



Granbero Holdings Ltd Half year results 30.06.2017

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

- **Net profit for the period of 21,238 KEUR (vs. 114,229 KEUR as of 30.06.16)**
- **Solvency ratio of 56% (vs. 43% as per 31.12.16)**
- **Sale of the Warsaw Spire project to Ghelamco European Property Fund for a total transaction value of 540 MEUR.**
- **Start of the construction works on the Warsaw Hub (113.000 sqm office space)**
- **Finalization of the construction works on the Przystanek mBank project in Lodz (25.600 sqm office space; approx. 95% pre-leased) and Wronia 31 project in Warsaw (15.400 sqm office space; approx. 85% 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 2017 half-year accounts with a net profit of 21,238 KEUR, resulting from its continued development, construction and commercialisation efforts. Thanks to these efforts the Company was able to successfully dispose its Warsaw Spire project in the first half-year of 2017, while it further invested in a number of other projects. This is reflected in a decreased balance sheet total of 1,247,752 KEUR with an increased equity of 697,272 KEUR. The solvency ratio significantly increased from 43% to 56%.

In Poland, the investing activities have during the first half of 2017 mainly been focused on:

- The further construction of the Wronia project (approx. 16,000 sqm office project in the Warsaw Wola District). Construction works were in the finalization phase at 30 June 2017. The occupation permit has been obtained on 21 June 2017;
- The finalisation of the construction works on Przystanek mBank project (25.600 sqm office space) in Lodz, which is already pre-leased to mBank (for approx. 95% of the lettable area). The occupation permit is expected to be received before the end of Q3 2017; and
- The start of the construction works of the Warsaw Hub (end 2016), 3 towers (on a podium) multifunctional project of approx. 113,000 sqm in Warsaw CBD.
- The start of the foundation works of the Spinnaker Tower, 55,000 sqm offices project at Rondo Daszynskiego in Warsaw.

Continued leasing efforts have resulted in the fact that the Woloska 24 project in the Warsaw Mokotow district has per date of the current report an occupation rate of over 60% and that the Wronia project (just delivered) is leased for over 85% (signed expansion options included).

As to divestures, in June 2017 the Warsaw Spire project, leased for over 90%, has been sold to the Ghelamco European Property Fund; transaction which allowed the Company to realise this project for which the occupation rate and lease status was optimized during the past months and years, at an optimal market value. The transaction value amounted to 540 MEUR.

On 6 April 2017, a preliminary agreement was signed with a third party investor for the sale of 100% of Ghelamco Nowa Formiemia sp. z o.o., project company holding the Przystanek mBank project. Formal closing of the deal is expected in Q4 2017.

In addition, the residential Woronicza Qbik project was further commercialised in a way that currently over 95% of available soft lofts have been sold.

Key figures (KEUR)

Results	30.06.2017	30.06.2016
Operating result	24,779	125,085
Net result of the period	21,238	114,229
Share of the group in the net result of the period	21,238	114,229
Balance sheet	30.06.2017	31.12.2016
Total assets	1,247,752	1,604,868
Cash and cash equivalents	26,615	37,564
Net financial debt (-)	468,787	816,152
Total equity	697,272	687,535

Revenue for the first semester of 2017 amounts to 15,184 KEUR and mainly relates to the sale of apartments (soft lofts) in the Woronicza Qbik project in Warsaw Mokotow (1,894 KEUR) and rental income (mainly from the Warsaw Spire office project in Warsaw CBD, the Woloska 24 office project and the Plac Vogla retail project).

The investment property (under construction) portfolio evolved from 907,171 KEUR per end 2016 to 438,282 KEUR per end of June 2017; evolution which is the combined result of current period's expenditures (17,165 KEUR), fair value adjustments (11,498 KEUR), transfers (5,610 KEUR), disposals (526,780 KEUR) and currency translation impact (23,617 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 2017 totals to 24,779 KEUR; net profit for the period closes with 21,238 KEUR.

Property development inventories balance decreased by 502 KEUR to 68,358 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 over 95% per mid 2017).

During the period the Company was able to obtain new bank borrowings and withdrew on existing credit facilities for a total amount of 19.4 MEUR. On the other hand, reimbursements and refinancings have been done for an amount of 303.5 MEUR (disposal of the 300 MEUR bank loan on Warsaw Spire included), bringing the total outstanding amount of bank borrowings to 102.3 MEUR (compared to 386.4 MEUR at 31.12.2016). Also considering the outstanding (private and public) bonds (245,278 KEUR net), the related party borrowings (140,449 KEUR) and some other loans (7,355 KEUR), leverage¹ amounts to 40%.

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 was a plot acquisition in Lodz (for an amount of approx. 8 MPLN) for the future development of an office project, in a 50/50 joint-venture structure with a 3rd party.

As stated, the Company further invested in the construction of the Wronia project in Warsaw, for which the works are currently being finalized. Also the construction works of the Przystanek mBank project in Lodz are well advanced and being finalized. In addition, the Warsaw Hub for which construction works were kicked off end 2016, is currently under construction. Construction status at 30 June 2017: finalisation of ground works including diaphragm wall. Delivery is expected in Q1 2020. Finally, also construction works on the Foksal project (57 exclusive apartments at 13/15 Foksal Street located in the historic heart of Warsaw) and foundation works on the Spinnaker Tower project (55,000 sqm offices at Rondo Daszynskiego) have commenced in the first half of 2017.

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

The Przystanek mBank project in Lodz has been pre-leased for approx. 95% of the lettable area.

The Woloska project in the Warsaw Mokotow District has been leased for over 60%, while negotiations for parts of the remaining space are ongoing.

As to divestures and/or revenues:

On 29 June 2017, the Warsaw Spire project was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn parent company of the SPVs holding the (3 parts of the) Warsaw Spire project). The sale resulted in the current period in a net result on disposal of investment property of 8,976 KEUR. In addition, in connection with this transaction, formerly recognized gains (through fair value accounting) for an amount of +/- 245 MEUR have actually been realised. The resulting receivable balances on the Ghelamco European Property fund are currently being cashed. On 27 September 2017 Ghelamco European Property Fund NV disposed the shares of Warsaw Spire Pl.Europejski 6 SKA (company holding building B of the Warsaw Spire complex) to an external investor.

Current period's residential sales revenues related to the further commercialisation of the Woronicza Qbik project (350 residential soft lofts in the Mokotow District of Warsaw). Per end of June 2017, over 95% of units have been sold.

¹ 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 2017, 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 2017 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 2016, remain applicable for 2017 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
25/09/2017



Philippe Pannier
CFO
Ieper
25/09/2017

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)

	30/06/2017	30/06/2016
Revenue	15,184	6,768
Other operating income	12,720	4,601
Cost of Property Development Inventories	-2,808	-3,685
Employee benefit expense		
Depreciation amortisation and impairment charges	-10	
Gains from revaluation of Investment Property	11,498	125,588
Other operating expense	-11,805	-8,186
Operating result	24,779	125,086
Finance income	15,074	6,125
Finance costs	-16,287	-32,961
Result before income tax	23,566	98,250
Income tax expense	-2,328	15,979
Result of the period	21,238	114,229
Attributable to		
Equity holders of parent	21,238	114,229
Non-controlling interests		

Condensed consolidated statement of comprehensive income (in KEUR)

	30/06/2017	30/06/2016
Profit for the period	21,238	114,229
Exchange differences on translating foreign operations	-11,470	3,347
Other	-32	
Other recyclable comprehensive income of the period	-11,502	3,347
Total Comprehensive income for the period	9,736	117,576
Attributable to		
Equity holders of parent	9,736	117,576
Non-controlling interests		



Condensed consolidated balance sheet (in KEUR)

	30/06/2017	31/12/2016
ASSETS		
Non-current assets		
Investment Property	438,282	907,171
Property, plant and equipment	705	240
Receivables and prepayments	510,635	397,784
Deferred tax assets	3,925	3,391
Other financial assets	159	109
Restricted cash	0	0
	953,707	1,308,695
Current assets		
Property Development Inventories	68,358	68,860
Trade and other receivables	199,068	189,545
Current tax assets	4	205
Derivatives	0	0
Assets classified as held for sale	0	0
Restricted cash	0	0
Cash and cash equivalents	26,615	37,564
Total current assets	294,045	296,174
TOTAL ASSETS	1,247,752	1,604,868

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

	30/06/2017	31/12/2016
EQUITY AND LIABILITIES		
Capital and reserves attributable to the Company's equity holders		
Share capital	67	67
Share premiums	495,904	495,903
CTA	1,019	12,504
Retained earnings	200,275	179,053
	697,265	687,527
Non-controlling interests	7	7
TOTAL EQUITY	697,272	687,535
Non-current liabilities		
Interest-bearing loans and borrowings	429,966	797,680
Deferred tax liabilities	10,758	21,199
Other non-current liabilities	389	1,916
Long-term provisions	0	0
Total non-current liabilities	441,113	820,795
Current liabilities		
Trade and other payables	42,535	39,073
Current tax liabilities	1,396	1,430
Interest-bearing loans and borrowings	65,436	56,036
Short-term provisions		
Total current liabilities	109,367	96,539
Total liabilities	550,480	917,334
TOTAL EQUITY AND LIABILITIES	1,247,752	1,604,868

Condensed consolidated cash flow statement (in KEUR)

	30/06/2017	30/06/2016
Cash flow from operating activities		
Result of the year before income tax	23,566	98,250
<i>Adjustments for:</i>		
- Change in fair value of investment property	-11,498	-125,588
- Depreciation, amortization and impairment charges	10	
- Result on disposal investment property	-8,976	
- Change in provisions		
- Net interest charge	8,209	8,995
- Movements in working capital:		
- change in inventory	-5,108	3,113
- change in trade & other receivables	-9,523	-2,830
- change in trade & other payables	-8,344	-1,459
- change in fair value of derivatives		0
- Movement in other non-current liabilities	-1,527	
- Other non-cash items	77	267
Income tax paid	-642	-641
Interest paid	-17,686	-13,562
Net cash from operating activities	-31,442	-33,455
Cash flow from investing activities		
Interest received	7,156	6,125
Purchase of property, plant & equipment	-475	0
Purchase of investment property	-26,347	-56,645
Capitalized interest in investment property paid	-4,375	-3,800
Proceeds from disposal of investment property	540,000	
Net cash outflow on acquisition of subsidiaries		
Cash outflow on other non-current financial assets	-112,902	-120,925
Net cash inflow/outflow on NCI transactions		
Movement in restricted cash accounts		
Net cash flow used in investing activities	403,057	-175,245
Financing Activities		
Proceeds from borrowings	68,639	223,076
Repayment of borrowings	-426,953	-15,973
Net cash inflow from / (used in) financing activities	-358,314	207,103

Net increase in cash and cash equivalents	13,301	-1,597
Cash and cash equivalents at 1 January	37,564	42,683
Effects of exch. Rate changes in non-EUR countries	-24,250	15,200
Cash and cash equivalents at the end of the period	26,615	56,286

Condensed consolidated statement of changes in equity (in KEUR)

	Attributable to the equity holders			Non-controlling interests	Total equity
	Share capital + share premium	Cumulative translation reserve	Retained earnings		
Balance at 1 January 2016	32,674	4,526	516,782	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					0
Change in the consolidation scope			-52		-52
Balance at 30 June 2016	32,674	7,873	631,011	1,902	673,408
Balance at 1 January 2017	495,971	12,504	179,053	7	687,535
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
Balance at 30 June 2017	495,971	1,019	200,275	7	697,272

Notes to the condensed consolidated interim financial statements at 30 June 2017

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 2017 did not have any significant impact on the Company’s financial statements. The Company is currently assessing the possible impact, if any, of standards to be applied as from 2018 (IFRS 9 and 15).

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 2016.

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.

	30/06/2017	31/12/2016
Property Development Inventories	68,358	68,860
Raw materials		
Finished goods		
	68,358	68,860

The property development inventories remained stable compared to prior year-end. The main movements were noted in the Woronicza Qbik balance (-1,817 KEUR to 4,697 KEUR) in line with current period’s sales of remaining units and the Foksal balance (+3,416 KEUR to 16,605 KEUR) in connection with the start of the construction works of this high-end residential project.

In addition, two plots (one located in Katowice and one in Krakow for resp. carrying values of 2,599 KEUR and 3,010 KEUR) have been transferred from inventories to investment property as both will be developed as office projects.

The remaining movement is explained by development activities on several other projects.

4. Investment property (under construction)

Balance at 31 December 2016	907,171
Acquisition of properties	
Acquisition through business combinations	
Subsequent expenditure	17,165
Transfers	
- Assets classified as held for sale	
- Other transfers	5,610
Adjustment to fair value through P/L	11,498
Disposals	-526,780
CTA	23,618
Other	
Balance at 30 June 2017	438,282

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	30/06/2017	31/12/2016
				KEUR	KEUR
Apollo Invest	Spinnaker Tower	JLL	B	52,154	49,937
Postepu SKA/Business Bud	Postepu Business Park	KNF	B	8,110	8,110
Sienna Towers SKA/Capital SKA	The Hub/Sienna Towers	KNF	C	87,712	74,897
WS SKA/Warsaw Spire spzoo spk	Warsaw Spire		n/a	0	526,780
Sobieski SKA	Sobieski Tower	BNP	B	30,364	29,595
Market SKA	Mszczonow Logistics	ASB	A	2,841	2,802
SBP SKA	Synergy Business Park Wroclaw	JLL	B	23,232	21,898
Grzybowska 77 SKA + Isola	Grzybowska	KNF	D/A	25,480	25,480
Wronia SKA	Wronia	KNF	C	50,330	30,491
Sigma SKA	Chopin + Stixx	KNF	B/D	39,435	38,529
Vogla SKA	Wilanow Retail	KNF	D/A	11,880	12,360
Tillia SKA/ACG1 SKA	Powisle	KNF	A	5,930	5,930
Dahlia SKA	Woloska 24	KNF	D	46,170	44,950
Budomal/Nowa Formiernia spzoo	Przystanek/Mbank, Lodz	JLL	C	45,630	35,413
Synergy SKA	Katowice	JLL	A	4,000	n/a
Canna SKA	Kapelanka (Krakow)	CRS	A	5,014	n/a
TOTAL :				438,282	907,171

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

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

- 6.00% to 8.00% depending on the specifics, nature and location of the developments (vs. 5.50% to 8.00% per 31/12/2016).

On 29 June 2017, the Warsaw Spire project was sold to Ghelamco European Property Fund NV at a transaction value of 540 MEUR in total. For this purpose, Granbero Holdings Ltd entered into an agreement with Ghelamco European Property Fund NV to sell 100% of the shares in Stareti Holdings Ltd (in turn parent company of the SPVs holding the (3 parts of the) Warsaw Spire project). The transaction resulted in a net result on disposal of investment property of 8,976 KEUR.

5. Interest bearing loans and borrowings

	30/06/2017	31/12/2016
Non-current		
Bank borrowings – floating rate	60,919	340,434
Other borrowings	369,047	457,246
Finance lease liabilities		
	429,966	797,680
Current		
Bank borrowings – floating rate	41,401	45,921
Other borrowings	24,035	10,115
Finance lease liabilities		
	65,436	56,036
TOTAL	495,402	853,716

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 19.4 MEUR, all Euribor and Wibor based. On the other hand, reimbursements (and/or refinancings) have been done for a total amount of 303.5 MEUR, net of prolongation of a number of borrowings and including the ‘disposal’ of the 300 MEUR bank loan on Warsaw Spire.

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 2017, 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).

88% of the outstanding non-current bank borrowings is maturing within a 3 years-period and 12% is maturing after more than 3 years but within 5 years.

5.2 Bonds (245,278 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 (on 16 March 2017, via Ghelamco Invest Sp. z o.o.) within this programme issued public retail bonds (tranche PG) for a total amount of 147.8 MPLN. These bonds have a term



of 5 years and bear an interest of Wibor 6 months + 4.30%. 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 (all through early redemption) for a total amount of 16,920 KPLN.

Total bonds balance outstanding per balance sheet date (245,278 KEUR) represents the amount of issue (1,030 KPLN + 6.3 MEUR) less capitalized issue costs, which are amortised over the term of the bonds.

5.3 Other loans (147,804 KEUR)

Remaining outstanding loans mainly relate to intercompany loans (140,449 KEUR), some long-term loans from other third parties (4,569 KEUR), a short-term loan (2,750 KEUR) from a third party investor maturing on 31/12/2017 and some LT rent deposits (35 KEUR).

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

No defaults of payments or breaches of borrowing agreements occurred as of 30 June 2017. 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:

	30.06.2017	30.06.2016
Sales of Residential Projects	1,894	4,500
Rental Income	13,290	2,268
TOTAL REVENUE	15,184	6,768

Rental income as of 30 June 2017 relates to rent from commercial projects (mainly Warsaw Spire: 9.8 MEUR). The significant increase compared to last year is mainly connected to the delivery and opening of the Warsaw Spire (A building) in May 2016. Full effect of the Warsaw Spire rental income on the income statement is shown in 2017. In connection with the disposal of the Warsaw Spire end of June 2017 rental income will from Q3 2017 onwards be impacted accordingly.



The residential projects sales as of 30 June 2017 fully relate to soft loft apartments in the Woronicza Qbik project, Warsaw (with a sales rate of over 95% per date of the current report).

7. Other items included in operating profit/loss

Other operating income

The current period's other operating income mainly relates to the gain on disposal of the Warsaw Spire (9.0 MEUR), some fit-out re-charges to tenants (3.0 MEUR) and re-charges to related parties (969 KEUR).

	30/06/2017	30/06/2016
Gains from revaluation of Investment Property	11,498	125,588

Fair value adjustments over the first half of 2017 amount to 11,498 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 Wronia and the HUB (Sienna Towers) project.

Last year's relatively high fair value adjustments were mainly related to the Warsaw Spire project (of which tower building A was delivered in 2016).

	30/06/2017	30/06/2016
Other operating expenses		
Taxes and charges	1,029	431
Insurance expenses	53	45
Audit, legal and tax expenses	722	636
Sales expenses (agency fees and w/o agency fees)	406	3,244
Maintenance cost (projects)	1,429	241
rental guarantee expenses	975	534
operating expenses with related parties	3,216	555
w/o TPIII earn-out	-	842
w/o VAT receivable	2,337	
Miscellaneous	1,638	1,658
Total:	11,805	8,186

Current period's maintenance expenses have increased, mainly in connection with the delivery and opening of the Warsaw Spire (building A, in May 2016). 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 write-off of a doubtful VAT receivable.

Last year's proportional high sales expenses included 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).

8. Finance income and finance costs

	30/06/2017	30/06/2016
Foreign exchange gains	7,918	
Interest income	7,156	6,125
Other finance income		
Total finance income	15,074	6,125
Interest expense	-15,365	-15,120
Other interest and finance costs	-922	-2,680
Foreign exchange losses		-15,161
Total finance costs	-16,287	-32,961

Interest expenses are in line with last year's comparable period. 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 gains, connected with the relative strengthening of the PLN vs. the EUR; while last year's financial result was significantly impacted by FX losses (mainly related to the conversion at spot rate of the (EUR) bank loan on Warsaw Spire)

9. Income taxes

	30/06/2017	30/06/2016
Current income tax	-858	-714
Deferred tax	-1,470	16,693
Total income tax	-2,328	15,979

Last year's comparable period tax expense/income was impacted by the tax effect of an internal sales operation which was organized and accomplished in the 1st semester. In this respect the SPV Ghelamco Warsaw Spire Sp. z o.o. WS sp. k. (company under the Polish fund structure) 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) transferred its real estate property to SPV Ghelamco GP2 Sp. z o.o. Isola SKA. All transfers were been done at market value. These step-up transactions at the time 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 were 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)	30.06.2017				
	At fair value through P/L-held for trading	Available for sale	Loans and receivables/fin. liab. at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets		-	159	159	2
Non-current receivables					
Receivables and prepayments			510,635	510,635	2
Restricted cash			-	-	2
Current receivables					
Trade and other receivables			191,361	191,361	2
Derivatives	-			-	2
Cash and cash equivalents			26,615	26,615	2
Total Financial Assets	0	0	728,770	728,770	
Interest-bearing borrowings - non-curr.					
Bank borrowings			60,919	60,919	2
Bonds			223,995	229,734	1
Other borrowings			145,052	145,052	2
Interest-bearing borrowings - current					
Bank borrowings			41,401	41,401	2
Bonds			21,285	21,555	1
Other borrowings			2,750	2,750	2
Current payables					
Trade and other payables			40,792	40,792	2
Total Financial Liabilities	-	-	536,194	542,203	

Financial instruments (x € 1 000)	31.12.2016				
	At fair value through P/L-held for trading	Available for sale	Loans and receivables/fin. liab. at amortised cost	Fair value	Fair value level
Other financial investments					
Other financial assets			109	109	2
Non-current receivables					
Receivables and prepayments			397,784	397,784	2
Restricted cash					2
Current receivables					
Trade and other receivables			177,900	177,900	2
Derivatives					2
Cash and cash equivalents			37,564	37,564	2
Total Financial Assets	0	0	613,356	613,356	
Interest-bearing borrowings - non-curr.					
Bank borrowings			340,434	340,434	2
Bonds			197,288	202,791	1
Other borrowings			259,958	259,958	2
Interest-bearing borrowings - current					
Bank borrowings			45,921	45,921	2
Bonds			7,365	7,484	1
Other borrowings			2,750	2,750	2
Current payables					
Trade and other payables			36,020	36,020	2
Total Financial Liabilities	-	-	889,736	895,357	

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.

And per end 2016 the Property Fund has been put in place, fourth holding company which in first instance acquires delivered projects (for which the occupation rate and lease status has been optimized during the past years) from the Investment Holding for keeping them as income generating products in portfolio for a longer time period. Furthermore this longer-term strategy demands a different financing structure. For that, projects may be transferred from the Investment Holding to the Property Fund.

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 also be invested in projects or entities in other countries or 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:	-44,335
related party trade receivable	831
related party trade accounts payable	-10,728
related party non-current loans receivable	470,290
related party interests receivable	69,060
related party C/A receivable	148,626
related party non-current loans payable	-140,449
related party interests payable	-18,249
related party C/A payable	-3,935

It is to be mentioned that as of 30 June 2017, the related party non-current loans and interests receivable included significant balances of Ghelamco Invest Sp. z o.o. (issuer of bonds on the Polish market) towards the Warsaw Spire project companies, which have on 29 June 2017 been disposed to the Ghelamco European Property Fund.

These balances (for a total capital + interests amount of 81,332 KEUR) have been repaid to Ghelamco Invest Sp. z o.o. on 31 August 2017.

12. Post balance sheet events

- Except for the repayment on 31 August 2017 of significant part of the outstanding related party receivables as explained in the above paragraph, no other significant events have 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 2017

Deloitte.

Report on the review of the consolidated interim financial information of Granbero Holdings Ltd and subsidiaries for the six-month period ended 30 June 2017

In the context of our appointment as the company's statutory 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 2017, 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 1,247,752 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 21,238 (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.



Granbero Holdings Ltd and subsidiaries

Report on the review of the consolidated interim financial information for the six-month period ended 30 June 2017

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, 27 September 2017

The statutory auditor



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