28 September 2018

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

Half-Year Report

Secure Property Development & Investment PLC, the AIM quoted South Eastern European focused property company, is pleased to announce its unaudited half-year report for the period ended 30 June 2018.

Highlights

- Delivering on strategy to build a low cost, asset-backed company focused on the fast-growing economies and strategic intercontinental trade routes of South Eastern Europe
- Progress made in ongoing non-core asset disposal programme whilst simultaneously sourcing partnerships for value creation to bolster core income producing South Eastern European property portfolio
    - Advanced discussions to sell BigBlueBox in Romania with a view to generating €2.5 million cash
    - Sale of seven residential units in Romania and Bulgaria for a total gross consideration of €0.5 million
- Finalised rationalisation of capital structure with a view to be able to distribute dividends to shareholders and/or adopt a share buy-back programme in the future
    - Shares currently trading at a substantial +60% discount to NAV per share
- Continual successful cost reduction plan with asset operating expenses reduced by 29% and administration expenses reduced by 16%
- Recurring EBITDA at ~ €620k compared with H1 2017 at ~€820k, when excluding the Terminal Brovary sale completed in H1 2017
- Continued growth in regional economic environments in South Eastern Europe
    - Romania leading the EU in terms of pace of growth
    - Greece exited the EU-ECB-IMF support program in August 2018
    - Ukraine continues showing strong signs of recovery
    - Bulgaria also showing robust growth
- Bolstered the Board of Directors with a number of new appointments
    - Michael Beys, a highly renowned US attorney with a significant real estate background, appointed as new Chairman – replaces Paul Ensor who remains as a Non-Executive Director
    - Colin Chapin, former CFO and Secretary for a TSX listed public real estate holding company Trizec Canada Inc., appointed as a Non-Executive Director
    - Harin Thacker, previously a Non-Executive Director of SPDI, appointed as Non-Executive Vice Chairman

Lambros G. Anagnostopoulos, Chief Executive Officer, said, "Following a highly successful and profitable FY 2017 due to the sale of land in Bucharest and our primary Ukrainian asset (Terminal Brovary), during the first half of 2018 we have been focused on capitalising on this success and finalising the rationalisation of the Company's capital structure with a view, subject to the Company having sufficient resources, to being able to distribute dividends and/or consider buying back our own shares as they are currently trading at +60% discount to NAV per share.

"In the meantime, we have also strengthened our Board of Directors and are delighted to have appointed NYC based Michael Beys as our new Chairman, as well as Toronto based Colin Chapin as a new member and look forward to benefitting from the wealth of their real estate experience."

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

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Notes to Editors

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

1. Management Report

In Summary

SPDI's core property asset portfolio consists of South Eastern European prime commercial and industrial real estate, the majority of which is let to blue chip tenants on long leases. During the first half of 2018, management continued to focus on its strategy to dispose of non-core assets (land and residential assets in Romania, Bulgaria and Ukraine, as well as assets not located in capital cities or assets where the Company does not own the majority), while at the same time continue to source partnerships which are able to effectively set the grounds for further value creation.

With this in mind, during the period and after the Company continues to be in discussions to sell the BigBlueBox which is situated in a prime location in Craiova, Romania, with a view to generating more than €2,5m in cash. SPDI acquired the property in July 2015 and fully let it to Praktiker, a regional DIY retailer.

In the first half of 2018, the regional economic environment in South Eastern Europe where the Company operates remained unchanged. Romania continues to lead the European Union in terms of pace of growth while unemployment remains at minimum levels. The country is bustling with property developments as increasing demand far outstrips existing supply, while international investors and developers are moving back in the market.

Greece has managed to exit the bail-out programme with its international lenders showing simultaneous strong signs of economic growth. International investors have started showing increased interest in the country, especially in the hospitality and tourism sector, which has grown rapidly during the previous and current period.

The Ukrainian economy shows strong signs of recovery with the local currency appreciating substantially against major currencies during the first half of the year. Business sentiment has also increased and local investors are back in the market.

Bulgaria continues to show robust growth, mainly due to increased private consumption, while unemployment rates remain low. Increased European Union funding is expected to help the economy keep up the pace, attracting international investors and developers at the same time.

During the first half of 2018 the Company finalised the restructuring of its capital structure by obtaining the relevant approvals of Authorities to offset carried forward losses (generated before 2011, when the current management took over) against part of its share premium. This will allow the Board to elect to distribute dividends to shareholders in the future, as well as adopt a share buy-back programme. At the same time, the optimisation of the Company's corporate structure in Romania by merging low activity corporate entities to reduce administrative costs continues. One merger has now been approved by the Authorities, while another is anticipated to be approved during the third quarter of the year. Following this, management is planning to optimise its corporate structure in Cyprus, aiming again to decrease administration costs further.

P&L

The table below presents the operating performance for H1 2018 compared to H1 2017.

Following the successful sale of Terminal Brovary in H1 2017 which had a positive impact on the Company's income for that period, EBITDA showed a decrease to €0,6m. in H1 2018 from €1,7 m in H1 2017 (~€820k, when excluding the Terminal Brovary sale completed in H1 2017). However, asset operating expenses were reduced by 29% and administration expenses were reduced by 16%, highlighting the continuing successful cost reduction plan implemented by the Company.

EUR	***P & L***	
	H1 2018	**H1 2017**
Rental, Utilities, Management & Sale of electricity Income	1,466,157	2,913,509
Net Income from Sale of Assets less of Cost of Assets sold	162,731	88,601
Income from Operations of Investments	**1,628,888**	**3,002,110**
Asset operating expenses	(258,208)	(361,608)
Net Operating Income from Investments	**1,370,680**	**2,640,502**
Share of profits from associates	138,637	173,935
Total Income	**1,509,317**	**2,814,437**
Administration expenses	(889,544)	(1,064,671)
Operating Result (EBITDA)	**619,773**	**1,749,766**
Interest cost	(1,004,764)	(1,014,860)
Interest income	454,056	-
Income tax expense	(47,287)	(21,085)
Depreciation / Amortization	(11,120)	(27,012)
Operating Result after finance, tax and depreciation /amortization expenses for the period	**10,658**	**686,809**
Other income / (expenses), net	26,567	(665)
Gain / (Loss) realized on acquisition / disposal of subsidiaries	-	(206,797)
Allowance recognised for investment property	(1,298,769)	-
Other Fair Value Adjustments from investments	(789,465)	(509,343)
Foreign exchange differences, net	879,308	230,654

Profit /(Loss) for the period	**(1,171,701)**	**200,658**

2. Regional Economic Developments

Romania

Romania was one of the best performing economies in the EU in 2017, with GDP growth of 6,9%. Private consumption was the main driver of growth, supported by a pro-cyclical fiscal policy, strong wage growth and low unemployment. Investment started to pick up in the second half of 2017, driven by increased absorption of EU funds.

The GDP increased in H1 2018 by 4% annualised against H1 2017 and by 4,2% non-annualised adjusted series. In Q2 2018 the GDP grew by 1,4% against the previous quarter. As compared to Q2 2017, the growth was 4,1%.

Consumer spending appears to have regained some steam, benefiting from tight labour market conditions and wage gains, as retail sales were solid in April and May. Moreover, exports expanded at a solid pace in the same two months.

Inflation declined from June's 5,4%, which was a multi-year high, to 4,6% in July, a six-month low. The macro-economic forecast for Romania continues to be positive, despite some recent concerns.

The country was the EU's top performer in 2017 and is expected to hold this position in 2018 as well, with GDP increase forecast at over 5%.

Greece

The second quarter growth was reported at 1,8%, slightly lower than the expected 2%, as had been forecasted by most international institutions and state authorities. However, GDP growth is projected to rise to 2,3% in 2019. Exports which rose by 20,9% will be the main driver of growth, benefitting from rising external demand and improved competitiveness. Investment and private consumption (the component with the highest contribution to GDP at 70%) are set to recover in 2019 as confidence rebuilds, following improved fiscal credibility, which in turn will trigger lower interest rates for the state and ultimately the end users. However, continuing high excess capacity will limit price and wage pressures, as statistically observed by August's reported low inflation figures (1%).

In 2018, the budget surplus will out-perform the medium-term target, through restrained expenditure and improved tax collection, but then decline towards the target in 2019. Still, public debt remains high. Reducing it will require sustained pro-growth reforms, high primary surpluses and additional debt restructuring. Commitment to full reform implementation is key to strengthening inclusive growth. Investment has risen considerably in 2018, along with the

important construction activity indicator (14,6% y-o-y) but their growth remains volatile and low.
The unemployment rate improved from a low of 27,8% in 2013, falling to 19,1% in June 2018. Although the Greek labour market cannot be called positive, the peak of the employment crisis has passed. Tight access to finance continues to constrain business investment. The stock of NPLs is diminishing rapidly though it remains high. The roll-out of e-auctions is key to meeting banks' reduction targets for such loans.

It is worth noting that tourism will, and has, played a significant role in the growth scenario. The number of international tourists grew from 14,9 million in 2009 to well over 30 million in 2018. Recorded highs, year after year, are positively affecting both mainland and island property prices.

Bulgaria

The economy grew robustly in Q2 2018 compared to the same quarter in 2017, although at a slightly slower pace than in Q1, according to a preliminary estimate released by the Statistical Institute. This report estimated that the economy grew 3,4% on an annual basis in the second quarter, marginally down from the revised 3,6% year-on-year expansion recorded in the first quarter (previously reported: +3,5% year-on-year).

An increase in total consumption, which grew at the fastest rate in two-and-a-half years, drove growth. This was partly due to an over 6% increase in real household incomes, which benefited from higher wages and salaries on the back of a tightening labour market. Meanwhile, fixed investment expanded at a solid pace in Q2, although less than in Q1, supported by low interest rates and economic optimism among businesses. On the external front, as imports of goods and services increased faster than exports, the external sector weighed slightly on overall economic growth in Q2. In July, the unemployment rate remained at June's multi-decade low, which is likely to support household spending, while on the other hand business confidence fell for the first time in nearly two years.

The unemployment rate fell from a peak of 13% at the end of 2013 to just above 6% in the first half of 2018. Activity and employment rates increased substantially in the last few years, recovering from the sharp drop during the crisis period. However, there is still a sizeable potential labour force. Labour market prospects are expected to remain positive but to moderate somewhat in 2018 and 2019 due to limited and specialised labour supply.

Household spending should benefit from lower unemployment and strong wage growth this year. Increased EU funding is expected to complement fixed investment, which should see further support from an improved business climate and low interest rates. Sound fiscal policy should also secure stronger FDI inflows.

Bulgaria faces the two inter-related challenges of raising productivity and addressing the country's rapid demographic change. Higher productivity growth is critical to accelerating convergence, as Bulgaria's income per capita is only 47% of the EU average, the lowest in the EU.

Ukraine

The monthly data for June 2018 demonstrated that the economy is continuing its recovery. In fact, in June, agricultural production climbed by 36% y-o-y, following a 2,6% y-o-y increase in May. The industrial sector continued to grow, but at a more moderate rate of 2,2% y-o-y. Retail trade turnover continued to show improvements, with a growth rate of 5,8% y-o-y in June 2018, partly due to an increase in real monthly wages by 13% y-o-y.

In June both the central and local governments incurred budget deficits, which led to a consolidated budget deficit of UAH 4,2 billion for the month. Nevertheless, from the beginning of the year, the cumulative consolidated budget balance remained positive at UAH 10,4 billion in the first half of 2018 (a surplus of 0,3% of period GDP).

Consumer inflation posted a significant deceleration for the second consecutive month in June. The all items index dropped 1,8 percentage points to 9,9% y-o-y.

In July, the Verhovna Rada passed amendments to the Anti-Corruption Court Law according to which all ongoing cases of the National Anticorruption Bureau will be transferred to the new Anticorruption Court. This amendment was required by the IMF Programme and should ensure renewed international financial support.

The IMF has indicated that an IMF mission will be visiting Kyiv to discuss recent economic developments and next steps, including further financial assistance from the Fund.

3. Real Estate Market Developments

3.1 Romania

General

For H1 2018, the property investment volume for Romania is estimated at circa €205 million, almost half of the value registered in the same period of 2017 (€481 million). However, there are a number of transactions in different stages of negotiations that will most likely be concluded during the remainder of 2018. The number of transactions decreased, however, the average deal size increased, standing at approximately €40 million. Bucharest accounted for over 78% of the total investment volume, mainly due to a very large office transaction which was closed in Q2. Market volumes were dominated by office transactions (88%), while retail accounted for ca.12%.

Logistics Market

Approximately 330.000 sqm in modern warehouse spaces were delivered in H1 2018, more than double the level in H1 2017. The first part of 2018 has led to an interesting shift, as Bucharest accounted for little over a third of the total compared to around half for the whole of 2017; in the capital, interest continues to be heavily geared towards western and northern areas, while the various cities in Transylvania nearly add up to the overall deliveries in Bucharest; Pitesti and Ploiesti are also high up on the list. This dynamic is in tune with the general trend of regional cities outpacing the capital in terms of economic growth over the medium term as migration patterns and business interest shift towards other parts of the country. The ultra-low vacancy rate and steady rise in overall costs in recent years – related to construction and wage costs, alongside potential delays in bringing projects to market due to the tight labour market – continue to pressure rents.

Office Market

The first half of the year was fairly modest in terms of deliveries on the Bucharest office market, with just 33.000 sqm in new office spaces in H1 2018 (29.000 sqm coming from the second building of Globalworth's Campus). Still, the second half of the year will more than make up for this, as it could see deliveries of little over 150.000 sqm. New spaces continue to be mostly geared towards the Center West and central submarkets, which have seen interest both from developers in the last couple of years and tenants; in total around 60.000 sqm will be delivered this year in the central areas, which is similar to the total for Center West. Regional cities were much more active than Bucharest, with Timisoara and Cluj-Napoca adding some 72.000 sqm in new modern office spaces in H1, with the four big regional office markets (ClujNapoca, Timisoara, Iasi and Brasov) set to expand at a similar pace during H2. Vacancy continued to move lower, ending H1 at just under 9% from around 9,75% end-2017.

Retail Market

The first half of 2018 saw the delivery of just a couple of new modern retail schemes (Bistrita Retail Park – 15.000 sqm; Focsani Value Center – 6.400 sqm), though the second half of the year should be much more prolific, with nearly 168.000 sqm in new GLA.

A large part of the supply continues to come mostly from a handful of players (largely NEPI and Prime Kapital/MAS REI, which add up to around two thirds of 2018's pipeline).

Residential Market

The evolution of the residential market in the first six months of 2018 confirms expectations for a slowdown in price rises. After a 1,2% decrease in June, the average asking price is at a value of EUR 1.200 per sqm. This figure is only 3,1% higher than the one recorded at the beginning of the year, a growth rate slower than in the same period last year.

The prices in Bucharest have so far had a more moderate growth rate than other cities (Cluj-Napoca or Timisoara), and higher incomes and residential demand here are thought to support future price rises. In Q2 2018 there were 318 large and medium-size residential projects for sale in Bucharest, with 217 under construction and 101 already concluded.

3.2 Greece

General

A number of projects, from privatizations to long term leases of infrastructure, moved ahead in 2017 and into 2018, revitalizing a subdued sector, which is deemed instrumental in disengaging the state's resources and attracting privately held funds, local and international alike. 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.

The total Grade A and B office stock in Athens is estimated at 2,2-2,4m sqm. The main submarkets are the CBD and its periphery, the Athens North, the Athens South and the Athens West. The vacancy rate is steadily declining and is currently estimated at circa 6%-8% for Grade A and 15%-18% for Grade B buildings. Achievable rents have remained stable and are higher for prime properties in the CBD, in the order of €16-€20 per sqm/month in the CBD while in the second most attractive submarket (Athens North) prime properties are leased for €9-€13 per sqm/month, although recent deals in the area were signed at €15 per sqm/month.

As an investment, offices attracted considerable interest in 2018, accentuating the pace witnessed in 2017. A considerable number of transactions took place, indicating that the perception of the market participants regarding the outlook of office properties was clearly positive. Among those were the transactions completed by Greek Real Estate Investment Companies (REICs), such as Trastor, Grivalia, Briq Properties, etc.

Given figures recorded in tourism during the past years, some owners have chosen to convert offices into hotels in order to take advantage of the extremely positive trend in tourism. Additionally, demand was also recorded for spaces which had a high potential for upgrades, at a reasonable cost in terms of time and money.

Logistics Market

Rents remain quite stable for Class A facilities at a range between 3,75 – 4,25 euros /m2. Class B facilities can be leased at below 3 euros/m2. Vacancy levels for Class A register a maximum 7% and falling, while for Class B can run up to 17%, all depending on accessibility and location.

3.3 Bulgaria

General

Office and retail are the segments likely to show high investment potential by the end of the year; transaction volume in 2018 is not expected to exceed the 2017 level, due to the scarcity of large assets for sale. Investment volumes registered in 2017 indicate improved market liquidity, making Bulgaria more attractive to new investors in 2018. The available debt capital for real estate acquisitions will likely remain stable. Continuing strong tenant demand will likely determine a further expansion of the development pipeline and more property acquisitions.

Residential Market

During the first half of 2018 the supply in the mid-plus and high-end residential market registered a 3% increase compared to year-end 2017, reaching 8.200 residential units. The number of projects under active construction continued to grow: 2.900 residential units or a 14% increase compared to the previous period. The shortage of completed projects led to a surge in sales of residential properties under construction, representing over 70% of the total transaction volume. The share of clients buying property for investment purposes expanded significantly, from 25% to 45%. A sentiment survey by Colliers, together with AFI Europe and Montecanal Bulgaria, revealed that parking, maintenance of the common areas and security have grown in importance to buyers in 2018 compared to 2014. Residential property sale prices have firmed during the first six months of 2018, mostly evidenced by concluded transactions in the centre of Sofia. Average prices by category were at 900-1.000 euros per sqm for newly constructed two bedroom apartments, 1.000 – 1.250 euros for three bedrooms, and between 1.800 – 2.000 euros for independent houses, all categories being either in the city centre or in close proximity to it. 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.

3.4 Ukraine

General

A dynamic upturn in business activity over the first six months of 2018 pushed occupiers to pursue varied expansion strategies within the Kyiv office market. In H1 2018 take-up reached 81.000 sqm, which was a +36% y-o-y uplift that confirmed a maturing phase of the market. Total leasing activity in H1 2018 equalled to approx. 101.000 sqm. The average vacancy rate registered a decrease of 5pp from 17% to 12% at the end of H1 2018, as a result of limited new completions and accelerating leasing activity. Asking rental rates posted an increase of 10% to 20% during the first six months of the year, owing to the strengthening in leasing activity. Across three key submarkets, asking rental rates for A class properties varied in the $15-$35/ sqm/ month range, whereas asking rents for B class were ranging between $10-$25/ sqm/ month.

In Q2 2018, new supply in the warehousing and logistics property sector in the Greater Kyiv area consisted of three properties of cumulative area of around 11.660 sqm. There were no new properties delivered in the sector during Q1 2018, whilst the annual figure for 2017 amounted to only around 36.500 sqm and was largely comprised of built-to-suit projects. Low development activity combined with strengthening of occupier demand led to a decrease in vacancy and upward pressure on effective occupational costs in the most sought after properties during Q2 2018. As such, at the end of June 2018 primary vacancy in the sector fell to 3,2%, whilst monthly asking rents for prime warehousing space increased to USD 3,3-5,0 per sqm, net of VAT and service charge.

The residential market is showing signs of improvement especially considering the depreciation of the currency and the view that real estate assets are considered a natural hedge.

4. Property Assets

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

Current status

During December 2017 the Company finalised 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 period end the complex is 100% occupied.

4.2 EOS Business Park – Danone headquarters, Romania

Property description

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

Current status

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

4.3 Praktiker Retail Center, Romania

Property description

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

Current status

The complex is fully let to Praktiker Romania, a member of Kingfisher plc network, until December 2028, and the Company is currently in discussions with regards to the sale of the property.

4.4 Delenco office building, Romania

Property description

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

Current status

The Company acquired 24,35% of the property in May 2015. As at the end of June 2018, the building is 100% let, with ANCOM (the Romanian Telecommunications Regulator) being the anchor tenant (70% of GLA).

4.5 Innovations Logistics Park, Romania

Property description

The park incorporates approximately 8.470 sqm of multipurpose warehousing space, 6.395 sqm of cold storage and 1.705 sqm of office space. It is located in the area of Clinceni, south west of the centre of Bucharest, 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 expired during April 2018 without being extended. During Q3 2018 the Company signed a short term lease agreement for 2.000 sqm of ambient space with Chipita, one of the fastest growing regional food companies, and is in discussions with potential tenants that have expressed their interest for the remaining areas of the building. As at date of this report, the terminal's ambient space is 68% let while overall the terminal is 37% leased.

4.6 Residential portfolio

- Romfelt Plaza (Doamna Ghica), Bucharest, Romania

Property description

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

Current status

During H1 2018, four units were sold and, at the end of June 2018, 10 apartments were available with two 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 June 2018, 22 apartments were available while four of them were rented. 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
At the end of June 2018, 13 apartments were available while three 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 totalling 40.360 sqm. SPDI owns ~43% of this property asset portfolio.

Current status
During H1 2018, three apartments and villas were sold while at the end of June, of the 53 units that were unsold, 13 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") totalling 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 H1 2018 three apartments were sold, with 34 remaining unsold at the end of June 2018.

4.7 Land Assets

- Aisi Bela – Bela Logistic Center, Odessa, Ukraine

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

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

- Kiyanovskiy Lane – Kiev, Ukraine

Property description
The property consists of 0,55 Ha of land located at Kiyanovskiy Lane, near Kiev city centre. It is destined for the development of businesses and luxury residences with beautiful protected views overlooking the scenic Dnipro River, St. Michaels' Spires and historic Podil.

Current status
Following non completion of the conditional sale of the plot announced in July 2017, discussions are on-going with interested parties for its effective disposal.

- 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 dispose of the plot or partnering in its development.

- Balabino- Zaporozhye, Ukraine

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

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

- Rozny Lane – Kiev Oblast, Kiev, Ukraine

Property description

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

Current status

The Company is evaluating potential commercialisation options to maximise the property's value.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Note	Six months ended	
		30 June 2018	**30 June 2017**
		€	**€**
Income	7	1.466.157	2.913.509
Asset operating expenses	8	(258.208)	(361.608)
Net Operating Income		**1.207.949**	**2.551.901**
Administration expenses	9	(900.664)	(1.091.683)
Share of profits from associates	19	138.637	173.935
Valuation (losses) from Investment Property	10	(610.163)	(381.499)
Net loss on disposal of Inventory	11a	(13.555)	(43.874)
Net (loss)/ gain on disposal of Investment Property	11b	(3.016)	4.631
Allowance recognized for investment property	12	(1.298.769)	-
Result on disposal of subsidiaries	18	-	(221.990)
Gain realized on acquisition of assets		-	15.193
Other operating income/(expenses), net	13	26.567	(665)
Operating profit / (loss)		**(1.453.014)**	**1.005.949**
Finance income	14	454.056	9.841
Finance cost	14	(1.004.764)	(1.024.701)
Foreign exchange (loss), net	15a	(15.680)	(1.733.039)
Foreign exchange transfer on disposal of foreign operation	15b	-	(37.567.055)
Profit / (Loss) before tax		**(2.019.402)**	**(39.309.005)**
Income tax expense	16	(47.287)	(21.085)
Profit / (Loss) for the period		**(2.066.689)**	**(39.330.090)**
Other comprehensive income			
Exchange difference on I/C loans to foreign holdings	15b	14.449	37.567.055
Exchange difference on translation of foreign operations	26	880.539	1.963.693
Total comprehensive income for the period		**(1.171.701)**	**200.658**
Profit / (Loss) attributable to:			
Owners of the parent		(1.996.707)	(39.285.649)
Non-controlling interests		(69.982)	(44.441)
		(2.066.689)	**(39.330.090)**
Total comprehensive income attributable to:			
Owners of the parent		(1.033.479)	269.277
Non-controlling interests		(138.222)	(68.619)
		(1.171.701)	**200.658**

Earnings / (Losses) per share (Euro cent per share):	35b		
Basic earnings/(losses) for the period attributable to ordinary equity owners of the parent		(0,02)	(0,44)
Diluted earnings/(losses) for the period attributable to ordinary equity owners of the parent		(0,02)	(0,38)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2018

	Note	30 June 2018 €	31 December 2017 €	30 June 2017 €
ASSETS				
Non-current assets				
Investment properties	17.4a	72.139.016	74.732.502	81.352.640
Investment properties under development	17.4b	4.717.790	4.586.009	4.644.234
Tangible and intangible assets	20	59.705	70.504	89.195
Long-term receivables and prepayments	21	279.144	316.788	296.814
Investments in associates	19	5.211.669	5.115.587	5.345.226
		82.407.324	**84.821.390**	**91.728.109**
Current assets				
Inventories	22	4.604.044	4.812.550	4.812.550
Prepayments and other current assets	23	6.513.465	5.846.584	3.908.851
Available for sale financial assets	12	124.959	-	-
Cash and cash equivalents	24	920.742	831.124	1.852.546
		12.163.210	**11.490.258**	**10.573.947**
Total assets		**94.570.534**	**96.311.648**	**102.302.056**
EQUITY AND LIABILITIES				
Issued share capital	25	1.272.702	1.035.893	1.035.893
Share premium		71.396.259	123.126.328	123.093.334
Foreign currency translation reserve	26	10.243.355	9.294.576	12.125.164
Exchange difference on I/C loans to foreign holdings		(203.221)	(217.670)	-
Accumulated losses		(45.315.981)	(96.888.569)	(96.729.669)
Equity attributable to equity holders of the parent		**37.393.114**	**36.350.558**	**39.524.722**
Non-controlling interests	27	8.263.192	8.401.414	7.170.082
Total equity		**45.656.306**	**44.751.972**	**46.694.804**
Non-current liabilities				
Borrowings	28	27.587.387	25.324.378	21.373.207
Finance lease liabilities	33	10.237.563	10.435.241	10.635.551
Bonds issued	29	1.033.842	1.033.842	-
Trade and other payables	30	439.680	417.791	437.805
Taxes payables	32	602.201	602.200	-
Provision on taxes	32	399.450	399.450	-
Deposits from tenants	31	221.426	187.976	215.526
		40.521.549	**38.400.878**	**32.662.089**
Current liabilities				
Borrowings	28	2.099.426	5.162.087	15.996.238
Bonds issued	29	54.281	20.495	-
Trade and other payables	30	5.303.026	6.920.308	4.888.555
Taxes payable	32	486.147	613.859	945.165
Provisions on taxes	32	51.040	51.047	742.098
Finance lease liabilities	33	398.759	391.002	373.107
		8.392.679	**13.158.798**	**22.945.163**
Total liabilities		**48.914.228**	**51.559.676**	**55.607.252**
Total equity and liabilities		**94.570.534**	**96.311.648**	**102.302.056**
Net Asset Value (NAV) € per share:	35c			
Basic NAV attributable to equity holders of the parent		**0,29**	**0,35**	**0,38**
Diluted NAV attributable to equity holders of the parent		**0,29**	**0,35**	**0,38**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	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]	**Total**	Non-controlling interest	**Total**
	€	**€**	**€**	**€**	**€**	**€**	**€**	**€**
Balance - 31 December 2016	**900.145**	**122.874.268**	**(57.444.020)**	**(37.567.055)**	**10.161.471**	**38.924.809**	**7.237.827**	**46.162.636**
Loss for the period	-	-	(1.718.594)	-	-	**(1.718.594)**	(44.441)	**(1.763.035)**
Exchange difference on I/C loans to foreign holdings (Note 15b)	-	-	(37.567.055)	37.567.055	-	**-**	-	**-**
Foreign currency translation reserve	-	-	-	-	1.963.693	**1.963.693**	(24.178)	**1.939.515**
Non-controlling interest acquired	-	-	-	-	-	**-**	874	**874**
Issue of share capital, net (Note 25)	135.748	219.066	-	-	-	**354.814**	-	**354.814**
Balance - 30 June 2017	**1.035.893**	**123.093.334**	**(96.729.669)**	**-**	**12.125.164**	**39.524.722**	**7.170.082**	**46.694.804**
Loss for the period	-	-	(373.032)	-	-	**(373.032)**	956.716	**583.684**
Exchange difference on I/C loans to foreign holdings (Note 15b)	-	-	-	(3.538)	-	**(3.538)**	-	**(3.538)**
Foreign currency translation reserve	-	-	-	-	(2.830.588)	**(2.830.588)**	274.616	**(2.555.972)**
Exchange difference on I/C loans to foreign holdings which disposed (Note 15b)	-	-	214.132	(214.132)	-	**-**	-	**-**
Fair value gain on available-for-sale financial assets	-	-	-	-	-	**-**	-	**-**
Issue of share capital, net (Note 25)	-	32.994	-	-	-	**32.994**	-	**32.994**
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**
Loss for the period	-	-	(1.996.707)	-	-	**(1.996.707)**	(69.982)	**(2.066.689)**
Exchange difference on I/C loans to foreign holdings (Note 15b)	-	-	-	14.449	-	**14.449**	-	**14.449**
Foreign currency translation reserve	-	-	-	-	948.779	**948.779**	(68.240)	**880.539**
Share premium set-off against accumulated losses		(53.569.295)	53.569.295	-	-	**-**	-	**-**
Issue of share capital, net (Note 25)	236.809	1.839.226	-	-	-	**2.076.035**	-	**2.076.035**
Balance - 30 June 2018	**1.272.702**	**71.396.259**	**(45.315.981)**	**(203.221)**	**10.243.355**	**37.393.114**	**8.263.192**	**45.656.306**

[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 37.3).

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2018

	Note	30 June 2018 €	30 June 2017 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(2.019.402)	(39.309.005)
Adjustments for:			
(Gains)/losses on revaluation of investment property	10	610.163	381.499
Account payables write off	13	(84)	(1.250)
Provision for impairment of prepayments and other current assets	13	-	(4.390)
Provision for impairment of investment property	12	1.298.769	-
Depreciation/ Amortization charge	9	11.120	27.012
Finance income	14	(454.056)	(6.399)
Interest expense	14	988.862	983.191
Share of losses/ (profits) from associates	19	(138.637)	(173.935)
Gain on acquisition of subsidiaries		-	(15.193)
Change in tax provision		-	(68)
Effect of foreign exchange differences	15.a	15.680	1.733.039
Foreign exchange transfer on disposal of foreign operations	15.b	-	37.567.055
Net gain/(loss) on the sale of investment property	11.b	3.016	(4.631)
Loss on disposal of subsidiaries	18	-	221.990
Cash flows used in operations before working capital changes		**315.431**	**1.398.915**
Change in inventories	22	208.506	215.704
Change in prepayments and other current assets	23	(389.542)	(780.545)
Change in trade and other payables	30	(1.583.986)	(1.852.325)
Change in VAT and other taxes receivable	23	53.678	96.115
Change in other taxes payables	32	(76.283)	(61.718)
Change in deposits from tenants	31	35.081	31.970
Cash generated from operations		**(1.437.115)**	**(951.884)**
Income tax paid		(94.035)	(130.615)
Net cash flows provided/(used) in operating activities		**(1.531.150)**	**(1.082.499)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flow for the disposal of subsidiary	18		2.844.494
Cash outflow from acquisition of assets			(1.249.807)
Capital expenditure on tangible and intangible assets		-	(7.005)
Dividend received from associate		-	109.595
Sales proceeds on the sale of Investment Property		283.976	135.393
Increase in long term receivables	21	37.644	(45.633)
Interest received		454.055	1.754
Loan granted for property acquisition	23	(350.000)	-
Net cash flows from / (used in) investing activities		**425.675**	**1.788.791**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital/shareholders advances	25	2.076.035	354.814
Repayment of principle amount of borrowings	28	(756.769)	(1.106.933)
Proceeds from bank and nonbank loans		947.595	1.414.530
Interest and financial charges paid		(881.847)	(1.078.815)
Decrease in financial lease liabilities	33	(189.921)	(138.349)
Net cash flows from / (used in) financing activities		**1.195.093**	**(554.753)**

Net increase/(decrease) in cash at banks		**89.618**	**151.539**
Cash:			
At beginning of the period		831.124	1.701.007
At end of the period	24	**920.742**	**1.852.546**

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

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 18 Full Time Equivalent people, (2016 → 26 full time equivalent people).

2. Adoption of new and revised Standards and Interpretations

The accounting policies adopted for the preparation of these condensed consolidated interim financial statements for the six months ended 30 June 2018 are consistent with those followed for the preparation of the annual financial statements for the year ended 31 December 2017.

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.

3.3 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.

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

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

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

3.4 Functional and presentation currency

Items included in the Group's financial statements are measured applying the currency of the primary economic environment in which the entities operate (''the functional currency''). The national currency of Ukraine, the Ukrainian Hryvnia, is the functional currency for all the Group's entities located in Ukraine, the Romanian leu is the functional currency for all Group's entities located in Romania, the Bulgarian lev is the functional currency for all Group's entities in Bulgaria and the Euro 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;
- 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 for the period			**Closing as at**		
Currency	**1 Jan 2018 - 30 June 2018**	**1 Jan 2017 - 31 December 2017**	**1 Jan 2017 - 30 June 2017**	**30 June 2018**	**31 December 2017**	**30 June 2017**
USD	1,2108	1,1293	1,0830	1,1658	1,1993	1,1412
UAH	32,4092	30,0129	28,9372	30,5680	33,4954	29,7868
RON	4,6538	4,5681	4,5362	4,6611	4,6597	4,5539
BGN	1,9558	1,9558	1,9558	1,9558	1,9558	1,9558

3.5 Investment Property at fair value

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

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

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

Management believes that rescinding or non-renewal of the ground lease is remote if a project is on the final stage of development or on the operating cycle. In undertaking the valuations reported herein, the valuer of Ukrainian properties CBRE 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.

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.

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.

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.

3.10 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.

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.

3.16 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:

<u>3.23.1 Income from investing activities</u>

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.

<u>3.23.2 Dividend income</u>

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).

<u>3.23.3 Interest income</u>

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.

3.28.3 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.

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

The economic situation began to stabilize in 2016, which resulted in GDP growth for the year ended 31 December 2017 by 2% and stabilization of Ukrainian hryvna. During six months ended 30 June 2018 annual inflation rate decreased to 9,9% (2017: 14%). In the second quarter of 2018, GDP expanded by 3,6% yoy, compared to 3,1% yoy in the first quarter of the year. This growth rate was the highest rate achieved since 2016, and was supported both by higher domestic consumption and investments. In turn, domestic consumption was stimulated by increases in nominal and real monthly wages (24,9% yoy and 14,7% yoy, respectively as of July), and declining inflation rates. Similarly, capital investments expanded by 26,5% in January-July 2018, compared to the same period in 2017. Monthly data for July indicate that the Ukrainian economy has continued to growth at a solid pace. The industrial sector grew at a rate of 2,9% yoy in July, compared to 2,2% yoy in June. Retail trade turnover accelerated to 6,6% yoy and the construction sector expanded by 10,6% yoy. But agricultural output declined by 11,2% yoy in July, due principally to bad weather with high temperatures.

All these allowed the National Bank of Ukraine to ease some foreign exchange restrictions imposed during 2014-2015, including decrease of the required share of foreign currency proceeds sale to 50% and permission of dividends remittance. However, certain other restrictions were prolonged. Significant external financing is required to support the economy.

On September 6th 2018, an IMF mission started its work in Kyiv to assess the current status of the program. It is expected that the main actions that Ukraine will need to implement in order to unblock cooperation with the Fund are increases in gas tariffs for households to international parity level, acceleration of the privatization program, and agreement on a sustainable fiscal budget, including pension reform.

Further stabilization of the economic and political situation depends, to a large extent, upon success of the Ukrainian government's efforts.

Overall following the sale of Terminal Brovary the exposure 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 finally terminated the relevant support program in August 2018, since the government completed the last main creditor-mandated measures, including privatizations, and energy market reforms. 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, given the 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.

5.1.1.3 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. Such performance continued also during H1 2018.

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.

5.1.5 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 40.1 of the consolidated financial statements.

5.1.8 Compliance risk

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

5.1.9 Litigation risk

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

5.1.10 Insolvency risk

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

5.2. Operational risk

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

5.3. Fair value estimation

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

6. Investment in subsidiaries

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

			Holding %		
Name	**Country**	**Related Asset**	**as at 30 June 2018**	**as at 31 Dec 2017**	**as at 30 June 2017**
SC SECURE Capital Ltd	Cyprus		100	100	100
LLC Aisi Ukraine	Ukraine	Kyianovskiy Residence	100	100	100
LLC Retail Development Balabino	Ukraine		100	100	100
LLC Trade Center	Ukraine		100	100	100
LLC Almaz-press-Ukrayina	Ukraine	Tsymlianskiy Residence	55	55	55
LLC Aisi Bela	Ukraine	Bela Logistic Center	100	100	100
LLC Interterminal	Ukraine	Balabyne	100	100	100
LLC Aisi Ilvo	Ukraine		100	100	100
Myrnes Innovations Park Ltd	Cyprus	Innovations Logistics Park	100	100	100
Best Day Real Estate SRL	Romania		100	100	100
Yamano Holdings Ltd	Cyprus	EOS Business Park	100	100	100
Secure Property	Romania		100	100	100

Development and Investment Srl					
N-E Real Estate Park First Phase Srl	Romania		100	100	100
Victini Holdings Ltd	Cyprus	Victini Logistics	100	100	100
VICTINI Logistics Park S.A. (ex SPDI Logistics S.A.)	Greece		100	100	100
Zirimon Properties Ltd	Cyprus	Delea Nuova (Delenco)	100	100	100
Bluehouse Accession Project IX Ltd	Cyprus	Praktiker Craiova	100	100	100
Bluehouse Accession Project IV Ltd	Cyprus		100	100	100
Bluebigbox 3 Srl	Romania		100	100	100
SPDI Real Estate SRL	Romania	Kindergarten	50	50	-
SEC South East Continent Unique Real Estate Investments II Ltd	Cyprus		100	100	100
SEC South East Continent Unique Real Estate (Secured) Investments Ltd	Cyprus		100	100	100
Diforio Holdings Ltd	Cyprus	Residential and Land portfolio	100	100	100
Demetiva Holdings Ltd	Cyprus		100	100	100
Ketiza Holdings Ltd	Cyprus		90	90	90
Frizomo Holdings Ltd	Cyprus		100	100	100
SecMon Real Estate SRL	Romania		-	100	100
SecVista Real Estate SRL	Romania		100	100	100
SecRom Real Estate SRL	Romania		100	100	100
Ketiza Real Estate SRL	Romania		90	90	90
Edetrio Holdings Ltd	Cyprus		100	100	100
Emakei Holdings Ltd	Cyprus		100	100	100
RAM Real Estate Management Ltd	Cyprus		50	50	50
Iuliu Maniu Ltd	Cyprus		45	45	45
Moselin Investments srl	Romania		45	45	45
Rimasol Enterprises Ltd	Cyprus		44,24	44,24	44,24
Rimasol Real Estate Srl	Romania		44,24	44,24	44,24
Ashor Ventures Ltd	Cyprus		44,24	44,24	44,24
Ashor Development Srl	Romania		44,24	44,24	44,24
Jenby Ventures Ltd	Cyprus		44,30	44,30	44,30
Jenby Investments Srl	Romania		44,30	44,30	44,30
Ebenem Ltd	Cyprus		44,30	44,30	44,30
Ebenem Investments Srl	Romania		44,30	44,30	44,30
Sertland Properties Ltd	Cyprus		100	100	100
Boyana Residence ood	Bulgaria		100	100	100
Mofben Investments Ltd	Cyprus		100	100	100
Delia Lebada Invest srl	Romania		-	-	65
SPDI Management SRL	Romania		100	100	100

During the reporting period the Group did not proceed with any acquisitions. A restructuring was implemented at Greenlake project during 2017 and the Kindergarten together with one villa were passed to another SPV, namely SPDI REAL ESTATE SRL. As far as disposals is concerned during the reporting period the Group did not proceed with any while during 2017 concluded successfully the sale of its Terminal Brovary in Ukraine as well as the sale of Delia land plot in Bucharest, Romania (Note 18).

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 in January 2018 into 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. The entering of SEC MON in the insolvency process means loss of control as per the definition of IFRS 10. As such Sec Mon Srl is not consolidated in the present financial statements.

7. Income

Income for the period ended 30 June 2018 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), Kindergarten (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.

Income for H1 2017 includes further to the above, income derived from services related to the sale of Terminal Brovary logistics park.

	30 June 2018	30 June 2017
	€	€
Rental income	1.247.683	1.609.640
Sale of electricity	152.618	162.806
Service charges and utilities income	64.773	93.335
Service and property management income	1.083	1.047.728
Total income	**1.466.157**	**2.913.509**

Occupancy rates in the various income producing assets of the Group as at 30 June 2018 were as follows:

Income producing assets			
%		30 June 2018	30 June 2017
EOS Business Park	Romania	100%	100%
Innovations Logistics Park	Romania	37%	60%
Victini Logistics	Greece	100%	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 2018 and 2017 is partially attributed to the sale of Terminal Brovary Logistics Park (Terminal Brovary expenses in 2017 were €34.580).

	30 June 2018	30 June 2017
	€	€
Property related taxes	(134.873)	(139.949)
Utilities	(36.953)	(59.892)
Property management fees	-	(59.951)
Repairs and technical maintenance	(30.649)	(47.042)
Property security	(16.342)	(24.863)
Property insurance	(19.508)	(23.612)
Land Leasing expenses	(19.883)	(6.299)
Total	**(258.208)**	**(361.608)**

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

	30 June 2018	30 June 2017
	€	€
Salaries and Wages	(287.522)	(438.066)
Legal fees	(100.305)	(69.498)
Advisory fees	(169.010)	(133.875)
Corporate registration and maintenance fees	(70.924)	(105.006)
Corporate operating expenses	(105.969)	(166.896)
Audit and accounting fees	(69.031)	(66.781)
Public entity expenses	(86.783)	(84.549)
Depreciation/Amortization charge	(11.120)	(27.012)
Total Administration Expenses	**(900.664)**	**(1.091.683)**

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: London 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.

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

Following the Group's accounting policy which prescribes the yearly valuation of the investment properties, the Group did not perform valuation of its assets as at 30 June 2018. At the same time, the Group decided to keep the value of its investment properties at the same level as of 31 December 2017 and in the same currencies in which the valuations were performed (EUR for Romanian subsidiaries and USD for Ukrainian ones). Since during H1 2018 the rate of functional currencies of the Romanian and Ukrainian subsidiaries changed against EUR and USD, respectively, the resulting effect was recognized as a valuation gain/loss in the consolidated financial statements.

Valuation gains /(losses) from investment property for the reporting period resulted from the aforementioned change in parities, 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)**	
	30 June 2018	**30 June 2017**
	€	**€**
Bela Logistic Center	(289.945)	(157.983)
Kyianivskiy Lane	(168.695)	(104.328)
Tsymlianskiy Lane	(57.989)	(32.789)
Balabyne Lane	(84.348)	(47.693)
Rozny Lane	(23.298)	(86.887)
Innovations Logistics Park	3.008	31.039
EOS Business Park	2.166	19.357
Residential Portfolio	763	12.345
Greenlake	5.404	50.563
Pantelimon Lake	-	13.714
Praktiker Craiova	2.256	21.163
Greenlake - kindergarten	515	-
Victini Logistics	-	(100.000)
Total	**(610.163)**	**(381.499)**

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:

11.a Inventory

During the reporting period, the Group sold 3 apartments in Bulgaria (H1-2017 3 apartments).

	30 June 2018	**30 June 2017**
	€	**€**
Income from sale of inventory	194.951	171.834
Cost of inventory (Note 22)	(208.506)	(215.708)
Gain/(Loss) from disposal of inventory	**(13.555)**	**(43.874)**

11.b Investment property

During the reporting period the Group sold 4 apartments in Romfelt while during H1 2017 the Group sold 2 apartments in Romfelt.

	30 June 2018	**30 June 2017**
	€	**€**
Income from sale of investment property	283.976	135.393
Cost of investment property (Note 17.2)	(286.992)	(130.762)
Gain/(Loss) from disposal of investment property	**(3.016)**	**4.631**

12. Allowance recognized for investment property

Allowance recognized for investment property includes an amount of €1.000.000 impairment which refers to Praktiker Craiova property, following discussions that Company has for the possible sale of the asset.

Allowance recognized in P&L for Praktiker Craiova property (A)		**(1.000.000)**

Furthermore allowance includes also €297.200 for Monaco for which following the court decision for entering into insolvency in January 2018, the Company lost temporary the control over the asset (Note 6) and as such it was classified as available for sale financial asset as per table below (where the fair value of the property was adjusted at 80% of its value):

	Unadjusted	Adjusted
ASSETS	**€**	**€**
Non-current assets		
Investment property	1.486.000	1.188.800
Current assets		
Prepayments and other current assets	20.447	20.447
Cash and cash equivalents	10.321	10.321
Total assets	**1.516.768**	**1.219.568**
Current liabilities		
Borrowings	(1.075.176)	(1.075.176)
Other liabilities	(19.433)	(19.433)
Intercompany loans	(1.845.700)	-
Total liabilities	**(2.940.309)**	**(1.094.609)**
Total Net equity (excluding IC)	**422.159**	**124.959**
Available for sale financial assets recognized in balance sheet		**124.959**
Allowance recognized in P&L for Monaco (Adjusted less Unadjusted Nav) (B)		**(297.200)**

Forex impact on Allowance recognized in P&L (C)		**(1.569)**

Total Allowance recognized for investment property (A + B + C)		**(1.298.769)**

13. Other operating income/ (expenses), net

	30 June 2018	30 June 2017
	€	**€**
Accounts payable write off	84	1.250
Provision for impairment of prepayments and other current assets	-	4.390
Other income	29.499	-
Other income	**29.583**	**5.640**
Penalties	(3.016)	(1.584)
Other expenses/(income)	-	(4.721)
Other expenses	**(3.016)**	**(6.305)**
Total	**26.567**	**(665)**

14. Finance costs and income

	30 June 2018	30 June 2017
	€	**€**
Finance income		

Interest income from non-bank loans (Notes 37.1 and 23)	453.891	4.645
Bank interest income	165	1.754
Other finance income	-	3.442
Total finance income	**454.056**	**9.841**

Finance costs		
Borrowing interest expenses	(698.730)	(715.065)
Finance leasing interest expenses	(256.345)	(268.126)
Finance charges and commissions	(15.902)	(41.510)
Bonds interest expenses	(33.787)	-
Total finance costs	**(1.004.764)**	**(1.024.701)**
Net finance result	**(550.708)**	**(1.014.860)**

Interest income from non-bank loans, reflects income from loans granted by the Group for financial assistance of associates. For H1 2018 this amount includes also interest on Loan receivables from 3rd parties provided as an advance payment for acquiring a participation in an investment property portfolio (Olympians portfolio) in Romania (Note 23). 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. Such interest calculated in H1 2018 for all amounts withdrawn under this loan agreement and their respective interest periods.

Borrowing interest expense represents interest expense charged on bank and non-bank borrowings (Note 28).

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

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

Bonds interest represent interest calculated for the bonds issued by the Company during 2017 (Note 29).

15. Foreign exchange profit / (losses)

a. Foreign exchange loss – non realised

Foreign exchange losses (non-realised) resulted from the loans and/or payables/receivables denominated in non EUR currencies when translated in EUR. The exchange loss from continuing operations for the period ended 30 June 2018 amounted to €15.680 (30 June 2017: loss €1.733.039).

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 37.3). For these intercompany loans the foreign exchange differences are recognized initially in other comprehensive income and in a separate component of equity. During H1 2017 upon disposal of such foreign operations, namely Terminal Brovary (Note 18), the accumulated foreign exchange difference amounting to €37.567.055 was transferred to the Consolidated Profit or Loss for the year.

16. Income Tax Expense

	30 June 2018	30 June 2017
	€	€
Income and defense tax expense	(47.287)	(21.085)
Taxes	**(47.287)**	**(21.085)**

For period ended 30 June 2018, 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%.

17. Investment Property

17.1 Investment Property Holdings

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 37% leased at the end of the reporting period.
- During 2017 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 38 apartments and villas across four separate complexes located in different residential areas of Bucharest (Residential portfolio: Romfelt, Blooming House, Greenlake Residential: Greenlake Parcel K, SPDI REAL ESTATE villa P1). During 2017 Tonescu Finance (the company which acquiredthe Monaco related loan) commenced against SECMON legal proceedings and in order for SECMON to protect itself it entered voluntarily into insolvency process in January 2018 (Note 6). The entering of SEC MON in the insolvency process means loss of control as per the definition of IFRS 10. As such Sec Mon Srl is not consolidated in the present financial statements.

Land Assets

- **Bela Logistic Center** is a 22,4 Ha plot in Odessa situated on the main highway to Kiev. Following the issuance of permits in 2008, below ground construction for the development of a 103.000 sqm GBA logistic center commenced. Construction was put on hold in 2009.

- **Kiyanovskiy Lane** consists of four adjacent plots of land, totaling 0,55 Ha earmarked for a residential development, overlooking the scenic Dnipro River, St. Michael's Spires and historic Podil neighborhood.

- **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.

- **Rozhny 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.

- **Balabyne 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.

17.2 Investment Property Movement during the reporting period

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

30 June 2018 (€)			Fair Value movements			Asset Value at the Beginning of the period or at Acquisition/Transfer date		
Asset Name	Type	Carrying amount 30/06/2018	Foreign exchange translation difference (a)	Fair value gain/(loss) based on local currency valuations (b)	Disposals and change in allowance for investment property for 1H2018	Transfer from prepayments made for investments	Additions 30/06/2018	Carrying amount as at 31/12/2017
Bela Logistic Center	Land	4.717.790	421.726	(289.945)	-	-	-	4.586.009
Kyianovskiy Lane	Land	2.744.895	245.367	(168.695)	-	-	-	2.668.223
Tsymlianskiy Lane	Land	943.558	84.345	(57.989)	-	-	-	917.202
Balabyne	Land	1.372.448	122.685	(84.348)	-	-	-	1.334.111
Rozny Lane	Land	1.115.114	54.446	(23.298)	-	-	-	1.083.966
Total Ukraine		**10.893.805**	**928.569**	**(624.275)**	**-**	**-**	**-**	**10.589.511**
Innovations Logistics Park	Warehouse	10.000.000	(3.008)	3.008	-	-	-	10.000.000
EOS Business Park	Office	7.200.000	(2.166)	2.166	-	-	-	7.200.000
Residential portfolio	Residential	2.257.001	(763)	763	(1.765.999)	-	-	4.023.000
Greenlake	Land	17.963.000	(5.404)	5.404	-	-	-	17.963.000
Pantelimon Lake	Land	-	-	-	-	-	-	-
Praktiker Craiova	Retail	7.500.000	(2.256)	2.256	-	-	-	7.500.000
Greenlake - kindergarten	Commercial	1.713.000	(515)	515	-	-		1.713.000
Total Romania		**46.633.001**	**(14.112)**	**14.112**	**(1.765.999)**	**-**		**48.399.000**
Boyana	Land	4.230.000	-	-	-	-	-	4.230.000
Total Bulgaria		**4.230.000**	**-**	**-**	**-**	**-**	**-**	**4.230.000**
Victini Logistics	Warehouse	16.100.000	-	-	-	-	-	16.100.000
Total Greece		**16.100.000**	**-**	**-**	**-**	**-**	**-**	**16.100.000**
Allowance (Note 12)		**(1.000.000)**	**-**	**-**	**(1.000.000)**			
Total		**76.856.806**	**914.457**	**(610.163)**	**(2.765.999)**	**-**	**-**	**79.318.511**

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

17.3 Investment Property Valuations per asset

The table below presents the values of the individual assets as appraised by the 2017 appointed valuer.

Asset Name	Description/ Location	Principal Operation	Related Companies	Carrying amount as at (€)	
				30 June 2018	31 Dec 2017
Bela Logistic Center	Odesa	Land and Development Works for Warehouse	LLC AISI BELA	4.717.790	4.586.009
Kiyanovskiy Lane	Podil, Kiev City Center	Land for residential development	LLC AISI UKRAINE LLC Trade Center	2.744.895	2.668.223
Tsymlianskiy Lane	Podil, Kiev City Center	Land for residential Development	LLC ALMAZ PRES UKRAINE	943.558	917.202
Balabino	Zaporizhia	Land for retail development	LLC INTERTERMINAL LLC AISI Ilvo	1.372.448	1.334.111
Rozhny Lane	Brovary district, Kiev oblast	Land for residential Development	SC Secure Capital Ltd	1.115.114	1.083.966
Total Ukraine				**10.893.805**	**10.589.511**

Innovations Logistic Park	Clinceni, Bucharest	Warehouse	MYRNES INNOVATIONS PARK LIMITED BEST DAY REAL ESTATE SRL	10.000.000	10.000.000
EOS Business Park	Bucharest	Office building	YAMANO LIMITED SPDI SRL, N-E Real Estate Park First Phase Srl	7.200.000	7.200.000
Residential Portfolio	Bucharest	Residential	Secure Investment II Demetiva Limited Diforio Limited Frizomo Limited Ketiza Limited SecRom Srl SecVista Srl Ketiza Srl SecMon Srl (for 31/12/2017)	2.257.001	4.023.000
Greenlake	Bucharest	Residential apartments (14 in total) & land for residential development	Secure Investment I Edetrio Holdings Limited Emakei Holdings Limited Iuliu Maniu Limited Ram Real Estate Management Limited Moselin Investments srl Rimasol Limited Rimasol Real Estate Srl Ashor Ventures Limited Ashor Develpoment Srl Jenby Ventures Limited Jenby Investments Srl Ebenem Limited Ebenem Investments Srl	17.963.000	17.963.000
Praktiker Craiova	Craiova	Big Box retail	Bluehouse Accession Project IX Bluehouse Accession Project IV BlueBigBox 3 srl	7.500.000	7.500.000
Kindergarten	Bucharest	Retail	SPDI Real Estate SRL	1.713.000	1.713.000
Total Romania				**46.633.001**	**48.399.000**
Boyana	Sofia	Land	Boyana Residence ood, Sertland Properties Limited	4.230.000	4.230.000
Total Bulgaria				**4.230.000**	**4.230.000**
Victini Logistics	Athens	Warehouse	Victini Holdings Limited. Victini Logistics Park SA	16.100.000	16.100.000
Total Greece				**16.100.000**	**16.100.000**
Allowance (Note 12)				**(1.000.000)**	**(1.000.000)**
TOTAL				**76.856.806**	**79.318.511**

17.4 Investment Property analysis

a. Investment Properties

The following assets are presented under Investment Property: Innovations Logistic park, EOS Business Park, Victini Logistics, Praktiker Craiova, Kindergarten of Greenlake, the Residential Portfolio (consisting of apartments in 2 complexes) and Greenlake parcel K as well as all the land assets namely Kiyanovskiy Lane, Tsymlyanskiy Lane, Balabyne and Rozny in Ukraine, Greenlake in Romania as well as the land in Sofia, Bulgaria (Boyana).

	30 June 2018	31 Dec 2017
	€	€
As at the beginning of the reporting period	**74.732.502**	**95.654.207**
Acquisitions of investment property (Note 17.2)	-	1.265.000
Disposal and reclassification from investment Property (Note 17.2)	(1.772.992)	(20.119.619)
Transfer from Inventory/prepayments made (Note 17.2)	-	100.000
Revaluation gain/(loss) on investment property	(320.218)	(29.614)
Impairment allowance for investment property	(1.000.000)	-
Translation difference	499.724	(2.137.472)
As at the end of the reporting period	**72.139.016**	**74.732.502**

b. Investment Properties Under Development

As at 30 June 2018 investment property under development represents the carrying value of Bela Logistic Center property, which has reached the +10% construction level completion in late 2008 but it is stopped since then.

	30 June 2018	31 Dec 2017
	€	€
As at the beginning of the reporting period	**4.586.009**	**5.027.986**
Revaluation on investment property	(289.945)	356.575
Translation difference	421.726	(798.552)
As at the end of the reporting period	**4.717.790**	**4.586.009**

18. Disposal of subsidiaries

During the reporting period the Group did not proceed with any disposal while during H1 2017 concluded successfully the sale of its Terminal Brovary in Ukraine.

On 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 37.3). 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 (Note 38.3). 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.

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**

19. Investments in associates

	30 June 2018	**31 Dec 2017**
	€	**€**
Cost of investment in associates at the beginning of the period	5.115.587	5.217.310
Share of profits from associates	138.637	390.217
Dividend Income	-	(231.363)

Foreign exchange difference	(42.555)	(260.577)
Total	**5.211.669**	**5.115.587**

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

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

As at 30 June 2018, the Group's interests in its associates and their summarised financial information, including total assets at fair value, total liabilities, revenues and profit or loss, were as follows:

Property Name	Associates	Total assets	Total liabilities	Profit/ (loss)	Holding	Share of profits from associates	Country	Asset type
		€	€	€	%	€		
Delea Nuova	Lelar Holdings Limited and S.C. Delenco Construct S.R.L.	25.144.408	(2.744.771)	569.257	24,35%	138.637	Romania	Office building
Greenlake – Phase A	Greenlake Development Srl	9.850.899	(11.491.790)	31.766	40,35%	-	Romania	Residentia l assets
Total		**34.995.307**	**(14.236.561)**	**601.023**		**138.637**		

As at 30 June 2017, the Group's interests in its associates and their summarised financial information, including total assets at fair value, total liabilities, revenues and profit or loss, were as follows:

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

20. Tangible and intangible assets

As at 30 June 2018 the intangible assets were composed of the capitalized expenditure on the Enterprise Resource Planning system (Microsoft Dynamics-Navision) in the amount of €103.380. Accumulated amortization as at the reporting date amounts to €98.721 as the system was already in use.

As at 30 June 2018 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 €128.443. Accumulated depreciation as at the reporting date amounts to €73.397.

21. Long Term Receivables and prepayments

	30 June 2018	31 Dec 2017
	€	€
Long term receivable	279.144	316.788
Total	**279.144**	**316.788**

Long term receivables mainly include the cash collateral existing in favor of Piraeus Leasing.

22. Inventories

	30 June 2018	31 Dec 2017
	€	€
As at the beginning of the reporting period	**4.812.550**	**5.028.254**
Sale of Inventory	(208.506)	(215.704)
As at the end of the reporting period	**4.604.044**	**4.812.550**

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

During 2016 after a decision of the Board of Directors of Boyana to change the initial plan for construction in the land and hold this land for capital appreciation, €4.686.000 which related to the land that was transferred to Investment Properties and since then is treated under IAS 40.

23. Prepayments and other current assets

	30 June 2018	31 Dec 2017
	€	€
Trade and other receivables	665.055	741.691
Loan to associates (Note 37.4)	278.121	273.476
Loan receivables from 3rd parties	5.146.511	4.345.000
VAT and other tax receivable	221.768	275.446
Deferred expenses	237.835	222.797
Receivables from related parties	15.119	14.459
Allowance for impairment of prepayments and other current assets	(50.944)	(26.285)
Total	**6.513.465**	**5.846.584**

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

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

Loan receivables from 3rd parties include an amount of €4.580.000 as principal provided as an advance payment for acquiring a participation in an investment property portfolio (Olympians portfolio) in Romania as well as associated interest of €446.764. 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.

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.

Receivable from related parties represents loan receivable from affiliated entities.

24. Cash and cash equivalents

Cash and cash equivalents represent liquidity held at banks.

€	30 June 2018	31 Dec 2017
	€	€
Cash with banks in USD	17.400	68.007
Cash with banks in EUR	320.844	365.736
Cash with banks in UAH	669	2.021
Cash with banks in RON	579.769	389.123
Cash with banks in BGN	2.060	6.237
Total	**920.742**	**831.124**

25. Share capital

Number of Shares

	30 June 2018	31 Dec 2017
Authorised		
Ordinary shares of €0,01	989.869.935	989.869.935
Total ordinary shares	**989.869.935**	**989.869.935**
RCP Class A Shares of €0,01	-	785.000
RCP Class B Shares of €0,01	8.618.997	8.618.997
Total redeemable shares	**8.618.997**	**9.403.997**
Issued and fully paid		
Ordinary shares of €0,01	127.270.481	103.589.550
Total ordinary shares	**127.270.481**	**103.589.550**
Total	**127.270.481**	**103.589.550**

Nominal Value (€)

	30 June 2018	31 Dec 2017
	€	€
Authorised		
Ordinary shares of €0,01	9.898.699	9.898.699
Total ordinary	**9.898.699**	**9.898.699**
RCP Class A Shares of €0,01	-	7.850
RCP Class B Shares of €0,01	86.190	86.190
Total redeemable	**86.190**	**94.040**
Issued and fully paid		
Ordinary shares of €0,01	1.272.702	1.035.893
Total ordinary	**1.272.702**	**1.035.893**
Total	**1.272.702**	**1.035.893**

25.1 Authorised share capital

As at the end of 2017, 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.

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 while Redeemable Preference Class B Shares (Note 25.6) remain to be cancelled.

Following the cancellation of the Redeemable Preference Class A Shares completed within H1 2018 the authorised share capital of the Company as at the end of the reporting period 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 25.6).

25.2 Issued Share Capital

As at the end of 2017 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 completed during 2018 as per the Annual General Meeting decision of 29 December 2017 (Note 25.6),

c) 8.618.997 Redeemable Preference Class B Shares of €0,01 nominal value each, (Note 25.6).

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 B Shares, in lieu of redemption the Company gave its 20% holding in Autounion (Note 25.6) 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 B 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 were issued and admitted to trading on AIM. The consideration for these shares was paid during 2017 (Notes 30 and 37.2).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.

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 for the cancellation of the 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.

Following shares issuance completed within H1 2018 as well as cancellation of Redeemable Preference Class A Shares the issued share capital of the Company as at the reporting date 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 25.6).

25.3 Option schemes

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

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

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

B. Under a second scheme also adopted in 2007, director Franz M. Hoerhager is entitled to subscribe for 1.829 ordinary shares exercisable as set out below:

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

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

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

25.4 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 23) issued during 2017 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.

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

25.5 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 during 2017 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.

25.6 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) 30 June 2018	(as at) 31 December 2017
Ordinary shares of €0,01	**Issued and Listed in AIM**	**127.270.481**	**103.589.550**
Class A Warrants		-	-
Class B Warrants		-	-
Total number of Shares	Non-Dilutive Basis	127.270.481	103.589.550
Total number of Shares	**Full Dilutive Basis**	**127.270.481**	**103.589.550**

Redeemable Preference Class A Shares

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

Redeemable Preference Class B Shares

The Redeemable Preference Class B Shares, issued to BLUEHOUSE ACCESSION PROPERTY HOLDINGS III S.A.R.L as part of the Praktiker Craiova asset acquisition do not have voting rights but have economic rights at par with ordinary shares. As at the reporting date all of the Redeemable Preference Class B Shares have been redeemed but the Company is in discussions with the vendor in respect of a final settlement (Note 30).

25.7 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 H1 2018:

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

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

- The authorised share capital of the Company as well as the issued share capital of the Company each 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.

- The articles of association of the Company were 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)."

26. Foreign Currency Translation Reserve

Exchange differences related to the translation from the functional currency of the Group's subsidiaries to EUR 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.

27. 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	**30 June 2018**	**31 Dec 2017**
	%	**%**
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	50,00

28. Borrowings

	Property	**30 June 2018**	**31 Dec 2017**
		€	**€**
Banca Comerciala Romana /Tonescu Finance	Monaco Towers	-	924.562
Bancpost SA	Blooming House	1.080.834	1.080.834
Alpha Bank Romania	Romfelt Plaza	498.547	686.693
Alpha Bank Romania	EOS Business Park	656.599	828.599
Bancpost SA	Greenlake – Parcel K	3.249.926	3.249.926
Alpha Bank Bulgaria	Boyana	2.258.128	2.404.187
Alpha Bank Bulgaria	Boyana/Sertland	666.474	678.162

Eurobank Ergasias SA	SPDI Logistics	10.989.740	11.235.480
Piraeus Bank SA	Greenlake-Phase 2	2.525.938	2.525.938
Marfin Bank Romania	Praktiker Craiova	4.178.128	4.298.128
Bancpost SA	Kindergarten – SPDI RE	889.040	912.790
Loans from other 3rd parties and related parties (Note 37.5)		1.686.337	738.742
Overdrafts		18.051	6.581
Total principal of bank and non-bank Loans		**28.697.742**	**29.570.622**
Interest accrued on bank loans		858.369	698.200
Interests accrued on non-bank loans		130.702	217.643
Total		**29.686.813**	**30.486.465**

	30 June 2018	**31 Dec 2017**
	€	**€**
Current portion	2.099.426	5.162.087
Non-current portion	27.587.387	25.324.378
Total	**29.686.813**	**30.486.465**

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 SecMon legal proceedings and in order for SecMon to protect itself entered voluntarily into an insolvency process in January 2018. The entering of SecMon in the insolvency process means loss of control as per the definition of IFRS 10. As such Sec Mon Srl is not consolidated in the present financial statements (Note 6).

Ketiza Real Estate Srl entered (2012) into a loan agreement with Bancpost SA for a credit facility for financing the acquisition of the Blooming House Project and 100% of the remaining (without VAT) construction works of Blooming House project. As at the end of the reporting period the balance of the loan was €1.080.834. The loan bears interest of EURIBOR 3M plus 3,5% and matures in 2019. The bank loan is secured by all assets of Ketiza Real Estate Srl as well as its shares and is being repaid through sales proceeds.

SecRom Real Estate Srl entered (2009) into a loan agreement with Alpha Bank Romania for a credit facility for financing part of the acquisition of the Doamna Ghica Project apartments. As at the end of the reporting period, the balance of the loan was €498.547, 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 €2.258.128 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 €666.474 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 €10.989.740 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 finalizes with the bank the prolongation agreement 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 €4.178.128 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 €656.599, 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 SecRom SRL, which is currently under merger process with First Phase, 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 €889.040 and bears interest of Euribor 3m plus 4,6% per annum. The loan is repayable by 2027.

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 :

A) 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.

B) PM Capital Inc., one of the Company's largest shareholders lent the Company in January 2018 €1m 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 expires at the end of September 2018, attracts interest initially at a rate of 8,5% until the end of Q1 2018, then increases to 11% until the end of Q2 2018 and then increases to 13% until term expiry.

29. 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 23 and 25.4) issued during 2017 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.

30. Trade and other payables

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

	30 June 2018	**31 Dec 2017**
	€	**€**
Payables to third parties	4.184.864	3.640.233
Payables to related parties (Note 37.2)	695.094	2.673.808
Deferred income from tenants	40.144	39.431
Accruals	270.262	459.690
Payables due for construction	424.447	408.436
Pre sale advances	127.895	116.501
Total	**5.742.706**	**7.338.099**

	30 June 2018	**31 Dec 2017**
	€	**€**
Current portion	5.303.026	6.920.308
Non – current portion	439.680	417.791
Total	**5.742.706**	**7.338.099**

Payables to third parties represents: a) payables due to Bluehouse Capital as a result the Redeemable Convertible Class B share redemption (Note 25) 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 37.2). Furthermore as of 31/12/2017 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 25.4).

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

Accruals mainly include the accrued, administration fees, accounting fees, facility management and other fees payable to third parties.

Payables for construction represent amounts payable to the contractor of Bela Logistic Center in Odessa. The settlement was reached in late 2011 on the basis of maintaining the construction contract in an inactive state (to be reactivated at the option of the Group), while upon reactivation of the contract or termination of it (because of the sale of the asset) the Group would have to pay an additional UAH 5.400.000 (~USD 160.000) payable upon such event occurring. Since it is uncertain when the latter amount is to be paid, it has been discounted at the current discount rates in Ukraine and is presented as a non-current liability. Payables for construction also include an amount of ~€245.000 payable to Boyana's constructor which has been withheld as Good Performance Guarantee.

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

31. Deposits from Tenants

	30 June 2018	31 Dec 2017
	€	€
Deposits from tenants non-current	221.426	187.976
Total	**221.426**	**187.976**

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.

32. Provisions and Taxes Payables

	30 June 2018	31 Dec 2017
	€	€
Corporate income tax – non-current	602.201	489.019
Defense tax - current	28.145	24.373
Other taxes including VAT payable – non current	-	88.808
Tax provision – non-current	399.450	399.450
Corporate income tax - current	31.338	195.040
Other taxes including VAT payable - current	426.664	418.819
Provisions – current	51.040	51.047
Total Provisions and Tax Liabilities	**1.538.838**	**1.666.556**

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.

33. Finance Lease Liabilities

As at the reporting date the finance lease liabilities consist of the non-current portion of €10.237.563 and the current portion of €398.759 (31 December 2017: €10.435.241 and €391.002, accordingly).

30 Jun 2018 (€)	Note	Minimum lease payments	Interest	Principal
		€	€	€
Less than one year	40.2 & 40.6	897.962	499.226	398.736
Between two and five years		3.607.985	1.789.090	1.818.895
More than five years		9.278.651	860.992	8.417.659
		13.784.598	**3.149.308**	**10.635.290**
Accrued Interest				1.032

Total Finance Lease Liabilities				10.636.322

31 Dec 2017 (€)	Note	Minimum lease payments	Interest	Principal
		€	€	€
Less than one year	40.2 & 40.6	899.834	508.853	390.981
Between two and five years		3.583.886	1.832.599	1.751.287
More than five years		9.747.325	1.064.231	8.683.094
		14.231.045	**3.405.683**	**10.825.362**
Accrued Interest				881
Total Finance Lease Liabilities				**10.826.243**

33.1 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 €36.670 under current and non-current portion. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

33.2 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 €7.082.475, bearing interest rate at 3M Euribor plus 4,45% margin, being repayable in monthly tranches until 2026 with a balloon payment of €5.244.926. At the maturity of the lease agreement Best Day SRL will become owner of the asset.

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

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

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

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

In October 2014 the Group concluded the acquisition of EOS Business Park in Bucharest, owned by N-E Real Estate Park First Phase SRL, through a sale and lease back agreement with Alpha Bank Romania SA. As at the end of the reporting period the balance is €3.517.177 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 in equal annual installments starting with the 5th year of the agreement.
6. SPDI provided a corporate guarantee in favor of the bank towards the liabilities of N-E Real Estate Park First Phase SRL arising from the sales and lease back agreement.

34. Restructuring of the business

During 2016 the non-controlling shareholders of 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.

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

a. **Weighted average number of ordinary shares**

	30 June 2018	31 Dec 2017	30 Jun 2017
Issued ordinary shares capital	127.270.481	103.589.550	103.589.550
Weighted average number of ordinary shares (Basic)	123.981.462	96.991.423	90.246.672
Diluted weighted average number of ordinary shares	123.981.462	103.326.122	103.056.840

b. **Basic diluted and adjusted earnings per share**

Earnings per share	**30 Jun 2018**	**30 Jun 2017**
	€	**€**
Profit/(loss) after tax attributable to owners of the parent	(1.996.707)	(39.285.649)
Basic	(0,02)	(0,44)
Diluted	(0,02)	(0,38)

c. **Net assets per share**

Net assets per share	**30 June 2018**	**31 Dec 2017**	**30 Jun 2017**
		€	**€**
Net assets attributable to equity holders of the parent	37.393.114	36.350.558	39.524.722
Number of ordinary shares	127.270.481	103.589.550	103.589.550
Diluted number of ordinary shares	127.270.481	103.589.550	103.589.550
Basic	0,29	0,35	0,38
Diluted	0,29	0,35	0,38

36. Segment information

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

Commercial-Industrial

- Warehouse segment – 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 period ended 30 June 2018

	Warehouse	Office	Retail	Residential	Land Plots	Total
	€	€	€	€	€	€
Segment profit						
Rental income	554.541	297.578	371.977	23.587	-	1.247.683
Service charges and utilities income	26.406	36.717	-	1.650	-	64.773
Property management income	-	-	-	1.083		1.083
Sale of electricity	152.618	-	-	-		152.618
Net gain/(loss) on disposal of Investment Property	-	-	-	(3.016)	-	(3.016)
Net loss on disposal of Inventory	-	-	-	(13.555)	-	(13.555)
Valuation gains/(losses) from investment property	3.008	2.166	2.772	763	(618.872)	(610.163)
Share of profits/(losses) from associates	-	138.637	-	-	-	138.637
Asset operating expenses	(81.876)	(36.651)	(53.036)	(12.634)	(74.011)	(258.208)
Impairment allowance for the investment properties	-	-	(1.001.569)	(297.200)	-	(1.298.769)
Segment EBITDA	**654.697**	**438.447**	**(679.856)**	**(299.322)**	**(692.883)**	**(578.917)**
Administration expenses						(900.664)
Other (expenses)/income, net						26.567
Finance income						454.056
Finance costs						(1.004.764)
Foreign exchange losses, net						(15.680)
Income tax expense						(47.287)
Results from disposal of subsidiary						-
Exchange difference on I/C loan to foreign holdings						14.449
Exchange difference on translation foreign holdings						880.539
Total Comprehensive Income						**(1.171.701)**

Profit and Loss for the period ended 30 June 2017

	Warehouse	Office	Retail	Residential	Land Plots	Total
	€	€	€	€	€	€
Segment						
Rental income	941.287	290.636	300.342	75.205	2.170	1.609.640
Service charges and utilities income	50.033	36.503	-	-	6.799	93.335
Property management income	928.698	-	-	119.030	-	1.047.728
Sale of electricity	162.806	-	-	-	-	162.806
Valuation gains/(losses) from Investment Property	-	-	-	4.631	-	4.631
Net loss on disposal of Inventory	-	-	--	(43.874)	-	(43.874)
Valuation gains/(losses) from	(68.961)	19.357	21.163	12.345	(365.403)	(381.499)

investment property						
Gain on acquisition of the asset	-	-	-	15.193	-	15.193
Share of profits/(losses) from associates	-	173.935	-	-	-	173.935
Asset operating expenses	(176.209)	(36.109)	(50.347)	(24.983)	(73.960)	(361.608)
Segment EBITA	**1.837.654**	**484.322**	**271.158**	**157.547**	**(430.394)**	**2.320.287**
Administration expenses						(1.091.683)
Other (expenses)/income, net						(665)
Finance income						9.841
Interest expenses						(983.192)
Other finance costs						(41.509)
Foreign exchange losses, net						(1.733.039)
Income tax expense						(21.085)
Results from disposal of subsidiary						(221.990)
Exchange difference on I/C loan to foreign holdings						-
Exchange difference on translation foreign holdings						1.963.693
Total Comprehensive Income						**200.658**

Balance Sheet as at 30 June 2018

	Warehouse	**Office**	**Retail**	**Residential**	**Land plots**	**Corporate**	**Total**
	€	**€**	**€**	**€**	**€**	**€**	**€**
Assets							
Investment properties	26.100.000	7.200.000	8.213.000	2.229.989	28.396.027	-	72.139.016
Investment property under development	-	-	-	-	4.717.790	-	4.717.790
Long-term receivables	270.000	-	-	271	-	8.873	279.144
Investments in associates	-	5.211.669	-	-	-	-	5.211.669
Inventories	-	-	-	4.604.044	-	-	4.604.044
Available for sale assets	-	-	-	124.959	-	-	124.959
Segment assets	**26.370.000**	**12.411.669**	**8.213.000**	**6.959.263**	**33.113.817**	**8.873**	**87.076.622**
Tangible and intangible assets							59.705
Prepayments and other current assets							6.513.465
Cash and cash equivalents							920.742
Total assets							**94.570.534**
Interest bearing borrowings	10.989.740	656.771	5.266.385	7.398.200	3.757.485	1.618.232	29.686.813
Finance lease liabilities	7.082.475	3.517.177	-	-	36.670	-	10.636.322
Deposits from tenants	216.160	-	-	5.266	-	-	221.426
Segment liabilities	**18.288.375**	**4.173.948**	**5.266.385**	**7.403.466**	**3.794.155**	**1.618.232**	**40.544.561**
Trade and other payables							5.742.706
Taxes payables							1.538.838
Bonds							1.088.123
Total liabilities							**48.914.228**

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	315.636			301	-	851	316.788
Investments in associates		5.115.587			-		5.115.587
Inventories				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
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	-	-	-	-	-		1.666.556
Bonds							1.054.337
Total liabilities							**51.559.676**

Geographical information

Income (Note 7)	**30 June 2018**	**30 June 2017**
	€	**€**
Ukraine	-	1.083.028
Romania	864.744	1.060.503
Greece	543.575	761.009
Bulgaria	697	8.969
Cyprus	57.141	
Total	**1.466.157**	**2.913.509**

Loss from disposal of inventory (Note 11a)	**30 June 2018**	**30 June 2017**
	€	**€**
Bulgaria	(13.555)	(43.874)
Total	**(13.555)**	**(43.874)**

Loss from disposal of investment properties (Note 11b)	**30 June 2018**	**30 June 2017**
Romania	(3.016)	(43.874)
Total	**(3.016)**	**(43.874)**

	30 June 2018	**31 Dec 2017**

	€	€
Carrying amount of assets (investment properties, associates, inventory and available for sale investments)		
Ukraine	10.893.805	10.589.511
Romania	50.969.629	53.514.587
Greece	16.100.000	16.100.000
Bulgaria	8.834.044	9.042.550
Total	**86.797.478**	**89.246.648**

37. Related Party Transactions

The following transactions were carried out with related parties:

37.1 Income/ Expense

37.1.1 Income

	30 June 2018	**30 June 2017**
	€	**€**
Interest Income from loan to associates	4.645	4.645
Total	**4.645**	**4.645**

Interest income from associates relates to interest income from Greenlake Development SRL.

37.1.2 Expenses

	30 June 2018	**30 June 2017**
	€	**€**
Management Remuneration	202.746	319.621
Interest expenses- Related Party loans (Note 37.5)	64.870	7.022
Total	**267.616**	**326.643**

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.

37.2 Payables to related parties

	30 June 2018	**31 Dec 2017**
	€	**€**
Board of Directors & Committees	80.297	231.461
Grafton Properties	123.549	123.549
Secure Management Services Ltd	13.341	13.341
Management Remuneration	477.907	387.464
Advances for warrants and options exercise	-	1.917.993
Total	**695.094**	**2.673.808**

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

37.2.2 Loan payable to Grafton Properties
During the Company restructuring in 2011 and under the Settlement Agreement of July 2011, the Company

undertook the obligation to repay to certain lenders who had contributed funds for the operating needs of the Company between 2009-2011, by lending to AISI Realty Capital LLC as 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.

37.2.3 Management Remuneration

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

37.2.4 Advances for warrants and options exercise

During 2017 (Note 25.4) 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.

37.3 Loans from SC Secure Capital Ltd to the Company'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**	**Principal as of 30 Jun 2018**	**Principal as of 31 Dec 2017**
	€	**€**	**€**
LLC "AISI UKRAINE"	23.062.351	12.768	12.488
LLC "ALMAZ PRES UKRAINE"	8.236.554	59.973	58.656
LLC "AISI ILVO"	148.966	128.821	66.897
Total		**201.562**	**138.041**

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 (€20.156)/ €20.156 respectively, estimated on balances held at 30 June 2018.

37.4 Loans to associates

	30 June 2018	**31 Dec 2017**
	€	**€**
Loans to Greenlake Development SRL	278.121	273.476
Total	**278.121**	**273.476**

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.

37.5 Loans from related parties

	30 June 2018	**31 Dec 2017**
	€	**€**
Loan from Narrowpeak Consultants	2.647	55.032
Loan from Directors	500.000	500.000
Loan from PM CAPITAL	1.000.000	-
Interest accrued on loans from related parties	92.168	27.298
Total	**1.594.815**	**582.330**

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.

PM Capital Inc., one of the Company's largest shareholders lent the Company in January 2018 €1m 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 expires at the end of September 2018, attracts interest initially at a rate of 8,5% until the end of Q1 2018, then increases to 11% until the end of Q2 2018 and then increases to 13% until term expiry.

38. Contingent Liabilities

38.1 Tax Litigation

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

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 enforced by the relevant authorities could differ and therefore affect the consolidated financial statements.

38.2 Construction related litigation

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

38.3 Delia Lebada SRL debt towards Bank of Cyprus

Sec South East Continent Unique Real Estate (SECURED) Investment Ltd has provided in 2007 a corporate guarantee to 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 18). 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.

38.4 Other Litigation

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

38.5 Other Contingent Liabilities

The Group had no other contingent liabilities as at 30 June 2018.

39. Commitments

The Group had no other commitments as at 30 June 2018.

40. Financial Risk Management

40.1 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 28), bonds (Note 29), trade and other payables (Note 30) deposits from tenants (Note 31), financial leases (Note 33), taxes payable (Note 32) and equity attributable to ordinary or preferred shareholders.

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

40.2 Categories of Financial Instruments

	Note	30 June 2018	31 Dec 2017
		€	€
Financial Assets			
Cash at Bank	24	920.742	831.124
Long-term Receivables and prepayments	21	279.144	316.788
Prepayments and other receivables	23	6.513.465	5.846.584
Total		**7.713.351**	**6.994.496**
Financial Liabilities			
Borrowings	28	29.686.813	30.486.465
Trade and other payables	30	5.742.706	7.338.099
Deposits from tenants	31	221.426	187.976
Finance lease liabilities	33	10.636.322	10.826.243
Taxes payable and provisions	32	1.538.838	1.666.556
Bonds issued	29	1.088.123	1.054.337
Total		**48.914.228**	**51.559.676**

40.3 Financial Risk Management Objectives

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

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

40.4 Economic Market Risk Management

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

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 June 30th, 2018, cash and cash equivalent financial assets amounted to €920.742 (31 December 2017: € 831.124) of which approx. €700 in UAH, €580.000 in RON and €20.000 in BGN (Note 24) 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 €29.686.813 (31 December 2017: €30.486.465) as they are issued at variable rates tied to the Libor or Euribor. Management monitors the interest rate fluctuations on a continuous basis and evaluates hedging options to align the Group's strategy with the interest rate view and the defined risk appetite. Although no hedging has been applied for the reporting period, such may take place in the future if deemed necessary in order to protect the cash flow of a property asset through different interest rate cycles.

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

As at 30 June 2018 the average interest rate for all the interest bearing borrowing and financial leases of the Group stands at 4,29% (31 December 2017: 4,67%).

The sensitivity analysis for LIBOR and EURIBOR changes applying to the interest calculation on the borrowings principal outstanding as at 30 June 2018 is presented below:

	as at 30.06.2018	+100 bps	+200 bps
Weighted average interest rate	4,29%	5,29%	6,29%
Influence on yearly finance costs	-	(392.974)	(785.948)

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)

40.5 Credit Risk Management

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

40.6 Liquidity Risk Management

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

30 June 2018	Carrying amount	**Total Contractual Cash Flows**	Less than one year	From one to two years	More than two years
	€	**€**	**€**	**€**	**€**
Financial assets					
Cash and cash equivalents	920.742	**920.742**	920.742	-	-
Prepayments and other receivables	6.513.465	**6.513.465**	6.513.465	-	-
Long Term Receivables and prepayments	279.144	**279.144**	-	-	279.144
Total Financial assets	**7.713.351**	**7.713.351**	**7.434.207**	**-**	**279.144**
Financial liabilities					
Borrowings	29.686.813	**32.303.940**	5.144.017	5.650.079	21.509.844
Trade and other payables	5.742.706	**5.742.706**	5.303.026	-	439.680
Deposits from tenants	221.426	**221.426**	-	-	221.426
Finance lease liabilities	10.636.322	**13.784.598**	897.962	863.217	12.023.419
Bonds	1.088.123	**1.504.240**	67.200	67.200	1.369.840
Taxes payable	1.538.838	**1.538.838**	537.187	1.001.651	-
Total Financial liabilities	**48.914.228**	**55.095.748**	**11.949.392**	**7.582.147**	**35.564.209**
Total net liabilities	**41.200.877**	**47.382.397**	**4.515.185**	**7.582.147**	**35.285.065**

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**

41. Events after the end of the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.