SECURE PROPERTY

DEVELOPMENT & INVESTMENT

ANNUAL REPORT

2016

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SECTION A- Annual Report

SECURE PROPERTY DEVELOPMENT AND INVESTMENT PLC

KIRIAKOU MATSI 16, AG. OMOLOGITES,1082, NICOSIA,CYPRUS

SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC

Key Figures	31 Dec 2016	31 Dec 2015	Change
Total Assets (€million):	**116**	**125**	-7%
Number of income producing commercial Properties:	**6**	**7**	-14%
Average occupancy rate of income producing assets:	**88%**	**90%**	-3%
Operational Gearing:	**46%**	**52%**	-12%
Average borrowing cost:	**5.32%**	**5.00%**	6%
Operating Income*(€million):	**6.4**	**5.9**	8%
EBITDA*(€million):	**2.5**	**2.5**	0%
Net Equity**(€million):	**38.9**	**42.5**	-9%
Issued Shares:	**90,014,723**	**90,014,723**	0%
NAV per share (€):	**0.43**	**0.47**	-9%

**   Table 1- Excluding fair value related impact.*

*** Attributable to the shareholders.*

This report may contain forward-looking statements about the Company. Such statements are predictive in nature and depend upon or refer to future events or conditions and may include such words as "expects", "plans", "anticipates", "believes", "estimates" or other similar expressions. In addition, any statement regarding future performances, strategies, prospects, actions or plans is also a forward-looking statement. Forward-looking statements are subject to known and unknown risks and uncertainties and other factors that may cause actual results, events, activities and achievements to differ materially from those expressed or implied by such statements. Such factors include general economic, political and market conditions, interest and foreign exchange rates, regulatory or judicial proceedings, technological change and catastrophic events. You should consider these and other factors carefully before making any investment decisions and before relying on forward-looking statements.

1. Letter to the Shareholders

27 June 2017

Dear Shareholders,

2016 has been a year of active portfolio management, as we continue with our strategy to transform SPDI into a leading London listed property company focused on selected South East European countries. In early 2017, our Company secured both a profitable exit from its main Ukraine income producing asset (Terminal Brovary) and a cash generating agreement based on the departure of the main tenant in its Romanian logistics terminal (the Innovations Park). The result of the two deals was to generate substantial cash and profits, albeit with a reduction of the income producing capacity of the Company at the same time. Finalising these deals took up most of 2016 and, as a result, the Company not only had to wait both for the cash inflow to be realised, but, more importantly, to roll out the next steps of our growth strategy that were to follow completion of the two deals. With the two deals completed, we are now ready for 2017 and beyond and look forward to the remainder of the year with optimism.

Underpinning our confidence is the continuing progress being made by the markets in which the Company is active. In 2016, Romania maintained its position as the fastest growing economy of the European Union and saw property prices rise across all sectors. While property development picked up for the first time since the crisis that hit Europe in 2008/9, the Company managed to sell an increased number of non-core residential assets as the South Eastern European property market improved markedly.

Greece experienced a normalisation of its economic indices along with its relations with its lenders (the EU, the ECB and the IMF) hinting to a possible pick up of the economic cycle that has been lacking in recent years. Meanwhile, Ukraine's economy proved resilient despite relations with Russia remaining tense. The local residential market in particular saw a substantial pick-up in development activity.

In addition to an increased pace of sales of non-core residential units in both Romania and Bulgaria, the Company fully let the Brovary terminal, the occupancy of which had been impacted by the war and the resulting 70% + depreciation of the local currency (UAH) in Ukraine, and eventually succeeded in selling it for a substantial profit. On the other hand, it was unable to market the space vacated by Nestle in the Terminal Innovations Logistics Park in Bucharest due to complications with the lease termination deal linked with the lending bank. Ultimately, the Company agreed with Nestle to effect their departure in August 2016, at a fee equal to eighteen months' rent. However, the extended period it took for the lending bank to sign off on the deal meant marketing the Innovation's empty space was not possible during the year. In parallel, a bigger deal with Blue House, the property private equity group from whom SPDI acquired two buildings in 2015, was shelved. Although SPDI had also secured an option to buy the remaining stake of the property bought in 2015 in Bulgaria, the Company decided not to exercise that option and to return the 20% stake in the Sofia office building Autounion, choosing to consolidate its assets in the faster growing Romania instead.

Finally, the Company continued generating value from its existing assets via refinancings, including the Praktiker let property in Romania. Here the tenant agreed to extend its lease by five additional years to 2025, while the lending bank agreed to a refinancing scheme that extends the maturity of the loan, and reduces the annual amortisation by ~70%.

2016 saw SPDI consolidate and prepare for the next phase of growth in 2017 and beyond. Despite the impressive results of the last three years, there is much more to go for, particularly in growing our net operating income to where we want it to be. SPDI's Directors and Management remain focussed on achieving this so that 2017 can be yet another trend setting year for SPDI.

Best regards,

Lambros G. Anagnostopoulos

Chief Executive Officer

2. Management Report

2.1 Corporate Overview & Financial Performance

Summary

In 2016 the Company's management focused on executing a) the profitable sale of its logistics Terminal Brovary in Ukraine and b) the cash generating termination of Nestle's lease agreement for its logistics Innovations Terminal. In parallel, the Company picked up the pace of disposing of non-core assets to take advantage of rising market prices; restructured the operations and financing of core assets to generate further value; and prepared the ground for the next phase of growth by creating a strong pipeline of potential acquisitions.

Ukrainian Political and economic Developments

The political instability in Ukraine appears to have tapered off, even though the country still experiences some war like conditions on its border with Russia in the East. As the economy demonstrated signs of improvement, the Company not only managed to fully let its main logistics asset in the country (which it later sold) but also entertained sale proposals with a view to reducing its presence in this region of South East Europe which has been in constant turmoil since 2014.

Greek Political and economic developments

Greece continues to be in an adverse economic situation of austerity and debt. As the current staff review[1] has been successfully completed in mid June 2017, the ensuing agreement with the EU, the IMF and the ESM will facilitate the country's return to economic normality that will allow GDP growth. Should the current debt be reduced in terms of the Net Present Value sometime in the near future, this will further enhance the potential for growth and will stimulate the country's productive force after 10 years of recession during which 30% of the GDP has been lost.

Capital Structure

During 2016, the Company proceeded with capitalizing various shareholder loans that have been provided by itself and its minority partners to Green Lake in the past.
At the same time, the Company devoted significant time and effort in restructuring its debt to long term, an effort that is expected to bear fruits within 2017, while the sale of Terminal Brovary will result in further deleveraging of the Company. At the same time, the said sale will bring the annual average cost of servicing the debt down to ~4.7% as the EBRD loan was the most expensive loan for the Company.
Going forward, the said transaction will also facilitate the simplification of the annual financial reporting as the Ukrainian foreign exchange variation (and to a far lesser degree the EUR/USD one) that has been having a considerable effect on the annual results will practically be taken out of the equation.

[1] Current staff review is the official designation of the paper prepared by the staff of the 3 institutions that is submitted to Eurogroup for approval.

Optimizing Corporate Structure

In 2016, the Company continued optimizing its corporate structure by merging or closing down low activity SPV corporate entities, an effort that will continue in 2017. Taking advantage of its recently installed new ERP system, based on Microsoft Dynamics (Navision), the Company expects 2017 to show both the real-time monitoring of income and expenses across all countries as well as a reduction in operating expenses related to such tasks.

Optimizing Cost structure

As management was focused on executing the two main deals, the sale of Terminal Brovary and closing the Nestle departure from the Innovations Park, and in view of the pending reduction in Net Operating Income as a result of the former, it allocated time to plan for a more efficient cost structure. Being active in four countries, registered in a fifth (Cyprus) and listed in a sixth one (UK), the Company has a cost base that can be deemed to be misaligned with the size of its property asset portfolio. As such Management, together with the Board, planned and commissioned a restructuring plan that would see the corporate costs of the Company drop in 2017 by ~30% vis a vis 2015 to no more than €2m. A number of senior executives decided to contribute to such effort by deferring part of their salary, while the directors decided to relinquish their own. Consequently, the Company continues to benefit from high quality human assets despite its income pool shrinking following the sale of its key income generating asset.

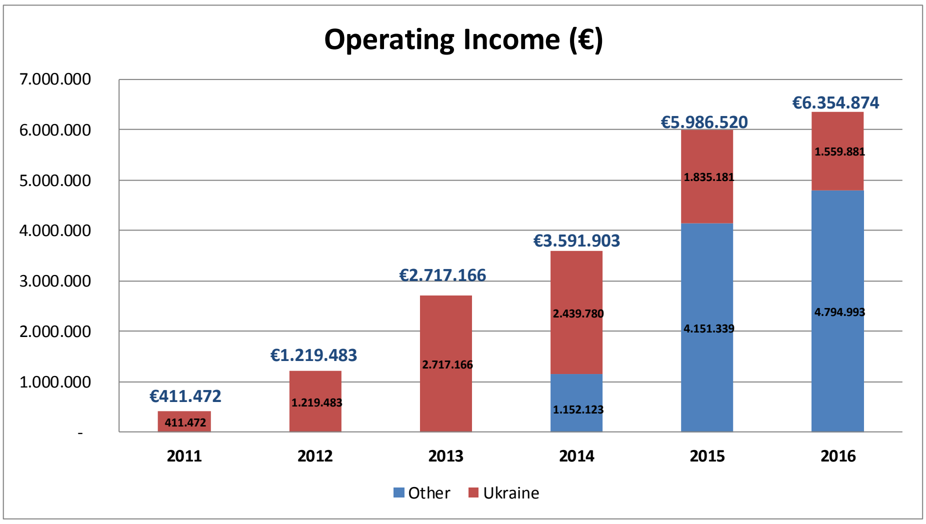
Corporate Governance

The Company enjoys the support of a large number of active experienced directors who have been guiding the Company without receiving any monetary remuneration.

Financial performance

SPDI increased operating income by ~10% in 2016, even though its primary Ukrainian asset, Terminal Brovary, was partially empty in the first quarter of the year. An increase in non-core asset sales as well as the settlement with Nestle for breaking its contract at Innovations warehouse, more than compensated for such lost income, while EoS Business Park in Romania and GED warehouse in Greece recorded stable income. The Company also managed to extend the Praktiker lease for another 5 years, stabilising the asset, albeit at a lower annual rental income. As a result, the Company's annual operating income[2] (including non-core asset sales) increased by ~8% to €6.4m in 2016 compared with €5.9m in 2015.

2 The operating income does not include the % participation by the Company of the operating income of the properties that the Company maintains a minority participation in, which is reported as income from associates, but includes net income resulting from on-going sales of residential assets (sales income minus the cost of the asset sold).



In terms of the income stemming from SPDI's core income producing assets, the Company recorded ~€6m including the Nestle break fee (of an aggregate ~€1.7 or 18 months of rental income plus 3 months guarantee) vs €5.2m in 2015.

EBITDA from operations remained at the same levels with 2015 to ~€2.5m in 2016, mainly as a result of the Nestle break fee as well as of the reduced corporate and property costs and even though the Company has lost its income from Autounion.

Interest costs were reduced by 16% to ~€3.2m vs ~€3.7m in 2015 and are expected to further decrease towards ~€2.5m following completion of the Terminal Brovary sale and the ensuing repayment of the EBRD ~€12m debt which will bring the average debt servicing cost to ~4.7% in 2017.

Table 1

EUR	2016	2015
Rental, Utilities, Management & Sale of electricity Income	6.070.940	5.448.960
Income from Sale of Asset less Cost of properties sold	283.934	537.560
Income from Operations of Investments	**6.354.874**	**5.986.520**
Asset operating expenses	(992.441)	(1.124.583)
Net Operating Income from Investments	**5.362.433**	**4.861.937**
Share of profits from associates (ex revaluation)	247.720	166.863
Net Income from Available for Sale assets (ex revaluation)	(485.529)	485.529
Total Income	**5.124.624**	**5.514.329**
Administration expenses	(2.614.188)	(3.013.942)
Operating Result (EBITDA)	**2.510.436**	**2.500.387**
Finance costs, net	(3.181.625)	(3.771.100)
Income tax expense	(174.315)	(80.188)
Operating Result after finance and tax expenses for the year	**(845.504)**	**(1.350.901)**
Other income / (expenses), net	(1.304.304)	653.856
Other finance (costs) / income and interest write off	595.917	(603.495)
Gain realized on acquisition of subsidiaries	-	2.181.834
Fair Value (Losses) from investments	(36.549)	(6.935.306)
Disposal of Autounion	(206.491)	
Foreign exchange losses, net	(1.700.333)	(10.659.602)
Result for the year	**(3.497.264)**	**(16.713.614)**

Excluding a) the revaluation losses attributable mostly to the situation in Ukraine, b) the foreign exchange losses (related to the EBRD Terminal Brovary loan or the intercompany loans that have been affected on paper by the devaluation of the UAH) and c) any one off gains/losses, costs or impairments/provisions related to the properties acquired during the previous period the table above compares the performance of the last 2 operating periods with operating result after finance expenses and tax being improved by 37% from minus €1.3m to a negative €850k.

2.2 Property Holdings

Property Assets

The Company's portfolio at year end consists of commercial income producing and residential properties in Romania, Greece, Bulgaria and Ukraine as well as land plots in Ukraine, Bulgaria and Romania.

Commercial

Commercial Property	Location	Key Features	
GED Logistics Terminal	Athens, Greece	Gross Leasable Area:	17,756 sqm
		Anchor Tenant:	Kuehne + Nagel and GE Dimitriou SA
		Occupancy Rate:	100%
EOS Business Park	Bucharest, Romania	Gross Leasable Area:	3,386 sqm
		Anchor Tenant:	Danone Romania lease runs to 2026
		Occupancy Rate:	100%
Praktiker Craiova	Craiova, Romania	Gross Leasable Area:	9,385 sqm
		Anchor Tenant:	Praktiker lease runs to 2025
		Occupancy Rate:	100%
Delenco (SPDI has a 24.35% interest)	Bucharest, Romania	Gross Leasable Area:	10,280 sqm
		Anchor Tenant:	ANCOM (Romanian telecoms regulator)
		Occupancy Rate:	100%
Innovations Terminal Logistic Park	Bucharest, Romania	Gross Leasable Area:	16,570 sqm
		Anchor Tenant:	Aquila srl (large Romanian logistics operator)
		Occupancy Rate:	~60% (25% at year end)
Terminal Brovary	Kiev, Ukraine	Gross Leasable Area:	49,180 sqm
(Sale completed in January 2017)		Anchor Tenant:	Rozetka UA (leading Ukrainian internet retailer)
		Occupancy Rate:	100%

Land & Residential

Land & Residential Assets	Location	Key Features	
Bela Logistic Centre	Odessa, Ukraine	Plot of land (~ th. sqm):	224
Kiyanovskiy Lane	Kiev, Ukraine	Plot of land (~ th. sqm):	6
Tsymlyanskiy Lane	Kiev, Ukraine	Plot of land (~ th. sqm):	4
Balabino project	Zaporozhye, Ukraine	Plot of land (~ th. sqm):	264
Rozny Lane	Kiev, Ukraine	Plot of land (~ th. sqm):	420
Pantelimon Lake	Bucharest, Romania	Plot of land (~ th. sqm):	40
Boyana Land	Sofia, Bulgaria	Plot of land (~ th. sqm):	20
Green Lake land (SPDI has a ~44% interest)	Bucharest, Romania	Plot of land (~ th. sqm):	40
Romfelt, Linda, Monaco, Blooming, Green Lake, Boyana	Romania & Bulgaria	Sold units during 2016:	62
Romfelt, Monaco,Blooming, Green Lake, Boyana	Romania & Bulgaria	Available units (end 2016):	166

Divestments

Autounion consists of 19,476 sqm of gross leasable office area, situated in a prime business area near the International Airport of Sofia. The BREEAM-certified building was completed in 2008 and is fully leased to Eurohold, one of the largest Bulgarian insurance companies, until 2027. The Company has returned its 20% holding to the seller Bluehouse Capital as part of settling the amounts owning under the redeemable convertible shares issued to Bluehouse Capital following the acquisition of Praktiker in 2015. The Company is still in negotiation with Bluehouse Capital as to whether any further amount is payable and the method of payment.

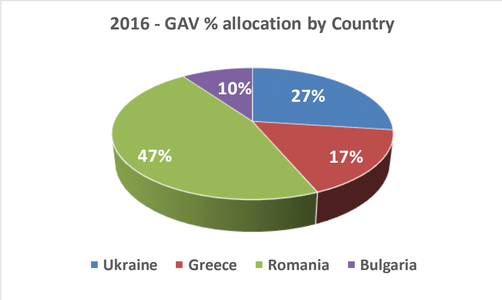
Linda Residence is a residential complex located in Bucharest, Sector 3, close to subway transportation which connects the project to all areas in Bucharest in less than 30 minutes, where the Company owned 22 apartments (2,165 sqm) at the end of 2015. During 2016, the Company sold all of the apartments with the proceeds from the sale being ~€660,000 and repaid the associated debt at a 26% discount which generated a net cash flow for the Company of ~€450,000.

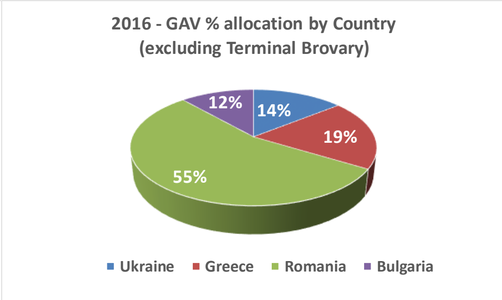
Property Asset Valuations

In 2016, the Company's accredited valuers, namely CBRE Ukraine for the Ukrainian Assets, and Real Act for the Romanian, Bulgarian and Greek Assets remained appointed. The valuations have been carried out by the appraisers on the basis of Market Value in accordance with the current Practice Statements contained within the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards (2014) (the "Red Book") and is also compliant with the International Valuation Standards (IVS).

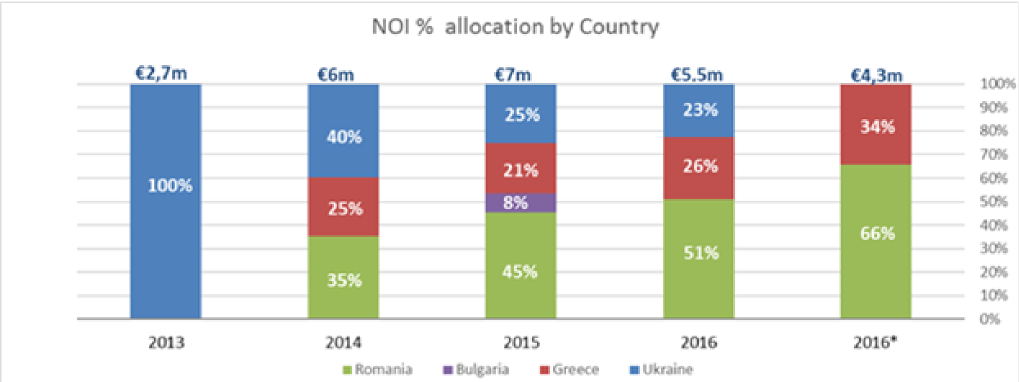
At the year-end, and following the increase in the pace of selling non-core assets, the Company's participation in property assets was valued at ~€100m. Excluding Terminal Brovary which was successfully sold early 2017, the remaining assets are valued at ~€85m. It should be noted that in most cases the fair value of the Company's properties has increased as a result of improving market conditions while the decrease of the Innovations valuation due to its high vacancy at year end was countered by the recognition of Terminal Brovary at its agreed sale value.

In recent years, following the successful implementation of the Company's strategy, SPDI's portfolio became even more diversified in terms of geography as well as asset class. At the end of the reporting period, taking into account the % participation in the properties that the Company holds directly, Romania is the prime country of operations (47%) in terms of Gross Asset Value, which following the sale of Terminal Brovary has increased further to 55% of the Company's GAV with the exposure to Ukraine being reduced to 14%.





In respect of the Company's rental income generation capacity, Romania is the prime source with 51%. Excluding Terminal Brovary in the Ukraine, NOI sources are split between Greece (34%) and Romania (66%).



Annualised Net Operating Income includes NOI from Terminal Brovary logistics, Innovations logistics, GED logistics park, EOS office building, Praktiker retail center, Residential units as well as Delenco office building (in which the Company has ~24.35% participation)

2016 figure excludes Terminal Brovary*

The table below summarises the main financial position of each of the Company's assets (representing the Company's participation in each asset) at the end of the reporting period.

Asset Contribution to Net Asset Value

Table 2

		2016 €m		
Property	**Country**	**GAV***	**Debt (principal)***	**NAV**
Innovations	Rom	11,0	7,3	3,7
Eos	Rom	6,9	4,8	2,1
Delenco	Rom	6,1	0,8	5,2
Praktiker	Rom	7,5	4,5	3,0
GED logistics	Gr	16,5	11,7	4,8
Terminal Brovary	Ukr	14,9	11,6	3,3
Residential units	Rom & Bul	11,4	7,1	4,3
Land banking	Rom & Ukr & Bul	25,9	6,2	19,7
Total Value		**100,1**	**54**	**46**
Other balance sheet items, net **				-7,3
Net Asset Value total				**38,9**
Mcap 31/12/2016 (Share price at £0,15)				**15,8**
Mcap 26/6/2017 (Share price at £0,20)				**21,4**
Discount as of the reporting date vs NAV 31/12/2016				**-59%**

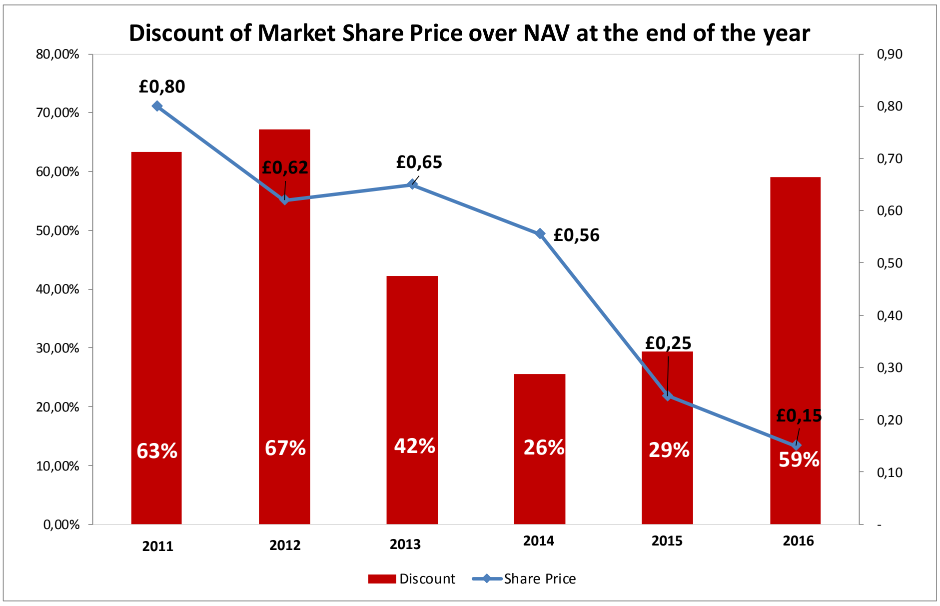
* Reflects the Company's participation at each asset
**Refer to balance sheet and related notes of the financial statements

Net Equity

The Net Equity attributable to the shareholders as at 31 December 2016 stood at ~€38.9m vs €42.5m in 2015, with the decrease attributed mostly to one off items for the Company. Following the sale of Terminal Brovary, the highest income generating property asset, the Company has now fewer income producing assets than in 2016 generating less income than in 2016. The Company has an operational structure capable of managing many more assets and needs to grow its property base accordingly.

Net Asset Value per share

The NAV per share as at 31 December 2016 stood at GBP 0.37 and the discount of the Market Value vis a vis the Company's NAV increased to 59% at year end.



2.3 Financial and Risk Management

Leverage

The Group's overall bank principal debt exposure at the end of the reporting period was ~€53m (including only property assets fully owned by the Company) and comprised the following:

a) €11.6m construction debt due to EBRD in respect of Terminal Brovary. This loan is denominated in US$ and stands at ~$12m at the end of the reporting period. This debt was taken out of the Company's balance sheet as the sale of Terminal Brovary was effected in January 2017.
b) €3.8m finance lease of the EOS business park with Alpha Bank Leasing Romania and a €1m facility received by First Phase from Alpha Bank Romania.
c) €7.3m finance lease of the Innovations park with Bank of Piraeus Romania.
d) €11.7m debt financing of the GED Logistics park and photovoltaic with Eurobank.
e) €4.5m debt financing of the Praktiker Craiova with Marfin Bank Romania.
f) €7.1m being the Company's portion on the residential portfolio debt financing.
g) €6.2m being the Company's portion on land plot related debt financing in Romania and Bulgaria.

Overall, the Group's Loan to Value ratio at the end of 2016 stood at 46%.

Liquidity Management- Cash Flow Risk

Throughout 2016 the Company focused on managing and preserving liquidity through cash flow optimisation so as to secure the Company's future. With the sale of Terminal Brovary and the closure of the Nestle / Bank of Piraeus negotiation for the break of the former's contract at Innovation, the Company is to focus more on expanding its asset base so as to establish growth.

2.4 2017 and beyond

General

At the start of 2017, SPDI effected the closing of the two major deals it pursued last year. As a result it has less involvement in Ukraine and generates less operating income overall. Consequently 2017 is the year that SPDI will focus on picking up its growth pace, as was evident in 2014/15, in order to pursue the shareholders' and directors' vision to become a large institutional and professionally managed regional property company. With the directors and management committed to succeeding, in an environment that shows signs of substantial improvement, 2017, promises to be the year of breakthrough, during which SPDI will manage to realise the opportunities it has identified.

3. Regional Economic Developments [3]

Romania

Economic growth in Romania accelerated further, from 3.8% in 2015 to 4.8% in 2016, amongst the highest in the European Union (EU), on the back of domestic demand. The contribution of private consumption to growth was higher than expected, on the back of improved income prospects driven by low inflation and wage hikes, as well as fiscal easing. Consumption will be pushed further up by the wage hike for the entire health sector and cut in employees' social security contribution by mid-2017. Private investments had a positive contribution to growth, on the back of historically low cost of funding and improved industrial confidence and this continues into 2017. Government spending is likely to remain subdued due to the end of the previous EU-funding period, despite higher staff costs. Meanwhile, slightly improved economic prospects of Romania's trade partners should support further net exports. Overall, growth is forecasted to reach 3.8% in 2017.

In terms of risks the focus has now shifted to the budget execution, which may put the government on a collision course with EU institutions. The consolidated government balance in cash terms switched to a marginal deficit in February down from a marginal surplus in January 2017 with total revenues down by -1.4% yoy in Jan-Feb compared to the full year target of +13.9% a trend which may continue as further tax cuts have come into force since the beginning of the year. At the same time total expenditures have started expanding as the budget implementation incorporated the ruling coalition's electoral program for further generous hikes. According to the latest IMF forecast, the fiscal deficit is expected to increase to 3.7% of GDP in 2017 and further up to 3.9% in 2018.

The National Bank of Romania stands out in the region for proactively encouraging NPL sales and write-offs. Also, previous threats to financial stability from potentially damaging laws have lessened after recent decisions of the constitutional court. While overall credit growth has been sluggish, mortgage lending has grown primarily due to the government's Prima Casa guarantee program.

Romania has made considerable gains in the fight against corruption. Lower corruption and strong institutions are associated with multiple economic benefits: it helps raise tax collections, improve the allocation of scarce public resources, and attract both domestic and foreign investment. Maintaining the momentum will require effective implementation of the national anti-corruption strategy, preventing conflict of interest in public procurement, and strengthening the management of seized assets.

[3] Sources: World Bank Group, Eurostat, EBRD, National Bank of Greece, Elstat, Eurobank Research, and Economic Research Division, National Institute of Statistics- Romania, National Statistical Institute –Republic of Bulgaria, National Institute of Statistics – Ukraine, SigmaBleyzer.

Macroeconomic data and forecasts					
	2012	2013	2014	2015	2016e
GDP (EUR bn)	131,8	142,2	149,3	160,0	170,0
Population (mn)	20,0	19,9	19,9	19,9	19,9
Real GDP (y-o-y %)	0,7	3,4	2,9	3,8	4,8
CPI (average, y-o-y %)	3,4	4,0	1,1	-0,7	-1,6
Unemployment rate (%)	7,0	7,1	6,8	6,7	5,9
Net FDI (EUR bn)	2,2	2,6	2,5	3,0	3,9

Sources : IMF, National Sources, Eurobank EFG, Eurostat, EBRD

Bulgaria

Following a 3.6% nominal growth in 2015, driven by net exports, the Bulgarian economy grew by 3.4% in 2016, with a shift of growth drivers towards domestic demand. While private consumption grew on the back of 10.5% in minimum wage increase as of January 2016 and better labour market conditions, government spending remained subdued due to transition to the new EU funds programming period. In 2017, domestic demand will remain as the driver of growth, supported by improved income prospects, on the back of almost 9.5% hike in minimum wages and wage improvement for teachers as of 2017, as well as lower cost of funding, on the back of financial sector stabilization. However, the contribution of net exports to growth will remain limited due to strong domestic demand. Overall, growth is expected to stand above 3.0% in 2017.

Bulgaria's external and fiscal position is strong, the banking sector capital position is solid and the buffers (fiscal and foreign exchange reserves) are sizeable. Budget execution outperformed the target by a wide margin in 2016 (+1.6% of GDP surplus vs. a target of a - 2.0% deficit). The current account balance is in surplus for the fourth consecutive year. Sustained labor market improvement coupled with positive real wage growth supported final consumption recovery throughout 2016. The unemployment rate declined further to 7.1% in 2016 as the economy adds new jobs in the areas of specialized services. Eurobank's GDP growth forecast for 2017 stands currently at 3.3%, above the recently released BNB quarterly economic review forecast of 2.8%.

Macroeconomic data and forecasts					
	2012	2013	2014	2015	2016e
GDP (EUR bn)	39,7	41,0	42,0	44,0	46,5
Population (mn)	7,3	7,3	7,2	7,3	7,3
Real GDP (y-o-y %)	0,8	0,9	1,7	2,9	3,4
CPI (average, y-o-y %)	3,0	1,4	-1,6	-1,1	-0,8
Unemployment rate (%)	12,3	12,9	11,5	10,0	7,1
Net FDI (EUR bn)	1,2	1,1	1,2	1,6	0,7

Sources : IMF, National Sources, Eurobank EFG, Eurostat

Greece

The Greek economy experienced a marginal nominal GDP drop in 2016, partly as a result of base effects from the upturn in consumer spending in the first half of 2015. The only positive signs in 2016 have been the contribution of gross fixed capital formation to growth and the yet record year for tourism with tourist arrivals growing 7.6% yoy but other parts of the national accounts, including private consumption, government consumption and net exports, turned downwards again.

Regarding Greece's 2017 growth outlook, it is surrounded by a very high degree of uncertainty, not least because of the delays encountered in reaching a staff level agreement on the 2nd programme review. In any case, the markets are growing increasingly concerned about the future and the uncertainty has already started to take its toll on the domestic economy. Therefore, a swift agreement with official creditors is key for averting a renewed deterioration in domestic economic conditions, amid heightening market jitters ahead of the heavy debt service payments falling due in July 2017. Against this backdrop, current forecasts for real GDP growth this year fall within the 1.5%-2.0% range, contingent on the assumed timeline for securing an agreement on the pending programme review.

Macroeconomic data and forecasts					
	2012	**2013**	**2014**	**2015**	**2016e**
GDP (EUR bn)	193,4	182,1	179,1	176,0	177,0
Population (mn)	11,1	11,0	11,0	10,9	10,9
Real GDP (y-o-y %)	-6,6	-3,9	0,7	-0,2	-0,1
CPI (average, y-o-y %)	3,0	-0,9	-1,4	-1,7	0,0
Unemployment rate (%)	24,5	27,5	26,6	24,6	23,4
Net FDI (EUR bn)	1,4	1,6	1,0	0,0	0,0

Sources : IMF, National Sources, Eurobank EFG, European Commission, EBRD

Ukraine

Ukraine's economy experienced growth in 2016 after around 16% cumulative real GDP contraction in the past two years. However, the pace of recovery was slower than anticipated amid weak reform momentum in the aftermath of a government reshuffle as well as lack of foreign investment. Helped by a low comparison base of the previous year, GDP grew by an estimated 0.8% yoy in the first half of 2016. Inflation declined (from 48.7% yoy in 2015 to 7.9% yoy in September 2016) on the back of exchange rate stabilisation, subdued domestic demand and prudent fiscal and monetary policies. After a year-long delay, the IMF completed the second programme review on 14 September 2016 and released a US$ 1 billion tranche. This helped to restore calm in the foreign exchange market and cleared the way for international assistance from other donors. Tight capital controls introduced in 2014-2015 remain mostly in place, although the National Bank of Ukraine continued their gradual relaxation. EBRD forecasts GDP growth for 2017 at 2.0%.

Macroeconomic data and forecasts					
	2012	**2013**	**2014**	**2015**	**2016**
GDP (USD bn)	176,2	177,4	127,6	98,0	93,3
Population (mn)	45,6	45,5	42,7	42,5	42,5
Real GDP (y-o-y %)	0,2	0,0	-6,0	-9,9	2,3
CPI (average, y-o-y %)	0,6	-0,2	24,9	43,3	12,4
Unemployment rate (%)	7,5	7,4	10,5	9,4	9,7
Net FDI (USD bn)	6,6	3,3	0,2	2,3	3,2

Sources : IMF, National Sources, European Commission, Oxford Economics, SigmaBleyzer, EBRD

4. Real Estate Market Developments[4]

4.1 Romania

General

2016 maintained a comfortable market liquidity, marking a total investment volume of €910m, up from €820m in 2015. Although the growing investment activity has already put pressure on pricing, the risk-return yield that Romania offers remains very attractive both by Eurozone and CEE standards. The current yield levels are 7.5% for office, 7% for retail and slightly below 9% for industrial.

Logistics Market

New deliveries of industrial spaces during 2015 stood at 150,000 sqm, and the market remained very bullish in 2016 as well. During 2016, new deliveries stood at 350,000 sqm, of which 60% were in Bucharest. By early 2017, the total stock of industrial space stood at 3,000,000 sqm.

Total take-up of industrial spaces during 2016 stood at 350,000 sqm, of which approximately 60,000 sqm were geared towards speculative developments. The largest generator of demand is the FMCG (Fast Moving Consumer Goods) sector (in the past 2 years, their demand reached approx. 200,000 sqm in the main cities of Romania), followed by e-commerce, electro-IT companies, and logistics companies. The vacancy rate in Bucharest has decreased to 2% by the end of 2016 (down from 5% in the previous year), while the vacancy rate for the rest of the country stood at 5%. This decline in the vacancy rate is remarkable when taking into account the large volume of new deliveries. Market rates for logistics remained broadly unchanged during 2016, ranging between 3.8 €/sqm and 4.25 €/sqm.

Office Market

The stock of modern office spaces in Bucharest reached 2.1m sqm, after registering new deliveries of 230,000 sqm during 2016. In fact, the volume of new deliveries marks the fastest pace of expansion since 2009 and is 112% more than the yearly average of deliveries in the post-crisis period.

In terms of geographical distribution, the highest contributors to the stock are Floreasca-Barbu Vacarescu (42% of total deliveries), Dimitrie Pompeiu (26% of total deliveries) and the Central West Area (24% of total deliveries). In total, these zones accounted for 92% of the total deliveries in the market.

Total take-up in the market for 2016 reached 369,000 sqm, up by 52% from the previous year. IT and BPO/SSC (Business Process Outsourcing and Shared Service Center) were the main drivers behind this expansion and accounted for a total of 50% of the transactions. It is clear that tenants continue to have the upper-hand. Net take-up during 2016 reached 166,600 sqm, which covers 73% of the area delivered to the market in the same period. We expect supply to continue outpacing demand during 2017 as well, which will invariably increase competition in the market.

Rental rates for Class A office space are ranging from €10/sqm/month in North Pipera to €18/sqm/month in a prime CBD like Piata Victoriei.

[4] Sources : Danos Research, Eurobank, Jones Lang LaSalle, DTZ Research, CBRE Research, Colliers International, Cushman & Wakefield, MBL Research.

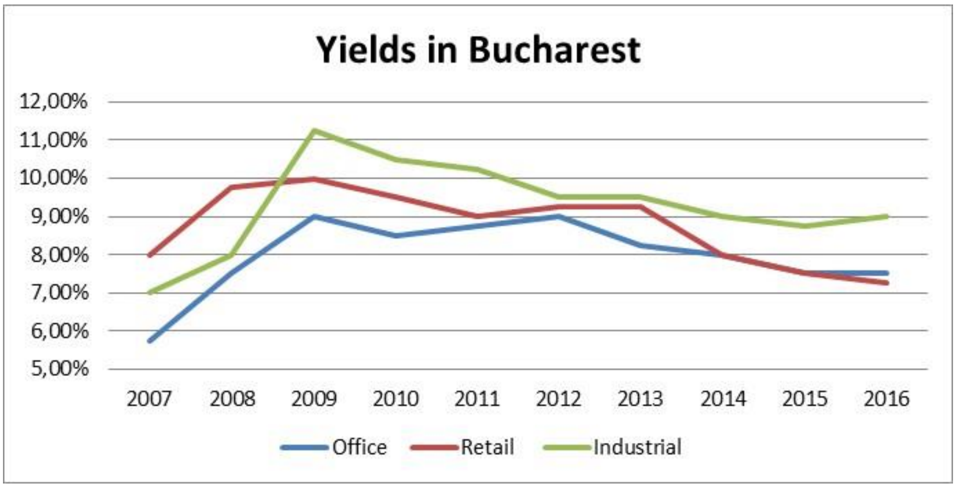
Retail Market

2016 saw the delivery of a series of new retail projects, with Bucharest acting as the main point of attention for developers. Total deliveries of new stock stood at 240,000 sqm of GLA, out of which Bucharest accounted for more than 40%.

There are no new projects announced for delivery in Bucharest during 2017 – 2018. Within this period, we expect the existing shopping centers to focus on consolidating their market position in order to maximize the centers' attraction. Several shopping centers already announced extensions aimed at creating additional space for anchor tenants and/or entertainment areas.

Overall, Bucharest's ratio of retail stock increased from 573 sqm per 1,000 capita in 2015 and currently stands at 626 sqm per 1,000 capita, however still behind the CEE markets.

Rent levels remained broadly unchanged (€55-65/sqm/month) in 2016, as the market was able to absorb organically the newly released supply in retail centers. Although the performance of the retailers continued to increase in 2016, they were rather conservative during the negotiation process and signed contracts for constant base rent levels, compensating with turnover rents in the case of very successful locations.



Residential Market

2016 was the best year in terms of residential market performance in the past 10 years, continuing a trend that began in 2015, when the market showed clear signs of revival. The apartment supply in Bucharest has decreased to 7,000–8,000 units, 35% lower than in 2015, and most of this is represented by projects finalized before 2015. There was a 20% increase in deliveries in 2016.

Most demand is still generated through the Prima Casa program, for mass market dwellings, however due to economic improvements and wage growth, there is also increased demand in the mid-market segment. In addition, in 2016 there was a clear switch of preferences towards new apartments rather than older ones. Second-hand apartments still account for the majority of transactions, as their locations and general infrastructure are often preferable to new apartments and they are generally more affordable.

Prices started to pick up in Bucharest, especially for old apartments, although prices for new apartments were relatively stable at €800–1,000/usable sqm for mass market apartments and €1,000–1,700/usable sqm for mid-market apartments.

4.2 Bulgaria

General

The total value of completed investment deals in 2016 was slightly above €262m. The biggest share of investment volume involved hotels (27%), followed by industrial and logistics space (20%), the third position is split between office and retail properties (18%).

Office Market

Total stock of class A and B office space in nearing the 2,000,000 sqm mark, expected to be surpassed in 2017. Vacancy rate is 10-12% as the take up rate has increased in 2016, due to demand from IT and the services sectors. Rental levels remain stable at €12-13/sqm from class A buildings and €7-8 for class B. As another 115-150,000 sqm of class A building are coming to the market, rents may phase a downward pressure throughout 2017, but as demand is strong, such reduction will be temporary.

Residential Market

In 2016 Sofia residential market experienced a 5% increase in the number of completed residential projects. Total supply reached 7,048 units (apartments, row or single houses), concentrated in 57 projects. The neighborhoods in the southern parts of Sofia and at the foot of the Vitosha Mountain remained the most popular.

The trend towards pre-sales continued over the year. The share of these transactions grew significantly from 37% in 2015 to 57% in 2016. Insufficient supply of completed quality residential product saw this pre-sale proportion grow. The higher level of comfort that buyers now have when buying real estate from experienced developers added to the momentum.

Asking prices for mid-plus and high-end residential units registered a 9% yoy growth in 2016. These were in the range of € 900 - 1,550 per sqm including VAT, depending on the characteristics of the compound and the specific negotiated terms.

4.3 Greece

General

The markets are under strain due to the ongoing uncertainty in which they operate, as a result of the protracted negotiations for the completion of the 2nd review of the bailout programme as well as the sharp increase in the tax burden in 2017. This is reflected in the weakening of the economic climate and the sharp drop in consumer confidence, in February 2017.

Logistics Market

The industrial market in Greece had a relatively good year in spite of the weak economic climate. According to the latest study of National Bank of Greece, the logistics sector proved resilient in the crisis bringing its contribution to GDP to 2.9% in 2016 from 2.5% in 2008 and showing signs of convergence with European standards. Prime rents were stable in Q1 2017 at €4.0/sqm/month with significant increase in demand for high quality space which is in major shortage especially of large warehouses that meet the requirements of occupiers in terms of quality.

Focusing on the future outlook of the industry, the momentum would be maintained and demand for industry services is expected to grow over the next five years (based on increased trend of outsourcing). At the same time, expected favorable impact of a series of external factors that would act as accelerators for the industry over the next five years - mainly participation in wider networks 4PL and the upscale presence of COSCO.

4.4 Ukraine

General

2016 was characterised by an increase in the number of office lease transactions in Grade A and B business centers. Due to a steady increase in the demand for high quality office spaces vacancy levels dropped by 3,1% compared to the previous year. Some of the main trends for the warehouse market in Kyiv region in 2016 were: a mild growth in demand among tenants, a slight increase in the number of large purchase deals, as well as a moderate reduction in vacancy rates and their stabilization.

5. Property Assets

5.1 GED Logistics center, Athens Greece

Project description

The 17,756 sqm complex that consists of industrial and office space is situated on a 44,268 sqm land plot in the West Attica Industrial Area (Aspropyrgos). It is located at exit 4 of Attiki Odos (the Athens ring road) and is 20 minutes from the port of Piraeus (where COSCO runs a container port handling ~4m containers a year) and the National Road connecting Athens to the north of the country. The roof of the warehouse buildings house a photovoltaic park of 1,000KWp.

The buildings are characterized by high construction quality and state-of-the-art security measures. The complex includes 100 car parking spaces, as well as two central gateways (south and west).

Current status

The complex at the end of 2016 is 100% occupied, with the major tenant (approximately 70%) being the German transportation and logistics company Kuehne + Nagel.

5.2 EOS Business Park – Danone headquarters, Romania

Project description

The park consists of 5,000 sqm of land including a class "A" office building of 3,386 sqm GLA and 90 parking places. It is located next to the Danone factory, in the North-Eastern part of Bucharest with access to the Colentina Road and the Fundeni Road. The Park is very close to Bucharest's ring road and the DN 2 national road (E60 and E85) and is also served by public transportation. The park is highly energy efficient.

Current status

The Company acquired the office building in November 2014. The complex is fully let to Danone Romania, the French multinational food company, until 2026.

5.3 Praktiker Retail Center, Romania

Project description

The retail park consists of 21,860 sqm of land including a retail BigBox of 9,385 sqm GLA and 280 parking places. It is located in Craiova, on one of the main arteries of the city, along with most of the DIY companies. Craiova is an important city for the Romanian automotive industry as Ford bought the Daewoo facilities in 2007 and produces two of its models from there. Ford is committed to continue investing and it is completing a brand new engine production facility.

Current status

As at year-end, the complex is fully let to Praktiker Romania, a regional DIY retailer, until 2020 and the Company negotiated the extension of the Praktiker lease agreement until December 2025 for an annual rent of ~€600,000, which was effected in July 2016. SPDI renegotiated the outstanding debt facility in H1 2016 and managed the outflows to match the timing and magnitude of the inflows.

5.4 Delenco office building, Romania

Project description

The property is a 10,280 sqm office building, which consists of two underground levels, a ground floor and ten above-ground floors. The building is strategically located in the very centre of Bucharest, close to three main squares of the city: Unirii, Alba Iulia and Muncii, only 300m from the metro station.

Current status

The Company acquired 24.35% of the property in May 2015. At the end of 2016, the building is 100% let, with ANCOM (the Romanian Telecommunications Regulator) being the anchor tenant (70% of GLA).

5.5 Innovations Logistics Park, Romania

Project description

The Park incorporates approximately 8,470 sqm of multipurpose warehousing space, 6,395 sqm of cold storage and 1,705 sqm of office space. It is located in the area of Clinceni, south west of Bucharest centre, 200m from the city's ring road and 6km from

Bucharest-Pitesti (A1) highway. Its construction was completed in 2008 and was tenant specific. It comprises four separate warehouses, two of which offer cold storage.

Current status

The Company signed with Nestle Ice Cream an agreement vacating the premises, in July 2016. Such agreement was effected in August 2016 for a €1.4m cash settlement payable by Nestle, which represents approximately 18 months of rent plus the three months' rental guarantee deposits and certain fixed assets that Nestle had installed in the premises. At the same time the Company was in extensive discussions through 2016 with the lender of the property, Piraeus Bank Leasing, in order to review the sale and leaseback agreement following the settlement with Nestle finally managing to strike an agreement in February 2017. Based on the amended agreement the Innovations Park is subject to a sale and lease Back for a period of nine years and during this period SPDI is free to lease out spaces of the Innovations Park at its own discretion. In April 2017 the Company signed a lease agreement with Aquila srl, a large Romanian logistics operator, for 5,740 sqm of ambient space in the warehouse, which produces an annual rent payable by Aquila of~€300,000. As at the issuance date of this report the terminal is 60% leased.

5.6 Terminal Brovary Logistic Park, Ukraine

Project description

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

The building is divided into six independent sections (each at least 6,400 sqm), 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.

Current status

In May 2016 the Company fully leased the warehouse space to Rozetka UA, the leading Ukrainian internet retailer. In September 2016, the Company signed a sale and purchase agreement with Temania Enterprises Ltd (company related to Rozetka UA) for the sale of its Terminal Brovary warehouse at a gross asset value of over US$16 million (before the deduction of the outstanding EBRD). The sale was completed successfully at the end of January 2017, generating for the Company a net cash inflow of over US$3m.

5.7 Residential portfolio

- **Romfelt Plaza (Doamna Ghica), Bucharest, Romania**

Project description

Romfelt Plaza is a residential complex located in Bucharest, Sector 2, relatively close to the city center, easily accessible by public transport and nearby supporting facilities and green areas.

Current status

During 2016 two units were sold and at the end of 2016, 18 apartments were available while 13 of them were rented, indicating an occupancy rate of 72%.

- **Monaco Towers, Bucharest, Romania**

Project description

Monaco Towers is a residential complex located in South Bucharest, Sector 4, enjoying good car access due to the large boulevards, public transportation, and a shopping mall (Sun Plaza) reachable within a short driving distance or easily accessible by subway.

Current status

During 2016 four units were sold and at the end of 2016, 22 apartments were available while 9 of them were rented, indicating an occupancy rate of 41%.

- **Blooming House, Bucharest, Romania**

Project description

Blooming House is a residential development project located in Bucharest, Sector 3, a residential area with the biggest development and property value growth in Bucharest, offering a number of supporting facilities such as access to Vitan Mall, kindergartens, café, schools and public transportation (both bus and tram).

Current status

During 2016 seven units were sold and at the end of 2016, 15 apartments were available while 6 of them were rented, indicating an occupancy rate of 40%.

- **Green Lake, Bucharest, Romania**

Project description

A residential compound of 40,500 sqm GBA, which consists of apartments and villas, situated on the banks of Grivita Lake, in the northern part of the Romanian capital – the only residential property in Bucharest with a 200 meter frontage to a lake. The compound also includes facilities such as one of Bucharest's leading private schools (International School for Primary Education), outdoor sports courts and a mini-market. Additionally Green Lake includes land plots totaling 40,360 sqm. SPDI owns ~43% of this property asset portfolio.

Current status

At the end of 2015 the portfolio consisted of 40 unsold apartments plus 37 unsold villas. During 2016, six apartments and villas were sold while at the end of 2016, of the 71 units that were unsold 26 of them were let (occupancy rate of ~37%).

- **Boyana Residence, Sofia, Bulgaria**

Project description

A residential compound, which consisted at acquisition date (May 2015) of 67 apartments plus 83 underground parking slots developed on a land surface of 5,700 sqm, situated in the Boyana high end suburb of Sofia, at the foot of Vitosha mountain with Gross Buildable Area ("GBA") totaling to 11,400 sqm. The complex includes adjacent land plots with building permits under renewal to develop GBA of 21,851 sqm.

Current status

During 2016, twenty one apartments were sold, with 40 units remaining unsold at the end of 2016.

5.8 Land Assets

- **Aisi Bela – Bela Logistic Center, Odessa, Ukraine**

Project description

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

Current status

The Company does not intend to recommence construction in the near future.

- **Kiyanovskiy Lane – Kiev, Ukraine**

Project description

The property 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' Spires and historic Podil.

Current status

Discussions with local developers who approached the Company in order to explore possibilities of value generation are in progress.

- **Tsymlyanskiy Lane – Kiev, Ukraine**

Project description

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-investor owning the remaining 45%.

Current status

Discussions are on-going with interested parties with a view to partnering in the development of this property.

- **Balabino- Zaporozhye, Ukraine**

Project description

The 26.38 Ha site is situated on the south entrance of Zaporozhye city, 3km 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.

Current status

The site is zoned for retail and entertainment. Development has been put on hold.

- **Rozny Lane – Kiev Oblast, Kiev, Ukraine**

Project description

The 42 Ha land plot located in Kiev Oblast is destined to be developed as a residential complex. Following protracted legal battle it has been registered under the Company pursuant to a legal decision in July 2015.

Current status

The Company is evaluating potential commercialization options to maximize the property's value.

- **Delia Lebada, Romania**

Project description

The site consists of a ~40,000 sqm plot of land in east Bucharest situated on the shore of Pantelimon Lake, opposite a famous Romanian hotel, the Lebada Hotel. The lake itself, having a 360 Ha surface, is the largest lake of Bucharest and accommodates many leisure activities such as fishing, cycling, walking, etc. At the back of the property there is a forest which transforms the area into a very attractive habitat for families and adds value to the residential units to be developed.

Current status

The construction permit, which allows for ~54,000 sqm to be built, was renewed in April 2014 but the property has been on hold. Following the SPV owning the plot entering into an insolvency status the lending bank (Bank of Cyprus) entered into discussions with the Company and its partners in respect to the future of the defaulted loan. Such discussions are expected to be concluded within Q3-2017 and result into an amicable solution for all involved parties.

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016

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Corporate Information

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Chairman's Statement

While 2016 was in many respects a year of consolidation, we are hopeful that 2017 will be a year of growth. SPDI's strategy for the past few years has been to capitalise on favourable market dynamics of Romania, Bulgaria and selectively Greece while reducing exposure to Ukraine. In 2016 with the agreed profitable sale of the Group's principal Ukrainian asset, Terminal Brovary, we achieved a major goal consistent with this allocation strategy, generating cash for new investments planned in target countries in 2017.

During the year the favourable fundamentals of our target markets continued to prevail, and as economic growth picked up across the Eurozone in the latter part of 2016 and early 2017, we remain convinced that will continue to lead to even faster economic growth in Romania and Bulgaria, with a more stable outlook for Greece.

Property markets in our region have continued to experience a steady yield compression as the global search for yield has forced funds to deploy new allocations of cash to these markets as the more established CEE (Poland, Czech, Hungary) property markets have become increasingly crowded with foreign buyers.

The Board remains confident that SPDI is in the right place, at the right time. We are grateful to our shareholders for their continued support in 2016, and look forward capitalising upon the significant opportunities that we can see for the Group in 2017.

Paul Ensor

Chairman of the Board

DECLARATION BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE PERSON RESPONSIBLE FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY

We, the Members of the Board of Directors and the person responsible for the preparation of the consolidated financial statements of SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC for the year ended 31 December 2016, based on our opinion, which is a result of diligent and scrupulous work, declare that the elements written in the consolidated financial statements are true and complete.

Board of Directors members:

Lambros Anagnostopoulos	
Vagharshak Barseghyan	
Ian Domaille	
Paul Ensor	
Franz M. Hoerhager	
Antonios Kaffas	
Kalypso Maria Nomikou	
Alvaro Portela	
Harin Thaker	

Person responsible for the preparation of the consolidated financial statements for the year ended 31 December 2016:

Constantinos Bitros	

MANAGEMENT REPORT

The Board of Directors presents its report and the audited consolidated financial statements of SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC ("SPDI" or the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2016.

Principal activities

The principal activities of the Group, which are unchanged from last year, are to invest directly or indirectly in and/or manage real estate properties as well as real estate development projects in South East Europe (the "Region"). These include the acquisition, development, operation and selling of property assets in the Region.

Review of current position, future developments and significant risks

2016 has been for the Group a year focused on consolidation. January 2017 saw the Group agreeing to both a profitable exit from its main Ukrainian income producing asset and a cash generating agreement for the departure of the main tenant in its Romanian logistics terminal Innovations. As a result the Group devoted considerable time in closing these two transactions during 2016. The pace of selling non-core assets has been increased as the residential market climate in the Region improved. In parallel the Group worked in identifying and securing the transactions that would lead its next stage of growth.

On the operational side, the Group's gross income increased from ~€7,2m in 2015 to ~€9,2m reflecting the increased pace of non-core asset selling. Gross Rental Income increased from €5,5m to €6,1m, with average occupancy exceeding 85%, while income from sales of properties was recorded at €3,2m from €1,7m. Despite such increase in the sale income the Group still incurred losses (Note 7).

Asset Operating expenses (Note 8) decreased reflecting tighter management while corporate costs (Note 9) have been reduced by 13% and are expected to be reduced further in 2017 following extensive cost cutting efforts by Management.

The valuation of the Group's assets for 2016 increased marginally (Note 10), on a like for like basis (Note 17). Such increase reflects the slight improvement in market conditions.

As a result of the diversification effort, the income of the Group is less exposed to Ukraine (~25%) and from 2017, the Group will maintain only land exposure to the country, with a view to take advantage of future capital appreciation. Exposure to Ukraine in terms of Gross Asset Value was at ~27% at the end of 2016 and was further decreased after the sale of Terminal Brovary.

The Directors expect that the Group will continue selling non-core assets, generating supportive cash flow while further containing its expenses and preparing for its next stage of growth.

The most significant risks faced by the Group and the steps taken to manage these risks are described in Notes 5 and 40 of the consolidated financial statements.

Results and Dividends

The Group's results for the year are set out on page 40. No dividends were declared during the year.

Share Capital

Authorised share capital

As at the end of 2015 the authorized share capital of the Company was 989.869.935 Ordinary Shares of €0,01 nominal value each, 785.000 Redeemable Preference Class A Shares of €0,01 nominal value each and 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each (Note 26.1).

No changes were effected during the reporting period as far as the authorized share capital of the Company is concerned and therefore at the end of the reporting period the authorised share capital of the Company remained at 989.869.935 Ordinary Shares of €0,01 nominal value each, 785.000 Redeemable Preference Class A Shares of €0,01 nominal value each and 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each (Note 26.1). Yet the Company is in the process to cancel the Class A and Class B Redeemable Preference Shares (Note 26.6) a process that will be completed in 2017.

Issued share capital

As at the end of 2015 the issued share capital of the Company was as follows:

a) 90.014.723 Ordinary Shares of €0,01 nominal value each,

b) 392.500 Redeemable Preference Class A Shares of €0,01 nominal value each,

c) 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each.

No changes were effected throughout the reporting period in respect of the issued share capital of the Company and as at the end of the reporting period the issued share capital of the Company remained as follows:

a) 90.014.723 Ordinary Shares of €0,01 nominal value each,

b) 392.500 Redeemable Preference Class A Shares of €0,01 nominal value each, subject to cancelation during 2017 (Note 26.6),

c) 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each, subject to cancelation during 2017 (Note 26.6).

In respect of the Class A Redeemable Preference Shares, issued in connection to the Innovations acquisition and the Class B Redeemable Preference Shares, issued in connection to the acquisition of Craiova Praktiker, following the holders of such shares notifying the Company of their intent to redeem within 2016, the Company:

- actually proceeded with full redemption of the Class A shares (392.500) which was finalized in Q1-2017 while the process of cancelling them will be concluded within 2017
- for the Class B Redeemable Preference Shares, in lieu of redemption the Company gave its 20% holding in Autounion (Note 26.6) in October 2016, to the Craiova Praktiker seller BLUEHOUSE ACCESSION PROPERTY HOLDINGS III S.A.R.L and has been negotiating the resulting difference (if any) for a final settlement. As soon as the case is settled, the Company will proceed with the cancellation of the Class B Redeemable Preference Shares.

MANAGEMENT REPORT

Board of Directors

The members of the Company's Board of Directors as at 31 December 2016 and at the date of this report are presented on page 31.

In accordance with the Company's Articles of Association, during the Annual General Meeting held on 30st December 2016, Mr. Hoerhager, Mr. Kaffas and Mr. Ensor who being eligible, retired by rotation, offered themselves for re-election and were re-elected.

There were no changes in the assignment of responsibilities of the Board of Directors.

Board Committees

The Board has constituted two committees, the audit committee and the remuneration committee.

The membership and the responsibilities of both committees remained unchanged during the reporting period:

- Audit Committee: Mr. Domaille (Chairman) and Mr. Kaffas
- Remuneration Committee: Mr. Domaille (Chairman) and Mr.Thaker

Remuneration Policy

The remuneration policy for the Board (non-executive members) of the Company which includes a monetary portion, as well as equity like instruments to further incentivize the recipients and further align their interests with those of the shareholders, remains unchanged. Such equity like instruments and the respective granting terms have been approved by the Annual General Meeting of December, 30th 2013 and/or of December, 31st 2014.

During the reporting period there were no new shares issued to the Board members or the Management as part of their remuneration.

As far as the Board's remuneration is concerned, this has been adjusted to the growth of the Gross Asset Value of the Company as mandated by the policy. It should be noted that the said policy relates to payments through shares which are locked up for the earlier of two years from the date of issue or the date following which the 30 day average traded value exceeds GBP 70.000. Since 1st of July 2017, the BoD has decided to forego any payment.

The remuneration of the senior management is described in Note 37.1.2.

Options currently held by Board Members

Following the share capital restructuring of the Company, the existing option schemes are as follows:

Director's Option scheme, allotted on 25/7/2007

Under the said scheme each Director serving at the time, who is still a Director of the Company, is entitled to subscribe for 2.631 ordinary shares exercisable as set out below:

	Exercise Price USD	Number of Shares
Exercisable until 1 August 2017	57	1.754
Exercisable until 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 GBP	Number of Shares
Exercisable until 1 August 2017	40	1.219
Exercisable until 1 August 2017	50	610

The above option schemes were approved, by the shareholders of the Company in General Meeting on 31st March 2008. As at 31 December 2016 the Company considers that as the options are well out of the money, these will not be exercised and will lapse.

Options currently held by employees

As approved by the Annual General Meeting on 30th December 2013 the Company proceeded in 2015 in issuing 590.000 options to its employees corresponding to potentially 590.000 ordinary shares. The terms of the options and the related holdings are analyzed in Note 26.3. As at the reporting date no options have been exercised. The Company considers these options as being also out of the money.

Directors and Management Holdings in the Company

The table below presents Directors and Management shareholding in the Company as at the end of the reporting period:

Name	**Position**	**Amount of Shares held**
Paul Ensor	Chairman	147.495
Barseghyan Vagharshak	Non-Executive Director	-
Ian Domaille	Non-Executive Director	133.132
Franz Horhager	Non-Executive Director	121.474
Antonios Kaffas	Non-Executive Director	62.980
Kalypso Maria Nomikou	Non-Executive Director	-
Alvaro Portela	Non-Executive Director	44.742
Harin Thaker	Non-Executive Director	44.742
Lambros Anagnostopoulos	Executive Director and CEO	448.092
Constantinos Bitros	Chief Financial Officer	296.271

MANAGEMENT REPORT

As at the date of issuance of the financial statements and following acquisition of shares done within H1 2017 the Director's holdings changed (Note 41d) as follows :

Name	Position	Amount of Shares held
Paul Ensor	Chairman	271.597
Barseghyan Vagharshak	Non-Executive Director	35.484
Ian Domaille *	Non-Executive Director	379.475
Franz Horhager	Non-Executive Director	245.575
Antonios Kaffas	Non-Executive Director	205.709
Kalypso Maria Nomikou	Non-Executive Director	35.484
Alvaro Portela	Non-Executive Director	168.844
Harin Thaker	Non-Executive Director	170.780
Lambros Anagnostopoulos	Executive Director and CEO	448.092
Constantinos Bitros	Chief Financial Officer	296.271

*includes a number of 83.196 shares as non-beneficial owner

Warrants issued and exercised

Class A warrants

18.028.294 warrants corresponding to 18.028.294 ordinary shares (Note 26.4) that were exercisable by 31 December 2016 at an exercise amount of £0,45 per ordinary share, were not exercised and therefore have lapsed.

There are no other Class A warrants in circulation as at the issuance date of the financial statements.

Class B warrants

Class B Warrants (Note 26.5) in circulation are yet to be exercised. As at the reporting date there are 12.859.246 warrants in circulation corresponding to an equal amount of ordinary shares (1:1). Further to the resolution approved at the AGM of 30 December 2016 the exercise period of the Class B Warrants has extended until 30 June 2017. The exercise price of the Class B warrants is €0,01.

Other share capital related matters

Pursuant to decisions taken by the AGM of December 30st 2016, the Board has been authorised and empowered to:

- issue up to 200.000.000 ordinary shares of €0,01 each at an issue price as the Board may from time to time determine (with such price being at a discount to the net asset value per share) so as to facilitate the profitable growth of the Group. Such explicit authority for the issuance of such shares expires on 31 December 2018. Since 31 December 2016 and until the date of this report, the Board had issued 626.133 shares under its mandated authority.
- issue Class A Warrants, to subscribe for up to 350% of the outstanding ordinary shares at the time of issuance of the Class A Warrants, upon such terms and conditions as may be determined by the Board (with such price being at a discount to the net asset value per share). Such Class A Warrants may be offered to various third party entities a) for participating in the capital raising of the Company, b) for their contribution in creating value for the Group and c) for their assistance with fundraising. Such explicit authority for the issuance of such warrants expires on 31 December 2018. No Class A warrants have been issued as at the date of this report.

Events after the end of the reporting period

The significant events that occurred after the end of the reporting period are described in Note 41 to the financial statements.

Independent auditors

The Independent Auditors, Baker Tilly Klitou and Partners Limited, have expressed their willingness to continue in office.

The Audit Committee will be proposing to the Board the appointment of the Independent Auditors for 2016, authorizing the CEO and the CFO to negotiate their remuneration so as to present a relevant proposal to the Annual General Meeting of the Shareholders of the Group.

By order of the Board of Directors,

Constantinos Bitros
Chief Financial Officer

BAKER TILLY 20 YEARS OF EXCELLENCE

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Independent Auditor's Report

To the Members of Secure Property Development & Investment Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Secure Property Development & Investment Plc (the "Company") and its subsidiaries (the "Group"), which are presented in pages 40 to 91 and comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, changes in equity and cash flow 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 Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matter	***How our audit addressed the key audit matter***
Valuation of investment properties and investment properties under development	
Refer to Note 3 - Significant accounting policies and Note 17 - Investment Property. The Group's investment properties and investment property under development were carried at €100.7m as at 31 December 2016. A loss on disposal of investment property of €0,5m and a net fair value movement loss of €1m was recognised in the Group's consolidated statement of comprehensive income for the year. We focused in this area due to the existence of significant judgement, coupled with the fact that only a small percentage difference in individual property valuations when aggregated could result in material misstatement. The valuation of the Group's properties is inherently subjective due to unique nature, location and expected future prospects of each property. The methodology applied in determining the fair values is set out in Note 17 of the consolidated financial statements. Valuations, as disclosed in Note 3, are carried out by third party valuers, CBRE Ltd and Real Act (the "Valuers"). The Valuers performed their work in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards, taking into account property specific information.	Our audit procedures included assessment of the valuers qualifications and expertise and considered their engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We obtained and read the CBRE and Real Act valuation reports for every property. We determined, based on our expertise and experience, that the valuation approach for each was appropriate and suitable for use in determining the fair value for the consolidated financial statements. We have also evaluated the mathematical precision of the methodologies used and the relevance of the key assumptions used, comparing with general economic expectations to assess whether the assumptions used were reasonable.

Independent Auditor's Report (continued)

Material uncertainty related to going concern

We draw attention to Note 40.7 to the consolidated financial statements which indicates that the Group's current liabilities exceeded the current assets by €31.572.459 as at 31 December 2016. The Group incurred a net loss amounting to €2.352.641 during the year ended 31 December 2016. These conditions indicate the existence of a material uncertainty which casts significant doubt as to the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Annual Report, the Chairman's Statement and the Management Report. The other information does not include the consolidated financial statements and our auditor's 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. We have nothing to report in this regard.

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 International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the 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 auditor's 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 auditor's 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.

Independent Auditor's Report (continued)

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 auditor's 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.

Emphasis of matters

We draw attention to Notes 3, 5, 17, 22, 29 and 38.3 to the consolidated financial statements, which describe the following matters:

(a) The fair value of the investment properties and investment properties under development, and the net realizable value of inventory as indicated in Notes 3, 17 and 22 to the consolidated financial statements are based on valuations performed by independent valuators. The values are determined by selecting a variety of methods and making assumptions that are mainly based on conditions existing at the end of each reporting period. In the event that any of the assumptions do not materialize the fair values of the Group's investment properties and investment properties under development, and the carrying value of inventory will be affected accordingly.

(b) We draw attention to Note 5 to the consolidated financial statements, which describe the political and social unrest and regional tensions in Ukraine, which could adversely affect the Group's results and financial position in a manner not currently determinable.

(c) We draw attention to Notes 29 and 38.3 to the consolidated financial statements which describe that the loan payable to Bank of Cyprus by the Group's subsidiary Delia Lebada Srl is currently in default and the Bank has initiated insolvency procedures. The Group is currently in discussion with its partner and the bank in an effort to settle the case.

Our opinion is not qualified in respect of these matters.

Report on Other Legal Requirements

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

- In our opinion, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113 and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Andreas Pittakas.

Andreas Pittakas
Certified Public Accountant and Registered Auditor
for and on behalf of

Baker Tilly Klitou
Certified Public Accountants and Registered Auditors

Corner C Hatzopoulou and 30 Griva Digheni Avenue
1066 Nicosia, Cyprus

Nicosia, 27 June 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016 €	2015 €
Income	7	6.070.940	5.448.960
Asset operating expenses	8	(992.441)	(1.124.583)
Net Operating Income		**5.078.499**	**4.324.377**
Administration expenses	9	(2.614.188)	(3.013.942)
Share of profits/(losses) from associates	19	469.248	(1.244.572)
Valuation gains/(losses) from Investment Property	10	896.793	(2.335.247)
Net loss on disposal of inventory	11	(368.907)	(51.359)
Net loss on disposal of investment property	11	(438.516)	(266.964)
Result on disposal of available for sale financial assets	23	(206.491)	-
Impairment allowance for inventory and provisions	12	(63.513)	(1.675.659)
Gain realized on acquisition of subsidiaries	18a	-	2.181.834
Other operating income/(expenses), net	13	(1.304.304)	653.856
Goodwill impairment	18b	-	(657.082)
Operating profit / (loss)		**1.448.621**	**(2.084.758)**
Finance income	14	1.153.243	63.596
Finance costs	14	(3.738.951)	(4.438.191)
Foreign exchange (loss), net	15a	(1.041.239)	(5.071.048)
Loss before tax		**(2.178.326)**	**(11.530.401)**
Income tax expense	16	(174.315)	(80.188)
Loss for the year		**(2.352.641)**	**(11.610.589)**
Other comprehensive income			
Exchange difference on I/C loans to foreign holdings	15b	(4.167.542)	(13.653.402)
Exchange difference on translation of foreign operations	27	3.508.448	8.064.848
Available-for-sale financial assets – fair value gain	23	-	485.529
Available-for-sale financial assets – Gains recycled to loss for the year	23	(485.529)	-
Total comprehensive income for the year		**(3.497.264)**	**(16.713.614)**
Loss attributable to:			
Owners of the parent		(2.363.693)	(11.015.852)
Non-controlling interests		11.052	(594.737)
		(2.352.641)	**(11.610.589)**
Total comprehensive income attributable to:			
Owners of the parent		(3.477.567)	(15.981.196)
Non-controlling interests		(19.697)	(732.418)
		(3.497.264)	**(16.713.614)**
Earnings / (Losses) per share (Euro cent per share):	35b		
Basic earnings/(losses) for the year attributable to ordinary equity owners of the parent		(0,03)	(0,16)
Diluted earnings/(losses) for the year attributable to ordinary equity owners of the parent		(0,02)	(0,13)

The notes on pages 44 to 91 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2016

	Note	2016 €	2015 €
ASSETS			
Non-current assets			
Investment properties	17.4a	95.654.207	94.340.471
Investment properties under development	17.4b	5.027.986	5.125.389
Tangible and intangible assets	20	129.396	164.617
Long-term receivables and prepayments	21	351.181	352.916
Investments in associates	19	5.217.310	4.887.944
Available for sale financial assets	23	-	2.783.535
		106.380.080	**107.654.872**
Current assets			
Inventory	22	5.028.254	11.300.000
Prepayments and other current assets	24	2.778.361	4.795.223
Cash and cash equivalents	25	1.701.007	895.422
		9.507.622	**16.990.645**
Total assets		**115.887.702**	**124.645.517**
EQUITY AND LIABILITIES			
Issued share capital	26	900.145	900.145
Share premium		122.874.268	122.874.268
Foreign currency translation reserve	27	10.161.471	6.653.023
Exchange difference on I/C loans to foreign holdings	36.3	(37.567.055)	(33.399.513)
Available for sale financial assets – fair value reserve		-	485.529
Accumulated losses		(57.444.020)	(55.080.327)
Equity attributable to equity holders of the parent		**38.924.809**	**42.433.125**
Non-controlling interests	28	7.237.827	615.527
Total equity		**46.162.636**	**43.048.652**
Non-current liabilities			
Borrowings	29	16.895.155	26.263.559
Finance lease liabilities	33	11.081.379	11.273.639
Trade and other payables	30	451.123	4.672.888
Deposits from tenants	31	217.328	623.770
		28.644.985	**42.833.856**
Current liabilities			
Borrowings	29	31.580.299	27.417.220
Trade and other payables	30	7.038.170	3.044.036
Taxes payable	32	1.147.018	822.005
Redeemable preference shares	26.6	-	6.430.536
Provisions	32	742.166	724.445
Deposits from tenants	31	271.019	132.684
Finance lease liabilities	33	301.409	192.083
		41.080.081	**38.763.009**
Total liabilities		**69.725.066**	**81.596.865**
Total equity and liabilities		**115.887.702**	**124.645.517**

	Note	2016	2015
Net Asset Value (NAV) € per share:	35c		
Basic NAV attributable to equity holders of the parent		0,43	0,47
Diluted NAV attributable to equity holders of the parent		0,38	0,41

On 27 June 2017 the Board of Directors of SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC authorised these financial statements for issue.

Lambros Anagnostopoulos	Paul Ensor	Constantinos Bitros
Director & Chief Executive Officer	Director & Chairman of the Board	Chief Financial Officer

The notes on pages 44 to 91 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to owners of the Company								
	Share capital	Share premium, Net[1]	Accumulated losses, net of non-controlling interest[2]	Exchange difference on I/C loans to foreign holdings[3]	Foreign currency translation reserve[4]	Available for sale financial assets – fair value reserve[5]	**Total**	Non-controlling interest	**Total**
	€	**€**	**€**	**€**	**€**		**€**	**€**	**€**
Balance - 31 December 2014	**338.839**	**97.444.044**	**(44.064.475)**	**(19.746.111)**	**(1.411.825)**	**-**	**32.560.472**	**651.882**	**33.212.354**
Loss for the year	-	-	(11.015.852)	-	-	**-**	**(11.015.852)**	(594.737)	**(11.610.589)**
Exchange difference on I/C loans to foreign holdings (Note 15b)	-	-	-	(13.653.402)	-	**-**	**(13.653.402)**	-	**(13.653.402)**
Foreign currency translation reserve	-	-	-	-	8.064.848	**-**	**8.064.848**	(137.681)	**7.927.167**
Fair value gain on available-for-sale financial assets (Note 23)	-	-	-	-	-	485.529	**485.529**	-	**485.529**
Acquisition of non-controlling interest	-	-	-	-	**-**	**-**	**-**	696.063	**696.063**
Issue of share capital, net (Note 26)	561.306	25.430.224	-	-	-	**-**	**25.991.530**	-	**25.991.530**
Balance - 31 December 2015	**900.145**	**122.874.268**	**(55.080.327)**	**(33.399.513)**	**6.653.023**	**485.529**	**42.433.125**	**615.527**	**43.048.652**
Loss for the year	-	-	(2.363.693)	-	-	**-**	**(2.363.693)**	11.052	**(2.352.641)**
Exchange difference on I/C loans to foreign holdings (Note 15b)	-	-	-	(4.167.542)	-	**-**	**(4.167.542)**	-	**(4.167.542)**
Foreign currency translation reserve	-	-	-	-	3.508.448	**-**	**3.508.448**	(30.749)	**3.477.699**
Available-for-sale financial assets – Gains recycled to loss for the year (Note 23)						(485.529)	**(485.529)**	-	**(485.529)**
Restructuring of the business (Note 34)	-		-	-	-	**-**		6.641.997	**6.641.997**
Balance - 31 December 2016	**900.145**	**122.874.268**	**(57.444.020)**	**(37.567.055)**	**10.161.471**	**-**	**38.924.809**	**7.237.827**	**46.162.636**

[1]Share premium is not available for distribution.

[2]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 defense 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 defense is payable on account of the shareholders.

[3] Exchange differences on intercompany loans to foreign holdings arose as a result of devaluation of the Ukrainian Hryvnia during 2015 and 2016. The Group treats the mentioned loans as a part of the net investment in foreign operations (Note 37.3).

[4] Exchange differences related to the translation from the functional currency of the Group's subsidiaries are accounted for directly to the foreign currency translation reserve. The foreign currency translation reserve represents unrealized profits or losses related to the appreciation or depreciation of the local currencies against the euro in the countries where the Group's subsidiaries own property assets.

[5] Available For Sale financial assets are measured at fair value. Fair value changes on AFS assets are recognized directly in equity, through other comprehensive income.

The notes on pages 44 to 91 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	2016 €	2015 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax and non-controlling interests		**(2.178.326)**	**(11.530.401)**
Adjustments for:			
(Gains)/losses on revaluation of investment property	10	(896.793)	2.335.247
Net loss on disposal of investment property	11b	438.516	266.964
Other non-cash movements		(1.367)	35.071
Write offs of prepayments	13	6.701	47.316
Impairment of assets	13	-	342.280
Accounts payable written off	13	(109.602)	(1.197.740)
Depreciation/ Amortization charge	9	58.491	40.823
Interest income	14	(1.153.243)	(63.596)
Interest expense	14	3.571.387	3.834.696
Share of losses/(profit) from associates	19	(469.248)	1.244.572
Gain on acquisition of subsidiaries	18a	-	(2.181.834)
Results on disposal of available for sale assets	23	206.491	-
Impairment of inventory	12	63.513	975.659
Goodwill impairment	18b	-	657.082
Effect of foreign exchange differences	15a	1.041.239	5.071.048
Cash flows from/(used in) operations before working capital changes		**577.759**	**(122.813)**
Change in inventory	22	1.522.234	24.341
Change in prepayments and other current assets	24	(380.280)	(659.770)
Change in trade and other payables	30	(2.134.760)	1.131.688
Change in VAT and other taxes receivable	24	560.009	(290.593)
Change in Provisions	32	17.721	656.192
Change in other taxes payables	32	157.026	87.524
Increase in deposits from tenants	31	(268.107)	(117.497)
Cash generated from operations		**51.602**	**709.072**
Income tax paid		(2.879)	(238.616)
Net cash flows provided in operating activities		**48.723**	**470.456**
CASH FLOWS FROM INVESTING ACTIVITIES			
Sales proceeds from disposal of investment property	11b	2.043.055	1.635.615
Prepayment made for acquisition of investment property	17	-	(100.000)
Cash outflow on available for sales financial assets		-	(2.298.006)
Capital expenditure on property plant and equipment		(23.266)	-
Dividend received from associates		127.570	-
Interest received		886	63.596
Increase in long term receivables		1.734	
Cash outflow on acquisition of subsidiaries	18	-	(1.786.934)
Net cash flows from / (used in) investing activities		**2.149.979**	**(2.485.728)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital/shareholders advances	26	-	10.839.040
Proceeds from bank loans	29	1.000.000	-
Repayment of borrowings	29	(2.881.423)	(5.672.198)
Interest and financial charges paid		(3.716.433)	(2.619.506)
Decrease in financial lease liabilities	33	(82.934)	(179.255)
Increase in Non-controlling interest		4.287.673	
Repayment of preference shares	26	-	(349.325)
Net cash flows from / (used in) financing activities		**(1.393.117)**	**2.018.756**
Net increase/(decrease) in cash at banks		**797.092**	**(203.603)**
Cash:			
At beginning of the year		895.422	891.938
Effect of foreign exchange rates on cash and cash equivalents		(8.493)	(207.086)
At end of the year	25	**1.701.007**	**895.422**

The notes on pages 44 to 91 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

1. General Information

Country of incorporation

SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC (the "Company") was incorporated in Cyprus on 23 June 2005 and is a public limited liability company, listed on the London Stock Exchange (AIM): ISIN CY0102102213. Its registered office is at Kyriakou Matsi 16, Eagle House, 10th floor, Agioi Omologites, 1082 Nicosia, Cyprus while its principal place of business is in Cyprus at 11 Bouboulinas Street, 4th floor, office No.48, 1060 Nicosia, Cyprus.

Principal activities

The principal activities of the Group, which are unchanged from last year, are to invest directly or indirectly in and/or manage real estate properties as well as real estate development projects in South East Europe (the "Region").These include the acquisition, development, commercializing, operating and selling of property assets, in the Region.

The Group maintains offices in Nicosia, Cyprus, in Kiev, Ukraine, in Bucharest, Romania and in Athens, Greece.

As at the reporting date, the companies of the Group employed and/or used the services of 26 Full Time Equivalent people, (2015 → 27 full time equivalent people).

2. Adoption of new and revised Standards and Interpretations

Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU)

As from 1 January 2016, the Group adopted all changes to International Financial Reporting Standards (IFRSs) as adopted by EU which are relevant to its operations. This adoption did not have a material effect on the financial statements of the Group.

(i) Standards and Interpretations adopted by the EU

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
  IFRS 9 replaces the existing guidance in IAS 39. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.Management does not expect that the change in the standard would have any implication to the financial statements.

- IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2018).
  IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.Management does not expect that the change in the standard would have any implication to the financial statements.

(ii) Standards and Interpretations not adopted by the EU

- IAS 7 (Amendments) "Disclosure Initiative" (effective for annual accounting periods beginning on or after 1 January 2017).
  The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. Management does not expect that the change in the standard would have any implication to the financial statements.

- IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual accounting periods beginning on or after 1 January 2017).
  The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. Management does not expect that the change in the standard would have any implication to the financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2017 (IFRS 12) and 1 January 2018 (IFRS 1 and IAS 28)).
  The annual improvements impact three standards. The amendments to IFRS 1 remove the outdated exemptions for first-time adopters of IFRS. The amendments to IFRS 12 clarify that the disclosure requirements for interest in other entities also apply to interests that are classified as held for sale or distribution. The amendments to IAS 28 clarify that the election to measure at fair value through profit or loss an investment in associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. Management does not expect that the change in the standard would have any implication to the financial statements.

2. Adoption of new and revised Standards and Interpretations (continued)

- IFRS 2 (Amendments) "Classification and Measurement of Share-based Payment Transactions" (effective for annual periods beginning on or after 1 January 2018).
  The amendments cover three accounting areas: a) measurement of cash-settled share-based payments; b) classification of share-based payments settled net of tax withholdings; and c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurements of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards. Management does not expect that the change in the standard would have any implication to the financial statements.

- IFRS 4 (Amendments) "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018).
  The amendments intend to address concerns about the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard (expected as IFRS 17). The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4: a) an option permitting entities to reclassify from profit or loss to other comprehensive income some of the income or expenses arising from designated financial assets (overlay approach) or b) an optional temporary exemption from applying IFRS 9 whose predominant activity is issuing contracts within the scope of IFRS 4 (deferral approach). Management does not expect that the change in the standard would have any implication to the financial statements.

- IFRS 15 (Clarifications) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).
  The amendments in Clarifications to IFRS 15 address three of the five topics identified i.e. identifying performance obligations, principal versus agent considerations, and licensing. The clarifications provide some transition relief for modified contracts and completed contracts. Additionally, the IASB concluded that it was not necessary to amend IFRS 15 with respect to the collectability or measuring non-cash consideration. Management does not expect that the change in the standard would have any implication to the financial statements.

- IAS 40 (Amendments) "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).
  The amendments clarify when a company should transfer a property asset to, or from, investment property. A transfer is made when, and only when, there is an actual change in use i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of the change in use. A change in management intention alone does not support a transfer. In addition, it is clarified that the revised examples of evidence of a change in use in the amended version of IAS 40 are not exhaustive. Management does not expect that the change in the standard would have any implication to the financial statements.

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).
  The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. Management does not expect that the change in the standard would have any implication to the financial statements.

- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).
  IFRS 16 introduces a single, on-balance sheet leasee accounting model for lessees. 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 optional 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.
  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. Management does not expect that the change in the standard would have any implication to the financial statements.

3. Significant accounting policies

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property, investment property under construction and available for sale financial assets to fair value.

3.2 Basis of preparation

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 years presented in these consolidated financial statements unless otherwise stated.

Local statutory accounting principles and procedures differ from those generally accepted under IFRS. Accordingly, the consolidated financial information, which has been prepared from the local statutory accounting records for the entities of the Group domiciled in Cyprus, Romania, Ukraine, Greece and Bulgaria reflects adjustments necessary for such consolidated financial information to be presented in accordance with IFRS.

3. Significant accounting policies (continued)

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries).

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

<u>Changes in ownership interests in subsidiaries without change of control and Disposal of Subsidiaries</u>

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

3.4 Functional and presentation currency

Items included in the Group's financial statements are measured applying the currency of the primary economic environment in which the entities operate ("the functional currency"). The national currency of Ukraine, the Ukrainian Hryvnia, is the functional currency for all the Group's entities located in Ukraine, the Romanian leu is the functional currency for all Group's entities located in Romania, the Bulgarian lev is the functional currency for all Group's entities in Bulgaria and the Euro is the functional currency for all the Greek and Cypriot subsidiaries.

The consolidated financial statements are presented in Euro, which is the Group's presentation currency.

As Management records the consolidated financial information of the entities domiciled in Cyprus, Romania, Ukraine, Greece and Bulgaria in their functional currencies, in translating financial information of the entities domiciled in these countries into Euro for inclusion in the consolidated financial statements, the Group follows a translation policy in accordance with International Accounting Standard No. 21, "The Effects of Changes in Foreign Exchange Rates", and the following procedures are performed:

- All assets and liabilities are translated at closing rate;
- Equity of the Group has been translated using the historical rates;
- Income and expense items are translated using exchange rates at the dates of the transactions, or where this is not practicable the average rate has been used;
- All resulting exchange differences are recognized as a separate component of equity;
- When a foreign operation is disposed of through sale, liquidation, repayment of share capital or abandonment of all, or part of that entity, the exchange differences deferred in equity are reclassified to the consolidated statement of comprehensive income as part of the gain or loss on sale;

3. Significant accounting policies (continued)

3.4 Functional and presentation currency (continued)

- Monetary items receivable from foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future and in substance are part of the Group's net investment in those foreign operations are recongised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the foreign operation.

The relevant exchange rates of the European and local central banks used in translating the financial information of the entities from the functional currencies into Euro are as follows:

	Average		31 December		
Currency	**2016**	**2015**	**2016**	**2015**	**2014**
USD	1,1069	1,1095	1,0541	1,0887	1,2141
UAH	28,2854	24,2054	28,4226	26,2231	19,1446
RON	4,4908	4,4450	4,5411	4,5245	4,4821
BGN	1,9558	1,9558	1,9558	1,9558	1,9558

3.5 Investment Property at fair value

Investment property, comprising freehold and leasehold land, investment properties held for future development, warehouse and office properties as well as the residential property units, is held for long term rental yields and/or for capital appreciation and is not occupied by the Group. Investment property and investment property under construction are carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in the statement of comprehensive income and are included in other operating income.

A number of the land leases (all in Ukraine) are held for relatively short terms and place an obligation upon the lessee to complete development by a prescribed date. It is important to note that the rights to complete a development may be lost or at least delayed if the lessee fails to complete a permitted development within the timescale set out by the ground lease.

In addition, in the event that a development has not commenced upon the expiry of a lease then the City Authorities are entitled to decline the granting of a new lease on the basis that the land is not used in accordance with the designation. Furthermore, where all necessary permissions and consents for the development are not in place, this may provide the City Authorities with grounds for rescinding or non-renewal of the ground lease. However Management believes that the possibility of such action is remote and was made only under limited circumstances in the past.

Management believes that rescinding or non-renewal of the ground lease is remote if a project is on the final stage of development or on the operating cycle. In undertaking the valuations reported herein, the valuer of Ukrainian properties CBRE has made the assumption that no such circumstances will arise to permit the City Authorities to rescind the land lease or not to grant a renewal.

Land held under operating lease is classified and accounted for as investment property when the rest of the definition is met. The operating lease is accounted for as if it were a finance lease.

Investment property under development or construction initially is measured at cost, including related transaction costs.

The property is classified in accordance with the intention of the management for its future use. Intention to use is determined by the Board of Directors after reviewing market conditions, profitability of the projects, ability to finance the project and obtaining required construction permits.

The time point, when the intention of the management is finalized is the date of start of construction. At the moment of start of construction, freehold land, leasehold land and investment properties held for a future redevelopment are reclassified into investment property under development or inventory in accordance to the final decision of management.

<u>Initial measurement and recognition</u>

Investment property is measured initially at cost, including related transaction costs. Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of comprehensive income in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, or the commencement of an operating lease to third party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as investment property under construction until construction or development is complete. At that time, it is reclassified and subsequently accounted for as investment property.

3. Significant accounting policies (continued)

3.5 Investment Property at fair value (continued)

Subsequent measurement

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair value of investment property are included in the statement of comprehensive income in the period in which they arise.

If a valuation obtained for an investment property held under a lease is net of all payments expected to be made, any related liabilities/assets recognized separately in the statement of financial position are added back/reduced to arrive at the carrying value of the investment property for accounting purposes.

Subsequent expenditure is charged to the asset 's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Basis of valuation

The fair values reflect market conditions at the financial position date. These valuations are prepared annually by chartered surveyors (hereafter "appraisers"). The Group appointed valuers in 2014 which remain the same in 2016:

- CBRE Ukraine, for all its Ukrainian properties,
- Real Act for all its Romanian, Greek and Bulgarian properties.

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 (2014) (the "Red Book") and is also compliant with the International Valuation Standards (IVS).

"Market Value", is defined as: "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In expressing opinions on Market Value, in certain cases the appraisers have estimated net annual rentals/income from sale. These are assessed on the assumption that they are the best rent/sale prices at which a new letting/sale of an interest in property would have been completed at the date of valuation assuming: a willing landlord/buyer; that prior to the date of valuation there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the letting/sale; that the state of the market, levels of value and other circumstances were, on any earlier assumed date of entering into an agreement for lease/sale, the same as on the valuation date; that no account is taken of any additional bid by a prospective tenant/buyer with a special interest; that the principal deal conditions assumed to apply are the same as in the market at the time of valuation; that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

A number of properties are held by way of ground leasehold interests granted by the City Authorities. The ground rental payments of such interests may be reviewed on an annual basis, in either an upwards or downwards direction, by reference to an established formula. Within the terms of the lease, there is a right to extend the term of the lease upon expiry in line with the existing terms and conditions thereof. In arriving at opinions of Market Value, the appraisers assumed that the respective ground leases are capable of extension in accordance with the terms of each lease. In addition, given that such interests are not assignable, it was assumed that each leasehold interest is held by way of a special purpose vehicle ("SPV"), and that the shares in the respective SPVs are transferable.

With regard to each of the properties considered, in those instances where project documentation has been agreed with the respective local authorities, opinions of the appraisers of value have been based on such agreements.

In those instances where the properties are held in part ownership, the valuations assume that these interests are saleable in the open market without any restriction from the co-owner and that there are no encumbrances within the share agreements which would impact the sale ability of the properties concerned.

The valuation is exclusive of VAT and no allowances have been made for any expenses of realization or for taxation which might arise in the event of a disposal of any property.

In some instances the appraisers constructed a Discounted Cash Flow (DCF) model. DCF analysis is a financial modeling technique based on explicit assumptions regarding the prospective income and expenses of a property or business. The analysis is a forecast of receipts and disbursements during the period concerned. The forecast is based on the assessment of market prices for comparable premises, build rates, cost levels etc. from the point of view of a probable developer.

To these projected cash flows, an appropriate, market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. In this case, it is a development property and thus estimates of capital outlays, development costs, and anticipated sales income are used to produce net cash flows that are then discounted over the projected development and marketing periods. The Net Present Value (NPV) of such cash flows could represent what someone might be willing to pay for the site and is therefore an indicator of market value. All the payments are projected in nominal US Dollar/Euro amounts and thus incorporate relevant inflation measures.

3. Significant accounting policies (continued)

3.5 Investment Property at fair value (continued)

Valuation Approach

In addition to the above general valuation methodology, the appraisers have taken into account in arriving at Market Value the following:

Pre Development
In those instances where the nature of the 'Project' has been defined, it was assumed that the subject property will be developed in accordance with this blueprint. The final outcome of the development of the property is determined by the Board of Directors decision, which is based on existing market conditions, profitability of the project, ability to finance the project and obtaining required construction permits.

Development
In terms of construction costs, the budgeted costs have been taken into account in considering opinions of value. However, the appraisers have also had regard to current construction rates prevailing in the market which a prospective purchaser may deem appropriate to adopt in constructing each individual scheme. Although in some instances the appraisers have adopted the budgeted costs provided, in some cases the appraisers' own opinions of costs were used.

Post Development
Rental values have been assessed as at the date of valuation but having regard to the existing occupational markets taking into account the likely supply and demand dynamics during the anticipated development period. The standard letting fees were assumed within the valuations. In arriving at their estimates of gross development value ("GDV"), the appraisers have capitalized their opinion of net operating income, having deducted any anticipated non-recoverable expenses, such as land payments, and permanent void allowance, which has then been capitalized into perpetuity.

The capitalization rates adopted in arriving at the opinions of GDV reflect the appraisers' opinions of the rates at which the properties could be sold as at the date of valuation.

In terms of residential developments, the sales prices per sq. m. again reflect current market conditions and represent those levels the appraisers consider to be achievable at present. It was assumed that there are no irrecoverable operating expenses and that all costs will be recovered from the occupiers/owners by way of a service charge.

The valuations take into account the requirement to pay ground rental payments and these are assumed not to be recoverable from the occupiers. In terms of ground rent payments, the appraisers have assessed these on the basis of information available, and if not available they have calculated these payments based on current legislation defining the basis of these assessments. Property tax is not presently payable in Ukraine.

3.6 Investment Property under development

Property that is currently being constructed or developed, for future use as investment property is classified as investment property under development carried at cost until construction or development is complete, or its fair value can be reliably determined. This applies even if the works have temporarily being stopped.

3.7 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.8 Property, Plant and equipment and intangible assets

Property, plant and equipment and intangible non-current assets are stated at historical cost less accumulated depreciation and amortization and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined and intangibles not inputted into exploitation, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. Significant accounting policies (continued)

3.8 Property, Plant and equipment and intangible assets (continued)

Depreciation and amortization are calculated on the straight-line basis so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates are as follows:

Type	%
Leasehold	20
IT hardware	33
Motor vehicles	25
Furniture, fixtures and office equipment	20
Machinery and equipment	15
Software and Licenses	33

No depreciation is charged on land.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The assets residual values and useful lives are reviewed, and adjusted, if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of tangible and intangible assets is charged to the statement of comprehensive income of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of tangible and intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.

3.9 Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless Management intends to dispose of the investment within twelve months of the reporting date.

Shares of a property holding corporate entity that are owned by the Group in lieu of owning a percentage of the asset itself, are considered under this classification even if the shares are not intended to be sold immediately but are intended to offer to the Group the said percentage of the revenue streams generated by the property asset itself.

Regular way purchases and sales of available-for-sale financial assets are recognised on trade-date which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised 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 investments fair value reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. Significant accounting policies (continued)

3.10 Inventory

Inventory principally comprises of residential property. Inventory is recognized initially at cost, including transaction costs, which represent its fair value at the time of acquisition. Costs related to the development of land are capitalised and recognized as inventory. Inventory is carried at the lower of cost and net realizable value.

3.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extend there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortization of discounts or premium relating to borrowings, amortization of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

3.12 Tenant security deposits

Tenant security deposits represent financial advances made by lessees as guarantees during the lease and are repayable by the Group upon termination of the contracts. Tenant security deposits are recognized at nominal value.

3.13 Financial liabilities and equity instruments

<u>3.13.1 Classification as debt or equity</u>

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

<u>3.13.2 Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Share premium account can only be resorted to for limited purposes, which don’t include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

<u>3.13.3 Financial liabilities</u>

Financial liabilities are classified as either financial liabilities “at Fair Value Through Profit or Loss” or “other financial liabilities”.

<u>3.13.3.1 Financial liabilities at FVTPL</u>

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Significant accounting policies (continued)

3.13 Financial liabilities and equity instruments (continued)

3.13.3.1 Financial liabilities at FVTPL (continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the consolidated statement of comprehensive income.

3.13.3.2 Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Preference shares, which may be redeemable on a specific date, are classified as liabilities. The dividends, if any, on these preference shares are recognized in the income statement as interest expense.

3.13.3.3 De-recognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they are expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.14 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated statement of financial position.

3.15 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment loss annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. Significant accounting policies (continued)

3.16 Cash and Cash equivalents

Cash and cash equivalents include cash balances and call deposits. 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 statement of cash flows.

3.17 Share Capital

Ordinary shares are classified as equity.

3.18 Share premium

The difference between the fair value of the consideration received by the shareholders and the nominal value of the share capital being issued is taken to the share premium account.

3.19 Share-based compensation

The Group had in the past and intends in the future to operate a number of equity-settled, share-based compensation plans, under which the Group receives services from Directors and/or employees as consideration for equity instruments (options) of the Group. The fair value of the Director and employee cost related to services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each financial position date, the Group revises its estimates on the number of options that are expected to vest based on the non-marketing vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

3.20 Provisions

Provisions are recognized when the Group has a present obligation (legal, tax or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. As at the reporting date the Group has settled all its construction liabilities.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.21 Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see above).
Lease payments are analyzed between capital and interest components so that the interest element of the payment is charged to the statement of comprehensive income over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amount payable to the lessor.

3.22 Non-current liabilities

Non-current liabilities represent amounts that are due in more than twelve months from the reporting date.

3.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. It is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be measured reliably. Revenue earned by the Group is recognized on the following bases:

3. Significant accounting policies (continued)

3.23 Revenue recognition (continued)

3.23.1 Income from investing activities

Income from investing activities includes profit received from disposal of investments in the Company's subsidiaries and associates and income accrued on advances for investments outstanding as at the year end.

3.23.2 Dividend income

Dividend income from investments is recognized when the shareholders' right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

3.23.3 Interest income

Interest income is recognized on a time-proportion (accrual) basis, using the effective interest rate method.

3.23.4 Rental income

Rental income arising from operating leases on investment property is recognized on an accrual basis in accordance with the substance of the relevant agreements.

3.24 Service charges and expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognized on an accrual basis.

3.25 Other property expenses

Irrecoverable running costs directly attributable to specific properties within the Group's portfolio are charged to the statement of comprehensive income. Costs incurred in the improvement of the assets which, in the opinion of the directors, are not of a capital nature are written off to the statement of comprehensive income as incurred.

3.26 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred as interest costs which are calculated using the effective interest rate method, net result from transactions with securities, foreign exchange gains and losses, and bank charges and commission.

3.27 Asset Acquisition Related Transaction Expenses

Expenses incurred by the Group for acquiring a subsidiary or associate company as part of an Investment Property and are directly attributable to such acquisition are recognized within the cost of the Investment Property and are subsequently accounted as per the Group's accounting Policy for Investment Property subsequent measurement.

3.28 Taxation

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

3.28.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.28.2 Deferred tax

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

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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

3. Significant accounting policies (continued)

3.28 Taxation (continued)

3.28.3 Current and deferred tax for the year

Current and deferred tax are recognized in the statement of comprehensive income, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The operational subsidiaries of the Group are incorporated in Ukraine, Greece and Romania, while the Parent and some holding companies are incorporated in Cyprus. The Group's management and control is exercised in Cyprus.

The Group's Management does not intend to dispose of any asset, unless a significant opportunity arises. In the event that a decision is taken in the future to dispose of any asset it is the Group's intention to dispose of shares in subsidiaries rather than assets. The corporate income tax exposure on disposal of subsidiaries is mitigated by the fact that the sale would represent a disposal of the securities by a non-resident shareholder and therefore would be exempt from tax. The Group is therefore in a position to control the reversal of any temporary differences and as such, no deferred tax liability has been provided for in the financial statements.

3.28.4 Withholding Tax

The Group follows the applicable legislation as defined in all double taxation treaties (DTA) between Cyprus and any of the countries of Operations (Romania, Ukraine, Greece, Bulgaria). In the case of Romania, as the latter is part of the European Union, through the relevant directives the withholding tax is reduced to NIL subject to various conditions.

3.28.5 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3.29 Value added tax

VAT levied at various jurisdictions were the Group is active, was at the following rates, as at the end of the reporting period:

- 20% on Ukrainian domestic sales and imports of goods, works and services and 0% on export of goods and provision of works or services to be used outside Ukraine.
- 19% on Cyprus domestic sales and imports of goods, works and services and 0% on export of goods and provision of works or services to be used outside Cyprus.
- 20% on Romanian domestic sales and imports of goods, works and services and 0% on export of goods and provision of works or services to be used outside Romania.
- 20% on Bulgarian domestic sales and imports of goods, works and services and 0% on export of goods and provision of services to taxable persons outside Bulgaria.
- 23% on Greek domestic sales and imports of goods, works and services (increased to 24% from 1 June 2016) and 0% on export of goods and provision of works or services to be used outside Romania.

3.30 Operating segments analysis

Segment reporting is presented on the basis of Management's perspective and relates to the parts of the Group that are defined as operating segments. Operating segments are identified on the basis of their economic nature and through internal reports provided to the Group's Management who oversee operations and make decisions on allocating resources serve. These internal reports are prepared to a great extent on the same basis as these consolidated financial statements.

For the reporting period the Group has identified the following material reportable segments, where the Group is active in acquiring, holding, managing and disposing:

Commercial-Industrial
- Warehouse segment
- Office segment
- Retail segment

Residential
- Residential segment

Land Assets
- Land assets – the Group owns a number of land assets which are either available for sale or for potential development

The Group also monitors investment property assets on a Geographical Segmentation, namely the country where its property is located.

3.31 Earnings and Net Assets value per share

The Group presents basic and diluted earnings per share (EPS) and net asset value per share (NAV) for its ordinary shares.

Basic EPS amounts are calculated by dividing net profit/loss for the year, attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Basic NAV amounts are calculated by dividing net asset value as at year end, attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding at the end of the year.

3. Significant accounting policies (continued)

3.31 Earnings and Net Assets value per share (continued)

Diluted EPS is calculated by dividing net profit/loss for the year, attributable to ordinary equity holders of the parent, by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive ordinary shares into ordinary shares.

Diluted NAV is calculated by dividing net asset value as at year end, attributable to ordinary equity holders of the parent with the number of ordinary shares outstanding at year end plus the number of ordinary shares that would be issued on conversion of all the potentially dilutive ordinary shares into ordinary shares.

3.32 Comparative Period

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on Management's best knowledge of current events and actions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results though may ultimately differ from those estimates.

As the Group makes estimates and assumptions concerning the future, the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for impairment of receivables**

The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the counter party's payment record, and overall financial position as well as the state's ability to pay its dues (VAT receivable). If indications of non-recoverability exist, the recoverable amount is estimated and a respective provision for impairment of receivables is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly. As at the reporting date Management did not consider necessary to make a provision for impairment of receivables.

- **Fair value of investment property**

The fair value of investment property is determined by using various valuation techniques. The Group selects accredited professional valuers with local presence to perform such valuations. Such valuers use their judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each financial reporting date. The fair value has been estimated as at 31 December 2016 (Note 17).

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of tangible assets**

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

- **Provision for deferred taxes**

Deferred tax is not provided in respect of the revaluation of the investment property and investment property under development 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, Greece and Romania. 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 exempt from any tax.

- **Application of IFRS 10**

The Group has considered the application of IFRS 10 and concluded that the Company is not an Investment Entity as defined by IFRS 10 and it should continue to consolidate all of its investments, as in 2015. The reasons for such conclusion are among others that the Company continues:

a) not to be an Investment Management Service provider to Investors,
b) to actively manages its own portfolio (leasing, development, allocation of capital expenditure for its properties, marketing etc) in order to provide benefits other than capital appreciation and/or investment income,
c) to have investments that are not bound by time in relation to the exit strategy nor to the way that are being exploited,
d) to provide asset management services to its subsidiaries as well as loans and guarantees (directly or indirectly),
e) even though is using Fair Value metrics in evaluating its investments, this is being done primarily for presentation purposes rather that evaluating income generating capability and making investment decisions. The latter is being based on metrics like IRR, ROE and others.

5. Risk Management

5.1 Financial risk factors

The Group is exposed to operating country risk, real estate property holding and development associated risks, property market price risk, interest rate risk, credit risk, liquidity risk, currency risk, other market price risk, operational risk, compliance risk, litigation risk, reputation risk, capital risk and other risks arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below.

5.1.1 Operating Country Risks

The Group is exposed to risks stemming from the political and economic environment of countries in which it operates. Notably:

5.1.1.1 Ukraine

The ongoing political and economic instability in Ukraine which commenced at the end of 2013 and led to a deterioration of State finances, volatility of financial markets, illiquidity on capital markets, higher inflation and depreciation of the national currency against major foreign currencies has continued in 2016, though to a much lesser extent as compared to 2014–2015.

The conflict in the parts of Eastern Ukraine which started in spring 2014 has not been resolved to date. The relationships between Ukraine and the Russian Federation remained strained.

On 1 January 2016, the agreement on the free trade area between Ukraine and the EU came into force. Just after that the Russian government implemented a trading embargo on many key Ukrainian export products. In response, the Ukrainian government implemented similar measures against Russian products.

The inflation rate in Ukraine during 2016 reduced to 12% (as compared to 43% in 2015), while GDP returned to nominal growth of 1% (after 9% decline in 2015).

Devaluation during 2016 has been moderated. In 2016 the National Bank of Ukraine ("NBU") has made certain steps to ease the currency control restrictions introduced in 2014–2015. The central bank of Ukraine prolonged these restrictions several times during the years 2015 – 2017 and the current restrictions are effective until rescinded by the NBU (with minor exceptions, including mandatory conversion of foreign currency proceeds, which are set to expire on 16 June 2017). In particular, the share of receipts in foreign currencies subject to obligatory sale at interbank market was decreased from 75% to 65% starting from 9 June 2016 and to 50% starting from 5 April 2017 and the settlement period for export-import transactions in foreign currency was increased from 90 to 120 days starting from 28 July 2016. Also starting from 13 June 2016, the NBU allowed Ukrainian companies to pay dividends to non-residents with a limit of USD 5 million per month.

The IMF continued to support the Ukrainian government under the four-year Extended Fund Facility ("EFF") Programm approved in March 2015, providing the third tranche of approximately USD 1 billion in September 2016. Further disbursements of IMF tranches depend on the continued implementation of Ukrainian government reforms, and other economic, legal and political factors.

The banking system remains fragile due to its weak level of capital, low asset quality caused by the economic situation, currency depreciation, changing regulations and other factors.

Despite certain improvements in 2016, the final resolution and the ongoing effects of the political and economic situation are difficult to predict but they may have further severe effects on the Ukrainian economy.

5.1.1.2 Greece

During the reporting period the Greek government continued discussions with the creditor institutions (EU/ECB/IMF/ESM) resulting in continuations of higher political and economic instability for the country. The country operated throughout the year under capital controls and restrictions imposed by the government in the banking sector on 27 June 2015.

Following an Agreement with the creditor institutions (EU/ECB/IMF/ESM) in August 2015 and the ensuing elections in September 2015 discussions were reenacted aiming to the conclusion of the appraisal of the rescue program. Such discussions have resulted in the 1st appraisal or the rescue program being concluded in June 2016. The 2nd appraisal that begun in September 2016 has just been concluded at the issuance date, pursuant to which Greece will receive further funding. As such uncertainty although decreased during the last months, it is still apparent especially as far as the implementation of the rescue program and the reforms included therein are concerned. The implementation of the program and its effects on the economy are beyond the Group's control.

Various risks emerge should the program is not implemented as planned, including restrictions on use of local bank deposits, liquidity of the financial sector and businesses, recoverability of receivables, impairment of assets, sufficiency of financing by the lending banks, serving of existing financing arrangements and/or compliance with existing terms and financial covenants of such arrangements. These and any possible further negative developments in Greece could impact the results and financial position of the Group's Greek operations to some extent, in a manner not currently determinable.

The Group has been closely assessing developments in Greece and preparing for a number of eventualities around the Greek crisis, in line with its established risk management policy in order to ensure that timely actions and response are undertaken so as to minimize any impact on the Group's business and operations.

5. Risk Management (continued)

5.1 Financial risk factors (continued)

5.1.2 Risks associated with property holding and development associated risks

Several factors may affect the economic performance and value of the Group's properties, including:

- risks associated with construction activity at the properties, including delays, the imposition of liens and defects in workmanship;
- the ability to collect rent from tenants , on a timely basis or at all, taking also into account the UAH rapid devaluation;
- the amount of rent and the terms on which lease renewals and new leases are agreed being less favorable than current leases;
- cyclical fluctuations in the property market generally;
- local conditions such as an oversupply of similar properties or a reduction in demand for the properties;
- the attractiveness of the property to tenants or residential purchasers;
- decreases in capital valuations of property;
- changes in availability and costs of financing, which may affect the sale or refinancing of properties;
- covenants, conditions, restrictions and easements relating to the properties;
- changes in governmental legislation and regulations, including but not limited to designated use, allocation, environmental usage, taxation and insurance;
- the risk of bad or unmarketable title due to failure to register or perfect our interests or the existence of prior claims, encumbrances or charges of which we may be unaware at the time of purchase;
- the possibility of occupants in the properties, whether squatters or those with legitimate claims to take possession;
- the ability to pay for adequate maintenance, insurance and other operating costs, including taxes, which could increase over time; and
- political uncertainty, acts of terrorism and acts of nature, such as earthquakes and floods that may damage the properties.

5.1.3 Property Market price risk

Market price risk is the risk that the value of the Group’s portfolio investments will fluctuate as a result of changes in market prices. The Group's assets are susceptible to market price risk arising from uncertainties about future prices of the investments. The Group's market price risk is managed through diversification of the investment portfolio, continuous elaboration of the market conditions and active asset management. To quantify the value of its assets and/or indicate the possibility of impairment losses, the Group commissioned internationally acclaimed valuers.

Valuations reported as at 31 December 2016 take into account the continuation of political instability in Ukraine. Given the nature of the Group’s assets the most immediate effect would be the prolongation of the period needed to market and effectively sell an asset under such duress conditions.

The BoD is monitoring the situation to ensure that assets’ value is preserved while at the same time through diversification according to the strategic plan of the Group, Ukrainian operations are gradually becoming a smaller part of a larger portfolio of assets.

5.1.4 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 apart from its cash balances that are mainly kept for liquidity purposes.

The Group is exposed to interest rate risk in relation to its borrowings. 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. All of the Group's borrowings are issued at a variable interest rate. Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

5.1.5 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets at hand at the end of the reporting period. Cash balances are held with high credit quality financial institutions and the Group has policies to limit the amount of credit exposure to any financial institution.

Management has been in continuous discussions with banking institutions monitoring their ability to extend financing as per the Group’s needs. The sovereign debt crisis has affected the pan-European banking system during 2011 and 2012 imposing financing uncertainties for new development projects. The financial crisis in the European Union periphery has strained any remaining liquidity and the financial institutions in the region (including those that have Italian, Greek or Austrian parent) have entered into deleveraging programs.

5. Risk Management (continued)

5.1 Financial risk factors (continued)

5.1.6 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 recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Excluding the transactions in Ukraine all of the Group's transactions, including the rental proceeds are denominated or pegged to EUR. In Ukraine even though some of the rental proceeds are denominated in USD, Management has been monitoring the rental market decoupling from the USD and switching to the UAH, which entails significant FX risks for the Group in the future. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly, by limiting net exposures to a few days to 2 months. It should be noted that the current political uncertainty in Ukraine, and the currency devaluation may affect the Group's income streams indirectly also through affecting the financial condition of the tenants of the Group's properties their solvency and their income generating capacity.

Management is monitoring foreign exchange fluctuations closely and acts accordingly.

5.1.7 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's core strategy is described in Note 40.1 of the consolidated financial statements.

5.1.8 Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of each country the Group is present as well as from the stock exchange where the Company is listed. Although the Group is trying to limit such risk, the uncertain environment in which it operates in various countries increases the complexities handled by Management.

5.1.9 Litigation risk

Litigation risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group to execute its operations.

5.1.10 Insolvency risk

Insolvency arises from situations where a company may not meet its financial obligations towards a lender as debts become due. Addressing and resolving any insolvency issues is usually a slow moving process in the Region. Management is closely involved in discussions with creditors when/if such cases arise in any subsidiary of the Group aiming to effect alternate repayment plans including debt repayment so as to minimize the effects of such situations on the Group's asset base.

5.2. Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

5.3. Fair value estimation

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the end of the reporting period.

6. Investment in subsidiaries

The Company has direct and indirect holdings in other companies, collectively called the Group, that were included in the consolidated financial statements, and are detailed below. The Group is planning to streamline its structure in Cyprus and Romania throughout 2017.

			Holding %	
Name	**Country of incorporation**	**Related Asset**	**as at 31 Dec 2016**	**as at 31 Dec 2015**
SC SECURE Capital Limited	Cyprus		100	100
SL SECURE Logistics Limited	Cyprus	Brovary Logistics Park	100	100
LLC Aisi Brovary	Ukraine		100	100
LLC Terminal Brovary	Ukraine		100	100
LLC Aisi Ukraine	Ukraine	Kiyanovskiy Residence	100	100
LLC Retail Development Balabino	Ukraine		100	100
LLC Trade Center	Ukraine		100	100
LLC Almaz-press-Ukrayina	Ukraine	Tsymlianskiy Residence	55	55
LLC Aisi Bela	Ukraine	Bela Logistic Park	100	100
LLC Interterminal	Ukraine	Zaporizhia Retail Center	100	100
LLC Aisi Ilvo	Ukraine		100	100
Myrnes Innovations Park Limited	Cyprus	Innovations Logistics Park	100	100
Best Day Real Estate SRL	Romania		100	100
Yamano Holdings Limited	Cyprus	EOS Business Park	100	100
Secure Property Development and Investment Srl	Romania		100	100
N-E Real Estate Park First Phase Srl	Romania		100	100
Victini Holdings Limited	Cyprus	GED Logistics	100	100
SPDI Logistics S.A.	Greece		100	100
Zirimon Properties Limited	Cyprus	Delea Nuova	100	100
Bluehouse Accession Project IX Limited	Cyprus	Praktiker Craiova	100	100
Bluehouse Accession Project IV Limited	Cyprus		100	100
Bluebigbox 3 Srl	Romania		100	100
SEC South East Continent Unique Real Estate Investments II Limited	Cyprus		100	100
SEC South East Continent Unique Real Estate (Secured) Investments Limited	Cyprus		100	100
Diforio Holdings Limited	Cyprus	Residential and Land portfolio	100	100
Demetiva Holdings Limited	Cyprus		100	100
Ketiza Holdings Limited	Cyprus		90	90
Frizomo Holdings Limited	Cyprus		100	100
SecMon Real Estate SRL	Romania		100	100
SecVista Real Estate SRL	Romania		100	100
SecRom Real Estate SRL	Romania		100	100
Ketiza Real Estate SRL	Romania		90	90
Edetrio Holdings Limited	Cyprus		100	100
Emakei Holdings Limited	Cyprus		100	100
RAM Real Estate Management Limited	Cyprus		50	50
Iuliu Maniu Limited	Cyprus		45	45
Moselin Investments srl	Romania		45	45
Rimasol Enterprises Limited	Cyprus		44,24	44,24
Rimasol Real Estate Srl	Romania		44,24	44,24
Ashor Ventures Limited	Cyprus		44,24	44,24
Ashor Development Srl	Romania		44,24	44,24
Jenby Ventures Limited	Cyprus		44,30	44,30
Jenby Investments Srl	Romania		44,30	44,30
Ebenem Limited	Cyprus		44,30	44,30
Ebenem Investments Srl	Romania		44,30	44,30
Sertland Properties Limited	Cyprus		100	100
Boyana Residence ood	Bulgaria		100	100
Mofben Investments Limited	Cyprus		100	100
Delia Lebada Invest srl	Romania		65	65

During the reporting period the Group did not proceed with any acquisitions. In 2015 it realized a number of acquisitions: GED Warehouse, Praktiker Craiova and a part of the mixed portfolio including commercial, residential properties and land which were categorized under "Investment Property" (Notes 17 & 18). Another part of the mixed portfolio (Delea Nuova office Building, Green Lake land) has been categorized under "Associates" (Note 19). The 20% acquisition of Autounion has been recorded under "Available for Sale Financial Assets" (Note 23).

7. Income

Income for the year ended 31 December 2016 represents:

a) rental income as well as service charges and utilities income collected from tenants as a result of the rental agreements concluded with tenants of the Terminal Brovary Logistic Park (Ukraine), Innovations Logistics Park (Romania), EOS Business Park (Romania), Praktiker Craiova (Romania), and GED Logistics (Greece),
b) the income from Nestle (~€1,6m) pursuant to the agreement to early termination of their rental contract at Innovations Logistics Park (Romania),
c) income from the sale of electricity by GED Logistics to the Greek grid,
d) rental income and service charges by tenants of the Residential Portfolio, and;
e) income from third parties and /or partners for managing real estate properties in Romania.

	31 Dec 2016	31 Dec 2015
	€	€
Rental income	5.262.607	4.605.022
Sale of electricity	315.599	297.962
Service charges and utilities income	458.648	545.976
Service and property management income	34.086	-
Total income	**6.070.940**	**5.448.960**

Occupancy rates in the various income producing assets of the Group as at 31 December 2016 were as follows:

Income producing assets			
%		**31 Dec 2016**	**31 Dec 2015**
EOS Business Park	Romania	100	100
Innovations Logistics Park (Note 41b)	Romania	25	87
GED Logistics	Greece	100	100
Terminal Brovary (Note 41a)	Ukraine	100	47
Praktiker Craiova	Romania	100	100

8. Asset operating expenses

The Group incurs expenses related to the proper operation and maintenance of all the income generating properties in Kiev, Bucharest, Athens, Sofia and Craiova. A part of these expenses is recovered from the tenants through the rental agreements (Note 7). The effective reduction between 2015 and 2016 is attributed in part to cost optimizing and in part to reduced occupancy at Innovations Logistics Park.

	31 Dec 2016	31 Dec 2015
	€	€
Property related taxes	(283.193)	(363.080)
Utilities	(207.086)	(274.149)
Property management fees	(173.363)	(253.060)
Repairs and technical maintenance	(101.325)	(70.247)
Property security	(86.574)	(55.688)
Property insurance	(49.622)	(48.258)
Leasing expenses	(89.335)	(30.861)
Other operating expenses	(1.943)	(29.240)
Total	**(992.441)**	**(1.124.583)**

Property related taxes reflect local taxes related to land and building properties (in the form of land taxes, building taxes, garbage fees, etc).

Property Management fees relate to Property Management Agreements for Terminal Brovary Logistics Park, Innovation Logistics Park and Praktiker Craiova with third party managers outsourcing the related services.

Leasing expenses reflect expenses related to long term land leasing.

9. Administration Expenses

	31 Dec 2016	31 Dec 2015
	€	€
Salaries and Wages	(977.304)	(1.108.614)
Advisory fees	(403.185)	(323.232)
Audit and accounting fees	(192.514)	(191.230)
Public group expenses	(146.047)	(155.766)
Corporate registration and maintenance fees	(185.772)	(226.326)
Directors' remuneration	(140.779)	(278.417)
Legal fees	(127.926)	(241.092)
Depreciation/Amortization charge	(58.491)	(40.823)
Corporate operating expenses	(382.170)	(448.442)
Total Administration Expenses	**(2.614.188)**	**(3.013.942)**

9. Administration Expenses (continued)

Salaries and wages include the remuneration of the CEO, the CFO, the Group Commercial Director, the Group Investment Director and the Country Managers of Ukraine and Romania who have accepted a reduction in their remuneration, as well as the salary cost of personnel employed in the region.

Advisory fees are mainly related to outsourced human resources support on the basis of advisory contracts, capital raising advisory expenses and marketing expenses incurred by the Group in relation to Cypriot, Ukrainian, Romanian, Bulgarian and Greek operations.

Audit and accounting expenses include the audit fees and accounting fees for the Company and all the subsidiaries.

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

Corporate registration and maintenance fees represent fees paid for the annual maintenance of the Company and its subsidiaries as well as fees and expenses related to the normal operation of the companies including charges by the relevant local authorities.

Directors' remuneration represents the remuneration of all non-executive Directors and committee members for H1-2016 (Note 37.1.2). Following a BOD decision the Directors will receive no remuneration thereafter.

Legal fees represent legal expenses incurred by the Group in relation to asset operations (rentals, sales, etc), ongoing legal cases in Ukraine and compliance with AIM listing.

Corporate operating expenses include office expenses, travel expenses, communication expenses, D&O insurance and all other general expenses for Cypriot, Romanian, Ukrainian, Bulgarian and Greek operations.

10. Valuation gains /(losses) from investment properties

Valuation gains /(losses) from investment property for the reporting period, excluding foreign exchange translation differences which are incorporated in the table of Note 17.2, are presented in the table below.

Property Name (€)	**Valuation gains/(losses)**	
	31 Dec 2016	**31 Dec 2015**
	€	**€**
Brovary Logistic Park	3.561.403	(589.179)
Bela Logistic Center	283.654	1.513.658
Kiyanivskiy Lane	356.023	278.302
Tsymlyanskiy Lane	111.893	178.669
Balabyne Lane	77.597	(8.143)
Rozny Lane	(55.673)	(865.054)
Innovations Logistics Park	(3.384.853)	400.000
EOS Business Park	337.684	150.000
Residential Portfolio	133.130	251.500
Green Lake	53.139	(865.000)
Pantelimon Lake	(941.179)	(10.000)
Praktiker Craiova	329.975	(2.870.000)
GED Logistics	-	100.000
Boyana - Land	34.000	-
Total	**896.793**	**(2.335.247)**

11. Gain/(Loss) from disposal of properties

During the reporting period the Group progressed with selling properties classified under either Investment Property (Romanian residential assets) or Inventory (Bulgarian residential assets), designated as non-core assets. The sales proceed from sale of apartments and parking spaces minus the cost of assets sold, representing the fair value of the previous year of the apartments and parking spaces sold in 2016 is presented below.

11a Inventory (Note 22)

	31 Dec 2016	**31 Dec 2015**
	€	**€**
Income from sale of inventory	1.153.326	89.711
Cost of inventory	(1.522.233)	(141.070)
Gain/(Loss) from disposal of inventory	**(368.907)**	**(51.359)**

11. Gain/(Loss) from disposal of properties (continued)

11b Investment property

A large part of sold properties during 2016 represent the bulk sale of all the apartments held by the Group at the Linda Residence project. This sale resulted in €660.000 of income vs the carrying value of €1.014.000 reflecting the 2015 stated fair value. During the sale process the financing bank agreed to provide a discount of €326.937 against the one off repayment of the associated debt (Note 14). The net cash proceeds from the sale were ~€450k.

	31 Dec 2016	31 Dec 2015
	€	€
Income from sale of investment property	2.043.055	1.635.615
Cost of investment property	(2.481.571)	(1.902.579)
Gain/(Loss) from disposal of investment property	**(438.516)**	**(266.964)**

12. Impairment allowance for inventory and provisions

	31 Dec 2016	31 Dec 2015
	€	€
Impairment of Inventory	(63.513)	(975.659)
Provisions (Notes 32, 38.3)	-	(700.000)
Total	**(63.513)**	**(1.675.659)**

Impairment of Inventory relates to Boyana residence (Note 22).

Provisions reflect potential contingent liabilities from legal cases (Notes 32, 38.3).

13. Other operating income/(expenses), net

	31 Dec 2016	31 Dec 2015
	€	€
Break fees received	-	182.638
Accounts payable written off	109.602	1.197.740
Other income	**109.602**	**1.380.378**
Impairment of assets	-	(342.280)
Impairment of prepayments and other current assets	(6.701)	(47.316)
Transaction costs written off	(506.837)	(287.999)
Penalties	(521.595)	(16.753)
Other expenses	(378.773)	(32.174)
Other expenses	**(1.413.906)**	**(726.522)**
Other operating income/(expenses), net	**(1.304.304)**	**653.856**

Break fees received represents extraordinary income due to early break fees of tenancy agreements by tenants in Terminal Brovary.

Accounts payable written off in 2015 represent a write off of management fees associated with SEC South East Continent Unique Real Estate (SECURED) Investments Ltd charged by a related party, Secure Management Ltd, which has accepted to forgo any claim on such payable amount.

Impairment of assets in 2015 represents an amount paid by a subsidiary 8 years ago for acquiring an option to buy properties which has not been exercised.

Transaction costs represent due diligence costs, previously held under deferred expenses, for properties that were considered for acquisition which at the end were not acquired (in 2016 mainly Bluehouse assets).

Penalties in 2016 mainly represents penalties associated with the 20% share disposal in Autounion (Note 23).

Other income/(expenses) in 2016 includes €246.337 of transaction expenses related to Terminal Brovary sale and €109.654 reflects a non realized loss due to amounts related with non-controlling interest restructuring of the Group.

14. Finance costs and income

Finance income	31 Dec 2016	31 Dec 2015
	€	€
Income associated to partial write off of bank loans	326.937	-
Interest received from non-bank loans (Note 37.1)	61.925	48.730
Interest (non-bank) written off	763.481	-
Interest income associated with banking accounts	900	14.866
Total finance income	**1.153.243**	**63.596**

14. Finance costs and income (continued)

Income associated to partial write off of bank loans reflects the amount foregone by the Raiffeisen Bank reflecting a discount of 26% of the principal amount (at the time of the agreement in 2015), upon complete sale of all the Linda Residence units (Note 11b) (effected in 2016) and full repayment of the remaining associated debt.

Interest received from non-bank loans, reflects income from loans granted by the Group for financial assistance of associates or available for sale properties.

Interest (non-bank) written off, represents accrued interest expense associated to one of the projects where the Company maintains a partnership participation and is under consolidation, whereas the shareholders have agreed to write off the interest and capitalize the shareholders' loan principal.

Finance costs	**31 Dec 2016**	**31 Dec 2015**
	€	**€**
Interest expenses (bank)	(2.970.765)	(3.283.056)
Interest expenses (non-bank) (Note 37.1)	(14.996)	-
Finance leasing interest expenses	(585.626)	(551.640)
Finance charges and commissions	(123.413)	(258.493)
Default interest	-	(325.707)
Other finance expenses	(44.151)	(19.295)
Total finance costs	**(3.738.951)**	**(4.438.191)**
Net finance result	**(2.585.708)**	**(4.374.595)**

Interest expense (bank) represents interest expense charged on bank borrowings.

Interest expense (non-bank) represents interest expense charged on non-bank borrowings, mainly from related parties. (Note 37.1).

Finance leasing interest expenses relate to the sale and lease back agreements of the Group (Note 33).

Finance charges and commissions include regular banking commissions and various fees paid to the banks.

Default interest in 2015 relates to interest charged by Bank of Cyprus in relation to the loan over Delia Lebada Invest srl.

15. Foreign exchange profit / (losses)

a. Foreign exchange loss – non realised

Foreign exchange losses (non-realised) resulted from the loans and/or payables/receivables denominated in non EUR currencies when translated in EUR, mainly the EBRD loan (Note 29). The exchange loss for the year ended 31 December 2016 amounted to €1.041.239 (2015: loss €5.071.048).

b. Exchange difference on intercompany loans to foreign holdings

The intercompany loans provided by SC Secure Capital Limited to Ukrainian subsidiaries (Note 37.3) incurred an exchange loss (non-realised) of €4.167.542, due to the UAH devaluation which took place during the reporting period (2015: loss €13.653.402). Settlement of these loans is not planned to occur in the foreseeable future and in substance is part of the Group's net investment in its foreign operations.

16. Income Tax Expense

	31 Dec 2016	**31 Dec 2015**
	€	**€**
Current income and defence tax expense	(174.315)	(80.188)
Taxes	**(174.315)**	**(80.188)**

For the year ended 31 December 2016, the corporate income tax rate for the Group's subsidiaries are as follows: in Ukraine 18%, in Romania 16%, in Greece 29% and in Bulgaria 10%. The corporate tax that is applied to the qualifying income of the Company and its Cypriot subsidiaries is 12,5%.

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

	31 Dec 2016	**31 Dec 2015**
	€	**€**
Profit / (loss) before tax	**(1.483.129)**	**(11.530.401)**
Tax calculated on applicable rates	410.850	(3.340.505)
Expenses not recognized for tax purposes	2.923.266	483.029
Tax effect of allowances and income not subject to tax	(2.530.411)	(248.073)
Tax effect of group tax relief	(51.711)	(8.573)
Tax effect on tax losses for the year	190.224	3.181.833
Tax effect on tax losses brought forward	(776.537)	(822)
10% additional tax	6.657	7.200
Defence tax	17	2.092
Overseas tax in excess of credit claim used during the year	1.044	166
Prior year tax	916	3.841
Total Tax	**174.315**	**80.188**

17. Investment Property

17.1 Investment Property Presentation

Investment Property consists of the following assets:

Income Producing Assets

- **GED Logistics** is a logistics park comprising 17.756 gross leasable sqm. It is fully let to the German multinational transportation and logistics company, Kuehne + Nagel (70%) and to a Greek commercial company trading electrical appliances GE Dimitriou SA (30%). On the roof of the warehouse there is a 1MW photovoltaic park installed with the electricity generated being sold to Greek Electric Grid on a long term contract.

- **EOS Business Park** is a 3.386 sqm gross leasable area and includes a Class A office Building in Bucharest, which is currently fully let to Danone Romania. EOS Business Park was acquired by the Group in October 2014.

- **Praktiker Craiova,** a DIY retail property was acquired by the Group in July 2015. Situated in a prime location in Craiova, Romania and it is fully let to Praktiker, a regional DIY retailer. The property has a gross lettable area of 9.385 sqm and is 100% rented until 2025.

- **Innovations Logistic Park** is a 16.570 sqm gross leasable area logistics park located in Clinceni in Bucharest, which benefits from being on the Bucharest ring road. Its construction was tenant specific, was completed in 2008 and is separated in four warehouses, two of which offer cold storage (freezing temperature), the total area of which is 6.395 sqm. Innovations was acquired by the Group in May 2014 and was 25% leased at the end of the reporting period. As at the date of issuance of the financial statements occupancy stands at ~60% (Note 41b).

- **Terminal Brovary Logistic Park** consists of a 49.180 sqm gross leasable 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 its warehouse space is 100% leased. The Company has agreed to sell the property and the sale concluded beginning of 2017 (Note 41a).

Residential Assets

- The Company owns a **residential portfolio,** consisting at the end of the reporting period of partly let and income producing 69 apartments and villas across four separate complexes located in different residential areas of Bucharest (Residential portfolio: Romfelt, Monaco, Blooming House, Green Lake Residential: Green Lake Parcel K). The Group acquired the portfolio partly in August 2014 and partly May 2015 (Note 18) and in May 2016 proceeded in full divestment from Linda Residences. The aggregate residential portfolio is ~40% let at the end of the reporting period.

Land Assets

- **Bela Logistic Center** 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 sqm GBA logistic center commenced. Construction was put on hold in 2009.

- **Kiyanivsky 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.

- **Tsymlianskiy 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.

- **Rozny Lane** is a 42 Ha land plot located in Kiev Oblast, destined for the development of a residential complex. It has been registered under the Group pursuant to a legal decision in 2015.

- **Balabino project** is a 26,38 Ha plot of land situated on the south entrance of Zaporizhia, a city in the south of Ukraine with a population of 800.000 people. Balabino is zoned for retail and entertainment development.

- **Green Lake land** is a 40.360 sqm plot and is adjacent to the Green Lake part of the Company's residential portfolio, which is classified under Investments in Associates (Note 19). It is situated in the northern part of Bucharest on the bank of Grivita Lake in Bucharest. SPDI owns ~44% of these plots, but has effective management control.
- **Pantelimon Lake** consists of a ~40.000 sqm plot of land in east Bucharest situated on the shore of Pantelimon Lake, opposite to a famous Romanian hotel, the Lebada Hotel. The construction permit, which allows for ~54.000 sqm residential space to be built, is under renewal.

- **Boyana Land:** The complex of Boyana Residence includes adjacent land plots with building permits to develop gross buildable area of 21,851 sqm (Note 22).

17. Investment Property (continued)

17.2 Investment Property Movement during the reporting period

The table below presents a reconciliation of the Fair Value movements of the investment property during the reporting period broken down by property and by local currency vs. reporting currency.

2016 (€)			Fair Value movements			Asset Value at the Beginning of the period or at Acquisition/Transfer date		
Asset Name	Type	Carrying amount as at 31/12/2016	Foreign exchange translation difference (a)	Fair value gain/(loss) based on local currency valuations (b)	Disposals 2016	Transfer from Inventory	Additions 2016	Carrying amount as at 31/12/2015
Terminal Brovary Logistics Park	Warehouse	14.900.000	(925.726)	3.561.403		-	-	12.264.323
Bela Logistic Center	Land	5.027.986	(381.057)	283.654		-	-	5.125.389
Kiyanivskiy Lane	Land	3.320.368	(239.023)	356.023		-	-	3.203.368
Tsymlyanskiy Lane	Land	1.043.544	(75.122)	111.893		-	-	1.006.773
Balabyne	Land	1.517.883	(115.636)	77.597		-	-	1.555.922
Rozny Lane	Land	1.138.412	-	(55.673)		-	-	1.194.085
Total Ukraine			**(1.736.564)**	**4.334.897**	**-**			
Overall change in Ukraine		**26.948.193**	**2.598.333**			**-**	**-**	**24.349.860**
Innovations Logistics Park	Warehouse	11.000.000	(15.147)	(3.384.853)	-	-	-	14.400.000
EOS Business Park	Office	6.860.000	(27.684)	337.684	-	-	-	6.550.000
Residential portfolio	Residential	4.375.000	1.440	133.130	(2.481.570)	-	-	6.722.000
Green Lake	Land	17.919.000	(66.139)	53.139	-	-	-	17.932.000
Pantelimon Lake	Land	4.860.000	(10.821)	(941.179)	-	-	-	5.812.000
Praktiker Craiova	Retail	7.500.000	(29.975)	329.975	-	-	-	7.200.000
Total Romania		**52.514.000**	**(148.326)**	**(3.472.104)**	**(2.481.570)**	**-**	**-**	**58.616.000**
Boyana	Land	4.720.000	-	34.000	-	4.686.000	-	-
Total Bulgaria		**4.720.000**	**-**	**34.000**		**4.686.000**		**-**
GED Logistics	Warehouse	16.500.000	-	-		-	-	16.500.000
Total Greece		**16.500.000**	**-**	**-**	**-**	**-**	**-**	**16.500.000**
TOTAL		**100.682.193**	**(1.884.890)**	**896.793**	**(2.481.570)**	**4.686.000**	**-**	**99.465.860**

2015 (€)			Fair Value movements			Asset Value at the Beginning of the period or at Acquisition/Transfer date		
Asset Name	Type	Carrying amount 31/12/2015	Foreign exchange translation difference (a)	Fair value gain/(loss) based on local currency valuations (b)	Disposals 2015	Transfer from prepayments made for investments (Note 17.4c)	Additions 2015	Carrying amount as at 31/12/2014
Terminal Brovary Logistics Park	Warehouse	12.264.323	(4.609.808)	(589.179)		-	-	17.463.310
Bela Logistic Center	Land	5.125.389	(1.471.485)	1.513.658		-	-	5.083.216
Kiyanivskiy Lane	Land	3.203.368	(1.092.315)	278.302		-	-	4.017.381
Tsymlyanskiy Lane	Land	1.006.773	(319.719)	178.669		-	-	1.147.823
Balabyne	Land	1.555.922	(567.608)	(8.143)		-	-	2.131.673
Rozny Lane	Land	1.194.085	-	(324.395)		1.518.480	-	-
Total Ukraine			**(8.060.935)**	**1.048.912**	**-**			
Overall change in Ukraine		**24.349.860**	**(7.012.023)**			**1.518.480**		**29.843.403**
Innovations Logistics Park	Warehouse	14.400.000	-	400.000		-	-	14.000.000
EOS Business Park	Office	6.550.000	-	150.000		-	-	6.400.000
Residential portfolio	Residential	6.722.000	-	251.500	(1.902.500)	-	-	8.373.000
Green Lake	Land	17.932.000	-	(865.000)		-	18.797.000	-
Pantelimon Lake	Land	5.812.000	-	(10.000)		-	5.822.000	-
Praktiker Craiova	Retail	7.200.000	-	(2.870.000)		-	10.070.000	-
Total Romania		**58.616.000**	**-**	**(2.943.500)**	**(1.902.500)**	**-**	**34.689.000**	**28.773.000**
GED Logistics	Warehouse	16.500.000	-	100.000		-	16.400.000	-
Total Greece		**16.500.000**	**-**	**100.000**	**-**	**-**	**16.400.000**	**-**
TOTAL		**99.465.860**	**(8.060.935)**	**(1.794.588)**	**(1.902.500)**	**1.518.480**	**51.089.000**	**58.616.403**

17. Investment Property (continued)

17.2 Investment Property Movement during the reporting period (continued)

The two components comprising the fair value movements are presented in accordance with the requirements of IFRS in the consolidated statement of comprehensive income as follows:

a. The translation loss due to the devaluation of local currencies of €1.884.890 (a) is presented as part of the exchange difference on translation of foreign operations in other comprehensive income in the statement of comprehensive income and then carried forward in the Foreign currency translation reserve; and,
b. The fair value gain in terms of the local functional currencies amounting to €896.793 (b), is presented as Valuation gains/(losses) from investment properties in the statement of comprehensive income and is carried forward in Accumulated losses.

In respect of the main fair value changes of the various properties as at the reporting date:
- Terminal Brovary valuation reflects the price of which the property was sold in January 2017 (Note 41a).
- The decrease in the valuation of Innovations reflect the low occupancy of the property.
- The fair value of the unsold units of the Residential portfolio as at the end of the reporting period has increased by €133.130 compared to the 2015 valuation (which was used for discharging the units sold during the period).

17.3 Investment Property Carrying Amount per asset as at the reporting date

The table below presents the values of the individual assets as appraised by the appointed valuer as at the reporting date.

Asset Name	Location	Principal Operation	Related Companies	Carrying amount as at	
				31 Dec 2016	31 Dec 2015
				€	€
Terminal Brovary Logistics Park	Brovary, Kiev oblast	Warehouse	LLC Terminal Brovary LLC Aisi Brovary SL Logistics Limited	14.900.000	12.264.323
Bela Logistic Center	Odesa	Land and Development Works for Warehouse	LLC Aisi Bela	5.027.986	5.125.389
Kiyanivskiy Lane	Podil, Kiev City Center	Land for residential development	LLC Aisi Ukraine LLC Trade Center	3.320.368	3.203.368
Tsymlyanskiy Lane	Podil, Kiev City Center	Land for residential development	LLC Almaz Pres Ukraine	1.043.544	1.006.773
Balabyne	Zaporizhia	Land for retail development	LLC Interterminal LLC Aisi Ilvo,	1.517.883	1.555.922
Rozny Lane	Brovary district, Kiev	Land for residential Development	SC Secure Capital Limited	1.138.412	1.194.085
Total Ukraine				**26.948.193**	**24.349.860**
Innovations Logistics Park	Clinceni, Bucharest	Warehouse	Myrnes Innovations Park Limited Best Day Real Estate Srl	11.000.000	14.400.000
EOS Business Park	Bucharest	Office building	Yamano Limited SPDI SRL, N-E Real Estate Park First Phase Srl	6.860.000	6.550.000
Praktiker Craiova	Craiova	Big Box retail	Bluehouse Accession Project IX Limited Bluehouse Accession Project IV Limited BlueBigBox 3 srl	7.500.000	7.200.000
Residential Portfolio	Bucharest	Residential apartments (55 in total in 3 complexes)	Secure Investments II Limited Demetiva Limited Diforio Limited Frizomo Limited Ketiza Limited SecRom Srl SecVista Srl SecMon Srl Ketiza Srl	4.375.000	6.722.000
Green Lake	Bucharest	Residential villas (14 villas) & land for residential development	Secure Investments I Limited Edetrio Holdings Limited Emakei Holdings Limited Iuliu Maniu Limited Ram Real Estate Management Limited Moselin Investments srl Rimasol Limited Rimasol Real Estate Srl Ashor Ventures Limited Ashor Develpoment Srl Jenby Ventures Limited Jenby Investments Srl Ebenem Limited Ebenem Investments Srl	17.919.000	17.932.000
Pantelimon Lake	Bucharest	Land for residential development	Secure Investments I Limited Mofben Investments Limited Delia Lebada Invest srl	4.860.000	5.812.000
Total Romania				**52.514.000**	**58.616.000**
Boyana	Sofia	Land	Boyana Residence ood, Sertland Properties Limited	4.720.000	transferred from Inventory
Total Bulgaria				**4.720.000**	
GED Logistics	Athens	Warehouse	Victini Holdings Limited. SPDI Logistics S.A.	16.500.000	16.500.000
Total Greece				**16.500.000**	**16.500.000**
TOTAL				**100.682.193**	**99.465.860**

17. Investment Property (continued)

17.4 Investment Property analysis

a. Investment Properties

The following assets are presented under Investment Property: Terminal Brovary Logistics Park, Innovations Logistic park, EOS Business Park, GED Logistics, Praktiker Craiova, the Residential Portfolio (consisting of apartments in 3 complexes) and Green Lake parcel K as well as all the land assets namely Kiyanivskiy Lane, Tsymlyanskiy Lane, Balabyne and Rozny in Ukraine, Pantelimon Lake and Green Lake in Romania as well as the land in Sofia, Bulgaria (Boyana) which has been reclassified from Inventory.

	31 Dec 2016	31 Dec 2015
	€	€
At 1 January	**94.340.471**	**53.533.187**
Acquisitions of investment property	-	51.089.000
Disposal of investment Property	(2.481.570)	(1.902.500)
Transfer from Inventory/prepayments made	4.686.000	1.518.480
Revaluation gain/(loss) on investment property	613.139	(3.308.246)
Translation difference	(1.503.833)	(6.589.450)
At 31 December	**95.654.207**	**94.340.471**

b. Investment Properties Under Development

As at 31 December 2016 investment property under development represents the carrying value of Bela Logistic Center property, which has reached the +10% construction in late 2008 but it is stopped since then.

	31 Dec 2016	31 Dec 2015
	€	€
At 1 January	**5.125.389**	**5.083.216**
Revaluation on investment property	283.654	1.513.658
Translation difference	(381.057)	(1.471.485)
At 31 December	**5.027.986**	**5.125.389**

c. Prepayments made for Investments

From time to time, when the Group acquires a new property, it may proceed with down payment in order to facilitate such transactions. Movements of such prepayments are presented below for 2016 and 2015.

	31 Dec 2016	31 Dec 2015
	€	€
At 1 January	**100.000**	**2.674.219**
Advances for acquisition transferred to Investment in subsidiary	-	(624.841)
Translation difference	-	9.761
Transfer to Investment Properties	-	(1.518.480)
Transfer to long term receivables and prepayments of investments (Note 21)	(100.000)	-
Advances for investments from acquisition of subsidiaries	-	100.000
Impairment provision	-	(540.659)
At 31 December	**-**	**100.000**

17.5 Investment Property valuation method presentation

In respect of the Fair Value of Investment Properties the following table represents an analysis based on the various valuation methods. The different levels as defined by IFRS have been defined as follows:

- Level 1 relates to quoted prices (unadjusted) in active and liquid markets for identical assets or liabilities.
- Level 2 relates to inputs other than quoted prices that are observable for the asset or liability indirectly (that is, derived from prices). Level 2 fair values of investment properties have been derived using the market value approach by comparing the subject asset with similar assets for which price information is available. Under this approach the first step is to consider the prices for transactions of similar assets that have occurred recently in the market. The most significant input into this valuation approach is price per sqm.
- Level 3 relates to inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). Level 3 valuations have been performed by the external valuer using the income approach (discounted cash flow) due to the lack of similar sales in the local market (unobservable inputs).

17. Investment Property (continued)

17.5 Investment Property valuation method presentation (continued)

To derive Fair Values the Group has adopted a combination of income and market approach weighted according to the predominant local market and economic conditions.

Fair value measurements at 31 Dec 2016 (€)	(Level 1)	(Level 2)	(Level 3)	Total
Recurring fair value measurements				
Balabyne - Zaporizhia	-	1.517.883	-	1.517.883
Tsymlyanskiy Lane – Podil, Kiev City Center	-	1.043.544	-	1.043.544
Bela Logistics Center- Odessa	-	-	5.027.986	5.027.986
Terminal Brovary Logistics Park - Brovary Kiev Oblast	-	14.900.000	-	14.900.000
Kiyanivskiy Lane – Podil, Kiev City Center	-	3.320.368	-	3.320.368
Rozny Lane – Brovary district, Kiev oblast	-	1.138.412	-	1.138.412
Innovations Logistics Park – Bucharest	-	-	11.000.000	11.000.000
EOS Business Park – Bucharest, City Center	-	-	6.860.000	6.860.000
Residential Portfolio (ex Green Lake) – Bucharest	-	4.375.000	-	4.375.000
Green Lake – Bucharest	-	17.919.000		17.919.000
Pantelimon Lake – Bucharest	-	4.860.000	-	4.860.000
Praktiker - Craiova	-	-	7.500.000	7.500.000
GED Logistics – Athens	-	-	16.500.000	16.500.000
Boyana- Land	-	4.720.000	-	4.720.000
Totals	**-**	**53.794.207**	**46.887.986**	**100.682.193**

Fair value measurements at 31 Dec 2015 (€)	(Level 1)	(Level 2)	(Level 3)	Total
Recurring fair value measurements				
Balabyne - Zaporizhia	-	1.555.922	-	1.555.922
Tsymlyanskiy Lane – Podil, Kiev City Center	-	1.006.773	-	1.006.773
Bela Logistics Center- Odessa	-	-	5.125.389	5.125.389
Terminal Brovary Logistics Park - Brovary Kiev Oblast	-	-	12.264.323	12.264.323
Kiyanivskiy Lane – Podil, Kiev City Center	-	3.203.368	-	3.203.368
Rozny Lane – Brovary district, Kiev oblast	-	1.194.085	-	1.194.085
Innovations Logistics Park – Bucharest	-	-	14.400.000	14.400.000
EOS Business Park – Bucharest, City Center	-	-	6.550.000	6.550.000
Residential Portfolio (ex Green Lake) – Bucharest	-	6.722.000	-	6.722.000
Green Lake – Bucharest	-	17.932.000		17.932.000
Pantelimon Lake – Bucharest	-	5.812.000	-	5.812.000
Praktiker - Craiova	-	-	7.200.000	7.200.000
GED Logistics – Athens	-	16.500.000	-	16.500.000
Totals	**-**	**53.926.148**	**45.539.712**	**99.465.860**

The table below shows yearly adjustments for **Level 3** investment property valuations:

Level 3 Fair value measurements at 31 Dec 2016 (€)	Bela Logistics Center	Innovations Logistics Park	EOS Business Park	Praktiker Craiova	GED Logistics	Total
Opening balance	5.125.389	14.400.000	6.550.000	7.200.000	-	**33.275.389**
Transfer to and from level 2 due to change of valuation methods	-	-	-	-	16.500.000	**16.500.000**
Acquisitions	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Profit/(loss) on revaluation	283.654	(3.384.853)	337.684	329.975	-	**(2.433.540)**
Translation difference	(381.057)	(15.147)	(27.684)	(29.975)	-	**(453.863)**
Closing balance	**5.027.986**	**11.000.000**	**6.860.000**	**7.500.000**	**16.500.000**	**46.887.986**

17. Investment Property (continued)

17.5 Investment Property valuation method presentation (continued)

Level 3 Fair value measurements at 31 Dec 2015 (€)	Terminal Brovary Logistics Park	Kiyanivskiy Lane	Tsymlyanskiy Lane	Bela Logistic Center	Innovations Logistics Park	EOS Business Park	Praktiker Craiova	Total
Opening balance	17.463.310	4.017.381	1.147.823	-	14.000.000	6.400.000	-	**43.028.514**
Transfer to and from level 2 due to change of valuation methods	-	(4.017.381)	(1.147.823)	5.083.216	-	-	-	**(81.988)**
Acquisitions	-	-	-	-	-	-	10.070.000	**10.070.000**
Additions	-	-	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	-	-	-
Profit/(loss) on revaluation	(589.179)	-	-	1.513.658	400.000	150.000	(2.870.000)	**(1.395.521)**
Translation difference	(4.609.808)	-	-	(1.471.485)	-	-	-	**(6.081.293)**
Closing balance	**12.264.323**	**-**	**-**	**5.125.389**	**14.400.000**	**6.550.000**	**7.200.000**	**45.539.712**

Information about **Level 3** Fair Values is presented below:

	Fair value at 31 Dec 2016	Fair value at 31 Dec 2015	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
	€	€	€	€	€
Bela Logistic Center – Odessa	5.027.986	5.125.389	Combined market and cost approach	Percentage of development works completion, deterioration rate	The higher the percentage of completion the higher the fair value. The higher the deterioration rate the lower the fair value
Terminal Brovary Logistics Park-Brovary Kiev Oblast	-	12.264.323	Combined market and income approach	Future rental income and costs for 14 months, discount rate	The higher the rental income the higher the fair value. The higher the discount rate, the lower fair value
Innovations Logistics Park – Bucharest	11.000.000	14.400.000	Income approach	Future rental income and costs for 10 years, discount rate	The higher the rental income the higher the fair value. The higher the discount rate, the lower fair value
EOS Business Park – Bucharest, City Center	6.860.000	6.550.000	Income approach	Future rental income and costs for 10 years, discount rate	The higher the rental income the higher the fair value. The higher the discount rate, the lower fair value
Praktiker Craiova	7.500.000	7.200.000	Income approach	Future rental income and costs for 10 years, discount rate	The higher the rental income the higher the fair value. The higher the discount rate, the lower fair value
GED Logistics	16.500.000	**-**	Income approach	Future rental income and costs for 10 years, discount rate for real estate property and for Photovoltaic 25 + 6 years for PV	The higher the rental/PV income the higher the fair value. The higher the discount rate, the lower fair value
Total	**46.887.986**	**45.539.712**			

18. Investment Property Acquisitions and Goodwill Movement

a. Investment Property Acquisitions

In March 2015 the Group completed the acquisition of an income producing logistics park (the "GED Logistics"), located in the West Attica Industrial Area of Athens, Greece (Note 17.1).

In July 2015 the Group acquired Praktiker Craiova, a DIY retail property (Note 17.1). The acquisition was effected through the issuance of Class B Redeemable Convertible Preference Shares ('RCPS') to the vendors (Note 26.6). The Company is in discussion with the vendor vis a vis the finalization of the redemption process (Note 23).

18. Investment Property Acquisitions and Goodwill Movement (continued)

During 2015 the Group acquired the mixed use portfolio of Sec South, a private equity entity, which included investment properties, inventories and investment in associates, (Notes 17, 18, 19) via in kind contribution by the vendors and in exchange of 18.028.294 ordinary shares of €0,01 and two equivalent sets of warrants as described below (Note 26.4 and 26.5).The shares were issued at a price of GBP 0,65 per share while the first set of warrants had an exercise price of GBP 0,10 and the second of GBP 0,45. Out of the 1st set of 18.028.294 warrants, 14.324.627 were exercised in 2015 and an equal amount of ordinary shares was issued (Note 26.2) while the 2nd set has expired without being exercised (Note 26.2). The vendors of the Sec South included Ionian Equity Participations Limited, a substantial shareholder in the Company, holding then in excess of 10% of the Company's issued share capital, as well as an entity in which Lambros Anagnostopoulos (a director of the Company and the CEO) had a majority stake and Constantinos Bitros (the CFO of the Company) with stakes in Sec South of less than 20%, 4% and 1% respectively. Sec South transferred properties in SPDI, the net equity of which was €15.782.190 (fair value at acquisition).

The fair value of identifiable assets and liabilities of acquired projects during **2015** as of the date of their acquisition was as follows:

€	GED Logistics	SEC South East	Praktiker Craiova	Total
ASSETS				
Non-current assets				
Investment property	16.400.000	24.619.000	10.070.000	51.089.000
Investments in associates	-	6.132.516	-	6.132.516
Other non-current assets	29.911	69.536	-	99.447
Current assets				
Inventories	-	12.300.000	-	12.300.000
Prepayments and other current assets	353.366	1.203.036	384.884	1.941.286
Cash and cash equivalents	160	777.247	26.425	803.832
Total assets	**16.783.437**	**45.101.335**	**10.481.309**	**72.366.081**
Non-current liabilities				
Interest bearing borrowings	12.549.180	23.865.253	4.892.950	41.307.383
Deposits from tenants	211.243	-	-	211.243
Current liabilities				
Interest bearing borrowings	135.110	1.431.464	-	1.566.574
Trade and other payables	492.060	3.074.332	120.961	3.687.353
Taxes payable	56.776	252.033	-	308.809
Total liabilities	**13.444.369**	**28.623.082**	**5.013.911**	**47.081.362**
Net assets acquired (including non-controlling interest)	**3.339.068**	**16.478.253**	**5.467.398**	**25.284.719**
Non-controlling interest	-	(696.063)	-	(696.063)
Net assets acquired attributable to equity holders	**3.339.068**	**15.782.190**	**5.467.398**	**24.588.656**
Financed by				
Cash consideration paid	1.786.934	-	-	1.786.934
Issue of shares	-	15.152.490	6.081.211	21.233.701
Total consideration	**1.786.934**	**15.152.490**	**6.081.211**	**23.020.635**
Gain realized on acquisition	**1.552.134**	**629.700**	**-**	**2.181.834**
Goodwill =Net Assets – Total consideration	**-**	**-**	**(613.813)**	**(613.813)**

b. Goodwill Movement

Management decided to fully impair the goodwill resulting mainly from the 2015 acquisitions and to a lesser extent from the 2014 acquisitions as they expect that the future cash flows to be generated from the related properties, based on year end valuations and sales price expectations do not validate any more. The total impairment was €657.082.

19. Investments in associates

In May 2015 by acquiring the mixed use Sec South portfolio (Note 18) the Group acquired participation in certain properties classified under Investments in Associates. The associates acquired were as follows:

a) Green Lake Development srl, is a residential compound company which consists as at end of the reporting period of 35 apartments plus 22 villas as well as 4 commercial use designated buildings (Phase A of Green Lake project). The compound is situated on the banks of Grivita Lake, in the northern part of the Romanian capital. The compound includes also facilities such as private kindergarten, nautical club, outdoor sport courts, and restaurants. The Company has a 40,35% participation in this asset. The property as of the end of the reporting period was 46% let.
b) The Group acquired a 24,35% participation in the Delea Nuova office building property in Bucharest. The property is a 10.280 sqm office building, which consists of two underground levels, a ground floor and ten above-ground floors. As of the end of the reporting period, the building was 100% let, with ANCOM (the Romanian Telecommunications Regulator) being the anchor tenant (70% of GLA). The table below summarizes the movements in the carrying amount of the Group's investment in associates.

€	31 Dec 2016	31 Dec 2015
Cost of investment in associates at the beginning of the period	4.887.944	6.132.516
Share of profits /(losses) from associates	469.248	(1.244.572)
Dividend Income	(127.569)	-
Foreign exchange difference	(12.313)	-
Total	**5.217.310**	**4.887.944**

As at 31 December 2016, the Group's interests in its associates and their summarised financial information, including total assets at fair value, total liabilities, revenues and profit or loss, were as follows:

Project Name	Associates	Total assets	Total liabilities	Profit/ (loss)	Holding	Share of profits from associates	Country	Asset type
		€	€	€	%	€		
Delea Nuova Project	Lelar Holdings Limited and S.C. Delenco Construct S.R.L.	24.887.951	(3.461.850)	1.926.778	24,354%	469.248	Romania	Office building
GreenLake Project – Phase A	GreenLake Development Srl	13.867.862	(14.698.363)	(1.563.486)	40,35%	-	Romania	Residential assets
Total		**38.755.813**	**(18.160.213)**	**363.292**		**469.248**		

The share of profit from the associate GreenLake Delevopment Srl was limited up to the interest of the Group in the associate.

As at 31 December 2015, the Group's interests in its associates and their summarised financial information, including total assets at fair value, total liabilities, revenues and profit or loss, were as follows:

Project Name	Associates	Total assets	Total liabilities	Profit/ (loss)	Holding	Share of profits from associates	Country	Asset type
		€	€	€	%	€		
Delea Nuova Project	Lelar Holdings Limited and S.C. Delenco Construct S.R.L.	24.232.215	(4.158.521)	(2.895.756)	24,354%	(705.232)	Romania	Office building
GreenLake Project – Phase A	GreenLake Development Srl	15.651.396	(16.080.270)	(2.374.548)	40,35%	(539.340)	Romania	Residential assets
Total		**39.883.611**	**(20.238.791)**	**(5.270.304)**		**(1.244.572)**		

20. Tangible and intangible assets

As at 31 December 2016 the intangible assets were composed of the capitalized expenditure on the Enterprise Resource Planning system (Microsoft Dynamics-Navision) in the amount of €96.183. Accumulated amortization as at the reporting date amounts to €62.270 as the system was already in use.

As at 31 December 2016 and 2015 the tangible non-current assets mainly consisted of the machinery and equipment used for the servicing the Group's investment properties in Ukraine and Romania.

21. Long Term Receivables and prepayments

	31 Dec 2016	31 Dec 2015
	€	€
Long Term Receivable	251.181	252.916
Prepayment for Investments	100.000	100.000
Total	**351.181**	**352.916**

Long term receivable mainly includes the cash collateral from Piraeus Leasing.

22. Inventory

€	30 Dec 2016	31 Dec 2015
At 1 January	**11.300.000**	**-**
Sale of Inventories	(1.522.233)	-
Transfer to Investment Property	(4.686.000)	-
Acquisition of subsidiaries	-	12.300.000
Impairment of inventory	(63.513)	(1.000.000)
At 31 December	**5.028.254**	**11.300.000**

In May 2015 by acquiring the mixed use Sec South portfolio (Note 18) the Group acquired 100% of a residential portfolio in Boyana, in Sofia, Bulgaria which is classified as Inventory.

After a decision of the Board of Directors of Boyana to change the initial plan for construction in the land and hold this land for capital appreciation, €4.686.000 which related to the land that was transferred to Investment Properties (Note 17.2) and from now on will be treated under IAS 40.

23. Available for sale financial assets

In April 2015 the Group completed the acquisition of a 20% interest in a fully let and income generating office building in Sofia, Autounion, for a cash consideration of €4.059.839 including the assignment of a loan amounting to €1.859.278 together with accumulated interest up to the acquisition date (Note 24). The holding was classified as "Available for Sale Financial Assets" in conformity with IAS 39. Autounion is a Class A BREEAM certified office building, located close to the Sofia Airport. The building has a Gross Lettable Area of 19.476 sqm over ten floors, includes underground parking and is fully let to one of the largest Bulgarian insurance companies on a long lease extending to 2027.

In Q3-2016, as a result of the vendor (BLUEHOUSE ACCESSION PROPERTY HOLDINGS III S.A.R.L) of BIGBLUEBOX 3 (Praktiker Craiova) requesting redemption of the 8.618.997 Secured Redeemable Convertible Preference Class B Shares ("RCPS"), the Company transferred, the security, its 20% participation over Autounion to the said vendor. Although there is a difference appearing as a liability to the vendor (Note 30), the Group is in negotiation as to the final settlement amount and the method of payment.

Fair value gain for the period represents the difference between the fair value of the investment at acquisition date minus the fair value of investment at the reporting date.

	31 Dec 2016	31 Dec 2015
	€	€
At 1 January	**2.783.535**	**-**
Acquisition cost of the investment	-	2.298.006
Fair Value gain	-	485.529
Disposal of AFS investment	(2.783.535)	-
At 31 December	**-**	**2.783.535**

As a result of Autounion transfer a net loss of €206.491 was recognized in the Group's consolidated statement of comprehensive income for 2016. The amount reflects the aggregate book value of 20% interest in Autounion €2.783.535 plus the assigned loan including accumulated interest up to the disposal date amounting to €1.968.486 minus the accumulated fair value gain in the amount of €485.529 that was initially recognised in equity and recycled to the loss of the year as of the disposal date minus a pledged value of €4.060.000. The total remaining liability recognized at the reporting date to the vendor amounts to €2.521.211 (Note 30).

24. Prepayments and other current assets

	31 Dec 2016	31 Dec 2015
	€	€
Trade and other receivables	992.482	792.565
VAT and other taxes receivable	378.455	938.464
Deferred expenses	159.866	921.427
Receivables due from related parties	7.284	3.384
Loan receivable from 3rd parties	1.000.000	-
Loan to associates (Note 37.4)	264.110	254.718
Loan to Available for Sale Financial Assets (Note 23)	-	1.905.933
Allowance for impairment of prepayments and other current assets	(23.836)	(21.268)
Total	**2.778.361**	**4.795.223**

Trade and other receivables mainly include receivables from tenants (including the Greek electricity grid administrator) and prepayments made for services.

VAT receivable represent VAT which is refundable in Romania, Cyprus and Ukraine.

Deferred expenses include legal, advisory, consulting and marketing expenses related to ongoing share capital increase and due diligence expenses related to the possible acquisition of investment properties in the near future.

Loan receivable from 3rd party represents an amount provided as an advance payment for acquiring a participation into an investment property and has a maturity date 30 June 2018.

Loan to associates reflects a loan receivable from Greenlake Development SRL, holding company of Greenlake Phase A (Note 19, Note 37.4).

Loan to Available for Sale Financial Assets reflects a loan receivable from Bluehouse V, holding company of Autounion building disposed in 2016 (Note 23).

25. Cash and cash equivalents

Cash and cash equivalents represent liquidity held at banks.

	31 Dec 2016	31 Dec 2015
	€	€
Cash with banks in USD	17.670	25.205
Cash with banks in EUR	152.742	214.177
Cash with banks in UAH	31.744	40.505
Cash with banks in RON	1.319.686	569.424
Cash with banks in BGN	179.165	3.701
Cash equivalents	-	42.410
Total	**1.701.007**	**895.422**

An amount of ~€1,1m held in accounts related to properties that carry debt facilities is restricted cash, as the lending banks control its usage to conform to contractual obligations.

26. Share capital

Number of Shares during 2016 and 2015

	31 December 2014	13 March 2015	31 May 2015	29 June 2015	1 July 2015	27 July 2015	12 August 2015	31 December 2015	13 October 2016	31 December 2016
		Increase of share capital	Increase of share capital	Repayment RCPS	Increase of share capital	Exercise of warrants	Exercise of warrants		Redemption of redeemable shares	
Authorised										
Ordinary shares of €0,01	989.869.935							**989.869.935**		**989.869.935**
Total equity	**989.869.935**							**989.869.935**		**989.869.935**
RCP Class A Shares of €0,01	785.000							**785.000**		**785.000**
RCP Class B Shares of €0,01					8.618.997			**8.618.997**		**8.618.997**
Total	990.654.935				8.618.997			**999.273.932**		**999.273.932**
Issued and fully paid										
Ordinary shares of €0,01	33.884.054	23.777.748	18.028.294	-		8.785.580	5.539.047	**90.014.723**		**90.014.723**
Total equity	33.884.054	23.777.748	18.028.294	**-**		8.785.580	5.539.047	**90.014.723**		**90.014.723**
RCP Class A Shares of €0,01	785.000			(392.500)				**392.500**	**(392.500)**	**-**
RCP Class B Shares of €0,01					8.618.997			**8.618.997**	**(8.618.997)**	**-**
Total	34.669.054	23.777.748	18.028.294	(392.500)	8.618.997	8.785.580	5.539.047	**99.026.220**	**(99.026.220)**	**90.014.723**

Nominal value (€) for 2016 and 2015

€	31 December 2014	13 March 2015	31 May 2015	29 June 2015	1 July 2015	27 July 2015	12 August 2015	31 December 2015	13 October 2016	31 December 2016
		Increase of share capital	Increase of share capital	Repayment RCPS	Increase of share capital	Exercise of warrants	Exercise of warrants		Redemption of redeemable shares	
Authorised										
Ordinary shares of €0,01	9.898.699							**9.898.699**		**9.898.699**
Total equity	**9.898.699**							**9.898.699**		**9.898.699**
RCP Class A Shares of €0,01	7.850							**7.850**		**7.850**
RCP Class B Shares of €0,01	-				86.190			**86.190**		**86.190**
Total	**9.906.549**				**86.190**			**9.992.739**		**9.992.739**
Issued and fully paid										
Ordinary shares of €0,01	338.839	237.777	180.283			87.856	55.390	**900.145**		**900.145**
Total equity	**338.839**	**237.777**	**180.283**			**87.856**	**55.390**	**900.145**		**900.145**
RCP Class A Shares of €0,01 (Note 26.6)	7.850			(3.925)				**3.925**	**(3.925)**	**-**
RCP Class B Shares of €0,01 (Note 26.6)	-				86.190			**86.190**	**(86.190)**	**-**
Total	**346.689**	**237.777**	**180.283**	**(3.925)**	**86.190**	**87.856**	**55.390**	**990.260**	**(990.190)**	**-**

26. Share capital (continued)

26.1 Authorised share capital

As at the end of 2015 the authorized share capital of the Company was 989.869.935 Ordinary Shares of €0,01 nominal value each, 785.000 Redeemable Preference Class A Shares of €0,01 nominal value each and 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each.

No changes were effected during the reporting period as far as the authorized share capital of the Company is concerned and therefore at the end of the reporting period the authorized share capital of the Company remained at 989.869.935 Ordinary Shares of €0,01 nominal value each, 785.000 Redeemable Preference Class A Shares of €0,01 nominal value each and 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each. Yet the Company is in process to cancel the Class A and Class B Redeemable Preference Shares (Note 26.6), a process that will be completed in 2017.

26.2 Issued Share Capital

As at the end of 2015 the issued share capital of the Company was as follows:

a) 90.014.723 Ordinary Shares of €0,01 nominal value each,

b) 392.500 Redeemable Preference Class A Shares of €0,01 nominal value each,

c) 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each.

No changes were effected throughout the reporting period in respect of the issued share capital of the Company and as at the end of the reporting period the issued share capital of the Company remained as follows:

a) 90.014.723 Ordinary Shares of €0,01 nominal value each,

b) 392.500 Redeemable Preference Class A Shares of €0,01 nominal value each, subject to cancellation during 2017 (Note 26.6),

c) 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each, subject to cancellation during 2017 (Note 26.6).

In respect of the Class A Redeemable Preference Shares, issued in connection to the Innovations acquisition and the Class B Redeemable Preference Shares, issued in connection to the acquisition of Craiova Praktiker, following the holders of such shares notifying the Company on their intent to redeem within 2016, the Company:

- actually proceeded in effecting full redemption of the Class A shares (392.500) which was finalized in Q1-2017 while the process of cancelling them will be concluded within 2017
- for the Class B Redeemable Preference Shares, in lieu of redemption the Company gave its 20% holding in Autounion (Note 23) in October 2016, to the Craiova Praktiker seller BLUEHOUSE ACCESSION PROPERTY HOLDINGS III S.A.R.L and has been negotiating the resulting difference (if any) for a final settlement. As soon as the case is settled, the Company will proceed with the cancelation of the Class B Redeemable Preference Shares

26.3 Option schemes

A. Under the scheme adopted in 2007, each of the directors serving at the time, who 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
	USD	Shares
Exercisable until 1 August 2017	57	1.754
Exercisable until 1 August 2017	83	877

B. Under a second scheme also adopted in 2007, 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 until 1 August 2017	40	1.219
Exercisable until 1 August 2017	50	610

C. Under a scheme adopted in 2015, pursuant to an approval by the AGM of 31/12/2013, the Company proceeded in 2015 in issuing 590.000 options to its employees, as a reward for their effort and support during the previous year. Each option entitles the Option holder to one Ordinary Share. Exercise price stands at GBP 0,15. The Option holders lose and thus may not exercise any option from the moment they cease to offer their services to the Company. The CEO and the CFO of the Company did not receive any options.

   a. 147.500 Options may be exercised within 2016. Out of the Options that may be exercised in 2016, none has been exercised until the reporting date,
   b. 147.500 Options may be exercised within 2017,
   c. 295.000 Options may be exercised within 2018.

The Company considers that all option schemes are currently out of money and therefore has not made any relevant provision.

26. Share capital (continued)

26.4 Class A Warrants issued

The Company acquired the Sec South portfolio in 2015 (Notes 17,18) in exchange of Ordinary shares which were issued at GBP 0,65 each. The sellers were also provided certain Class A Warrants giving the right to the Warrant holders to subscribe in cash at the Exercise price for additional Ordinary Shares in the Company. The Company issued then two sets of Class A Warrants as follows:

1) 18.028.294 warrants corresponding to 18.028.294 ordinary shares, exercisable within 45 days from signing at an exercise price of GBP 0,10 per ordinary share. 14.324.627 out of these warrants were exercised by August 2015 (Notes 26.2*)*. The remaining warrants have lapsed.
2) 18.028.294 warrants corresponding to 18.028.294 ordinary shares, were exercisable by 31 December 2016 at an exercise price of GBP 0,45 per ordinary share. None of these warrants were exercised by 31 December 2016 and thus the warrants have lapsed.

26.5 Class B Warrants issued

On 8 August 2011 the Company issued an amount of Class B Warrants for an aggregate corresponding to 12,5% of the issued share capital of the Company after the exercise date. The Class B Warrants may be exercised at any time until 30 June 2017. 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 freeze 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 USD 100.000.000. As at the financial statements issue date none of the Class B Warrants have been exercised. As of the reporting date, the aggregate amount of Class B Warrant is 12.859.246.

26.6 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 December 2016	(as at) 31 December 2015
Ordinary shares of €0,01	**Issued and Listed in AIM**	**90.014.723**	**90.014.723**
Class A Warrants		-	18.028.294
Class B Warrants		12.859.246	12.859.246
Total number of Shares	Non-Dilutive Basis	90.014.723	90.014.723
Total number of Shares	**Full Dilutive Basis**	**102.873.969**	**102.873.969**
Options		4.460	4.460

Redeemable Preference Class A Shares

The Redeemable Preference Class A Shares which do not have voting or dividend rights where issued as part of the Innovation acquisition purchase consideration. As at the reporting date all of the Redeemable Shares Class A shares have been redeemed and the Company will proceed in their cancellation within 2017.

Redeemable Preference Class B Shares

The Redeemable Preference Class B Shares, issued to BLUEHOUSE ACCESSION PROPERTY HOLDINGS III S.A.R.L as part of the Praktiker Craiova asset acquisition (Note 18) do not have voting rights but have economic rights at par with ordinary shares. As at the reporting date all of the Redeemable Shares Class B have been redeemed (Note 26) but the Company is in discussions with the vendor in respect of a final settlement (Note 23).

27. Foreign Currency Translation Reserve

Exchange differences related to the translation from the functional currency of the Group’s subsidiaries are accounted by entries made directly to the foreign currency translation reserve. The foreign exchange translation reserve represents unrealized profits or losses related to the appreciation or depreciation of the local currencies against the EUR in the countries where the Company’s subsidiaries’ functional currencies are not EUR.

28. Non-Controlling Interests

Non-controlling interests represent the percentage participations in the respective entities not owned by the Group:

%	Non-controlling interest portion	
Group Company	**31 Dec 2016**	**31 Dec 2015**
LLC Almaz-Press-Ukraine	45,00	45,00
Ketiza Limited	10,00	10,00
Ketiza srl	10,00	10,00
Ram Real Estate Management Limited	50,00	50,00
Iuliu Maniu Limited	55,00	55,00
Moselin Investments Srl	55,00	55,00
Rimasol Enterprises Limited	55,76	55,76
Rimasol Real Estate Srl	55,76	55,76
Ashor Ventures Limited	55,76	55,76
Ashor Development Srl	55,76	55,76
Jenby Ventures Limited	55,70	55,70
Jenby Investments Srl	55,70	55,70
Ebenem Limited	55,70	55,70
Ebenem Investments Srl	55,70	55,70
Delia Lebada Invest Srl	35,00	35,00

29. Borrowings

	Project	31 Dec 2016	31 Dec 2015
		€	€
Principal of bank Loans			
European Bank for Reconstruction and Development ("EBRD")	Terminal Brovary	11.551.023	12.164.107
Banca Comerciala Romana /Tonescu Finance	Monaco Towers	924.562	1.210.962
Bancpost SA	Blooming House	1.245.657	1.739.634
Alpha Bank Romania	Romfelt Plaza	809.919	869.602
Alpha Bank Romania	EOS Business Park	991.000	-
Raiffeisen Bank Romania	Linda Residence	-	429.858
Bancpost SA	GreenLake – Parcel K	3.092.926	3.099.639
Alpha Bank Bulgaria	Boyana	2.680.492	3.460.813
Alpha Bank Bulgaria	Boyana/Sertland	693.514	736.864
Bank of Cyprus	Delia Lebada/Pantelimon	4.569.725	4.569.725
Eurobank Ergasias SA	SPDI Logistics	11.726.960	12.343.116
Piraeus Bank SA	GreenLake-Phase 2	2.525.938	2.525.938
Marfin Bank Romania	Praktiker Craiova	4.502.128	4.839.149
Loans by non-controlling shareholders		-	2.713.458
Loans from other 3rd parties		359.134	-
Overdrafts		2.062	26.516
Total principal of bank and non-bank Loans		**45.675.040**	**50.729.381**
Restructuring fees and interest payable to EBRD		29.898	32.767
Interest accrued on bank loans		2.723.889	2.175.165
Interests accrued on non-bank loans		46.627	743.466
Total		**48.475.454**	**53.680.779**

	31 Dec 2016	31 Dec 2015
	€	€
Current portion	31.580.299	27.417.220
Non-current portion	16.895.155	26.263.559
Total	**48.475.454**	**53.680.779**

EBRD loan related to Terminal Brovary

According to the agreement the loan expires in 2022 and has a balloon payment of USD 3.633.333. The loan bears interest of 3 M LIBOR + 6,75%. Such loan has a maturity date in 2022 and following Terminal Brovary sale (Note 41a), the Company sold LLC Terminal Brovary with its assets and liabilities (EBRD loan included).

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 USD 25.000.
2. LLC Terminal Brovary pledged its Investment property, Brovary Logistics Centre the construction of which was finished in 2010 (Note 17), and all property rights on the center.
3. SPDI PLC pledged 100% corporate rights in SL SECURE Logistics Ltd, a Cyprus Holding Company which is the Shareholder of LLC Terminal Brovary and 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.

29. Borrowings (continued)

6. LLC Terminal Brovary pledged all current and reserve accounts opened by LLC Terminal Brovary in Unicreditbank Ukraine.
7. LLC Aisi Brovary entered into a call and put option agreement with EBRD, 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.
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.
9. LLC Terminal Brovary has pledged its rights arising in connection with the existing Lease agreements with Tenants.
10. LLC Aisi Brovary has entered with EBRD into a conditional assignment agreement of 20% and 80% corporate rights in LLC Terminal Brovary.
11. SL SECURE Logistics Ltd has entered with EBRD into a conditional assignment agreement of 99% corporate rights in LLC Aisi Brovary.
12. SPDI PLC has issued a corporate guarantee dated 12 January 2009 guaranteeing all liabilities and fulfilment of conditions under the existing loan agreement remains 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. At all times LLC 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.
2. 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:
   (1) on 31 December 2015, CNRI of USD 230.000 or more; and
   (2) on 30 June and 31 December in each year commencing on the date of 30 June 2016, CNRI of USD 250.000 or more, in respect of the six month period commencing on any such date.
3. 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) according to the following schedule:
   i. in respect of the 6 months period ending on 30 June 2015 and 31 December 2015, the DSCR of more than 1,15x.
   ii. in respect of the 6 months period ending on 30 June or 31 December in any year commencing on the date of 30 June 2016, the DSCR of more than 1,2x.

Other bank Borrowings

SecMon Real Estate Srl (2011) entered into a loan agreement with Banca Comerciala Romana for a credit facility for financing part of the acquisition of the Monaco Towers Project apartments. As of the end of the reporting period the balance of the loan was €924.562 and bears interest of EURIBOR 3M plus 5%. In June 2016, Banca Comerciala Romana has assigned the loan, all rights and securities to Tonescu Finance SRL. The loan, which is currently expired, is secured by all assets of SecMon Real Estate Srl as well as its shares. The Group is in discussion with Tonescu Finance SRL for a potential restructuring.

Ketiza Real Estate Srl entered (2012) into a loan agreement with Bancpost SA for a credit facility for financing the acquisition of the Blooming House Project and 100% of the remaining (without VAT) construction works of Blooming House project. As of the end of the reporting period the balance of the loan was €1.245.657. The loan bears interest of EURIBOR 3M plus 3,5% and matures in May 2017. The Group is in discussion for extending the loan to 2020. The bank loan is secured by all assets of Ketiza Real Estate Srl as well as its shares and is being repaid through sales proceeds.

SecRom Real Estate Srl entered (2009) into a loan agreement with Alpha Bank Romania for a credit facility for financing part of the acquisition of the Doamna Ghica Project apartments. As of the end of the reporting period, the balance of the loan was €809.919, bears interest of EURIBOR 3M+5% and is repayable on the basis of investment property sales. The loan has a maturity date in March 2017 and the Group has been in discussions with the lender for a restructuring. Following an agreement with the bank the loan was extended in Q1-2017 for another 3 years. The loan is secured by all assets of SecRom Real Estate Srl as well as its shares and is being repaid through sales proceeds.

SecVista Real Estate Srl entered (2011) into a loan agreement with Raiffeisen Bank Romania for a credit facility for financing part of the acquisition of the Linda Residence Project apartments. Due to a bulk sale of all the apartment units of the said project in 2016, the loan was fully repaid in May 2016 and an amount of €326.937 was written off (Note 11b and 14).

Moselin Investments Srl (2010) entered into a construction loan agreement with Bancpost SA covering the construction works of Parcel K Green Lake project. As of the end of the reporting period the balance of the loan was €3.092.926 and bears interest of EURIBOR 3M plus 5%. The loan is repayable from the sales proceeds while it matures in June 2017. The Group is in discussion for extending the loan to 2022. The loan is secured with the property itself and the shares of Moselin Investments Srl and is being repaid through sales proceeds.

Boyana Residence ood entered (2011) into a loan agreement with Alpha Bank Bulgaria for a construction loan related to the construction of the Boyana Residence project (finished in 2014). As of the end of the reporting period the balance of the loan was €2.680.492 and bears interest of EURIBOR 3M plus 5,75%. The loan maturity was extended following negotiation with the bank to March 2019. The loan currently is being repaid through sales proceeds. The facility is secured through a mortgage over the property and a pledge over the company's shares as well as those of Sertland Properties Limited. The Company has provided corporate guarantees for this loan.

29. Borrowings (continued)

Sertland Properties Limited entered (2008) into a loan agreement with Alpha Bank Bulgaria for an acquisition loan related to the acquisition of 70% of Boyana Residence ood. As of the end of the reporting period the balance of the loan was €693.514 and bears interest of EURIBOR 3M plus 5,75%. The loan maturity was extended following negotiation with the bank to March 2019. The loan currently is being repaid through sales proceeds of Boyana Residence apartments. The loan is secured with a pledge on company's shares, and a corporate guarantee by SEC South East Continent Unique Real Estate (Secured) Investments Limited.

Delia Lebada Invest Srl, a subsidiary, entered into a loan agreement with the Bank of Cyprus Limited in 2007 to effectively finance a leveraged buy-out of the subsidiary by the Group. The principal balance of the loan as at the end of the reporting period was €4.569.725 (without any accrued interest and default penalty). As the loan is in default the bank has initiated insolvency procedures to take over the Pantelimon lake asset. The Group is currently in discussion with its partner and the bank in an effort to find an amicable settlement to the case. The Company has provided corporate guarantees for this loan.

SPDI Logistics SA entered (April 2015) into a loan agreement with EUROBANK SA to refinance the existing debt facility related to GED Logistics terminal. As of the end of the reporting period the balance of the loan is €11.726.960 and bears interest of EURIBOR 6M plus 3,2%+30% of the asset swap. The loan is repayable by 2022, has a balloon payment of €8.660.000 and is secured by all assets of SPDI Logistics SA as well as its shares.

SEC South East Continent Unique Real Estate (Secured) Investments Limited has a debt facility with Piraeus Bank (since 2007) for the acquisition of the Green Lake project land in Bucharest Romania. As of the end of the reporting period the balance of the loan was €2.525.938 (without any accrued interest and default penalty) and bears interest of EURIBOR 3M plus 4% plus the Greek law 128/78 0,6% contribution. The loan matured in February 2017 and the Group is in discussions with the bank for prolongation of the term of facility to 2022. The Company has provided corporate guarantees for this loan.

BlueBigBox3 srl (Praktiker Craiova) has a loan agreement with Marfin Bank Romania. As of the end of the reporting period the balance of the loan was €4.502.128 and bears interest of EURIBOR 6M plus 5% and 3M plus 4,5%. The loan which is repayable by 2025 with a balloon payment of €2.159.628 and is secured by the asset as well as the shares of BlueBigBox3 srl.

N-E Real Estate Park First Phase SRL entered in 2016 into a loan agreement with Alpha Bank Romania for a credit facility of €1.000.000 for working capital purposes. As of the end of the reporting period, the balance of the loan was €991.000, bears interest of EURIBOR 1M+4,5% and is repayable from the free cash flow resulting from the rental income of the related property. The loan matures in April 2024 and is secured by a second rank mortgage over assets of N-E Real Estate Park First Phase SRL as well as its shares.

Other non-bank borrowing includes borrowings from non-controlling interests. During the last eight years and in order to support the GreenLake project the non-controlling shareholders of Moselin and Rimasol Limited (other than the Group) have contributed their share of capital injections by means of shareholder loans. The loans bear interest between 5% and 7% annually and were repayable in 2016 and 2017. An amount of €~2,7m from such loans as presented in 2015 financial statements has been agreed to be capitalized (the process is to be concluded within 2017) and therefore appears under equity section.

30. Trade and other payables

The fair value of trade and other payables due within one year approximate their carrying amounts as presented below.

	31 Dec 2016	31 Dec 2015
	€	€
Payables to third parties	4.734.924	6.209.235
Payables to related parties (Note 37.2)	1.146.150	743.200
Deferred income from tenants current	635.240	99.554
Accruals	536.160	259.031
Payables due for construction	436.819	405.904
Total	**7.489.293**	**7.716.924**

	31 Dec 2016	31 Dec 2015
	€	€
Current portion	7.038.170	3.044.036
Non-current portion	451.123	4.672.888
Total	**7.489.293**	**7.716.924**

Payables to third parties represents: a) payable balances to third party shareholders of entities where the Group maintains a participation. An amount of €~4m has been been agreed to be capitalized during 2016 (the process is to be concluded within 2017) and therefore has been transferred under equity section, b) payables due to Bluehouse Capital as a result the Redeemable Convertible Class B share redemption (Note 23) that are under negotiation for a final settlement and c) amounts payable to various service providers including auditors, legal advisors, consultants and third party accountants related to the current operations of the Group.

Payables to related parties represent amounts due to board of directors and board committee members and accrued management remuneration as well as the balances with Secure Management Ltd and Grafton Properties (Note 37.2).

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

Accruals mainly include the accrued, administration fees, accounting fees, facility management and other fees payable to third parties for the year 2016 (expenses not invoiced within 2016) as well as legal fees for the sale of Terminal Brovary logistics which was finalized at the beginning of 2017.

30. Trade and other payables (continued)

Payables for construction represent amounts payable to the contractor of Bela 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 UAH 5.400.000 (~USD 160.000) 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 construction also include an amount of ~€245.000 payable to Boyana's constructor which has been withheld as Good Performance Guarantee.

31. Deposits from Tenants

	31 Dec 2016	31 Dec 2015
	€	€
Deposits from tenants non-current	217.328	623.770
Deposits from tenants current	271.019	132.684
Total	**488.347**	**756.454**

Deposits from tenants appearing under current and non-current liabilities include the amounts received from the tenants of Terminal Brovary Logistics, Innovations Logistics Park, EOS Business Park, Craiova Praktiker, GED Logistics and companies representing residential segment as advances/guarantees and are to be reimbursed to these clients at the expiration of the lease agreements.

32. Provisions and Taxes Payables

	31 Dec 2016	31 Dec 2015
	€	€
Corporate income tax	648.825	482.389
Defence tax	29.918	24.920
Other taxes including VAT payable	468.275	314.696
Provision (Notes 12, 38.3)	742.166	724.445
Total Provisions and Tax Liabilities	**1.889.184**	**1.546.450**

Corporate income tax represents taxes payable in Cyprus and Romania.

Other taxes represent local property taxes and VAT payable in Ukraine, Romania, Greece, Bulgaria and Cyprus.

33. Finance Lease Liabilities

As at the reporting date the finance lease liabilities consist of the non-current portion of €11.081.379 and the current portion of €301.409 (31 December 2015: €11.273.639 and €192.083, accordingly).

31 Dec 2016	Note	Minimum lease payments	Interest	Principal
		€	€	€
Less than one year	40.2	961.744	665.796	295.948
Between two and five years	&	3.754.280	2.138.258	1.616.022
More than five years	40.6	11.822.949	2.477.889	9.345.060
		16.538.973	**5.281.943**	**11.257.030**
Accrued Interest				125.758
Total Finance Lease Liabilities				**11.382.788**

31 Dec 2015	Note	Minimum lease payments	Interest	Principal
		€	€	€
Less than one year	40.2	775.146	586.626	188.520
Between two and five years	&	3.592.679	2.169.534	1.423.145
More than five years	40.6	12.373.657	2.573.824	9.799.833
		16.741.482	**5.329.984**	**11.411.498**
Accrued Interest				54.224
Total Finance Lease Liabilities				**11.465.722**

33.1 Land Plots Financial Leasing

The Group rents in Ukraine land plots classified as finance leases. Lease obligations are denominated in UAH. The fair value of lease obligations approximate to their carrying amounts as presented above. Following the appropriate discounting finance lease liabilities are carried at €291.322 under current and non-current portion. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

33. Finance Lease Liabilities (continued)

33.2 Sale and Lease Back Agreements

A. <u>Innovations Logistic Park</u>

In May 2014 the Group concluded the acquisition of Innovations Logistics Park in Bucharest, owned by Best Day Srl, through a sale and lease back agreement with Piraeus Leasing Romania SA. As of the end of the reporting period the balance is €7.308.731, bearing interest rate at 3M Euribor plus 4,45% margin, being repayable in monthly tranches until 2026 with a balloon payment of €5.244.926. At the maturity of the lease agreement Best Day SRL will become owner of the asset.

Under the current finance lease agreement the collaterals for the facility are as follows:

1. Best Day SRL pledged its future receivables from its tenants.
2. Best Day SRL pledged its shares.
3. Best Day SRL pledged all current and reserved accounts opened in Piraeus Leasing, Romania.
4. Best Day SRL is obliged to provide cash collateral in the amount of €250.000 in Piraeus Leasing Romania, which had been deposited as follows, half in May 2014 and half in May 2015.
5. SPDI provided a corporate guarantee in favor of the bank towards the liabilities of Best Day SRL arising from the sale and lease back agreement.

In late February 2017 the Group finally agreed and signed (following twelve months of discussions) an amended sale and lease back agreement with the Piraeus Leasing Romania for Innovations Logistics Park in Bucharest, governing the allocation of the Nestle Romania, early termination fee of ~€1,6 million payable to SPDI (Note 41b).

B. <u>EOS Business Park</u>

In October 2014 the Group concluded the acquisition of EOS Business Park in Bucharest, owned by N-E Real Estate Park First Phase SRL, through a sale and lease back agreement with Alpha Bank Romania SA. As of the end of the reporting period the balance is €3.782.735 bearing interest rate at 3M Euribor plus 5,25% margin, being repayable in monthly tranches until 2024 with a balloon payment of €2.546.600. At the maturity of the lease agreement by N-E Real Estate Park First Phase SRL will become owner of the asset.

Under the current finance lease agreement the collaterals for the facility are as follows:

1. N-E Real Estate Park First Phase SRL pledged its future receivables from its tenants.
2. N-E Real Estate Park First Phase SRL pledged Bank Guarantee receivables from its tenants.
3. N-E Real Estate Park First Phase SRL pledged its shares.
4. N-E Real Estate Park First Phase SRL pledged all current and reserved accounts opened in Alpha Bank Romania SA.
5. N-E Real Estate Park First Phase SRL is obliged to provide cash collateral in the amount of €300.000 in Alpha Bank Romania SA, starting from October 2019.
6. SPDI provided a corporate guarantee in favor of the bank towards the liabilities of N-E Real Estate Park First Phase SRL arising from the sales and lease back agreement.

34. Restructuring of the business

During 2016 the non-controlling shareholders of Moselin, Iuliu Maniu, Ram, Rimasol Ltd, Rimasol SRL, Ashor Limited, Ashor SRL, Ebenem Limited, Ebenem SRL, Jenby Limited and Jenby SRL (in agreement with the Group) agreed to capitalize the bigger part of their capital injections by means of shareholder loans and payables effected from 2008 onwards. An amount of €6.641.997 from such loans and payables have been transferred to the equity section while the process of capitalization will be finalized within 2017.

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

a. Weighted average number of ordinary shares

	31 Dec 2016	31 Dec 2015
Issued ordinary shares capital	90.014.723	90.014.723
Weighted average number of ordinary shares (Basic)	90.014.723	69.460.155
Diluted weighted average number of ordinary shares	102.873.969	82.631.610

b. Basic diluted and adjusted earnings per share

Earnings per share	31 Dec 2016	31 Dec 2015
	€	€
Loss after tax attributable to owners of the parent	(2.363.693)	(11.015.852)
Basic	(0,03)	(0,16)
Diluted	(0,02)	(0,13)

35. Earnings and net assets per share attributable to equity holders of the parent (continued)

c. Net assets per share

Net assets per share	31 Dec 2016	31 Dec 2015
	€	€
Net assets attributable to equity holders of the parent	38.924.809	42.433.125
Number of ordinary shares	90.014.723	90.014.723
Diluted number of ordinary shares	102.873.969	102.873.969
Basic	0,43	0,47
Diluted	0,38	0,41

36. Segment information

All commercial and financial information related to the properties held directly or indirectly by the Group is being provided to members of executive management who report to the Board of Directors. Such information relates to rentals, valuations, income, costs and capital expenditures. The individual properties are aggregated into segments based on the economic nature of the property. For the reporting period the Group has identified the following material reportable segments:

Commercial-Industrial
- Warehouse segment – GED Logistics, Innovations Logistics Park, Terminal Brovary Logistics Park
- Office segment - Eos Business Park – Delea Nuova (Associate)
- Retail segment - Craiova Praktiker

Residential
- Residential segment

Land Assets
- Land assets

There are no sales between the segments.

Segment assets for the investment properties segments represent investment property (including investment properties under development and prepayments made for the investment properties). Segment liabilities represent interest bearing borrowings, finance lease liabilities and deposits from tenants.

Profit and Loss for the year 2016

	Warehouse	Office	Retail	Residential	Land Plots	Total
	€	€	€	€	€	€
Segment profit						
Property Sales income (Note 11)	-	-	-	3.196.381	-	3.196.381
Cost of Property sold (Note 11)	-	-	-	(4.003.804)	-	(4.003.804)
Rental income (Note 7)	4.022.457	579.894	545.564	114.692	-	5.262.607
Service charges and utilities income (Note 7)	374.497	66.784	-	17.367	-	458.648
Sale of electricity (Note 7)	315.599	-	-	-	-	315.599
Asset Management fees (Note 7)	-	-	-	34.086	-	34.086
Valuation gains/(losses) from investment property (Note 10)	176.550	337.684	329.975	133.131	(80.547)	896.793
Share of profits/(losses) from associates (Note 19)		469.248	-	-	-	469.248
Result on disposal of available for sale financial assets (Note 23)	-	(206.491)	-	-	-	(206.491)
Asset operating expenses (Note 8)	(530.020)	(71.045)	(111.500)	(80.429)	(199.447)	(992.441)
Impairment of inventory and provisions (Note 12)	-	-	-	(63.513)	-	(63.513)
Segment profit	**4.359.083**	**1.176.074**	**764.039**	**(652.089)**	**(279.994)**	**5.367.113**
Administration expenses (Note 9)						(2.614.188)
Other (expenses)/income, net (Note 13)						(1.304.304)
Finance income(Note 14) (Note 11)						1.153.243
Interest expenses (Note 14)						(3.571.387)
Other finance costs (Note 14)						(167.564)
Foreign exchange losses, net (Note 15a)						(1.041.239)
Income tax expense (Note 16)						(174.315)
Exchange difference on I/C loan to foreign holdings (Note 15b)						(4.167.542)
Exchange difference on translation foreign holdings (Note 27)						3.508.448
Available-for-sale financial assets – Profit transferred to net profit due to disposal						(485.529)
Total Comprehensive Income						**(3.497.264)**

36. Segment information (continued)

Profit and Loss for the year 2015

	Warehouse	Office	Retail	Residential	Land Plots	Total
	€	€	€	€	€	€
Segment profit						
Property Sales income (Note 11)	-	-	-	1.725.326	-	1.725.326
Cost of sales (Note 11)	-	-	-	(2.043.649)	-	(2.043.649)
Rental income (Note 7)	3.627.698	523.013	258.191	196.120	-	4.605.022
Service charges and utilities income (Note 7)	470.413	75.563	-	-	-	545.976
Sale of electricity (Note 7)	297.962	-	-	-	-	297.962
Valuation gains/(losses) from investment property (Note 10)	(89.178)	150.000	(2.870.000)	251.500	222.431	(2.335.247)
Gain realized on acquisition of subsidiaries (Note 18)	1.552.134	-	-	-	-	1.552.134
Share of profits/(losses) from associates (Note 19)		(705.232)	-	-	(539.340)	(1.244.572)
Asset operating expenses (Note 8)	(622.699)	(155.931)	(31.010)	(156.863)	(158.080)	(1.124.583)
Impairment of inventory and provisions (Note 12)	-	-	-	-	(1.675.659)	(1.675.659)
Goodwill impairment (Note 18b)		(43.269)	(613.813)			(657.082)
Segment profit	**5.236.330**	**(155.856)**	**(3.256.632)**	**(27.566)**	**(2.150.648)**	**(354.372)**
Gain realized on acquisition of subsidiaries (Note 18)						629.700
Administration expenses (Note 9)						(3.013.942)
Other (expenses)/income, net (Note 13)						653.856
Finance income (Note 14)						63.596
Interest expenses (Note 14)						(3.834.696)
Other finance costs (Note 14)						(603.495)
Foreign exchange losses, net (Note 15a)						(5.071.048)
Income tax expense (Note 16)						(80.188)
Exchange difference on I/C loan to foreign holdings (Note 15b)						(13.653.402)
Exchange difference on translation foreign holdings (Note 27)						8.064.848
Available for sale financial assets gains (Note 23)						485.529
Total Comprehensive Income						**(16.713.614)**

Balance Sheet as at 31 December 2016

	Warehouse	Office	Retail	Residential	Land plots	Corporate	Total
	€	€	€	€	€		€
Assets							
Investment properties	42.400.000	6.860.000	7.500.000	4.375.000	34.519.207	-	95.654.207
Investment properties under development	-	-	-	-	5.027.986	-	5.027.986
Long-term receivables and prepayments	350.000	-	-	309	-	872	351.181
Investments in associates	-	5.217.310	-	-	-	-	5.217.310
Inventory	-	-	-	5.028.254	-	-	5.028.254
Segment assets	**42.750.000**	**12.077.310**	**7.500.000**	**9.403.563**	**39.547.193**	**872**	**111.278.938**
Tangible and intangible assets							129.396
Prepayments and other current assets							2.778.361
Cash and cash equivalents							1.701.007
Total assets							**115.887.702**
Borrowings	23.308.195	991.176	4.518.976	3.063.513	16.219.462	374.132	48.475.454
Finance lease liabilities	7.550.279	3.782.735	-	-	49.774		11.382.788
Deposits from tenants	451.640	-	-	36.707	-		488.347
Redeemable preference shares	-	-	-	-	-		-
Segment liabilities	**31.310.114**	**4.773.911**	**4.518.976**	**3.100.220**	**16.269.236**	**374.132**	**60.346.589**
Trade and other payables	-	-	-	-	-		7.489.293
Taxes payable and provisions	-	-	-	-	-		1.889.184
Total liabilities	**31.310.114**	**4.773.911**	**4.518.976**	**3.100.220**	**16.269.236**	**374.132**	**69.725.066**

36. Segment information (continued)

Balance Sheet as at 31 December 2015

	Warehouse	Office	Retail	Residential	Land plots	Total
	€	€	€	€	€	€
Assets						
Investment properties	43.164.324	6.550.000	7.200.000	6.847.538	30.578.609	94.340.471
Investment properties under development	-	-	-	-	5.125.389	5.125.389
Long-term receivables and prepayments	350.000	-	-	1.185	1.731	352.916
Goodwill	-	-	-	-	-	-
Investments in associates	-	4.887.943	-	-	1	4.887.944
Available-for-sale financial assets	-	2.783.535	-	-	-	2.783.535
Inventory	-	-	-	6.990.150	4.309.850	11.300.000
Segment assets	**43.514.324**	**14.221.478**	**7.200.000**	**13.838.873**	**40.015.580**	**118.790.255**
Tangible and intangible assets						164.617
Prepayments and other current assets						4.795.223
Cash and cash equivalents						895.422
Total assets						**124.645.517**
Borrowings	24.539.925	-	4.839.149	4.586.129	19.715.576	53.680.779
Finance lease liabilities	7.508.988	3.889.870	**-**	**-**	66.864	11.465.722
Deposits from tenants	614.018	-	-	37.444	104.992	756.454
Redeemable preference shares	349.325	-	6.081.211	-	-	6.430.536
Segment liabilities	**33.012.256**	**3.889.870**	**10.920.360**	**4.623.573**	**19.887.432**	**72.333.491**
Trade and other payables	**-**	**-**	**-**	**-**	-	7.716.924
Taxes payable and provisions	**-**	**-**	**-**	**-**	-	1.546.450
Total liabilities	**33.012.256**	**3.889.870**	**10.920.360**	**4.623.573**	**19.887.432**	**81.596.865**

Geographical information

Income from Rental Contracts (Note 7)	**31 Dec 2016**	**31 Dec 2015**
	€	€
Ukraine	1.559.878	1.835.181
Romania	3.031.037	2.449.009
Greece	1.478.702	1.163.832
Bulgaria	1.323	938
Total	**6.070.940**	**5.448.960**

Loss from disposal of inventory (Note 11a)		
	€	€
Bulgaria	(368.907)	(51.359)
Total	**(368.907)**	**(51.359)**

Loss from disposal of investment properties (Note 11b)		
Romania	(438.516)	(266.964)
Total	**(438.516)**	**(266.964)**

	31 Dec 2016	**31 Dec 2015**
	€	€
Carrying amount of assets (investment properties, associates, inventory and available for sale investments)		
Ukraine	26.948.193	24.349.860
Romania	57.731.310	63.503.944
Greece	16.500.000	16.600.000
Bulgaria	9.748.254	14.083.535
Total	**110.927.757**	**118.537.339**

37. Related Party Transactions

The following transactions were carried out with related parties:

37.1 Income/ Expense

37.1.1 Income

	31 Dec 2016	31 Dec 2015
	€	€
Interest income on loan to related parties	52.533	46.675
Interest Income from loan to associates	9.392	2.055
Total	**61.925**	**48.730**

Interest income on loan to related parties relates to interest income from Bluehouse V until October 2016 when the investment was disposed and interest income from associates relates to interest income from GreenLake Development SRL.

37.1.2 Expenses

	31 Dec 2016	31 Dec 2015
	€	€
Board of Directors	140.779	278.417
Management Remuneration	721.305	863.810
Interest expenses on Narrowpeak and Secure Management Limited loan	14.996	-
Back office expenses	24.560	8.874
Total	**901.640**	**1.151.100**

Board of Directors expense includes the remuneration of all Non-Executive Directors and committee members for H1-2016. Following a BOD decision the Directors will receive no remuneration thereon.

Name	Position	2016 Remuneration (€)	2015 Remuneration (€)
Paul Ensor	Chairman	16.352	33.132
Barseghyan Vagharshak	Non-Executive Director	16.352	16.921
Ian Domaille	Non-Executive Director	22.280	45.141
Franz Horhager	Non-Executive Director	16.352	33.132
Antonios Kaffas	Non-Executive Director	18.805	38.101
Kalypso Maria Nomikou	Non-Executive Director	16.352	16.921
Alvaro Portela	Non-Executive Director	16.352	33.132
Harin Thaker	Non-Executive Director	17.934	34.055
Antonios Achilleoudis	Non-Executive Director until 22 July 2015	-	14.383
Robert Sinclair	Non-Executive Director until 22 July 2015	-	13.499

Management remuneration includes the remuneration of the CEO, the CFO, the Group Commercial Director, the Group Investment Director and that of the Country Managers of Ukraine and Romania pursuant to the decisions of the remuneration committee.

37.2 Payables to related parties (Note 30)

	31 Dec 2016	31 Dec 2015
	€	€
Board of Directors & Committees	619.562	475.389
Grafton Properties	123.549	123.549
Secure Management Services Ltd	15.179	-
SECURE Management Ltd	1.062	1.062
Management Remuneration	386.798	143.200
Total	**1.146.150**	**743.200**

37.2.1 Board of Directors & Committees
The amount payable represents remuneration payable to Non-Executive Directors until the end of the reporting period. The members of the Board of Directors pursuant to a recommendation by the remuneration committee and in order to facilitate the Company's cash flow, will receive part of their payment in exchange for shares in the Company's capital.

37.2.2 Loan payable to Grafton Properties
During the Company restructuring in 2011 and under the Settlement Agreement of July 2011, the Company undertook the obligation to repay to certain lenders who had contributed funds for the operating needs of the Company between 2009-2011, by lending to AISI Realty Capital LLC as the SC Secure Capital Ltd was named then, the total amount of USD 450.000. As of the reporting date the liability towards Grafton Properties, representing the Lenders, was USD 150.000, which is contingent on the Group raising USD 50m of capital in the markets.

37.2.3 Management Remuneration
Management Remuneration represents deferred amounts payable to the CEO and CFO of the Company, as well as the Group Commercial Director, the Group Investment Director and the Country Managers for Romania and Ukraine.

37. Related Party Transactions (continued)

37.3 Loans from SC Secure Capital Ltd to the Group's subsidiaries

SC Secure Capital Ltd, the finance subsidiary of the Group provided capital in the form of loans to the Ukrainian subsidiaries of the Company so as to support the acquisition of assets, development expenses of the projects, as well as various operational costs.

Borrower	Limit –as of 31 Dec 2016	Principal as of 31 Dec 2016	Principal as of 31 Dec 2015
	€	€	€
LLC "TERMINAL BROVARY"	30.724.931	30.724.931	26.798.804
LLC "AISI UKRAINE"	23.062.351	14.257	12.275
LLC "ALMAZ PRES UKRAINE"	8.236.554	162.633	140.021
Total		**30.901.821**	**26.951.101**

All loans from SC Secure Capital Ltd to the Group's subsidiaries are USD denominated and in 2016 they generated a foreign exchange loss totaling €4.167.542 as a result of the devaluation of the Ukrainian Hryvnia during the reporting period. As settlement of these loans is not likely to occur in the foreseeable future and in substance is part of the Group's net investment in its foreign operations, the foreign exchange loss is recognised in other comprehensive income.

In that context SC Secure Capital Ltd has provided a loan to Limited Liability Company "Terminal Brovary" whose outstanding capital at the reporting date was €30.724.931. This loan was transferred to SL Secure Logistics Limited by the end of 2016. This loan is expected to be transferred together with the sale of Terminal Brovary to the buyer (Note 41a).

A potential Ukrainian Hryvnia weakening/strengthening by 10% against the US dollar with all other variables held constant, would result in an exchange difference on I/C loans to foreign holdings of (€3.090.182)/ €3.090.182 respectively, estimated on balances held at 31 December 2016.

37.4 Loans to associates

	31 Dec 2016	31 Dec 2015
	€	€
Loans to Greenlake Development SRL	264.110	254.718
Total	**264.110**	**254.718**

The loan was given to GreenLake Development SRL from Edetrio Holdings Limited. The agreement was signed on 17 February 2012 and bears interest 5%. The maturity date is 30 April 2018.

38. Contingent Liabilities

38.1 Tax Litigation

The Group performed during the reporting period a part of its operations in the Ukraine, within the jurisdiction of the Ukrainian tax authorities. The Ukrainian tax system can be characterized by numerous taxes and frequently changing legislation, which may be applied retroactively, open to wide and in some cases, conflicting interpretation. Instances of inconsistent opinions between local, regional, and national tax authorities and between the National Bank of Ukraine and the Ministry of Finance are not unusual. Tax declarations are subject to review and investigation by a number of authorities, which are authorised by law to impose severe fines and penalties and interest charges. Any tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open for longer.

The Group performed during the reporting period part of its operations also in Romania, Greece and Bulgaria. In respect of Romanian, Bulgarian and Greek taxation systems all are subject to varying interpretation and to constant changes, which may be retroactive. In certain circumstances the tax authorities can be arbitrary in certain cases.

These facts create tax risks which are substantially more significant than those typically found in countries with more developed tax systems. Management believes that it has adequately provided for tax liabilities, based on its interpretation of tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

At the same time the Group's entities are involved in court proceedings with tax authorities; Management believes that the estimates provided within the financial statements present a reasonable estimate of the outcome of these court cases.

38.2 Construction related litigation

There are no material claims from contractors due to the postponement of projects or delayed delivery other than those disclosed in the financial statements.

38.3 Delia Lebada SRL debt towards Bank of Cyprus

Sec South East Continent Unique Real Estate (SECURED) Investment Ltd has provided in 2007 a corporate guarantee to the Bank of Cyprus in respect to the loan provided by the latter to its subsidiary Delia Lebada SRL, the owner of the Pantelimon Lake plot (Note 17). As the loan is in default, the bank has initiated an insolvency procedure. Depending on the final outcome of the procedure (that may include an auctioning of the plot), the Bank may call the difference between the price received from the auction and €6.594.396 which is the total liability (out of which €4.569.725 is the principal and the remaining relates to interest, overdues and penalties). The Group is in discussions with the bank and its partner in the project to find an amicable settlement to the case. Management believes that the case has been adequately being provided for.

38. Contingent Liabilities (continued)

38.4 Other Litigation

The Group has a number of legal cases pending. Management does not believe that the result of these will have a substantial overall effect on the Group's financial position. Consequently no such provision is included in the current financial statements.

38.5 Other Contingent Liabilities

The Group had no other contingent liabilities as at 31 December 2016.

39. Commitments

The Group had no other commitments as at 31 December 2016.

40. Financial Risk Management

40.1 Capital Risk Management

The Group manages its capital to ensure adequate liquidity will being able to implement its stated growth strategy in order to maximize the return to stakeholders through the optimization of the debt-equity structure and value enhancing actions in respect of its portfolio of investments. The capital structure of the Group consists of borrowings (Note 29), trade and other payables (Note 30) deposits from tenants (Note 31), financial leases (Note 33), taxes payable (Note 32) and equity attributable to ordinary or preferred shareholders. The Group is not subject to any externally imposed capital requirements, but certain of its cash balances are restricted (Note 25).

Management reviews the capital structure on an on-going basis. As part of the review Management considers the differential capital costs in the debt and equity markets, the timing at which each investment project requires funding and the operating requirements so as to proactively provide for capital either in the form of equity (issuance of shares to the Group's shareholders) or in the form of debt. Management balances the capital structure of the Group with a view of maximizing the shareholder's Return on Equity (ROE) while adhering to the operational requirements of the property assets and exercising prudent judgment as to the extent of gearing.

40.2 Categories of Financial Instruments

	Note	31 Dec 2016	31 Dec 2015
		€	€
Financial Assets			
Cash at Bank	25	1.701.007	895.422
Long-term Receivables and prepayments	21	351.181	352.916
Prepayments and other receivables	24	2.778.361	4.795.223
Available for sale investments	23	-	2.783.535
Total		**4.830.549**	**8.827.096**
Financial Liabilities			
Borrowings	29	48.475.454	53.680.779
Trade and other payables	30	7.489.293	7.716.924
Deposits from tenants	31	488.347	756.454
Finance lease liabilities	33	11.382.788	11.465.722
Taxes payable and provisions	32	1.889.184	1.546.450
Redeemable preference shares	26	-	6.430.536
Total		**69.725.066**	**81.596.865**

40.3 Financial Risk Management Objectives

The Group's Treasury function provides services to its various corporate entities, coordinates access to local and international financial markets, monitors and manages the financial risks relating to the operations of the Group, mainly the investing and development functions. Its primary goal is to secure the Group's liquidity and to minimize the effect of the financial asset price variability on the cash flow of the Group. These risks cover market risks including foreign exchange risks and interest rate risk as well as credit risk and liquidity risk.

The above mentioned risk exposures may be hedged using derivative instruments whenever appropriate. The use of financial derivatives is governed by the Group's approved policies which indicate that the use of derivatives is for hedging purposes only. The Group does not enter into speculative derivative trading positions. The same policies provide for the investment of excess liquidity. As at the end of the reporting period, the Group had not entered into any derivative contracts.

40.4 Economic Market Risk Management

The Group operates in Romania, Bulgaria, Greece and Ukraine. The Group's activities expose it primarily to financial risks of changes in currency exchange rates and interest rates. The exposures and the management of the associated risks are described below. There has been no change in the way the Group measures and manages risks.

40. Financial Risk Management (continued)

40.4 Economic Market Risk Management (continued)

Foreign Exchange Risk
Currency risk arises when commercial transactions and recognized financial assets and liabilities are denominated in a currency that is not the Group's functional currency. Most of the Group's financial assets are denominated in the functional currency. Management is monitoring the net exposures and adopts policies to contain them so that the net effect of devaluation is minimized.

Interest Rate Risk
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. On December 31st, 2016, cash and cash equivalent financial assets amounted to €1.701.007 (2015: €895.422) of which approx. €32.000 in UAH and €1.320.000 in RON (Note 25) while the remaining are mainly denominated in either USD or €.

The Group is exposed to interest rate risk in relation to its borrowings amounting to €48.475.454 (31 December 2015: €53.680.779) as they are issued at variable rates tied to the Libor or Euribor. Management monitors the interest rate fluctuations on a continuous basis and evaluates hedging options to align the Group's strategy with the interest rate view and the defined risk appetite. Although no hedging has been applied for the reporting period, such may take place in the future if deemed necessary in order to protect the cash flow of a property asset through different interest rate cycles.

The Group's exposures to financial risk are discussed also in Note 5.

Management monitors the interest rate fluctuations on a continuous basis and evaluates hedging options to align the Group's strategy with the interest rate view and the defined risk appetite. Although no hedging has been applied for the reporting period, such may take place in the future if deemed necessary in order to protect the cash flow of a property asset through different interest rate cycles.

As at 31 December 2016 the weighted average interest rate for all the interest bearing borrowing and financial leases of the Group stands at 5,32% (31 December 2015: 5,00%). Considering the finalization of Terminal Brovary sale, the weighted average interest rate for all the interest bearing borrowing and financial leases of the Group would be 4,67%.

The sensitivity analysis for LIBOR and EURIBOR changes applying to the interest calculation on the borrowings principal outstanding as at 31 December 2016 is presented below:

	Actual as at 31.12.2016	+100 bps	+200 bps
Weighted average interest rate	5,32%	6,32%	7,32%
Influence on yearly finance costs	-	(567.770)	(1.135.541)

The sensitivity analysis for LIBOR and EURIBOR changes applying to the interest calculation on the borrowings principal outstanding as at 31 December 2015 is presented below:

	Actual as at 31.12.2015	+100 bps	+200 bps
Weighted average interest rate	5,00%	6,00%	7,00%
Influence on yearly finance costs	-	(648.116)	(1.296.232)

The Group's exposures to financial risk are discussed also in Note 5.

40.5 Credit Risk Management

The Group has no significant credit risk exposure. The credit risk emanating from the liquid funds is limited because the Group's counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Credit risk of receivables is reduced as the majority of the receivables represent VAT to be offset through VAT income in the future. In respect of receivables from tenants these are kept to a minimum of 2 months and are monitored closely.

40.6 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which applies a framework for the Group's short, medium and long term funding and liquidity management requirements. The Treasury function of the Group manages liquidity risk by preparing and monitoring forecasted cash flow plans and budgets while maintaining adequate reserves. The following table details the Group's contractual maturity of its financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities including interest that will be accrued.

40. Financial Risk Management (continued)

40.6 Liquidity Risk Management (continued)

31 December 2016	Carrying amount	Total Contractual Cash Flows	Less than one year	From one to two years	More than two years
	€	€	€	€	€
Financial assets					
Cash at Bank	1.701.007	**1.701.007**	1.701.007	-	-
Prepayments and other receivables	2.778.361	**2.778.361**	2.778.361	-	-
Long-term Receivables and prepayments	351.181	**351.181**	-	-	351.181
Total Financial assets	**4.830.549**	**4.830.549**	**4.479.368**	**-**	**351.181**
Financial liabilities					
Borrowings	48.475.454	**48.475.454**	31.580.299	1.597.840	15.297.315
Trade and other payables	7.489.293	**7.489.293**	7.038.170	-	451.123
Deposits from tenants	488.347	**488.347**	271.019	-	217.328
Finance lease liabilities	11.382.788	**16.538.973**	961.744	930.592	14.646.637
Taxes payable and provisions	1.889.184	**1.889.184**	1.889.184	-	-
Total Financial liabilities	**69.725.066**	**74.881.251**	**41.740.416**	**2.528.432**	**30.612.403**
Total net liabilities	**64.894.517**	**70.050.702**	**37.261.048**	**2.528.432**	**30.261.222**

31 December 2015	Carrying amount	Total Contractual Cash Flows	Less than one year	From one to two years	More than two years
	€	€	€	€	€
Financial assets					
Cash at Bank	895.422	**895.422**	895.422	-	-
Prepayments and other receivables	4.795.223	**4.795.223**	4.795.223	-	-
Available for sale investments	2.783.535	**2.783.535**	2.783.535	-	-
Long-term Receivables and prepayments	352.916	**352.916**	-	-	352.916
Total Financial assets	**8.827.096**	**8.827.096**	**8.474.180**	-	**352.916**
Financial liabilities				-	-
Borrowings	53.680.779	**56.037.869**	24.198.982	14.649.577	17.189.310
Trade and other payables	7.716.924	**7.716.924**	3.044.036	-	4.672.888
Deposits from tenants	756.454	**756.454**	132.684	-	623.770
Finance lease liabilities	11.465.722	**16.741.482**	775.146	840.158	15.126.178
Redeemable preference shares	6.430.536	**6.430.536**	6.430.536	-	-
Taxes payable and provisions	1.546.450	**1.546.450**	1.546.450	-	-
Total Financial liabilities	**81.596.865**	**89.229.715**	**36.127.834**	**15.489.735**	**37.612.146**
Total net liabilities	**72.769.769**	**80.402.619**	**27.653.654**	**15.489.735**	**37.259.230**

40.7 Net Current Liabilities

The current liabilities amounting to €41.080.081 exceed current assets amounting to €9.507.622 by €31.572.459. This difference is primarily a result of:

a) the EBRD Terminal Brovary debt, amounting to €11.580.922 which is presented as a current liability due to the breach of certain covenants should be viewed as under transfer upon completion of the sale of Terminal Brovary (Note 41a).
b) the bank borrowings related to the residential portfolio €6.369.466 that are repayable by ongoing sales proceeds, which according to the IFRS appear to be repayable within the next 12 months. Most of these loans have been or are under the process to be extended for 2-5 years.
c) an amount of €6.594.396, registered as the total liability to the Bank of Cyprus, currently under final settlement
d) an aggregate amount of €3.624.319, registered as the total liability of the Group towards Alpha Bank in respect to the Boyana project which was under restructuring that has been signed in March 2017 (Note 41g)
e) an aggregate amount of €2.661.592 registered as the total liability of the Group towards the Bank of Piraeus in respect to the Green Lake project which is under restructuring.

Based on the above, current liabilities are higher than current assets by €741.764.

41. Events after the end of the reporting period

a. Sale of Terminal Brovary

In late January 2017 the Group completed the sale transaction of the Terminal Brovary Logistics Park to Temania Enterprises Ltd (company related to Rozetka Group). The transaction was concluded at a Gross Asset Value of over USD 16 (or ~€15) million (before the deduction of the outstanding EBRD loan, which was transferred to the buyer, while the SPDI guarantee to EBRD loan was cancelled. The transaction generated a profit for SPDI of ~€2,7 million, already included in the 2016 financial statements by way of presenting the property at a fair value equal to the transaction value, as well as a cash inflow of more than ~€3million. As part of the transaction the Group also sold SL SECURE Logisitcs Ltd, thus transferring its loan towards Terminal Brovary to the buyer (Note 37.3).

b. Amendment of the Sale & Leaseback of Romanian Logistics Park

In late February 2017 the Group agreed to an amended Sale and Leaseback agreement ("SLB") with the Bank of Piraeus Romania ("BoP") regarding the Group's Innovations Logistics Park in Bucharest. The agreement which followed SPDI's agreement with the previous anchor tenant, Nestle Romania, of the Innovations Logistics Park for an early termination of their tenancy agreement for an agreed fee of €1,39 million payable to SPDI, stipulated the allocation of the termination fee.

c. Appointment of Joint Broker

In March 2017 the Group appointed Beaufort Securities Ltd as the Group's Joint Broker.

d. Directors Buying shares

The directors proceeded in March 2017 with the acquisition of 438.939 ordinary shares of the Company.

e. New lease Agreement for Innovations Logistics Park

In the middle of April 2017 the Group signed a lease agreement with Aquila SRL a large Romanian logistics operator, for 5.740 sqm of ambient space in the Group's Innovations Logistics Park in Bucharest, Romania. Under the terms of the Agreement, the annual rent payable by Aquila to the Group is ~€300.000.

f. Issuance of shares

In the middle of May 2017 the Company announced the issue of new ordinary shares to the Non-Executive Directors of the Company who were in office in 2015 in lieu of fees accrued in 2015. The new shares were issued at GBP 0,35 per share, which represented a 100% premium to the closing share price on 12 May 2017. The Company has also issued a number of new ordinary shares to an adviser in lieu of fees for services offered in 2017. As a result a total of 626.133 new ordinary shares have been issued, of which Non-Executive Directors received 519.474 shares and third party advisers and former directors received 106.659 shares.

g. Debt restructuring

SecRom Real Estate Srl (Doamna Ghica Project) has signed a restructuring of its loan (€809.919) with Alpha Bank Romania, extending its maturity to 2020. All other terms remain substantially the same.

Boyana Residence ood has signed a restructuring of its loan (€2.680.492) with Alpha Bank SA, extending its maturity to 2019. All other terms remain substantially the same.

Sertland Properties Limited (Boyana land) has signed a restructuring of its loan (€693.514) with Alpha Bank SA extending its maturity to 2019. All other terms remain substantially the same.