,039)	(12,486)
At end of year		**116,391**	**138,672**

As at 31 December 2018 and 31 December 2017, part of the Group's immovable property is held as security for bank loans (see note 23).

Changes in fair values are recognised as gains/(losses) in profit or loss and included in 'Change in valuations' or 'Profit from discontinued operation, net of tax' if they relate to the discontinued operation. All such gains/(losses) are unrealised.

Fair value hierarchy

The fair value of investment property, amounting to €116,391 thousand (2017: €138,672 thousand), has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Property location	Valuation technique (see note 3)	Significant unobservable inputs		Inter-relationship between key unobservable inputs and fair value measurement
Property in Greece	Combined approach (Market and Income)	*Market approach – 60% weight*		The estimated fair value would increase/(decrease) if:
		Premiums/(discounts) on the following:		Premiums were higher/(lower);
		Location:	2018: -10% to +10% (2017: -10% to +10%)	Discounts were lower/(higher);
		Site size:	2018: -20% to 0% (2017: -20% to 0%)	Weights on comparables with premiums were higher/(lower);
		Asking vs transaction:	2018: -25% to -10% (2017: -30% to -10%)	Weights on comparables with discounts were lower/(higher);
		Frontage sea view:	2018: 0% to +20% (2017: 0% to +20%)	Quantity of villas was higher/(lower);
		Maturity/development potential:	2018: +10% to +40% (2017: -20% to +40%)	Selling price per m² was higher/(lower);
		Weight allocation:	2018: +10% to +20% (2017: +10% to +20%)	Expected annual growth in selling price was higher/(lower);
		Income approach – 40% weight		Cash flow velocity was shorter/(longer);
		Quantity of villas:	2018: 447 (2017: 447)	Risk-adjusted discount rate was lower/(higher).
		Selling price per m²:	2018: €2,800 (2017: €2,900)	
		Expected annual growth in selling price:	2018: 0% to 3% (2017: 0% to 3%)	
		Cash flow velocity (years):	2018: 13 (2017: 13)	
		Risk-adjusted discount rate:	2018: 15% (2017:16%)	
		Discount on combined approach value:		
		Legal status:	2018: -10% (2017: -10%)	

Notes to the consolidated financial statements

17. INVESTMENT PROPERTY CONTINUED

Valuation techniques and significant unobservable inputs continued

Property in Greece continued	Market approach	Premiums/(discounts) on the following:		The estimated fair value would increase/(decrease) if: Premiums were higher/(lower); Discounts were lower/(higher); Weights on comparables with premiums were higher/(lower); Weights on comparables with discounts were lower/(higher).
		Location:	2018: –40% to +20% (2017: –40% to +30%)	
		Site size:	2018: –50% to +10% (2017: –50% to +10%)	
		Asking vs transaction:	2018: –30% to 0% (2017: –30% to 0%)	
		Frontage sea view:	2018: -10% to +30% (2017: -10% to +30%)	
		Maturity/development potential:	2018: –40% to +40% (2017: –45% to +50%)	
		Zoning uniqueness:	2018: –30% to 0% (2017: –30% to 0%)	
		Other:	2018: -10% to 0% (2017: -10% to 0%)	
		Strategic investment approval:	2018: 0% to +25% (2017: 0% to +25%)	
		Weight allocation:	2018: +5% to +30% (2017: +5% to +40%)	
Property in Cyprus	Market approach	Premiums/(discounts) on the following:		The estimated fair value would increase/(decrease) if: Premiums were higher/(lower); Discounts were lower/(higher); Weights on comparables with premiums were higher/(lower); Weights on comparables with discounts were lower/(higher).
		Location:	2018: 0% to +20% (2017: 0% to +20%)	
		Site size:	2018: –30% to -10% (2017: –30% to -10%)	
		Asking vs transaction:	2018: –25% to 0% (2017: –35% to 0%)	
		Frontage sea view:	2018: 0% to +20% (2017: 0% to +30%)	
		Maturity/development potential:	2018: –50% to 0% (2017: –30%)	
		Weight allocation:	2018: +5% to +20% (2017: +5% to +25%)	

18. DISPOSAL GROUPS HELD FOR SALE

In 2018, the Company entered into a binding sale and purchase agreement to sell the Collection Group (owner of 'Seafront villas' in Greece) through the sale of the subsidiaries of Dolphin Capital Greek Collection Limited. The completion of the respective sale agreement of the disposal group and subsidiaries is expected during 2019.

The Company also remains committed to its plan to sell four disposal groups which were presented as held for sale in 2017. These disposal groups are: Kéa (owner of 'Kéa Resort'), Azurna (owner of 'Livka Bay') in Croatia, Kalkan (owner of 'La Vanta') in Turkey and DCI Holdings Two Limited ('DCI H2') (owner of Aristo Developers Limited ('Aristo')) in Cyprus.

All of the above disposal groups are included in the operating segments of 'Construction & Development' (Collection Group, Kalkan and DCI H2) and 'Other' (Kéa and Azurna).

As at 31 December 2017, Iktinos (owner of 'Sitia Bay Golf Resort'), Triopetra (owner of 'Triopetra Bay') and Porto Heli (owner of 'Nikki Beach') in Greece were also presented as held for sale with their disposal being completed during 2018.

On 24 October 2018, the Company signed an agreement for the sale of its 25% interest in the Nikki Beach to a company affiliated to Invel Real Estate Management Ltd, for a consideration of €1,650 thousand, resulting in a gain on disposal of €516 thousand.

Impairment losses relating to the disposal groups

Impairment losses of €2,954 thousand (2017: €3,409 thousand) for write-downs of the disposal groups to the lower of their carrying amount and their fair value less costs to sell have been recognised and included in other expenses (see note 8B).

Notes to the consolidated financial statements

18. DISPOSAL GROUPS HELD FOR SALE CONTINUED

Assets and liabilities of disposal groups held for sale

As at 31 December 2018, the disposal groups comprised the following assets and liabilities:

	Azurna disposal group €'000	Kalkan disposal group €'000	Kéa disposal group €'000	Collection disposal group €'000	DCI H2 disposal group €'000	Total €'000
Property, plant and equipment	–	6	10,437	–	–	10,443
Investment property	28,965	–	10,360	–	–	39,325
Equity-accounted investees	–	–	–	–	42,694	42,694
Trading properties	–	4,699	–	5,638	–	10,337
Trade and other receivables	7	974	128	85	–	1,194
Cash and cash equivalents	218	138	336	14	–	706
	29,190	**5,817**	**21,261**	**5,737**	**42,694**	**104,699**
Available-for-sale financial assets						901
Assets held for sale						**105,600**
Loans and borrowings	7,149	–	–	–	–	7,149
Deferred tax liabilities	2,870	–	2,132	–	–	5,002
Trade and other payables	969	110	1,514	3,243	–	5,836
Liabilities held for sale	**10,988**	**110**	**3,646**	**3,243**	**–**	**17,987**

Available-for-sale financial assets

On 15 July 2013, the Company acquired 9.6 million shares, equivalent to 10% of Itacare's share capital, for the amount of €1.9 million. Itacare is a real estate investment company that was listed on AIM until 16 May 2014, when the admission of its ordinary shares to trading on AIM was cancelled following a decision of its shareholders at the Extraordinary General Meeting that took place on 6 May 2014. Itacare's shareholders have decided to dispose of all assets and after a series of asset sales/swaps Itacare now owns two development sites with the Company's shareholding being 13%.

DCI H2 disposal group

As at 31 December 2018 and as at 31 December 2017, the Company's holding of 47.9% has been classified as an asset held for sale. The Company received within 2018 a total net dividend distribution of €2 million from DCI H2, the owner of Aristo. The Board remains committed to dispose of its holding in Aristo and realise value from its investment in Aristo as well as maximise its distributions potential from DCI H2.

As at 31 December 2017, the disposal groups comprised the following assets and liabilities:

	Iktinos disposal group €'000	Azurna disposal group €'000	Kalkan disposal group €'000	Kéa disposal group €'000	Triopetra disposal group €'000	Porto Heli disposal group €'000	DCI H2 disposal group €'000	Total €'000
Property, plant and equipment	6,699	–	9	–	–	–	–	6,708
Investment property	14,544	30,960	–	20,940	4,436	–	–	70,880
Equity-accounted investees	–	–	–	–	–	926	42,694	43,620
Trading properties	–	–	5,615	–	–	–	–	5,615
Trade and other receivables	139	6	980	62	36	–	–	1,223
Cash and cash equivalents	4	181	29	36	1	–	–	251
	21,386	**31,147**	**6,633**	**21,038**	**4,473**	**926**	**42,694**	**128,297**
Available-for-sale financial assets	–	–	–	–	–	–	–	834
Assets held for sale								**129,131**
Loans and borrowings	–	8,165	–	–	–	–	–	8,165
Deferred tax liabilities	3,062	3,240	–	2,796	360	–	–	9,458
Trade and other payables	311	965	79	6,775	13	–	–	8,143
Liabilities held for sale	**3,373**	**12,370**	**79**	**9,571**	**373**	**–**	**–**	**25,766**

Notes to the consolidated financial statements

18. DISPOSAL GROUPS HELD FOR SALE CONTINUED

Cumulative income or expenses included in other comprehensive income

An amount of €2,198 thousand income (2017: €10,977 thousand expense) relating to the disposal groups is included in other comprehensive income.

Measurement of fair values

i. Fair value hierarchy

The fair value measurement for the disposal groups before costs to sell has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

ii. Valuation techniques and significant unobservable inputs

The fair value of each disposal group is significantly based on the valuation of the immovable property in each group. The following table shows the valuation techniques and significant unobservable inputs used in measuring the fair values of Azurna, Kalkan and Kéa properties. The fair value of DCI H2 properties as at 31 December 2018 is based on the selling agreement signed for its disposal, while the fair values of Iktinos and Triopetra, as at 31 December 2017, were also based on their respective selling agreements.

Property	Valuation technique (see note 3)	Significant unobservable inputs	
Azurna, Croatia	Market approach	Premiums/(discounts) on the following:	
		Location:	2018: -10% to 0% (2017: -5% to +5%)
		Site size:	2018: -15% to -5% (2017: -20% to -10%)
		Asking vs transaction:	2018: -10% to 0% (2017: -10% to 0%)
		Capacity:	2018: -20% to 0% (2017: 0%)
		Weight allocation:	2018: +20% to +40% (2017: +20%)
Kalkan, Turkey	Income approach	Quantity of residential units:	2018: 7 to 54 (2017: 1 to 54)
		Selling price per m²:	2018: €950 to €1,500 (2017: €1,100 to €1,850)
		Expected annual growth in selling price:	2018: 0% to 5% (2017: 0% to 5%)
		Cash flow velocity (years):	2018: 3 (2017: 1 to 3)
		Risk-adjusted discount rate:	2018: 23% to 38% (2017: 5% to 38%)
Kéa, Greece	Income approach	Room occupancy rate (annual):	2018: 32% to 39% (weighted average: 37%) (2017: 22% to 31%) (weighted average: 30%)
		Average daily rate per occupied room:	2018: €990 to €1,378 (weighted average €1,237) (2017: €823 to €1,203) (weighted average €1,089)
		Gross operating margin rate:	2018: 9% to 39% (weighted average 30%) (2017: 10% to 35%) (weighted average 30%)
		Terminal capitalisation rate:	2018: 11% (2017: 10%)
		Quantity of villas:	2018: 40 (2017: 40)
		Selling price per m²:	2018: €6,400 (2017: €6,400)
		Expected annual growth in selling price:	2018: 0% to 3% (2017: 0% to 4%)
		Cash flow velocity (years):	2018: 10 (2017: 10)
		Risk-adjusted discount rate:	2018: 12% (2017: 13%)

Notes to the consolidated financial statements

19. TRADING PROPERTIES

	Note	31 December 2018 €'000	31 December 2017 €'000
At beginning of year		30,572	29,763
Net direct (disposals)/acquisitions		(42)	1,079
Reversal of concession/write off of land	8B	–	193
Net transfers from investment property	17	–	217
Disposals through disposal of subsidiary companies		(21,129)	–
Impairment loss	8B	(3,763)	(680)
Reclassification to assets held for sale		(5,638)	–
At end of year		**–**	**30,572**

As at 31 December 2017, part of the Group's immovable property was held as security for bank loans (see note 23).

20. RECEIVABLES AND OTHER ASSETS

The effect of initially applying IFRS 15 and IFRS 9 is described in note 2(g).

	31 December 2018 €'000	31 December 2017 €'000
Trade receivables	–	1,082
VAT receivables	71	561
Other receivables	173	2,538
Total trade and other receivables (see note 33)	**244**	**4,181**
Prepayments and other assets	1,619	1,193
Total	**1,863**	**5,374**

21. CASH AND CASH EQUIVALENTS

	31 December 2018 €'000	31 December 2017 €'000
Bank balances (see note 33)	7,930	2,421
Cash in hand	8	23
Total	**7,938**	**2,444**

During the year, the Group had no fixed deposits.

In 2017, funds in bank accounts of certain Group companies were pledged as a security for loans (see note 23).

22. CAPITAL AND RESERVES

Capital

Authorised share capital

	31 December 2018		31 December 2017	
	'000 of shares	€'000	'000 of shares	€'000
Common shares of €0.01 each	2,000,000	20,000	2,000,000	20,000

Movement in share capital and premium

	Shares in '000	Share capital €'000	Share premium €'000
Capital at 1 January 2017 and up to 31 December 2018	**904,627**	**9,046**	**569,847**

Reserves

Translation reserve

Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Revaluation reserve

Revaluation reserve relates to the revaluation of property, plant and equipment from both subsidiaries and equity-accounted investees, net of any deferred tax.

Notes to the consolidated financial statements

23. LOANS AND BORROWINGS

	Total		Within one year		Within two to five years		More than five years	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Loans in Euro	17,326	89,715	17,326	21,171	–	55,474	–	13,070
Loans in Euro within disposal groups held for sale	7,149	8,165	7,149	8,165	–	–	–	–
Total	**24,475**	**97,880**	**24,475**	**29,336**	**–**	**55,474**	**–**	**13,070**

Terms and conditions

The terms and conditions of outstanding loans were as follows:

Description	Currency	Interest rate	Maturity dates	31 December 2018 €'000	31 December 2017 €'000
Secured loans	Euro	2018: Euribor plus margins ranging from 4.25% to 5% (2017: 4.25% to 6.5%)	2019 (2017: From 2018 to 2026)	24,475	53,934
Secured loans	Euro	2017: Fixed rate 11%	2017: 2020	–	43,946
Total interest-bearing liabilities				**24,475**	**97,880**

Securities

As at 31 December 2018 and 31 December 2017, the Group's loans and borrowings were secured as follows:

- Mortgage against the immovable property of the Croatian subsidiary, Azurna, with a carrying amount of €27.6 million (2017: €29.6 million), two promissory notes, a debenture note and a letter of support from its parent company Single Purpose Vehicle Four Limited.
- Mortgage against the immovable property of the Cypriot subsidiary, Symboula, with a carrying amount of €22.9 million (2017: €27.1 million).
- Pledge of 1,000 shares of DCI H2 (representing 10% in Aristo) for Symboula's bank loan.
- Pledge of all shares of the Cypriot subsidiary Symboula, and all shares of two other Apollo group entities for Symboula bank loan.
- Fixed and floating charges over assets and undertakings of Symboula, subordination and assignment of intercompany loans between all companies of Apollo Group and Dolphin Capital Investors Limited.
- Corporate guarantees by DCI Holdings One Limited for the serving of the bank loan of Cypriot subsidiary, Symboula, amounting to €16 million.

The Symboula loan of €17,326 thousand is currently in the process of being sold by the current banking lender to a third party as part of a larger package transaction of loan liabilities sold. As the transaction in question has not been finalised yet, Symboula has refrained from settling the interest payments contractually due under the respective loan terms and has entered into negotiations with the loan acquirer in relation to the repayment and/or restructuring of the respective loan. As of the date of approval of the consolidated financial statements, no official notification has been sent by the bank to Symboula or any other company of the Apollo Group, of its intention to proceed with enforcement measures.

As at 31 December 2017, in addition to the above, the Group's loans and borrowings were secured as follows:

- Lien up to €59 million on immovable properties of the Greek subsidiaries of the Porto Heli project, with a carrying amount of €151.6 million.
- Pledge of 4,495 shares of the Cypriot subsidiary, DCI 14, and all shares of six Cypriot and Greek subsidiaries of the Amanzoe project for DCI 14 loan received from Colony Luxembourg S.a.r.l. acting on behalf of managed funds.
- Fixed and floating charges over the rights, titles and interests of DCI 14 and three Cypriot subsidiaries of the Amanzoe project, charge over their bank accounts and assignment of their intra-group receivables for the loan from Colony Luxembourg S.a.r.l.

Notes to the consolidated financial statements

24. DEFERRED TAX ASSETS AND LIABILITIES

	31 December 2018		31 December 2017	
	Deferred tax assets €'000	Deferred tax liabilities €'000	Deferred tax assets €'000	Deferred tax liabilities €'000
Balance at the beginning of the year	994	(19,561)	996	(24,255)
Recognised in profit or loss – continuing operations (see note 14)	(1)	1,642	(2)	2,847
Recognised in other comprehensive income (see note 14)		(2,985)	–	(1,309)
Reclassification to liabilities held for sale	–	–	–	3,156
Disposal of subsidiary companies	(993)	12,460	–	–
Balance at the end of the year	**–**	**(8,444)**	**994**	**(19,561)**

Deferred tax assets and liabilities are attributable to the following:

	31 December 2018		31 December 2017	
	Deferred tax assets €'000	Deferred tax liabilities €'000	Deferred tax assets €'000	Deferred tax liabilities €'000
Revaluation of investment property	–	(7,243)	–	(9,550)
Revaluation of trading properties	–	–	–	(2,163)
Revaluation of property, plant and equipment	–	(1,201)	–	(7,143)
Other temporary differences	–	–	–	(705)
Tax losses	–	–	994	–
Total	**–**	**(8,444)**	**994**	**(19,561)**

25. FINANCE LEASE LIABILITIES

	31 December 2018			31 December 2017		
	Future minimum lease payments €'000	Interest €'000	Present value of minimum lease payments €'000	Future minimum lease payments €'000	Interest €'000	Present value of minimum lease payments €'000
Less than one year	8	–	8	8	–	8
Between two and five years	244	12	232	154	6	148
More than five years	4,061	1,288	2,773	4,133	1,291	2,842
Total	**4,313**	**1,300**	**3,013**	**4,295**	**1,297**	**2,998**

The major finance lease obligations comprise leases in Greece with 99-year lease terms.

26. DEFERRED REVENUE

	31 December 2018 €'000	31 December 2017 €'000
Prepayment from clients	–	13,834
Government grant	–	6,985
Total	**–**	**20,819**

	31 December 2018 €'000	31 December 2017 €'000
Non-current	–	6,985
Current	–	13,834
Total	**–**	**20,819**

Notes to the consolidated financial statements

27. TRADE AND OTHER PAYABLES

	31 December 2018 €'000	31 December 2017 €'000
Trade payables	–	814
Land creditors	20,843	21,048
Investment Manager fees	2,118	1,188
Branding fees accrual	–	2,684
Litigation liability provision	–	4,000
Other payables and accrued expenses	4,060	7,317
Total	**27,021**	**37,051**

	31 December 2018 €'000	31 December 2017 €'000
Non-current	20,647	20,858
Current	6,374	16,193
Total	**27,021**	**37,051**

During 2017, the Company entered into new contracts in connection with the deferred purchase of land at Lavender Bay. The amount outstanding as at 31 December 2017 was €21,048 thousand and, should the relevant subsidiary opt to exercise its acquisition right over the respective land parcels, payment will be due on 31 December 2025. As a result of a retroactive change in the interest rate charged on the outstanding consideration, an accrued interest payable amount of approximately €4 million has been reversed during the year ended 31 December 2017 and included in finance income in profit or loss.

28. NAV PER SHARE

	31 December 2018 '000	31 December 2017 '000
Total equity attributable to owners of the Company (€)	164,516	194,059
Number of common shares outstanding at end of year	904,627	904,627
NAV per share (€)	**0.18**	**0.21**

29. RELATED PARTY TRANSACTIONS

29.1 Directors' interest and remuneration

Directors' interest

Miltos Kambourides is the founder and managing partner of the Investment Manager.

The interests of the Directors as at 31 December 2018, all of which are beneficial, in the issued share capital of the Company as at this date were as follows:

	Shares '000
Miltos Kambourides (indirect holding)	66,019
Mark Townsend	282
Andrew Coppel	150

Save as disclosed, none of the Directors had any interest during the year in any material contract for the provision of services which was significant to the business of the Group.

Notes to the consolidated financial statements

29. RELATED PARTY TRANSACTIONS CONTINUED

29.1 Directors' interest and remuneration continued

Directors' remuneration

	From 1 January 2018 to 31 December 2018 €'000	From 1 January 2017 to 31 December 2017 €'000
Remuneration	553	772
Equity-settled share-based payment arrangements – Director Awards (see note 30)	8	(71)
Total remuneration	**561**	**701**

The Directors' remuneration details for the years ended 31 December 2018 and 31 December 2017 were as follows:

	From 1 January 2018 to 31 December 2018 €'000	From 1 January 2017 to 31 December 2017 €'000
Andrew Coppel	230	229
Graham Warner	172	171
Robert Heller	30	200
Sue Farr	38	115
Mark Townsend	83	57
Total	**553**	**772**

Miltos Kambourides has waived his fees.

On 25 January 2018, Robert Heller and Sue Farr resigned from the Company's Board. Robert Heller no longer retains an interest in the stock options issued pursuant to the Company's Stock Option Programme.

29.2 Investment Manager remuneration

	From 1 January 2018 to 31 December 2018 €'000	From 1 January 2017 to 31 December 2017 €'000
Fixed management fee	5,000	6,000
Variable management fees	9,332	1,606
Total remuneration	**14,332**	**7,606**

In line with the Amended and Restated IMA, signed in December 2016, with retroactive effect from 1 July 2016, the following arrangements came into effect:

i. Fixed management fee

The annual management fees for the second half of 2016 were retrospectively reduced from €8.5 million to €6.5 million per annum and have been set to a fixed declining annual amount equal to €6 million for 2017, €5 million for 2018 and €4 million for 2019.

Additionally, the term of the IMA has been reduced and will expire at the earlier of the end of the Divestment Period or 31 December 2019 rather than August 2020 as under the terms of the previous IMA, subject to any extension of its term as may be agreed with the Company.

ii. Variable management fee

A variable management fee has been introduced which will become payable solely upon the execution of each asset divestment by the Company. The variable management fee will be equal to a percentage of the enterprise value (i.e. the equity value of the asset plus any loans or other liabilities assumed by its purchaser) of any asset disposed by the Company during the Divestment Period at a valuation at or in excess of 50% of its latest reported NAV.

The variable management fee percentage will be equal to 3% for divestments executed within the second half 2016 and will be reduced to 2.5%, 2.0% and 1.3% for those concluded in 2017, 2018 and 2019 respectively, to the extent these are completed at 50% of relevant latest reported NAV. The variable management fee will increase in respect of transactions executed at sales prices exceeding 50% of their NAV.

The variable management fee will become payable to the Investment Manager three months from the completion of the respective disposal.

The Investment Manager was entitled to a performance fee payable under the terms of the previous IMA. There is no change to this entitlement. However, any performance fees earned under this arrangement will be fully deducted from any future annual management fees and variable management fees payable over the term of the IMA.

Notes to the consolidated financial statements

29. RELATED PARTY TRANSACTIONS CONTINUED

29.3 Shareholder and development agreements

Shareholder agreements

On 6 August 2012, the Company signed an agreement for the sale of eight out of the nine remaining Seafront Villas and their construction. The Company received a €1 million deposit and an additional amount of €990 thousand in 2013. The completion of this transaction never materialised due to the purchaser's default in making the deferred payments and as such the respective agreements were terminated with the Company retaining the major part of the consideration already received. The Company had already received €0.7 million towards the sale of Ntekar from the terminated agreement and on 30 November 2018, the sale was completed through a new agreement upon receipt of the final payment of €1.1 million. On 11 December 2018, the Company also entered into a binding agreement for the sale of its interest in the remaining Seafront Villas for a gross consideration of €4.05 million. The Group has received €3.4 million on 2 January 2019 whilst the balance will be retained in escrow to cover any potential and contingent liabilities of the respective companies. The completion of the transaction is pending the opening of the escrow account where the balance consideration will be deposited and is expected within 2019.

On 1 November 2017, the Company along with the project's current minority shareholder entered into an agreement through its relevant project subsidiary companies for a €16 million equity investment by One&Only Resorts Limited ('One&Only') in exchange for a 40% shareholding in Single Purpose Vehicle Fourteen Limited, 100% holding company of Kéa Resort. The consideration will be deployed in the development of the Kéa Resort, with the transaction including the operation of the Kéa Resort and its residences by One&Only through long-term management and branding agreements. Completion of the investment agreement is subject to the Company meeting certain conditions including the revision of the construction permits to reflect the redesign of the Kéa Resort to meet One&Only brand standards and the completion of a €30 million senior loan facility against the project together with the finalisation of the turn-key construction contract. Completion and commencement of the Kéa Resort's construction is also subject to an additional €4 million equity injection in the Kéa Resort by third party investors.

29.4 Other related parties

During the years ended 31 December 2018 and 31 December 2017 the Group did not enter into any significant related party transactions.

30. EQUITY-SETTLED SHARE-BASED PAYMENT ARRANGEMENTS

	From 1 January 2018 to 31 December 2018 €'000	From 1 January 2017 to 31 December 2017 €'000
Director Awards (see note 29.1)	8	(71)
Total equity-settled share-based payment arrangements	**8**	**(71)**

Director Awards

On 9 June 2015, Robert Heller and Graham Warner were granted nil-cost share option awards under a Stock Incentive Plan (the 'Director Awards'). These awards will vest in equal tranches dependent upon the average closing price of the shares trading at or above certain relevant target share prices for a continuous period of 30 trading days. The relevant target share prices for the purposes of these awards are 35p, 40p, 45p, and 50p. Director Awards remain exercisable up until the day before the fifth anniversary of the grant date of the awards. On 25 January 2018, Robert Heller resigned from the Company's Board and no longer retains an interest in the stock options issued pursuant to the Company's Stock Option Programme. The number of shares to which the Director Awards relate is 2,261,567 common shares of €0.01 each with reductions in the event that certain non-market performance targets are not met.

The most significant inputs used in the measurement of the grant date fair value of the Awards are as follows:

	Awards
Fair value at grant date	£0.0659
Share price at grant date	£0.215
Exercise price	Nil
Expected volatility (long run forecast)	31%
Risk-free rate (based on UK government 5 year Bonds)	1.523%

Notes to the consolidated financial statements

31. BUSINESS COMBINATIONS

On 18 January 2018, the Group entered into an agreement for the disposal of its entire interest of 77.8% in the Sitia Bay Golf Resort ('Project') to its minority partner in the Project, Iktinos Hellas S.A., for a consideration of €14 million. The first instalment of €1.4 million was received on 22 January 2018 while the remaining €12.6 million was received on 3 April 2018.

On 5 February 2018, the Group entered into an agreement for the disposal of its entire interest of 100% in the Triopetra project to Deniage Ltd ('Deniage'). Deniage purchased the Group's entire shareholding interest for a total cash consideration of €4.1 million. The amount of €4 million was received on 5 February 2018 while the remaining €100 thousand will be withheld until 30 June 2019 to cover any potential latent project liabilities.

On 1 August 2018, the Group signed a share purchase agreement with Grivalia Hospitality S.A. for the disposal of its entire interest in the Amanzoe project through the acquisition of 100% of the shares in DCI 14, the holding company owning the project, for a total cash consideration of €5.8 million, which was fully settled in August 2018.

On 31 August 2018, the Group entered into an agreement for the disposal of its entire interest of 100% in Ntekar to SPRL Carat, for a consideration of €1.8 million, which was received in November 2018.

	Amanzoe €'000	Triopetra €'000	Sitia Bay €'000	Ntekar €'000	Total €'000
Property, plant and equipment	(86,945)	–	(6,698)	–	(93,643)
Investment property	(9,293)	(4,436)	(14,544)	–	(28,273)
Deferred tax asset	(993)	–	–	–	(993)
Trading properties	(19,830)	–	–	(1,299)	(21,129)
Receivables and other assets	(4,505)	(36)	(138)	–	(4,679)
Cash and cash equivalents	(3,888)	–	(4)	–	(3,892)
Loans and borrowings	74,720	–	–	–	74,720
Deferred tax liabilities	12,460	359	3,062	–	15,881
Deferred revenue	21,581	–	–	–	21,581
Trade and other payables	9,636	12	310	594	10,552
Net assets	**(7,057)**	**(4,101)**	**(18,012)**	**(705)**	**(29,875)**
Net assets disposed of	(5,857)	(4,101)	(14,018)	(705)	(24,681)
Net proceeds on disposal	5,800	3,497	13,440	1,164	23,901
Variable management fees					(9,223)
Loss on disposal recognised in profit or loss					**(10,003)**
Cash effect on disposal:					
Net proceeds on disposal	5,800	3,497	13,440	1,164	23,901
Variable management fees	–	–	–	–	(9,223)
Cash and cash equivalents	(3,888)	–	(4)	–	(3,892)
Net cash inflow on disposal					**10,786**

Notes to the consolidated financial statements

31. BUSINESS COMBINATIONS CONTINUED

On 17 January 2017, the Company signed a share purchase agreement with Grivalia Hospitality S.A. for the sale of its 60% shareholding in all entities related to the Pearl Island Project. Completion of the disposal was subject to a corporate restructuring and to the consent of the appointed hotel operator to modifications of certain terms of the hotel management agreement. The consideration for the sale comprised a cash payment of €27 million, payable in the form of a €1 million non-returnable deposit, €24 million upon completion of the sale and the remaining €2 million to be retained in an escrow account for a period of 12 months post completion to cover any tax liabilities, potential breach of the Company's warranties or undisclosed indebtedness. Completion took place on 13 March 2017 with €24 million received by the Company on the same date while the escrowed amount of €2 million was received in full on 16 March 2018.

	€'000
Investment property	(28,108)
Property, plant and equipment	(25,990)
Receivables and other assets	(2,237)
Cash and cash equivalents	(183)
Deferred tax liabilities	1,238
Trade and other payables	11,652
Net assets	**(43,628)**
Net assets disposed of – 60% shareholding	(26,177)
Net proceeds on disposal	26,476
Variable management fees	(1,606)
Gain on disposal recognised in profit or loss	**(1,307)**
Cash effect on disposal:	
Net proceeds on disposal	26,476
Variable management fees	(1,606)
Cash and cash equivalents	(183)
Net cash inflow on disposal	**24,687**

32. NON-CONTROLLING INTERESTS

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations.

31 December 2018	SPV 10 (Kéa Resort) €'000
Non-controlling interests percentage	
Non-current assets	20,891
Current assets	475
Non-current liabilities	(2,132)
Current liabilities	(1,961)
Net assets	17,273
Carrying amount of non-controlling interests	**5,757**
Revenue	21
Loss	(1,039)
Other comprehensive income	–
Total comprehensive income	(1,039)
Loss allocated to non-controlling interests	**(346)**
Other comprehensive income allocated to non-controlling interests	**–**
Cash flow from operating activities	1,269
Cash flow used in investing activities	(971)
Cash flow from financing activities	–
Net increase in cash and cash equivalents	**298**

Notes to the consolidated financial statements

32. NON-CONTROLLING INTERESTS CONTINUED

31 December 2017	SPV 10 (Kéa Resort) €'000	Single Purpose Vehicle Two Limited (Amanzoe) €'000
Non-controlling interests percentage	**33.33%**	**35.60%**
Non-current assets	21,034	–
Current assets	118	3,929
Non-current liabilities	(22,363)	(84)
Current liabilities	(396)	(385)
Net (liabilities)/assets	(1,607)	3,460
Carrying amount of non-controlling interests	**(535)**	**1,232**
Revenue	23	–
Loss	(501)	(171)
Other comprehensive income	–	–
Total comprehensive income	(501)	(171)
Loss allocated to non-controlling interests	**(167)**	**(61)**
Other comprehensive income allocated to non-controlling interests	**–**	**–**
Cash flow from/(used in) operating activities	41	(23)
Cash flow used in investing activities	(43)	–
Cash flow from financing activities	–	–
Net decrease in cash and cash equivalents	**(2)**	**(23)**

33. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed to credit risk, liquidity risk and market risk from its use of financial instruments. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group's overall strategy remains unchanged from last year.

(i) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the statement of financial position date. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. The Group's trade receivables are secured with the property sold. Cash balances are mainly held with high credit quality financial institutions and the Group has policies to limit the amount of credit exposure to any financial institution.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting year was as follows:

	Carrying amount	
	31 December 2018 €'000	31 December 2017 €'000
Trade and other receivables (see note 20)	244	4,181
Cash and cash equivalents (see note 21)	7,930	2,421
Total	**8,174**	**6,602**

Notes to the consolidated financial statements

33. FINANCIAL RISK MANAGEMENT CONTINUED

Financial risk factors continued

(i) Credit risk continued

Trade and other receivables

Credit quality of trade and other receivables

The Group's trade and other receivables are unimpaired.

Cash and cash equivalents

Exposure to credit risk

The table below shows an analysis of the Group's bank deposits by the credit rating of the bank in which they are held:

	31 December 2018		31 December 2017	
	No. of banks	€'000	No. of banks	€'000
Bank group based on credit ratings by Moody's				
Rating Aaa to A	1	7,570	2	1,380
Rating Caa to C	4	360	4	1,041
Total bank balances		**7,930**		**2,421**

(ii) Liquidity risk

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

The following tables present the contractual maturities of financial liabilities. The tables have been prepared on the basis of contractual undiscounted cash flows of financial liabilities, and on the basis of the earliest date on which the Group might be forced to pay.

	Carrying amounts €'000	Contractual cash flows €'000	Within one year €'000	One to two years €'000	Three to five years €'000	Over five years €'000
31 December 2018						
Loans and borrowings	17,326	(18,377)	(18,377)	–	–	–
Finance lease obligations	3,013	(4,313)	(8)	(8)	(236)	(4,061)
Land creditors	20,843	(26,979)	(712)	(1,310)	(3,841)	(21,116)
Trade and other payables	4,383	(4,383)	(4,383)	–	–	–
	45,565	**(54,052)**	**(23,480)**	**(1,318)**	**(4,077)**	**(25,177)**
31 December 2017						
Loans and borrowings	89,715	(128,114)	(13,064)	(24,048)	(74,619)	(16,383)
Finance lease obligations	2,998	(4,295)	(8)	(8)	(146)	(4,133)
Land creditors	21,048	(27,695)	(718)	(710)	(3,886)	(22,381)
Trade and other payables	5,875	(5,875)	(5,765)	(110)	–	–
	119,636	**(165,979)**	**(19,555)**	**(24,876)**	**(78,651)**	**(42,897)**

Notes to the consolidated financial statements

33. FINANCIAL RISK MANAGEMENT CONTINUED

Financial risk factors continued

(iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December would have decreased equity and profit or loss by €173 thousand (2017: €458 thousand). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit or loss and other equity.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States dollar. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while improving the return to shareholders. The Board of Directors is committed to implementing a package of measures that is expected to focus on the achievement of the Group's investment objectives, achieve cost efficiencies and strengthen its liquidity. Notably, these measures include the completion of certain Group asset divestment transactions, as well as the conclusion of additional working capital facilities at the Group and/or Company level.

34. COMMITMENTS

As of 31 December 2018, the Group had a total of €544 thousand contractual capital commitments on property, plant and equipment (2017: €2,695 thousand).

Non-cancellable operating lease rentals are payable as follows:

	31 December 2018 €'000	31 December 2017 €'000
Less than one year	11	20
Between two and five years	–	11
Total	**11**	**31**

35. CONTINGENT LIABILITIES

Companies of the Group are involved in pending litigations. Such litigation principally relates to day-to-day operations as a developer of second-home residences and largely derives from certain clients and suppliers. Based on advice from the Group's legal advisers, the Investment Manager believes that there is sufficient defence against any claim and does not expect that the Group will suffer any material loss. All provisions in relation to these matters which are considered necessary have been recorded in these consolidated financial statements.

If investment properties, trading properties and property, plant and equipment were sold at their fair market value, this would have given rise to a variable management fee to the Investment Manager, which would be based on the relevant IMA provisions.

In addition to the tax liabilities that have already been provided for in the consolidated financial statements based on existing evidence, there is a possibility that additional tax liabilities may arise after the examination of the tax and other matters of the companies of the Group in the relevant tax jurisdictions.

The Group, under its normal course of business, guaranteed the development of properties in line with agreed specifications and time limits in favour of other parties.

36. SUBSEQUENT EVENTS

There were no other material events after the reporting period which have a bearing on the understanding of the consolidated financial statements as at 31 December 2018.

Valuation certificates

American Appraisal

Athens, 04 April 2019
Board of Directors
Dolphin Capital Investors
Vanterpool Plaza
2nd fl.- Wickhams Cay 1
Road Town – Tortola,
BVI

Dear Sirs,

In accordance with the terms of our agreement and as independent appraisers, American Appraisal (Hellas) Limited, hereafter also referred as "AAH", have conducted a valuation of the real estate assets, including land and buildings (the "Assets") owned by Dolphin Capital Investors Limited, hereafter referred to as "DCI" or the "Company" or the "Client" and certain subsidiaries, in Greece and Cyprus.

Specifically, we provided our independent opinion as to the "Fair Value" of the real estate assets owned by the "Company" and/or its subsidiaries in the areas of:

- Kilada Hills Golf Resort, Porto Heli, Greece
- Lavender Bay, Greece
- Kea Resort, Greece
- Plaka Bay, Greece
- Scorpio Bay, Greece
- Lepitsa Sunset, Greece
- Apollo Heights, Cyprus

The purpose of our valuation exercise was to provide the Board of "DCI" with information about the Fair Value of the subject assets in order to assist in relation to the compliance with the requirements of the International Financial Reporting Standards – IFRS, the International Accounting Standards, and specifically according to the IAS 40 – Investment Properties and IAS 16 – Property, Plant and Equipment.

The value estimates apply as of December 31, 2018 and are subject to the Standard Assumptions and Limiting Conditions attached to our valuation reports and are based on the reasonable assumptions contained in our valuation reports.

In the process of preparing these appraisals we have:

- Undertaken inspection to the majority of the subject properties;
- Collected relevant data regarding the prevailing market conditions and trends that can affect the value of the properties;
- Collected relevant data about the availability of comparable properties in the areas examined;
- Investigated prevailing prices and asking values of similar properties in the areas examined;
- We made the appropriate adjustments, where necessary, in order to proceed with the estimation of the Fair Value of the properties under investigation.
- Relied on information provided by the "Company";

Our valuations assume that the properties have good and marketable titles and are free of any undisclosed legal burdens, outgoings or restrictions.

The valuation reports are not intended for a benefit of a Bank or Developer (other than the Client), have been prepared at the request of the management of Dolphin Capital Investors Ltd for their exclusive (and confidential) use, and for the specific purpose and use stated in the reports. Any other purpose or use of the reports is not valid. Our reports should not be distributed to any third party. All copyright is reserved by the author and the reports are considered confidential by "AAH" and the "Client".

Our valuation consulting services do not constitute and/ or include investment advice and should not be interpreted as such.

American Appraisal (Hellas) Limited's valuation services, are performed in conformity with the RICS (Royal Institution of Chartered Surveyors) Valuation Global Standards (June 2017)[1] and the relevant code of ethics, the International Valuation Standards (IVS[2]) and the IFRS framework. As such, all relevant material was provided in the reports including the discussion of appropriate data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value.

Valuation certificates continued

Additional supporting documentation concerning the data, reasoning, and analyses are retained in the appraiser's file. The depth of discussion contained in the reports is specific to the needs of the Client and for the intended use stated therein. Our Appraisal Reports comply with the reporting requirements set forth under the generally accepted appraisal standards and principles.

The basis of value is the "Fair Value". For reporting purposes, we have adopted the Royal Institution of Chartered Surveyors ("RICS") and the International Valuation Standards Committee ("IVSC") definition.

According to the International Valuation Standards, Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.[3] According to IVS[4], the Fair Value under IFRS is generally consistent with the concept of Market Value as defined in the IVS Framework.

American Appraisal (Hellas) Limited has no present or prospective interest in or bias with respect to the properties that are the subject of the reports and has no personal interest or bias with respect to the parties involved and has undertaken these valuations as independent valuer. American Appraisal (Hellas) Limited and its Qualified Valuers, do not have any conflict of interest in respect to the scope and content of work executed.

It is furthermore noted that we have not performed, for the properties in reference a test of earnings and cash flows to verify if they provide sufficient return on the invested capital. Property values may change significantly over a relatively short period. Consequently our valuations are only valid on the date of valuation.

Sincerely yours,

On behalf of American Appraisal (Hellas) Limited

Pavlos M. Zeccos – MSc, CRE®, MRICS
Managing Director

[1] Royal Institution of Chartered Surveyors, the 'Red Book', June 2017
[2] International Valuation Standards (IVS), 2017 edition
[3] IAS 40: para. 5
[4] IVS: IVS 300, Application Guidance G2.

Valuation certificates continued

Colliers INTERNATIONAL

Board of Dolphin Capital Investors
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Vanterpool Plaza
Wickhams Cay 1
Road Town
Tortola
British Virgin Islands

Re: Certificate of Value as of 31 December 2018
Istanbul, Turkey, 4 April 2019

Dear Sirs,

In accordance with the terms of our appointment as independent appraisers, we have conducted a valuation of your real estate assets, including land and buildings (the ''Assets'') belonging to Dolphin Capital Investors Limited (AIM: DCI.L) and certain subsidiaries (here after the ''Company'') in Turkey. Colliers International Property Consultants (Turkey) have been instructed by Dolphin Capital Investors Limited ('DCI'), to offer an opinion of the ''Fair Value'' of the real estate asset owned by the Company and/or its subsidiaries in Lavanta project, Kalkan, Antalya, Turkey.

The properties are held for investment and/or held for development or are in the course of development.

The purpose of our valuation analysis was to provide the Board of DCI with information about the Fair Value of the subject assets in order to support their decision-making process in relation to the compliance with the requirements of the International Accounting Standards (''IAS'') and the International Financial Reporting Standards (''IFRS'').

The value estimates apply as of December 31, 2018 and are subject to the Disclaimers, Certifications and Limiting Conditions in addition to the assumptions contained in our valuation reports and that were addressed to the management of DCI. In the process of preparing this appraisal we have:

- Inspected all the subject properties;
- Relied on information provided by the Company;
- Verified current land use and land use regulations;
- Conducted market research into sales and listing data on comparable properties;
- Interviewed market participants; and
- Examined local market conditions and analyzed their potential effect on the properties.

Our valuations assume that the properties have good and marketable titles and are free of any undisclosed onerous burdens, outgoings or restrictions.

The valuation reports have been prepared at the request of Dolphin Capital Partners and for their exclusive (and confidential) use, and for the specific purpose and function as stated in the reports. All copyright is reserved to the author and the reports are considered confidential by the author and Dolphin Capital Partners.

The result of our valuation consulting services does not constitute an investment advice and should not be interpreted as such. Our valuation report is not intended for the benefit of a Bank or Developer (other than the client) or any other third party and should not be taken to supplant other inquiries and procedures that a Bank or any other third party should undertake for the purpose of considering a transaction with DCI and its subsidiaries. Accordingly our work product is not to be used for any other purpose or distributed to third parties.

Our real estate valuation analysis is based on the premise that the Company is and will continue as a going-concern business enterprise.

Our valuation services are performed in accordance with generally accepted appraisal standards and in conformance with the professional appraisal societies.

We confirm that we do not have any material interest in any of the properties and that we have undertaken these valuations as independent valuers.

The date of valuation has been established as of December 31, 2018.

The basis of value is ''Fair Value''.

Valuation certificates continued

The expression Market Value and the term Fair Value as it commonly appears in accounting standards are generally compatible, if not in every instance exactly equivalent concepts. Fair Value, an accounting concept, is defined in IFRS and other accounting standards as the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable, willing parties in an arm's-length transaction. Fair Value is generally used for reporting both Market and Non-Market Values in financial statements. Where the Market Value of an asset can be established, this value will equate to Fair Value.

For reporting purposes, we have adopted Royal Institution of Chartered Surveyors ("RICS") and International Valuation Standards Committee ("IVSC") definition of "Fair Value" as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion".

Before any valuation analysis can be made, the appropriate premise of value should be established. The general concept of value can be separated into two categories: value-inexchange on a piecemeal basis and value-in-use. Value-in-exchange represents the action of buyers, sellers, and investors, and implies the value at which the property would sell on a piecemeal basis in the open market. Value-in-use is the value of special purpose property and assets as part of an integrated facility and reflects the extent to which the assets contribute to the profitability of the operation of that facility or going concern. These two premises can have a significant effect on the results of a valuation analysis. For purposes of the valuation of the selected assets, we have used the premise of Value-in-Exchange.

We have performed no test of earnings and cash flows to verify whether there is a sufficient return on and return of investment in the Assets.

The aggregate fair value figure makes no allowance for any effect that placing the whole portfolio on the market contemporaneously may have on the overall realization. The Fair Value of the portfolio sold as single entity would not necessarily be the same as the aggregate figure reported.

Property values may change significantly over a relatively short period. Consequently our valuations are only valid on the date of valuation. On the basis of our research, study, inspection, investigation and analysis, it is our opinion that the subject Assets have an estimated "Fair Value" as of December 31, 2018.

Our Appraisal Reports comply with the reporting requirements set forth under the generally accepted appraisal standards and principles. The valuation reports were prepared in conformity with the International Valuation Standards and the Appraisal Institute. As such, all relevant material was provided in the reports including the discussion of appropriate data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses are retained in the appraiser's file. The depth of discussion contained in the reports is specific to the needs of the client and for the intended use stated therein.

Ahmet Özgür
Director, Head of Valuation & Advisory Services
Colliers International Turkey

Valuation certificates continued

Colliers INTERNATIONAL

Board of Dolphin Capital Investors
Dolphin Capital Partners
Tortola Pier Park, Building 1
Wickams Cay 1
Road Town
Tortola
British Virgin Islands

Re: Certificate of Value as of 31 December 2018
Zagreb, Croatia, 3 April 2019

Dear Sirs,

In accordance with the terms of our appointment as independent appraisers, we have conducted a valuation of your real estate assets, including development land (the "Assets") belonging to **Dolphin Capital Investors Limited (AIM: DCI.L)** (here after the "Company") in Croatia, Colliers International Croatia have been instructed by Dolphin Capital Investors Limited (DCI) to offer an opinion of the "Fair Value" of the real estate asset owned by the Company and/or its subsidiaries in the following location:

DOLPHIN CAPITAL INVESTORS LIMITED REAL ESTATE ASSETS – Q4 2017 REVALUATION

Location	Property
Croatia	Livka Bay Resort

The property is in the course of development.

The purpose of our valuation analysis was to provide to the Board of DCI with information about the Fair Value of the subject assets in order to support their decision-making process in relation to the compliance with the requirements of the International Accounting Standards ("IAS") and the International Financial Reporting Standards ("IFRS")

The value estimates apply as of December 31, 2018 and is subject to the Disclaimers Certifications and Limiting Conditions in addition to the assumptions contained in our valuation reports and that were addressed to the management of DCI. In the process of preparing this appraisal we have:

- Inspected all the subject properties;
- Relied on information provided by the Company;
- Verified current land use and land use regulations;
- Conducted market research into sales and listing data on comparable properties;
- Interviewed market participants; and
- Examined local market conditions and analysed their potential effect on the properties.

Valuation Certificate

Our valuations assume that the property has good and marketable titles and is free of any undisclosed onerous burdens, outgoings or restrictions.

The valuation reports have been prepared at the request of Dolphin Capital Partners and for their exclusive (and confidential) use, and for the specific purpose and function as stated in the reports. All copyright is reserved to the author and the reports are considered confidential by the author and Dolphin Capital Partners.

The result of our valuation consulting services does not constitute an investment advice and should not be interpreted as such. Our valuation report is not intended for the benefit of a Bank or Developer (other than the client) or any other third party and should not be taken to supplant other inquiries and procedures that a Bank or any other third party should undertake for the purpose of considering a transaction with the Company. Accordingly our work product is not to be used for any other purpose or distributed to third parties.

Our real estate valuation analysis is based on the premise that the Company is and will continue as a going – concern business enterprise.

Our valuation services are performed in accordance with generally accepted appraisal standards and in conformance with the professional appraisal societies.

We confirm that we do not have any material interest in any of the properties and that we have undertaken these valuations as independent valuers.

The date of valuation has been established as of December 31, 2018.

The standard of value is "Fair Value".

Valuation certificates continued

The expression Market Value and the term Fair Value as it commonly appears in accounting standards are generally compatible, if not in every instance exactly equivalent concepts. Fair Value, an accounting concept, is defined in IFRS and other accounting standards as the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable, willing parties in an arm's-- length transaction. Fair Value is generally used for reporting both Market and Non-Market Values in financial statements. Where the Market Value of an asset can be established, this value will equate to Fair Value.

For reporting purposes, we have adopted Royal Institution of Chartered Surveyors – RICS and International Valuation Standards Committee – IVSC definition of ''Fair Value'' as ''the estimated amount for which an asset or liability should exchange on the day of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion''.

Before any valuation analysis can be made, the appropriate premise of value should be established. The general concept of value can be separated into two categories: value-in-exchange on a piecemeal basis and value-in-use. Value-in-exchange represents the action of buyers, sellers, and investors, and implies the value at which the property would sell on a piecemeal basis in the open market. Value-in-use is the value of special purpose property and assets as part of an integrated facility and reflects the extent to which the assets contribute to the profitability of the operation of that facility or going concern. These two premises can have a significant effect on the results of a valuation analysis. For purposes of the valuation of the selected assets, we have used the premise of Value-in-Exchange.

We have performed no test of earnings and cash flows to verify whether there is a sufficient return on and return of investment in the Assets.

The aggregate fair value figure makes no allowance for any effect that placing the whole portfolio on the market contemporaneously may have on the overall realization. The Fair Value of the portfolio sold as single entity would not necessarily be the same as the aggregate figure reported.

Property values may change significantly over a relatively short period. Consequently our valuations are only valid on the date of valuation. On the basis of our research, study, inspection, investigation and analysis, it is our opinion that the subject Assets have an estimated ''Fair Value'' as of December 31, 2018.

Our Appraisal Reports comply with the reporting requirements set forth under the generally accepted appraisal standards and principles. The valuation report is prepared in conformity with the International Valuation Standard, the RICS and the Appraisal Institute of Canada. As such, all relevant material was provided in the reports including the discussion of appropriate data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses are retained in the appraiser's file. The depth of discussion contained in the reports is specific to the needs of the client and for the intended use stated therein.

Respectfully submitted,

Vedrana Likan
General Manager

Management and administration

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Andrew Coppel (Chairman)
Graham Warner
Mark Townsend
Miltos Kambourides
of the registered office below

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