

Primecity Investment PLC

Condensed interim consolidated financial statements
for the six month period ended June 30, 2017

2017

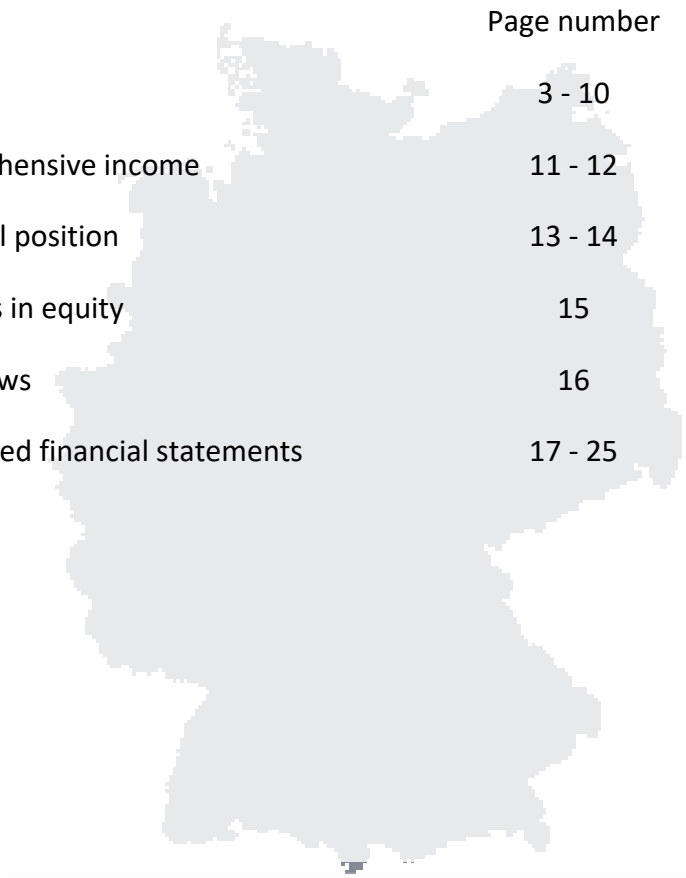
Primecity Investment PLC

Condensed interim consolidated financial statements
for the six month period ended June 30, 2017

2017

2017

	Page number
Board of directors report	3 - 10
Interim consolidated statement of comprehensive income	11 - 12
Interim consolidated statement of financial position	13 - 14
Interim consolidated statement of changes in equity	15
Interim consolidated statement of cash flows	16
Condensed notes to the interim consolidated financial statements	17 - 25



KEY FINANCIALS

REVENUE (In thousands of euro)	1-6 2017	change	1-6 2016
	29,586	20%	24,720
NET PROFIT (In thousands of euro)	1-6 2017	change	1-6 2016
	130,708	476%	22,674
EPS (BASIC) (In euro)	1-6 2017	change	1-6 2016
	0.79	365%	0.17
CASH FLOWS FROM OPERATING ACTIVITIES (In thousands of euro)	1-6 2017	change	1-6 2016
	20,680	12%	18,385
TOTAL ASSETS (In thousands of euro)	Jun 2017	change	Dec 2016
	1,139,510	10%	1,033,084
TOTAL EQUITY (In thousands of euro)	Jun 2017	change	Dec 2016
	739,658	19%	619,143
EQUITY RATIO	Jun 2017	Dec 2016	Dec 2015
	65%	60%	50%
LOAN-TO-VALUE	Jun 2017	Dec 2016	Dec 2015
	19%	25%	36%

THE COMPANY

Primecity Investment PLC (“PCI” or the “Company”) and its investees (the “Group”) Board of Directors hereby submits the condensed interim report as of June 30, 2017. The figures presented in this Board of Directors Report are based on the condensed interim consolidated financial statements as of June 30, 2017, unless stated otherwise.

PCI is a specialist hotel investment company with main focus on investing in and repositioning of hotel properties primarily in key German locations.

As of June 2017, PCI holds €1.1 billion of investment properties. The hotel properties are located in key locations which benefit from strong demand through tourism, business and exhibitions, such as Berlin, Munich, Hamburg, Frankfurt, Dresden, Düsseldorf.

NOTES ON BUSINESS PERFORMANCE**REVENUE**

	Six months ended June 30,	
	2017	2016
	In thousands of euro	
Revenue	29,586	24,720

Revenue in the first half of 2017 increased to €30 million in comparison to €25 million in the same period in 2016. The growth is mainly attributable to the full rental income impact of properties acquired in 2016.

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

	Six months ended June 30,	
	2017	2016
	In thousands of euro	
Capital gains, property revaluations and other income	134,571	14,677

Capital gains, property revaluations and other income are primarily affected by changes in the fair value of the portfolio. The fair values of the portfolio are appraised by external, independent valuers. In the first six months of 2017, capital gains, property revaluations and other income amounted to €135 million, compared to €15 million in the first six months of 2016.

NOTES ON BUSINESS PERFORMANCE**PROPERTY OPERATING EXPENSES**

Six months ended	
June 30,	
2017	2016
In thousands of euro	

Property operating expenses	(2,877)	(2,549)
------------------------------------	----------------	----------------

Property operating expenses increased from €2.5 million in the first half of 2016 to €2.9 million in the first half of 2017, which is a direct result of the portfolio growth during the period as well as the full effect of the operating expenses of properties acquired in 2016. Property operating expenses relate to the asset management of the hotel assets.

ADMINISTRATIVE & OTHER EXPENSES

Six months ended	
June 30,	
2017	2016
In thousands of euro	

Administrative and other expenses	(1,337)	(1,462)
--	----------------	----------------

Total administrative and other expenses amounted to €1.3 million in the first half of 2017 compared to €1.5 million in the comparable period of 2016. The lowered administrative expenses underline the Company's ability to reduce marginal costs by benefiting from economies of scale, which are attributable to PCI's well established infrastructure and asset management.

FINANCE EXPENSES

Six months ended	
June 30,	
2017	2016
In thousands of euro	

Finance expenses	(3,586)	(4,962)
-------------------------	----------------	----------------

Finance expenses decreased from €5 million in the first six months of 2016 to €3.6 million in the first six months of 2017. The significantly lower finance expenses are a direct result of the conversion/redemption of the convertible bond.

NOTES ON BUSINESS PERFORMANCE**OTHER FINANCIAL RESULTS**

Six months ended	
June 30,	
2017	2016
In thousands of euro	

Other financial results	252	(1,944)
--------------------------------	------------	----------------

Other financial results are largely impacted by non-cash and one-time items such as changes in financial derivatives and as well as from bank and financing fees. In the first half of 2017, other financial results amounted to a gain of €0.3 million, compared to an expense of €1.9 million in the first six months of 2016.

TAXATION

Six months ended	
June 30,	
2017	2016
In thousands of euro	

Current tax expenses	(3,057)	(2,620)
Deferred tax expenses	(22,844)	(3,186)
Total	(25,901)	(5,806)

The total tax expense increased from €6 million in the first six months of 2016 to €26 million in the first half of 2017.

This increase is mostly attributable to a higher deferred tax expense, which is a non-cash item directly related to the revaluation gains recorded during the first half year of 2017. The current tax expenses increased from €2.6 million to €3.1 million.

PROFIT FOR THE PERIOD

Six months ended	
June 30,	
2017	2016
In thousands of euro	

Profit for the period	130,708	22,674
------------------------------	----------------	---------------

The profit for the first six months of 2017 amounted to €131 million, compared to €23 million in the comparable period in 2016. The difference is largely due to the revaluation gains recorded over the period.

NOTES ON BUSINESS PERFORMANCE**EARNINGS PER SHARE**

	Six months ended	
	June 30,	
	2017	2016
Basic earnings per share in €	0.79	0.17
Diluted earnings per share in €	0.75	0.14

CASH FLOWS

	Six months ended	
	June 30,	
	2017	2016
	In thousands of euro	
Net cash provided by operating activities	20,680	18,385
Net cash used in investing activities	(4,577)	(22,071)
Net cash used in financing activities	(20,546)	(3,106)
Net change in cash and cash equivalents	(4,443)	(6,792)

Net change in cash and cash equivalents amounted to a negative of €4.4 million in the first 6 months of 2017, compared to a negative of €6.8 million in the comparable period of 2016, resulting in €30 million of cash and cash equivalents at the end of June 2017. Net cash provided by operating activities increased from €18 million in the first half of 2016 to €21 million in the first six months of 2017. Net cash used in investing activities decreased from €22 million in the first six months of 2016 to €4.6 million in the first six months of 2017 mainly as a result of the net acquisition activity of the company. Net cash used in financing activities amounted to €21 million in the first six months of 2017, compared to €3 million in the same period last year. This increase is mainly attributable to the cash used for the redemption of the convertible bonds.

ASSETS

	Jun 2017	Dec 2016
	In thousands of euro	
Non-current assets	1,094,508	985,862
Investment property	1,068,585	959,150
Current assets	45,002	47,222
Total assets	1,139,510	1,033,084

As of June 2017, total assets amounted to over €1.1 billion, compared to €1 billion as of December 2016. This increase is mainly attributable to the value creation in the portfolio. The current assets decreased from €47 million at year-end 2016 to €45 million as of June 2017, mainly attributable to the decreased cash balance compared to year-end 2016.

NOTES ON BUSINESS PERFORMANCE**LIABILITIES**

	Jun 2017	Dec 2016
	<u>In thousands of euro</u>	
Total loans and borrowings*	245,452	254,119
Convertible bonds	-	30,359
Deferred tax liabilities	120,559	103,158
Other long term liabilities	27,040	18,351
Other current liabilities**	6,801	7,954
Total	<u>399,852</u>	<u>413,941</u>

* includes short term loans and borrowings

** excludes short term loans and borrowings

Total liabilities decreased from €414 million as of December 2016 to €400 million as of June 2017. This decrease is mainly attributable to the conversion and redemption of the convertible bonds in the first half of 2017.

NET DEBT

	Jun 2017	Dec 2016
	<u>In thousands of euro</u>	
Total loans and borrowings	245,452	254,119
Cash and liquid assets	38,634	42,172
Convertible bonds	-	30,359
Total net debt	<u>206,818</u>	<u>242,306</u>

Net debt decreased from €242 million in December 2016 to €207 million as of June 2017. The Company maintains a low leverage level as part of its conservative financial approach, as evident by the decrease in net debt in parallel to the increase in the balance of total assets over the period.

LOAN-TO-VALUE

	Jun 2017	Dec 2016
	<u>In thousands of euro</u>	
Investment property	1,068,585	959,150
Net Debt	<u>206,818</u>	<u>242,306</u>
LTV	<u>19%</u>	<u>25%</u>

PCI maintains a conservative financial approach which is underlined by the Company's low Loan-To-Value ("LTV"), which as of June 2017 was at 19%, compared to 25% in December 2016.

NOTES ON BUSINESS PERFORMANCE**EQUITY**

	<u>Jun 2017</u>	<u>Dec 2016</u>
	<u>In thousands of euro</u>	
Total Equity	739,658	619,143

Total equity as of June 2017 amounted to €740 million, compared to €619 million as of year-end 2016. The increase is mainly a result of the profit for the period, which amounted to €131 million, as well as from conversions of the convertible bonds into equity.

DISCLAIMER

The financial data and results of the Group are affected by financial and operating results of its subsidiaries. Significance of the information presented in this report is examined from the perspective of the Company including its portfolio with the joint ventures. In several cases, additional information and details are provided in order to present a comprehensive representation of the subject described, which in the Group's view is essential to this report.

By order of the Board of Directors,
October 31, 2017



.....
Elena Koushos
Director



.....
Philipp von Bodman
Director, CEO

PRIMECITY INVESTMENT PLC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended		Three months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	In thousands of euro			
Revenue	29,586	24,720	14,659	12,768
Property revaluations, capital gains, and other income	134,571	14,677	130,348	3,503
Property operating expenses	(2,877)	(*) (2,549)	(1,527)	(*) (1,384)
Administrative and other expenses	(1,337)	(*) (1,462)	(608)	(*) (652)
Operating profit	159,943	35,386	142,872	14,235
Finance expenses	(3,586)	(4,962)	(1,756)	(2,322)
Other financial results	252	(1,944)	(324)	(395)
Profit before tax	156,609	28,480	140,792	11,518
Current tax expenses	(3,057)	(2,620)	(1,376)	(1,441)
Deferred tax expenses	(22,844)	(3,186)	(21,585)	(1,185)
Tax and deferred tax expenses	(25,901)	(5,806)	(22,961)	(2,626)
Profit for the period	130,708	22,674	117,831	8,892
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	130,708	22,674	117,831	8,892

(*) Reclassified.

PRIMECITY INVESTMENT PLC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Six months ended June 30,		Three months ended June 30,	
	2017	2016	2017	2016
	In thousands of euro			
Profit attributable to:				
Shareholders of the Company	112,204	20,651	100,383	7,202
Non-controlling interests	18,504	2,023	17,448	1,690
Profit for the period	130,708	22,674	117,831	8,892
Net earnings per share attributable to the shareholders of the Company (in euro):				
Basic earnings per share	0.79	0.17	0.70	0.06
Diluted earnings per share	0.75	0.14	0.70	0.05

The notes on pages 17 to 25 form an integral part of these interim consolidated financial statements.

PRIMECITY INVESTMENT PLC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		June 30	December 31
		2017	2016
		Unaudited	Audited
	Note	In thousands of euro	
Assets			
Equipment and intangible assets		4,604	5,137
Investment property	4	1,068,585	959,150
Advance payments for real estate transactions and other investments		20,012	20,180
Deferred tax assets		1,307	1,395
Non-current assets		1,094,508	985,862
Cash and cash equivalents		30,176	34,619
Short term deposits		8,458	7,553
Trade and other receivables		3,789	2,320
Other financial assets		206	258
Assets held for sale		2,373	2,472
Current assets		45,002	47,222
Total assets		1,139,510	1,033,084

The notes on pages 17 to 25 form an integral part of these interim consolidated financial statements.

PRIMECITY INVESTMENT PLC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		<u>June 30</u>	<u>December 31</u>
		<u>2017</u>	<u>2016</u>
		<u>Unaudited</u>	<u>Audited</u>
	Note	<u>In thousands of euro</u>	
Equity			
Share capital	6	1,429	1,402
Premium and other capital reserves		127,966	119,663
Retained earnings	6	486,067	373,863
Equity attributable to the shareholders of the Company		615,462	494,928
Non-controlling interests		124,196	124,215
Total equity		739,658	619,143
Liabilities			
Loans and borrowings	5	238,351	245,766
Convertible bond	5	-	30,359
Derivative financial instruments		3,037	3,670
Other non-current liabilities		24,003	14,681
Deferred tax liabilities		120,559	103,158
Non-current liabilities		385,950	397,634
Loans and borrowings	5	7,101	8,353
Trade and other payables		4,061	5,114
Provisions and current liabilities		2,393	2,464
Liabilities held for sale		347	376
Current liabilities		13,902	16,307
Total liabilities		399,852	413,941
Total equity and liabilities		1,139,510	1,033,084

The Board of Directors of Primecity Investment PLC authorized these condensed interim consolidated financial statements for issuance on October 31, 2017.



.....
Elena Koushos
Director



.....
Philipp von Bodman
Director, CEO

PRIMECITY INVESTMENT PLC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the six month period ended June 30, 2017**

	Attributable to the shareholders of the Company				Non-controlling interests	Total equity
	Share capital	Premium and other capital reserves	Retained earnings	Total		
	In thousands of euro					
Balance as at December 31, 2016 (Audited)	1,402	119,663	373,863	494,928	124,215	619,143
Profit for the period	-	-	112,204	112,204	18,504	130,708
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	112,204	112,204	18,504	130,708
Issuance of shares related to conversion of convertible bonds	27	8,303	-	8,330	-	8,330
Deconsolidations	-	-	-	-	(18,523)	(18,523)
Balance as at June 30, 2017 (Unaudited)	1,429	127,966	486,067	615,462	124,196	739,658
Balance as at December 31, 2015 (Audited)	1,133	40,671	326,984	368,788	107,658	476,446
Profit for the period	-	-	20,651	20,651	2,023	22,674
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	20,651	20,651	2,023	22,674
Issuance of shares related to conversion of convertible bonds	169	48,904	-	49,073	-	49,073
Balance as at June 30, 2016 (Unaudited)	1,302	89,575	347,635	438,512	109,681	548,193

The notes on pages 17 to 25 form an integral part of these interim consolidated financial statements.

PRIMECITY INVESTMENT PLC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>Six months ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
	<u>In thousands of euro</u>	
<u>Cash flows from operating activities</u>		
Profit for the period	130,708	22,674
<u>Adjustments for the profit:</u>		
Depreciation and amortization	381	150
Property revaluations, capital gains and other income	(136,023)	(14,677)
Finance expenses, net	3,334	6,906
Tax and deferred tax expenses	25,901	5,806
	<u>24,301</u>	<u>20,859</u>
<u>Changes in:</u>		
Trade and other receivables	469	569
Trade and other payables	(1,011)	(990)
Provisions for other liabilities and charges	(953)	(378)
	<u>22,806</u>	<u>20,060</u>
Tax paid	(2,126)	(1,675)
Net cash provided by operating activities	<u>20,680</u>	<u>18,385</u>
<u>Cash flows from investing activities</u>		
Disposals of investees and acquisitions of investment property, capex and advances paid, net	(3,883)	(10,359)
Proceeds from traded securities and other financial assets, net	(694)	(11,712)
Net cash used in investing activities	<u>(4,577)</u>	<u>(22,071)</u>
<u>Cash flows from financing activities</u>		
Buy-back of convertible bonds	(21,142)	-
Proceeds of loans from financial institutions and others, net	10,728	8,455
Amortization of loans from financial institutions	(4,196)	(4,901)
Interest and other financial expenses, net	(5,936)	(6,660)
Net cash used in financing activities	<u>(20,546)</u>	<u>(3,106)</u>
Net change in cash and cash equivalents	<u>(4,443)</u>	<u>(6,792)</u>
Cash and cash equivalents at the beginning of the period	<u>34,619</u>	<u>20,900</u>
Cash and cash equivalents at the end of the period	<u>30,176</u>	<u>14,108</u>

The notes on pages 17 to 25 form an integral part of these interim consolidated financial statements.

PRIMECITY INVESTMENT PLC

Condensed notes to the interim consolidated financial statements
for the six month period ended June 30, 2017

1. GENERAL**a. Incorporation and principal activities**

Primecity Investment PLC (“the Company”) was incorporated on August 10, 2004 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its Registered Office is at Scanner Avenue Tower, Artemidos & Nikou Dimitriou Gonia 54B, 6027, Larnaca, Cyprus.

The Company is a holding company which holds, together with its investees (hereinafter “the Group”) real estate properties.

These condensed interim consolidated financial statements for the six month period ended June 30, 2017 consist of the financial statements of the Group.

b. Listing on the Paris Stock Exchange

The Company was publicly listed in October 2014, and traded on the stock market segment Alternext within the Paris Stock Exchange Euronext. The Company registered 200,000,000 ordinary shares with a par value of euro 0.01 per share, out of which 100,000,000 and additional amounts from conversions of convertible bond units were fully paid (see note 6).

c. Capital and bonds increases

For information about capital and bonds, please see notes 6 and 5, respectively.

PRIMECITY INVESTMENT PLC

Condensed notes to the interim consolidated financial statements
for the six month period ended June 30, 2017

1. GENERAL *(continued)*

d. Definitions

Throughout these notes to the interim consolidated financial statements:

The Company	Primecity Investment PLC
The Group	The Company and its investees
Subsidiaries	Companies that are controlled by the Company (as defined in IFRS 10) and whose financial statements are consolidated with those of the Company
Associates	Companies over which the Company has significant influence (as defined in IAS 28) and that are not subsidiaries. The Company's investment therein is included in the consolidated financial statements of the Company using equity method of accounting
Investees	Subsidiaries, jointly controlled entities and associates
Related parties	As defined in IAS 24
The reporting period	The six months ended on June 30, 2017

PRIMECITY INVESTMENT PLC

Condensed notes to the interim consolidated financial statements
for the six month period ended June 30, 2017

2. BASIS OF PREPARATION**(a) Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 interim financial reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2016. These condensed interim consolidated financial statements have not been reviewed by an auditor.

For further information on the accounting and measurement policies used, please refer to the consolidated financial statements as at December 31, 2016, which are the basis for these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Company's Board of Directors on October 31, 2017.

(b) Judgments and estimates

In preparing these condensed interim consolidated financial statements, management applies judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those that applied to the consolidated financial statements as at and for the year ended December 31, 2016.

(c) Operating segments

The Group meets the definition of operating in one operating segment. An operating segment is a component of the Group that meets the following three criteria:

- Is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to intragroup transactions;
- Whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which separate financial information is available.

(d) Seasonality of operations

Rental income, other revenues and costs are received and incurred smoothly over the accounting period. Therefore no additional disclosures are made in the condensed interim consolidated financial statements.

(e) Going concern

These condensed interim consolidated financial statements are prepared on a going concern basis.

PRIMECITY INVESTMENT PLC

Condensed notes to the interim consolidated financial statements
for the six month period ended June 30, 2017

3. SIGNIFICANT ACCOUNTING POLICIES

The following new and revised standards and interpretations are in issue and have been endorsed by the EU but are not yet effective for these consolidated financial statements:

(I) IFRS 9 - *Financial Instruments* (2009, 2010)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and to add new requirements to address the impairment of financial assets and hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

(II) IFRS 15 - *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customers Loyalty Programs. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The following new and revised standards and interpretations are in issue but have not yet been endorsed by the EU and are hence not yet effective for these financial statements:

(III) IFRS 16 - *Leases*

IFRS 16 introduces a single, on balance sheet approach to lease accounting for lessees with optional exemptions for short-term leases and leases of low value items.

(IV) IFRS 2 - *Classifications and Measurement of Share-based Payment Transaction*

The Group has considered the above new standards, interpretations and amendments to published standards and will continue to evaluate the impact on the Group's consolidated financial statements. At this time, the impact of the above publications is not expected to be material to the Group's consolidated financial statements.

PRIMECITY INVESTMENT PLC

Condensed notes to the interim consolidated financial statements
for the six month period ended June 30, 2017

4. INVESTMENT PROPERTY

	June 30	December 31
	2017	2016
	Unaudited	Audited
	In thousands of euro	
Balance at the beginning of the reporting period / year	959,150	900,322
Additions (disposals) and adjustments, net during the period / year	109,435	58,828
Balance at the end of the reporting period / year	<u>1,068,585</u>	<u>959,150</u>

5. LOANS AND BORROWINGS

A. Composition

	June 30	December 31
	2017	2016
	Unaudited	Audited
	In thousands of euro	
Long term		
Bank loans	238,351	245,766
Convertible bond (B)	-	30,359
Total long term	<u>238,351</u>	<u>276,125</u>
Short term		
Bank loans	7,101	8,353
Total short term	<u>7,101</u>	<u>8,353</u>

PRIMECITY INVESTMENT PLC

Condensed notes to the interim consolidated financial statements
for the six month period ended June 30, 2017

5. LOANS AND BORROWINGS *(continued)*

B. Convertible bond

On November 13, 2014, PCI successfully completed the placement of a €100 million convertible bond maturing in 2019, convertible into ordinary shares of PCI at an issue price of 100% of its principle amount. On February 13, 2015, the bond series was tapped in additional €50 million nominal value at an issue price of 105% of its principal amount. The convertible bond bore a coupon of 4% p.a., payable semi-annually in arrears, and was redeemable at maturity at 110% of its principle amount. The initial conversion price was fixed at €3.00.

On March 13, 2017, PCI fully redeemed the outstanding amount of its convertible bond at its accreted principal amount (as defined in the bond's Terms and Conditions) together with the accrued but unpaid interest for total consideration of €22.5 million.

Since the issuance of the convertible bond and until its full redemption, a total amount of €128.7 million nominal value of the convertible bond was converted into PCI shares (out of which €8.2 million during the reporting period).

	Six months ended June 30	Year ended December 31
	2017	2016
	Unaudited	Audited
	In thousands of euro	
Balance at the beginning of the period/year	31,232	112,442
Financial results for the period / year	(995)	989
Expenses paid	-	(2,408)
Conversion to ordinary shares of PCI	(8,330)	(79,791)
Redemption of outstanding amount	(21,907)	-
Carrying amount of liability at the end of the period / year	-	31,232
Non-current portion of Convertible bond	-	30,359
Accrued interest	-	156
Total Convertible bond	-	30,515
Deferred income	-	717

PRIMECITY INVESTMENT PLC

Condensed notes to the interim consolidated financial statements
for the six month period ended June 30, 2017

6. EQUITY

A. Share capital

	June 30, 2017		December 31, 2016	
	Unaudited		Audited	
	Number of shares	In thousands of euro	Number of shares	In thousands of euro
Authorized				
Ordinary shares of euro 0.01 each	200,000,000	2,000	200,000,000	2,000
Issued and fully paid				
Balance as at January 1	140,166,647	1,402	113,266,657	1,133
Conversion bond units to shares	2,733,332	27	26,899,990	269
Balance at the end of the period / year	142,899,979	1,429	140,166,647	1,402

B. Issued capital

1. On November 13, 2014, the Company successfully placed €100 million nominal value of convertible bond, convertible into ordinary shares of the Company. On February 13, 2015, the convertible bond was tapped by additional €50 million nominal value. The outstanding unconverted amount of the convertible bond has been fully redeemed in March 2017.
2. Since the initial placement of the convertible bond and until its full redemption, a total amount of €128,700 thousand nominal values of the convertible bond were converted into shares. According to the convertible bond's terms, 42.9 million shares were issued.

C. Premium and other reserves

Comprised of the premium on ordinary shares arises from conversions of the convertible bond. The other reserve comprised of the equity component related to the convertible bond.

PRIMECITY INVESTMENT PLC

Condensed notes to the interim consolidated financial statements
for the six month period ended June 30, 2017

7. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

	<u>June 30</u>	<u>December 31</u>
	<u>2017</u>	<u>2016</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>In thousands of euro</u>	
(I) Loans from shareholders and related companies (*)	<u>20,718</u>	<u>9,777</u>

(*) Presented as part of the other long term liabilities in the consolidated statement of financial position.

	<u>For the six months</u>	
	<u>ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
	<u>In thousands of euro</u>	
(II) Interest expenses on loans from shareholders and related companies	(238)	-
(III) Rental and operating expenses to related parties	<u>(71)</u>	<u>-</u>

PRIMECITY INVESTMENT PLC

Condensed notes to the interim consolidated financial statements
for the six month period ended June 30, 2017

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	In thousands of euro			
<u>June 30, 2017 (Unaudited)</u>				
Derivative financial instruments	-	3,037	-	3,037
Total liabilities	-	3,037	-	3,037
<u>December 31, 2016 (Audited)</u>				
Derivative financial instruments	-	3,670	-	3,670
Total liabilities	-	3,670	-	3,670

9. COMMITMENTS

The Group had no significant commitments as at June 30, 2017.

10. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets or liabilities as at June 30, 2017.

11. EVENTS AFTER THE REPORTING PERIOD

There were no material events occurred after the balance sheet date.