Granbero Holdings
Ltd

IFRS Consolidated Financial Statements at 31 December 2015

Approved by Management
with the Independent Auditor’s opinion

Contents

I. General information and performance

1. Business activities & profile

Granbero Holdings (as the legal Cyprus entity with all its Polish subsidiaries) represents the Polish activities of the Ghelamco Group, a leading European real estate investor active in the offices, residential, retail and logistics markets.

As Granbero Holdings acts in Poland under the commercial name Ghelamco, we refer hereafter to Granbero Holdings under the reference 'Ghelamco'.

Ghelamco maintains a high quality internal control with respect for agreed milestones over all its project development phases: land purchase, planning, coordinating the construction phase and sale or lease. Its projects combine prime and strategic locations with efficient and aesthetically inspiring designs and correct timing.

Ghelamco group's successes on the Belgian, French, Polish, Ukrainian and Russian markets are generated by the group's professional and enthusiastic staff that is driven by the vision and passion of its management.

Ghelamco is one of the largest commercial property developers and investors in Poland and has, resulting for a steep growth over the last number of years, also become a significant player on the Belgian market. The group's market position has been recognized by numerous prestigious awards, collected over several years and granted both to the company and to many of its projects.

In Belgium, the Ghelamco Arena was in 2014 and despite strong competition, voted 'Stadium of the year' by voters spread over many different countries through stadiumDB.com, one of the world's largest websites for football lovers. The Ghelamco Arena is a multifunctional football stadium, housing football club KAA Gent and accommodating 20,000 seats and about 50,000 m² of modern office and retail space.

In Poland, Ghelamco's founder, president and CEO Paul Gheysens received in 2014 a CEEQA award for Lifetime Achievement in Real Estate, in recognition of his services to the real estate sector, his company's extensive and award winning achievements in the Central & Eastern European market place and the kick-off of the construction of the Spire, tallest tower in CEE.

Since 2007, Ghelamco's business activities are structured in three major holdings under common control of the ultimate shareholders (jointly referred to as "**Ghelamco**"):

- **Investment Holding**: comprises resources invested in real estate projects in Belgium, France, Poland, Russia and Ukraine and the intra-group Financing Vehicles – hereafter the "**Ghelamco Group**", the "**Investment Group**" or the "**Group**";

- **Development Holding**: represents international entities that provide construction, engineering and development services to the Investment Holding;

- **Portfolio Holding**: consists of all other activities and real estate investments controlled by the ultimate shareholders.

2. Legal status

Granbero Holdings Ltd (the "Company") is the holding company of the Polish activities of Ghelamco Group Comm. VA, which is in turn the holding company of the **Investment Group.**
Granbero Holdings Ltd, together with its subsidiaries (Note 5), constitute the reporting entity for the purpose of these financial statements.

Granbero Holdings Ltd is a limited liability company registered under Cypriot law, with its registered office at Arch. Makariou III, 229, Meliza Court, 3105 Limassol, Cyprus.

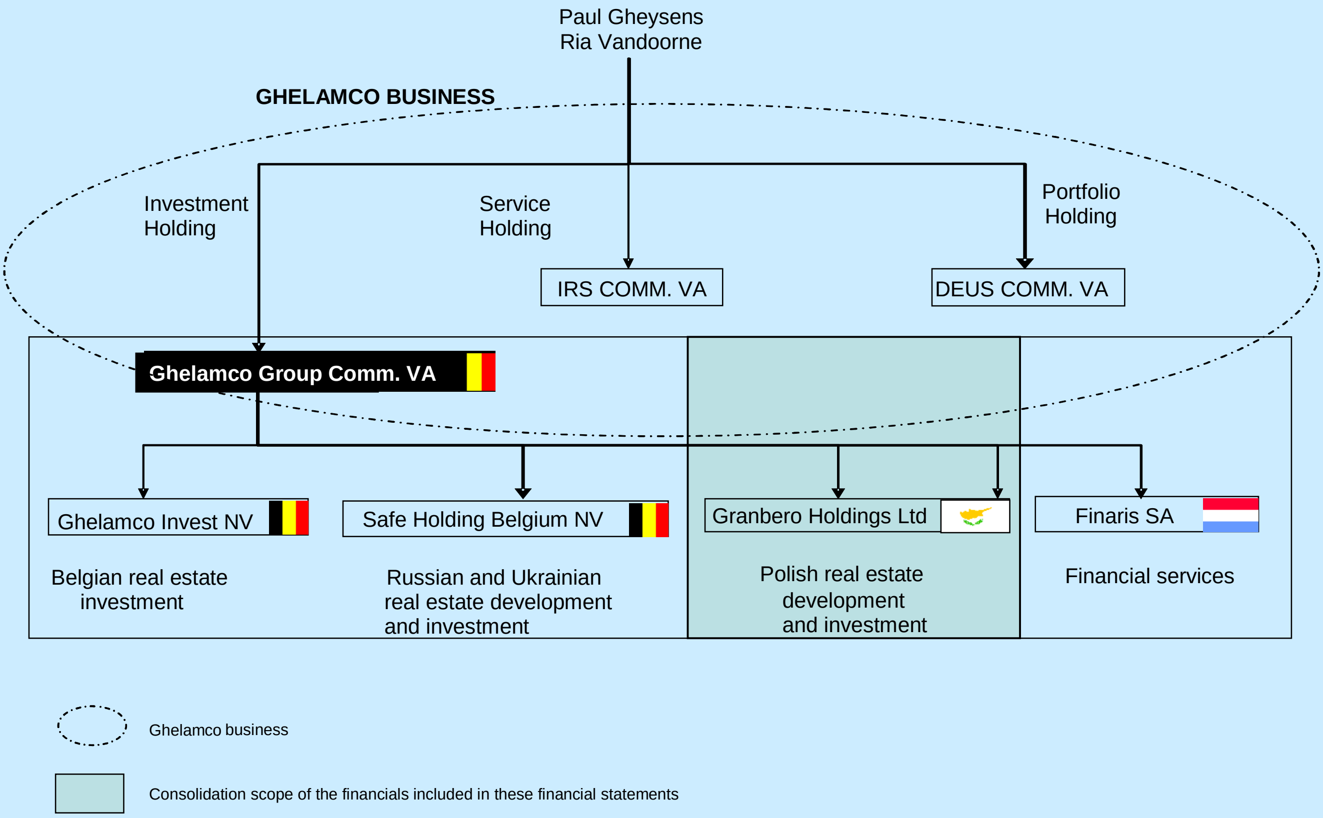
The Company is registered in the Cypriot commercial register under the number 183542.

3. Consolidation scope

These consolidated financial statements comprise the resources and activities of the Company and its legal subsidiaries.

At 31 December 2015 (the reporting date), all the assets and liabilities of the reporting entity (the Company and its direct and indirect legal subsidiaries) are legally linked through a corporate structure that was introduced in 2006 and was accomplished prior to 31 December 2007 (overview in Note 5).

All assets, liabilities, income and expenses that represented an integral part of the Granbero Holdings activities, are included in the accounts of the legal subsidiaries of the Company at 31 December 2015 and at 31 December 2014.



4. Staffing level

Given its nature, there is no employment in the Company. The construction, engineering and other related services are mainly provided to the Company by the Development Holding's legal subsidiaries. Ghelamco as a whole employed 295 people on 31 December 2015 (vs. 273 on 31 December 2014).

5. Board and management committee

The statutory board of the Polish entities consists of 5 board members: the Managing Director Eastern Europe (president of the board) and the local Financial, Commercial, Legal and Investment Directors.

The Company's Management consists of:

Mr. Paul Gheysens (Chief Executive Officer)
Mr. Simon Gheysens
Mr. Michael Gheysens
Mr. Philippe Pannier (Chief Financial Officer)
Mr. Chris Heggerick (Chief Operational Officer)
Mr. Jeroen Vander Toolen (Managing Director Eastern Europe)
The Financial, Commercial, Legal and Investment Directors

The Management actively coordinates and supervises the different teams and supports them in all commercial, legal, financial and technical aspects of their activities.

The Polish teams consist of a technical, commercial, legal & financial department.

6. Business environment and results

<u>2015 performance and results</u>

The Company closed its 2015 accounts with a net profit of 78,254 KEUR, mainly as a result from its continued development, construction and commercialisation efforts. Thanks to these efforts, the Company managed to create significant added value on its larger commercial projects and to achieve sustained growth. This is reflected in an increased balance sheet total of 1,164,914 KEUR and an equity of 555,884 KEUR. The solvency ratio amounted to 47.7% (vs. 54.3% at 31 Dec. 2014).

Land bank
In Poland, the Company in first instance maintained its existing land bank but also took advantage of some expansion opportunities. Main 2015 land bank transactions were the acquisition of a plot located at Pl. Grzybowski, Warsaw for an amount of approx. 4.5 MEUR, last part of a plot at Grójecka, Warsaw for an amount of approx. 900 KEUR and a plot in Lódz for an amount of approx. 8 MEUR; all for the future development of office projects.

Development and construction
The investing activities in Poland during 2015 have mainly been been focused on the further realisation of the Warsaw Spire (+/- 108,000 sqm of office space) and on the construction of the Woloska 24 project (approx. 20,000 sqm office project in the Warsaw Mokotow District). In the course of 2015 satellite building C of Warsaw Spire has been finalized and delivered while per year-end the tower building is close to finalisation.

(Pre-)leasing and occupation of projects:
Continued and successful leasing efforts on the Warsaw Spire project have resulted in the fact that the project on the whole is per 31 December 2015 leased for over 70%. In this respect, the Company signed in April 2015 an anchor tenant lease agreement for aprox. 22,000 sqm of space with Samsung. The deal is being seen as the largest office lease transaction ever in the Warsaw city centre, as well as one of the biggest in the country.

Divestures
No divestures of investment property have taken place in 2015.

Outlook

It is the Company's strategy to further diversify its development portfolio by spreading its developments over different real estate segments.
For 2016, the Company will continue this strategy. In addition, it will closely monitor specific evolutions in its active markets and real estate segments. Considering its sound financial structure and the expected further market evolutions (in terms of tenant activity and evolution in yields), the Company is confident to achieve its goals for 2016 in general.

7. Notice to the reader

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2015, assuming the going concern of the consolidated companies.

As per today, the Company's core business is the development of and investment in commercial and residential properties. The Company's strategy is to keep commercial property in portfolio for rental purposes while residential properties are dedicated for sale.

According to IAS 2, Property Development Inventories have to be measured at the lower of cost and net realizable value. Investment Properties (Under Construction) are carried at fair value.

As such, residential properties are presented as Property Development Inventories.
Most of the commercial property is presented as Investment Property. We refer to the Notes 6 and 7 in Part II for more details on their presentation.

II. IFRS Consolidated Financial Statements

These IFRS consolidated financial statements at 31 December 2015 were approved by the Company's Management on 23 March 2016. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. Consolidated statement of financial position (in KEUR)

	Note	31/12/2015	31/12/2014
ASSETS			
Non-current assets			
Investment Property	6	660,290	417,553
Property, plant and equipment		32	32
Receivables and prepayments	8	263,266	234,996
Deferred tax assets	16	2,918	2,821
Other financial assets		363	1,022
Restricted cash	10	0	256
Total non-current assets		**926,869**	**656,680**
Current assets			
Property Development Inventories	7	53,666	50,183
Trade and other receivables	8	141,696	129,702
Current tax assets		0	0
Derivatives	9	0	290
Cash and cash equivalents	11	42,683	46,755
Total current assets		**238,045**	**226,930**
TOTAL ASSETS		**1,164,914**	**883,610**

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Consolidated statement of financial position (cont'd)

	Note	31/12/2015	31/12/2014
Capital and reserves attributable to the Group's equity holders			
Share capital	12	10	10
CTA	13	4,526	6,708
Retained earnings	13	549,446	471,022
		553,982	477,740
Non-controlling interests	12.2	1,902	1,901
TOTAL EQUITY		**555,884**	**479,641**
Non-current liabilities			
Interest-bearing loans and borrowings	14	484,894	329,154
Deferred tax liabilities	16	23,377	6,961
Other non-current liabilities		0	0
Total non-current liabilities		**508,271**	**336,115**
Current liabilities			
Trade and other payables	17	51,060	31,020
Current tax liabilities	18	893	434
Interest-bearing loans and borrowings	14	48,806	36,400
Short-term provisions			
Total current liabilities		**100,759**	**67,854**
Total liabilities		**609,030**	**403,969**
TOTAL EQUITY AND LIABILITIES		**1,164,914**	**883,610**

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B. Consolidated income statement and consolidated statement of comprehensive Income

Consolidated Income Statement

	Note	2015	2014
Revenue	19	16,850	16,455
Other operating income	20	2,999	9,610
Cost of Property Development Inventories	21	-9,413	-16,676
Employee benefit expense		-289	-277
Depreciation amortisation and impairment charges		0	0
Gains from revaluation of Investment Property	6	97,547	24,120
Other operating expense	20	-12,089	-18,704
Share of results of associates			
Operating profit - result		**95,605**	**14,528**
Finance income	22	11,423	11,454
Finance costs	22	-10,578	-18,799
Profit before income tax		**96,450**	**7,183**
Income tax expense/income	23	-18,196	-1,921
Profit for the year		**78,254**	**5,262**
Attributable to:			
Equity holders of parent		78,254	5,262
Non-controlling interests		-	-

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Consolidated statement of comprehensive income – items recyclable to the profit & loss statement

		2015	2014
Profit for the year		**78,254**	**5,262**
Exchange differences on translating foreign operations	13	-2,182	-507
Other		170	-11
Other comprehensive income of the period		**-2,012**	**-518**
Total Comprehensive income for the year		**76,242**	**4,744**
Attributable to:			
Equity holders of the parent		76,242	4,744
Non-controlling interests			

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C. Consolidated statement of changes in equity

Consolidated statement of changes in equity per 2015

	Note	Attributable to the equity holders			Non-controlling interests	Total Equity
		Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2014		**10**	**7,215**	**465,771**	**1,901**	**474,897**
Foreign currency translation (CTA)			-507			**-507**
Profit/(loss) for the year				5,262		**5,262**
Dividend distribution						
Change in non-controlling interests						
Change in the consolidation scope				-21		**-21**
Other				10		**10**
Balance at 31 December 2014		**10**	**6,708**	**471,022**	**1,901**	**479,641**
Foreign currency translation (CTA)	13					**0**
Profit/(loss) for the year	13		-2,182	78,254		**76,072**
Dividend distribution						
Change in non-controlling interests	12.2				1	**1**
Change in the consolidation scope	13			170		**170**
Other						**0**
Balance at 31 December 2015		**10**	**4,526**	**549,446**	**1,902**	**555,884**

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D. Consolidated cash flow statement

Consolidated cash flow statement for 2015 and 2014

		2015	2014
Operating Activities			
Profit / (Loss) before income tax		**96,450**	**7,183**
Adjustments for:			
- Share of results of associates			
- Change in fair value of investment property	6	-97,547	-24,120
- Gain on disposal of subsidiary			
- Gain on disposal of interest in former associates			
- Depreciation, amortization and impairment charges			
- Result on disposal investment property		0	-9,857
- Change in provisions			
- Net interest charge	22	-1,825	5,236
- Movements in working capital:			
- Change in inventory		-5,071	14.849
- Change in trade & other receivables		-11,994	-48.890
- Change in trade & other payables		356	-5.998
- Change in MTM derivatives	9	290	1.552
- Movement in other non-current liabilities			
- Other non-cash items		107	-133
Income tax paid		-1,418	-348
Interest paid (**)		-4,459	-29.091
Net cash from operating activities		**-25,111**	**-89,617**
Investing Activities			
Interest received	22	10,172	9.461
Purchase of property, plant & equipment		0	0
Purchase of investment property	6	-109,954	-87,260
Capitalized interest in investment property paid	6	-16,500	-10,635
Proceeds from disposal of investment property	6		189,084
Net cash outflow on acquisition of subsidiaries			
Net cash inflow on disposal of subsidiary			
Net cash inflow on disposal of associate			
cash outflow on other non-current financial assets		-27,611	34,665
Net cash inflow/outflow on NCI transactions		0	0
Change in trade & other payables			
Movement in restricted cash accounts		256	215
Net cash flow used in investing activities		**-143,637**	**135,530**

Financing Activities			
Proceeds from borrowings	14	187,184	151,605
Repayment of borrowings	14	-19,038	-192,121
Other non-cash items, realized CTA			
Net cash inflow from / (used in) financing activities		**168,146**	**-40,516**
Net increase/decrease in cash and cash equivalents		**-602**	**5,397**
Cash and cash equivalents at 1 January of the year		46,755	38,808
Effects of exch. rate changes (mainly on EUR/USD balances in non-EUR countries)		-3.470	2,550
Cash and cash equivalents at 31 December of the year		**42,683**	**46,755**

(**): Interests directly capitalized in IP not included (2015: 16,500 KEUR; 2014: 10,635 KEUR) – separately presented under investing activities

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the IFRS consolidated financial statements, are set out below.

1.1. Introduction

We refer to the section “General Information: business activities” and Note 5 “Organizational chart” of these financial statements for more information on the business activities and the structure of the Company and its position within the Ghelamco business.

These financial statements are IFRS consolidated financial statements that include the resources and activities of Granbero Holdings Ltd and its legal subsidiaries that are part of the Ghelamco Investment Group at 31 December 2015.

A list of legal entities included in these IFRS consolidated financial statements and major changes in the organizational structure of the reporting entity are outlined in Notes 4 and 5.

1.2. Basis of preparation

These consolidated financial statements include those of the Company and its subsidiaries. The consolidated financial statements were approved for issue by Management on March 23, 2016. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (“IFRS”) as adopted by the European Union at 31 December 2015. The Company has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2015.

These financial statements have been prepared under the historical cost convention except for Investment Properties and derivative financial instruments that have been measured at fair value.

1.3. Standards and Interpretations that became applicable in 2015

Standards and Interpretations that the Company anticipatively applied in 2014 and 2015:

- None

Standards and Interpretations that became effective in 2015

- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 January 2015)
- IFRIC 21 Levies (applicable for annual periods beginning on or after 17 June 2014)

Standards and Interpretations which became effective in 2015 but which are not relevant to the Company:

- None

1.4. Standards and Interpretations issued but not yet effective

Standards and Interpretations issued at the date of these IFRS consolidated financial statements, which were authorized for issue but not yet mandatory and have not been early adopted by the Investment Holding:

- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed in EU)
- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 19 Employee Benefits - Employee Contributions (applicable for annual periods beginning on or after 1 February 2015)

- Amendments to IAS 27 Separate Financial Statements - Equity Method (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in EU).

At this stage, the Investment Holding does not expect the first adoption of these Standards and Interpretations to have any material financial impact on the financial statements at the moment of initial application. With respect to (the changes in) IFRS 9, 15 and 16, the Company is still evaluating the potential impact.

1.5. Principles of consolidation

1.5.1. Consolidation scope

The entities included in the consolidation scope are those that are under control of the Company on 31 December 2015 and on 31 December 2014 (see Notes 4 and 5). Control is achieved when the Company

- Has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investee if fact and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The transactions, balances and unrealized gains and losses between these legal entities are deemed intra-group transactions and are eliminated in full.
The transactions with other entities owned directly or indirectly by the ultimate shareholders of the Ghelamco Consortium are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 26.

1.5.2. Acquisition of subsidiaries

Although the Company obtained control over several subsidiaries over the past years, these transactions are not considered business combinations as defined under IFRS 3 “Business Combinations”. In these transactions, the Company primarily acquired land and therefore these transactions are to be considered as a purchase of selective assets and liabilities and not as a purchase of a “business”. The purchase consideration has been allocated to each of the assets and liabilities acquired based on their relative fair values.

During the course of 2015 and 2014, there were no acquisitions of subsidiaries that qualified as an acquisition of a business as defined in IFRS 3 “Business Combinations”.

1.5.3. Sale of subsidiaries

As was the case in the past, the 2015 and 2014 business of the Company consists of developing commercial and residential real estate projects. Commercial properties are held for lease and/or capital appreciation. Residential properties are offered for sale.

General rule:
- sale of commercial projects subsidiaries (in which real estate is developed and valued as IP(UC)) is presented in the Income Statement as a disposal of IP and not as a disposal of a subsidiary;
- sale of residential projects subsidiaries (in which real estate is developed and valued as property development inventories) is presented in the Income Statement on a gross basis (i.e. revenue from the sale of inventories and cost of sales) and not as a disposal of a subsidiary. Still, a sale of residential projects is generally structured as a sale of assets.

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Comments 2015
During 2015, no commercial project SPVs have been sold.
In addition, no residential SPVs have been sold, in line with the general approach to sell residential projects through asset deals.

The same goes for 2014.

1.5.4. Increase in ownership interests in subsidiaries

The Company applies the parent company model to transactions with minority shareholders. To the extent applicable, the goodwill or badwill resulting from the acquisition of the additional interest (from minority shareholders) in subsidiaries is allocated to the group retained earnings.

1.5.5. Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the IFRS consolidated financial statements, the results and financial position of each entity are expressed in Euro, which is the functional currency of the Company and the presentation currency for the IFRS consolidated financial statements.

Foreign currency transactions

Foreign currency transactions are recognized initially at the exchange rate prevailing at the transactions' date. Subsequently, at closing, monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial result.

Foreign entities

In consolidation, the assets and liabilities of the group companies using a different functional currency than the Euro are expressed in Euro using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in equity and transferred to the Company's "Cumulative translation reserve". Such translation differences are recognized as income or as expenses in the period in which the entity is sold, disposed of or liquidated.

The principal exchange rates versus EUR that have been used are as follows:

	2015		2014	
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Polish Zloty (PLN)	4.2615	4.1839	4.2623	4.1845
United States Dollar (USD)	1.0887	1.1095	1.2141	1.3285

1.5.6. Hyperinflationary economies

None of the Company entities operated in a hyperinflationary economy in 2015 and 2014.

1.6. Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and less any accumulated impairment loss.

Cost includes the fair value of the consideration given to acquire the asset and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of taxes).

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost.

The applicable useful lives are:

Tangible fixed assets	Years
Buildings	20 to 40
Vehicles	5
Equipment	5 to 10

1.7. Finance leases

A finance lease that substantially transfers all the risks and rewards incident to ownership, is recognized as an asset and a liability at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

1.8. Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its 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 Company estimates the recoverable amount of the unit to which the asset belongs.

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.

1.9. Investment Property

Investment Property is defined as property (land or a building – or part of a building – or both) held by the owner to earn rentals, realize capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

Investment Property, principally comprising land and commercial buildings (“commercial property”), is held for capital appreciation or for the long-term rental yields and is not occupied by the Company.

Investment Property (Under Construction) is carried at fair value. Fair value is determined by external appraisers or by management. In the former case, renowned external appraisers carry out an external inspection of the property and they are provided with the necessary supporting documentation (regarding property title over the involved property, copies of (building) permits, architectural plans, renderings, copies of (preliminary) lease contracts), based on which they prepare their resp. valuation reports.

Gains or losses as a result of changes in the fair value are included in the Income Statement of the year in which they occur. Gains and losses as a result of an Investment Property disposal are considered into the Income Statement of the year in which the disposal occurs.

The Company distinguishes four different stages for Investment Property:

A. Land without pre-permit approval;
B. Land with a pre-permit approval;
C. Land with a building permit and construction ongoing;
D. Land with a completed building.

The above stages can again be divided in 2 main categories:

Investment Properties under construction (A), (B), (C)

The fair value of the land is determined based on the following methods:
1. Based on comparative method;
2. Based on realizable m²;
3. Based on residual method.

In assessing the fair value, the Company considers whether both following conditions have been met:
- Building permit on the property has been obtained and
- Binding lease agreements have been signed for over 40% of the net leasable area of the property.

In case the above mentioned conditions are not fulfilled, the fair value of the IPUC (part not included in land) is deemed to be the cost of the in-process development.

In case the conditions are fulfilled, the fair value of IPUC (both land and construction part) will be determined by an independent appraiser report, based on RICS Valuation Standards.

Fair value of IP(UC) is determined as follows:

- Projects under (A): fair value of the land plus cost of in process development
- Projects under (B): fair value of the land, to the extent the valuation expert has considered the value of the master plan and/or building permit OR fair value of the land plus cost of in process development, to the extent the valuation expert has not yet considered the value of the master plan and/or building permit
- Projects under (C): fair value of the (permitted) land plus construction part at cost, if the above building permit and lease conditions are not (yet) fulfilled
- Projects under (C): fair value of the (permitted) land plus fair value of the construction part, if the above building permit and lease conditions are fulfilled
- Projects under (D): fair value of the completed project

By consequence, fair value adjustments have been recognized as follows:

- Projects under (A): fair value of the land minus the gross land cost (including purchase price of the land, costs on the purchase, capitalized financial costs and possible goodwill) ;
- Projects under (B): fair value of the land minus gross land cost;
- Projects under (C): fair value of the land minus gross land cost, plus fair value of the construction part minus cost of the construction part, to the extent the above conditions are met.
- Projects under (D): fair value of the completed project minus gross land cost, minus cost of the construction part

Completed Investment Properties (D)

Investment Properties are considered completed as from the moment the project received its exploitation permit.

Completed Investment Properties are valued by internationally qualified appraisers as of the end of the period, based on market values in accordance with the RICS Valuation Standards.
They are recognized at fair value reflecting the market conditions at the balance sheet date. Market values of the project are calculated based on the Yield method or Discounted Cash Flow method, depending on the type of project, its status and the location.

In the case of a contingent consideration payable for a property acquired, the asset (inventory or IP) is recognized initially at cost, determined based on the fair value of the total consideration paid or payable. The fair value of the contingent consideration is determined based on management's best estimate and recognized as a financial liability. Subsequent changes in the fair value of the liability are recorded via the income statement (and are not part of the asset value).

1.10. Non-current assets held for sale and discontinued operations

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. A discontinued operation is a component of an entity, which the entity has disposed of, or which is classified as held for sale, which represents a separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes.

For a sale to be highly probable, the entity should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and to complete the plan should have been initiated, and the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs necessary to make the sale. Any excess of the carrying amount over the fair value less costs to sell is included as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale. Comparative balance sheet information for prior periods is not restated to reflect the new classification in the balance sheet.

1.11. Property Development Inventory

Land and premises acquired and held for future development as well as in-process development projects (other than Investment Properties) are classified as inventories. Property Development Inventories mainly comprise residential properties.

Inventories are measured at the lower of cost and net realizable value at the balance sheet date.

The cost of in-process development projects comprises architectural design, engineering studies, geodesic studies, raw materials, other production materials, direct labour, other direct and external borrowing costs directly attributable to the acquisition or construction of the qualifying inventories.

External borrowing costs directly related to the acquisition, construction or production of a qualifying asset are capitalized. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. Capitalization commences when expenditures and borrowings are being incurred for the asset, and ceases when all the activities that are necessary to prepare the asset for its intended use or sale are complete. The capitalization criteria are usually met as from the date of acquisition of land for building purposes, as activities related to development are usually being undertaken by the Company as from that date.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realizable value at balance sheet date is lower than the carrying value. The Company performs regular reviews of the net realizable value of its Property Development Inventory.

The most recent review indicated that the global net realizable value of the Property Development Inventory of the Company exceeded its carrying amount measured on a historical cost basis in these IFRS consolidated financial statements (Note 7).

Perpetual usufruct and operating lease contracts of land:

The Company holds land in Poland under the right of perpetual usufruct. The right of perpetual usufruct is in substance a long-term land lease that grants the lessee the right to use and administer land owned by the state or local authorities under the terms and conditions of a contract concluded for 99 years. The holder of such right is obliged to pay an annual fee during the term of the perpetual usufruct estimated by the state or local authority.

Payments, including prepayments, made under the perpetual usufruct contracts are capitalized to the Property Development Inventories.

1.12. Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or undergo financial reorganization and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognized in the Income Statement. When a trade receivable is uncollectible, it is written down against the allowance account for trade receivables. Subsequent recoveries of amounts previously written down are credited in the Income Statement.

No provision for impairment has been considered necessary as a result of the impairment review on the balance sheet date.

1.13. Financial assets

The Company classifies its financial investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the intention of the investment's acquisition. Management determines the investments' classification at initial recognition and re-evaluates this designation on every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

The investments in equity instruments that do not have a quoted market price in an active market are measured at cost (this valuation principle applies mainly to the investments in entities under the control of the ultimate shareholders of the Company not included in the consolidation scope of these financial statements).

Derivative financial instruments are measured at fair value with changes recognized in profit or loss.

For an overview of financial assets (and liabilities) by category in accordance with IAS39, reference is made to note 15 below.

1.14. Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

1.15. Share capital

Ordinary shares are classified as equity under the caption “share capital”. When share capital recognized as equity is (re)purchased, the amount of the consideration paid, including directly attributable costs, it is recognized as a change in equity.

Dividends are recognized as a liability only in the period in which they are approved by the Company’s shareholders.

1.16. Current and deferred income taxes

Income tax on the profit or loss for the year comprises current and deferred income tax.

Income tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. It is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is recognized on all temporary differences, even arising on the assets and liabilities located in the Special Purpose Vehicles. Most of the Special Purpose Vehicles hold one specific property development project.

The recognition of deferred tax liabilities on fair value adjustments is based on the assumption that the land and buildings held by the Company will be realized through asset deals. This relates mainly to the residential projects held by the Company.

As it is expected that the value of commercial projects will in first instance be realized through use (and not through sale), the recognition of deferred tax liabilities on fair value adjustments is also applied here. Still, the potential capital gain (in the case a commercial project would be sold through a share deal) might be exempted from income tax in some jurisdictions if certain conditions are met. Although the Company is confident that in the case of a share deal these conditions will be complied with, deferred tax liabilities have consistently been recognized, without taking into account those potential tax exemptions.

In connection with the acquisition in Poland of closed-end funds in 2011 and the related transfer process of SPVs to those funds, outstanding deferred tax balances of entities which were transferred to the funds were released (9.3 MEUR per end 2011 and 21.9 MEUR per end 2012) (and no further deferred taxes were set up in 2011, 2012 and 2013), as the funds-structure was under the Polish tax regulations exempt from tax. Within the framework of a change in Polish tax legislation and the resulting abolishment from 1 January 2014 onwards of tax transparency of the Polish project companies (SKAs) under the above closed-end funds, a fiscal step-up operation was organized and accomplished before year-end 2013. In this respect, the Company acquired in the course of 2013 new shelf companies (SKAs), to which the existing project companies sold their real estate projects in December 2013, at market value. In total, 15 projects were subject to this step-up exercise. This way, market value per 31/12/2013 of the involved projects was definitively fiscally exempted. And from 2014 onwards, deferred tax liabilities are again recognized on (new) fair value adjustments.

Currently or substantially enacted tax rates are used to determine deferred income tax. Under this method, the Company is also required to make a provision for deferred income tax on the difference between the fair values of the net assets acquired and their tax base as a result of a business combination.

No deferred taxes are accounted for temporary differences arising from the initial recognition of goodwill or the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the time of the transaction affect neither accounting nor taxable profit, and differences relating to the investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (Note 16).

1.17. Trade and other payables

Trade and other payables are measured at amortized cost. As the impact of discounting is immaterial, trade and other payables are measured at the nominal value.

1.18. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has a contractual right (provided all covenants are fulfilled) to defer settlement of the liability for at least 12 months after the balance sheet date.

1.19. Revenue recognition

Revenue mainly includes sales of properties and rental income.
Revenue is recognized based on the fair value of the consideration received or receivable. For contingent consideration related to the sale of properties, the fair value of the contingent consideration is determined based on management's best estimate and recognized as a financial asset. Subsequent changes in the fair value of the financial asset are recorded via the income statement.

Sale of Property Development Inventory

Revenue from the sale of *property development inventory* is recognized when all the following conditions have been satisfied:
(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

The property disposals might be structured in a tax-efficient manner as a sale of shares in a legal entity that holds the property. The sales of real estate projects structured as a sale of shares are presented in these financial statements in accordance with the substance and economic reality of the transactions and not merely with their legal form. Thus, the amount of inventories recognized as an expense during the period referred to as "Cost of Property Development Inventories sold" comprises costs directly related to the property development projects sold during the year. The revenue from sales of properties reflects the market value of the properties sold.

Rental income

Rental income from Investment Properties leased is recognized on a straight-line basis over the lease term. Lease incentives granted are recognized as an integral part of the total rental income (i.e. are spread over the lease term).

The Company did not enter into any financial lease agreements with tenants; all lease contracts qualify as operating leases.

Sale of Investment Property

Revenue from the sale of investment property is recognized when all the following conditions have been satisfied:
(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

The property disposals are often structured in a tax-efficient manner as a sale of shares in a legal entity that holds the property. The sales of real estate projects structured as a sale of shares are presented in these financial statements in accordance with the substance and economic reality of the transactions and not merely their legal form. The gain realized on a sold investment property is shown on a net basis under “Result on disposal Investment Property” in the income statement.

2. Financial risk management

2.1 Financial risk factors

Due to its activities, the Company is exposed to a variety of financial risks: market risk (including exchange rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings. The Company uses derivative financial instruments (external or internal) on an ad hoc basis to hedge against the exposures arising from the individual transactions significant to the Company as a whole.

Financial risks are managed by the Group’s Chief Financial Officer (CFO) and his team. The CFO identifies, evaluates and mitigates financial risks in accordance with the objectives set by the Chief Executive Officer.

2.1.1 Foreign exchange risk

The Company operates internationally and enters into transactions in currencies (US Dollar, Polish Zloty) other than the Company’s functional currency being Euro. The major part of the Company’s financial assets and financial liabilities are however denominated in Euro.

Within the Eurozone, the Company concludes all engineering and architectural contracts, main construction contracts and main part of (project) financing contracts in Euro. On the other hand, the Company has over the past four years and via its financial vehicle Ghelamco Invest SP. z o.o., issued significant amounts of Polish bearer bonds (with an outstanding amount of 667.6 MPLN as of 31/12/15). Leasing of the properties is Euro based and eventual later disposal of assets or shares is usually expressed or negotiated in Euro. The Polish Zloty’s risk is for that limited to the mentioned PLN bond issues, some smaller local contracts and the sale prices of residential projects.

In short, the Company mitigates its currency risk exposure by matching as much as possible the currency of the income with that of the expenditure.

As stated, main net foreign currency position which the Company holds at the reporting date relates to the Polish bearer bonds in PLN for a (net) amount of 652.751 KPLN. A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2015 would resp. have increased/decreased the equity by approx. 15.5 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.

In addition, trade payables in PLN are outstanding for an amount of 85.5 MPLN. A 10% strengthening/weakening of the EUR against the PLN rate at 31 December 2015 would resp. have increased/decreased the equity by approx. 2.0 MEUR. This analysis assumes that all other variables (e.g. interest rates) remain constant.

When a member of the Service Holding is exposed to eventual currency risks, the Company may choose to enter into an intra-group hedging.

Over 2014, Ghelamco Poland Sp. z o.o (belonging to the Service Holding) hedged the sale of an amount of EUR into PLN with its counterpart Granbero Capital. In practice, Granbero Capital covered the currency exposure for Ghelamco Poland Sp. z o.o for an amount of 41,387 KEUR on the Warsaw Spire project (Ghelamco Warsaw Spire SKA) at a fixed rate of 3,9 PLN/EUR. These hedging transactions resulted in a gain for Granbero Capital for an amount of 2,748 KEUR. The remaining amounts covered by the above contract for 2014 consisted of 3,400 KEUR on the Warsaw Spire project. The market value of these contracts amounted to 290 KEUR as of balance sheet date; value which has been recognized through the profit and loss statement. These derivatives were classified as held for trading under IFRS.

Over 2015, Ghelamco Poland Sp. z o.o again hedged the sale of an amount of EUR into PLN with its counterpart Granbero Capital. In practice, Granbero Capital covered the currency exposure for Ghelamco Poland Sp. z o.o for an amount of 3,372 KEUR on the Warsaw Spire project (Ghelamco Warsaw Spire SKA) at a fixed rate of 3,9 PLN/EUR. These hedging transactions resulted in a gain for Granbero Capital for an amount of 213 KEUR.
Per end of December 2015, there are no remaining amounts to be covered by the above contract in 2016. The market value of derivative contracts has by consequence dropped to zero as of balance sheet date; evolution which has been recognized through the profit and loss statement.

A weakening/strengthening of the PLN (average and 31/12/15 spot) exchange rates versus the EUR by 5% would, as a consequence of the above hedging, have resulted in a 149 KEUR higher/lower profit before tax for 2015.

Despite those closely monitored initiatives and as a consequence of its international activity, foreign exchange risks may still affect the Company's financials and results.

2.1.2 Interest rate risk

The Company actively uses external and related party borrowings to finance its property development projects. A property development project's external financing is usually in the form of a bank loan denominated in Euro (see Note 14). Since the 1,004.7 MPLN + 6.3 MEUR total amount of bearer bond issues (of which 667.6 MPLN + 6.3 MEUR actually still outstanding per balance sheet date) by Ghelamco Invest Sp. z o.o. over the past years, Polish projects can also be partly financed through the proceeds of these bonds.

Except for some ad-hoc past interest hedging, the Company did not enter into significant external interest rate hedging transactions to eliminate exposure arising from the long-term investment loans over the last 5 years. The Group's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

The financing structure reflects major project development phases (acquisition of land, development and holding of the properties) as follows:

- Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.

- Development loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin. The land acquisition loan is at this stage integrated in the development loan.

- Once the property is completed, leased and meets all ongoing covenants, the development loan allocated to it can be turned into an investment loan usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable upon sale or refinancing of the property. The banks are usually willing to increase development loans up to an amount that reflects 65% to 75% of the property‘s market value, once all ongoing covenants are met. The interest is usually a mix of floating and fixed rates. In addition, the capital is amortized at a level between 4% and 7% per annum (on average), payable on a quarterly base together with the accrued interest.

- For the Polish projects: 667.6 MPLN + 6.3 MEUR proceeds from bond issues with a term of 3 to 4 years and bearing an interest of Wibor 6 months + 3.5%-5% and Euribor 6 months + 4,3% resp.; proceeds of which can be used over the resp. project development stages.

The Company actively uses related party borrowings provided by the Ghelamco Group Financing Vehicles acting as financial intermediaries (mainly Peridot SL at 31 December 2015 and 31 December 2014) to finance the property development projects in Poland. These related party loans bear interest at market floating interest rates.

For sensitivity analysis, reference is made to disclosure 14 on interest-bearing loans and borrowings.

2.1.3 Operational risk (price risk in first instance)

Price risk

Raw materials, supplies, labour and other costs directly related to the construction projects constitute a major part of the property development assets capitalized in the accounts of the Company’s property development companies.
Although construction prices may substantially vary during each accounting year, the Company succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies.
Most property development projects are realized in cooperation with parties related to the Company (see Note 26.2).

Market research

Before starting an investment, the Company’s management teams have performed their market research, comprising the following:
- status of the project’s current zoning (eventual timing for rezoning necessary)
- attitude of the local government towards a particular project
- are comparable projects being launched (timing and location)
- type of potential buyers/tenants - reasonable delivery date of the project
- projected sale/lease prices at the date of delivery
- yield expectations at that time
- time frame to achieve 50%-60% leasing level

Permit risk

A detailed advance study of the existing master plan or zoning plans substantially reduces the risks on obtaining building permits. On this issue, it is the Ghelamco Group’s policy to closely monitor new construction regulations or esthetical preferences of the city authorities. One should of course differentiate between the type of projects, their location and specific country principles.

Construction risk

Construction risks are monitored by Ghelamco Group in-house engineers. They define the construction cost as from the date of the feasibility study and take full responsibility for material discrepancies.

Therefore, fine-tuning of budgets, choice of materials, construction techniques and construction prices is a constant process within Ghelamco Group. This avoids cost overruns and delivery delays.
The Company also maintains full control over the building site coordination of (sub) contractors through its team of site managers.

Engineering risk
The Company has to remain in control for the design, layout and structural or finishing elements of the building. Any change in engineering automatically leads to cost increases or decreases. That is why the Company hardly ever outsources these tasks outside the Ghelamco Group.

Financing risk
The Company relies since more than 10 years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economic circumstances, but remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-)binding term sheet from its banking relations.
In the past three years, the Company in addition proved to be able to call upon alternative financing through the issue of bearer bonds (667.6 KPLN + 6.3 MEUR total outstanding as of 31 December 2015).

Commercial risk
Certain major projects require (internal) pre-lease levels, depending on different parameters, mostly triggered by the project's (large) scale, changed market circumstances or project type. Smaller projects are started up without pre-leases. This set-up immediately triggers the intense involvement of both the internal commercial departments and the external brokers. So far, the Company's track record shows at least a 50% (or more) leasing level before the end of construction works.

Investment market risk
Each developer or investment fund is influenced by the currently applicable yield expectations. Therefore, good project timing is essential. While securing the construction financing, the Company also negotiates a binding transition from construction loan into investment loan. This allows us to keep the property in portfolio and to wait for attractive offers of investors.

2.1.4 Credit risk

Some limited credit risk may arise from credit exposures with respect to rental customers/ tenants (mostly renowned international companies) and outstanding balances with related parties. The group entities are setting credit limits based on financial information and business knowledge, which are duly approved by management. No major allowances for non-payment were necessary in the current or previous year. The credit risks on residential buyers are limited by the conditions in the notary deeds.

For further analysis, reference is made to note 8.

2.1.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet the Company's liquidity needs. Due to the dynamic nature of the underlying business activities, the Company actively uses external and related party funds to ensure that adequate resources are available to finance the Company's capital needs. The Company's liquidity position is monitored by management, based on 12 months rolling forecasts.

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 14.

We also refer to note 11 and note 14.1 where the available financing is described.

2.1.6 Economic risk

The Company's projects are operated through subsidiaries located and operated in Poland, held through a Cypriot holding structure. As a result, the operation of these projects and the upstreaming of related revenues are subject to certain inherent risks to these countries which may include, but are not limited to unfavourable political, regulatory and tax conditions.

In this respect, e.g. reference is made to the changes to the Polish tax law related to fund structures, as described in section 1.16 above.

2.2 Capital risk and balance sheet structure management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to support the strategic growth plans of the Company.

All profits of the last years have been re-invested. The management's focus is to a significant extent set on financial support of its expansion plans. In order to maintain or optimize the capital structure, the Company may decide to issue bonds or similar financial instruments in the international financial markets. Company management closely monitors solvency, liquidity, return on invested capital and profitability levels.

The Company monitors capital primarily based on the solvency ratio. This ratio is calculated as total equity divided by the balance sheet total. The solvency ratios at 31 December 2015 and 2014 were as follows:

	2015	**2014**
Equity	555,884	479,641
Total assets	1,164,914	883,610
Solvency ratio	**47.7%**	**54.3%**

3. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and assumptions are based on historical experience and various other factors that are considered reasonable under the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects future periods.

In addition to the estimates already explained in the accounting policies, the estimates and assumptions that might significantly affect the valuation of assets and liabilities are outlined below.

Impairment of assets

The risk of impairment arises from uncertainties typical to the real estate development industry. At the balance sheet date no cumulated impairment losses/write-offs to net realizable value have been recognized on inventory items.
Last year's cumulated impairment at the level of Signal Bud Sp. z o.o (141 KEUR) has been realised after the liquidation of the company.
Last year's cumulated impairment at the level of Expert Invest Sp. z o.o (220 KEUR) has been reversed after a positive settlement.

No additional impairments/write-offs to the profit and loss statement were deemed necessary in 2015.

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Income taxes

The Company operates within a complex international legal and regulatory environment. Deferred tax is determined based on each legal entity's tax position and is reviewed on each balance sheet date to take account of the impact of changes in the tax laws and the probability of recovery.

Basic Company Income Tax levels (excluding tax exemptions or other incentives):

Poland : 19%
Cyprus : 12.5%
Luxemburg : 21.84% (exceptions for financial rulings)

Fair value estimation

The carrying value less impairment write down of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

In conformity with IAS39, all derivatives are recognized at fair value in the balance sheet.

With respect to the determination of fair value of IP(UC), we refer to section 1.9 above.

4. List of subsidiaries

Granbero Holdings Ltd. subsidiaries included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2015 % voting rights	31/12/2014 % voting rights	Remarks
Granbero Capital (branch)	LU	n/a	n/a	
Apollo Invest Sp. z o.o	PL	40	40	*
Expert Invest Sp. z o.o	PL	100	100	
Industrial Invest Sp. z o.o	PL	100	100	
Prima Bud Sp. z o.o.	PL	70	100	4.2
Signal Bud Sp. z o.o	PL	n/a	100	4.3
Ghelamco Invest Sp. z o.o	PL	100	100	
CC 26 F.I.Z.	PL	n/a	100	4.3
Ghelamco GP 1 Sp z o.o	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Axiom SKA	PL	n/a	100	4.3
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Konstancin SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Dystryvest SKA	PL	n/a	100	4.3
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Port Żerański SKA	PL	100	100	
Ghelamco GP 8 Spolka z ograniczona odpowiedzialnoscia Dahlia SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Tillia SKA	PL	100	100	
Innovation Bud Bis Sp. z o.o. (former Innovation SKA)	PL	100	100	
Ghelamco GP 9 spółka z ograniczoną odpowiedzialnością Sobieski Towers SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Office SKA	PL	n/a	100	4.3
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Matejki SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Market SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Erato SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Pattina SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia UNIQUE SKA	PL	70	100	4.2
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia PIB SKA	PL	100	100	
Ghelamco GP 1 Spolka z ograniczona odpowiedzialnoscia Callista SKA	PL	n/a	100	4.3
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Vogla SKA	PL	100	100	

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Ghelamco GP 5 Sp. z o.o. (former Fusion Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 5 Spolka z ograniczona odpowiedzialnoscia Capital SKA	PL	n/a	100	4.3
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością Sienna Towers SKA	PL	100	100	
Ghelamco GP 5 Spolka z ograniczona odpowiedzialnoscia Pro Business SKA	PL	n/a	100	4.3
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością SBP SKA	PL	100	100	
Ghelamco GP 5 Spolka z ograniczona odpowiedzialnoscia Creative SKA	PL	n/a	100	4.3
Ghelamco GP 5 spółka z ograniczoną odpowiedzialnością Foksal SKA	PL	100	100	
Ghelamco GP 3 Sp. z o.o. (former Belle Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Bellona Grzybowska 77 SKA	PL	n/a	100	4.3
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Grzybowska 77 SKA	PL	100	100	
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Logistyka SKA	PL	n/a	100	4.3
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością Wronia SKA	PL	100	100	
Ghelamco GP 7 Sp. z o.o. (former Power Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 7 spółka z ograniczoną odpowiedzialnością Business Bud SKA	PL	n/a	100	4.3
Ghelamco GP 7 spółka z ograniczoną odpowiedzialnością Postępu SKA	PL	100	100	
CC 28 F.I.Z.	PL	100	100	
Ghelamco GP 2 Sp z o.o	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Excellent SKA	PL	n/a	100	4.3
Ghelamco GP 2 spółka z ograniczoną odpowiedzialnością KBP SKA	PL	n/a	100	4.3
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Primula SKA	PL	n/a	100	4.3
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Kalea SKA	PL	n/a	100	4.3
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Proof SKA	PL	100	100	
Ghelamco GP 4 Sp. z o.o. (former Betula Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Kappa SKA	PL	n/a	100	4.3
Ghelamco GP 2 spółka z ograniczoną odpowiedzialnością M12 SKA	PL	100	100	
Ghelamco GP 3 Spolka z ograniczona odpowiedzialnoscia Focus SKA	PL	n/a	100	4.3
Ghelamco GP 3 spółka z ograniczoną odpowiedzialnością ŁBP SKA	PL	n/a	100	4.3
Ghelamco Warsaw Spire Sp. z o.o. (former Immediate Investment Sp. z o.o)	PL	100	100	
Ghelamco Warsaw Spire Spolka z ograniczona odpowiedzialnoscia SKA (former Eastern Europe Bud Sp. z o.o)	PL	100	100	
Ghelamco Warsaw Spire spółka z ograniczoną odpowiedzialnością WS SKA	PL	100	100	
Ghelamco GP 6 Sp. z o.o. (former Opportunity Invest Sp. z o.o)	PL	100	100	
Ghelamco GP 6 Spolka z ograniczona odpowiedzialnoscia HQ SKA	PL	100	100	
Ghelamco GP 2 Spolka z ograniczona odpowiedzialnoscia Isola SKA	PL	100	100	
Ghelamco GP 8 Sp.z o.o.	PL	100	100	
ACG1 Sp. z o.o.	PL	100	100	
Espressivio Sp. z o.o.	PL	100	n/a	4.1
Ghelamco GP 1 spółka z ograniczoną odpowiedzialnością Sigma SKA	PL	100	n/a	4.1
Ghelamco Garden Station Sp.z o.o.	PL	100	n/a	**
Ghelamco Nowa Formiernia Sp. z o.o. (former Budomal)	PL	100	n/a	4.1
Creditero Holdings Ltd.	CY	100	100	
Bellona Bema 87 Sp. z o.o.	PL	100	100	

(*): Although the Company does not dispose of the majority of the SPV's voting rights, in practice it does have control over the SPV. Therefore, the SPV has been included in the consolidated financial statements applying the full consolidation method.
(**): Subsidiaries were (as shelf entities) already controlled in 2014 but only have been consolidated for the first time in 2015.

Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property.
Most subsidiaries (except for the Holding, sub-holding(s) and Financing Vehicle) are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate development activities).

Summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Company during the year ended on 31 December 2015. The acquisitions and disposals of real estate subsidiaries are treated in accordance with the accounting policy as described in section 1.5.2 and 1.5.3 (and not in accordance with IFRS 3 on Business Combinations).

4.1 Acquisitions and incorporations of subsidiaries

In the course of 2015 some new SPVs have been acquired or incorporated and are (directly or indirectly) held for 100% by the Company. All have in addition been acquired or incorporated for (directly or indirectly) holding future real estate developments. It concerns the following: Espressivio Sp. z o.o., Budomal SP. z o.o., Sigma SKA, Ghelamco Gdanska PI Sp. z o.o. and Altona SKA.

In addition, end October 2015, Ghelamco Polish Project 1 SCSp (Luxemburg special limited partnership) has been 'incorporated' between the closed-end investment fund CC28 and Finaris SA (related party and 100% subsidiary of Ghelamco Group Comm. VA, acting as managing General Partner). And afterwards, CC28 has contributed its participation in Woronicza SKA (which in turn holds 100% of the shares in Proof Sp. k.) in Ghelamco Polish Project 1 SCSp in exchange for partnership certificates. Above operation has been organized in accordance with applicable local legal and fiscal regulations and at arm's length. This operation has had no impact on the Company's 2015 consolidated financial statements.

4.2 Disposal of subsidiaries

There have been no disposals of subsidiaries during the year ended on 31 December 2015. Still, in the course of 2015 30% of the shares of SPVs Unique SKA, Prima Bud Sp. z o.o. and Tarima SKA has been sold to Deus Comm. VA, related party and parent company of the Portfolio Holding. The shares have been sold at arm's length and the operation had given its limited size an insignificant impact on the Company's 2015 consolidated financial statements.

4.3 Mergers and liquidations of subsidiaries

End of August 2015 – and in connection with a restructuring of the Polish organisational structure with the purpose of achieving some more efficiency and simplification – following 'idle' entities have been merged into Espressivio Sp. z o.o., newly incorporated entity (see above):

- Kalea SKA
- KBP SKA
- LBP SKA

Also end of August 2015, following entities have been merged into Innovation Bud Bis Sp. z o.o.:

- Signal Bud Sp. z o.o.
- Axiom SKA
- Callista SKA
- Dystryvest SKA
- Office SKA
- Grzybowska SKA
- Logistyka SKA
- Creative SKA
- Pro Business SKA
- Capital SKA
- (and also following shelf entities Mszczonow SKA, Qbik SKA, GH PL SKA, Services SKA)

And finally, in the course of September 2015, following entities have been merged into Ghelamco GP4 Sp. z o.o.:

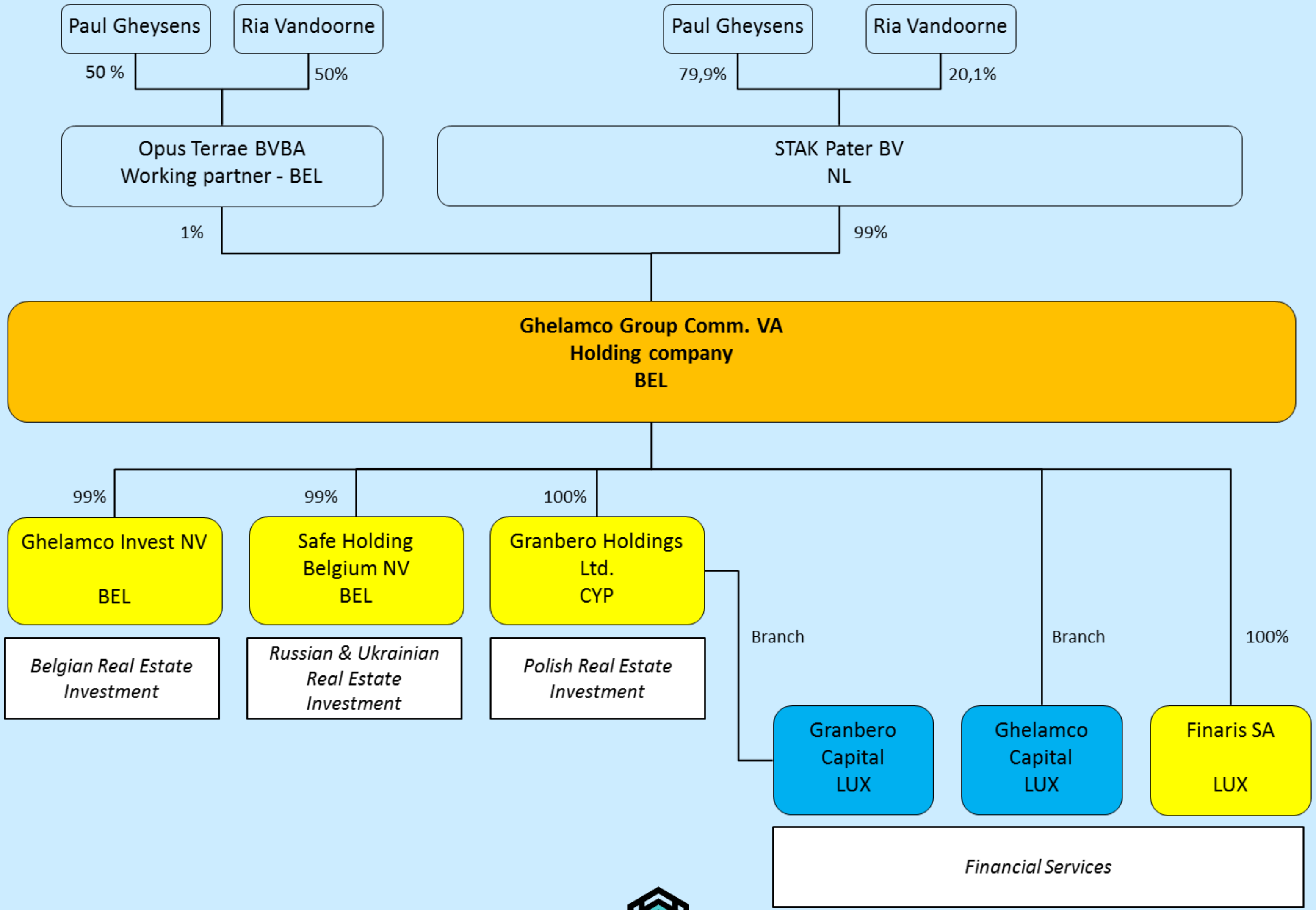
- Excellent SKA
- Kappa SKA
- Primula SKA
- Focus SKA

As a result of the above mergers, the involved SPVs have been liquidated an there rights and obligations have been transferred to the merged entities. These mergers have had a limited to zero impact on the Company's consolidated financial statements as of 31 December 2015.

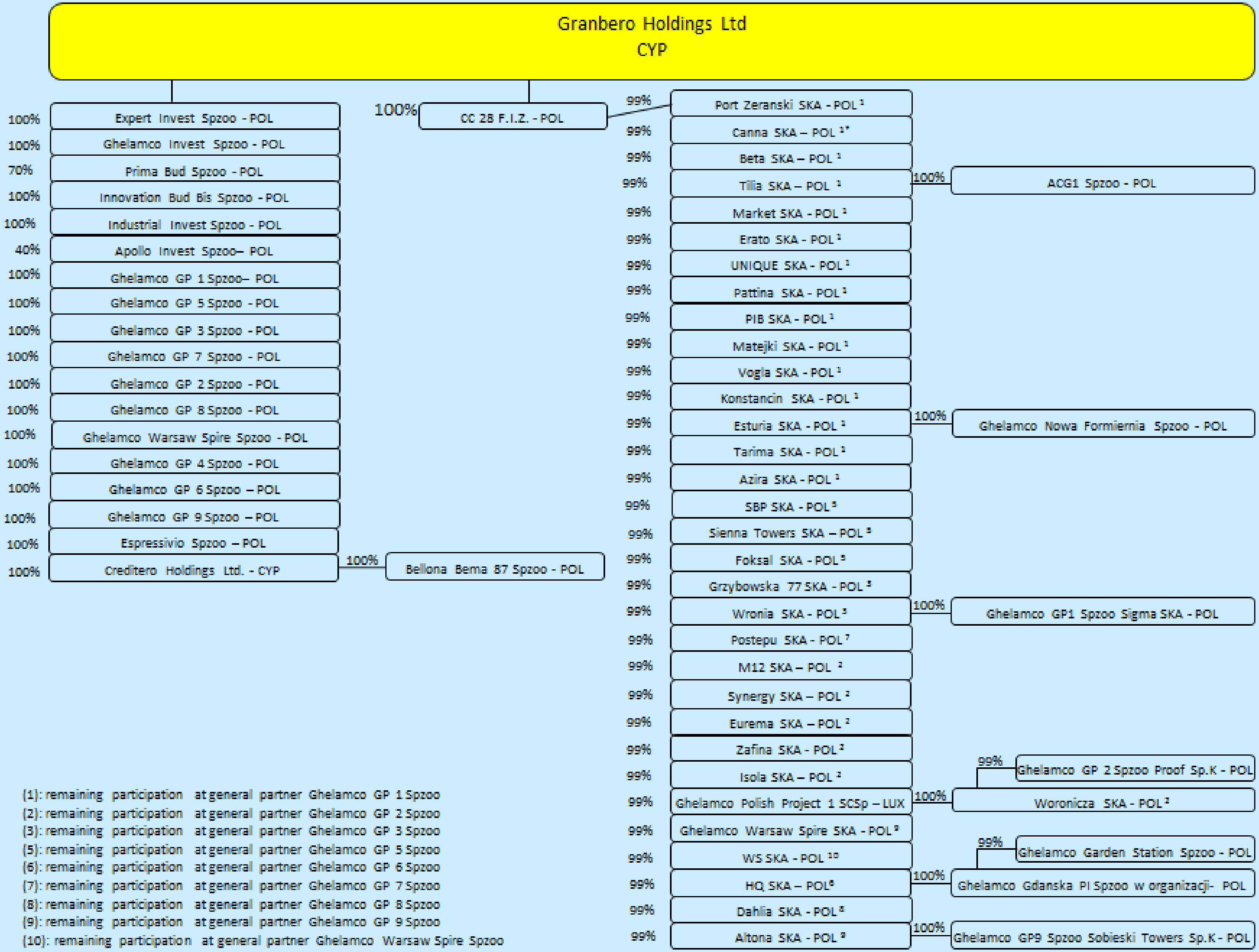
Still in connection with the above restructuring, the closed end fund CC26 has in the course of 2015 sold its remaining participations to the closed end fund CC28 and has, after redemption of its certificates to the Company, been dissolved. Also this operation has had an insignificant impact on the Company's consolidated financial statements as of 31 December 2015.

5. Company structure

5.1. Ghelamco Group (Investment & Development Holding) as per December 31st, 2015



5.2. Polish Real Estate Development as per December 31st, 2015



(1): remaining participation at general partner Ghelamco GP 1 Spzoo
(2): remaining participation at general partner Ghelamco GP 2 Spzoo
(3): remaining participation at general partner Ghelamco GP 3 Spzoo
(5): remaining participation at general partner Ghelamco GP 5 Spzoo
(6): remaining participation at general partner Ghelamco GP 6 Spzoo
(7): remaining participation at general partner Ghelamco GP 7 Spzoo
(8): remaining participation at general partner Ghelamco GP 8 Spzoo
(9): remaining participation at general partner Ghelamco GP 9 Spzoo
(10): remaining participation at general partner Ghelamco Warsaw Spire Spzoo

6. Investment Property

The Company's current strategy is to keep commercial property for rental purposes while residential properties are dedicated for sale.
All plots of land held for undetermined use, or where the management determines that the plot will be used in a project where the building will be rented, are classified as Investment Properties on 31 December 2015 and 31 December 2014.

Investment Properties are stated at fair value determined either by independent appraisers or by management and are classified in four categories:

A. Land without pre-permit approval, held for capital appreciation or undetermined use (fair value based on comparative method);
B. Land with pre-permit approval held for development and investment (fair value based on the potential of constructing leasable m²);
C. Land + Construction ongoing (fair value based on the residual method);
D. Completed Projects held for investment.

SPV	**Commercial Name**	**Valuation**	**Cat**	**31/12/2015**	**31/12/2014**
				KEUR	**KEUR**
Apollo Invest	Spinnaker Tower	KNF	B	18,832	17,259
Postepu SKA	Postepu Business Park	KNF	A	10,030	10,043
Sienna Towers SKA	Sienna Towers	KNF	B	56,000	52,897
WS SKA	Spire A Tower and Chopin	KNF	C	269,019	178,443
WS SKA	Spire B and C buildings		D	154,620	65,740
Sobieski SKA	Sobieski Tower	DTZ	B	24,824	17,748
Market SKA	Mszczonow Logistics	DTZ	A	2,832	2,832
SBP SKA	Synergy Business Park Wroclaw	JLL	B	21,316	20,002
Grzybowska 77 SKA + Isola	Grzybowska	KNF	A	23,500	9,700
Wronia SKA	Logistyka	KNF	C	20,778	16,650
Vogla SKA	Wilanow Retail	KNF	D	13,490	6,927
Tillia SKA/ACG1 SKA	Powisle	KNF	A	6,220	6,120
Dahlia SKA	Woloska 24	KNF	C	38,829	13,192
TOTAL :				**660,290**	**417,553**

Legend : Man = Management valuation, KNF = Knight Frank, JLL = Jones Lang Lasalle, DTZ= DTZadelhof, CLL = Colliers, ASB = Asbud

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Balance at 31 December 2013	**480,765**
Acquisition of properties	**8,551**
Subsequent expenditure	**87,642**
Transfers	
- Assets classified as held for sale	
- Other transfers	**1,515**
Adjustment to fair value through P/L	**24,120**
Disposals	**-176,742**
FX difference	**-8,298**
Other	
Balance at 31 December 2014	**417,553**

Balance at 31 December 2014	**417,553**
Acquisition of properties	**57**
Subsequent expenditure	**143,495**
Transfers	
- Assets classified as held for sale	
- Other transfers	**1,588**
Adjustment to fair value through P/L	**97,547**
Disposals	
FX difference	**50**
other	
Balance at 31 December 2015	**660,290**

Categories	A	B	C	D	Total
Balance at 1 January 2014	**48,434**	**95,034**	**160,555**	**176,742**	**480,765**
Acquisition of properties	2,120		6,431		8,551
Subsequent expenditure	2,705	5,388	71,251		79,344
Transfers					
- Assets classified as held for sale					
- Other transfers	1,515		-48,643	48,643	1,515
Adjustment to fair value	-2,502	7,484	2,041	17,097	24,120
Disposals				-176,742	-176,742
Balance at 31 December 2014	**52,272**	**107,906**	**191,635**	**65,740**	**417,553**
Acquisition of properties			57		57
Subsequent expenditure (*)	1,427	7,006	88,384	46,728	143,545
Transfers					
- Assets classified as held for sale					
- Other transfers	-21,989		16,650	6,927	1,588
Adjustment to fair value	10,872	6,060	31,900	48,715	97,547
Disposals					0
Balance at 31 December 2015	**42,582**	**120,972**	**328,626**	**168,110**	**660,290**

(*) in this detailed overview net of CTAs (and other)

Amounts that have been recognized in the Income Statement include the following:

	2015	2014
Rental income	5,521	1,620

The 2015 rental income mainly relates to rent agreements in the Warsaw Spire (buildings B and C).

Significant assumptions and sensitivity analysis

Main part of Polish IP(UC) relates to office projects (with often ground floor retail space), which are valued based on the residual method (for IPUC) and yield/DCF method (for delivered projects).
For IFRS 13 purposes, IP(UC) projects are categorized in level 3.
The average yields (or capitalization rates) used in the expert valuations on 31 December 2015 are as follows:

- 5.75% to 8.25% for Polish projects, depending on the location, specifics and nature of the project (vs. 6.50% to 8.25% last year).

The average rent rates used in the expert valuations are as follows:

- 11 EUR/sqm/month to 25.5 EUR/sqm/month for office space (vs. 11 EUR to 18.5 EUR last year),
- 12 EUR/sqm/month to 32 EUR/sqm/month for retail space (vs. 11 EUR to 27.5 EUR last year),

depending on the location, specifics and nature of the project.

On 31 December 2015, the Company has a number of income producing investment property in portfolio (category D) which are valued at 168,110 KEUR (Warsaw Spire Buildings B and C and Wilanow Retail). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 24,350 KEUR.

The investment properties (under construction) (category B and C) are valued using a number of assumptions in terms of e.g. construction cost, expected rental values etc. that are interlinked and for which a sensitivity analysis per variable would not make sense.

We also refer to note 1.9 for a description of the valuation process and methodology

7. Property Development Inventory

The Property Development Inventories amount to 53,666 KEUR on 31 December 2015 (2014: 50,183 KEUR).

	Carrying value (at cost) at 31 December 2015 - KEUR	Carrying value (at cost) at 31 December 2014 - KEUR
POLISH PROJECTS		
Axiom-Constancin	4,608	4,128
Bellona-Bema	1,841	1,841
Creative Invest - Foksal	9,770	8,963
Dystryvest-Port Zeranski	2,942	2,725
Erato Invest	1,781	1,646
Isola SKA	-	1,571
M12 SKA	1,361	1,361
Office Investment-Matejki	1,256	1,256
Pattina Ivest	7	7
P.I.B.	3,020	3,017
Primula Invest	-	18
Proof Invest - Q-Bik soft lofts	12,553	23,022
Innovation Bud Bis (former Signal)	495	603
Unique SKA (Pl. Grzybowski)	4,141	25
Budomal SKA (Lodz)	9,482	-
Garden Station SP. z o.o.	354	-
Other	55	-
TOTAL POLAND	**53,666**	**50,183**

Reference is also made to section 3.

8. Non-current receivables & prepayments and current trade & other receivables

8.1 Non-current receivables & prepayments

	Note	31/12/2015	31/12/2014
Non-current			
Receivables from related parties	26.3	250,817	223,435
Trade and other receivables		12,449	11,561
Total non-current receivables and prepayments		**263,266**	**234,996**

Non-current receivables from related parties

All non-current loans to related parties are granted for a term of 3 to 5 years.
Contractual interest rates on non-current receivables to related parties for 2015 were as follows: Euribor/ Libor + margins in the range between 2% and 4%.
Further reference is made to Note 26.3.

Non-current trade and other receivables

Non-current trade and other receivables as of 31 December 2015 mainly consist of:

- Degi: 649 KEUR
- Earn-out and rental guarantee receivables in connection with the sale in 2013 of the Senator project: 4.5 MEUR
- Rental guarantee receivables at the level of Espressivio Sp. z o.o. in connection with the sale of the Mokotow Nova and Lopuszanska Business Park projects: 749 KEUR
- Master lease and rental guarantee retentions in connection with the disposal of Marynarska 12/T-Mobile Office Park: 285 KEUR
- Capitalised rent free and agency fees at the level of WS SKA, in connection with leasing of the Warsaw Spire Project: 5.45 MEUR
- Capitalised agency fees at the level of Dahlia SKA, in connection with the leasing of the Woloska 24 project: 170 KEUR

The carrying amounts of non-current receivables approximate their fair value determined based on the future cash flows discounted at the prevailing rate for a similar instrument for an issuer with a similar rating.

8.2 Current trade & other receivables

	Note	31/12/2015	31/12/2014
Current			
Receivables from related parties	26.3	1,147	3,014
Receivables from third parties		1,758	1,114
Less: allowance doubtful debtors (bad debt provision)		0	0
Net trade receivables		2,905	4,128
Other receivables		852	493
Related party current accounts	26.3	77,620	75,943
VAT receivable		10,509	5,674
Prepayments		1,086	3,055
Interest receivable		48,724	40,409
Total current trade and other receivables		**141,696**	**129,702**
TOTAL		**404,962**	**364,698**

Current trade and other receivable

The carrying amounts of trade and other receivables approximate their fair values determined based on the future cash flows discounted at the prevailing rate for a similar instrument of an issuer with a similar credit rating.

Trade receivables with related parties (and prepayments, see below) include invoices for construction, engineering and other services as described in Note 26.2.

Outstanding balance on related party current accounts receivable (77,620 KEUR in total) is mainly towards Ghelamco Group (70,900 KEUR), Ghelamco Poland (3,850 KEUR) and Tallink Investments (2,870 KEUR).

Prepayments

Outstanding prepayments as of 31 December 2015 represent:

- 703 KEUR (vs. 524 KEUR last year) down payments (and related costs) at SPV Prima Bud for the acquisition of a land plot (Lomianki), for the development of a trade and services centre.
- 383 KEUR (vs. 367 KEUR last year) down-payment (and related costs) at SPV Pattina Invest for the acquisition of a land plot in Piaseczno, suburbs of Warsaw, for the development of a trade and services centre.

Interest receivable

The interest receivable balance includes interests receivable from related parties for an amount of 48,721 KEUR.

VAT receivable

The outstanding balance as of 31 December 2015 relates to VAT receivables, mainly on the following projects: Woloska 24, Warsaw Spire.

The SPVs involved may either apply to the tax authorities for an immediate cash refund of the VAT receivables or may offset the VAT receivable against any VAT payables.
VAT receivables are the result of VAT paid on their investment expenditures.

Credit risk exposure and impairment

Trade and other receivables disclosed above are classified as loans and receivables and are therefore measured at amortized cost. The amounts presented in the balance sheet are, to the extent applicable, after allowances for doubtful receivables.

Allowances are determined on a case-by-case basis. An allowance for impairment is booked when there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The maximum exposure to credit risk on the reporting date is the carrying amount of each class of financial assets mentioned above. The Company does not hold any collateral as security over these balances, as a large part of accounts receivable balances are with related parties, controlled by the ultimate shareholders of the Ghelamco Group. As such, credit risk concentrations with respect to trade and other receivables are assessed as very limited.

As of 31 December 2015 and 2014, trade and other receivables disclosed above do not include amounts which are past due at the end of the reporting period and against which the Company has not recognized an allowance for doubtful receivables, as deemed necessary.

9. Derivatives

There are no outstanding balances related to the market value of derivatives as of 31/12/15.
Balance of 290 KEUR per 31/12/14 was related to the market value of outstanding (currency and – to the extent applicable – interest) hedging contracts. Marking to market of these level 2 derivatives was recognized through the profit and loss statement.

Also refer to section 2.1.1 above.

10. Restricted Cash

	31/12/2015	31/12/2014
Restricted cash non-current	-	256
Restricted cash current		
	-	**256**

Outstanding balance as of 31 December 2014 related to the amount on escrow and still to be released after the Trinity Park III sale (2010). Amount has in the current year been released.

11. Cash and cash equivalents

	31/12/2015	31/12/2014
Cash at banks and on hand	42,683	46,755
Short-term deposits		
	42,683	**46,755**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits may be made for various periods not more than three months, depending on the Company's immediate cash requirements, and earn interest at the respective short-term deposit rates.

The Company also has access to the following additional sources of financing:

- additional capacity on the debt ratio (Ghelamco chooses to keep a substantial margin on the Loan to Value ratio);
- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);
- access to alternative financing under the form of bond issuance and mezzanine equity financing. In this respect refer to the resp. bearer bonds issues in Poland (667.6 MPLN + 6.3 MEUR total outstanding bonds at 31 December 2015).

12. Share capital

	31/12/2015	31/12/2014
Authorized		
9.731 ordinary shares of 1 EUR each	10	10
issued and fully paid	10	10

At 31 December 2015, the Company's direct shareholders are:

- **Ghelamco Group Comm VA** (Belgium) - 100% (9,731 shares)

12.1 Distribution of dividends within the Group

In the course of 2015 (and 2014), no dividends have been declared or distributed.

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12.2 Non-Controlling Interests

	31/12/2015	31/12/2014
balance at beginning of year	1,902	1,901
share of profit for the year		
acquisitions/disposals		
Balance at end of year	**1,902**	**1,901**

13. Reserves and retained earnings

Reserves and retained earnings on the balance sheet date are as follows:

	Cumulative translation reserve	Retained earnings
At 1 January 2014	7,215	465,771
Cumulative translation differences (CTA)	-507	
Dividend distribution to the ultimate shareholders		
Change in the consolidation scope		-21
Other		10
Profit for the year		5,262
At 31 December 2014	**6,708**	**471,022**

	Cumulative translation reserve	Retained earnings
At 1 January 2015	6,708	471,022
Cumulative translation differences (CTA)	-2,182	
Dividend distribution to the ultimate shareholders		
Change in the consolidation scope		170
Other		
Profit for the year		78,254
At 31 December 2015	**4,526**	**549,446**

14. Interest-bearing loans and borrowings

		31/12/2015	31/12/2014
Non-current			
Bank borrowings – floating rate	14.1	199,570	94,515
Other borrowings	14.2/3	285,324	234,639
		484,894	**329,154**
Current			
Bank borrowings – floating rate	14.1	37,710	19,832
Other borrowings	14.2/3	11,096	16,568
		48,806	**36,400**
TOTAL		**533,700**	**365,554**

14.1 Bank Borrowings

During the year the Company obtained new secured bank loans expressed in EUR and PLN and drew on existing credit facilities for a total amount of 128.1 MEUR, all Euribor and Wibor based. On the other hand, reimbursements and refinancings have been done for an amount of 5.2 MEUR, net of prolongation of a number of borrowings; bringing the total outstanding amount of bank borrowings to 237.3 MEUR (compared to 114.3 MEUR at 31/12/2014).

When securing debt finance for its (larger) projects, the Company always negotiates long-term agreements with its banks. Under these agreements, the bank swaps land acquisition loans (2-year term) into development loans (additional 2 year term) and swaps development loans into investment loans (mostly 5 years term) upon the fulfilment of pre-agreed conditions.
Most banking partners of the Company have accepted the above as a “framework” for past, current and future co-operation.

For the purpose of these financial statements, the Company treated its bank borrowings (or the maturing part of it) as current when the swap date from “acquisition loan into development loan” falls within the next accounting year (see Note 1.18 and 2.1.2.).

At 31 December 2015, the Company has bank loans available to be drawn for a total amount of 52.3 MEUR.

With respect to the outstanding short-term borrowings, it is to be mentioned that, in the course of 2016, part will actually be reimbursed following the contractual terms and part will be prolonged or refinanced (e.g. through a swap to investment loan).

Summary of contractual maturities of external bank borrowings, including interest payments.

	31.12.2015				31.12.2014			
	<1 y	**between 2 and 5 y**	**>5y**	**total**	**<1 y**	**between 2 and 5 y**	**>5y**	**total**
Credit institutions withdrawn credits	46,519	104,133	129,578	280,230	24,739	21,669	95,617	142,025
Financial lease				0				0
Total	**46,519**	**104,133**	**129,578**	**280,230**	**24,739**	**21,669**	**95,617**	**142,025**
Percentage	17%	37%	46%	100%	17%	15%	67%	100%

External borrowings by currency

Large parts of external borrowings are Euro denominated except for mainly Postepu (and some VAT financing) in Poland (PLN loan).

Interests on bank borrowings – interest rate risk

Interests on land acquisition and development loans are considered as floating since the variable component of the interest formula will always be fixed for a period not superseding one year.

On 31 December 2015 (and as was also the case on 31 December 2014), the Company had no outstanding investment loans.

Depending on the project and the securities required by the bank, following margins on floating rates are applicable in Poland: between 2.25% and 4.5%

Loans for the pre-financing of VAT in Poland are expressed in local currency.

Interest sensitivity analysis

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 2,100 KEUR lower/higher profit before tax for 2015.

14.2 Other borrowings: Bonds (151,159 KEUR long-term – 8,335 KEUR short-term)

The Company has in 2015 issued public bonds (tranche PE) to qualified investors within its 200 MPLN program for a total amount of 50 MPLN. These bonds have a term of 4 years and bear an interest of Wibor 6 months +4.5%.

In addition, the Company in 2015 issued public retail bonds (tranche PPB, PPC and PPD) within its 250 MPLN program for a total amout of 130 MPLN. These bonds have a term of 4 years and bear an interest of Wibor 6 months + 3.5%-4.0%.

The proceeds of the above bond issues have been applied to redeem other/existing outstanding bonds, to service the (interests on) the resp. bond programs and for the financing of the Company's further investment projects within the Warsaw metropolitan area, in Wroclaw or Katowice.

As stated, the Company redeemed bonds in 2015 for a total amount of 59 MPLN (i.e. redemption of tranche C and D within its 200 MPLN Catalyst bearer bonds program).

Total bonds balance outstanding per balance sheet date (159,494 KEUR) represents the amount of issue (667.6 MPLN + 6.3 MEUR) less capitalized issue costs, which are amortised over the term of the bonds.

Summary of contractual maturities of bonds, including interest payments:

	31.12.2015			
	<1 y	**between 2 and 5 y**	**>5y**	**total**
bonds	17,868	171,277		189,144
Total	**17,868**	**171,277**	**0**	**189,144**
Percentage	9%	91%	0%	100%

Interest sensitivity analysis
An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bonds debt at the reporting date, with all variables held constant, would have resulted in a 1,485 KEUR lower/higher profit before tax for 2015.

14.3 Other borrowings: Other

31/12/2015 136,926 KEUR

Other borrowings in EUR at 31 December 2015 include following related party balances:
- Peridot SL: 132,261 KEUR
- Tallink Investments Ltd.: 143 KEUR
- Ghelamco Poland Sp. z o. o: 176 KEUR
- Salamanca Capital Services : 679 KEUR

And also:
- Rent deposits: 906 KEUR (non-current)
- 2,750 KEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/06/2016 and bearing an interest rate of 4.5%

31/12/2014 119,441 KEUR

Other borrowings in EUR at 31 December 2014 included following related party balances:
- Peridot SL: 115,648 KEUR
- Tallink Investments Ltd.: 162 KEUR
- Ghelamco Poland Sp. z o. o: 176 KEUR
- Salamanca Capital Services : 679 KEUR

And also:
- Rent deposits: 14 KEUR (non-current)
- 2,750 KEUR short-term loan from a third party investor, related to a specific Polish project, maturing on 30/09/2015 and bearing an interest rate of 7%

Interest sensitivity analysis
An increase/decrease of 100 basis points in the (average) interest rates on the interco debt at the reporting date, with all variables held constant, would have resulted in a 1,250 KEUR lower/higher profit before tax for 2015.

14.4 Miscellaneous information

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2015.

Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc.
The bonds are secured by a redemption surety granted by Granbero Holdings Ltd. (the Company).

The loan agreements granted by the banks are sometimes subject to a number of covenants (Loan to Value, Loan to Cost, Debt Service Cover). During the year and per end of the year, there were no events of default in respect of these borrowings.

In addition, the terms and conditions of the bond issues have been complied with as of balance sheet date.

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15. Financial instruments

The table below summarizes all financial instruments by category in accordance with IAS 39 and discloses the fair values of each instrument and the fair value hierarchy:

Financial instruments (x € 1 000)	31.12.2015				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables/HTM/ fin. liabilities at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets		-	363	363	2
Non-current receivables					
Receivables and prepayments			263,266	263,266	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables			130,101	130,101	2
Derivatives	-			-	2
Cash and cash equivalents			42,683	42,683	2
Total Financial Assets	**0**	**0**	**436,413**	**436,413**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			199,570	199,570	2
Bonds			151,159	155,086	1
Other borrowings			134,165	134,165	2
Interest-bearing borrowings - current					
Bank borrowings			37,710	37,710	2
Bonds			8,335	8,417	1
Other borrowings			2,761	2,761	2
Current payables					
Trade and other payables			48,468	48,468	2
Total Financial Liabilities	**-**	**-**	**582,168**	**586,177**	

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Financial instruments (x € 1 000)	**31.12.2014**				
	At fair value through P/L-held for trading	**Available for sale**	**Loans and receivables/HTM at amortised cost**	**Fair value**	**Fair value level**
Other financial investments					
Other financial assets			1,022	1,022	2
Non-current receivables					
Receivables and prepayments			234,996	234,996	2
Restricted cash			256	256	2
Current receivables					
Trade and other receivables			120,972	120,972	2
Derivatives	290			290	2
Cash and cash equivalents			46,755	46,755	2
Total Financial Assets	**290**		**404,001**	**404,291**	
Interest-bearing borrowings - non-curr.					
Bank borrowings			94,515	94,515	2
Bonds			117,959	117,959	1
Other borrowings			116,680	116,680	2
Interest-bearing borrowings - current					
Bank borrowings			19,832	19,832	2
Bonds			13,806	13,806	1
Other borrowings			2,762	2,762	2
Current payables					
Trade and other payables			27,597	27,597	2
Total Financial Liabilities			**393,151**	**393,151**	

The above table provides an analysis of financial instruments grouped into Levels 1 to 3 based on the degree to which the fair value (recognized on the statement of financial position or disclosed in the notes) is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair value of interest bearing liabilities does not materially differ from carrying amount, since all of them are floating interest bearing debts. The fair value of long term interest bearing debts (in absence of published price quotations in an active market) is calculated as the present value of cash flows discounted at the relevant current market interest rates adjusted for a company-specific margin. The fair value of short-term interest bearing debts and floating interest-bearing debts is assumed to be equivalent to their carrying amount.

We also refer to note 8.1 for the description of the fair value determination.

16. Deferred taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred taxes arise mainly from the temporary differences in respect of valuation of IP(UC), external borrowing costs capitalized and tax losses carried forward.

in thousands €	**31/12/2015**	**31/12/2014**
Deferred tax assets	2,918	2,821
Deferred tax liabilities	-23,377	-6,961
TOTAL	**-20,459**	**-4,140**

Deferred tax assets/(liabilities) arise from the following:

In thousands €	**Temporary differences**		**Unused tax losses and credits**	
	Investment property	**Other**	**Tax losses**	**Tax credits**
Balance at 1 January 2014	**-2,251**	**-2,089**	**1,674**	**-**
Recognised in income statement	-2,533	1,663	-595	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		-9		
Balance at 31 December 2014	**-4,784**	**-435**	**1,079**	**-**
Recognised in income statement	-17,191	-830	1,407	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		295		
Balance at 31 December 2015	**-21,975**	**-970**	**2,486**	**-**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

The following deferred tax assets have not been recognized at the reporting date:

	31/12/2015	**31/12/2014**
DTA on unused tax losses	15	514
DTA on unused tax credits		
TOTAL	15	514

Tax losses in the Polish SPVs can be carried forward for a period of 5 years. In this respect, no deferred tax assets have been recognized on tax losses carried forward in these SPVs to the extent it is deemed not probable that sufficient taxable profit will be available to allow the benefit of part of these tax losses.

Tax losses in the other countries can be carried forward for an indefinite period of time.

No deferred tax liability has been recognized on undistributed profits in the subsidiaries. It should be noted that the distribution of dividends by the subsidiaries to the (Cypriot) Parent would generate no tax charge.

17. Trade and other payables

Trade and other payables are analysed as follows:

	31/12/2015
Trade payables: third parties	2,149
Trade payables: related parties	17,915
Related parties current accounts payable	5,175
Misc. current liabilities	23,926
Deferred income	1,895
Current employee benefits	-
Total trade and other payables	**51,060**

	31/12/2014
Trade payables: third parties	2,381
Trade payables: related parties	1,888
Related parties current accounts payable	5,199
Misc. current liabilities	18,651
Deferred income	2,901
Current employee benefits	-
Total trade and other payables	**31,020**

Trade payables towards related parties include amongst others the amounts payable to the Service Holding for construction and engineering coordination services received. On 31/12/2015, the trade payables include 17,915 KEUR towards related parties (vs. 1,888 KEUR last year), as follows:

- Apec Ltd: 581 KEUR (891 KEUR last year)
- Ghelamco Poland Sp. z o.o: 16.606 (668 KEUR last year)
- Others: 728 KEUR (329 KEUR last year)

Outstanding balance on related parties C/A payable (5.175 KEUR) is fully towards Ghelamco Poland Spzoo.

Miscellaneous current liabilities mainly relate to interest payable (to related and third parties), VAT payable, accruals and others.

As was also the case last year, the outstanding deferred income balance mainly relates to deferred income from pre-sales in the QBik residential project.

Trade payables are non-interest bearing and are settled in accordance with the contractual terms. The carrying amounts of trade and other payables approximate their fair value as those balances are short-term.

18. Current tax liabilities

Current tax payables can be allocated to the following countries (in KEUR):

- Luxemburg: 418 KEUR (vs. 355 KEUR in 2014)
- Cyprus: 475 KEUR (vs. zero in 2014)
- Poland: 0 KEUR (vs. 79 in 2014)

19. Revenue

Revenue is mainly generated from the following sources:

in thousands €	31.12.2015	31.12.2014
Sales of Residential Projects	11,329	14,835
Rental Income	5,521	1,620
TOTAL REVENUE	**16,850**	**16,455**

Rental income as of 31 December 2015 relates to rent from commercial projects (mainly Warsaw Spire buildings B and C).

The residential projects sales as of 31 December 2015 relate to:

- Soft loft apartments in the QBik project, Warsaw (11,329 KEUR)

Overview of future minimum rental income

The cash value of future minimum rental income until the first expiry date of the non-cancellable leases is subject to the following collection terms:

in thousands €	31.12.2015	31.12.2014
Future minimum rental income:		
Less than 1 year	13,239	4,046
Between 1 and 2 years	17,626	7,106
Between 2 and 3 years	17,968	7,803
Between 3 and 4 years	18,189	8,007
Between 4 and 5 years	17,832	8,111
More than five years	47,967	25,625
TOTAL FUTURE MINIMUM RENTAL INCOME	**132,820**	**60,699**

The increase compared with last year is mainly related to the evolution in the overall realisation phase (delivered buildings B and C in Warsaw Spire in 2015 vs. sale of the Katowice Business Point, Marynarska 12/T-Mobile Office Park and Lopuszanska Business Park projects in 2014).

20. Other items included in operating profit/loss

Other operating income and expenses in 2015 and 2014 include the following items:

	2015	2014
Other operating income		
Net gains on disposal of investment property	-	7,757
Other	2,999	1,853
Net gains on disposals of property, plant and equipment		
total:	**2,999**	**9,610**

Current year's other operating income to a significant extent relate to the charge-through of fit-out expenses (at Warsaw Spire) to tenants.
Previous year's other operating income included the net gain on disposal of the Katowice Business Point, Marynarska 12/T-Mobile Office Park and Lopuszanska Business Park projects.

	2015	2014
Gains from revaluation of Investment Property	97,547	24,120

Fair value adjustments over 2015 amount to 97,547 KEUR, which is mainly the result of current year's further development, construction and leasing efforts (mainly on the Warsaw Spire and Grzybowska 77 projects), in combination with evolution in market conditions (yield and rent level evolution).

	2015	2014
Other operating expenses		
Operating lease/ rental expenses	329	21
Taxes and charges	991	719
Insurance expenses	71	69
Audit, legal and tax expenses	493	1,543
Promotion	670	400
Sales expenses	1,049	6,073
Rental guarantee expenses	2,476	4,226
fit-out expenses Senator	-	530
maintenance and repair expenses	810	72
operating expenses with related parties	2,971	1,074
Miscellaneous	2,229	3,977
Total:	**12,089**	**18,704**

Other operating expenses with related parties mainly concern fit-out expenses charged by Ghelamco Poland (and afterwards further re-charged to tenants), and other re-invoicing of costs (e.g. within the framework of Service Level Agreements with IRS Comm. VA and Deus Comm. VA. (subsidiaries)). Also refer to note 26.3.

Previous year's relatively high other operating expenses went to a significant extent together with the disposal of three large projects to Starwood Capital (Katowice Business Point, Marynarska 12/T-Mobile Office Park and Lopuszanska Business Park).

21. Cost of Property Development Inventories

The various items comprising the costs of Property Development Inventories are as follows:

	2015	2014
Movement in inventory	-6,347	-13,307
Purchases (*)	-3,066	-3,369
	-9,413	**-16,676**

(*) See Note 26.2
Purchases (mainly from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 127.178 KEUR.

22. Finance income and finance costs

The various items comprising the financial income and financial costs are as follows:

	2015	2014
Foreign exchange gains	1,251	1,993
Interest income	10,172	9,461
Other finance income	-	-
Total finance income	**11,423**	**11,454**
Interest expense	-8,347	-14,697
Other finance costs	-2,231	-4,102
Foreign exchange losses	-	-
Total finance costs	**-10,578**	**-18,799**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2015 and 2014 figures, as those have directly been capitalized on IP. It concerns an amount of 16,500 KEUR (vs. 10,635 KEUR last year).

Interest expenses mainly relate to interests on bank loans, bonds and on other (Peridot, related party) loans.

Interest income mainly includes interests on loans to related parties.

It is to be mentioned that main part of the exchange differences is unrealized (and connected with the conversion of outstanding loans). It concerns a snapshot per year-end, impact of which mainly depends on the evolution of the EUR/PLN exchange rate.

Current (and previous) year's other finance costs include hedge results and mainly include the marking to market of the as of balance sheet date outstanding (currency and interest) hedging contracts (290 KEUR unfavourable vs. 1.552 KEUR unfavourable last year). Except for this last item, all financial income and expenses mentioned in the table above are related to financial instruments measured at amortized cost.

23. Income taxes

Income tax expense recognized in the consolidated income statement:

	31.12.2015	31.12.2014
current income tax	1,582	456
deferred tax	16,614	1,465
Total	**18,196**	**1,921**

The tax charge on the Company's result before taxes differs from the theoretical amount that would have resulted from applying the average applicable tax rates to the profits of the consolidated companies. The analysis is as follows:

The income tax expense for the period can be reconciled to the accounting profit as follows:

in thousands €	31.12.2015	31.12.2014
Result before income taxes	96,450	7,183
Income tax expense calculated at 19%	18,326	1,365
Effect of different tax rates in other jurisdictions	116	450
Effect of non-deductible expenses	405	157
Effect of revenue that is exempt from taxation	-1,319	-475
Effect of use/recognition of previously unrecognized tax losses	-1,000	-
Effect of current year losses for which no DTA is recognized	773	563
Effect of tax incentives not recognized in the income statement	-	-
Effect of under/over-accrued in previous years	842	-92
Effect of change in local tax rates	-	-
Effect of other tax increases	56	
Other	-3	-47
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**18,196**	**1,921**

The theoretical tax rate used for the above reconciliation is the (Polish) statutory corporate tax rate of 19% payable by corporate entities in Poland on taxable profits under tax law.

24. Contingent liabilities and contingent assets

24.1 (Bank) guarantees

All external borrowings of the subsidiaries are secured by corporate guarantees and/or surety ship agreements issued by Granbero Holdings Ltd. These guarantees cover cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2015 and 2014.

Company	**Project name**	**Amount of bank loan-books (KEUR)**		**Corporate guarantees as per 31/12/2015 (KEUR)**	
POLAND					**Guarantee by Granbero Holdings Ltd.**
Warsaw Spire SKA	Warsaw Spire	EUR	188,095	188,095	Corporate suretyship and guarantee agreement
Sienna Towers SKA	Sienna Towers	EUR	7,707	7,707	Corporate guarantee
Wronia SKA	Wronia	EUR	4,022		Suretyship, cash deficiency
SBP SKA	Wroclaw Business Park	EUR	7,000	7,000	Corporate guarantee, cash deficiency
Foksal SKA	Foksal	EUR	4,000	4,000	Corporate guarantee, cash deficiency
Sobieski SKA	Sobieski Towers	EUR	3,330		Suretyship, cash deficiency
Postepu SKA	Prostepu 2	EUR(*)	1,968		Suretyship, cash deficiency
Grzybowska77 SKA	Grzybowska 77	EUR	3,238		Suretyship agreement
Vogla SKA	Plac Vogla	EUR	6,331	6,331	Corporate Guarantee
Dahlia SKA	Woloska 24	EUR	11,587		Suretyship and cash deficiency

(*): Bank loan itself is denominated in PLN

No corporate guarantees were given by the Company to ensure repayment of the bank loans of the related parties (under the common control of the ultimate shareholders) at 31 December 2015 (but not subsidiary of the Company).

The Company does not apply cross liability, meaning that Granbero Holdings Ltd does not guarantee loans of affiliates belonging to other Ghelamco holdings.

24.2 Representations and warranties provided with respect to the real estate projects sold

As a seller of shares of its subsidiaries, the Company acts as a guarantor with respect to the representations and warranties contained in the real estate sales contracts concluded in the past. This mainly concerns representations regarding the title on shares, property, financial matters, tax matters and contractual matters. The Company’s liability for the breach of these representations and warranties generally covers a period of 2 to 3 years from the date of sale (except representations regarding the tax matters covering the period of five to seven years in accordance with local statutory requirements).

Management’s past experience shows that the Company receives very limited amounts of warranty claims on its properties. Based on its assessment of the risk, the Company has not deemed it necessary to recognize any provision for representations and warranty obligations.

24.3 Guarantees received from the contractors

The statutory warranty obligations born by construction service providers cover the risk of structural and other defects of the properties. Construction service providers (including related parties of the Company) in Poland have a legal obligation to remediate any construction defects that become apparent within the first five years after completion of the construction for structural elements. Shorter guarantee periods apply for other elements, depending on the nature of such elements (each sub-contractor bears similar “back-to-back” obligations).

24.4 Securities on assets

Special Purpose Vehicles (SPV) entering into external financing are offering following collateral:

- first ranking ceiling mortgage on the property belonging to the SPV (land + buildings)
- registered pledge on the borrower’s shares;
- assignment of most receivables (inter alia leases, rents, sales, performance bonds, insurance income, …);
- cash deficiency/cost overrun (letter of comfort) by the shareholder (if applicable);
- submission to execution.

No cross guarantees on assets have been granted by the different SPV’s, nor other types of surety ships, cost overruns or debt service commitments.

25. Commitments

25.1 (Capital) Commitments

(Capital and other) expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2015	2014
Architectural and Engineering contracts	10,591	16,013
Construction contracts	54,428	129,230
Purchase of land plots	-	-
Purchase of shares (connected with landbank)	-	-
Total	**65,019**	**145,243**

At 31 December 2015, the Company has entered into a number of contracts with <u>third parties</u> for the acquisition of the following assets (land plots) or shares:

<u>Binding contracts</u>
- None for plots of land for residential/commercial property development

<u>Non-binding contracts</u>
- Different other option contracts or rights to acquire property without the obligation for the Company to take up the property.

As a developer of commercial and residential properties, the Company is committed to continue development of properties under the contracts with construction companies, often in cooperation with <u>related parties</u> of the Company.

As to the above architectural and engineering contracts and construction contracts, expenditures are spread over the coming 2 to 3 years, depending on management decision to move forward with the involved projects.

The Company in addition declares sufficient flexibility on the commitments, as significant part of those commitments are contracted with related party entities belonging to the Ghelamco Service Holding.

For the on-going construction contracts, the respective SPV's concluded binding construction financing contracts with different banks.

Main construction contracts in the above overview relate to the following projects:
- Warsaw Spire: 17,995 KEUR
- Budomal project in Lodz (approx.. 25,000 sqm office space): 27,116 KEUR
- Woloska 24: 5.936 KEUR

25.2 Operating lease commitments (land lease rights)

	2015	**2014**
Within 1 year	763	688
After 1 year but not more than 5 years	2.961	2.752
More than 5 years	54.341	50.248
	58.065	**53.688**

The Company has entered into non-cancellable operating leases for the land rights with basic lease terms of usually 99 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

25.3 Rental guarantees

In connection with the sale of two office projects in 2014 (Marynarska 12/T-Mobile Office Park and Lopuszanska Business Park), rental guarantee and master lease agreements have been closed for resp. the (at the time of the sale) not leased office and parking space. Rental guarantee agreements have a period of 60 months, master lease agreements have a 84 months period.

In connection with the sale of two office projects in 2013 (Mokotov Nova and Senator), master lease agreements were closed for the (at the time of the sale) not leased space, for a period of 60 months.

In this respect, a rental guarantee provision of 2,000 KEUR has been recognized in the consolidated financial statements at 31/12/15.

26. Related party transactions

The Company is together with the other Ghelamco Group (sub-)holdings, the Service Holding and the Portfolio Holding – all related parties – under common control of the ultimate shareholders, Mr. & Ms. Gheysens.

Balances and transactions between the Company and its subsidiaries have been eliminated in consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties (belonging to the Investment & Development Holding, the Service Holding and the Portfolio Holding) are described below.

26.1. Relationships with the directors and management

For the year ending 31 December 2015, the Consortium (of which the Company is part) paid a total amount of approx. 8,000 KEUR to the members of the board and management committee. This amount includes management service fees charged by the Management Committee members to the legal entities included in the scope of these consolidated financial statements.

This amount comprises the full compensation. No other short- or long-term benefits, stock option plans or other post-employment benefits have been granted to the members of the board and the management committee.

26.2. Trading transactions: Purchase of construction, engineering and other related services from related parties

Construction and Development Services

The Company has entered into property development and construction contracts with property development and construction companies (“Contractors”) – the indirect subsidiaries of the Service Holding (International Real Estate Services Comm. VA (parent company of Ghelamco’s “Service Holding”)):

- Ghelamco Poland with its registered office in Warsaw;

This entity provides services to the real estate companies of the Company, in accordance with the terms of the property development contracts, including but not limited to:

- obtaining pre-approvals and design documents necessary to the development of the project;
- performing construction works in accordance with the required permits, approvals, regulations, plans and specifications;
- ordering materials and equipment necessary for completion of the construction works;
- entering into contracts with utility providers, other entities and authorities, enabling exploitation of the constructed buildings;
- obtaining required occupancy permits;
- ensuring compliance with local regulations, namely regarding safety, fire protection, labour and health conditions, construction law;
- maintaining insurance in relation to the construction works throughout the entire construction period.

In accordance with the conditions of the property development contracts, the Contractor has the right to use building sites during the entire period of construction. The Contractor transfers this right to use the site, together with the developed buildings, to the Company after the occupancy permit has been granted by the local authorities or after signature of the building’s delivery protocol between the Company’s real estate company and the Contractor. The Contractor retains an obligation to remedy all defects noted in the minutes of hand-over from the Company to the tenants (when tenants take possession of their premises).

Construction service providers (including Contractors) in Poland have a legal obligation to bear repair costs of any construction defects that become apparent within a warranty period after the construction is completed. The Contractors have an obligation to remedy all structural construction defects that become apparent during the statutory warranty period of 5 years in Poland.

The price for the construction and other related services is the fixed price agreed at the inception of the contract. The payments are executed based on the invoices issued on a bi-weekly to monthly basis. With regards to completed and handed-over works, the parties sign a works protocol every fortnight to month after approval by an independent project monitor appointed by the external financial party. The prices for the services reflect normal commercial terms and conditions, with average margins of around 15% to 20%.

Engineering and architectural design services

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland) and Safe Invest Sp. z o.o (a limited liability company registered under the laws of Poland), both direct and indirect legal subsidiaries of International Real Estate Services Comm. VA, the parent company of Ghelamco's "Service Holding") coordinate engineering and architectural design services provided to the Company in accordance with terms of the respective contracts. Purchases of services from Apec Ltd and Safe Invest Sp. z o.o exceed 80% of all engineering, architectural design and other related services acquired by the Company. These services include:

- detailed functional, technical, structural and surface-related programmes and finishing work;
- assistance in selection of engineers in charge of assignments;
- detailed preliminary architectural project and establishment of the building project in accordance with the local statutory requirements;
- establishment of all documents, permit application and verification and obtaining all approvals required to submit a building permit application and submission of a building application;
- detailed architectural implementation plan, coordination of the technical studies, definition of specifications and details;
- supervision of the work during the entire construction period;
- assistance during the preliminary acceptance and with obtaining the operating permit;
- commercial costs.

The price of these services is determined during the feasibility phase of the property development project as a function of the investment value of the project (excluding cost to acquire land) and is usually fixed at 11.5% of the construction value of the project. This fee is paid by a real estate development entity upon achievement by Apec Ltd or Safe Invest Sp. z o.o of the milestones agreed in the contract (approval of the preliminary design, submission of the building permit file, implementation file, achievement of commercial goals, etc.). The prices for the services reflect normal commercial terms and conditions as locally in place.

26.3. Acquisitions and disposals of shares and other related party transactions

2015

Except for the contribution by CC28 of its participation in Woronicza SKA in Ghelamco Polish Project 1 SCSp as described in setion 4.1, the sale by the Company of 30% of the shares of SPVs Unique, Prima Bud and Tarima as described in section 4.2 and the mergers and liquidations of subsidiaries as described in section 4.3 of this report, there have been no other share transactions or other significant transactions with related parties in 2015.

2014

Except for the finalisation of the merger operation as described above in this report and the sale of the shares of Portfolio Invest Ltd. to the Service Holding, there were no share transactions or other significant transactions with related parties in 2014.

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Other

The excess cash balances generated by the Company's real estate development activities can, besides being reinvested in the entities belonging to the Investment and Development Holding, to an extent and within the requirements of the terms and conditions of the recent bond issues, also invested in entities belonging to the Ghelamco Service Holding and Portfolio Holding in form of short and long-term loans. These loans are granted at the arm's length conditions.

Above described related party transactions and balances can be detailed as follows:

	31/12/2015	31/12/2014
Purchases of construction, engineering and architectural design:	-122,684	-69,573
related party trade receivable	1,147	3,014
related party trade accounts payable	-17,915	-1,888
related party non-current loans receivable	250,378	223,435
related party interests receivable	48,721	40,409
related party C/A receivable	73,620	75,943
related party non-current loans payable	-133,259	-116,664
related party interests payable	-17,593	-13,323
related party C/A payable	-5,175	-5,199

27. Events after balance sheet date

On 29 January 2016, the Financial Supervision Commission (Komisja Nadzoru Finansowego) has approved Ghelamco Invest Sp. z o.o.'s base prospectus for the issue of a total amount of 350 MPLN public retail bonds in connection with its Bond Issue Programme IV. In March 2016 bonds (series PPE) have been publicly offered and allocated to institutional and retail investors for an amount of 50.000 KPLN. The bond issue will be formalized on 30 March 2016. The bonds have as maturity date 30 March 2020 and bear an interest of Wibor 6 months + 4%. Expectted trading introduction date is 7 April 2016. Also in March 2016 another tranche of bonds (series PPF) has been publicly offered and allocated to institutional and retail investors for an amount of 30.000 KPLN. The bond issue will formalized early April 2016. The bonds have as maturity date 30 March 2020 and bear an interest of Wibor 6 months + 4%. Expected trading introduction date is 14 April 2016. Both bonds series are secured by a guaranty granted by Granbero Holdings Ltd.

For the remaining, no significant events to be mentioned.

28. Auditor's Report

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Granbero Holdings Ltd.

Independent auditor's report on the consolidated financial statements for the year ended 31 December 2015

Deloitte.

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Granbero Holdings Ltd.

Independent auditor's report on the consolidated financial statements for the year ended 31 December 2015

We are pleased to report to you on the audit assignment which you have entrusted us. This report includes our opinion on the consolidated financial statements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Granbero Holdings Ltd. ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The consolidated statement of financial position shows total assets of 1,164,914 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 78,254 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and for such internal control as the management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent 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 (ISA). 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 independent 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 group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the management the explanations and information necessary for performing our audit.

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

Deloitte.

Unqualified opinion

In our opinion, the consolidated financial statements of Granbero Holdings Ltd. give a true and fair view of the group's net equity and financial position as of 31 December 2015, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Diegem, 29 March 2016

The independent auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck