SECURE PROPERTY

DEVELOPMENT & INVESTMENT

ANNUAL REPORT

2017

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SECTION A- Annual Report

SECURE PROPERTY DEVELOPMENT AND INVESTMENT PLC

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

SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC

Key Figures	31 Dec 2017	31 Dec 2016	Change
Total Assets (€million):	96	116	-17%
Sold income producing commercial Properties:	1	1	-
Number of income producing commercial Properties:	6	6	-
Average occupancy rate of income producing assets:	92%	88%	5%
Operational Gearing:	43%	46%	-7%
Average borrowing cost:	4,67%	5,32%	-12%
Operating Income*(€million):	4,8	6,4	-25%
EBITDA*(€million):	3,7	2,3	61%
Net Equity**(€million):	36,3	38,9	-7%
Issued Shares:	103.589.550	90.014.723	15%
NAV per share (€):	0,35	0,43	-19%

** Excluding fair value related impact (Table 1).*

*** Attributable to the shareholders.*

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

1. Letter to Shareholders

29 June 2018

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

2. Management Report

2.1 Corporate Overview & Financial Performance

Summary

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.

Romanian economic Developments

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.

Greek Political and economic developments

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.

Capital Structure

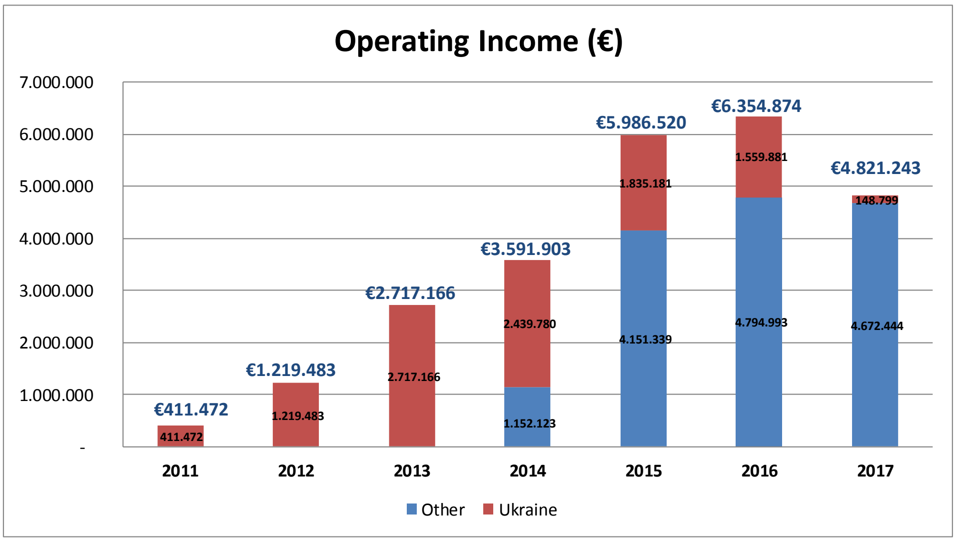
During 2017, the Company proceeded with taking the necessary approvals for rationalizing the equity structure of the Company by setting off carry forward losses (generated in pre 2011 periods) against part of the share premium, effecting in that way the potential of future dividend distribution, as well 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.

Capital Raising

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.

Financial performance

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.

Table 1

EUR	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.

2.2 Property Holdings

Property Assets

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

Commercial

Commercial Property	Location	Key Features	
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%

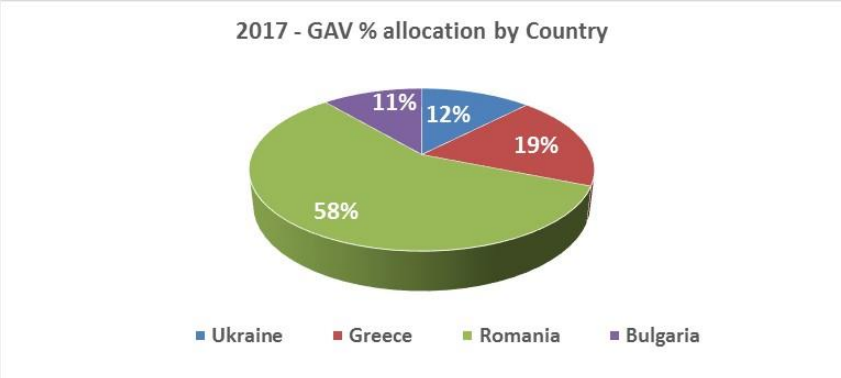
Land & Residential

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

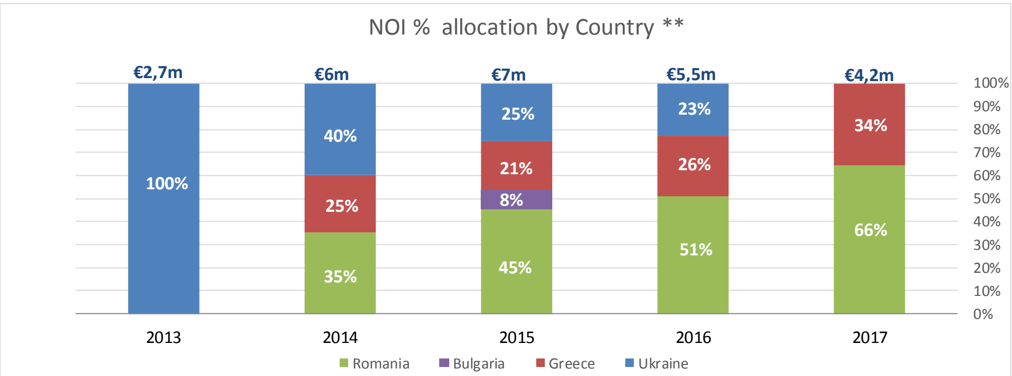
Property Asset Valuations

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 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)*

Asset Contribution to Net Asset Value

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.

Table 2

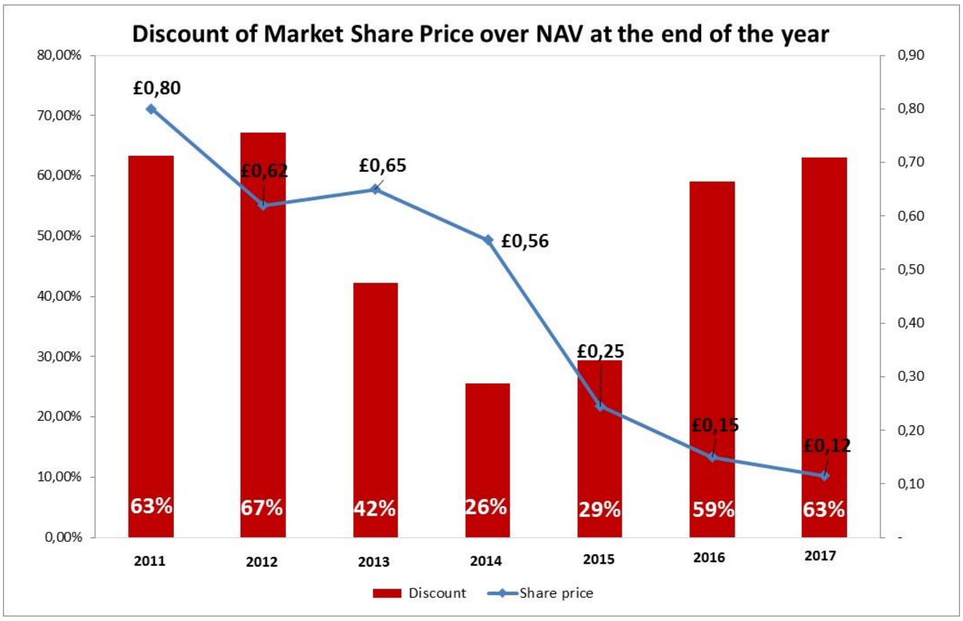
		2017 €m		
Property	**Country**	**GAV***	**Debt (principal)***	**NAV**
Innovations	Rom	10,0	7,2	2,8
Eos	Rom	7,2	4,5	2,7
Delenco	Rom	5,5	0,7	4,8
Praktiker	Rom	7,5	4,3	3,2
Victini logistics	Gr	16,1	11,2	4,9
Kindergarden	Rom	0,9	0,5	0,4
Residential units	Rom & Bul	11,4	6,6	4,8
Land banking	Rom & Ukr & Bul	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

Net Equity

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.



Net Asset Value per share

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.

2.3 Financial and Risk Management

Leverage

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.

Liquidity Management-Cash Flow Risk

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.

2.4 2018 and beyond

General

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.

3. Regional Economic Developments [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

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.

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

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

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

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

4. Real Estate Market Developments[2]

4.1 Romania

General

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.

Logistics Market

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 totalling 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).

Office Market

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);

[2] Sources : Danos Research, Eurobank, Jones Lang LaSalle, DTZ Research, CBRE Research, Colliers International, Cushman & Wakefield, Coldwell Banker Research, National Institute of Statistics- Romania.

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.

Retail Market

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.

Residential Market

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%.

4.2 Bulgaria

General

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.

Residential Market

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.

4.3 Greece

General

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.

Logistics Market

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.

4.4 Ukraine

General

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.

5. Property Assets

5.1 Victini (ex GED) Logistics center, Athens Greece

Property description

The 17.756 sqm complex that consists of industrial and office space is situated on a 44.268 sqm land plot in the West Attica Industrial Area (Aspropyrgos). It is located at exit 4 of Attiki Odos (the Athens ring road) and is 20 minutes from the port of Piraeus (where Cosco runs a container port handling +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).

Current status

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.

5.2 EOS Business Park – Danone headquarters, Romania

Property description

The park consists of 5.000 sqm of land including a class "A" office building of 3.386 sqm GLA and 90 parking places. It is located next to the Danone factory, in the North-Eastern part of Bucharest with access to the Colentina Road and the Fundeni Road. The Park is very close to Bucharest's ring road and the DN 2 national road (E60 and E85) and is also served by public transportation. The park is highly energy efficient.

Current status

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

5.3 Praktiker Retail Center, Romania

Property description

The retail park consists of 21.860 sqm of land including a retail BigBox of 9.385 sqm GLA and 280 parking places. It is located in Craiova, on one of the main arteries of the city, along with most of the DIY companies. Craiova is an important city for the Romanian automotive industry as Ford bought the Daewoo facilities in 2007 and produces two of its models from there. Ford is committed to continue investing and it is completing a brand new engine production facility.

Current status

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

5.4 Delenco office building, Romania

Property description

The property is a 10.280 sqm office building, which consists of two underground levels, a ground floor and ten above-ground floors. The building is strategically located in the very center of Bucharest, close to three main squares of the city: Unirii, Alba Iulia and Muncii, only 300m from the metro station.

Current status

The Company acquired 24,35% of the property in May 2015. As at the year-end 2017, the building is 100% let, with ANCOM (the Romanian Telecommunications Regulator) being the anchor tenant (70% of GLA).

5.5 Innovations Logistics Park, Romania

Property description

The park incorporates approximately 8.470 sqm of multipurpose warehousing space, 6.395 sqm of cold storage and 1.705 sqm of office space. It is located in the area of Clinceni, south west of Bucharest 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.

Current status

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.

5.6 Residential portfolio

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

Property description

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

Current status

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**

Property description

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

Current status

At the end of 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**

Property description

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

Current status

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

- **Green Lake, Bucharest, Romania**

Property description

A residential compound of 40.500 sqm GBA, which consists of apartments and villas, situated on the banks of Grivita Lake, in the northern part of the Romanian capital – the only residential property in Bucharest with a 200-metre frontage to a lake. The compound also includes facilities such as one of Bucharest's leading private schools (International School for Primary Education), outdoor sports courts and a mini-market. Additionally Green Lake includes land plots totaling 40.360 sqm. SPDI owns ~43% of this property asset portfolio.

Current status

During 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**

Property description

A residential compound, which consisted at acquisition date (May 2015) of 67 apartments plus 83 underground parking slots developed on a land surface of 5.700 sqm, situated in the Boyana high end suburb of Sofia, at the foot of Vitosha mountain with Gross Buildable Area ("GBA") totaling 11.400 sqm. The complex includes adjacent land plots available for sale or development of ~22.000 sqm of gross buildable area.

Current status

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

5.7 Land Assets

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

Property description

The site consists of a 22,4 Ha plot of land with zoning allowance to construct up to 103.000 sqm GBA industrial properties and is situated on the main Kiev – Odessa highway, 20km from Odessa port, in an area of high demand for logistics and distribution warehousing.

Current status

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

- **Kiyanovskiy Lane – Kiev, Ukraine**

Property description

The property consists of 0,55 Ha of land located at Kiyanovskiy Lane, near Kiev city 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.

Current status

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**

Property description

The 0,36 Ha plot is located in the historic and rapidly developing Podil District in Kiev. The Company owns 55% of the plot, with a local co-investor owning the remaining 45%.

Current status

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

- **Balabino- Zaporozhye, Ukraine**

Property description

The 26,38 Ha site is situated on the south entrance of Zaporozhye city, 3km away from the administrative border of Zaporozhye. It borders the Kharkov-Simferopol Highway (which connects eastern Ukraine and Crimea and runs through the two largest residential districts of the city) as well as another major artery accessing the city center.

Current status

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

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

Property description

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

Current status

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

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CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2017

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Corporate Information

Board of Directors

Lambros Anagnostopoulos
Vagharshak Barseghyan
Ian Domaille
Paul Ensor
Franz Hoerhager
Antonios Kaffas
Kalypso Maria Nomikou
Alvaro Portela
Harin Thaker
Colin Jay Chapin (announced on 5 April 2018)
Michael Petros Beys (announced on 5 April 2018)

Registered Address

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Company Secretary

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Joint Broker

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Cymain Registrars Limited
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Bank of Cyprus
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Lex Consulting Ltd
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Auditors

Baker Tilly Klitou and Partners Limited
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1066 Nicosia, Cyprus

Chairman's 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

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

We, the Members of the Board of Directors and the person responsible for the preparation of the consolidated financial statements of SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC for the year ended 31 December 2017, based on our opinion, which is a result of diligent and scrupulous work, declare that the elements written in the consolidated financial statements are true and complete.

Board of Directors members:

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

Person responsible for the preparation of the consolidated financial statements for the year ended 31 December 2017:

Theofanis Antoniou	

MANAGEMENT REPORT

The Board of Directors presents its report and the audited consolidated financial statements of SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC ("SPDI" or the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2017.

Principal activities

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

Review of current position, future developments and significant risks

2017 has been a year of consolidation, as we lay 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 South-East European countries. As the economies and property markets in Romania and Ukraine grew even faster, a plan to sell our non-core assets was put in action so as to take advantage of increased demand and pricing; conditions we have been expecting to materialize over the last few years. Land (pre) sales in both countries were coupled with increased residential units' sales and with the successful completion of the sale of Terminal Brovary in Kiev at the beginning of 2017.

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

Gross Rental Income decreased from €6,1m to €4,6m, following the successful sale of Terminal Brovary, with average occupancy exceeding 90% (Note 7). Asset Operating expenses (Note 8) decreased by 24% while the non-strictly property related costs ("Administration Expenses") (Note 9) have been reduced even further by 10% following extensive cost-cutting efforts by Management.

As a result, SPDI's portfolio became more focused in terms of geography as well as asset class, with exposure to Ukraine in terms of Gross Asset Value dropping to ~12% at the end of 2017 and with Romania rising to become the prime country of operations with ~58% of the Gross Asset Value.

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

The most significant risks faced by the Group and the steps taken to manage these risks are described in Notes 5 and 41 of the consolidated financial statements.

Results and Dividends

The Group's results for the year are set out on page 36. No dividends were declared during the year.

Share Capital

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 (Note 26.1).

No changes were effected during the reporting period as far as the authorized share capital of the Company is concerned and therefore at the end of the reporting period the authorised share capital of the Company remained at 989.869.935 Ordinary Shares of €0,01 nominal value each, 785.000 Redeemable Preference Class A Shares of €0,01 nominal value each and 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each (Note 26.1). The Company cancelled the Redeemable Preference Class A Shares following the AGM decision of 29 December 2017 and the subsequent court approval obtained during H1 2018 (Note 42 e) while Redeemable Preference Class B Shares (Note 26.6) remain to be cancelled.

Following the cancellation of Redeemable Preference Class A Shares completed within H1 2018 (Note 42e) 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 26.6).

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 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.

MANAGEMENT REPORT

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 finalized during H1 2018 as per the Annual General Meeting decision of 29 December 2017 (Note 26.6),

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

In respect of the Redeemable Preference Class A Shares, issued in connection to the Innovations acquisition and the Redeemable Preference Class B 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 26.6) in October 2016, to the Craiova Praktiker seller BLUEHOUSE ACCESSION PROPERTY HOLDINGS III S.A.R.L and has been in discussion 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 42b) as well as cancellation of Redeemable Preference Class A shares (Note 42 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 26.6).

Board of Directors

The members of the Company's Board of Directors as at 31 December 2017 and at the date of this report are presented on page 25.

In accordance with the Company's Articles of Association, during the Annual General Meeting held on 29th December 2017, Mr. Thaker, Mr. Domaille and Mrs. Nomikou who being eligible, retired by rotation, offered themselves for re-election and were re-elected.

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

On 5th April 2018 the Company announced that proceeded with appointing 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 was stepping down with immediate effect as Non-Executive Chairman of the Board of SPDI after 11 years in 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.

Board Committees

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

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

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

Remuneration Policy

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

During the reporting period 576.133 ordinary shares issued to the Board members for their 2015 remuneration.

As far as the Board's remuneration is concerned, this has been adjusted to the growth of the Gross Asset Value of the Company as mandated by the policy. It should be noted that the said policy relates to payments through shares which are locked up for the earlier of two years from the date of issue or the date following which the 30-day average traded value exceeds GBP 70.000. Since 1st of July 2016, the BoD has decided to forego any remuneration.

The remuneration of the senior management is described in Note 38.1.2.

Board Members Options

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

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

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

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

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

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

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

The above option schemes were approved, by the shareholders of the Company in General Meeting on 31st March 2008. The Company received no notice for exercising the options and as a result, at the end of the reporting period the options have expired.

Employees Options

As approved by the Annual General Meeting on 30th December 2013 the Company proceeded in 2015 in issuing 590.000 options to its employees corresponding to potentially 590.000 ordinary shares. The terms of the options and the related holdings are analyzed in Note 26.3. During the reporting period an ex-employee of the Company exercised its options for 10.000 shares at 0.15 GBP, which were issued during 2018 (Note 42b). As at the end of the reporting period 285.000 options expired while another 295.000 options remain to be exercised until 31/12/2018. The Company considers these options as being also out of the money.

Directors and Management Holdings in the Company

During the reporting period the following share acquisitions or allocation of shares took place in relation to the Directors:

A. During March 2017 the Directors acquired 438.909 ordinary shares of the Company.

B. During April 2017, 576.133 new ordinary shares were allocated to the Non-executive directors of the Company who were in office in 2015 in lieu of fees accrued in 2015.

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

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

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

As at the date of issuance of the financial statements and following issuance of shares done within H1 2018 the Directors and Management direct holdings changed (Note 42b) as follows:

Name	Position	Amount of Shares held
Paul Ensor	Non-Executive Director	311.597
Barseghyan Vagharshak	Non-Executive Director	75.484
Beys Michael	Chairman	158.976
Ian Domaille *	Non-Executive Director	719.975
Franz Horhager	Non-Executive Director	285.575
Antonios Kaffas	Non-Executive Director	251.709
Kalypso Maria Nomikou	Non-Executive Director	75.484
Alvaro Portela	Non-Executive Director	208.844
Harin Thaker	Non-Executive Director	214.651
Lambros Anagnostopoulos	Executive Director and CEO	448.092

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

Warrants issued and exercised

Class A warrants

In order to acquire up to a 50% interest in a portfolio of fully let logistics properties in Romania, the Olympians Portfolio, (Notes 24 and 26.4) the Company 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 beginning of 2018 with the issuance of 17.066.560 new ordinary shares corresponding to these warrants (Note 42b). There are no Class A warrants in circulation as at the issuance date of the financial statements.

MANAGEMENT REPORT

Class B warrants

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. 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.

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 42e):

- That the balance of the share premium account of the Company will be reduced by €53.569.295 and will be set off with 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)."

Events after the end of the reporting period

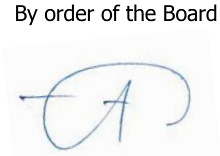
The significant events that occurred after the end of the reporting period are described in Note 42 to the financial statements.

Independent auditors

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

The Audit Committee will be proposing to the Board the appointment of the Independent Auditors for 2018, authorizing the CEO and the Finance Director to negotiate their remuneration so as to present a relevant proposal to the Annual General Meeting of the Shareholders of the Group.

By order of the Board of Directors,



Theofanis Antoniou
Finance Director

BAKER TILLY

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Independent Auditor's Report

To the Members of Secure Property Development & Investment Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Secure Property Development & Investment Plc (the "Company") and its subsidiaries (the "Group"), which are presented in pages 36 to 90 and comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, changes in equity and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Material uncertainty related to going concern

We draw attention to Note 41.7 to the consolidated financial statements which indicates that the Group's current liabilities exceeded the current assets by €1.668.540 as at 31 December 2017. The Group incurred a negative total comprehensive income amounting to €1.798.472 during the year ended 31 December 2017. These conditions indicate the existence of a material uncertainty which casts significant doubt as to the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report (continued)

Key Audit Matters

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

Key audit matter	***How our audit addressed the key audit matter***
Valuation of investment properties and investment properties under development	
Refer to Note 3 - Significant accounting policies and Note 17 - Investment Property. The Group's investment properties and investment property under development were carried at €79.318.511 as at 31 December 2017. A net gain on disposals of investment properties of €4.366 and a net fair value movement gain of €326.961 was recognised in the Group's consolidated statement of comprehensive income for the year. We focused in this area due to the existence of significant judgment, coupled with the fact that only a small percentage difference in individual property valuations when aggregated could result in material misstatement. The valuation of the Group's properties is inherently subjective due to unique nature, location and expected future prospects of each property. The methodology applied in determining the fair values is set out in Note 17 of the consolidated financial statements. Valuations, as disclosed in Note 3, are carried out by third-party valuers, CBRE Ltd and Real Act (the "Valuers"). The Valuers performed their work in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards, taking into account property specific information.	Our audit procedures included assessment of the valuers qualifications and expertise and considered their engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We obtained and read the CBRE and Real Act valuation reports for every property. We determined, based on our expertise and experience, that the valuation approach for each was appropriate and suitable for use in determining the fair value for the consolidated financial statements. We have also evaluated the mathematical precision of the methodologies used and the relevance of the key assumptions used, comparing with general economic expectations to assess whether the assumptions used were reasonable.

Emphasis of matters

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

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

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

Our opinion is not qualified in respect of these matters.

Independent Auditor's Report (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the Annual Report, the Chairman's Statement and the Management Report. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor’s Report (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal Requirements

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

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

Other Matter

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

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

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

Baker Tilly Klitou
Certified Public Accountants and Registered Auditors

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

Nicosia, 29 June 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 €	2016 €
Income	7	4.625.970	6.070.940
Asset operating expenses	8	(749.571)	(992.441)
Net Operating Income		**3.876.399**	**5.078.499**
Administration expenses	9	(2.351.546)	(2.614.188)
Share of profits/(losses) from associates	19	390.217	469.248
Valuation gains/(losses) from Investment Property	10	326.961	896.793
Net loss on disposal of inventory	11a	(43.870)	(368.907)
Net gain/(loss) on disposal of investment property	11b	4.366	(438.516)
Result on disposal of available for sale financial assets	23	-	(206.491)
Impairment allowance for inventory and provisions	12	150.000	(63.513)
Gain realized on acquisition of assets	18a	23.921	-
Gain on disposal of subsidiaries	18b	1.483.737	-
Other operating income/(expenses), net	13	(375.408)	(1.304.304)
Operating profit / (loss)		**3.484.777**	**1.448.621**
Finance income	14	13.376	1.153.243
Finance costs	14	(2.050.778)	(3.738.951)
Profit / (loss) before tax and foreign exchange differences		**1.447.375**	**(1.137.087)**
Foreign exchange (loss), net	15a	(2.030.561)	(1.041.239)
Forex transfer on disposal of foreign operation	15b	(37.352.923)	-
Loss before tax		**(37.936.109)**	**(2.178.326)**
Income tax expense	16	(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	15b	37.349.385	(4.167.542)
Exchange difference on translation of foreign operations	27	(615.583)	3.508.448
Available-for-sale financial assets – Gains recycled to loss for the year	23	-	(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):	36b		
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)

The notes on pages 40 to 90 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2017

	Note	2017 €	2016 €
ASSETS			
Non-current assets			
Investment properties	17.4a	74.732.502	95.654.207
Investment properties under development	17.4b	4.586.009	5.027.986
Tangible and intangible assets	20	70.504	129.396
Long-term receivables and prepayments	21	316.788	351.181
Investments in associates	19	5.115.587	5.217.310
		84.821.390	**106.380.080**
Current assets			
Inventory	22	4.812.550	5.028.254
Prepayments and other current assets	24	5.846.584	2.778.361
Cash and cash equivalents	25	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	26	1.035.893	900.145
Share premium		123.126.328	122.874.268
Foreign currency translation reserve	27	9.294.576	10.161.471
Exchange difference on I/C loans to foreign holdings	38.3	(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	28	8.401.414	7.237.827
Total equity		**44.751.972**	**46.162.636**
Non-current liabilities			
Borrowings	29	25.324.378	16.895.155
Finance lease liabilities	34	10.435.241	11.081.379
Bonds issued	30	1.033.842	-
Trade and other payables	31	417.791	451.123
Taxes payables	33	602.200	-
Provision on taxes	33	399.450	-
Deposits from tenants	32	187.976	217.328
		38.400.878	**28.644.985**
Current liabilities			
Borrowings	29	5.162.087	31.580.299
Finance lease liabilities	34	391.002	301.409
Bonds issued	30	20.495	-
Trade and other payables	31	6.920.308	7.038.170
Taxes payable	33	613.859	1.147.018
Provisions on taxes	33	51.047	742.166
Deposits from tenants	32	-	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**

	Note	2017	2016
Net Asset Value (NAV) € per share:	36c		
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

On 29 June 2018 the Board of Directors of SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC authorised these financial statements for issue.

Lambros Anagnostopoulos
Director & Chief Executive Officer

Michael Beys
Director & Chairman of the Board

Theofanis Antoniou
Finance Director

The notes on pages 40 to 90 form an integral part of these consolidated financial statements.

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 15b)	-	-	-	(4.167.542)	-	**-**	**(4.167.542)**	-	**(4.167.542)**
Foreign currency translation reserve	-	-	-	-	3.508.448	**-**	**3.508.448**	(30.749)	**3.477.699**
Available-for-sale financial assets – Gains recycled to loss for the year (Note 23)	-	-	-	-	-	(485.529)	**(485.529)**	-	**(485.529)**
Restructuring of the business (Note 35)	-		-	-	-	**-**	**-**	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 26)	135.748	252.060	-	-	-	**-**	**387.808**	-	**387.808**
Exchange difference on I/C loans to foreign holdings which disposed (Note 15b)	-	-	(37.352.923)	37.352.923	-	**-**	**-**	-	**-**
Exchange difference on I/C loans to foreign holdings (Note 15b)	-	-	-	(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**

[1]Share premium is not available for distribution.

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

[3] Exchange differences on intercompany loans to foreign holdings arose as a result of devaluation of the Ukrainian Hryvnia during previous years. The Group treats the mentioned loans as a part of the net investment in foreign operations (Note 38.3).

[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.

The notes on pages 40 to 90 form an integral part of these consolidated financial statements.

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	10	(326.961)	(896.793)
Net (gain)/loss on disposal of investment property	11b	(4.366)	438.516
Other non-cash movements		411	(1.367)
Write offs of prepayments	13	44.040	6.701
Accounts payable written off	13	(21.860)	(109.602)
Depreciation/ Amortization charge	9	44.128	58.491
Interest income	14	(13.376)	(1.153.243)
Interest expense	14	1.929.583	3.571.387
Share of losses/(profit) from associates	19	(390.217)	(469.248)
Gain on acquisition of subsidiaries	18a	(23.921)	-
Results on disposal of available for sale assets	23	-	206.491
Impairment of inventory	12	-	63.513
Reversal of provision	12	(150.000)	-
Gain on disposal of subsidiaries	18b	(1.483.737)	-
Effect of foreign exchange differences	15a	2.030.561	1.041.239
Forex transfer on disposal of foreign operation	15b	37.349.385	-
Cash flows from/(used in) operations before working capital changes		**1.047.561**	**577.759**
Change in inventory	22	215.704	1.522.234
Change in prepayments and other current assets	24	(497.198)	(380.280)
Change in trade and other payables	31	(585.447)	(2.134.760)
Change in VAT and other taxes receivable	24	103.009	560.009
Change in provisions	33	408.331	17.721
Change in other taxes payables	33	(423.658)	157.026
Increase in deposits from tenants	32	(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	11b	363.985	2.043.055
Capital expenditure on property plant and equipment		-	(23.266)
Dividend received from associates	19	231.363	127.570
Interest received		1.543	886
Increase in long term receivables		(65.606)	1.734
Cash inflow on disposal of subsidiaries	18b	2.844.494	-
Loan granted for property acquisition	24	(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	26	135.748	-
Bonds issue	30	1.033.842	-
Proceeds from bank loans	29	1.455.336	1.000.000
Repayment of borrowings	29	(1.437.587)	(2.881.423)
Interest and financial charges paid		(1.774.925)	(3.716.433)
Decrease in financial lease liabilities	34	(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	25	**831.124**	**1.701.007**

The notes on pages 40 to 90 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

1. General Information

Country of incorporation

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

Principal activities

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

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

As at the reporting date, the companies of the Group employed and/or used the services of 19 Full Time Equivalent people, (2016 → 26 full time equivalent people).

2. Adoption of new and revised Standards and Interpretations

Adoption of new and revised IFRSs
During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2017. This adoption did not have a material effect on the accounting policies of the Company.
Standards issued but not yet effective
Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

(i) Standards and Interpretations adopted by the EU

New standards

- **IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).**
  IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

  <u>Classification of financial assets and financial liabilities</u>
  IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.
  IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option are recognised in profit or loss, under IFRS 9 fair value changes are generally presented as follows:
  - the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
  - the remaining amount of change in the fair value is presented in profit or loss.
  Based on the Company's initial assessment, this standard is not expected to have a material impact on the classification of financial assets and financial liabilities of the Company.

  <u>Impairment of financial assets</u>
  IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.
  Based on the Company's initial assessment, changes to the impairment model are not expected to have a material impact on the financial assets of the Company.

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

- **IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).**
  IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.
  Based on the Company's initial assessment, this standard is not expected to have a material impact on revenue recognition of the Company.

- **IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).**
  IFRS 16 introduces a single, on balance lease sheet accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases—Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.
  Based on the Company's initial assessment, this standard is not expected to have a material impact on the Company's financial statements.

Amendments/Clarifications

- **Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).**

  The amendments in Clarifications to IFRS 15 address three of the five topics identified i.e. identifying performance obligations, principal versus agent considerations, and licensing. The clarifications provide some transition relief for modified contracts and completed contracts. Additionally, the IASB concluded that it was not necessary to amend IFRS 15 with respect to the collectability or measuring non cash consideration.

- **Annual Improvements to IFRSs 2014–2016 Cycle (issued on 8 December 2016) (effective for annual periods beginning on or after 1 January 2018)**

  IFRS 1 was amended and some of the short-term exemptions from IFRSs in respect of disclosures about financial instruments, employee benefits and investment entities were removed, after those short-term exemptions have served their intended purpose. The amendments to IAS 28 clarify that an entity has an investment-by-investment choice for measuring investees at fair value in accordance with IAS 28 by a venture capital organisation, or a mutual fund, unit trust or similar entities including investment linked insurance funds. Additionally, an entity that is not an investment entity may have an associate or joint venture that is an investment entity. IAS 28 permits such an entity to retain the fair value measurements used by that investment entity, associate or joint venture when applying the equity method. The amendments clarify that this choice is also available on an investment-by-investment basis.

- **Amendments to IAS 40: "Transfers of Investmenty Property" (effective for annual periods beginning on or after 1 January 2018).**

  The amendments clarify the requirements on transfers to, or from, investment property in respect of properties under construction. Prior to the amendments, there was no specific guidance on transfers into, or out of, investment properties under construction in IAS 40. The amendment clarifies that there was no intention to prohibit transfers of a property under construction or development, previously classified as inventory, to investment property when there is an evident change in use. IAS 40 was amended to reinforce the principle of transfers into, or out of, investment property in IAS 40 to specify that a transfer into, or out of investment property should only be made when there has been a change in use of the property; and such a change in use would involve an assessment of whether the property qualifies as an investment property. Such a change in use should be supported by evidence.

- **Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).**

  The amendments mean that non-market performance vesting conditions will impact measurement of cash-settled share-based payment transactions in the same manner as equity-settled awards. The amendments also clarify classification of a transaction with a net settlement feature in which the entity withholds a specified portion of the equity instruments, that would otherwise be issued to the counterparty upon exercise (or vesting), in return for settling the counterparty's tax obligation that is associated with the share-based payment. Such arrangements will be classified as equity-settled in their entirety. Finally, the amendments also clarify accounting for cash-settled share based payments that are modified to become equity-settled, as follows (a) the share-based payment is measured by reference to the modification-date fair value of the equity instruments granted as a result of the modification; (b) the liability is derecognised upon the modification, (c) the equity-settled share-based payment is recognised to the extent that the services have been rendered up to the modification date, and (d) the difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date is recorded in profit or loss immediately.

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

(ii) Issued by the IASB but not yet adopted by the European Union

Based on the Company's initial assessment, these clarifications are not expected to have a material impact on the Company's financial statements.

- **IAS 7 (Amendments) "Disclosure Initiative" (effective for annual periods beginning on or after 1 January 2017).**

  The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities.

- **IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).**

  The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

- **IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 1 January 2019).**

- **IAS 28 (Amendments) "Long-term Interest in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2019).**

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

NEW IFRICS

- **IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).**
  The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).**
  The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on the derecognition of a non-monetary asset or non-monetary liability arising from an advance consideration in a foreign currency. Under IAS 21, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. IFRIC 22 only applies in circumstances in which an entity recognises a non-monetary asset or non-monetary liability arising from an advance consideration. IFRIC 22 does not provide application guidance on the definition of monetary and non-monetary items. An advance payment or receipt of consideration generally gives rise to the recognition of a non-monetary asset or non-monetary liability, however, it may also give rise to a monetary asset or liability. An entity may need to apply judgment in determining whether an item is monetary or non-monetary.

3. Significant accounting policies

3.1 Statement of compliance

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

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

3.2 Basis of preparation

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

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

3. Significant accounting policies (continued)

3.3 Basis of consolidation

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

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

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

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

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

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

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

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

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

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

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

3.4 Functional and presentation currency

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

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

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

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

3. Significant accounting policies (continued)

3.4 Functional and presentation currency (continued)

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

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

	Average		31 December		
Currency	**2017**	**2016**	**2017**	**2016**	**2015**
USD	1,1293	1,1069	1,1993	1,0541	1,0887
UAH	30,0129	28,2854	33,4954	28,4226	26,2231
RON	4,5681	4,4908	4,6597	4,5411	4,5245
BGN	1,9558	1,9558	1,9558	1,9558	1,9558

3.5 Investment Property at fair value

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

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

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

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

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

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

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

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

Initial measurement and recognition

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

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

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

3. Significant accounting policies (continued)

3.5 Investment Property at fair value (continued)

Subsequent measurement

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

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

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

Basis of valuation

The fair values reflect market conditions at the financial position date. These valuations are prepared annually by chartered surveyors (hereafter "appraisers"). The Group appointed valuers in 2014 which remain the same in 2017:

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

The valuations have been carried out by the appraisers on the basis of Market Value in accordance with the appropriate sections of the current Practice Statements contained within the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards (2017) (the "Red Book") and is also compliant with the International Valuation Standards (IVS).

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

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

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

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

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

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

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

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

3. Significant accounting policies (continued)

3.5 Investment Property at fair value (continued)

Valuation Approach

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

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

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

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

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

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

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

3.6 Investment Property under development

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

3.7 Goodwill

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

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

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

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

3.8 Property, Plant and equipment and intangible assets

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

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

3. Significant accounting policies (continued)

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

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

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

No depreciation is charged on land.

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

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

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

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

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

3.9 Available for sale financial assets

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

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

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

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

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

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments fair value reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. Significant accounting policies (continued)

3.10 Inventory

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

3.11 Borrowings

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

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

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

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

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

3.12 Tenant security deposits

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

3.13 Financial liabilities and equity instruments

3.13.1 Classification as debt or equity

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

3.13.2 Equity instruments

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

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

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

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

3.13.3 Financial liabilities

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

3.13.3.1 Financial liabilities at FVTPL

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

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

3. Significant accounting policies (continued)

3.13 Financial liabilities and equity instruments (continued)

3.13.3.1 Financial liabilities at FVTPL (continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

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

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

3.13.3.2 Other financial liabilities

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

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

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

3.13.3.3 De-recognition of financial liabilities

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

3.14 Offsetting financial instruments

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

3.15 Impairment of tangible and intangible assets other than goodwill

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

3. Significant accounting policies (continued)

3.16 Cash and Cash equivalents

Cash and cash equivalents include cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.17 Share Capital

Ordinary shares are classified as equity.

3.18 Share premium

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

3.19 Share-based compensation

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

3.20 Provisions

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

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

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

3.21 Leased assets

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

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

3.22 Non-current liabilities

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

3.23 Revenue recognition

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

3. Significant accounting policies (continued)

3.23 Revenue recognition (continued)

3.23.1 Income from investing activities

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

3.23.2 Dividend income

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

3.23.3 Interest income

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

3.23.4 Rental income

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

3.24 Service charges and expenses recoverable from tenants

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

3.25 Other property expenses

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

3.26 Borrowing costs

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

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

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

3.27 Asset Acquisition Related Transaction Expenses

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

3.28 Taxation

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

3.28.1 Current tax

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

3.28.2 Deferred tax

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

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

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

3. Significant accounting policies (continued)

3.28 Taxation (continued)

3.28.3 Current and deferred tax for the year

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

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

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

3.28.4 Withholding Tax

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

3.28.5 Dividend distribution

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

3.29 Value added tax

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

- 20% on Ukrainian domestic sales and imports of goods, works and services and 0% on export of goods and provision of works or services to be used outside Ukraine.
- 19% on Cyprus domestic sales and imports of goods, works and services and 0% on export of goods and provision of works or services to be used outside Cyprus.
- 19% on Romanian domestic sales and imports of goods, works and services (decreased from 20% from 1 January 2017) and 0% on export of goods and provision of works or services to be used outside Romania.
- 20% on Bulgarian domestic sales and imports of goods, works and services and 0% on export of goods and provision of services to taxable persons outside Bulgaria.
- 24% on Greek domestic sales and imports of goods, works and services (increased from 23% from 1 June 2016) and 0% on export of goods and provision of works or services to be used outside Romania.

3.30 Operating segments analysis

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

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

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

Residential
- Residential segment

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

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

3.31 Earnings and Net Assets value per share

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

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

3. Significant accounting policies (continued)

3.31 Earnings and Net Assets value per share (continued)

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

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

3.32 Comparative Period

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

4. Critical accounting estimates and judgments

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

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

- **Provision for impairment of receivables**

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

- **Fair value of investment property**

The fair value of investment property is determined by using various valuation techniques. The Group selects accredited professional valuers with local presence to perform such valuations. Such valuers use their judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each financial reporting date. The fair value has been estimated as at 31 December 2017 (Note 17).

- **Income taxes**

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

- **Impairment of tangible assets**

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

- **Provision for deferred taxes**

Deferred tax is not provided in respect of the revaluation of the investment property and investment property under development as the Group is able to control the timing of the reversal of this temporary difference and the Management has intention not to reverse the temporary difference in the foreseeable future. The properties are held by subsidiary companies in Ukraine, Greece and Romania. Management estimates that the assets will be realized through a share deal rather than through an asset deal. Should any subsidiary be disposed of, the gains generated from the disposal will be exempt from any tax.

- **Application of IFRS 10**

The Group has considered the application of IFRS 10 and concluded that the Company is not an Investment Entity as defined by IFRS 10 and it should continue to consolidate all of its investments, as in 2016. The reasons for such conclusion are among others that the Company continues:

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

5. Risk Management

5.1 Financial risk factors

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

5.1.1 Operating Country Risks

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

5.1.1.1 Ukraine

In 2017, annual inflation rate amounted to 13,7% (2016: 12,4%). The Ukrainian economy showed recovery from the economic and political crisis of previous years that resulted in real GDP growth of around 2,5% (2016: 2,3%) and stabilization of national currency. From trading perspective, the economy was demonstrating refocusing on the European Union ("EU") market, which was a result of the signed Association Agreement with the EU in January 2016 that established the Deep and Comprehensive Free Trade Area ("DCFTA"). Under this agreement, Ukraine has committed to harmonize its national trade-related rules, norms, and standards with those of the EU, progressively reduce import customs duties for the goods originating from the EU member states, and abolish export customs duties during a 10-year transitional period. Implementation of DCFTA began on 1 January 2017. As a result, the Russian Federation implemented a trade embargo or import duties on key Ukrainian export products. In response, Ukraine implemented similar measures against Russian products.

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 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 USD 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 USD 5 million per month).

In March 2015, Ukraine signed four-year Extended Fund Facility ("EFF") with the International Monetary Fund ("IMF") that will last until March 2019. The total program amounted to USD 17,5 billion, while Ukraine has so far received only USD 8,7 billion from the entire amount. In September 2017, Ukraine successfully issued USD 3 billion of Eurobonds, of which USD 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 USD 3,5 billion from the IMF in 2018. To receive next tranches, the government of Ukraine has to implement certain key reforms, including in such areas as pension system, anti-corruption regulations, and privatization.

Further stabilization of the economic and political situation depends, to a large extent, upon success of the Ukrainian government's efforts. Despite certain improvements in 2017, the final resolution and the ongoing effects of the political and economic situation are difficult to be predicted, and they may have negative effects on the Ukrainian economy, and in turn on the local operations of the Group.

Overall following the sale of Terminal Brovary the expose of the Group in Ukraine was significantly reduced.

5.1.1.2 Greece

Greek economy showed signs of recovery during 2017, with positive GDP growth, lower unemployment rate, and strong primary surplus. Following the agreement with the credit institutions (EU/ECB/IMF/ESM), Greek economy is under assessment for an exit of relevant support program in August 2018. A final review of the program is set for summer 2018, while the government is in the process of completing the last creditor-mandated measures, including privatizations, and energy market reforms, to ensure a positive outcome. Negotiations and actions taken so far by the Greek government point towards an effective end of the program at such time. In addition, debt relief negotiations continue, although a final decision has not yet been taken by the creditors.

ECB has already released the last assessment of the banking sector stress tests, which provided clean results. Such results could allow 20bn euros in bailout funds set aside for the banking sector, to be used for other purposes, which would be very positive news for future economic policy. As a result of these tests, capital controls and restrictions imposed in the Banking sector in June 2015 have been substantially relieved within 2018, while lending activity on behalf of the Banks has been re-started with positive impact on domestic business activity.

The result of debt relief negotiations and a clean exit of the support program remain critical to the economy's long-term prospects. The expected favorable outcome will have a direct positive impact, by allowing Greece to go to the markets in order to fund its needs, and by boosting the overall economic activity. On the other hand, any possible negative developments will have an impact on economic recovery, which will be slower, or even in risk. In such a case, the results and financial position of Group's Greek operations could be negatively affected to some extent, in a manner not currently determinable.

5. Risk Management (continued)

5.1 Financial risk factors (continued)

5.1.1 Operating Country Risks (continued)

5.1.1.3 Romania

Romanian economy continuous in 2017 to be the top GDP growth performer in European Union following strong performance of the previous years. Main growth drivers recorded as private consumption, investment, and indirect tax cuts, supported by wage hikes.

The economy maintains balanced economic variables with current deficit around 3% of GDP, public debt less than 40% of GDP and stabilized inflation rate. Unemployment rate of 4,9% is the lowest it has been for the past 20 years, driving wages up, but still labor cost is one of the lowest in European Union (ranked 27 out of 28, and 74% below EU average) attracting continuously foreign investment in production and services sectors. Fixed investment is expected to higher levels in the near future due to rising European Union funds.

Possible overheating of the economy in the future may emerge risks, as economic activity will slow down, prices will drop, and the local activities of the Group could be negatively affected. The Group monitors closely the performance of the Romanian economy, and the local political and fiscal developments, in order to detect negative signs and being able to adjust effectively its local strategy and its operations in the country.

5.1.2 Risks associated with property holding and development associated risks

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

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

5.1.3 Property Market price risk

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

Valuations reported as at 31 December 2017 take into account the continuation of political instability in Ukraine. Given the nature of the Group's assets the most immediate effect would be the prolongation of the period needed to market and effectively sell an asset under such duress conditions.

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

5.1.4 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets apart from its cash balances that are mainly kept for liquidity purposes.

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

5. Risk Management (continued)

5.1 Financial risk factors (continued)

5.1.5 Credit risk

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

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

5.1.6 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

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

Management is monitoring foreign exchange fluctuations closely and acts accordingly.

5.1.7 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's core strategy is described in Note 41.1 of the consolidated financial statements.

5.1.8 Compliance risk

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

5.1.9 Litigation risk

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

5.1.10 Insolvency risk

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

5.2. Operational risk

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

5.3. Fair value estimation

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

6. Investment in subsidiaries

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

Name	Country of incorporation	Related Asset	Holding % as at 31 Dec 2017	Holding % as at 31 Dec 2016
SC SECURE Capital Limited	Cyprus		100	100
SL SECURE Logistics Limited	Cyprus	Brovary Logistics Park	-	100
LLC Aisi Brovary	Ukraine		-	100
LLC Terminal Brovary	Ukraine		-	100
LLC Aisi Ukraine	Ukraine	Kiyanovskiy Residence	100	100
LLC Retail Development Balabino	Ukraine		100	100
LLC Trade Center	Ukraine		100	100
LLC Almaz-press-Ukrayina	Ukraine	Tsymlianskiy Residence	55	55
LLC Aisi Bela	Ukraine	Bela Logistic Park	100	100
LLC Interterminal	Ukraine	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	EOS Business Park	100	100
Secure Property Development and Investment Srl	Romania		100	100
N-E Real Estate Park First Phase Srl	Romania		100	100
Victini Holdings Limited	Cyprus	Victini Logistics	100	100
VICTINI Logistics Park S.A. (ex SPDI Logistics S.A.)	Greece		100	100
Zirimon Properties Limited	Cyprus	Delea Nuova (Delenco)	100	100
Bluehouse Accession Project IX Limited	Cyprus	Praktiker Craiova	100	100
Bluehouse Accession Project IV Limited	Cyprus		100	100
Bluebigbox 3 Srl	Romania		100	100
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	Residential and Land portfolio	100	100
Demetiva Holdings Limited	Cyprus		100	100
Ketiza Holdings Limited	Cyprus		90	90
Frizomo Holdings Limited	Cyprus		100	100
SecMon Real Estate SRL	Romania		100	100
SecVista Real Estate SRL	Romania		100	100
SecRom Real Estate SRL	Romania		100	100
Ketiza Real Estate SRL	Romania		90	90
Edetrio Holdings Limited	Cyprus		100	100
Emakei Holdings Limited	Cyprus		100	100
RAM Real Estate Management Limited	Cyprus		50	50
Iuliu Maniu Limited	Cyprus		45	45
Moselin Investments srl	Romania		45	45
Rimasol Enterprises Limited	Cyprus		44,24	44,24
Rimasol Real Estate Srl	Romania		44,24	44,24
Ashor Ventures Limited	Cyprus		44,24	44,24
Ashor Development Srl	Romania		44,24	44,24
Jenby Ventures Limited	Cyprus		44,30	44,30
Jenby Investments Srl	Romania		44,30	44,30
Ebenem Limited	Cyprus		44,30	44,30
Ebenem Investments Srl	Romania		44,30	44,30
Sertland Properties Limited	Cyprus		100	100
Boyana Residence ood	Bulgaria		100	100
Mofben Investments Limited	Cyprus		100	100
Delia Lebada Invest srl	Romania		-	65
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 18a). 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 18b).

6. Investment in subsidiaries (continued)

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 42f):
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.

7. 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	-

8. 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 7). 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.

9. 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 38.1.2). 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.

10. Valuation gains / (losses) from investment properties

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

Property Name (€)	Valuation gains/(losses)	
	31 Dec 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**

11. 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:

11a Inventory (Note 22)

	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.

11b 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 14). 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)**

12. Impairment allowance for inventory and provisions

	31 Dec 2017	31 Dec 2016
	€	€
Impairment of inventory	-	(63.513)
Provisions (Note 39.3)	150.000	-
Total	**150.000**	**(63.513)**

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

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 39.3).

13. 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 23).

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.

14. 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 38.1.1)	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 11b) (effected in 2016) and full repayment of the remaining associated debt.

Interest received from non-bank loans, reflects income from loans granted by the Group for financial assistance of associates (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 38.1)	(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 38.1.2).

Finance leasing interest expenses relate to the sale and lease back agreements of the Group (Note 34).

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 30).

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.

15. 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 38.3). 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 18b) 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.

16. 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.

16. Tax Expense (continued)

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**

17. Investment Property

17.1 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 42g).

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, totalling 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 17.2). 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 19). It is situated in the northern part of Bucharest on the bank of Grivita Lake in Bucharest. SPDI owns ~44% of these plots, but has effective management control.
- **Boyana Land:** The complex of Boyana Residence includes adjacent land plots available for sale or development of ~22.000 sqm of gross buildable area.

17. Investment Property (continued)

17.2 Investment Property Movement during the reporting period

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

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**

17. Investment Property (continued)

17.2 Investment Property Movement during the reporting period (continued)

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

a. The translation loss due to the devaluation of local currencies of €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.

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

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

Asset Name	Location	Principal Operation	Related Companies	Carrying amount as at	
				31 Dec 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 (49 in total in 3 complexes)	Secure Investments II Limited Demetiva Limited Diforio Limited Frizomo Limited Ketiza Limited SecRom Srl SecVista Srl SecMon Srl Ketiza Srl	4.023.000	4.375.000
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**

17. Investment Property (continued)

17.4 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 18a).

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 18b).

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 21)	-	(100.000)
At 31 December	**-**	**-**

17.5 Investment Property valuation method presentation

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

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

17. Investment Property (continued)

17.5 Investment Property valuation method presentation (continued)

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

Fair value measurements at 31 Dec 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**

17. Investment Property (continued)

17.5 Investment Property valuation method presentation (continued)

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**			

18. 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

18. Investment Property Acquisitions, Goodwill Movement and Disposals (continued)

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 38.3). 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) totalling €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 (totalling €2,95 million) using a combination of the Land Disposal proceeds (€2,4 million) and an additional payment of €550.000 (Note 12).

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**

19. 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 Construct S.R.L.	23.980.063	(2.974.921)	1.602.270	24,354	390.217	Romania	Office building
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**		

20. 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).

21. Long Term Receivables and prepayments

	31 Dec 2017	31 Dec 2016
	€	€
Long Term Receivables	316.788	251.181
Prepayment for Investments (Note 17.4c)	-	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.

22. Inventory

€	30 Dec 2017	31 Dec 2016
At 1 January	**5.028.254**	**11.300.000**
Sale of Inventories (Note 11a)	(215.704)	(1.522.233)
Transfer to Investment Property (Note 17.2)	-	(4.686.000)
Impairment of inventory (Note 12)	-	(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 17.2) and since then is treated under IAS 40.

23. 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 31), 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 31).

24. 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 38.4)	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 19 and 38.4).

25. 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**

26. 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 26.6)	**3.925**	**(3.925)**	**-**			
RCP Class B Shares of €0,01 (Note 26.6)	**86.190**	**(86.190)**	**-**			
Total	**990.260**	**(90.115)**	**900.145**	**6.261**	**129.487**	**1.035.893**

26. Share capital (continued)

26.1 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 26.6) remain to be cancelled.

Following the cancellation of the Redeemable Preference Class A Shares completed within H1 2018 (Note 42e) 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 26.6).

26.2 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 26.6),

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

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 26.6) in October 2016, to the Craiova Praktiker seller BLUEHOUSE ACCESSION PROPERTY HOLDINGS III S.A.R.L and has been negotiating the resulting difference (if any) for a final settlement. As soon as the case is settled, the Company will proceed with the cancellation of the Redeemable Preference Class A Shares.

Following shares issuance completed within H1 2018 (Note 42b) as well as cancellation of Redeemable Preference Class A Shares (Noted 42 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 26.6).

26. Share capital (continued)

26.3 Option schemes

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

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

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.

26.4 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 24) 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 42b).

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

26.5 Class B Warrants issued

On 8 August 2011 the Company issued an amount of Class B Warrants for an aggregate corresponding to 12,5% of the issued share capital of the Company after the exercise date. 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.

26. Share capital (continued)

26.6 Capital Structure as at the end of the reporting period

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

Number of		(as at) 31 December 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 42b)		**17.076.560**	

<u>Redeemable Preference Class A Shares</u>

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 42e).

<u>Redeemable Preference Class B Shares</u>

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 23, 31).

26.7 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 42e):

- 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)."

27. 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.

28. Non-Controlling Interests

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

%	Non-controlling interest portion	
Group Company	**31 Dec 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

29. 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 38.5)		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 42g).

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.

29. Borrowings (continued)

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 38.5).

30. 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 24 and 26.4) 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.

31. 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 38.2)	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 23) 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 38.2). 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 42b).

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 17.1) which upon non closing of the said sale part of which will be returned to the prospective buyer.

32. 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.

33. 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 12)	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.

34. 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	41.2	899.834	508.853	390.981
Between two and five years	&	3.583.886	1.832.599	1.751.287
More than five years	41.6	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	41.2	961.744	665.796	295.948
Between two and five years	&	3.754.280	2.138.258	1.616.022
More than five years	41.6	11.822.949	2.477.889	9.345.060
		16.538.973	**5.281.943**	**11.257.030**
Accrued Interest				125.758
Total Finance Lease Liabilities				**11.382.788**

34.1 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.

34.2 Sale and Lease Back Agreements

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

In May 2014 the Group concluded the acquisition of Innovations Logistics Park in Bucharest, owned by Best Day Srl, through a sale and lease back agreement with Piraeus Leasing Romania SA. As 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 .

34. Finance Lease Liabilities (continued)

34.2 Sale and Lease Back Agreements (continued)

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.

35. 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.

36. 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

37. 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 11)	-	-	-	535.819	-	-	535.819
Cost of Property sold (Note 11)	-	-	-	(575.323)	-	-	(575.323)
Rental income (Note 7)	1.613.511	581.567	677.180	99.549	-	-	2.971.807
Service charges and utilities income (Note 7)	66.298	75.550	-	24.294	-	-	166.142
Sale of electricity (Note 7)	321.365	-	-	-	-	-	321.365
Service and Property Management income (Note 7)	928.698	899	-	225.288	-	11.771	1.166.656
Valuation gains/(losses) from investment property (Note 10)	(1.234.463)	524.922	686.291	(368.642)	718.853	-	326.961
Gain/(loss) realized on acquisition of assets/subsidiary (Note 18a)	-	-	23.921	-	-	-	23.921
Share of profits/(losses) from associates (Note 19)	-	390.217	-	-	-	-	390.217
Gain on disposal of subsidiary (Note 18b)	(221.990)	-	-	-	1.705.727	-	1.483.737
Asset operating expenses (Note 8)	(400.848)	(75.528)	(85.557)	(117.679)	(69.959)	-	(749.571)
Impairment of inventory and provisions (Note 12)	-	-	-	-	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 9)							(2.351.546)
Other (expenses)/income, net (Note 13)							(375.408)
Finance income (Note 14)							13.376
Interest expenses (Note 14)							(2.050.778)
Foreign exchange losses, net (Note 15a)							(2.030.561)
Forex transfer on disposal of foreign operation (Note 15b)							(37.352.923)
Income tax expense (Note 16)							(596.165)
Exchange difference on I/C loan to foreign holdings (Note 15b)							37.349.385
Exchange difference on translation foreign holdings (Note 27)							(615.583)
Total Comprehensive Income							**(1.798.472)**

37. Segment information (continued)

Profit and Loss for the year 2016

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

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**

37. Segment information (continued)

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 7)	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 11a)	31 Dec 2017	31 Dec 2016
	€	€
Bulgaria	(43.870)	(368.907)
Total	**(43.870)**	**(368.907)**

Gain/(loss) from disposal of investment properties (Note 11b)	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**

38. Related Party Transactions

The following transactions were carried out with related parties:

38.1 Income/ Expense

38.1.1 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.

38.1.2 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.

38.2 Payables to related parties (Note 31)

	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**

38.2.1 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 42b).

38.2.2 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.

38.2.3 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.

38.2.4 Advances for warrants and options exercise
During 2017 (Note 26.4) 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 42 b).

38. Related Party Transactions (continued)

38.3 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 18b).

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.

38.4 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.

38.5 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.

39. Contingent Liabilities

39.1 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.

39. Contingent Liabilities (continued)

39.2 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.

39.3 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 17). 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 18b). 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 12).

39.4 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.

39.5 Other Contingent Liabilities

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

40. Commitments

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

41. Financial Risk Management

41.1 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 29), bonds (Note 30), trade and other payables (Note 31) deposits from tenants (Note 32), financial leases (Note 34), taxes payable (Note 33) 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.

41.2 Categories of Financial Instruments

	Note	31 Dec 2017	31 Dec 2016
		€	€
Financial Assets			
Cash at Bank	25	831.124	1.701.007
Long-term Receivables and prepayments	21	316.788	351.181
Prepayments and other receivables	24	5.846.584	2.778.361
Total		**6.994.496**	**4.830.549**
Financial Liabilities			
Borrowings	29	30.486.465	48.475.454
Trade and other payables	31	7.338.099	7.489.293
Deposits from tenants	32	187.976	488.347
Finance lease liabilities	34	10.826.243	11.382.788
Taxes payable and provisions	33	1.666.556	1.889.184
Bonds issued	30	1.054.337	-
Total		**51.559.676**	**69.725.066**

41. Financial Risk Management (continued)

41.3 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.

41.4 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 25) while the remaining are mainly denominated in either USD or €.

The Group is exposed to interest rate risk in relation to its borrowings amounting to €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)

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

41.5 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.

41. Financial Risk Management (continued)

41.6 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**

41.7 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 42g) .

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 42b).

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 42 h).

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

42. 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 31 and 38.2).
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.