27 June 2014

SECURE PROPERTY Development & Investment

("SPDI" or "the Company")

Full year results show good operational performance and continued progress with strategy of portfolio diversification

- $17 million of capital raised to fund growth strategy -

SECURE PROPERTY Development & Investments Ltd (LSE:SPDI), a South Eastern European focused property and investment company, today announces its full year results for the year ended 31 December 2013.

Financial highlights:

- The Company turned to positive EBITDA in 2013 of $0.3 million (2012: loss of $1.2 million).
- Net Asset Value increased by 54% to $52.2 million (2012: $33.9 million).
- Net Rental Income increased by 33% to $2.8 million (2012: $2.1 million) as a result of improved occupancy at Terminal Brovary, the Group's key income producing asset in Kyiv, Ukraine.
- Cost stabilisation in operating expenses was generated through improved operational efficiencies, including continued streamlining and consolidation of third party advisors, as well as the initiation and implementation of tendering procedures and other cost monitoring and internal controls for operating processes. $17 million of capital was raised in 2013, adding momentum to the Company's recovery and funding its ambitions for growth.
- Banking debt reduced by 9% to $15 million (2012: 16.4 million).

Operational highlights:

- Occupancy at Terminal Brovary increased to 100% at the year end, from 84% as at 31 December 2012, following the signing of new leases along with a 33% increase in net rental income in comparison to the prior year.
- During 2013, the Company finalised the negotiations with the European Bank for Reconstruction and Development on rescheduling the amortisation plan of the Brovary construction loan. Signatures are pending on the final documents.
- In its push to further improve Corporate Governance, SPDI attracted Ned Goodman as a senior advisor to its Board. Ned Goodman is a well-respected and experienced international investor with a strong track record in both the real estate sector and the South East Europe markets. He is the founder of the Dundee Group of Companies in Canada, and President and CEO of the Dundee Corporation, an independent publicly traded Canadian asset management company. The appointment has substantially strengthened the collective experience of our board.

Lambros Anagnostopoulos, Chief Executive Officer of Secure Property, said: "We made good operational progress during 2013 and I am particularly pleased to report that we took a significant step towards diversifying SECURE's portfolio by agreeing terms to acquire an asset in Romania, our first outside of Ukraine, with an addition of two assets close to completion.

"European markets now look to be recovering and Eastern Europe has been growing faster than average, although the ongoing uncertainty in Ukraine is a cause of serious concern for the future political stability of the country and its economy.

"However, we are optimistic that 2014 will be seen as the real turning point in SECURE's evolution; we have worked through bankruptcy in 2010, a loan default in 2011 and have managed to stabilise the Company both financially and operationally during the economic and financial sector crisis between 2012 and 2013, and overall Eurozone instability. We now have a strategy focused on growth and diversification, a committed group of shareholders and a driven management team, so we are confident that we will have a successful year."

- Ends –

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1. Chairman's Statement

During 2013 the Company continued to pursue its strategy of consolidating existing assets in Ukraine, while acquiring new ones elsewhere. While progress was made on both fronts, the management was frustrated by delays arising from what remains a very cautious and inefficient business environment in the region. The small loss the Company recorded in 2013 came largely due to the later than expected acquisitions of income generating buildings in Romania, which if accomplished earlier would have increased bottom line result considerably. These problems came on top of others, notably the banking crisis in Cyprus early in the year, and the political problems in Ukraine that flared up as the year closed.

It is thus very much to the credit of the management team that the impact of these macroeconomic headwinds was contained: operating expenses remained close to budget, rental income for Terminal Brovary, which rose by 70% to USD 3,6m was also on budget, allowing the Company to end the year with a strong balance sheet and a great deal of acquisitions preparatory work behind it. There is every indication that 2014 may be as challenging as 2013 as Ukraine has entered a period of crisis but the Secure Property Management and Board who are very experienced in dealing with economic and political turbulence have already taken the steps to diversify and grow the Company.

Paul Ensor
Chairman

2. Letter to the Shareholders

26 June 2014

Dear Shareholders,

What a difference a year makes. In early 2012, there were real concerns that Europe was going head-on into a wall, with many predicting the collapse of the Euro and the Union. However, by late 2013, a combination of a number of events, including the German elections providing political stability in Europe's largest economy, Greece producing its first primary surplus in years, Cyprus weathering a banking crisis (which saw Cypriot banks go bust and individual depositors losing money for the first time in the EU history) and the US starting to taper-off its package of economic stimulus without major consequences, had led to renewed confidence that the European economy is back on track. There are, of course, some that do not believe enough has been done or that the risks have been fully mitigated.

At the same time, Eastern Europe has been growing faster than average, with Romania leading the pack in terms of both GDP growth rates and political stability, while a lot of non-European capital is circling around Southern European countries and Greece is looking for investment opportunities. All in all, 2013 largely saw progress being made in the right direction, with the overall environment substantially ameliorating, but fears remain that the fire is not totally extinct and that there are outstanding factors that might cause it to flare up again very quickly. The events of early February 2014 and the ongoing situation in Ukraine, which is still at a critical juncture, not only give rise to serious concern for the future political stability of the country and its economy, but also serve as a timely reminder of how quickly things can change.

For our Company, while we continued to make good operational progress, in terms of implementing our strategy of growth by acquisitions, 2013 was a year in limbo and no acquisitions were completed during the year under review. The market's concerns about lingering risks were reflected in the inability of most financial institutions in the region to extend new or refinance old loans combined with a priority for most of the regulatory bodies to assess the banking sector's capital adequacy that caused a very illiquid environment which delayed progress. Against this backdrop, we put a lot of focus on both raising further capital for investment and sourcing opportunities to invest in undervalued assets. While we were successful in raising $17 million early in the year, it took more time to start deploying these funds than we would have historically expected. However, the efforts made and many leads generated by the management team laid the foundations for the Company to make an acquisition in Romania in early 2014 - SECURE's first outside Ukraine.

In terms of asset management, the Company made good progress at its key income producing asset, Terminal Brovary, with occupancy consistently above 95% for the warehouse space and 85% including the office elements. Close to the end of the year, we rented the small amount of remaining warehouse space reaching 100% warehouse occupancy. 2013 is the first year with such high occupancy at Brovary, and our efforts resulted in a 33% increase in rental income in comparison to the previous year.

In March 2013 we finalised negotiations with the European Bank for Reconstruction and Development ("EBRD") on rescheduling the amortisation plan of the Brovary construction loan. Unfortunately, this coincided with the Cyprus banking crisis which resulted in the loan's 'B' Lender soon becoming bankrupt and being unable to complete the transaction, despite the fact that SPDI and EBRD had put in effect the new loan as of Q2 2013. In

December 2013 we received the written agreement of the 'B' Lender on the restructuring and we are now in the process of finalising legal documents that would eliminate a balance sheet risk factor by formalising the loan agreement.

In parallel, the Company navigated the Cypriot banking crisis well, having previously ensured that all its available cash was kept in non-Cypriot banks before the system collapsed. Consequently, and despite post-collapse cash transfer restrictions creating challenges, our cash reserve was safe and we ended the year with more than $13 million in cash or cash equivalent.

As mentioned above, a key focus of our asset management team was sourcing acquisitions and a number of interesting opportunities were identified, mostly in Romania. By the end of the year the Company had agreed terms to acquire three assets, two of which were very close to signature.

In March 2014, we were very pleased to sign the Sale and Purchase Agreement for the acquisition of Innovations Logistics Park, a fully-let 17,000 sq.m. gross leasable area logistics park in Bucharest. Its anchor tenant is Nestle which leases more than 60% of the gross leasable area, with the remainder let to locally managed Romanian businesses. Innovations produces €1.3 million of income per annum and the acquisition is expected to increase the Company's annual net operating income by over 60%.

The acquisition strengthens SECURE's focus on the logistics industry, increases our regional logistics exposure and diversifies our portfolio outside Ukraine for the first time in its history. It is the first small step towards our ultimate goal of creating a leading regional company.

The 2013 annual accounts scarcely remind us of the troubles the Company was in just two years ago when the current management team took over. Operational revenues have increased in the region of 620% since that time, reaching $3.6 million for the year under review compared to $2.1 million in 2012 and $0.5 million in 2011. SPDI is now well placed for continued growth in line with shareholders' mandate.

Having worked through a bankruptcy in 2010, a loan default in 2011 and managing to stabilise the Company both financially and operationally against the backdrop of the economic and financial sector issues between 2010 - 2013 as well as the overall Euro crisis we are optimistic that 2014 will be seen as the real turning point in the Company's evolution. With a strategy focused on growth and diversification, a committed group of shareholders and a driven management team, SPDI has every right to expect that. We can assure both our longstanding investors, who have stuck with us through the difficult times and kept faith in the Company's potential, as well as the new investors, who share our dream and vision, that we will do everything it takes to build on the positive steps already taken and drive hard to reach our ultimate objective.

Best regards,

Lambros G. Anagnostopoulos

Chief Executive Officer

3. Management Report

3.1. Corporate Overview & Financial Performance

In 2013 the Company's management focused on three areas: First, the generation of various acquisition opportunities which in the end created a strong pipeline of suitable targets. We entered negotiations for a number of these during the period, moved into thorough due diligence on others and, by the year end, were able to bring three to a position where they are ready for closing subject to debt and equity capital availability, of which one closed in the first quarter of 2014, as detailed earlier.

Our second aim was to raise capital and, we were able to raise almost $17 million during the year, increasing the equity in the Company's balance sheet by 17%. However, the focus of international investors on opportunities arising from the distressed environment in South Europe (mainly Spain and secondarily Greece) proved a stumbling block in raising further capital for South East Europe. Availability of debt capital proved more difficult, due to local banks proving very inflexible and slow in their decision making processes (with the debacle in Cyprus exasperating this situation further).

Third, on the operational front, besides maintaining a high level of service and occupancy in Terminal Brovary, the management continued its path of addressing various issues on the ground, most notably the various legal cases brought against the Company by its ex-administrator in Ukraine who has teamed up with our ex-lawyers. In terms of financial operations, we were successful in preventing the Company from being affected by the Cypriot banking crisis and the foreign exchange ("FX") restrictions in Cyprus and Ukraine. We also concluded negotiations with EBRD on the restructuring of the Terminal Brovary construction loan, the terms of which while not yet officially signed, have been agreed by both parties since Q1 2013.

In parallel with the areas of focus, the Company maintained its overall lean and strict operations management, decreasing the annual operating and administrative costs to ~$3 million and increasing the Company's net annual rental income by 33% to $2.8 million.

As part of its active cash management, the Company transferred 98% of its total cash balance out of the Cyprus Popular Bank ("CPB") just weeks before it went bust, eliminating almost entirely the effects of the collapse of the Cypriot economy on the Company. At the time we had more than $15 million in cash and, as a result of our premeditative action, the situation in Cyprus resulted in only a $135,000 loss for the Company, for which we expect to receive Bank of Cyprus shares during 2014 by way of compensation.

The temporary capital transfer restrictions imposed by the Cypriot authorities did not affect the Company's day-to-day operations. The Company is monitoring the situation closely and will act accordingly.

The political instability in Ukraine continued and until this is resolved it is no longer possible to predict the outcome or its impact on Ukraine's economy.

As Terminal Brovary is on the Kiev outskirts, the premises run no significant risk from the riots. Our tenants are mostly western logistics and retail companies, whose operations may be affected economically, but the end effect depends on the evolution of the events.

In view of degrading FX conditions in early February, Ukraine has instigated certain restrictions on FX transactions in response to the outflow of capital and the devaluation of Hryvnia (in excess of 40% since the beginning of the crisis) due to shortage of FX financial reserves and the political uncertainty in the country. In addition, starting from 1 January 2014, the new convention between Ukraine and Cyprus was taken into force and all payables from Ukrainian Companies to their Cypriot counterparts are now subject to 2% withholding tax.

With the risk of devaluation of the Ukrainian currency being always very high, most of our tenancy agreements were pegged by design on the US$. As such no immediate impact is expected with our net cash availability, being estimated at a monthly average of $ 130,000.

In an effort to further streamline its operations, the Company has proceeded in essentially terminating all the non-Terminal Brovary related intragroup loans between Cyprus and Ukraine, thus considerably reducing its capital flows between the holding Company and its subsidiaries. Furthermore, such flows are now part of an overall plan to decrease the Ukrainian operation's dependency on equity support. The termination of these loans will have a substantial positive impact on the tax payable by the Company.

In the same manner, the Company has progressed with decreasing the number of its subsidiaries in Ukraine, a long and bureaucratic process that will be finalized within 2014, thus resulting in lower administrative costs and increased time efficiency.

In its push to further improve Corporate Governance, SECURE Property attracted Ned Goodman as a senior advisor to its Board. Ned Goodman, being a well respected and experienced international investor with a strong track record in both the real estate sector and the South East Europe markets, substantially strengthened the collective experience of our board. He is the founder of the Dundee Group of Companies in Canada and President and CEO of the Dundee Corporation, an independent publicly traded Canadian asset management company.

The Audit Committee's constitution sets out the Board's responsibility for overseeing the financial reporting and internal controls of the Company and its subsidiaries and maintaining a relationship with the external auditor of the group. It also monitors potential conflicts of interests of directors and senior managers. The Committee met on a number of occasions during the year, and in particular engaged with the auditors during the audit process and engaged with management in the discharge of their role.

The Remuneration Committee has a responsibility to determine the policy for the remuneration of the Directors and Executive Management of the company. The role includes not only basic cash remuneration, but also bonuses, benefits in kind and non-cash remuneration. The principal activity of the Committee during the year was to consider reducing cash outflow from the Company in relation to Directors' remuneration. The discussions resulted in the successful implementation of the policy to substitute cash remuneration in part for share based remuneration. The Remuneration Committee met on a number of occasions during the year and engaged with management on remuneration issues.

The Board is ultimately responsible for the Group's financial reporting, internal control and risk management systems. The Finance Department prepares detailed budgets and cash flow projections, which are approved annually by the Board and updated regularly throughout the year. Ongoing financial control is the responsibility of the management. A control structure is in place with defined delegated authorities and signatory rights for both management decisions and cash payments throughout the Group.

The Company's performance in 2013 showed clearly the hard work done in the period after the internalization of management. Compared to 2012, gross rental income increased by 70% to $3.6 million, while operating expenses decreased to $3 million from $3.6 million of 2012. This resulted in an EBITDA of $0.3 million.

3.2. Property Holdings

The Company's portfolio, currently entirely focused on Ukraine, consists of one income producing property and four development projects at different stages in the development process.

Terminal Brovary Logistic Park consists of a 49,180 sq.m. Class A warehouse and associated office space, situated on the junction of the main Kiev – Moscow highway and the Borispil road. The facility has been in operation since Q1 2010 and as at the end of the reporting period was 90% leased (warehouse space was 100% leased).

Bela Logistic Centre is a 22.4 ha plot in Odessa situated on the main highway to Kiev. Following the issuance of permits in 2008, below ground construction for the development of a 103,000 sq.m. GBA logistic center commenced. Construction was put on hold in 2009 due to the global economic crisis.

Kiyanovskiy Lane consists of four adjacent plots of land, totaling 0.55 ha earmarked for a residential development, which are well located, overlooking the scenic Dnipro River, St. Michael's Spires and historic Podil neighborhood. During 2013, management held discussions with a number of interested parties with regard to a possible development of this asset should the market developments allow for such action.

Tsymlyanskiy Lane is a 0.36 ha plot of land located in the historic Podil District of Kiev earmarked for the development of a residential complex.

Balabino project is a 26.38 ha plot of land situated on the south entrance of Zaporozhye, a city in the south of Ukraine with a population of 800,000 people. Balabino is zoned for retail and entertainment development.

In 2013, the Company appointed CBRE Ukraine as its valuer. The valuations have been carried out by the appraisers on the basis of Market Value in accordance with the appropriate sections of the current Practice Statements contained within the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards (2013) (the "Red Book") and is also compliant with the International Valuation Standards (IVS).

At the year-end, the Company's property assets were valued at $53.6 million, an increase of 2.3% from the December 2012 valuation. This increase can be attributed mostly to constantly high Terminal Brovary occupancy, as well as to growth in the average unit rental revenue. Such valuation need to take into account the impact of the current political developments in Ukraine, once the situation stabilizes.

The Net Equity attributable to the shareholders as at 31 December 2013 stood at $52.2 million representing a ~520% increase over the June 2011 ($8.5 million) figure, when the new management took over. This figure includes also the total capital raised in 2013.

The NAV per share as at 31 December 2013 stood at $1.85; lower than a year before, due to the new shares issued as a result of the capital increase, while the discount of the Market Value against the NAV decreased to 42%.

3.3. Financial and Risk Management

The Group's overall bank debt exposure at the reporting date consisted of a single $15 million net construction loan to Terminal Brovary from EBRD. The loan was originally restructured in June 2011 and is again under a restructuring process expected to be completed in Q3 2014 as the Company has agreed with EBRD to match cash inflows from the asset with the debt amortization plan.

In October 2013, the Company proceeded with capitalizing the convertible loan amounting to $1.7 million granted by certain shareholders a year earlier in order to provide additional working capital to the Company. The lenders have agreed to convert these liabilities due to them into new ordinary shares.

Overall, the Group's gearing ratio (debt/equity) at the end of 2013 stands at 29%.

Throughout 2013 the Company continued to preserve liquidity and optimize its cash flow in a worsening credit environment. By maintaining a tight cash flow schedule, the Company has been able to manage its liabilities while making progress towards implementing its growth strategy.

Most importantly, during the year the Company mitigated the effects of both the Cyprus financial crisis, by holding the bulk of its financial assets outside the Cypriot banking system and the gradual devaluation of the Ukrainian hryvnia, by minimizing the cash available in Ukraine and transferring all excess cash out of the country, thus protecting the shareholder's value.

3.4. 2014 and beyond

Going into 2014, the political and economic developments in Ukraine overshadow all other performance factors for the Company. While management is doing whatever is needed to avoid any negative consequences, the need to expedite our regional expansion (and through it mitigate the Ukrainian risk) is now more pertinent than ever. On the other hand, the EU situation is ameliorating and the EU economy is looking at a brighter year, helping the property markets and our growth efforts.

As such, our focus in 2014 is to grow the Company's balance sheet with assets in other countries in the South East Europe region (with priority being placed in Romania and Bulgaria), while safeguarding our position and income in Ukraine.

4. Regional Economic Developments[1]

4.1 Ukraine

Although Gross Domestic Product continued to decrease in Q3 2013, it is expected to rebound in Q4 2013 closing at -1% for the whole year. However economic activity is expected to be seriously hampered in 2014, due to the unfolding political events and the uncertainty regarding the financing of the current account deficit of Ukraine.

Over the period from January 2013 to September 2013, the Current Account balance reduced by 7% year-on-year to $10.2 billion, because of weak exports, foreign exchange movements that negatively affected competitiveness and the increase in consumer lending. This trend stopped temporarily in September-October 2013, when imports increased by 2.8% year-on-year, predominantly as a result of higher gas imports. Headline inflation dropped by 0.4% year-on-year in August 2013, after reaching a plateau in June. The deflation reflected the continued decline in food prices, which constitute approximately half of the CPI basket, as well as lower domestic demand and the reluctance to implement the IMF's measures (a hike of over 30% in gas prices and a forced devaluation of the Hryvnia).

(1 *Sources: Eurobank Research, NBG Research, National Statistical Services, National Central Banks, Eurostat, European Central Bank, International Monetary Fund, Raiffeisen Research, Bloomberg, World Bank)*

As far as interest rates are concerned, the National Bank of Ukraine (NBU) has kept the rate at around 6%; a decision primarily driven by the close-to-zero inflationary levels, the deposit growth in the banking sector, as well as the diminishing cost of funds. However, real interest rates in the market are on the rise as the devaluation of the Hryvnia has picked up later in the year.

On the political front, in November 2013, during the Eastern Partnership Summit in Vilnius, Ukraine failed to sign the Association Agreement with the EU and instead opted for a closer relationship with Russia, which caused political turmoil.

4.2 Romania

Romania's preliminary GDP results recorded an unexpected 3.5% year-on-year increase in 2013, from a sluggish 0.7% in 2012, while in Q4 2013 readings showed a 5.2% year-on-year increase (vs 4.1% in Q3 2013).

The Current Account Deficit fell by 0.9% of GDP during the first 11 months of 2013, mainly because the trade deficit narrowed by 2.9% year-on-year to 2.2% of GDP. Exports soared by 9% as a result of the broadening of Romania's export base, particularly in the automotive sector (40% of total exports) and in the export of agricultural products following the recovery from the 2012 drought. Imports remained close to 2012 levels.

The National Bank of Romania continued its cycle of monetary easing by cutting its rate to 3.5%, with the aggregate cuts since July 2013 totaling 175 bps. It has also reduced the minimum reserve requirement ratios on Romanian Leu and FX-denominated debt to 12% and 18% respectively from 15% and 20%, thus allowing for banks to build up their reserves.

The significant improvement in inflation and its outlook was the main reason that allowed the Central Bank to implement its easing strategy reaching a 16-month low of 1.9% for the first time ever.

In September 2013, Fitch affirmed the BBB- rating with a stable outlook for Romania, reflecting the public finance consolidation, the reduction of external imbalances and the improving GDP, amongst a number of other factors. Meanwhile, Romania has raised $2 billion in middle January 2014 from the international markets at a ~5% implying yield on the 10 year maturity, which indicates Romania's improved external position and its positive prospects.

4.3. Bulgaria

GDP grew by 1.5% year-on-year in Q3 2013 from a slight decline of -0.2% in Q2 2013, while GDP for the full year was at 0.5%. 2014 is expected to be a better year in terms of economic growth and GDP may quadruple to 2% as exports increase.

The Current Account Balance reached an unprecedented surplus of 3.1% of GDP during the first eight months of 2013, mostly due to the contraction of the trade deficit to 3.3% of GDP, making Bulgaria the best external sector performer in the region. In August 2013, electricity prices experienced a second cut by an average of 4.3% as a result of high public discontent (which followed the one earlier in the year). This, in combination with lower food prices, made headline inflation reach 1.6% year-on-year from 4.2% the previous year.

Credit activity continued to be subdued but, deposits grew by 8.9% throughout the year. The stabilization of the Non-Performing Loans' ratio at around 18% may signify a complete turnaround and indicate improving credit conditions going forward.

5. Real Estate Market Developments[2]

5.1. Ukraine

Despite a high level of interest in income producing assets from high net worth individuals, the deterioration of the political situation in Ukraine in late 2013 led to many deals being put on hold.

In 2013, the Greater Kiev area saw a 25% year-on-year increase in the supply of logistics space (+135,500 sq.m. of GLA), with another 149,100 sq.m. being in the pipeline for 2014. The take-up soared by 32% year-on-year in 2013 and is just 1.5% lower than the historic peak of 2008. As a result rental rates are largely stable.

New office supply decreased by 17% year-on-year in 2013 in Kiev, (+131,100 sq.m. of GLA), while 180,000 sq.m. are scheduled for delivery in 2014. With take-up more than doubling (+162,300 sq.m. in 2013 compared to 2012) and being comparable to the 2008 levels, the net effect was also stable rental rates. Take up is mostly supported by FMCG, pharmaceuticals, IT, energy, financial and agricultural related companies.

In 2013, total retail stock soared by 13% year-on-year and by 51% compared to 2008 and stood at 1,314,910 sq.m. In 2012 and 2013, premium fashion brands such as Dolce & Gabbana, Versace and Tom Ford opened their first boutiques in Ukraine. This is going to impact positively on the logistics sector over the long term, if not stopped by the political uncertainty. Average monthly rents in Kiev generally remained stable at $70-90/sq.m., while for prime properties rental rates reached $160-200/sq.m.

5.2. Romania

The total investment volume is expected to surpass EUR350 million in 2013 from less than EUR300 million in 2012. At the same time, research by BNP Paribas Real Estate showed increased interest in European second-tier markets. Romania is included in a list of 10 countries that offer strong growth potential.

Gross industrial take-up activity hit a record level of 145,000 sq.m. in H1 2013. 2013 closed with a total leasing activity of over 250,000 sq.m. recording an increase of 82% year-on-year. The strong leasing activity, as well as the awaken appetite from investors caused a drop of 50bps in cap rates to 10% towards the end of the year, while the headline rental rates remained stable.

Q3 2013 was the best quarter for total leasing activity for the past two years and represented an increase of 25% or 84,500 sq.m. from the Q2 2013 total. Overall, the total leasing activity recorded in 2013 was the highest in Bucharest office market over the past six years, with approximately 300,000 sq.m. transacted and 30% of the transactions stemming from the IT&C sector. Headline rents have remained stable at the region of EUR18/sq.m., while cap rates have gone down to 8% for CBD prime properties.

The modern retail stock in Romania stood at 2.8 million sq.m. in 2013 with more than half located in shopping centers. This figure is expected to surpass 2.9 million sq.m. in 2014. Two strong trends have been observed; firstly the increasing sales of online retailers, which are opening more and more physical stores, and secondly the strong demand for prime assets that has pushed the vacancy rates to below 5%.

With no more than 2,800 units being delivered in 2013 the modern stock remains insufficient to cover long term demand. Bucharest remained the East Europe city with the lowest levels of post 1989 residential property stock. Should credit conditions and the capacity of the local lenders (mostly owned by Greek and Austria banks) allow, the market is poised to pick up quickly. To this day, the most important driver of demand continues to be the "Prima Casa" government program, with more than 90,000 loans granted from 2009 to 2013, for approximately EUR4 bn. However, the program's terms recently changed so as to cover loans only in local currency (RON) which may affect the market temporarily.

5.3. Bulgaria

The level of construction permits issued was approximately 4% down in 2013 compared to 2012, while new construction starts remained at the same levels as the year before.

Total modern stock increased by 9.6% year-on-year to 796,000 sq.m. with shortages being observed in quality logistics space, as well as in light industrial space. Take up activity in Sofia remained relatively stable at 78,000 sq.m.

2013 saw only 34,000 sq.m. of class A and B office buildings being delivered. As a consequence the Sofia office stock increased only slightly at 1.65 million sq.m. while the pipeline has shrunk by 40% year-on-year at 163,000 sq.m. Total office absorption for the whole of 2013 soared by 12.2% year-on-year reaching 108,300 sq.m., supported by the outsourced IT sector that counted up for 52% of take-up. Yields remained stable at 9.5%.

The shopping center stock in Bulgaria experienced a 24% year-on-year increase, due to the opening of Strand Burgas, the fifth consecutive shopping center opened during the last 18 months. At the same time, the vacancy rate in Sofia significantly decreased from 16.5% in Q3 2013 to 12% in Q4 2013. One of the main reasons was the increase in occupancy rate to 95% of the Paradise center, the first lifestyle center in Sofia with more than 200,000 sq.m. built-up area.

6. Property Assets

6.1. Aisi Brovary – Terminal Brovary Logistic Park

The Brovary Logistic Park consists of a 49,180 sq.m. GLA Class A warehouse and associated office space. The building has large facades to Brovary ring road, at the intersection of Brovary (E-95/M-01 highway), and Borispil ring road. It is located 10 km from Kiev city border and 5 km from Borispol international airport.

The building is divided into six independent sections (each at least 6,400 sq.m.), with internal clear ceiling of 12m height and industrial flooring constructed with an anti – dust overlay quartz finish. The terminal accommodates 90 parking spaces for cars and trucks, as well as 24 hour security and municipal provided sewage, water and garbage collection.

As of the end of 2013, the building is 90% leased, reflecting a 100% lease of its warehouse capacity. The majority of the leases, which have been entered into with large, multinational corporate tenants, have a duration of three to five year.

6.2. Aisi Bela – Bela Logistic Center

The site consists of a 22.4 ha plot of land with zoning allowance to construct industrial properties of up to 103,000 sq.m. GBA, is situated on the main Kiev – Odessa highway, 20km from Odessa port and in an area of high demand for logistics and distribution warehousing.

Following the completion of planning and issuance of permits in 2008, construction commenced with column foundation and peripheral walls for 100,000 sq.m. being completed in 2009. Development was then put on hold, due to lack of funding and deteriorating market conditions.

6.3. Kiyanovskiy Lane – Land for Residential Complex

The project consists of 0.55 ha of land located at Kiyanovskiy Lane, near Kiev city centre. It is destined for the development of business to luxury residences with beautiful protected views overlooking the scenic Dnipro River, St. Michaels's Spires and historic Podil.

The concept design of the project is under review with the proposed development to include residential apartments (GBA of circa 21,000 sq.m.) and 100 parking spaces across two levels of basement.

During 2013 discussions were held with potential developers in order to prepare the ground for development when the market conditions improve and the political landscape stabilizes.

6.4. Tsymlyanskiy Lane – Land for Residential Complex

The 0.36 ha plot is located in the historic and rapidly developing Podil District in Kiev. The Company owns 55% of the plot, with one local co-invetsor owning the remaining 45%.

In 2009, all necessary documents were submitted to relevant authorities for approval and issuance of a construction permit. The plan was to develop circa 10,000 sq.m. GBA of 40 high end residential units and office spaces on lower floors, as well as 41 parking spaces in three underground levels. Since then, the project has been frozen.

6.5. Balabino-Land for Retail/Entertainment Development

The site, consisting of 26.38 ha land is situated on the south entrance of Zaporozhye city, 3 km away from the administrative border of Zaporozhye. It borders the Kharkov-Simferopol Highway (which connects eastern Ukraine and Crimea and runs through the two largest residential districts of the city) as well as another major artery accessing the city centre.

The site is zoned for retail and entertainment and various development options are being evaluated as per the market's needs.

(2*. Sources : Jones Lang LaSalle, DTZ Research, CBRE Research, The Advisers/Knight Frank, Forton International, MBL Research Property Assets*)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	Note	2013 US$	2012 US$
Operational income	2	3.608.668	2.121.072
Valuation gains/(losses) from investment property	2	843.433	3.452.294
		4.452.101	**5.573.366**
Administration expenses	3	(3.288.004)	(3.242.494)
Investment property operating expenses	4	(721.446)	(554.281)
Other income, net	5	658.438	524.112
Operating profit		**1.101.089**	**2.300.703**
Finance costs, net	6	(1.105.648)	(2.155.308)
(Loss) / Profit before tax		**(4.559)**	**145.395**
Income tax expense	7	(166.972)	(83.845)
(Loss) / Profit for the year		**(171.531)**	**61.550**
Other comprehensive (loss)/income			
Exchange difference on translation of foreign operations		(80.292)	6.727
Total comprehensive (loss)/income for the year		**(251.823)**	**68.277**
(Loss)/ Profit attributable to:			
Owners of the parent		(185.148)	131.735
Non-controlling interests		13.617	(70.185)
		(171.531)	**61.550**
Total comprehensive income attributable to:			
Owners of the parent		(276.293)	112.880
Non-controlling interests		24.470	(44.603)
		(251.823)	**68.277**
Earnings/(losses) per share ($ cent per share):	1		
Basic (loss)/earnings for the year attributable to ordinary equity owners of the parent		(0,01)	0,01
Diluted (loss)/earnings for the year attributable to ordinary equity owners of the parent		(0,01)	0,01

Consolidated Statement of Financial Position

For the year ended 31 December 2013

	Note	2013 US$	2012 US$
ASSETS			
Non-current assets			
Investment properties	8b	39.600.000	39.230.000
Investment property under construction	8a	9.000.000	8.353.161
Prepayments made for investments	8c	5.000.000	5.000.000
Property, plant and equipment		142.658	96.331
		53.742.658	**52.679.492**
Current assets			
Prepayments and other current assets		4.958.887	5.448.173
Cash and cash equivalents		13.333.497	256.447
		18.292.384	**5.704.620**
Total assets		**72.035.042**	**58.384.112**
EQUITY AND LIABILITIES			
Issued share capital	9	5.762.809	5.531.191
Share premium		123.141.051	104.779.503
Foreign currency translation reserve		(1.340.671)	(1.249.526)
Accumulated losses		(75.355.408)	(75.170.260)
Equity attributable to equity holders of the parent		52.207.781	33.890.908
Non-controlling interests		1.063.265	1.038.795
Total equity		**53.271.046**	**34.929.703**
Non-current liabilities			
Interest bearing borrowings	10	-	1.777.680
Finance lease liabilities		534.264	565.973
Trade and other payables	11	662.599	664.899
Deposits from tenants		435.250	427.918
		1.632.113	**3.436.470**
Current liabilities			
Interest bearing borrowings	10	15.276.622	16.563.976
Trade and other payables	11	1.075.268	2.561.736
Taxes payable		584.102	529.827
Provisions		164.144	334.552
Finance lease liabilities		31.747	27.848
		17.131.883	**20.017.939**
Total liabilities		**18.763.996**	**23.454.409**
Total equity and liabilities		**72.035.042**	**58.384.112**
Net Asset Value (NAV) $ per share:	1		
Basic NAV attributable to equity holders of the parent		1,85	3,05
Diluted NAV attributable to equity holders of the parent		1,62	2,67

On 23 June 2014 the Board of Directors of SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC authorized these financial statements for issue.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to equity holders of the Parent						
	Share capital	Share premium	Accumulated losses, net of non-controlling interest	Foreign currency translation reserve	Total	Non- controlling interests	Total
	US$	US$	US$	US$	US$	US$	US$
Balance – 31 December 2011/ 1 January 2012	**5.507.276**	**102.447.925**	**(75.301.995)**	**(1.230.671)**	**31.422.535**	**1.083.398**	**32.505.933**
Profit /(Loss) for the year	-	-	131.735	-	**131.735**	(70.185)	**61.550**
Issue of share capital	23.915	2.331.578	-	-	**2.355.493**	-	**2.355.493**
Foreign currency translation reserve	-	-	-	(18.855)	**(18.855)**	25.582	**6.727**
Balance – 31 December 2012/ 1 January 2013	**5.531.191**	**104.779.503**	**(75.170.260)**	**(1.249.526)**	**33.890.908**	**1.038.795**	**34.929.703**
(Loss) / Profit for the year	-	-	(185.148)	-	**(185.148)**	13.617	**(171.531)**
Issue of share capital, net (Note 9)	231.618	18.798.086	-	-	**19.029.704**	-	**19.029.704**
Transaction costs attributable to the increase share capital		(436.538)			**(436.538)**		**(436.538)**
Foreign currency translation reserve	-	-	-	(91.145)	**(91.145)**	10.853	**(80.292)**
Balance - 31 December 2013	**5.762.809**	**123.141.051**	**(75.355.408)**	**(1.340.671)**	**52.207.781**	**1.063.265**	**53.271.046**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable on account of the shareholders.

Consolidated Statement of Cash Flows
For the year ended 31 December 2013

	Note	2013 US$	2012 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax and non-controlling interests		**(4.559)**	**145.395**
Adjustments for:			
Profit/(loss) on revaluation of investment property	2	(843.433)	(3.452.294)
Other non-cash movements		52.618	151.978
Prepayments and other current assets impairment loss/(reversal)	5	(13.304)	(53.264)
Trade and other payables written off	5	(354.299)	(614.667)
Depreciation of property, plant and equipment		16.154	11.590
Interest income	6	(132.827)	(1.496)
Interest expense	6	1.358.435	1.767.095
Provisions		(170.408)	-
Effect of foreign exchange difference	6	(268.211)	7.370
Cash flows used in operations before working capital changes		**(359.834)**	**(2.038.293)**
Change in prepayments and other current assets		(116.583)	(597.968)
Change in trade and other payables	11	(702.841)	(465.657)
Change in other taxes and duties		(6.144)	(139.766)
Increase in deposits from tenants		7.332	364.111
Income tax paid		(106.553)	(247.180)
		(924.789)	**(1.086.460)**
Net cash flows used in operating activities		**(1.284.623)**	**(3.124.753)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures on investment property	8	(173.406)	(112.393)
Decrease in payables for construction	11	(431.628)	(463.592)
Change in VAT recoverable		619.173	418.724
Increase/(Decrease) in financial lease liabilities		(27.810)	(86.084)
Changes in property, plant and equipment		(62.481)	(86.133)
Interest received	6	132.827	1.496
Net cash flows from / (used in) investing activities		**56.675**	**(327.982)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital / shareholders advances	9	17.045.000	2.353.864
Proceeds from/(Repayment of) borrowings	10	(1.473.363)	1.729.295
Interest and financial charges paid		(1.164.851)	(1.128.532)
Net cash flows from / (used in) financing activities		**14.406.786**	**2.954.627**
Effect of foreign exchange rates on cash		(101.787)	(85)
Net increase/(decrease) in cash at banks		**13.077.051**	**(498.193)**
Cash:			
At beginning of the year		256.447	754.640
At end of the year		**13.333.498**	**256.447**

Notes to the Accounts

1. Earnings and net assets per share attributable to equity holders of the parent

a. Weighted average number of ordinary shares

	2013		2012
Issued ordinary shares capital	28.171.833		11.111.975
Weighted average number of ordinary shares (Basic)	24.790.668		10.157.531
Diluted weighted average number of ordinary shares	28.765.486		11.724.013

b. Basic diluted and adjusted earnings per share

Earnings per share	**31/12/2013**		**31/12/2012**
	US$		**US$**
(Loss) / Profit after tax attributable to owners of the parent	(185.148)		131.735
Basic	(0,01)		0,01
Diluted	(0,01)		0,01

c. Net assets per share

Net assets per share	**31/12/2013**		**31/12/2012**
	US$		**US$**
Net assets attributable to equity holders of the parent	52.207.781		33.890.908
Number of ordinary shares	28.171.833		11.111.975
Diluted weighted number of ordinary shares	32.196.381		12.699.400
Basic	1,85		3,05
Diluted	1,62		2,67

2. Revenues

Operational income in the amount of US$3.608.668 for the year ended 31/12/2013 and US$2.121.072 for the year ended 31/12/2012 represents rental income as well as service and utilities charges generated during the reporting periods by the rental agreements concluded with tenants of the Terminal Brovary Logistic Park. Net Warehouse space vacancy rate of the Terminal has gone down to 0% as at 31/12/2013 (note 8).

	2013	**2012**
	US$	**US$**
Rental income	2.838.744	1.699.253
Service charges and utilities income	769.924	421.819
Net finance result	**3.608.668**	**2.121.072**

Valuation gains/losses from investment property for the reporting period are presented below :

Project Name	**Valuation gains/(losses) 2013**	**Valuation gains/(losses) 2012**
	US$	**US$**
Brovary Logistic Park	(88.406)	4.134.923
Bela Logistic Center	646.839	211.354
Kiyanovskiy Lane	(35.000)	(576.709)
Tsymlyanskiy Lane	40.000	(139.033)
Balabino	280.000	(178.241)
Total	**843.433**	**3.452.294**

3. Administration Expenses

	2013	2012
	US$	US$
Salaries and Wages	1.011.105	1.379.640
Directors' remuneration	223.882	194.202
Legal fees	698.473	467.641
Advisory fees	647.534	425.605
Public group expenses	221.659	182.765
Administration expenses	202.842	371.103
Audit and Accounting expenses	147.376	162.878
Taxes and duties	118.979	47.070
Depreciation	16.154	11.590
Total Administration Expenses	**3.288.004**	**3.242.494**

Salaries and wages include the remuneration:

a) of the CEO, the CFO, the Group Commercial Director and the Managing Director Ukraine

b) of personnel employed in Ukraine

Directors' remuneration represents the remuneration of all non-executive Directors and committee members.

Public group expenses include among others fees paid to the AIM: LSE stock exchange and the Nominated Advisor of the Company as well as marketing and other expenses related to the listing of the Company.

4. Investment property operating expenses

	2013	2012
	US$	US$
Property management, utilities and other costs	**721.446**	**554.281**

Property management, utilities and other costs include fees paid to DTZ Consulting Limited Liability Company as per the Maintenance and Property Management Agreement signed on 20 December 2011 the Company. It also includes utility expenses, insurance premiums, as well as various other expenses required for the proper operation of the Terminal Brovary logistics complex, increased from last year due to higher occupancy.

5. Other income/ (expenses), net

	2013	2012
	US$	US$
Accounts payable written off	524.707	614.667
Provision on prepayments and other current assets impairment – reverse	13.304	26.079
Penalties	(83.939)	(39.070)
Other income, net	204.366	(1.700)
Impairment loss of VAT recoverable	-	(75.864)
Total	**658.438**	**524.112**

Accounts payable written off represents the total amount of creditors' payables written off as a result of negotiations and settlement during the reorganization of the Group that started in August 2011.

Provision for prepayments and other current assets impairment - reverse represents difference between allowances for prepayments and other current assets estimated previously by the Management and the amounts which have been finally settled.

Impairment loss for VAT recoverable in 2013 represents the non- recoverable VAT in Terminal Brovary LLC.

Penalties incurred by the Group were mainly caused as a result of delayed payments of its liabilities due to negotiations.

Other income net in 2013 includes a provisional income of US$200.000 for advisory services; one off agency related expenses for the letting of Terminal Brovary and previous year expense write offs.

6. Finance (costs), net

	2013	2012
	US$	**US$**
Bank interest expenses (note 10)	(1.367.807)	(1.180.387)
Finance charges and commissions	(138.879)	(433.282)
Loan restructuring cost	-	(535.765)
Foreign exchange (losses) /gains	268.211	(7.370)
Bank interest income	132.827	1.496
Net finance result	**(1.105.648)**	**(2.155.308)**

Bank interest represents interest paid on the borrowings of the Group as described in note 10.1.

Finance charges and commissions include mainly financial fees paid to the banks and financial lease interest.

7. Tax

	2013	2012
	US$	**US$**
Taxes	**166.972**	**83.845**

The income tax rate for the Company's Ukrainian subsidiaries is 19% for the year ended 31/12/2013 and for the Company and its Cypriot subsidiaries is 12.5% for the year ended 31/12/2013.

The tax on the Group's results differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2013	2012
	US$	**US$**
Profit / (loss) before tax	(4.559)	145.395
Tax calculated on applicable rates	(570)	14.540
Allowances for tax losses carry forward	-	-
Expenses not recognized for tax purposes	388.027	344.238
Income/ (loss) on revaluation not subject to tax	105.429	345.229
Tax allowances not subject to tax	(360.622)	(620.180)
10% additional tax	13.323	18
Tax effect on tax losses b/f	(41.264)	-
Defense Tax	22.649	-
Total Tax	**166.972**	**83.845**

As from 1 January 2008, deferred tax is not provided in respect of the revaluation of the investment property and investment property under construction as the Group is able to control the timing of the reversal of this temporary difference and the management has intention not to reverse the temporary difference in the foreseeable future, the properties are held by subsidiary companies in Ukraine. The management estimates that the assets will be realized through a share deal rather than through an asset deal. Should any subsidiary be disposed of, the gains generated from the disposal will be exempted from any tax. The respective reversal of previously accrued Deferred Tax Liabilities has been made in 2008.

8. Investment Property

Investment Property consists of the following assets:

- Terminal Brovary Logistic Park consists of a 49.180 sq.m. Class A warehouse and associated office space, situated on the junction of the main Kiev – Moscow highway and the Borispil road. The facility is in operation since Q1 2010 and as at the end of the reporting period was 100% leased.
- Bela Logistic Center is a 22,4Ha plot in Odessa situated on the main highway to Kiev. Following the issuance of permits in 2008, below ground construction for the development of a 103.000 sq.m. m GBA logistic center commenced. Construction was put on hold in 2009 following adverse macro-economic developments at the time.
- Kiyanovskiy Lane consists of four adjacent plots of land, totaling 0,55 Ha earmarked for a residential development, overlooking the scenic Dnipro River, St. Michael's Spires and historic Podil neighborhood.
- Tsymlyanskiy Lane is a 0,36 Ha plot of land located in the historic Podil District of Kiev and is destined for the development of a residential complex. The Company is in the process of renewing the land lease permits.
- Balabino project is a 26,38 ha plot of land situated on the south entrance of Zaporozhye, a city in the south of Ukraine with a population of 800.000 people. Balabino is zoned for retail and entertainment development.

Asset Name	Description / Location	Principal activities/ Operations	Related Companies	Carrying amount as at 31/12/2013 US$	Carrying amount as at 31/12/2012 US$
Terminal Brovary Logistic Park	Brovary, Kiev Oblast	Warehouse	TERMINAL BROVARY AISI BROVARY SL SECURE LOGISTICS LTD	25.200.000	25.115.000
Bela Logistic Center	Odessa	Land and Development Works	AISI BELA	9.000.000	8.353.161
Kiyanovskiy Lane	Podil, Kiev City Center	Land for residential development	AISI UKRAINE TORGOVIY CENTR	7.400.000	7.435.000
Tsymlyanskiy Lane	Podil, Kiev City Center	Land for residential development	ALMAZ PRES UKRAINE	2.400.000	2.360.000
Balabino	Zaporozhye	Land for retail development	INTERTERMINAL MERELIUM INVESTMENTS	4.600.000	4.320.000
TOTAL				**48.600.000**	**47.583.161**

Carrying amounts of the properties represent fair value estimates as of 31 December 2013 as provided by CBRE Ukraine, an external valuer.

a. Investment Property Under Construction

	2013	2012
	US$	**US$**
At 1 January	**8.353.161**	**8.100.000**
Capital expenditures on investment property	-	45.050
Revaluation on investment property	646.839	211.354
Translation difference	-	(3.243)
At 31 December	**9.000.000**	**8.353.161**

As at 31 December 2013 investment property under construction represents the carrying value of Bela Logistic Center project, which has reached the +10% construction in late 2008 but it is stopped since then. The Company's external valuer has appraised the property's value at US$9.000.000.

b. Investment Property

	2013	2012
	US$	**US$**
At 1 January	**39.230.000**	**35.937.000**
Capital expenditure on investment property	173.406	67.343
Revaluation gain/(loss) on investment property	196.594	3.240.843
Translation difference	-	(15.186)
At 31 December	**39.600.000**	**39.230.000**

Terminal Brovary, Kiyanovskiy Lane, Tsymlyanskiy Lane and Balabino village are included in the Investment Property category.

c. Advances for Investments

	31/12/2013	31/12/2012
	US$	**US$**
Advances for investments	11.840.547	11.840.547
Impairment provision (cumulative as of the reporting period)	(6.840.547)	(6.840.547)
Total	**5.000.000**	**5.000.000**

The Group has made an advance payment of ~US$12mil. (representing principal plus interest) for the acquisition of a project in Podol (Kiev) in 2007. As of the end of the reporting period the Management considers that such acquisition will not take place and as the seller has already defaulted on his credit to the Group, the Group has commenced legal proceedings for a) collecting the original US $12mil. payment b) the transfer of the collateral (land plot of 42 ha in Kiev Oblast) in the Group's name. As a result the Group has reduced the amount of the receivable to the value of the collateral as valued by CBRE.

9. Share capital

Number of Shares (as at)	31/12/2012	01/02/2013	27/02/2013	18/10/2013	31/12/2013
		Increase of Share Capital	Increase of Share Capital	Increase of Share Capital	
Authorized					
Ordinary shares of €0,01 each	989.869.935	-	-	-	989.869.935
Ordinary shares of €1 each	-	-	-	-	-
Ordinary Shares of €0,92 each	1	-	-	-	1
Deferred Shares of €0,99 each	4.142.727	-	-	-	4.142.727
Total	994.012.663	-	-	-	994.012.663
Issued and fully paid					
Ordinary shares of €0,01 each	11.111.975	14.389.926	178.916	2.491.016	28.171.833
Ordinary shares of €1 each	-	-	-	-	-
Ordinary Shares of €0,92 each	1	-	-	-	1
Deferred Shares of €0,99 each	4.142.727	-	-	-	4.142.727
Total	15.254.703	14.389.926	178.916	2.491.016	32.314.561

Value (as at)	31/12/2012	01/02/2013	27/02/2013	18/10/2013	31/12/2013
		Increase of Share Capital	Increase of Share Capital	Increase of Share Capital	
Authorized (€)					
Ordinary shares of €0,01 each	9.898.699	-	-	-	9.898.699
Ordinary shares of €1 each	-	-	-	-	-
Ordinary Shares of €0,92 each	0.92	-	-	-	0.92
Deferred Shares of €0,99 each	4.101.300	-	-		4.101.300
Total	14.000.000	-	-	-	14.000.000
Issued and fully paid ($)					
Ordinary shares of €0,01 each	5.531.191	195.320	2.407	33.891	5.762.809
Ordinary shares of €1 each	-	-	-	-	-
Ordinary Shares of €0,92 each	-	-	-	-	-
Deferred Shares of €0,99 each	-	-	-	-	-
Total	5.531.191	195.320	2.407	33.891	5.762.809

9.1 Authorized share capital

As at the end of 2013 the authorized share capital of the Company was 989.869.935 Ordinary Shares of €0,01 nominal value each, 1 Ordinary Share of €0,92 nominal value and 4.142.727 Deferred Shares of €0,99 nominal value each.

9.2 Issued Share Capital

As at the end of 2012 the issued share capital of the Company was 11.111.975 Ordinary Shares of €0,01 nominal value each, 1 Ordinary Share of €0,92 nominal value and 4.142.727 Deferred Shares of €0,99 nominal value each.

Further to the resolutions approved at the AGM of 30 December 2013 the Board has allotted 17.059.858 new ordinary shares arising from:

- 14.568.842 ordinary shares of €0,01 each have been allotted for equity contribution amounting to US$17.045.000.
- 2.310.190 ordinary shares of €0,01 each have been allotted to the debt holders of a convertible loan amounting to US$1.700.000 for converting the loan granted to the Company during 2012.
- 180.826 ordinary shares of €0,01 each have been allotted to the Directors of the Company who thus converted all their receivables by the Company until 2012 amounting to GBP 171.783,33. into equity.

As at the end of the reporting period the issued share capital of the Company is 28.171.833 Ordinary Shares of €0,01 nominal value each.

9.3 Director's Option scheme

Under the said scheme each of the directors serving at the time, which is still a Director of the Company is entitled to subscribe for 2.631 Ordinary Shares exercisable as set out below:

	Exercise Price	Number of
	US$	Shares
Exercisable till 1 August 2017	57	1.754
Exercisable till 1 August 2017	83	877

Director Franz M. Hoerhager Option scheme, 12/10/2007

Under the said scheme, director Franz M. Hoerhager is entitled to subscribe for 1.829 ordinary shares exercisable as set out below:

	Exercise Price	Number of
	GBP	Shares
Exercisable till 1 August 2017	40	1.219
Exercisable till 1 August 2017	50	610

The above option schemes were approved by the shareholders of the Company in General Meeting on 31 March 2008. As of the reporting date the Company has reversed the reserved equity (from past periods) for the share options in the statement of financial position as at 31 December 2011 in the amount of US$68.390 as the options are well out of the money.

9.4 Warrants issued

On 8 August 2011 the Company has issued an amount of Class B Warrants for an aggregate equivalent to 12,5% of the issued share capital of the Company at the exercise date. Each Class B Warrant entitles the holder to receive one Ordinary Share. The Class B Warrants may be exercised at any time until 31st December 2016, pursuant to a decision by the AGM of 30/12/2013. The exercise price of the Class B Warrants will be the nominal value per Ordinary Share as at the date of exercise. The Class B Warrant Instruments have anti-dilution protection so that, in the event of further share issuances by the Company, the number of Ordinary Shares to which the holder of a Class B Warrant is entitled will be adjusted so that he receives the same percentage of the issued share capital of the Company (as nearly as practicable), as would have been the case had the issuances not occurred. This anti-dilution protection will lapse on the earlier of (i) the expiration of the Class B Warrants; and (ii) capital increase(s) undertaken by the Company generating cumulative gross proceeds in excess of US$100.000.000. As of the reporting date, the aggregate amount of class B warrant is 4.024.548.

9.5 Capital Structure as at the end of the reporting period

As at the reporting date the Company's share capital is as follows:

Number of		**(as at)** 31/12/2013	**(as at)** 31/12/2012
Ordinary shares of €0,01	Listed in AIM	28.171.833	11.111.975
Class B Warrants		4.024.548	1.587.425
Total number of Shares	**Non-Dilutive Basis**	**28.171.833**	**11.111.975**
Total number of Shares	**Full Dilutive Basis**	**32.196.381**	**12.699.400**
Options		4.460	4.460

10. Borrowings

	31/12/2013	**31/12/2012**
	US$	**US$**
Principal EBRD loan	14.231.049	15.529.412
Principal due to related parties	-	1.700.000
Other Borrowing	-	175.000
Restructuring fees and interest payable to EBRD	785.098	785.098
Interests accrued on bank loans	32.098	74.466
Interests due to related parties	228.377	77.680
Total	**15.276.622**	**18.341.656**

	31/12/2012	**31/12/2012**
	US$	**US$**
Current portion	15.276.622	16.563.976
Non - current portion	-	1.777.680
Total	**15.276.622**	**18.341.656**

<u>10.1 EBRD</u>

In March 2013 the Company finalized negotiations with the EBRD on rescheduling the amortization plan of the Brovary construction loan. Unfortunately, at that time the Cyprus crisis hit, and the B Lender (Laiki Bank) soon became bankrupt and unable to approve such restructuring, despite the fact that SPDI has been observing the capital repayments under the new agreement with EBRD's consent ever since. In December 2013 the Company received notice that the B Lender agreed to the restructuring officially. According to the signed term sheet with EBRD the repayment of the loan is being extended to 2022, with a balloon payment of US$3.633.333. The exact terms of the loan restructuring will be announced upon signing of the related documents.

Under the current agreement the collaterals accompanying the existing loan facility are as follows:

1. LLC Terminal Brovary pledged all movable property with the carrying value more than US$25.000.
2. LLC Terminal Brovary pledged its Investment property, Brovary Logistics Centre that was finished construction in 2010 (note 8), and all property rights on the center.
3. SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC pledged 100% corporate rights in SL SECURE Logistics Ltd, a Cyprus Holding Company for the Shareholder of LLC Terminal Brovary, LLC Aisi Brovary.
4. SL SECURE Logistics Ltd pledged 99% corporate rights in LLC Aisi Brovary.
5. LLC Aisi Brovary pledged 100% corporate rights in LLC Terminal Brovary.
6. LLC Terminal Brovary pledged all current and reserved accounts opened by LLC Terminal Brovary in Fido Bank, Ukraine.
7. LLC Aisi Brovary entered into a call and put option agreement expiring on 30th of May 2014 with EBRD, SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC and LLC Terminal Brovary pursuant to which following an Event of Default (as described in the Agreement) EBRD has the right (Call option) to purchase at the Call Price from LLC Aisi Brovary, 20% of the Participatory Interest of LLC Terminal Brovary on the relevant Settlement Date. To this date and even though the loan is in default, EBRD has not served any notice of exercising the call option and as the discussion for the restructuring of the loan facility has been finalized, management estimates that such possibility has low probability to materialize before signing the restructuring. Furthermore, management is in discussions with EBRD for the cancellation of the option, as a result of the loan restructuring itself. Should such call option be exercised EBRD would have the a put option right, exercisable in its sole discretion, to sell to LLC Aisi Brovary all but not less than all of the Participatory Interest, received under the call option, in the Charter Capital of LLC Terminal Brovary held by EBRD on the relevant Settlement Date at the Put Price.
8. LLC Terminal Brovary has granted EBRD a second ranking mortgage in relation to its own and LLC Aisi Brovary's obligations under the call and put option agreement.

The issued corporate guarantee dated 12 January 2009 guaranteeing all liabilities and fulfilment of conditions under existing the loan agreement remain in force. The maturity of the guarantee is equal to the maturity of the loan.

The existing credit agreement with EBRD includes among others the following requirements for LLC Terminal Brovary and the Group as a whole:

1. Consolidated total liabilities to audited equity of the Company, adjusted for deferred tax and independent valuation, should not exceed 60% over the life of SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC Guarantee.
2. At all times minimum value of unencumbered assets and cash of the Company should not be less than US$30.000.000 (based on the Group consolidated results).
3. At all times Brovary Logistics shall maintain a balance in the Debt Service Reserve Amount (DSRA) account equal to not less than the sum of all payments of principal and interest on the Loan which

will be due and payable during the next six months on and after the Project Completion Date provided, however, that (A) LLC Terminal Brovary shall deposit not less than 50% of the DSRA before the end of the Grace Period and (B) the DSRA shall be fully funded on or before 18th December 2012.

4. LLC Terminal Brovary shall achieve a "CNRI"(Contract Net Rental Income is the aggregate of monthly lease payments, net of value added tax, contracted by the Borrower pursuant to the Lease Agreements as of the relevant testing date and converted into Dollars at the official exchange rate established by the National Bank of Ukraine as of such testing date) according to the following schedule:

(a) on 31st December 2013, on 30th June 2014 and on 31st December 2014, the CNRI of more than US$200.000.

(b) on 30th June 2015, the CNRI of more than US$220.000.

(c) on 31st December 2015, the CNRI of more than US$230.000.

(d) from 30th June 2016, the CNRI of more than US$250.000.

5. LLC Terminal Brovary shall achieve a "DSCR"(Debt Service Coverage Ratio is the sum of net income minus operating expenses plus amortization, divided with the sum of paid principal & interest and converted into Dollars at the official exchange rate established by the National Bank of Ukraine as of such testing date) according to the following schedule:

i. on 31st December 2014, the DSCR of more than US$1,10.

ii. on 30th June 2015 and on 31st December 2015, the DSCR of more than US$1,15.

iii. from 30th June 2016, the DSCR of more than US$1,2.

Part of the above mentioned requirements are expected to be amended under the restructuring agreement.

10.2 Other Borrowings

The amount represents short term borrowing to repay part of the UVK settlement amount (note 11). The loan was contracted in December 2012 and fully repaid by end of January 2013.

11. Trade and other payables

	31/12/2013	**31/12/2012**
	US$	**US$**
Payables to related parties	793.280	1.057.983
Guarantee reserve on construction works, current	-	743.018
Payables for construction, non-current	405.447	414.819
Payables for construction, current	-	24.826
Payables for services	167.091	351.611
Provision for reimbursements	-	300.000
Deferred income from tenants	257.151	250.080
Accruals	114.898	84.298
Total	**1.737.867**	**3.226.635**

	31/12/2013	31/12/2012
	US$	**US$**
Current portion	1.075.268	2.561.736
Non - current portion	662.599	664.899
Total	**1.737.867**	**3.226.635**

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

Payables for construction represent amounts payable to the contractor of Bella Logistic Center in Odessa. The settlement was reached in late 2011 on the basis of maintaining the construction contract in an inactive state (to be reactivated at the option of the Group), while upon reactivation of the contract or termination of it (because of the sale of the asset) the Group would have to pay an additional UAH5.400.000 payable upon such event occurring. Since it is uncertain when the latter amount is to be paid it has been discounted at the current discount rates in Ukraine and is presented as a non-current liability.

Payables for services represent amounts payable to various service providers including auditors, legal advisors, consultants and third party accountants.

Deferred income from tenants represents advances from tenants which will be used as future rental income & utilities charges.

12 . Events after the end of the reporting period

A. Innovations Acquisition

On May 23, 2014 the Company announced that it has acquired the Innovations Logistics Park in Bucharest, Romania, from Myrian Nes Ltd and Theandrion Estates Ltd. The acquisition is the Group's first outside of Ukraine and marks the commencement of SECURE's stated strategy of both growing and diversifying its portfolio across the economies of South Eastern Europe. Innovations is a fully-let 17,000 sq.m. gross leasable area logistics park located in Clinceni in Bucharest, which benefits from being on the Bucharest ring road, and currently produces €1,3 million of income per annum. The anchor tenant is Nestle which leases more than 60% of the gross leasable area with the remainder let to locally managed Romanian businesses. This acquisition is expected to increase the Company's annual net operating income by over 60%. The acquisition will strengthen SPDI's focus on the logistics industry and increases its regional logistics portfolio, which also includes the fully let Terminal Brovary asset in Kiev, to 67.000 sq.m.

B. Reduction of Capital

On March 20, 2014 following the AGM approval the authorized share capital of the Company was reduced to €9.898.699,35 divided into 989.869.935 ordinary shares of €0,01 each and such reduction was effected by the cancellation of 1 ordinary share of €0,92 and 4.142.727 deferred shares of €0,99 each for the purpose of writing off losses of the Company.