

**Granbero Holdings Ltd**  
**Half year results 30.06.2018**

**Sound results and healthy balance sheet structure from continued development, construction and commercialisation efforts in core Polish market segments**

- Net profit for the period of 19,957 KEUR (vs. 21,238 KEUR as of 30.06.17)
- Stable solvency ratio of 55.8% (vs. 55% as per 31.12.17)
- Good progress in construction works on the Warsaw HUB (113,000 sqm office space in Warsaw CBD), the Big project (10,200 sqm office space in Krakow), the residential Foksal project (55 high-end apartments in Warsaw) and finalization of the foundation works of the Spinnaker (57,000 sqm office project in Warsaw CBD)
- Continued commercialisation efforts resulting in increased lease rates for the Wronia 31 project (16,000 sqm office space in Warsaw CBD; approx. 89% leased, taking into account extension options signed) and the Woloska 24 project (23,200 sqm office space in the Mokotow District of Warsaw, approx. 94% pre-leased)

**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 2018 half-year accounts with a net profit of 19,957 KEUR, resulting from its continued development, construction and commercialisation efforts. In this respect, the Company has in the current period mainly invested in a number of existing projects (mainly the Warsaw HUB, Big and Spinnaker) and was able to create considerable added value on its projects portfolio. This is reflected in an increased balance sheet total of 1,294,050 KEUR and an increased equity of 721,555 KEUR. The solvency ratio slightly increased from 55% at year-end 2017 to 55.8% at 30 June 2018.

In Poland, the investing activities have during the first half of 2018 mainly been focused on:

- The continued construction of the Warsaw HUB project at Rondo Daszynskiego, comprising 3 towers on a podium with retail function of approx. 113,000 sqm in Warsaw CBD. The delivery is expected Q1 2020.
- The finalisation of the foundation works of the Spinnaker, 57,000 sqm offices project at Rondo Daszynskiego in Warsaw;
- The progressed construction works on the Foksal project, including the renovation of the historic buildings, located in the historic heart of Warsaw. The project comprises the realisation of 55 high-class apartments (approx. 6,424 sqm in total) and commercial space of approx. 595 sqm. Per date of the current report, approx. 30% of available residential units have already been pre-sold.
- The further construction works on the Big project (Krakow), totalling approx. 10,200 sqm of office space and two levels of underground parking lots (141 parking spaces). Finalisation of the construction works is expected by end 2018. Per date of the current report, approx. 91% of the office space has already been leased.

Continued leasing efforts have resulted in an occupation rate of over 89% (signed expansion options included) for the recently delivered Wronia project in the close vicinity of the Warsaw Spire and Plac Europejski Square and a lease rate of over 94% for the delivered Woloska 24 project located in the Mokotow district of Warsaw. In addition, the Big project in Krakow (under construction) has per date of the current report already been pre-leased for approx. 91% and the Vogla (retail project) is leased at approx. 87%.

As a result of further commercialisation efforts, over 98% of the available units in the residential Woronicza Qbik project (355 residential soft lofts and 16 ground floor commercial units, in the Mokotow District of Warsaw) have been sold per mid 2018.

There have been no divestures during the first half-year of 2018.

### Key figures (KEUR)

<b>Results</b>	<b>30.06.2018</b>	<b>30.06.2017</b>
Operating result	33,029	24,779
Net result of the period	19,957	21,238
Share of the group in the net result of the period	19,957	21,238
<b>Balance sheet</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
Total assets	1,294,050	1,266,426
Cash and cash equivalents	55,185	88,228
Net financial debt (-)	454,239	421,795
Total equity	721,555	696,674

Revenue for the first semester of 2018 amounts to 7,915 KEUR and mainly relates to the sale of apartments (soft lofts and commercial spaces) in the Woronicza Qbik project in Warsaw Mokotow (1,710 KEUR), the sale of a plot at Marynarska 12 Warsaw (1,123 KEUR) and rental income mainly from the Woloska 24 office project, the Wronia 31 project and the Plac Vogla retail project.

The investment property (under construction) portfolio evolved from 436,339 KEUR per end 2017 to 497,838 KEUR per end of June 2018; evolution which is the combined result of current period's expenditures (41,472 KEUR), fair value adjustments (31,221 KEUR), and currency translation impact (- 11,194 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 2018 totals to 33,029 KEUR; net profit for the period closes with 19,957 KEUR.

Property development inventories balance slightly increased by 315 KEUR to 70,705 KEUR; evolution which is mainly the result of the construction of apartments in the Foksal project (55 high-class apartments of which 27% is (pre-) sold per mid 2018) and on the other hand the continued commercialisation of the Woronicza Qbik project (355 residential soft lofts in Warsaw and some commercial space, with a sales rate of over 98% per mid 2018).

During the period the Company was able to obtain new bank borrowings and withdrew on existing credit facilities for a total amount of 29,443 KEUR. On the other hand, reimbursements and refinancings have been done for an amount of 7,348 KEUR, bringing the total outstanding amount of bank borrowings to 113,013 KEUR (compared to 90,919 KEUR per end 2017). Also considering the outstanding (private and public) bonds (231,955 KEUR net), the related party borrowings (158,177 KEUR) and some other loans (6,279 KEUR), leverage<sup>1</sup> amounts to 39%.

## Overview

In Poland, the Company in first instance maintained its existing land bank, except for the sale of a smaller plot at Marynarska 12.

As stated, the Company further invested in the construction of the Warsaw HUB project, for which construction works were kicked off end 2016. The construction status at 30 June 2018: finalisation stage of construction works of (part of) the podium and the hotel (approx. 21,000 sqm) which is part of one of the towers. An agreement with InterContinental Hotels Group was already signed in 2017 for the operating of the hotel. The delivery of the project is expected in Q1 2020.

Additionally, the Big project construction works in Krakow, at the junction of Kapalenka and Zielinskiego street, are currently being finalised in view of the delivery by end 2018. Also, the foundation works of the Spinnaker at Rondo Daszynskiego are being finalised. Finally, construction works on the Foksal project (55 exclusive high-end apartments at 13/15 Foksal Street located in the historic heart of Warsaw) are well advanced per mid 2018.

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

- The Wronia 31 project in Warsaw CBD (+/- 16,000 sqm) has been leased for over 89%, while negotiations for significant parts of the remaining space are ongoing.
- The Woloska 24 project in the Warsaw Mokotow District (+/- 23,200 sqm) has been leased for over 94%, while negotiations for parts of the remaining space are ongoing.
- The Big project in Krakow (+/- 10,200 sqm) has been leased for approx. 91%.
- In the Warsaw HUB project, in addition to the hotel contract, lease agreements with a fitness club operator, agreements for a co-working space, office space, cafeteria and restaurant have been signed and negotiations with potential tenants of commercial and office sections are pending. In total, lease agreements were signed for approx. 35,500 sqm (and taking into account extension options signed, the level of rented space is approx. 38,500 sqm).

As to divestures and/or revenues:

- Current period's (residential) sales revenues mainly related to the further commercialisation of the Woronicza Qbik project (355 residential soft lofts in the Mokotow District of Warsaw). Per end of June 2018, over 98% of available units have been sold.
- There have been no divestures of commercial projects during the first half of 2018.

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



## **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 2018, 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 2018 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 Consolidated IFRS Financial Statements at 31 December 2017, remain applicable for 2018 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  
24/09/2018



Philippe Pannier  
CFO  
Ieper  
24/09/2018

***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)

	30/06/2018	30/06/2017
Revenue	7,915	15,184
Other operating income	4,791	12,720
Cost of Property Development Inventories	-1,545	-2,808
Employee benefit expense	-139	
Depreciation amortisation and impairment charges	-10	-10
Gains from revaluation of Investment Property	31,221	11,498
Other operating expense	-9,204	-11,805
Share of results of joint-ventures		
<b>Operating profit - result</b>	<b>33,029</b>	<b>24,779</b>
Finance income	8,541	15,074
Finance costs	-14,222	-16,287
<b>Profit before income tax</b>	<b>27,348</b>	<b>23,566</b>
Income tax expense/income	-7,391	-2,328
<b>Profit for the period</b>	<b>19,957</b>	<b>21,238</b>
<b>Attributable to</b>		
Equity holders of the parent	19,957	21,238
Non-controlling interests		

### Condensed consolidated statement of comprehensive income – items recyclable to the income statement (in KEUR)

	30/06/2018	30/06/2017
<b>Profit for the period</b>	19,957	21,238
Exchange differences on translating foreign operations	4,951	-11,470
Other	-27	-32
<b>Other recyclable comprehensive income/(loss) for the period</b>	4,924	-11,502
<b>Total Comprehensive income/(loss) for the period</b>	<b>24,881</b>	<b>9,736</b>
<b>Attributable to</b>		
Equity holders of the parent	24,881	9,736
Non-controlling interests		



## Condensed consolidated statement of financial position (in KEUR)

	30/06/2018	31/12/2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment Property	497,838	436,339
Property, plant and equipment	365	392
Investment in joint-ventures		
Receivables and prepayments	482,392	461,407
Deferred tax assets	3,901	5,602
Other financial assets	224	193
Restricted cash	0	0
<b>Total non-current assets</b>	<b>984,720</b>	<b>903,933</b>
<b>Current assets</b>		
Property Development Inventories	70,705	70,390
Trade and other receivables	183,412	203,727
Current tax assets	28	148
Derivatives	0	0
Assets classified as held for sale	0	0
Restricted cash	0	0
Cash and cash equivalents	55,185	88,228
<b>Total current assets</b>	<b>309,330</b>	<b>362,493</b>
<b>TOTAL ASSETS</b>	<b>1,294,050</b>	<b>1,266,426</b>

**Condensed consolidated statement of financial position (in KEUR) (cont'd)**

	30/06/2018	31/12/2017
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	67	67
Share premiums	495,903	495,903
CTA	2,358	-2,593
Retained earnings	223,220	203,289
	<b>721,548</b>	<b>696,667</b>
Non-controlling interests	7	7
<b>TOTAL EQUITY</b>	<b>721,555</b>	<b>696,674</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	411,074	431,155
Deferred tax liabilities	20,935	15,826
Other non-current liabilities	6,333	2,249
Long-term provisions		0
<b>Total non-current liabilities</b>	<b>438,342</b>	<b>449,230</b>
<b>Current liabilities</b>		
Trade and other payables	34,376	40,272
Current tax liabilities	1,427	1,382
Interest-bearing loans and borrowings	98,350	78,868
Short-term provisions		0
<b>Total current liabilities</b>	<b>134,153</b>	<b>120,522</b>
<b>Total liabilities</b>	<b>572,495</b>	<b>569,752</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,294,050</b>	<b>1,266,426</b>



## Condensed consolidated cash flow statement (in KEUR)

	30/06/2018	30/06/2017
<b>Operating Activities</b>		
<b>Profit/(Loss) before income tax</b>	<b>27,348</b>	<b>23,566</b>
<i>Adjustments for:</i>		
- Change in fair value of investment property	-31,221	-11,498
- Depreciation, amortization and impairment charges	10	10
- Result on disposal investment property		-8,976
- Change in provisions		
- Net interest charge	-884	8,209
- Movements in working capital:		
- change in prop. dev. Inventories	-315	-5,108
- change in trade & other receivables	20,315	-9,523
- change in trade & other payables	-3,090	-8,344
- change in MTM derivatives		
- Movement in other non-current liabilities	4,084	-1,527
- Other non-cash items	398	77
Income tax paid	-416	-642
Interest paid	-8,446	-17,686
<b>Net cash from operating activities</b>	<b>7,783</b>	<b>-31,442</b>
<b>Investing Activities</b>		
Interest received	8,181	7,156
Purchase of property, plant & equipment	17	-475
Purchase of investment property	-32,659	-26,347
Capitalized interest in investment property paid	-5,350	-4,375
Proceeds from disposal of investment property		540,000
Net cash outflow on acquisition of subsidiaries		
Cash outflow on other non-current financial assets	-21,016	-112,902
Net cash inflow/outflow on NCI transactions		
Movement in restricted cash accounts		
<b>Net cash flow used in investing activities</b>	<b>-50,827</b>	<b>403,057</b>
<b>Financing Activities</b>		
Proceeds from borrowings	31,525	68,639
Repayment of borrowings	-22,262	-426,953
<b>Net cash inflow from / (used in) financing activities</b>	<b>9,263</b>	<b>-358,314</b>

Net increase/(decrease) in cash and cash equivalents	-33,781	13,301
Cash and cash equivalents at 1 January of the year	88,228	37,564
Effects of exch. rate changes in non-EUR countries	738	-24,250
Cash and cash equivalents at 30 June of the period	55,185	26,615

### 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		
<b>Balance at 1 January 2017</b>	<b>495,971</b>	<b>12,504</b>	<b>179,053</b>	<b>7</b>	<b>687,535</b>
Foreign currency translation (CTA)		-11,485	-16		-11,501
Profit/(loss) for the period			21,238		21,238
Dividend distribution					0
Change in non-controlling interests					0
Change in the consolidation scope					0
Other					0
<b>Balance at 30 June 2017</b>	<b>495,971</b>	<b>1,019</b>	<b>200,275</b>	<b>7</b>	<b>697,272</b>
<b>Balance at 1 January 2018</b>	<b>495,971</b>	<b>-2,593</b>	<b>203,289</b>	<b>7</b>	<b>696,674</b>
Foreign currency translation (CTA)		4,951			4,951
Profit/(loss) for the period			19,957		19,957
Dividend distribution					0
Change in non-controlling interests					0
Change in the consolidation scope					0
Other			-27		-27
<b>Balance at 30 June 2018</b>	<b>495,971</b>	<b>2,358</b>	<b>223,220</b>	<b>7</b>	<b>721,555</b>

## **Notes to the condensed consolidated interim financial statements at 30 June 2018**

### **1. Basis of preparation**

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended 31 December 2017 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The new interpretations and standards that are applicable from 2018 did not have any significant impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers, establishes a unique and all-encompassing model of principles that an entity must apply to account for income arising from a contract with a customer. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and their corresponding interpretations. IFRS 15 is effective for the annual reports beginning on or after 1 January 2018, with early adoption permitted, and has been endorsed by the EU, so as its clarifications (issued on 12 April 2016).

The Company has adopted this standard as from 1 January 2018, according to the complete retrospective method without practical exemptions. This adoption has not created any significant impact on the results of the company. The various flows of income for the Company mainly relate to rental incomes that are covered by IFRS 16 (in 2018 still IAS 17), and residential sales which are covered by IFRS 15.

Analysis of the the new IFRS 15 criteria has indicated that land and construction related to a residential unit both together constitute a single performance obligation. In addition, in accordance with relevant local laws and regulations, transfer of control for residential units is at delivery; for that revenue is recognized at delivery or completion of contract.

IFRS 9 Financial Instruments published in July 2014 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements, which align hedge accounting more closely with risk management. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Company applied this standard as from 1 January 2018. This adoption has not generated significant impact on the half-year financial statements as of 30 June 2018.

IFRS 9 requires the Company to recognize in advance expected credit losses on its financial assets through the application of default impairment percentages on (mainly trade) receivables, based on the defaults experienced over the last two accounting years. The Company did encounter no or very limited defaults during the last two years and applied the simplified expected losses model, in which the life-time expected losses are calculated for the trade receivables and the macro-economic information does not impact the historic default rates. Therefore, the Company did not have to correct the trade receivables closing balance as of 31 December 2017. The same applies as of 30 June 2018: no impairment recognition through the profit and loss statement was deemed necessary.

The Company is currently assessing the possible impact, if any, of standards to be applied as from 2019 (IFRS 16). IFRS 16 introduces significant changes in accounting for leases for the lessee, removing the distinction

between operational and financial leases and recognising assets and liabilities for all leases (aside from exemptions for short-term leases or low-value assets). Unlike accounting for leases by the lessee, IFRS 16 keeps almost all provisions from IAS 17 Leases regarding accounting for leases by the lessor. This means that lessors must continue to classify leases as operational or financial leases.

## 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 2017 and the new interpretations and standards that are applicable from 2018, to the extent applicable.

## 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.

	<b>30/06/2018</b>	<b>31/12/2017</b>
Property Development Inventories	70,705	70,390
Raw materials		
Finished goods		
	<b>70,705</b>	<b>70,390</b>

The property development inventories remained stable compared to prior year-end. The main movements were noted in the Woronicza Qbik balance (-1,702 KEUR to 1,273 KEUR) in line with current period's sales of remaining units and the Foksal balance (+3,103 KEUR to 22,635 KEUR) in connection with the progress of the construction works of this high-end residential project.

The remaining movement is explained by development activities on several other projects and the sale of a plot at Marynarska 12 (for an amount of 1,123 KEUR) .



#### 4. Investment property (under construction)

<b>Balance at 31 December 2017</b>	<b>436,339</b>
Acquisition of properties	
Acquisition through business combinations	
Subsequent expenditure	<b>41,472</b>
Transfers	
- Assets classified as held for sale	
- Other transfers	
Adjustment to fair value through P/L	<b>31,221</b>
Disposals	
CTA	<b>-11,194</b>
other	
<b>Balance at 30 June 2018</b>	<b>497,838</b>

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 m<sup>2</sup>);
- C. Land with a building permit + construction ongoing (fair value based on the residual method);
- D. Completed projects held for investment

SPV	Commercial Name	Valuation	Cat	30/06/2018	31/12/2017
				KEUR	KEUR
Apollo Invest	Spinnaker Tower	Savills	C	62,003	57,857
Postepu SKA/Business Bud SKA	Postepu Business Park	KNF	B	7,120	7,120
Sienna Towers SKA	The HUB	KNF	C	139,942	101,479
Sobieski SKA	Sobieski Tower	BNP	B	32,493	31,077
Market SKA	Mszczonow Logistics	ASB	A	2,810	2,849
SBP SKA	Synery Business Park Wroclaw	JLL	B	24,630	25,294
Grzybowska 77 Sp. K. + Isola SKA	Grzybowska	KNF	D/A	24,400	23,920
Wronia SKA	Wronia 31	KNF	D	60,820	59,265
Sigma SKA	Chopin + Stixx	KNF	B/D	41,622	40,766
Vogla SKA	Wilanow Retail	Savills	D/A	16,100	11,260
Tillia BIS Spzoo	Powisle	Cresa	A	5,964	7,690
Dahlia SKA	Woloska 24	Cresa	D	57,475	56,553
Synergy	Katowice	JLL	A	3,800	4,000
Canna SKA	Big, Kapelanka, Krakow	Man	C	18,659	7,209

**TOTAL :**

**497,838      436,339**

Legend : KNF = Knight Frank, DTZ= DTZadelhof, JLL= Jones Lang Lasalle, ASB = Asbud, CRS = Colliers, BNP = BNP Paribas, Cresa = Cresa, Man = management valuation

The average yields used in the expert valuations (applying residual method) on 30 June are as follows:  
5.25% to 8.50% depending on the specifics, nature and location of the developments (vs. 5.25% to 8.00% per 31 December 2017).

## 5. Interest bearing loans and borrowings

	30/06/2018	31/12/2017
<b>Non-current</b>		
Bank borrowings – floating rate	98,895	77,842
Other borrowings – floating rate	312,101	353,264
Finance lease liabilities	78	49
	<b>411,074</b>	<b>431,155</b>
<b>Current</b>		
Bank borrowings – floating rate	14,118	13,077
Other borrowings	84,232	65,792
Finance lease liabilities		
	<b>98,350</b>	<b>78,868</b>
<b>TOTAL</b>	<b>509,424</b>	<b>510,023</b>

### 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 29,443 KEUR, all Euribor and Wibor based. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 7,348 KEUR, 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 2018, 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).

10% of the outstanding non-current bank borrowings is maturing within a 3 years-period and 70% is maturing after more than 3 years but within 5 years.



## 5.2 Bonds (231,955 KEUR)

The company has in the current period (on 16 June 2018, via Ghelamco Invest Sp. z o.o.) within its pending programmes issued public retail bonds (tranche PJ) for a total amount of 9,080 KPLN. These bonds have a term of 3 years and bear an interest of Wibor 6 months + 3.65%. The bonds series is 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 (partly through early redemption, partly on maturity date) for a total amount of 39,420 KPLN.

Total bonds balance outstanding per balance sheet date (231,955 KEUR) represents the amount of issue (997 KPLN + 6.3 MEUR) less capitalized issue costs, which are amortised over the term of the bonds.

Shortly after period-end, in July 2018, bonds have been redeemed for a total amount of 182,840 KPLN, all on maturity date.

## 5.3 Other loans (164,456 KEUR)

Remaining outstanding loans mainly relate to related party loans (158,177 KEUR) and some short-term loans from other third parties (6,201 KEUR).

The related party loans are granted at arm's length conditions.

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2018. 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:

	<b>30.06.2018</b>	<b>30.06.2017</b>
Sales of Residential Projects	2,993	1,894
Rental Income	4,922	13,290
<b>TOTAL REVENUE</b>	<b>7,915</b>	<b>15,184</b>

Rental income as of 30 June 2018 relates to rent from commercial projects (mainly Woloska, Wronia and Plac Vogla: 2,9 MEUR in total). The significant decrease compared to last year is mainly connected to the sale of the Warsaw Spire per mid 2017 to Ghelamco European Property Fund. Warsaw Spire rental income in the comparable period ended 30 June 2017 amounted to 9,8 MEUR.

The residential projects revenue as of 30 June 2018 relate to the sale of residential (and commercial) units in the Woronicza Qbik project, Warsaw (with a sales rate of over 98% per date of the current report) and to the sale of a plot at Marynarska 12, Warsaw.

## 7. Other items included in operating profit/loss

### Other operating income

The current period's other operating income mainly relates to some fit-out re-charges to tenants (1,384 KEUR, mainly on Wronia) and the release to the profit and loss statement of the previously booked provision for rental guarantees connected to the Warsaw Spire sale of last year (3,300 KEUR).

	<b>30/06/2018</b>	<b>30/06/2017</b>
<b>Gains from revaluation of Investment Property</b>	31,221	11,498

Fair value adjustments over the first half of 2018 amount to 31,221 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 HUB, the Big project and the Plac Vogla retail park.

	<b>30/06/2018</b>	<b>30/06/2017</b>
<b>Other operating expenses</b>		
Taxes and charges	793	1,029
Insurance expenses	30	53
Audit, legal and tax expenses	473	722
Sales expenses (agency fees and w/o agency fees)	831	406
Maintenance cost (projects)	166	1,429
Rental guarantee expenses	1,387	975
Operating expenses with related parties	3,097	3,216
W/o VAT receivable		2,337
PPA mBank sale	1,493	
Miscellaneous	934	1,638
<b>Total:</b>	<b>9,204</b>	<b>11,805</b>

Current period's maintenance expenses have decreased, mainly in connection with the sale of the the Warsaw Spire mid 2017, fully impacting the current period's other operating expenses. Operating expenses with related parties mainly relate to fit-out expenses, which have in turn been re-charged to tenants (as explained above). Current period's other operating expenses also include the impact of a purchase price adjustment on the sale of mBank realised end of 2017.

#### **8. Finance income and finance costs**

	<b>30/06/2018</b>	<b>30/06/2017</b>
Foreign exchange gains		7,918
Interest income	8,181	7,156
Other finance income	360	
<b>Total finance income</b>	<b>8,541</b>	<b>15,074</b>
Interest expense	-7,297	-15,365
Other interest and finance costs	-1,103	-922
Foreign exchange losses	-5,822	
<b>Total finance costs</b>	<b>-14,222</b>	<b>-16,287</b>

The interest expenses dropped significantly compared to last year's comparable period, mainly due to the sale of the (delivered and operational) Warsaw Spire as per mid 2017.

Furthermore, financing costs on not yet delivered projects are capitalized while financing costs on delivered/income generating projects are expensed.

Current period's financial result includes an amount of (mainly unrealized) FX losses, connected with the relative weakening of the PLN vs. the EUR; while last year's financial result was significantly impacted by FX gains (mainly related to the conversion at spot rate of the outstanding (EUR) bank loans).



## 9. Income taxes

	30/06/2018	30/06/2017
current income tax	-474	-858
deferred tax	-6,917	-1,470
<b>Total income tax</b>	<b>-7,391</b>	<b>-2,328</b>

The deferred tax expenses are mainly related to the recognition of deferred tax liabilities on the fair value accounting of investment property.

## 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)	30.06.2018			
	Financial assets mandatorily measured at fair value	Financial assets and liabilities at amortized cost	Fair value	Fair value level
Other financial investments				
Other financial assets		224	224	2
Non-current receivables				
Receivables and prepayments		482,392	482,392	2
Restricted cash		-	-	2
Current receivables				
Trade and other receivables		177,071	177,071	2
Derivatives	-		-	2
Cash and cash equivalents		55,185	55,185	2
<b>Total Financial Assets</b>	<b>0</b>	<b>714,872</b>	<b>714,872</b>	
Interest-bearing borrowings - non-curr.				
Bank borrowings		98,895	98,895	2
Bonds		153,924	158,027	1
Other borrowings		158,255	158,255	2
Interest-bearing borrowings - current				
Bank borrowings		14,118	14,118	2
Bonds		78,031	80,234	1
Other borrowings		6,201	6,201	2
Current payables				
Trade and other payables		33,367	33,367	2
<b>Total Financial Liabilities</b>	<b>-</b>	<b>542,791</b>	<b>549,097</b>	

Financial instruments (x € 1 000)	31.12.2017			
	Financial assets mandatorily measured at fair value	Financial assets and liabilities at amortized cost	Fair value	Fair value level
Other financial investments				
Other financial assets		193	193	2
Non-current receivables				
Receivables and prepayments		461,405	461,405	2
Restricted cash				2
Current receivables				
Trade and other receivables		190,142	190,142	2
Derivatives				2
Cash and cash equivalents		88,228	88,228	2
<b>Total Financial Assets</b>	<b>0</b>	<b>739,968</b>	<b>739,968</b>	
Interest-bearing borrowings - non-curr.				
Bank borrowings		77,842	77,842	2
Bonds		189,210	193,694	1
Other borrowings		164,102	164,102	2
Interest-bearing borrowings - current				
Bank borrowings		13,077	13,077	2
Bonds		59,455	60,228	1
Other borrowings		6,336	6,336	2
Current payables				
Trade and other payables		38,752	38,752	2
<b>Total Financial Liabilities</b>	<b>0</b>	<b>548,775</b>	<b>554,031</b>	

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

Ghelamco (Consortium)'s business activities are structured in four 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.
- Since end 2016: Ghelamco European Property Fund: comprising the real estate projects kept as income generating products for a longer time.

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 gains which are realized and the related funds which are generated by the Company's real estate development activities can, besides being reinvested in Polish projects and within applicable covenants, also be invested in projects or entities in other countries or in entities belonging to the Development Holding and Portfolio Holding or Property Fund 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:	-29,044
related party trade receivable	466
related party trade accounts payable	-14,701
related party non-current loans receivable	476,328
related party interests receivable	59,237
related party C/A receivable	112,898
related party non-current loans payable	-156,360
related party interests payable	-7,444
related party C/A payable	-3,935

## 12. Post balance sheet events

- Except for the repayment in July 2018 of bonds for a total amount of 182,840 KPLN (41,9 MEUR equivalent), all on maturity date, no other significant events are to be mentioned.

**Deloitte.**



**Granbero Holdings Ltd and subsidiaries**

Report on the review of the consolidated interim financial information for the six-month period ended 30 June 2018



## **Report on the review of the consolidated interim financial information of Granbero Holdings Ltd and subsidiaries for the six-month period ended 30 June 2018**

In the context of our appointment as the company's independent auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed statement of financial position as at 30 June 2018, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows 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 and subsidiaries ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 1 294 050 (000) EUR and the the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 19 957 (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.



**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 and subsidiaries has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, 26 September 2018

**The independent auditor**



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