SECURE PROPERTY
DEVELOPMENT & INVESTMENT

HALF-YEAR REPORT

H1 2016

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SECTION A- Half-Year Report

SECURE PROPERTY DEVELOPMENT AND INVESTMENT PLC

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

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

1. Management Report

In summary

The first half of 2016 was a period of **consolidation for SPDI following the fast growth** of the previous two years which saw the Company acquire multiple properties, expand into three new South East European countries and in the process triple both the value of SPDI's Assets Under Management and the Lease Income generated. The six months under review saw the Company continue focus on ensuring that each asset is managed with a view to achieving our strategic objectives of efficient income generation and value creation.

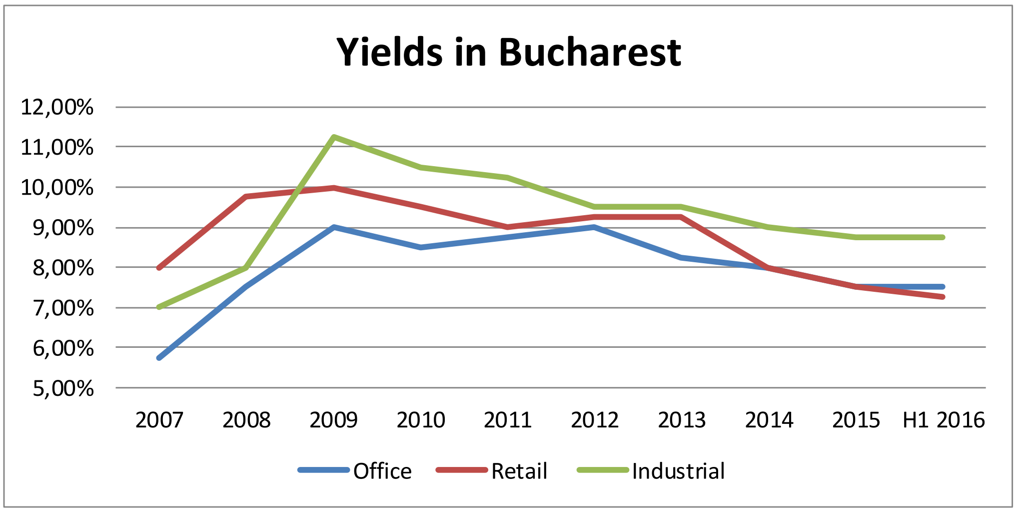
In **Romania**, the fastest growing economy in the EU, we spent time and resources refinancing the retail property leased to **Praktiker**, the blue chip regional DIY retailer. The final agreement, which included an extension of the lease to Praktiker for an additional 5.5 years until 2025, was effected in July 2016. Nestle, the previous anchor tenant of the **Innovations Logistics Terminal**, informed us that following the sale of its global ice cream business in 2015, it would depart the Terminal. We agreed to release Nestle from their remaining three year contract obligations in exchange for receiving €1.4m in cash (the equivalent of 18 months of rent) and retaining the three month cash guarantee as well as other capital additions in the warehouse implemented by Nestle. In all the monetary value of the settlement is equivalent to almost two years' worth of rent. The settlement agreement with Nestle was announced in mid-August, and negotiations with Bank of Piraeus on the sales and lease back agreement are continuing towards what we hope will be a successful conclusion.

As part of the active management of our property portfolio we have entertained third party interest in a number of our assets with a view to realising some of the value we have created over the last few years. With this in mind, negotiations for the sale of our **Terminal Brovary Logistic Park** in **Kiev** ('Brovary') are at an advanced stage. The terminal, which has some vacancy after tenants departed following the collapse of the local currency as well as the economy during the last two years, attracted the interest of potential investors, with Rozetka UA first leasing all the remaining space and then negotiating to sign a contract to acquire the whole terminal. Should this deal be finalised (with the lender, EBRD, and the Ukrainian antimonopoly commission still needing to approve it) the sale will not only produce a substantial cash inflow for the Company (~€4m), it will also generate substantial profits, boosting SPDI's profitability for 2016. Furthermore it will be the biggest property transaction in the country so far this year. Such a deal is **indicative of the potential profit and cash generating capacity of our Company** as it follows a strategy of investing prudently in well located undervalued properties in South East Europe.

We also continued with our strategy of generating value from our **non-core assets** having sold our portfolio of residential units in the **Linda Residence** in Bucharest in May 2016 for €660,000 (gross of debt), whilst continuing to sell or rent individual units in other properties at beneficial prices. In parallel with this, we are also in discussions with interested third parties to join forces in realising value in other non-core assets in our portfolio. This would involve SPDI contributing land to potential developments to capitalise on the expected pickup in activity in residential markets in all of the South Eastern European countries where we have assets. Generating value from our existing portfolio of assets, income producing or not, is one of SPDI's top priorities.

The **economic climate in South East Europe** improved further in the first half of 2016.

Romania continues its fast growth after recording an annual rise of 4%. Bucharest boasts almost no unemployment and its property market is picking up fast with cap rates dropping (see graph below) and new supply being developed.

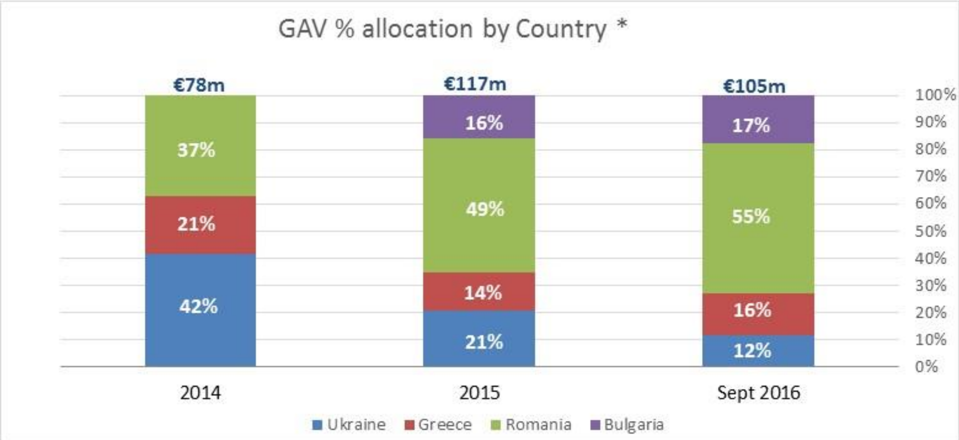


Greece. Following the inauguration of the enlarged Suez Canal last year, COSCO, the Chinese infrastructure company that had been managing two of the three container terminal piers at the port of Piraeus near Athens (the deepest port in the Mediterranean Sea) until 2052, signed an agreement in April to acquire up to 67% of the whole port from the Greek Government. Having increased the container throughput of the terminal by a factor of seven over the last four years, COSCO has announced it intends to make Piraeus the main point of entry for Chinese goods into the EU, which is expected to result in a significant increase in container traffic through Greece and the wider South East European region in the near future and create opportunities for SPDI.

Ukraine, albeit still in political turmoil with its neighbour Russia, saw its political and economic climate stabilise, leading to an uptick in FDI interest, although there are no active property developments or acquisitions yet.

Following SPDI's property acquisitions in the last 24 months as well as the expected Terminal Brovary sale, the Company's Gross Asset Value ("GAV") has increased significantly to €105 million (as at September 2016), compared to €60 million for the same time two years ago excluding Terminal Brovary and €78 million including Terminal Brovary. This is presented in the graph below. Our properties are located mostly in Romania (55%) where there is high economic potential and the property market is on the rise and secondly in Bulgaria (17%) which is also experiencing significant economic growth. Greece accounts for 16%, with high economic potential particularly with the Port of Piraeus in mind as mentioned above, while Ukraine, still in turmoil with its GDP growth lagging behind, is now the smallest component (12%) of the Company's portfolio of assets. The results of our strategy to diversify out of our roots in Ukraine and invest in undervalued assets in countries with high growth potential, has not only just started proving itself, but showed some initial concrete results within the period.

As **European yield compression gathers momentum** particularly in South Eastern Europe and as the Company uplifts its efforts to increase the profitability and the cash generating capacity of its properties, SPDI expects to be well placed to **continue its growth path** with a view to becoming a leading institutional South Eastern European income producing and dividend yielding property company.



** 2016 figure excludes Terminal Brovary*

P&L

The table below presents the operating performance in for the H1 2016 compared to H1 2015. Since Terminal Brovary is expected to be sold within H2 2016, its results are presented also separately:

EUR	Total P & L		P & L excluding Terminal Brovary		P & L of Terminal Brovary	
	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015
Rental Income	2.662.556	2.734.392	2.090.383	1.542.539	572.173	1.191.853
Income from Sale of Asset - Cost of properties sold	(747.954)	201.518	(747.954)	201.518	-	-
Income from Operations of Investments	**1.914.602**	**2.935.910**	**1.342.429**	**1.744.057**	**572.173**	**1.191.853**
Investment property operating expenses	(390.181)	(446.829)	(267.946)	(293.443)	(122.235)	(153.386)
Net Opereting Income from Investment Property	**1.524.421**	**2.489.081**	**1.074.483**	**1.450.614**	**449.938**	**1.038.467**
Share of profits from associates (ex revaluation)	123.119	(177.796)	123.119	(177.796)		
Net Income from Avaliable for Sale assets (ex revaluation)	154.362	-	154.362	-		
Total Income	**1.801.902**	**2.311.285**	**1.351.964**	**1.272.818**	**449.938**	**1.038.467**
Administration expenses	(1.178.173)	(1.474.564)	(1.079.852)	(1.350.542)	(98.321)	(124.022)
Operating Result (EBITDA)	**623.729**	**836.721**	**272.112**	**(77.724)**	**351.617**	**914.445**
Finance costs, net	(1.226.897)	(1.388.012)	(778.365)	(937.937)	(448.532)	(450.075)
Income tax expense	(45.507)	(2.893)	(45.507)	(2.893)	-	-
Operating Result after finance and tax expenses	**(648.675)**	**(554.184)**	**(551.760)**	**(1.018.554)**	**(96.915)**	**464.370**
Other income / (expenses), net	(17.826)	42.270	(15.268)	(78.920)	(2.558)	121.190
Other finance costs	(169.118)	(221.187)	(134.022)	(22.290)	(35.096)	(198.897)
Gain realized on acquisition of subsidiaries	-	2.181.834	-	2.181.834		
Fair Value (Losses) /Gains from investments	636.436	4.737.805	287.104	26.294	349.332	4.711.511
Foreign exchange losses, net	(1.057.555)	(7.277.343)	(667.212)	(2.346.375)	(390.343)	(4.930.968)
(Loss) / Profit for the period	**(1.256.738)**	**(1.090.805)**	**(1.081.158)**	**(1.258.011)**	**(175.580)**	**167.206**

2. Regional Economic Developments [1]

Romania

Strong domestic demand led Romania's GDP to register an impressive 5.9% growth y-o-y in Q2 2016, the highest among the EU28 countries. Estimates for 2016 suggest the country's economy growth will be 4.0% to 4.2% year on year, surpassing the EU28 average growth rate for the fifth consecutive year.

Annual consumer price deflation was 0.7% in June, while the National Bank expects an average annual inflation of 0.6% this year. The country's overall unemployment rate fell to 6.4% in June, 0.3% lower than a year ago. Bucharest currently has a ~2% unemployment rate. Exchange rates remained relatively stable throughout H1 2016 at RON 4.45 to 4.50 to the EUR.

The country's budget posted a smaller-than-expected deficit of 0.5% of GDP for the first half, compared to a surplus of 0.6% of GDP a year earlier. The finance ministry had projected the first-half shortfall at 1.9% of GDP. In the first five months of the year, foreign direct investment rose 15% y-o-y to €1.11 billion, while long-term external debt at the end of May 2016 stood at €69.9 billion, down 1% from the end of 2015.

Brexit is not expected to have a heavy impact on Romania's growth potential as there are no direct ties between the two countries. In addition, the Romanian government is in favor of more EU integration and is not part of the so called Eurosceptic group, which means no similar referendum is likely in the near-medium term. However, it is the result of the pending parliamentary elections in November 2016 that will decide the country's stance for the years to come.

Macroeconomic data and forecasts					
	2012	**2013**	**2014**	**2015**	**2016f**
GDP (EUR bn)	131,8	142,2	149,3	160,0	167,0
Population (mn)	20,0	19,9	19,9	19,9	19,9
Real GDP (y-o-y %)	0,7	3,4	2,9	3,8	4,2
CPI (average, y-o-y %)	3,4	4,0	1,1	-0,7	0,6
Unemployment rate (%)	7,0	7,1	6,8	6,7	6,4
Net FDI (EUR bn)	2,2	2,6	2,5	3,0	3,0

Sources : IMF, National Sources, Eurobank EFG, Eurostat

Bulgaria

Bulgaria's economy registered 3.0% growth in Q2 2016, maintaining last year's performance. Private consumption was the main driver this quarter, augmented by net exports.

Bulgaria's first-half consolidated budget surplus reached €1.57 billion, or 3.5% of the country's GDP, compared to 1.0% of GDP in the same period of 2015. The increase was mainly driven by tax revenues and a concentration of EU fund inflows. The flow of foreign direct investment dropped by 34.4% year-on-year to €517.3 million in the first five months of the year.

[1] Sources : Eurostat, EBRD, Elstat, Eurobank Research, Focus Economics, IMF, National Institute of Statistics- Romania, National Statistical Institute –Republic of Bulgaria, National Institute of Statistics – Ukraine, SigmaBleyzer.

EU-harmonized CPI stood at -1.9% year-on-year in June, while the unemployment rate was 8.4%, recording a drop of 1.2 percentage points compared with a year ago. Exchange rates remained stable throughout the first semester at BGN 1.96 to the EUR.

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

Sources : IMF, National Sources, Eurobank EFG, Eurostat

Ukraine

The recent political crisis in Ukraine was eased with the appointment of the new Cabinet of Ministers in April. The new Ukrainian authorities have reconfirmed their commitment to move the reform agenda forward as was agreed during the formation of the new parliamentary coalition. The turn towards political stability was also depicted in the macroeconomic indicators, as the Ukrainian economy shows minor but still positive performance of 0.1% y-o-y growth.

Due to improved tax collections and decelerating growth of fiscal expenditures, the consolidated budget deficit decreased to UAH 3.8 billion (~US$152m) or about 0.3% of GDP for the January-May period.

Inflation stands at ~7%, down from 43.3% almost a year ago, mainly due to the sharp deceleration in the growth of utility tariffs. The unemployment rate showed a slight decrease to 9.2% from 9.6% a year ago. Although reaching 27 UAH/USD in Q1 2016, the exchange rate seemed to stabilise at ~25 UAH/USD in Q2.

The IMF mission that visited Kyiv in May 2016 concluded that Ukraine has made considerable progress in restoring macroeconomic stability, but that additional structural and institutional reforms are required to turn the recent recovery into sustainable growth. The government expects to receive a partial borrowing disbursement in late September / beginning of October 2016, with another large disbursement by the end of the year. Both of them should help further stabilise the ailing currency.

Macroeconomic data and forecasts					
	2012	2013	2014	2015	2016f
GDP (USD bn)	176,2	177,4	127,6	98,0	95,0
Population (mn)	45,6	45,5	42,7	42,5	42,5
Real GDP (y-o-y %)	0,2	0,0	-6,0	-9,9	2,0
CPI (average, y-o-y %)	0,6	-0,2	24,9	43,3	12,0
Unemployment rate (%)	7,5	7,4	10,5	9,4	9,2
Net FDI (USD bn)	6,6	3,3	0,2	2,3	3,0

Sources : IMF, National Sources, European Comission, Oxford Economics, SigmaBleyzer

Greece

In the last year the Greek economy has been turning around however it still remains in recession. GDP contracted by 0.7% in Q2 2016 amid plummeting consumption and fixed investment.

Public debt was 176.3% of GDP in Q1 2016, while discussions with the ESM and EU in relation to debt restructuring are expected to start in Q4 2016. Greek budget showed a primary surplus of €2.7 billion in the January-June period compared to a surplus of €1.3 billion in the same period last year, mainly because the government has effectively stopped paying the dues to third party suppliers. The central government cash balance recorded a deficit of €526 million for the first six months of 2016, compared to a deficit of €1.85 billion in the same period in 2015.

Inflation remains in negative territory for the fourth consecutive year, reaching a -0.7% y-o-y rate in June. The unemployment rate edged down to 23.3% in April, which marked the lowest rate since March 2012.

In May 2016, the Greek Parliament adopted most of the prior agreed actions for the first review, as decided by the Eurogroup earlier in the year. As a result, Greece received part of the second tranche of the €86 billion European Stability Mechanism (ESM) programme in mid-June. The second evaluation begins in Q4 2016.

Macroeconomic data and forecasts					
	2012	**2013**	**2014**	**2015**	**2016f**
GDP (EUR bn)	193,4	182,1	179,1	176,0	175,0
Population (mn)	11,1	11,0	11,0	10,9	10,8
Real GDP (y-o-y %)	-6,6	-3,9	0,7	-0,2	-0,6
CPI (average, y-o-y %)	3,0	-0,9	-1,4	-1,7	0,0
Unemployment rate (%)	24,5	27,5	26,6	24,6	24,7
Net FDI (EUR bn)	1,4	1,6	1,0	0,0	0,0

Sources : IMF, National Sources, Eurobank EFG, European Comission

3. Real Estate Market Developments[2]

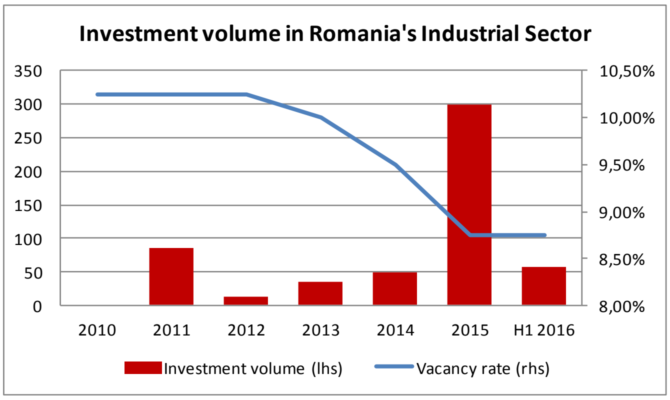
3.1 Romania

General

The total investment volume registered in Romania for H1 2016 recorded an 80% increase compared to the same period last year, although almost one third of it can be explained by a major transaction in the retail sector.

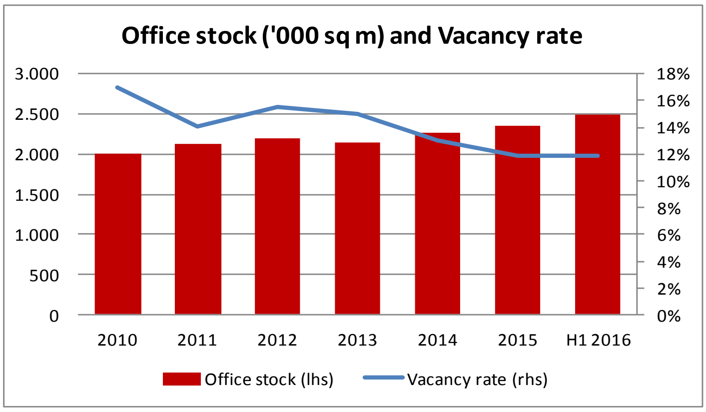
Logistics Market

Total industrial and logistics stock in Romania reached 2.3 million sq m, with 1.1 million sq m is in Bucharest. Approximately 160,000 sq m were delivered in H1 2016. Market performance was mainly driven by logistics and retail industries. Average prime rental rate grew slightly to €3.9 per sq m, the first increase in three years, while the vacancy rate in the country continued its decreasing trend, reaching 2.5% from 5% at the end of 2015. In Bucharest, vacancy rate dropped further to 1.5% from 3.3%. Yields remained at 8.75% for prime properties.



Office Market

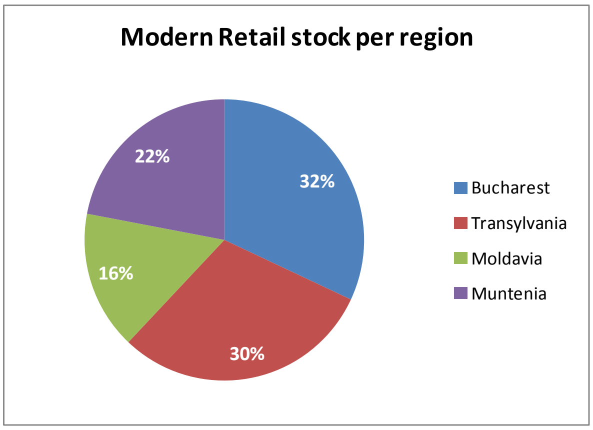
Bucharest's office space stock recorded a 5% increase in H1 2016, compared to the end of 2015, reaching 2.49 million sq m in total. Currently, approximately 0.23 million sq m are under construction and scheduled for delivery by the end of 2016. Total Leasing Activity ("TLA") in the first six months of the year was 40% higher than the same period in 2015. West sub-market earned the lion's share in terms of TLA, as 40% of it was transacted there. North sub-market and Pipera followed with slightly more than 20% each. Vacancy rate for all asset classes remained at 11.9% since the end of 2015. Yield for prime properties also remained unchanged at 7.5%.



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

Retail Market

The total modern retail supply in Romania reached approximately 3.3 million sq m at H1 2016 with Bucharest's stock currently standing at just over 1 million sq m. In Bucharest, prime rent for shopping centres varies between €60-70 per sq m, for high street units between €50-60 per sq m and for retail parks rent stands at €8.5 per sq m. According to the national statistics office, retail sales rose by 16.8% y-o-y in the first five months of 2016, encouraging retailers to expand. The retail sector was the winner as far as the property investment volume for H1 2016 is concerned, as 45% of total volume was invested in retail properties.



Residential Market

On-going economic growth led to an increase in both supply and demand for residential space. Completed dwellings across Romania in H1 2016 increased by 23.4% and bank financing saw a significant rise of 15.2% in comparison with last year's figures. This upward trend in mortgages was supported by the Prima Casa state-guaranteed programme. Average price for apartments in Bucharest is around €1,000/sq m.

In April, Romania's parliament approved a controversial law allowing citizens to hand back homes in exchange for release from mortgages (€250,000 limit on existing and new mortgages), a move designed to ease citizens' debt burdens, excluding the state loan-guarantee programme (Prima Casa) for first-time buyers. As a response, most of the banks lowered the loan to value component for any new mortgage. Up until now, a limited number of properties were returned to banks, end-users' demand remains strong and the market has found a new balance.

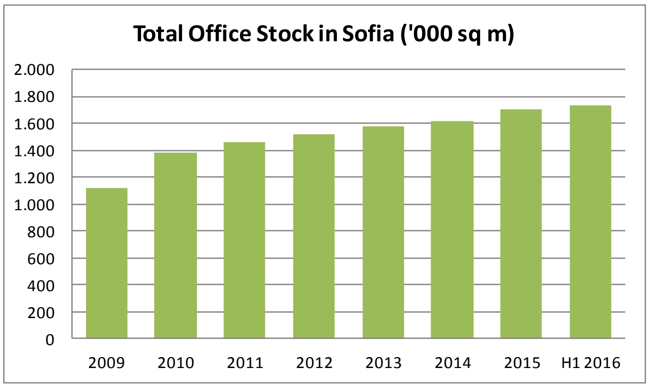
3.2 Bulgaria

General

The total value of closed transactions on the investment market in Bulgaria in H1 2016 was €117 million, ~30% higher than in the same period a year ago. Half of this volume stems from deals for office properties.

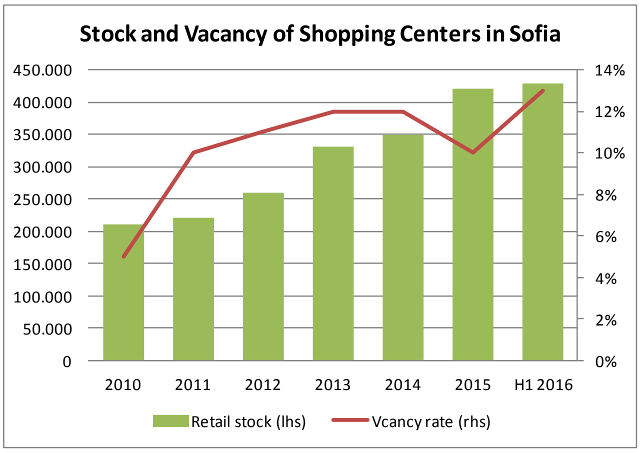
Office Market

During H1 2016, about 30,000 sq m of class A offices were delivered. Sofia's office stock increased slightly to 1.73 million sq m, almost equally represented by Class A and Class B spaces. The office pipeline under construction amounts to 175,000 sq m. The total class A and B vacant space in Sofia decreased to 210,000 sq m corresponding to a vacancy rate of 12.1%, compared to 12.9% at the end of 2015. Asking rents remained stable ranging from €11 to €14 per sq m per month for Class A offices and from €6.5 to €8.5 per sq m per month for Class B properties.



Retail Market

Upon closing of the Galeria Plovdiv shopping centre, opening of San Stefano Plaza in Sofia and a revision of retail space in some secondary cities, the total modern retail stock in Bulgaria decreased to 830,000 sq m. Shopping centres account for nearly 93% of the total stock. Vacancy rate in Sofia stood at 13%, compared to 10% at the end of 2015, while in the other major cities it recorded a sharp increase of 7.2 % to 19.6%, due to Carrefour's exit from some of its key locations.



Residential Market

A rise in sales, a sustained upward trend in prices and strong interest in newly built homes marked a strong start to the housing property market in Sofia in 2016. The average price of residential property in Sofia increased 8.4% year-on-year in 2016 to €835/sq m. Half of total sales so far this year were newly built apartments or apartments under construction. Apartments with two and three bedrooms had equal share in sales and together accounted for 85% of total sales in Sofia.

3.3 Ukraine

General

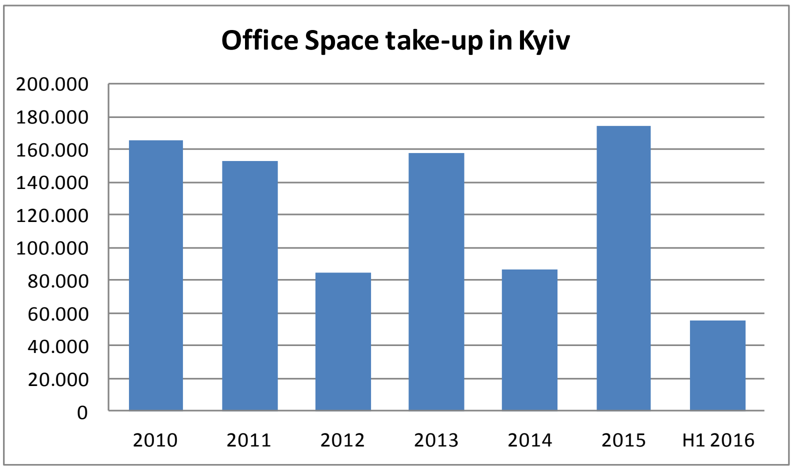
Despite the Ukrainian economy appearing to be in recovery mode, many businesses are still adopting a wait-and-see attitude in relation to further activity in the country.

Logistics Market

In H1 2016, Kiev's total stock remained at 1.79 million sq m. Signs of improvement in sentiment in the real estate market were observed, as warehouse space of almost 100,000 sq m was transacted during the first half of the year. Due to mid-teen yield levels and low rental rates in local currency, local players are searching for prime properties in order to boost profitability.

Office Market

The total office take-up in Kiev was around 55,000 sq m of Gross Leasable Area ("GLA") in H1 2016, almost 70% higher than the figure registered in the same period a year ago. On the supply side, there was no major change in the office property market in Kiev and across Ukraine in H1 2016. The total office stock in Kiev remained stable at around 1.8 million sq m. As a result of limited new supply, the office vacancy rate in Kiev fell to 21%. During the first half of 2016, rents for all asset classes showed no significant change.



3.4 Greece

General

The property market is relatively stagnant, with investors adopting a wait-and-see stance. The situation is unlikely to change unless there are significant signs that Greece expects emerging from the recessionary cycle. In terms of investment interest, the most dynamic sector appears to be that of hospitality, as a result of a large growth in tourists visiting the country over the last four years.

Logistics Market

The Industrial and Logistics market showed no significant changes in the first half of 2016. The successful privatisations of Piraeus Port and National Railway and the announcement for a tender regarding the Thriassio Freight Center in Attica Prefecture are expected to trigger higher demand for logistics space, mainly in West Attica. Reputable international companies as Cosco and British American Tobacco have already started a cycle of new investments in the logistics sector, confirming their confidence in the Greek market.

Office Market

A single transaction was reported in the first half of 2016 in the office sector - a 4,000 sq m office building in Athenian CBD changed hands for around €11 million. However, the appetite for investment in the sector appears to continue to be low, as no further deals are expected in the short term. Currently, construction seems too risky to developers and the market awaits signs of political and financial stability. As a result, market indicators have remained unchanged since the end of 2015.

4. Property Assets

4.1 EOS Business Park – Danone headquarters, Romania

Property description

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

Current status

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

4.2 Innovations Logistics Park, Romania

Property description

The Park incorporates approximately 8,470 sqm of multipurpose warehousing space, 6,395 sqm of cold storage and 1,705 sqm of office space. It is located in the area of Clinceni, south west of Bucharest centre, 200m from the city's ring road and 6km from Bucharest-Pitesti (A1) highway. Its construction was completed in 2008 and was tenant specific. It comprises four separate warehouses, two of which offer cold storage.

Current status

The Company agreed to Nestle Ice Cream vacating the premises, following their restructuring, in late 2015. Such agreement was effected in August 2016 for a €1.4 million cash settlement payable by Nestle (which represents approximately 18 months of rent) plus the three months' rental guarantee deposits and certain fixed assets that Nestle had installed in the premises.

The Company is in discussions with the lender of the property, Piraeus Bank Leasing, in order to review the sale and leaseback agreement following the settlement with Nestle and expects to reach a conclusion shortly. In the meantime, the Company has identified potential replacement tenants with whom it is having preliminary discussions. The terminal was at the end of June 87% leased (prior to Nestle's departure).

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

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

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. At the end of June 2016, the building is 100% let, with ANCOM (the Romanian Telecommunications Regulator) being the anchor tenant (69% of GLA).

4.5 Autounion office building, Bulgaria

Property description

A 19,476 sqm Class A office building which is located in a prime business area of Sofia, very close to the international airport and close to the city centre. The building is BREEAM certified.

Current status

The Company acquired 20% of the property in April 2015. As at the end of H1 2016 Autounion is fully let to Eurohold Bulgaria, one of the largest Bulgarian insurance companies, on a long lease extending to 2027.

4.6 GED Logistics center, Athens Greece

Property description

The 17,756 sqm complex that consists of industrial and office space is situated on a 44,268 sqm land plot in the West Attica Industrial Area (Aspropyrgos). It is located at exit 4 of Attiki Odos (the Athens ring road) and is 10 minutes from the port of Piraeus (where COSCO runs the biggest container port in the Mediterranean Sea) and the National Road connecting Athens to the north of the country. The roofs of the warehouse buildings house a photovoltaic park of 1,000KWp.

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

Current status

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

4.7 Terminal Brovary Logistic Park, Ukraine

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

The building is divided into six independent sections (each at least 6,400 sqm), with internal clear ceiling of 12m height and industrial flooring constructed with an anti–dust overlay quartz finish. The terminal accommodates 90 parking spaces for cars and trucks, as well as 24 hour security.

Current status

In May 2016 the Company fully leased the warehouse space to Rozetka UA. As of September 2016, the Company is negotiating to sign an SPA with Rozetka UA, the leading Ukrainian internet retailer for the sale of the terminal. The proposed sale is subject to EBRD as well as the Ukrainian Antimonopoly Committee approval.

4.8 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

At the end of June 2016, 19 apartments were available while 13 of them were rented, indicating an occupancy rate of 68%.

- **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 2016, 22 units were available, 10 of them being rented indicating an occupancy rate of 45%.

- **Blooming House, Bucharest, Romania**

Property description

Blooming House is a residential development property 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).

At the end of June 2016, 18 units were available nine of them being rented indicating an occupancy rate of 50%.

Current status

- **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 meter frontage to a lake. The compound also includes facilities such as one of Bucharest's leading private schools (International School for Primary Education), outdoor sports courts and a mini-market. Additionally Green Lake includes land plots totaling 40,360 sqm. SPDI owns ~43% of this property asset portfolio.

Current status

At the end of 2015 the portfolio consisted of 40 unsold apartments plus 37 unsold villas. During the period, six apartments and villas were sold while at the end of June 2016, of the 71 units that were unsold 26 of them were let (occupancy rate of ~37% - 60% for apartments and 14% for villas).

- **Boyana Residence, Sofia, Bulgaria**

Property description

A residential compound, which consisted at acquisition date (May 2015) of 67 apartments plus 83 underground parking slots developed on a land surface of 5,700 sqm, situated in the Boyana high end suburb of Sofia, at the foot of Vitosha mountain with Gross Buildable Area ("GBA") totaling to 11,400 sqm. The complex includes adjacent land plots with surface of 17,000 sqm with building permits under renewal to develop GBA of 21,851 sqm.

During H1 2016, seven apartments were sold, with 54 units remaining unsold at the end of June.

Current status

- **Linda Residence, Bucharest, Romania**

Linda Residence is a residential complex located in Bucharest, Sector 3, close to subway transportation which connects the property to all areas in Bucharest in less than 30 minutes.

Property description

At the end of 2015, 22 apartments were available. During the period and after four more units were sold, the Company accepted an offer to sell in bulk most of the remaining units (16) it owned. At the end of June 2016, only two apartments were still available, both having been reserved for sale.

Current status

4.9 Land Assets

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

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

Property description

The Company has hired a new security agency to safeguard the premises and does not intend to recommence construction in the near future.

Current status

- **Kiyanovskiy Lane – Kiev, Ukraine**

The property consists of 0.55 Ha of land located at Kiyanovskiy Lane, near Kiev city centre. It is destined for the development of business to luxury residences with beautiful protected views overlooking the scenic Dnipro River, St. Michaels' Spires and historic Podil.

Property description

Discussions with local developers who approached the Company in late 2015 in order to explore the possibility of co-development are in progress.

Current status

- **Tsymlyanskiy Lane – Kiev, Ukraine**

Property description

The 0.36 Ha plot is located in the historic and rapidly developing Podil District in Kiev. The Company owns 55% of the plot, with one local co-investor owning the remaining 45%.

Current status

During Q4 2015, a number of interested parties approached the Company with a view to partnering in the development of this property. Discussions are on-going.

- **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.

Current status

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

- **Delia Lebada, Romania**

Property description

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

Current status

The construction permit, which allows for ~54,000 sqm to be built, was renewed in April 2014 but the property has been on hold. The lending bank (Bank of Cyprus) expressed its intention not to renew the land acquisition loan, which the Company inherited upon acquisition of the asset as part of a portfolio in 2015 and which was in default. As a result, the Company entered into negotiations with the co-owner and the financing bank to either acquire the associated loan, or sell the property all together. In the meantime, the SPV owning the plot has entered into an insolvency status. The Company expects that the case will be amicably resolved in the near future.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2016

CONTENTS

Corporate Information

Board of Directors

Lambros Anagnostopoulos (CEO)
Vagharshak Barseghyan
Ian Domaille
Paul Ensor
Franz Hoerhager
Antonios Kaffas
Kalypso Maria Nomikou
Alvaro Portela
Harin Thaker

Registered Address

16, Kyriakou Matsi Avenue,
Eagle House, 10th floor, PC 1082,
Agioi Omologites, Nicosia, Cyprus

Principal Places of Business

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Romania PC 01096511

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Ukraine

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1060 Nicosia, Cyprus

Company Secretary

Chanteclair Secretarial Ltd
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Eagle House, 10th floor, PC 1082, Nicosia, Cyprus

Nominated Adviser and Broker

Strand Hanson Limited
26 Mount Row
London, W1K 3SQ

Registrars

Computershare Investor Services PLC
The Pavillions, Bridgewater Road
Bristol BS99 7NH, UK

Cymain Registrars Limited
P.O. Box 25719
1311 Nicosia, Cyprus

Main Collaborating Banks

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One Exchange Square
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Ukraine

Bank of Cyprus
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54/19, Avtozavodska str., 04114
Kiev, Ukraine

Eurobank EFG Cyprus Ltd
41, Makarios Avenue, 5th floor,
1065 Nicosia, Cyprus

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Solicitors

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Lex Consulting Ltd
103 James Baucher Blvd., floor 2, office 5
Lozenetz quarter, Sofia, Bulgaria

Auditors

Baker Tilly Klitou and Partners Limited
Corner C Hatzopoulou & 30 Griva Digheni Avenue
1066 Nicosia, Cyprus

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

We, the Members of the Board of Directors and the person responsible for the preparation of the condensed consolidated interim financial statements of SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC for the six months ended 30 June 2016, based on our opinion, which is a result of diligent and scrupulous work, declare that the elements written in the condensed consolidated interim financial statements are true and complete.

Board of Directors members:

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

Person responsible for the preparation of the condensed consolidated interim financial statements for the period ended 30 June 2016:

Constantinos Bitros	

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Note	Six months ended 30 June 2016 €	Six months ended 30 June 2015 €
Operating income	7	1.914.602	2.935.910
Valuation (losses)/gains from Investment Property	7	636.436	4.737.805
		2.551.038	**7.673.715**
Administration expenses	8	(1.178.173)	(1.474.564)
Investment property operating expenses	9	(390.182)	(446.829)
Gain realized on acquisition of subsidiaries	15	-	2.181.834
Other operating income/(expenses), net	10	(17.826)	42.270
Share of profits/(losses) from associates	16	123.119	(177.796)
Operating profit / (loss)		**1.087.976**	**7.798.630**
Finance income	11	363.136	13.199
Interest expenses	11	(1.590.032)	(1.401.209)
Other finance costs	11	(169.118)	(221.188)
Foreign exchange (loss), net	12a	(98.818)	(4.976.537)
Profit / (Loss) before tax		**(406.856)**	**1.212.895**
Income tax expense	13	(45.507)	(2.893)
Profit / (Loss) for the period		**(452.363)**	**1.210.002**
Other comprehensive income			
Exchange difference on I/C loans to foreign holdings	12b	(1.485.262)	(7.323.715)
Exchange difference on translation of foreign operations	23	526.525	5.022.908
Available-for-sale financial assets – fair value gain	19	154.362	-
Total comprehensive income for the period		**(1.256.738)**	**(1.090.805)**
Profit / (Loss) attributable to:			
Owners of the parent		(309.941)	1.117.890
Non-controlling interests		(142.422)	92.112
		(452.363)	**1.210.002**
Total comprehensive income attributable to:			
Owners of the parent		(1.095.116)	(1.092.110)
Non-controlling interests		(161.622)	1.305
		(1.256.738)	**(1.090.805)**
Earnings / (Losses) per share (Euro cent per share):	30b		
Basic earnings/(losses) for the period attributable to ordinary equity owners of the parent		(0,00)	0,02
Diluted earnings/(losses) for the period attributable to ordinary equity owners of the parent		(0,00)	0,02

The notes on pages 29 to 66 form an integral part of these condensed consolidated interim financial statements.

CONSENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2016

	Note	30 June 2016 €	31 December 2015 €	30 June 2015 €
ASSETS				
Non-current assets				
Investment properties	14.4a	91.947.652	94.340.471	93.479.543
Investment properties under development	14.4b	5.044.136	5.125.389	5.541.156
Prepayments made for investments	14.4c	100.000	100.000	2.334.337
Tangible and intangible assets	17	146.232	164.617	201.318
Goodwill		-	-	43.269
Long-term receivables		251.187	252.916	253.027
Investments in associates	16	5.011.063	4.887.944	4.359.267
Available for sale financial assets	19	2.937.897	2.783.535	4.059.840
		105.438.167	**107.654.872**	**110.271.757**
Current assets				
Inventories	18	10.397.364	11.300.000	12.300.000
Prepayments and other current assets	20	5.563.906	4.795.223	5.325.967
Cash and cash equivalents	21	870.457	895.422	2.832.054
		16.831.727	**16.990.645**	**20.458.021**
Total assets		**122.269.894**	**124.645.517**	**130.729.778**
EQUITY AND LIABILITIES				
Issued share capital	22	900.145	900.145	756.899
Share premium		122.874.268	122.874.268	121.227.562
Foreign currency translation reserve	23	7.179.548	6.653.023	3.701.890
Exchange difference on I/C loans to foreign holdings	32.3	(34.884.775)	(33.399.513)	(27.069.826)
Available for sale financial assets – fair value reserve		639.891	485.529	-
Accumulated losses		(55.390.268)	(55.080.327)	(42.946.585)
Equity attributable to equity holders of the parent		**41.318.809**	**42.433.125**	**55.669.940**
Non-controlling interests	24	453.905	615.527	1.349.250
Total equity		**41.772.714**	**43.048.652**	**57.019.190**
Non-current liabilities				
Borrowings	25	23.992.210	26.263.559	44.750.322
Finance lease liabilities	29	11.125.693	11.273.639	11.340.099
Trade and other payables	26	4.449.165	4.672.888	428.553
Deposits from tenants	27	789.660	623.770	638.519
		40.356.728	**42.833.856**	**57.157.493**
Current liabilities				
Borrowings	25	27.313.842	27.417.220	10.343.906
Trade and other payables	26	4.107.772	3.044.036	4.702.110
Taxes payable	28	926.023	822.005	862.229
Redeemable preference shares	22.6	6.430.536	6.430.536	349.325
Provisions	28	724.219	724.445	-
Deposits from tenants	27	135.135	132.684	117.387
Finance lease liabilities	29	502.925	192.083	178.138
		40.140.452	**38.763.009**	**16.553.095**
Total liabilities		**80.497.180**	**81.596.865**	**73.710.588**
Total equity and liabilities		**122.269.894**	**124.645.517**	**130.729.778**
Net Asset Value (NAV) € per share:	30c			
Basic NAV attributable to equity holders of the parent		0,46	0,47	0,74
Diluted NAV attributable to equity holders of the parent		0,40	0,41	0,45

On 22 September 2016 the Board of Directors of SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC authorised these financial statements for issue.

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

The notes on pages 29 to 66 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company								
	Share capital	Share premium, Net[1]	Accumulated losses, net of non-controlling interest[2]	Exchange difference on I/C loans to foreign holdings[3]	Foreign currency translation reserve[4]	Available for sale financial assets – fair value reserve[5]	**Total**	Non-controlling interest	**Total**
	€	€	€	€	€		€	€	€
Balance - 31 December 2014	**338.839**	**97.444.044**	**(44.064.475)**	**(19.746.111)**	**(1.411.825)**	**-**	**32.560.472**	**651.882**	**33.212.354**
Profit for the period	-	-	1.117.890	-	-	**-**	**1.117.890**	92.112	**1.210.002**
Exchange difference on I/C loans to foreign holdings (Note 23)	-	-	-	(7.323.715)			**(7.323.715)**	-	**(7.323.715)**
Foreign currency translation reserve	-	-	-	-	5.113.715	**-**	**5.113.715**	(90.807)	**5.022.908**
Issue of share capital, net (Note 22)	418.060	23.783.518	-	-	-	**-**	**24.201.578**	-	**24.201.578**
Acquisition of non-controlling interest	-	-	-	-	-	**-**	**-**	696.063	**696.063**
Balance 30 June 2015	**756.899**	**121.227.562**	**(42.946.585)**	**(27.069.826)**	**3.701.890**	**-**	**55.669.940**	**1.349.250**	**57.019.190**
Loss for the period	-	-	(12.133.742)	-	-	**-**	**(12.133.742)**	(686.849)	**(12.820.591)**
Exchange difference on I/C loans to foreign holdings (Note 23)	-	-	-	(6.329.687)	-	**-**	**(6.329.687)**	-	**(6.329.687)**
Foreign currency translation reserve	-	-	-	-	2.951.133	**-**	**2.951.133**	(46.874)	**2.904.259**
Fair value gain on available-for-sale financial assets (Note 19)	-	-	-	-	-	485.529	**485.529**	-	**485.529**
Issue of share capital, net (Note 22)	143.246	1.646.706	-	-	-		**1.789.952**	-	**1.789.952**
Balance - 31 December 2015	**900.145**	**122.874.268**	**(55.080.327)**	**(33.399.513)**	**6.653.023**	**485.529**	**42.433.125**	**615.527**	**43.048.652**
Loss for the period			(309.941)	-	-	-	**(309.941)**	(142.422)	**(452.363)**
Exchange difference on I/C loans to foreign holdings (Note 23)	-	-	-	(1.485.262)	-	-	**(1.485.262)**	-	**(1.485.262)**
Foreign currency translation reserve	-	-	-	-	526.525	-	**526.525**	(19.200)	**507.325**
Fair value gain on available-for-sale financial assets (Note 19)	-	-	-	-	-	154.362	**154.362**	-	**154.362**
Balance - 30 June 2016	**900.145**	**122.874.268**	**(55.390.268)**	**(34.884.775)**	**7.179.548**	**639.891**	**41.318.809**	**453.905**	**41.772.714**

[1]Share premium is not available for distribution.
[2]Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two year-s after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defense at 20% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defense is payable on account of the shareholders.
[3] Exchange differences on intercompany loans to foreign holdings arose as a result of devaluation of the Ukrainian Hryvnia during 2014, 2015 and for the six months period in 2016. The Group treats the mentioned loans as a part of the net investment in foreign operations (Note 32.3).
[4] Exchange differences related to the translation from the functional currency of the Group's subsidiaries are accounted for directly to the foreign currency translation reserve. The foreign currency translation reserve represents unrealized profits or losses related to the appreciation or depreciation of the local currencies against the euro in the countries where the Company's subsidiaries own property assets.
[5] Available For Sale financial assets are measured at fair value. Fair value changes on AFS assets are recognized directly in equity, through other comprehensive income.

The notes on pages 29 to 66 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Note	30 June 2016 €	30 June 2015 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(406.856)	1.212.895
Adjustments for:			
(Gains)/losses on revaluation of investment property	7	(636.436)	(4.737.805)
Other non-cash movements		1.055	-
Other expenses/(income)	10	(32)	(108.550)
Impairment of prepayments and other current assets		772	-
Depreciation/ Amortization charge	8	24.162	6.979
Finance income	11	(363.136)	(13.199)
Interest expense	11	1.590.033	1.401.209
Share of losses/ (profits) from associates	16	(123.119)	177.796
Gain on acquisition of subsidiaries	15	-	(2.181.834)
Change in tax provision		(226)	(68.253)
Effect of foreign exchange differences	12a	98.818	4.976.537
Net loss on the sale of investment property		456.098	
Cash flows used in operations before working capital changes		**641.133**	**665.775**
Change in inventories	18	902.636	-
Change in prepayments and other current assets	20	(280.991)	1.718.119
Change in trade and other payables	26	836.354	(267.057)
Change in VAT and other taxes receivable	20	(492.149)	(6.059)
Change in other taxes payables	28	131.873	338.734
Increase in long term receivables		-	(127.118)
Change in deposits from tenants	27	165.925	(112.731)
Cash generated from operations		**1.904.781**	**2.209.663**
Income tax paid		(73.397)	(198.353)
Net cash flows provided/(used) in operating activities		**1.831.384**	**2.011.310**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on investment property	14	-	(110.539)
Prepayment made for acquisition of investment property	14	-	(1.786.934)
Acquisition of investment in associates	16	-	(4.059.839)
Sales proceeds on the sale of Investment Property and Inventory		1.627.761	-
Interest received		363.136	13.199
Net cash flows from / (used in) investing activities		**1.990.897**	**(5.944.113)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital/shareholders advances	22	-	8.001.212
Net (repayment) of borrowings	25	(2.653.108)	(313.676)
Interest and financial charges paid		(1.357.034)	(1.338.553)
Decrease in financial lease liabilities	29	162.896	(126.739)
Repayment of preference shares	22	-	(349.325)
Net cash flows from / (used in) financing activities		**(3.847.246)**	**5.872.919**
Net increase/(decrease) in cash at banks		**(41.029)**	**1.905.986**
Cash:			
At beginning of the period		895.422	891.938
Effect of foreign exchange rates on cash and cash equivalents		(16.064)	(34.130)
At end of the period	21	**870.457**	**2.832.054**

The notes on pages 29 to 66 form an integral part of these consolidated financial statements.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2016

1. General Information

Country of incorporation

SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC (the "Company") was incorporated in Cyprus on 23 June 2005 and is a public limited liability company, listed on the London Stock Exchange (AIM): ISIN CY0102102213. Its registered office is at Kyriakou Matsi 16, Eagle House, 10th floor, Agioi Omologites, 1082 Nicosia, Cyprus while its principal place of business in Cyprus is 11 Bouboulinas Street.

Principal activities

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

The Group maintains offices in Nicosia, Cyprus, in Kyiv, 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 27 Full Time Equivalent, (2015 → 27 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 2016 are consistent with those followed for the preparation of the annual financial statements for the year ended 31 December 2015.

3. Significant accounting policies

3.1 Statement of compliance

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

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

3.2 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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

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

The 31 December 2015 statement of financial position was derived from the audited consolidated financial statements.

3.3 Basis of consolidation

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

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

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

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

3. Significant accounting policies (continued)

3.3 Basis of consolidation (continued)

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

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

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

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

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

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

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

3.4 Functional and presentation currency

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

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

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

- All assets and liabilities are translated at closing rate;
- Equity of the Group has been translated using the historical rates;
- Income and expense items are translated using exchange rates at the dates of the transactions, or where this is not practicable the average rate has been used;
- All resulting exchange differences are recognized as a separate component of equity;
- When a foreign operation is disposed of through sale, liquidation, repayment of share capital or abandonment of all, or part of that entity, the exchange differences deferred in equity are reclassified to the condensed consolidated interim statement of comprehensive income as part of the gain or loss on sale;
- Monetary items receivable from foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future and in substance are part of the Group's net investment in those foreign operations are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the foreign operation.

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

	Average for the period			Closing as at		
Currency	**1 Jan 2016 - 30 June 2016**	**1 Jan 2015 - 31 December 2015**	**1 Jan 2015 - 30 June 2015**	**30 June 2016**	**31 December 2015**	**30 June 2015**
USD	1,1159	1,1095	1,1158	1,1102	1,0887	1,1189
UAH	28,4201	24,2054	23,8303	27,5635	26,2231	23,5414
RON	4,5218	4,4450	4,4479	4,5210	4,5245	4,4725
BGN	1,9558	1,9558	1,9558	1,9558	1,9558	1,9558

3. Significant accounting policies (continued)

3.5 Investment Property at fair value

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

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

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

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

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

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

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

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

Initial measurement and recognition

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

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

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

Subsequent measurement

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

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

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

Basis of valuation

The fair values reflect market conditions at the financial position date. These valuations are prepared annually by chartered surveyors (hereafter "appraisers"). The Group appointed valuers in 2014 which remain the same in 2015:

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

3. Significant accounting policies (continued)

3.5 Investment Property at fair value (continued)

The valuations have been carried out by the appraisers on the basis of Market Value in accordance with the appropriate sections of the current Practice Statements contained within the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards (2014) (the "Red Book") and is also compliant with the International Valuation Standards (IVS).

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

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

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

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

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

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

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

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

Valuation Approach

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

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

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

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

3. Significant accounting policies (continued)

3.5 Investment Property at fair value (continued)

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

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

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

3.6 Investment Property under development

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

3.7 Goodwill

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

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

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

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

3.8 Property, Plant and equipment and intangible assets

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

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

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

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

No depreciation is charged on land.

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

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

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

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

3. Significant accounting policies (continued)

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

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

3.9 Available for sale financial assets

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

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

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

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

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

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

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

3.10 Inventory

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

3.11 Borrowings

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

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the 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 amortized over the period of the facility to which it relates.

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

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

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

3. Significant accounting policies (continued)

3.12 Tenant security deposits

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

3.13 Financial liabilities and equity instruments

3.13.1 Classification as debt or equity

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

3.13.2 Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.
Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

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

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

3.13.3 Financial liabilities

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

3.13.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.
A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

it is a derivative that is not designated and effective as a hedging instrument.

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

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

3.13.3.2 Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.
The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.
Preference shares, which may be redeemable on a specific date, are classified as liabilities. The dividends, if any, on these preference shares are recognized in the income statement as interest expense.
3.13.3.3 De-recognition of financial liabilities

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

3.14 Offsetting financial instruments

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

3. Significant accounting policies (continued)

3.15 Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

3.16 Cash and Cash equivalents

Cash and cash equivalents include cash balances, call deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdraft that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.17 Share Capital

Ordinary shares are classified as equity.

3.18 Share premium

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

3.19 Share-based compensation

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

3.20 Provisions

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

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

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

3. Significant accounting policies (continued)

3.21 Leased assets

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

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

Lease payments are analyzed between capital and interest components so that the interest element of the payment is charged to the statement of comprehensive income over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amount payable to the lessor.

3.22 Non-current liabilities

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

3.23 Revenue recognition

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

3.23.1 Income from investing activities

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

3.23.2 Dividend income

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

3.23.3 Interest income

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

3.23.4 Rental income

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

3.24 Service charges and expenses recoverable from tenants

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

3.25 Other property expenses

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

3.26 Borrowing costs

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

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

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

3.27 Asset Acquisition Related Transaction Expenses

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

3. Significant accounting policies (continued)

3.28 Taxation

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

3.28.1 Current tax

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

3.28.2 Deferred tax

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

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

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

3.28.3 Current and deferred tax for the year

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

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

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

3.28.4 Withholding Tax

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

3.28.5 Dividend distribution

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

3.29 Value added tax

VAT levied at various jurisdictions 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.
- 24% on Romanian domestic sales and imports of goods, works and services (reduced to 20% in 2016) and 0% on export of goods and provision of works or services to be used outside Romania.
- 20% on Bulgarian domestic sales and imports of goods, works and services and 0% on export of goods and provision of services to taxable persons outside Bulgaria.
- 24% on Greek domestic sales and imports of goods, works and services (increase to 24% from 1 June 2016) and 0% on export of goods and provision of works or services to be used outside Romania.

3.30 Operating segments analysis

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

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

3. Significant accounting policies (continued)

3.30 Operating segments analysis (continued)

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 were its property is located.

3.31 Earnings and Net Assets value per share

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

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

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

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

3.32 Comparative Period

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

4. Critical accounting estimates and judgments

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

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

- **Provision for impairment of receivables**

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

- **Fair value of investment property**

The fair value of investment property is determined by using various valuation techniques. The Group selects accredited professional valuers with local presence to perform such valuations. Such valuers use their judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each financial reporting date. The fair value has been estimated as at 31 December 2015 (Note 14).

- **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).

4. Critical accounting estimates and judgments (continued)

- **Provision for deferred taxes**

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

- **Application of IFRS 10**

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

a) is not an Investment Management Service provider to Investors,
b) actively manages its own portfolio (leasing, development, allocation of capital expenditure for its properties, marketing etc) in order to provide benefits other than capital appreciation and/or investment income,
c) has investments that are not bound by time in relation to the exit strategy nor to the way that are being exploited,
d) provides asset management services to its subsidiaries as well as loans and guarantees (directly or indirectly),
e) even though is using Fair Value metrics in evaluating its investments, this is being done primarily for presentation purposes rather 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 holding and development associated risks, market price risk, interest rate risk, credit risk, liquidity risk, currency risk, other market price risk, operational risk, compliance risk, litigation risk, reputation risk, capital risk management and other risks arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below.

5.1.1 Operating Country Risks

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

5.1.1.1 Ukraine

During 2015, the Ukrainian economy was going through a recession, the annual inflation rate reached 43,0%. Unfavorable conditions on markets where Ukraine's primary commodities where traded had negative impact on devaluation of the Ukrainian Hryvnia against major foreign currencies. During the period ended 30 June 2016 Ukrainian hryvnia further devaluated at 3,6% against USD in comparison to the end of 2015. Nevertheless the economy showed first signs of stabilization during reporting period with inflation rate slowing down to an annualized rate of 7% for the six month ended 30 June 2016 and industrial production increasing in February for the first time since 2012.

The National Bank of Ukraine (the "NBU") maintained its range of measures aimed at limiting the outflow of foreign currency from the country, inter alia, a mandatory sale of foreign currency earnings, and certain restrictions on purchases of foreign currencies on the interbank market and on usage of foreign currencies for settlement purposes, limitations on remittances abroad.

In 2015, the Government of Ukraine agreed with the IMF a four-year program for USD 17,500 million loan aimed at supporting the economic stabilization of Ukraine. The program defines economic reforms that must be undertaken by the Government of Ukraine to reinstate a sustainable economic growth in the midterm perspective. During the reporting period cooperation with IMF effectively was put on hold since laws required by the program could not be passed in the Parliament due to break up of ruling coalition. IMF showed its readiness to continue the program with the appointment of new government and a new financial support payment is expected to be received by Ukraine in Q4 2016.

During the period ended 30 June 2016, an armed conflict with separatists continuing in certain parts of Luhansk and Donetsk regions. Political and economic relationships between Ukraine and the Russian Federation further deteriorated. On 1 January 2016, a free-trade element of Ukraine's association agreement with the European Union is coming into force. In late 2015, the Russian Federation denounced the free trade zone agreement with Ukraine and further trade and transit restrictions were announced by both countries. This led to a significant reduction in trade and economic cooperation between countries and undermined the ability to export goods from Ukraine to Central Asia countries.

Stabilization of the economic and political situation depends, to a large extent, upon the ability of the Ukrainian Government to continue reforms and the efforts of the NBU to further stabilize the banking sector, as well as upon the ability of the Ukrainian economy in general to respond adequately to changing markets.

5.1.1.2 Greece

During the period the Greek government continued discussions and finally agreed on May 24th, 2016 with the creditor institutions (EU/ECB/IMF/ESM) on the terms of the 3rd financial rescue package. Such financial agreement covers the next 3 years and has many milestones, on which future debt funding depends. However the main risks are around the implementation of the rescue program and the reforms included therein. The implementation of the program and its effects on the economy are beyond the Group's control.

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

5. Risk Management (continued)

5.1 Financial risk factors (continued)

5.1.1 Operating Country Risks (continued)

5.1.1.2 Greece (continued)

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

5.1.2 Risks associated with property holding

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

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

5.1.3 Property Market price risk

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

Valuations reported as at 31 December 2015 take into account the continuation of political instability in Ukraine. Given the nature of the Group's assets the most immediate effect would be the prolongation of the period needed to market and effectively sell an asset under such duress conditions.

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

5.1.4 Interest rate risk

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

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

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

5.1.5 Credit risk

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

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

5. Risk Management (continued)

5.1 Financial risk factors (continued)

5.1.6 Currency risk

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

Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Excluding the transactions in Ukraine all of the Group's transactions, including the rental proceeds are denominated or pegged to €. 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.

Apart from liquidity maintained in local currency for operating reasons the Group's liquid assets are held in EUR denominated deposit accounts. Management is monitoring the situation 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 35.1 of the condensed consolidated interim financial statements.

5.1.8 Compliance risk

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

5.1.9 Litigation risk

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

5.1.10 Insolvency risk

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

5.2. Operational risk

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

5.3. Fair value estimation

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the end of the reporting period. Valuations reported as at 31 December 2015 take into account past political developments in Ukraine which 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.

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 Jun 2016**	**as at 31 Dec 2015**	**as at 30 Jun 2015**
SC SECURE Capital Ltd	Cyprus		100	100	100
SL SECURE Logistics Ltd	Cyprus	Brovary Logistics Park	100	100	100
LLC Aisi Brovary	Ukraine		100	100	100
LLC Terminal Brovary	Ukraine		100	100	100
LLC Aisi Ukraine	Ukraine	Kiyanovskiy Residence	100	100	100
LLC Retail Development Balabino	Ukraine		100	100	100
LLC Trade Center	Ukraine		100	100	100
LLC Almaz-press-Ukrayina	Ukraine	Tsymlianskiy Residence	55	55	55
LLC Aisi Bela	Ukraine	Bela Logistic Park	100	100	100
LLC Interterminal	Ukraine	Zaporizhia Retail Center	100	100	100
LLC Aisi Ilvo	Ukraine		100	100	100
Myrnes Innovations Park Ltd	Cyprus	Innovations Logistics Park	100	100	100
Best Day Real Estate SRL	Romania		100	100	100
Yamano Holdings Ltd	Cyprus	EOS Business Park	100	100	100
Secure Property Development and Investment Srl	Romania		100	100	100
N-E Real Estate Park First Phase Srl	Romania		100	100	100
Victini Holdings Ltd	Cyprus	GED Logistics	100	100	100
SPDI Logistics S.A.	Greece		100	100	100
Zirimon Properties Ltd	Cyprus	Delea Nuova	100	100	100
Bluehouse Accession Project IX Ltd	Cyprus	Praktiker Craiova	100	100	-
Bluehouse Accession Project IV Ltd	Cyprus		100	100	-
Bluebigbox 3 Srl	Romania		100	100	-
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	45
Frizomo Holdings Ltd	Cyprus		100	100	100
SecMon Real Estate SRL	Romania		100	100	100
SecVista Real Estate SRL	Romania		100	100	100
SecRom Real Estate SRL	Romania		100	100	100
Ketiza Real Estate SRL	Romania		90	90	45
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	44,24
Jenby Investments Srl	Romania		44,30	44,30	44,24
Ebenem Ltd	Cyprus		44,30	44,30	44,24
Ebenem Investments Srl	Romania		44,30	44,30	44,24
Sertland Properties Ltd	Cyprus		100	100	100
Boyana Residence ood	Bulgaria		100	100	100
Mofben Investments Ltd	Cyprus		100	100	100
Delia Lebada Invest srl	Romania		65	65	65

During 2015 the Company completed a number of acquisitions: GED Warehouse, Praktiker Craiova and a part of the mixed portfolio including commercial, residential properties and land were categorized under "Investment Property" (Notes 14 & 15). Another part of the mixed portfolio (Delea Nuova office Building , Green Lake land has been categorized under "Associates" (Note 16). The 20% acquisition of Autounion has been recorded under "Available for Sale Financial Assets" (Note 19).

7. Operating Income

Operating income in the net amount of €1.914.602 for the period ended 30 June 2016 consists of:

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 Terminal Brovary (Ukraine), Innovations Logistics Park (Romania), EOS Business Park (Romania), Praktiker Craiova (Romania), and GED Logistics (Greece),
b) income from the sale of electricity by GED Logistics to the Greek Grid Administrator,
c) rental income and service charges charged to tenants of the Residential Portfolio, and
d) income from the sale of several apartments and parking spaces minus the deduction of Cost of assets sold, representing the fair value as valued at 31/12/2015. The net income from sale of assets incudes both sales from Investment Property assets and assets classified as Inventory.

€	30 Jun 2016	30 Jun 2015
Rental income	2.345.038	2.319.351
Sale of electricity	164.607	135.140
Service charges and utilities income	152.911	279.901
Total income from rental contracts	**2.662.556**	**2.734.392**
Income from sale of assets	2.238.541	671.368
Cost of assets sold	(2.986.495)	(469.850)
Net Income from sale of assets	**(747.954)**	**201.518**
Total Operating income	**1.914.602**	**2.935.910**

As announced on 9th of June 2016 the Company signed an agreement for the sale of the Terminal Brovary property involving the entities SL SECURE Logistics Limited, Aisi Brovary LLC, Terminal Brovary LLC. The Share Purchase Agreement is currently being negotiated and closing is subject to the EBRD and the Ukrainian Antimonopoly Committee approval. In case the transaction is effected, the table below presents the Group's Operating income excluding income from Terminal Brovary.

€	30 Jun 2016	30 Jun 2015
Rental income	1.826.083	1.177.612
Sale of electricity	164.607	229.788
Service charges and utilities income	99.693	135.139
Total income from rental contracts	**2.090.383**	**1.542.539**
Income from sale of assets	2.238.541	671.368
Cost of assets sold	(2.986.495)	(469.850)
Net Income from sale of assets	**(747.954)**	**201.518**
Total Operating income	**1.342.429**	**1.744.057**

Occupancy rates in the various income producing assets of the Group as at 30 June 2016 were as follows:

Income producing assets			
%		**30 Jun 2016**	**30 Jun 2015**
EOS Business Park	Romania	100%	100%
Innovations Logistics Park (Note 36.2)	Romania	87%	87%
GED Logistics	Greece	100%	100%
Terminal Brovary	Ukraine	100%	72%
Praktiker Craiova	Romania	100%	-

Valuation gains /(losses) from investment property for the six month reporting period, excluding foreign exchange translation differences which are incorporated in the table of Note 14, are presented in the table below.

Property Name (€)	**Valuation gains/(losses)**	
	30 Jun 2016	**30 Jun 2015**
Brovary Logistic Park	349.332	4.711.511
Bela Logistic Center	145.991	1.371.425
Kiyanovskiy Lane	91.243	1.083.869
Tsymlyanskiy Lane	28.677	309.677
Balabino Lane	44.318	575.114
Rozny Lane	(23.125)	-
Innovations Logistics Park	-	-
EOS Business Park	-	-
Residential Portfolio	-	-
Green Lake	-	(3.313.791)
Pantelimon Lake	-	-
Praktiker Craiova	-	-
GED Logistics	-	-
Total	**636.436**	**4.737.805**

8. Administration Expenses

€	30 Jun 2016	30 Jun 2015
Salaries and Wages	(480.484)	(573.350)
Legal fees	(44.123)	(201.548)
Advisory fees	(169.548)	(243.398)
Corporate registration and maintenance fees	(89.765)	(63.082)
Travelling and other office expenses	(78.148)	(66.524)
Directors' remuneration	-	(119.628)
Audit and accounting fees	(74.758)	(62.159)
Public group expenses	(67.166)	(71.970)
Depreciation/Amortization charge	(24.162)	(6.979)
Sundry expenses	(150.019)	(65.926)
Total Administration Expenses	**(1.178.173)**	**(1.474.564)**

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

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

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

Directors' remuneration represents the remuneration of all non-executive Directors and committee members (Note 32.1). For 2016, a decision was taken that the BOD receives no remuneration.

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

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

Depreciation/Amortization expense is mainly related to amortization of software (ERP - Navision) .

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

9. Investment property operating expenses

The Group incurs expenses related to the proper operation and maintenance of all the income generating properties in Kiev, Bucharest, Athens, Sofia and Craiova. A part of these expenses is recovered from the tenants through the rental agreements (Note 7).

€	30 Jun 2016	30 Jun 2015
Property management fees	(72.376)	(82.864)
Property related taxes	(121.707)	(124.561)
Expenses for utilities	(97.170)	(153.451)
Property security	(21.194)	(10.522)
Technical maintenance and other operating expenses	(26.581)	(36.471)
Leasing expenses	(25.188)	(34.684)
Property insurance	(25.965)	(4.276)
Total	**(390.181)**	**(446.829)**

Property management fees relate to property management agreements with third party managers for Innovation Logistics Park, and Praktiker Craiova .

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

Leasing expenses reflect expenses related to long term land leasing.

10. Other operating income/(expenses), net

€	30 Jun 2016	30 Jun 2015
Income from enforcement guarantees	-	122.867
Other income	**-**	**122.867**
Impairment	(772)	
Penalties	(8.814)	(1.559)
Other expenses	(8.240)	(79.038)
Other expenses	**(17.826)**	**(80.597)**
Total	**(17.826)**	**42.270**

11. Finance costs and income

€	30 Jun 2016	30 Jun 2015
Finance income		
Interest from non-bank loans	38.041	12.996
Bank Loan written off	324.695	-
Bank interest income	400	203
Total finance income	**363.136**	**13.199**

Finance costs		
Borrowing interest expenses (Note 25)	(1.320.634)	(1.104.169)
Finance leasing interest expenses (Note 29)	(269.398)	(297.040)
Finance charges and commissions	(72.070)	(221.188)
Other finance expenses	(97.048)	-
Total finance costs	**(1.759.150)**	**(1.622.397)**
Net finance result	**(1.396.014)**	**(1.609.198)**

Interest from non-bank loans represents interest payable for shareholder's loans granted to entities owning properties in which the Company has partnerships.

Bank Loan written off represents a debt amount written off following complete sale of the of Linda Residence properties (Note 25).

Borrowing interest expense represents interest expense charged on bank and non-bank borrowings.

Finance leasing interest expenses relate to the sale and lease back agreements of the Group.

Finance charges and commissions include regular banking commissions, and various fees paid to the banks, including a fee paid to EBRD for the restructuring of the Terminal Brovary loan in 2015 amounting to €99.154.

Other finance expenses mainly represents the penalties that Piraeus Leasing bank charged to Best Day SRL for overdue installments during the period where the Company and Nestle were trying to get Piraeus Leasing agreement for the departure of Nestle from the Terminal. The Company claims that any and all delays were the fault of Piraeus Bank.

12. Foreign exchange profit / (losses)

a. Foreign exchange loss – non realised

Foreign exchange losses (non-realised) resulted from the loans and/or payables/receivables denominated in non EUR currencies when translated in EUR, mainly the EBRD loan (Note 25). The exchange income from continuing operations for the period ended 30 June 2016 amounted to €98.818 loss (30 June 2015: loss €4.976.537).

b. Exchange difference on intercompany loans to foreign holdings

The intercompany loans provided by SC Secure Capital Limited to Ukrainian subsidiaries (Note 32.3) incurred an exchange loss (non-realised) of €1.485.262, due to the UAH devaluation which took place during the reporting period (period ended 30 June 2015: loss €7.323.715).

13. Income Tax Expense

€	30 Jun 2016	30 Jun 2015
Current income and defense tax expense	(45.507)	(2.893)
Taxes	**(45.507)**	**(2.893)**

For period ended 30 June 2016, the corporate income tax rate for the Company's subsidiaries are as follows: in Ukraine 19%, in Romania 16%, in Greece 29% and in Bulgaria 10%. The corporate tax that is applied to the qualifying income of the Company and its Cypriot subsidiaries is 12,5%.

14. Investment Property

14.1 Investment Property Holdings

Investment Property consists of the following assets:

Income Producing Assets

- **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 87% leased at the end of the reporting period.
- **EOS Business Park** is a 3.386 sqm gross leasable area Class A office Building in Bucharest, which is currently fully let to Danone Romania. EOS Business Park was acquired by the Group in October 2014.

14 Investment Property (continued)

14.1 Investment Property Holdings (continued)

- **GED Logistics** is a 17.756 gross leasable sqm logistics park and has a net operating income ("NOI") of approximately €1,5 million per annum. It is fully let to the German multinational transportation and logistics company, Kuehne + Nagel (70%) and to a Greek commercial company trading electrical appliances GE Dimitriou SA (30%). The NOI also includes income from selling electric energy produced by the 1MW photovoltaic park installed on the roof of the property to the Greek Electric Grid.
- **Praktiker Craiova**, a 9,385 sqm Gross Leasable Area DIY retail property, acquired by the Group in July 2015. Situated in a prime location in Craiova, Romania it is wholly let to Praktiker, a regional DIY retailer. Early in 2016 the tenant offered to extend the lease agreement for an additional 5,5 years until 2025, for an annual rent of ~€600k. Such offer has been accepted.
- **Terminal Brovary Logistic Park** is a 49.180 sqm gross leasable area logistics park, situated on the junction of the main Kyiv – Moscow highway and the Borispil road. The facility is in operation since Q1 2010 and as at the end of the reporting period its warehouse space is ~100% leased (~90% occupancy). The property is currently under negotiation for sale (Note 7).

Residential Assets

- The Company owns a **residential portfolio,** consisting at the end of the reporting period of partly let and income producing 75 apartments and villas across five separate complexes (Residential portfolio: Romfelt, Linda, Monaco, Blooming House, Green Lake Residential: Green Lake Parcel K) located in different residential areas of Bucharest and Sofia. The Group acquired the portfolio properties partly in August 2014 and partly May 2015. Since that time the Company has been gradually disposing the properties. The aggregate residential portfolio is ~43% let at the end of the reporting period.

Land Assets

- **Bela Logistic Center** is a 22,4 Ha plot in Odessa situated on the main highway to Kyiv. 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 following adverse macro-economic developments at the time.
- **Kiyanivsky Lane** consists of four adjacent plots of land, totaling 0,55 Ha earmarked for a residential development, overlooking the scenic Dnipro River, St. Michael's Spires and historic Podil neighborhood.
- **Tsymlianskiy Lane,** is a 0,36 Ha plot of land located in the historic Podil District of Kyiv and is designated for the development of a residential complex.
- **Rozny Lane** is a 42 Ha land plot located in Kiev Oblast, designated for the development of a residential complex. It has been registered under the Group pursuant to a legal decision in July 2015. (Note 14.4c).
- **Balabino property** is a 26,38 Ha plot of land situated on the south entrance of Zaporizhia, a city in the south of Ukraine with a population of 800.000 people. Balabino is zoned for retail and entertainment development.
- **Green Lake land** is a 40.360 sqm plot and is adjacent to the Green Lake part of the Company's residential portfolio (classified under Associates). It is situated in the northern part of Bucharest on the bank of Grivita Lake in Bucharest. SPDI owns 44,24% of these plots and has effective management control.
- **Pantelimon Lake** consists of a ~40.000 sq m plot of land in east Bucharest situated on the shore of Pantelimon Lake, opposite to a famous Romanian hotel, the Lebada Hotel. The construction permit, which allows for ~54.000 sqm residential space to be built, was renewed in April 2014.

14.2 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.

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

a. The translation loss due to the devaluation of local currencies of €482.891 (a) is presented as part of the exchange difference on translation of foreign operations in other comprehensive income of the Profit and Loss Account and then carried forward in the Foreign currency translation reserve; and,
b. The fair value gain in terms of the local functional currencies amounting to €287.104 (b), is presented as Valuation gains/(losses) from investment properties under the Profit and Loss Account and is carried forward in Accumulated losses.

14 Investment Property (continued)

14.2 Investment Property Movement during the reporting period (continued)

30 June 2016 (€)			Fair Value movements			Asset Value at the Beginning of the period or at Acquisition/Transfer date		
Asset Name	Type	Carrying amount 30/06/2016	Foreign exchange translation difference (a)	Fair value gain/(loss) based on local currency valuations (b)	Disposals	Transfer from prepayments made for investments	Additions 2015	Carrying amount as at 31/12/2015
Terminal Brovary Logistic Park	Warehouse	12.069.897	(543.759)	349.332	-	-	-	12.264.324
Bela Logistic Center	Land	5.044.136	(227.244)	145.991	-	-	-	5.125.389
Kiyanivskiy Lane	Land	3.152.586	(142.025)	91.243	-	-	-	3.203.368
Tsymlyanskiy Lane	Land	990.812	(44.637)	28.677	-	-	-	1.006.772
Balabino	Land	1.531.256	(68.984)	44.318	-	-	-	1.555.922
Rozny Lane	Land	1.170.960	-	(23.125)				1.194.085
Total Ukraine		**23.959.647**	**(1.026.649)**	**636.436**	**-**	**-**	**-**	**24.349.860**
Overall change in Ukraine			**(390.213)**		-	-	**-**	
Innovations Logistics Park	Warehouse	14.400.000	-	-	-	-	-	14.400.000
EOS Business Park	Office	6.550.000	-	-	-	-	-	6.550.000
Residential portfolio	Residential	4.638.141	-	-	(2.083.859)	-	-	6.722.000
Green Lake	Land	17.932.000	-	-	-	-	-	17.932.000
Pantelimon Lake	Land	5.812.000	-	-	-	-	-	5.812.000
Praktiker Craiova	Retail	7.200.000	-	-	-	-	-	7.200.000
Total Romania		**56.532.141**	**-**	**-**	**(2.083.859)**	**-**	**-**	**58.616.000**
GED Logistics	Warehouse	16.500.000	-	-	-	-	-	16.500.000
Total Greece		**16.500.000**	**-**	**-**	**-**	**-**	**-**	**16.500.000**
Total		**96.991.788**	**(1.026.649)**	**636.436**	**(2.083.859)**	**-**	**-**	**99.465.860**

14.3 Investment Property Valuations per asset

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

Asset Name	Description/ Location	Principal Operation	Related Companies	Carrying amount as at (€)	
				30 Jun 2016	**31 Dec 2015**
Terminal Brovary Logistics Park	Brovary, Kiev oblast	Warehouse	LLC TERMINAL BROVARY LLC AISI BROVARY SL LOGISTICS LIMITED	12.069.897	12.264.324
Bela Logistic Center	Odesa	Land and Development Works for Warehouse	LLC AISI BELA	5.044.136	5.125.389
Kiyanivskiy Lane	Podil, Kiev City Center	Land for residential development	LLC AISI UKRAINE	3.152.586	3.203.368
Tsymlianskiy Lane	Podil, Kiev City Center	Land for residential development	LLC ALMAZ PRES UKRAINE	990.812	1.006.772
Balabino	Zaporizhia	Land for retail development	LLC INTERTERMINAL LLC AISI Ilvo,	1.531.256	1.555.922
Rozhny Lane	Brovary district, Kyiv oblast	Land for residential Development	SC Secure Capital	1.170.960	1.194.085
Total Ukraine				**23.959.647**	**24.349.860**

14 Investment Property (continued)

14.3 Investment Property Valuations per asset (continued)

Asset Name	Description/ Location	Principal Operation	Related Companies	Carrying amount as at (€)	
				30 Jun 2016	31 Dec 2015
Innovations Logistic Park	Clinceni, Bucharest	Warehouse	MYRNES INNOVATIONS PARK LIMITED BEST DAY REAL ESTATE SRL	14.400.000	14.400.000
EOS Business Park	Bucharest	Office building	YAMANO LIMITED SPDI SRL, N-E Real Estate Park First Phase Srl	6.550.000	6.550.000
Residential Portfolio	Bucharest	Residential apartments (90 in total in 4 complexes)	Secure Investment II Demetiva Limited Diforio Limited Frizomo Limited Ketiza Limited SecRom Srl SecVista Srl SecMon Srl Ketiza Srl	4.638.141	6.722.000
Green Lake	Bucharest	Residential apartments (14 in total) & land for residential development	Secure Investment I Edetrio Holdings Limited Emakei Holdings Limited Iuliu Maniu Limited Ram Real Estate Management Limited Moselin Investments srl Rimasol Limited Rimasol Real Estate Srl Ashor Ventures Limited Ashor Develpoment Srl Jenby Ventures Limited Jenby Investments Srl Ebenem Limited Ebenem Investments Srl	17.932.000	17.932.000
Pantelimon Lake	Bucharest	Land for residential development	Secure Investment I Mofben Investments Limited Delia Lebada Invest srl	5.812.000	5.812.000
Praktiker Craiova	Craiova	Big Box retail	Bluehouse Accession Project IX Bluehouse Accession Project IV BlueBigBox 3 srl	7.200.000	7.200.000
Total Romania				**56.532.141**	**58.616.000**
GED Logistics	Athens	Warehouse	Victini Holdings Limited. SPDI Logistics S.A.	16.500.000	16.500.000
Total Greece				**16.500.000**	**16.500.000**
TOTAL				**96.991.788**	**99.465.860**

14.4 Investment Property analysis

a. Investment Properties

The following assets are presented under Investment Property: Innovations, EOS Business Park, GED Logistics Park, Craiova Praktiker, the Residential Portfolio (consisting of apartments in 4 complexes and Green Lake) as well as all the land assets namely Kiyanovskiy Lane, Tsymlyanskiy Lane, Balabino and Rozny in Ukraine, Pantelimon Lake and Green Lake in Romania.

€	30 Jun 2016	31 Dec 2015
As at the beginning of the reporting period	**94.340.471**	**53.533.187**
Capital expenditure on investment property	-	-
Acquisitions of investment property	-	51.089.000
Disposal of investment Property	(2.083.859)	(1.902.500)
Transfer from prepayments made		1.518.480
Revaluation gain/(loss) on investment property	490.445	(3.308.246)
Translation difference	(799.405)	(6.589.450)
As at the end of the reporting period	**91.947.652**	**94.340.471**

14 Investment Property (continued)

14.4 Investment Property analysis (continued)

b. Investment Properties Under Development

As at 30 June 2016 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 Jun 2016	31 Dec 2015
As at the beginning of the reporting period	**5.125.389**	**5.083.216**
Revaluation on investment property	145.991	1.513.658
Foreign translation difference	(227.244)	(1.471.485)
As at the end of the reporting period	**5.044.136**	**5.125.389**

c. Prepayments made for Investments

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

€	30 Jun 2016	31 Dec 2015
As at the beginning of the reporting period	**100.000**	**2.674.219**
Advances for acquisition transferred to Investment in subsidiary	-	(624.841)
Translation difference	-	9.761
Transfer to Investment Property	-	(1.518.480)
Advances for investments from acquisition of subsidiaries	-	100.000
Impairment provision	-	(540.659)
As at the end of the reporting period	**100.000**	**100.000**

For 2015, advances for acquisition transferred to Investment in subsidiary reflects a down payment provided for the acquisition of GED logistics park in 2014 that has been closed upon transaction finalization in 2015.

Transfer to Investment Property relates to Kiev Oblast-Rozny Property. The Group made an advance payment of ~US$12mil for the acquisition of a property in Podil (Kyiv) in 2007. As of the end of the reporting period Management continues its effort to collect the original US $12mil as the seller defaulted but at the same time succeeded in enforcing the collateral (a 42ha land plot Kiev Oblast named Rozny-) after a protracted legal battle. Such asset was transferred to Investment Property at €1.518.480 when the Group took ownership (July 2015) while the amount of €540.659 represents the impairment at the date of transfer. The Group keeps pursuing legally the difference from the advance payment.

15. Investment Property Acquisitions

The fair value of identifiable assets and liabilities of acquired entities owning directly or indirectly properties during **2015** as of the date of their acquisition was as follows:

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

16. Investments in associates

In May 2015 by acquiring the mixed use Sec South portfolio (Note 15) the Group acquired participation in certain properties classified under Investments in Associates. The associates acquired are as follows:

a) Green Lake Development srl, is a residential compound company which consists as at end of the reporting period of 35 apartments plus 23 villas as well as 4 commercial use designated buildings (Phase A of Green Lake). The compound is situated on the banks of Grivita Lake, in the northern part of the Romanian capital. The compound includes also facilities such as private kindergarten, nautical club, outdoor sport courts, and restaurants. The Company has a 40,35% participation in this asset. The property as of the end of the reporting period was 45% let.

b) The Company acquired a 24,35% participation in the Delea Nuova office building property in Bucharest. The property is a 10.280 sqm office building, which consists of two underground levels, a ground floor and ten above-ground floors. As of the end of the reporting period, the building was 100% let, with ANCOM (the Romanian Telecommunications Regulator) being the anchor tenant (70% of GLA).The table below summarizes the movements in the carrying amount of the Group's investment in associates.

€	30 Jun 2016	31 Dec 2015
Cost of investment in associates at the beginning of the period	4.887.944	6.132.516
Share of profits /(losses) from associates	123.119	(1.244.572)
Total	**5.011.063**	**4.887.944**

Share of profits/(losses) from associates reflects the post acquisition after tax profits of each associate derived from rental income, change in the fair value of properties, minus operational and financial expenses for the period ended 30 June 2016.

As at 30 June 2016, the Group's interests in its associates and their summarised financial information, including total assets at fair value, total liabilities, revenues and profit or loss, were as follows:

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.	24.460.529	(3.795.823)	436.187	24,35%	106.229	Romania	Land
Green Lake – Phase A	Green Lake Development Srl	17.072.722	(15.514.237)	41.858	40,35%	16.890	Romania	Land
Total		**41.533.251**	**(19.310.060)**	**478.045**		**123.119**		

17. Tangible and intangible assets

As at 30 June 2016 the intangible assets were composed of the capitalized expenditure on the Enterprise Resource Planning system (Microsoft Dynamics-Navision) in the amount of €90.647. Amortization amounting to €15.106 was recognized during period as the system was already in use.

As at 30 June 2016 and 31 December 2015 the tangible non-current assets mainly consisted of the machinery and equipment used for the servicing the Group's investment properties in Ukraine and Romania.

18. Inventories

€	30 Jun 2016	31 Dec 2015
At 1 January	11.300.000	-
Sale of Inventory	(902.636)	-
Acquisition of subsidiaries	-	11.300.000
At 30 June/31 December	**10.397.364**	**11.300.000**

In May 2015 by acquiring the mixed use Sec South portfolio (Note 15) the Group also acquired also 100% of a residential portfolio in Boyana, Sofia, Bulgaria which is classified as Inventory.

19. Available for sale financial assets

In April 2015 the Group completed the acquisition of a 20% interest in a fully let and income generating office building in Sofia, Autounion, for a cash consideration of €4.059.839 including the assignment of a loan amounting to €1.859.278 including accumulated interest up to the acquisition date (Note 20). The holding is classified as "Available for Sale Financial Assets" in conformity with IAS 39.

€	30 Jun 2016	31 Dec 2015
At 1 January	**2.783.535**	**-**
Acquisition cost of the investment	-	2.298.006
Fair Value gain	154.362	485.529
At 30 June/31 December	**2.937.897**	**2.783.535**

Autounion is a Class A BREEAM certified office building, located close to Sofia Airport. The building has a Gross Lettable Area of 19.476 square sqm over ten floors, includes underground parking and is fully let to one of the largest Bulgarian insurance companies on a long lease extending to 2027.

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

20. Prepayments and other current assets

€	30 Jun 2016	31 Dec 2015
Prepayments and other receivables	2.059.715	792.565
Loan to Available for Sale Financial Assets (Note 19)	1.939.246	1.905.933
Loan to associates (Note 16, Note 32.4)	261.248	254.718
VAT and other tax receivable	736.908	938.464
Deferred expenses	599.245	921.427
Receivables due from related parties	-	3.384
Allowance for impairment of prepayments and other current assets	(32.456)	(21.268)
Total	**5.563.906**	**4.795.223**

Prepayments and other receivables include receivables from tenants, as well as short term financial support to subsidiaries.

Loan to Available for Sale Financial Assets reflects a loan receivable from Bluehouse V, holding company of Autounion building.

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

VAT and other tax receivable is mainly VAT receivables. In 2015 the largest part was the VAT receivable of Terminal Brovary VAT receivable, to be offset from VAT charged over rental income during the next years.

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

21. Cash and cash equivalents

Cash and cash equivalents represent liquidity held at banks.

€	30 Jun 2016	31 Dec 2015
Cash with banks in USD	22.671	25.205
Cash with banks in EUR	326.013	214.177
Cash with banks in UAH	108.548	40.505
Cash with banks in RON	260.622	569.424
Cash with banks in BGN	150.314	3.701
Cash equivalents	2.289	42.410
Total	**870.457**	**895.422**

22. Share capital

Number of Shares

	30 June 2016	31 Dec 2015
Authorised		
Ordinary shares of €0,01	989.869.935	989.869.935
Total equity	**989.869.935**	**989.869.935**
Redeemable Preference Class A Shares of €0,01	785.000	785.000
Redeemable Preference Class B Shares of €0,01	8.618.997	8.618.997
Total	**999.273.932**	**999.273.932**
Issued and fully paid		
Ordinary shares of €0,01	90.014.723	90.014.723
Total equity	**90.014.723**	**90.014.723**
Redeemable Preference Class A Shares of €0,01	392.500	392.500
Redeemable Preference Class B Shares of €0,01	8.618.997	8.618.997
Total	**99.026.220**	**99.026.220**

Value (€)

€	30 June 2016	31 Dec 2015
Authorised		
Ordinary shares of €0,01	9.898.699	9.898.699
Total equity	**9.898.699**	**9.898.699**
Redeemable Preference Class A Shares of €0,01	7.850	7.850
Redeemable Preference Class B Shares of €0,01	86.190	86.190
Total	**9.992.739**	**9.992.739**
Issued and fully paid		
Ordinary shares of €0,01	900.145	900.145
Total equity	**900.145**	**900.145**
Redeemable Preference Class A Shares of €0,01	3.925	3.925
Redeemable Preference Class B Shares of €0,01	86.190	86.190
Total	**990.260**	**990.260**

22. Share capital (continued)

22.1 Authorised share capital

Following the EGM dated 24 June 2015, the authorized share capital of the Company as at the end of 2015 had been increased to €9.992.739,35 divided into: (a) 989.869.935 ordinary shares of € 0,01 each; (b) 785.000 Redeemable Preference Shares Class A of €0,01 each; and (c) 8.618.997 Redeemable Preference Shares Class B of €0,01 each by the creation of 8.618.997 Redeemable Preference Shares Class B of €0,01 each

As at the end of the reporting period the authorized share capital of the Company is 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.

22.2 Issued Share Capital

As at the end of the 2015 and as the end of the reporting period the issued share capital of the Company is as follows:

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

b) 392.500 Redeemable Preference Class A Shares of €0,01 nominal value each, following the above described redemption which shall be officially finalized during 2016, and

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

22.3 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

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

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

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

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

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

22.4 Class A Warrants issued

During 2015 the Company acquired the Sec South portfolio (Notes 14,15,16) in exchange of Ordinary shares (issued at GBP 0,65 each). To the sellers the Company also provided Class A Warrants giving the right to the Warrant holders to subscribe in cash at the Exercise Amount for the Ordinary Shares. The Company issued then two sets of Class A Warrants as follows:

1) 18.028.294 warrants corresponding to 18.028.294 ordinary shares, exercisable within 45 days from signing at an exercise price of £0,10 per ordinary share. By August 2015 (Note 22.2) , 14.324.627 out of a total of 18.028.294 warrants were exercised. All remaining warrants have lapsed.

2) 18.028.294 warrants corresponding to 18.028.294 ordinary shares, exercisable by 31 December 2016 at an exercise price of £0,45 per ordinary share. None of these warrants have been exercised as at the reporting date.

22. Share capital (continued)

22.5 Class B Warrants issued

On 8 August 2011 the Company issued an amount of Class B Warrants for an aggregate equivalent to 12,5% of the issued share capital of the Company at the exercise date. Each Class B Warrant entitles the holder to receive one Ordinary Share. The Class B Warrants may be exercised at any time until 31st December 2016, pursuant to a decision by the AGM of 30/12/2013. The exercise price of the Class B Warrants will be the nominal value per Ordinary Share as at the date of exercise. The Class B Warrant Instruments have anti-dilution protection so that, in the event of further share issuances by the Company, the number of Ordinary Shares to which the holder of a Class B Warrant is entitled will be adjusted so that he receives the same percentage of the issued share capital of the Company (as nearly as practicable), as would have been the case had the issuances not occurred. This anti-dilution protection will freeze on the earlier of (i) the expiration of the Class B Warrants; and (ii) capital increase(s) undertaken by the Company generating cumulative gross proceeds in excess of US$100.000.000. As of the reporting date, the aggregate amount of class B warrant is 12.859.246.

22.6 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 2016	(as at) 31 December 2015
Ordinary shares of €0,01	Issued and Listed in AIM	90.014.723	90.014.723
Class A Warrants		18.028.294	18.028.294
Class B Warrants		12.859.246	12.859.246
Total number of Shares	Non-Dilutive Basis	90.014.723	90.014.723
Total number of Shares	Full Dilutive Basis	102.873.969	102.873.969
Options		4.460	4.460

During the EGM dated 24 June 2015 the shareholders approved the issuance of 785.000 redeemable convertible preference SPDI shares of nominal value €0,01 each. The Preference Shares have no voting powers or rights to dividend. 392.500 of the Redeemable Preference Shares Class A were redeemed on 31 January 2015 ("Redemption Date 1") at a price of €0,89 each. The remaining 392.500 of the Preference Shares may be redeemed by 31 January 2016 (the "Redemption Date 2") at the price of €0,89. At any time prior to the Redemption Date the holders have the option to unilaterally convert the Preference Shares into ordinary shares of €0,01 each.

During the EGM dated 24 June 2015, the shareholders approved the reorganization of the Capital of the Company via the reclassification of the old Redeemable shares as Redeemable Preference Shares Class A and via the issuance of 8.618.997 Redeemable Preference Shares Class B of €0,01 for the purpose of acquiring Craiova asset in Romania. The above approval has effective date 1st July 2015.

Redeemable Preference Shares Class A

The Redeemable Preference Shares Class A do not have voting or dividend rights. The remaining 392.500 of the Redeemable Shares Class A may be redeemed by the Company at a price of €0,89 each. The holders of the Redeemable Preference Shares Class A have notified the Company for redemption and the Company has entered into discussions with them in order to setoff such redemption amount with rentals owed to Best Day srl by the holders.

Redeemable Preference Shares Class B (Note 36.1)

The Redeemable Preference Shares Class B, amounting to 8.618.997 and issued to BLUEHOUSE ACCESSION PROPERTY HOLDINGS III S.A.R.L which was the seller of Praktiker Craiova asset (Note 15) do not have voting rights but have economic rights at par with ordinary shares. The Redeemable Preference Shares Class B, if not converted into ordinary Shares, may be redeemed at the sole discretion of the holder of the Redeemable Preference Shares Class B by 1st July 2016 (the "Redemption Date") which may be prolonged by 3 months; the redemption price shall be €0,7056 per Redeemable Preference Share Class B. The Company has exercised its right to request three months' extension in July 2016 to 13 October 2016. The Redeemable Preference Shares Class B have priority on the winding-up of the Company, over any other shares or class of shares issued by the Company from time to time including without limitation the Redeemable Preference Shares Class A but otherwise rank pari passu with the ordinary shares in all other respects.

23. Foreign Currency Translation Reserve

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

24. 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 Jun 2016**	**31 Dec 2015**
LLC Almaz-Press-Ukraine	45,00	45,00
Ketiza Limited, Ketiza srl	10,00	10,00
Ram Real Estate Management Limited	50,00	50,00
Iuliu Maniu Ltd , Moselin Investments Srl	55,00	55,00
Rimasol Enterprises Ltd, Rimasol Real Estate Srl	55,76	55,76
Ashor Ventures Ltd, Ashor Development Srl	55,76	55,76
Jenby Ventures Ltd, Jenby Investments Srl	55,70	55,70
Ebenem Ltd, Ebenem Investments Srl	55,70	55,70

25. Borrowings

€	Property	30 Jun 2016	31 Dec 2015
Principal of bank Loans			
European Bank for Reconstruction and Development ("EBRD")	Terminal Brovary	11.574.472	12.164.107
Banca Comerciala Romana	Monaco Towers	924.562	1.210.962
Bancpost SA	Blooming House	1.442.930	1.739.634
Alpha Bank Romania	Romfelt Plaza	839.492	869.602
Raiffeisen Bank Romania	Linda Residence	-	429.858
Bancpost SA	GreenLake – Parcel K	3.092.926	3.099.639
Alpha Bank Bulgaria	Boyana	3.155.667	3.460.813
Alpha Bank Bulgaria	Boyana/Sertland	719.912	736.864
Bank of Cyprus	Delia Lebada/Pantelimon	4.569.725	4.569.725
Eurobank Ergasias SA	GED Logistics	11.971.200	12.343.116
Piraeus Bank SA	GreenLake-Phase 2	2.520.000	2.525.938
Marfin Bank Romania	Praktiker Craiova	4.592.128	4.839.149
Loans by non-controlling shareholders		2.740.459	2.713.458
Overdrafts		397	26.516
Total principal of bank loans		**48.143.870**	**50.729.381**
Interest accrued on bank loans		2.338.786	2.175.165
Interests accrued on non-bank loans		812.845	743.466
European Bank for Reconstruction and Development ("EBRD")		10.551	32.767
Total		**51.306.052**	**53.680.779**

€	30 Jun 2016	31 Dec 2015
Current portion	27.313.842	27.417.220
Non-current portion	23.992.210	26.263.559
Total	**51.306.052**	**53.680.779**

EBRD loan related to Terminal Brovary

According to the agreement the loan is due 2022, with a balloon payment of US$3.633.333. The loan has an interest of 3 M LIBOR + 6,75%.

Under the current agreement the collaterals accompanying the existing loan facility are as follows:

1. LLC Terminal Brovary pledged all movable property with the carrying value more than US$25.000.
2. LLC Terminal Brovary pledged its Investment property, Brovary Logistics Centre the construction of which was finished in 2010 (Note 14), and all property rights on the center.
3. SPDI PLC pledged 100% corporate rights in SL SECURE Logistics Ltd, a Cyprus Holding Company which is the Shareholder of LLC Terminal Brovary, LLC Aisi Brovary.
4. SL SECURE Logistics Ltd pledged 99% corporate rights in LLC Aisi Brovary.
5. LLC Aisi Brovary pledged 100% corporate rights in LLC Terminal Brovary.
6. LLC Terminal Brovary pledged all current and reserve accounts opened by LLC Terminal Brovary in Unicreditbank Ukraine.
7. LLC Aisi Brovary entered into a call and put option agreement with EBRD, pursuant to which following an Event of Default (as described in the Agreement) EBRD has the right (Call option) to purchase at the Call Price from LLC Aisi Brovary, 20% of the Participatory Interest of LLC Terminal Brovary on the relevant Settlement Date.
8. LLC Terminal Brovary has granted EBRD a second ranking mortgage in relation to its own and LLC Aisi Brovary's obligations under the call and put option agreement.
9. LLC Terminal Brovary has pledged its rights arising in connection with the existing Lease agreements with Tenants.
10. LLC Aisi Brovary has entered with EBRD into a conditional assignment agreement of 20% and 80% corporate rights in LLC Terminal Brovary.
11. SL Secure Logistics Limited has entered with EBRD into a conditional assignment agreement of 99% corporate rights in LLC Aisi Brovary.
12. SPDI PLC has issued a corporate guarantee dated 12 January 2009 guaranteeing all liabilities and fulfilment of conditions under the existing loan agreement remains in force. The maturity of the guarantee is equal to the maturity of the loan.

The existing credit agreement with EBRD includes among others the following requirements for LLC Terminal Brovary and the Group as a whole:

1. At all times LLC Brovary Logistics shall maintain a balance in the Debt Service Reserve Amount (DSRA) account equal to not less than the sum of all payments of principal and interest on the Loan which will be due and payable during the next six months.
2. LLC Terminal Brovary shall achieve a "CNRI"(Contract Net Rental Income is the aggregate of monthly lease payments, net of value added tax, contracted by the Borrower pursuant to the Lease Agreements as of the relevant testing date and converted into Dollars at the official exchange rate established by the National Bank of Ukraine as of such testing date) according to the following schedule:
   (1) on 31 December 2015, CNRI of USD 230.000 or more; and
   (2) on 30 June and 31 December in each year commencing on the date of 30 June 2016, CNRI of USD 250.000 or more, in respect of the six month period commencing on any such date.
3. LLC Terminal Brovary shall achieve a "DSCR"(Debt Service Coverage Ratio is the sum of net income minus operating expenses plus amortization, divided with the sum of paid principal & interest) according to the following schedule:
   i. in respect of the 6 months period ending on 30 June 2015 and 31 December 2015, the DSCR of more than 1,15x.
   ii. in respect of the 6 months period ending on 30 June or 31 December in any year commencing on the date of 30 June 2016, the DSCR of more than 1,2x.

25. Borrowings (continued)

As certain of the covenants were breached as at the end of the reporting period and also Terminal Brovary LLC was late in repaying the March 2016 installments, the loan is classified as current. As of the reporting date all the March 2016 principal installments have been repaid but certain of the covenants remain in breach due to the overall economic climate in Ukraine. In addition during the reporting period the Company has entered into discussions to sell the Property (Note 7). Such discussion are expected to conclude during Q4 2016.

Other bank Borrowings

SecMon Real Estate Srl (2011) entered into a loan agreement with Banca Comerciala Romana for a credit facility for financing part of the acquisition of the Monaco Towers property apartments. As of the end of the reporting period the balance of the loan was €924.562 and bears interest of EURIBOR 3M plus 5%. The loan was repayable in October 2015 and the Company is in discussions for extension of its maturity. The loan is secured by all assets of SecMon Real Estate Srl as well as its shares.

Ketiza Real Estate Srl entered (2012) into a loan agreement with Bancpost S.A. for a credit facility for financing the acquisition of the Blooming House property and 100% of the remaining (without VAT) construction works Blooming House property. As of the end of the reporting period the balance of the loan was €1.442.930. The loan bears interest of EURIBOR 3M plus 3,5% and matures in May 2017. The bank loan is secured by all assets of Ketiza Real Estate Srl as well as its shares.

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 property apartments. As of the end of the reporting period, the balance of the loan was €839.492, bears interest of EURIBOR 3M+5,25% and is repaid on the basis of investment property sales. The loan matures in October 2016 and the Company is in discussions for extension of its maturity. The loan is secured by all assets of SecRom Real Estate Srl as well as its shares.

SecVista Real Estate Srl entered (2011) into a loan agreement with Raiffeisen Bank- Romania for a credit facility for financing part of the acquisition of the Linda Residence property apartments. Following the sale of the majority of the Linda apartment is May 2015 the Company repaid the loan and wrote off €324.695. (Note 11).

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

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 apartment units (finished in 2014). As of the end of the reporting period the balance of the loan was €3.155.667 and bears interest of EURIBOR 3M plus 5,75%. The loan matures in 2017. 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 shares as well as those of Sertland Properties Limited.

Sertland Properties Limited entered (2008) into a loan agreement with Alpha Bank- Bulgaria for an acquisition loan related to the acquisition of 70% of Boyana Residence ood. As of the end of the reporting period the balance of the loan was €719.912 and bears interest of EURIBOR 3M plus 5,75%. The loan matures in 2017. The loan currently is being repaid through sales proceeds of Boyana Residence apartment sales. 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.

GED Logistics entered (April 2015) into a loan agreement with EUROBANK SA to refinance the then existing debt facility related to GED Logistics terminal. As of the end of the reporting period the balance of the loan is €11.971.200 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 GED Logistics as well as its shares.

SEC South East Continent Unique Real Estate (Secured) Investments Limited has a debt facility with Piraeus Bank (since 2007) for the acquisition of the Green Lake property land in Bucharest Romania. As of the end of the reporting period the balance of the loan was €2.520.000 and bears interest of EURIBOR 3M plus 4% plus the Greek law 128/78 0,6% contribution. The term of the loan facility extends to 2017.

BBB3 srl (Praktiker Craiova) has a loan agreement with Marfin Bank Romania. As of the end of the reporting period the balance of the loan was €4.592.128 and bears interest of EURIBOR 6M plus 5% and 3M plus 4,5%. Following restructuring agreed with the lending bank the loan is repayable by 2025 with a ballon of €2.189.128 is secured by the asset as well as the shares of the SPV.

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 Company. The bank loan amounting to €4.830.000 is secured with a mortgage at 120% of the loan value and with a corporate guarantee by SEC South East Continent Unique Real Estate (Secured) Investments Limited. The loan bears 7% fixed interest while the interest is payable quarterly. The balance of the loan as at the end of the reporting period was €4.569.725 (without any accrued interest and default penalty). The loan is in default and the Bank has initiated insolvency procedures to take over the Pantelimon lake asset. The Company is currently in discussions with its partner and the bank in an effort to find an amicable settlement to the case.

Other non bank borrowing include borrowings from non-controlling interests. During the last six years and in order to support the Green Lake property the minority shareholders of Moselin and Rimasol ltd (other than the Company) 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 2016 and 2017. Management expects such loans not to be repaid in the foreseeable future, as these reflect mainly the equity consideration of the shareholders and will be repaid to them post project completions/sale.

26. Trade and other payables

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

€	30 Jun 2016	31 Dec 2015
Payables to related parties (Note 32.2)	1.329.585	743.200
Payables due for construction	397.826	405.904
Payables to third parties	5.991.009	6.209.235
Deferred income from tenants	352.329	99.554
Accruals	486.188	259.031
Total	**8.556.937**	**7.716.924**

€	30 Jun 2016	31 Dec 2015
Current portion	4.107.772	3.044.036
Non – current portion	4.449.165	4.672.888
Total	**8.556.937**	**7.716.924**

Payables to related parties represent amounts due to board of directors and committee members and accrued management remuneration as well as the balances with Secure Management Ltd and Grafton Properties (Note 32.2).

Payables for construction represent mainly amounts payable to a) the contractor of Bela Logistic Center in Odessa and b) the Boyana's constructor.

A) 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 UAH5.400.000 (~US$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.

B) Payables for construction include an amount of €~245.000 payable to Boyana's constructor which has been withheld as Good Performance Guarantee.

Payables to third parties represent shareholder payable balances owed to minority partners of the property assets acquired within the period as well as amounts payable to various service providers including auditors, legal advisors, consultants and third party accountants related to the current operations of the Group.

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

Accruals mainly include the accrued audit fees, administration fees and accounting fees.

27. Deposits from Tenants

€	30 Jun 2016	31 Dec 2015
Deposits from tenants non-current	789.660	623.770
Deposits from tenants current	135.135	132.684
Total	**924.795**	**756.454**

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

28. Provisions and Taxes Payables

€	30 Jun 2016	31 Dec 2015
Corporate income	479.419	482.389
Defense tax	29.918	24.920
Other taxes including VAT payable	416.686	314.696
Provision (Note 33)	724.219	724.445
Total Provisions and Tax Liabilities	**1.650.242**	**1.546.450**

Corporate income tax represents taxes payable in Cyprus and Romania.

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

29. Finance Lease Liabilities

As at the reporting date the finance lease liabilities consist of the non-current portion of €11.125.693 and the current portion of €502.925 (31 December 2015: € 11.273.639 and € 192.083, accordingly).

30 Jun 2016 (€)	Note	Minimum lease payments	Interest	Principal
Less than one year	35.2	1.085.844	851.184	234.661
Between two and five years	&	3.627.728	2.107.796	1.519.931
More than five years	35.6	11.831.819	2.250.981	9.580.838
		16.545.391	**5.209.961**	**11.335.430**
Accrued Interest				293.188
Total Finance Lease Liabilities				**11.628.618**

29. Finance Lease Liabilities (continued)

31 Dec 2015(€)	Note	Minimum lease payments	Interest	Principal
Less than one year	35.2	775.146	586.626	188.520
Between two and five years	&	3.592.679	2.169.534	1.423.145
More than five years	35.6	12.373.657	2.573.824	9.799.833
		16.741.482	**5.329.984**	**11.411.498**
Accrued Interest				54.224
Total Finance Lease Liabilities				**11.465.722**

29.1 Land Plots Financial Leasing

The Group rents in Ukraine land plots classified as finance leases. Lease obligations are denominated in UAH. The fair value of lease obligations approximate to their carrying amounts as presented above. Following the appropriate discounting finance lease liabilities are carried at €43.863 under current and non-current portion. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

29.2 Sale and Lease Back Agreements

A. Innovations Logistic Park

In May 2014 the Group concluded the acquisition of Innovations Logistics Park in Bucharest, owned by Best Day Srl, through a lease back agreement with Piraeus Leasing Romania SA. As of the end of the reporting period the balance was €7.365.404, bearing interest rate at 3M Euribor plus 4,45% margin, being repayable in monthly tranches until 2026 with a balloon of €5.244.926. At the maturity of the lease agreement Best Day will become owner of the asset. An amount of €273.576,90 was overdue that has been repaid by 15/8/2016 (Note 36.2).

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

1. Best Day pledged its future receivables from its tenants.
2. Best Day pledged its shares.
3. Best Day pledged all current and reserved accounts opened in Piraeus Leasing, Romania.
4. Best Day has provided a cash collateral in the amount of €250.000 in Piraeus Leasing Romania.
5. SPDI provided a corporate guarantee in favor of the bank towards the liabilities of Best Day arising from the sale and lease back agreement.

B. EOS Business Park

In October 2014 the Group concluded the acquisition of EOS Business Park in Bucharest, owned by First Phase Srl, through a sale and lease back agreement with Alpha Bank Romania SA. As of the end of the reporting period the balance is €3.889.870 bearing interest rate at 3M Euribor plus 5,25% margin, being repayable in monthly tranches until 2024 with a balloon of €2.653.600. At the maturity of the lease agreement First Phase will become owner of the asset.

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

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

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

a. Weighted average number of ordinary shares

	30 Jun 2016	31 Dec 2015	30 Jun 2015
Issued ordinary shares capital	90.014.723	90.014.723	75.690.096
Weighted average number of ordinary shares (Basic)	90.014.723	69.460.155	51.191.365
Diluted weighted average number of ordinary shares	102.873.969	82.631.610	64.480.647

b. Basic diluted and adjusted earnings per share

Earnings per share	30 Jun 2016	30 Jun 2015
	€	€
Profit/(loss) after tax attributable to owners of the parent	(309.941)	1.117.890
Basic	(0,00)	(0,02)
Diluted	(0,00)	(0,02)

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

c. Net assets per share

Net assets per share	30 Jun 2016	31 Dec 2015	30 Jun 2015
	€	€	€
Net assets attributable to equity holders of the parent	41.318.809	42.433.125	55.669.940
Number of ordinary shares	90.014.723	90.014.723	75.690.096
Diluted number of ordinary shares	102.873.969	102.873.969	122.559.555
Basic	0,46	0,47	0,74
Diluted	0,40	0,41	0,45

31. 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
- Office segment
- Retail segment

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 2016

€	Warehouse	Office	Retail	Residential	Land Plots	Total
Segment profit						
Rental income	1.692.365	287.789	304.356	60.528	-	2.345.038
Service charges and utilities income	105.753	28.938	6.201	12.019	-	152.911
Sale of electricity	164.608	-	-	-	-	164.608
Sales income	-	-	-	2.238.541	-	2.238.541
Cost of sales	-	-	-	(2.986.496)	-	(2.986.496)
Valuation gains/(losses) from investment property	349.332	-	-	-	287.104	636.436
Share of profits/(losses) from associates	-	106.229	-	-	16.890	123.119
Investment properties operating expenses	(214.915)	(26.489)	(40.605)	(81.716)	(26.457)	(390.182)
Segment profit	**2.097.143**	**396.467**	**269.952**	**(757.124)**	**277.537**	**2.283.975**
Administration expenses						(1.178.173)
Other (expenses)/income, net						(17.826)
Finance income						363.136
Interest expenses						(1.590.032)
Other finance costs						(169.118)
Foreign exchange losses, net						(98.818)
Income tax expense						(45.507)
Exchange difference on I/C loan to foreign holdings						(1.485.262)
Exchange difference on translation foreign holdings						526.525
Available for sale financial assets gains						154.362
Total Comprehensive Income						**(1.256.738)**

31. Segment information (continued)

Profit and Loss for the period ended 30 June 2015

€	Warehouse	Office	Residential	Land Plots	Total
Segment profit					
Sales income	-	-	671.368	-	671.368
Cost of sales	-	-	(469.850)	-	(469.850)
Rental income	1.976.449	233.594	109.308	-	2.319.351
Service charges and utilities income	241.788	38.113	-	-	279.901
Income from electricity production	135.140	-	-	-	135.140
Investment properties operating expenses	(396.943)	(33.480)	(16.406)	-	(446.829)
Investment Property related gains FX related	4.711.511	-	-	3.340.085	8.051.596
Gain realized on acquisition of subsidiaries (Note 15)	1.552.134	-	-	-	1.552.134
Share of profits from associates	-	(100.747)	-	(77.049)	(177.796)
Segment profit	**8.220.079**	**137.480**	**294.420**	**3.263.036**	**11.915.015**
Gain realized on acquisition of subsidiaries (Note 15)					629.700
Administration expenses					(1.474.564)
Other (expenses)/income, net					42.270
Finance Income					13.199
Finance costs					(1.622.397)
Foreign exchange losses, net					(4.976.537)
Management provision on Investment Property acquired					(3.313.791)
Income tax expense					(2.893)
Exchange difference on I/C loan to foreign holdings					(7.323.715)
Exchange difference on translation foreign holdings					5.022.908
Total Comprehensive Income					**(1.090.805)**

Balance Sheet as at 30 June 2016

€	Warehouse	Office	Retail	Residential	Land plots	Total
Assets						
Investment properties	42.969.898	6.550.000	7.200.000	4.638.141	30.589.613	91.947.652
Investment property under development	-	-	-	-	5.044.136	5.044.136
Prepayments made for investments	100.000	-	-	-	-	100.000
Long-term receivables	250.000	-	-	311	876	251.187
Investments in associates	-	4.994.173	-	-	16.890	5.011.063
Available-for-sale financial assets	-	2.937.897	-	-	-	2.937.897
Inventories	-	-	-	6.990.150	3.407.214	10.397.364
Segment assets	**43.319.898**	**14.482.070**	**7.200.000**	**11.628.602**	**39.058.729**	**115.689.299**
Tangible and intangible assets						146.232
Prepayments and other current assets						5.563.906
Cash and cash equivalents						870.457
Total assets						**122.269.894**
Interest bearing borrowings	23.740.609	-	4.609.505	3.245.998	19.709.940	51.306.052
Finance lease liabilities	7.745.827	3.838.928	**-**	**-**	43.863	11.628.618
Deposits from tenants	783.769	-	-	35.954	105.072	924.795
Redeemable preference shares	349.325	-	6.081.211	-	-	6.430.536
Segment liabilities	**32.619.530**	**3.838.928**	**10.690.716**	**3.281.952**	**19.858.875**	**70.290.001**
Trade and other payables						8.556.937
Taxes payables						1.650.242
Total liabilities						**80.497.180**

31. Segment information (continued)

Balance Sheet as at 31 December 2015

€	Warehouse	Office	Retail	Residential	Land plots	Total
Assets						
Investment properties	43.164.324	6.550.000	7.200.000	6.847.538	30.578.609	94.340.471
Investment property under development	-	-	-	-	5.125.389	5.125.389
Prepayments made for investments	100.000	-	-	-	-	100.000
Goodwill	-	-	-	-	-	-
Long-term receivables	250.000	-	-	1.185	1.731	252.916
Investments in associates	-	4.887.943	-	-	1	4.887.944
Available-for-sale financial assets	-	2.783.535	-	-	-	2.783.535
Inventories	-	-	-	6.990.150	4.309.850	11.300.000
Segment assets	**43.514.324**	**14.221.478**	**7.200.000**	**13.838.873**	**40.015.580**	**118.790.255**
Tangible and intangible assets						164.617
Prepayments and other current assets						4.795.223
Cash and cash equivalents						895.422
Total assets						**124.645.517**
Interest bearing borrowings	24.539.925	-	4.839.149	4.586.129	19.715.576	53.680.779
Finance lease liabilities	7.508.988	3.889.870	**-**	**-**	66.864	11.465.722
Deposits from tenants	614.018	-	-	37.444	104.992	756.454
Redeemable preference shares	349.325	-	6.081.211	-	-	6.430.536
Segment liabilities	**33.012.256**	**3.889.870**	**10.920.360**	**4.623.573**	**19.887.432**	**72.333.491**
Trade and other payables						7.716.924
Taxes payables						1.546.450
Total liabilities						**81.596.865**

Geographical information

Operating income from 3rd parties (€)	**30 Jun 2016**	**30 Jun 2015**
Ukraine	572.173	1.191.853
Romania	891.808	1.310.316
Greece	740.921	432.185
Bulgaria	(290.300)	1.556
Total	**1.914.602**	**2.935.910**
Carrying amount of assets (investment properties, associates, inventory and available for Sale)		
Ukraine	23.959.647	24.349.860
Romania	61.543.204	63.503.944
Greece	16.600.000	16.600.000
Bulgaria	13.335.261	14.083.535
Total	**115.438.112**	**118.537.339**

32. Related Party Transactions

The following transactions were carried out with related parties:

32.1 Expenses /Income

32.1.1 Expenses

€	30 Jun 2016	30 Jun 2015
Board of Directors	-	119.628
Management Remuneration	360.317	467.030
Total	**360.317**	**586.658**

32. Related Party Transactions (continued)

32.1 Expenses /Income (continued)

Board of Directors expense represents the remuneration of all the non-executive members of the Board and committees pursuant to the decision of the Remuneration Committee. For 2016 a decision was taken that the BOD receives no remuneration.

Name	Position	30 June 2016 Remuneration (€)	30 June 2015 Remuneration (€)
Paul Ensor	Chairman	-	14.057
Antonios Achilleoudis	Non-Executive Director until 22 July 2015	-	14.584
Barseghyan Vagharshak	Non-Executive Director since 22 July 2015	-	-
Ian Domaille	Non-Executive Director	-	19.152
Franz Horhager	Non-Executive Director	-	14.057
Antonios Kaffas	Non-Executive Director	-	16.165
Kalypso Maria Nomikou	Non-Executive Director since 22 July 2015	-	-
Alvaro Portela	Non-Executive Director	-	14.057
Robert Sinclair	Non-Executive Director until 22 July 2015	-	13.499
Harin Thaker	Non-Executive Director	-	14.057
Total		**-**	**119.628**

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

32.1.2 Income

€	30 Jun 2016	30 Jun 2015
Interest Income from loan to associates	4.670	-
Interest Income from loan to Available for sale investment	33.313	12.996
Total	**37.983**	**12.996**

32.2 Payables to related parties

	30 Jun 2016	31 Dec 2015
	€	€
Directors	475.389	475.389
Grafton Properties	123.549	123.549
SECURE Management Ltd, Narrowpeak	403.800	1.062
Management Remuneration	326.847	143.200
Total	**1.329.585**	**743.200**

32.2.1 Board of Directors
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 their payment in exchange for shares in the Company's capital. This was also approved by the Annual General Meeting of the Company's shareholders.

32.2.2 Loan payable to Grafton Properties
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, the total amount of US$450.000. As of the reporting date the liability towards Grafton Properties, representing the Lenders, was US$150.000, which is contingent on the Company raising US $50m of capital in the markets.

32.2.3 Payable to Secure Management Ltd and Narrowpeak Ltd
Payable to Secure Management and Narrowpeak represents short term financing as well as back office fees and expenses.

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

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

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

Borrower	Limit	Principal as of 30 Jun 2016	Principal as of 31 Dec 2015
	€	€	€
LLC "TERMINAL BROVARY"	29.007.908	26.468.419	26.798.804
LLC "AISI UKRAINE"	23.062.351	12.275	12.275
LLC "ALMAZ PRES UKRAINE"	8.236.554	140.021	140.021
Total		**26.620.715**	**26.951.100**

32. Related Party Transactions (continued)

32.3 Loans from SC Secure Capital Ltd to the Company's subsidiaries (continued)

All loans from SC Secure Capital Limited to the Company's subsidiaries are USD denominated and in 2015 they generated a foreign exchange loss totaling €13.653.402 as a result of the devaluation of the Ukrainian Hryvnia during the reporting period. Apart from the loan to LLC "TERMINAL BROVARY" which is expected to be settled pursuant to the sale of the property (Note 7) the settlement of the other loans is not likely to occur in the foreseeable future and in substance is part of the Group's net investment in its foreign operations, the foreign exchange loss is recognised in other comprehensive income.

The Loan agreement between SC Secure Capital Limited (old Aisi Capital Limited) (Lender) and Limited Liability Company "Terminal Brovary" (Borrower) was signed on 19 December 2006 and originally had a Repayment Date of 19 December 2012. Under this agreement the Lender agrees to provide USD 30.000.000 to the Borrower with the interest rate to be Libor (3 months) plus 7,5% per annum. The Borrower has the obligation to repay the Loan in full on the Repayment Date together with the accrued interest. In 2015 no interest was calculated for this loan.

A potential Ukrainian Hryvnia weakening/strengthening by 30% against the US dollar with all other variables held constant, would result in an exchange difference on I/C loans to foreign holdings of (€8.085.330)/ € 8.996.341 respectively, estimated on balances held at 31 December 2015.

32.4 Loans to associates

€	**30 Jun 2016**	**31 Dec 2015**
Loans to Green Lake Development SRL	261.248	254.718
Total	**261.248**	**254.718**

33. Contingent Liabilities

33.1 Tax Litigation

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

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

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

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

33.2 Construction related litigation

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

33.3 Delia Lebada srl debt towards Bank of Cyprus

Sec South East Continent Unique Real Estate Investment ltd has provided in 2007 a corporate guarantee to the Bank of Cyprus in respect to the loan provided by the latter to its subsidiary Delia Lebada srl, the owner of the Pantelimon Lake plot (Note 14). As the loan is in default, the bank has initiated an insolvency procedure. Depending on the final outcome of the procedure (that may include an auctioning of the plot), the Bank may call the difference between the price received from the auction and €4.569.725 (without any accrued interest and default penalty) which is the total liability. The Group is in discussions with the bank and its partner in the Delia Lebada srl to find an amicable settlement to the case. Management believes that the case has been adequately provided for.

33.4 Other Litigation

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

33.5 Other Contingent Liabilities

The Group had no other contingent liabilities as at 30 June 2016.

34. Commitments

The Group had no other commitments as at 30 June 2016.

35. Financial Risk Management

35.1 Capital Risk Management

The Group manages its capital to ensure that it 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 25), trade and other payables (Note 26) deposits from tenants (Note 27), financial leases (Note 29), taxes payable (Note 28) and equity attributable to ordinary or preferred shareholders. The Group is not subject to any externally imposed capital requirements.

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

35.2 Categories of Financial Instruments

	Note	30 Jun 2016	31 Dec 2015
		€	€
Financial Assets			
Cash and cash equivalents	21	870.457	895.422
Long Term Receivables		251.187	252.916
Prepayments made for investments	14.4c	100.000	100.000
Prepayments and other receivables	20	5.563.906	4.795.223
Available for sale investments	19	2.937.897	2.783.535
Total		**9.723.447**	**8.827.096**
Financial Liabilities			
Borrowings	25	51.306.052	53.680.779
Trade and other payables	26	8.556.937	7.716.924
Deposits from tenants	27	924.795	756.454
Finance lease liabilities	29	11.628.618	11.465.722
Taxes payable and provisions	28	1.650.242	1.546.450
Redeemable preference shares	22.6	6.430.536	6.430.536
Total		**80.497.180**	**81.596.865**

35.3 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.

35.4 Economic Market Risk Management

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

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

Interest Rate Risk
The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. On June 30th, 2016, cash and cash equivalent financial assets amounted to € 763.907 (31 December 2015: € 895.422) of which approx. €2.000 in UAH, €260.000 in RON and €150.000 in BGN (Note 21) while the remaining are mainly denominated in either USD or €.

35. Financial Risk Management (continued)

35.4 Economic Market Risk Management (continued)

The Group is exposed to interest rate risk in relation to its borrowings amounting to € 36.569.398 (31 December 2015: €53.680.779) as they are issued at variable rates tied to the Libor or Euribor. Management monitors the interest rate fluctuations on a continuous basis and evaluates hedging options to align the Group's strategy with the interest rate view and the defined risk appetite. Although no hedging has been applied for the reporting period, such may take place in the future if deemed necessary in order to protect the cash flow of a property asset through different interest rate cycles. Upon sale of Terminal Brovary (Note 7) the debt exposure of the Group is expected to be reduced by €11m.

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

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

As at 30 June 2016 the average interest rate for all the interest bearing borrowing and financial leases of the Group stands at 4,96% (31 December 2015: 5%).

The sensitivity analysis for LIBOR and EURIBOR changes applying to the interest calculation on the borrowings principal outstanding as at 30 June 2016 is presented below:

	as at 30.06.2016	+100 bps	+200 bps
Weighted average interest rate	4,96%	5,96%	6,96%
Influence on yearly finance costs	-	(625.174)	(1.250.348)

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

35.5 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.

35.6 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which applies a framework for the Group's short, medium and long term funding and liquidity management requirements. The Treasury function of the Group manages liquidity risk by preparing and monitoring forecasted cash flow plans and budgets while maintaining adequate reserves. The Treasury function is also in discussions with the various lending institutions which have provided debt to several of the Company's property acquisitions to free as much cash us possible. Pursuant to the financial crisis of the last few years, lending institutions have tightened their control over property cash flows in order to secure their debt holdings and as a result they allow only minor percentage of the properties' cash inflows to the Company. The following table details the Group's contractual maturity of its financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities including interest that will be accrued.

30 June 2016	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	870.457	**870.457**	870.457	-	-
Prepayments and other receivables	5.563.906	**5.563.906**	5.563.906	-	-
Available for sale investments	2.937.897	**2.937.897**	2.937.897	-	-
Long Term Receivables	251.187	**251.187**	251.187	-	-
Prepayments made for investments	100.000	**100.000**	100.000	-	-
Total Financial assets	**9.723.447**	**9.723.447**	**9.723.447**	**-**	**-**
Financial liabilities					
Borrowings	51.306.052	**52.800.151**	24.689.413	11.912.000	16.198.738
Trade and other payables	8.556.937	**8.556.937**	4.107.772	-	4.449.165
Deposits from tenants	924.795	**924.795**	135.135	-	789.660
Finance lease liabilities	11.628.618	**16.545.391**	1.085.844	905.625	14.553.922
Redeemable preference shares	6.430.536	**6.430.536**	6.430.536	-	-
Taxes payable	926.023	**926.023**	926.023	-	-
Total Financial liabilities	**79.772.961**	**86.183.833**	**37.374.723**	**12.817.625**	**35.991.485**
Total net liabilities	**70.049.514**	**76.460.386**	**27.651.276**	**12.817.625**	**35.991.485**

35. Financial Risk Management (continued)

35.6 Liquidity Risk Management (continued)

31 December 2015	Carrying amount	Total Contractual Cash Flows	Less than one year	From one to two years	More than two years
	€	€	€	€	€
Financial assets					
Cash and cash equivalents	895.422	**895.422**	895. 422	-	-
Prepayments and other receivables	4.795.223	**4.795.223**	4.795.223		
Available for sale investments	2.783.535	**2.783.535**	2.783.535		
Long Term Receivables	252.916	**252.916**	252.916		
Prepayments made for investments	100.000	**100.000**	100.000		
Total Financial assets	**8.827.096**	**8.827.096**	**8.827.096**		
Financial liabilities				-	-
Borrowings	53.680.779	**56.037.869**	24.198.982	14.649.577	17.189.310
Trade and other payables	7.716.924	**7.716.924**	3.044.036	-	4.672.888
Deposits from tenants	756.454	**756.454**	132.684	-	623.770
Finance lease liabilities	11.465.722	**16.741.482**	775.146	840.158	15.126.178
Redeemable preference shares	6.430.536	**6.430.536**	6.430.536	-	-
Taxes payable	1.546.450	**1.546.450**	1.546.450	-	-
Total Financial liabilities	**81.596.865**	**89.229.715**	**36.127.834**	**15.489.735**	**37.612.146**
Total net liabilities	**72.069.769**	**80.402.619**	**27.300.738**	**15.489.735**	**37.612.146**

35.7 Net Current Liabilities

The current liabilities amounting to €40.140.452 exceed current assets amounting to €16.831.727 by €23.308.725. This difference is primarily a result of the bank borrowings related to the residential portfolio €11.117.514 that are repayable by ongoing sales proceeds, whenever these occur, which according to the IFRS appear to be repayable within the next 12 months. In addition the EBRD Terminal Brovary debt, amounting to €11.574.472 which is also presented as a current liability due to the breach of certain covenants should be viewed as under transfer upon completion of the sale of Terminal Brovary (Note 7).

Considering the above current assets are lower than current liabilities by €616.739

36. Events after the end of the reporting period

36.1 Redeemable Convertible Shares Class B

On 28/7/2016 the Company announced that it had exercised its right to request a three-month extension to the Redemption Date of the Redeemable Convertible Preference Shares Class B (Note 22.6) which were issued in July 2015 to the vendor of BLUEBIGBOX 3 S.R.L.. The property, which is fully let to the European DIY retailer Praktiker, the Romanian operations of which are now owned by MINIERA SUD EST and Susli Omer, was purchased by the Company for a total consideration of €6,1 million, which was settled by the issue of 8.618.997 Redeemable Convertible Preference Shares to the vendor. Under the terms of the sale and purchase agreement, the RCPS's were to be either converted to an equal number of ordinary shares or redeemed for €0,7056 per RCPS on 13 July 2016, subject to SPDI's right of extension. Further to the extension, the RCPSs will either be redeemed or converted by 13 October 2016 at the discretion of the holder of the RCPSs.

36.2 Nestle - Bank of Piraeus

On 11/8/2016 SPDI announced that it had received a mutually agreed €1,39 million fee from Nestlé Romania in settlement of the early termination of its rental contract (due to expire in September 2018) for the Company's Innovations Logistics Park in Bucharest, Romania, due to Nestle Ice Cream unit wider global restructuring plans. In addition, Nestle Romania agreed to forego the rental deposit guarantee of approximately €0,28 million and will leave certain fixtures and fittings, including storage racks to the ownership of the Company. The cash component of the settlement received of ~ €1,39 million represents approximately 1,5 years' worth of rental income that would have been due from Nestlé Romania in the event it had not terminated the lease.

Pursuant to the agreement with Nestle and following a payment of all sale & lease back overdue instalments the Company has entered into discussions with the lending institution, Bank of Piraeus Leasing, for restructuring the sale and lease back agreement.

36.3 Delia Lebada-BoC

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 Sec South. The bank loan amounting to €4.830.000 is secured with a mortgage and a corporate guarantee by SEC South. The balance of the loan as at 31 December 2015 is €4.569.725 (without any accrued interest and default penalty). Following acquisition by the Group in mid 2015, and as the loan was already in default and the Bank initiated insolvency procedures to take over the Pantelimon lake asset. The insolvency procedure may culminate in auctioning off the land plot within the second half of 2016. The Group is currently in discussion with its partner and the bank in an effort to find an amicable settlement,

36.4 Change of NOMAD

On 5/8/2016 the Company announced that it has appointed Strand Hanson Limited as its Nominated Adviser and Broker.