Secure Property Development & Invest PLC/ Index: AIM / Epic: SPDI / Sector: Real Estate
29 June 2018

Secure Property Development & Investment PLC ('SPDI' or 'the Company')

2017 Audited Annual Results

Secure Property Development & Investment PLC, the AIM quoted South Eastern European focused property company, is pleased to announce its full year audited financial results for the year ended 31 December 2017.

Financial Highlights

- EBITDA showed a 61% increase to €3,7m compared to €2,3m in 2016, mainly due to the sale of Delia Lebada, a plot of land in east Bucharest

Significant asset backing behind the Company:

- Net Equity of €36,3 million as at 31 December 2017 (31 December 2016: €38,9 million)
- NAV per share as at 31 December 2017 stood at GBP 0,31 and the discount of the current Market Value vis a vis this NAV widened to 63%

Successful management of portfolio costs:

- 10% further reduction in business costs to €2,35 million (2016: €2,6 million) - in line with strategy to reduce corporate costs
- 40% reduction in interest costs to ~€1,9m compared to ~€3,2m in 2016
- Significant improvement in operating result after finance and tax expenses to €1,47m (compared to a €1,05m loss in 2016)

Operational Highlights

- Romania, the fastest growing economy of the EU in 2017, is now the prime country of operations
- Successful and profitable sale of primary Ukrainian asset (Terminal Brovary) completed at a Gross Asset Value of ~€15 million generating a profit for SPDI of ~€2,7 million and a cash inflow of ~ €3 million and reduces the Company's exposure to Ukraine to 12%
- Profitable disposal of 65% owned ~40,000 sq m plot of land in Romania (Delia Lebada) for €2,4 million (net) and settlement of associated €6,6 million loan at a rate of 45 cents / Euro (totalling ~€3 million) using the disposal proceeds plus additional €550,000 payment; a transaction that generated a gain on disposal of €2.7m
- Following the successful completion of these sales, the Gross Asset Value of the Company's properties stood at ~€82 million
- Focused on executing the due diligence on, and raising the necessary funding for, a potential acquisition of the Olympians logistics property portfolio in Romania

Post Period End Highlights

- On 17 January 2018, PM Capital Inc., one of the Company's largest shareholders, lent the Company €1 million to be used for general working capital purposes
- Board changes - appointment of Mr Michael Beys as Non-Executive Chairman and Mr Colin Chapin as a Non-Executive Director. Paul Ensor, previous Non-Executive Chairman, remains as a Non-Executive Director.

Lambros G. Anagnostopoulos, Chief Executive Officer, said, "61% increase in EBITDA to €3,7m, 10% reduction in total operating costs, 40% drop in interest costs, and a swing to a €1,47m operating profit after finance and tax, the financial headlines neatly encapsulate the excellent progress the Company has made in 2017 in focusing on disposing of non-core assets and streamlining our related cost base. We embarked on this programme to lay the foundations for the next phase of the Company's growth, one which is centred on adding to our existing portfolio of prime real estate in our target South East European markets which, combined with our existing properties would transform SPDI into a major player in the South East European logistics property market.

"A focus on fast-growing economies such as Romania, exposure to the ongoing European compression play, a portfolio of prime real estate let to blue chip customers, and a management team with a proven track record in identifying and securing properties at attractive yields, the growth credentials of SPDI are clear. I am confident that the period ahead will see us make great strides towards delivering on our objective to build SPDI into the leading London-listed property company focused on selected emerging South East European countries and in the process close the 63% discount that has opened up between our share price and our NAV per share."

Copies of the Annual report and Accounts are being posted to Shareholders today and are available on the Company's website at www.secure-property.eu.

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

For further information please visit www.secure-property.eu or contact:

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Notes to Editors

Secure Property Development and Investment plc is an AIM listed property development and investment company focused on the South East European markets. The Company's strategy is focused on generating healthy investment returns principally derived from: the operation of income generating commercial properties and capital appreciation through investment in high yield real estate assets. The Company is focused primarily on commercial and industrial property in populous locations with blue chip tenants on long term rental contracts. The Company's senior management consists of a team of executives that possess extensive experience in managing real estate companies both in the private and the publicly listed sector, in various European countries.

1. Chairman Statement

During 2017, the favourable fundamentals of our target markets continued to prevail, as economic growth picked up across the Eurozone, and property markets in our region have continued to experience a steady yield compression as the global search for yield has forced funds to deploy new allocations of cash to these markets. During the period, SPDI continued to pursue its established strategy of disposal of non-core assets and acquisition of cash generative properties in favoured markets, currently Romania and Greece. In 2018, we have maintained our focus on these objectives and have renewed efforts to find funding partners who can assist us in building the business further and enhancing shareholder value.

We are grateful to our shareholders for their continued support in 2017 and look forward to capitalising upon the significant opportunities that we can see for the Group in 2018.

Michael Beys
Chairman of the Board

2. Letter to Shareholders

Dear Shareholders,

2017 has been a year of consolidation during which we have laid the foundation for a renewed push to grow based on our strategy to transform SPDI into a leading London listed property company focused on selected emerging South East European countries. As the economies and property markets in Romania and Ukraine grew at rapid rates, a plan to sell our non-core assets was put together to take advantage of increased demand and pricing; conditions we have been expecting for the last few years to materialise. Land (pre) sales in both countries were coupled with increased residential units' sales. In fact, working hand in hand with our lenders in Bucharest and Sofia, SPDI plans to invest in some key residential assets in order to expedite sales at higher prices during 2018, with a view of minimising the time and resources needed to manage such non-core, non-income producing assets. At the same time, in 2017 we also focused on identifying target property portfolios to acquire and accordingly we agreed to buy up to 50% of a 127.000 sqm fully let logistics portfolio in Romania. We believe that logistics is not only the most underrated and undervalued property type but it also has the highest return on capital. We are now mid-way in executing such acquisition and if it is executed (subject to due diligence and capital adequacy) SPDI will transform itself into a major player in the South East European logistics property market.

In 2017, Romania continued being the fastest growing economy of the European Union and saw property prices continue to rise across all sectors, facilitating our residential sales and confirming our choice not to have systematically sold off such assets in preceding years.

Greece managed not only to agree the upcoming end of its inter-governmental lending programme but achieved a large primary surplus and even though the property markets have not experienced a substantial price uptick, the demand has substantially increased and is expected to continue to do so.

In parallel with the increased rate of selling non-core assets, the Company focused on reducing certain (non-strictly property related) costs even further. This included both corporate consolidations through the merger of special property corporate vehicles as well as reducing HR costs through agreeing with some of our executives to become part time advisers. This exercise coupled with various actions towards extending the terms of some of our property loans as well as reducing their costs, advanced the corporate consolidation of the Company, in preparation of an expansive 2018, as we expect this coming year to be transformative.

As the markets we are active in are picking up both speed and international interest, SPDI is well placed to participate in the expected growth cycle, fully acknowledging that despite the hard work and good results of the last few years, the target has yet to be achieved and there is much more to go for, with both Management and Directors committed to achieving our goals and delivering value for our shareholders.

Best regards,
Lambros G. Anagnostopoulos, Chief Executive Officer

3. Management Report

3.1 Corporate Overview & Financial Performance

In 2017 the Company's management focused on a) selling land and residential assets in Romania, Bulgaria and Ukraine and b) identifying, negotiating and executing the due diligence for a potential acquisition of the Olympians logistics property portfolio in Romania. In parallel, the Company restructured some of the financings of assets; restructured its operating teams; and prepared the ground for the next phase of transformative growth.

The Romanian economy continued leading the European Union in terms of pace of growth with a strong 6,9% increase. Bucharest is bustling with property developments as existing increasing demand far outweighs existing supply, whilst also being characterised by low unemployment. At the same time property prices are seeing a distinct increase and international investors and developers are moving back in the country.

Greece is rapidly reaching the end of the program agreed with its international lenders having turned the macro corner and showing signs of economic growth. It posted a 4%+ primary surplus, and in mid-2018 is expected to be able to go to the markets to support its development plans with a number of property investors knocking on its door. While a series of elections are planned for the coming two years (local, municipal, European) many analysts believe that Greece is on the growth turn and such growth may prove to be faster than expected.

During 2017, the Company proceeded with taking the necessary approvals for rationalizing the equity structure of the Company by setting off carry forward losses (generated in pre 2011 periods) against part of the share premium, effecting in that way the potential of future dividend distribution, as well as the potential of the adoption of a share buy-back programme.
At the same time, the Company continued devoting significant time and effort in restructuring its debt to the long term, which is expected to result in further deleveraging of the Company.

At the same time, the Company continued optimizing its corporate structure by merging or closing down low activity SPV corporate entities so as to benefit both from the related corporate administration cost reduction, but also from the effective utilization of existing carried forward losses and the subsequent reduction of the effective income tax rate.

During 2017, with the view of executing acquisitions of selected income producing property portfolios, the Company reached out to its shareholder base and some new investors to raise capital. During the year, the Company raised approximately €3m of debt and equity with most of the former coming from existing shareholders and Directors, who both believe strongly in the prospects of the Company and the validity of its business plan.

Following the successful and profitable sale of our primary Ukrainian asset, Terminal Brovary in Kiev, SPDI's operating income remained almost stable with an increase in non-core asset sales. Whilst the Company countered a temporary decrease/partial rent of the ex-Nestle space at Innovations warehouse, its three fully let assets (EoS Business Park in Romania, Bluebigbox in Craiova, Romania and Victini (ex GED) warehouse in Greece) all recorded stable income.

Following the successful disposal of Terminal Brovary, EBITDA showed a 61% increase to €3,7m compared to €2,3m in 2016, mainly due to the sale of Delia Lebada. Interest costs were reduced by 40% to ~€1,9m vs ~€3,2m in 2016 and administration costs reduced by 10% following the continuing successful cost management by the Company.

	2017	**2016**
Rental, Utilities, Management & Sale of electricity Income	4.625.970	6.070.940
Net Income from Sale of Assets less Cost of Assets sold	195.274	283.934
Income from Operations of Investments	**4.821.244**	**6.354.874**
Asset operating expenses	(749.571)	(992.441)
Net Operating Income from Investments	**4.071.673**	**5.362.433**
Share of profits from associates	390.217	247.720
Result from disposal of subsidiaries/ available for sale financial assets	1.633.737	(206.491)
Net Income from Available for Sale financial assets (ex revaluation)	-	(485.529)
Total Income	**6.095.627**	**4.918.133**

Administration expenses	(2.351.546)	(2.614.188)
Operating Result (EBITDA)	**3.744.081**	**2.303.945**
Interest cost, net	(1.916.207)	(3.181.625)
Income tax expense	(354.730)	(174.315)
Operating Result after finance and tax expenses for the year	**1.473.144**	**(1.051.995)**
Other income / (expenses), net	(117.498)	(1.304.304)
Other finance (costs) / income and interest write off	(121.195)	595.917
Prior years Taxes and VAT non refundable	(499.345)	
Gain realized on acquisition of subsidiaries	23.921	-
Other Fair Value Adjustments from investments	92.183	(36.549)
Foreign exchange differences, net	(2.649.682)	(1.700.333)
Result for the year	**(1.798.472)**	**(3.497.264)**

The operating results after finance and tax for the year were significantly improved with the end result being a profit of €1,47m from a €1,05m loss in 2016.

3.2 Property Holdings

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

Commercial Property	Location	Key Features	
VICTINI Logistics Terminal	Athens, Greece	Gross Leasable Area:	17.756 sqm
		Anchor Tenant:	Kuehne + Nagel and GE Dimitriou SA
		Occupancy Rate:	100%
EOS Business Park	Bucharest, Romania	Gross Leasable Area:	3.386 sqm
		Anchor Tenant:	Danone Romania lease runs to 2025
		Occupancy Rate:	100%
Praktiker Craiova	Craiova, Romania	Gross Leasable Area:	9.385 sqm
		Anchor Tenant:	Praktiker lease runs to 2028
		Occupancy Rate:	100%
Delenco (SPDI has a 24.35% interest)	Bucharest, Romania	Gross Leasable Area:	10.280 sqm
		Anchor Tenant:	ANCOM (Romanian telecoms regulator)
		Occupancy Rate:	100%
Innovations Terminal Logistic Park	Bucharest, Romania	Gross Leasable Area:	16.570 sqm

		Anchor Tenant:	Aquila srl (large Romanian logistics operator)
		Occupancy Rate:	60%
Kindergarden	Bucharest, Romania	Gross Leasable Area:	1.400 sqm
		Anchor Tenant:	International School for Primary Education
		Occupancy Rate:	100%

Land & Residential Assets	**Location**	**Key Features**	
Bela Logistic Centre	Odessa, Ukraine	Plot of land (~ th. sqm):	224
Kiyanovskiy Lane	Kiev, Ukraine	Plot of land (~ th. sqm):	6
Tsymlyanskiy Lane	Kiev, Ukraine	Plot of land (~ th. sqm):	4
Balabino project	Zaporozhye, Ukraine	Plot of land (~ th. sqm):	264
Rozny Lane	Kiev, Ukraine	Plot of land (~ th. sqm):	420
Boyana Land	Sofia, Bulgaria	Plot of land (~ th. sqm):	20
Green Lake land (SPDI has a ~44% interest)	Bucharest, Romania	Plot of land (~ th. sqm):	40
Romfelt, Monaco, Blooming, Green Lake, Boyana	Romania & Bulgaria	Sold units during 2017:	20
Romfelt, Monaco,Blooming, Green Lake, Boyana	Romania & Bulgaria	Available units (end 2017):	142

In 2017, the Company's accredited valuers, namely CBRE Ukraine for the Ukrainian Assets, and Real Act for the Romanian, Bulgarian and Greek Assets, remained appointed. The valuations have been carried out by the appraisers on the basis of Market Value in accordance with the current Practice Statements contained within the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards (2017) (the "Red Book") and are also compliant with the International Valuation Standards (IVS).

In recent years, following the successful implementation of the Company's strategy, SPDI's portfolio became even more diversified in terms of geography as well as asset class. At the end of the reporting period, taking into account the % participation in the properties that the Company holds directly, Romania is the prime country of operations (58%) in terms of Gross Asset Value, and, following the sale of Terminal Brovary, the exposure to Ukraine reduced to 12%.

In respect of the Company's rental income generation capacity, Romania is the prime source with 66%, with the remaining income deriving from Greece (34%).

Annualized Net Operating Income**

EURm	2017		2015		2014		2013		2012	
Ukraine		0	1.3	23%	1.8	25%	2.4	40%	2.7	100%
Greece	1.5	34%	1.5	26%	1.5	21%	1.5	25%		
Romania	2.8	66%	2.8	51%	3.2	45%	2.1	35%		
Bulgaria		0%	0.0	0%	0.6	8%		0%		
Total	**4.2**	**100%**	**5.5**	**100%**	**7.0**	**100%**	**6.0**	**100%**	**2.7**	**100%**

** Annualized Net Operating Income includes NOI from Terminal Brovary logistics, Innovations logistics, GED logistics park, EOS office building, Praktiker retail center, Kindergarten, Residential units as well as Delenco office building (in which the Company has ~24,35% participation).

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

			2017	
			€m	
Property	**Country**	**GAV***	**Debt (principal)***	**NAV**
Innovations	Rom	10,0	7,2	2,8
Eos	Rom	7,2	4,5	2,7
Delenco	Rom	5,5	0,7	4,8
Praktiker	Rom	7,5	4,3	3,2
Victini logistics	Gr	16,1	11,2	4,9
Kindergarden	Rom	0,9	0,5	0,4
Residential units	Rom & Bul	11,4	6,6	4,8
Land banking	Rom & Ukr & Bul	23,6	3,2	20,3
Total Value		**82,09**	**38,05**	**44,03**
Other balance sheet items, net **				-7,7
Net Asset Value total				**36,3**
Market Cap 31/12/2017 (Share price at £0,115)				**13,4**
Market Cap 27/6/2018 (Share price at £0,115)				**16,7**
Discount of Market Cap (at the reporting date) vs NAV (at 31/12/2017)				**-63%**

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

The Net Equity attributable to the shareholders as at 31 December 2017 stood at ~€36,3m vs ~€38,9m in 2016. Following the sale of Terminal Brovary, the highest income generating property asset, the Company has now fewer income producing assets than in 2016 generating less income than in 2016. We strongly believe that the Company has an operational structure capable of managing many more assets and intends to grow its property base accordingly.

The NAV per share as at 31 December 2017 stood at GBP 0,31 and the discount of the Market Value vis a vis the Company's NAV increased to 63% at year-end.

3.3 Financial and Risk Management

The Group's overall bank principal debt exposure at the end of the reporting period was ~€38m (including fully consolidated properties, calculating relative to the Company's percentage shareholding in each), comprised of the following:

a) €3,7m finance lease of EOS business park with Alpha Leasing Romania and €0,8m debt facility received by First Phase from Alpha Bank Romania.
b) €7,2m finance lease of Innovations park with Piraeus Leasing Romania.
c) €11,2m debt financing of Victini (ex GED) Logistics park and photovoltaic park with Eurobank.
d) €4,3m debt financing of Praktiker Craiova with Marfin Bank Romania.
e) €0,5m being the Company's portion on debt financing of the Kindergarten with Bancpost Romania.
f) €6,6m being the Company's portion on the residential portfolio debt financing.
g) €3,2m being the Company's portion on land plot related debt financing in Romania and Bulgaria.

Throughout 2017, the Company focused on managing and preserving liquidity through cash flow optimization so as to secure the Company's future. With the completion of the sale of Terminal Brovary, and the sale of Delia Lebada, the Company is focused on expanding its asset base so as to establish growth.

3.4 2018 and beyond

At the start of 2018, with the market conditions improving across the Company's regions of operation, SPDI increased its efforts to sell the various non-core residential assets while focusing on identifying opportunities in the core income producing logistics sector. As such, 2018 promises to be a year of repositioning of the Company's assets as we identify the way to grow further towards our vision of becoming a large regional income producing property company.

4. Regional Economic Developments

4.1 Romania

The Romanian economy is undergoing strong growth. Unemployment has fallen to a record low, and the financial sector is steadily improving. Romania's economy last year recorded the fastest growth rate in the 28 European Union ("EU") member states, reaching a nine-year high of 7% and gaining one place to rank 16th by Gross Domestic Product (GDP) values according to Eurostat, ranking it above Greece, but slightly under Czech Republic (€191,6 billion) and Portugal (€193,1 billion).

The strong growth has been fueled by domestic consumption, on the back of a multi-year fiscal expansion and minimum wage hikes. An accommodative monetary policy stance and improving EU economy also helped. The current account deficit widened, as expanding imports offset the improving demand for Romania's exports. A tight labor market is seeing private sector wages growing at double-digit rates. The targets of the National Bank of Romania ("NBR") were met in 2017.

The Romanian Government's priorities for 2018–20 include the improved absorption of EU funds and a focus on securing investments in infrastructure and health care, reforming the pension system, and simplifying tax administration.

The Romanian Government's program reconfirms Romania's roadmap for achieving the 2020 objectives for smart, sustainable, and inclusive growth and prioritizes the use of EU funds in line with the European Structural and Investment Funds ("ESIF") envelope for 2014–20, which amounts to approximately €40 billion.

We believe the banking sector in Romania is well capitalized and liquid, profitability is increasing, and non-performing loans ("NPLs") have declined to 6,4% of total loans in December 2017, falling significantly, close to the EU average. Banks' profitability remains robust, capital positions are strong, and liquidity abundant.

Macroeconomic data and forecasts

	2012	**2013**	**2014**	**2015**	**2016**	**2017e**
GDP (EUR bn)	131,8	142,2	149,3	160,0	170,0	187,5
Population (mn)	20,0	19,9	19,9	19,9	19,9	19,7
Real GDP (y-o-y %)	0,7	3,4	2,9	3,8	4,8	6,9
CPI (average, y-o-y %)	3,4	4,0	1,1	-0,7	-1,6	1,3
Unemployment rate (%)	7,0	7,1	6,8	6,7	5,9	4,9
Net FDI (EUR bn)	2,2	2,6	2,5	3,0	3,9	4,3

4.2 Bulgaria

In Bulgaria, in line with the overall growth of the economy and the residential market, the year was a dynamic one. GDP growth for 2017 was 3,7% while the unemployment rate fell to 6,2%.

In 2017, Bulgaria witnessed growth in nearly every sector of the economy, boosted by an increase in personal consumption, state supported minimum wage increases, higher FDI, and the improvement of the financial and banking environment.

With these considerations in the background, Bulgaria gained, international credibility as an investment destination.

2017 was a record year for the Property Investment market in Bulgaria in terms of total sales transactions, with total volume €957m. 70% of the total investment transaction volume came from the sale of shopping centers. International buyers prevailed over locals in terms of market share, reversing the trend established since 2012. South African investors entered the Bulgarian market very actively in 2017, comprising 71% of the total volume. The volume of income-generating deals (83%) considerably prevailed over speculative (12%) and owner-occupied (5%) volumes, a trend since 2016.

Several large-scale transactions involving quality, income generating assets led to a decrease in prime yields. For retail and offices, yields stood at 7,25% and 8,25% respectively, while for industrial 10% at the end of 2017.

Macroeconomic data and forecasts

	2012	2013	2014	2015	2016	2017e
GDP (EUR bn)	39,7	41,0	42,0	44,0	47,4	49,2
Population (mn)	7,3	7,3	7,2	7,3	7,1	7,1
Real GDP (y-o-y %)	0,8	0,9	1,7	2,9	3,9	3,7
CPI (average, y-o-y %)	3,0	1,4	-1,6	-1,1	0,1	2,8
Unemployment rate (%)	12,3	12,9	11,5	10,0	7,7	6,2
Net FDI (EUR bn)	1,2	1,1	1,2	1,6	0,7	0,9

4.3 Greece

The Greek economy experienced a marginal nominal GDP increase in 2017, partly as a result of the effects from the upturn in consumer spending and a rise in exports, recording a 1,5% growth after two negative years and a primary surplus of 4%.

Greek Government Bonds fell to their lowest yield since 2006, shrinking the “trust gap” between Greece and the rest of Europe, reflecting the prospects of growth and the certainty that the country will exit the current financing and stabilization program during the summer of 2018.

A low volume of international deals suggests that Greek assets are still not that attractive despite the asset value collapse of the last seven years. However, there was a shift from mid /small transactions (€10-50m) to micro deals with values below €10m, supported by international and local investment vehicles.

Key economic drivers for the economy remain weak, consumption and disposable income are still under pressure created from the high tax environment, liquidity is still constrained by the capital controls imposed in 2015, although significant relaxation of such controls took place from 2017 onwards. Unemployment continues to fall, despite remaining high among women and the younger generations, as well as in comparison to the EU average.

A number of projects, from privatizations to long term leases of infrastructure, moved ahead in 2017. They are expected to contribute in a tangible way to the recovery of the Greek economy but also to the recovery of the local real estate market.

Hopes remain high that the timely completion of the 3rd Economic Adjustment Program will bring rise to a positive momentum for the following years. Such an environment could bring a complete suspension of the capital controls through an increase in the credibility of the country and in parallel accelerate much needed FDI to feed into the economy.

Macroeconomic data and forecasts

	2012	2013	2014	2015	2016	2017e
GDP (EUR bn)	193,4	182,1	179,1	176,0	176,0	180,0
Population (mn)	11,1	11,0	11,0	10,9	10,6	10,7
Real GDP (y-o-y %)	-6,6	-3,9	0,7	-0,2	-0,2	1,5
CPI (average, y-o-y %)	3,0	-0,9	-1,4	-1,7	0,0	0,6
Unemployment rate (%)	24,5	27,5	26,6	24,6	23,6	21,5
Net FDI (EUR bn)	1,4	1,6	1,0	0,0	0,0	0,4

4.4 Ukraine

The Ukrainian economy recovered from the economic and political crisis of previous years which resulted in growth of real GDP of around 2,5% (2016: 2,3%) and the stabilization of its national currency, the Hryvna. From a trading perspective, the economy demonstrated a refocusing on the EU market, which was a result of the signed Association Agreement with the EU in January 2016 which established the Deep and Comprehensive Free Trade Area ("DCFTA"). Implementation of DCFTA commenced in January 2017.

In terms of currency regulations, the National Bank of Ukraine ("NBU") decreased the required share of mandatory sale of foreign currency proceeds from 65% to 50% from April 2017, increased the settlement period for export-import transactions in foreign currency from 120 to 180 days from May 2017, and allowed companies to pay the 2013 (and earlier) dividends with a limit of US$2 million per month from November 2017 (from June 2016, companies were allowed to pay dividends for 2014–2016 to non-residents with a limit of US$5 million per month).

In March 2015, Ukraine signed a four-year Extended Fund Facility ("EFF") with the IMF that will last until March 2019. The total programme amounted to US$17,5 billion, while Ukraine has so far received only US$8,7 billion from the entire amount. In September 2017, Ukraine successfully issued US$3 billion of Eurobonds, of which US$1,3 billion is new financing, with the remaining amount aimed to refinance the bonds due in 2019. The NBU expects that Ukraine will receive another US$3,5 billion from the IMF in 2018. To receive the next tranches, the government of Ukraine has to implement certain key reforms, in such areas as the pension system, anti-corruption regulations, and privatization. IMF forecasts GDP growth for 2018 at 3,2% with a CPI of 11%.

Macroeconomic data and forecasts

	2012	2013	2014	2015	2016	2017e
GDP (USD bn)	176,2	177,4	127,6	98,0	93,3	112,2
Population (mn)	45,6	45,5	42,7	42,5	42,5	42,4
Real GDP (y-o-y %)	0,2	0,0	-6,0	-9,9	2,3	2,5
CPI (average, y-o-y %)	0,6	-0,2	24,9	43,3	12,4	13,7
Unemployment rate (%)	7,5	7,4	10,5	9,4	9,7	9,4
Net FDI (USD bn)	6,6	3,3	0,2	2,3	3,2	2,3

5. Real Estate Market Developments

5.1 Romania

The 2017 property investment volume for Romania is estimated at almost €1 billion, a value approximately 10% higher than the one registered in 2016 (€890 million). The number of transactions increased, with the average deal size standing at approximately €28,5 million. Bucharest accounted for approximately 36% of the total investment volume, less than in 2016, showing that liquidity in secondary cities has improved. Market volumes were dominated by retail transactions (43%), while industrial, office and hotels accounted for 22%, 17% and 18%, respectively.

Prime office yields are at 7,50%, prime retail yields at 7,25%, while prime industrial yields are at 8,50%. Yields for office and retail are at the same level as 12 months ago, while industrial yields have compressed by 50 bps over the year.

The Industrial and Logistics market in Romania had a promising performance in 2017, with new supply being almost three times higher compared with last year, while demand remained strong, coming especially from companies active in the Logistics/Distribution and Retail sectors. The rental level has remained relatively stable, with prime headline rents around 4,25€/sqm/month.

The Industrial sector continued on a positive trend, supported by further improvements in market fundamentals. It registered solid leasing activity coupled with a record volume of new supply delivered at the national level, while average rents saw marginal growth. Demand counted for 410.000 sqm of major leases at the national level. Around 70% of that area was leased for logistics, with the rest having a manufacturing destination and being dominated by demand coming from automotive car-parts suppliers, representing 20% of the total volume of major leases.

Bucharest concentrated almost 55% of the registered demand, with major deals totaling 220.000 sqm. Take-up doubled in the last two years and increased by 7% in 2016. Bucharest remains the clear favourite on logistics, reaching more than 90% of take-up.

Timisoara is the 2nd largest market after Bucharest, with major leases of 450.000 sqm during the last seven years, 55% for logistics and 45% for manufacturing platforms (automotive, electronics, equipment/machinery).

2017 saw the delivery of 123.000 sqm of new modern office spaces, taking the total stock to nearly 2,3 million sqm. Some delays were recorded due to both an overstretched construction segment and some developers seemingly pushing back their projects as they seek to improve the pre-lease percentage before the actual delivery. This coincides with the tight overall labour market. The trend highlighted in 2016 continues to hold, with half of the total expected deliveries coming from just two projects (the first phases for Globalworth's Campus and Forte Partner's The Bridge); Vastint also delivered over 30.000 sqm in two new buildings in its Timpuri Noi Square. Underpinning the newer hotspot in Centre-West, the two projects delivered in 2017 accounted for over one third of the total, while Timpuri Noi and Dimitrie Pompeiu each had a share of just under a quarter of the total.

Overall, market conditions in Bucharest remained fairly neutral, with average vacancy at just under 10% at the end of last year.

A touch over 100.000 sqm in new modern retail spaces were delivered in 2017 (versus around 240.000 sqm in the previous year). Bucharest concluded few lease extensions, which amounted to less than 20% of the total new GLA (versus more than 40% in 2016's total deliveries of 240.000 sqm). As such, Bucharest has been experiencing a period of relative equilibrium between supply and demand, a favorable moment for the large schemes delivered in 2016 to gain traction and settle in the domestic retail scene. Bucharest still features a considerably smaller per capita retail stock compared to Warsaw and Prague (though it is comparable to Budapest's), so there might be room for Bucharest to absorb some new large schemes over the medium term.

2017 brought a more favorable climate for the Residential Market, as the adoption of a strategy for the 'Prima Casă' programme for a five-year period increased the level of predictability, both for investors and for the end consumers. For 2017, the recorded demand and the accessibility of a new housing unit purchase resulted in price increases on all regional markets of Romania, ranging from 5% on average in Bucharest, Brașov or Timisoara, to approximately 10% in Cluj-Napoca, where the average price per square meter exceeded, for the first time ever, the one in the Capital.

According to the National Institute of Statistics, 27.881 homes were completed in all cities in 2017, the region with the highest share of total number of completed residential units being Bucharest - Ilfov, with over 10.000 delivered new units. Approximately 1.800 units, located in medium and large projects, of over 100 housing units, were delivered late by developers in 2017 or they are to be delivered in the near future.

Considering the current macroeconomic conditions and demand, the residential market will continue to remain attractive for the small investors who can achieve annual rental yields of 5% - 7%.

5.2 Bulgaria

Following a strong year of investment transactions with retail properties, a raising of interest in other segments (offices, industrial and logistics, and hotels) of the market may well unfold. Total sales transaction volume is unlikely to surpass the 2017 record high watermark in 2018, unless assets acquired in 2017 are resold. Interest rates on loans are expected to continue falling in the first half of 2018, with the available debt remaining stable.

The smaller number of institutional investors in Bulgaria, compared to other countries in the region, places Bulgaria in a less favorable position in terms of investment activity. Strong end-user demand remains among the country's advantages, likely to reinforce further investment interest.

Throughout the year, the interest in purchases both for residential and investment purposes remained high. Unlike the mass market, the dynamics of which is largely driven and facilitated by the increase in credit, the key factor for the higher price range was the buyer's higher disposable income. The lack of suitable investment alternatives also worked in favor of greater activity in the luxury property market during the past quarters of the year.

As a result of the increasing demand and the development of the infrastructure of Sofia, new promising zones for positioning luxury properties were established. The supply of luxury properties is still lagging behind the corresponding demand, but the market will move towards better balance with the new projects planned for 2018. Construction activity is high and together with the well-known and established neighbourhoods, more and more buildings are emerging in new luxury zones preferred by the buyers.

Total supply in the mid-plus and high-end residential market registered a 12% increase, reaching 7.900 residential units in 70 projects. The number of projects under active construction continued to grow, coming in at 2.800 residential units. The trend since 2015 of buying residential property "under construction" has remained in place. Those buying properties for personal use sustained demand again; the share of buyers for investment purposes remained at 25%. Asking prices for mid-plus and high-end residential units increased 7% in 2017, varying widely between €1.000-1.600 per sqm (including VAT), depending on the additional characteristics of the property and the environment.

5.3 Greece

After almost ten years of decline, real estate in Greece is starting to show some solid signs that there might be good things to come. The Greek economy is gradually starting to deal with its problems. Inflation entered positive territory in the past quarters and this also seems to create expectations of solid increases related to local real estate markets.

Focusing on the future outlook of the industry, the momentum should be maintained and demand for industry services is expected to grow over the next five years (based on expected increasing of outsourcing). At the same time, expected favorable impact of a series of external factors that would act as accelerators for the industry over the next five years - mainly participation in wider networks 4PL, and the upscaled presence of Cosco. Cosco Shipping has secured a foothold in Piraeus, and China is expected to activate plans to route the new Silk Road through the country's largest port, making Greece the gateway to the rest of Europe and setting the Greek logistics sector on the path toward expansion. Cosco Shipping has agreed to team up with the operator of Shanghai port, the world's largest container port, to promote container shipping traffic.

Continuing investment in road and rail infrastructure means that Greece's major ports are now directly interconnected with modern road and rail links, facilitating intermodal transport of cargo onwards to their final destination quickly and cost-effectively. Under the new European Infrastructure Policy (TEN-T) more than €26 billion will be invested in European infrastructure, including railway, road, port, airport and multimodal infrastructure projects in Greece.

Ferrovie dello Stato Italiane (known as Trainitalia), as of September 2017, owns TrainOSE, the Greek Rail Operator and is expected to invest in the existing network.

The booming market of e-commerce will dramatically increase the demand in warehouse properties while Outsourcing Logistics Services (3PLs) is growing rapidly in Greece. Supply of newly constructed logistics buildings was very limited in 2014-2017 as developers looked to pre-let or pre-sell before commencing any new developments.

5.4 Ukraine

2017 was an eventful year for the Kyiv office market, which continued strengthening at the backdrop of political and economic stability. 2017 experienced a consistent increase in demand for office space, with estimated annual take-up reaching approx. 155.000 sqm (+94,8% y-o-y). Prime effective rents remained roughly stable at US$23/sqm/month, while asking rates grew by 10-20% y-o-y.

The main trends and indicators for the warehouse market in Kyiv region in 2017 were composed of steady demand for warehouse space which continued to grow, as supported by a firm economic recovery. Annual take-up volume reached approximately 120.000 sqm (+9% y-o-y), while vacancy posted tangible decline from 12% to 6%, keeping prime effective rates stable at US$4,1 sqm/month (net of VAT and OPEX) with asking rents rising by 10%-15% y-o-y.

6. Property Assets

6.1 Victini (ex GED) Logistics center, Athens Greece

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 +4 million 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 characterized by high construction quality and state-of-the-art security measures. The complex includes 100 car parking spaces, as well as two central gateways (south and west).

During December 2017 the Company finalized its discussions with Dimitriou and Kuehne & Nagel (the German transportation and logistics company), the two existing tenants, in order for the latter to lease all the warehouse space and almost all of the office space that Dimitriou used to lease, with Dimitriou remaining as a tenant for only a small office area. The Kuehne & Nagel lease agreement is extended until 2023 and as at year-end the complex is 100% occupied.

6.2 EOS Business Park – Danone headquarters, Romania

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.

The Company acquired the office building in November 2014. The complex is fully let to Danone Romania, the French multinational food company, until 2025.

6.3 Praktiker Retail Center, Romania

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.

The complex is fully let to Praktiker Romania, a member of Kingfisher plc network, until December 2028.

6.4 Delenco office building, Romania

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 center of Bucharest, close to three main squares of the city: Unirii, Alba Iulia and Muncii, only 300m from the metro station.
The Company acquired 24,35% of the property in May 2015. As at the year-end 2017, the building is 100% let, with ANCOM (the Romanian Telecommunications Regulator) being the anchor tenant (70% of GLA).

6.5 Innovations Logistics Park, Romania

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 center, 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.

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 generates an annual rent payable by Aquila of ~€300.000. As at year-end 2017, the terminal's ambient space is fully let while overall the terminal is 60% leased.

6.6 Residential portfolio

- Romfelt Plaza (Doamna Ghica), Bucharest, Romania

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

During 2017, four units were sold and, at the end of 2017, 14 apartments were available with five of them being rented.

- Monaco Towers, Bucharest, Romania

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.

At the end of 2017, 22 apartments were available while six of them were rented, indicating an occupancy rate of 27%. Following extended negotiations for the last 18 months with the company which acquired Monaco's loan, the SPV holding Monaco units entered into insolvency status in order to protect itself from its creditors.

- Blooming House, Bucharest, Romania

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).

During 2017 two units were sold and at the end of 2017, 13 apartments were available while six were rented.

- Green Lake, Bucharest, Romania

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.

During 2017, eleven apartments and villas were sold while at the end of the year, of the 56 units that were unsold, 16 of them were let.

- Boyana Residence, Sofia, Bulgaria

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 available for sale or development of ~22.000 sqm of gross buildable area.

During 2017 three apartments were sold, with 37 remaining unsold at the end of 2017.

6.7 Land Assets

- Aisi Bela – Bela Logistic Center, Odessa, Ukraine

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

- Kiyanovskiy Lane – Kiev, Ukraine

The property consists of 0,55 Ha of land located at Kiyanovskiy Lane, near Kiev city center. 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. In July, the Company announced the conditional sale of Kiyanovski land asset to Riverside Developments. As of Q1 2018 such sale has not been realized in view of problems the buyer encountered with its development plan in the city of Podol.

- Tsymlyanskiy Lane – Kiev, Ukraine

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 a local co-investor owning the remaining 45%.
Discussions are on-going with interested parties with a view to partnering in the development or sale of this property

- Balabino- Zaporozhye, Ukraine

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

- Rozny Lane – Kiev Oblast, Kiev, Ukraine

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

7. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		€	€
Income	2	4.625.970	6.070.940
Asset operating expenses	3	(749.571)	(992.441)
Net Operating Income		**3.876.399**	**5.078.499**
Administration expenses	4	(2.351.546)	(2.614.188)
Share of profits/(losses) from associates	14	390.217	469.248
Valuation gains/(losses) from Investment Property	5	326.961	896.793
Net loss on disposal of inventory	6a	(43.870)	(368.907)
Net gain/(loss) on disposal of investment property	6b	4.366	(438.516)
Result on disposal of available for sale financial assets	18	-	(206.491)
Impairment allowance for inventory and provisions	7	150.000	(63.513)
Gain realized on acquisition of assets	13a	23.921	-
Gain on disposal of subsidiaries	13b	1.483.737	-
Other operating income/(expenses), net	8	(375.408)	(1.304.304)
Operating profit / (loss)		**3.484.777**	**1.448.621**
Finance income	9	13.376	1.153.243
Finance costs	9	(2.050.778)	(3.738.951)
Profit / (loss) before tax and foreign exchange differences		**1.447.375**	**(1.137.087)**
Foreign exchange (loss), net	10a	(2.030.561)	(1.041.239)
Forex transfer on disposal of foreign operation	10b	(37.352.923)	-
Loss before tax		**(37.936.109)**	**(2.178.326)**
Income tax expense	11	(596.165)	(174.315)
Loss for the year		**(38.532.274)**	**(2.352.641)**
Other comprehensive income			
Exchange difference on I/C loans to foreign holdings	10b	37.349.385	(4.167.542)
Exchange difference on translation of foreign operations	22	(615.583)	3.508.448
Available-for-sale financial assets – Gains recycled to loss for the year	18	-	(485.529)
Total comprehensive income for the year		**(1.798.472)**	**(3.497.264)**
Loss attributable to:			
Owners of the parent		(39.444.549)	(2.363.693)
Non-controlling interests		912.275	11.052
		(38.532.274)	**(2.352.641)**
Total comprehensive income attributable to:			
Owners of the parent		(2.962.059)	(3.477.567)
Non-controlling interests		1.163.587	(19.697)
		(1.798.472)	**(3.497.264)**

Earnings / (Losses) per share (Euro cent per share):	31b		
Basic earnings/(losses) for the year attributable to ordinary equity owners of the parent		(0,41)	(0,03)
Diluted earnings/(losses) for the year attributable to ordinary equity owners of the parent		(0,38)	(0,02)

8. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**2017 €**	**2016 €**
ASSETS			
Non-current assets			
Investment properties	12.4a	74.732.502	95.654.207
Investment properties under development	12.4b	4.586.009	5.027.986
Tangible and intangible assets	15	70.504	129.396
Long-term receivables and prepayments	16	316.788	351.181
Investments in associates	14	5.115.587	5.217.310
		84.821.390	**106.380.080**
Current assets			
Inventory	17	4.812.550	5.028.254
Prepayments and other current assets	19	5.846.584	2.778.361
Cash and cash equivalents	20	831.124	1.701.007
		11.490.258	**9.507.622**
Total assets		**96.311.648**	**115.887.702**
EQUITY AND LIABILITIES			
Issued share capital	21	1.035.893	900.145
Share premium		123.126.328	122.874.268
Foreign currency translation reserve	22	9.294.576	10.161.471
Exchange difference on I/C loans to foreign holdings	33.3	(217.670)	(37.567.055)
Accumulated losses		(96.888.569)	(57.444.020)
Equity attributable to equity holders of the parent		**36.350.558**	**38.924.809**
Non-controlling interests	23	8.401.414	7.237.827
Total equity		**44.751.972**	**46.162.636**
Non-current liabilities			
Borrowings	24	25.324.378	16.895.155
Finance lease liabilities	29	10.435.241	11.081.379
Bonds issued	25	1.033.842	-
Trade and other payables	26	417.791	451.123
Taxes payables	28	602.200	-
Provision on taxes	28	399.450	-
Deposits from tenants	27	187.976	217.328
		38.400.878	**28.644.985**
Current liabilities			
Borrowings	24	5.162.087	31.580.299
Finance lease liabilities	29	391.002	301.409
Bonds issued	25	20.495	-
Trade and other payables	26	6.920.308	7.038.170
Taxes payable	28	613.859	1.147.018
Provisions on taxes	28	51.047	742.166
Deposits from tenants	27	-	271.019
		13.158.798	**41.080.081**
Total liabilities		**51.559.676**	**69.725.066**
Total equity and liabilities		**96.311.648**	**115.887.702**

Net Asset Value (NAV) € per share:	31c		
Basic NAV attributable to equity holders of the parent		0,35	0,43
Diluted NAV attributable to equity holders of the parent		0,35	0,38

9. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Attributable to owners of the Company								
	Share capital	Share premium, Net[1]	Accumulated losses, net of non-controlling interest[2]	Exchange difference on I/C loans to foreign holdings[3]	Foreign currency translation reserve[4]	Available for sale financial assets – fair value reserve[5]	**Total**	Non-controlling interest	**Total**
	€	€	€	€	€		€	€	€
Balance - 31 December 2015	**900.145**	**122.874.268**	**(55.080.327)**	**(33.399.513)**	**6.653.023**	**485.529**	**42.433.125**	**615.527**	**43.048.652**
Loss for the year	-	-	(2.363.693)	-	-	**-**	**(2.363.693)**	11.052	**(2.352.641)**
Exchange difference on I/C loans to foreign holdings (Note 10b)	-	-	-	(4.167.542)	-	**-**	**(4.167.542)**	-	**(4.167.542)**
Foreign currency translation reserve	-	-	-	-	3.508.448	**-**	**3.508.448**	(30.749)	**3.477.699**
Available-for-sale financial assets – Gains recycled to loss for the year (Note 18)	-	-	-	-	-	(485.529)	**(485.529)**	-	**(485.529)**
Restructuring of the business (Note 30)	-	-	-	-	-	**-**	**-**	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 year	-	-	(2.091.626)	-	-	-	**(2.091.626)**	912.275	**(1.179.351)**
Issue of share capital (Note 21)	135.748	252.060	-	-	-	**-**	**387.808**	-	**387.808**
Exchange difference on I/C loans to foreign holdings which disposed (Note 10b)	-	-	(37.352.923)	37.352.923	-	**-**	**-**	-	**-**
Exchange difference on I/C loans to foreign holdings (Note 10b)	-	-	-	(3.538)	-	**-**	**(3.538)**	-	**(3.538)**
Foreign currency translation reserve	-	-	-	-	(866.895)	**-**	**(866.895)**	251.312	**(615.583)**
Balance - 31 December 2017	**1.035.893**	**123.126.328**	**(96.888.569)**	**(217.670)**	**9.294.576**	**-**	**36.350.558**	**8.401.414**	**44.751.972**

1Share premium is not available for distribution.

2Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defense at 20% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defense is payable on account of the shareholders.

3 Exchange differences on intercompany loans to foreign holdings arose as a result of devaluation of the Ukrainian Hryvnia during previous years. The Group treats the mentioned loans as a part of the net investment in foreign operations (Note 33.3).

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

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

10. CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 €	2016 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax and non-controlling interests		**(37.936.109)**	**(2.178.326)**
Adjustments for:			
(Gains) on revaluation of investment property	5	(326.961)	(896.793)
Net (gain)/loss on disposal of investment property	6b	(4.366)	438.516
Other non-cash movements		411	(1.367)
Write offs of prepayments	8	44.040	6.701
Accounts payable written off	8	(21.860)	(109.602)
Depreciation/ Amortization charge	4	44.128	58.491
Interest income	9	(13.376)	(1.153.243)
Interest expense	9	1.929.583	3.571.387
Share of losses/(profit) from associates	14	(390.217)	(469.248)
Gain on acquisition of subsidiaries	13a	(23.921)	-
Results on disposal of available for sale assets	18	-	206.491
Impairment of inventory	7	-	63.513
Reversal of provision	7	(150.000)	-
Gain on disposal of subsidiaries	13b	(1.483.737)	-
Effect of foreign exchange differences	10a	2.030.561	1.041.239
Forex transfer on disposal of foreign operation	10b	37.349.385	-
Cash flows from/(used in) operations before working capital changes		**1.047.561**	**577.759**
Change in inventory	17	215.704	1.522.234
Change in prepayments and other current assets	19	(497.198)	(380.280)
Change in trade and other payables	26	(585.447)	(2.134.760)
Change in VAT and other taxes receivable	19	103.009	560.009
Change in provisions	28	408.331	17.721
Change in other taxes payables	28	(423.658)	157.026
Increase in deposits from tenants	27	(108.196)	(268.107)
Cash generated from operations		**160.106**	**51.602**
Income tax paid		(152.416)	(2.879)
Net cash flows provided in operating activities		**7.690**	**48.723**
CASH FLOWS FROM INVESTING ACTIVITIES			
Sales proceeds from disposal of investment property	6b	363.985	2.043.055
Capital expenditure on property plant and equipment		-	(23.266)
Dividend received from associates	14	231.363	127.570
Interest received		1.543	886
Increase in long term receivables		(65.606)	1.734
Cash inflow on disposal of subsidiaries	13b	2.844.494	-
Loan granted for property acquisition	19	(3.345.000)	-
Net cash flows from / (used in) investing activities		**30.779**	**2.149.979**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	21	135.748	-
Bonds issue	25	1.033.842	-
Proceeds from bank loans	24	1.455.336	1.000.000

Repayment of borrowings	24	(1.437.587)	(2.881.423)
Interest and financial charges paid		(1.774.925)	(3.716.433)
Decrease in financial lease liabilities	29	(320.766)	(82.934)
Increase in Non-controlling interest		-	4.287.673
Net cash flows from / (used in) financing activities		**(908.352)**	**(1.393.117)**
Net increase/(decrease) in cash at banks		**(869.883)**	**797.092**
Cash:			
At beginning of the year		1.701.007	895.422
Effect of foreign exchange rates on cash and cash equivalents		-	(8.493)
At end of the year	20	**831.124**	**1.701.007**

11. Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

1. Investment in subsidiaries

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

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

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

During the reporting period the Group did not proceed with any acquisitions. A restructuring was implemented at Greenlake project and the Kindergarten together with one villa were passed to another SPV, namely SPDI REAL ESTATE SRL (Note 13a). As far as disposals is concerned during the reporting period the Company concluded successfully the sale of its Terminal Brovary in Ukraine as well as the sale of Delia land plot in Bucharest, Romania (Note 13b).

The Group has resolved to streamline its structure in Cyprus and Romania for cost cutting and tax optimization purposes. Towards this goal, during the reporting period the following mergers have been filed in Romania which will be finalized during 2018 (Note 37f):
A. merger by absorption of Secvista Real Estate S.R.L. acting as Absorbed Company, with Best Day S.R.L. acting as Absorbing Company,
B. merger by absorption of Secrom S.R.L.and Secure Property Development and Investment S.R.L acting as Absorbed Companies, with N-E Real Estate Park First Phase S.R.L. acting as Absorbing Company.

The Group is planning to streamline its structure in Cyprus and Romania further throughout 2018.

2. Income

Income for the year ended 31 December 2017 represents:

a) rental income as well as service charges and utilities income collected from tenants as a result of the rental agreements concluded with tenants of Innovations Logistics Park (Romania), EOS Business Park (Romania), Praktiker Craiova (Romania), and Victini Logistics (Greece),
b) income from the sale of electricity by Victini Logistics to the Greek grid,
c) rental income and service charges by tenants of the Residential Portfolio, and;
d) income from third parties and /or partners for consulting and managing real estate properties (Praktiker Craiova, Terminal Brovary, Greenlake etc).

Income for 2016 includes further to the above, the income from Terminal Brovary logistics park as well as the income from Nestle (~€1,6m) pursuant to the agreement to early termination of their rental contract at Innovations Logistics Park (Romania).

	31 Dec 2017 €	31 Dec 2016 €
Rental income	2.971.807	5.262.607
Sale of electricity	321.365	315.599
Service charges and utilities income	166.142	458.648
Service and property management income	1.166.656	34.086
Total income	**4.625.970**	**6.070.940**

Occupancy rates in the various income producing assets of the Group as at 31 December 2017 were as follows:

Income producing assets			
%		**31 Dec 2017**	**31 Dec 2016**
EOS Business Park	Romania	100	100
Innovations Logistics Park	Romania	60	25
Victini Logistics	Greece	100	100
Terminal Brovary	Ukraine	-	100
Praktiker Craiova	Romania	100	100
Kindergarten	Romania	100	-

3. Asset operating expenses

The Group incurs expenses related to the proper operation and maintenance of all properties in Kiev, Bucharest, Athens, Sofia and Craiova. A part of these expenses is recovered from the tenants through the service charges and utilities recharge (Note 2). The effective reduction between 2016 and 2017 is attributed mainly to the sale of Terminal Brovary Logistics Park (Terminal Brovary expenses in 2017 were €34.580 while in 2016 were €338.807).

	31 Dec 2017	31 Dec 2016
	€	€
Property related taxes	(251.662)	(283.193)
Property management fees	(151.552)	(173.363)
Repairs and technical maintenance	(125.070)	(101.325)
Utilities	(98.734)	(207.086)
Property security	(44.724)	(86.574)
Property insurance	(42.173)	(49.622)
Leasing expenses	(34.329)	(89.335)
Other operating expenses	(1.327)	(1.943)
Total	**(749.571)**	**(992.441)**

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

Leasing expenses reflect expenses related to long term land leasing.

4. Administration Expenses

	31 Dec 2017	31 Dec 2016
	€	€
Salaries and Wages	(825.348)	(977.304)
Advisory fees	(415.040)	(403.185)
Public group expenses	(228.373)	(146.047)
Corporate registration and maintenance fees	(193.244)	(185.772)
Audit and accounting fees	(159.540)	(192.514)
Legal fees	(110.348)	(127.926)
Depreciation/Amortization charge	(44.128)	(58.491)
Directors' remuneration	-	(140.779)
Corporate operating expenses	(375.525)	(382.170)
Total Administration Expenses	**(2.351.546)**	**(2.614.188)**

Salaries and wages include the remuneration of the CEO, the CFO, the Group Commercial Director, the Group Investment Director (until his departure in April 2017) and the Country Managers of Ukraine and Romania who have accepted a temporary reduction in their remuneration, as well as the salary cost of personnel employed in the various Company's offices in the region which has been reduced following the completion of Terminal Brovary sale in Ukraine.

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

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

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

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

Directors' remuneration represents the remuneration of all non-executive Directors and committee members for H1-2016 (Note 33.1.2). Following a BOD decision the Directors receive no remuneration thereafter.

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

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

5. Valuation gains / (losses) from investment properties

Valuation gains /(losses) from investment property for the reporting period, excluding foreign exchange translation differences which are incorporated in the table of Note 12.2, are presented in the table below.

Property Name (€)	Valuation gains/(losses)	
	31 Dec 2017	31 Dec 2016
	€	€
Brovary Logistic Park	-	3.561.403
Bela Logistic Center	356.575	283.654
Kiyanovskiy Lane	(166.603)	356.023
Tsymlyanskiy Lane	35.379	111.893
Balabyne Lane	51.460	77.597
Rozny Lane	(54.446)	(55.673)
Innovations Logistics Park	(734.463)	(3.384.853)
EOS Business Park	524.922	337.684
Residential Portfolio	121.357	133.130
GreenlLake	510.107	53.139
Delia Lebada	(13.618)	(941.179)
Praktiker Craiova	194.720	329.975
SPDI Real Estate	491.571	-
Victini Logistics	(500.000)	-
Boyana - Land	(490.000)	34.000
Total	**326.961**	**896.793**

6. Gain/ (Loss) from disposal of properties

During the reporting period the Group proceeded with selling properties classified under either Investment Property (Romanian residential assets) or Inventory (Bulgarian residential assets), both designated as non-core assets. The gain/ (losses) form disposal of such properties are presented below:

6a Inventory (Note 17)

	31 Dec 2017	31 Dec 2016
	€	€
Income from sale of inventory	171.834	1.153.326
Cost of inventory	(215.704)	(1.522.233)
Gain/(Loss) from disposal of inventory	**(43.870)**	**(368.907)**

During 2017 the Group sold 3 apartments in Bulgaria (2016: 3 apartments). The specific 3 sales which were completed in 2017 were in fact a “bulk sale” and these units had specific technical issues that indicated their direct disposal.

6b Investment property

During 2017 the Group sold 4 apartments in Romfelt and 2 apartments in Zizin while during 2016 the Group sold 2 apartments in Romfelt and 2 apartments in Zizin.

A large part of sold properties during 2016 represents the bulk sale of all the apartments held by the Group in Linda Residence project. This sale resulted in €660.000 of income vs the carrying value of €1.014.000 reflecting the 2015 stated fair value. During the sale process the financing bank agreed to provide a discount of €326.937 against the one off repayment of the associated debt (Note 9). The net cash proceeds from the sale were ~€450k.

	31 Dec 2017	31 Dec 2016
	€	€
Income from sale of investment property	363.985	2.043.055
Cost of investment property	(359.619)	(2.481.571)
Gain/(Loss) from disposal of investment property	**4.366**	**(438.516)**

7. Impairment allowance for inventory and provisions

	31 Dec 2017	31 Dec 2016
	€	€
Impairment of inventory	-	(63.513)
Provisions (Note 34.3)	150.000	-
Total	**150.000**	**(63.513)**

Impairment of Inventory relates to Boyana residence (Note 17).

Provision was taken by management in 2015 for Delia Lebada amounting to €700.000 while finally the Company as part of the sale of the asset and the release of the corporate guarantee transaction paid €550.000 and as such the difference of €150.000 was reversed in 2017 (Note 34.3).

8. Other operating income/(expenses), net

	31 Dec 2017	31 Dec 2016
	€	€
Accounts payable written off	21.860	109.602
Other income	**21.860**	**109.602**
Impairment of prepayments and other current assets	(44.040)	(6.701)
Transaction costs written off	-	(506.837)
Penalties	(22.686)	(521.595)
Other expenses	(330.542)	(378.773)
Other expenses	**(397.268)**	**(1.413.906)**
Other operating income/(expenses), net	**(375.408)**	**(1.304.304)**

Transaction costs represent due diligence costs, previously held under deferred expenses, for properties that were considered for acquisition which at the end were not acquired.

Penalties in 2017 represent tax penalties imposed in Greece and Bulgaria while in 2016 mainly represent penalties associated with the 20% share disposal in Autounion (Note 18).

Other expenses in 2017 include non recoverable VAT of previous periods for Cyprus companies. Other expenses in 2016 includes €246.337 of transaction expenses related to Terminal Brovary sale and €109.654 reflects a non realized loss due to amounts related with non-controlling interest restructuring of the Group.

9. Finance costs and income

Finance income	**31 Dec 2017**	**31 Dec 2016**
	€	€
Income associated to partial write off of bank loans	-	326.937
Interest received from non-bank loans (Note 33.1.1)	11.833	61.925
Interest (non-bank) written off	-	763.481
Interest income associated with banking accounts	1.543	900
Total finance income	**13.376**	**1.153.243**

Income associated to partial write off of bank loans for 2016 reflects the amount foregone by the Raiffeisen Bank reflecting a discount of 26% of the principal amount (at the time of the agreement in 2015), upon complete sale of all the Linda Residence units (Note 6b) (effected in 2016) and full repayment of the remaining associated debt.

Interest received from non-bank loans, reflects income from loans granted by the Group for financial assistance of associates (and/or available for sale properties for 2016).

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

Finance costs	**31 Dec 2017**	**31 Dec 2016**
	€	€
Interest expenses (bank)	(1.277.698)	(2.970.765)
Interest expenses (non-bank) (Note 33.1)	(63.540)	(14.996)
Finance leasing interest expenses	(567.850)	(585.626)
Finance charges and commissions	(67.983)	(123.413)
Bonds interest	(20.495)	-
Other finance expenses	(53.212)	(44.151)
Total finance costs	**(2.050.778)**	**(3.738.951)**
Net finance result	**(2.037.402)**	**(2.585.708)**

Interest expense (bank) represents interest expense charged on bank borrowings. The reduction reflects the disposal of Terminal Brovary asset together with the associated EBRD loan.

Interest expense (non-bank) represents interest expense charged on non-bank borrowings, mainly from related parties as well as penalties for delay of payment of the last installment for EOS acquisition (Note 33.1.2).

Finance leasing interest expenses relate to the sale and lease back agreements of the Group (Note 29).

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

Bonds interest represent interest calculated for the bonds issued by the Company during 2017 (Note 25).

Other finance expenses for 2017 includes interest on tax for prior years related to Cyprus companies, while for 2016 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.

10. Foreign exchange profit / (losses)

a. Non realised foreign exchange loss

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 for the year ended 31 December 2017 amounted to €2.030.561 (2016: loss €1.041.239).

b. Exchange difference on intercompany loans to foreign holdings

The Company has loans receivable from foreign group subsidiaries which are considered as part of the Group's net investments in those foreign operations (Note 33.3). For these intercompany loans the foreign exchange differences are recognized initially in other comprehensive income and in a separate component of equity. During 2017, the Group recognized such foreign exchange losses of €3.538 (2016: €4.167.542). Upon disposal of such foreign operations and thus of Terminal Brovary (Note 13b) during 2017, the accumulated foreign exchange difference amounting to €37.352.923 (2016: €0) is transferred to the Consolidated Profit or Loss for the year.

11. Tax Expense

	31 Dec 2017	31 Dec 2016
	€	€
Income and defence tax expense	(596.165)	(174.315)
Taxes	**(596.165)**	**(174.315)**

For the year ended 31 December 2017, the corporate income tax rate for the Group's subsidiaries are as follows: in Ukraine 18%, in Romania 16%, in Greece 29% and in Bulgaria 10%. The corporate tax that is applied to the qualifying income of the Company and its Cypriot subsidiaries is 12,5%. For 2017 the amount of tax recorded includes also an amount of €241.435 which represent tax provisions for fiscal years 2015 and 2016 related to Cyprus companies.

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

	31 Dec 2017	31 Dec 2016
	€	€
Profit / (loss) before tax	**(34.334.671)**	**(1.483.129)**
Tax calculated on applicable rates	(4.307.875)	410.850
Expenses not recognized for tax purposes	4.538.828	2.923.266
Tax effect of allowances and income not subject to tax	(153.916)	(2.530.411)
Tax effect of group tax relief	-	(51.711)
Tax effect on tax losses for the year	139.129	190.224
Tax effect on tax losses brought forward	(88.352)	(776.537)
10% additional tax	5.811	6.657
Defence tax	6	17
Overseas tax in excess of credit claim used during the year	847	1.044
Prior year tax	461.687	916
Total Tax	**596.165**	**174.315**

12. Investment Property

12.1 Investment Property Presentation

Investment Property consists of the following assets:

Income Producing Assets

- **VICTINI Logistics (ex GED)** is a logistics park comprising 17.756 gross leasable sqm. It is fully let to the German multinational transportation and logistics company, Kuehne & Nagel and to a Greek commercial company trading electrical appliances GE Dimitriou SA. 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** consists of 3.386 sqm gross leasable area and includes a Class A office Building in Bucharest,

which is currently fully let to Danone Romania until 2025.

- **Praktiker Craiova,** a DIY retail property was acquired by the Group in July 2015. The Bluebigbox 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 lettable area of 9.385 sqm and is 100% rented until 2028.
- **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.
- During the period the Company proceeded with an internal reorganization and the **Kindergarten** asset of Greenlake which was under the ownership of the associate Greenlake Development Srl was acquired by a separate entity (SPDI Real Estate). The Kindergaden 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 64 apartments and villas across five separate complexes located in different residential areas of Bucharest (Residential portfolio: Romfelt, Monaco, Blooming House, Greenlake Residential: Greenlake Parcel K, SPDI REAL ESTATE villa P1). The Group acquired the portfolio partly in August 2014 and partly May 2015 and in May 2016 proceeded in full divestment from Linda Residences. During 2017 Tonescu Finance (the company which acquired the Monaco related loan) commenced against SECMON legal proceedings and in order for SECMON to protect itself it entered voluntarily insolvency status beginning of 2018 (Note 37g).

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. In July 2017 the Company announced the conditional sale of its Kiyanovski land asset to Riverside Developments ('Riverside'), a major 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 12.2). As at the date of issuance of this report such sale has not been realized in view of problems the buyer encountered with its development plan in the city of Podol.

- **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.

- **Greenlake land** is a 40.360 sqm plot and is adjacent to the Greenlake part of the Company's residential portfolio, which is classified under Investments in Associates (Note 14). 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.
- **Boyana Land:** The complex of Boyana Residence includes adjacent land plots available for sale or development of ~22.000 sqm of gross buildable area.

12.2 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.

2017 (€)			Fair Value movements			Asset Value at the Beginning of the period or at Acquisition/Transfer date		
Asset Name	Type	Carrying amount as at 31/12/2017	Foreign exchange translation difference (a)	Fair value gain/(loss) based on local currency valuations (b)	Disposals 2017	Transfer from Inventory	Additions 2017	Carrying amount as at 31/12/2016
Terminal Brovary Logistics Park	Warehouse	-	-	-	(14.900.000)	-	-	14.900.000
Bela Logistic Center	Land	4.586.009	(798.552)	356.575	-	-	-	5.027.986
Kiyanovskiy Lane	Land	2.668.223	(485.542)	(166.603)	-	-	-	3.320.368
Tsymlyanskiy Lane	Land	917.202	(161.721)	35.379	-	-	-	1.043.544
Balabyne	Land	1.334.111	(235.232)	51.460	-	-	-	1.517.883
Rozny Lane	Land	1.083.966	-	(54.446)	-	-	-	1.138.412
Total Ukraine		**10.589.511**	**(1.681.047)**	**222.365**	**(14.900.000)**	**-**	**-**	**26.948.193**
Innovations Logistics Park	Warehouse	10.000.000	(265.537)	(734.463)	-	-	-	11.000.000
EOS Business Park	Office	7.200.000	(184.922)	524.922	-	-	-	6.860.000
Residential portfolio	Residential	4.023.000	(113.738)	121.357	(359.619)	-	-	4.375.000
GreenlLake	Land	17.963.000	(466.107)	510.107		-	-	17.919.000
Delia Lebada	Land	-	13.618	(13.618)	(4.860.000)	-	-	4.860.000
Kindergarten	Retail	1.713.000	(43.571)	491.571	-	-	1.265.000	-
Praktiker Craiova	Retail	7.500.000	(194.720)	194.720	-	-	-	7.500.000
Total Romania		**48.399.000**	**(1.254.977)**	**1.094.596**	**(5.219.619)**	**-**	**1.265.000**	**52.514.000**
Boyana	Land	4.230.000	-	(490.000)	-	-	-	4.720.000
Total Bulgaria		**4.230.000**	**-**	**(490.000)**	**-**	**-**	**-**	**4.720.000**
Victini Logistics	Warehouse	16.100.000	-	(500.000)	-	-	100.000	16.500.000
Total Greece		**16.100.000**	**-**	**(500.000)**	**-**	**-**	**100.000**	**16.500.000**
TOTAL		**79.318.511**	**(2.936.024)**	**326.961**	**(20.119.619)**	**-**	**1.365.000**	**100.682.193**

2016 (€)			Fair Value movements			Asset Value at the Beginning of the period or at Acquisition/Transfer date		
Asset Name	Type	Carrying amount 31/12/2016	Foreign exchange translation difference (a)	Fair value gain/(loss) based on local currency valuations (b)	Disposals 2016	Transfer from Inventory	Additions 2016	Carrying amount as at 31/12/2015
Terminal Brovary Logistics Park	Warehouse	14.900.000	(925.726)	3.561.403	-	-	-	12.264.323
Bela Logistic Center	Land	5.027.986	(381.057)	283.654	-	-	-	5.125.389
Kiyanovskiy Lane	Land	3.320.368	(239.023)	356.023	-	-	-	3.203.368
Tsymlyanskiy Lane	Land	1.043.544	(75.122)	111.893	-	-	-	1.006.773
Balabyne	Land	1.517.883	(115.636)	77.597	-	-	-	1.555.922
Rozny Lane	Land	1.138.412	-	(55.673)	-	-	-	1.194.085
Total Ukraine		**26.948.193**	**(1.736.564)**	**4.334.897**	**-**	**-**	**-**	**24.349.860**
Innovations Logistics Park	Warehouse	11.000.000	(15.147)	(3.384.853)	-	-	-	14.400.000

EOS Business Park	Office	6.860.000	(27.684)	337.684	-	-	-	6.550.000
Residential portfolio	Residential	4.375.000	1.440	133.130	(2.481.570)	-	-	6.722.000
Greenlake	Land	17.919.000	(66.139)	53.139	-	-	-	17.932.000
Delia Lebada	Land	4.860.000	(10.821)	(941.179)	-	-	-	5.812.000
Praktiker Craiova	Retail	7.500.000	(29.975)	329.975	-	-	-	7.200.000
Total Romania		**52.514.000**	**(148.326)**	**(3.472.104)**	**(2.481.570)**	**-**	**-**	**58.616.000**
Boyana	Land	4.720.000	-	34.000	-	4.686.000	-	
Total Bulgaria		**4.720.000**	**-**	**34.000**	**-**	**4.686.000**	**-**	
Victini Logistics	Warehouse	**16.500.000**	**-**	**-**	**-**	**-**	**-**	**16.500.000**
Total Greece		**16.500.000**	**-**	**-**	**-**	**-**	**-**	**16.500.000**
TOTAL		**100.682.193**	**(1.884.890)**	**896.793**	**(2.481.570)**	**4.686.000**	**-**	**99.465.860**

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

a. The translation loss due to the devaluation of local currencies of €2.936.024 (a) is presented as part of the exchange difference on translation of foreign operations in other comprehensive income in the statement of comprehensive income and then carried forward in the Foreign currency translation reserve; and,
b. The fair value gain in terms of the local functional currencies amounting to €326.961 (b), is presented as Valuation gains/(losses) from investment properties in the statement of comprehensive income and is carried forward in Accumulated losses.

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

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

Asset Name	Location	Principal Operation	Related Companies	Carrying amount as at	
				31 Dec 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	4.586.009	5.027.986
Kiyanovskiy Lane	Podil, Kiev City Center	Land for residential development	LLC Aisi Ukraine LLC Trade Center	2.668.223	3.320.368
Tsymlyanskiy Lane	Podil, Kiev City Center	Land for residential Development	LLC Almaz Pres Ukraine	917.202	1.043.544
Balabyne	Zaporizhia	Land for retail development	LLC Interterminal LLC Aisi Ilvo,	1.334.111	1.517.883
Rozny Lane	Brovary district, Kiev	Land for residential Development	SC Secure Capital Limited	1.083.966	1.138.412
Total Ukraine				**10.589.511**	**26.948.193**
Innovations Logistics Park	Clinceni, Bucharest	Warehouse	Myrnes Innovations Park Limited Best Day Real Estate Srl	10.000.000	11.000.000
EOS Business Park	Bucharest	Office building	Yamano Limited SPDI SRL, N-E Real Estate Park First Phase Srl	7.200.000	6.860.000
Praktiker Craiova	Craiova	Big Box retail	Bluehouse Accession Project IX Limited Bluehouse Accession Project IV Limited BlueBigBox 3 srl	7.500.000	7.500.000
Kindergarten	Bucharest	Retail	SPDI Real Estate Srl	1.713.000	-
Residential Portfolio	Bucharest	Residential apartments	Secure Investments II Limited Demetiva Limited	4.023.000	4.375.000

		(49 in total in 3 complexes)	Diforio Limited Frizomo Limited Ketiza Limited SecRom Srl SecVista Srl SecMon Srl Ketiza Srl		
Greenlake	Bucharest	Residential villas (14 villas) & land for residential development	Secure Investments I Limited Edetrio Holdings Limited Emakei Holdings Limited Iuliu Maniu Limited Ram Real Estate Management Limited Moselin Investments srl Rimasol Limited Rimasol Real Estate Srl Ashor Ventures Limited Ashor Develpoment Srl Jenby Ventures Limited Jenby Investments Srl Ebenem Limited Ebenem Investments Srl	17.963.000	17.919.000
Delia Lebada	Bucharest	Land for residential development	Secure Investments I Limited Mofben Investments Limited Delia Lebada Invest srl	-	4.860.000
Total Romania				**48.399.000**	**52.514.000**
Boyana	Sofia	Land	Boyana Residence ood, Sertland Properties Limited	4.230.000	4.720.000
Total Bulgaria				**4.230.000**	**4.720.000**
Victini Logistics	Athens	Warehouse	Victini Holdings Limited, Victini Logistics Park SA	16.100.000	16.500.000
Total Greece				**16.100.000**	**16.500.000**
TOTAL				**79.318.511**	**100.682.193**

12.4 Investment Property analysis

a. Investment Properties

The following assets are presented under Investment Property: Terminal Brovary Logistics Park (sold during January 2017), Innovations Logistic park, EOS Business Park, Victini Logistics, Praktiker Craiova, Kindergarten of Greenlake, the Residential Portfolio (consisting of apartments in 3 complexes) and Greenlake parcel K as well as all the land assets namely Kiyanovskiy Lane, Tsymlyanskiy Lane, Balabyne and Rozny in Ukraine, Delia Lebada land plot (sold during July 2017) and Greenlake in Romania as well as the land in Sofia, Bulgaria (Boyana) which has been reclassified from Inventory.

	31 Dec 2017	31 Dec 2016
	€	€
At 1 January	**95.654.207**	**94.340.471**
Acquisitions of investment property	1.265.000	-
Disposal of investment Property	(20.119.619)	(2.481.570)
Transfer from Inventory/prepayments made	100.000	4.686.000
Revaluation (loss)/gain on investment property	(29.614)	613.139
Translation difference	(2.137.472)	(1.503.833)
At 31 December	**74.732.502**	**95.654.207**

Acquisitions of Investment properties represent the internal reorganization to which the Company proceeded during 2017 and the Kindergarten asset of Greenlake which was under the ownership of the associate Greenlake Development Srl was acquired by a separate entity (SPDI Real Estate) (Note 13a).

Disposals of Investment Properties represent the sales of Terminal Brovary logistics Park in Ukraine as well as the Delia Lebada land plot in Romania (Note 13b).

b. Investment Properties Under Development

As at 31 December 2017 investment property under development represents the carrying value of Bela Logistic Center property, which has reached the +10% construction in late 2008 but it is stopped since then.

	31 Dec 2017	31 Dec 2016
	€	€
At 1 January	**5.027.986**	**5.125.389**
Revaluation on investment property	356.575	283.654
Translation difference	(798.552)	(381.057)
At 31 December	**4.586.009**	**5.027.986**

c. Prepayments made for Investments

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

	31 Dec 2017	31 Dec 2016
	€	€
At 1 January	**-**	**100.000**
Transfer to long term receivables and prepayments for investments (Note 16)	-	(100.000)
At 31 December	**-**	**-**

12.5 Investment Property valuation method presentation

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

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

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

Fair value measurements at 31 Dec 2017(€)	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
Recurring fair value measurements				
Balabyne - Zaporizhia	-	1.334.111	-	**1.334.111**
Tsymlyanskiy Lane – Podil, Kiev City Center	-	917.202	-	**917.202**
Bela Logistics Center- Odessa	-	-	4.586.009	**4.586.009**
Kiyanovskiy Lane – Podil, Kiev City Center	-	2.668.223	-	**2.668.223**
Rozny Lane – Brovary district, Kiev oblast	-	1.083.966	-	**1.083.966**
Innovations Logistics Park – Bucharest	-	-	10.000.000	**10.000.000**
EOS Business Park – Bucharest, City Center	-	-	7.200.000	**7.200.000**
Residential Portfolio (ex Greenlake) – Bucharest	-	4.023.000	-	**4.023.000**
Greenlake – Bucharest	-	17.963.000	-	**17.963.000**
Praktiker - Craiova	-	-	7.500.000	**7.500.000**
SPDI Real Estate - Bucharest	-	-	1.713.000	**1.713.000**
Victini Logistics – Athens	-	-	16.100.000	**16.100.000**
Boyana- Land, Bulgaria	-	4.230.000	-	**4.230.000**
Totals	-	**32.219.502**	**47.099.009**	**79.318.511**

-

Fair value measurements at 31 Dec 2016 (€)	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
-				
Recurring fair value measurements				
Balabyne - Zaporizhia	-	1.517.883	-	1.517.883
Tsymlyanskiy Lane – Podil, Kiev City Center	-	1.043.544	-	1.043.544
Bela Logistics Center- Odessa	-	-	5.027.986	5.027.986
Terminal Brovary Logistics Park - Brovary Kiev Oblast	-	14.900.000	-	14.900.000
Kiyanovskiy Lane – Podil, Kiev City Center	-	3.320.368	-	3.320.368
Rozny Lane – Brovary district, Kiev oblast	-	1.138.412	-	1.138.412
Innovations Logistics Park – Bucharest	-	-	11.000.000	11.000.000
EOS Business Park – Bucharest, City Center	-	-	6.860.000	6.860.000

Residential Portfolio (ex Greenlake) – Bucharest	-	4.375.000	-	4.375.000
Greenlake – Bucharest	-	17.919.000	-	17.919.000
Delia Lebada – Bucharest	-	4.860.000	-	4.860.000
Praktiker - Craiova	-	-	7.500.000	7.500.000
Victini Logistics – Athens	-	-	16.500.000	16.500.000
Boyana- Land, Bulgaria	-	4.720.000	-	4.720.000
Totals	-	**53.794.207**	**46.887.986**	**100.682.193**

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

Level 3 Fair value measurements at 31 Dec 2017 (€)	**Bela Logistics Center**	**Innovations Logistics Park**	**EOS Business Park**	**Praktiker Craiova**	**Victini Logistics**	**SPDI Real Estate**	**Total**
Opening balance	**5.027.986**	**11.000.000**	**6.860.000**	**7.500.000**	**16.500.000**	**-**	**46.887.986**
Transfer to and from level 2 due to change of valuation methods	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	1.265.000	1.265.000
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	100.000	-	100.000
Profit/(loss) on revaluation	356.575	(734.463)	524.922	194.720	(500.000)	491.571	333.325
Translation difference	(798.552)	(265.537)	(184.922)	(194.720)	-	(43.571)	(1.487.302)
Closing balance	**4.586.009**	**10.000.000**	**7.200.000**	**7.500.000**	**16.100.000**	**1.713.000**	**47.099.009**

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

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

	Fair value at 31 Dec 2017	**Fair value at 31 Dec 2016**	**Valuation technique**	**Unobservable inputs**	**Relationship of unobservable inputs to fair value**
	€	**€**	**€**	**€**	**€**
Bela Logistic Center – Odessa	4.586.009	5.027.986	Combined market and cost approach	Percentage of development works completion, deterioration rate	The higher the percentage of completion the higher the fair value. The higher the deterioration rate, the lower fair value
Innovations Logistics Park – Bucharest	10.000.000	11.000.000	Income approach	Future rental income and costs for 10 years, discount rate	The higher the rental income the higher the fair value. The higher the discount rate, the lower fair value

EOS Business Park – Bucharest, City Center	7.200.000	6.860.000	Income approach	Future rental income and costs for 10 years, discount rate	The higher the rental income the higher the fair value. The higher the discount rate, the lower fair value
Praktiker Craiova	7.500.000	7.500.000	Income approach	Future rental income and costs for 10 years, discount rate	The higher the rental income the higher the fair value. The higher the discount rate, the lower fair value
VICTINI Logistics	16.100.000	16.500.000	Income approach	Future rental income and costs for 10 years, discount rate for real estate property and for Photovoltaic 25 + 6 years for PV	The higher the rental/PV income the higher the fair value. The higher the discount rate, the lower fair value
SPDI Real Estate	1.713.000	-	Income approach	Future rental income and costs for 10 years, discount rate, vacancy rate	The higher the rental income the higher the fair value. The higher the discount rate and the vacancy rate, the lower fair value
Total	**47.099.009**	**46.887.986**			

13. Investment Property Acquisitions, Goodwill Movement and Disposals

a. Investment Property Acquisitions

Acquisitions of investment property represents the internal reorganization which the Company undertook during 2017 whereby the Kindergarten asset of Greenlake which was under the ownership of the associate Greenlake Development Srl was acquired by a separate subsidiary entity (SPDI Real Estate) .

	€
Fair value of investment property acquired	1.265.000
Consideration paid	(1.241.079)
Gain on acquisition of assets	**23.921**
Non-controlling interest	11.960,50
SPDI equity holders	11.960,50

b. Disposal of subsidiaries

At 27 January 2017 the SL Logistics Group (Terminal Brovary related) was sold to Temania Enterprises Ltd (company related to Rozetka Group). The transaction was concluded at a Gross Asset Value of ~€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 ~€3million. As part of the transaction the Group also sold SL SECURE Logistics Ltd, and thus transferred its loan towards Terminal Brovary to the buyer.

The Company had loans receivable from foreign group subsidiaries which are considered as part of the Group's net investments in those foreign operations (Note 33.3). For these intercompany loans the foreign exchange differences are recognized initially in other comprehensive income and in a separate component of equity. Upon disposal of such foreign operations and thus of Terminal Brovary during 2017, the accumulated foreign exchange difference amounting to €37.352.923 is transferred to the Consolidated Profit or Loss for the year.

The table below shows the Balance Sheet of the Terminal Brovary Group at the disposal date.

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)**
Financed by	
Cash consideration received	2.849.187
Total result from Terminal Brovary disposal	**(221.990)**

On 26 July 2017 the Company announced the disposal of Delia Lebada , a ~40.000 sqm (4 hectare) plot of land in east Bucharest on the shore of Pantelimon Lake in which SPDI owned a 65% stake. The sale price was €2,4 million and simultaneously, the associated property loan (principal and interest) totaling €6.594.396 with 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 (totaling €2,95 million) using a combination of the Land Disposal proceeds (€2,4 million) and an additional payment of €550.000 (Note 7).

Overall the transaction had a positive result of €1.705.727 in the Consolidated Statement of Comprehensive Income, €761.197 being attributed to the equity holders of the Company.

ASSETS	**€**
Non-current assets	
Investment property	4.860.000
Current assets	
Prepayments and other current assets	92.990
Cash and cash equivalents	106
Total assets	**4.953.096**
Current liabilities	
Borrowings	4.569.725
Interest due on borrowings	2.024.671
Other liabilities	1.057.357
Total liabilities	**7.651.753**
Net assets disposed	**(2.698.657)**
Non-controlling interest	-
Gain on disposal of subsidiaries	**2.698.657**
Write off intercompany loans of SPDI group to Delia	(992.930)
Total result from Delia disposal	**1.705.727**
Non-controlling interest	944.530
Net effect of Delia disposal for SPDI equity holders	**761.197**

Total gain from disposal of subisidaries (Brovary and Delia)	**1.483.737**

14. Investments in associates

€	**31 Dec 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	390.217	469.248
Dividend Income	(231.363)	(127.569)
Foreign exchange difference	(260.577)	(12.313)
Total	**5.115.587**	**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 31 December 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:

Project Name	**Associates**	**Total assets**	**Total liabilities**	**Profit/ (loss)**	**Holding**	**Share of profits from associates**	**Country**	**Asset type**
		€	**€**	**€**	**%**	**€**		
Delea Nuova Project	Lelar Holdings Limited and S.C. Delenco	23.980.063	(2.974.921)	1.602.270	24,354	390.217	Romania	Office building

	Construct S.R.L.							
Greenlake Project – Phase A	Greenlake Development Srl	10.228.889	(12.329.782)	(3.560.862)	40,35	-	Romania	Residential assets
Total		**34.208.952**	**(15.304.703)**	**(1.958.592)**		**390.217**		

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

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

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

15. Tangible and intangible assets

As at 31 December 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 (2016: €96.187). Accumulated amortization as at the reporting date amounts to €96.642 (2016: €62.270) as the system was already in use.

As at 31 December 2017 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 amounting to €138.004 (2016:€143.109). Accumulated depreciation as at the reporting date amounts to €74.051 (2016: €47.630).

16. Long Term Receivables and prepayments

	31 Dec 2017	31 Dec 2016
	€	€
Long Term Receivables	316.788	251.181
Prepayment for Investments (Note 12.4c)	-	100.000
Total	**316.788**	**351.181**

Long term receivables mainly include the cash collateral existing in favor of Piraeus Leasing and the guarantee deposit from a tenant in Innovation Logistic Park.

17. Inventory

€	30 Dec 2017	31 Dec 2016
At 1 January	**5.028.254**	**11.300.000**
Sale of Inventories (Note 6a)	(215.704)	(1.522.233)
Transfer to Investment Property (Note 12.2)	-	(4.686.000)
Impairment of inventory (Note 7)	-	(63.513)
At 31 December	**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 from construction on the land to hold this land for capital appreciation, the amount of €4.686.000 which was related to the land was transferred under Investment Properties (Note 12.2) and since then is treated under IAS 40.

18. 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, being its 20% participation over Autounion, to the said vendor. Although there is a difference posted as a liability to the vendor (Note 26), the Group is in discussions for the final settlement.

	31 Dec 2017	**31 Dec 2016**
	€	**€**
At 1 January	**-**	**2.783.535**
Disposal of AFS investment	-	(2.783.535)
At 31 December	**-**	**-**

As a result of Autounion transfer a net loss of €206.491 was recognized in Group's consolidated statement of comprehensive income in 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 at the disposal date), minus a pledged value of €4.060.000. The total remaining liability recognized as at the reporting date to the vendor amounts to €2.521.211 (Note 26).

19. Prepayments and other current assets

	31 Dec 2017	**31 Dec 2016**
	€	**€**
Trade and other receivables	741.691	992.482
VAT and other tax receivables	275.446	378.455
Deferred expenses	222.797	159.866
Receivables due from related parties	14.459	7.284
Loan receivables from 3rd parties	4.345.000	1.000.000
Loan to associates (Note 33.4)	273.476	264.110
Allowance for impairment of prepayments and other current assets	(26.285)	(23.836)
Total	**5.846.584**	**2.778.361**

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

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

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

Loan receivables from 3rd parties include an amount of €4.230.000 provided as an advance payment for acquiring a participation in an investment property portfolio (Olympians portfolio) in Romania. The loan provided under an agreement incorporating a convertibility option exercisable until 28 February 2018. Such option was not exercised and the loan is payable in a 12 month period from the exercise date or the relevant notification date, bearing a fixed interest rate of 10%, and secured by relevant corporate guarantees, while the Company is in the process of getting agreed security in the form of pledge of shares following the relevant process provided in the Loan Agreement.

Loans receivables from 3rd parties also include an amount of €115.000 provided to the SPV that acquired Delia Lebada asset, as part of the process of obtaining a 5% stake on the property.

Loan to associates reflects a loan receivable from Greenlake Development SRL, holding company of Greenlake Phase A (Notes 14 and 33.4).

20. Cash and cash equivalents

Cash and cash equivalents represent liquidity held at banks.

	31 Dec 2017	**31 Dec 2016**
	€	**€**
Cash with banks in USD	68.007	17.670
Cash with banks in EUR	365.736	152.742
Cash with banks in UAH	2.021	31.744
Cash with banks in RON	389.123	1.319.686
Cash with banks in BGN	6.237	179.165
Total	**831.124**	**1.701.007**

21. Share capital

Number of Shares during 2017 and 2016

	31 December 2015	13 October 2016	31 December 2016	28 April 2017	30 June 2017	31 December 2017
		Redemption of redeemable shares		Increase of share capital	Exercise of warrants	
Authorised						
Ordinary shares of €0,01	**989.869.935**		**989.869.935**			**989.869.935**
Total equity	**989.869.935**		**989.869.935**			**989.869.935**
RCP Class A Shares of €0,01	**785.000**		**785.000**			**785.000**
RCP Class B Shares of €0,01	**8.618.997**		**8.618.997**			**8.618.997**
Total	**999.273.932**		**999.273.932**			**999.273.932**
Issued and fully paid						
Ordinary shares of €0,01	**90.014.723**		**90.014.723**	**626.133**	**12.948.694**	**103.589.550**
Total equity	**90.014.723**		**90.014.723**	**626.133**	**12.948.694**	**103.589.550**
RCP Class A Shares of €0,01	**392.500**	**(392.500)**	**-**			
RCP Class B Shares of €0,01	**8.618.997**	**(8.618.997)**	**-**			
Total	**99.026.220**	**(9.011.497)**	**90.014.723**	**626.133**	**12.948.694**	**103.589.550**

Nominal value (€) for 2017 and 2016

€	31 December 2015	13 October 2016	31 December 2016	28 April 2017	30 June 2017	31 December 2017
		Redemption of redeemable shares		Increase of share capital	Exercise of warrants	
Authorised						
Ordinary shares of €0,01	**9.898.699**		**9.898.699**			**9.898.699**
Total equity	**9.898.699**		**9.898.699**			**9.898.699**
RCP Class A Shares of €0,01	**7.850**		**7.850**			**7.850**
RCP Class B Shares of €0,01	**86.190**		**86.190**			**86.190**
Total	**9.992.739**		**9.992.739**			**9.992.739**
Issued and fully paid						
Ordinary shares of €0,01	**900.145**		**900.145**	**6.261**	**129.487**	**1.035.893**
Total equity	**900.145**		**900.145**	**6.261**	**129.487**	**1.035.893**
RCP Class A Shares of €0,01 (Note 21.6)	**3.925**	**(3.925)**	**-**			
RCP Class B Shares of €0,01 (Note 21.6)	**86.190**	**(86.190)**	**-**			
Total	**990.260**	**(90.115)**	**900.145**	**6.261**	**129.487**	**1.035.893**

21.1 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. The Company canceled the Redeemable Preference Class A Shares following the AGM decision of 29 December 2017 and the subsequent court approval obtained during H1 2018 while Redeemable Preference Class A Shares (Note 21.6) remain to be cancelled.

Following the cancellation of the Redeemable Preference Class A Shares completed within H1 2018 (Note 37e) the authorised share capital of the Company as at the date of issuance of this report is as follows:

a) 989.869.935 Ordinary Shares of €0,01 nominal value each,

b) 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each, (Note 21.6).

21.2 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 in respect of the issued share capital of the Company and based on the approval of the Annual General Meeting of 30 December 2016 the Company has proceeded in allocating shares as follows:

a) On 15th May 2017, the Company announced it had approved 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 2017, the Company announced that it had received valid notices from holders of Class B warrants for the full exercise of their warrants that were issued in August 2011 and the Company approved and proceeded with the issue of 12.948.694 new ordinary shares.

As a result of the above allocations 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 which was complered during 2018 as per the Annual General Meeting decision of 29 December 2017 (Note 21.6),

c) 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each, (Note 21.6).

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

- actually proceeded with full redemption of the Redeemable Preference Class A Shares (392.500) which was finalized in Q1-2017 while it obtained during the Annual General Meeting of 29 December 2017 the necessary approval for cancelling them during 2018.
- for the Redeemable Preference Class A Shares, in lieu of redemption the Company gave its 20% holding in Autounion (Note 21.6) in October 2016, to the Craiova Praktiker seller BLUEHOUSE ACCESSION PROPERTY HOLDINGS III S.A.R.L and has been negotiating the resulting difference (if any) for a final settlement. As soon as the case is settled, the Company will proceed with the cancellation of the Redeemable Preference Class A Shares.

Following shares issuance completed within H1 2018 (Note 37b) as well as cancellation of Redeemable Preference Class A Shares (Noted 37 e) the issued share capital of the Company as at the date of issuance of this report is as follows:

a) 127.270.481 Ordinary Shares of €0,01 nominal value each,

b) 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each, (Note 21.6).

21.3 Option schemes

A. Under the scheme adopted in 2007, each of the Directors serving at the time, who is still a Director of the Company is entitled to subscribe for 2.631 Ordinary Shares exercisable as set out below:

	Exercise Price	Number of
	USD	Shares
Exercisable until 1 August 2017	57	1.754
Exercisable until 1 August 2017	83	877

The Company received no notice for exercising the options and as a result, as at the end of the reporting period 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 at the end of the reporting period the options have expired.

C. Under a scheme adopted in 2015, pursuant to an approval by the AGM of 30/12/2013, 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 may not exercise any option from the moment they cease to offer their services to the Company. The CEO and the CFO of the Company did not receive any options.

a. 147.500 Options were exercisable within 2016 and none were exercised.
b. 147.500 Options were exercisable within 2017, out of which 10.000 options were exercised by en ex-employee of the Company while the rest have lapsed.
c. 295.000 Options may be exercised within 2018 and as at the date this report none have been exercised.

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

21.4 Class A Warrants issued

The Company in order to acquire up to a 50% interest in a portfolio of fully let logistics properties in Romania, the Olympians Portfolio, (Note 19) issued a financial instrument, 35% of which consists of a convertible bond and 65% of which is made up of a warrant. Pursuant to issuing the instrument, the Company issued 17.066.560 Class A warrants which were exercised during 2017 at an exercise price of £0,10 per ordinary share and the Company proceeded at, beginning of 2018, with the issuance of 17.066.560 new ordinary shares corresponding to these warrants (Note 37b).

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

21.5 Class B Warrants issued

On 8 August 2011 the Company issued an amount of Class B Warrants for an aggregate corresponding to 12,5% of the issued share capital of the Company after the exercise date. Further to the resolution approved at the AGM of 30 December 2016 the exercise period of the Class B Warrants was extended until 30 June 2017, at an exercise price of the nominal value per Ordinary Share as at the date of exercise. The Class B Warrant Instruments have anti-dilution protection so that, in the event of further share issuances by the Company, the number of Ordinary Shares to which the holder of a Class B Warrant is entitled will be adjusted so that he receives the same percentage of the issued share capital of the Company (as nearly as practicable), as would have been the case had the issuances not occurred. This anti-dilution protection will freeze on the earlier of (i) the expiration of the Class B Warrants; and (ii) capital increase(s) undertaken by the Company generating cumulative gross proceeds in excess of USD 100.000.000.

As at 30 June 2017 there were 12.948.694 warrants in circulation corresponding to an equal amount of ordinary shares (1:1) and the Company received valid notices from holders of Class B warrants for the full exercise of their warrants and proceeded with the issue of 12.948.694 new ordinary shares.

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

21.6 Capital Structure as at the end of the reporting period

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

Number of		(as at) 31 December 2017	(as at) 31 December 2016
Ordinary shares of €0,01	**Issued and Listed on 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
Shares issued in 2018 for exercise of warrants and options in 2017 (Note 37b)		**17.076.560**	

Redeemable Preference Class A Shares

The Redeemable Preference Class A Shares which do not have voting or dividend rights where issued as part of the Innovations acquisition consideration. As at the reporting date all of the Redeemable Preference Class A Shares have been redeemed and the Company, following the approval received by the AGM on 29 December 2017, proceeded in their cancellation within 2018 (Note 37e).

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 Preference Class A Shareshave been redeemed but the Company is in discussions with the vendor in respect of a final settlement (Notes 18, 26).

21.7 Other share capital related matters

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

- issue up to 200.000.000 ordinary shares of €0,01 each at an issue price as the Board may from time to time determine (with such price being at a discount to the net asset value per share) so as to facilitate the profitable growth of the Group. Such explicit authority for the issuance of such shares expires on 31 December 2018. Since 31 December 2016 and until the date of this report, the Board had issued 37.255.758 shares under its mandated authority.

- issue Class A Warrants, to subscribe for up to 350% of the outstanding ordinary shares at the time of issuance of the Class A Warrants, upon such terms and conditions as may be determined by the Board (with such price being at a discount to the net asset value per share). Such Class A Warrants may be offered to various third-party entities a) for participating in the capital raising of the Company, b) for their contribution in creating value for the Group and c) for their assistance with fundraising. Such explicit authority for the issuance of such warrants expires on 31 December 2018. The Company issued 17.066.560 Class A warrants under this authority during 2017 which were also exercised.

Pursuant to decisions taken by the AGM of December 29th 2017, the Company proceeded with the following actions during 2018 (which finalized during June, Note 37e):

- That the balance of the share premium account of the Company will be reduced by €53.569.295 and will be set off against carried forward losses of the Company amounting to €53.569.295.

- That the balance of the share premium account of the Company will be reduced by €698.650 and that the said amount will be set off against any outstanding balances between the Company, Myrian Nes Ltd and Theandrion Estates Ltd related to the Redeemable Preference Class A Shares.

- That the authorised share capital of the Company as well as the issued share capital of the Company each will be reduced, by the cancellation of 785.000 Redeemable Preference Class A Shares of €0,01 each, namely 777.150 Redeemable Preference Class A Shares of €0,01 each in the name of Myrian Nes Ltd and 7.850 Redeemable Preference Class A Shares of €0,01 each in the name of Theandrion Estates Ltd and the amount reduced will be set off against any outstanding balances between the Company, Myrian Nes Ltd and Theandrion Estates Ltd.

- That the articles of association of the Company will be amended by adding the following new Regulation 3.10 after Regulation 3.9:
  "Subject to the provisions of the Law, the Company may purchase its own shares (including any redeemable shares)."

22. Foreign Currency Translation Reserve

Exchange differences related to the translation from the functional currency to EUR 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 EUR in the countries where the Company's subsidiaries' functional currencies are not EUR.

23. Non-Controlling Interests

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

%	Non-controlling interest portion	
Group Company	**31 Dec 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
SPDI Real Estate SRL	50,00	-
Delia Lebada Invest Srl	-	35,00

24. Borrowings

	Project	31 Dec 2017	31 Dec 2016
		€	€
Principal of bank Loans			
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	1.080.834	1.245.657
Alpha Bank Romania	Romfelt Plaza	686.693	809.919
Alpha Bank Romania	EOS Business Park	828.599	991.000
Bancpost SA	Greenlake – Parcel K	3.249.926	3.092.926
Alpha Bank Bulgaria	Boyana	2.404.187	2.680.492
Alpha Bank Bulgaria	Boyana/Sertland	678.162	693.514
Bank of Cyprus	Delia Lebada/Pantelimon	-	4.569.725
Eurobank Ergasias SA	Victini Logistics	11.235.480	11.726.960
Piraeus Bank SA	Greenlake-Phase 2	2.525.938	2.525.938
Marfin Bank Romania	Praktiker Craiova	4.298.128	4.502.128
Bancpost SA	Kindergarten – SPDI RE	912.790	-
Loans from other 3rd parties and related parties (Note 33.5)		738.742	359.134
Overdrafts		6.581	2.062
Total principal of bank and non-bank Loans		**29.570.622**	**45.675.040**
Restructuring fees and interest payable to EBRD		-	29.898
Interest accrued on bank loans		698.200	2.723.889
Interests accrued on non-bank loans		217.643	46.627
Total		**30.486.465**	**48.475.454**

	31 Dec 2017	31 Dec 2016
	€	€
Current portion	5.162.087	31.580.299
Non-current portion	25.324.378	16.895.155
Total	**30.486.465**	**48.475.454**

SecMon Real Estate Srl entered (2011) 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 at 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. During 2017 Tonescu Finance commenced against SEC MON legal proceedings and in order for SEC MON to protect itself entered voluntarily insolvency status beginning of 2018 (Note 37g).

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 at the end of the reporting period the balance of the loan was €1.080.834. The loan bears interest of EURIBOR 3M plus 3,5% and matures in 2019. 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 at the end of the reporting period, the balance of the loan was €686.693, bears interest of EURIBOR 3M+4.25% 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 until 2021. The loan is secured by all assets of SecRom Real Estate Srl as well as its shares and is being repaid through sales proceeds.

Moselin Investments Srl entered (2010) into a construction loan agreement with Bancpost SA covering the construction works of Parcel K Greenlake project. As at the end of the reporting period the balance of the loan was €3.249.926 and bears interest of EURIBOR 3M plus 2,5%. Following restructuring implemented during 2017 the loan maturity was extended 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 at the end of the reporting period the balance of the loan was €2.404.187 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 at 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.

Victini Logistics SA entered (April 2015) into a loan agreement with EUROBANK SA to refinance the existing debt facility related to VICTINI Logistics terminal. As at the end of the reporting period the balance of the loan is €11.235.480 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 Victini 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 Greenlake land in Bucharest Romania. As at 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, the bank has agreed to prolong the maturity of the loan to 2022 and the Group currently is in negotiations with the bank for the prolongation terms of the facility.

BlueBigBox3 srl (Praktiker Craiova) has a loan agreement with Marfin Bank Romania. As at the end of the reporting period the balance of the loan was €4.298.128 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, 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 at the end of the reporting period, the balance of the loan was €828.599, 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 at the end of the reporting period the balance of the loan was €912.790 and bears interest of Euribor 3m plus 4,6% per annum. The loan is repayable by 2027.

Terminal Brovary's EBRD loan: According to the agreement the loan expired in 2022 and had a balloon payment of USD 3.633.333. The loan interest was of 3 M LIBOR + 6,75%. Following Terminal Brovary sale the Company sold LLC Terminal Brovary with its assets and liabilities (EBRD loan included).

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 2016 was €4.569.725 (without any accrued interest and default penalty). As the loan was in default the bank 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 released.

Loans from other 3rd parties and related parties 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, Rimasol Limited and SPDI Real Estate (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 are repayable in 2018 and 2019.

Loans from other 3rd parties and related parties includes also loans from related parties provided as bridge financing for future property acquisitions (Note 33.5).

25. Bonds

The Company in order to acquire up to a 50% interest in a portfolio of fully let logistics properties in Romania, the Olympians Portfolio, (Notes 19 and 21.4) issued a financial instrument, 35% of which consists of a convertible bond and 65% of which is made up of a warrant. The convertible loan element of the instrument which was in the value of €1.033.842 bears a 6,5% coupon, has a 7 year term and is convertible into ordinary shares of the Company at the option of the holder at 25p. starting from 1 January 2018.

26. Trade and other payables

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

	31 Dec 2017	31 Dec 2016
	€	€
Payables to third parties	3.640.233	4.734.924
Payables to related parties (Note 33.2)	2.673.808	1.146.150
Deferred income from tenants	39.431	635.240
Accruals	459.690	536.160
Payables due for construction	408.436	436.819
Pre sale advances	116.501	-
Total	**7.338.099**	**7.489.293**

	31 Dec 2017	31 Dec 2016
	€	€
Current portion	6.920.308	7.038.170
Non-current portion	417.791	451.123
Total	**7.338.099**	**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 18) which is under discussions 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 directors and accrued management remuneration as well as the balances with Secure Management Ltd and Grafton Properties (Note 33.2). Furthermore an amount of €1.916.392 represents advances received by the investors who participated in the warrant instrument issued by the Company in 2017 and for which shares were issued during January 2018 (Note 37b).

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

Accruals mainly include the accrued, administration fees, accounting fees, facility management and other fees payable to third parties for the year 2017 (expenses not invoiced within 2017).

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.

Pre sale advances reflect the advance received in relation to Kiyanovskiy pre sale agreement (Note 12.1) which upon non closing of the said sale part of which will be returned to the prospective buyer.

27. Deposits from Tenants

	31 Dec 2017	31 Dec 2016
	€	€
Deposits from tenants non-current	187.976	217.328
Deposits from tenants current	-	271.019
Total	**187.976**	**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, Victini 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.

28. Provisions and Taxes Payables

	31 Dec 2017	31 Dec 2016
	€	€
Corporate income tax – non current	489.019	-
Defence tax – non current	24.373	-
Other taxes including VAT payable – non current	88.808	-
Tax provision – non current	399.450	-
Corporate income tax - current	195.040	648.825
Defence tax	-	29.918
Other taxes including VAT payable - current	418.819	468.275
Provisions – current (Note 7)	51.047	742.166
Total Provisions and Taxes Payables	**1.666.556**	**1.889.184**

Corporate income tax represents taxes payable in Cyprus and Romania.

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

Non current amounts represent the part of the settlement plan agreed with the Cyprus tax authorities to be paid within the next five years.

29. Finance Lease Liabilities

As at the reporting date the finance lease liabilities consist of the non-current portion of €10.435.241 and the current portion of €391.002 (31 December 2016: €11.081.379 and €301.409, accordingly).

31 Dec 2017	**Note**	**Minimum lease payments**	**Interest**	**Principal**
		€	**€**	**€**
Less than one year	36.2 & 36.6	899.834	508.853	390.981
Between two and five years		3.583.886	1.832.599	1.751.287
More than five years		9.747.325	1.064.231	8.683.094
		14.231.045	**3.405.683**	**10.825.362**
Accrued Interest				881
Total Finance Lease Liabilities				**10.826.243**

31 Dec 2016	**Note**	**Minimum lease payments**	**Interest**	**Principal**
		€	**€**	**€**
Less than one year	36.2 & 36.6	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**

29.1 Land Plots Financial Leasing

The Group holds land plots in Ukraine under leasehold agreements which in terms of the accounts are classified as finance leases. Lease obligations are denominated in UAH. The fair value of lease obligations approximate to their carrying amounts as included above. Following the appropriate discounting, finance lease liabilities are carried at €38.914 under current and non-current portion. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

29.2 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 at the end of the reporting period the balance is €7.157.476, 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 was obliged to provide cash collateral in the amount of €250.000 in Piraeus Leasing Romania, which had been deposited as follows, half in May 2014 and half in May 2015.
5. SPDI provided a corporate guarantee in favor of the bank towards the liabilities of Best Day SRL arising from the sale and lease back agreement.

In late February 2017 the Group finally agreed and signed (following twelve months of discussions) an amended sale and lease back agreement with 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 at the end of the reporting period the balance is €3.629.853 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.

30. Restructuring of the business

During 2016 the non-controlling shareholders of the companies related to Greenlake project (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 capitalized 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 was partially finalised in 2017 with the remaining to be finalised within 2018.

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

a. Weighted average number of ordinary shares

	31 Dec 2017	31 Dec 2016
Issued ordinary shares capital	103.589.550	90.014.723
Weighted average number of ordinary shares (Basic)	96.991.423	90.014.723
Diluted weighted average number of ordinary shares	103.326.122	102.873.969

b. Basic diluted and adjusted earnings per share

Earnings per share	31 Dec 2017	31 Dec 2016
	€	€
Loss after tax attributable to owners of the parent	(39.444.549)	(2.363.693)
Basic	(0,41)	(0,03)
Diluted	(0,38)	(0,02)

c. Net assets per share

Net assets per share	31 Dec 2017	31 Dec 2016
	€	€
Net assets attributable to equity holders of the parent	36.350.558	38.924.809
Number of ordinary shares	103.589.550	90.014.723
Diluted number of ordinary shares	103.589.550	102.873.969
Basic	0,35	0,43
Diluted	0,35	0,38

32. 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 – Victini Logistics, Innovations Logistics Park, Terminal Brovary Logistics Park
- Office segment - Eos Business Park – Delea Nuova (Associate)
- Retail segment - Craiova Praktiker and Kindergarten of Greenlake

Residential

- Residential segment

Land Assets

- Land assets

There are no sales between the segments.

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

Profit and Loss for the year 2017

	Warehouse	Office	Retail	Residential	Land Plots	Corporate	Total
	€	€	€	€	€	€	€
Segment profit							
Property Sales income (Note 6)	-	-	-	535.819	-	-	535.819
Cost of Property sold (Note 6)	-	-	-	(575.323)	-	-	(575.323)
Rental income (Note 2)	1.613.511	581.567	677.180	99.549	-	-	2.971.807
Service charges and utilities income (Note 2)	66.298	75.550	-	24.294	-	-	166.142
Sale of electricity (Note 2)	321.365	-	-	-	-	-	321.365
Service and Property Management income (Note 2)	928.698	899	-	225.288	-	11.771	1.166.656
Valuation gains/(losses) from investment property (Note 5)	(1.234.463)	524.922	686.291	(368.642)	718.853	-	326.961
Gain/(loss) realized on acquisition of assets/subsidiary (Note 13a)	-	-	23.921	-	-	-	23.921
Share of profits/(losses) from associates (Note 14)	-	390.217	-	-	-	-	390.217
Gain on disposal of subsidiary (Note 13b)	(221.990)	-	-	-	1.705.727	-	1.483.737
Asset operating expenses (Note 3)	(400.848)	(75.528)	(85.557)	(117.679)	(69.959)	-	(749.571)
Impairment of inventory and provisions (Note 7)	-	-	-	-	150.000	-	150.000
Segment profit	**1.072.571**	**1.497.627**	**1.301.835**	**(176.694)**	**2.504.621**	**11.771**	**6.211.731**
Administration expenses (Note 4)							(2.351.546)
Other (expenses)/income, net (Note 8)							(375.408)
Finance income (Note 9)							13.376
Interest expenses (Note 9)							(2.050.778)
Foreign exchange losses, net (Note 10a)							(2.030.561)
Forex transfer on disposal of foreign operation (Note 10b)							(37.352.923)
Income tax expense (Note 11)							(596.165)

Exchange difference on I/C loan to foreign holdings (Note 10b)							37.349.385
Exchange difference on translation foreign holdings (Note 22)							(615.583)
Total Comprehensive Income							**(1.798.472)**

Profit and Loss for the year 2016

	Warehouse	Office	Retail	Residential	Land Plots	Total
	€	€	€	€	€	€
Segment profit						
Property Sales income (Note 6)	-	-	-	3.196.381	-	3.196.381
Cost of Property sold (Note 6)	-	-	-	(4.003.804)	-	(4.003.804)
Rental income (Note 2)	4.022.457	579.894	545.564	114.692	-	5.262.607
Service charges and utilities income (Note 2)	374.497	66.784	-	17.367	-	458.648
Sale of electricity (Note 2)	315.599	-	-	-	-	315.599
Asset Management fees (Note 2)	-	-	-	34.086	-	34.086
Valuation gains/(losses) from investment property (Note 5)	176.550	337.684	329.975	133.131	(80.547)	896.793
Share of profits/(losses) from associates (Note 14)		469.248	-	-	-	469.248
Result on disposal of available for sale financial assets (Note 18)	-	(206.491)	-	-	-	(206.491)
Asset operating expenses (Note 3)	(530.020)	(71.045)	(111.500)	(80.429)	(199.447)	(992.441)
Impairment of inventory and provisions (Note 7)	-	-	-	(63.513)	-	(63.513)
Segment profit	**4.359.083**	**1.176.074**	**764.039**	**(652.089)**	**(279.994)**	**5.367.113**
Administration expenses (Note 4)						(2.614.188)
Other (expenses)/income, net (Note 8)						(1.304.304)
Finance income (Note 9)						1.153.243
Interest expenses (Note 9)						(3.571.387)
Other finance costs (Note 9)						(167.564)
Foreign exchange losses, net (Note 10a)						(1.041.239)
Income tax expense (Note 11)						(174.315)
Exchange difference on I/C loan to foreign holdings (Note 10b)						(4.167.542)
Exchange difference on translation foreign holdings (Note 22)						3.508.448
Available-for-sale financial assets – Profit transferred to net profit due to disposal						(485.529)
Total Comprehensive Income						**(3.497.264)**

Balance Sheet as at 31 December 2017

	Warehouse	Office	Retail	Residential	Land plots	Corporate	Total
	€	€	€	€	€	€	€
Assets							
Investment properties	26.100.000	7.200.000	9.213.000	4.023.000	28.196.502	-	74.732.502
Investment properties under development	-	-	-	-	4.586.009	-	4.586.009
Long-term receivables and prepayments	315.636	-	-	301	-	851	316.788
Investments in associates	-	5.115.587	-	-	-	-	5.115.587
Inventory	-	-	-	4.812.550	-	-	4.812.550
Segment assets	**26.415.636**	**12.315.587**	**9.213.000**	**8.835.851**	**32.782.511**	**851**	**89.563.436**
Tangible and intangible assets							70.504
Prepayments and other current assets							5.846.584
Cash and cash equivalents							831.124
Total assets							**96.311.648**

Borrowings	11.263.690	828.797	5.412.006	8.745.351	3.642.295	594.326	30.486.465
Finance lease liabilities	7.157.476	3.629.853	-	-	38.914	-	10.826.243
Deposits from tenants	180.621	-	-	7.355	-	-	187.976
Redeemable preference shares	-	-	-	-	-	-	-
Segment liabilities	**18.601.787**	**4.458.650**	**5.412.006**	**8.752.706**	**3.681.209**	**594.326**	**41.500.684**
Trade and other payables							7.338.099
Taxes payable and provisions							1.666.556
Bonds							1.054.337
Total liabilities							**51.559.676**

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	8.836.931	10.446.044	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**	**8.873.638**	**10.495.818**	**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**	**8.873.638**	**10.495.818**	**374.132**	**69.725.066**

Geographical information

Income (Note 2)	**31 Dec 2017**	**31 Dec 2016**
	€	**€**
Ukraine	148.799	1.559.878
Romania	1.939.048	3.031.037
Greece	1.319.891	1.478.702
Bulgaria	10.509	1.323
Cyprus	1.207.723	
Total	**4.625.970**	**6.070.940**

Loss from disposal of inventory (Note 6a)	**31 Dec 2017**	**31 Dec 2016**
	€	**€**
Bulgaria	(43.870)	(368.907)
Total	**(43.870)**	**(368.907)**

Gain/(loss) from disposal of investment properties (Note 6b)	31 Dec 2017	31 Dec 2016
Romania	4.366	(438.516)
Total	**4.366**	**(438.516)**

	31 Dec 2017	31 Dec 2016
	€	€
Carrying amount of assets (investment properties, associates, inventory and available for sale investments)		
Ukraine	10.589.511	26.948.193
Romania	53.514.587	57.731.310
Greece	16.100.000	16.500.000
Bulgaria	9.042.550	9.748.254
Total	**89.246.648**	**110.927.757**

33. Related Party Transactions

The following transactions were carried out with related parties:

33.1 Income/ Expense

33.1.1 Income

	31 Dec 2017	31 Dec 2016
	€	€
Interest income on loan to related parties	2.466	52.533
Interest Income from loan to associates	9.367	9.392
Total	**11.833**	**61.925**

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.

33.1.2 Expenses

	31 Dec 2017	31 Dec 2016
	€	€
Board of Directors	-	140.779
Management Remuneration	562.584	721.305
Interest expenses on Narrowpeak and Secure Management Limited loan	8.392	14.996
Back office expenses	-	24.560
Total	**570.976**	**901.640**

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

Name	Position	2017 Remuneration (€)	2016 Remuneration (€)
Paul Ensor	Chairman	-	16.352
Barseghyan Vagharshak	Non-Executive Director	-	16.352
Ian Domaille	Non-Executive Director	-	22.280
Franz Horhager	Non-Executive Director	-	16.352
Antonios Kaffas	Non-Executive Director	-	18.805
Kalypso Maria Nomikou	Non-Executive Director	-	16.352
Alvaro Portela	Non-Executive Director	-	16.352
Harin Thaker	Non-Executive Director	-	17.934

Management remuneration includes the remuneration of the CEO, the CFO, the Group Commercial Director, the Group Investment Director (until his departure in April 2017) and that of the Country Managers of Ukraine and Romania pursuant to the decisions of the remuneration committee.

33.2 Payables to related parties (Note 26)

	31 Dec 2017	31 Dec 2016
	€	€
Board of Directors & Committees remuneration	231.461	619.562
Grafton Properties	123.549	123.549
Secure Management Services Ltd	13.341	15.179
SECURE Management Ltd	-	1.062
Management Remuneration	387.464	386.798
Advances for warrants and options exercise	1.917.993	-
Total	**2.673.808**	**1.146.150**

33.2.1 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 shares of the Company. During 2018 the directors received 344.371 ordinary shares in lieu of their 2016 H1 remuneration amounting to GBP 120.530 (Note 37b).

33.2.2 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 was the SC Secure Capital Ltd name then, the total amount of USD 450.000. As at 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.

33.2.3 Management Remuneration

Management Remuneration represents deferred amounts payable to the CEO of the Company, the Group Commercial Director, and the Country Managers of Romania and Ukraine.

33.2.4 Advances for warrants and options exercise

During 2017 (Note 21.4) the Company issued a warrant instrument and received by investors the amount of €1.916.392 for which it issued 17.066.560 ordinary shares during 2018. The Company issued also 10.000 shares to an ex-employee for exercise of his option for the amount of €1.601 (Noted 37 b).

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

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

Borrower	Limit –as at 31 Dec 2017	Principal as at 31 Dec 2017	Principal as at 31 Dec 2016
	€	€	€
LLC "TERMINAL BROVARY"	-	-	30.724.931
LLC "AISI UKRAINE"	23.062.351	12.488	14.257
LLC "ALMAZ PRES UKRAINE"	8.236.554	58.656	162.633
AISI Ilvo LLC	150.537	66.897	-
Total	**31.449.442**	**138.041**	**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 13b).

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 (€13.804)/ €13.804 respectively, estimated on balances held at 31 December 2017.

33.4 Loans to associates

	31 Dec 2017	31 Dec 2016
	€	€
Loans to Greenlake Development SRL	273.476	264.110
Total	**273.476**	**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 2019.

33.5 Loans from related parties

	31 Dec 2017	31 Dec 2016
	€	€
Loan from Narrowpeak Consultants	55.032	59.134
Loan from Secure Management Limited	-	300.000
Loan from Directors	500.000	-
Interest accrued on loans from related parties	27.298	
Total	**582.330**	**359.134**

Loans from Directors reflects loans provided from 4 Directors as bridge financing for future property acquisitions. The loans bear interest 8% annually and are repayable on 30 September 2018.

34. Contingent Liabilities

34.1 Tax Litigation

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

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

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

34.2 Construction related litigation

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

34.3 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 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 12). As the loan was in default, the bank had initiated an insolvency procedure. In July 2017 the Company concluded its discussions with the bank and settled all debts and guarantees following successful disposal of Delia Leabada plot (Note 13b). Provision was taken by management in 2015 for €700.000 while finally the Company as part of the sale of the asset and cancellation of the corporate guarantee transaction paid €550.000 and as such the difference of €150.000 was reversed in 2017 (Note 7).

34.4 Other Litigation

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

34.5 Other Contingent Liabilities

The Group had no other contingent liabilities as at 31 December 2017.

35. Commitments

The Group had no other commitments as at 31 December 2017.

36. Financial Risk Management

36.1 Capital Risk Management

The Group manages its capital to ensure adequate liquidity will be able to implement its stated growth strategy in order to maximize the return to stakeholders through the optimization of the debt-equity structure and value enhancing actions in respect of its portfolio of investments. The capital structure of the Group consists of borrowings (Note 24), bonds (Note 25), trade and other payables (Note 26) deposits from tenants (Note 27), financial leases (Note 29), taxes payable (Note 28) and equity attributable to ordinary or preferred shareholders.

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

36.2 Categories of Financial Instruments

	Note	31 Dec 2017	31 Dec 2016
		€	€
Financial Assets			
Cash at Bank	20	831.124	1.701.007
Long-term Receivables and prepayments	16	316.788	351.181
Prepayments and other receivables	19	5.846.584	2.778.361
Total		**6.994.496**	**4.830.549**
Financial Liabilities			
Borrowings	24	30.486.465	48.475.454
Trade and other payables	26	7.338.099	7.489.293
Deposits from tenants	27	187.976	488.347
Finance lease liabilities	29	10.826.243	11.382.788
Taxes payable and provisions	28	1.666.556	1.889.184
Bonds issued	25	1.054.337	-
Total		**51.559.676**	**69.725.066**

36.3 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.

36.4 Economic Market Risk Management

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

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 encounter them so that the net effect of devaluation is minimized.

Interest Rate Risk
The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. On December 31st, 2017, cash and cash equivalent financial assets amounted to €831.124 (2016: €1.701.007) of which approx. €2.000 in UAH and €389.000 in RON (Note 20) 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 €30.486.465 (31 December 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.

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

As at 31 December 2017 the weighted average interest rate for all the interest bearing borrowing and financial leases of the Group stands at 4,67% (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 31 December 2017 is presented below:

	Actual as at 31.12.2017	+100 bps	+200 bps
Weighted average interest rate	4,67%	5,67%	6,67%
Influence on yearly finance costs		(403.580)	(807.159)

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

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

36.5 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.

36.6 Liquidity Risk Management

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

31 December 2017	Carrying amount	**Total Contractual Cash Flows**	Less than one year	From one to two years	More than two years
	€	**€**	**€**	**€**	**€**
Financial assets					
Cash at Bank	831.124	**831.124**	831.124	-	-
Prepayments and other receivables	5.846.584	**5.846.584**	5.846.584	-	-
Long-term Receivables and prepayments	316.788	**316.788**	-	-	316.788
Total Financial assets	**6.994.496**	**6.994.496**	**6.677.708**	**-**	**316.788**
Financial liabilities					
Borrowings	30.486.465	**30.486.465**	5.162.087	4.072.514	21.251.864
Trade and other payables	7.338.099	**7.338.099**	6.920.308	-	417.791
Deposits from tenants	187.976	**187.976**	-	-	187.976
Finance lease liabilities	10.826.243	**14.231.045**	899.834	880.913	12.450.298
Bonds issued	1.054.337	**1.054.337**	20.495	-	1.033.842
Taxes payable and provisions	1.666.556	**1.666.556**	664.906	1.001.650	-
Total Financial liabilities	**51.559.676**	**54.964.478**	**13.667.630**	**5.955.077**	**35.341.771**
Total net liabilities	**44.565.180**	**47.969.982**	**6.989.922**	**5.955.077**	**35.024.983**

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**

36.7 Net Current Liabilities

The current liabilities amounting to €13.158.798 exceed current assets amounting to €11.490.258 by €1.668.540. This difference is primarily a result of:

a) an amount of €1.075.176 registered as the total liability of the Group towards Tonescu Finance SRL for Secmon SRL loan related to Monaco project for which Secmon SRL entered voluntarily insolvency status in order to be protected. The loan is oversecured by the value of the assets of Secmon SRL (Note 37g) .

b) an aggregate amount of €2.859.151 registered as the total liability of the Group towards Bank of Piraeus in respect to the Greenlake project for which the bank has agreed to prolong it up to 2022 and the Company is under negotiations with the bank for the relevant prolongation terms.

c) an amount of €1.916.392 representing payable to shareholders which were the advances received for the exercise of their warrants. For such amount shares were issued in January 2018 and the liability was nullified (Note 37b).

d) on the other hand an amount of €4.230.000 representing loan received by the company which SPDI paid as an advace for the Olympians portfolio acquisition is actually payable in 2019 given the non conversion of the loan into equity on behalf of SPDI (Note 37h).

Based on the above adjustments ((a), (b), (c), (d)), current assets are balanced with current liabilities being marginally lower by just €47.821.

37. Events after the end of the reporting period

a) Loan received by PM CAPITAL

PM Capital Inc., one of the Company's largest shareholders lent the Company in January 2018 €1m (the "Loan") to be used for general working capital purposes and for staged payments towards the acquisition of up to a 50% interest in a portfolio of fully let logistics properties in Romania, the "Olympians Portfolio". The Loan has a six-month duration, attracts interest initially at a rate of 8,5% until the end of Q1 2018, and then increases to 11% until term expiry.

b) Issuance of shares

On 26th January 2018 the Company announced that 17.066.560 Class A warrants (at a price of £0,10 per warrant) have been exercised and accordingly, 17.066.560 new ordinary shares in the Company were issued and admitted to trading on AIM. The consideration for these shares was paid during 2017 (Notes 26 and 33.2).
Furthermore the Company proceeded with the issue of 344.371 new Ordinary Shares to the Non-Executive Directors of the Company who were in office in 2016 in lieu of fees accrued in 2016 as well as the issue of 10.000 new Ordinary Shares to an ex-employee of the Company, who exercised 10.000 options held over Ordinary Shares (exercisable at £0,15 per share) and 6.260.000 new Ordinary Shares (at an average price of £0,10 per new Ordinary Share) to certain advisers in lieu of cash fees for services offered to the Company for raising capital and facilitating capital markets strategies.

c) Joint broker removal and new appointment

On 3rd March 2018 following the announcement made by the Financial Conduct Authority relating to the administration of Beaufort Securities Limited ("Beaufort") and relative requirement to cease all their regulated activity, the Company proceeded in terminating its collaboration with Beaufort. On 15th May the Company appointed Novum Securities Limited as the Company's Joint Broker.

d) Board changes

During April the Company announced the appointments of Mr. Michael Beys, Founder and Managing Partner of Beys, Stein & Mobargha LLP, a New York law firm covering a full range of corporate and real estate transactions and Mr. Colin Chapin, advisor in numerous private equity investments principally focused on real estate in central and eastern Europe, to the Board as a Non-Executive Directors.
Furthermore on 4th June 2018 the Company announced that Mr. Paul Ensor stepped down as Non-Executive Chairman of

the Board of SPDI after 11 years in this role and he will remain as a Non-Executive Director with responsibility for setting up an Advisory Counsel to the Board. Mr. Michael Beys was elected as Chairman and Mr. Harin Thaker has been appointed as Vice Chairman.

e) Decisions of AGM 2017 implemented during H1 2018

The Company proceeded during H1 2018 with the necessary actions, ie court applications , in order to implement the decisions of the AGM of 29 December 2017 relating to the reduction of the share premium account as well as the cancellation of the Redeemable Preference Class A Shares. Following the sanction of the court, a positive decision was issued and the balance of the share premium account of the Company, was reduced by EUR 53.569.295 (and will be set off against the carried forward losses of the Company amounting to EUR 53.569.295) and by EUR €698.650 (and that the said amount is set off against any outstanding balances between the Company, Myrian Nes Ltd and Theandrion Estates Ltd related to the Redeemable Preference Class A Shares). Furthermore the registrar proceeded with the cancellation of 785.000 Redeemable Preference Class A Shares of €0,01 each, namely 777.150 Redeemable Preference Class A Shares of €0,01 each in the name of Myrian Nes Ltd and 7.850 Redeemable Preference Class A Shares of €0,01 each in the name of Theandrion Estates. Finally the Company proceeded in amending its articles of association by adding the following new Regulation 3.10 after Regulation 3.9: "Subject to the provisions of the Law, the Company may purchase its own shares (including any redeemable shares)."

f) Mergers

The Group has approved in 2017 the following mergers which have been filed in Romania:
A. merger by absorption of Secvista Real Estate S.R.L., acting as Absorbed Company, with Best Day S.R.L., acting as Absorbing Company,
B. merger by absorption of Secrom S.R.L. and Secure Property Development and Investment S.R.L., acting as Absorbed Companies, with N-E Real Estate Park First Phase S.R.L., acting as Absorbing Company,.
As at the date of issuance of these financial statements the merger of Secvista S.R.L. with Best Day S.R.L. has been approved by the court and has been consummated, while the merger of Secrom S.R.L and Secure Property Development and Investment S.R.L. with First Phase has been approved by the court but the relevant registration process has not yet concluded.

g) Secmon SRL Insolvency

Following extended but unsuccessful negotiations for more than 18 months with Tonescu Finance SRL, the company which has acquired Monaco property's loan, Secmon SRL entered voluntarily insolvency process in order to protect its interests against its creditor, given that the value of the assets is higher than the value of the relevant loan.

h) Non conversion of Olympian's related loan

Loans receivable from 3rd parties of an amount of €4.580.000 as at the date of issuance of this report (€4.230.000 as at 31st December 2017) were provided as an advance payment for acquiring a participation in an investment property portfolio (Olympians portfolio) in Romania. The loan provided under an agreement incorporating a convertibility option exercisable until 28 February 2018. Such option was not exercised and the loan is payable in a 12 month period from the exercise date or the relevant notification date, bearing a fixed interest rate of 10%, and secured by relevant corporate guarantees, while the Company is in the process of getting agreed security in the form of pledge of shares following the relevant process provided in the Loan Agreement.

i) Innovations : expiration of tenancy agreement

During April 2018 Innovation's tenancy agreement with Aquila has expired without being extended. The Company is in discussions with potentials tenants that have expressed their interest for areas of the building.