

Granbero Holdings Ltd Half year results 30.06.2016

Excellent results, sustained growth and sound balance sheet structure from continued development, construction and commercialisation efforts in core Polish market segments

- **Net profit for the period of 114,229 KEUR (vs. 36,757 KEUR as of 30.06.15)**
- **Solvency ratio of 46% (vs. 48% as per 31.12.15)**
- **Finalisation of the construction works of the Warsaw Spire project (+/- 108,000 sqm of office space in the Wola District of Warsaw), delivery and grand opening in May 2016, in the presence of the mayor of Warsaw and numerous leading dignitaries**
- **Occupation rate of the Warsaw Spire of over 80% and another 10% of the lettable area under firm negotiations with potential tenants**
- **Start of the construction works on the Przystanek mBank project in Lodz (25.600 sqm office space), while the project is already pre-leased to mBank (for approx. 95% of the lettable area)**

Preliminary remark

Granbero Holdings Ltd. (as the legal Cyprus entity with all its Polish subsidiaries) represents the Polish activities of the Ghelamco Group, a leading European real estate investor and developer 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' or the 'Company'.

Summary

The Company closed its 2016 half-year accounts with a net profit of 114,229 KEUR, mainly as a result from its continued development, construction and commercialisation efforts. Thanks to these efforts the Company once again managed to achieve sustained growth and create significant added value, which is reflected in an increased balance sheet total of 1,459,196 KEUR and an increased equity of 673,408 KEUR. The solvency ratio amounted to 46%.

In Poland, the investing activities have during the first half of 2016 mainly been focused on:

- The further realisation of the Warsaw Spire (+/- 108,000 sqm of office space in the Warsaw Wola District), resulting in the finalisation and delivery of tower building A;
- The finalisation of the construction of the Woloska 24 project (approx. 20 Ksqm office project in the Warsaw Mokotow District). The occupation permit was received and first tenants moved in in March 2016.
- The start of the construction works on the Przystanek mBank project (25.600 sqm office space) in Lodz, which is already pre-leased to mBank (for approx. 95% of the lettable area).

Continued and successful leasing efforts on the Warsaw Spire project, for which the grand opening in the presence of the mayor of Warsaw and numerous other leading dignitaries took place in May, have resulted in the fact that the project on the whole is currently leased for over 80% (and that another 10% of available space is currently under firm negotiation with potential tenants). In addition, the residential Woronicza Qbik project was further commercialised in a way that currently approx. 92% of available soft lofts have been sold.

Key figures (KEUR)

Results	30.06.2016	30.06.2015
Operating result	125,086	48,637
Net result of the period	114,229	36,757
Share of the group in the net result of the period	114,229	36,757
Balance sheet	30.06.2016	31.12.2015
Total assets	1,459,196	1,164,914
Cash and cash equivalents	56,286	42,683
Net financial debt (-)	684,517	491,017
Total equity	673,408	555,884

Revenue for the first semester of 2016 amounts to 6,768 KEUR and mainly relates to the sale of apartments (soft lofts) in the Woronicza Qbik project in Warsaw Mokotow (4,500 KEUR) and rental income (mainly from the Warsaw Spire office project in Warsaw CBD).

The investment property (under construction) portfolio evolved from 660,290 KEUR per end 2015 to 828,760 KEUR per end of June 2016; evolution which is the combined result of current period's expenditures (48,885 KEUR), fair value adjustments (125,588 KEUR), transfers (9,482 KEUR) and currency translation impact (-15,485 KEUR). The current period's favorable fair value adjustment is mainly the consequence of the Company's sustained development, investment and leasing efforts, in combination with market evolution (in terms of yields and rent levels).

The operating result for the first half-year of 2016 totals to 125,086 KEUR; net profit for the period closes with 114,229 KEUR.

Property development inventories balance decreased by 12,595 KEUR to 41,071 KEUR; evolution which is mainly the result of the further commercialisation of apartments in the Woronicza Qbik project (350 residential soft lofts in Warsaw, with a sales rate of approx. 92% per mid 2016).

During the period the Company was able to obtain new bank borrowings and withdraw on existing credit facilities for a total amount of 74.2 MEUR. On the other hand, reimbursements and refinancings have been done for an amount of 5.2 MEUR, bringing the total outstanding amount of bank borrowings to 306.3 MEUR (compared to 237.3 MEUR at 31/12/2015). Also considering the outstanding (private and public) bonds (171,869 KEUR net) and the related party borrowings (258,491 KEUR), leverage¹ amounts to 51%.

¹ Calculated as follows: interest bearing loans and borrowings/ total assets

Overview

In Poland, the Company in first instance maintained its existing land bank but also took advantage of some expansion opportunities. Current period main land bank transactions were an additional plot in Powisle for an amount of approx. 1.5 MEUR (for the future development of an office project) and a plot in Nowa Iwiczna for an amount of 1.5 MEUR (for the future development of a retail center).

As stated, the Company focused on the finalisation of construction works on the Warsaw Spire project (220-meter, 49-storey development in the Warsaw Wola District, offering 108,000 sqm office space in total), which has been fully delivered in Q1 2016 and has been officially opened in May 2016. Also the construction works of the Woloska 24 project (approx. 20,000 sqm office space in the Warsaw Mokotow District) have been finalized in Q1 2016 and the occupation permit was received shortly afterwards. In addition, the Przystanek mBank project (25.600 sqm office space) in Lodz, is under construction. Finally, the construction works on the Wronia project (approx. 16.000 sqm office space, adjacent to the Warsaw Spire) have per date of the current report well advanced.

As to (pre-)leasing and occupation of projects:

Per date of the current report, the Warsaw Spire project has on the whole been leased for over 80%, while currently firm negotiations are ongoing with potential tenants for another 10% of the lettable space.

The Przystanek mBank project in Lodz has been pre-leased for approx. 95% of the lettable area, while it is still under construction.

The Woloska project the Warsaw Mokotow District has been leased for over 50%, while negotiations for parts of the remaining space are ongoing.

As to divestures and/or revenues:

Current period's revenues mainly related to the further commercialisation of the Woronicza Qbik project (350 residential soft lofts in the Mokotow District of Warsaw). 20 units have been sold in the first half of 2016; while total sales rate is at approx. 92% per end of June 2016. No investment property projects have been disposed in the current period.

Outlook

It is the Company's strategy to further diversify its development portfolio by spreading its developments over different real estate segments.

For the second half of 2016, the Company will continue its sustained growth. In addition, it will closely monitor specific evolutions in its active markets and real estate segments. Considering its sound financial structure and the observed and expected further market evolutions (in terms of tenant activity and evolution in yields), the Company is confident to achieve this growth and its goals for 2016 in general.

Risks

Due to its activities, the Company is exposed to a variety of financial risks: market risk (including exchange rate risk, price risk and 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.

These risks, which are described in detail in the Granbero Holdings Ltd IFRS Consolidated Financial Statements at 31 December 2015, remain applicable for 2016 and are closely managed and monitored by the Company's management.

Declaration in accordance with Art. 13 of the Belgian Royal Decree of 14 November 2007

The Management, acting in the name of and on behalf of GRANBERO HOLDINGS LTD, attest that to the best of their knowledge,

- the interim condensed financial statements are prepared in accordance with applicable accounting standards and give, in all material respect, a true and fair view of the consolidated assets and liabilities, financial position and consolidated results of the Group and of its subsidiaries included in the consolidation for the six month period;
- the interim financial management report, in all material respect, gives a true and fair view of all important events and significant transactions with related parties that have occurred in the first six month period and their effects on the interim financial statements, as well as an overview of the most significant risks and uncertainties we are confronted with for the remaining six months of the financial year.



Paul Gheysens
CEO & Managing Director
Ieper
28/09/2016



Philippe Pannier
CFO
Ieper
28/09/2016

About Ghelamco

Ghelamco Group is a leading European real estate investor and developer active in the offices, residential, retail and logistics markets. It 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. Its 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.

Condensed consolidated income statement (in KEUR)

	30/06/2016	30/06/2015
Revenue	6,768	8,759
Other operating income	4,601	320
Cost of Property Development Inventories	-3,685	-5,285
Depreciation amortisation and impairment charges		0
Gains from revaluation of Investment Property	125,588	50,092
Other operating expense	-8,186	-5,249
Operating result	125,086	48,637
Finance income	6,125	4,211
Finance costs	-32,961	-6,598
Result before income tax	98,250	46,250
Income tax income/(expense)	15,979	-9,493
Result of the period	114,229	36,757
Attributable to		
Equity holders of parent	114,229	36,757
Non-controlling interests		

Condensed consolidated statement of comprehensive income (in KEUR)

	30/06/2016	30/06/2015
Profit for the period	114,229	36,757
Exchange differences on translating foreign operations	3,347	895
Other		1
Other recyclable comprehensive income of the period	3,347	896
Total Comprehensive income for the period	117,576	37,653
Attributable to		
Equity holders of parent	117,576	37,653
Non-controlling interests		

Condensed consolidated balance sheet (in KEUR)

	30/06/2016	31/12/2015
ASSETS		
Non-current assets		
Investment Property	828,760	660,290
Property, plant and equipment	13	32
Receivables and prepayments	383,811	263,266
Deferred tax assets	3,900	2,918
Other financial assets	743	363
	1,217,227	926,869
Current assets		
Property Development Inventories	41,071	53,666
Trade and other receivables	144,526	141,696
Current tax assets	86	0
Derivatives	0	0
Assets classified as held for sale	0	0
Cash and cash equivalents	56,286	42,683
	241,969	238,045
Total current assets		
TOTAL ASSETS	1,459,196	1,164,914

Condensed consolidated balance sheet (in KEUR) (cont'd)

	30/06/2016	31/12/2015
EQUITY AND LIABILITIES		
Capital and reserves attributable to the Company's equity holders		
Share capital	10	10
CTA	7,873	4,526
Retained earnings	663,623	549,446
	671,506	553,982
Non-controlling interests	1,902	1,902
TOTAL EQUITY	673,408	555,884
Non-current liabilities		
Interest-bearing loans and borrowings	701,273	484,894
Deferred tax liabilities	7,638	23,377
Other non-current liabilities	0	0
Long-term provisions	0	0
Total non-current liabilities	708,911	508,271
Current liabilities		
Trade and other payables	36,267	51,060
Current tax liabilities	1,080	893
Interest-bearing loans and borrowings	39,530	48,806
Short-term provisions		
Total current liabilities	76,877	100,759
Total liabilities	785,788	609,030
TOTAL EQUITY AND LIABILITIES	1,459,196	1,164,914

Condensed consolidated cash flow statement (in KEUR)

	30/06/2015	30/06/2015
Cash flow from operating activities		
Result of the year before income tax	98,250	46,250
<i>Adjustments for:</i>		
- Change in fair value of investment property	-125,588	-50,092
- Depreciation, amortization and impairment charges		
- Result on disposal investment property		
- Change in provisions		
- Net interest charge	8,995	-530
- Movements in working capital:		
- change in inventory	3,113	5,720
- change in trade & other receivables	-2,830	-8,087
- change in trade & other payables	-1,459	-894
- change in fair value of derivatives	0	290
- Movement in other non-current liabilities		
- Other non-cash items	267	54
Income tax paid	-641	-748
Interest paid	-13,562	-1,562
Net cash from operating activities	-33,455	-9,599
Cash flow from investing activities		
Interest received	6,125	4,211
Purchase of property, plant & equipment	0	-12
Purchase of investment property	-56,645	-36,105
Capitalized interest in investment property	-3,800	-7,736
Proceeds from disposal of investment property		
Net cash outflow on acquisition of subsidiaries		
Cash outflow on other non-current financial assets	-120,925	-16,109
Net cash inflow/outflow on NCI transactions		
Movement in restricted cash accounts	0	256
Net cash flow used in investing activities	-175,245	-55,495
Financing Activities		
Proceeds from borrowings	223,076	87,898
Repayment of borrowings	-15,973	-15,225
Net cash inflow from / (used in) financing activities	207,103	72,673
Net increase in cash and cash equivalents	-1,597	7,579

Cash and cash equivalents at 1 January	42,683	46,755
Effects of exch. rate changes in non-EUR countries	15,200	2,357
Cash and cash equivalents at the end of the period	56,286	56,691

Condensed consolidated statement of changes in equity (in KEUR)

	Attributable to the equity holders			Non-controlling interests	Total equity
	Share capital	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2015	10	6,708	471,022	1,901	474,897
Foreign currency translation (CTA)		895			895
Profit/(loss) for the period			36,757		36,757
Dividend distribution					0
Change in non-controlling interests					0
Change in the consolidation scope			1		1
Balance at 30 June 2015	10	7,603	507,780	1,901	512,550
Balance at 1 January 2016	10	4,526	549,446	1,902	555,884
Foreign currency translation (CTA)		3,347			3,347
Profit/(loss) for the period			114,229		114,229
Dividend distribution					0
Change in non-controlling interests					
Change in the consolidation scope			-52		-52
Balance at 30 June 2016	10	7,873	663,623	1,902	673,408

Notes to the condensed consolidated interim financial statements at 30 June 2016

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”, as adopted by the European Union.

The new interpretations and standards that are applicable from 2016 did not have any significant impact on the Company’s financial statements.

2. Significant accounting policies

The condensed consolidated interim financial statements are prepared on a historic cost basis, with the exception of investment property (under construction) and derivative financials instruments, which are stated at fair value.

All figures are in thousands of EUR (KEUR), unless stated otherwise.

The accounting policies adopted are consistent with those followed for the preparation of the Company’s consolidated financial statements for the year ended 31 December 2015.

3. Property development inventories

Property Development Inventories contain mainly plots of land held for development of (residential) purposes and residential buildings either finished or still under construction.

	30/06/2016	31/12/2015
Property Development Inventories	41,071	53,666
Raw materials		
Finished goods		
	41,071	53,666

The Woroicza Qbik inventory balance has decreased (from 12.553 KEUR per 31/12/2015) to 7.842 KEUR, in line with the +/- 20 units which have been sold in the first half of 2016. At 30/06/2016, approx. 92% of total available (350) soft lofts in the Mokotów district of Warsaw have been sold.

Also, the inventory balance related to (the plot of) the Przystanek mBank project (9.482 KEUR per 31/12/2015) has in the current period been transferred to Investment Property.

4. Investment property (under construction)

Balance at 31 December 2015	660,290
Acquisition of properties	1,482
Acquisition through business combinations	
Subsequent expenditure	47,403
Transfers	
- Assets classified as held for sale	
- Other transfers	9,482
Adjustment to fair value through P/L	125,588
Disposals	
CTA	-15,485
other	
Balance at 30 June 2016	828,760

Investment Properties are stated at fair value as determined by either independent appraisers or by management and are classified in 4 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	30/06/2016	31/12/2015
				KEUR	KEUR
Apollo Invest	Spinnaker Tower	JLL	B	30,540	18,832
Postepu SKA/Business Bud	Postepu Business Park	KNF	B	8,380	10,030
Sienna Towers SKA/Capital SKA	Sienna Towers	KNF	C	63,134	56,000
WS SKA/Warsaw Spire spzoo spk	Warsaw Spire	JLL	D	525,270	391,209
Sobieski SKA	Sobieski Tower	BNP	B	28,970	24,824
Market SKA	Mszczonow Logistics	ASB	A	2,799	2,832
SBP SKA	Synery Business Park Wroclaw	JLL	B	21,730	21,316
Grzybowska 77 SKA + Isola	Grzybowska	KNF	D/A	25,338	23,500
Wronia SKA	Logistyka	KNF	C	22,612	20,778
Sigma SKA	Chopin + Stixx	KNF	B/D	25,324	32,430
Vogla SKA	Wilanow Retail	KNF	D	13,680	13,490
Tillia SKA/ACG1 SKA	Powisle	KNF	A	6,220	6,220
Dahlia SKA	Woloska 24	KNF	D	41,600	38,829
Budomal/Nowa Formiernia spzoo	Przystanek, Lodz	N/A	C	13,163	0

TOTAL :

828,760

660,290

Legend : KNF = Knight Frank, DTZ= DTZadelfhof, JLL= Jones Lang Lasalle, ASB = Asbud

The average yields used in the expert valuations (applying residual method) on 30 June are as follows:

- 5.55% to 8.25% depending on the specifics, nature and location of the developments (vs. 5.75% to 8.25% per 31/12/2015).

5. Interest bearing loans and borrowings

	30/06/2016	31/12/2015
Non-current		
Bank borrowings – floating rate	270,984	199,570
Other borrowings – floating rate	430,290	285,324
Finance lease liabilities	0	0
	701,274	484,894
Current		
Bank borrowings – floating rate	35,305	37,710
Other borrowings	4,226	11,096
Finance lease liabilities		
	39,531	48,806
TOTAL	740,805	533,700

5.1 Bank borrowings

During the period, the Company obtained new secured bank loans mainly expressed in EUR and/or PLN and withdrew on existing credit facilities for a total amount of 74.2 MEUR, all Euribor and Wibor based. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 5.2 MEUR, net of prolongation of a number of borrowings.

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 (usually 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.

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

6% of the outstanding non-current bank borrowings is maturing within a 3 years-period and 92% is maturing after more than 5 years.

5.2 Bonds (171,869 KEUR)

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.

The company has in the current period (via Ghelamco Invest Sp. z o.o.) within this programme issued public retail bonds (tranche PPE, PPF and PPG) for a total amount of 130 MPLN. These bonds have a term of 4 years and bear an interest of Wibor 6 months + 4%. These bonds series are secured by a guaranty granted by Granbero Holdings Ltd.

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.

The Company has in the current period redeemed outstanding bonds (at their maturity date or through early redemption) for a total amount of 47,650 KPLN.

Total bonds balance outstanding per balance sheet date (171,869 KEUR) represents the amount of issue (750 MPLN + 6.3 MEUR) less capitalized issue costs, which are amortised over the term of the bonds.

5.3 Other loans (262,647 KEUR)

Remaining outstanding loans mainly relate to intercompany loans (258,491 KEUR), LT rent deposits (1.406 KEUR) and a short-term loan (2,750 KEUR) from a third party investor maturing on 31/12/2016.

The intercompany loans are granted at arm's length conditions.

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2016.

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 bank are sometimes subject to a number of covenants (Loan to Value, Loan to Cost, Debt Service Cover). During the period and per end of the period, there were no events of default in respect of these borrowings.

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

6. Revenue

Revenue can be detailed as follows:

	30.06.2016	30.06.2015
Sales of Residential Projects	4,500	6,315
Rental Income	2,269	2,444
TOTAL REVENUE	6,769	8,759

Rental income as of 30 June 2016 relates to rent from commercial projects (mainly Warsaw Spire).

The residential projects sales as of 30 June 2016 fully relate to soft loft apartments in the Woronicza Qbik project, Warsaw.

7. Other items included in operating profit/loss

Other operating income

The current period's other operating income mainly relates to re-charges to related parties.

	30/06/2016	30/06/2015
Gains from revaluation of Investment Property	125,588	50,092

Fair value adjustments over the first half of 2016 amount to 125,588 KEUR, which is mainly the result of current period's further engineering, development, construction and leasing efforts, in combination with evolution in market conditions (in terms of yields and rent rate levels). Main fair value adjustments have been recognized on the Warsaw Spire project (of which tower building A was delivered in 2016) and the Grzybowska77 project (plot for the future development of a +/- 30 Ksqm mixed office and retail project).

	30/06/2016	30/06/2015
Other operating expenses		
Taxes and charges	431	783
Insurance expenses	45	17
Audit, legal and tax expenses	636	196
Sales expenses (agency fees and w/o agency fees)	3,244	754
Maintenance cost (projects)	241	223
rental guarantee expenses	534	1,103
operating expenses with related parties	555	964
w/o TPIII earn-out	842	256
Miscellaneous	1,658	953
Total:	8,186	5,249

End of June 2016 sales expenses relate to a significant extent to the release to the income statement of capitalized agency fees on the Warsaw Spire, in connection with the internal sales transaction which took place (in view of the separation the Warsaw Spire project and the Chopin project; see also below).

8. Finance income and finance costs

	30/06/2016	30/06/2015
Foreign exchange gains		
Interest income	6,125	4,211
Other finance income		
Total finance income	6,125	4,211
Interest expense	-15,120	-3,681
Other interest and finance costs	-2,680	-895
Foreign exchange losses	-15,161	-2,022
Total finance costs	-32,961	-6,598

The increase in interest expenses is mainly explained by the fact that current period's portfolio mainly contains delivered projects (and mainly Warsaw Spire), while last year's portfolio contained significant projects under development and/or construction (again mainly Warsaw Spire, of which satellite building C has been delivered in the course of 2015 and tower building A has been delivered in Q1 2016). Financing costs on not yet delivered projects are capitalized while financing costs on delivered/income generating projects are expensed.

The significant increase in (unrealized) FX losses, in turn, is mainly related to the conversion at spot rate of the (EUR) bank loan on Warsaw Spire (in line with the weakening of the PLN vs. the EUR at 30/06/16).

9. Income taxes

	30/06/2016	30/06/2015
current income tax	-714	-1,042
deferred tax	16,693	-8,451
Total income tax	15,979	-9,493

In the current period an internal sales operation has been organized and accomplished. In this respect the SPV Ghelamco Warsaw Spire Sp. z o.o. WS sp. k. (company under the Polish fund structure) has transferred its real estate property to SPV Warsaw Spire Sp. z o.o. sp. k. (for the Warsaw Spire project part) and to SPV Chopin Project Sp. z o.o. Sigma SKA (for the Chopin project part). In addition, the SPV Ghelamco GP3 Sp. z o.o. Grzybowska 77 sp. k. (company under the Polish fund structure) has transferred its real estate property to SPV Ghelamco GP2 Sp. z o.o. Isola SKA. All transfers have been done at market value. These transactions have resulted in the reversal to the income statement of the cumulated deferred tax liabilities until 31/12/2015, related to the fair value of the Warsaw Spire, Chopin and Grzybowska 77 projects. Deferred taxes have been reversed for a total amount of 18.8 MEUR.

10. Financial instruments

The table below summarizes all financial instruments by category and discloses the fair values of each instrument and the fair value hierarchy.

Financial instruments (x € 1 000)	30.06.2016				
	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	-	-	743	743	2
Non-current receivables					
Receivables and prepayments			383,811	383,811	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables			136,713	136,713	2
Derivatives	-			-	2
Cash and cash equivalents			56,287	56,287	2
Total Financial Assets	0	0	577,554	577,554	
Interest-bearing borrowings - non-curr.					
Bank borrowings			270,984	270,984	2
Bonds			170,393	174,693	1
Other borrowings			259,897	259,897	2
Interest-bearing borrowings - current					
Bank borrowings			35,305	35,305	2
Bonds			1,476	1,476	1
Other borrowings			2,750	2,750	2
Current payables					
Trade and other payables			33,207	33,207	2
Total Financial Liabilities	-	-	774,012	778,312	

Financial instruments (x € 1 000)	31.12.2015				
	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		-	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	

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).

11. Transactions with related parties

Since 2007, Ghelamco (Consortium)'s business activities are structured in three major holdings under common control of the ultimate shareholders:

- Investment Holding: comprises resources invested in the development of real estate projects in Belgium, Poland, Russia and Ukraine and the intra-group Financing Vehicles – referred to as “Investment Group” or the “Group”;
- Development Holding: represents international entities that provide construction, engineering and development services to the Investment Group;
- Portfolio Holding: consists of all other activities and real estate investments controlled by the ultimate shareholders.

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 direct and indirect legal subsidiaries, constitute the reporting entity for the purpose of these interim condensed financial statements.

Balances and transactions between the Company and related parties (belonging to the Development Holding and the Portfolio Holding) mainly relate to construction and development services on the one hand and financial related party transactions on the other hand.

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”), subsidiaries of International Real Estate Services Comm. VA, the parent company of Ghelamco's “Development Holding”:

- Ghelamco Poland with its registered office in Warsaw.

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 “Development 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.

Other related party transactions

The excess cash balances generated by the Company's real estate development activities can, besides being reinvested in the Polish entities belonging to the Investment Holding, also be invested in entities belonging to the Development Holding and Portfolio Holding in the form of short and long-term loans. These loans are granted at arm's length conditions.

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

Purchases of construction, engineering and architectural design:	-42,655
related party trade receivable	4,198
related party trade accounts payable	-3,732
related party non-current loans receivable	379,373
related party interests receivable	54,114
related party C/A receivable	70,931
related party non-current loans payable	-258,491
related party interests payable	-19,308
related party C/A payable	-3,957

12. Post balance sheet events

- Within its public retail Bond Issue Programme IV, the Company has issued bonds series PPH for an amount of 30,000 KPLN and bonds series PPI for an amount of 50,000 KPLN in July 2016. These bonds have been subscribed by retail investors, have a 4-year term and bear an interest rate of Wibor 6 months + 4%. Bonds series are secured by a guaranty granted by Granbero Holdings Ltd. On the other hand, the Company early purchased and redeemed bonds in August 2016 for a total amount of 12,776 KPLN.
- In July and August 2016 the Company acquired plots in Katowice (4,396 sqm for a price of 2.5 MEUR) and in Krakow (3,068 sqm for a price of approx. 1.5 MEUR); both for the future development of an office project.

Granbero Holdings Ltd and subsidiaries

**Report on review
of the consolidated interim financial
information for the six-month period
ended 30 June 2016**

Granbero Holdings Ltd and subsidiaries

Report on review of the consolidated interim financial information for the six-month period ended 30 June 2016

We are pleased to report to you on the audit assignment you have entrusted us. This consolidated interim financial information comprises the condensed consolidated balance sheet as at 30 June 2016, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the period of six months then ended, as well as selective notes 1 to 12.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Granbero Holdings Ltd ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standard IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

The condensed consolidated balance sheet shows total assets of 1,459,196 (000) EUR and the condensed consolidated income statement shows a consolidated profit (group share) for the period then ended of 114,229 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410 – *Review of interim financial information performed by the independent auditor of the entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.



Deloitte.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Granbero Holdings Ltd has not been prepared, in all material respects, in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

Diegem, 28 September 2016

The statutory auditor



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