

Secure Property Development & Investment PLC ('SPDI' or 'the Company')
Half-Year Report

Secure Property Development & Investment PLC, the AIM quoted South Eastern European focused property company, is pleased to announce its unaudited half-year report for the period ended 30 June 2017.

Financial Highlights

Continued success in maximising returns from portfolio of South Eastern European prime real estate, the majority of which is let to blue chip tenants on long leases

- 9% increase in operating income to ~€3 million (H1 2016: ~€2,8 million) thanks to active management of portfolio
- 18% increase in EBITDA from operations to ~€1,8 million (H1 2016: ~€1,5 million) due to ongoing strategy to reduce cost base by ~30% by 2017 vis a vis 2015:
 - 8% reduction in administrative expenses to ~€1,06 million (H1 2016: ~€1,15 million)
 - 7.3% reduction in asset operating expenses to ~€361k (H1 2016: ~€390k)

Significant asset backing behind the Company:

- 2% increase in net equity to ~€40 million compared to ~€39 million as at 31 December 2016 (H1 2016: ~€41 million) despite sale of assets
- Sale of non-core properties during the period achieved at book value
- Shares issued to Non-Executive Directors in lieu of fees at £0.35 per share, a 100% premium to the previous closing share price on 12 May 2017

Strengthened balance sheet:

- 8% reduction in operational gearing to 47% (H1 2016: 52%) – sale of Terminal Brovary resulted in repayment of ~€12 million EBRD debt
- 17% reduction in net finance costs to ~€1 million (H1 2016: ~€1,2 million)

Operational Highlights

- Sale of Terminal Brovary completed at a Gross Asset Value of over €16 million generating a profit for SPDI of ~€2.7 million and a cash inflow of more than €3 million
- Lease agreement signed with large Romanian logistics operator Aquila srl for 5,740 sq m of space in the Innovations Logistics Park in Bucharest - annual rent of ~€300,000
- Over €100,000 received net of VAT for the provision of asset management services to a third party in Romania

Post Period End Highlights

- Conditional sale of Kiyanovski land asset in Kiev, Ukraine for a price expected be in excess of US\$3 million which is in line with 31 December 2016 valuation

- Disposal of 65% owned ~40,000 sq m plot of land in Romania (Delia Lebada) for ~ €2.5 million (net) and settlement of associated €6.5 million loan at a rate of 45 cents / Euro (totalling ~€3 million) using the disposal proceeds plus additional €550,000 payment

Lambros G. Anagnostopoulos, Chief Executive Officer, said, "Excellent progress has been made across all our key performance metrics over the half year period, as we continue with our strategy to transform SPDI into a leading London-traded property company focused on selected South Eastern European countries. The numbers speak for themselves: operating income up 9% to over €3 million; EBITDA up 18% to €1,8 million; corporate overheads and property expenses down over 7%; net finance costs down 17%; operational gearing down 8%; and net equity up 2% to just at ~ €40million. Standing at over twice our current market value, this last figure serves to demonstrate the strong asset backing behind SPDI.

"Trading at a discount to book value can reflect the risk of realised values not matching those reported in the accounts. We believe the existing 50%+ discount is excessive, particularly as the sales completed or conditionally agreed during the half year and post period have been in line with book value. This demonstrates the accuracy of the valuations we assign to our properties, and also the team's expertise in securing deals at attractive prices. In our view, SPDI represents a low cost opportunity to gain exposure to rapidly growing economies and the ongoing European yield compression play, one that was recognised during the period by members of the Board who accepted shares issued at a 100% premium to the then share price in lieu of fees accrued. As we continue to build and manage our portfolio of prime real estate, we are confident SPDI's shares will trade closer to the underlying value of the Company."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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1. Management Report

In Summary

The first half of 2017 was a period of strong and steady value generation for SPDI following the consolidation period of the previous years. Specifically the Company sold two assets in Ukraine: one income producing fully let core asset that was sold in January; and one non-core asset that was conditionally sold in July. Both properties have been sold at around book value and in aggregate, generated more than €6 million in cash in net proceeds for the Company, demonstrating again the mismatch between the Company's Net Asset Valuation compared to its market capitalisation, which currently stands at more than a 50% discount to book value. In addition, the Company prepared the sale of other non-core assets (with one being effected in July 2017) while undertaking a cost cutting plan, as embarked upon last year.

In Romania, the fastest growing economy in the EU, we spent time and resources progressing the refinancing of various components and facilitating sales within our residential portfolio, actions we believe will ideally place SPDI to reap the benefits of this advancing market. In parallel with this, we rented all the unlet ambient space at Innovations Logistics Terminal to Aquila Srl, a large Romanian logistics operator and Coca Cola's distributor in Romania. This followed the signing of a new sale and leaseback agreement with Bank of Piraeus after Nestle's departure from the building, which had prompted prolonged negotiations with the lending bank.

In July 2017, the Company closed the disposal of the Delia Lebada 40k sqm lake front plot of land on Pantelimon lake, which generated a profit of more than €3 million as the plot was recorded in the Company's books at a discounted €4.5 million, while the related loan (which the Company managed to negotiate a 50% haircut) was kept at full value of more than €6 million. By retaining a small percentage of the now debt free plot and the right to increase it, the Company has the option of tapping into any further value-add, should this prove possible.

In Ukraine, an economy that has been hampered by both the war and continuing tensions with neighboring Russia as well as the resulting drop in its GDP, SPDI concluded in January the sale of Terminal Brovary Logistic Park in Kiev ('Brovary'), generating more than €3 million in cash. A few months later, the Company conditionally sold its Kiyanovski land plot in Podil, a 0.55Ha plot of land very well located in this traditional neighborhood of Kiev, for a price greater than US\$3m million. Having received a non-refundable down payment of US\$100k, SPDI is awaiting the issuance of the construction permit, which will signal the second payment of ~ US\$1.4 million with the remainder of the cash following suit. As a result of these transactions, the Company is one of the few sellers in the country that managed to generate cash and not make a loss in the process.

The economic climate in South East Europe improved further in the first half of 2017.

Romania continues its fast growth after recording an annual rise of ~4% in GDP. Bucharest continues to boast almost no unemployment and its property market is continuing its uptrend with prices growing and cap rates dropping.

Greece managed to finalise the agreement with its international lenders (ECB, IMF and EU), which was signed within the period, removing most of the uncertainty surrounding its economic direction. With a primary surplus and indications pointing to possible GDP growth within 2017, the first non-recessionary year since 2012, Greece is poised to experience a positive economic reversal.

Following SPDI's profitable disposal of Delia Lebada in July as well as the cash generating sales in Ukraine, the Company's Gross Asset Value ("GAV") stood at €78 million as at September 2017, compared to €105 million the previous year. In addition, as the Brovary and Delia Lebada assets had higher than average leverage, the LTV for SPDI experienced a substantial drop and now stands at less than 50%, further reducing any risk associated with our assets in Ukraine (where we now have no debt whatsoever). As a result, and as shown in the table below our properties are now located mostly in Romania (55%) and Greece (21%), both economies with substantial near-term upside potential. In addition, the Company's debt is also centered around these economies and at much lower levels than in 2016, whereas our NAV picked up towards ~€40 million, 2% higher from the year end NAV. The results of our strategy to diversify out of our roots in Ukraine and invest in undervalued assets in countries with high growth potential, is paying off, with concrete results seen during the period.

GAV %
allocation
by Country*

	2013	2014	2015	Sep 2016	Sep 2017
Ukraine	100%	42%	21%	12%	11%
Greece	0%	21%	14%	16%	21%
Bulgaria	0%	0%	16%	17%	12%
Romania	0%	37%	49%	55%	55%
GAV (€ million)*	40	78	117	105	78

**Sep 2016 excludes Terminal Brovary and Sep 2017 excludes Terminal Brovary, Kyanovski lane and Delia Lebada*

The table below presents the operating performance for H1 2017 compared to H1 2016.

EUR	<i>P&L</i>	
	H1 2017	H1 2016
Income from Rental, Utilities, Management & Sale of electricity	2,913,509	2,662,556
Net Income from Sale of properties (ex revaluation)	88,601	91,872
Income from Operations of Investments	3,002,110	2,754,428
Asset operating expenses	(361,608)	(390,181)
Net Operating Income from Investments	2,640,502	2,364,247
Share of profits from associates	173,935	123,119
Net Income from Available for Sale assets (ex revaluation)	-	154,362
Total Income	2,814,437	2,641,728
Administration expenses	(1,064,671)	(1,154,011)
Operating Result (EBITDA)	1,749,766	1,487,717
Finance costs, net	(1,014,860)	(1,226,897)
Income tax expense	(21,085)	(45,507)
Depreciation / Amortization	(27,012)	(24,162)
Operating Result after finance, tax and depreciation/amortization expenses for the year	686,809	191,151
Other (expenses), net	(665)	(17,826)
Other finance costs		(169,118)
Loss realized on acquisition / disposal of subsidiaries	(206,797)	-
Fair Value (Losses) from investments	(509,343)	(203,390)
Foreign exchange gain / (losses), net	230,654	(1,057,555)
Profit / (Loss) for the period	200,658	(1,256,738)

2. Regional Economic Developments

Romania

In recent years, domestic consumption and foreign direct investments have been stimulating Romania's GDP growth. This trend continued throughout 2017 and led to 4.3% y-o-y growth in Q1 2017. Estimates for 2017 suggest that real GDP growth will remain strong, on the back of fiscal easing and wage increases.

Contrary to last year's deflation, annual inflation was 0.6% in June. The country's overall unemployment rate fell to 5.4% in May, almost 1% lower than a year ago. Unemployment is expected to remain at low levels in 2017 and 2018. In February 2017, the average net salary in Romania was 14.7% higher when compared to last year (February 2016).

Romania's budget posted a surplus of RON 1.35 billion (0.17% of the GDP) in the first four months of 2017. In April 2017, foreign direct investment fell to €148.40 million compared to €1.11 billion last year, while external debt rose to €94.3 billion.

Greece

Greece's economic recovery continued albeit slowly in Q1 2017, as the country returned to growth. Greece's GDP expanded 0.4% in Q1 2017 over the same quarter of the previous year. This was mainly due to an increase in private consumption, but the overall economic environment is still uncertain because of tight financing markets and continuing austerity measures. Business investing is nearly an all time low.

The unemployment rate fell to 21.7% in April 2017, compared to last year's 23.6% (April 2016). Consumer prices increased by 1% y-o-y in June 2017. The government recorded a budget deficit of €100.6 million in May 2017, but the arrears towards the private sector are heavily on the rise again, reaching ~€6 billion.

Bulgaria

Bulgaria's economy registered 0.9% growth in Q1 2017, compared to last year's 3.0% (for the same period). The flow of foreign direct investment dropped to €27 million in the first 4 months of 2017, compared to €517.3 million for the same period last year.

The inflation rate climbed to 1.9%, while the unemployment rate in May 2017 was 7.12%, recording a drop of almost 1.3 percentage points compared to a year ago. Exchange rates have remained stable compared to the same period last year at BGN 1.96 to the EUR.

The country's consolidated budget surplus for the first four months of 2017 was BGN 1.59 billion, or 1.6% of this year's estimated GDP, compared to 3.5% of GDP in the same period of 2016.

Ukraine

Since last year, the Ukrainian economy has been catching up after the appointment of the new Cabinet of Ministers in April 2016. The economy grew 2.5% in Q1 2017, compared to 0.1% for the same period last year.

Unemployment increased marginally to 10.5% in Q1 2017, from 10.3% in the same period last year. Consumer prices jumped 15.6% from a year earlier in June 2017, following a 13.5% increase in May and well above market expectations of 13.9%. It should also be noted that the UAH has further devalued and is now at 31 UAH to the EUR vs 28 last year.

3. Real Estate Market Developments

3.1 Romania

General

In 2016, the Romanian real estate market registered the fastest growth in the last 6 years. Developers want to take advantage of growing demand and thus, have intensified their activity in all sectors of the real estate market.

Logistics Market

The logistics market continued on a positive trend during the beginning of 2017 due to strong leasing activity. Average rents registered marginal growth.

Bucharest is the main industrial market in Romania, reaching 1,170,000 sqm GLA of modern industrial stock at year-end. More than 80% of this area is concentrated at the western edge of the A1 motorway (exit to Pitesti). Bucharest's market is expected to grow even more as there is 110,000 sqm stock under construction.

At national levels, total demand accounted for 410,000 sqm of major leases, while close to 70% of the area was leased for logistics, with the rest having a manufacturing destination. "The Capital concentrated almost 55% of demand, with major deals totaling 220,000 sqm. Take-up doubled in the last two years and increased by 7% in 2016. Bucharest remains specialized on logistics, reaching more than 90% of take-up."

Office Market

The Romanian office market registered record-high levels of demand in 2016. In Bucharest, a total of 265,000 sqm GLA buildings were completed last year. Northern Bucharest accounted for 65% of new deliveries, while the west 21% and the central area 14%.

The total take-up for Q1 2017 was 114,800 sqm or 110% higher y-o-y. During the first months of 2017, the Bucharest market registered more than 100,000 sqm of leasing transactions (almost double the number of transactions recorded in the same period last year).

The area of Barbu Vacarescu has transformed into the largest office area in Bucharest with over 28,000 sqm leased. Bucharest's modern office stock reached 2.44 million sqm GLA at year-end (75% is A-class stock).

The northern area has 56% of the existing stock, while areas located centrally and west account for 27% and 13% respectively. Fueled by economic growth, new entries and consolidation deals, demand jumped to a new record last year, both in Bucharest and outside the Capital.

A total market take-up of close to 400,000 sqm is expected during 2017, while net take-up will be close to 175,000 sqm.

Retail Market

Last year and the beginning of 2017 has been a superb period for the retail sector with new entrants in various sectors and an upward evolution for prime rental levels. Retail sales grew at a rate of 15.2% for non-food and at 13.7% for food products. In 2016, a total of 105,000 sqm GLA of stand-alone units and 23,170 sqm GLA of retail parks were completed. Inter Cora remains the most active developer in the sector.

Residential Market

Growing salaries, low interest rates and increasing demand benefited residential development. Residential activity saw increases in both new supply and sales. New supply increased by 3% in 2014, 4% in 2015 and 11% in 2016, while average prices grew by 3-10%.

Notably in north-west, new supply increased by 40.4%, while in south-east 19.8%, west 16.9% and north-east 16.5%. Small drops of supply were observed in Bucharest-Ilfov area (-9.6%) and south-western Romania (-2.4%).

3.2 Greece

General

The uncertainty behind the Greek crisis combined with political risk have been the main reasons behind investors' unwillingness to invest in Greek real estate markets. Prices in the market are now almost 60% lower compared to a decade ago. However, the near-term future looks more positive thanks to the latest reform agenda that was agreed and signs of an increase in investors' desire to acquire non-performing real estate loans from major Greek banks.

Logistics Market

In the logistics market, vacancy rates have fallen below 5% for quality properties over 5,000 sqm in the established regional areas of Athens due to increased demand for freight forwarding services. Additionally, new infrastructure investment is ongoing in the Piraeus Port by the new major shareholder and manager of the port, COSCO. The ongoing investment, combined with the port's railway connection to the Thriasio Freight Center is set to radically decrease the delivery time of freight from Asia and the Eastern Mediterranean to Europe.

3.3 Bulgaria

General

The growth trend in property prices in Sofia was maintained during the first months of 2017. Price growth since early 2016 is now approaching 20%. It is widely believed that the Bulgarian market is at the beginning of an upward movement, with expectations that this trend will continue for at least 2 years. The average property price in Sofia is now almost €1,000/sqm.

Residential Market

The average price of apartments sold in Sofia in Q1 was €985/sqm following an increase of 2.6% on a quarter-on-quarter basis and 18% annually. The average area of the purchased apartments is 90 sqm, while the average purchase price of the dwellings is around €90,000.

More than 50% of the total sales in Sofia are sales of new build homes. One-bedroom apartments have regained their attractiveness (55% of the purchased homes in Q1 2017), while immediately after them come two-bedroom apartments (32% of the purchases).

3.4 Ukraine

General

Ukrainian Real Estate Market remains subdued with Kiev registering almost all of the interest mainly in the retail and office sector. Yet new supply is far from reaching the market while vacancy rates slowly decrease. The main driver behind the increased interest is the desire to relocate to a more visible or accessible space. Overall vacancy has dropped below 20% for Kiev office and below 10% for retail space, while rents remain stable with mild growth prospects on the horizon. Industrial space demand and supply remain scant with vacancy rates standing at ~12% with stable rents. The residential market is showing signs of improvement especially considering the deflation of the currency and the view that real estate assets are considered a natural hedge.

4. Property Assets

4.1 GED Logistics center, Athens Greece

Property 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 houses a photovoltaic park of 1,000KWp.

The buildings are characterised 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 June 2017 is 100% occupied, with the major tenant (approximately 70%) being the German transportation and logistics company Kuehne + Nagel.

4.2 EOS Business Park – Danone headquarters, Romania

Property 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.

4.3 Praktiker Retail Center, Romania

Property 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

The complex is fully let to Praktiker Romania, a regional DIY retailer. During 2016 the Company negotiated the extension of the Praktiker lease agreement from 2020 until December 2025 for an annual rent of ~€600,000 and renegotiated the outstanding debt facility managing the outflows to match the timing and magnitude of the inflows.

4.4 Delenco office building, Romania

Property 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. As at the end of June 2017, the building is 100% let, with ANCOM (the Romanian Telecommunications Regulator) being the anchor tenant (70% of GLA).

4.5 Innovations Logistics Park, Romania

Property 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 an agreement with Nestle Ice Cream regarding the vacating of 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. The Company was finally pleased 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 of June 2017, the terminal is 60% leased.

4.6 Residential portfolio

- Romfelt Plaza (Doamna Ghica), Bucharest, Romania

Property description

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

Current status

During H1 2017 one unit was sold and at the end of June 2017, 17 apartments were available while 10 of them were rented, indicating an occupancy rate of 59%.

- Monaco Towers, Bucharest, Romania

Property 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

At the end of June 2017, 22 apartments were available while 7 of them were rented, indicating an occupancy rate of 32%.

- Blooming House, Bucharest, Romania

Property 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 H1 2017 one unit was sold and at the end of June 2017, 14 apartments were available while 6 were rented, indicating an occupancy rate of 43%.

- Green Lake, Bucharest, Romania

Property 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 metre 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

During H1 2017, six apartments and villas were sold while at the end of June 2017, of the 61 units that were unsold 16 of them were let.

- Boyana Residence, Sofia, Bulgaria

Property 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 11,400 sqm. The complex includes adjacent land plots with building permits under renewal to develop GBA of 21,851 sqm.

Current status

During H1 2017, out of the 40 available units, three were sold, with 37 remaining unsold at the end of June 2017.

4.7 Land Assets

- Aisi Bela – Bela Logistic Center, Odessa, Ukraine

Property 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

Property 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 businesses and luxury residences with beautiful protected views overlooking the scenic Dnipro River, St. Michaels' Spires and historic Podil.

Current status

In July, the Company announced the conditional sale of its Kiyanovski land asset to Riverside Developments.

- Tsymlyanskiy Lane – Kiev, Ukraine

Property 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

Property 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

Property description

The 42 Ha land plot located in Kiev Oblast is destined to be developed as a residential complex. Following a 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

Property 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 and then again in 2017. Yet the property development has been on hold. In 2016 the Company, its partner and the lending bank (Bank of Cyprus) entered into discussions regarding finance cost payments. An agreement was reached that included the SPV owning the plot entering into an insolvency status. Such discussions were concluded amicably during Q2 with the end result being that the Company's partner bought out the lending bank's loan at a haircut (through the insolvency process). Simultaneously, the associated property loan with the Bank of Cyprus was settled with parallel removal of the associated corporate guarantee. Following completion of the disposal in Q3 2017, the Company will retain a 5% interest in the Special-Purpose Vehicle ("SPV") which will hold the land asset debt free.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended	
	Note	30 June 2017	30 June 2016
		€	€
Income	7	2.913.509	2.662.556
Asset operating expenses	8	<u>(361.608)</u>	<u>(390.182)</u>
Net Operating Income		2.551.901	2.272.374
Administration expenses	9	(1.091.683)	(1.178.173)
Share of profits/(losses) from associates	18	173.935	123.119
Valuation gains/(losses) from Investment Property	10	(381.499)	636.436
Net loss on disposal of Inventory	11a	(43.874)	(291.856)
Net gain/(loss) on disposal of Investment Property	11b	4.631	(456.098)
Result on disposal of subsidiaries	17	(221.990)	-
Gain realized on acquisition of assets		15.193	-
Other operating income/(expenses), net	12	(665)	(17.826)
Operating profit / (loss)		1.005.949	1.087.976

Finance income	13	9.841	363.136
Finance Cost	13	(1.024.701)	(1.759.150)
Foreign exchange (loss), net	14a	(1.733.039)	(98.818)
Foreign exchange transfer on disposal of foreign operation	17	(37.567.055)	-
Profit / (Loss) before tax		(39.309.005)	(406.856)
Income tax expense	15	(21.085)	(45.507)
Profit / (Loss) for the period		(39.330.090)	(452.363)
Other comprehensive income			
Exchange difference on I/C loans to foreign holdings	14b	37.567.055	(1.485.262)
Exchange difference on translation of foreign operations	26	1.963.693	526.525
Available-for-sale financial assets – fair value gain	22	-	154.362
Total comprehensive income for the period		200.658	(1.256.738)
Profit / (Loss) attributable to:			
Owners of the parent		(39.285.649)	(309.941)
Non-controlling interests		(44.441)	(142.422)
		(39.330.090)	(452.363)
Total comprehensive income attributable to:			
Owners of the parent		269.277	(1.095.116)
Non-controlling interests		(68.619)	(161.622)
		200.658	(1.256.738)
Earnings / (Losses) per share (Euro cent per share):			
	34b		
Basic earnings/(losses) for the period attributable to ordinary equity owners of the parent		(0,44)	(0,00)
Diluted earnings/(losses) for the period attributable to ordinary equity owners of the parent		(0,38)	(0,00)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2017

	Note	30 June 2017	31 December 2016	30 June 2016
		€	€	€
ASSETS				
Non-current assets				
Investment properties	16.4a	81.352.640	95.654.207	91.947.652
Investment properties under development	16.4b	4.644.234	5.027.986	5.044.136
Tangible and intangible assets	19	89.195	129.396	146.232
Long-term receivables and prepayments	20	296.814	351.181	351.187
Investments in associates	18	5.345.226	5.217.310	5.011.063
Available for sale financial assets	22	<u>-</u>	<u>-</u>	<u>2.937.897</u>
		91.728.109	106.380.080	105.438.167
Current assets				
Inventories	21	4.812.550	5.028.254	10.397.364
Prepayments and other current assets	23	3.908.851	2.778.361	5.563.906
Cash and cash equivalents	24	<u>1.852.546</u>	<u>1.701.007</u>	<u>870.457</u>
		10.573.947	9.507.622	16.831.727
Total assets		102.302.056	115.887.702	122.269.894
EQUITY AND LIABILITIES				
Issued share capital	25	1.035.893	900.145	900.145
Share premium		123.093.334	122.874.268	122.874.268
Foreign currency translation reserve	26	12.125.164	10.161.471	7.179.548
Exchange difference on I/C loans to foreign holdings	36.3	-	(37.567.055)	(34.884.775)
Available for sale financial assets – fair value reserve		-	-	639.891
Accumulated losses		(96.729.669)	(57.444.020)	(55.390.268)
Equity attributable to equity holders of the parent		39.524.722	38.924.809	41.318.809
Non-controlling interests	27	7.170.082	7.237.827	453.905
Total equity		46.694.804	46.162.636	41.772.714
Non-current liabilities				
Borrowings	28	21.373.207	16.895.155	23.992.210
Finance lease liabilities	32	10.635.551	11.081.379	11.125.693
Trade and other payables	29	437.805	451.123	4.449.165
Deposits from tenants	30	<u>215.526</u>	<u>217.328</u>	<u>789.660</u>

		32.662.089	28.644.985	40.356.728
Current liabilities				
Borrowings	28	15.996.238	31.580.299	27.313.842
Trade and other payables	29	4.888.555	7.038.170	4.107.772
Taxes payable	31	945.165	1.147.018	926.023
Redeemable preference shares	25.5	-	-	6.430.536
Provisions	31	742.098	742.166	724.219
Deposits from tenants	30	-	271.019	135.135
Finance lease liabilities	32	<u>373.107</u>	<u>301.409</u>	<u>502.925</u>
		22.945.163	41.080.081	40.140.452
Total liabilities		55.607.252	69.725.066	80.497.180
Total equity and liabilities		102.302.056	115.887.702	122.269.894
Net Asset Value (NAV) € per share:	34c			
Basic NAV attributable to equity holders of the parent		0,38	0,43	0,46
Diluted NAV attributable to equity holders of the parent		0,38	0,38	0,40

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company						Total	Non-controlling interest	Total
	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			
	€	€	€	€	€	€			
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 period			(309.941)	-	-	-	(309.941)	(142.422)	(452.363)
Exchange difference on I/C loans to foreign holdings (Note 14b)	-	-	-	(1.485.262)	-	-	(1.485.262)	-	(1.485.262)
Foreign currency translation reserve	-	-	-	-	526.525	-	526.525	(19.200)	507.325
Fair value gain on available-for-sale financial assets	-	-	-	-	-	154.362	154.362	-	154.362
Balance - 30 June 2016	900.145	122.874.268	(55.390.268)	(34.884.775)	7.179.548	639.891	41.318.809	453.905	41.772.714
Loss for the period	-	-	(2.053.752)	-	-	-	(2.053.752)	153.474	-1.900.278
Exchange difference on I/C loans to foreign holdings (Note 14b)	-	-	-	(2.682.280)	-	-	(2.682.280)	-	-2.682.280
Foreign currency translation reserve	-	-	-	-	2.981.923	-	2.981.923	(11.549)	2.970.374
Fair value gain on available-for-sale financial assets	-	-	-	-	-	(639.891)	(639.891)	-	-639.891
Issue of share capital, net (Note 25)	-	-	-	-	-	-		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
Loss for the period			(1.718.594)				(1.718.594)	(44.441)	(1.763.035)
Exchange difference on I/C loans to foreign holdings (Note 14b)			(37.567.055)	37.567.055			-		-
Foreign currency translation reserve					1.963.693		1.963.693	(24.178)	1.939.515
Non-controlling interest acquired								874	874
Issue of share capital, net (Note 25)	135.748	219.066					354.814		354.814
Balance - 30 June 2017	1.035.893	123.093.334	(96.729.669)	-	12.125.164	-	39.524.722	7.170.082	46.694.804

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 year-s 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 2014, 2015, 2016 and for the six months period in 2017. The Group treats the mentioned loans as a part of the net investment in foreign operations (Note 36.3).

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 Company'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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Note	30 June 2017	30 June 2016
		€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(39.309.005)	(406.856)
<u>Adjustments for:</u>			
(Gains)/losses on revaluation of investment property	10	381.499	(636.436)
Other non-cash movements		-	1.055
Other expenses/(income)		-	(32)
Account payables write off	12	(1.250)	-
Provision for impairment of prepayments and other current assets	12	(4.390)	772
Depreciation/ Amortization charge	9	27.012	24.162
Finance income	13	(6.399)	(363.136)
Interest expense	13	983.191	1.590.033
Share of losses/ (profits) from associates	18	(173.935)	(123.119)
Gain on acquisition of subsidiaries		(15.193)	-
Change in tax provision		(68)	(226)
Effect of foreign exchange differences	14a	1.733.039	98.818
Foreign exchange transfer on disposal of foreign operations	14.b	37.567.055	-
Net gain/(loss) on the sale of investment property	11.b	(4.631)	456.098
Loss on disposal of subsidiaries	17	221.990	-

Cash flows used in operations before working capital changes		1.398.915	641.133
Change in inventories	21	215.704	902.636
Change in prepayments and other current assets	23	(780.545)	(280.991)
Change in trade and other payables	29	(1.852.325)	836.354
Change in VAT and other taxes receivable	23	96.115	(492.149)
Change in other taxes payables	31	(61.718)	131.873
Increase in long term receivables	20	(45.633)	-
Change in deposits from tenants	30	31.970	165.925
Cash generated from operations		(997.517)	1.904.781
Income tax paid		(130.615)	(73.397)
Net cash flows provided/(used) in operating activities		(1.128.132)	1.831.384
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flow for the disposal of subsidiary	17	2.844.494	-
Cash outflow from acquisition of assets		(1.249.807)	-
Capital expenditure on tangible and intangible assets		(7.005)	-
Dividend received from associate		109.595	-
Sales proceeds on the sale of Investment Property		135.393	1.627.761
Interest received		1.754	363.136
Net cash flows from / (used in) investing activities		1.834.424	1.990.897
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital/shareholders advances	25	354.814	-
Repayment of principle amount of borrowings	28	(1.106.933)	(2.653.108)
Proceeds from bank and nonbank loans		1.414.530	-
Interest and financial charges paid		(1.078.815)	(1.357.034)
Decrease in financial lease liabilities	32	(138.349)	162.896
Net cash flows from / (used in) financing activities		(554.753)	(3.847.246)
Net increase/(decrease) in cash at banks		157.867	(41.029)
Cash:			
At beginning of the period		1.701.007	895.422
Effect of foreign exchange rates on cash and cash equivalents		(6.328)	16.064
At end of the period	24	1.852.546	870.457

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2017

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 at Cyprus is 11 Bouboulinas Street.

Principal activities

The principal activities of the Company, 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 17 Full Time Equivalent, (2016 → 26 people).

2. Adoption of new and revised Standards and Interpretations

The accounting policies adopted for the preparation of these condensed consolidated interim financial statements for the six months ended 30 June 2017 are consistent with those followed for the preparation of the annual financial statements for the year ended 31 December 2016.

3. Significant accounting policies

3.1 Statement of compliance

The condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Certain information and footnote disclosures normally included in the condensed consolidated interim financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") have been condensed or omitted. However, such information reflects all adjustments (consisting of normal recurring adjustments), which are, in the opinion of the Group's Management, necessary to fairly state the results of interim periods.

Interim results are not necessarily indicative of the results to be expected for the full year.

The 31 December 2016 statement of financial position was derived from the audited consolidated financial statements.

3.3 Basis of consolidation

The condensed consolidated interim 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 Company 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.

Changes in ownership interests in subsidiaries without change of control and Disposal of Subsidiaries

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 for all Greek and Cypriot subsidiaries.

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

As Management records the condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim statement of comprehensive income as part of the gain or loss on sale;
- 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 recognized 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:

Currency	Average for the period			Closing as at		
	1 Jan 2017 - 30 June 2017	1 Jan 2016 - 31 December 2016	1 Jan 2016 - 30 June 2016	30 June 2017	31 December 2016	30 June 2016
USD	1,0830	1,1069	1,1159	1,1412	1,0541	1,1102
UAH	28,9372	28,2854	28,4201	29,7868	28,4226	27,5635
RON	4,5362	4,4908	4,5218	4,5539	4,5411	4,5210
BGN	1,9558	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 have 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.

Initial measurement and recognition

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 condensed consolidated interim 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.

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 as of year-end 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.

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 condensed 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.

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 period/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 continuing 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 Company 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 Company 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 recognized on trade-date which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs. Financial assets are

derecognized 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 recognized 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 recognized in the profit or loss. Dividends on available-for-sale equity instruments are recognized 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 recognized in profit or loss, is removed from equity and recognized in profit or loss.

In respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized 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.

3.10 Inventory

Inventory principally comprises land purchased for development and property under construction. 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 capitalized and recognized as inventory. Inventory is carried at the lower of cost and net realizable value.

3.11 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized 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 extent 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 amortized 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 capitalized 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

3.13.1 Classification as debt or equity

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.

3.13.2 Equity instruments

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.

3.13.3 Financial liabilities

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

3.13.3.1 Financial liabilities at FVTPL

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.

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 condensed 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 condensed 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 condensed 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.

3.16 Cash and Cash equivalents

Cash and cash equivalents include cash balances, call deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdraft 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 Company 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 condensed 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:

3.23.1 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 period/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 condensed 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.

3.28.3 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 where 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.
- 19% on Romanian domestic sales and imports of goods, works and services (reduced to 20% in 2016) 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.
- 24% on Greek 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 Greece.

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 condensed consolidated interim 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 period/year, attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period/year. Basic NAV amounts are calculated by dividing net asset value as at period/year end, attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding at the end of the period/year.

Diluted EPS is calculated by dividing net profit/loss for the period/year, attributable to ordinary equity holders of the parent, by the weighted average number of ordinary shares outstanding during the period/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 period/year end, attributable to ordinary equity holders of the parent with the number of ordinary shares outstanding at period/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 period/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 16).

- **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. The reasons for such conclusion are among others that the Company:

- a) is not an Investment Management Service provider to Investors,
- b) 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) has investments that are not bound by time in relation to the exit strategy nor to the way that are being exploited,
- d) provides 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 than 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 holding and development associated risks, 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 management 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 country risk, stemming from the political and economic environment of countries in which it operates. Notably:

5.1.1.1 Ukraine

In the recent years, Ukraine has been in a political and economic turmoil. Crimea, an autonomous republic of Ukraine, was effectively annexed by the Russian Federation. In 2017, an armed conflict with separatists continued in certain parts of Luhansk and Donetsk regions. These events resulted in higher inflation, devaluation of the national currency against major foreign currencies, illiquidity and volatility of financial markets during 2014-2015 years.

For the six-month period ended 30 June 2017 average inflation amounted to 7,9% comparing to 4,9% for the six-month period ended 30 June 2016. For the whole 2016 year the inflation rate in Ukraine was 12% (as compared to 43% in 2015).

The economic situation continues its stabilization in 2017, which resulted in GDP growth around 2,5% for the six-month period ended 30 June 2017 (GDP returned to nominal growth of 1% in 2016 after 9% decline in 2015) and stabilization of Ukrainian Hryvnia. This allowed the National Bank of Ukraine to ease some foreign exchange restrictions imposed during 2014-2015, including decrease of the required share of foreign currency proceeds sale to 50% and permission of dividends remittance. However, certain other restrictions were prolonged. Significant external financing is required to support the economy. As at 4 April 2017, Ukraine received the fourth tranche of extended fund facilities (EFF) agreed with the IMF. Further stabilization of the economic and political situation depends, to a large extent, upon success of the Ukrainian government's efforts.

5.1.1.2 Greece

During the reporting period the Greek government finalized discussions with the creditor institutions (EU/ECB/IMF/ESM) and is now entering into the 3rd evaluation of the current program. If such evaluation finalizes as planned, political and economic instability for the country will decrease significantly. In any event, the 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. The country continues to operate under capital controls and restrictions as imposed by the government on 27 June 2015.

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.

5.1.2 Risks associated with property holding

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. Following the disposal of the Terminal Brovary Logistics beginning of the year the Group's presence in Ukraine in terms of Gross Asset Value has been reduced to 11% and as a result the group's exposure to Ukrainian risks has been minimized.

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.

5.1.6 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 €. 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. Following the disposal of the Terminal Brovary Logistics beginning of the year the Group's presence in Ukraine in terms of Gross Asset Value has been reduced to 11% and as a result the group's exposure to Ukrainian risks has been minimized.

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 39.1 of the condensed consolidated interim 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 Company 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 31 December 2016.

6. Investment in subsidiaries

The Company has direct and indirect holdings in other companies, collectively called the Group, that were included in the condensed consolidated interim financial statements, and are detailed below:

Name	Country	Related Asset	Holding %		
			as at 30 June 2017	as at 31 Dec 2016	as at 30 June 2016
SC SECURE Capital Ltd	Cyprus		100	100	100
SL SECURE Logistics Ltd	Cyprus	Terminal Brovary Logistics Park	0	100	100
LLC Aisi Brovary	Ukraine		0	100	100
LLC Terminal Brovary	Ukraine		0	100	100
LLC Aisi Ukraine	Ukraine	Kiyanovskiy Residence	100	100	100
LLC Retail Development Balabino	Ukraine		100	100	100
LLC Trade Center	Ukraine		100	100	100
LLC Almaz-press-Ukrayina	Ukraine	Tsymlianskiy Residence	55	55	55
LLC Aisi Bela	Ukraine	Bela Logistic Center	100	100	100
LLC Interterminal	Ukraine	Zaporizhia Retail Center	100	100	100
LLC Aisi Ilvo	Ukraine		100	100	100
Myrnes Innovations Park Ltd	Cyprus	Innovations Logistics Park	100	100	100
Best Day Real Estate SRL	Romania		100	100	100
Yamano Holdings Ltd	Cyprus	EOS Business Park	100	100	100
Secure Property Development and Investment Srl	Romania		100	100	100
N-E Real Estate Park First Phase Srl	Romania		100	100	100
Victini Holdings Ltd	Cyprus	GED Logistics	100	100	100
SPDI Logistics S.A.	Greece		100	100	100
Zirimon Properties Ltd	Cyprus	Delea Nuova	100	100	100
Bluehouse Accession Project IX Ltd	Cyprus	Praktiker Craiova	100	100	100
Bluehouse Accession Project IV Ltd	Cyprus		100	100	100
Bluebigbox 3 Srl	Romania		100	100	100
SPDI Real Estate SRL	Romania	Kindergarten	50	-	-
SEC South East Continent Unique Real Estate Investments II Ltd	Cyprus		100	100	100
SEC South East Continent Unique Real Estate (Secured) Investments Ltd	Cyprus		100	100	100
Diforio Holdings Ltd	Cyprus	Residential and Land portfolio	100	100	100
Demetiva Holdings Ltd	Cyprus		100	100	100
Ketiza Holdings Ltd	Cyprus		90	90	90
Frizomo Holdings Ltd	Cyprus		100	100	100

SecMon Real Estate SRL	Romania	100	100	100
SecVista Real Estate SRL	Romania	100	100	100
SecRom Real Estate SRL	Romania	100	100	100
Ketiza Real Estate SRL	Romania	90	90	90
Edetrio Holdings Ltd	Cyprus	100	100	100
Emakei Holdings Ltd	Cyprus	100	100	100
RAM Real Estate Management Ltd	Cyprus	50	50	50
Iuliu Maniu Ltd	Cyprus	45	45	45
Moselin Investments srl	Romania	45	45	45
Rimasol Enterprises Ltd	Cyprus	44,24	44,24	44,24
Rimasol Real Estate Srl	Romania	44,24	44,24	44,24
Ashor Ventures Ltd	Cyprus	44,24	44,24	44,24
Ashor Development Srl	Romania	44,24	44,24	44,24
Jenby Ventures Ltd	Cyprus	44,30	44,30	44,30
Jenby Investments Srl	Romania	44,30	44,30	44,30
Ebenem Ltd	Cyprus	44,30	44,30	44,30
Ebenem Investments Srl	Romania	44,30	44,30	44,30
Sertland Properties Ltd	Cyprus	100	100	100
Boyana Residence ood	Bulgaria	100	100	100
Mofben Investments Ltd	Cyprus	100	100	100
Delia Lebada Invest srl	Romania	65	65	65
SPDI Management SRL	Romania	100	100	100

7. Income

Income for the period ended 30 June 2017 represents:

- 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 Innovations Logistics Park (Romania), EOS Business Park (Romania), Praktiker Craiova (Romania), and GED Logistics (Greece),
- income from the sale of electricity by GED Logistics to the Greek grid,
- rental income and service charges by tenants of the Residential Portfolio, and;
- income from third parties and /or partners for managing real estate properties.

	30 June 2017	30 June 2016
	€	€
Rental income	1.609.640	2.345.038
Sale of electricity	162.806	164.607
Service charges and utilities income	93.335	152.911
Service and property management income	1.047.728	-
Total income	2.913.509	2.662.556

55% of the rental income reduction on a comparable basis results from the sale of Terminal Brovary in Ukraine while the rest is due to the income lost from Nestle pursuant to the agreement for early termination of rental contract at Innovation Logistics Park.

Occupancy rates in the various income producing assets of the Group as at 30 June 2017 were as follows:

Income producing assets			
%		30 June 2017	30 June 2016
EOS Business Park	Romania	100%	100%
Innovations Logistics Park	Romania	60%	87%
GED Logistics	Greece	100%	100%
Terminal Brovary Logistics Park	Ukraine	sold	100%
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).

	30 June 2017	30 June 2016
	€	€
Property related taxes	(139.949)	(121.707)
Utilities	(59.892)	(97.170)
Property management fees	(59.951)	(72.376)
Repairs and technical maintenance	(47.042)	(26.581)
Property security	(24.863)	(21.194)
Property insurance	(23.612)	(25.965)
Land Leasing expenses	(6.299)	(25.189)
Total	(361.608)	(390.182)

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 Innovation Logistics Park and Praktiker Craiova with third party managers outsourcing the related services.

9. Administration Expenses

	30 June 2017	30 June 2016
	€	€
Salaries and Wages	(438.066)	(480.484)
Legal fees	(69.498)	(44.123)
Advisory fees	(133.875)	(169.548)
Corporate registration and maintenance fees	(105.006)	(89.765)
Travelling and other office expenses	(71.586)	(78.148)
Audit and accounting fees	(66.781)	(74.758)
Public entity expenses	(84.549)	(67.166)
Depreciation/Amortization charge	(27.012)	(24.162)
Sundry expenses	(95.310)	(150.019)
Total Administration Expenses	(1.091.683)	(1.178.173)

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, as well as the salary cost of personnel employed in the region.

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

Advisory fees are mainly related to outsourced man power on the basis of advisory contracts, capital raising advisory expenses and marketing expenses incurred by the Group.

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

Public entity expenses include fees paid to the London Stock Exchange (LSE) and the Nominated Advisor of the Company as well as other expenses related to the listing of the Company.

Sundry expenses include rent expenses for offices, marketing expenses and security expenses for offices and all other general expenses for Cypriot, Romanian, Ukrainian, Bulgarian and Greek operations.

During 2016 the BoD decided not to receive any remuneration starting from 2017.

10. Valuation gains /(losses) from investment properties

Following the Group's accounting policy which prescribes the yearly valuation of the investment properties the Group did not perform valuation its assets as of 30 June 2017. At the same time, the Group adopted the decision to keep the value of its investment property at the same level as it was defined as of 31 December 2016 in the currencies in which the valuation was performed (EUR for Romanian subsidiaries and USD for Ukrainian ones). Since during the 1H 2017 the functional currencies of the Romanian and Ukrainian subsidiaries changed their value against EUR and USD, respectively, the resulting effect was recognized as the valuation gain/loss in the consolidated financial statements.

Valuation gains /(losses) from investment property for the six month reporting period, excluding foreign exchange translation differences which are incorporated in the table of Note 16, are presented in the table below.

Property Name	Valuation gains/(losses)	
	30 June 2017	30 June 2016
	€	€
Terminal Brovary Logistics Park	-	349.332
Bela Logistic Center	(157.983)	145.991
Kiyanovskiy Lane	(104.328)	91.243
Tsymlianskiy Lane	(32.789)	28.677
Balabino Lane	(47.693)	44.318
Rozny Lane	(86.887)	(23.125)
Innovations Logistics Park	31.039	-
EOS Business Park	19.357	-
Residential Portfolio	12.345	-
Green Lake	50.563	-
Pantelimon Lake	13.714	-
Praktiker Craiova	21.163	-
GED Logistics	(100.000)	-
Total	(381.499)	636.436

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 proceeds 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 during the period is presented below.

11.a Inventory

	30 June 2017	30 June 2016
	€	€
Income from sale of inventory	171.834	610.780
Cost of inventory (Note 21)	(215.708)	(902.636)
Gain/(Loss) from disposal of inventory	(43.874)	(291.856)

In H1-2017, the Group sold 3 apartments in Bulgaria while in H1-2016 sold 11 apartments (and 4 parking spaces).

11.b Investment property

A large part of sold properties during H1 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 €324.695 against the one off repayment of the associated debt (Note 13). The net cash proceeds from the sale were ~€450k. In H1-2017, the Group sold 2 apartments in Romania while in H1-2016 29 apartments (and 20 parking spaces).

	30 June 2017	30 June 2016
	€	€
Income from sale of investment property	135.393	1.627.761
Cost of investment property (Note 16.2)	(130.762)	(2.083.859)
Gain/(Loss) from disposal of investment property	4.631	(456.098)

12. Other operating income/ (expenses), net

	30 June 2017	30 June 2016
	€	€
Accounts payable write off	1.250	-
Provision for impairment of prepayments and other current assets	4.390	-
Other income	5.640	-
Impairment	-	(772)
Penalties	(1.584)	(8.814)
Other expenses	(4.721)	(8.240)
Other expenses	(6.305)	(17.826)
Total	(665)	(17.826)

13. Finance costs and income

	30 June 2017	30 June 2016
	€	€
Finance income		
Interest income from non-bank loans (Note 36.1)	4.645	38.041
Bank Loan written off (Note 28)	-	324.695
Bank interest income	1.754	400

Other finance income	3.442	-
Total finance income	9.841	363.136

Finance costs		
Borrowing interest expenses	(715.065)	(1.320.634)
Finance leasing interest expenses	(268.126)	(269.398)
Finance charges and commissions	(41.510)	(72.070)
Other finance expenses	-	(97.048)
Total finance costs	(1.024.701)	(1.759.150)
Net finance result	(1.014.860)	(1.396.014)

Interest income from non-bank loans represents interest receivable from loans to associate (in 2016 was included also interest income from Autounion, Available for sale investment, which was disposed in H2 2016).

Bank Loan written off represents a debt amount written off following completion of the bulk sale of the of Linda Residence properties (Note 28).

Borrowing interest expense represents interest expense charged on bank and non-bank borrowings (Note 28). The reduction reflects the disposal of Terminal Brovary asset together with the associated EBRD loan.

Finance leasing interest expenses relate to the sale and lease back agreements of the Group (Note 32).

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

Other finance expenses mainly represent the penalties that Piraeus Leasing charged to Best Day SRL for overdue installments during the period when the Company and Nestle were trying to get Piraeus Leasing agreeing on the early termination.

14. 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. The exchange loss from continuing operations for the period ended 30 June 2017 amounted to €1.733.039 (30 June 2016: loss €98.818).

b. Exchange difference on intercompany loans to foreign holdings

The intercompany loans provided by SC Secure Capital Limited to Ukrainian subsidiaries (Note 36.3) incurred an aggregate non-realized exchange loss of €37.567.055, due to the UAH devaluation which took place from the date of acquisitions (in 2006). Under the IAS 21 paragraph 48, when a foreign operation is disposed of, the cumulative amount of the exchange differences recognized in other comprehensive income and accumulated in the separate component of equity relating to that foreign operation shall be recognized in profit or loss upon disposal.

15. Income Tax Expense

	30 June 2017	30 June 2016
	€	€
Current income and defense tax expense	(21.085)	(45.507)
Taxes	(21.085)	(45.507)

For period ended 30 June 2017, the corporate income tax rate for the Company's subsidiaries are as follows: in Ukraine 19%, 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%.

16. Investment Property

16.1 Investment Property Holdings

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 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. It is situated in a prime location in Craiova, Romania and it is fully let to Praktiker, a regional DIY retailer. The property has a gross leasable 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 ~60% leased at the end of the reporting period.
- **Terminal Brovary Logistics 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 Company sold the asset at the end of January 2017, generating a net cash inflow of over US\$3m.
- During the period the Company proceeded with an internal reorganization and the **Kindergarten of GreenLake** which was under the ownership of its associate Green Lake Development Srl was acquired by a separate entity (SPDI Real Estate). The Kindergarten is fully let to one of Bucharest's leading private schools and produces an annual rent inflow of ~€115.000.

Residential Assets

- The Company owns a **residential portfolio**, consisting at the end of the reporting period of partly let and income producing 67 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 in May 2015 (Note 18) and in May 2016 proceeded in full divestment from Linda Residences. The aggregate residential portfolio is ~35% 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.
- **Kiyanovskiy Lane** consists of four adjacent plots of land, totaling 0,55 Ha earmarked for a residential development, overlooking the scenic Dnipro River, St. Michael's Spires and historic Podil neighborhood. Beginning of July 2017 the Company announced the conditional sale of its Kiyanovski land asset to Riverside Developments ('Riverside'), a large Ukrainian developer, for a price to be finally determined at closing but will be in excess of US\$3 million (which reflects approximately the valuation at the year-end accounts) (Note 40.2).
- **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 18). 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, has been renewed. Beginning of July 2017 the plot was disposed and the associated debt was settled and following completion of the disposal the Company will retain a 5% interest in the Special-Purpose Vehicle ("SPV") which will hold the land asset post disposal debt free (Note 40.1).

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

16.2 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.

30 June 2017 (€)		Fair Value movements			Asset Value at the Beginning of the period or at Acquisition/Transfer date			
Asset Name	Type	Carrying amount 30/06/2017	Foreign exchange translation difference (a)	Fair value gain/(loss) based on local currency valuations (b)	Disposals 30/06/2017	Transfer from prepayments made for investments	Additions 30/06/2017	Carrying amount as at 31/12/2016
Terminal Brovary Logistics Park	Warehouse	-	-	-	(14.900.000)	-	-	14.900.000
Bela Logistic Center	Land	4.644.234	(225.769)	(157.983)	-	-	-	5.027.986
Kiyanovskiy Lane	Land	3.066.946	(149.094)	(104.328)	-	-	-	3.320.368
Tsymlianskiy Lane	Land	963.898	(46.857)	(32.789)	-	-	-	1.043.544
Balabino	Land	1.402.033	(68.157)	(47.693)	-	-	-	1.517.883
Rozny Lane	Land	1.051.525	-	(86.887)	-	-	-	1.138.412
Total Ukraine		11.128.636	(489.877)	(429.680)	(14.900.000)	-	-	26.948.193
Innovations Logistics Park	Warehouse	11.000.000	(31.039)	31.039	-	-	-	11.000.000
EOS Business Park	Office	6.860.000	(19.357)	19.357	-	-	-	6.860.000
Residential portfolio	Residential	4.244.238	(12.345)	12.345	(130.762)	-	-	4.375.000
Green Lake	Land	17.919.000	(50.563)	50.563	-	-	-	17.919.000
Pantelimon Lake	Land	4.860.000	(13.714)	13.714	-	-	-	4.860.000
Praktiker Craiova	Retail	7.500.000	(21.163)	21.163	-	-	-	7.500.000
GreenLake - kindergarten	Commercial	1.265.000	-	-	-	-	1.265.000	-
Total Romania		53.648.238	(148.181)	148.181	(130.762)	-	1.265.000	52.514.000
Boyana	Land	4.720.000	-	-	-	-	-	4.720.000
Total Bulgaria		4.720.000	-	-	-	-	-	4.720.000
GED Logistics	Warehouse	16.500.000	-	(100.000)	-	-	100.000	16.500.000
Total Greece		16.500.000	-	(100.000)	-	-	100.000	16.500.000
Total		85.996.874	(638.058)	(381.499)	(15.030.762)	-	1.365.000	100.682.193

30 June 2016 (€)		Fair Value movements			Asset Value at the Beginning of the period or at Acquisition/Transfer date			
Asset Name	Type	Carrying amount 30/06/2016	Foreign exchange translation difference (a)	Fair value gain/(loss) based on local currency valuations (b)	Disposals	Transfer from prepayments made for investments	Additions 2015	Carrying amount as at 31/12/2015
Terminal Brovary Logistics Park	Warehouse	12.069.897	(543.759)	349.332	-	-	-	12.264.324

Bela Logistic Center	Land	5.044.136	(227.244)	145.991	-	-	-	5.125.389
Kiyanovskiy Lane	Land	3.152.586	(142.025)	91.243	-	-	-	3.203.368
Tsymlianskiy Lane	Land	990.812	(44.637)	28.677	-	-	-	1.006.772
Balabino	Land	1.531.256	(68.984)	44.318	-	-	-	1.555.922
Rozny Lane	Land	1.170.960	-	(23.125)	-	-	-	1.194.085
Total Ukraine		23.959.647	(1.026.649)	636.436	-	-	-	24.349.860
Overall change in Ukraine			(390.213)		-	-	-	
Innovations Logistics Park	Warehouse	14.400.000	-	-	-	-	-	14.400.000
EOS Business Park	Office	6.550.000	-	-	-	-	-	6.550.000
Residential portfolio	Residential	4.638.141	-	-	(2.083.859)	-	-	6.722.000
Green Lake	Land	17.932.000	-	-	-	-	-	17.932.000
Pantelimon Lake	Land	5.812.000	-	-	-	-	-	5.812.000
Praktiker Craiova	Retail	7.200.000	-	-	-	-	-	7.200.000
Total Romania		56.532.141	-	-	(2.083.859)	-	-	58.616.000
GED Logistics	Warehouse	16.500.000	-	-	-	-	-	16.500.000
Total Greece		16.500.000	-	-	-	-	-	16.500.000
Total		96.991.788	(1.026.649)	636.436	(2.083.859)	-	-	99.465.860

16.3 Investment Property Valuations per asset

The table below presents the values of the individual assets as appraised by the 2016 appointed valuer.

<u>Asset Name</u>	<u>Description/ Location</u>	<u>Principal Operation</u>	<u>Related Companies</u>	<u>Carrying amount as at (€)</u>	
				30 June 2017	31 Dec 2016
Terminal Brovary Logistics Park	Brovary, Kiev oblast	Warehouse	LLC TERMINAL BROVARY LLC AISI BROVARY SL LOGISTICS LIMITED	-	14.900.000
Bela Logistic Center	Odesa	Land and Development Works for Warehouse	LLC AISI BELA	4.644.234	5.027.986
Kiyanovskiy Lane	Podil, Kiev City Center	Land for residential development	LLC AISI UKRAINE	3.066.946	3.320.368
Tsymlianskiy Lane	Podil, Kiev City Center	Land for residential Development	LLC ALMAZ PRES UKRAINE	963.898	1.043.544
Balabino	Zaporizhia	Land for retail development	LLC INTERTERMINAL LLC AISI Ilvo	1.402.033	1.517.883
Rozhny Lane	Brovary district, Kiev oblast	Land for residential Development	SC Secure Capital	1.051.525	1.138.412
Total Ukraine				11.128.636	26.948.193

Innovations Logistic Park	Clinceni, Bucharest	Warehouse	MYRNES INNOVATIONS PARK LIMITED BEST DAY REAL ESTATE SRL	11.000.000	11.000.000
EOS Business Park	Bucharest	Office building	YAMANO LIMITED SPDI SRL, N-E Real Estate Park First Phase Srl	6.860.000	6.860.000
Residential Portfolio	Bucharest	Residential apartments (53 in total in 3 complexes)	Secure Investment II Demetiva Limited Diforio Limited Frizomo Limited Ketiza Limited SecRom Srl SecVista Srl SecMon Srl Ketiza Srl	4.244.238	4.375.000
Green Lake	Bucharest	Residential apartments (14 in total) & land for residential development	Secure Investment I 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 Development Srl Jenby Ventures Limited Jenby Investments Srl Ebenem Limited Ebenem Investments Srl	17.919.000	17.919.000
Pantelimon Lake	Bucharest	Land for residential development	Secure Investment I Mofben Investments Limited Delia Lebada Invest srl	4.860.000	4.860.000
Praktiker Craiova	Craiova	Big Box retail	Bluehouse Accession Project IX Bluehouse Accession Project IV BlueBigBox 3 srl	7.500.000	7.500.000
GreenLake - Kindergarten	Bucharest	kindergarten	SPDI Real Estate SRL	1.265.000	-
Total Romania				53.648.238	52.514.000
Boyana	Sofia	Land	Boyana Residence ood, Sertland Properties Limited	4.720.000	4.720.000

Total Bulgaria				4.720.000	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				85.996.874	100.682.193

16.4 Investment Property analysis

a. Investment Properties

The following assets are presented under Investment Property: Terminal Brovary (sold during January 2017), Innovations Logistic park, EOS Business Park, GED Logistics, Praktiker Craiova, the Residential Portfolio (consisting of apartments in 3 complexes), Green Lake parcel K and Green Lake kindergarten as well as all the land assets namely Kiyanovskiy Lane, Tsymlianskiy Lane, Balabino 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 within 2016.

	30 June 2017	31 Dec 2016
	€	€
As at the beginning of the reporting period	95.654.207	94.340.471
Acquisitions of investment property (Note 16.2)	1.365.000	-
Disposal of investment Property (Note 16.2)	(15.030.762)	(2.481.570)
Transfer from Inventory/prepayments made (Note 16.2)	-	4.686.000
Revaluation gain/(loss) on investment property	(223.517)	613.139
Translation difference	(412.288)	(1.503.833)
As at the end of the reporting period	81.352.640	95.654.207

b. Investment Properties Under Development

As at 30 June 2017 investment property under development represents the carrying value of Bela Logistic Center property, which has reached the +10% construction level completion in late 2008 but it is stopped since then.

	30 June 2017	31 Dec 2016
	€	€
As at the beginning of the reporting period	5.027.986	5.125.389
Revaluation on investment property	(157.983)	283.654
Foreign translation difference	(225.769)	(381.057)
As at the end of the reporting period	4.644.234	5.027.986

c. Prepayments made for Investments

From time to time, when the Company acquires a new property, it may proceed with down payment in order to facilitate such transactions. Movements of such prepayments are presented below for six months period of 2017 and 2016.

	30 June 2017	31 Dec 2016
	€	€
As at the beginning of the reporting period	-	100.000
Transfer to long term receivables and prepayments of investments (Note 20)	-	(100.000)
As at the end of the reporting period	-	-

17. Disposal of subsidiaries

At 27 January 2017 the SL Logistics Group was sold to a 3rd party for a consideration of USD 3.000.000. The table below shows the Balance Sheet of the Group at the disposal date.

	SL Logistics Group
	€
ASSETS	
Non-current assets	
Investment property	14.900.000
Tangibles and intangibles assets	43.240
Current assets	
Prepayments and other current assets	40.740
Cash and cash equivalents	4.693
Total assets	14.988.673
Non-current liabilities	
Finance lease liability	235.560
Current liabilities	
Borrowings	11.370.804
Trade and other payables	46.366
Deposits from tenants	264.547
Finance lease liability	219
Total liabilities	11.917.496
Net assets disposed	3.071.177
Non-controlling interest	-
Net assets acquired attributable to shareholders	3.071.177
Financed by	
Cash consideration received	2.849.187
Loss on disposal of subsidiaries	(221.990)

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.

The intercompany loans provided by SC Secure Capital Limited to Terminal Brovary (Note 36.3) incurred an aggregate non-realized exchange loss of €37.567.055, due to the UAH devaluation which took place from the date of acquisitions (in 2006). Under the IAS 21 paragraph 48, when a foreign operation is disposed of, the cumulative amount of the exchange differences recognized in other comprehensive income and accumulated in the separate component of equity relating to that foreign operation shall be recognized in profit or loss upon disposal (Note 14b).

18. Investments in associates

	30 June 2017	31 Dec 2016
	€	€

Cost of investment in associates at the beginning of the period	5.217.310	4.887.944
Share of profits /(losses) from associates	173.935	469.248
Dividend Income	(231.367)	(127.569)
Foreign exchange difference	185.348	(12.313)
Total	5.345.226	5.217.310

Dividend Income reflects dividends received from Delenco srl, owner of the Delea Nuova building, where the Group maintains a 24,35% participation.

As at 30 June 2017, 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:

Property Name	Associates	Total assets	Total liabilities	Profit/ (loss)	Holding	Share of profits from associates	Country	Asset type
		€	€	€	%	€		
Delea Nuova	Lelar Holdings Limited and S.C. Delenco Construct S.R.L.	25.144.135	(3.196.096)	714.194	24,354%	173.935	Romania	Office building
Green Lake - Phase A	Green Lake Development Srl	12.466.198	(13.235.565)	62.356	40,35%	-	Romania	Residential assets
Total		37.610.333	(16.431.661)	776.550		173.935		

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

19. Tangible and intangible assets

As at 30 June 2017 the intangible assets were composed of the capitalized expenditure on the Enterprise Resource Planning system (Microsoft Dynamics-Navision) in the amount of €103.193. Amortization amounting to €79.456 was recognized during period as the system was already in use.

As at 30 June 2017 and 31 December 2016 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.

20. Long Term Receivables and prepayments

	30 June 2017	31 Dec 2016
	€	€
Long term receivable	296.814	251.181
Prepayment for Investments	-	100.000
Total	296.814	351.181

Long term receivable mainly includes the cash collateral from Piraeus Leasing and guarantee deposit from the new tenant in Innovation Logistic Park.

21. Inventories

	30 June 2017	31 Dec 2016
	€	€
As at the beginning of the reporting period	5.028.254	11.300.000
Sale of Inventory	(215.704)	(1.522.233)
Transfer to Investment Property	-	(4.686.000)

Impairment of inventory	-	(63.513)
As at the end of the reporting period	4.812.550	5.028.254

The residential portfolio in Boyana, Sofia, Bulgaria is classified as Inventory.

During 2016 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 16.2) and since then is treated under IAS 40.

22. Available for sale financial assets

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 29), the Group is in negotiation as to the final settlement amount and the method of payment.

	30 June 2017	31 Dec 2016
	€	€
As at the beginning of the reporting period	-	2.783.535
Disposal of AFS investment	-	(2.783.535)
As at the end of the reporting period	-	-

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 29).

23. Prepayments and other current assets

	30 June 2017	31 Dec 2016
	€	€
Trade and other receivables	1.292.470	992.482
Loan to associates (Note 36.4)	268.755	264.110
Loan receivable from 3 rd parties	1.500.000	1.000.000
VAT and other tax receivable	474.570	378.455
Deferred expenses	204.629	159.866
Receivables from related parties	192.196	7.284
Allowance for impairment of prepayments and other current assets	(23.769)	(23.836)
Total	3.908.851	2.778.361

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

Loan to associates reflects a loan receivable from Green Lake Development SRL, holding company of Green Lake Phase A.

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.

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

Deferred expenses mainly represent 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.

Receivable from related parties mainly includes dividend receivable from Delenco srl which amounts to €121.772, an associate company, decided in July/ August 2017 but not yet received and the remaining represents loan receivable from affiliated entities.

24. Cash and cash equivalents

Cash and cash equivalents represent liquidity held at banks.

€	30 June 2017	31 Dec 2016
	€	€
Cash with banks in USD	190.470	17.670
Cash with banks in EUR	1.186.694	152.742
Cash with banks in UAH	704	31.744
Cash with banks in RON	443.993	1.319.686
Cash with banks in BGN	2.172	179.165
Cash equivalents	28.513	-
Total	1.852.546	1.701.007

25. Share capital

Number of Shares

	30 June 2017	31 Dec 2016
Authorised		
Ordinary shares of €0,01	989.869.935	989.869.935
Total equity	989.869.935	989.869.935
Redeemable Preference Class A Shares of €0,01	785.000	785.000
Redeemable Preference Class B Shares of €0,01	8.618.997	8.618.997
Total	999.273.932	999.273.932
Issued and fully paid		
Ordinary shares of €0,01	103.589.550	90.014.723
Total equity	103.589.550	90.014.723
Redeemable Preference Class A Shares of €0,01	-	-
Redeemable Preference Class B Shares of €0,01	-	-
Total	103.589.550	90.014.723

Value (€)

	30 June 2017	31 Dec 2016
	€	€
Authorised		
Ordinary shares of €0,01	9.898.699	9.898.699
Total equity	9.898.699	9.898.699
Redeemable Preference Class A Shares of €0,01	7.850	7.850
Redeemable Preference Class B Shares of €0,01	86.190	86.190
Total	9.992.739	9.992.739
Issued and fully paid		

Ordinary shares of €0,01	1.035.893	900.145
Total equity	1.035.893	900.145
Redeemable Preference Class A Shares of €0,01	-	-
Redeemable Preference Class B Shares of €0,01	-	-
Total	1.035.893	900.145

25.1 Authorised share capital

As at the end of 2016 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 25.5), a process that will be completed in 2017.

25.2 Issued Share Capital

As at the end of 2016 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.

During the reporting period the Company issued the following shares:

- a) On 28th April the Company approved and proceeded with the issue of 626.133 new ordinary shares to the Non-executive directors of the Company who were in office in 2015 in lieu of fees accrued in 2015 as well as to an adviser in lieu of fees for services offered in 2017.
- b) On 30th June the Company announced that it had received valid notices of full exercise from holders of Class B warrants that were issued in August 2011 and the Company approved and proceeded with the issue of 12.948.694 new ordinary shares.

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

- a) 103.589.550 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 25.5),
- c) 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each, subject to cancellation during 2017 (Note 25.5).

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 22) 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.

25.3 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
	US\$	Shares
Exercisable until 1 August 2017	57	1.754
Exercisable until 1 August 2017	83	877

The Company received no notice for exercising the options and as a result as of the date of issuance of this report the options have expired.

- 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

The Company received no notice for exercising the options and as a result as of the date of issuance of this report the options have expired.

- 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.
- 147.500 Options may be exercised within 2016. Out of the Options that were to be exercised in 2016, none were exercised and the options expired.
 - 147.500 Options may be exercised within 2017,
 - 295.000 Options may be exercised within 2018.

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

25.4 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 of 30 June 2017 the Company received valid notices of full exercise from holders of Class B warrants that were issued in August 2011 and the Company approved and proceeded with the issue of 12.948.694 new ordinary shares.

25.5 Capital Structure as at the end of the reporting period

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

Number of		(as at) 30 June 2017	(as at) 31 December 2016
Ordinary shares of €0,01	Issued and Listed in AIM	103.589.550	90.014.723
Class A Warrants			-
Class B Warrants		-	12.859.246
Total number of Shares	Non-Dilutive Basis	103.589.550	90.014.723
Total number of Shares	Full Dilutive Basis	103.589.550	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 were 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 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 25.5) but the Company is in discussions with the vendor in respect of a final settlement (Note 22).

26. 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.

27. Non-Controlling Interests

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

Group Company	Non-controlling interest portion	
	30 June 2017	31 Dec 2016
	%	%
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
SPDI Real Estate SRL	50,00	-

28. Borrowings

	Property	30 June 2017	31 Dec 2016
		€	€
European Bank for Reconstruction and Development ("EBRD")	Terminal Brovary	-	11.551.023
Banca Comerciala Romana /Tonescu Finance	Monaco Towers	924.562	924.562
Bancpost SA	Blooming House	1.245.657	1.245.657
Alpha Bank Romania	Romfelt Plaza	809.919	809.919
Alpha Bank Romania	EOS Business Park	882.599	991.000
Bancpost SA	Green Lake – Parcel K	3.092.926	3.092.926

Alpha Bank Bulgaria	Boyana	2.404.186	2.680.492
Alpha Bank Bulgaria	Boyana/Sertland	678.162	693.514
Bank of Cyprus	Delia Lebada/Pantelimon	4.569.725	4.569.725
Eurobank Ergasias SA	SPDI Logistics	11.481.220	11.726.960
Piraeus Bank SA	Green Lake-Phase 2	2.525.938	2.525.938
Marfin Bank Romania	Praktiker Craiova	4.400.128	4.502.128
Bancpost SA	Green Lake/Kindergarten	944.458	-
Loans by non-controlling shareholders		-	359.134
Loans from related parties (Note 36.5)		464.134	-
Overdrafts		1.160	2.062
Total principal of bank and non-bank Loans		34.424.774	45.675.040
Restructuring fees and interest payable to EBRD		-	29.898
Interest accrued on bank loans		2.783.553	2.723.889
Interests accrued on non-bank loans		161.118	46.627
Total		37.369.445	48.475.454

	30 June 2017	31 Dec 2016
	€	€
Current portion	15.996.238	31.580.299
Non-current portion	21.373.207	16.895.155
Total	37.369.445	48.475.454

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 discussions 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 June 2017. The Group is in discussions 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 had 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 4 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 €324.695 was written off (Note 11b and 13).

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 discussions 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.

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 €678.162 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 was in default the bank has initiated insolvency procedures to take over the Pantelimon lake asset. The Company has provided corporate guarantees for this loan. As of July 2017 the debt has been settled and the guarantee has been cancelled (Note 40.1)

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 €11.481.220 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.

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 €4.400.128 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 €882.599, 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.

SPDI Real Estate SRL (Kindergarten) has a loan agreement with Bancpost SA Romania. As of end of the reporting period the balance of the loan was €944.458 and bears interest of Euribor 3m plus 4,6% per annum. The loan is repayable by 2019.

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.

Other non-bank borrowing includes also loans from related parties were provided as bring financing for future properties acquisitions.

29. Trade and other payables

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

	30 June 2017	31 Dec 2016
	€	€
Payables to third parties	3.736.262	4.734.924
Payables to related parties (Note 36.2)	876.025	1.146.150
Deferred income from tenants current	44.522	635.240
Accruals	240.215	536.160
Payables due for construction	429.336	436.819
Total	5.326.360	7.489.293

	30 June 2017	31 Dec 2016
	€	€
Current portion	4.888.555	7.038.170
Non - current portion	437.805	451.123
Total	5.326.360	7.489.293

Payables to third parties represents: a) 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 b) 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 36.2).

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.

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.

30. Deposits from Tenants

	30 June 2017	31 Dec 2016
	€	€
Deposits from tenants non-current	215.526	217.328
Deposits from tenants current	-	271.019
Total	215.526	488.347

Deposits from tenants appearing under non-current liabilities include the amounts received from the tenants of 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. Deposits from tenants appearing under current liabilities in 2016 include the deposits from the Terminal Brovary Logistics tenants of Park that have been set off during the sale of the asset.

31. Provisions and Taxes Payables

	30 June 2017	31 Dec 2016
	€	€
Corporate income tax	539.297	648.825
Defence tax	29.920	29.918
Other taxes including VAT payable	375.948	468.275
Provision (Notes 37.3)	742.098	742.166
Total Provisions and Tax Liabilities	1.687.263	1.889.184

Corporate income tax represents taxes payable in Cyprus, Greece and Romania.

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

32. Finance Lease Liabilities

As at the reporting date the finance lease liabilities consist of the non-current portion of €10,635,551 and the current portion of €373,107 (31 December 2016: €11,081,379 and €301,409, accordingly).

30 Jun 2017 (€)	Note	Minimum lease payments	Interest	Principal
Less than one year	39.2 & 39.6	893.003	523.431	369.572
Between two and five years		3.564.769	1.875.638	1.689.131
More than five years		10.219.265	1.273.784	8.945.482
		14.677.037	3.672.853	11.004.185
Accrued Interest				4.473

Total Finance Lease Liabilities				11.008.658
31 Dec 2016 (€)	Note	Minimum lease payments	Interest	Principal
Less than one year	39.2 & 39.6	961.744	665.796	295.948
Between two and five years		3.754.280	2.138.258	1.616.022
More than five years		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

32.1 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 €52.600 under current and non-current portion. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

32.2 Sale and Lease Back Agreements

A. Innovations Logistic Park

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 €7.232.475, 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 extensive 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 .

B. EOS Business Park

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 €3.723.583 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.

33. 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.

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

a. Weighted average number of ordinary shares

	30 June 2017	31 Dec 2016	30 Jun 2016
Issued ordinary shares capital	103.589.550	90.014.723	90.014.723
Weighted average number of ordinary shares (Basic)	90.246.672	90.014.723	90.014.723
Diluted weighted average number of ordinary shares	103.056.840	102.873.969	102.873.969

b. Basic diluted and adjusted earnings per share

Earnings per share	30 Jun 2017	30 Jun 2016
	€	€
Profit/(loss) after tax attributable to owners of the parent	(39.285.649)	(309.941)
Basic	(0,44)	(0,00)
Diluted	(0,38)	(0,00)

c. Net assets per share

Net assets per share	30 June 2017	31 Dec 2016	30 Jun 2016
		€	€
Net assets attributable to equity holders of the parent	39.524.722	38.924.809	41.318.809
Number of ordinary shares	103.589.550	90.014.723	90.014.723
Diluted number of ordinary shares	103.589.550	102.873.969	102.873.969
Basic	0,38	0,43	0,46
Diluted	0,38	0,38	0,40

35. 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 period ended 30 June 2017

	Warehouse	Office	Retail	Residential	Land Plots	Total
	€	€	€	€	€	€
Segment						

Rental income	941.287	290.636	300.342	75.205	2.170	1.609.640
Service charges and utilities income	50.033	36.503			6.799	93.335
Property management income	928.698			119.030		1.047.728
Sale of electricity	162.806					162.806
Sales income				307.227		307.227
Cost of sales				(346.470)		(346.470)
Valuation gains/(losses) from investment property	(68.961)	19.357	21.163	12.345	(365.403)	(381.499)
Gain on acquisition of the asset				15.193		15.193
Share of profits/(losses) from associates		173.935				173.935
Asset operating expenses	(176.209)	(36.109)	(50.347)	(24.983)	(73.960)	(361.608)
Segment EBITA	1.837.654	484.322	271.158	157.547	(430.394)	2.320.287
Administration expenses						(1.091.683)
Other (expenses)/income, net						(665)
Finance income						9.841
Interest expenses						(983.192)
Other finance costs						(41.509)
Foreign exchange losses, net						(1.733.039)
Income tax expense						(21.085)
Results from disposal of subsidiary						(221.990)
Exchange difference on I/C loan to foreign holdings						-
Exchange difference on translation foreign holdings						1.963.693
Total Comprehensive Income						200.658

Profit and Loss for the period ended 30 June 2016

	Warehouse	Office	Retail	Residential	Land Plots	Total
	€	€	€	€	€	€
Segment						
Rental income	1.692.365	287.789	304.356	60.528	-	2.345.038
Service charges and utilities income	105.753	28.938	6.201	12.019	-	152.911
Sale of electricity	164.608	-	-	-	-	164.608
Sales income	-	-	-	2.238.541	-	2.238.541
Cost of sales	-	-	-	(2.986.496)	-	(2.986.496)
Valuation gains/(losses) from investment property	349.332	-	-	-	287.104	636.436
Share of profits/(losses) from associates	-	106.229	-	-	16.890	123.119
Investment properties operating expenses	(214.915)	(26.489)	(40.605)	(81.716)	(26.457)	(390.182)

Segment EBITA	2.097.143	396.467	269.952	(757.124)	277.537	2.283.975
Administration expenses						(1.178.173)
Other (expenses)/income, net						(17.826)
Finance income						363.136
Interest expenses						(1.590.032)
Other finance costs						(169.118)
Foreign exchange losses, net						(98.818)
Income tax expense						(45.507)
Exchange difference on I/C loan to foreign holdings						(1.485.262)
Exchange difference on translation foreign holdings						526.525
Available for sale financial assets gains						154.362
Total Comprehensive Income						(1.256.738)

Balance Sheet as at 30 June 2017

	Warehouse	Office	Retail	Residential	Land plots	Corporate	Total
	€	€	€	€	€	€	€
Assets							
Investment properties	27.500.000	6.860.000	7.500.000	2.090.166	37.402.474		81.352.640
Investment property under development					4.644.234		4.644.234
Long-term receivables	295.636			1.178		-	296.814
Investments in associates		5.345.226					5.345.226
Inventories				4.812.550			4.812.550
Segment assets	27.750.636	12.205.226	7.500.000	6.903.894	42.046.708	-	96.451.464

Tangible and intangible assets							89.195
Prepayments and other current assets							3.908.851
Cash and cash equivalents							1.852.546
Total assets							102.302.056
Interest bearing borrowings	11.481.220	882.599	4.415.937	4.038.719	16.064.817	486.153	37.369.445
Finance lease liabilities	7.232.476	3.723.584			52.600		11.008.660
Deposits from tenants	180.620			34.906			215.526

Redeemable preference shares	-	-	-	-	-	-	-
Segment liabilities	18.894.316	4.606.183	4.415.937	4.073.625	16.117.417	486.153	48.593.631
Trade and other payables							5.326.360
Taxes payables							1.687.261
Total liabilities							55.607.252

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

Geographical information

Income (Note 7)	30 June 2017	30 June 2016
	€	€
Ukraine	1.083.028	572.173
Romania	1.060.503	1.347.906
Greece	761.009	740.921
Bulgaria	8.969	1.556
Total	2.913.509	2.662.556

Loss from disposal of inventory (Note 11a)		
	€	€
Bulgaria	(43.874)	(291.856)
Total	(43.874)	(291.856)

Loss from disposal of investment properties (Note 11b)		
Romania	4.631	(456.098)
Total	4.631	(456.098)

	30 June 2017	31 Dec 2016
	€	€
Carrying amount of assets (investment properties, associates, inventory and available for sale investments)		
Ukraine	11.128.636	26.948.193
Romania	58.993.464	57.731.310
Greece	16.500.000	16.500.000
Bulgaria	9.532.550	9.748.254
Total	96.154.650	110.927.757

36. Related Party Transactions

The following transactions were carried out with related parties:

36.1 Income/ Expense

36.1.1 Income

	30 June 2017	30 June 2016
	€	€
Interest Income from loan to associates	4.645	4.670
Interest Income from loan to Available for sale investment	-	33.313
Total	4.645	37.983

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.

36.1.2 Expenses

	30 June 2017	30 June 2016
	€	€
Management Remuneration	319.621	360.317
Interest expenses- Related Party loans	7.022	-
Total	326.643	360.317

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.

36.2 Payables to related parties

	30 June 2017	31 Dec 2016
	€	€
Board of Directors & Committees	228.185	619.562
Grafton Properties	123.549	123.549
Secure Management Services Ltd	25.393	15.179
SECURE Management Ltd	130.000	1.062
Management Remuneration	368.898	386.798
Total	876.025	1.146.150

36.2.1 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. The Company proceeded during H1 2017 with settling part of the directors remuneration related to 2014 in the amount of GBP 90.900 with a remaining liability to be settled for 2014 in the amount of GBP 47.300 while for 2015 remuneration (GBP 201.647) the directors were issued within H1 2017 576.133 new ordinary shares.

36.2.2 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.

36.2.3 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.

36.3 Loans from SC Secure Capital Ltd to the Company's subsidiaries

SC Secure Capital Ltd, the finance subsidiary of the Company 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 properties, as well as various operational costs.

Borrower	Limit	Principal as of 30 Jun 2017	Principal as of 31 Dec 2016
	€	€	€
LLC "TERMINAL BROVARY"	-	-	30.724.931
LLC "AISU UKRAINE"	23.062.351	13.058	14.257

LLC "ALMAZ PRES UKRAINE"	8.236.554	148.953	162.633
LLC "AISI ILVO"	148.966	32.770	
Total		194.781	30.901.821

In that context SC Secure Capital Ltd has provided a loan to Limited Liability Company "Terminal Brovary. This loan was transferred to SL Secure Logistics Limited by the end of 2016. This loan was transferred together with the sale of Terminal Brovary to the buyer (Note 17).

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 (€19.248)/ €19.248 respectively, estimated on balances held at 30 June 2017.

36.4 Loans to associates

	30 June 2017	31 Dec 2016
	€	€
Loans to Green Lake Development SRL	268.755	264.110
Total	268.755	264.110

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.

36.5 Loans from related parties

	30 June 2017	31 Dec 2016
	€	€
Loan from Narrowpeak Consultants	59.134	59.134
Loan from Secure Management Limited	30.000	300.000
Loan from Directors	375.000	-
Total	464.134	359.134

Loans from Directors reflects loans provided from 3 Directors as bridge financing for future property acquisitions. The loans bear interest 8% annually and are repayable on 30 April 2018.

37. Contingent Liabilities

37.1 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 authorized 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 condensed consolidated interim 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.

37.2 Construction related litigation

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

37.3 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. In July 2017 the Company concluded its discussions with the bank and settled all debts and guarantees (Note 40.1). The final cost has been fully provided for as per management earlier estimates.

37.4 Other Litigation

The Company 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.

37.5 Other Contingent Liabilities

The Group had no other contingent liabilities as at 30 June 2017.

38. Commitments

The Group had no other commitments as at 30 June 2017.

39. Financial Risk Management

39.1 Capital Risk Management

The capital structure of the Group consists of borrowings (Note 28), trade and other payables (Note 29) deposits from tenants (Note 30), financial leases (Note 32), taxes payable (Note 31) and equity attributable to ordinary or preferred shareholders. The Group is not subject to any externally imposed capital requirements.

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 property 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.

39.2 Categories of Financial Instruments

	Note	30 June 2017	31 Dec 2016
		€	€
Financial Assets			
Cash at Bank	24	1.852.546	1.701.007
Long-term Receivables and prepayments	20	296.814	351.181
Prepayments and other receivables	23	3.908.851	2.778.361
Total		6.058.211	4.830.549
Financial Liabilities			
Borrowings	28	37.369.445	48.475.454
Trade and other payables	29	5.326.360	7.489.293
Deposits from tenants	30	215.526	488.347
Finance lease liabilities	32	11.008.658	11.382.788
Taxes payable and provisions	31	1.687.264	1.889.184
Total		55.607.253	69.725.066

39.3 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.

39.4 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 to the Group's manner in which it measures and manages risks.

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 June 30th, 2016, cash and cash equivalent financial assets amounted to €763.907 (31 December 2015: € 895.422) of which approx. €2.000 in UAH, €260.000 in RON and €150.000 in BGN (Note 21) 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 €37.369.455 (31December 2016: €48.475.454) 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. Following the sale of Terminal Brovary (Note 17) the debt exposure of the Group has been reduced reduced by €11m.

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 30 June 2017 the average interest rate for all the interest bearing borrowing and financial leases of the Group stands at 4,70% (31 December 2016: 5,32%).

The sensitivity analysis for LIBOR and EURIBOR changes applying to the interest calculation on the borrowings principal outstanding as at 30 June 2017 is presented below:

	as at 30.06.2017	+100 bps	+200 bps
Weighted average interest rate	4,70%	5,70%	6,70%
Influence on yearly finance costs		(483.255)	(966.510)

The sensitivity analysis for LIBOR and EURIBOR changes applying to the interest calculation on the borrowings principal outstanding as at 31December 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 Group's exposures to financial risk are discussed also in Note 5.

39.5 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.

39.6 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 Treasury function is also in discussions with the various lending institutions which have provided debt to several of the Company's property acquisitions to free as much cash as possible. Pursuant to the financial crisis of the last few years, lending institutions have tightened their control over property cash flows in order to secure their debt holdings and as a result they allow only minor percentage of the properties' cash inflows to the Company. 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.

30 June 2017	Carrying amount	Total Contractual Cash Flows	Less than one year	From one to two years	More than two years
	€	€	€	€	€
Financial assets					
Cash and cash equivalents	1.852.546	1.852.546	1.852.546		
Prepayments and other receivables	3.908.851	3.908.851	3.908.851		
Long Term Receivables and prepayments	296.814	296.814	296.814		
Total Financial assets	6.058.211	6.058.211	6.058.211		
Financial liabilities					
Borrowings	37.369.445	40.205.957	17.376.113	6.604.526	16.225.318
Trade and other payables	5.326.360	5.326.360	4.888.555		437.805
Deposits from tenants	215.526	215.526			215.526
Finance lease liabilities	11.008.658	14.677.038	893.003	896.804	12.887.231
Taxes payable	945.163	945.163	945.163		
Total Financial liabilities	54.865.154	61.370.043	24.102.834	7.501.330	29.765.880
Total net liabilities	(48.806.943)	(55.311.833)	(18.044.623)	(7.501.330)	(29.765.880)

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)

39.7 Net Current Liabilities

The current liabilities amounting to €22.945.163 exceed current assets amounting to €10.573.947 by €12.371.216. This difference is primarily a result of the bank borrowings related to:

a) the residential portfolio €5.863.425 that are repayable by ongoing sales proceeds, whenever these occur but according to the IFRS appear to be repayable within the next 12 months,

b) an amount of €6.594.396, registered as the total liability to the Bank of Cyprus (Delia Lebada Invest Srl loan).

Considering the above current assets are higher than current liabilities by €86.605.

40. Events after the end of the reporting period

40.1 Profitable Disposal of Delia Lebada Land in Bucharest

On 26th July the Company announced the disposal of Delia Lebada ("the Disposal"), a ~40,000 sqm (4 hectare) plot of land in east Bucharest on the shore of Pantelimon Lake in which SPDI owned a 65%. The attributable sale proceeds are approximately €2,5 million and simultaneously, the associated property loan (principal and interest) totaling more than €6,5 million with the Bank of Cyprus was settled through a liquidation process, and the associated corporate guarantee was released. The loan was repaid at a rate of 45 cents / Euro (totalling ~€3 million) using a combination of the Land Disposal proceeds (€2,5 million) and an additional payment of approximately €550.000. Following completion of the process the Company will retain a 5% interest in the Special-Purpose Vehicle ("SPV") which will hold the land asset post disposal debt free.

40.2 Conditional Sale of Kiyanovski Land in Kiev, Ukraine

On 4th July the Company announced the conditional sale of its Kiyanovski land asset ('Kiyanovski') in central Kiev, in Ukraine to Riverside Developments ('Riverside'), a large Ukrainian developer, for a price to be finally determined at closing but will be in excess of US\$3 million (which reflects approximately the valuation at the year-end accounts). As part of a pre-Sale and Purchase Agreement ('the Agreement') signed by both parties, Riverside paid SPDI a total down payment of US\$150.000, out of which an amount of US\$100.000 is non-refundable deposit, in exchange for being granted a period of four months during which it will seek to obtain a construction permit to develop Kiyanovski. Subject to the issue of the permit and other relevant authorisations, both parties will sign a Sale and Purchase Agreement covering the sale of Kiyanovski.

40.3 Finance director appointment

The board wants to thank the CFO, Bitros Constantinos, for his long standing services to the Company as these would be the last financial statements he will be preparing. Constantinos Bitros will continue offering his services to the Company in the asset management context. From now on the financial statements will be prepared by Mr. Theofanis Antoniou, Finance Director, who has acted as the finance director of several companies including two property companies active in the South East Europe region (with emphasis in Greece and Bulgaria) as well as of the parent company of an AIM listed company active in the IT sector.