SECURE PROPERTY
DEVELOPMENT & INVESTMENT

ANNUAL REPORT

2014

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SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC

Key Figures	31 Dec 2013	31 Dec 2014	Change
Total Assets (€million):	**39**	**61**	57%
Number of Assets:	**5**	**8**	60%
Bank Debt(€million):	**11**	**30**	172%
Operational Gearing	**28%**	**48%**	71%
Rental Income (€million):	**2.7**	**3.6**	33%
EBITDA*(€million):	**0.2**	**0.8**	300%
Net Equity**(€million):	**37.6**	**32.5**	-13%
Issued Shares:	**28.171.833**	**33.884.054**	20%
NAV per share(£):	**1,13**	**0,75**	-

* Before revaluation of properties.

** Attributable to the shareholders.

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

1. Letter to the Shareholders

26 May 2015

Dear Shareholders,

2014 was the year that the Company's strategy of diversifying regionally and acquiring high yielding income producing assets was kicked off in earnest. SPDI started the year, as it had always done in the past, as a wholly Ukraine based company, and by year-end it owned and managed more properties in other countries in terms of Asset Value.

The directors of SPDI embarked on its growth and diversification strategy with a view to identifying ways to acquire undervalued income producing assets and extending its reach beyond its traditional one country. The Company then moved forward to identify and negotiate to acquire a number of portfolios of assets, all class A with substantial income generation capacity and capital appreciation potential, while at the same time it moved to identify a number of investors that would want to contribute assets or capital. By year end the Company had identified key participants on both efforts, having signed preliminary agreements. The stage was set to take a big step forward.

During the year, SPDI acquired four income producing assets. The logistics park that Nestle is using in Bucharest, Romania , the headquarters of Danone also in Bucharest, Romania, a residential portfolio of let apartments in the same city and the logistics park leased to Kuehne+Nagel in Athens, Greece (transaction completed in 2015). These new assets, generate annually ~€3,6 million of Net Operating Income ('NOI'), increasing the Company's annual running NOI by ~230%. To underpin its asset management capability in the new regions it invested in, the Company hired a small number of seasoned executives in Bucharest that can help its effort to grow further in Romania. By year end, the Company is well poised to grow as it attracts more investor shareholders who share the Company's vision of creating the leading institutional property company in the region.

Set against the macroeconomic environment and geopolitical events that unfolded during the year, our growth and diversification strategy has been vindicated. For much of the year, Eastern Europe was growing fast and hopes were high that it would contribute to a regeneration of European GDP growth that was in the making. By year-end though, the mood and the facts were not as positive. The crisis in Ukraine continued unabated, despite the election of the new president in May and the new government in October, with more intensive fighting in the East of the country and the Hryvnia spiralling down as the country's economy was moving closer to collapse. Greece, which had been expected to be able to regain market access and had seen its government bond rates dropping substantially close to those of other EU nations by mid year, experienced a marked setback with snap elections being called for January 2015, which created political and economic instability. Romania, among the countries we gained exposure to during the year, experienced solid economic growth through the year, had the fastest GDP growth rate of any EU country in Q3 2014 and showed signs of even faster growth by year end. At the same time, Europe as a whole was inching to recession with the ECB deciding to commence a QE package of its own, mirroring what the Fed did in the US three years earlier.

In addition to growing and rebalancing our portfolio of assets, the year under review also saw considerable progress made with regards to strengthening our balance sheet. In December 2014, twenty months after having finalised negotiations with the European Bank for Reconstruction and Development ("EBRD") on rescheduling the amortisation plan of the Brovary construction loan and twelve months after having received the written agreement of the 'B' Lender on the restructuring, we finally managed to sign all legal documents and eliminate the pending legacy balance sheet risk factor by formalising the loan agreement.

The 2014 accounts show a much better and more different operational picture than any prior ones. If we disregard the asset revaluation and FX losses as a result of the Ukrainian Crisis, the operating results are positive and promising. It is the first year in the history of the Company that our revenues topped €3,6 million, while our EBITDA surpassed €0,8 million, more than quadrupling in comparison to 2013. Finally the Company has profits after tax of ~€1 million indicating an even better year to come.

Having successfully put the Company on a solid foundation, both financially and operationally, against the backdrop of the global economic and financial sector issues between 2010 – 2013 (including the Cypriot economic crisis in 2013 and the Ukrainian crisis in 2014), we are highly confident that 2014 was a turnaround year for SPDI. With property assets and people on the ground now in the capitals of the three largest economies/countries in South East Europe, SPDI is well positioned to take the necessary steps forward that the shareholders have mandated us to perform. Even though some of these countries are going through considerable change, their property markets are in need of international investors and capital to grow. We plan to play our part in assisting them to do just that. With the support of our shareholders and partners that share our vision, we plan to exert every effort in achieving our common goals.

Best regards,

Lambros G. Anagnostopoulos

Chief Executive Officer

2. Management Report

2.1. Corporate Overview & Financial Performance

Summary

In 2014 the Company's management focused on diversifying its asset base into more than one regional country. The Company acquired four assets:

- The Innovations Logistics Park located on Bucharest's ring road in Romania, a 15.862 sqm gross leasable area logistics center that is primarily let to Nestle Romania (72% of its income).
- The Danone headquarters office building (EOS) in Bucharest, Romania. The 3.386 sqm gross leasable office is built next to Danone's production and warehousing facility close to Bucharest ring road and is fully let to Danone.
- A portfolio of let apartments as part of four separate residential developments in Bucharest. The 122 apartments are 60% let and are generating income both from lettings as well as from sales now that the market in Bucharest is picking up.
- The GED Logistics park in Athens, Greece, mostly let to Kuehne + Nagel (70% of its warehouse income). The 17.756 sqm logistics center also has a 1MW photovoltaic installation on its roof generating and selling electricity to the grid. This transaction was completed in early 2015.

At the same time, management also spent time and resources in identifying various acquisition opportunities so as to create a strong pipeline of suitable targets. We entered negotiations for a number of these during the period, moved into thorough due diligence on some of them and, by the year end, were able to bring four to a position where they are ready for closing subject equity capital availability.

On that front, the Company scanned the equity markets and identified a small number of potential cornerstone investors that would be interested in supporting the growth plan of the Company.

Finally, the Company continued focusing on efficient operations and addressing the Ukrainian economic deterioration that caused substantial Hryvnia devaluation. All the tenants of our Brovary logistics terminal have US$ based lease agreement but nonetheless they are operating in a market that undergoes serious issues and their bottom line is hit by the local currency devaluation. As such they have requested and we plan to extend to them some rental relief as they go through this very tough period.

In parallel, the Company maintained its overall lean and strict operations management, keeping the annual operating and administrative costs to ~€2,3 million even though a number of new assets have been added to the portfolio while increasing the Company's net annual rental income by 33% to €3,6 million.

Ukrainian Political and Financial Developments

The political instability in Ukraine continues and until this is resolved it is hard to predict the final impact on the country's economy.

As Terminal Brovary is in Kiev and all its tenancy agreements are in US$, there is minimal imminent risk. On the other hand, in view of the serious bottom line loss its tenants are being faced with, we plan to offer lease incentives to maintain the low or zero vacancy.

During 2014 and for a short period there were capital controls imposed in the country, at which time it was difficult to export the rental income we had received. We used such period to re-pay a higher amount of the EBRD loan capital, ensuring that the Company does not suffer from such controls that had been stopped by year-end.

Optimizing Corporate Structure

In an effort to further streamline its operations, the Company has progressed with finalizing the merger of many of its Ukrainian non-operational, idle entities, thus lowering administrative costs. Further optimization is to be expected by further consolidating operating companies and eliminating intercompany loans so as to decrease the Ukrainian operation's dependency on equity support.

Furthermore, by introducing the new leveraged acquisitions the Company moves towards meeting its target leveraged capital structure of 50-55% LTV.

Audit Committee

The Audit Committee has met on a few occasions during the year in order to effectively monitor potential conflicts of interest of the directors and senior managers as well as to discuss with the auditors the affairs of the Company. The Audit Committee in its role of overseeing the financial reporting and internal controls of the Company ensures proper corporate governance in this respect.

Remuneration Committee

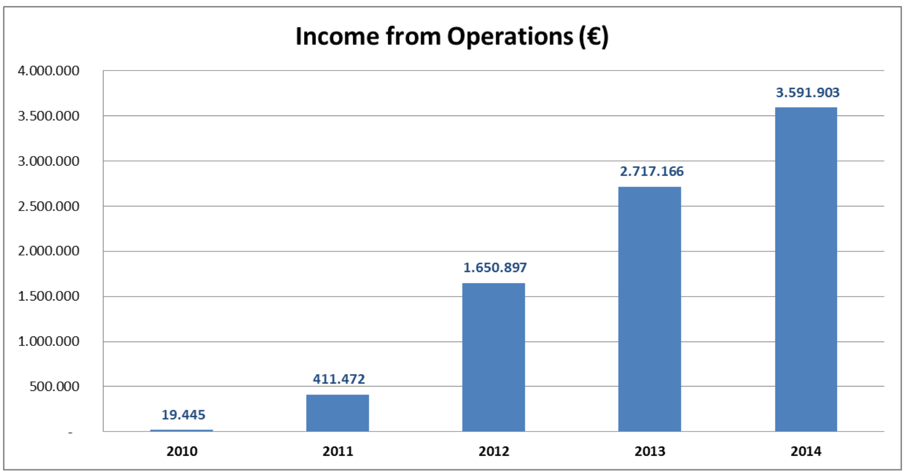
The Remuneration Committee pursuant to its responsibility to determine the policy for the remuneration of the Directors and Executive Management of the Company has met a few times throughout the year to review the practices of the Company and engaged with management to ensure that all issues under its supervision are resolved. The Remuneration Committee has proposed to the BoD the application of the Employee Stock Option plan, following the decision of the December 2013 AGM. Such share options will be distributed to the employees for the first time in 2015.

Internal Audit and Control

The Board is ultimately responsible for the Group's financial reporting, internal control and risk management systems and ensures that the Finance Department prepares detailed budgets and cash flow projections, which are approved annually and updated regularly throughout the year. Ongoing financial control is a responsibility of the management which reports to the BoD in order to maintain a tight liquidity control.

Financial performance

2014 showed the turnaround of the Company as achieved through the intensive 2012-2013 restructuring. Most notably, the Company more than quadrupled its EBITDA to €0,8m (2013:€0,2m) and passed to net operational profitability of ~€1m (2013:-€0,1m). Income from Operations grew by 33%.



2.2. Property Holdings

Property Assets

The Company's portfolio, consists of commercial income producing and residential properties in Romania, Greece and Ukraine as well as four development projects at different development stages in Ukraine.

Commercial-Industrial

Terminal Brovary Logistic Park consists of a 49.180 sq.m. Class A warehouse and associated office space, situated on the junction of the main Kiev – Moscow highway and the Borispil road which was fully completed in 2012. The facility has been 85% leased (warehouse space was 94% leased) at the end of the reporting period.

Innovations Terminal Logistic Park consists of a 16.570 sqm gross leasable Class A warehouse and associated office space, situated on the west side of Bucharest's ringroad. Its construction, tenant specific, was completed in 2008 and is separated in four warehouses, two of which offer cold storage, the total area of which being 6.395 sqm. Innovations was acquired by the Company in May 2014 and was 100% leased at the end of the reporting period, 61% to Nestle and 39% to other local companies.

GED Logistic Park consists of a 17.756 sq.m. gross leasable area industrial and associated office space, situated on the west side of Athens, close to the Port of Piraeus. The facility has been in operation since 2010 and as at the end of the reporting period was 100% leased to Kuehne + Nagel (70%) and GE Dimitriou SA (30%). The park also has a photovoltaic alternative energy production facility installed on its roof. The said asset is to be consolidated within the Company's accounts in 2015 as the closing of the transaction was effected in March 2015.

EOS Business Park which serves Danone Head Quarters in Romania, is a 3.386 sqm GLA Class A office building, situated in the North Eastern Part of Bucharest. The building is fully let to Danone.

Land Bank

Bela Logistic Centre is a 22.4 ha plot in Odessa situated on the main highway to Kiev. Following the issuance of permits in 2008, below ground construction for the development of a 103.000 sq.m. GBA logistic center commenced. Construction was put on hold in 2009 due to the global economic crisis.

Kiyanovskiy Lane consists of four adjacent plots of land, totaling 0.55 ha earmarked for a residential development, which are well located, overlooking the scenic Dnipro River, St. Michael's Spires and historic Podil neighborhood. During 2014, management held discussions with a number of interested parties with regard to a possible development of this asset should the market developments allow for such action.

Tsymlyanskiy Lane is a 0.36 ha plot of land located in the historic Podil District of Kiev earmarked for the development of a residential complex.

Balabino project is a 26.38 ha plot of land situated on the south entrance of Zaporozhye, a city in the south of Ukraine with a population of 800.000 people. Balabino is zoned for retail and entertainment development.

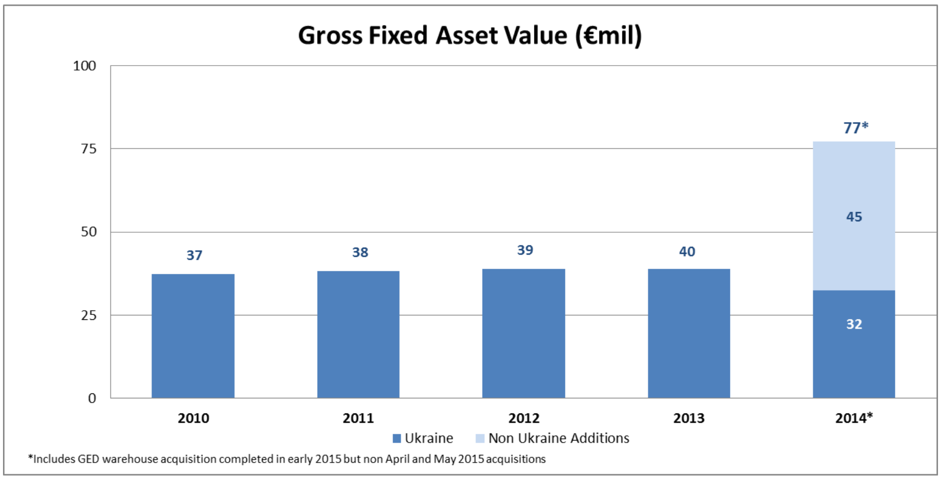
Residential portfolio

This consists of a portfolio of 122 apartments units, situated on four distinct locations in the city of Bucharest. By year end 60% of the apartments units were let while during the year 7 units were sold.

Property Asset Valuations

In 2014, the Company continued with RICS accredited CBRE Ukraine as its valuer for the Ukrainian Assets and also appointed RICS accredited Property Partners as the valuer for the Romanian assets. 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).

At the year-end, the Company's property assets were valued at €61 million, an increase of 57% from the December 2013 valuation due to acquisitions effected throughout 2014. It should be noted that the fair value of the Ukrainian assets has been reduced by ~€8 million (representing a reduction of ~20% in EUR denominated values or ~30% in USD denominated values) due to the continuing crisis.



During the year the Company's asset portfolio became more diversified in terms of geography as well as asset class. At the end of the reporting period, 54% of the company's portfolio is outside Ukraine while with the addition of GED Logistics in March 2015, Ukraine falls to 43% and by the reporting date only 26% of the Gross Asset Value is attributable to the said country. The same applies to the income generation ability of the Company which at the reporting date depends on Ukraine by 28%.

P&L

Excluding the revaluation losses that are attributable to the reduction of asset prices in Ukraine as well as the foreign exchange losses either associated with the EBRD loan to Terminal Brovary, mostly hedged due to the USD denominated income, and the intercompany loans that have been affected on paper by the devaluation of the UAH from 8 to the USD, to 33 to the USD by the end of the reporting period, the table below presents the comparable for the operating performance in the last 3 years:

EUR	2014	notes	2013	notes	2012	notes
Operational income	3.591.903	1	2.717.166		1.650.897	
Administration expenses	(2.743.723)	2	(2.475.720)		(2.523.734)	
Investment property operating expenses	(660.263)		(543.217)		(431.414)	
Other (expenses)/ income, net	(136.058)		495.774	3	407.933	3
Gain realized on acquisition of subsidiary	766.221	4	-		-	
Operating profit	**818.080**		**194.003**		**(896.318)**	
Finance costs, net	(1.414.400)		(1.034.456)		(1.677.544)	
Profit/(loss) before tax	**(596.320)**		**(840.453)**		**(2.573.862)**	
Income tax expense	(220.476)		(125.722)		(65.259)	
(Loss) / Profit for the year	**(816.796)**		**(966.175)**		**(2.639.121)**	
Valuation gains/(losses) from investment property	9.297.525		635.067		2.687.028	
Foreign exchange losses, net	(7.512.640)		201.952		-	
(Loss) / Profit for the year	**968.089**		**(129.156)**		**47.907**	

Notes
1. includes 6months income from Innovations and 4months from EOS Business Park
2. includes one off legal expences
3. includes legacy liabilities write off
4. refers to acquisition of asset below market value

Net Equity

The Net Equity attributable to the shareholders as at 31 December 2014 stood at €32 million representing a 13% decrease over the 2013 Net Asset Value due to revaluation of the Ukrainian assets.

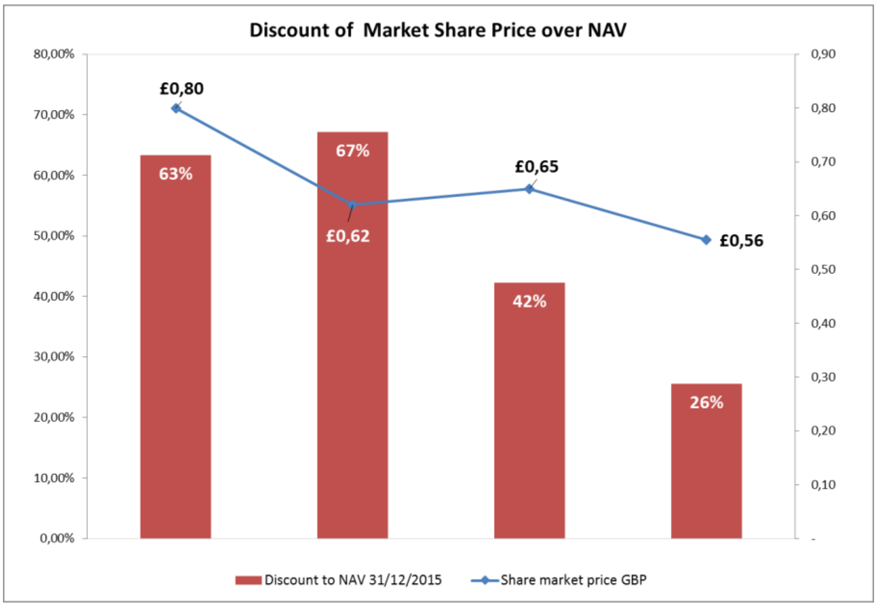
Asset Contribution to Net Asset Value

The table below presents the contribution of each of the holdings of the Company at the end of the reporting period to its Net Asset Value.

			2014		2013
€m		**GAV**	**Debt**	**NAV**	**NAV**
Innovations	Rom	14,0	7,4	6,6	
Eos	Rom	6,4	4,3	2,1	
Terminal Brovary	Ukr	17,4	11,8	5,6	8,0
Residential units	Rom	8,4	6,2	2,2	
Land banking	Ukr	14,9		14,9	22,0
Total Property Value		61,1	29,7	31,4	29,9
Other Assets minus Other Liabilities		1,2		1,2	7,8
Net Asset Value total				**32,6**	**37,7**
Mcap 31/12/2014 (Share price at £0,56)				**24,1**	
Mcap 26/5/2015 (Share price at £0,31)				**18,5**	
Discount as of the reposrting date vs NAV 31/12/2014				**-43%**	

Net Asset Value per share

The NAV per share as at 31 December 2014 stood at GBP 0.75; lower than a year before, due to the new shares issued as a result of a capital increase and the valuation decrease of the Ukrainian assets, while the discount of the Market Value against the NAV decreased to 26%. Due to a drop in share price in the first quarter of 2015, this discount reached by the reporting date 43%.



2.3. Financial and Risk Management

Leverage

The Group's overall bank debt exposure at the end of the reporting period consisted of €30 million including:

a. the €11,8m construction loan to Terminal Brovary from EBRD. The loan was originally restructured in June 2011 and was again under a restructuring process which concluded in December 2014 and effectively matched the then current cash inflows from the asset with the debt amortization plan.

b. the €4,3m lease of the EOS business park with Alpha Bank.

c. the €7,4m lease of the Innovations park with Bank of Piraeus.

d. with the remaining being the residential project loans

Overall, the Group's Loan to Value ratio at the end of 2014 stands at 48%.

Liquidity Management-Cash Flow Risk

Throughout 2014 the Company continued to preserve liquidity and optimize its cash flow in a difficult credit environment. By maintaining a tight cash flow schedule, the Company has been able to manage its liabilities while making progress towards implementing its growth strategy by acquiring income producing assets.

Most importantly, during the year the Company mitigated the effects of the Ukrainian hryvnia devaluation to a large extent, by minimizing the cash available in Ukraine and transferring all excess cash out of the country by repaying either the EBRD or the intercompany loans, thus protecting the shareholder's value.

2.4. 2015 and beyond

General

Going into 2015, the Company is poised to grow by acquiring new income producing assets in Romania, Bulgaria and/or Greece. To effect that, more capital needs to be raised, and as first step the Company executed an open offer for new shares to its existing shareholders raising €8m in March 2015. Political turmoil in Greece and military one in Ukraine will necessitate even more prudence on actions taken but will also create an environment full of opportunities when such turmoil abates.

The Company

In early March 2015 the Company concluded the GED warehouse acquisition in Greece, while in April 2015 the Company proceeded in acquiring 20% of the Autounion, a Class A office building in Sofia, Bulgaria. The acquisition, which is the Company's first in Bulgaria, is in line with its strategy to build a diversified portfolio of prime commercial real estate in East and Southeast Europe, which is fully let to blue chip tenants on long leases, generate high yields and have the potential for capital growth.

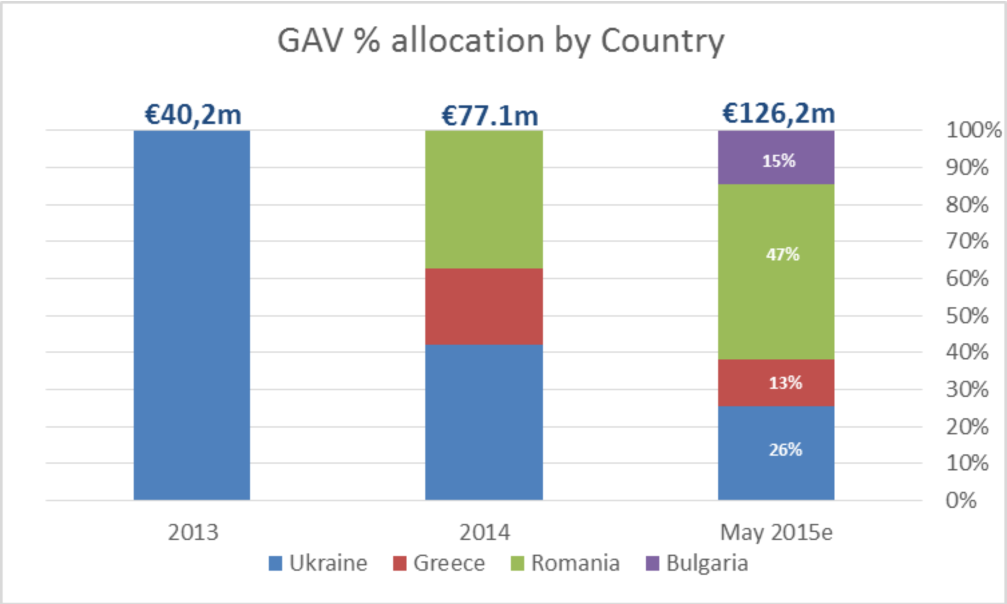
In May 2015 the Company acquired two portfolios of assets consisting of:

- 100% of a DIY retail property in a prime location in Craiova, Romania. The building of a Gross Lettable Area ('GLA') of 9.385 sqm is wholly let to Praktiker, a leading DIY brand and produces an annualised NOI of ~€1 million

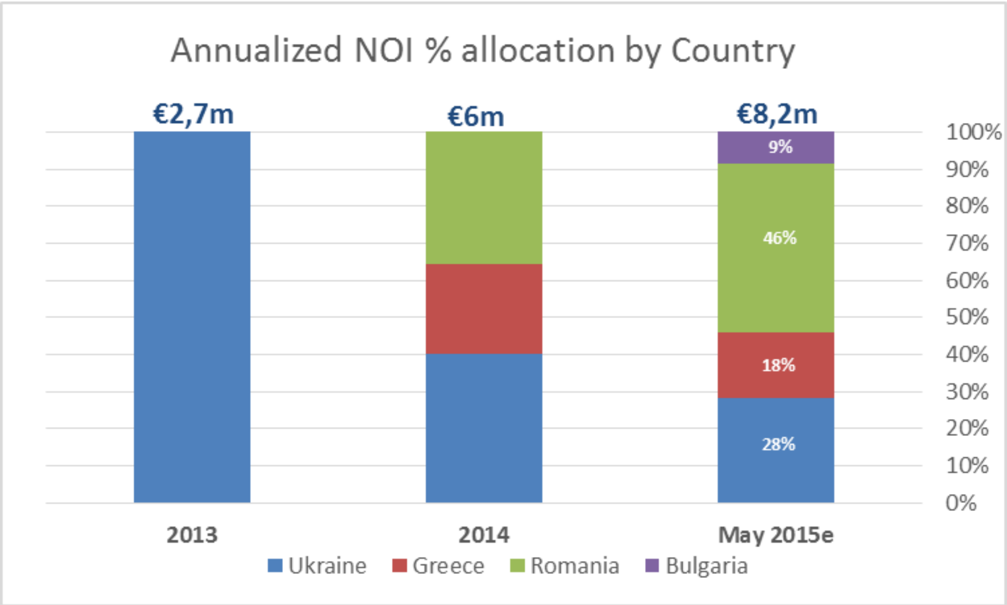
- a 24,35% interest in Delea Nuova, a Class A office building in a prime business location in Bucharest - the building is fully let mainly to the telecommunications regulator of Romania, produces an annualized NOI of €1,9 million and has a GLA of 10.280sqm over ten floors and includes underground parking

- a small portfolio of newly built income producing residential assets, located on Grivita Lake in north Bucharest and on the slopes of Boyana in South Sofia. They generate an annualized income of €300.000, as they are mostly let - the Company intends to sell these to generate substantial near term cash for reinvestment

As a result of these acquisitions the Gross Asset Value of the Company is now diversified as follows:



Furthermore, the annualized Net Operating Income, considering also the newly acquired assets is estimated as follows:



As such, our focus in 2015 is a) to improve even further the Company's operating results, b) leading to a dividend distribution for the first time in its history in 2016, while at the same time to attract more like minded investors and grow the Company's balance sheet with both new capital and assets in other countries in the South East Europe region, while safeguarding our position and income in Ukraine.

3. Regional Economic Developments [1]

Ukraine

Nearly one year after the clashes that resulted in the fall of the incumbent government, the deterioration and finally breaking off of Russia-Ukraine relations and the loss of part of Ukraine's geographic area, the situation remains particularly volatile. The social and geopolitical instability continues to affect not only Ukraine's economic and political well-being, but also relations between Russia and the rest of the world, as the international financial markets remain volatile. Ukraine engaged in a loan agreement with the IMF before the summer, having already received two tranches of the loan for ongoing fiscal consolidation. The future remains uncertain for the country, even though the two elections (the presidential in May and the Parliamentary in October) have resulted in a pro-European government.

Gross Domestic Product continued to decrease for yet another quarter and it is expected to close for 2014 at -6,0% from 0% growth in the previous year, as domestic demand, investments and consumption have been severely hit. Another factor that will negatively contribute to economic activity is the current situation in the Donetsk and Lugansk Region, where almost 75% of Ukraine's steel production comes from. Steel production levels reached the ones of the 2008 crisis.

The devaluation of the Ukrainian Hryvnia which peaked at 34 UAH to the USD (from 8 UAH to the USD in late 2013) and the deterioration in imports and exports have led to a favorable current account balance in 2014. Specifically, the current account deficit in H1 2014 contracted to 1,8% of GDP from 3,1% in H1 2013, as the trade deficit decreased accordingly. Inflationary pressures led to a CPI index of 11% in the period January-November 2014 compared to -0,3% in January-November 2013.

While fiscal finances have deteriorated, the IMF deal has provided some stability. The fiscal deficit in the period January-September widened to 4,8% of GDP from 3,2% in January-September 2013, as expenditures shot up to 53,1% from 34,2% in the same periods. Revenues, however, also increased to 48,6% of GDP in January-September from 31% in January-September 2014.

As far as interest rates are concerned, the National Bank of Ukraine hiked its key rate by 150 bp to 14% in November. The interest rate move was apparently motivated by the accelerating inflation in the last few months. Given basically non-functioning monetary transmission mechanism, NBU interest rate decision is mostly symbolic and will have no much impact on other interest rates and economic dynamics.

Macroeconomic data and forecasts					
	2011	**2012**	**2013**	**2014e**	**2015f**
GDP (USD bn)	163,4	176,2	177,4	127,6	95,0
Population (mn)	45,6	45,6	45,5	42,7	42,5
GDP (constant prices y-o-y %)	5,2	0,2	0,0	-6,0	-5,5
CPI (average, y-o-y %)	8,0	0,6	-0,2	12,1	33,5
ILO Unemployment rate (%)	7,9	7,5	7,4	10,5	11,5
Net FDI (USD bn)	7,0	6,6	3,3	0,2	1,0

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

Romania

Romania's preliminary GDP results recorded a 3,3% year-on-year increase in Q3 2014, from 2,2% in Q2 2014 and 3,6% in Q3 2013.

In the first eight months of 2014, the Current Account Deficit was 0,6% of GDP compared to 0,4% of GDP in January-August 2013, as per the adoption of the new calculation methodology, as the primary income deficit widened. The external sector

[1] Sources: Eurobank Research, NBG Research, National Statistical Services, National Central Banks, Eurostat, European Central Bank, International Monetary Fund, Raiffeisen Research, Bloomberg, World Bank

remains relatively firm, as the RON is stable and until now imports and exports have not been hit by the ongoing crisis in Ukraine and Russia. In addition, public finances have improved significantly in 2014, as in the first nine months the fiscal balance turned to a surplus of 0,1% of GDP compared to a deficit of 1,3% in January-September last year, as public expenditures have declined. According to the updated data and the new calculation methodology, the external debt in the first nine months decreased to 64,5% of GDP from 69,5% in 2013. Both short-term and long-term debt were limited.

Inflation has fallen to historically low levels since September 2013 (1,4% in October 2014), as a result of the abundant agricultural harvest, taxes imposed during last year and declining food prices. The latest forecast for average inflation in 2014 is 1,5%.

The National Bank of Romania continued its cycle of monetary easing by cutting its rate to 2,75%, with the aggregate cuts since December 2013 totaling 100 bps. It has also reduced the minimum reserve requirement ratios on Romanian Leu and FX-denominated debt to 10% and 14% from 12% and 18% respectively, thus allowing banks to build up their reserves.

S&P upgraded in mid-May Romania's long-term and short-term foreign and local currency sovereign credit ratings to "BBB-/A-3" from "BB+/B", with stable outlook. This move brings S&P's rating on par with the other two major rating agencies, Moody's and Fitch, which both rate Romania investment grade.

Macroeconomic data and forecasts					
	2011	2012	2013	2014e	2015f
GDP (EUR bn)	131,4	131,8	142,2	149,3	153,0
Population (mn)	20,1	20,0	19,9	19,9	19,9
GDP (constant prices y-o-y %)	2,2	0,7	3,4	2,9	2,7
CPI (average, y-o-y %)	5,8	3,4	4,0	1,4	1,0
Unemployment rate (%)	7,4	7,0	7,1	6,8	6,7
Net FDI (EUR bn)	1,8	2,2	2,6	2,4	3,0

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

Bulgaria

Bulgaria continues to show signs of a steady recovery, as real GDP remains very stable although below its long-term average. GDP grew by 1,6% year-on-year in Q3 2014 from a slightly higher increase of 1,8% in Q2 2014 and a lower 1,1% in Q3 2013. The revision of the national accounts to convert to the ESA 2010 methodology brought up real GDP in 2013 to 0,9% compared to the previous 0,7% value.

The Current Account balance decreased to 2,0% of the GDP for the period of January to August from 3,1% in the same period last year, mainly due to the increase of the trade deficit. The Bulgarian economy has been on a deflationary path since September 2013. Reduction in the administratively set energy prices and a strong harvest (leading to lower food prices) made prices trend sharply downward. Indicatively, inflation in the first ten months of 2014 averaged -1,5% from 1,4% in the same period last year, as most of the consumer price index constituents either declined or slowed down.

The fiscal deficit in the first nine months widened to 1,9% of GDP from 0,4% in January-September last year, due to an increase in public expenditures. This number however is well below the maximum of 3,0% providing the necessary stability to the country.

The government successfully resorted on June 27 to the international markets with the planned €1,5bn September 2024 Eurobond sale. The said issue attracted strong as well as diversified demand in reflection of ongoing as well as broad-based investor confidence towards Bulgarian assets. Total bids reportedly amounted to ca €3,7bn and the auction produced an average accepted yield of 3,055% or 160bps over mid-swaps.

On the political front, a fragmented new parliament emerged from the early parliamentary elections in Bulgaria on October 5th. Eight parties, the highest number in the post-Communist era, accomplished to surpass the 4% threshold in order to enter the parliament. The new coalition government successfully managed to deal with one major issue; the resolution of Corporate Commercial Bank.

Macroeconomic data and forecasts					
	2011	2012	2013	2014	2015f
GDP (EUR bn)	38,5	39,7	39,9	40,4	40,7
Population (mn)	7,3	7,3	7,3	7,2	7,2
GDP (constant prices y-o-y %)	1,8	0,8	0,9	1,7	1,2
CPI (average, y-o-y %)	4,2	3,0	1,4	-1,6	-0,5
Unemployment rate (%)	11,2	12,3	12,9	11,7	10,9
Net FDI (EUR bn)	1,2	1,2	1,1	1,2	1,5

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

Greece

The confirmation by Eurostat of the 2013 primary budget surplus and the redistribution of part of that surplus to a number of social groups, reinforced the credibility of the Greek fiscal consolidation, boosted consumer confidence and stabilized household spending. 2014 was going to be the first year after 6 recession years with an overall GDP increase but elections declared in December 2014 have taken a heavy toll and have thrown the country's economy back into recession. In addition to the economics the country's credibility is being severely damaged.

In the first nine months of 2014, Greece's GDP level was higher by 0,6%, compared with the corresponding period of last year, when it had fallen by 4,3%. This was mainly due to higher international tourist arrivals during the summer period, leading to the strongest growth in the exports of goods since the 2004 Olympic Games.

Total domestic consumption increased by 1,2% in the first nine months of 2014, after a contraction by 4,2% in the same period a year earlier and 6 consecutive negative years. Again, in the second part of the year consumption started to show signs of further improvement before collapsing in November and December due to the elections announcement.

With exports rising faster than imports, the deficit of the external sector has been reduced by 9,7% over the first half of the previous year, at €2,6 billion (3,4% of the GDP), while during the same period of 2013 that deficit had shrank much faster (-43,1%).

Bank of Greece recorded a net deposit outflow of ~€11bn that extended to €35bn by end of March 2015 bringing the banking crisis under severe liquidity stress. For the moment the slack is being picked up by the ECB through the ELA. Deposits are at an all-time low of €135bn from €250 in 2008.

Macroeconomic data and forecasts					
	2011	2012	2013	2014e	2015f
GDP (EUR bn)	208,5	193,4	182,1	179,1	175,2
Population (mn)	10,8	11,1	11,0	11,0	10,9
GDP (constant prices y-o-y %)	-1,1	-6,6	-3,9	-0,9	-0,8
CPI (average, y-o-y %)	4,2	3,0	0,9	-1,4	-0,3
Unemployment rate (%)	17,9	24,5	27,5	26,6	25,0
Net FDI (EUR bn)	0,8	1,4	1,6	1,0	0,0

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

4. Real Estate Market Developments [2]

4.1. Ukraine

General

Ongoing tensions in the East along with fundamental economic problems, have taken their toll on the country's real estate market during the first half of the year. Since then, the situation seems to stabilize with businesses largely adopting a wait-and-see attitude.

Logistics Market

In 2014, the new supply of logistics space reached 144.000 sqm, nearly 7% increased in comparison with 2013, leading to a total stock of 1,72 million sqm in the Greater Kiev area. Compared to the same period in 2013, take-up has decreased by 60%, reaching approximately 118.000 sqm. This drop in demand along with the delivery of several relatively sizeable schemes during the period against the background of extremely suppressed business dynamics in the country, led to rent contraction by 15-25%. Growing supply and low business activity have made downward correction of market rents, by 50-100bp.

Office Market

The cumulative new office supply in 2014 in Kyiv reached approximately 155.000 sqm and was around 18% higher than at the end of 2013 and only 1% less than in 2012. There was approximately 1,71 million sqm of speculatively delivered office stock in Kyiv at the end of 2014, excluding government buildings and offices constructed by owner-occupiers. The vacancy rate in Kiev remains the highest among the European capitals and in the end of the reporting period was standing at 23,5%. Devaluation and prevailing supply in the market balance is the reason behind the drop and the wide range in rental rates, especially in class A offices. According to preliminary estimates, take-up did not exceed 50.000 sqm by year end results, mainly driven from manufacturing and IT companies.

Retail Market

In 2014, total stock amounted to around 1,44 million sqm, approximately 8% higher than in 2013. At the first half of the year, some retailers decided to leave the Ukrainian market, but in the second half new brands like Nespresso, Intimissimi and Calzedonia decided to enter the market. New supply on the market, loss of tenants and a low occupancy rate of some new objects on the market led to a vacancy rate of 10%. These rates along with the devaluation of the local currency put downward pressure on rental rates, which dropped at USD 50-80/sqm for shopping centers and USD 150-200/sqm for high street shops.

4.2. Romania

General

The investment volume in Romania in 2014 rose by 254% compared to 2013, reaching €1,3 billion (including owner-occupied and residential transactions). This represents the highest volume recorded in Romania since 2007.

Logistics Market

The modern stock in Bucharest remains constant at approximately 1 million sqm. During the year, Romanian industrial market experienced its largest ever transaction involving a single asset, with CA Immo selling a 215.000 sqm logistic park. Gross take-up amounted to approximately 210.000 sqm, the highest figure in the last five years. Considering the recent transactions and the absence of speculative development, the vacancy rate dropped from 11-13% to ca. 8% in Bucharest and Ilfov areas and it remained at the same level in the rest of the country. Yield slightly compressed from 10% to 9,5%, while rental rates showed no significant change throughout the year.

Office Market

Take-up in 2014 reached a total of 223.000 sqm, the highest figure registered since 2008. The modern office stock in Bucharest stands at around 2,21 million sqm.

[2] Sources : Jones Lang LaSalle, DTZ Research, CBRE Research, The Advisers/Knight Frank, Forton International, MBL Research, Colliers International

Currently there is 215.900 sqm of space under construction, of which 28% has already been secured under pre-let agreements and, with an anticipated improvement in demand will help to lower the vacancy rate which at the end of the year was 14,3%, the sharpest year on year change (370bp) after the financial crisis. Prime headline rents increased slightly to €18,5/sqm, while the increasing interest from investors for prime properties in Bucharest encouraged a yield compression by 25 bps, now at 7,75 %.

Retail Market

The modern retail stock in Romania increased slightly at 2,9 million sqm as only three new retail schemes were built during the year. After a weak performance in 2013, retail sales recorded a 7% year-on-year growth in 2014. The gap between prime and secondary stock continues to be significant. Yield and rental rates are stable since 2013 while vacancy rates remain at low levels, due to the lack of new supply.

Residential Market

After a timid market recovery in 2012, and a more active 2013, the first half of 2014 saw a reduction in the number of vacant units in previously completed residential projects. The revival of the market is also indicated by the expansion of well-performing projects. As in previous years, the Prima Casa government program is still a major driver of demand. Between 2008 and H1 2014, c. 119.200 Prima Casa loans were approved, with a total value of over €4,5 billion, helping the market to pick up quickly.

4.3. Bulgaria

General

The Bulgarian Real Estate market remains stable with signs of sector improvement in the office and residential assets classes. The relative stability of the Bulgarian economy and the reduced residential prices at levels 50% to the 2008 peak have fueled a sizable increase in transactions.

Logistics Market

Total modern stock in 2014 increased by 5% year-on-year to 757.000 sqm, while take-up activity hardly reached 12.000 until the end of Q3. Prime rents slightly increased -for the first time after the recession- to €3,75/sqm. (7% year-on-year), while yields remained relatively stable for one more year at 11,75%.

Office Market

During 2014, only 20.000 sqm of class A offices were delivered. As a consequence, the Sofia office stock increased only by 1,8% at 1,68 million sqm. The overall market vacancy rate registered a decrease for a second consecutive year. The total class A and B vacant space amounted to approximately 255.000 sqm, or an aggregate 15% of the total class A and B inventory. The pipeline showed a further 40% decrease year-on-year reaching 100.000. The take-up of class A and B space reached 71.000 sqm on a year-on-year basis, showing a 9% increase. Yields are at 9%, recording a slight drop of 50bp year-on-year.

Retail Market

After the closure of The Strand in Burgas and Mega Mall Ruse in the second half of 2014, the total volume of modern retail space of shopping centers in Bulgaria reached 783.000 sqm,, while demand remains relatively healthy and rental rates increased 6% year-on-year in shopping malls. Vacancy rates in Sofia remained stable at 12%. However, good news comes from international retailers, who are either returning or entering the Bulgarian market for the first time, indicating imminent decrease in vacancy rates.

4.4. Greece

General

The outlook for the Greek economy which has been much improved in the first 3 quarters of 2014, after seven years of recession, has deteriorated rapidly in the last quarter of the year. Risks are now greater than ever to the recovery story and yet more negative shock have affected market performance driving transaction to a collapse in late 2014.

Logistics Market

As of Q3, €50 million exchanged hands, more than double the total seen in 2013. Investors struggle to balance risk and price especially given the subdued occupational market and fragile economy. Value-add funds and Greek REICs are likely to be the first to act if the right asset comes to market, spurred on partially by the recent reduction of transfer tax to a flat rate of 3,00%. Prime rents are stable at €2,60/sqm for manufacturing in Athens and €4,00/sqm for logistics. Yields dropped 200 bps, now standing at 11% on average.

Office Market

Development finance is very limited and no significant schemes were constructed in Athens during 2014. Some projects that have broken ground were postponed by their developers, who decided to wait for when fundamentals are more robust. Total office deals reached approximately €28 million as of Q3. The high vacancy rate is heavily linked with the lack of demand. Prime rents in Athens CBD have seen a 5% drop year-on-year. Yields recorded a drop of 100bps, now at 8,5%.

Retail Market

During the period of recession there was a distortion of rent levels on existing lease agreements versus new leases. Consequently, the same area can see a large gap between rent levels. Upward pressure on prime rents, especially for these small and medium size units, continued and double-digit growth was recorded in Athens and Thessaloniki’s high streets, ranging from 5% to 30% year-on-year. Supply for prime space has been tightening, however, vacancies are still on the rise in secondary areas. Yields have contracted slightly since last year, standing at 7-8% for high streets shops and a little over 8% for shopping centers.

5. Property Assets

5.1. Aisi Brovary – Terminal Brovary Logistic Park , Ukraine

Project description

The Brovary Logistic Park consists of a 49.180 sq m GLA Class A warehouse and associated office space. The building has large facades to Brovary ring road, at the intersection of the Brovary (E-95/M-01 highway) and Borispil ring roads. It is located 10 km from Kiev city border and 5 km from Borispol international airport.

The building is divided into six independent sections (each at least 6.400 sq m), 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 and municipal provided sewage, water and garbage collection.

Current status

As of the end of December, the park remained 85% leased, with 94% of its warehouse capacity leased.

5.2. Innovations Logistics Park, Romania

Project description

The Park incorporates approximately 8.470 sqm of multipurpose warehousing space, 6.395 sqm of cold storage and 1.705 sqm of office space. It is located in the area of Clinceni, south west of Bucharest center, 200m from the city's ring road and 6km from Bucharest-Pitesti (A1) highway. Its construction was tenant specific, was completed in 2008 and it comprises four separate warehouses, two of which offer cold storage.

Current status

As of the end of December the warehouse was 100% leased with Nestle Ice Cream Romania being the anchor tenant (100% of cold space and 72% of total NOI), following the recent renewal of its lease .

5.3. GED Warehouse and Photovoltaic Park, Greece

Project 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 and the National Road. The roofs of the warehouse buildings house a photovoltaic park of 1.000KWp.

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

Current status

The Company reached a binding agreement in August 2014 for the acquisition of the asset which was expected to be concluded upon the transfer of the asset from previous owner to a newly formed company, and completion of certain other conditions which were finalized in March 2015. The complex at the end of December is 100% occupied, while the major tenant (approximately 70%) is the international transportation and logistics company Kuehne + Nagel.

5.4. EOS Business Park – Danone headquarters, Romania

Project 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 serviced by public transportation. The park is highly energy efficient.

Current status

The Company has reached a binding agreement in August 2014 for the acquisition of the asset which was finalised in November 2014. The complex at the end of December is fully let to Danone Romania, the French multinational food company, until 2026.

5.5. Residential portfolio

a) Romfelt Plaza (Doamna Ghica), Bucharest, Romania

Project description

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

The residential unit portfolio acquired by the Company comprises 2.990 sqm across nine studios, six two bed apartments and thirteen three bed apartments, all located in buildings A, D, E, F, and I.

Current status

As of the end of December total existing leases stood at 20 indicating an occupancy rate of 74%.

b) Linda Residence, Bucharest, Romania

Project description

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

The 2.642 sqm residential portfolio acquired by the Company comprises twenty seven apartments including two studios, fifteen two bed, eight three bed and two four bed apartments, as well as 27 storage spaces, and 20 surface parking spaces.

Current status

As of the end of December there are a total of 5 total existing leases indicating an occupancy rate of approximately 23%.

c) Monaco Towers, Bucharest, Romania

Project 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.

The residential portfolio acquired by the Company comprises forty apartments, twenty five two-room apartments and fifteen three-room apartments, totaling 3.609 sqm.

Current status

As of the end of December the total existing leases stood at 31 indicating an occupancy rate of 78%.

d) Blooming House, Bucharest, Romania

Project description

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

The residential unit portfolio acquired by the Company comprises twenty seven apartments, comprising twelve two bed, forteen three bed, and one five bed, totaling 2.387 sqm, plus 28 parking spaces, 13 above ground, 15 underground.

Current status

At the end of December the total existing leases stood at 17 indicating an occupancy rate of approximately 63%.

5.6. Land Bank

a) Aisi Bela – Bela Logistic Center

Project description

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

Current status

Following the completion of planning and issuance of permits in 2008, construction commenced, with column foundation and peripheral walls for 100.000 sqm completed in 2009. Development was then put on hold, due to lack of funding and deteriorating market conditions.

b) Kiyanovskiy Lane – Land for Residential Complex

Project description

The project 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.

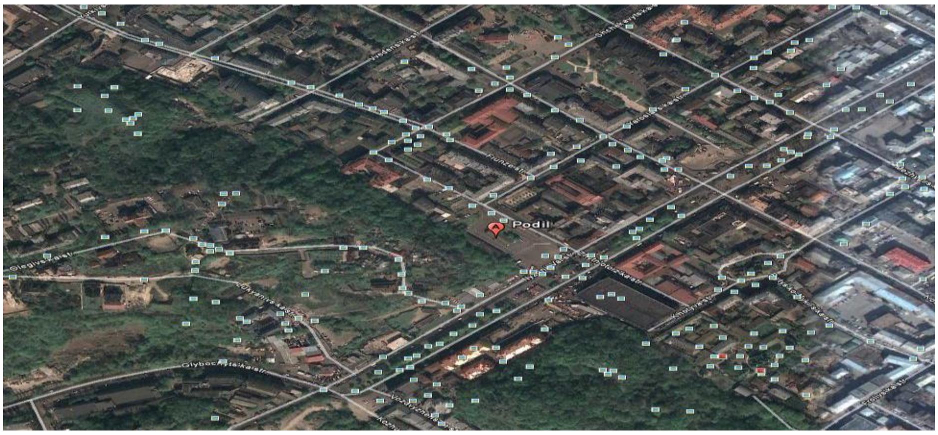
Current status

The concept design of the project is under review with the proposed development to include residential apartments (GBA of circa 21.000 sqm) and 100 parking spaces across two basement levels.

c) Tsymlyanskiy Lane – Land for Residential Complex

Project 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

In 2009, all necessary documents were submitted to relevant authorities for approval and issuance of a construction permit. The plan was to develop approximately 10.000 sqm GBA of 40 high end residential units and office spaces on lower floors, as well as 41 parking spaces over three underground levels. Since then, the project has been on hold. In 2014 the company renewed its holding permit.

d) Balabino-Land for Retail/Entertainment Development

Project description

The 26,38 site is situated on the south entrance of Zaporozhye city, three km 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.

UKRAINE

SATELITE MAP OF ZAPOROZHYE

Current status

The site is zoned for retail and entertainment and various development options are being evaluated as per the market's needs.

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014

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Corporate Information

Board of Directors

Alvaro Portela
Antonios Achilleoudis
Antonios Kaffas
Franz Hoerhager
Harin Thaker
Lambros Anagnostopoulos
Ian Domaille
Paul Ensor
Robert Sinclair

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Eagle House, 10th floor, PC 1082,
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Auditors

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

Chairman's Statement

2014 was a pivotal year for SPDI, as the Company embarked upon its acquisition strategy in earnest. The logic behind this strategy remains unchanged: to take advantage of the low prices of commercial property on offer in South East Europe with strong tenants and competitively priced financing. The objective is to build a diversified portfolio of fully let prime commercial real estate, which generates high levels of income from a blue chip tenant base on long leases, and at the same time offers the potential for significant capital growth.

With the above in mind, the year under review has seen excellent progress made. The numbers speak for themselves: 57% increase in total assets to €61 million (2013: €39million), a reflection of the transformational acquisitions made during the year across the region; a 33% increase in rental income to €3,6 million (2013: €2,7million); and a 300% increase in EBITDA to €0,8 million (2013:€0,2million). We have ended the year with a Net Asset Value of £0,75 per share (2013: £1,13) which, even after taking into account the new shares issued during 2015, remains substantially higher than our current market valuation and provides us with considerable asset backing.

Finding the right properties across Europe to meet our strict investment criteria against a backdrop of a property market that is on a rising trend, requires a management team with a proven track record. The year under review has demonstrated that SPDI has one such team, and as a result we believe that we are very well positioned to continue to source a strong pipeline of suitable opportunities due to our wealth of experience and contacts, as we look to add to our growing number of properties owned and managed across the region.

Indeed post period end we have done just that. In April 2015, we announced the acquisition of an interest in a fully let and income generating office building in Sofia, while in May we followed this up by announcing the acquisition of a series of prime property assets in Romania and Bulgaria, including a 100% interest in a prime location big box retail property in Craiova, Romania (wholly let to Praktiker) as well as a 24,35% interest in Delea Nuova, a Class A office building in Bucharest city centre, which is fully let mainly to the telecommunications regulator of Romania.

With a running annualized NOI of €8 million, a portfolio of seven income producing properties covering four countries we now have a cash generative platform from which to accelerate the roll-out of our strategy to build a portfolio of prime real estate in Southeastern Europe. We continue to evaluate additional opportunities that fit the Company's investment criteria of high yields and blue chip tenants in Southeastern European population hubs, as we look to expose our shareholders to both immediate cash flows with long term visibility, as well as the potential for significant capital uplift, as the on-going European yield compression play gathers momentum across the continent.

The very low interest rates across Europe should work in favour of continued yield compression in commercial property, and we remain confident that we are very well positioned to make 2015 another year of carefully structured acquisitions of undervalued property assets and improving financial performance.

Paul Ensor

Chairman of the Board

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

We, the Members of the Board of Directors and the person responsible for the preparation of the consolidated financial statements of SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC for the year ended 31 December 2014, based on our opinion, which is a result of diligent and scrupulous work, declare that the elements written in the consolidated financial statements are true and complete.

Board of Directors members:

Antonios Achilleoudis	
Lambros Anagnostopoulos	
Ian Domaille	
Paul Ensor	
Franz M. Hoerhager	
Antonios Kaffas	
Harin Thaker	
Alvaro Portela	
Robert Sinclair	

Person responsible for the preparation of the consolidated financial statements for the year ended 31 December 2014:

Constantinos Bitros	

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and the audited consolidated financial statements of SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC ("SPDI" or "SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC" or the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2014.

Principal activities

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

Review of current position, future developments and significant risks

Throughout the year Management has worked towards identifying growth opportunities in the form of property acquisition in South East Europe. During the year the Company completed 3 such transactions, namely the acquisitions of Innovations Park, a warehouse in Bucharest Romania, of EOS Business Park and Office building in Bucharest Romania and 122 apartments from 4 different residential compounds also in Bucharest. The Company has also signed an agreement to acquire GED Logistics complex in Athens Greece, a transaction which was completed in March 2015. In parallel the Company has completed due diligence related to assets that are in the pipeline to be acquired in 2015.

On the operational side the Group's running Net Operating Income exceeds €6.5m on an annualized basis while its exposure to Ukraine both in terms of assets and NOI is well below 50%. On the same note the Group has signed the restructuring of the legacy EBRD construction loan for Terminal Brovary which matures in 2022 and has a balloon of 25%.

The Board of Directors expects that the organic growth of the Group together with the proceeds from 2015 acquisitions will allow the Company to offer its first dividend distribution in 2016.

The most significant risks faced by the Group and the steps taken to manage these risks are described in Notes 4 and 30 of the consolidated financial statements.

Results and Dividends

The Group's results for the year are set out on page 11. The net loss for the year is carried forward.

Share Capital

Authorised share capital

Pursuant to the cancelation of 4.142.727 deferred shares of €0,99 nominal value and 1 old (2011 restructuring related) ordinary share of €0,92 nominal value effected on 20/3/2014, the Company's authorised share capital at the end of the reporting period amounted to 989.869.935 ordinary shares of €0,01 nominal value and 785.000 redeemable preferred shares of €0,01 nominal value.

Issued share capital

As of 31 December 2013 the total amount of outstanding ordinary shares was 27.171.833 shares.

Within the reporting year the Company has effected:

a) On 20/3/2014, following the approval of the Annual General Meeting of 30/12/2013, the cancellation of 1 ordinary share of €0,92 and 4.142.727 deferred shares of €0,99 each for the purpose of writing off losses of the Company (Note 20).
b) On 16/5/2014, following the approval of the Extraordinary General Meeting of 5/5/2014, the allotment of 785.000 redeemable preference shares €0,01 each for the purpose of acquiring Innovation Park (Note 20).
c) On 24/6/2014, following the approval of the Annual General Meeting of 30/12/2013, the allotment of 116.726 ordinary shares of €0,01 each to its Directors, who converted their 2013 annual fees (Notes 20 and 28) into equity.
d) On 24/6/2014, following the approval of the Annual General Meeting of 30/12/2013, the allotment of 500.000 ordinary shares of €0,01 each to the Directors, Management, Employees and Advisors of the Company in order to reward them for their continued commitment to the Company (Note 20).

REPORT OF THE BOARD OF DIRECTORS

e) On 28/8/2014, following the approval of the Annual General Meeting of 30/12/2013, the allotment of 3.934.853 ordinary shares of €0,01 each for the purpose of the in kind contribution of Residential Portfolio (Note 20).

f) On 30/10/2014, following the approval of the Annual General Meeting of 30/12/2013, the allotment of 1.160.642 ordinary shares of €0,01 each for the purpose of capital raising in the Company by new shareholders (Note 20).

As at the end of the reporting period the issued share capital of the Company is 33.884.054 Ordinary Shares of €0,01 nominal value each and 785.000 Convertible Shares of €0,01 nominal value each.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2014 and at the date of this report are presented on page 3.

In accordance with the Company's Articles of Association, during the Annual General Meeting held on 31st December 2014, Mr. Harin Thaker, Mr. Franz Hoerhager and Mr. Antonios Kaffas being eligible, retired by rotation, offered themselves for re-election and were re-elected.

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

Board Committees

The Board has constituted two committees, the audit committee and the remuneration committee. The membership of both committees remains unchanged from last year.

Remuneration Policy

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

As far as the Board's remuneration is concerned, this remains unchanged. The said remuneration plan relates to payments through shares which are locked up for the lesser of two years from the date of issue or the date following which the 30 day average traded value exceeds GBP 70.000.

Options currently held by Board Members

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

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

Under the said scheme each 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 US$	Number of Shares
Exercisable until 1 August 2017	57	1.754
Exercisable until 1 August 2017	83	877

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

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

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

The above option schemes were approved, by the shareholders of the Company in General Meeting on 31st March 2008. As at 31 December 2014 the Company considers that the options are well out of the money.

REPORT OF THE BOARD OF DIRECTORS

Directors and Management Holdings in the Company

As at the end of the reporting period the following Directors and Management hold shares of the Company:

Name	Position	Amount of Shares held
Paul Ensor	Chairman	147.495
Antonios Achilleoudis	Non-Executive Director	89.345
Franz Horhager	Non-Executive Director	121.474
Ian Domaille	Non-Executive Director	70.921
Robert Sinclair	Non-Executive Director	57.374
Harin Thaker	Non-Executive Director	44.742
Alvaro Portela	Non-Executive Director	44.742
Antonios Kaffas	Non-Executive Director	62.980
Lambros Anagnostopoulos	Executive Director and CEO	238.937
Constantinos Bitros	Chief Financial Officer	92.357

Warrants issued and exercised

All Class B Warrants are yet to be exercised with the exercise period ending 31 December 2016.

Other share capital related matters

Pursuant to decisions taken by the AGM of December 31st 2014, the Board is authorised and empowered to:

- issue up to 200.000.000 ordinary shares of €0.01 each at an issue price as the Board may from time to time determine (with such price being at a discount to the net asset value per share in the Company which is in issue immediately prior to the issue of the shares) so as to facilitate the profitable growth of the Company.
- issue Class A Warrants, to subscribe for up to 350% of the outstanding ordinary shares at the time of issuance of the Class A Warrants, upon such terms and conditions as may be determined by the Board (with such price being at a discount to the net asset value per share in the Company which is in issue immediately prior to the issue of the Class A Warrants). Such Class A Warrants may be offered to various third party entities a) for participating in the capital raising of the Company, b) for their contribution in creating value for the Company and c) for their assistance with the fundraising.

Events after the end of the reporting period

Any significant events that occurred after the end of the reporting period are described in Note 31 to the financial statements.

Independent auditors

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

The Audit Committee will be proposing to the Board the appointment of the Independent Auditors for 2015, authorizing the CEO and the CFO to negotiate their remuneration so as to present a relevant proposal to the Annual General Meeting of the Shareholders of the Company.

By order of the Board of Directors,

Constantinos Bitros
Chief Financial Officer

BAKER TILLY
Baker Tilly Klitou and Partners Ltd
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30 Griva Digheni Avenue
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Independent Auditor's Report

To the Members of Secure Property Development & Investment Plc

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Secure Property Development & Investment Plc (the "Company") and its subsidiaries (together with the Company, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2014, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap113.

Independent Auditor's Report (continued)

Emphasis of matters

We draw attention to Notes 3, 4 and 15 to the consolidated financial statements, which describe the following matters:

(a) Valuation of investment properties

The fair value of the investment properties as indicated in Notes 3 and 15 to the consolidated financial statements is based on valuations performed by independent valuators. The fair value is determined by selecting a variety of methods and making assumptions that are mainly based on conditions existing at the end of each reporting period. In the event that any of the assumptions do not materialize the fair values of the Group's Investment Properties will be affected accordingly.

(b) Ownership of investment properties.

As stated in Note 3, a number of the Group's land leases in Ukraine are held for relatively short terms and place an obligation upon the Group 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 Group 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. The management of the Group believes that the possibility of such action in the future is remote. Therefore, the assumption that the leases which expire will be renewed remains valid and the fair values of investment properties as of the end of the reporting period are not affected.

(c) Operating environment in Ukraine

We draw attention to Note 4 to the consolidated financial statements, which describes the political and social unrest and regional tensions in Ukraine, which could adversely affect the Group's results and financial position in a manner not currently determinable. The Group has diversified its geographical exposure in 2014 by expansion in Romania and in 2015 by expansion in Greece, Bulgaria and further expansion in Romania (Note 31) and thus reduced any possible adverse effect of Ukrainian operations on the Group as a whole.

Our opinion is not qualified in respect of these matters.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from the examination of those books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

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

Baker Tilly Klitou
Certified Public Accountants and Registered Auditors

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

Nicosia, 26 May 2015

1. Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	2014 €	2013 €
Operating income	8	3.591.903	2.717.166
Valuation gains from investment property	8	9.297.525	635.067
		12.889.428	**3.352.233**
Administration expenses	9	(2.743.723)	(2.475.720)
Investment property operating expenses	10	(660.263)	(543.217)
Gain on acquisition of subsidiaries	16	766.221	-
Other (expenses)/income, net	11	(136.058)	495.774
Operating profit		**10.115.605**	**829.070**
Net finance costs	12	(1.414.400)	(1.034.456)
Foreign exchange (losses)/income, net	13	(7.512.640)	201.952
Profit/(loss) before tax		**1.188.565**	**(3.434)**
Income tax expense	14	(220.476)	(125.722)
Profit/(loss) for the year		**968.089**	**(129.156)**
Other comprehensive (loss)/income			
Exchange difference on I/C loans to foreign holdings	28.4	(19.746.111)	-
Exchange difference on translation of foreign operations	21	8.904.153	(1.424.354)
Total comprehensive (loss)/income for the year		**(9.873.869)**	**(1.553.510)**
Profit /(Loss) attributable to:			
Owners of the parent		927.337	(139.408)
Non-controlling interests		40.752	10.253
		968.089	**(129.155)**
Total comprehensive income attributable to:			
Owners of the parent		(9.577.120)	(1.561.681)
Non-controlling interests		(296.749)	8.171
		(9.873.869)	**(1.553.510)**
Earnings/(losses) per share (Euro cent per share):	6		
Basic earnings/(losses) for the year attributable to ordinary equity owners of the parent		0,03	(0,01)
Diluted earnings/(losses) for the year attributable to ordinary equity owners of the parent		0,03	(0,00)

The notes on pages 39 to 76 form an integral part of these consolidated financial statements

2. Consolidated Statement of Financial Position

For the year ended 31 December 2014

	Note	2014 €	2013 €	2012 €
ASSETS				
Non-current assets				
Investment properties	15	53.533.187	28.714.379	29.733.212
Investment property under construction	15	5.083.216	6.525.995	6.331.030
Prepayments made for investments	15	2.674.219	3.625.553	3.789.601
Tangible and intangible assets	17	200.203	103.443	73.011
Goodwill	16	43.269	-	-
Long-term receivables		125.909	-	-
		61.660.003	**38.969.370**	**39.926.854**
Current assets				
Prepayments and other current assets	18	4.251.489	3.595.741	4.129.281
Cash and cash equivalents	19	891.938	9.668.260	194.366
		5.143.427	**13.264.001**	**4.323.647**
Total assets		**66.803.430**	**52.233.371**	**44.250.501**
EQUITY AND LIABILITIES				
Issued share capital	20	338.839	4.383.018	4.212.421
Share premium		97.444.044	92.704.841	79.176.629
Foreign currency translation reserve	21	(1.411.825)	(10.315.978)	(8.891.624)
Exchange difference on I/C loans to foreign holdings	28.4	(19.746.111)	-	-
Accumulated losses		(44.064.475)	(49.093.113)	(48.953.705)
Equity attributable to equity holders of the parent		**32.560.472**	**37.678.768**	**25.543.721**
Non-controlling interests	22	651.882	948.631	930.207
Total equity		**33.212.354**	**38.627.399**	**26.473.928**
Non-current liabilities				
Interest bearing borrowings	23	12.255.716	-	1.347.340
Finance lease liabilities	27	11.463.253	387.400	428.962
Redeemable preference shares	20.6	349.325	-	-
Trade and other payables	24	214.685	480.458	503.940
Deposits from tenants	25	499.831	315.604	324.328
		24.782.810	**1.183.462**	**2.604.570**
Current liabilities				
Interest bearing borrowings	23	5.960.706	11.077.240	12.554.173
Trade and other payables	24	1.654.852	779.688	1.941.592
Taxes payable	26	431.828	423.539	401.567
Redeemable preference shares	20.6	349.325	-	-
Provisions	26,29	68.253	119.023	253.564
Deposits from tenants	25	161.579	-	-
Finance lease liabilities	27	181.723	23.020	21.107
		8.808.266	**12.422.510**	**15.172.003**
Total liabilities		**33.591.076**	**13.605.972**	**17.776.573**
Total equity and liabilities		**66.803.430**	**52.233.371**	**44.250.501**
Net Asset Value (NAV) € per share:	6			
Basic NAV attributable to equity holders of the parent		0,96	1,34	2,30
Diluted NAV attributable to equity holders of the parent		0,84	1,17	2,01

On 26 May 2015 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 39 to 76 form an integral part of these consolidated financial statements

3. Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

€	Share capital	Share premium, Net[1]	Accumulated losses, net of non-controlling interest[2]	Exchange difference on I/C loans to foreign holdings[3]	Foreign currency translation reserve[4]	**Total**	Non-controlling interests	**Total**
Balance - 31 December 2012	**4.212.421**	**79.176.629**	**(48.953.705)**	**-**	**(8.891.624)**	**25.543.721**	**930.207**	**26.473.928**
Profit/(Loss) for the period	-	-	(139.408)	-	-	**(139.408)**	10.253	**(129.155)**
Issue of share capital, net (Note 20)	170.597	13.528.212	**-**	**-**	**-**	**13.698.809**	**-**	**13.698.809**
Foreign currency translation reserve	**-**	**-**	**-**	-	(1.424.354)	**(1.424.354)**	8.171	**(1.416.183)**
Balance - 31 December 2013	**4.383.018**	**92.704.841**	**(49.093.113)**	**-**	**(10.315.978)**	**37.678.768**	**948.631**	**38.627.399**
Profit for the period	-	-	927.337	-	-	**927.337**	40.752	**968.089**
Issue of share capital, net (Note 20)	57.122	4.739.203	-	-	-	**4.796.325**	-	**4.796.325**
Reduction of share capital (Note 20.2)	(4.101.301)	-	4.101.301	-	-	**-**	-	**-**
Exchange difference on I/C loans to foreign holdings (Note 28.4)	-	-	-	(19.746.111)	-	**(19.746.111)**	-	**(19.746.111)**
Foreign currency translation reserve	-	-	-	-	8.904.153	**8.904.153**	(337.501)	**8.566.652**
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**

[1]Share premium is not available for distribution

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

[3] Exchange differences on intercompany loans to foreign holdings arose as a result of devaluation of the Ukrainian Hryvnia during 2014. The Group treats the mentioned loans as a part of the net investment in foreign operations (Note 28.4).

[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.

The notes on pages 39 to 76 form an integral part of these consolidated financial statements

4. Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014	2013
		€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax and non-controlling interests		**1.188.565**	**(3.434)**
Adjustments for:			
Profit/(loss) on revaluation of investment property	8	(9.297.525)	(635.067)
Other non-cash movements		(593.717)	(409.563)
Prepayments and other current assets impairment loss/(reversal)	11	3.973	(10.017)
Trade and other payables written off	11	(12.422)	(266.771)
Depreciation of property, plant and equipment	9	17.897	12.163
Interest income	12	(80.895)	(100.013)
Interest expense	12	1.385.223	1.022.841
Gain on acquisition of subsidiaries	16	(766.221)	-
Provisions	26	(50.770)	(128.310)
Effect of foreign exchange differences	13	7.512.640	(201.951)
Cash flows used in operations before working capital changes		**(693.252)**	**(720.122)**
Change in prepayments and other current assets	18	(1.754.061)	(87.782)
Change in trade and other payables	24	(710.064)	(529.208)
Change in VAT recoverable	18	1.408.353	466.210
Change in other taxes and duties	26	(49.029)	(4.626)
Increase in deposits from tenants	25	211.228	5.521
Income tax paid		(284.153)	(80.230)
Working capital changes		**(1.177.726)**	**(230.115)**
Net cash flows used in operating activities		**(1.870.978)**	**(950.237)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on investment property	15	(60.155)	(130.567)
Prepayment made for acquisition of investment property	15	(624.841)	-
Decrease in payables for construction	24	-	(324.997)
Changes in property, plant and equipment		-	(47.045)
Interest received		80.895	100.013
Cash outflow on acquisition of subsidiaries	16	(6.210.254)	-
Net cash flows from / (used in) investing activities		**(6.814.355)**	**(402.596)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital/shareholders advances	20	1.727.691	12.834.124
Net (repayment) of borrowings	23	(565.389)	(1.109.377)
Interest and financial charges paid		(1.170.847)	(877.080)
Decrease in financial lease liabilities	27	(82.444)	(20.940)
Net cash flows from / (used in) financing activities		**(90.989)**	**10.826.727**
Effect of foreign exchange rates on cash and cash equivalents		(179.750)	(76.641)
Net increase/(decrease) in cash at banks		**(8.956.072)**	**9.397.253**
Cash:			
At beginning of the year		9.668.260	194.366
At end of the year	19	**891.938**	**9.668.260**

The notes on pages 39 to 76 form an integral part of these consolidated financial statements

5. Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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.

Principal activities

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

The Group maintains offices in Nicosia, Cyprus, in Kyiv, Ukraine, and in Bucharest, Romania.

As at the reporting date, the Group 19 Full Time Equivalent (FTEs, 10 in Ukraine and 6 in Romania) employed persons, including the CEO and the CFO (December 2013 → 13)

2. Adoption of new and revised Standards and Interpretations

As from 1 January 2014, the Group adopted all changes to International Financial Reporting Standards (IFRSs) as adopted by EU which are relevant to its operations. This adoption did not have a material effect on the financial statements of the Group.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2014. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these Standards early.

(i) Standards and Interpretations adopted by the EU

- IAS 19 (Amendments) "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014).
- Improvements to IFRSs 2010-2012 (effective for annual periods beginning on or after 1 July 2014).
- 2011-2013 (effective for annual periods beginning on or after 1 July 2014).

(ii) Standards and Interpretations not adopted by the EU

- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016).
- IFRS 10, IFRS 12 and IAS 28 (Amendments): Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).
- IFRS 11 'Accounting for acquisitions of interests in Joint Operations'" (Amendments) (effective for annual periods beginning on or after 1 January 2016).
- IAS 1 (Amendments): Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).
- IFRS 10 and IAS 28 (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016).
- IAS 27 (Amendments) "Equity method in separate financial statements" (effective for annual periods beginning on or after 1 January 2016).
- IAS 16 and IAS 41 (Amendments): "Bearer plants" (effective for annual periods beginning on or after 1 January 2016).
- IAS 16 and IAS 38 (Amendments) "Clarification of acceptable methods of depreciation and amortisation" (effective for annual periods beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2012–2014 Cycle (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2016).
- IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2017).
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the consolidated financial statements of the Group.

3. Significant accounting policies

3.1 Statement of compliance

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

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

3.2 Basis of preparation

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

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

3.3 Basis of consolidation

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

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

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

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

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

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

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

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

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

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

3. Significant accounting policies (continued)

3.3 Basis of consolidation (continued)

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.

The Group's consolidated financial statements comprise the financial statements of the parent company, SECURE PROPERTY DEVELOPMENT & INVESTMENT PLC and the financial statements of the following subsidiaries:

Name	Country of incorporation	Related Asset	Holding % as at 31.12.2014	Holding % as at 31.12.2013
SC SECURE Capital Limited	Cyprus	N/A	100	100
SL SECURE Logistics Limited	Cyprus	Brovary Logistics Park	100	100
LLC Aisi Brovary	Ukraine		100	100
LLC Terminal Brovary	Ukraine		100	100
LLC Aisi Ukraine	Ukraine	Kiyanovskiy Residence	100	100
LLC Trade Center	Ukraine		100	100
LLC Almaz-press-Ukrayina	Ukraine	Tsymlianskiy Residence	55	55
LLC Aisi Bela	Ukraine	Bela Logistic Park	100	100
LLC Merelium Investments	Ukraine	Zaporizhia Retail Center	100	100
LLC Interterminal	Ukraine		100	100
LLC Aisi Outdoor	Ukraine	Under merger	100	100
LLC Aisi Vida	Ukraine	Merged	-	100
LLC Aisi Val	Ukraine	Merged	-	100
LLC Aisi Ilvo	Ukraine	N/A	100	100
LLC Aisi Consta	Ukraine	Merged	-	100
LLC Aisi Roslav	Ukraine	Merged	-	100
LLC Aisi Donetsk	Ukraine	Under merger	100	100
LLC Retail Development Balabino	Ukraine	N/A	100	100
Myrnes Innovations Park Limited	Cyprus	Innovations Logistics Park	100	-
Best Day Real Estate SRL	Romania		100	-
Yamano Holdings Limited	Cyprus	EOS Business Park	100	-
Secure Property Development and Investment Srl	Romania		100	-
N-E Real Estate Park First Phase Srl	Romania		100	-
SEC South East Continent Unique Real Estate Investments II Limited	Cyprus	Residential Portfolio Sec South East Continent Unique Real Estate Investments II Ltd	100	-
Diforio Holdings Limited	Cyprus		100	-
Demetiva Holdings Limited	Cyprus		100	-
Ketiza Holdings Limited	Cyprus		45	-
Frizomo Holdings Limited	Cyprus		100	-
SecMon Real Estate SRL	Romania		100	-
Sec Vista Real Estate SRL	Romania		100	-
Sec Rom Real Estate SRL	Romania		100	-
Ketiza Real Estate SRL	Romania		45	-

During the reporting period the subsidiaries LLC Merelium Investments, LLC Aisi Outdoor, LLC Aisi Vida, LLC Aisi Val, LLC Aisi Consta, LLC Aisi Roslav and LLC Aisi Donetsk were under the merging process to LLC Aisi Ilvo. The reorganization (merger) process was completed in 2014 for the companies LLC Aisi Vida, LLC Aisi Val, LLC Aisi Consta and LLC Aisi Roslav and for the remaining 3 companies (LLC Merelium Investments, LLC Aisi Outdoor and LLC Aisi Donetsk) the process is expected to be finished in H1 2015.

During the reporting period the Company acquired Innovations Logistics Park (through acquiring Myrnes Innovations Park Limited in Cyprus), EOS Business Park (through acquiring N-E Real Estate Park First Phase Srl in Romania) and a Residential Portfolio in Bucharest, Romania (through acquiring Sec South East Continent Unique Real Estate Investments II Ltd) (Note 16).

3. Significant accounting policies (continued)

3.3 Basis of consolidation (continued)

3.3.2 Functional 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 subsidiaries, while the parent company and its Cyprus based subsidiaries use either the Euro or the US dollar as the functional currency.

3.3.3 Presentation currency

These consolidated financial statements are presented in Euro ("€"), which is the Group's presentation currency. The € has replaced USD as the presentation currency for the Group as of January 2014 mainly due to:

(a) since implementation of the decision to acquire investment property assets in South-Eastern Europe the Management of the Group shifted to manage business risks and exposures and measure the performance of its businesses in Euro;

(b) by the reporting date the majority of its gross property asset holdings of the Group is Euro denominated.

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

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

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

	Average		31 December		
Currency	**2014**	**2013**	**2014**	**2013**	**2012**
USD	1.3285	1.3281	1.2141	1.3791	1.3194
UAH	15.6833	10.2670	19.2329	11.0231	10.5460
RON	4.4446	4.4190	4.4821	4.4847	4.4287

3.4 Goodwill

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

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

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

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

3.5 Non-current assets held for sale

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3. Significant accounting policies (continued)

3.6 Operating segments analysis

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

For the reporting period the Group has identified the following material reportable segments:

Commercial-Industrial

- Warehouse segment – the Group acquires, develops operates and disposes warehouses
- Office segment – the Group acquires, develops operates and disposes offices

Residential

- Residential segment – the Group operates and disposes residential properties

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.

3.7 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:

3.7.1 Income from investing activities

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

3.7.2 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).

3.7.3 Interest income

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

3.7.4 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.

3.8 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.

3.9 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. Significant accounting policies (continued)

3.10 Taxation

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

3.10.1 Current tax

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

3.10.2 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.

3.10.3 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 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. However, 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 development companies in Ukraine 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.

3.10.4 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 (Ukraine and Romania. 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.).

3.10.5 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.

3.11 Tangible and intangible assets

Tangible and intangible non-current assets are stated at historical cost less accumulated depreciation and amortization and any accumulated impairment losses.

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

3. Significant accounting policies (continued)

3.11 Tangible and intangible assets (continued)

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

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

No depreciation is charged on land.

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

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

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

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

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

3.12 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.

3.13 Leased assets

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

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

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

3. Significant accounting policies (continued)

3.14 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.

3.15 Investment properties

Investment property (Note 15), 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.

3. Significant accounting policies (continued)

3.15 Investment properties (continued)

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.

3.15.1 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 of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of comprehensive income in the period of retirement or disposal.

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

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

3.15.2 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 assets' 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.

3.15.3 Basis of valuation

The fair values reflect market conditions at the financial position date. These valuations are prepared annually by chartered surveyors (hereafter "appraisers"). In 2014, the Company appointed as its valuers:

- CBRE Ukraine, for all its Ukrainian properties, same as last year,
- Property Partners Valuation Consulting for all its Romanian properties.

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

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

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

3. Significant accounting policies (continued)

3.15 Investment properties (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Significant accounting policies (continued)

3.16 Non-current liabilities

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

3.17 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 (Note 3.16.2).

3.18 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.

3.19 Financial liabilities and equity instruments

3.19.1 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.

3.19.2 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.

3.19.3 Financial liabilities

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

3.19.3.1 Financial liabilities at FVTPL

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

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

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

3. Significant accounting policies (continued)

3.19 Financial liabilities and equity instruments (continued)

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.
  Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the “other gains and losses” line item in the consolidated statement of comprehensive income.

3.19.3.2 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.

3.19.3.3 De-recognition of financial liabilities

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

3.20 Value added tax

VAT is levied at the following rates:

- 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 and 0% on export of goods and provision of works or services to be used outside Romania.

A taxpayer’s VAT liability equals the total amount of VAT collected within a reporting period, and arises on the earlier of the date of shipping goods to a customer or the date of receiving payment from the customer. A VAT credit is the amount that a taxpayer is entitled to offset against his VAT liability in a reporting period. Rights to VAT credit arise on the earlier of the date of payment to the supplier or the date goods are received. The part of VAT credit expected to be recovered in the long-term prospective is classified as non-current being discounted for reflecting principal market assumptions as to projects realization. Initial loss on discounting VAT credit, non-current was recognized as part of finance costs.

3.21 Offsetting financial instruments

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

3.22 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.

3. Significant accounting policies (continued)

3.22 Earnings and Net Assets value per share (continued)

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

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

4. Financial risk management

4.1 Financial risk factors

The Group is exposed to 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. Financial Risk Management is also described in Note 30 of the consolidated financial statements.

4.1.1 Operating Country Risks

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

4.1.1.1 Cyprus

During the past 10 years Cyprus has become an established financial center taking advantage of favorable double tax treaties with various countries around the world, most importantly with Eastern European countries where the Group operates. Due to the world financial crisis erupting in 2008 and the ensuing debt crisis which had a liquidity effect of the Cypriot banking system as in all of the south and east European countries, following the restructuring of the Greek public debt certain of the Cypriot banks have taken a blow to their solvency (write off of €4,5bn of Greek debt) and have requested the support of the ECB through the ELA mechanism.

Thus, the indebtedness of the Cypriot Republic and its two main banks Bank of Cyprus and Cyprus Popular Bank (Laiki) created the basis for the country to be part of a financial rescue plan under the supervision of the IMF, the ECB and the European Union in early 2013, a moment when the Cypriot State stopped being able to borrow from the international debt markets.

At the same time, the recent discovery of potentially significant natural gas and oil deposits within the boundaries of the Cypriot exclusive economic zone perplexes the geographic and political relationships and developments as Cyprus is in the crossroad of 3 continents.

Any failure to effect and implement an economic restructuring plan, may have a significant negative effect on the financials of the Cypriot economy that could lead to a default and the abandonment of the Euro currency. Such result would have a destabilizing effect on the operations of the Company at the corporate level. Cyprus has achieved within the first half of 2015 to return to the international debt markets which signifies a return to normality.

On that note, the Company had proactively evaluated the probable effect of the measures in relation to the levy on deposits and the restrictions on capital movement applied to Cyprus based financial institutions. The Company held most of its liquidity with non-Cypriot owned banking institutions, partly in Cyprus and partly outside Cyprus and to this date all operations of the Group's throughout Ukraine continued to be carried out normally.

4.1.1.2 Ukraine

Nearly one year after the clashes that resulted in the fall of the incumbent government in November 2013, the deterioration and finally breaking off of Russia-Ukraine relations and the loss of part of Ukraine's geographic area, the situation remains particularly volatile. The social and geopolitical instability continues to affect not only Ukraine's economic and political well-being, but also relations between Russia and the rest of the world, as the international financial markets remain volatile.

Although Ukraine had made significant progress in increasing its gross domestic product, decreasing inflation, stabilizing its currency, increasing real wages and improving its trade balance between 2011 and 2013 these gains have already being reversed as a result of the current tough relations with Russia which has plunged the country into a state of war and separatism.

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

The implementation of reforms has been impeded by lack of political consensus, controversies over privatization, the restructuring of the energy sector, the removal of exemptions and privileges for certain state-owned enterprises or for certain industry sectors, the limited extent of cooperation with international financial institutions and non-stable taxing environment. Ukraine engaged recently in a loan agreement with the IMF, having already received two tranches of the loan for ongoing fiscal consolidation. The future remains uncertain for the country, even though the two elections (the presidential in May and the Parliamentary in October) have resulted in a pro-European government. Should the IMF reforms are implemented, the country's economy has the potential to boom. In any event Ukraine's government relies to a significant extent on official or multilateral borrowings to avoid bankruptcy, finance its budget deficit, fund its payment obligations under domestic and international borrowings and support foreign exchange reserves. These borrowings will be conditioned on Ukraine's ability to achieve a stable political environment to implement strategic, institutional and structural reforms but seems to be mainly depending on how long and how severe the current geopolitical conflict will last; Further negative developments on these fronts may result in Ukraine not finding adequate financing which could have a material adverse effect on the Ukrainian economy as a whole, and thus, on the Group's business prospects.

Apart from the international and internal political turmoil, Ukraine's legal system continuous to be in transition and is, therefore, subject to greater risks and uncertainties than a more mature legal system. In particular, risks associated with the Ukrainian legal system include, but are not limited to:
(i) inconsistencies between and among the Constitution of Ukraine and various laws, presidential decrees, governmental, ministerial and local orders, decisions, resolutions and other acts;
(ii) provisions in the laws and regulations that are ambiguously worded or lack specificity and thereby raise difficulties when implemented or interpreted;
(iii) difficulty in predicting the outcome of judicial application of Ukrainian legislation; and
(iv) the fact that not all Ukrainian resolutions, orders and decrees and other similar acts are readily available to the public or available in understandably organized form.

Furthermore, several fundamental Ukrainian laws either have only relatively recently become effective or are still pending hearing or adoption by the Parliament. The recent origin of much of Ukrainian legislation, the lack of consensus about the scope, content and pace of economic and political reform and the rapid evolution of the Ukrainian legal system in ways that may not always coincide with market developments, place the enforceability and underlying constitutionality of laws in doubt, and result in ambiguities, inconsistencies and anomalies.

In addition, Ukrainian legislation often contemplates implementing regulations. Often such implementing regulations have either not yet been promulgated, leaving substantial gaps in the regulatory infrastructure, or have been promulgated with substantial deviation from the principal rules and conditions imposed by the respective legislation, which results in a lack of clarity and growing conflicts between companies and regulatory authorities.

Tax laws are changing and compared to more developed market economies are in a non-mature level thus creating often an unclear tax environment of unusual complexity. This particularly may affect negatively the ability of the Group to recuperate VAT paid and/or to utilize operating losses as a carry forward tax shield.

It should also be noted that during the last twelve months the Ukrainian Hryvnia lost value against the major foreign currencies and as a result the National Bank of Ukraine, among other measures, imposed certain temporary restrictions to the Banks on processing client payments and on purchasing foreign currencies on the inter-banking market as well as certain capital controls towards foreign payments. The final resolution and impact of the political crisis are difficult to predict and the ongoing crisis may further adversely affect Ukrainian economy. Subsequent to 31 December 2014 the Group has been operating in the normal course of business and the Management of the Group believes that it has undertaken all necessary measures to maintain the economic stability of the Group under these circumstances.

4.1.2 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;

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

- 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.

4.1.3 Property Market price risk

Market price risk is the risk that the value of the Company'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 Company commissioned internationally acclaimed valuers.

Valuations reported as at 31 December 2014 take into account recent political developments 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 Company, Ukrainian operations are gradually becoming part of a larger structure.

4.1.4 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.

4.1.5 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.

4.1.6 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. Most of the Group's transactions, including the rental proceeds are denominated in € or pegged to € or USD (the latter being the case of Ukraine). For the rest of the foreign exchange exposure Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly, by limiting net exposures to a few days to 2 months.

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

Apart from liquidity maintained in local currency for operating reasons the Group's liquid assets are held in USD/€ denominated deposit accounts while most of the inflows of the company are pegged to the USD/€. It should be noted that the current political uncertainty in Ukraine, and the currency devaluation may result in effecting the Group's income streams indirectly through affecting the financial condition of the tenants of the Group's properties. Management is monitoring the situation closely and acts accordingly.

4.1.7 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 30 of the consolidated financial statements.

4.1.8 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 the state.

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. The Group's exposures are discussed under Notes 29 & 30.

4.1.9 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 and is discussed in Note 29.

4.2. 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.

4.3. 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 2014 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.

5. 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 highly reputed international companies with local presence to effect 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 2014 (Note 4.3 & 15).

5. Critical accounting estimates and judgments (continued)

- **Income taxes**

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

- **Impairment of tangible assets**

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

- **Provision for deferred taxes**

Deferred tax is not provided in respect of the revaluation of the investment property and investment property under construction 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 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 in 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 is 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.

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

a. Weighted average number of ordinary shares

	2014	2013
Issued ordinary shares capital	33.884.054	28.171.833
Weighted average number of ordinary shares (Basic)	30.037.571	24.790.668
Diluted weighted average number of ordinary shares	34.204.860	28.765.486

b. Basic diluted and adjusted earnings per share

Earnings per share (€)	2014	2013
Profit/(loss) after tax attributable to owners of the parent	927.337	(139.408)
Basic	0,03	(0,01)
Diluted	0,03	(0,00)

c. Net assets per share

Net assets per share (€)	31/12/2014	31/12/2013
Net assets attributable to equity holders of the parent	32.560.472	37.678.768
Number of ordinary shares	33.884.054	28.171.833
Diluted number of ordinary shares	38.866.775	32.196.381
Basic	0,96	1,34
Diluted	0,84	1,17

7. 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 – the Group acquires, develops operates and disposes warehouses
- Office segment – the Group acquires, develops operates and disposes offices

Residential

- Residential segment – the Group operates and disposes residential properties

Land Assets

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

There are no sales between the segments.

Segment assets for the investment properties segments represent investment property (including investment properties under construction and prepayments made for the investment properties). Segment liabilities represent interest bearing borrowings, finance lease liabilities and deposits from tenants. These are the only liabilities to the Board on the segmental basis.

For the year 2014 (€)	Warehouse	Office	Residential	Land Plots	Total
Segment profit					
Sales income	-	-	107.917	-	107.917
Cost of sales	-	-	(93.459)	-	(93.459)
Rental income	2.857.904	46.601	159.370	-	3.063.875
Service charges and utilities income	506.599	6.971	-	-	513.570
Valuation gains/(losses) from investment property	10.328.525	550.000	(1.581.000)	-	9.297.525
Segment profit	**13.693.028**	**603.572**	**(1.407.172)**	**-**	**12.889.428**
Gain realized on acquisition of subsidiaries (Note 16)	-	-	-	-	766.221
Investment properties operating expenses	(598.328)	(38.869)	(23.066)	-	(660.263)
Administration expenses	-	-	-	-	(2.743.723)
Other (expenses)/income, net	-	-	-	-	(136.058)
Finance costs (net)	-	-	-	-	(1.414.400)
Foreign exchange losses, net	-	-	-	-	(7.512.640)
Profit before tax	**13.094.700**	**564.703**	**(1.430.238)**	**-**	**1.188.565**

31/12/2014 (€)	Warehouse	Office	Residential	Land plots	Total
Assets					
Investment properties	31.463.310	6.400.000	8.373.000	7.296.877	53.533.187
Investment property under construction	-	-	-	5.083.216	5.083.216
Prepayments made for investments	624.841	-	-	2.049.378	2.674.219
Goodwill	-	43.269	-	-	43.269
Long-term receivables	125.909	-	-	-	125.909
Segment assets	**32.214.060**	**6.443.269**	**8.373.000**	**14.429.471**	**61.459.800**
Tangible and intangible assets	-	-	-	-	200.203
Prepayments and other current assets	-	-	-	-	4.251.489
Cash and cash equivalents	-	-	-	-	891.938
Total assets					**66.803.430**
Interest bearing borrowings	11.756.612	-	6.459.810	-	18.216.422
Finance lease liabilities	7.594.863	3.981.252	-	68.861	11.644.976
Deposits from tenants	621.129	-	40.281	-	661.410
Redeemable preference shares	698.650	-	-	-	698.650
Provision	-	-	-	68.253	68.253
Segment liabilities	**20.671.254**	**3.981.252**	**6.500.091**	**137.114**	**31.289.711**
Trade and other payables	-	-	-	-	1.869.537
Taxes payable	-	-	-	-	431.828
Total liabilities					**33.591.076**

7. Segment information (continued)

For 2013, the Group had income only from the warehouse segment and only from Ukraine. Also in 2013 the Group had the same land properties as in 2014 (in Ukraine only).

Geographical information

Revenue from external customers (€)	2014	2013
Ukraine	2.439.780	2.717.166
Romania	1.152.123	-
Total	**3.591.903**	**2.717.166**

	31/12/2014	31/12/2013
Carrying amount of investment property, including under construction and prepayments made for investments (€)		
Ukraine	31.076.390	38.865.927
Romania	28.773.000	-
Greece	624.841	-
Total	**60.474.231**	**38.865.927**

8. Revenues

Operational income in the amount of €3.591.903 for the year ended 31 December 2014 represents rental and sales income as well as service charges and utilities income collected from tenants generated during the reporting periods as a result of the rental agreements concluded with tenants of the Terminal Brovary Logistic Park, Innovations Logistics Park, EOS Business Park as well as Residential Portfolio while for 2013 it was only generated by Terminal Brovary.

€	2014	2013
Sales income	107.917	-
Cost of sales	(93.459)	-
Rental income	3.063.875	2.137.448
Service charges and utilities income (Note 10)	513.570	579.718
Total Revenues	**3.591.903**	**2.717.166**

Warehouse space vacancy rate of the Terminal Brovary was at 6% as at 31 December 2014 (Note 15). As of the end of the reporting period Innovations was 100% leased, EOS Business Park was 100% leased and Residential Portfolio was 60% leased.

Sales income represent several apartments and parking spaces sold in Residential Portfolio while Costs of sales represent the acquisition value of the apartment and parking space reduced by the related depreciation amount until the finalisation of the sale.

Valuation gains/(losses) from investment property for the reporting period are presented in the table below. This table needs to be read in conjunction with Note 15 which incorporates foreign exchange translation differences.

Project Name (€)	**Valuation gains/(losses)**	
	2014	**2013**
Brovary Logistic Park	8.512.454	(66.546)
Bela Logistic Center	1.646.852	486.894
Kiyanovskiy Lane	1.155.225	(26.346)
Tsymlyanskiy Lane	184.450	30.109
Balabino	269.744	210.956
Rozhny Lane	(2.440.200)	-
Innovations Logistics Park	1.000.000	-
EOS Business Park	550.000	-
Residential Portfolio	(1.581.000)	-
Total	**9.297.525**	**635.067**

9. Administration Expenses

(€)	2014	2013
Salaries and Wages	807.714	761.317
Legal fees	410.394	525.919
Advisory fees	380.525	487.564
Administrative expenses	238.431	152.731
Directors remuneration	171.197	168.573
Audit and accounting fees	143.261	110.968
Public group expenses	101.780	166.899
Taxes and duties	76.199	89.586
Depreciation	17.897	12.163
Other expenses	396.325	-
Total Administration Expenses	**2.743.723**	**2.475.720**

Salaries and wages include the remuneration:

a) of the CEO, the CFO, the Group Commercial Director and the Managing Directors of Ukraine and Romania
b) of personnel employed in Ukraine and Romania

Legal and Advisory fees relate to expenses incurred by the Company in relation to Ukrainian and Romanian operations, as well as to capital raising and corporate matters.

Administrative expenses included office expenses for Cyprus, Romania and Ukraine.

Directors' remuneration represents the remuneration of all non-executive Directors and committee members.

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

Other expenses include due diligence costs for projects which have not been acquired and which were presented previously under deferred expenses category (Note 18). Such expense has been recorded at the moment of the decision not to proceed with the acquisition of the said assets.

10. Investment property operating expenses

(€)	2014	2013
Property management, utility expenses and other property costs	**660.263**	**543.217**

The Group has Maintenance and Property Management Agreements in respect of the servicing of Terminal Brovary Logistics Park and the Innovation Logistics Park. The Group is also incurring property operating expenses including utility expenses, insurance premiums, land and building taxes as well as various other expenses needed for the proper operation of the income generating properties in Kiev and in Bucharest. Part of these expenses are recovered from the tenants through the rental agreements (Note 8).

11. Other expenses/(income), net

(€)	2014	2013
Accounts payable written off	(12.422)	(395.081)
Provision on prepayments and other current assets impairment/(reversal)	3.973	(10.017)
Penalties	10.168	63.202
Other expenses/(income), net	134.339	(153.878)
Total	**136.058**	**(495.774)**

Accounts payable written off represents the total amount of payables written off as a result of negotiations and settlement during the reorganization of the Group that started in August 2011.

Provision for prepayments and other current assets impairment - reversal represents difference between allowances for prepayments and other current assets estimated previously by the Management and the amounts which have been finally settled.

Penalties incurred by the Group were mainly caused as a result of delayed payments of its liabilities due to negotiations.

Other income net in 2013 includes a provisional income of US$200.000 for advisory services, one off agency related expenses for the letting of Terminal Brovary and previous year expense write offs. In 2014, other income includes one off agency fees related for the letting of Terminal Brovary as well as other extraordinary one off expenses.

12. Finance costs, net

	2014	2013
	€	€
Borrowing interest expenses (Note 23, 27)	1.091.474	1.029.898
Finance lease interest expenses	293.749	57.643
Finance charges and commissions	68.744	46.928
Bank interest income	(80.895)	(100.013)
Other finance expense	41.328	-
Net finance cost	**1.414.400**	**1.034.456**

Borrowing interest expenses represents interest paid on the borrowings of the Group for EBRD facility of Terminal Brovary as well as for Residential Portfolio (Note 23).

Finance leasing interest expenses relate to the sales and lease back agreement of the Group with Piraeus Leasing Romania for Innovations Logistics Park and with Alpha Bank for EOS Business Park as well as to the land lease agreements of Ukrainian entities of the Group (Note 27).

Finance charges and commissions include fees paid to the banks.

13. Foreign exchange losses, net

The foreign exchange losses, net in 2014 derived mainly from the USD-denominated interest bearing borrowing provided by EBRD to the Group's Ukrainian subsidiary LLC Terminal Brovary (Note 23). The loss was caused by the huge devaluation of UAH against USD through 2014.

14. Tax

	2014	2013
	€	€
Current income and defence tax expense	220.476	125.722
Taxes	**220.476**	**125.722**

The income tax rate for the year ended 31/12/2014 for the Company's Ukrainian subsidiaries is 19%, for the Romanian subsidiaries is 16% and for the Company and its Cypriot subsidiaries is 12.5%.

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

	2014	2013
	€	€
Profit / (loss) before tax	**1.188.565**	**(3.434)**
Tax calculated on applicable rates	318.134	(429)
Expenses not recognized for tax purposes	941.488	292.166
Tax effect of allowances and income not subject to tax	(139.164)	(162.031)
Tax effect on tax losses for the year	(882.377)	-
Tax effect on tax losses brought forward	(43.807)	(31.070)
10% additional tax	13.989	10.032
Defence tax	2.656	17.054
Overseas tax in excess of credit claim used during the year	6.598	-
Prior year tax	2.959	-
Total Tax	**220.476**	**125.722**

As from 1 January 2008, deferred tax is not provided in respect of the revaluation of the investment property and investment property under construction 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. 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 exempted from any tax. The respective reversal of previously accrued Deferred Tax Liabilities has been made in 2008.

15. Investment Property

Investment Property consists of the following assets:

- **Terminal Brovary Logistic Park** consists of a 49.180 sqm Class A warehouse and associated office space, situated on the junction of the main Kiev – 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 94% leased.
- **Innovations Logistic Park** is a 15.750 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, the total area of which being 6.395 sqm. Innovations was acquired by the Group in May 2014 and is 100% leased at the end of the reporting period.
- **EOS Business Park** is a 3.386 sqm gross leasable area and includes a Class A office Building in Bucharest, which is currently fully let to Danone Romania, the French multinational food company. EOS Business Park was acquired by the Group in October 2014.
- **Residential portfolio** is an income producing residential portfolio in Bucharest, Romania consisting of 122 apartments totalling approximately 11.700 sqm across four separate complexes (Romfelt, Linda, Monaco, Blooming House) located in different residential areas of Bucharest. The Group acquired it in August 2014 and the portfolio is 60% let at the year end.
- **Bela Logistic Center** is a 22,4Ha plot in Odessa situated on the main highway to Kiev. Following the issuance of permits in 2008, below ground construction for the development of a 103.000 sqm GBA logistic center commenced. Construction was put on hold in 2009 following adverse macro-economic developments at the time.
- **Kiyanovsky Lane** consists of four adjacent plots of land, totaling 0,55 Ha earmarked for a residential development, overlooking the scenic Dnipro River, St. Michael's Spires and historic Podil neighborhood.
- **Tsymlianskiy Lane,** is a 0,36 Ha plot of land located in the historic Podil District of Kiev and is destined for the development of a residential complex.
- **Balabino project** is a 26,38 ha plot of land situated on the south entrance of Zaporizhia, a city in the south of Ukraine with a population of 800.000 people. Balabino is zoned for retail and entertainment development.
- **GED Logistic Park** is an income producing logistics park in Athens, Greece. The property comprises a fully let 17.756 sqm warehouse property which also has a photovoltaic alternative energy production facility installed on its roof. As at 31 December 2014 the Group made a prepayment for the asset in the amount of €624.841. The acquisition of the asset was concluded in March 2015.

(€) Asset Name	Type	Carrying amount 31/12/2014	Foreign Exchange Translation difference	Fair Value gain/(loss)	Additions/ acquisitions 2014	Carrying amount 31/12/2013
Terminal Brovary Logistic Park	Industrial	17.463.310	(9.382.086)	8.512.454	60.155	18.272.787
Bela Logistic Center	Land	5.083.216	(3.089.631)	1.646.852	-	6.525.995
Kiyanovskiy Lane	Land	4.017.381	(2.503.662)	1.155.225	-	5.365.818
Tsymlyanskiy Lane	Land	1.147.823	(776.892)	184.450	-	1.740.265
Balabino	Land	2.131.673	(1.473.579)	269.743	-	3.335.509
Sub total			**(17.225.850)**	**11.768.724**		
Total Ukraine		**29.843.403**	**(5.457.126)**		**60.155**	**35.240.374**
Innovations Logistics Park	Industrial	14.000.000	-	1.000.000	13.000.000	-
EOS Business Park	Office	6.400.000	-	550.000	5.850.000	-
Residential portfolio	Residential	8.373.000	-	(1.581.000)	9.954.000	-
Total Romania		**28.773.000**	**(31.000)**		**28.804.000**	**-**
TOTAL		**58.616.403**	**(5.488.126)**		**28.864.155**	**35.240.374**

The fair value of the properties held by the Group in Ukraine has decreased as a result of the political uncertainty by €7.897.325 including a €2.440.200 write-off of a down payment for the acquisition of a property in 2008 (Note 15c). The functional currencies of the subsidiaries are the currencies of their primary local economic environments and in terms of local currencies the fair values have increased (Note 8), even though the equivalent of these fair values compared to the Group's presentation currency are actually less due to the devaluation of the local currency.

15. Investment Property (continued)

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

a. The fair value gain in terms of the local functional currencies of €9.297.525 , is presented as Valuation gains/(losses) from investment properties is carried forward in Accumulated losses; and,
b. The translation loss due to the devaluation of local currencies of €17.225.850 is presented as part of the exchange difference on translation of foreign operations in other comprehensive income and then carried forward in the Foreign currency translation reserve.

Carrying amounts of the properties represent fair value estimates as of 31 December 2014 as provided by CBRE Ukraine and Property Partners Valuation Consulting, the external valuers.

a. Investment Property Under Construction

(€)	2014	2013
At 1 January	6.525.995	6.331.030
Revaluation on investment property	1.646.852	487.041
Translation difference	(3.089.631)	(292.076)
At 31 December	**5.083.216**	**6.525.995**

As at 31 December 2014 investment property under construction represents the carrying value of Bela Logistic Center project, which has reached the +10% construction in late 2008 but it is stopped since then.

b. Investment Property

(€)	2014	2013
At 1 January	**28.714.379**	**29.733.212**
Capital expenditure on investment property	60.155	130.657
Acquisitions of investment property	28.744.000	-
Revaluation gain/(loss) on investment property	10.090.872	148.027
Translation difference	(14.076.219)	(1.297.517)
At 31 December	**53.533.187**	**28.714.379**

Terminal Brovary, Kiyanovskiy Lane, Tsymlyanskiy Lane, Balabino, Innovations Logistics Park, EOS Business Park and Residential Portfolio are included in the Investment Property category.

c. Prepayment made for Investments

(€)	31/12/2014	31/12/2013
Advances for investments	10.377.372	8.585.706
Impairment provision (cumulative as of the reporting period)	(7.703.153)	(4.960.153)
Total	**2.674.219**	**3.625.553**

The Group has made an advance payment of ~US$12mil. (representing principal plus interest) for the acquisition of a project in Podil (Kyiv) in 2007. As of the end of the reporting period Management continues on its effort to collect the original US $12mil and to enforce on the collateral (land plot of 42 ha in Kiev Oblast) by transferring it in the Group's name. As the collateral's value, as valued by CBRE, has been reduced the Group has reduced the amount of the receivable to the value of the collateral having a carrying value of € 2.049.378.

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

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

15. Investment Property (continued)

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

Fair value measurements at 31 December 2014 (€)	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
Recurring fair value measurements				
Balabino- Zaporizhia	-	2.131.671	-	**2.131.671**
Tsymlyanskiy – Podil, Kyiv City Center	-	-	1.147.823	**1.147.823**
Bela Logistics Center- Odessa	-	5.083.216	-	**5.083.216**
Terminal Brovary Logistics Park- Brovary Kyiv Oblast	-	-	17.463.310	**17.463.310**
Kiyanovskiy Lane – Podil, Kyiv City Center	-	-	4.017.381	**4.017.381**
Innovations Logistics Park – Bucharest	-	-	14.000.000	**14.000.000**
EOS Business Park – Bucharest, City Center	-	-	6.400.000	**6.400.000**
Residential Portfolio - Bucharest	-	8.373.000	-	**8.373.000**

Fair value measurements at 31 December 2013 (€)	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
Recurring fair value measurements				
Balabino- Zaporizhia	-	3.335.509	-	**3.335.509**
Tsymlyanskiy – Podil, Kyiv City Center	-	-	1.740.265	**1.740.265**
Bela Logistics Center- Odessa	-	6.525.995	-	**6.525.995**
Terminal Brovary Logistics Park- Brovary Kyiv Oblast	-	-	18.272.787	**18.272.787**
Kiyanovskiy Lane – Podil, Kyiv City Center	-	-	5.365.818	**5.365.818**

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

Level 3 Fair value measurements at 31/12/14 (€)	**Terminal Brovary Logistics Park**	**Kiyanovskiy Lane**	**Tsymlyanskiy**	**Innovations Logistics Park**	**EOS Business Park**	**Total**
Opening balance	18.272.787	5.365.818	1.740.265	-	-	**25.378.870**
Acquisitions	-	-	-	13.000.000	5.850.000	**18.850.000**
Additions	60.155	-	-	-	-	**60.155**
Disposals	-	-	-	-	-	-
Profit on revaluation	8.512.454	1.155.225	184.450	1.000.000	550.000	**11.402.129**
Translation difference	(9.382.086)	(2.503.662)	(776.892)	-	-	**(12.662.640)**
Closing balance	**17.463.310**	**4.017.381**	**1.147.823**	**14.000.000**	**6.400.000**	**43.028.514**

Level 3 Fair value measurements at 31/12/13 2013 (€)	**Terminal Brovary Logistics Park**	**Kiyanovskiy Lane**	**Tsymlyanskiy**	**Bela Logistic Center**	**Total**
Opening balance	19.035.168	5.635.137	1.788.692	6.331.030	**32.790.027**
Transfer to level 2 due to change of valuation methods	-	-	-	(6.289.557)	**(6.289.557)**
Profit on revaluation	64.001	(26.353)	30.118	-	**67.766**
Translation difference	(826.382)	(242.966)	(78.545)	(41.473)	**(1.189.366)**
Closing balance	**18.272.787**	**5.365.818**	**1.740.265**	**-**	**25.378.870**

15. Investment Property (continued)

Information about Level 3 Fair Values is presented below:

(€)	Fair value at 31 December 2014	Fair value at 31 December 2013	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Terminal Brovary Logistics Park- Brovary Kiev Oblast	17.463.310	19.035.168	Combined market and income approach	Future rental income and costs for 11 months, yield rate	The higher the estimated price of rental income the higher the fair value. The higher the yield rate, the lower fair value
Kiyanovskiy Lane – Podil Kiev City Center	4.017.381	5.635.137	Combined market and income approach	Future rental income and costs for 4 years	The higher the price of sales/rental income the higher the fair value
Tsymlyanskiy – Podil Kiev City Center	1.147.823	1.788.692	Combined market and income approach	Future rental income and costs for 4 years	The higher the price of sales/rental income the higher the fair value
Innovations Logistics Park – Bucharest	14.000.000	-	Income approach	Future rental income and costs for 10 years	The higher the price of sales/rental income the higher the fair value
EOS Business Park – Bucharest, City Center	6.400.000	-	Income approach	Future rental income and costs for 10 years	The higher the price of sales/rental income the higher the fair value

16. Investment Property Acquisitions

In May 2014, the Group acquired 100% of the shares of Myrnes Innovations Park Limited ("Myrnes"), a Cyprus registered company which in turns owns 100% of the shares of Best Day Real Estate SRL ("Best Day"), a Romanian entity, owner of a multipurpose warehousing space in South Bucharest, Romania. The purchase price was funded by €4,4 million of the Company's existing cash resources and by issuance of 785.000 redeemable preference shares to the sellers of the asset. The then existing leasing contracted with the Bank of Piraeus Romania and associated with the asset of €7.500.000 remained (Note 27).

The acquisition of Residential Portfolio was completed in August 2014. The Company acquired all the shares of SEC South East Continent Unique Real Estate Investments II Ltd in exchange for 3.702.910 of the Company's shares. No cash consideration was paid for this acquisition. Lambros Anagnostopoulos (a director and the CEO of the Company) and Constantinos Bitros (the CFO of the Company) had small stakes in the Portfolio (less than 5% in aggregate) and received 133.437 and 33.357 SPDI shares respectively.

The acquisition of EOS Business Park in Bucharest was completed in October 2014. SECURE PROPERTY DEVELOPMENT & INVESTMENT Srl a subsidiary of the Company acquired the shares of NE REAL ESTATE PARK FIRST PHASE Srl, owner of the property. The acquisition price was €5,85 million with €1,85 million being the cash consideration with the remainder funded by a sales and lease back with Alpha Bank Romania (Note 27).

The fair value of identifiable assets and liabilities of acquired subsidiaries as of the date of their acquisition was as follows:

(€)	Innovations Logistics Park	Residential Portfolio	EOS Business Park	Total
ASSETS				
Non-current assets				
Investment property	13.000.000	9.894.000	5.850.000	28.744.000
Tangible and intangible assets	-	5.701	7.584	13.285
Other non-current assets	124.396	510	-	124.906
	13.124.396	**9,900,211**	**5.857.584**	**28.882.191**
Current assets				
Cash and cash equivalents	30.823	134.667	83.864	249.354
Trade and other receivables	-	178.176	2.445.863	2.624.039
	30.823	**312.843**	**2.529.727**	**2.873.393**
Total assets	**13.155.219**	**10.213.054**	**8.387.311**	**31.755.584**

16. Investment Property Acquisitions (continued)

(€)	Innovations Logistics Park	Residential Portfolio	EOS Business Park	Total
LIABILITIES				
Non-current liabilities				
Interest bearing borrowings	-	6.311.417	-	6.311.417
Finance lease liabilities	7.414.992	-	3.905.656	11.320.648
Deposits from tenants	-	57.749	-	57.749
	7.414.992	**6.369.166**	**3.905.656**	**17.689.814**
Current liabilities				
Interest bearing borrowings		75.560	-	75.560
Finance lease liabilities	85.008	-	85.954	170.962
Trade and other payables	192.592	574.118	41.336	808.046
	277,600	**649.678**	**127.290**	**1.054.568**
Total liabilities	**7.692.592**	**7.018.844**	**4.032.946**	**18.744.382**
Net assets acquired	**5.462.627**	**3.194.210**	**4.354.365**	**13.011.202**
Non-controlling interest	**-**	**248.668**	**-**	**248.668**
Financed by				
Cash consideration paid	4.372.000	-	2.087.608	6.459.608
Issuance of redeemable-convertible shares	698.650	-	-	698.650
Issuance of ordinary shares	-	3.068.634	-	3.068.634
Accounts receivable swap (netting)	-	-	2.310.026	2.310.026
Total consideration	**5.070.650**	**3.068.634**	**4.397.634**	**12.536.918**
Gain realized on acquisition	**391.977**	**374.244**	**-**	**766.221**
Goodwill	**-**	**-**	**43.269**	**43.269**
Cash outflow/(inflow) on acquisition	**4.341.177**	**(134.667)**	**2.003.744**	**6.210.254**

17. Tangible and intangible assets

As at 31 December 2014 (2013: nil) the intangible assets were composed of the capitalized expenditure on the Enterprise Resource Planning system in the amount of € 53.784. No amortization has been recognized as the system is under implementation.

As at 31 December 2014 and 2013 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. Prepayments and other current assets

(€)	31/12/2014	31/12/2013
Prepayments and other current assets	922.115	566.443
VAT and other tax receivable	1.229.057	2.637.409
Deferred expenses	2.100.317	391.889
Total	**4.251.489**	**3.595.741**

Prepayments and other current assets as at the end of the reporting period mainly reflects the payments made in respect to share capital increases and due diligence services.

VAT and other tax receivable is mainly represented the current portion of the Terminal Brovary VAT receivable, to be offset from VAT charged over rental income during the next years. The decrease is mainly attributable to the UAH devaluation during the reporting period as well as set off through VAT charged to Terminal Brovary tenants through rental invoicing.

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

19. Cash and cash equivalents

Cash and cash equivalents represent liquidity held at banks.

(€)	31/12/2014	31/12/2013
Cash with banks in USD	43.612	6.037.350
Cash with banks in €	495.052	3.376.832
Cash with banks in UAH	150.029	147.271
Cash with banks in RON	201.984	-
Cash equivalents	1.261	106.807
Total	**891.938**	**9.668.260**

Cash equivalents as at 31 December 2013 include the aggregate amount withheld in the form of restricted deposits with Bank of Cyprus after the collapse of Laiki-Marfin Bank as a result of the financial rescue plan of Cyprus agreed between the IMF, the EU and the ECB. The funds were released in 2014.

20. Share capital

Number of Shares (as at)	31 December 2013	20 March 2014	16 May 2014	24 June 2014	28 August 2014	30 October 2014	31 December 2014
		Reduction of Share Capital	Increase of Share Capital				
Authorised							
Ordinary shares of €0,01	989.869.935	-	-	-	-	-	989.869.935
Ordinary Shares of €0,92	1	(1)	-	-	-	-	-
Deferred Shares of €0,99	4.142.727	(4.142.727)	-	-	-	-	-
Total equity	**994.012.663**	**(4.142.728)**	**-**	**-**	**-**	**-**	**989.869.935**
Redeemable Preference Shares of €0,01	-	-	785.000	-	-	-	785.000
Total	**994.012.663**	**(4.142.728)**	**785.000**	**-**	**-**	**-**	**990.654.935**
Issued and fully paid							
Ordinary shares of €0,01	28.171.833	-	-	616.726	3.934.853	1.160.642	33.884.054
Ordinary Shares of €0,92	1	(1)	-	-	-	-	-
Deferred Shares of €0,99	4.142.727	(4.142.727)	-	-	-	-	-
Total equity	**32.314.561**	**(4.142.728)**	**-**	**616.726**	**3.934.853**	**1.160.642**	**33.884.054**
Redeemable Preference Shares of €0,01	-	-	785.000	-	-	-	785.000
Total	**32.314.561**	**(4.142.728)**	**785.000**	**616.726**	**3.934.853**	**1.160.642**	**34.669.054**

Value (as at) (€)	31 December 2013	20 March 2014	16 May 2014	24 June 2014	28 August 2014	30 October 2014	31 December 2014
		Reduction of Share Capital	Increase of Share Capital				
Authorised							
Ordinary shares of €0,01	9.898.699	-	-	-	-	-	9.898.699
Ordinary Shares of €0,92	1	(1)	-	-	-	-	-
Deferred Shares of €0,99	4.101.300	(4.101.300)	-	-	-	-	-
Total equity	**14.000.000**	**(4.101.301)**	**-**	**-**	**-**	**-**	**9.898.699**
Redeemable Preference Shares of €0,01	-	-	7.850	-	-	-	7.850
Total	**14.000.000**	**(4.101.301)**	**7.850**	**-**	**-**	**-**	**9.906.549**
Issued and fully paid							
Ordinary shares of €0,01	281.717	-	-	6.167	39.349	11.606	338.839
Ordinary Shares of €0,92	1	(1)	-	-	-	-	-
Deferred Shares of €0,99	4.101.300	(4.101.300)	-	-	-	-	-
Total equity	**4.383.018**	**(4.101.301)**	-	6.167	39.349	11.606	**338.839**
Redeemable Preference Shares of €0,01	-	-	7.850	-	-	-	7.850
Total	**4.383.018**	**(4.101.301)**	**7.850**	**6.167**	**39.349**	**11.606**	**346.689**

20. Share capital (continued)

20.1 Authorised share capital

As at the end of 2013 the authorised share capital of the Company was 989.869.935 Ordinary Shares of €0,01 nominal value each, 1 Ordinary Share of €0,92 nominal value and 4.142.727 Deferred Shares of €0,99 nominal value each.

On March 20, 2014 following the approval of the Annual General Meeting of 30/12/2013 the authorised share capital of the Company was reduced to €9.898.699,35 divided into 989.869.935 ordinary shares of €0,01 each and such reduction was effected by the cancellation of 1 ordinary share of €0,92 and 4.142.727 deferred shares of €0,99 each for the purpose of writing off losses of the Company.

On May 16, 2014 following the approval of the Extraordinary General Meeting of 5/5/2014 the authorised share capital of the Company was increased by €7.850 and such increase was effected by the issuance of 785.000 redeemable preference shares of €0,01 each (Note 20.6) for the purpose of in kind contribution of Innovation Park acquisition (Note 16).

As at the end of the reporting period the authorised share capital of the Company is 989.869.935 Ordinary Shares of €0,01 nominal value each and 785.000 Convertible Shares of €0,01 nominal value each.

20.2 Issued Share Capital

As at the end of 2013 the issued share capital of the Company was 28.171.833 Ordinary Shares of €0,01 nominal value each, 1 Ordinary Share of €0,92 nominal value and 4.142.727 Deferred Shares of €0,99 nominal value each.

Further to the resolutions approved at the AGM of 30 December 2013 and at the EGM of 5 May 2014 the Board has proceeded with:

1. On 20/3/2014, following the approval of the Annual General Meeting of 30/12/2013, the cancellation of 1 ordinary share of €0,92 and 4.142.727 deferred shares of €0,99 each for the purpose of writing off losses of the Company.
2. On 16/5/2014, following the approval of the Extraordinary General Meeting of 5/5/2014, the allotment of 785.000 redeemable preferred shares €0,01 each for the purpose of acquiring Innovations Park (Notes 16, 20.6).
3. On 24/6/2014, following the approval of the Annual General Meeting of 30/12/2013, the allotment of 116.726 ordinary shares of €0,01 each to its Directors, who thus converted their 2013 annual fees amounting to GBP 86.375 into equity (Note 28).
4. On 24/6/2014, following the approval of the Annual General Meeting of 30/12/2013, the allotment of 500.000 ordinary shares of €0,01 each to the Directors, Management, Employees and Advisors of the Company for their efforts in assisting the Group's turnaround since August 2011 as well as in working towards achieving its investment strategies and goals.
5. On 28/8/2014, following the approval of the Annual General Meeting of 30/12/2013, the allotment of 3.934.853 ordinary shares of €0,01 each for the purpose of an in kind contribution of Residential Portfolio acquisition and advisory related to this acquisition (Note 20).
6. On 30/10/2014, following the approval of the Annual General Meeting of 30/12/2013, the allotment of 1.160.642 ordinary shares of €0,01 each for the purpose of capital raising in the Company by new shareholders.

As at the end of the reporting period the issued share capital of the Company is 33.884.054 Ordinary Shares of €0,01 nominal value each and 785.000 Convertible Shares of €0,01 nominal value each.

20.3 Director's Option scheme

Under the said scheme each of the directors serving at the time, which is still a Director of the Company is entitled to subscribe for 2.631 Ordinary Shares exercisable as set out below:

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

The Company considers the said options well out of money (as the share price at the reporting date is USD 0,46), thus the possibility of exercising them is remote and therefore has not any provision on them.

20. Share capital (continued)

20.3 Director's Option scheme (continued)

Director Franz M. Hoerhager Option scheme, 12 October 2007

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

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

The Company considers the said options well out of money (as the share price at the reporting date is GBP 0,30), thus the possibility of exercising them is remote and therefore has not any provision on them.

20.4 Warrants issued

On 8 August 2011 the Company has 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 lapse on the earlier of (i) the expiration of the Class B Warrants; (ii) capital increase(s) undertaken by the Company generating cumulative gross proceeds in excess of US$100.000.000 by the time such warrants are exercised; and (iii) the exercise of such warrants. As of the reporting date, the aggregate amount of class B warrants would result in the issuance of 4.840.579 ordinary shares if exercised.

20.5 Capital Structure as at the end of the reporting period

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

Number of		**(as at)** 31/12/2014	**(as at)** 31/12/2013
Ordinary shares of €0,01	Issued and Listed in AIM	33.884.054	28.171.833
Class B Warrants corresponding in ordinary shares if exercised		4.840.579	4.024.548
Total number of Shares	**Non-Dilutive Basis**	**33.884.054**	**28.171.833**
Total number of Shares	**Full Dilutive Basis**	**38.724.633**	**32.196.381**
Options		4.460	4.460

20.6 Redeemable Preference Shares description

During the reporting period the Company has issued 785.000 redeemable convertible shares of nominal value €0,01 each. The redeemable convertible shares have no voting powers or rights to dividend. 392.500 of the Convertible Shares can be redeemed out of profits by the Company after 31 January 2015 (the “Redemption Date 1”) at the price of €0,89 each and the rest 392.500 of the Convertible Shares can be redeemed out of profits by the Company after 31 January 2016 (the “Redemption Date 2”) at the price of €0,89. At any time prior to the Redemption Dates the holders shall have the option to unilaterally reconvert the Convertible Shares into ordinary shares of €0,01 each. As of Redemption Date 1 no shares have been either redeemed or converted.

21. Foreign Currency Translation Reserve

Exchange differences related to the translation from the functional currency of the Group’s subsidiaries are accounted directly in 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 € in the countries where the Company’s subsidiaries own property assets.

22. Non-Controlling Interests

Non-controlling interests represent the equity value of 45% shareholding in LLC Almaz-press-Ukraine, which is being held by ERI Trading & Investments Co. Limited and 55% of shareholding in Ketiza Ltd and Ketiza Srl. The Group exercises full operational control over Ketiza Ltd and Ketiza Srl.

23. Borrowings

	31/12/2014	31/12/2013
	€	€
Principal EBRD loan	11.808.915	10.319.084
Other bank borrowings	6.219.191	-
Banca Comerciala Romana	1.783.826	-
Bancpost SA	2.157.501	-
Alpha Bank Romania	1.184.688	-
Raiffeisen Bank Romania	1.093.176	-
Restructuring fees and interest payable to EBRD	29.685	569.282
Interest accrued on bank loans	240.619	23.275
Prepaid fees to EBRD	(81.988)	-
Interest due to related parties (Note 28.3)	-	165.599
Total	**18.216.422**	**11.077.240**

	31/12/2014	31/12/2013
	€	€
Current portion	5.960.706	11.077.240
Non-current portion	12.255.716	-
Total	**18.216.422**	**11.077.240**

EBRD loan related to Terminal Brovary

In December 2014 the Company has agreed with the EBRD the rescheduling of the amortization plan of the Brovary construction loan, following two years of deliberations partly because of the Cyprus crisis and the ensuing issues that the then defaulted Laiki Bank at the beginning and later the Bank of Cyprus (after taking over Laikis's portion of the Loan) acting as the B Lender were unable to approve such restructuring, despite the fact that SPDI has been observing the capital repayments under an agreement with the EBRD since May 2013. According to the agreement the loan repayment is being extended to 2022, with a balloon payment of US$3.633.333.

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 15), 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 reserved 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.

The issued corporate guarantee dated 12 January 2009 guaranteeing all liabilities and fulfillment 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:

23. Borrowings (continued)

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 month.
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 2014, CNRI of USD 200,000 or more;
   (2) on 30 June 2015, CNRI of USD 220,000 or more;
   (3) on 31 December 2015, CNRI of USD 230,000 or more; and
   (4) 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 31 December 2014, the DSCR of more than 1,10x.
   ii. in respect of the 6 months period ending on 30 June 2015 and 31 December 2015, the DSCR of more than 1,15x.
   iii. 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.

Other bank Borrowings (related to residential projects)

In October 2009, Sec Rom Real Estate entered into a loan agreement with Alpha Bank- Romania for a credit facility for financing part of the acquisition of the Doamna Ghica Project apartments. As of the end of the reporting period, the balance of the loan is €1.184.688, bears interest of EURIBOR 3M+5,25% and is repaid on the basis of investment property sale. The loan matures on October 2016 and is secured by all assets of Sec Rom as well as its shares.

On January 31st, 2012, Ketiza Real Estate entered into a loan agreement with Bancpost for a credit facility for financing the acquisition of the Blooming House Project and 100% of the remaining (without VAT) construction works Blooming House project. As of the end of the reporting period the balance of the loan is €2.157.501. The loan bears interest of EURIBOR 3M plus 3,5% and the Company negotiates its prolongation until May 2017 as it expires in April 2015. The bank loan is secured by all assets of Ketiza as well as its shares (Note 31).

In January 2011, Sec Vista Real Estate entered into a loan agreement with Raiffeisen Bank- Romania for a credit facility for financing part of the acquisition of the Linda Residence Project apartments. As of the end of the reporting period the balance of the loan is €1.093.176. The loan bears interest of EURIBOR 1M+5,2% and is currently under restructuring negotiation. The loan is secured by all assets of Sec Vista as well as its shares.

On October 13th, 2011, SecMon Real Estate entered into a loan agreement with Banca Comerciala Romana for a credit facility for financing part of the acquisition of the Monaco Towers Project apartments. As of the end of the reporting period the balance of the loan is €1.783.826 and bears interest of EURIBOR 3M plus 5%. The loan is repayable in October 2015 and is secured by all assets of SecMon as well as its shares.

24. Trade and other payables

(€)	31/12/2014	31/12/2013
Payables to related parties (Note 28.2)	335.004	575.216
Payables for construction, non-current	202.200	293.994
Payables for services	916.827	121.159
Deferred income from tenants non-current	12.485	186.463
Deferred income from tenants current	132.782	-
Accruals	270.239	83.314
Total	**1.869.537**	**1.260.146**

(€)	31/12/2014	31/12/2013
Current portion	1.654.852	779.688
Non - current portion	214.685	480.458
Total	**1.869.537**	**1.260.146**

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

24. Trade and other payables (continued)

Payables for construction represent amounts payable to the contractor of Bella Logistic Center in Odessa. The settlement was reached in late 2011 on the basis of maintaining the construction contract in an inactive state (to be reactivated at the option of the Group), while upon reactivation of the contract or termination of it (because of the sale of the asset) the Group would have to pay an additional UAH 5.400.000 (€ 280.769) 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 of 20% in Ukraine and is presented as a non-current liability.

Payables and accruals for services represent amounts payable to various service providers including auditors, legal advisors, consultants and third party accountants related to the current operations of the Group as well as with due diligence related expenses incurred in preparation of new acquisitions.

25. Deposits from Tenants

(€)	31/12/2014	31/12/2013
Deposits from tenants non-current	499.831	315.604
Deposits from tenants current	161.579	-
Total	**661.410**	**315.604**

Deposits from tenants appearing under current and non-current liabilities include the amounts received from the tenants of LLC Terminal Brovary, Best Day Srl, First Phase and Residential Portfolio as advances/guarantees and are to be reimbursed to these clients at the expiration of the leases agreements.

26. Taxes Payable

(€)	31/12/2014	31/12/2013
Corporate income and defence tax	356.929	420.606
Other taxes including VAT payable	74.899	2.932
Provision for taxes in Ukraine	68.253	119.023
Total Tax Liability	**500.081**	**542.561**

Income tax represents taxes payable in Cyprus and Romania for past periods.
Other taxes represent taxes and VAT payable in Ukraine and Romania. All income producing assets of the Company except Terminal Brovary are net VAT payers.

27. Finance Lease Liabilities

As at the reporting date the Finance Lease liabilities consist of the non-current portion of € 11.463.253 and the current portion of € 181.723 (31/12/2013: € 387.400 and € 23.020, accordingly).

2014 (€)	Note	Minimum lease payments	Interest	Principal
Less than one year	27.1	766.289	584.677	181.612
Between two and five years	&	3.424.203	2.205.329	1.218.874
More than five years	27.2	13.285.643	3.094.876	10.190.767
		17.476.135	**5.884.882**	**11.591.253**
Accrued Interest				53.723
Total Finance Lease Liabilities				**11.644.976**

2013 (€)		Minimum lease payments	Interest	Principal
Less than one year		75.704	68.492	7.212
Between two and five years		321.263	213.075	108.188
More than five years		1.289.094	1.103.833	185.261
		1.686.061	**1.385.400**	**300.661**
Accrued Interest				109.759
Total Finance Lease Liabilities				**410.420**

27.1 Land Plots Financial Leasing

The Group rents land plots classified as finance lease. 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 € 152.479 under current and non-current portion. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

27. Finance Lease Liabilities (continued)

27.2 Sale and Lease Back Agreements

A. Innovations Logistic Park

In May 2014 the Group concluded the acquisition of Innovations Logistics Park in Bucharest (Note 16), owned by Best Day Srl, through receiving debt from Piraeus Leasing Romania SA in the form of a sale and lease back agreement. The financed amount was €7.500.000 bearing interest rate at 3M Euribor plus 4,45% margin, being repayable in monthly tranches until 2026. At the maturity of the lease agreement Best Day will become owner of the asset.

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 is obliged to provide cash collateral in the amount of €250.000 in Piraeus Leasing Romania, which shall be deposited as follows, half in May 2014 and half in May 2015.
5. SPDI provided a corporate guarantee in favor of the bank towards the liabilities of Best Day arising from the sales and lease back agreement.

B. EOS Business Park

In October 2014 the Group concluded the acquisition of EOS Business Park in Bucharest (Note 16), owned by First Phase Srl, through receiving debt from Alpha Bank Romania SA in the form of a sale and lease back agreement. The financed amount was €4.000.000 bearing interest rate at 3M Euribor plus 5,25% margin, being repayable in monthly tranches until 2024. 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.

28. Related Party Transactions

The following transactions were carried out with related parties:

28.1 Expenses

(€)	2014	2013
Board of Directors	171.197	168.573
Management Remuneration	553.379	464.096
Back office - SECURE Management Ltd	70.289	142.580
Narrowpeak Consultants Ltd	-	120.998
Total	**794.865**	**896.247**

Board of Directors expense represents the annual remuneration for 2014 of all the non-executive members of the Board pursuant to the decision of the Remuneration Committee. For 2013 an amount of US$63.825 was paid in cash while for the remaining amount payable to the directors they received shares in 2014 (Note 20.2).

Management remuneration represents the annual remuneration payable to the CEO, the CFO, pursuant to the decision of the Remuneration Committee as well as the Commercial Director and the Country Managers for Romania and Ukraine.

Back office expenses represents expenses incurred by the Group for part time expert personnel of SECURE Management Ltd, a real estate Project and Asset Management Company, seconded to the Company to cover various non-permanent positions, variations of the work flow in finance and administration functions and/or specialized advisory and consultancy needs.

Interest expense represents the interest from the loan granted on 21st September 2012 from Narrowpeak Consultants Ltd and other parties, in order to facilitate the Group's cash flow. The loan to the Company is of up to US$2.500.000 bearing interest at 12% per annum and was repayable on 31st December 2014. Within 2013 the loan amount totaling to US$1.700.000 was converted into equity and the lenders received 2.310.190 shares.

28. Related Party Transactions (continued)

28.2 Payables to related parties

(€)	31/12/2014	31/12/2013
Board of Directors & Committees	193.212	115.665
Grafton Properties	123.548	108.767
Secure Management Ltd	18.244	-
Management Remuneration	-	350.784
Total	**335.004**	**575.216**

28.2.1 Board of Directors

The amount payable represents remuneration payable to non-Executive Directors as well as to the Remuneration and Audit Committee members for 2014.

28.2.2 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 certain 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 to the Company raising US$50m of capital in the markets.

28.2.3 Payable to Secure Management

Payable to Secure Management represents payable for services expert personnel seconded by Secure Management Ltd (note 28.1). As of the end of the reporting period the balance was €18.245.

28.2.4 Management Remuneration

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

28.3 Borrowings from related parties

(€)	31/12/2014	31/12/2013
Narrowpeak Consultants Ltd	-	165.599
Total	**-**	**165.599**

On 21st September 2012, and in order to facilitate the Group’s cash flow, Narrowpeak Consultants Ltd and other parties, have provided a loan to the Company of up to US$2.500.000 bearing interest at 12% per annum which was repayable by 31 December 2014. Within 2013 the loan amount totaling to US$1.700.000 was converted into equity and the lenders received 2.310.190 shares. The amount payable at the end of 2013 period represents the interest payable from the convertible loan which was settled within 2014.

28.4 Loans from SC Secure Capital Ltd to the Company’s subsidiaries

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

Borrower (€)	Limit –as of 31/12/2014	Principal as of 31/12/2014	Principal as of 31/12/2013
LLC “TERMINAL BROVARY”	28.827.932	27.578.265	24.278.712
LLC “AISI UKRAINE”	23.062.351	12.275	10.806
LLC “ALMAZ PRES UKRAINE”	8.236.554	140.021	123.269
Total		**27.730.561**	**24.412.787**

Terminal Brovary entered into the loan agreement with the total limit of US$30.000.000 with Secure Capital Ltd on 19 December 2006 maturing on 19 December 2014 and is under discussion to be extended. Current interest rate is 3 months LIBOR plus 2.5%. On 18 July 2011 the total limit of the loan agreement was increased up to US$35.000.000. The purpose of financing was the construction of Terminal Brovary Logistics Park and coverage of working capital needs.

All loans from SC Secure Capital Ltd to the Company’s subsidiaries are USD denominated and in 2014 they generated a forex loss totalling to €19.746.111 as a result of devaluation of the Ukrainian Hryvnia during the reporting period.

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 (€ 9.081.127)/ € 9.081.127 respectively, estimated on balances held at 31/12/2014.

29. Contingent Liabilities

The Group is involved in various legal proceedings in the ordinary course of its business.

29.1 Tax Litigation

The Group performed during the reporting period most of its operations in the Ukraine and therefore 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 interpretation and in some cases, is conflicting. 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 enacted 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. These facts create tax risks which are substantially more significant than those typically found in countries with more developed tax systems. Management believes that it has adequately provided for tax liabilities, based on its interpretation of tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

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.

29.2 Construction related litigation

As of the reporting period there are no material claims from constructors other than those appearing and provided for in the financial statements.

29.3 Other Contingent Liabilities

The Group had no other contingent liabilities as at 31 December 2014.

30. Financial Risk Management

30.1 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 23 & 27), trade and other payables (Note 24) deposits from tenants (Note 25), taxes payable (Note 26) and equity attributable to ordinary shareholders (Note 20, issued capital, reserves and retained earnings) as well as to preferred shareholders (Note 20.6).

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 project requires funding and the operating requirements so as to proactively provide for capital either in the form of equity (issuance of shares to the Group's shareholders) or in the form of debt. Management balances the capital structure of the Group with a view of maximizing the shareholder's Return on Equity (ROE) while adhering to the operational requirements of the property assets and exercising prudent judgment as to the extent of gearing.

30.2 Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liabilities and equity instruments are disclosed in Note 3 of the financial statements.

30. Financial Risk Management (continued)

30.3 Categories of Financial Instruments

(€)	Note	31/12/2014	31/12/2013
Financial Assets			
Cash at Bank	19	891.938	9.668.260
Total		**891.938**	**9.668.260**
Financial Liabilities			
Interest bearing borrowings	23	18.216.422	11.077.240
Trade and other payables	24	1.869.537	1.260.146
Deposits from tenants	25	661.410	315.604
Finance lease liabilities	27	11.644.976	410.420
Taxes payable	26	431.828	423.539
Redeemable preference shares	20	698.650	-
Total		**33.522.823**	**13.486.949**

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.

30.4 Categories of Financial Instruments

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 31 December 2014, the Group had not entered into any derivative contracts.

30.5 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 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 functional currency of the subsidiary where such asset or liability is recognized.

In the particular case of Ukrainian income which is denominated in USD contractually, currency risk arises in the form of such income being paid in local currency and exchanged in USD for repaying USD denominated liabilities. Romanian income is pegged to the €.

In respect of Group's financial assets and liabilities are denominated in the functional currency of the subsidiary which holds them. In respect of Ukraine, where the local currency devaluated by 90% against USD in 2014, the balances of borrowings in foreign currency, related interest due and cash balance in US dollars are substantially sensitive to movement in UAH/USD exchange rate because these financial instruments are denominated foreign currency. If the Ukrainian Hryvnia weakens/strengthens by 30% against the US dollar with all other variables held constant, the Group's results would decrease/increase by € (3.260.717)/ 3.260.717 respectively. Management is monitoring the net exposures and acts accordingly to contain them so that the net effect of devaluation is minimized.

Balances of other financial assets and liabilities are no substantially sensitive to movement in UAH/USD exchange rate because these financial instruments are denominated in the local currency.

Interest Rate Risk on cash and cash equivalents

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. On December 31st, 2014, cash and cash equivalent financial assets amounted to € 891.938 (2013: € 9.668.260) of which € approx. € 150.000 in UAH and € 200.000 in RON (Note 19) while the remaining are denominated in either USD or €.

Interest Rate Risk on financial liabilities

The Group is exposed to interest rate risk in relation to its borrowings amounting to € 29.453.352 (2013: € 10.319.084) as they are issued at variable rates.

The Group has a debt exposure toward the EBRD which is dependent on Libor whereas all the rest of the borrowings are dependent to the Euribor.

30. Financial Risk Management (continued)

30.5 Economic Market Risk Management (continued)

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

As at 31 December 2014 the average interest rate for all the interest bearing borrowing and financial leases of the Group stands at 5,77% (31 December 2013: 6,99%).

The sensitivity analysis for LIBOR and EURIBOR changes applying to the interest calculation on the borrowings principal outstanding as at 31 December 2014 is presented below:

	Actual as at 31.12.2014	+100 bps	+200 bps
Weighted average interest rate	5,77%	6,77%	7,77%
Influence on yearly finance costs	-	(296.194)	(592.388)

The Group's exposures to financial risk are discussed also in Note 4.

30.6 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.

30.7 Liquidity Risk Management

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

31 December 2014 (€)	Carrying amount	**Total Contractual Cash Flows**	Less than one year	From one to two years	More than two years
Financial assets					
Cash at Bank	891.938	**891.938**	891.938	-	-
Financial liabilities					
Interest bearing borrowings	18.216.422	**22.319.389**	6.665.533	2.743.797	12.910.059
Trade and other payables	1.869.537	**1.869.537**	1.654.852	73.841	140.844
Deposits from tenants	661.410	**661.410**	161.579	68.973	430.858
Finance lease liabilities	11.644.976	**17.476.135**	766.289	769.922	15.939.924
Redeemable preference shares	698.650	**698.650**	349.325	349.325	-
Taxes payable	431.828	**431.828**	431.828	-	-
Total	**33.522.823**	**43.456.949**	**10.029.40**	**4.005.858**	**29.421.685**
Total net liabilities	**32.630.885**	**42.656.011**	**9.137.468**	**4.005.858**	**29.421.685**

31 December 2013 (€)	Carrying amount	**Total Contractual Cash Flows**	Less than one year	From one to two years	More than two years
Financial assets					
Cash at Bank	9.668.260	**9.668.260**	9.668.260	-	-
Financial liabilities					
Interest bearing borrowings	11.077.240	**11.077.240**	11.077.240	-	-
Trade and other payables	1.260.146	**1.260.146**	779.688	-	480.458
Deposits from tenants	315.604	**315.604**	-	190.375	125.229
Finance lease liabilities	410.420	**1.686.061**	75.704	75.704	1.534.653
Taxes payable	423.539	**423.539**	423.539	-	-
Total	13.486.949	**14.752.590**	12.356.171	266.079	2.140.340
Total net liabilities	**3.818.689**	**5.094.330**	**2.687.911**	**266.079**	**2.140.340**

31. Events after the end of the reporting period

A. GED Logistics and Photovoltaic Park Acquisition

The Company has completed the acquisition of an income producing logistics park that includes warehouse space as well as an alternative energy production facility of photovoltaic park (the "Complex"), located in the West Attica Industrial Area, Greece, from a Greek company listed in Athens Stock Exchange.

The Complex comprises 17.756 leasable sq m and has a net operating income ("NOI") of approximately €1,5 million. It is fully let 70% to the German multinational transportation and logistics company, Kuehne + Nagel and 30% to a Greek commercial company trading electrical appliances GE Dimitriou SA. The NOI also includes income from selling electric energy produced by the photovoltaic park installed on the roof of the warehouse property to the Greek Electric Grid. The consideration paid is ~€1.800.000 reflecting an agreed value for the Complex of €15.000.000 and the assumption of associated debt of €13.000.000 as well as some other liabilities.

B. Open offer and share capital increase

The Company has raised in March 2015 €8 million (before expenses), having received valid applications in respect of 23.777.748 new ordinary shares (the "New Ordinary Shares") at a price of 25 pence per New Ordinary Share, following the Open Offer addressed to its existing shareholders that closed on Wednesday 11th March.

According to the Open Offer the net proceeds of the Open Offer would be primarily be deployed in acquiring, or securing the acquisition of, income generating industrial, retail and commercial property assets in Bulgaria, Romania and Greece.

The New Ordinary Shares were credited to CREST accounts on 19 March 2015. Following admission of the new Ordinary Shares, the Company's total issued and voting share capital is 57.661.802 ordinary shares.

C. Autounion 20% acquisition

Secure Property Development & Investment PLC, acquired in April 2015 a 20% interest in Autounion, a Class A BREEAM certified, fully let and income generating office building in Sofia. The acquisition, which was the Company's first in Bulgaria, is in line with its strategy to build a diversified portfolio of prime commercial real estate in East and Southeast Europe. The office building, which is fully let to a leading Bulgarian insurance company on a long lease extending to 2027, produces an annualized Net Operating Income of €2,9 million. The Company has acquired the 20% of the corporate entity owning the building for a cash consideration of €4,06 million.

The acquisition widens the Company's investment activity to four countries. The consideration was funded from the Company's cash reserves, which were boosted by the Open Offer.

D. CRAIOVA Acquisition

In May 2015 the Company acquired 100% interest in BLUEBIGBOX 3 S.R.L, a DIY retail property in a prime location in Craiova, Romania. The building has a gross lettable area of 9.385 sqm, is wholly let to Praktiker, a leading European DIY retailer and produces an annualized NOI of ~€1 million. The Purchase Price was €6,1 million while the property has debt amounting to €5m. The Purchase price will be through issuance to the Seller of 8.618.997 redeemable convertible preference shares. The transaction will be completed following an EGM by the Company approving the terms of the redeemable convertible shares.

E. SEC South East Continent Unique Real Estate Investment Ltd Acquisition

In May 2015 the Company acquired all the shares of SEC South East Continent Unique Real Estate Investments Ltd ("Sec South") in exchange for 18.028.294 SPDI shares. The Net Asset Value of the acquired entity was €16,9 million while the Gross Asset value was €42,3 million. Sec South has a 24,35% interest in Delea Nuova, a Class A office building in a prime business location in Bucharest - the building is fully let mainly to the telecommunications regulator of Romania, produces an annualized NOI of €1,9 million and has a GLA of 10.280 square meters over ten floors and includes underground parking. Sec South also has a small portfolio of newly built income producing residential assets, located on Grivita Lake in north Bucharest and on the slopes of Boyana in South Sofia. They generate an annualised income of €300.000, as they are mostly let. In addition Sec South has land assets in Bucharest and Sofia. Except from the income producing properties the Company intends to sell these to generate substantial near term cash for reinvestment.

F. Bancpost SA loan on Bloominghouse (Ketiza srl)

Bancpost S.A. has extended the loan facility granted to Ketiza srl, for financing the construction of Bloominghouse residential project (Note 23) until mid-June 2015, in order for the discussions that will allow the restructuring the said loan from being a construction one to an investment to be concluded. Management believes that such agreement will be in place within the said timeframe.