Griffin Premium RE..

CREATING THE LEADING OFFICE LANDLORD IN POLAND

ANNUAL REPORT AND FINANCIAL STATEMENTS **2017**

GRIFFIN PREMIUM RE..

OWNS PRIME OFFICE AND MIXED-USE RETAIL AND OFFICE PROPERTIES IN THE LARGEST CITIES IN POLAND.

These buildings generate stable income thanks to high occupancy rates and long-term leases with prominent tenants.

Visit us online: www.en.griffin-premium.com

2017 HIGHLIGHTS

Portfolio open market value **€680m**	Loan-to-Value ratio **41%***
EPRA NAV **€264.130m**	EPRA NAV per share **€1.69**
EPRA NNNAV **€244.771m**	EPRA NNNAV per share **€1.57**
EPRA Earnings **€15.890m**	EPRA Earnings per share **€0.10**
NAV **€244.771m**	NAV per share **€1.57**
Gain on the valuation of property **€32.946m****	Net operating income **€31.730m**
	Earnings before tax **€42.591m**

- Listed on the Warsaw Stock Exchange (GPW) since 13 April 2017, the Company raised net proceeds from the sale of new shares of EUR 28 million (PLN 120 million), which have been invested in new projects.
- Forward purchase transaction of West Link office building in Wroclaw with GLA of 14,362 sqm was concluded. Additionally the Company committed to invest 25% stake in two Warsaw-based office schemes being developed by Echo Investment S.A. (Browary and Beethovena) and secured Right Of First Offer ("ROFO") with respect to the remaining a 75% stake. Both transactions were funded from IPO proceeds.
- Tender offer, as a result of which Globalworth became the majority shareholder.
- Acquisition of three high-quality office properties from EPP for an aggregate purchase price of c.a. EUR 160 million. The office properties are West Gate in Wrocław, Tryton Business House in Gdansk and A4 Business Park in Katowice with total GLA of 71,217 sqm.
- Significant reduction in vacancies from 15.6% to 7.6% over last 12 months (1.5% including rental guarantees in the office components).

* Loan from Globalworth Finance Guernsey Limited in the amount of EUR 165 million for the purposes of ratio calculation treated as an equity

** Excluding impact of FX movements

AT A GLANCE

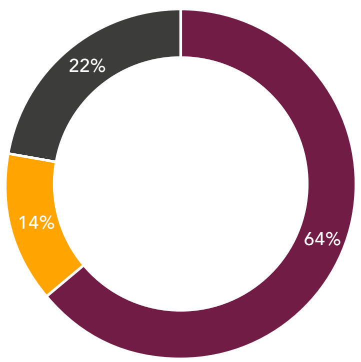
Griffin Premium RE.. N.V. is a Netherlands-incorporated company operating in a REIT-like structure, with a focus on Poland's growing office property market

WHAT WE DO

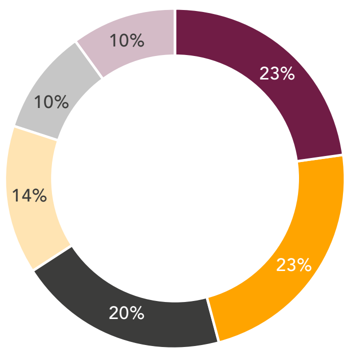
Griffin Premium RE.. N.V. was established in December 2016 by spinning off nine attractive properties from a portfolio created and managed by Griffin Real Estate group, a leading investor in CEE commercial real estate. Since April 2017, Griffin Premium RE.. N.V. has been listed on the Warsaw Stock Exchange, and Globalworth became a majority shareholder in December 2017.

We have a diversified portfolio of twelve office and mixed-use assets in prime locations in six of Poland's largest cities.

Portfolio by asset type



Portfolio by location



* Based on GLA

OUR INVESTMENTS

12

pure office and mixed-use high-street properties

242,558

square meters of GLA

€680m

property portfolio valuation

Batory I

OUR ASSETS

Present in Poland's largest cities

OUR HISTORY

2012
- Purchase of Hala Koszyki and Renoma projects

2013
- Purchase of the Batory building, Philips House, Supersam, and Nordic Park projects.

2014
- Purchase of the Bliski Centrum, Lubicz Office Centre projects.

2015
- Purchase of the Green Horizon project and the opening of the Supersam project, excluding the office component.

2016
- Opening of the Hala Koszyki, following its successful development.
- Opening of the office part in Supersam.

2017
- Spin-off Griffin Real Estate's yielding properties and creation of Griffin Premium RE.. N.V.
- Griffin Premium RE.. N.V. successfully debuts on Warsaw Stock Exchange.
- Securing new projects through forward purchase / funding and ROFO.
- Acquisition of Westgate, A4 Business Park and Tryton Business House.
- Globalworth became the largest shareholder through settlement of the tender offer.

INVESTMENT PROPOSITION

Going from strength to strength

DIVERSIFIED PORTFOLIO

- Prime locations in top Polish cities.
- Office: GRI of Top 5 tenants accounts for 24.1% of total portfolio GRI.
- Retail: GRI of Top 5 tenants accounts fo 6.0% of total portfolio GRI.

OUTSTANDING FUNDAMENTALS AS LEADING CEE ECONOMY

- Continued GDP growth since 1992.
- Significant EU funding available until 2020 supporting investments and further infrastructure developments.
- Highly skilled workforce sustaining growth and attracting multinational corporates to Poland.
- Strict and healthy banking system.
- Low public debt in relation to GDP.

HIGHLY VISIBLE EARNINGS AND CASH FLOWS

- Occupancy rate of around 98.5%.
- Long-term contracts with prominent tenants (WAULT at 4.6 years[1]).
- FX hedge through EUR – dominated rents.
- Inflation hedge by nearly 100% index-linked rents.
- Retail component is covered by a 5 year NOI Guarantee until 12 April 2022.
- Unleased office space as of 13 April 2017 is subject to a 5 years Rental Guarantee at market rental terms.

SUSTAINABLE DIVIDEND PAYOUT

c. 65%

of funds from operations to be paid in the form of dividends, 90% since 2018.

1 Excluding Break Options; 4.5y including Break Options adjusted to reflect Landlord's benefits from penalties to be paid by a tenant.

OUTSTANDING BLUE-CHIP TENANT BASE

Our high-quality tenant base represents a wide array of sectors

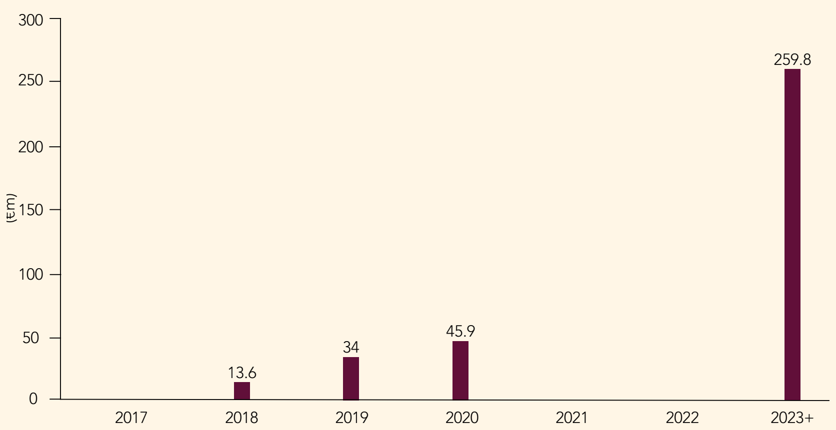
Infosys | hp | International Paper | PHILIPS | multimedia | eneris | eurozet

ATTRACTIVE ACCESS TO PROPRIETARY GROWTH OPPORTUNITIES

- Forward Purchase / Forward Funding for West Link preleased at 98% of total GLA, with the remaining 2% secured with 5 year master lease by Echo Investment S.A.
- Right of First Offer ("ROFO") from Echo Investment for Beethovena and Browary development projects.

EXTERNAL DEBT STRUCTURE WITH HEADROOM FOR DELEVERAGING

Debt maturity profile



Excluding loans from shareholders (considered as equity)

HIGHLY EXPERIENCED MANAGEMENT TEAM

Griffin Premium RE.. N.V.'s key managers are professionals with significant property industry experience, including in the acquisition, management, modernization and financing of property. They have a deep understanding of the projects in the company's real estate portfolio, having been responsible for the successful revitalisation and construction of key buildings.

KEY FIGURES

FINANCIAL INFORMATION

No. of operating investments	12
GLA (sqm)	242,558
Occupancy	98.5%
WAULT[1]	4.6 years
Average property's age	6.5 years

1 Excluding Break Options; 4.5y including Break Options adjusted to reflect Landlord's benefits from penalties to be paid by tenant.

Selected consolidated financial data

	in ths PLN		in ths EUR	
Consolidated statement of profit or loss	01.01.2017-31.12.2017	01.01.2016-31.12.2016	01.01.2017-31.12.2017	01.01.2016-31.12.2016
Net Operating Income (NOI)	135,116	100,784	31,730	23,096
Profit before net financing costs	113,573	175,259	26,671	40,163
Profit before tax	181,365	78,154	42,591	17,910
Profit for the year	133,370	53,403	31,320	12,238
Number of shares	156,133,179	133,931,912	156,133,179	133,931,912
Profit per one share	0.85	0.40	0.20	0.09

	in ths PLN		in ths EUR	
Consolidated statement of cash flows	01.01.2017-31.12.2017	01.01.2016-31.12.2016	01.01.2017-31.12.2017	01.01.2016-31.12.2016
Cash flows from operating activities	100,921	82,871	23,700	18,991
Cash flows from investing activities	(822,776)	(172,139)	(193,217)	(39,448)
Cash flows from financing activities	742,610	92,131	174,391	21,113
Net cash flows	20,755	2,863	4,874	656

	in ths PLN		in ths EUR	
Consolidated statement of financial position	As at 31.12.2017	As at 31.12.2016	As at 31.12.2017	As at 31.12.2016
Total assets	3,158,272	2,220,061	757,216	501,822
Total equity	1,020,915	160,312	244,771	36,237
Non-current liabilities	1,268,291	1,811,451	304,081	409,460
Current liabilities	869,065	248,298	208,364	56,125
Number of shares	156,133,179	133,931,912	156,133,179	133,931,912
Book value per one share	6.54	1.20	1.57	0.27

MAIN INDICATORS

FINANCIAL INFORMATION

	in ths PLN		in ths EUR	
	As at 31.12.2017	As at 31.12.2016	As at 31.12.2017	As at 31.12.2016
Financial ratios				
Balance sheet equity ratio in %	32%	7%	32%	7%
Net Loan-to-Value ratio (net LTV) in %*	41%	62%	41%	62%
Funds from Operations (FFO)	68,884	44,130	16,167	10,113
Funds from Operations (FFO) per share	0.44	0.33	0.10	0.08
Normalised Funds from Operation (FFO)	85,383	44,130	20,051	10,113
Normalised Funds from Operations (FFO) per share	0.55	0.33	0.13	0.08
Adjusted Funds from Operations (FFO)	17,506	(131,587)	4,111	(30,155)
Adjusted Funds from Operations (FFO) per share	0.11	(0.98)	0.03	(0.23)
EPRA Net asset value (EPRA NAV)	1,101,660	222,518	264,130	50,298
EPRA Net asset value (EPRA NAV) per share	7.06	1.66	1.69	0.38
EPRA Triple Net asset value (EPRA NNNAV)	1,020,915	160,312	244,771	36,237
EPRA Triple Net asset value (EPRA NNNAV) per share	6.54	1.20	1.57	0.27

* Loan from Globalworth Finance Guernsey Limited in the amount of EUR 165 million for the purposes of ratio calculation treated as an equity.

Net Loan-to-Value ratio calculated as: (Total bank loans – cash and short-term deposits as well as part of the restricted cash constituting debt service reserve account maintained at the request of the bank lenders) / Investment property.

Funds from Operations (FFO) calculated as: Net Rental Income – Administrative expenses + Finance Income (excluding non-cash elements) – Interest Expenses (excluding impact of amortised cost and other non-cash elements).

Normalised Funds from Operations calculated as: FFO – one-off non-recurring items (e.g. acquisition costs, tender offer cost).

Adjusted Funds from Operations (AFFO) calculated as: FFO – Capitalised expenses on Investment Property or Investment Property Under Construction.

EPRA Net Asset Value (EPRA NAV) calculated as: Total equity – Deferred tax assets on Investment Property + Deferred tax liabilities on Investment Property – Fair Value of financial instruments + Deferred tax on financial instruments.

EPRA Triple Net Asset Value (EPRA NNNAV) calculated as: EPRA NAV + Deferred tax assets on Investment Property - Deferred tax liabilities on Investment Property + Fair Value of financial instruments - Deferred tax on financial instruments – Fair value of debt.

Number of shares – number of ordinary shares of Griffin Premium RE.. N.V. issued as of the balance sheet date. For the purpose of these consolidated financial statements the number of ordinary shares of Griffin Premium RE.. N.V. issued as of 3 March 2017 was used for EPS calculation for 2016.

From the date of incorporation of the Griffin Premium RE.. N.V. i.e. from 21 December 2016 until 3 March 2017 the number of shares increased from 45,000 shares to 133,931,912 shares.

STRATEGIC REVIEW

OUR MARKET

KEY DRIVERS

Robust macro drivers

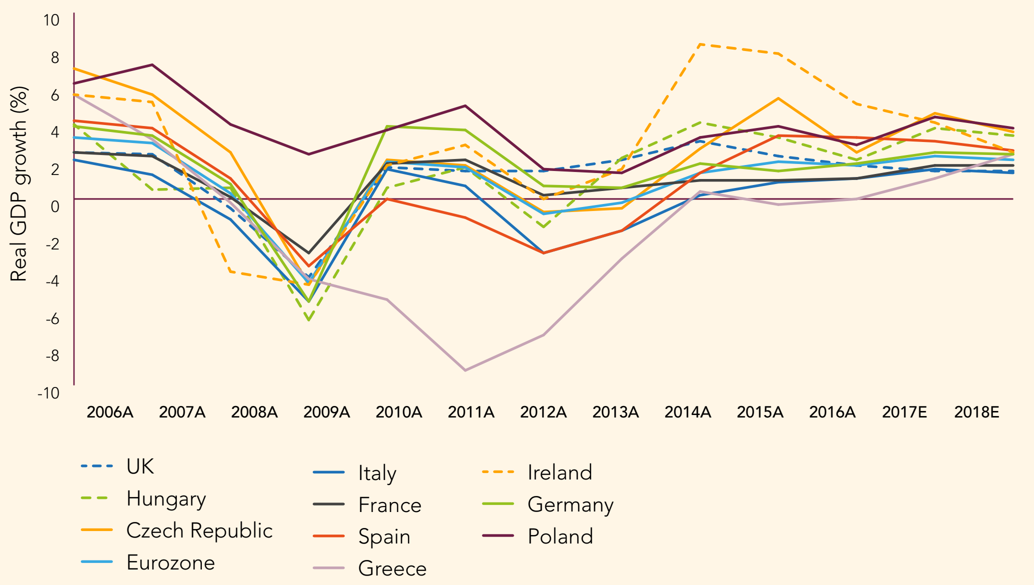
Over the recent years, the Polish economy has had relatively stable performance. This was particularly apparent during 2009, when Poland was the only European country that avoided recession. Although since 2016 economic growth slowdown has been observed in the whole of the European Union, Poland's Gross Domestic Product has grown by 4.6% in 2017 compared to 2.9% in 2016.

This acceleration of GDP increase was mainly driven by private consumption and a lower saving rate. In H2 2017 a revival in investments was observed, especially in the public sector. Forecasts for the next years predict stable growth of the economy mainly driven by a positive trade balance, a higher investment rate and private consumption. In 2018, GDP is expected to rise by 3.8%, making the Polish economy one of the best performing Central and Eastern European Countries.

The acceleration of economic growth in the second half of 2017 has also translated into the Polish labor market which has significantly improved in 2017. At the end of the year, the registered unemployment rate was 6.6% - the lowest rate in the last 26 years. While the unemployment has been systematically dropping, the average wage increased by 7.3% compared to last year.

In the past year the Polish złoty proved to be one of the best performing currencies among emerging markets in relation to the dollar and euro. The PLN/EUR rate stable in past years and is expected to fluctuate in a relatively narrow band in the near future.

Economy immune to external economic shocks

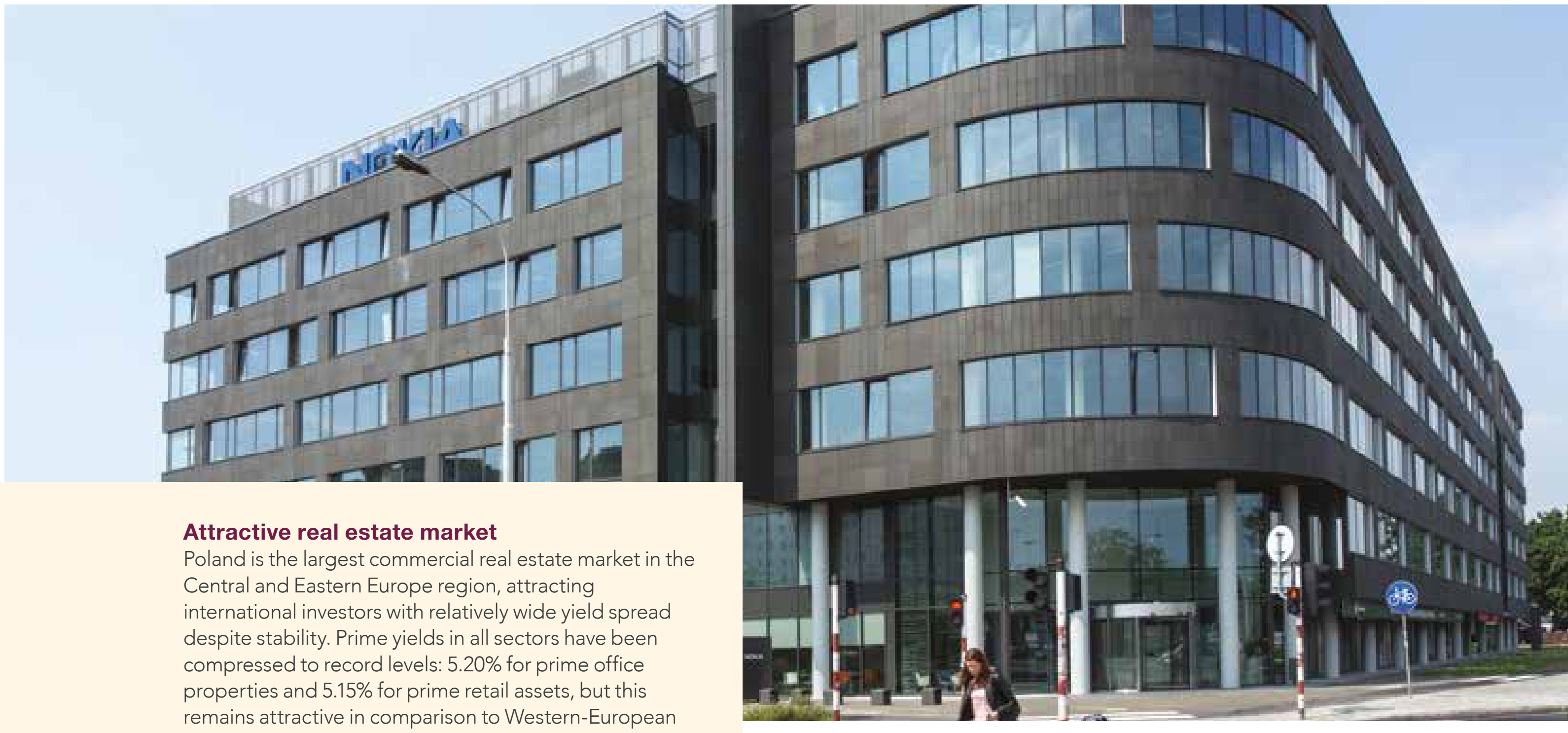


Attractive real estate market

Poland is the largest commercial real estate market in the Central and Eastern Europe region, attracting international investors with relatively wide yield spread despite stability. Prime yields in all sectors have been compressed to record levels: 5.20% for prime office properties and 5.15% for prime retail assets, but this remains attractive in comparison to Western-European countries.

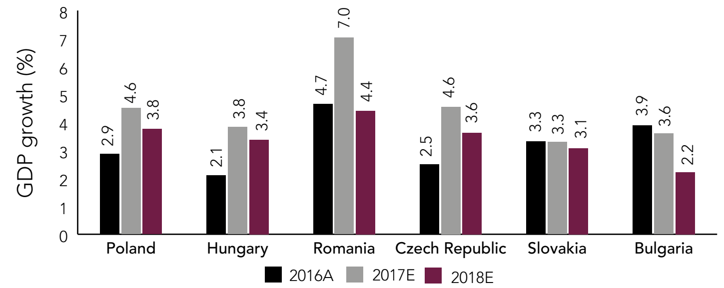
The attractive Polish real estate market is reflected in the transaction volume, constantly growing since the drop in 2008-09 caused by global economic turmoil. In 2017 the total investment volumes has exceeded EUR 5.0 billion, noting 10% y-o-y growth and proving solid market liquidity. The high demand for retail assets has been sustained at the level of EUR 2.0 billion, while the volume in the office sector dropped slightly to EUR 1.6 billion (-12% comparing to 2016). There is an increasing share of large single assets and portfolio transactions in both office and retail sectors.

The total supply of modern office space in Poland amounts to 9.4 million sqm including 5.3 million sqm in Warsaw and 4.1 million sqm in regional cities. Despite the continuously growing stock, the vacancy rates are at relatively low levels: below 12% in Warsaw and below 10% in most of the regional cities with slight decreasing trends over the last 3-4 quarters.

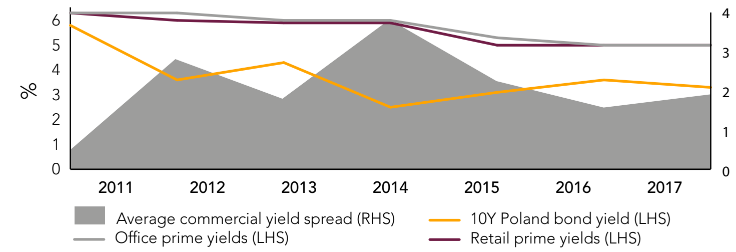


West Gate 🡅

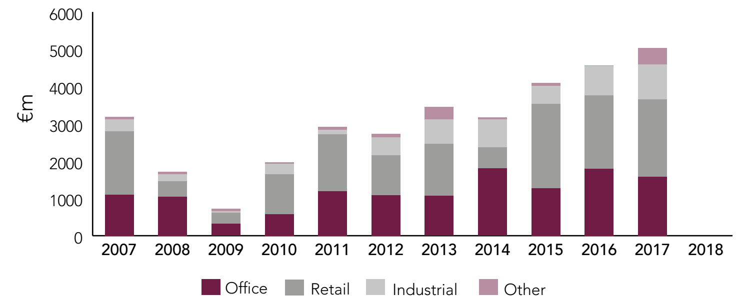
One of the highest growth in CEE



Still offering attractive yield spread despite stability



Solid market liquidity in Poland



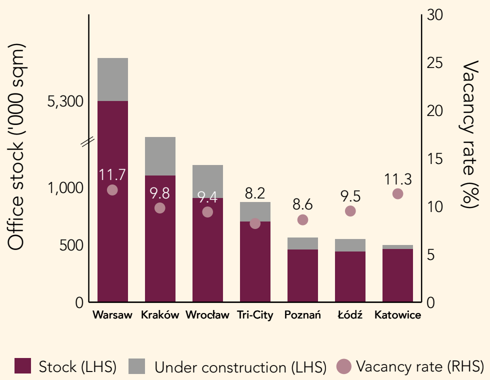
OUR MARKET CONTINUED

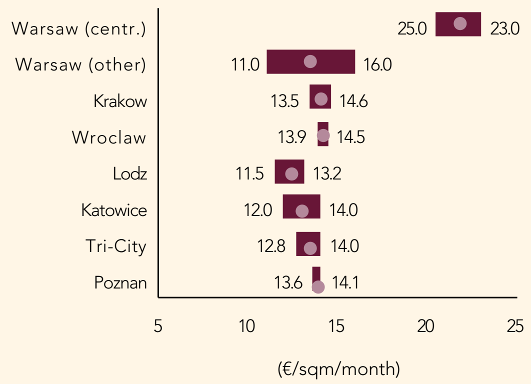
CB Lubicz I/II

KEY DRIVERS

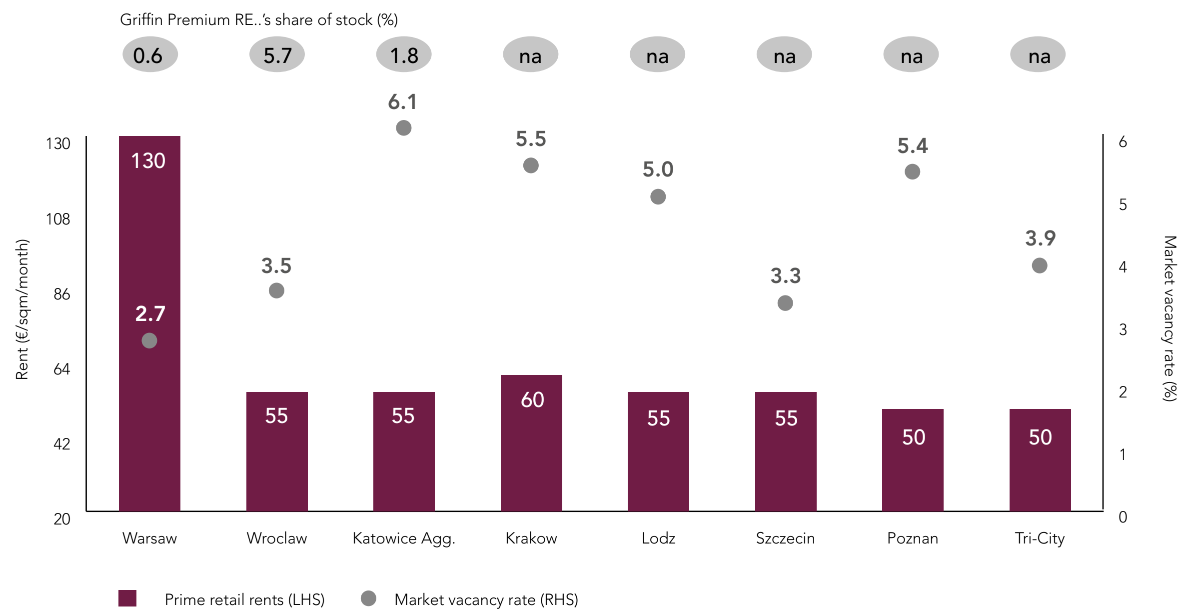
The average headline rent in prime office assets located in Warsaw's CBD remain at the level above EUR 20.0 sqm/month. In other zones, rental levels vary depending on proximity to the city center, building and age standard and its micro-location, typically up to EUR 16.0 sqm/month. In most major regional cities, headline rents vary from about EUR 13.0 to 14.5 sqm/month.

The headline rent in prime retail assets located in Warsaw can achieve EUR 130.0 sqm/month, but this concerns relatively small units with a good position in centrally located retail properties, incl. high-street retail units. The average prime headline rent in regional cities varies in the range of 50.0-60.0 EUR/sqm. The average vacancy is below 3% in Warsaw and 5-6% in regional cities apart from several exceptions, such as Wroclaw and Tri-city with lower vacancy rates.





Griffin Premium RE.. assets in strong sub-markets with stable rents and low vacancy rates



A clear and proven model

Our aim is to develop our property and deliver attractive returns to shareholders both from the existing portfolio and through further acquisitions of properties meeting stringent criteria.

INPUTS

Leading management platform

- Proven track record
- Market knowledge
- Size and scale in core market

Quality portfolio

- Strong macro environment
- Diverse and international tenant base
- Long-term contracted cash flow streams

Capital discipline

- Financial strength
- Robust euro-dominated rental income
- Strong corporate governance

Expertise & Relationships

- Deep local market knowledge of our 33 colleagues
- With leading real estate industry specialists and some of the principal financial institutions in Poland

PROVEN INVESTMENT STRATEGY

Property type →	■ Pure office buildings ■ High-street mixed-use buildings (with office and retail components)
Property quality →	■ Mainly low or no need for extensive renovation ■ Sustainable properties with high quality standards
Locations →	■ Central and leading/dominant non-central locations in major Polish cities
Yield →	■ Attractive pricing enabling dividend payment for investors
Vacancy →	■ Focus on lower vacancy projects (10-15%) unless special angle ■ High solvency tenants ■ Balanced and covenant strong properties
Tenant structure →	■ Good tenant mix in multi-tenant buildings ■ Single-tenant buildings with rather exceptionally long assets leases
Volume and process →	■ Minimum asset value of EUR10m ■ Multi-use properties ■ Clear and fast decision process

OUTPUTS

Shareholders:
We intend to regulary pay out approximately 90% of funds from operations to our shareholders.

Tenants:
Attractive and productive working environments.

Employees:
Challenging and rewarding careers.

GAV
€680m

GLA (sqm)
242,558

Occupancy
98.5%

Griffin Premium RE.. N.V. invests in premium pure office and mixed-use properties at established locations of major Polish cities

Our strategy is to systematically continue to grow and optimize our portfolio. When expanding our portfolio we strictly adhere to economic, ecological and sociocultural criteria.

The Company believes that strong economic fundamentals will drive development of various businesses and also the trend of attracting foreign business (BPO and SCC in particular) will be maintained. As a result demand from businesses and retailers for high quality office and retail space will remain high, ensuring that the Company will generate stable and predictable results. With this strategy Griffin Premium RE.. N.V. is responding to trends and developments in the commercial properties market and creates value as such.

Griffin Premium RE.. N.V.'s core strategy is based on three pillars:

1 Portfolio

Griffin Premium RE.. N.V.'s portfolio is made up of premium office and high-street mixed-use properties. The focus is on expanding the portfolio on an ongoing basis thanks to the deep knowlegde of the markets in which we operate. Griffin Premium RE.. N.V. will work towards this goal pragmatically, without setting targets per city. The quality and the potential of the primary cities central locations are decisive, not growth as such.

It is important to carefully manage the risk and consistently size opportunities. Our investment policy is continuously adjusted to the market situation in order to unlock the best earnings opportunities and secure future returns.

2 Organisation

Expansion and active management of premium properties situated in central locations of major cities requires a hands-on, proactive and pragmatic organisation. Good contacts and a strong local network are indispensable. Active asset management ensures optimum letting of the portfolio. Employees are encouraged to creatively look for opportunities and solutions off the beaten track. For its tenants, Griffin Premium RE.. N.V. is an organisation that speaks their language, is flexible and acts effectively. Griffin Premium RE.. N.V. offers its employees the oportunity to be part of a compact and ambitious team.

3 Financing

A conservative financing strategy is necessary to realise more predictable and stable results. The Company wants to maintain sound financing structure and finance investments with an appropriate use of borrowed funds. This is why Griffin Premium RE.. N.V. aims to keep the loan-to-value ratio below 50% and keeps its sources of financing diverse. With regard to the interest rate risk, the company intends to keep major part of the loan portfolio to have a fixed interest rate.

As of 31 December, 2017 major part is floating, but the intention of the management is to implement this policy during 2018.

Hala Koszyki

The idea for the development of Hala Koszyki and restoring its previous glory was born back in 2012 when the plot was bought.

The idea

We believed that Poland and Warsaw deserved a scheme which would be a meeting place for Varsovians and tourists. Place that would provide a covered square for the cold winter months with a complete and modern leisure and food offer. Western European style market hall with wide variety of unique food outlets and restaurants in addition to a supermarket and drugstore among other retailers.

The new centre of Warsaw urban life

Dating back to 1909, Hala Koszyki is firmly entrenched in Warsaw central's landscape and atmosphere. Following a revitalization, it features the original Art Nouveau façade and a functional complex with a total of 37 restaurants, cafés and other service units. Launched in 2016, Hala Koszyki has become a centre of urban social life, appealing to Warsaw residents, tourists and business visitors. Its obvious success would most likely result in a number of followers who would like to create similar concepts but Hala Koszyki will remain as the first and only place like that in Warsaw.

Hala Koszyki's atmosphere builds on more than 100 years of the original hall's commercial tradition, always a cultural and social hotspot in Warsaw. Today, it is an ideal place for meetings with friends, tasting global cuisine, visiting the hottest restaurant in town and enjoying art or shopping. The diverse offering is sure to appeal to clients from various age groups. Visitors are drawn to Hala Koszyki's interior design, which combines modernity with a historical climate, features of a traditional fair hall and contemporary meeting space. Thanks to Hala Koszyki, Warsaw has joined an elite group of cities – New York, London, Oslo, Florence, Rotterdam – where once-forgotten public buildings are regaining their splendour, becoming cult places that teem with life around tables laden with all cusines of the world.

DEVELOPMENT TIME LINE

MAY 2012
- Acquisition of development land for Hala Koszyki.

JULY 2014
- Building permit issued.

AUGUST 2014
- Construction commenced.

SEPTEMBER/ OCTOBER 2015
- Construction reached Ground level.

DECEMBER 2015
- Building A construction completed.

MARCH 2016
- Buildings B and C construction completed.

SEPTEMBER 2016
- Facade completed.

OCTOBER 2016
- Property formally delivered.

STRATEGY IN ACTION

Surrounding Hala Koszyki are three modern buildings offering more than 15,500 sqm of high-end office space. Numerous revitalised office buildings and hotels are situated in the vicinity. The building is located near Plac Konstytucji, the Politechnika metro station and the busy traffic artery al. Niepodległości, making it well-connected with even the furthest parts of the capital.

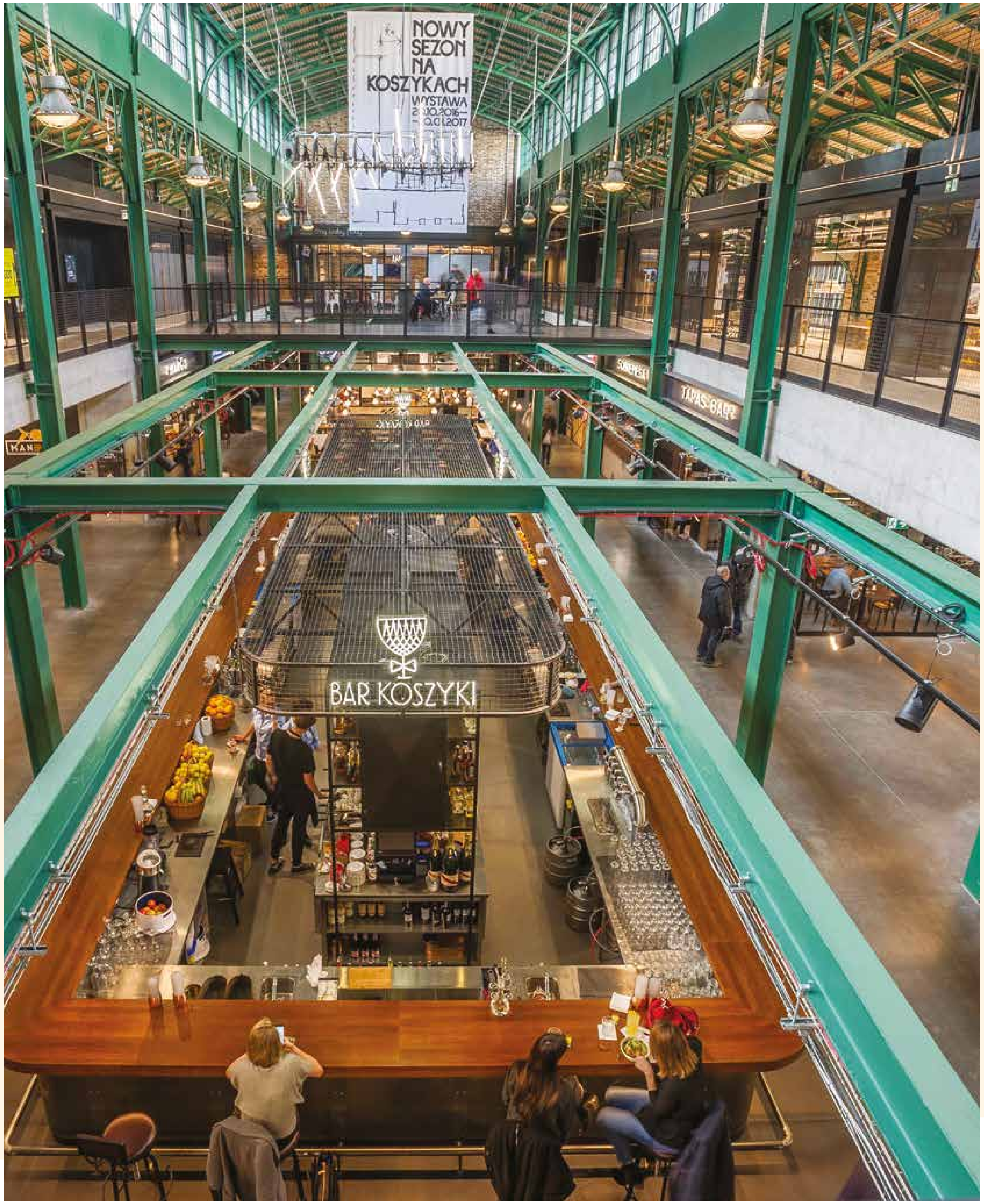
The original buildings of Hala Koszyki constructed between 1906 and 1908 have entered into the Mazowieckie Voivodship's Register of Monuments. The complex modernization and redevelopment of Hala Koszki commenced in 2014 and was completed in October 2016.

Hala Koszyki is located in the city center with very good access to public transport. The stations of Warsaw Public Bikes systems are situated nearby. Inside the complex there have been several cycling facilities installed e.g. racks, showers and lockers. Those solutions should encourage the visitors to use more environmentally friendly means of transport. Healthy and comfortable interior conditions will be obtained with solutions such as: lighting and thermal zoning, appropriate acoustic conditions or using materials with low emission of volatile organic compounds etc. Moreover systems consuming water and energy will be monitored. Shut-off valves and a leak detection system will help to reduce water consumption.

Hala Koszyki is distinguished among other developments with e.g. a materials responsible approach. Historic hall materials such as steel construction and bricks have been reused in the complex. Moreover, buildings are constructed on the land which has been previously used. Retail and office functions complement each other. Such an approach fits the concept of sustainable development.

Location:	Central Warsaw
Address:	63 Koszykowa St., Warsaw
Type:	Mixed-use office, retail and leisure property
Year of Completion:	2016
GLA:	22,246 sqm
Green certification:	BREEAM*
Architect:	JEMS Architekci
Landlord:	Griffin Premium RE.. N.V.
General Contractor:	Erbud
Tenants (selected):	Piotr i Paweł, Mindspace, Multimedia, Eneris, Rossmann
Awards:	Property Design Awards 2017, CEEQA Awards 2017 - Retail Development of the Year

* in 2018 Hala Koszyki received BREEAM Very Good certificate for the retail component



Tenants

Mindspace is a rapidly-growing global provider of coworking spaces for teams of all sizes, with 15 locations in London, Berlin, Munich, Hamburg, Tel Aviv, Herzliya, Warsaw and will soon be expanding to the U.S.

In an upscale coworking environment with inspiring unique designs, an exceptional level of service to its members and a vibrant real-world community. Mindspace offers hassle-free comfort and productive offices, with stunning lounges and meeting rooms, and fully-equipped kitchens.

Mindspace opened the doors of its first location in Poland, at the renovated Hala Koszyki project. The location spans 4 floors and over 4,000 sqm. The new space accommodates over 500 members. Mindspace offers optimal working solutions to Polish companies, startups and entrepreneurs, as well as to international businesses expanding to Poland. Mindspace is set to become the new center of the city's innovation ecosystem through the events that take place in the community such as keynote speeches, workshops, hackathons and more.
The vibrant, real-world community helps Warsaw members at Mindspace to form meaningful relationships with other members aspiring for greatness, locally and around the world.
Mindspace's entry into Poland generated huge interest among the community and press, resulting in more than 500 news pieces from leading publications including Eurobuild, Puls Biznesu, Business Insider, Forbes, Spider's Web and more.

EXECUTIVE MANAGEMENT STATEMENT

In this first year as a public company, Griffin Premium RE.. N.V., has laid strong foundations for the future in its ambition of becoming the leading office landlord in Poland

Dear Shareholders,

We are delighted to introduce the inaugural annual report as a public company for Griffin Premium RE.. N.V. (GPRE). 2017 was both challenging but also a year of great accomplishment for the Company, with the successful initial public offering in April, followed by the next phase of acquisitions in the final quarter delivering further scale to our platform.

It is extremely satisfying for all involved to see the evolution of the Company, which was conceptualised in 2016 taking the operating formula of leading real estate investments trust (REIT) regimes around the world and then shaped through months of preparation before listing on 13 April 2017 on the Warsaw Stock Exchange as a specialist pure play real estate platform focused on office and high-street mixed-use properties across Poland. The total value of the IPO was PLN 508 million (EUR 118 million), of which PLN 120 million (EUR 28 million) represented additional net proceeds for the Company. We were pleased to receive good support from a broad base of reputable investors including European Bank of Reconstruction and Development (EBRD) and Nationale Netherlanden OFE (NN).

While share price performance was disappointing in the months following the IPO, the next chapter of the Company's short history was opened in October with the welcoming of Globalworth as strategic shareholder, following their acquisition of a shareholding of approximately 71.6%. We are pleased to welcome Ioannis Papalekas, Globalworth's CEO and Founder, and Dimitris Raptis, Globalworth's Deputy CEO and Chief Investment Officer to our Board of Directors, and look forward to further cooperation between our two companies. Globalworth's ambition is firmly aligned with the belief that GPRE offers the ingredients of becoming the leading office landlord in Poland, and similarly seeks to ensure strong and long-term tenant relationships. Their involvement creates new possibilities for the Company, and we believe that together we can achieve not only all the goals that we assumed, but now look forward to an even more promising future.

Portfolio

At December 2017, the Company owned a portfolio of nine office assets and three mixed-use properties with an aggregate value of EUR 680 million and 242,558 sq m gross leasable area. Financial occupancy end 2017 at 98.5% benefiting from a rental guarantee provided by the selling shareholder, Oaktree Capital Management, at the IPO. Nevertheless, it is noteworthy that underlying physical occupancy has risen from 84.4% at the end of 2016 to 92.4% today as a result of successful leasing actions by our team.

Since IPO, Griffin Premium RE..N.V. has focused on enhancing the business by improving operations, strengthening the balance sheet and planning future growth. This has been accelerated following the introduction of Globalworth as a strategic investor, and we are pleased to have concluded our first major acquisition in December. This comprised three high-quality office properties for an aggregate consideration of approximately EUR 160 million, formed of A4 Business Park in Katowice, Tryton Business House in Gdańsk and West Gate in Wrocław. This acquisition has grown our portfolio by more than 30%, a faster pace than anticipated at IPO, and further lifts the bar of quality.

An essential factor driving the success of the Company is our approach to real estate. It is much more than just buy and hold. We believe in active asset management and our internal set-up enables us to manage new and existing assets efficiently for the long term, allowing us to capitalise on the opportunities they offer at each stage. We are able to realise the creation of additional value through the repositioning of buildings, dealing with prevailing challenges and using internal knowledge and capabilities to respond to the expectations of existing and new tenants. Such an approach requires more engagement and creativity but we believe it is the only way to generate sustainable results over time.

In line with our IPO business plan, we have successfully deployed EUR 28 million of primary IPO proceeds into a new phase of high quality office assets. We have pre-funded the acquisition of West Link, an office building located in Wrocław which is to be completed in April 2018. We have also invested in a 25% participation in joint ventures with Echo Investment S.A. for the development of two office schemes in Warsaw: Browary Warszawskie and Beethovena. In addition, we have secured the right of first offer (ROFO) to purchase the remaining 75% stake in these projects upon completion.

Market Conditions

We are fortunate to operate in a strong economic environment, with a real estate market supported by strong tenant demand for space. GDP growth in Poland, which has enjoyed 25 years of uninterrupted growth, continued its strong performance with an estimated annual growth rate for 2017 of 4.6%. This was mainly driven by the private consumption that expanded by 4.8%, investments and a stable labour market situation. With the public budget deficit at below 2% and inflation within the target range, this reinforces the positive picture of the Polish economy, which also in 2017 was classified as a developed country by FTSE.

The Polish property market is a highly attractive investment destination. The most sought-after investment products are office buildings in prime locations, not only in Warsaw, and retail schemes with dominant positions in their respective regions. Poland has attractively-priced properties compared to Western Europe. In addition, the investment risk associated with prime real estate is acceptable even to the most conservative investors.

In 2017 the large number of office projects were delivered across Poland and the demand was filled up quickly and remained robust. Emerging trends which impact on the future office market joined the traditional drivers of demand. Brexit has a strong impact on real estate market as London position as the business has been jeopardized. Many companies plan to move their operations located in London to the continent. Some departments which employ lots of people are relocating also to Poland.

Financial Performance

Total revenue generated on our portfolio in 2017 reached EUR 45.805 million reflecting an 35% increase compared to 2016. This was mainly driven by the full year of operation of Hala Koszyki which was opened in October 2016 but also by active asset management initiatives.

The rise in the Company's revenues was reflected in our FFO reaching EUR 16.2 million (2016: EUR 10.1 million).

The total gross asset value of the portfolio increased by EUR 213 million by December 2017 reaching EUR 680 million. Such increase was mainly the result of the acquisitions but also due to revaluation gains across the portfolio (largely due to occupancy improvement).

We continue to reduce the leverage of the Company. With net LTV of 41% we are lower by 21p.p. compared to previous year.

Dividend

Consistent with our principle of being set up like a REIT, we are committed to paying dividends to reflect the flow of our underlying rental earnings to shareholders. Given the performance of 2017 and our promising business prospects we will be proposing a dividend of EUR 11.3 million in respect to 2017 financial year at the Annual General Meeting. We are also pleased to propose a refined dividend policy, with the intention to pay future dividends on a semi-annual basis at an amount equal to not less than 90% of the Company's FFO to our shareholders.

Team

The development and success of the Company would not be possible without the dedication and hard work of Griffin Premium RE.. N.V.'s strong team of 33 professionals. We would like to thank all of our people for their commitment and contribution so far, which has already enabled the Company to become one of the leading real estate companies in Poland and we were delighted to be awarded the Newcomer of the Year Award for 2017 by Eurobild magazine. We would also like to thank our investors, tenants and business partners for their ongoing cooperation and support.

Priorities for 2018 and beyond

Building on the strong start in 2017, we have ambitious plans for the future. We are considering further acquisition opportunities across Poland, alongside the optimal balance sheet structure. To achieve this the Company intends to raise the new equity by way of private placement of around EUR 400 million. Of paramount importance is the asset management of our portfolio, providing a strong proposition for existing and future tenants, and maintaining high quality assets with sustainable income streams. During the coming years, we will continue to enhance our financial management systems and refine our operations to address the needs of our stakeholders.

We seek to create value for all our shareholders, tenants and the local communities by acting consistently in an ethical and socially responsible manner. Creating an environment in which people want to work and be associated with is a key objective for the company, and the way to achieve this is by building a modern, greener, environmentally-friendly portfolio. Through these actions, and ongoing growth, we hope to succeed in our mission to become the leading office landlord in Poland, and partner of choice for the wide range of tenants active in the market. With our new strategic investor, stable property market and our business model, we look ahead to 2018 with positive expectations.

Małgorzata Turek
Chief Executive Officer

7 March 2018

Rafał Pomorski
Chief Financial Officer

7 March 2018

INVESTMENT REVIEW

In 2017 we acquired assets valued at €237 million GAV by securing the Right of First Offer (ROFO) in two Class "A" office properties being developed in Warsaw, prefunding (Forward Purchase) one asset in Wroclaw and acquiring a portfolio of three modern standing assets located in main regional cities (Katowice, Gdansk, Wroclaw). We also further progressed with the renovation and repair programme for selected assets.

Forward Purchase (FP)

We secured forward funding transaction of West Link office building in Wroclaw. EUR 18 million were transferred to the vendor in the form of the bonds subscribed for in June 2017 (value at completion:
EUR 36.4 million). The transaction was financed with the issue of primary shares within the IPO process.

West Link will be a pure office project located in Wrocław, to be completed in April 2018. The total GLA of West Link is planned to amount to 14.4k sqm. The six storey building is located west of the city centre, next to strategic communication arteries for Wroclaw. A prelease for 98% of total GLA was signed mainly to Nokia and the remaining 2% is secured with a 5 year master lease from the vendor.

Right of First Offer (ROFO)

25% stake in Warsaw's projects developed by Echo Investment: Browary Warszawskie (stage J) and Beethovena (stage I&II) was acquired and Right Of First Offer (ROFO) for the remaining 75% was secured. EUR 9.9 million representing 25% of equity required to complete the buildings was transferred to the vendor in the form of the bonds subscribed for in June and December 2017 (25% of value at completion equals to EUR 33.3 million). The transaction was financed with the issue of primary shares within IPO process. ROFO acquisition may only be triggered if property is completed (occupancy permit in place), at least 60% let and for the remainder a master lease for at least 3 years at market terms is granted by the vendor.

Beethovena Business Park will be a pure office project located in Warsaw, with two stages to be completed in 4Q2018 and 1Q2019, respectively. The total GLA of Beethovena I and Beethovena II is planned to amount to 34k sqm.

The business park will consist of two, 5 storey buildings strategically located in the Mokotow district.

Browary J will be a pure office project located in Warsaw to be completed in November 2018. The total GLA is planned to amount to 15k sqm of which 45% is pre-let to L'Oreal. The project consists of two parts – a stepped shaped dominant building with 11 storeys and a lower wing of 7 storeys. Browary J will be part of Browary Warszawskie (Warsaw Brewery) – mixed-use (office, residential, retail) project occupying one of the most dynamic and fastest growing commercial and residential areas in Warsaw – the Wola district.

EPP Portfolio Acquisition

Acquisition of three high-quality office properties from Echo Polska Properties (EPP) valued at EUR 166.8 million in December 2017. The total GLA of the sub-portfolio is 71.2k sqm with average occupancy of 94%. Remaining vacant spaces are secured with master leases by EPP. The transaction was financed with loan granted by an affiliate of our main shareholder - Globalworth Asset Managers S.R.L.

Evolution of Portfolio

No	Asset	Acq Date	GAV	Cumul. GAV	Type
1	Renoma	2012	139.1	139.1	Standing at IPO
2	Batory Building I	2013	11.4	150.5	Standing at IPO
3	Philips House	2013	13.3	163.8	Standing at IPO
4	Bliski Centrum	2014	13.7	177.5	Standing at IPO
5	CB Lubicz I/II	2014	70.7	248.2	Standing at IPO
6	Nordic Park	2014	24.0	272.2	Standing at IPO
7	Green Horizon	2015	71.3	343.5	Standing at IPO
8	Supersam	2015	61.5	405.0	Standing at IPO
9	Hala Koszyki	2016	108.4	513.4	Standing at IPO
10	A4 Business Park	2017	68.5	581.9	EPP Portfolio
11	Tryton Business House	2017	56.4	638.3	EPP Portfolio
12	West Gate	2017	41.9	680.2	EPP Portfolio
13	Beethovena I, II (25% stake)	2017	19.8	700.0	ROFO/FP
14	Browary (25% stake)	2017	13.6	713.6	ROFO/FP
15	West Link	2017	36.4	750.0	ROFO/FP

GAV as of 31 December 2017.
Acquisition date of developed projects (Hala Koszyki, Supersam) adjusted to operation start date;
ROFO projects' value presented as stake in GAV at completion.

A4 Business Park

The portfolio consists of the following properties:
A4 Business Park in Katowice is a complex of three modern office buildings, 7-10 storeys with additional standalone ten storey parking building. Main tenants include IBM Global Services, PKP Cargo and Rockwell Automation. The total GLA is 30.6k sqm of which 96% is leased and the remaining vacancy is covered by a master lease.

Tryton Business House in Gdansk is a modern office building consisting of an eleven storey tower and two lower, six storey parts. Main tenants include: Intel, Eltel, Asseco, Ciklum, Kainos, mBank, EY and Pramerica. The total GLA is 24.0k sqm of which 88% is leased and the remaining vacancy is covered by a master lease.

West Gate in Wroclaw is a modern office building with a L-shaped layout of each floor. Main tenants are Nokia, Deichmann, Aviva and Enel-Med. The total GLA is 16.6k sqm of which 99% is leased.

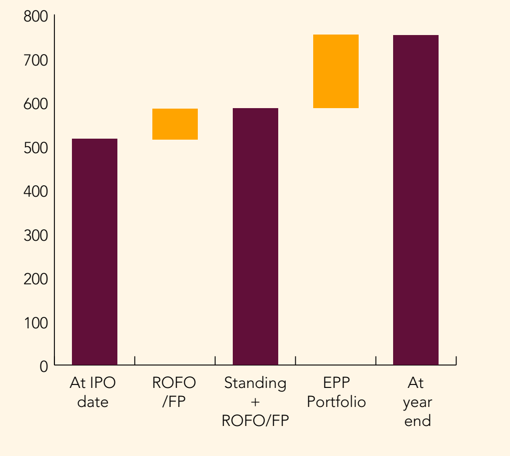
Renovation and Repair Programme of Standing Properties

As part of our ongoing strategy to offer best-in-class real estate space to our business partners, the Company is continuing the improvement works of selected properties. As part of this renovation and repair programme we invested a total of EUR 5.5 million in 2017 (building CAPEX and fit-out works). We invested another EUR 9.1 million in finishing works of office components in our mixed-use assets: Hala Koszyki and Supersam.

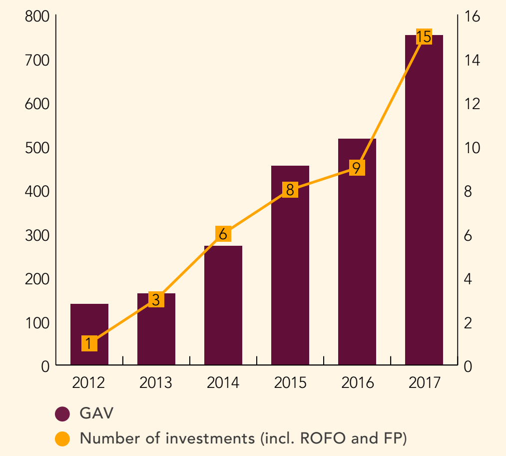
Acquisitions in 2017 (Gross Asset Value):

- EUR 36.4 million – Forward Purchase – West Link;
- EUR 33.3 million – Right of First Offer (25% stake) – Beethovena I,II; Browary J;
- EUR 166.8 million – Portfolio Acquisition – A4, Tryton, West Gate.

Portfolio value increase since IPO (€m)



Evolution of portfolio value (€m)



LEASING REVIEW

In 2017 the Company has successfully negotiated the take-up or extension of c. 33.5k sqm of commercial GLA which constitutes 19% of its property portfolio.

From among the new lease agreements 19.5k sqm relates to the new leases and 14.0k sqm to renewals of existing leases. 26.3k sqm of leased space was signed with office tenants (22% of the office-component GLA) while 7.2k sqm concerned retail tenants (13% of the retail-component GLA).

The average occupancy ratio increased from 84.4% (89.4% including Letters of Intent) as of December 2016 to 91.6% as of December 2017 on a like-for like basis (97.9% including master lease). The overall occupancy (including acquired EPP assets) was 92.4% (98.5% including master lease) as of December 2017.

Due to the acquisition of EPP portfolio, we have extended the list of blue chip, multinational tenants, strengthening the portfolio's risk profile: Nokia (West Gate, further space to be handed over in West Link), Rockwell and IBM (A4 Business Park), Intel and Kainos (Tryton).

In 2017 we have actively leased-up the office components of developed mixed-use assets.
In Hala Koszyki a total of 6.0k sqm office space was signed, including Mindspace (over 4.0k sqm). In Supersam we have managed to sign office tenants for another 3.4k sqm (Groupon, CitySpace).

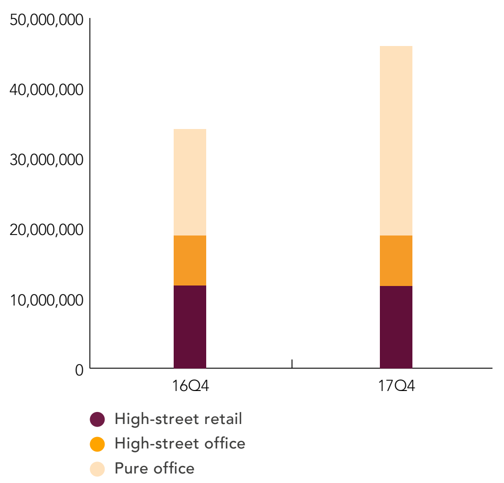
Furthermore, the Company has continued to improve the risk profile of its portfolio through the extension and/or expansion of leases with some of its prime tenants. In CB Lubicz both Capita (4.2k sqm) and Deutsche Bank (3.0k sqm) have extended their leases. Capita has also extended its lease in Green Horizon (2.2k sqm) and Infosys expanded in the building taking another 1.9k sqm. The biggest retail leases signed in 2017 were the extension of TK Maxx (2.8k sqm) and a new lease with Biedronka for 1.0k sqm – both in Renoma.

The active leasing attitude regarding standing assets as well as acquisition of strong tenant mix via EPP Portfolio resulted in maintaining the high WAULT of 4.6 years[3]. The acquisition of this pure-office portfolio has also increased the share of office space in the portfolio from 68% in December 2016 to 78% in December 2017.

Top 10 Tenants by GRI

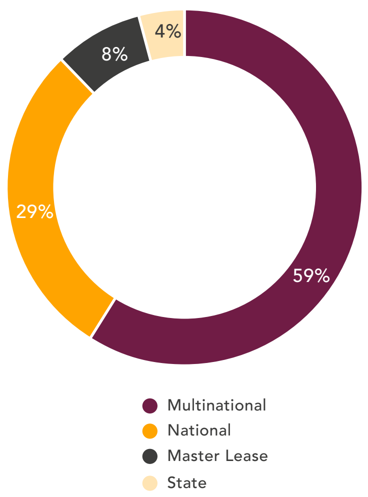
Tenant	GRI (€m)	Share in Portfolio's GRI
Infosys	3.6	7.9%
Nokia	2.5	5.4%
Rockwell	1.8	4.0%
HP	1.6	3.4%
Intel	1.5	3.2%
PKP Cargo	1.5	3.2%
IBM	1.5	3.2%
International Paper	1.3	2.8%
Capita	1.2	2.6%
Mindspace	0.9	1.9%
Grand Total	**17.4**	**37.6%**

Gross Rental Income by Tenants' type (€)

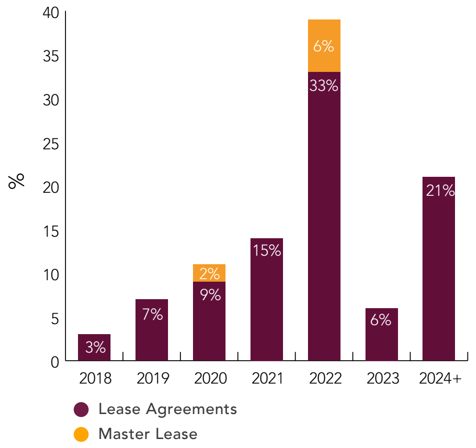


Tryton Business House

Gross Rental Income by Tenants' Origin



Lease expiry profile (by GRI)



3 Excluding Break Options; 4.5y including Break Options adjusted to reflect Landlord's benefits from penalties to be paid by a tenant.

FINANCIAL REVIEW

Highlights

- Significant growth in revenues and NOI by EUR 11,904 thousand and EUR 8,634 thousand, respectively, resulting mainly from the leasing progress, full year operation of Hala Koszyki opened in Q4 2016 and the acquisition of three office buildings during 2017.
- Significant growth in EBITDA by 38% compared to 2016.
- EPRA NAV as at 31 December 2017 increased by 425% from 31 December 2016 mainly due to conversion of shareholder loans into equity, issue of the new shares within IPO and 2017 results.
- Solid financing structure with average cost of bank debt of 2,24% and average maturity of more than 7 years.

Revenues and Profitability

- Revenue reached EUR 45 ,805 thousand in 2017 (35% higher than in 2016).
- NOI also increased significantly in 2017, following the increase in total revenues and reaching a total of EUR 31,730 thousand (2016: EUR 23,096 thousand), a significant improvement of 37% or EUR 8,634 thousand over 2016 figures.
- EBITDA amounted to EUR 26,671 thousand (2016: EUR 40,163 thousand), however, the decrease from 2016 is due to the fair value movement on valuation.
- EPRA earnings amounted to EUR 15,890 thousand in 2017 (2016: EUR (243) thousand, representing an increase of EUR 16,133 thousand over 2017.
- Decreased finance costs during 2017 by 58% resulted mainly from exchange rate movement positively affecting valuation of bank debt.
- Earnings before tax of EUR 42,591 thousand increased as compared to 2016 (EUR 17,910 thousand) mainly as a result of higher revenue income and lower finance costs (2017: EUR 9,559 thousand as compared to 2016: EUR 22,675 thousand).

Portfolio Valuation

- The significant capex spent activity in 2017 (c. EUR 12,715 thousand of investments on standing) influenced the value of our portfolio positively, leading to a gain in OMV of EUR 32,946 thousand (excluding FX related to IP valuation).

Shareholders Equity

- On 31 December 2017, total equity amounted to EUR 244,771 thousand (31 December 2016: EUR 36,237 thousand).
- The number of shares changed during the year from 45,000 to 156,133,179.

Total Assets and NAV

- Total assets at 31 December 2017 amounted EUR 757,216 thousand and increased by 51% from 31 December 2016.
- EPRA NAV at 31 December 2017 (EUR 264,130 thousand) increased by 425% from 31 December 2016 (EUR 50,298 thousand), however, EPRA NAV per share was impacted following the capital raise and as at 31 December 2017 amounted to EUR 1.69 per share, higher by c. 345% compared to 31 December 2016 (0.38 per share).

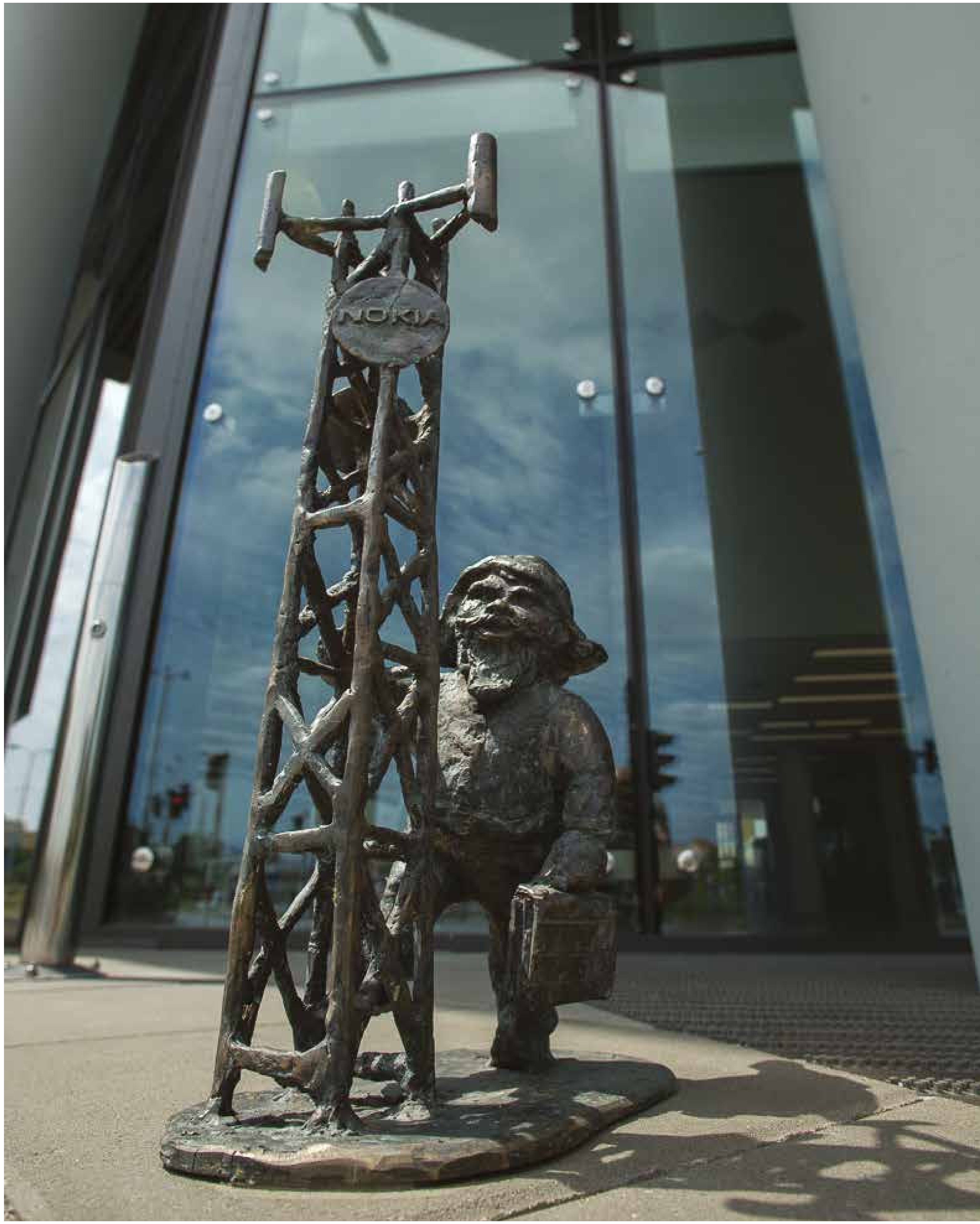
Cash Flows

- Cash and cash equivalents at 31 December 2017 (EUR 37,643 thousand) increased by c. 97% compared to 31 December 2016 (EUR 19,123 thousand).
- Cash generated from operating activities during the year amounted to EUR 23,700 thousand, representing an outstanding increase of 25% as compared to 2016.

Financing

- Average cost of bank debt at the level of 2.24% (2016: 2.42%) and average maturity of 7.2 years (2016: 7.1).
- Net LTV at the level of 41% (considering shareholder loans as equity) compared to 62% in 2017.

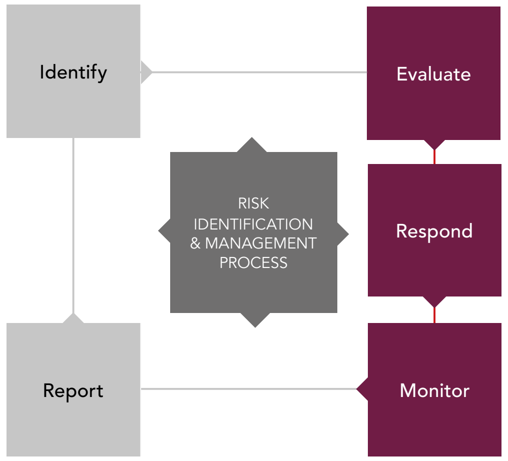
West Gate



The Board is responsible for the Company's system of internal control and for maintaining and reviewing its effectiveness.

The risk management and control system form an integral part of the business operations and the reporting and aim to ensure with a reasonable degree of certainty that the risks to which the company is exposed are identified adequately and controlled.

The Board assesses the organisation and the functioning of the internal risk management and control systems that support that organisation on a continuous basis. The system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and, as such, can only provide reasonable, but not absolute, assurance against material misstatement or loss.



Identify
The Board and the Audit Committee identify risks with input from the key management of the Group. The Group follows an objectives-based risk identification strategy to identify key principal risks for each reporting period. Any event or factor that may endanger the achievement of the short and long-term goals partly or completely is identified as a risk.

Evaluate
Once risks have been identified, they are assessed as to their potential severity of impact on the Group's performance (a negative impact on financial results) and to the probability of occurrence, that is risk indexation.

Respond
Once risks have been identified and evaluated, one or a combination of the following techniques are used to manage each particular risk:
- avoid (eliminate, withdraw from, or not become involved);
- control (optimise – mitigate);
- share (outsource or insure); and
- retain (accept and budget).

The selection of a particular response strategy depends upon the magnitude of the impact, probability of occurrence, existing internal and external controls.

Monitor
The initial risk management strategy may not address all issues as expected. Therefore, the Board will reassess, at each quarterly meeting, whether the previously selected controls are still applicable and effective, and the possible risk level changes in the business environment.

Report
The Group presents the principal risks profile on pages 29 to 32 of the Annual Report.

The Board has considered four main groups of risks which the Company has to face: business, property, financial & liquidity and regulatory. The below table consists of a description of risks, impact and the mitigation.

Financial & liquidity risk

Currency risk The Group's consolidated financial statements are presented in Euro, the property valuations are expressed in Euro, and the majority of the Group's revenues, specifically rent revenues, are expressed in Euro, while the Group's external debt is also expressed in Euro, which provides it with a natural hedge. However, the Company's functional currency is the PLN and certain of the Group's costs, such as certain maintenance and modernization costs and labor and advisory costs, are incurred in Polish zloty.	Significant fluctuations may lead to significant realised foreign exchange losses.	Since variations of exchange rates significantly affect the value of prospective cash flows (purchase of foreign currencies, disbursement of loan tranches), the Group might consider to take recourse to the available derivatives, such as forwards or FX options. The Group also manages foreign currency risk by using natural hedging. The sensitivity analysis of FX risk is presented in the Note 25 of the Consolidated Financial Statements.
Liquidity risk Liquidity risk constitutes refinancing risk thus risk of a fulfilment of existing obligations to pay when due.	The potential impact is that the company suffers reputational damage or that additional financing costs arise, which may lead to a lower direct result.	Proactive asset and cash management, quarterly review of budgets and comparison to actuals, the strategy and the result of planning process are the tools used for the early identification of the future liquidity needs. The Group verifies its liquidity on a regular basis. Current financing structure is characterised by long average maturity, well spread expiry dates and relatively low LTV. Additionally there are some cash reserves maintained in case unforeseen liquidity constraints are incurred.
Interest rate risk The Group finances its operating activities to a large extent using borrowings on which interest is calculated based on floating interest rates. For loans in Euro the applicable rate is EURIBOR. The development of interest rates is therefore of high significance to the Group.	Interest rate risks are caused by interest rate fluctuations that may result in rising financing costs, leading to a lower direct result.	The interest rate risk can be mitigated by hedging instruments available on the market (fixed rates, IRS) to reduce the part financed with floating rates. The Group also plans to gradually reduce its indebtedness level. Additionally the vast majority of its leases include an indexation that is linked to the consumer price index announced by Eurostat. The sensitivity analysis of interest rate risk is presented in the Note 25 of the Consolidated Financial Statements.

RISK REPORT CONTINUED

RISK	IMPACT	MITIGATION
Breach of loan covenants	May negatively affect the Group's relationship with financing banks, may have going concern implications, and affect, negatively, its ability to raise further debt financing at competitive interest rates.	The Group monitors on a regular basis its compliance with loan covenants and has increased its resources on monitoring in the area of loan contractual terms (including covenants) compliance.
Business risk		
Exposure to the Economic Environment in Poland	A negative trend in the economic activity in Poland may affect the Group's tenants and potential new tenants and in turn can exert downward pressure on rent rates.	A significant number of the Group's tenants are subsidiaries of multinational groups with either insignificant exposure to developments in the Poland economy and/or very sound financial standing. The Group also ensures that long-term leases are signed with new tenants and that current leases are renewed prior to their expiry for a longer term and at index-linked rental rates, so as to minimise the risk of possible negative variations in rent rates over the short and medium term.
Changes in the Political or Regulatory Framework in Poland or the European Union	The Group was set up to carry out investments in the Central Europe region, focusing first on property investments in Poland. It is therefore exposed to political and regulatory framework changes that may occur in this region.	The Group's Executives frequently monitor political or regulatory developments in the Poland market through their own observation and also by frequent reviews of available third-party reports on the developments in Poland. In cases when changes in regulations occur, appropriate action is taken so as to maintain compliance with applicable regulations in Poland.
Competition The Polish real estate market is currently characterized by competition between local, regional, national and international investors.	The Group has been faced with a wide range of competitors in all areas of its business activities.	The advantage of the Group is that it offers a unique Polish pure office and high-street mixed-use platform with an aim to make regular dividend distributions. The Group portfolio is well diversified with properties centrally located in major cities in Poland. Additionally, the Group has long-time experience in property management and good market awareness.

RISK	IMPACT	MITIGATION
Property Risks		
Vacancy risk The risk occurs when the property cannot be leased at a reasonable price or at all. Additionally, the risk may result from tenants reducing the leased space or being able to effect reductions in the rent for economic reasons.	Such developments can have negative impact on the planned income from letting activities and consequently on the valuation of properties.	To mitigate the risk the Group has adopted a focused acquisition strategy that contains stringent criteria for further acquisitions. All future acquisitions are targeted to consist of pure office and high-street mixed-use assets, which are located in central and leading cities in Poland and which will not require extensive renovation. The Company is planning to only purchase assets with a good tenant mix in multi-tenant buildings or single-tenant buildings with long leases, primarily focusing on buildings with vacancies of less than 15% with high solvency tenants. Additionally, the risk is minimised by regular monitoring of the market and tenants' financial standing, continuously monitoring of expiring lease agreements, concluding long-term rental agreements as well as ongoing discussions with tenants and early identification and fulfilment of tenant requirements. Moreover, the properties are regularly monitored and quality of the buildings is improved.
Property valuation risk The fair value of the portfolio is subject to fluctuations due to external and property-related factors. Main external factors are the market rents and interest rates as well as general demand for properties as an asset class.	Any error or negative trend in valuations of properties would significantly impact the results (NAV and EPS) of the Group.	The values of the properties are internally reviewed on a quarterly basis using the DCF method. The portfolio is also semi-annually measured by independent reputable external experts in order to identify adverse developments as soon as possible. The sensitivity analysis of the significant unobservable inputs used to fair value measurement, is presented in the Note 25 of the Consolidated Financial Statements.
Acquisition of Properties	Inability to execute the Group's plan of investing in high-quality assets would affect the Group's objectives of maximisation in NAV and EPS.	The Group's management team have a proven track record of acquiring high quality assets, most of them at a discount to their fair market values. The team remains in close contact with leading European real estate agents with presence in Poland so as to get spontaneous access to potential sellers. The team takes the lead in negotiations with sellers of properties and puts in place safeguards (involvement of legal, financial, tax and technical third-party reputable and experienced due diligence advisers) and ensures the related agreements are concluded within a short period of time.

RISK	IMPACT	MITIGATION
Regulatory Risks		
Change in fiscal and tax regulations	Adverse changes in favourable taxation provisions in the jurisdictions the Group's legal entities operate in would negatively affect its net results.	The Group, through engaging professional tax advisers on a regular basis in all the jurisdictions where its legal entities operate, monitors very closely the upcoming changes in taxation legislation and ensures that all steps are taken for compliance and optimisation of the tax efficiency of its structure over time. Through regular tax compliance monitoring and conservative policies in this area the Group ensures that the risks associated with potential additional, unexpected tax assessments is minimised.
REIT status	The Group would face risks associated with a REIT status following its conversion into a REIT. The legislative process is delayed and there is no particular date of finalization of implementation of REIT law. There is a risk in what form the Government implements the law and whether it will bring benefits for the Company.	The Group's Executives frequently monitor political or regulatory developments in the Poland market through their own observation and also by frequent reviews of available third-party reports on the developments in Poland. In cases when changes in regulations occur, appropriate action is taken so as to maintain compliance with applicable regulations in Poland.

Risk Appetite

The Company's objective is to invest in properties in order to realise predictable and stable results in the long term and contribute to the livability and safety of historical inner-cities. Those goals are achieved by execution of a three pillar strategy: (i) portfolio consisting of mainly premium properties, (ii) a hand's on, proactive and pragmatic organisation and (iii) a conservative financing strategy.

The execution of this strategy inevitably involves risks. However, the risk appetite within the strategy is conservative, due to the fact that the Company focuses entirely on the best properties in selected primary cities. Quality is preferred over growth of the property portfolio. Operational risk should be minimised and operational processes are based on best practices. The Company's financial policy is best characterised as conservative (this includes commercial insurance coverage). Strong financial position profile is important in order to remain attractive for debt investors.

The risk appetite on compliance is nil: all laws and regulations must be strictly adhered to. The Company has formulated clear guidelines for this and laid them down in various codes and regulations.

Concluding – the Company's overall risk appetite is conservative, which is fully in line with its objective of generating more predictable and stable long-term results.

Current or planned improvements to the entity's risk management system

The Board of Directors assesses the organisation continuously and the functioning of the internal risk management and control systems that support that organisation. The outcome of these assessments and any significant appropriate actions are discussed with the Audit Committee together with the strategy and risks. In 2017, the internal control framework was reviewed and adjusted.

In view of the limited complexity of daily transactions and the short internal communication lines, the absence of a separate internal audit department is deemed to be acceptable in terms of risk management.

VIABILITY STATEMENT

Factors which, in the opinion of the Management Board, will influence the Group's financial performance in subsequent years include:

- future potential acquisitions including the respective financing of these acquisitions;
- regular revenue generated from the lease of space in offices and high-street mixed-use assets;
- revaluation of the fair value of investment properties owned by the Group, including:
  - changes of exchange rates;
  - changing levels of net operating revenue;
- cost of sales and general and administrative expenses;
- measurement of liabilities due to bank loans at amortised cost;
- measurement of loans and cash due to changing foreign exchange rates;
- changes in interest rate; and
- compliance with loan covenants.

Indirect factors which can have negative influence on groups financial performance:

- changes in political and economic environment across the globe;
- uncertainty as to key assumptions of fiscal policy in Poland (ongoing changes to tax laws and their interpretation);
- slower than expected implementation pace of the REIT legislation in Poland;
- continuously increasing supply of new office buildings in Polish real estate market;
- new retail developments in cities where the Company's high-street mixed-use assets are located;
- e-commerce impacting traditional retail in shopping centres; and
- decreasing competition in Polish banking sector due to its consolidation and "repolonisation".

Based on the assessment performed, the Board concluded that it has a reasonable expectation that the Company will be able to continue in operation and meet all its liabilities as they fall on 31 December 2018.

Green Horizon

BOARD OF DIRECTORS

Małgorzata Turek
Chief Executive Officer

Małgorzata Turek, has accumulated over 20 years of experience in the real estate sector while working for real estate investors and developers as well as for international law firms, and is a renowned professional in asset management, acquisitions and asset disposals.

In 2005, Ms. Turek decided to expand her career, while changing from law firms to real estate investors and developers. First, she worked for a leading Krakow-based development company (GD&K) where – as a management board member – she supervised all stages of development projects.

Prior to joining Griffin Premium RE.. N.V. she spent five years at various Skanska Property companies and all its property units in Poland. While at Skanska, Ms. Turek was COO at its office development division and a member of the management board supervising subsidiaries of the Skanska Property group. Her duties included supervising Skanska Property's transactions and operations. Recently she was also involved with transactions at Skanska's CEE level. During her tenure at Skanska, she executed transactions involving over EUR 1 billion worth of assets and commercialized over 300 000 sqm of office space.

Ms. Turek graduated from the Law and Administration Department at the Jagiellonian University in Krakow. She is also a member of the Bar Association in Poland.

Rafał Pomorski
Chief Financial Officer

Rafał Pomorski is an experienced finance and accounting professional. In 2015 - 2016, he was responsible for finance at Griffin Real Estate, a leading and dynamically growing investment group operating in Central and Eastern Europe's commercial real estate market. From 2011, he worked as finance manager at MGPA, a private equity firm investing on the property market, a position he held until 2015, also after MGPA was acquired by BlackRock in 2013. His professional career began in 2007 at PwC's audit department, where he remained until 2010.

In 2007, Rafał Pomorski obtained a master's degree in economics from Maria Curie-Skłodowska University in Lublin. He became a member of the Association of Chartered Certified Accountants in 2016.

Ioannis Papalekas
Non-Executive Director

Ioannis Papalekas is the Founder & Chief Executive Officer of Globalworth Real Estate Investment Ltd. Ioannis has nearly 20 years of real estate investment and development experience, predominantly in Romania, having created one of the most successful real estate development and investment groups in the Romanian real estate market. He is experienced in the acquisition, master planning, development, reconstruction, refurbishment, operation and asset management of land and buildings across all major asset classes in Romania. Ioannis has been responsible for the development of more than 400k sqm of commercial (office, retail and logistics) space and 1,000 residential units in Romania.

Dimitris Raptis
Non-Executive Director

Dimitris Raptis is the Deputy Chief Executive Officer and Chief Investment Officer of Globalworth Real Estate Investments Ltd. Dimitris joined Globalworth in November 2012, following 16 years of experience in the financial services and real estate investment management industries with Deutsche Bank, the last 12 years as a senior member of the real estate investment management group of Deutsche Bank's Asset and Wealth Management division ('RREEF'). From 2008 to 2012, Dimitris was Managing Director and European Head of Portfolio Management for RREEF Opportunistic Investments (ROI). In this role he was responsible for overseeing ROI's acquisitions across Europe as well as managing ROI's pan-European real estate investment portfolio consisting of 40 investments with a gross asset value in excess of EUR 6 billion. From 2000 to 2008, Dimitris was a senior member of the team responsible for originating, structuring and executing real estate investments, with a main focus on the French, Italian and South-Eastern European markets with an enterprise value in excess of EUR 5.5 billion across all major asset classes

Marcus M.I.J. van Campen
Non-Executive Director,
Independent Member

Mr van Campen currently serves as the director of Astarta Holding NV in Amsterdam, a company listed on the Warsaw Stock Exchange, which is active in the agricultural sector in Ukraine; the director of Ovostar Union NV in Amsterdam, also quoted on WSE, a very successful company in the field of eggs, egg products and poultry; and the director of the European subsidiaries (outside Italy) of Salvatore Ferragamo Spa in Florence, Italy, one of the principal players in the luxury sector in Europe.

Mr van Campen began his professional career at Océ van der Grinten NV (1968-1976). In the period from 1976-2002, Mr van Campen served as the general counsel at Amstelland NV (currently AM NV). Marcus van Campen has extensive knowledge in the field of construction, real estate and project development, including in the financing thereof. Mr van Campen has extensive experience in corporate governance matters, monitoring activities carried out by financial supervision authorities such as the AFM, and in transparency requirements.

Marcus van Campen holds a Master's degree in law from University of Nijmegen, the Netherlands.

Thomas De Witte
Non-Executive Director,
Independent Member

Thomas de Witte holds the position of Chief Financial and Risk Officer (CFRO) at Geneba Properties N.V., an NPEX-listed real estate investment fund located in Amsterdam. He joined the company in September 2015 with key responsibilities for finance, reporting and risk management. Prior to that he spent 12 years at Vastned Group, a group of Euronext-listed real estate companies. As CFO at Vastned Group Mr. de Witte played a key role in managing the reporting, treasury and financing of the group. He was responsible for taxes, IT and human resources. From 1991 until 2003 he worked for Arthur Andersen Accountants, and, after it was acquired, for Deloitte & Touche Accountants.

He is also a member of the supervisory board and chairman of the audit committee of Staedion, a housing association in The Hague. Additionally, he is a member of the Raad van Toezicht and chairman of the financial commission of Koninklijke Diergaarde Blijdorp (Rotterdam Zoo). He is a member of CFO Executive Global Network and Finanza Rijnmond.

Thomas de Witte holds master's degrees in business economics and Dutch law from the Erasmus University of Rotterdam, where he also completed a postgraduate accountancy (CPA) course.

Andreas Segal
Non-Executive Director,
Independent Member

Andreas Segal is deputy CEO and CFO of BUWOG AG, an Austrian-German real estate platform and developer listed on Vienna Stock Exchange (ATX). Prior to that he was CFO of Deutsche Wohnen AG, the second largest, M-DAX listed residential player in Germany, focused on asset management, privatisations and nursing homes. Before he joined Wohnen AG he had been Co-CEO and CFO of GSW Immobilien AG, an M-DAX listed residential real estate platform. He also worked for a German consumer electronics retail chain where he was responsible for the corporate restructuring, and later held positions in the corporate banking department at Commerzbank AG.

Andreas Segal holds a degree in law and a pre-degree in business administration and is also a graduate of the Advanced Management Program of the Harvard Business School.

Claudia Pendred
Non-Executive Director,
Independent Member

Ms Claudia Pendred has over 25 years of experience of investments and financing throughout Central and Eastern Europe, South Eastern Europe and North Africa.

Previously she was a Director for Property & Tourism at the European Bank for Reconstruction and Development (EBRD), where she expanded the bank's property activities into new countries and new products. Before that she was the EBRD Director for Romania and was based in Bucharest. Prior to the EBRD, Ms Pendred worked at N.M. Rothschild & Sons, where most recently she was Director of Corporate Finance, focused on Central and Eastern Europe. Earlier on, she worked at J. Henry Schroder Wagg & Co in their International Finance Department and before that she worked with the World Bank in Washington DC.

Ms Pendred is and has been on several Boards and Investment Committees including various property funds. Ms Pendred holds an MBA from INSEAD Business School, an MA from Harvard University and a BA from the University of Oxford.

BOARD OF DIRECTORS CONTINUED

Changes in the Board of Directors in 2017

On 7 March 2017 Intertrust Management B.V. and Intertrust (Netherlands) B.V. voluntarily resigned from the office as directors of Griffin Premium RE.. N.V.

On 13 March 2017 an Extraordinary Shareholder Meeting appointed Przemysław T. Krych, Maciej Dyjas, Nebil Senman and Karim Khairallah as Non-Executive Directors of the Company subject to and effective as of conversion of the Company into a public entity. On the same date the Extraordinary Shareholder Meeting appointed Marcus M.L.J. van Campen, Andreas Segal and Thomas Martinus de Witte as independent Non-Executive Directors of Griffin Premium RE.. N.V. subject to and effective as of the settlement of the Offering.

Ms. Dorota Wysokinska-Kuzdra, the former Chief Executive Officer of the Company, voluntarily resigned as executive director of the Company with effect from 28 July 2017.

On 28 July 2017 the Board resolved to nominate Ms. Małgorzata Turek for appointment as Executive Director of the Company by the General Meeting at the EGM which was held on 11 September 2017, for an indefinite term. Subject to and effective as per the appointment by the General Meeting, the Board resolved to grant Ms. Małgorzata Turek the title of Chief Executive Officer. In accordance with the nomination of the Board, on 11 September 2017 EGM appointed Ms. Małgorzata Turek as Executive Director of the Company and granted the title of Chief Executive Officer.

At the same date the Board resolved to nominate Ms. Claudia Pendred for appointment as independent Non-Executive Director of the Company by the General Meeting at the EGM which was held on 11 September 2017, for a term until immediately after the annual general meeting held in 2020. In accordance with the nomination of the Board, on 11 September 2017 EGM appointed Ms. Claudia Pendred independent Non-Executive Director of the Board of Directors.

In connection with the tender offer as announced on 4 October 2017, each Director of the Company has voluntarily resigned as Director of the Company, subject to and conditional upon the occurrence of and effective as of the acquisition of at least 50.01% of all shares in the share capital of the Company by Globalworth Asset Managers SRL pursuant to the tender offer ("Acquisition Moment").

On 15 November 2017 the general meeting resolved to discharge all the members of the Board of Directors from liability for the performance of their duties up to and including the date of this extraordinary general meeting. The discharge is subject to and conditional upon the occurrence of and effective as of the Acquisition Moment and granted for the performance of their duties, on the basis of the information provided to the general meeting of the Company through the tender offer documents, press releases and other publicly available information.

After the Acquisition Moment, the Board of Directors consists of ten Directors in total, including two Executive Directors and eight Non-Executive Directors. All the current directors: Ms M. Turek, Mr R. Pomorski, Mr M.W. Dyjas, Mr N. Senman, Mr A. Segal, Mr M.M.L.J. van Campen, Mr T.M. de Witte, Ms C. Pendred with exception of Mr Khairallah were reappointed and additionally Mr I. Papalekas and Mr D. Raptis were appointed as Non-Executive Directors.

On 27 February 2018 Mr. Maciej Dyjas and Mr. Nebil Senman resigned from the positions of Non-Executive Directors. On 21 December 2017 Mr Przemysław T. Krych resigned from the position of the Chairman of the Board of Directors. For more information please see Note 36 in Consolidated Financial Statement.

THE TEAM

Małgorzata Turek
Board Member, CEO

- Over 20 years of experience in the real estate sector
- Experience in real estate companies and developers as well as international law firms
- Member of Bar Association in Poland
- Joined GPRE NV in September 2017

Rafał Pomorski
Board Member, CFO

- 12 years of experience in real estate companies and consulting companies
- Experience gained in companies such as PWC, MGPA, BlackRock, Griffin Real Estate
- Member of the Association of Chartered Certified Accountants responsible for IPO of GPRE NV in 2017

Construction & Development

G. Podlasek
(Group Head)
+ 7 People

Leasing

K. Klin
(Group Head)
+ 5 People

Legal

J. Sawicka
(Group Head)
+ 1 Person

Finance

T. Jelinowski
(Group Head)
+ 5 People

Investment

A. Apostoł
(Group Head)
+ 2 People

Asset and Property Management

R. Królikowski
(Group Head)
+ 2 People

Administration

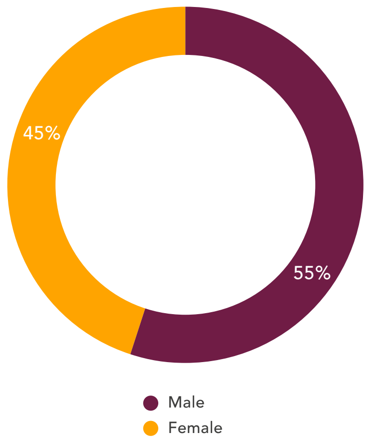
3 People

* Team structure and composition as at Report date.

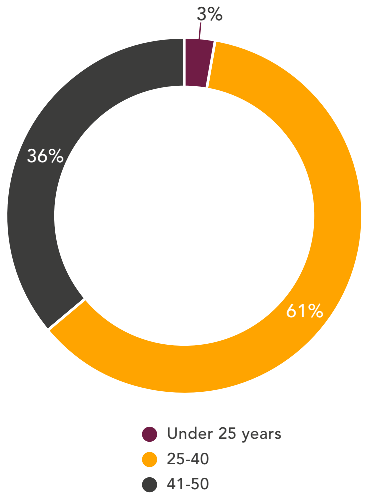
DIVERSITY

An important pillar of each organization is to attract and retain people within its structure, improve the best talents and give satisfaction to each employee. The Group policy regarding employment is focused on hiring the best candidates regardless gender, age or ethic group. Information connected with diversity of the team is specified below:

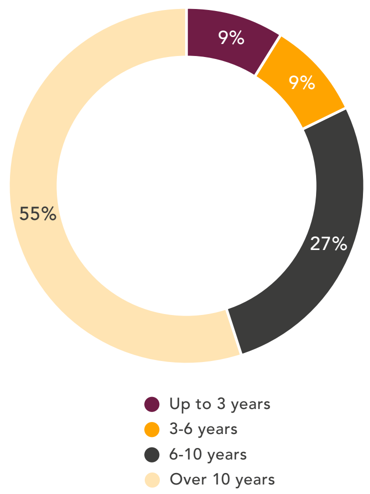
Gender diversity

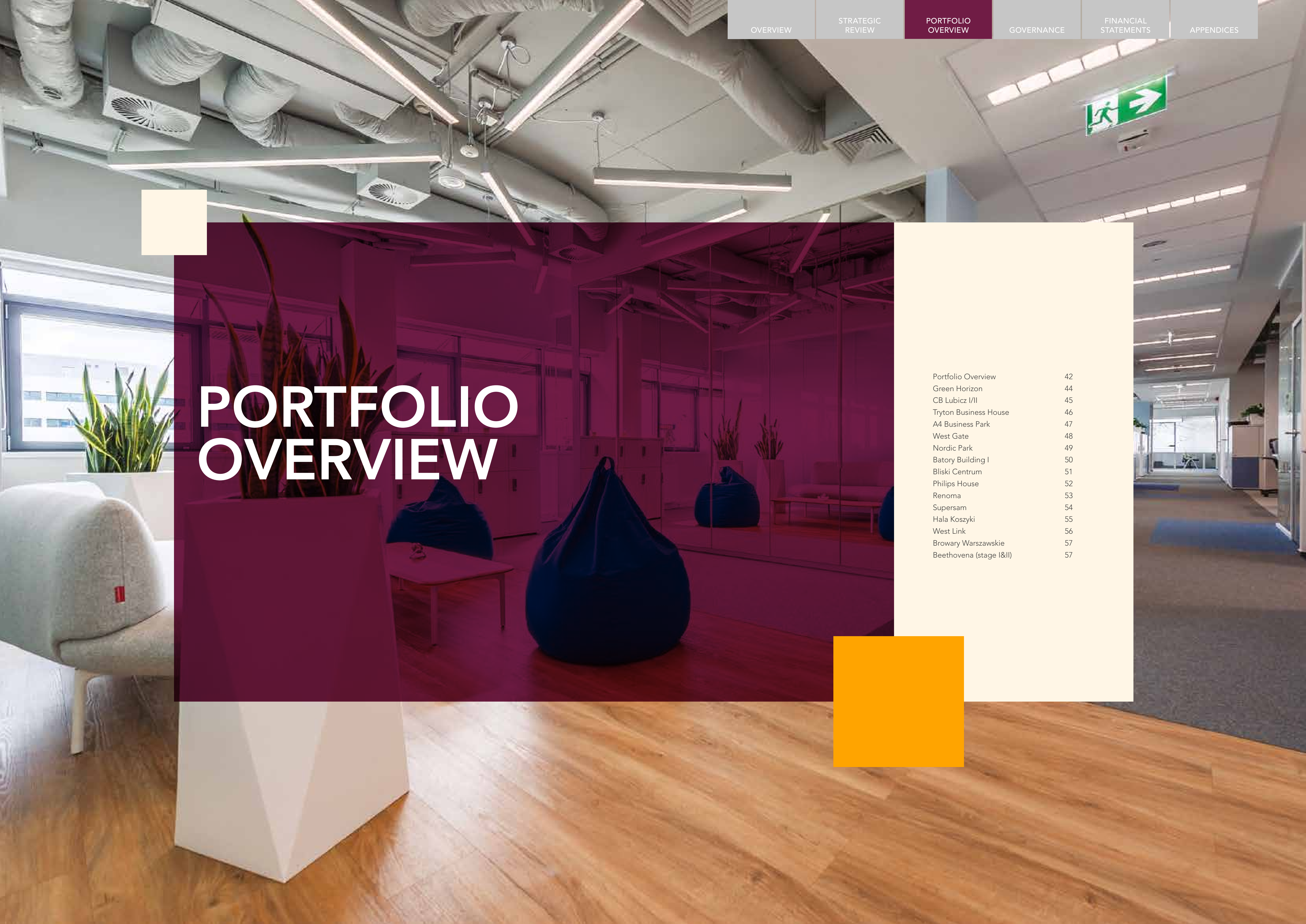


Age



Total professional experience in years





PORTFOLIO OVERVIEW

Our property portfolio is diversified in terms of business and geography.

It currently comprises nine pure office buildings and three high-street mixed-use office and retail projects, all of which are in prime, proven locations in the centre or on the main streets of six of the largest Polish cities: Warsaw, Wroclaw, Lodz, Krakow, Katowice and Gdansk. The value of these properties was EUR 680 million at the end of 2017.

Griffin Premium RE.. N.V.'s dedicated management team oversees a high-quality diversified tenant base representing a wide array of industries and sectors, with long-term relationships translating into long-term leases.

Griffin Premium RE.. N.V.'s property portfolio features very high occupancy rates, in the area of 98.5% (92.4% excluding master leases). This directly translates into stable rental income for the company.

GPRE INITIAL PORTFOLIO VALUED AT C.€513M

Class 'A' offices

Batory Building I

GAV	€11.4m
GLA (sqm)	6,610

Philips House

GAV	€13.3m
GLA (sqm)	6,217

Nordic Park

GAV	€24.0m
GLA (sqm)	9,024

CB Lubicz I/II

GAV	€70.7m
GLA (sqm)	23,986

Green Horizon

GAV	€71.3m
GLA (sqm)	33,510

Bliski Centrum

GAV	€13.7m
GLA (sqm)	4,920

High-Street Mixed-Use

Hala Koszyki

GAV*	€108.4m
GLA (sqm)	22,246

Renoma

GAV	€139.1m
GLA (sqm)	40,604

Supersam

GAV	€61.5m
GLA (sqm)	24,223

EPP ASSETS AT C.€167.0M

EPP Office

A4 Business Park

GAV	€68.5m
GLA (sqm)	30,556

Tryton Business House

GAV	€56.4m
GLA (sqm)	24,016

West Gate

GAV	€41.9m
GLA (sqm)	16,646

GPRE CONTRACTED/ OPTION

Forward Purchase At €36.0m

West Link

Completion	H1 18
GLA (sqm)	14,362

ROFO Assets At €135m

Beethovena (stage I&II)

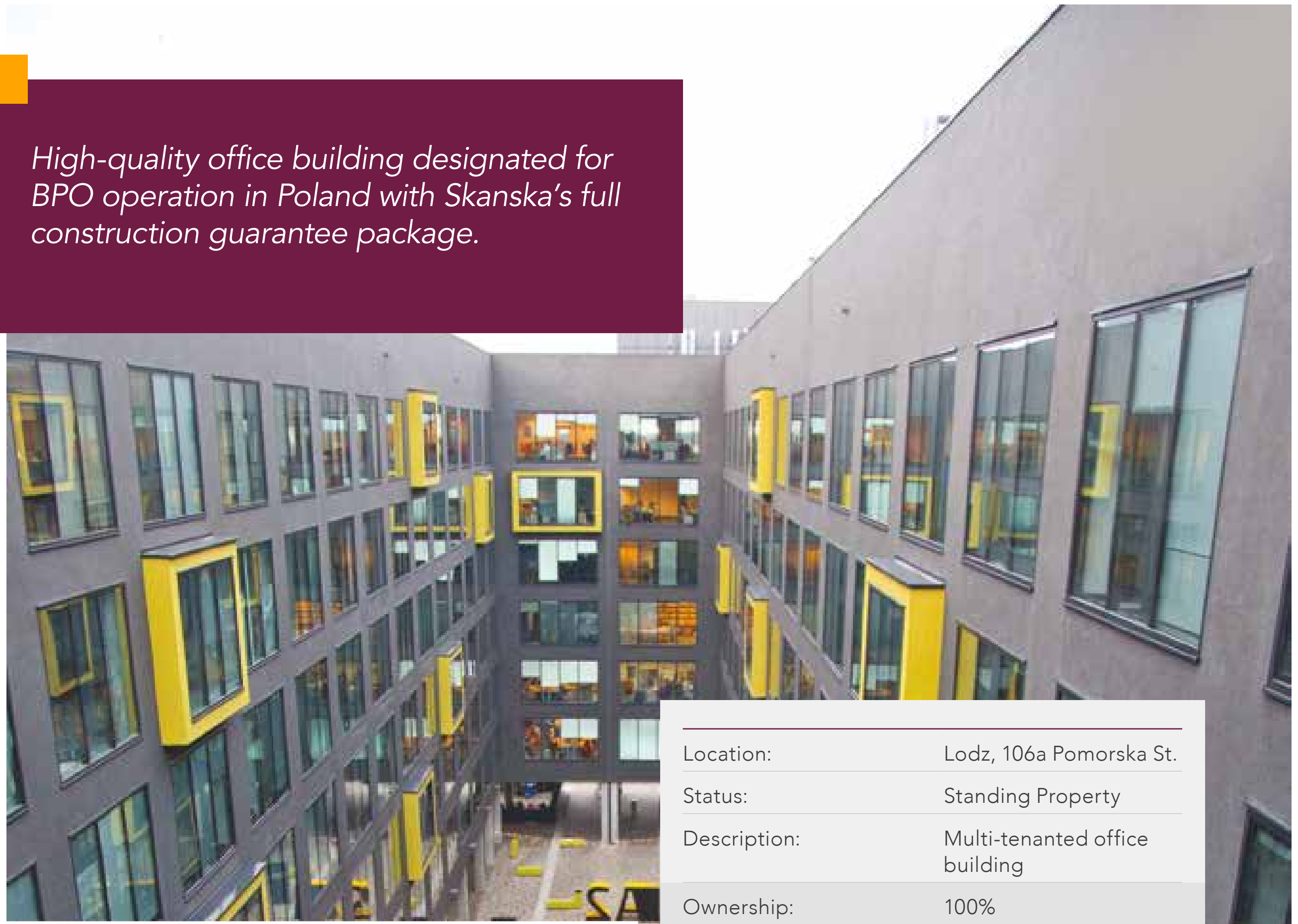
Completion	H1 19/H2 19
GLA (sqm)	17,845/16,380

Browary J

Completion	H2 18
GLA (sqm)	14,979

Green Horizon

LODZ



High-quality office building designated for BPO operation in Poland with Skanska's full construction guarantee package.

Location:	Lodz, 106a Pomorska St.
Status:	Standing Property
Description:	Multi-tenanted office building
Ownership:	100%
Year of Completion:	2012/2013
Appraised Value "As Is":	EUR 71.3 million
GLA	33,510 sqm
Occupancy Including Rental Gurantee	100%
Occupancy Excluding Rental Guarantee	100%
Contracted Rent	EUR 5.2 million
WAULT:	5.6 years (5.2 incl. Break Options)
Selected Tenants:	Infosys, Capita, PKO BP, McCormick, Skanska

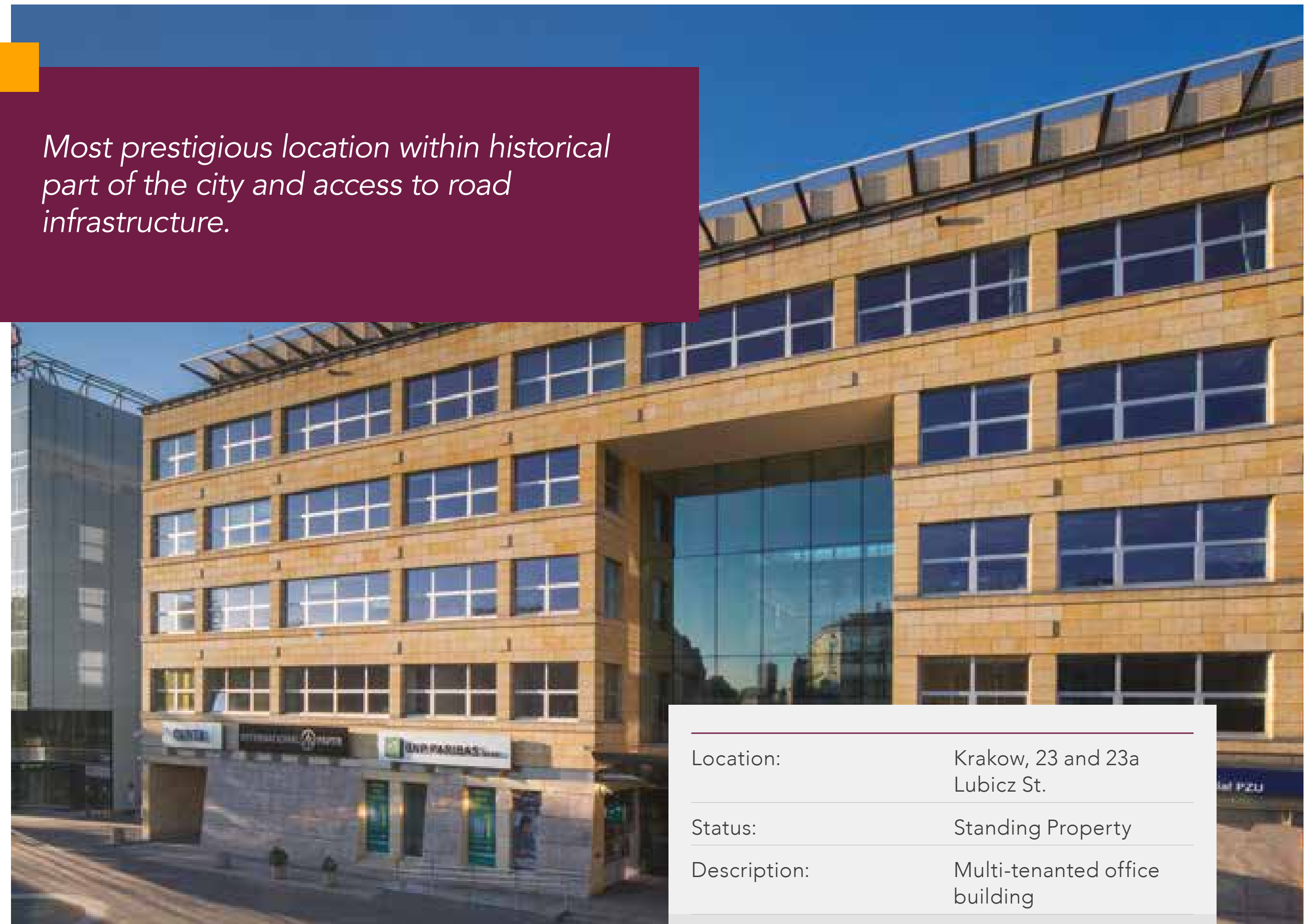
Green Horizon's outstanding location in the north-eastern part of Lodz's business district and the high quality of this modern office complex have attracted Polish and international businesses seeking fresh office space in an attractive area.

The complex comprises two seven-floor class A office buildings. The centre stands out for its respectful attitude towards the environment. Its two buildings have gold level LEED eco certificates. Green Horizon's most important eco-friendly solutions include energy-saving lighting and an efficient air-conditioning system that also uses cool air from outside the building.

The complex is situated right next to a major traffic interchange, Rondo Solidarnosci, with convenient connections to the city centre and its showcase promenade, ul. Piotrkowska. Another attribute is the complex's close proximity to the largest campus of the University of Lodz, which creates new opportunities for getting in touch with a potential future workforce.

CB Lubicz I/II

KRAKOW



Most prestigious location within historical part of the city and access to road infrastructure.

Location:	Krakow, 23 and 23a Lubicz St.
Status:	Standing Property
Description:	Multi-tenanted office building
Ownership:	100%
Year of Completion:	2000 CB I/2009 CB II
Appraised Value "As Is":	EUR 70.7 million
GLA	23,986 sqm
Occupancy Including Rental Guarantee	100%
Occupancy Excluding Rental Guarantee	97.1%
Contracted Rent	EUR 5.0 million
WAULT:	3.5 years (3.4 incl. Break Options)
Selected Tenants:	International Paper, Capita, Deutsche Bank

Lubicz Business Centre consists of two modern class A buildings situated in a prestigious district of Krakow – an excellent location close to the historic Old Town, the main Krakow train station, Galeria Krakowska shopping mall and university campuses.

The complex's excellent location and top-notch office interiors make Lubicz an ideal place for companies from a variety of sectors, including banking, energy and BPO. Both of the buildings hold the prestigious BREEAM certificates at the "very good" level in the assets and building management categories. BREEAM is currently one of the most frequently used eco building evaluation methods in Europe.

The complex's strategic location near Rondo Mogilskie, one of the most important public transit interchanges in Krakow, means it is very well connected with other parts of town. Krakow-Balice International Airport is 30 minutes away.

Tryton Business House

GDANSK

The exceptional feature of the building is its elevation.

Location:	Gdansk, 11 Jana z Kolna St.
Status:	Standing Property
Description:	Multi-tenanted office building
Ownership:	100%
Year of Completion:	2016
Appraised Value "As Is":	EUR 56.4 million
GLA	24,016 sqm
Occupancy Including Rental Gurantee	100%
Occupancy Excluding Rental Guarantee	88.3%
Contracted Rent	EUR 3.8 million
WAULT:	4.0 years
Selected Tenants:	Intel, mBank, PGS Software, Ciklum, Kainos

Tryton Business House is an office building located in one of the most characterful places in Gdansk, at the junction of Jana z Kolna and Waly Piastowskie streets, in the vicinity of the inner city centre.

The main goal of the project was to design a metropolitan building that would ideally fit-in to this part of the city while also giving it a modernistic style. A glass front elevation was used to provide this, characterised by a simple and moderate form. Tryton Business House consists of an eleven-storey tower and two lower, six-storey buildings. They are connected by walkways, which makes it possible to move about the establishment without leaving the building.

The exceptional feature of the building is its elevation. The glass sides from floor to ceiling makes the building appear lightweight and provides comfort at work by allowing large amounts of daylight in.

A4 Business Park

KATOWICE

The great advantage of this project is the vicinity of Trzy Stawy shopping centers and green areas.

Location:	Katowice, 42 Francuska St.
Status:	Standing Property
Description:	Multi-tenanted office building
Ownership:	100%
Year of Completion:	2014/2015/2016
Appraised Value "As Is":	EUR 68.5 million
GLA	30,556 sqm
Occupancy Including Rental Gurantee	100%
Occupancy Excluding Rental Guarantee	96.4%
Contracted Rent	EUR 5.0 million
WAULT:	4.5 years
Selected Tenants:	IBM, PKP Cargo, Rockwell

The A4 Business Park complex is situated on Francuska Street in the southern part of the city.

The project is located in a strategic place, next to the A4 motorway allowing fast and easy access to the border with Germany to the West and Ukraine to the East. In addition, within 2 km distance, a Murckowska intersection of A4 motorway and expressway no 86 is located, which allows access to Tri-City to the North and the Czech Republic to the South. Moreover, the great advantage of this project is the vicinity of Trzy Stawy shopping centers and green areas.

West Gate

WROCLAW

There are numerous service and retail outlets near the project, as well as a park and some recreational areas.

West Gate is a modern "A" class office building which offers an office area of 16,000 sqm.

The project is situated at the junction of Lotnicza, Na Ostatnim Groszu, Legnicka and Milenijna streets, which guarantees a great exposure for the building. The proximity of public transport stops and the main traffic arteries of Wrocław provide easy access to the city centre and very good links to the airport and the A8 motorway ring road.

Location:	Wroclaw, 12 Lotnicza St.
Status:	Standing Property
Description:	Multi-tenanted office building
Ownership:	100%
Year of Completion:	2015
Appraised Value "As Is":	EUR 41.9 million
GLA	16,646 sqm
Occupancy Including Rental Guarantee	99.4%
Occupancy Excluding Rental Guarantee	99.4%
Contracted Rent	EUR 2.9 million
WAULT:	5.1 years
Selected Tenants:	Nokia, Deichamnn, Aviva, K&D Foods

Nordic Park

WARSAW

Boutique office building situated in proximity to the Central Business District (CBD).

Nordic Park is a modern eight-floor office building featuring timeless architectural design.

It is situated in one of Warsaw's trendiest districts, Powisle. Nordic Park is a boutique office building, meaning it is not part of a larger business complex.

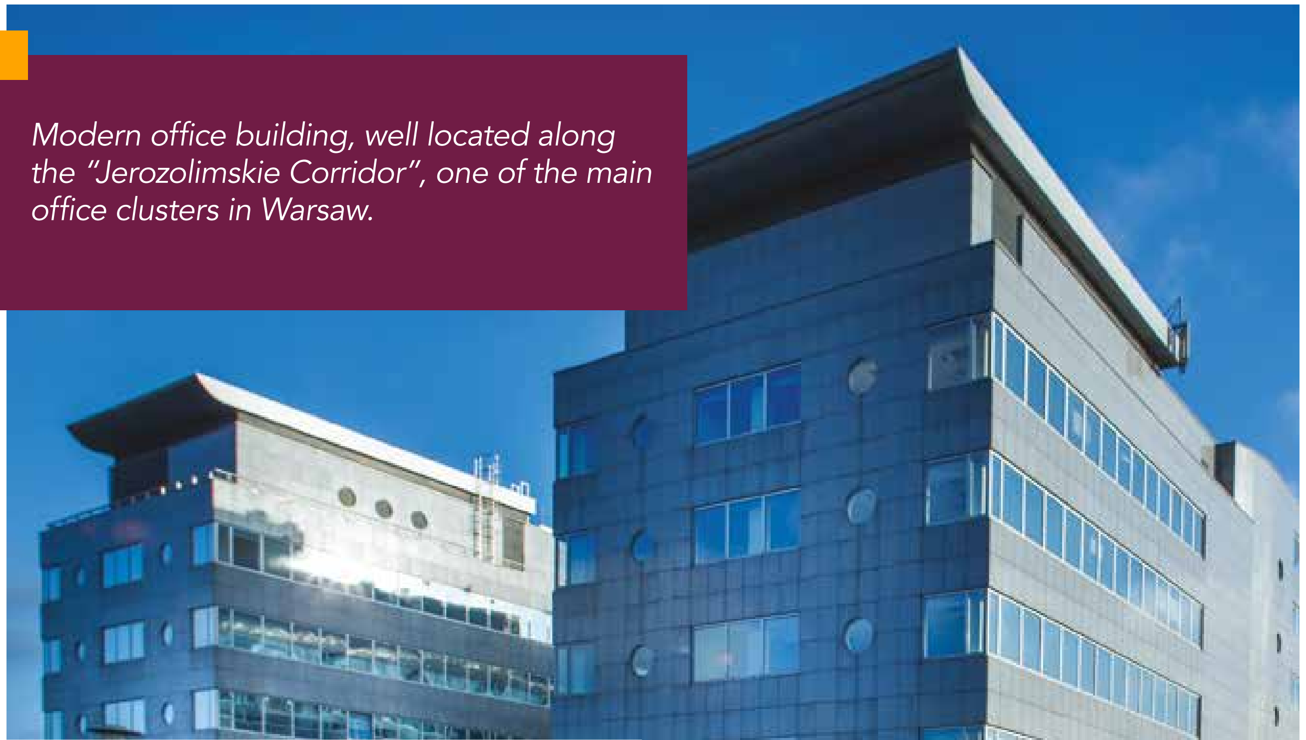
The building can be seen from Most Poniatowskiego, one of the most important bridges in Warsaw, connecting the city centre with the Praga district. This interesting and convenient location means it is easy to get to the centre, where numerous government and financial institutions are located, including the Warsaw Stock Exchange. The Powisle commuter train station is located directly in front of the building.

Location:	Warsaw, 8 Kruczkowskiego St.
Status:	Standing Property
Description:	Multi-tenanted office building
Ownership:	100%
Year of Completion:	2000
Appraised Value "As Is":	EUR 24.0 million
GLA	9,024 sqm
Occupancy Including Rental Guarantee	99.7%
Occupancy Excluding Rental Guarantee	74.2%
Contracted Rent	EUR 1.9 million
WAULT:	3.2 years
Selected Tenants:	Baxter, ZBP, Korean Cultural Centre, Vedim, Ech&W

Batory Building I

WARSAW

Modern office building, well located along the "Jerozolimskie Corridor", one of the main office clusters in Warsaw.



Location:	Warsaw, 212A Jerozolimskie Av.
Status:	Standing Property
Description:	Multi-tenanted office building
Ownership:	100%
Year of Completion:	2000
Appraised Value "As Is":	EUR 11.4 million
GLA	6,610 sqm
Occupancy Including Rental Guarantee	91.9%
Occupancy Excluding Rental Guarantee	90.1%
Contracted Rent	EUR 0.9 million
WAULT:	3.7 years (3.2 incl. Break Options)
Selected Tenants:	Solid Group, Impuls-Leasing, ZST, Curver

A modern six-floor office building on Al. Jerozolimskie, one of Warsaw's main traffic arteries.

The building's architecture pays tribute to the legendary Polish ocean liner the Stefan Batory. The location benefits from close proximity to the city centre, Warsaw Chopin Airport and the Warsaw bypass connecting to the A2 highway.

Al. Jerozolimskie is one of the most important office districts in Warsaw. Having undergone a revitalisation, the post-industrial area of Wlochy has been attracting office, retail and service projects for years. Batory Building I was completed in 2000 and continues to maintain high standards of office space. It is also popular among tenants, continuing to enjoy very strong occupancy levels.

The building, part of a two-building complex, features 6,600 sqm of office space for tenants.

Bliski Centrum

WARSAW

Six-storey office building in the heart of Warsaw's city centre.

Location:	Warsaw, 8 Zurawia St.
Status:	Standing Property
Description:	Multi-tenanted office building
Ownership:	100%
Year of Completion:	2000
Appraised Value "As Is":	EUR 13.7 million
GLA	4,920 sqm
Occupancy Including Rental Guarantee	100%
Occupancy Excluding Rental Guarantee	96.5%
Contracted Rent	EUR 1.0 million
WAULT:	6.2 years
Selected Tenants:	Eurozet, E-TOTO, Polkomtel

This six-floor building is situated in an upscale area at the heart of Warsaw's business district.

It was originally finished in 2000 and comprehensively modernised in 2005, including installation of a modern air-conditioning system.

The building is just 400 metres away from ul. Marszalkowska, one of Warsaw's most important streets, and close to Al. Jerozolimskie. Important government and financial institutions are located nearby. Bliski Centrum benefits from its close proximity to a wide array of hotels, restaurants and infrastructure (tram and bus stops, the Metro Centrum station, and trains).

Philips House

WARSAW

Well established office location in Warsaw, very popular among tenants.

Completed in 1999, Philips House has become a permanent fixture of Warsaw's office building landscape.

Being close to one of the capital's major traffic arteries ensures a very good connection with the city centre. The headquarters of Philips have been in the building for years.

Al. Jerozolimskie is not merely one of the most important traffic arteries in Warsaw but also a major office district. The post-industrial district of Wlochy has been revitalised and has been attracting office projects for years. Well-developed retail and service infrastructure can be found in the vicinity, with shopping mall Blue City and Reduta as well as Makro Cash & Carry, E. Leclerc and other outlets.

The location benefits from a close proximity to the city centre, Warsaw Chopin Airport and the Warsaw bypass connecting to the A2 highway.

Location:	Warsaw, 195A Jerozolimskie Av.
Status:	Standing Property
Description:	Multi-tenanted office building
Ownership:	100%
Year of Completion:	1999
Appraised Value "As Is":	EUR 13.3 million
GLA	6,217 sqm
Occupancy Including Rental Guarantee	100%
Occupancy Excluding Rental Guarantee	90.9%
Contracted Rent	EUR 1.1 million
WAULT:	4.4 years
Selected Tenants:	Philips, Trane, eConsulting

Renoma

WROCLAW

Successful redevelopment of the 1930 department store with unique modernist architecture, one of the landmarks in Wroclaw.

Location:	Wroclaw, 40 Swidnicka St.
Status:	Standing Property
Description:	Miexed-use office & high-street retail
Ownership:	100%
Year of Completion:	2009
Appraised Value "As Is":	EUR 139.1 million
GLA	40,604 sqm
Occupancy Including Rental Guarantee	94.3%
Occupancy Excluding Rental Guarantee	94.3%
Contracted Rent	EUR 7.8 million
WAULT:	3.8 years (3.6 incl. Break Options)
Selected Tenants:	HP, Inditex Group, TK Maxx, LPP Group, Empik

Renoma is a modern multi-functional building combining retail and services with office space, located right in the centre of Wroclaw, with modernist architecture dating back to 1930.

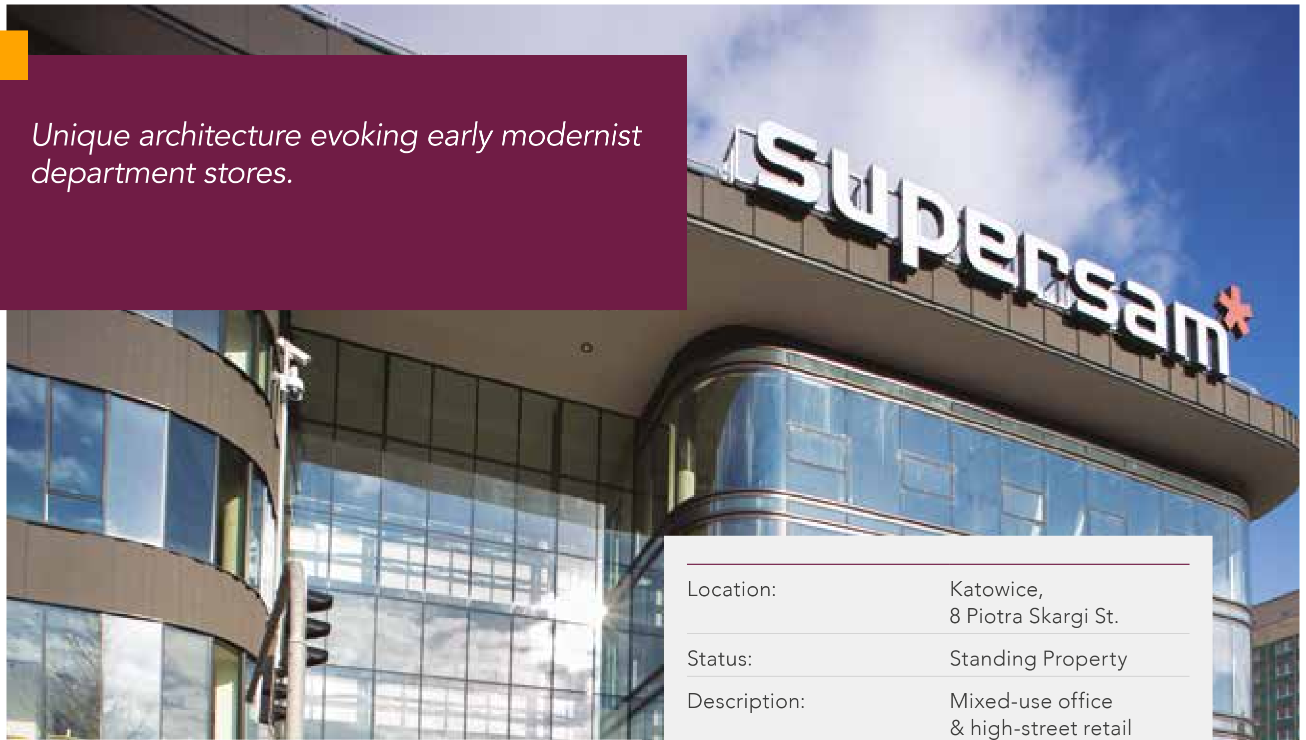
The Old Town and the opera house are nearby. The building stands out for its unique façade, which was completely restored during the building's modernisation and expansion in 2009. Portrait sculptures on the façade presenting people from various continents were intended by the building's founders, the Wertheim brothers, to symbolise not just diversity and the foreign origin of the goods available there before the war but also–and more importantly–to emphasise openness to other people and respect for their beliefs.

Renoma today stands out not just because of its looks. Continuing tradition, the centre combines retail offerings with promotion of the arts and hosting of important cultural events as well as educational and social programmes prepared for the residents of Wroclaw.

Renoma's lower floors are occupied by over 120 stores and service units, along with a restaurant section, while the upper floors are used for office space. The building is well-connected with other parts of town thanks to numerous tram and bus lines.

Supersam

KATOWICE



Unique architecture evoking early modernist department stores.

Location:	Katowice, 8 Piotra Skargi St.
Status:	Standing Property
Description:	Mixed-use office & high-street retail
Ownership:	100%
Year of Completion:	2015
Appraised Value "As Is":	EUR 61.5 million
GLA	24,223 sqm
Occupancy Including Rental Guarantee	96.8%
Occupancy Excluding Rental Guarantee	88.9%
Contracted Rent	EUR 3.9 million
WAULT:	4.9 years (4.7 incl. Break Options)
Selected Tenants:	LPP Group, Sports District, Pure, ALDI, JAMF, Groupon

Supersam is a modern multi-functional building combining retail and services with office space.

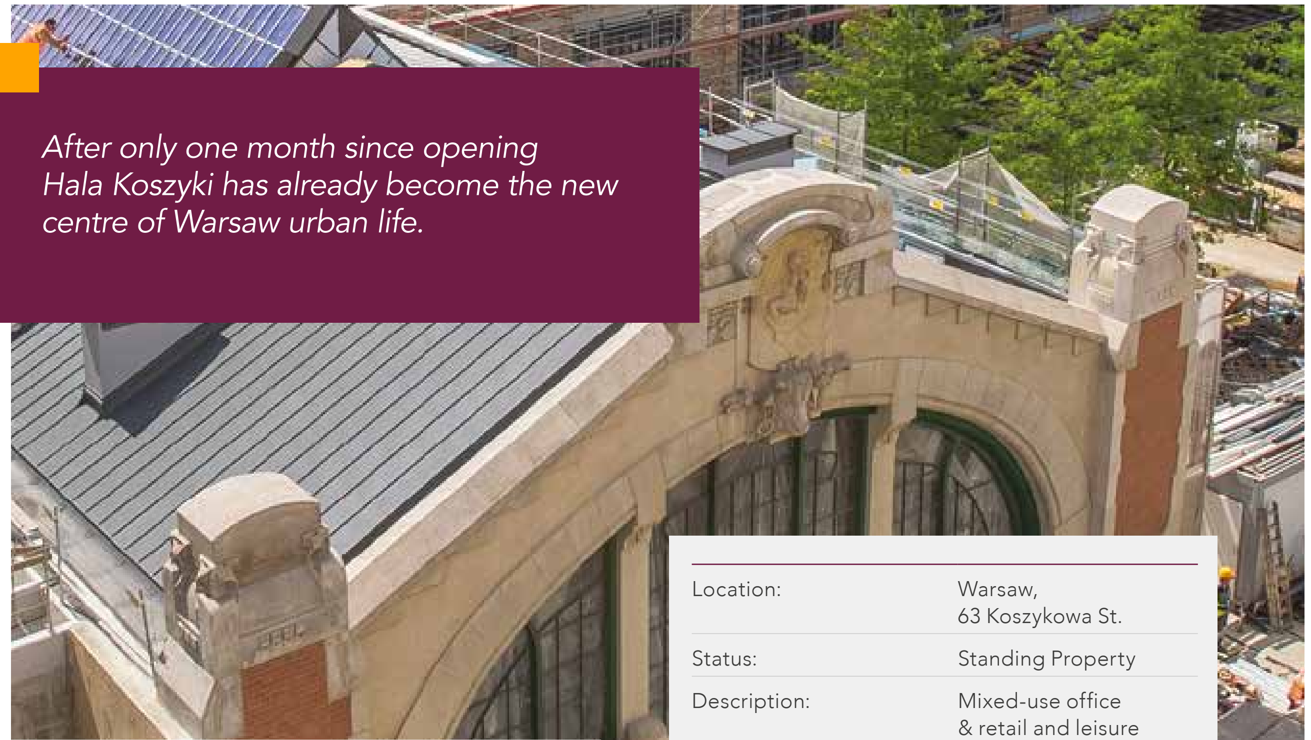
Located in the very centre of Katowice – the heart of the Silesian agglomeration – in a traditionally commercial part of town, close to the high street. The location is not incidental. This is where residents of the city and region have been shopping for more than 70 years. The building's architecture echoes early modernist shopping centre designs.

Supersam is not just a place for shopping and corporate headquarters, but also for promoting culture and for meetings. During the Off Festival, for example, the area around the building is host to a variety of exhibits promoted by Griffin Art Space. Supersam is thus part of a campaign promoting Katowice's image as a modern metropolis with a vast open space for its residents.

Launched at the end of 2015, the building features nearly 100 stores and service units in over 18,000 sqm of space. The remaining area is for office tenants. Businesses particularly appreciate Supersam's central location and excellent connections to other parts of town and the entire agglomeration. The building is situated near a train and bus station as well as the Spodek venue, a landmark of Katowice and Silesia.

Hala Koszyki

WARSAW



After only one month since opening Hala Koszyki has already become the new centre of Warsaw urban life.

Location:	Warsaw, 63 Koszykowa St.
Status:	Standing Property
Description:	Mixed-use office & retail and leisure
Ownership:	100.0%
Year of Completion:	2016
Appraised Value "As Is":	EUR 108.4 million
GLA	22,246 sqm
Occupancy Including Rental Guarantee	100.0%
Occupancy Excluding Rental Guarantee	77.7%
Contracted Rent	EUR 6.9 million
WAULT:	5.8 years
Selected Tenants:	Multimedia, Mindspace, Eneris, Piotr i Pawel, Restaurant Gessler, Rossmann

Hala Koszyki is a coherent combination of historic architecture with a contemporary design.

The buildings have a common technical service and are connected by underground storeys. The complex has a retail leasable area of almost 6,500 sqm and office part of almost 15,500 m2 and it includes: restored historic market hall in the central part, restored historic administration building, three office buildings, covered patio / service part at the back of the complex, intimate squares on other undeveloped spaces, including the open square from Koszykowa street.

The real estate is located in the very center of Warsaw at Koszykowa street, district Śródmieście. At a distance of about 200 m, are located Plac Konstytucji and Plac Politechniki - one of the main squares of Warsaw. Additionally, within a radius of 1,000 meters from Hala Koszyki there are all the most important elements determining the structure of this area of the city– Palace of Culture and Science, Plac Defilad, Plac Trzech Krzyży, Aleje Ujazdowskie, Łazienki Królewskie, Pole Mokotowskie and Central Station. The immediate environment is dominated by dense residential buildings partially preserved, partially rebuilt after war damage (residential houses with shops and services at the ground floor level), public buildings, hotels as well as small office buildings built in recent years. The location of Hala Koszyki in the middle of an area with such a diverse functional and spatial structure, in which all types of urban activities are represented and good access to the communication system, makes this real estate well perceived.

West Link

WROCLAW

West Link is located west from city centre, within the block of Lotnicza, Na Ostatnim Groszu and Legnicka Streets, a strategic communication arteries for Worcław. The corner location at the main roads guarantees convenient access for public transport users (by way of a number of bus and tram lines) as well as car users. City centre and Wroclaw Airport are comfortably accessible within few minutes drive time.

The location provide exceptional visibility and exposure and is veryb well recognized point across the city.

Location:	Wroclaw, Na Ostatnim Groszu St.
Status:	Under developement
Description:	Multi-tenanted office building
Ownership:	Forward purchase right
Year of Completion:	2018
Appraised Value "As Is":	EUR 36.4 million
GLA	14,362 sqm
Occupancy Including Rental Guarantee	100%
Occupancy Excluding Rental Guarantee	97,7%
Contracted Rent	EUR 2.5 million
WAULT:	7.1 years (6.6 incl. Break Options)
Selected Tenants:	NOKIA Solutions & Networks, Hilti, Centrum rozwoju Dziecka

Browary Warszawskie

WARSAW

Browary project occupies one of the most dynamic and fastest growing commercial and residential area in Warsaw – Wola district, to be classified from 2017 as Warsaw CBD West (already agreed by Warsaw Research Forum).

Thanks to the 2nd Metro Line which runs through Wola (Metro station is few minutes walk of the Browary site), the location guarantees unquestionable accessibility to all areas across the city. On top the Metro facility, the location is exceptionally well serviced by numerous bus and tram lines. Retail and leisure offer, including a selection of restuarants, bars, cafes and hotels are available at the door step.

Location:	Warsaw, Grzybowska St.
Status:	Under developement
Description:	Mixed-use office and retail
Ownership:	Right of first offer
Year of Completion:	2018
GLA	14,979 sqm

Beethovena (stage I&II)

WARSAW

Beethovena Business Park will be strategically located at the junction of Beethovena, Idzikowskiego and Witosa Streets, providing direct link to the southern and eastern districts of Warsaw. The location ensures excellent connection to the city center as well as Warsaw Chopin Airport. A new tram connecting Wilanów district with West Railway Station, with stop just adjacent to Beethovena is scheduled for completion in years 2018-2020.

Location:	Warsaw, Grzybowska St.
Status:	Under developement
Description:	Mixed-use office and retail
Ownership:	Right of first offer
Year of Completion:	2019
GLA	34,225 sqm

GOVERNANCE

Corporate governance means a responsible approach to company management and control geared towards the creation of sustainable value added. Key aspects of good corporate governance include efficient cooperation between the executive directors and non-executive directors, respecting shareholder interests and transparent corporate communication. It is the Company's ambition to match the highest standards in the area of corporate governance. This section contains an overview of GPRE's governance structure and the information required pursuant to the Dutch Corporate Governance Code as well as best practices of the Warsaw Stock Exchange. Deviations from the codes must be explained in accordance with the "apply or explain" practice.

1. Corporate Governance Report
a) Governance structure

Griffin Premium RE.. N.V. is a public limited liability company under Dutch law. Griffin Premium RE.. N.V.'s shares are listed and traded on the Warsaw Stock Exchange. A list of participations, joint ventures and suchlike of the Group is included in the notes to the financial statements on page 85 and following.

As of 13 March 2017 the Company was converted into a public limited company, and since then has had a one-tier board structure consisting of Executive Directors ("Executive Directors") and Non-Executive Directors ("Non-Executive Directors"). In 2017 several changes were made to the Board, as described in paragraph 12 of the Strategic Review. The Board is the statutory executive body (raad van bestuur) and the members are collectively responsible for the Company's management and the general affairs of the Company.

Board of Directors

Member	Attendance at the Board meetings held
Małgorzata Turek (CEO)	7/7
Rafał Pomorski (CFO)	12/12
Ioannis Papalekas (Non-Executive Director)	1/2
Dimitris Raptis (Non-Executive Director)	1/2
Andreas Segal (Non-Executive Director, independent member)	8/9
Marcus M.L.J. van Campen (Non-Executive Director, independent member)	9/9
Thomas de Witte (Non-Executive Director, independent member)	8/9
Claudia Pendred (Non-Executive Director, independent member)	7/7

b) Powers, responsibilities and function

The Board may divide its duties among its members. Task that have not been specifically allocated fall within the power of the Board as a whole. The Executive Directors are in particular responsible for the day-to-day management of the Company. The Non-Executive Directors shall be entrusted with the supervision of the performance of the tasks by the members of the Board. The last cannot be deprived from the Non-Executive Directors by means of an allocation of duties. In addition, both Executive Directors and Non-Executive Directors must perform such duties assigned to them. Pursuant to Dutch law and the Articles of Association, an Executive Director may not be allocated the tasks of: (a) serving as chairperson of the Board; (b) fixing the remuneration of a member of the Board; or (c) nomination of members of the Board for appointment. Nor may an Executive Director participate in the adoption of resolutions (including any deliberations in respect of such resolutions) related to the remuneration of Executive Directors.

The Board may perform all acts necessary or useful for achieving the Company's objectives, with the exception of those acts that are prohibited or expressly attributed to the General Meeting by law or by the Articles of Association. In performing its duties, the Board is required to be guided by the interests of the Company and the Group, taking into consideration the interests of the Company's stakeholders (which includes the shareholders and the Company's creditors, employees and clients) as well as the corporate social responsibility issues that are relevant to the business. The Board must submit certain important decisions to the General Meeting for approval. The lack of such approval, however, does not affect the authority of the Board or its members to represent the Company.

Subject to certain statutory exceptions, the Board as a whole is authorised to represent the Company. In addition, each Executive Director may solely represent the Company. Pursuant to the Articles of Association, the Board is authorised, without prejudice to its responsibility, to appoint attorneys (procuratiehouders) who are authorised to represent the Company within the limits of their delegation.

Pursuant to the Articles of Association, the Board may establish one or more sets of regulations dealing with such matters as its internal organisation, the manner in which decisions are taken and any other matters concerning the Board (the "Board Regulations"). The Board Regulations shall be placed on the Company's website and applied in addition to the relevant provisions of the Articles of Association.

c) Management of the Company (Executive and Non-Executive Directors)

Name	Age	Gender	Nationality	Position	Member as of	Scheduled for re-election
Executive Directors						
Małgorzata Turek	48	F	Polish	CEO, Executive Director	11 September 2017	Indefinite
Rafał Pomorski	34	M	Polish	CFO, Executive Director	21 December 2016	Indefinite
Non-Executive Directors						
Ioannis Papalekas	41	M	Greek	Non-Executive Director	6 December 2017	2021
Dimitris Raptis	42	M	Greek/British	Non-Executive Director	6 December 2017	2020
Marcus M.L.J. van Campen	73	M	Dutch	Non-Executive Director, independent	Listing Date	2020
Andreas Segal	48	M	German	Non-Executive Director, independent	Listing Date	2020
Claudia Pendred	59	F	British	Non-Executive Director, independent	11 September 2017	2020
Thomas Martinus de Witte	51	M	Dutch	Non-Executive Director, independent	Listing Date	2021

d) Board Commitees

Some of the tasks of the Board are performed by committees. There were three committees in the 2017 financial year: Audit Committee, Investment Committee and Nomination and Remuneration Committee. These committees are tasked with preparing the decision-making of and advising the Board, although the Board remains collectively responsible for the fulfilment of the duties delegated to its committees. The Non-Executive Directors shall prepare and publish a report on its functioning and activities and of the committees during the preceding financial year. In accordance with the Articles of Association and the Board Regulations, the Board has drawn up rules on each committee's role, responsibilities and functioning. The committee regulations are incorporated in the Board Regulations as approved on 27 February 2018 and effective from this date.

e) Key features of the Company's internal control and risk management systems with respect to the process of preparation of the financial statements of Griffin Premium RE.. N.V. and the Griffin Premium RE.. Group

The Board of Griffin Premium RE.. N.V. is responsible for the implementation and functioning of the internal control system in the process of the preparation of separate financial statements of the Company and the consolidated financial statements of the Griffin Premium RE.. Group.

The obligation to prepare financial statements is realised in practice by the Board with the support of qualified personnel of the Finance Department.

Since 2017 the preparation of the annual financial statements are preceded by a meeting of the Audit Committee with independent auditors in order to determine the audit scope and plan, and to discuss potential risk areas which may have an impact on the truthfulness and fairness of the financial statements.

Preparation of the financial statements is an orderly process. Statements of Polish SPVs are prepared by an external accounting service provider MDDP Spółka z ograniczoną odpowiedzialnością Finanse i Księgowość Spółka komandytowa and Ifas spółka z ograniczona odpowiedzialnością spółka komandytowa together with the personnel of the Finance Department, in accordance with their competences and qualifications. Until 30 June 2017 accounting books of the Company were kept by OCM Netherlands Coop. As from July 2017 the books were taken over by Intertrust Group. Separate financial statements of the Griffin Premium RE.. N.V. are prepared on the basis of its books of account. The books of account of the most significant Group companies are maintained using the finance and accounting system, Raks 2017.

Consolidated financial statements are drafted on the basis of consistent consolidation packages prepared electronically for separate companies. The process of consolidation is executed by the Department of Reporting and Consolidation of MDDP Spółka z ograniczoną odpowiedzialnością Finanse i Księgowość Spółka komandytowa and is supervised by the Finance Department.
The companies of the Griffin Premium RE.. Group apply consistent accounting policies approved by the Management Boards of Griffin Premium RE.. N.V. and subsidiary companies. The correctness of application of the accounting policies by individual companies is regularly monitored by the Finance Department.

Finance Department is responsible for recommending solutions relating to modifying and updating accounting policies to comply with Warsaw Stock Exchange ("WSE") reporting requirements, as well as for implementing solutions approved by the Management Board.

During the preparation of the financial statements, among others, the following control activities are carried out:
- assessment of significant, non-routine transactions in terms of their effect on the financial position of the Group or the manner of their presentation in the financial statements;
- verification of the correctness of the assumptions underlying accounting estimates;
- comparative and substantive analyses of financial data;
- verification of the arithmetical correctness and consistency of financial data;
- analysis of disclosure completeness.

Annual financial statements are forwarded to the Chief Financial Officer for preliminary verification and then to the Board for final verification and authorisation.

Annual financial statements are subject to an audit by an independent certified auditor. From 2017 an auditor presents post-audit conclusions and observations to the Audit Committee.

f) Corporate governance code

Application of the Corporate Governance Code of the Warsaw Stock Exchange and the Dutch Corporate Governance Code to the Company

On 9 December 2003, the Dutch Corporate Governance Committee, also known as the Tabaksblat Committee, released the Dutch Corporate Governance Code (the Dutch Code). With effect from 1 January 2009, the Dutch Code has been amended by the Frijns Committee. On 8 December 2016, the Committee published the revised Dutch Code. The revised Dutch Code – "comply or explain mandatory" - has entered into force as of 1 January 2017. The Dutch Code contains principles and best practice provisions for management boards, non-executive boards, shareholders and general meetings of shareholders and audit and financial reporting. Griffin Premium RE.. N.V. complies with the principles and best practice provisions stipulated in this Code and, where it does not comply with them, this is included in section "g" of this paragraph.

In accordance with the WSE rules, Griffin Premium RE.. N.V., as a public company listed on the Warsaw Stock Exchange, should observe the principles of corporate governance set out in the WSE best practices. The WSE best practices is a set of recommendations and rules of procedure for governing bodies of publicly-listed companies and their shareholders. The WSE rules and resolutions of the WSE management board and its council set forth the manner in which publicly-listed companies disclose information on their compliance with corporate governance rules and the scope of information to be provided. If a certain rule is not complied with by a publicly-listed company on a permanent basis or has been breached incidentally, such publicly-listed company is required to disclose this fact in the form of a current report. Furthermore, a publicly-listed company is required to attach to its annual report information on the scope in which it complied with the WSE best practices in a given financial year.

The corporate governance code of the Warsaw Stock Exchange and the Dutch Code are mainly based upon the same or at least comparable principles of good corporate governance. However, in view of its listing on the Warsaw Stock Exchange, the Company shall apply the corporate governance code of the Warsaw Stock Exchange and, therefore, it does comply with the Dutch Code to the extent that the Dutch Code does not deviate from the corporate governance code of the Warsaw Stock Exchange.

g) Deviations from the Dutch corporate governance code

The practices where the Company is not in compliance with the Dutch code are the following:

Composition and size

Best practice provision 2.1.1:
The non-executive board should prepare a profile, taking account of the nature and the activities of the enterprise affiliated with the company. The profile should address:
i. the desired expertise and background of the non-executive board members;
ii. the desired diverse composition of the non-executive board, referred to in best practice provision 2.1.5;
iii. the size of the non-executive board; and
iv. the independence of the non-executive board members.
The profile should be posted on the company's website.

Griffin Premium RE.. N.V.`s does not comply entirely with this point. Profile of the non-executive board are posted on the company`s website but their do not contain all required information.

Best practice provision 2.1.7:
The composition of the non-executive board is such that the members are able to operate independently and critically vis-ŕ-vis one another, the management board, and any particular interests involved. In order to safeguard its independence, the non-executive board is composed in accordance with the following criteria:
i. any one of the criteria referred to in best practice provision 2.1.8, sections i. to v. inclusive should be applicable to at most one non-executive board member;
ii. the total number of non-executive board members to whom the criteria referred to in best practice provision 2.1.8 are applicable should account for less than half of the total number of non-executive board members; and
iii. for each shareholder, or group of affiliated shareholders, who directly or indirectly hold more than ten percent of the shares in the company, there is at most one non-executive board member who can be considered to be affiliated with or representing them as stipulated in best practice provision 2.1.8, sections vi. and vii.

Four out of eight Non-Executive Directors do not qualify as independent within the meaning of the Dutch Code. These non-independent Executive Directors are, through their wider association with the group and its operations, considered to have unique knowledge of the group and its industry. The current board's diversity of professional expertise and demographics make it a highly effective board with regards to Griffin Premium RE.. N.V.'s current strategies.

Best practice provision 2.2.1:
A management board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time.

The diversity objectives from best practice provision 2.1.6 should be considered in the preparation of the appointment or reappointment.

At present, the Company does not fully comply with the Dutch Act on Management and Supervision, which – among others – aims at a representation of at least 30% of either gender in the Board of Directors. The Board of Directors continues to strive to achieve a balanced composition of the Board in terms of gender, but it will continue to select members primarly on the basis of expertise, experience, background and skills. The Board of Directors now has a composition of at least 20% of either gender. The current executive members of the Board (Małgorzata Turek and Rafał Pomorski) are appointed for an indefinite term. The purpose thereof is to safeguard the continuity of the Company and its Group Companies.

Organisation of the non-executive board and reports

Best practice provision 2.3.1:
The division of duties within the non-executive board and the procedure of the non-executive board should be laid down in the terms of reference. The non-executive board's terms of reference should include a paragraph dealing with its relations with the management board, the general meeting, the employee participation body (if any) and the executive committee (if any). The terms of reference should be posted on the company's website.

Griffin Premium RE.. N.V. has adopted the board's terms of reference but Non-Executive Director tasks are split into different categories. The terms of references are not posted on the company`s website.

Best practice provision 2.3.2:
If the non-executive board consists of more than four members, it should appoint from among its members an audit committee, a remuneration committee and a selection and appointment committee. Without prejudice to the collegiate responsibility of the non-executive board, the duty of these committees is to prepare the decision- making of the non-executive board. If the non-executive board decides not to establish an audit committee, a remuneration committee or a selection and appointment committee, the best practice provisions applicable to such committee(s) should apply to the entire non-executive board.

Griffin Premium RE.. N.V. has combined the remuneration committee and selection and appointment committee into one nomination and remuneration committee. Due to the size of the company it does not believe to be efficient to maintain a separate remuneration committee and selection and appointment committee.

Best practice provision 2.3.7:
The vice-chairman of the non-executive board should deputise for the chairman when the occasion arises.

No formal vice-chairman has been appointed. If the chairman is not available to attend a board meeting, in practice one of the other independent Non-Executive Directors will chair the meeting.

Preventing conflicts of interest

Best practice provision 2.7.3:
A conflict of interest may exist if the company intends to enter into a transaction with a legal entity:
i. in which a member of the management board or the non-executive board personally has a material financial interest; or
ii. which has a member of the management board or the non-executive board who is related under family law to a member of the management board or the non-executive board of the company.

A management board member should report any potential conflict of interest in a transaction that is of material significance to the company and/or to such management board member to the chairman of the non-executive board and to the other members of the management board without delay. The management board member should provide all relevant information in that regard, including the information relevant to the situation concerning his spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.

A non-executive board member should report any conflict of interest or potential conflict of interest in a transaction that is of material significance to the company and/or to such non-executive board member to the chairman of the non-executive board without delay and should provide all relevant information in that regard, including the relevant information pertaining to his spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. If the chairman of the non-executive board has a conflict of interest or potential conflict of interest, he should report this to the vice-chairman of the non-executive board without delay.

Griffin Premium Re.. N.V for the most part complies with this provision, except that no formal chairman and vice-chairman has been appointed. If the chairman of the board has a conflict of interest or potential conflict of interest that is of material significance to the company and/or to him, in practice he shall report this immediately to the chairman of the audit committee and/or another Non-Executive Director.

Best practice provision 2.7.5:
All transactions between the company and legal or natural persons who hold at least ten percent of the shares in the company should be agreed on terms that are customary in the market. Decisions to enter into transactions with such persons that are of material significance to the company and/or to such persons should require the approval of the non-executive board. Such transactions should be published in the management report, together with a declaration that best practice provision 2.7.5 has been complied with.

On December 18, 2017 the entity and its significant shareholder Globalworth Asset Managers SRL, operating through its subsidiary Globalworth Finance Guernsey Limited, signed a short-term corporate loan agreement, under which Griffin Premium RE.. N.V. was granted a convertible loan amounting to EUR 165 million. A resolution of the managing directors accepting the loan agreement was adopted on December 18, 2017, yet it was not signed by the former Chairman of the Board of Directors. The resolution was signed by the Board on February 27, 2018.

Remuneration policy – management board
Best practice provision 3.1:
The remuneration policy applicable to management board members should be clear and understandable, should focus on long-term value creation for the company and its affiliated enterprise, and take into account the internal pay ratios within the enterprise. The remuneration policy should not encourage management board members to act in their own interest, nor to take risks that are not in keeping with the strategy formulated and the risk appetite that has been established. The non-executive board is responsible for formulating the remuneration policy and its implementation.

Griffin Premium RE..N.V. has created its remuneration policy which is expected to be adopted in 2018.

Provision of information
Best practice provision 4.2.2:
The company shall formulate an outline policy on bilateral contacts with the shareholders and publish this policy on its website.

Griffin Premium RE.. N.V. has not adopted a bilateral contact policy yet, but expects to adopt this in 2018. Upon adoption Griffin Premium RE.. N.V. will publish the bilateral contact policy on the company's website at www.griffin-premium.com.

Best practice provision 4.2.3:
Analyst meetings, analyst presentations, presentations to institutional or other investors and press conferences should be announced in advance on the company's website and by means of press releases. Analysts' meetings and presentations to investors should not take place shortly before the publication of the regular financial information. All shareholders should be able to follow these meetings and presentations in real time, by means of webcasting, telephone or otherwise. After the meetings, the presentations should be posted on the company's website.

The Company shall initially not enable shareholders to follow analyst meetings, presentations to (institutional) investors and press conferences in real time by means of webcasting, telephone or otherwise, since, considering the Company's size, it would create an excessive burden to provide such facilities. In this respect the Company does not comply with best practice provision 4.2.3 of the Dutch Code. The Company shall regularly examine whether it is desirable to provide those facilities and possibly amend its policy in this respect. In accordance with best practice provision 4.2.3 of the Dutch Code, the Company shall announce meetings with analysts, presentations to analysts, presentations to (institutional) investors and press conferences in advance on the Company's website and by means of press releases. After the meetings, the presentations shall be posted on the Company's website.

Casting votes
Best practice provision 4.3.3:
The general meeting of shareholders of a company not having statutory two tier status (structuurregime) may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the management board or of the non-executive board and/or a resolution to dismiss a member of the management board or of the non-executive board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed one third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of a nomination, or to dismiss a board member, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting.

The Articles of Association provide that the Board may make binding nominations. The general meeting can overrule the binding nature of a nomination by a 2/3 majority of the votes cast, representing at least 50% of the issued share capital. Furthermore the Articles of Association provide that the general meeting may only adopt a resolution to suspend or dismiss a member of the Board (i) at the proposal of the Board by a simple majority of votes cast and (ii) without such proposal by a 2/3 majority votes cast, representing at least 50% of the issued share capital.

These provisions deviate from best practice provision 4.3.3: The purpose of these provisions is to safeguard the continuity of the Company and its Group companies.

One-tier governance structure
Best practice provision 5.1.3:
The chairman of the management board should not be an executive director or former executive director of the company, and should be independent within the meaning of best practice provision 2.1.8. Mr Krych was appointed to serve as the Non-Executive Chairman of the Board due to his unique in-depth knowledge of the real estate industry, especially the Polish office and high-street retail markets. The shareholders of the Company determined that he was the best candidate for the position despite not satisfying the independence criteria in light of the fact that during the initial period of operations immediately following the Offering, the Board should be chaired by an individual who is well-recognized in the market and who has extensive knowledge of the Group's real estate portfolio. On December 21, 2017, Mr Krych has resigned from the position of Non-Executive Chairman of the Board. In the upcoming months the shareholders will appoint a new Chairman of the Board.

h) Non-Compliance with the Corporate Governance Code of the Warsaw Stock Exchange

The practices where the Company is not in compliance with the Corporate Governance Code of the Warsaw Stock Exchange are the following:

Dividend payment date
Detailed principle No. IV.Z.16. of the Corporate Governance Code of the Warsaw Stock Exchange (i) requires that the dividend record date and the dividend payment date should be set so as to ensure that the period between them is not longer than 15 business days; and (ii) provides that a longer period between these dates requires a justification.

The Company cannot guarantee that it will adhere to the above principle since in accordance with Article 29.2 of the Articles of Association, unless the Board determines another date of payment, distributions on Shares shall be made payable within thirty days after they have been declared.

Real-time broadcasts of the General Meeting
Detailed principle No. IV.Z.2. of the Corporate Governance Code of the Warsaw Stock Exchange provides that if it is justified by the shareholder structure, the Company should ensure publicly available real-time broadcasts of general meetings. Pursuant to recommendation No. IV.R.2, if it is justified by the structure of shareholders or expectations of shareholders notified to the company, and if the Company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through: (i) real-life broadcast of the general meeting; (ii) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting; and (iii) exercise of the right to vote during a general meeting either in person or through a proxy.

The Company cannot guarantee that the above principles will be implemented, but will in each case analyse the Company's shareholding structure and the expectations of the shareholders which will have been communicated to it and will review whether ensuring publicly available real-time broadcasts of the general meetings is justified.

i) Holders of all securities which confer special control rights

The Company did not issue any securities that give special control rights.

j) Restrictions on exercising voting rights

There are no restrictions on the transfer of ownership rights to securities of Griffin Premium RE.. N.V., except for lock-up agreements.

The members of the Board
In a separate lock-up letter, constituting an attachment to the Underwriting Agreement Przemysław T. Krych, Maciej Dyjas and Nebil Senman undertook to the Global Coordinators that from the date of the Underwriting Agreement until the lapse of 720 days following the first listing date of the shares in the Company on the WSE, Przemysław T. Krych, Maciej Dyjas and Nebil Senman will not, without the written consent of the Global Coordinator in any way dispose of any Shares with some exceptions. The Global Coordinators had full discretion to waive the lock-up at any time before its expiry. On 29 September 2017 lock-up period was waived by the Global Coordinators.

On 3 October 2017 based on the Investment Agreement signed between Griffin Netherlands II B.V., GT Netherlands III B.V., Griffin Premium RE.. N.V., Griffin topco II S.A R.L., Griffin Topco III S.A R.L. and Globalworth Asset Managers SRL Przemysław T. Krych, Maciej Dyjas and Nebil Senman undertook that from the date on which Tender Offer was settled until the lapse of four years, will not, without the written consent of Globalworth Asset Managers SRL in any way dispose of any Shares with some exceptions.

k) Regulations concerning appointment or removal of Management Board Members, the rights of those persons, in particular, the right to make decisions on share issue or redemption

The Board shall consist of at least one Executive Director and at least three Non-Executive Directors, provided that the Board shall be comprised of a maximum of fifteen directors and that the majority of the Board consists of Non-Executive Directors.
The General Meeting appoints the members of the Board as described below. Each Executive Director member shall be appointed or re-appointed for a period to be determined by the General Meeting. Each Non-Executive Director shall be appointed or re-appointed for a period of not more than four years provided that, unless a Non-Executive Director resigns earlier, his appointment period shall end immediately after the annual General Meeting that will be held in the fourth calendar year after the date of his appointment. Only natural persons (not legal entities) may be appointed as Non-Executive Directors.

The General Meeting may at any time dismiss or suspend any member of the Board. If the Board proposes the dismissal or suspension of a Board member to the General Meeting, the General Meeting can resolve upon such dismissal or suspension by a resolution adopted by a simple majority of the votes cast. If the Board has not made a proposal for the dismissal or suspension of a Board member, the General Meeting can only resolve upon the dismissal or suspension of such Board member by a resolution adopted by a majority of at least two thirds of the votes cast representing more than half of the issued capital. An Executive Director may also be suspended by the Board. A suspension may be discontinued at any time by the General Meeting.

If either the General Meeting or the Board has suspended a member of the Board, the General Meeting is required within three months after the suspension has taken effect to resolve either to dismiss such member, or to terminate or continue the suspension, failing which the suspension shall lapse. A resolution to continue the suspension may be adopted only once and in such event the suspension may be continued for a maximum period of three months.

The Board shall appoint one of the Non-Executive Directors to be the Chairperson of the Board.

The Non-Executive Directors shall prepare a profile of the Board's scope and composition taking into account the nature of the Company's business, its activities, and the desired expertise, experience and independence of its members. The composition of the Board shall be such that the combined experience, expertise and independence of its members meets the Board profile and enables the Board to best carry out the variety of its responsibilities and duties to the Company and the Company's stakeholders, consistent with applicable law and regulations.

l) Implementing changes to the Articles of Association of Griffin Premium RE.. N.V.

The General Meeting may resolve to amend the Articles of Association, subject to a proposal by the Board. The General Meeting may furthermore resolve to change the corporate form of the Company. A change of the corporate form shall require a resolution to amend the Articles of Association, subject to a proposal by the Board. The rights of shareholders may be changed only by amending the Articles of Association in compliance with Dutch law.

m) Functioning of the General Meeting of Shareholders, its fundamental powers, rights of the shareholders and the manner of exercising those rights

An annual General Meeting shall be held once every year within six months from the end of the preceding financial year. Other General Meetings are held as often as the Board deems such to be necessary

Important matters that require approval of the General Meeting include:
- adoption of the financial statements for the last financial year;
- material changes to the Articles of Association;
- proposals relating to the appointment of Board members;
- the policy of the Company on additions to reserves and on dividends (the level and purpose of the addition to reserves, the amount of the dividend and the type of dividend);
- any proposal to pay out dividends;
- discharge of Executive Directors from liability;
- discharge of Non-Executive Directors from liability;
- each substantial change in the corporate governance structure of the company and in the compliance with Dutch Corporate Governance Code;
- the appointment of the external auditor; and
- the main conclusions of the assessment of the functioning of the external auditor.

Each shareholder shall be entitled to attend the General Meeting, to address such meeting and, to the extent applicable, to exercise his or her voting rights. Shareholders individually or jointly representing at least 3% of the issued share capital have the right to request the Board to place items on the agenda of the General Meeting.Each Share entitles the holder to one vote at a General Meeting. Shareholders may vote by proxy. In the General Meeting, no voting rights may be exercised for any Share held by the Company or a subsidiary of the Company, nor for any Share for which the Company or a subsidiary of the Company holds the depositary receipts.

The meeting documents, minutes and presentations are placed on the website.

DIRECTORS' REPORT

The Directors present their Annual Report and the audited consolidated financial statements of the Group for the year ended 31 December 2017.

The Board of Directors states that to the best of its knowledge:
i. the internal risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies (as described in Risk Report, Strategic Review section);
ii. based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis (as disclosed in the Note 1.4 of the consolidated financial statements) and
iii. the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report (as disclosed in the Note 1.4 of the consolidated financial statements).

To the best of the Board of Directors knowledge:
i. the financial statements provide a fair view of the assets, liabilities, financial position and profit or loss of the issuer and of the companies included in the consolidation taken as a whole; and
ii. the directors' report provides a fair view of the situation on the balance sheet date and of developments during the financial year of the issuer and of its affiliated companies whose information has been included in its financial statements, together with a description of the main risks the issuer faces.

Directors' Indemnities

The indemnity of the Board members as against claims from third parties is described in the Articles of Association. The Company also maintains qualifying third-party indemnity provisions in the form of a Directors' and Officers' insurance policy for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

Investment Policy

The Group's investment strategy focuses on generating attractive risk-adjusted returns, made up of a combination of yield and capital appreciation, by investing in a diversified portfolio of properties. Key highlights of the Company's investment policy are presented below:

Profile of Underlying Investments

- Focus on commercial assets (existing or to be developed);
- Geographically located in largest cities of Poland;
- Most of the income to be derived from multinational corporates and financial institutions; and
- Euro-denominated, long-term, triple net and annually indexed leases, with corporate guarantees where possible.

Investment Themes

- Developments with pre-lettings from high-quality tenants.

Results and Dividends

The results for the year are set out in the consolidated statement of comprehensive income on page 80 of the Annual Report.

The Company has announced its intention to distribute a dividend of EUR 11.3 million, payable in respect to the period commencing with the completion of the Offering until the end of 2017, to holders of Shares at that time. For subsequent years, the intention of the Company is to distribute the equivalent of 90% of the Company's Funds from Operations.

The dividend policy will, however, be reviewed from time to time and any future dividends will be paid taking into account several factors concerning the Company, including the Company's prospects, future profits, cash requirements, financial standing, level of liquidity ratios, expansion plans as well as the laws and regulations pertaining to this subject in order to make the decision.

All shares carry equal rights to dividends (and advance dividend payments, respectively) and entitle the holders to participate in the Company's profit from the date of their purchase and the dividend date is set after the date of purchase (or registration) of the shares.

Going Concern

As disclosed in Note 1.4 of the consolidated financial statements, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements as the Company expects to have access to adequate financial resources to continue in operational existence for the foreseeable future.

Supply of Information to the Board

The Board meetings are the principal source of regular information for the Board, enabling it to determine policy and to monitor performance and compliance. Each Director has direct access to the Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

Delegation of Functions

The Board has contractually delegated to external agencies the custodial services and the accounting services of the Company and some of its subsidiaries. Each of these contracts were entered into after full and proper consideration of the quality and cost of services offered.

Auditors

The auditors, Ernst & Young Accountants LLP, have indicated their willingness to continue in office. Accordingly, a resolution for their reappointment will be proposed at the forthcoming AGM.

NON-EXECUTIVE DIRECTORS' REPORT

Introduction
Griffin Premium RE.. N.V. performed well in 2017 which was the first year for this recently established business, especially in terms of valuable increase of its portfolio as well as improved key performance indicators.

In the past year Non-Executive Directors fulfilled their responsibilities as laid down in the Articles of Association, Dutch Corporate Governance Code, best practices of Warsaw Stock Exchange and board regulations with the gretatest of care.

A partnership with the Executive Directors
Non-Executive Directors are always entrusted with the general management of the Company and the enterprise connected with it and are responsible for supervising the Company's management and the Company's general affairs and the business connected with it and for advising the Executive Directors. In so doing, the Non-Executive Directors are also focused on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of the financial reporting.Executive Directors are responsible for the day-to-day operations of the Company. The role of Non-Executive Directors is to supervise the policies of the Executive Directors and the general affairs of the Company and its subsidiaries, as well as to provide advice to them. Each of the Non-Executive Directors has their own responsibility for obtaining all the required information from Executive Directors and external auditors that are necessary in order to undertake their duties as a supervisory organ.

In 2017 a lot of extensive discussions took place between the Executive Directors and Non-Executive Directors concerning the monitoring of the capital and financing structure, the further implementation of the risk and control framework, working with external auditor and current state of affairs. On the organisational level it was a year of changes based on forming the whole Group.

The Executive Directors as well as other top management of the Group provided Non-Executive Directors with regular, prompt and comprehensive reports on the business developments, strategy and prospects for the future, including risks and opportunities, policies and risk management. Any deviations to the plans and budgets were discussed in detail. All significant transactions and decisions were discussed with Non-Executive Directors and examined by them in detail.

Main activities of Non-Executive Directors
In the 2017 financial year Non-Executive Directors mostly focused on the organisation of the Company and the Group, implementation and improvement of the internal risk management system as well as ensuring adaptation of the corporate governance and compliance with respective laws and regulations, especially those applicable to public companies. On this level it was a year of changes and adaptation to the new circumstances. There were also a few changes to the Non-Executive Directors throughout the year. Those changes are listed on page 36.

Investor relation activities
During the year, Non-Executive Directors received detailed information on investor relations. Updates were given in several meetings, and reports on Griffin Premium RE.. N.V. by several analysts were sent to the Non-Executive Directors promptly. Griffin Premium RE.. N.V. cooperated with different specialists and analysts and asked investors for their opinion about the group performance. This information is required by Non-Executive Directors to be up to date with the feedback from shareholders and investors.

Evaluation external auditor
EY was appointed as Griffin Premium RE.. Group external auditor as of the 2017 reporting year. The chairman of the Board and the chairman of the Audit Committee consult at least once a year with the external auditor.

Adoption of the 2017 consolidated financial statement and approval of separate financial statements of the Company
On 2 March 2018 in the presence of the auditor, first during the Audit Committee and then during the meeting of the Board on 4 March 2018, Non-Executive Directors examined and discussed in detail consolidated and separate financial statements as at 31 December 2017, together with the management report and the proposal for appropriation of profits. The auditor reported on the key results of the audit and answered all the questions of Non-Executive Directors. After the discussion the financial statements were recommended by the Audit Committee for approval by the Board. Non-Executive Directors accepted the recommendation of the Audit Committee and approved standalone and consolidated financial statements which were therefore adopted. The Non-Executive Directors accepted the proposal of Executive Directors as to the appropriation of the net retained profits. Therefore the Board will recommend the payment of the dividend in the amount of EUR 11.3 million to the Annual General Meeting.

Self-assesment of Non-Executive Directors
Non-Executive Directors annually evaluate their own performance. The conclusion of the evaluation with respect to the 2017 financial year was that the Non-Executive Directors in general performed well, that cooperation within and with the committees is good, that the Board operates independently and that it is adequately resourced for its tasks. The preparations for meetings by the Executive Directors and the collaboration are proper.

NOMINATION AND REMUNERATION COMMITTEE REPORT

Throughout the year ended 31 December 2017, the Remuneration Committee comprised three Non-Executive Directors: Maciej Dyjas (as Chairman), Thomas Martinus de Witte and Marcus M.L.J. van Campen. With respect to the changes within composition of the Board of Directors and the Committee please refer to Note 36 of consolidated financial statements.

The Chairman of the Committee is appointed by the Board and the members are appointed by the Board, in consultation with the Chairman of the Committee. The Committee shall have a minimum of two members. All members of the Committee shall be Non-Executive Directors with the majority of the members (including chairman) being independent.

The Company Secretary shall take minutes of the meeting. The minutes shall be adopted in the same meeting or in the next meeting of the Investment Committee, and shall be signed by the chairperson of the Investment Committee and the Company Secretary. A copy of the minutes will be sent to the Board.

The duties of the Nomination and Remuneration Committee include:
- advising the Board on the exercise of its duties regarding the remuneration policy;
- preparing proposals for the Board on these subjects;
- preparing the remuneration report;
- drawing up selection criteria and appointment procedures for Board members;
- periodically assessing the size and composition of the Board members and the functioning of the individual members; and
- making proposals for appointments and re-appointments.

The emoluments of the Non-Executive Directors is a matter for the Board. No Director may be involved in any decisions as to his own emoluments.

Remuneration Policy for Members of the Management Board
The remuneration of the Executive Directors shall be determined by the Board with due observance of the remuneration policy adopted by the General Meeting (as summarised below). Executive Directors may not take part in the decision-making process in respect of the remuneration of Executive Directors. A proposal with respect to a remuneration scheme in the form of Shares or rights to Shares is submitted by the Board to the General Meeting for its approval. This proposal must set out at least the maximum number of Shares or rights to Shares to be granted to Executive Directors and the criteria for granting or amendment.
The remuneration of the Non-Executive Directors shall be determined by the General Meeting upon a proposal of the Board, with due observance of the remuneration policy adopted by the General Meeting. Non-Executive Directors may not receive Shares and/ or options or similar rights to acquire Shares as part of their remuneration.

Scenario analysis
The Code requires that the Board of Directors analyses the possible outcomes of the variable remuneration components and their impact on the Executive Board's total remuneration. This analysis is conducted at least once every three years. In cases not covered by the remuneration policy, the Board of Directors decides. Any decision must match the principles and intent of the remuneration policy as closely as possible. Where necessary, the Board of Directors will inform the Annual General Meeting.

Remuneration policy components

Fixed annual base salary
Executive Directors
The Executive Directors are entitled to a base salary. The base salary of the Executive Directors is benchmarked against relevant comparable markets and companies.

Non-Executive Directors
The current annual compensation of the Non-Executive Directors is as follows:
Non-Executive Director: EUR 20,000; and
Membership committee of the Board of Directors: EUR 5,000 (per committee).

Variable remuneration
Executive Directors
The Company is in the process of finalising its remuneration policy with respect to the Executive Directors. The policy shall be aimed in attracting, motivating and retaining highly qualified executives and rewarding board members with balanced and competitive remuneration, while aligning with the short-term operational objectives of the Company leading to longer term value creation. The policy shall promote the achievement of strategic goals as well as promote ethical culture and responsible corporate governance.

Pension and fringe benefits
Executive Directors
The Executive Directors are not entitled to any pension contributions.
The Executive Directors will be entitled to customary fringe benefits, such as expense allowances and reimbursement of costs.

Non-Executive Directors
The Non-Executive Directors will be entitled to reimbursement costs.

Adjustments to variable remuneration

Pursuant to Dutch law, the variable remuneration of managing directors may be reduced or managing directors may be obliged to repay (part of) their remuneration to the company if certain circumstances apply, which are summarised below.

Pursuant to Dutch law, the Board may adjust the variable remuneration to an appropriate level if payment of the variable remuneration were to be unacceptable according to the criteria of reasonableness and fairness. In addition, the Board will have the authority under Dutch law to recover from an Executive Director any variable remuneration awarded on the basis of incorrect financial data in respect of underlying targets or other circumstances of which the variable remuneration is dependent.

Reference group and market positioning

We offer a remuneration package that is competitive as compared to a relevant labor market. To define this market, a reference group is created, consisting of companies that are comparable to us in terms of size and complexity, data transparency and geographical area. For as long as Griffin Premium RE.. Group is positioned around the median of the group of companies with respect to size (measured by enterprise value, revenue and number of employees), the median market level may serve as a reference in determining the level of pay for the Board of Directors.

Service and severance agreements

Set out below are the material terms of the management contracts of the Executive Directors.

Małgorzata Turek

Małgorzata Turek, the Company's Executive Director and CEO entered into a management and/or employment contract with the Company and/or its subsidiary (the "CEO Contracts"). The CEO Contracts was entered into for an unspecified term and each party have a right to terminate the CEO Contracts with six months' notice (unless terminated by the Company with immediate effect for cause).

The CEO Contracts provide for the non-compete obligations of Małgorzata Turek during the term of the CEO Contracts, as well as for 12 months following their termination. During the non-compete period following the termination of the CEO Contracts, Małgorzata Turek is entitled to receive monthly base remuneration for each month of the non-compete period.

Rafał Pomorski

Rafał Pomorski, the Company's Executive Director and CFO entered into a management and/or employment contract with the Company and/or its subsidiary (the "CFO Contracts"). The CFO Contracts was entered into for an unspecified term and each party have a right to terminate the CFO Contracts with six months' notice (unless terminated by the Company with immediate effect for cause).

The CFO Contracts provide for Rafał Pomorski's non-compete obligations during the term of the CFO Contracts, as well as for 12 months following their termination. During the non-compete period following the termination of the CFO Contracts, Rafał Pomorski is entitled to receive monthly base remuneration for each month of the non-compete period.

Amounts in €'000	Base Salary	Short Term Incentives	Dividends	Other benefits	Total emoluments
Current Directors					
Małgorzata Turek	67	–	–	–	67
Rafał Pomorski	75	70	–	–	145
Ioanis Papalekas	1	–	–	–	1
Dimitris Raptis	1	–	–	–	1
Andreas Segal	18	–	–	–	18
Marcus M.L.J. Van Campen	18	–	–	–	18
Thomas Martinus De Witte	22	–	–	–	22
Claudia Pendred	6	–	–	–	6
Former Directors					
Dorota Wysokińska-Kuzdra	80	–	–	–	80
Przemysław Krych	17	–	–	–	17
Maciej Dyjas	22	–	–	–	22
Nebil Senman	22	–	–	–	22
Karim Khairallah	16	–	–	–	16

Internal pay ratio

The pay ratio of CEO compensation compared to the median of all other employees remuneration in December 2017 is 5:1.

Due to the fact that the Group was effectively created in April 2017 and, additionally, there was a change of CEO during the year the ratio is calculated based on monthly data for December 2017 instead of annual figures.

AUDIT COMMITTEE REPORT

During the year ended 31 December 2017, the Audit Committee comprised three Non-Executive Directors: Andreas Segal (as Chairman), Thomas de Witte and Nebil Senman . With respect to the changes within composition of the Board of Directors and the Committee please refer to Note 36 of consolidated financial statements.

The Chairman of the Committee is appointed by the Board and the members are appointed by the Board, in consultation with the Chairman of the Committee. The Committee shall have a minimum of two members. All members of the Committee shall be Non-Executive Directors with relevant financial experience with the majority of the members (including chairman) being independent.

The Company Secretary shall take minutes of the meeting. The minutes shall be adopted in the same meeting or in the next meeting of the Audit Committee, and shall be signed by the chairperson of the Audit Committee and the Company Secretary. A copy of the minutes will be sent to the Board.

Audit Committee

Member	Attendance
Andreas Segal	1/2
Thomas de Witte	2/2
Nebil Senman	2/2

Principal Duties of the Committee

The role of the Committee includes the following:

- Financial Reporting:
  - monitoring the integrity of the consolidated financial statements and any formal announcements regarding financial performance;
  - reviewing and reporting to the Board on the significant issues and judgements made in the preparation of the Group's published financial statements, preliminary announcements and other financial information having regard to matters communicated by the independent auditors; and
  - assessing whether the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.
- Controls and Safeguards:
  - keeping under review the effectiveness of the Company's internal controls and risk management systems;
  - reviewing the Company's arrangements for its employees to the Board and the Committee discuss the outcome of the valuation raise concerns, in confidence, about possible wrongdoing in process and the details of each property on a semi-annual basis. The financial reporting or other matters and ensuring that these management liaise with valuers on a regular basis and meet them on arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action;
  - considering annually whether there is a need for the Company to have its own internal audit function; and
  - approving any transactions with related parties.
- External Audit:
  - reviewing the effectiveness of the external audit process and the auditor's independence;
  - considering and making recommendations to the Board on the appointment, reappointment, replacement and remuneration of the Company's independent auditor;
  - developing and implementing a policy on the engagement of the external auditor to supply non-audit services; and
  - reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

The complete details of the Committee's formal duties and responsibilities are set out in the Committee's tterms of reference formally effective since 27 February 2018..

Activities of the Committee

During the year ended 31 December 2017 and up to the date of this report the Committee has been active in the following areas, presented below under the three key areas of focus of financial reporting, controls and safeguards as well as external audit:

Financial Reporting:

- reviewed the Annual Report for the year ended 31 December 2017 prior to their approval by the Board;
- reviewed the Interim Report and unaudited interim consolidated financial statements for the half year ended 30 June 2017 prior to their approval by the Board;
- reviewed the Quarterly Reports.

The Committee has had regular contact with management during the process of preparation of the Annual Report and consolidated financial statements and the auditor during the audit thereof. In planning its work and reviewing the audit plan with the auditor, the Committee took account of the most significant issues and risks, both operational and financial, likely to have an impact on the Group's financial statements and selected the following as the most significant issues impacting the Company's financial statements and Annual Report disclosures:

- investment property appraisal process;
- accounting for business acquisitions and disposals;
- use of the going concern principle as a basis for preparation of the financial statements;
- underlying cash flow projections and sensitivity analysis supporting the viability statement; and
- compliance with the fair, balanced and understandable principle.

Investment Property Valuations

Valuations for investment property are prepared by an external valuer: CBRE Sp. z o.o. and Knight Frank Sp. z o.o. The valuation of the investment property is inherently subjective, requiring significant estimates and assumptions by the valuer. Errors in the valuation could have a material impact on the Group's net assets value. Further information about the portfolio and inputs to the valuations are set out in Note 4 of the consolidated financial statements.

The Board and the Committee discuss the outcome of the valuation process and the details of each property on a semi-annual basis. The management liaise with valuers on a regular basis and meet them on a semi-annual basis prior to the finalisation of the portfolio valuation.

The external auditor has access to the external valuer and comments on the key assumptions used in the valuations performed and movements on property values. 100% of the portfolio was externally valued as of the end of 2017.

Accounting for Acquisitions and Disposals

The Committee notes that there is judgement involved in identifying and valuing the consideration given and the fair value of the assets acquired in a business combination, or in the acquisition of assets. The Committee also notes that there is judgement involved in the accounting for disposals, particularly around the valuation of the consideration receivable. In December 2017 there were new acquisitions of Tryton Business House, A4 Business Park and West Gate Projects. The Company assumed that the value determined by an external valuer (Knight Frank) best reflects the market value of these properties at the end of 2017.

Going Concern Principle

The Committee has considered management's assessment and conclusion of continuing to use the going concern assumption as a basis of preparation of the Company's financial statements, as supported by detailed cash flow projections for the period up to 31 December 2018 and supporting documentation. Following their review of the Management's assessment, the Committee concurred with Management's conclusion to continue using the going concern assumption as a basis of preparation of the Company's financial statements.

Fair, Balanced and Understandable Principle

The Committee has considered the Annual Report and financial statements and, taken as a whole, consider them to be fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, financial position, business model and strategy.

The Committee has reviewed the Company's Annual Report and financial statements for the year ended 31 December 2017 and has advised the Board that, in its opinion, the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's performance, operating model and strategy.

Controls and Safeguards:

- reviewed the risk matrix used to identify and monitor the significant risks encountered by the Group, as well as the analysis underlying the viability report;
- reviewed the principal risks and uncertainties identified by Management and the update thereof during 2017, presented on pages 29-32 of the Annual Report;
- performed an assessment of the internal controls of the Group and in particular the controls over the most significant financial reporting risks:
  – The Audit Committee reviewed the report on controls over identified significant financial reporting risks, prepared by Management and submitted to the Audit Committee by the Company's Chief Financial Officer. The Audit Committee concluded that, although some improvements with respect to the closing procedures can be made, the related internal control environment is adequate considering the current size and activities of the Company and its subsidiaries; and
- considered whether there is a need for an internal audit function:
  – The Committee does not consider at present for there to be a need for an internal audit function, given the size of the Group and the fact that its internal control procedures are still under development so as to align these to the level of continuous development of the Group's activities.

External Audit:

The Committee held regular meetings and discussions with the external auditor:

- The Audit Committee held discussions with the auditor at the planning phase and at the end of the audit at the reporting stage, before the approval of the Company's consolidated financial statements and Annual Report for the year ended 31 December 2017.
- At the planning stage of the audit for the year ended 31 December 2017, the Chairman of the Committee met the auditor in September 2017. During this meeting the draft audit plan was presented, reviewed and discussed, as well as a discussion held regarding the risks on which the audit would be focusing. Findings from half year review were also discussed during the meeting. The auditor explained that the risks the audit would focus on were the following:
  – Valuations of investment properties;
  – Bank covenants and financing;
  – Revenue recognition; and
  – Taxes.

Assessed the independence and objectivity of the external auditor:

Ernst & Young Accountants LLP has been appointed as the Company's independent auditor in February 2017.

The Committee considers the reappointment of the external Auditor, including rotation of the audit partner.

In addition, the external Auditor is required to rotate the audit partner responsible for the Group's audit every five years. The auditor has confirmed to the Audit Committee its independence of the Group.

The independence and objectivity of the independent auditor is reviewed by the Committee, which also reviews the terms under which the independent auditor is appointed to perform non-audit services.

Audit Fees and Non-Audit Services

The table below summarises the remuneration of Ernst & Young LLP and other entities of EY during the years ended 31 December 2017:

	Ernst & Young Accountants LLP	Associated Ernst & Young Companies	Total
Audit fees Annual Report	87	104	191
Audit fees in relation to the initial public offering		108	108
Other audit fees	18	138	156
Total	**105**	**350**	**455**

The Committee has reviewed the level of audit fees of the external auditor for the year ended 31 December 2017 and has considered that they are in line with the Group's level of development and non-recurring tasks that occurred in 2017.

Reviewed the effectiveness of the external auditor and recommended its reappointment to the Board:

For the year ended 31 December 2017 the Committee reviewed the effectiveness of the external auditors. Furthermore, the Chairman of the Audit Committee discussed with the external auditor in February 2018 their final findings on the audit of the Annual Report and consolidated financial statements for the year ended 31 December 2017 and their draft audit opinion thereon.

Local statutory audits of individual subsidiary companies are also required in some jurisdictions in which the Group operates. EY Poland and EY Luxembourg carry out these audits in Poland and Luxembourg respectively.

Following this review, the Committee recommended to the Board that Ernst & Young Accoountants LLP be reappointed as external auditors for the year ending 31 December 2018.

For any questions on the activities of the Committee not addressed in this report, a member of the Audit Committee remains available to attend each Annual General Meeting to respond to such questions.

Andreas Segal
Audit Committee Chairman
7 March 2018

INVESTMENT COMMITTEE REPORT

Throughout the year 2017 there were four members of Investment Committee: Karim Khairallah, Maciej Dyjas, Nebil Senman and Przemyslaw Krych. On 6 of December 2017 Karim Khairallah resigned from his functions. On 21 December 2017 Przemysław Krych resigned from the function as the member of Investment Committee. With respect to the changes within composition of the Board of Directors and the Committee please refer to Note 35 of consolidated financial statements.

The Chairman of the Committee is appointed by the Board and the members are appointed by the Board, in consultation with the Chairman of the Committee. The Committee shall have a minimum of two members. All members of the Investment Committee must be Non-Executive Directors.

The responsibilities of the Investment Committee mainly include:

a. considering suitable acquisitions, which fit within the company's business strategy; and;
b. making final decisions regarding acquisitions and disposals to be made by the company, acting under a delegated mandate from the Board.

During the year there was one committee meeting. The meetings are generally held at the office of the Company, but may also take place elsewhere or by means of a conference call, video-conference, or similar communications equipment provided that all members of the Investment Committee participating in the meeting can hear each other and none of them has objected to this way of decision-making. After each meeting all recommendations were presented to the Board for consideration.

The convocation notices of an Investment Committee meeting are given by e-mail, fax or mail, at such time that all the members of the Investment Committee are given opportunity to participate in and prepare themselves for the meeting ultimately eight days in advance. In urgent cases, the chairperson of the Investment Committee may determine that the meeting shall be convened upon shorter notice, but in any case no later than two business days before the meeting. Any notice of the Investment Committee meeting shall contain the agenda for the meeting. The agenda stating the matters for decision, shall be drawn up by the chairperson of the Investment Committee. The other information and decision material for the meeting shall be circulated as soon as possible, but in any case no later than two business days before the meeting.

The Company Secretary shall take minutes of the meeting. The minutes shall be adopted in the same meeting or in the next meeting of the Investment Committee, and shall be signed by the chairperson of the Investment Committee and the Company Secretary. A copy of the minutes will be sent to the Board.

Investment Committee

Member	Attendance
Karim Khairallah	1/1
Przemysław Krych	1/1
Maciej Dyjas	1/1
Nebil Senman	1/1

SUSTAINABILITY REPORT

Introduction

Griffin Premium RE.. N.V. with its strategy aims to add value for its shareholders, tenants,suppliers and staff, as well as to local communities. Griffin Premium RE.. N.V. aims to do business while adhering to strict business ethics and corporate social responsibility which we believe adds and sustains long-term value for the Company, our shareholders, the community and the environment. The Company and its subsidiaries, in conducting its business activities, undertake to comply with all laws and regulations regarding use of land and protection of the natural environment. The Company and its subsidiaries are not a party to any pending proceedings regarding potential environmental protection violations.

General social and economic aspects

The Company quality is founded upon best-in-class properties. Our portfolio consists of attractive upscale properties situated in the centre of or on the main streets of the largest Polish cities. Griffin Premium RE.. N.V. invests in historical inner cities, contributing to the liveability and preservation of cultural spaces. The best example which deserves an honorable mention is the excellent functioning of Hala Koszyki in Warsaw. The Hala Koszyki project has become known mainly through its commercial and service function. It is a meeting place, life style offering good cuisine and an unique atmosphere. In this property there are dozen of restaurants with cuisine from around the world, bars and cafes. Among the tenants there are enthusiasts and experts in regional cuisine. Such wide and unique culinary offers and accompanying services as well as an original, historic interior give a unique character and create a unique atmosphere of the place, conducive to spending free time. In addition, there are cyclical prosocial events organised available to a wide range of recipients, aimed at promoting culture and art, meetings with authors, pro-health activities, including the promotion of organic food, healthy nutrition and regional products. Almost every weekend public music concerts take place. The hall is also a place for meetings and occasional events. The square in front of the hall is open from the street, it is a local meeting place. Diversified activities include cooperation with non-profit organisations to promote cultural, artistic and educational values. The spaces in the hall have become a place for displaying bold contemporary art projects and exhibitions, making them available to a wide audience. Taking care of everyday ordinary needs of local residents and clients it has created an opportunity to do everyday shopping, use the services of laundry, hairdresser. In the hall there is a large supermarket, drugstore, specialist food stores (cheese, olives, wine, meat and sausages, bakery, confectionery, etc.), a household goods store, a bookshop and a bazaar. This activity constitutes the resumption of historic commercial functions for the urban capital area and contributes to the maintenance of commercial spaces in the urban center of the city. Moreover, it contributes to the creation of Warsaw as an attractive place for living, investing and tourism.

Environmental aspects

We continue to focus on investing in environmentally friendly properties. Creating an environment in which people want to work and be associated with is a key objective for Griffin Premium RE.. N.V., there is no better way to achieve this than by building a "greener" and more environmentally-friendly portfolio. The Company focus on investments that either have received green accreditation or have the potential to receive it in the future. Building a sustainable portfolio is also a commitment to our partners and our shareholders to create value for the long term. Below are presented assets which possess green certificates with the type of certificate.

- Green Horizon - LEED.
- West Gate - BREEAM.
- A4 Business Park - BREEAM.
- Tryton Business House BREEAM.

Currently we are in recertfication process for the following assets:

- CB Lubicz I/II.
- Renoma.
- Hala Koszyki.

Personnel and organisation

Griffin Premium RE.. N.V. actively work together with tenants, partners and the community to identify ways to improve the effectiveness and efficiency of properties. Active management of our properties ensure that they operate according to their specifications. Creating and actively managing a premium city office and and high-street mixed-use portfolio requires a hands-on, proactive and pragmatic organisation. Griffin Premium RE.. N.V.'s contacts and a strong local network are indispensable. Direct contacts with tenants and a horizontal organisation ensure fast response times. Griffin Premium RE.. N.V. offers employees the opportunity to work for a medium ambitious organisation dedicated to creating a high-quality sustainable portfolio leased to leading tenants. Employees play a crucial role in the transformation to a high-quality portfolio and therefore in the effective execution of the strategy. It is important for Griffin Premium RE.. N.V. to rally its employees and get everybody to jointly move forward. The structure of employees in 2017 is presented below.

Total Number of Employees During the Year

Number of females hired in 2017:	10
Number of males hired in 2017:	7
Number of Staff hired in 2017:	17

Number of females as at 31 December 2017:	18
Number of males as at 31 December 2017:	23
Total number of Staff as at 31 December 2017:	**41***

* Including Non-Executive Directors

Shareholders & Stakeholders Relations

The trust of our shareholders and stakeholders is essential to the success of the Company. The dialogue and transparency with stakeholders, among whom shareholders are of particular significance, is a key aspect of Company's operations. The Company pursues a regular and constructive dialogue with its current and potential shareholders to provide objective information about the Company's current operations and strategic goals.
In this context the following ways of communications are used:

- organizing a regular meetings with current and prospective shareholders;
- participation in the real estate industry and general business related events gathering both shareholders and business partners;
- road shows to discuss the key business developments and strategy; and
- distribution of the current and periodic reports as well as relevant press releases to the shareholders.

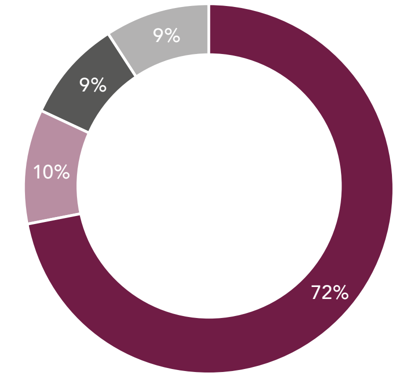
In 2017 the Company distributed 37 of current reports as well as 5 periodic reports (Standalone Financial Statement of Griffin Premium RE. N.V. for 2016, Consolidated Financial Statements of Griffin Premium RE.. N.V. Group for 2016, Interim condensed financial statements for the three month period ended 31 March 2017, Consolidated condensed interim financial report for the period ended 30 June 2017 and Consolidated condensed interim financial report for period ended 30 September 2017). Apart from this, on the Company website 3 presentations have been published: Q1 2017 Investor presentation, H1 2017 Results investor presentation, Q3 2017 Financial results and operational data.

In the near future the Company would like to implement:

– Press conferences to announce financial performance.
– Ad-hoc conference calls/queries from the market players (concerning Company's performance, strategy, finances.
– One-on-one meetings with funds and analysts, during investor conferences.
– Surveying of the Company's image as seen by capital market players.

GPRE Shares

a. Shareholders with direct or indirect ownership of significant blocks of shares



According to the information available to Griffin Premium RE.. N.V., the shareholding structure of the Company as of 31 December 2017 was as follows:

Shareholders	Number of shares	Par value per share EUR	Value of share capital EUR	%
Globalworth Asset Managers SRL	111 890 933	1	111 890 933	71,66
Nationale Nederlanden OFE	15 600 000	1	15 600 000	9,99
European Bank for Reconstruction and Development	14 807 000	1	14 807 000	9,48
Other shareholders	13 835 246	1	13 835 246	8,87
Total	**156 133 179**		**156 133 179**	**100,0**

Przemysław T. Krych (Chairman of the Board of Directors until 21 December 2017), Maciej Dyjas (Non-Executive Director until 27 February 2018) and Nebil Senman (Non-Executive Director until 27 February 2018). Griffin Premium RE.. N.V. through SO SPV 117 Sp. z o.o. purchased 5,649,123 shares (1,883,041 shares each) with an aggregate value of PLN 32,200,001.10 through the Offering and held the same amount of shares as of the balance sheet date and the date of this report.

From the balance sheet date until the report publication date there were no changes in the ownership structure.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 December 2017 € '000	Restated 2016* € '000
Revenue	7	**45,805**	33,901
Operating expenses	8	**(14,075)**	(10,805)
Net operating income		**31,730**	23,096
Administrative expenses	9	**(7,821)**	(4,502)
Fair value movement	3, 4	**3,199**	21,407
Other expenses		**(721)**	(731)
Other income		**284**	893
		(5,059)	17,067
Profit before net financing costs		**26,671**	40,163
Net financing costs			
– Finance cost	11	**(9,559)**	(22,675)
– Finance income	10	**25,479**	422
		15,920	(22,253)
Profit before tax		**42,591**	17,910
Income tax (expenses)	12	**(11,271)**	(5,672)
Profit for the year		**31,320**	12,238
Attributable to:			
Equity holders of the parent		**31,320**	12,238
		31,320	12,238
Earnings per share (basic and diluted):		**0.20**	0.09
EPRA Earnings per share (basic and diluted):		**0.16**	0.00

* for details of the changes in presentation of prior year data please refer to Note 34.

EPRA Earnings – Profit after tax attributable to the equity holders of the Company, excluding investment property revaluation, gains, losses on investment property disposals and related tax adjustment for losses on disposals, bargain purchase gain on acquisition of subsidiaries, acquisition costs, changes in the fair value of financial instruments and associated close-out costs and the related deferred tax impact of adjustments made to profit after tax. (This is non-IFRS measure).

EPRA Earnings per share – EPRA Earnings divided by the basic or diluted number of shares outstanding at the year or period end. (This is non-IFRS measure).

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Year ended 31 December 2017 € '000	Restated 2016* € '000
Profit for the year	**31,320**	12,238
Other comprehensive income transferable later on to the profit/(loss):		
Foreign currency translation reserve	**10,313**	(3,271)
Other comprehensive income/(loss)	**10,313**	(3,271)
Total comprehensive income/(loss) for the year, net of tax	**41,633**	8,967
Comprehensive income attributable to:		
Equity holders of the parent	**41,633**	8,967

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2017 € '000	Restated 2016* € '000
ASSETS			
Non-current assets			
Investment property**	3	**680,130**	470,380
Long-term loans	19	**–**	790
Available for sale financial assets	18	**5,897**	–
Other long-term assets		**47**	–
Other receivables		**69**	10
Long-term restricted cash	24	**2,958**	2,550
Deferred tax assets	12	**–**	7,674
		689,101	481,404
Current assets			
Short-term loans	19	**60**	–
Trade and other receivables	23	**10,634**	3,813
Income tax receivable		**1**	32
Debentures	17	**18,389**	–
Available for sale financial assets	18	**4,346**	–
Cash and cash equivalents	24	**34,685**	16,573
		68,115	20,418
TOTAL ASSETS		**757,216**	501,822

* for details of the changes in presentation of prior year data please refer to Note 34.
** earlier position was divided into Completed investment property and Investment under construction. As at 31 December 2016 the position consisted of Completed investment property only.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

	Note	As at 31 December 2017 € '000	Restated 2016* € '000
EQUITY AND LIABILITIES			
Total equity			
Issued share capital	26	**156,133**	45
Share premium	1.3	**44,026**	–
Other reserves		**8,121**	–
Foreign currency translation reserve		**5,171**	(5,142)
Net assets attributable to shareholders	26	**–**	41,334
Retained earnings		**31,320**	–
Equity attributable to equity holders of the parent		**244,771**	36,237
Non-current liabilities			
Bank loans	20	**278,690**	252,535
Other borrowings	20	**–**	137,919
Deferred tax liability	12	**19,020**	15,658
Guarantees retained from contractors	22, 25	**537**	357
Deposits from tenants	22, 25	**5,834**	2,991
		304,081	409,460
Current liabilities			
Bank loans	20	**26,202**	49,050
Other borrowings	20	**165,413**	16
Guarantees retained from contractors	22, 25	**508**	133
Trade and other payables	22, 25	**15,238**	6,583
Deposits from tenants	22, 25	**270**	343
Income tax payable		**733**	–
		208,364	56,125
TOTAL EQUITY AND LIABILITIES		**757,216**	501,822
		Cents	Cents
NAV per share		**1.57**	0.27
Diluted NAV per share		**1.57**	0.27
EPRA NAV per share		**1.69**	0.38

* for details of the changes in presentation of prior year data please refer to Note 34.

Net Asset Value (NAV) Per Share (This is non-IFRS measure)
Equity attributable to equity holders of the company divided by the number of Ordinary shares in issue at the period end.

EPRA NAV Per Share (This is non-IFRS measure)
EPRA NAV divided by the basic/diluted number of shares outstanding at the year or period end. (This is non-IFRS measure)

Net Assets Value (NAV) (This is non-IFRS measure)
Equity attributable to equity holders of the company and/or net assets value.

EPRA Net Assets (EPRA NAV) (This is non-IFRS measure)
Net assets per the statement of financial position, excluding the mark-to-market on effective cash flow hedges and related debt adjustments and deferred taxation on revaluations excluding goodwill.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Issued share capital € '000	Share premium € '000	Foreign currency translation reserve € '000	Net assets attributable to shareholders € '000	Other reserves € '000	Retained earnings € '000	Total
1 January 2017		**45**	**–**	**(5,142)**	**41,334**	**–**	**–**	**36,237**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**31,320**	**31,320**
Other comprehensive income		**–**	**–**	**10,313**	**–**	**–**	**–**	**10,313**
Total comprehensive income		**–**	**–**	**10,313**	**–**	**–**	**31,320**	**41,633**
Shares issued for capital		**156,088**	**44,026**	**–**	**–**	**–**	**–**	**200,114**
The reorganisation of the Group	**1.3**	**–**	**–**	**–**	**(41,334)**	**8,121**	**–**	**(33,213)**
At 31 December 2017	**26**	**156,133**	**44,026**	**5,171**	**–**	**8,121**	**31,320**	**244,771**
At 1 January 2016		–	–	(1,871)	86,349	–	–	84,478
Profit for the year		–	–	–	12,238	–	–	12,238
Other comprehensive income		–	–	(3,271)	–	–	–	(3,271)
Total comprehensive income		–	–	(3,271)	12,238	–	–	8,967
Operations with shareholders		–	–	–	(1,141)	–	–	(1,141)
Issue of share capital		45	–	–	–	–	–	45
Dividend paid	14	–	–	–	(56,112)	–	–	(56,112)
At 31 December 2016		45	–	(5,142)	41,334	–	–	36,237

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2017 € '000	Restated 2016* € '000
Profit/(loss) before tax		**42,591**	17,910
Adjustments to reconcile profit before tax to net cash flows			
Fair value movement on investment property		**(3,199)**	(21,407)
Net financing (income)/costs		**(16,469)**	22,253
Operating profit before changes in working capital		**22,923**	18,756
Decrease/(increase) in trade and other receivables		**(3,609)**	(14)
(Decrease)/increase in trade and other payables		**2,671**	45
Movements in deposits from tenants and other deposits		**2,052**	(806)
VAT settlements		**1,066**	2,086
Other items		**(1,444)**	(865)
Income tax paid		**41**	(211)
Cash flows from operating activities		**23,700**	18,991
Investing activities			
Capital expenditure on investment property		**(14,621)**	(14,499)
Expenditure on investment property under construction		**–**	(24,966)
Rental Guarantee Payment (CAPEX)		**3,986**	–
Payment for acquisition of subsidiaries less cash acquired	28	**(155,151)**	–
Dividend received		**3**	–
Movements in loans granted		**(27,466)**	–
Interest received		**32**	17
Cash flows from investing activities		**(193,217)**	(39,448)
Financing activities			
Proceeds from share issuance		**29,129**	–
Bank loan proceeds		**11,098**	138,990
Bank loan repayments		**(8,702)**	(87,996)
Proceeds from borrowings		**164,194**	4,316
Repayment of borrowings		**(1,118)**	(24,281)
Payment of other financing costs		**–**	(30)
Interest paid		**(7,337)**	(8,498)
Change in restricted cash		**(12,873)**	(1,388)
Cash flows from financing activities		**174,391**	21,113
Net increase/(decrease) in cash and cash equivalents		**4,874**	656
Cash and cash equivalents at the beginning of the period		**10,010**	9,961
Translation differences		**773**	(607)
Cash and cash equivalents at the end of the period	24	**15,657**	10,010

* for details of the changes in presentation of prior year data please refer to Note 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION I: BASIS OF PREPARATION

This section contains the Group's significant accounting policies that relate to the financial statements as a whole. Significant accounting policies and related management's estimates, judgements and assumptions in application of those policies specific to each note are included with that note. Accounting policies relating to non-material items are not included in these financial statements.

1. Basis of Preparation

The consolidated financial statements of the Group include consolidated financial data as of 31 December 2017 and for the year ended 31 December 2017 in relation to the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement.

The comparative data include consolidated financial data as of 31 December 2016 and for the year ended 31 December 2016 in relation to the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement.

Unless indicated otherwise, all financial data in the Group's consolidated financial statements have been presented in thousands of EUR.

The accumulated profit contains results of the entities within the Group since 1 January 2017 to 31 December 2017, which includes results from 1 January 2017 up to finalisation of the Reorganisation.

1.1. Corporate information

Griffin Premium RE.. N.V. Group (further "**Griffin Premium RE.. Group**", "**the Group**" or "**GPRE Group**") owns and manages yielding real estates throughout Poland. On 31 December 2017 the Group is composed of the entities presented below in Note 1.2. In the period until 3 March 2017 these entities were owned directly or indirectly by Griffin Topco II S.á r.l. ("**GT II**") and Griffin Topco III S.á r.l. ("**GT III**"), which are entities indirectly controlled by a fund ultimately controlled by Oaktree Capital Management Group LLC.

On 21 December 2016, Griffin Premium RE.. N.V. ("**the Company**") was incorporated with the aim to become a holding company to the Group for the purpose of creating a real estate platform to be then listed on Warsaw Stock Exchange. With effect from 3 March 2017 Griffin Premium RE.. N.V. became the legal parent of entities' operations which were previously directly and indirectly controlled and managed by GT II and GT III following a reorganisation as described in the Note 1.3.

With respect to financial data for 2016 the Management Board of Griffin Premium RE.. N.V. assumed responsibility to authorise the Group's Consolidated Financial Statements to be issued. The Consolidated Financial Statements of the Group for 2016 were not the statutory financial statements of Griffin Premium RE.. N.V. The Consolidated Financial Statements were authorised for issue by the Management Board of Griffin Premium RE.. N.V. on 8 March 2017. The Management Board had no power to change these Consolidated Financial Statements after issue. For the consolidated financial statements prepared as of 31 December 2017 of Griffin Premium RE.. Group data listed above are used as a comparative data.

Company's shares are listed on the Warsaw Stock Exchange since 13 April 2017.

1.2. Structure of the Group

The main area of business activities of the Group is to manage an unique Polish pure office and high-street mixed-use platform. The Group focuses its operational activities on the active management of its tenant base, closely monitoring the Polish real estate market to ensure that the current portfolio meets the expectations of its current and future tenants.

The principal activity of Griffin Premium RE.. N.V. as the parent company is the holding of interests in and rendering management and advisory services to other companies in the Group.

Execution by the Company of the advisory, management and financial functions serves to:

- supervise of the implementation of the Group's strategy;
- ensure a quick flow of information across the Group;
- strengthen the efficiency of cash and financial management of individual entities;
- strengthen the market position of the Group as a whole.

These Consolidated Financial Statements of the Group comprise the Company and the other entities mentioned below (the "**Entities**"):

Griffin Premium RE.. N.V. – a private limited liability company, with its registered office at Claude Debussylaan 15, 1082MC Amsterdam. On 21 December 2016, the company was registered in the Netherlands Chamber of Commerce Business Register under the number 67532837.

1. Basis of Preparation continued

Bakalion Sp. z o.o. – Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 19 December 2012. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 446054.

The company owns two office buildings located in Kraków known as "Centrum Biurowe Lubicz I and II".

Centren Sp. z o.o. – Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 4 February 2013. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 465417. The company owns an office property located in Łódź called "Green Horizon".

Dolfia Sp. z o.o. – Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 19 December 2012. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 445995.

The company owns an office property located in Warsaw, known as "Batory Office Building I".

Ebgaron Sp. z o.o. – Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 19 December 2012. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 446794.

The company owns an office property located in Warsaw, known as "Bliski Center".

Hala Koszyki Sp. z o.o. (formerly Lenna Investments Sp. z o.o) – Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 30 September 2011. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 399453. On 22 November 2017 Entity merged with Hala Koszyki Sp. z o.o. and Grayson Investments Sp. z o.o. using the interest pooling method. After merger the Entity changed the name into Hala Koszyki Sp. z o.o. The company is the owner the complex of three office and one retail buildings located in Warsaw known as "Hala Koszyki".

Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k. – Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was formed as a result of the conversion of Cyrion Sp. z o.o. into Lamantia Sp. z o.o. Sp.k. on the basis of the resolution of Extraordinary General Shareholders Meeting of 8 December 2015. The registration of the conversion was made on 21 December 2015. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 593148. The company owns an office property located in Warsaw called "Philips House".

Lamantia Sp. z o.o. – Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 8 January 2015. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 551021. The company is a general partner to Lamantia Spółka z ograniczoną odpowiedzialnością Sp.k.

Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k. – Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was formed as a result of the conversion of Kafue Investments Sp. z o.o. into Nordic Park Offices Sp. z o.o. Sp.k. on the basis of the resolution of Extraordinary General Shareholders Meeting of 15 April 2016. The registration of the conversion was made on 11 May 2016. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 617700. The company owns an office property located in Warsaw called "Nordic Park".

Nordic Park Offices Sp. z o.o. – Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 4 February 2016. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 602816. The company is a general partner to Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp.k.

DH Supersam Katowice Sp. z o.o. – Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 15 October 2010. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 382110. The company is the owner of the high-street mixed-use building located in Katowice known as "Supersam".

Dom Handlowy Renoma Sp. z o.o. – Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 8 January 2015 as Sebrena Sp. z o.o. On 18 June 2015 its name was changed into Dom Handlowy Renoma Sp. z .o.o. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 545107. The company is a general partner to Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k.

Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k. – Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 27 November 2009. On 2 December 2015 DH Renoma Sp. z o.o. changed its legal form into Dom Handlowy Renoma Sp. z o.o. Sp.k. The Company was entered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register on 28 January 2015, with the reference KRS number 589297. The company is the owner of the high-street mixed-use building located in Wrocław known as "Renoma".

IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych – The Fund operates on the basis of Investment Funds and Management of Alternative Investment Funds Act of 27 May 2004 (Journal of Laws of 2016, Item 1896, as amended).

On 20 November 2015, the Fund was entered in the register of Investment Funds maintained by the Regional Court (Sąd Okręgowy) in Warsaw, 7th Civil Registry Division, under No. RFi 1250.

Charlie RE Sp. z o.o. – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Al. Szucha 6, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 594818.

December RE Sp. z o.o. – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Al. Szucha 6, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 594700.

Akka RE Sp. z o.o. – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Al. Szucha 6, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 594695.

Akka SCSp – a special limited partnership established and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at 6, rue Eugene Ruppert, L-2453 Luxembourg, registered in the Luxembourg Register of Commerce and Companies under the number B201.731.

Charlie SCSp – a special limited partnership established and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at 6, rue Eugene Ruppert, L-2453 Luxembourg, registered in the Luxembourg Register of Commerce and Companies under the number B199.336.

December SCSp – a special limited partnership established and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at 6, rue Eugene Ruppert, L-2453 Luxembourg, registered in the Luxembourg Register of Commerce and Companies under the number B205.185.

GPRE Management Sp. z o.o. – acquired by the Group in January 2017 – an entity in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Al. Szucha 6, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 602904.

Griffin Premium RE Lux S.á r.l. – a private limited liability company, with its registered office at 6, rue Eugene Ruppert, L-2453 Luxembourg. On 17 January 2017, the company was registered in the Register of Commerce and Companies under the number B211834.

Lima Sp. z o.o. – company acquired by the Group on 25 April 2017 – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Al. Szucha 6, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 654807.

Ormonde Sp. z o.o. – company acquired by the Group on 22 December 2017 – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Al. Szucha 6, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 403662. The company is a general partner to Emfold investments Spółka z ograniczoną odpowiedzialnością Sp.k.

Emfold investments Sp. z o.o. – company acquired by the Group on 22 December 2017 – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Al. Szucha 6, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 590437. The company is a limited partner to Emfold investments Spółka z ograniczoną odpowiedzialnością Sp.k.

1. Basis of Preparation continued

Emfold investments Spółka z ograniczoną odpowiedzialnością Sp. k. – company acquired by the Group on 22 December 2017. Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was entered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 611695. The company is the owner of the office building located in Gdańsk known as "Tryton Business House".

Wetherall Investments Sp. z o.o. – company acquired by the Group on 22 December 2017 – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Al. Szucha 6, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 405166. The company is a general partner to A4 Business Park Iris Capital Spółka z ograniczoną odpowiedzialnością Sp.k.

Iris Capital Sp. z o.o. – company acquired by the Group on 22 December 2017 – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Al. Solidarności 36, Kielce, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Kielce, X Business Department of the National Court Register, with the reference KRS number 406675. The company is a limited partner to A4 Business Park Iris Capital Spółka z ograniczoną odpowiedzialnością Sp.k.

A4 Business Park Iris Capital Spółka z ograniczoną odpowiedzialnością Sp. k. – company acquired by the Group on 22 December 2017. Registered office is located at Szucha 6 Street, Warsaw, Poland. The Company was entered in the Register of Businesses maintained by the District Court in Kielce, X Business Department of the National Court Register, with the reference KRS number 614852. The company is the owner of the office building located in Katowice known as "A4 Business Park".

Wagstaff Investments Sp. z o.o. – company acquired by the Group on 22 December 2017 – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Al. Szucha 6, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 404848. The company is a general partner to Echo – West Gate Spółka z ograniczoną odpowiedzialnością Sp.k.

West Gate Wrocław Sp. z o.o. – company acquired by the Group on 22 December 2017 – a company in the form of limited liability company existing under the laws of the Republic of Poland, with its registered office at Al. Szucha 6, Warsaw, Poland. The Company was entered in Register of Businesses of the National Court Register maintained by the District Court in Kielce, X Business Department of the National Court Register, with the reference KRS number 412286. The company is a limited partner to Echo – West Gate Spółka z ograniczoną odpowiedzialnością Sp.k.

Echo – West Gate Spółka z ograniczoną odpowiedzialnością Sp. k. – company acquired by the Group on 22 December 2017. Registered office is located at Al. Solidarności 36, Kielce, Poland. The Company was entered in the Register of Businesses maintained by the District Court in Kielce, X Business Department of the National Court Register, with the reference KRS number 615824. The company is the owner of the office building located in Wrocław known as "West Gate".

Entity	Registered office	As at 2017 %	Consolidation method
Griffin Premium RE.. N.V. (parent company)	Amsterdam/The Netherlands	100	full
Bakalion Sp. z o.o.	Warsaw/Poland	100	full
Centren Sp. z o.o.	Warsaw/Poland	100	full
Dolfia Sp. z o.o.	Warsaw/Poland	100	full
Ebgaron Sp. z o.o.	Warsaw/Poland	100	full
Hala Koszyki Sp. z o.o. (formerly Lenna Investments Sp. z o.o.)	Warsaw/Poland	100	full
Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw/Poland	100	full
Lamantia Sp. z o.o.	Warsaw/Poland	100	full
Dom Handlowy Renoma Sp. z o.o.	Warsaw/Poland	100	full
Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw/Poland	100	full
Dom Handlowy Supersam Sp. z o.o.	Warsaw/Poland	100	full
Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw/Poland	100	full
Nordic Park Offices Sp. z o.o.	Warsaw/Poland	100	full
Akka SCSp	Luxembourg/Luxembourg	100	full
Charlie SCSp	Luxembourg/Luxembourg	100	full
December SCSp	Luxembourg/Luxembourg	100	full
Akka RE Sp. z o.o.	Warsaw/Poland	100	full
Charlie RE Sp. z o.o.	Warsaw/Poland	100	full
December RE Sp. z o.o.	Warsaw/Poland	100	full
IB 14 FIZ Aktywów Niepublicznych	Warsaw/Poland	100	full
GPRE Management Sp. z o.o.	Warsaw/Poland	100	full
Lima Sp. z o.o.	Warsaw/Poland	100	full
Griffin Premium RE Lux S.á r.l.	Luxembourg/Luxembourg	100	full

Entity	Registered office	As at 2017 %	Consolidation method
Ormonde Sp. z o.o.	Warsaw/Poland	100	full
Emfold investments Sp. z o.o.	Warsaw/Poland	100	full
Emfold investments Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw/Poland	100	full
Wetherall Investments Sp. z o.o.	Warsaw/Poland	100	full
Iris Capital Sp. z o.o	Kielce/Poland	100	full
A4 Business Park Iris Capital Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw/Poland	100	full
Wagstaff Investments Sp. z o.o	Warsaw/Poland	100	full
West Gate Wrocław Sp. z o.o.	Warsaw/Poland	100	full
Echo – West Gate Spółka z ograniczoną odpowiedzialnością Sp. k.	Kielce/Poland	100	full

Management Board of:
Griffin Premium RE.. N.V.

- Dorota Wysokińska – Kuzdra – Executive Director (till 28 July 2017)
- Małgorzata Turek – Executive Director (since 11 September 2017)
- Rafał Pomorski – Executive Director
- Intertrust Management N.V. – Member of the Management Board (till 7 March 2017)
- Przemysław T. Krych – Non-Executive Director (from 13 March 2017 till 21 December 2017)
- Maciej Dyjas – Non-Executive Director (since 13 March 2017 till 27 February 2018)
- Nebil Senman – Non-Executive Director (since 13 March 2017 till 27 February 2018)
- Karim Khairallah – Non-Executive Director (from 13 March 2017 till 6 December 2017)
- Ioannis Papalekas – Non-Executive Director (since 6 December 2017)
- Dimitris Raptis – Non-Executive Director (since 6 December 2017)
- Claudia Pendred – Independent Non-Executive Director (since 11 September 2017)
- Marcus M.L.J. van Campen – Independent Non-Executive Director (since 13 March 2017)
- Andreas Segal – Independent Non-Executive Director (since 13 March 2017)
- Thomas Martinus de Witte – Independent Non-Executive Director (since 13 March 2017)

1.3. Reorganisation

Griffin Premium RE.. N.V. was established in the Netherlands on 21 December 2016. At the date of its incorporation, the Company was a dormant company with no activities with Griffin Netherlands II N.V. ("**GN II**") and GT Netherlands III N.V. ("**GTN III**") being its shareholders.

During the period from December 2016 to 3 March 2017, a reorganisation took place where, through the number of steps comprising sales and in-kind contributions of shares and loans, the Company became the holding company for the Entities (the "**Reorganisation**").

Specifically, the Reorganisation began with the establishment of the Company by GN II and GTN III and proceeded through the following stages.

- Sale of shares in Akka SCSp, Charlie SCSp and December SCSp by respectively IB 14 FIZAN, GT II FIZAN and IB 15 FIZAN to Akka RE Sp. z o.o., Charlie RE Sp. z o.o. and December RE Sp. z o.o. in December 2016.
- Sale of general partners' shares in Akka SCSp, Charlie SCSp and December SCSp by GT II and GT III to Griffin Premium RE Lux S.à r.l. in January 2017.
- Sale of shares in Lamantia Sp. z o.o., Dom Handlowy Renoma Sp. z o.o. and Nordic Park Offices Sp. z o.o. by GT II and GT III to Griffin Premium RE.. N.V. in January 2017 and February 2017.
- Contributions of shares in Bakalion Sp. z o.o., Centren Sp. z o.o., Dolfia Sp. z o.o., DH Supersam Katowice Sp. z o.o., by GT II and GT III to GN II and GTN III respectively in January 2017.
- Contribution of Centren Sp. z o.o., Bakalion Sp. z o.o., DH Supersam Katowice Sp. z o.o., Dolfia Sp. z o.o., Akka RE Sp. z o.o., Charlie RE Sp. z o.o. and December RE Sp. z o.o. by GN and GTN III to the Company in January 2017.
- Contribution of IB 14 FIZAN from GTN III to the Company in January 2017.
- Purchase of GPRE Management Sp. z o.o. shares by the Company in January 2017.
- Contribution of Centren Sp. z o.o. shares from the Company to IB14 FIZAN in January 2017.

Together with the transfers of the shares of relevant entities, the transfers of related intra group loans were performed through the following steps:

- Sale of all loans toward the Entities by Griffin Finance II Sp. z o.o. and Griffin Finance III Sp. z o.o. to GT II and GT III respectively in January 2017.
- Contribution of all the loans toward the Entities by GT II and GT III to GN II and GTN III respectively and then by GN II and GTN III to the Company in January and February 2017
- Sale of all the loans toward the Entities by the Company to IB 14 FIZAN in January, February and March 2017.
- Sale of all the loans toward the Entities by IB 14 FIZAN to GPRE Management Sp. z o.o. in January, February and March 2017. As a result all loans towards Entities held by GPRE Management Sp. z o.o. are eliminated on consolidation.

1. Basis of Preparation continued

GPRE Management Sp. z o.o. issued bonds acquired by IB 14 FIZAN in January 2017. Payment for the bonds was set off with the price for the loans toward the Entities sold by IB 14 FIZAN to GPRE Management Sp. z o. o.

In summary, the amounts contributed in kind to Griffin Premium RE.. N.V. in January and February 2017 were:

- Loans toward Entities in amount of EUR 134,426 thousands,
- Investments in Entities in amount of EUR 35,488 thousands.

The result of Reorganisation, presented in equity is calculated as follows:

Contribution of loans receivable from:	
Griffin Topco II S.á r.l.	**86,854**
Griffin Topco III S.á r.l.	**19,787**
Griffin Finance II Sp. z o.o.	**8,732**
Griffin Finance III Sp. z o.o.	**21,328**
Total	**136,701**
Share capital and share premium increase in GPRE	**(169,914)**
Result on Reorganisation	**(33,213)**

Movements in share capital and share premium:	
Share capital increase due to Reorganisation	**171,557**
Initial Public Offering	**29,811**
Initial Public Offering fees	**(1,254)**
Increase in share capital and share premium	**200,114**

After the Reorganisation, the Company holds investments in IB 14 FIZAN, Akka RE Sp. z o.o., Charlie RE Sp. z o.o., December RE Sp. z o.o. and Griffin Premium RE Lux S.à r.l. and those entities hold (directly or indirectly) shares in all remaining Entities. The Reorganisation was conducted under common control and accounted for using the pooling of interest method. Net assets of companies were compared to value of mutual investments in subsidiaries – difference was presented in equity.

The acquired entities already reported their figures in accordance with IFRS for the last 3 years.

Other transactions with related parties are decribed in Note 31.

1.4. Basis of Preparation and Compliance

The Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Accounting books and records underlying these financial statements are maintained in accordance with Polish Accounting Standards.

The Directors believe that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. The Directors based their assessment on the Group's detailed cash flow projections for the period up to 31 December 2018. These projections take into account the latest contracted rental income, anticipated additional rental income from new lease agreements to be concluded during the period covered by the projections, as well as contracted debt financing, CAPEX, and other commitments. The projections show that, in the period up to 31 December 2018, the Company has sufficient resources to continue and to fund ongoing operations and asset development. As of 31 December 2017 the Group's working capital is negative mainly as a results of the short-term borrowings of EUR 191,615 thousand. Nonetheless the Directors consider that Group's plans for 2018, which include refinancing of the part of the portfolio and share capital increase, effectively secure its ability to adopt the going concern basis.

These consolidated financial statements have been prepared on a historical cost basis, except for:

- investment property;
- financial instruments available for sale.

The significant accounting policies adopted are set out in the relevant notes to the financial statements and consistently applied throughout the periods presented except for the new and amended IFRS, see Note 32, which were adopted on 1 January 2017.

These consolidated financial statements are prepared in Euro (EUR or €), rounded to the nearest thousand unless otherwise indicated, being the presentation currency of the Company.

For further information regarding the functional and presentation currency please refer to Measurement of items denominated in foreign currencies.

1.5. Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the Group) at 31 December 2017 and 2016. Subsidiaries are fully consolidated (refer to Note 29) from the date of acquisition, being the date on which the Group obtains control (refer to Note 29), and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the period from the date of obtaining control till 31 December 2017 and 2016, using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Measurement of items denominated in foreign currencies

The Group's Consolidated Financial Statements are presented in euro ("EUR") being the presentation currency of the Group. Based on the primary economic environment in which the entities operate, the currency that mainly influences costs of providing services, the currency in which funds from financing activities and the currency in which receipts from operating activities are usually retained, the Group determined that the functional currency for each entity, including Griffin Premium RE.. N.V., is PLN and items included in the financial statements of the Entities and Griffin Premium RE.. N.V. are measured using that functional currency. The Group's intention is, however, to change the functional currency to EUR since 2018 as described in Note 36.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income ("OCI") or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Group Entities

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates for the year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

c) Exchange rates used

Exchange rates used to recalculate transactions and balances are as follows:

	Year ended 31 December	
	2017	2016
PLN/EUR	**4.1709**	4.4240

	Average for the year	
	2017	2016
PLN/EUR	**4.2583**	4.3637

2. Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain judgements, estimates and assumptions that affect reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures and the disclosures of contingent liabilities.

Further additional significant accounting judgements, estimates and assumptions are disclosed in the following notes to the financial statements:

- Investment Property, see Note 3 and Fair value measurement and related estimate and judgements, see Note 4;
- Commitments (operating leases commitments – Group as lessor), see Note 6;
- Taxation, see Note 12;
- Trade and other receivables, see Note 23;
- Functional currency, see Note 1.5;
- Debentures (Forward Purchase Agreement), see Note 17;
- Available for sale financial assets (ROFO), see Note 18.

SECTION II: INVESTMENT PROPERTY

3. Investment property

Policy

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property comprises freehold land, freehold buildings and land held under perpetual usufruct (approach is the same as for freehold properties).

Investment property is measured initially at cost, including related transaction costs. After initial recognition, investment property is stated at fair value.

The basis for determining the fair value of Group's property portfolio is the market-based measurement, which is the estimated amount for which a property could be exchanged on the date of valuation, under current market conditions between market participants in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion, i.e. acted in their economic best interest.

Fair value calculated using cash flow projections is based on the terms of the lease agreements and, in case of vacancy on the rent that is considered would be obtainable on an open market letting as at the date of valuation. Valuation fees are not related to the property value and valuation results. The valuation by the professional appraiser takes account of lease incentives, agent fees, property interests, financial leasing related to perpetual usufruct of land compensations and letting fees. The fair value of investment property reflects, among others, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is recognised as addition to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Consolidated Statement of Profit or Loss (Operating expenses) during the financial period in which they are incurred.

Fair value of the investment properties is also determined by the Rental Guarantee Agreements ("RGA") and NOI Guarantee Agreement ("NOIGA") concluded between respective Group's entities ("Beneficiares") and GT II and GT III ("Guarantors") on 9 March 2017 in respect of certain assets. Pursuant to RGA budgeted fit-out costs and outstanding general capex works regarding premises that were not leased or preleased by 13 April 2017 (the "Offering") are covered by the guarantees. Moreover in accordance with the agreements each holder of title to the asset will receive the headline rent and the average amount of service charges for office part of the building that is not leased to third parties within a period of 5 years from the date of the Offering, receive the rent under the signed lease agreement in the full amount (without rent free effect) and receive the leasing and agent fees related to the leasing of the property as well as agent fees related to the new leases in the negotiations of which the guarantor was not involved. Additionally, the entity recognises annual revenue resulting from the NOIGA, according to which the Guarantor is obliged to pay to the Beneficiaries an amount equal to difference between the Assumed NOI, amounting to EUR 11.5 million p.a. and the actual NOI, calculated on the basis of rental income, operating expenses, overdue payments provision and refundable tenants incentives. As a result RGA and NOIGA are included in the valuation as they are part of entities future cashflows. In the current financial year Group received the income from the RGA and NOIGA agreements in the amount of EUR 6.9 million.

Griffin TopCo II S.á r.l. and Griffin TopCo III S.á r.l. which are the Guarantors in accordance with all the agreements specified above, belong to the Oaktree Capital Management, a leading global alternative investment management firm with assets under management worth of USD 100 billion as of September, 2017. Furthermore a Support Letter was signed by Oaktree European Principal Fund III, LP and Oaktree European Principal Fund III (Parallel), LP ("Oaktree Funds") on 2 October 2017 (the "Letter"). In accordance with the Letter Griffin Topco III S.à r.l and Griffin Topco II S.à r.l, Guarantors of the RGA and NOIGA, were obliged to open and maintain a bank account with an initial amount of EUR 15 million exclusively for the purposes of making payments due by any Guarantor to any beneficiary under and in accordance with the terms of Rental Guarantee Agreements and NOI Guarantee Agreement. The Guarantors obligation was executed on 23 January 2018 by signing of an Escrow Agreement resulting in opening of an escrow account with EUR 15 million deposit. Additionally, pursuant to the Letter, Oaktree funds are obliged to provide financial support to the Guarantors in case they fail to make guaranteed payments, following reduction of the escrow account to zero. All terms of the Letter remain in full force and effect until 2 April 2020.

In the face of the reputation of ultimate parent of the Guarantors as well as the Letter, the Group regards there is no risk with respect to the creditworthiness of the Guarantors and its impact on the investment property valuation.

Changes in fair values are recorded in the Consolidated Statement of Profit or Loss within "Fair value movement".

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment the deemed cost for subsequent accounting is the fair value at the date of change in use.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing the net disposal proceeds with the carrying amount and transaction costs, and are recognised within Fair value movement on investment property in the Consolidated Statement of Profit or Loss.

Land acquired for development and future use as investment property is initially presented as investment property under construction and accounted for at cost. This includes all plots of land held by the Group on which no construction or development has started at the balance sheet date. If the Company begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment.

Investment property under construction

Investment properties under construction are properties that are being constructed, extended or redeveloped for future use as an investment property. Investment property under construction are stated at fair value. If the Group determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete or more advanced, then Group measures that investment property under construction at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier).

The Group has adopted the following criteria to assess reliability of the fair value measurement:

- agreement with general contractor is signed;
- building permit is obtained;
- at least 20% of the rentable area is leased to tenants (based on the signed lease agreements and letters of intents).

Capital expenditures relating to planned redevelopment comprise directly attributable expenditures borne by the Group prior to start of the construction phase. Expenditures such as costs of architectural design, building permits and initial works associated with the planned process of redevelopment of existing investment properties are capitalised by the Group only when it is probable that future economic benefits associated with the item will flow to the Group, the cost of the item can be measured reliably and the Group has an intention to redevelop a property. Capital expenditure on future redevelopment of investment properties are recognized at cost less accumulated impairment loss in case fair value cannot be determined reliably.

Costs of development projects comprise acquisition costs, purchase taxes, and any directly attributable costs to bring the asset to working order for its intended use. Administrative expenses are not included unless these can be directly attributed to specific projects. Related borrowing costs are capitalised up to completion date.

Investment properties under redevelopment are reclassified to investment property upon completion, i.e. on the date on which the property is available for operation.

Significant accounting judgements, estimates and assumptions

Investment properties are buildings rented by Entities, grouped together because of the risks and valuation method in two classes of investment property (high-street mixed-use properties and office buildings). The fair value of investment property is classified at Level 3 of the fair value hierarchy.

The fair value of yielding fixed income properties is determined by appraisers. Whereas most of the lease agreements entered into by the Group are denominated in EUR, the valuation of investment properties has been prepared in EUR and converted into PLN as with exchange rate prevailing at the balance sheet date. Further details of the judgements and assumptions made are described in Note 4.

	Completed investment property € '000	Investment property under construction € '000
At 1 January 2017	**470,380**	–
Asset deal	163,635	–
Capital expenditures	12,056	–
Agent fees	892	–
Rental guarantee	133	–
Rent free period incentive	110	–
Fair value movement on investment property	3,199	–
Foreign currency translation	29,725	–
At 31 December 2017	**680,130**	–

3. Investment property continued

	Completed investment property € '000	Investment property under construction € '000
At 1 January 2016	385,825	36,850
Capital expenditures	12,715	25,672
Capitalised borrowing costs (including amortised cost)	–	1,881
Received grant	–	128
Agent fees	1,573	–
Rent free period incentive	728	–
Fair value movement on investment property	16,893	4,514
Transfer to completed investment property	68,182	(68,182)
Foreign currency translation	(15,536)	(863)
At 31 December 2016	470,380	–

3.1. Other operating lease commitment

In the reporting period ended 31 December 2017 and 31 December 2016 Group had no operating lease commitments other than resulting from short-term offices rent.

4. Fair Value Measurement and Related Estimates and Judgements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- On the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group must be able to access the principal or the most advantageous market at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities, for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy (described as follows), based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Consolidated Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value measurement – investment property and investment property under construction

The current property market situation is analyzed on an ongoing basis by the Group. At each reporting date, the Group analyses the movements in each property's value. The professional appraisers provide the independent valuation reports supported with detailed property analysis. Each property is considered a separate asset class based on its unique nature, characteristics and risks. For each property, the latest valuation is compared to previous valuations. If fair value changes (positive or negative) the impact is included in the value of investment property.

Changes in valuation techniques

In 2016 the valuation technique of investment properties under constructions i.e. Hala Koszyki has been changed from residual method to the income method due to their completeness. Except for the above there were no changes in valuation techniques during 2017 and 2016.

Highest and best use

For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

Discount rate

Discount rates used to estimate the fair value as at 31 December 2017 ranged from 5.85% to 8.58% (as at 31 December 2016 ranged from 5.92% to 8.62%).

Fair value hierarchy

The following tables show an analysis of the fair values of investment property recognised in the statement of financial position by level of the fair value measurement hierarchy:

31 December 2017	**Fair value measurement using: Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**	**Total gain or (loss) in the period in the statement of profit or loss**
Completed investment properties	**–**	**–**	**680,130**	**680,130**	**3,199**
Total	**–**	**–**	**680,130**	**680,130**	**3,199**

31 December 2016	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Total gain or (loss) in the period in the statement of profit or loss
Completed investment properties	–	–	470,380	470,380	16,893
Properties under construction	–	–	–	–	4,514
Total	–	–	470,380	470,380	21,407

Sensitivity analysis on Significant Inputs

The Group has conducted the sensitivity analysis of the significant unobservable inputs used to fair value measurement, the details to the analysis for each reporting period are presented in the tables below:

	€0.5 change in rental value per month, per sqm		**25 bps change in market yield**	
As of 31 December 2017	**Increase €'000**	**Decrease €'000**	**Increase €'000**	**Decrease €'000**
Completed Investment property	**16,148**	**(16,184)**	**(28,237)**	**26,128**
Total	**16,148**	**(16,184)**	**(28,237)**	**26,128**

	€0.5 change in rental value per month, per sqm		25 bps change in market yield	
As of 31 December 2016	Increase €'000	Decrease €'000	Increase €'000	Decrease €'000
Completed Investment property	15,002	(15,002)	(18,001)	18,001
Total	15,002	(15,002)	(18,001)	18,001

Transfers between hierarchy levels

There were no transfers between Levels 1, 2 or 3 during 2017 and 2016.

Gains recorded in the Consolidated Statement of Profit or Loss for the year ended 31 December 2017 for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amounted to 64 and were presented in the Consolidated Statement of Profit or Loss in line Fair value movement on investment property. Gains recorded in the Consolidated Statement of Profit or Loss for the year ended 31 December 2016 for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amounted to 21,407 and were presented in the Consolidated Statement of Profit or Loss in line Fair value movement on investment property.

All gains and losses recorded in the Consolidated Statement of Profit or Loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property (completed and under construction) held at the end of the reporting period.

5. Advances for Investment property

In the reporting periods ended 31 December 2017 and 31 December 2016 there were no advances to contractors for investment properties under development and advances for land and other property acquisitions.

6. Commitments

Commitments for Investment Property Under Construction

As at 31 December 2017 the Group had agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of investment property completed EUR 2.9 million (2016: EUR 14.5 milion) and had committed with tenants to incur fit-out works of EUR 7.3 million (2016: EUR 13.5 million).

Operating Leases Commitments – Group as Lessor

Policy

The determination of whether an arrangement is, or contains, a lease, is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases; see Note 7 for policies on revenue recognition for properties under operating leases and related costs.

Judgements Made for Properties Under Operating Leases

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the investment properties leased to third parties, therefore, accounts for these leases as operating leases.

The Group adopted a standard of lease agreement including following provisions:

- rental payments denominated in EUR, with rent adjustments following annual inflation index;
- fixed lease term, up to 10 years with an extension option;
- rent payment secured by a deposit or a guarantee.

The commercial property leases typically have lease terms between 5 and 10 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Lease agreements with a rent-free period or a reduced rent period are required to have the rent expense to a tenant or rental income to a landlord recognised on a straight-line basis over the lease term based on the total rental payments. This condition does not apply to the agreements with rent-free periods covered by the Rental Guarantee Agreement.

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

Year ended 31 December	2017 € '000	2016 € '000
Within 1 year	**44,715**	27,236
After 1 year, but not more than 5 years	**140,433**	110,828
More than 5 years	**27,770**	29,213
	212,918	167,277

SECTION III: FINANCIAL RESULTS

This section includes the results and performance of the Group, including the net asset value and EPRA net asset value. This section also includes details of the Group's tax credits in the year and deferred tax assets and liabilities held at the year end. The section quantifies the financial impact of the operations for the year. Further analysis on operations is described in the Financial Review section on page 26 of the Annual Report.

7. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in most of its revenue arrangements since it is the primary obligor, it has pricing latitude and is also exposed to credit risks. Revenues from electricity, heating and water reinvocing are presented net of corresponding cost.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenues include also headline rent and the average amount of service charges for each part of the building that was not leased to third parties within a period of 5 years from the date of the Offering and the coverage of the rent-free periods under the signed lease agreements which are secured by RGA. Revenue from RGA is recognised on a monthly basis. Additionally, the entity recognises annual revenue resulting from the NOIGA, according to which the Guarantor is obliged to pay to the Beneficiaries an amount equal to difference between the assumed NOI, amounting to EUR 11,500,000 p.a. and the actual NOI, calculated on the basis of rental income, operating expenses, overdue payments provision and refundable tenants incentives.

Policy

a) Rental Income

Rental income is measured at the fair value of the consideration received or receivable, except for contingent rental income which is recognised when it arises. The value of rent-free periods and all similar lease incentives is spread on a straight-line basis over the term of the lease (on condition that the rent-free period stated in the agreement is not covered by the Rental Guarantee Agreement).

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. If the annual lease rent increases as a result of a price index to cover inflationary cost, then the policy is not to spread the amounts but to recognise them when the increase takes place (applied prospectively when the right to receive it arises). The amount received from tenants to terminate non-cancellable operating leases are recognised in the statement of profit or loss when the right to receive them arise.

b) Service Charge Income

Income arising from service charges and expenses recoverable from tenants is recognised in the period in which the compensation becomes receivable.

c) Rendering of Services

Revenue from property and asset management fees is recognised at the time the service is provided. Revenue from rendering property development services is recognised by reference to the stage of completion.

Year ended 31 December	2017 € '000	2016 € '000
Rental income	**32,278**	24,045
Service charge and marketing income	**13,527**	9,856
	45,805	33,901

The total contingent rents and income from NOI and rental guarantees recognised as income during the year amount to 7,658 (2016: 199).

In order to determine if the Group is acting as principal or agent, it assesses the primary responsibility for providing the goods or services, inventory risk, discretion in establishing prices, and who bears the credit risk. The Group has concluded that it is acting as a principal in all of the abovementioned revenue arrangements.

d) Sale of completed property

A property is regarded as sold when the significant risks and rewards of ownership of the real estate have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

8. Operating Expenses

Policy

a) Service Costs

Service costs paid, as well as those borne on behalf of the tenants, are included under direct property expenses. Reclaiming them from tenants is presented separately under revenue.

b) Works Carried Out on Properties

Works carried out which are the responsibility of the building's owner and which do not add any extra functionality to, or enhance significantly, the standard of comfort of the building are considered as current expenditure for the period and recorded in the income statement as expenses.

Year ended 31 December	2017 € '000	2016 € '000
Utilities	**(5,148)**	(3,996)
Property administration	**(5,488)**	(3,985)
Real estate taxes	**(2,322)**	(1,832)
Marketing services	**(1,117)**	(992)
	(14,075)	(10,805)

Operating expenses analysis by revenue and non-revenue generating properties

Year ended 31 December	2017 € '000	2016 € '000
Property expenses arising from investment property that generated rental income	**(14,075)**	(10,805)
Total property expenses	**(14,075)**	(10,805)

9. Administrative Expenses

Policy

Administrative expenses are expensed as incurred with the exception of expenditure on long-term developments and direct investment property purchase transaction costs, see Note 3. Subsidiary acquisition costs are presented within legal and consulting costs. An increase in the Administrative Expenses compared to the previous year mainly results from the number of non-recurring items like IPO, tender offer, acquisitions.

Administrative expenses

Year ended 31 December	2017 € '000	2016 € '000
Legal and consulting costs	**(5,634)**	(1,825)
Asset management services	**(532)**	(2,032)
Other	**(1,655)**	(645)
Total administrative expenses	**(7,821)**	(4,502)

10. Finance income

Interest income

Interest income is recognised as it accrues using the effective interest rate method. Interest income is included in finance income in the Consolidated Statement of Profit or Loss. Significant increase in Foreign exchange differences is a result of PLN strengthening against EUR which affected valuation of the EUR-denominated bank debt.

Year ended 31 December	2017 € '000	2016 € '000
Bank interest	**86**	32
Interest from loans to related parties	**19**	330
Available for sale financial assets interest	**342**	–
Debentures interest	**387**	–
Foreign exchange differences	**24,633**	–
Other financial income	**12**	60
	25,479	422

11. Finance Cost

Policy

Borrowing costs associated with direct expenditure on properties under development or undergoing major refurbishment are capitalised. When borrowings are associated with specific developments, the amount capitalised is the gross interest less finance income (if any) incurred on those borrowings. Interest is capitalised as from the commencement of the development work until the date of practical completion. Arrangement fees are amortised over the term of the borrowing facility. All other borrowing costs are expensed in the period in which they occur.

Year ended 31 December	2017 € '000	2016 € '000
Interest:	**(8,820)**	(13,682)
Bank borrowings	**(7,679)**	(9,108)
Loans from related parties	**(1,103)**	(4,566)
Other interest expenses	**(38)**	(8)
Foreign exchange differences	**–**	(11,648)
Bank charges	**(563)**	(44)
Other financial costs	**(176)**	(10)
Fair value gains/(losses) on financial instruments:	**–**	1,277
Interest rate swap	**–**	1,277
	(9,559)	(24,107)
Capitalised costs and foreign exchange differences		1,432
	(9,559)	(22,675)

Fair value gains/(losses) on financial instruments relate to interest rate swap used to mitigate risks associated with fluctuation of interest rates.

12. Taxation

The Group is subject to income and capital gains taxes in different jurisdictions. Significant judgement is required to determine the total provision for current and deferred taxes.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which the determination is made.

Current income tax

Policy

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Consolidated Statement of Profit or Loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Policy

Deferred income tax is provided using the the temporary difference approach, which focuses on the difference between the carrying amount of an asset or liability in the financial statements and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward of unused tax credits or unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

12. Taxation continued

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an investment property measured at fair value a rebuttable presumption exists that its carrying amount will be recovered through sale.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are only recognised subsequently when new information about facts and circumstances require this. If that new information is revealed during the measurement period the adjustment is treated as a reduction in goodwill (as long as it does not exceed goodwill). Otherwise, it is recognised in profit or loss.

Significant accounting judgements, estimates and assumptions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of transactions and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expenses already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective Group Company's domicile.

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

Year ended 31 December	2017 € '000	2016 € '000
Income tax expense		
Current income tax expense	**4**	(223)
Deferred income tax expense	**(11,275)**	(5,449)
	(11,271)	(5,672)

Reconciliation of tax expense and the accounting profit multiplied by Poland's tax rate for 2017 and 2016 is, as follows:

Year ended 31 December	2017 € '000	2016 € '000
Profit/(loss) before income tax	**42,591**	17,910
Expected taxation charge at the tax rate 25%/19%	**(9,712)**	(3,403)
Effect of:		
Income not subject to tax	**156**	292
Expenses not deductible for tax purposes	**(1,114)**	(123)
Adjustments relating to differences on tax rates applicable for the Group Companies	**2,524**	–
Adjustments for companies not obliged to calculate income tax	**(1,474)**	(3,066)
Tax losses from prior years from which no deferred tax asset was recognised	**–**	204
Reversal of impairment deferred tax asset on not expired tax losses	**(1,651)**	424
Tax (charge)/credit	**(11,271)**	(5,672)

Due to restructuring in 2017 the Dutch company has become the parent company of the Group and under Dutch Tax Law the corporate income tax amounts to 25%.

	Consolidated statement of financial position		Consolidated statement of comprehensive income		Acquired under asset acquisition	
Deferred Tax Asset	2017 € '000	2016 € '000	2017 € '000	2016 € '000	2017 € '000	2016 € '000
Valuation of investment property at fair value	**64**	1,211	**(1,146)**	918	**–**	–
Other deductible temporary differences	**409**	204	**158**	178	**47**	–
Interest and exchange rate differences accrued	**743**	4,660	**(4,998)**	3,398	**1,080**	–
Valuation of financial instruments at fair value	**15**	37	**(21)**	–	**–**	–
Recognised unutilised tax losses	**2,250**	1,562	**688**	1,084	**–**	–
	3,481	7,674	**(5,319)**	5,578	**1,127**	–

	Consolidated statement of financial position		Consolidated statement of comprehensive income		Acquired under asset acquisition	
Deferred Tax Liability	2017 € '000	2016 € '000	2017 € '000	2016 € '000	2017 € '000	2016 € '000
Valuation of investment property at fair value	**19,368**	15,309	**3,675**	10,837	**385**	–
Other taxable temporary differences	**118**	250	**(155)**	139	**23**	–
Interest and exchange rate differences accrued	**2,944**	99	**2,480**	(120)	**364**	–
Valuation of financial instruments at fair value	**71**	–	**71**	–	**–**	–
	22,501	15,658	**6,071**	10,856	**772**	–
Net-Deferred tax liability	**19,020**	–	–	–	–	–

As at 31 December 2016 the Group has tax losses that arose in Poland that are available for 5 years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of tax losses in amount of 3,074 (2016: 27) as they are not probable to be used to offset taxable profits in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other convincing evidence of recoverability in the near future.

Expiry year	2018	2019	2020	2021	2022	**TOTAL**
Fiscal year	2013	2014	2015	2016	2017	
Available tax losses (€m)	791	1,202	744	736	11,104	**14,577**

13. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the Profit/(loss) for the year attributable to ordinary equity holders of the parent by the number of ordinary shares outstanding at the end of the financial year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the number of ordinary shares outstanding at the end of the financial year plus the number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

For the purpose of these consolidated financial statements the number of ordinary shares of Griffin Premium RE.. N.V. issued as of 3 March 2017 was used for EPS calculation for 2016.

From the date of incorporation of the Griffin Premium RE.. N.V., i.e. from 21 December 2016 until 29 March 2017 the number of shares increased from 45,000 shares to 156,133,179 shares.

13. Earnings per share (EPS) continued

The following table reflects the Profit/(loss) for the year and number of shares outstanding used in the basic and diluted EPS computations:

Date	Event	Note	Number of shares issued ('000')	% of the period	Weighted average ('000')
2016-01-01	At the beginning of the year		–	–	–
2016-12-21	Shares issued for cash		45	100	45
2016-12-31	Shares in issue at year end (basic and diluted)		45	100	45
2017-01-01	**At the beginning of the year**		**45**	**100**	**45**
	Shares issued for:				
2017-01-27	Contribution 3A		67,604	50	62,603
2017-01-27	Contribution 3B		66,270	49	61,368
2017-02-28	Contribution 6A		11	–	9
2017-02-28	Contribution 6B		1	–	1
2017-03-03	Contribution 4		1	–	1
2017-03-29	Issue		22,201	14	16,849
2017-12-31	**Shares in issue at year end (basic)**		**156,133**		**140,876**
2017-12-31	**Shares in issue at year end (diluted)**		**156,133**		**140,876**

14. Profit sharing

In 2016 the Group has paid out the dividend in the amount of EUR 56 million to GT II FIZAN.

The general meeting of shareholders of the Company will be asked to approve the following appropriation of the 2017 profit after tax: an amount of EUR 20,020 thousand to be added to the other reserves and the remaining amount of EUR 11,300 thousand to be paid out as dividend.

15. Audit fee

In the year ended 31 December 2017 the audit fee expenses amounted to:

	Ernst & Young Accountants LLP ('000')	Associated Ernst &Young Companies ('000')	Tota ('000')
Audit fees Annual Report	78	104	182
Other audit fees	18	147	165
Total	**96**	**251**	**347**

16. Employment structure

As of 31 December 2017 the employment structure was as follows:

Management Board of the parent company	10
Management Board of the subsidiaries	5
Other employees and coworkers	27
Total	**42**

SECTION IV: FINANCIAL ASSETS AND LIABILITIES

This section focuses on financial instruments, together with the working capital position of the Group and financial risk management of the risks that the Group is exposed to at year end.

Financial instruments

Policy

Financial assets are classified into one of the following categories:
- financial assets held to maturity;
- financial assets at fair value through profit or loss;
- loans and receivables;
- financial assets available for sale.

Financial assets are recognized on the transaction date, and derecognised upon the expiry of the contractual rights to cash flows from the financial asset or where a financial asset is transferred along with all risks and benefits of ownership thereof.

Financial assets held to maturity

Financial assets held to maturity are quoted in an active market non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Group has the positive intention and ability to hold until maturity, other than:
- those that upon initial recognition are designated as at fair value through profit or loss;
- those that are designated as available for sale; and
- those that meet the definition of loans and receivables.

Financial assets held to maturity are measured at amortised cost using the effective interest rate. Financial assets held to maturity are classified as non-current assets if they are falling due within more than 12 months from the reporting date.

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

a) it is classified as held for trading. A financial asset is classified as held for trading if it is:
- acquired principally for the purpose of selling it in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

b) in accordance with IAS 39, upon initial recognition it is designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, which takes into account their market value as at the reporting date, but no sale transaction costs. Any change in the fair value of these instruments is taken to finance income (positive changes in the fair value) or finance costs (negative changes in the fair value) in the income statement/statement of comprehensive income. Where a contract contains one or more embedded derivatives, the entire contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the underlying cash flows or it is clear, with or without high level review, that had similar hybrid instrument been considered in the first place, separation of the embedded derivative would be expressly forbidden. Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment or valuation (accounting mismatch); or (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded. As at 31 December 2017 and 2016, no financial assets were designated as at fair value through profit or loss.

Derivatives

Derivatives are recognised in the books at the time when the Entities become a party to a binding agreement.

The Group does not apply hedge accounting.

At the balance sheet date, derivatives are measured at fair value. Whereas derivatives with fair value greater than zero are financial assets, those with negative fair value are financial liabilities.

The Group recognises profit/loss from valuation and realisation of derivative instruments that fail to meet the requirements of hedge accounting as income/expense on operations, income/expenses on financial transactions or profit/loss on derivative instruments in foreign currency. In case of the profit/loss on valuation and realization of the relevant IRS, the change in fair value in financial instrument is recognised in finance cost.

In the Consolidated Statement of Cash Flows, cash flows of this nature are disclosed respectively as Financing activities.

Loans, trade receivables and other receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are classified as current assets, provided their maturity does not exceed 12 months after the reporting date. Loans and receivables with maturities exceeding 12 months from the reporting date are classified under non-current assets.

Loans, trade receivables and other receivables which are financial assets come under the category of "Long term loans", "Short-term loans". They are initially recognised at fair value (plus transaction costs if any) and subsequently measured at amortised cost less the accumulated impairment losses.

Rent and other receivables are recognised at their original invoiced value except where the time value of money is material, in which case receivables are recognised at fair value and subsequently measured at amortised cost. The value of receivables is based on the probability of their payment by revaluation allowance.

Revaluation allowance on trade and other receivables are created at the end of each quarter, where there is objective evidence that the Group will not be able to collect all amounts arising under the original terms of receivables. The following factors suggest that the receivable is impaired: serious financial problems of the debtor or delay in payments. The amount of the provision is the difference between the carrying value of the receivable and the present value of estimated future cash flows arising thereunder and discounted with the original effective interest rate. The amount of loss is recognised in the Consolidated Statement Profit or Loss as "Other expenses". Subsequent repayment of previously written-off receivables is recognised in "Other income" in Consolidated Statement Profit or Loss.

Advances to suppliers are valued at cash expenditure and according to received VAT invoices in evidence of granting an advance.

Available-for-sale financial assets
Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. Available-for-sale financial assets are measured at fair value, increased by transaction costs that may be directly attributable to the acquisition or issue of financial assets. Where no quoted market price is available and there is no possibility to determine their fair value using alternative methods, available-for-sale financial assets are measured at cost, adjusted for any impairment losses. Positive and negative differences between the fair value (if quoted market price determined in regulated market is available or if the fair value can be determined using other reliable method) and acquisition cost, net of deferred tax, of financial assets available for sale are taken to other comprehensive income. Any decrease in the value of financial assets available for sale resulting from impairment losses is taken to the statement of comprehensive income as finance cost.

If there is objective evidence that an impairment loss has been incurred on an available-for-sale financial asset, then the amount of the difference between the acquisition cost (net of any payment of instrument principal and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss, is removed from equity and is reclassified to profit or loss. Reversals of impairment losses on equity instruments classified as available for sale cannot be recognised in the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in the profit or loss.

Purchase and sale of financial assets is recognised at the transaction date. Initially, financial assets are recognized at acquisition cost, i.e. at fair value plus, for financial assets other than classified as financial assets at fair value through profit or loss, transaction costs that may be directly attributable to the purchase.

Financial assets are derecognised if the Group loses its control over contractual rights attached to those assets, which usually takes place upon sale of the asset or where all cash flows attributed to the given asset are transferred to an independent third party.

Where the Group:
- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously;

a financial asset and financial liability are offset, and the net amount is presented in the statement of financial position.

The master netting arrangement referred to in IAS 32.50 is not the basis for the set-off, if the above two set-off criteria are not fulfilled.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at bank, restricted cash and short-term deposits with an original maturity of 3 months or less, which are subject to an insignificant risk of changes in value.

Restricted cash is cash on separate bank accounts held for a specific purpose and therefore not available to the Group for immediate or general business use. As restricted cash Group presents mainly the debt service reserve accounts held as the obligation resulting from bank loans agreements, deposits from tenants and amounts blocked to cover capital expenditures.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash, short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Short-term trade payables
Short-term trade payables are carried at the amount due and payable.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment or valuation or recognition of gains or losses that would otherwise arise from the measurement on a different basis; or (ii) the liabilities are part of a group of financial liabilities which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) financial liabilities contain embedded derivatives which need to be recorded separately.

Financial liabilities at fair value through profit or loss are re-measured to fair value, after considering their market value at the reporting date, without transaction costs. Any changes in the fair value of these liabilities are recognised in the profit or loss as finance income or finance cost.

Other financial liabilities
Other financial liabilities which are not financial instruments at fair value through profit or loss are measured at amortised cost using the effective interest rate method.

A financial liability is derecognised by the Group when the obligation under the liability is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instrument with substantially different terms is accounted for by the Group as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, significant modifications to the terms and conditions of an existing financial liability are treated as an extinguishment of the original financial liability and the recognition of a new financial liability with any resultant differences in the respective carrying amounts taken to profit or loss.

Other non-financial liabilities include, in particular, liabilities to the tax office in respect of value added tax and advance payment liabilities which will be settled by way of delivery of goods or services, or fixed assets. Other non-financial liabilities are recognised at the amount due and payable.

Interest bearing loans, borrowings and debentures
All loans, borrowings and debentures are initially recognised at fair value less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method ("EIR"). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset/liability.

17. Debentures

In June 2017 Group acquired fixed-rate debentures from Forum 60 Fundusz Inwestycyjny Zamknięty.

The debentures have been acquired in connections with Forward Purchase Agreements described below. The value of the financial instruments as at 31 December 2017 was as follows:

Debentures
As at 31 December 2017

Issuer	Interest rate	Maturity	Total	Long-term	Short-term
Forum 60 Fundusz Inwestycyjny Zamknięty	fixed	December 2018	18,389	–	18,389
			18,389	**–**	**18,389**

Forward Purchase Agreement
On 9 March 2017, an entity controlled by the Company, i.e. IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych acting as the purchaser (the **"Purchaser"**), and subsidiaries of Echo Investment S.A. ("**Echo**") acting as the sellers (the "**Sellers**") concluded the preliminary forward purchase agreement for West Link office building in Wroclaw with GLA of 14,362 under construction to be completed in April 2018 by Echo ("**SPA**"). The parties to the SPA agreed to undertake actions to complete the acquisition of the rights and obligations of the company owning the Forward Purchase Asset by the buyer by way of the acquisition by the buyer of 100% of the shares in the limited partner and general partner of the company owning the Forward Purchase Asset (the "**Project Companies**") after the satisfaction or waiver of the conditions precedent specified therein.

17. Debentures continued

The consideration payable by the Purchaser for the shares under the SPA shall amount to the sum of: (i) the quotient of NOI (the sum of money equal to the annual rental income from the lease of the Forward Purchase Asset minus non-recoverable operating costs) and a yield of 6.873%, which, as of the date of the execution of the SPA, amounts to EUR 36 million; (ii) the working capital of the companies being purchased; and (iii) the cash held by such companies, which sum shall be decreased by the amount of debt (primarily comprised of external bank financing) of such companies.

Segment	City/town	Street	Project name
Office	Wroclaw	Na Ostatnim Groszu	West Link

On 12 June 2017 parties of the SPA concluded annex No. 2 ("**Annex No. 2**") to the SPA. Moreover, in connection with the execution of Annex No. 2, the Purchaser subscribed for bonds with a total nominal value of EUR 18 million issued by a subsidiary of Echo (the "**West Link Bonds**").

Pursuant to Annex No. 2, the parties agreed that the preliminary purchase price for the shares in the Project Companies amounts to EUR 18 million.

Pursuant to Annex No. 2, in exchange for the subscription for the West Link Bonds and the payment of EUR 18 million by the Purchaser to one of the Sellers, the Sellers granted the Purchaser irrevocable powers of attorney authorising the Purchaser to conclude the final agreement concerning the purchase of 100% of the shares in the Project Companies (the "**Final Agreement**") in performance of the SPA (the "**Powers of Attorney**"). The Purchaser will be authorised to use the Powers of Attorney: (i) if the Final Agreement is not concluded despite the conclusion thereof being requested; and (ii) in the event of a breach of the terms included in the documentation regarding the West Link Bonds.

Pursuant to the West Link Bonds, one of the Sellers conducted a private placement of bonds with a total value and an issue price of EUR 18 million. The West Link Bonds have been subscribed for by the Purchaser. The redemption date for the West Link Bonds is 31 December 2018 and the West Link Bonds will be redeemed by way of the payment of the amount equal to the nominal value of each of the bonds. The West Link Bonds accrue interest at a fixed interest rate. The West Link Bonds were issued as unsecured bonds.

The payment of the price for the shares in the Project Companies will be conducted by way of remittances between the Sellers and the Purchaser and a set-off of a receivable of one of the Sellers on account of the payment of the price for the shares in the Project Companies against the Purchaser's receivable in respect of the redemption of the West Link Bonds.

Debentures are valued at amortised cost using effective interest rate method through profit and loss.

18. Available for sale financial assets

In June 2017 Group acquired following financial instruments, which have been classified as available for sale financial assets. In December 2017 the additional series of these financial instruments have been acquired. The value of these instruments as at 31 December 2017 was as follows:

ROFO debentures
As at 31 December 2017

Issuer	Interest rate	Maturity	Total	Long-term	Short-term
Pudsey Sp. z o.o.	fixed	December 2018	4,346	–	4,346
Projekt Beethovena – Projekt Echo – 122 SP. Z O.O. S.K.A. (Stage 1)	fixed	March 2019	3,002	3,002	–
Projekt Beethovena – Projekt Echo – 122 SP. Z O.O. S.K.A. (Stage 2)	fixed	June 2019	2,895	2,895	–
			10,243	**5,897**	**4,346**

Debentures acquired in connections with Right of First Offer Agreements ("**ROFO Debentures**") are described below. The fair value of debentures is individually determined taking into account number of factors e.g.: PoC, leasing progress.

The maturity dates presented in the table above are stated in the agreements, however the planned repayment dates of debentures would take place upon completion of ROFO project. Expected repayments of the projects are as follows:

- Pudsey Sp.o.o. – 30 December 2018;
- Projekt Beethovena – Projekt Echo – 122 SP. Z O.O. S.K.A. (Stage 1) – 31 March 2019;
- Projekt Beethovena – Projekt Echo – 122 SP. Z O.O. S.K.A. (Stage 2) – 30 June 2019.

Right of First Offer Agreements

On 9 March 2017, the Company signed the preliminary agreement for the acquisition of 25% stakes in ROFO projects being developed by Echo. Total office GLA of these projects to be completed in 2018/2019 is 49,200 sqm.

On 9 March 2017 an agreement was concluded between Echo, the Company and GPRE Management sp. z o.o. (the "**Bondholder**") that Bondholder will purchase bonds to be issued by the respective limited partners of all of the respective ROFO SPVs (the "**ROFO Agreement**"). The ROFO Agreement covers all of the ROFO Assets. Echo indirectly holds 100% of the shares or interest in the ROFO SPVs and the ROFO SPVs are developing the ROFO Assets. The Company intended to invest (indirectly through the Bondholder), on the terms and conditions set out in the ROFO Agreement, in each of the ROFO Assets the amount of 25% of the funds required by each of the ROFO SPVs (less the external construction bank financing at a loan to construction ratio of 60%) to complete the development of each respective ROFO Asset. Based on the construction budget presented by Echo to the Issuer in connection with the execution of the ROFO Agreement, the amount of the contribution (the investment) to be made by the Company under the ROFO Agreement amounts to EUR 9.8 million.

The investment of the Company under the ROFO Agreement were made solely from the proceeds from the Offering and no further debt funding is required by the Company for this purpose.

Segment	City/town	Street	Project name
office	Warsaw	Beethovena	Beethovena I
office	Warsaw	Beethovena	Beethovena II
office	Warsaw	Grzybowska	Browary Stage J

On 12 June 2017 the Bondholder, subscribed for bonds of several series with a total nominal value of EUR 6.4 milion issued by certain subsidiaries of Echo ("**ROFO Bonds**"). On 22 December 2017 the additional series of bonds in the amount of EUR 3.5 milion have been subscribed for. The ROFO Bonds were subscribed for in performance of the ROFO Agreement which relates to an investment of 25% of the equity which had already been invested and future equity required to complete the construction and to finalise commercial office projects currently in progress in Warsaw, i.e. the Beethovena project (stage I and II) and the Browary Warszawskie project (stage J). The redemption date for all the series of the ROFO Bonds is 12 June 2032, and the ROFO Bonds will be redeemed by way of the payment of a sum equal to the nominal value of each of the bonds. The ROFO Bonds accrue interest at a fixed interest rate in the amounts of and on the conditions provided in the terms and conditions of the ROFO Bonds. Final amount of interest will be adjusted by accompanied option agreement so that it reflects actual development profit realised on each of the projects. The ROFO Bonds have been issued as unsecured bonds.

19. Loans granted

At the end of 2017 the Group had loans receivable from Griffin Topco II S.á r.l.

At the end of 2016 the Group had loans receivable from Apenon Sp. z o.o. and Griffin Topco II S.á r.l.

Year ended 31 December 2017

Borrower	Total	Below 1 year	After 1 year but no more than 5 years	More than 5 years
Griffin Topco II S.á r.l.	60	60	–	–
	60	60	–	–

Year ended 31 December 2016

Borrower	Total	Below 1 year	After 1 year but no more than 5 years	More than 5 years
Apenon Sp. z o.o.	152	–	152	–
Apenon Sp. z o.o.	406	–	406	–
Griffin Topco II S.á r.l.	232	–	232	–
	790	–	790	–

20. Interest-Bearing Loans and Borrowings

As at 31 December 2017

	Total	Long-term	Short-term
Bank loans	**304,892**	**278,690**	**26,202**
Other borrowings	**165,413**	**–**	**165,413**
Interest-bearing loans and borrowings	**470,305**	**278,690**	**191,615**

As at 31 December 2016

	Total	Long-term	Short-term
Bank loans	301,585	252,535	49,050
Other borrowings	137,935	137,919	16
Interest-bearing loans and borrowings	439,520	390,454	49,066

Bank loans

The majority of the Group's bank loans are at floating interest rates. Interest costs may increase or decrease as a result of changes in the interest rates. Only Loan 2 has been secured by interest rate option cap, that has not been executed due to negative EURIBOR interest rates.

As at 31 December 2017

Bank	Interest rate	Maturity	Total	Long-term	Short-term
Loan 1	EURIBOR 3M + margin	April 2019	34,647	33,843	804
Loan 2	EURIBOR 3M + margin	March 2020	44,846	42,225	2,621
Loan 3	EURIBOR 3M + margin	February 2018	6,216	–	6,216
Loan 4	EURIBOR 3M + margin	January 2034	7,284	6,951	333
Loan 5	EURIBOR 3M + margin	February 2018	7,171	–	7,171
Loan 6	EURIBOR 3M + margin	July 2034	13,466	12,464	1,002
Loan 7	NBP reference rate less social indicator	June 2034	4,320	3,869	451
Loan 8	WIBOR 1M + margin	February 2018	251	–	251
Loan 9	EURIBOR 1M + margin	August 2026*	52,148	50,769	1,379
Loan 10	EURIBOR 1M + margin	June 2026	95,650	91,259	4,391
Loan 13	EURIBOR 3M + margin	June 2027	38,893	37,310	1,583
			304,892	**278,690**	**26,202**

As at 31 December 2016

Bank	Interest rate	Maturity	Total	Long-term	Short-term
Loan 1	EURIBOR 3M + margin	April 2019	34,530	33,722	808
Loan 2	EURIBOR 3M + margin	June 2020	46,294	43,635	2,659
Loan 3	EURIBOR 3M + margin	February 2018	6,382	6,023	359
Loan 4	EURIBOR 3M + margin	January 2034	7,564	7,101	463
Loan 5	EURIBOR 3M + margin	February 2018	7,363	6,949	414
Loan 6	EURIBOR 3M + margin	July 2034	14,117	13,092	1,025
Loan 7	NBP reference rate less social indicator	June 2034	3,958	3,815	143
Loan 8	WIBOR 1M + margin	February 2018	1,215	–	1,215
Loan 9	EURIBOR 1M + margin	August 2026*	44,759	44,577	182
Loan 10	EURIBOR 1M + margin	June 2026	98,062	93,621	4,441
Loan 11	EURIBOR 3M + margin	June 2017	37,177	–	37,177
Loan 12	WIBOR 3M + margin	June 2017	164	–	164
			301,585	252,535	49,050

* The construction loan will be converted into investment loan until March 2018. The maturity of investment loan is August 2026.

The undrawn bank facilities as of 31 December 2017 amounted to 2,711, whereas as at the end of 2016 the undrawn facilities amount to 12,812.

In 2014 Hala Koszyki Sp. z o.o. received the financing under JESSICA initiative. JESSICA initiative is a part of the Regional Operational Programme of the Masovian District under which the entity is granted with the financing under favourable conditions in terms of interests. The interest rates under JESSICA loan are lower than the market ones. This grant has been recognised in the books resulting in recognition of loan at a fair value being lower than the nominal value and resulting in a decrease of the property capitalised cost (in the amount of the grant being the difference between loan nominal value and loan fair value at the inception date. As of 31 December 2017 the amount of grant recognised amounted to 1,602 (31 December 2016: 1,671).

Other borrowings

As a result of the reorganisation described in the Note 1 in Section I to the Financial Statements, the vast majority of the other borrowings, presented in the Consolidated Financial Statements at the year ended 31 December 2016 have been contributed to the Group in exchange for shares. On December 2017 the Group received a loan at fixed interest rate from Globalworth Finance Guernsey Limited, the entity related with the major shareholder. The loan was granted in order to acquire 3 new projects – i.e. Tryton Business House, A4 Business Park and West Gate. Loan has the convertible option embedded – the entire principal amount, interest accrued and other sums due from the Borrower to the Lender can be converted into shares to be issued by the Griffin Premium RE.. N.V. The loan can be converted based on 60-day volume weighted average price of the shares of GPRE at the Stock Exchange as of the date of conversion. Conversion is subject to notice from the lender and approval by the general meeting of shareholders.

At the year ended 31 December 2017 and 2016 the balance of the other borrowings was as follows:

As at 31 December 2017

Lender	Total	Below 1 year	After 1 year but no more than 5 years	More than 5 years
Globalworth Finance Guernsey Limited	**165,413**	**165,413**		
	165,413	**165,413**	**–**	**–**

As at 31 December 2016

Lender	Total	Below 1 year	After 1 year but no more than 5 years	More than 5 years
GT II FIZ Aktywów Niepublicznych	1,608	–	1,608	–
Griffin Topco II S.á r.l.	86,653	8	35,024	51,621
Griffin Topco III S.á r.l.	19,721	8	18,320	1,393
Griffin Finance II Sp. z o.o.	8,693	–	–	8,693
Griffin Finance III Sp. z o.o.	21,260	–	104	21,156
	137,935	16	55,056	82,863

21. Derivative financial instruments

In previous years (i.e. 2014 and 2015) to manage its interest rate risk, the Group entered into interest rate swaps, in which it agreed to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps were designated to mitigate risk associated with underlying debt obligations.

As at 31 December 2017 and 31 December 2016 the loans have not been hedged by interest rate swaps.

As at 31 December 2017 and 31 December 2016 one bank loan (as decribed in the Note 20) has been secured with interest rate cap option, however the option has not been executed due to favourable market interest rates. Only premium has been paid and it is included in the amortised cost valuation of the loan. As at 31 December 2017 the value of the cap option is nil.

	2017 € '000	2016 € '000
As at 1 January	**–**	1,308
Amounts received/(paid)	**–**	(1,317)
Net changes in fair value through profit or loss	**–**	39
Foreign currency translation	**–**	(30)
As at 31 December	**–**	–

22. Trade and other payables, deposits from tenants and other deposits

Deposits from tenants and other deposits received

Policy

Deposits from tenants and other deposits liabilities are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

Trade and other payables, deposits from tenants and other deposits are non-interest bearing and have settlement dates within one year, except for tenant deposits which are payable on lease termination.

For explanations on the Group's liquidity risk management processes, refer to Note 25.

As at 31 December	2017 € '000	2016 € '000
Current		
Trade payables	**5,932**	2,185
Capex payables	**5,501**	3,323
VAT payable	**407**	103
Deposits from tenants	**270**	343
Guarantees retained from contractors	**508**	133
Deferred income	**415**	537
Amounts due to related parties	**1,500**	16
Consideration payable	**1,220**	–
Other payables	**263**	419
	16,016	7,059
Non-current		
Deposits from tenants	**5,834**	2,991
Guarantees retained from contractors	**537**	357
	22,387	10,407

Consideration payable is mainly obligation arising from asset deal (Note 28).

23. Trade and other receivables

As at 31 December	2017 € '000	2016 € '000
Current		
Rent and service charge receivables	**6,380**	3,327
RGA and NOIGA rent and service charge receivables	**2,317**	–
Less: Provision for impairment of receivables	**(1,176)**	(722)
Rent receivables – net	**7,521**	2,605
VAT receivables	**672**	826
Deferred expenses	**124**	89
Receivables from related parties	–	266
RGA and NOIGA capex receivables	**1,538**	–
Other	**779**	27
	10,634	3,813
Non-current		
Deferred expenses	**69**	–
Other	–	10
	10,703	3,823

Rent and service charge receivables are non-interest bearing and are typically due within 30 days.

Rent and other receivables impaired and provided for

As at 31 December 2017, receivables with nominal value 898 (2016: 739) were impaired and provided for in the amount of 891 (2016: 722) due to tenant defaults. Movements in the provision for impairment of receivables were, as follows:

As at 31 December	2017 € '000	2016 € '000
At 1 January	**722**	445
Charge for the year	**402**	297
Foreign currency translation	**52**	(20)
At 31 December	**1,176**	722

As at 31 December 2017 and 2016, the analysis of rent and other receivables and classification of provisions for impairment of receivables is set out below:

As at 31 December	Total	Neither past due nor impaired	<30 days	30-60 days	60-90 days	90-120 days	>120 days
2017	**8,697**	**4,624**	**790**	**923**	**71**	**66**	**1,223**
2016	3,327	643	1,630	170	114	123	647

As at 31 December		<30 days	30-60 days	60-90 days	90-120 days	>120 days
2017	Impaired rent and other receivables	**1**	**1**	**18**	**35**	**1,131**
	Provision for impairment	**(1)**	**(1)**	**(12)**	**(34)**	**(1,128)**
	Total provision					**(1,176)**
2016	Impaired rent and other receivables	26	54	56	42	561
	Provision for impairment	(26)	(54)	(56)	(33)	(553)
	Total provision					**(722)**

24. Cash and cash equivalents

Cash and short-term deposits

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 1 day and 3 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Blocked (restricted) cash

The blocked (restricted) cash comprises of:

- presented as long-term debt service reserve accounts;
- deposits from tenants and amounts blocked to cover capital expenditures presented as short-term as they can be utilised to cover tenants' obligation due or current liabilities for capital expeditures;
- cash on the bank accounts with restrictions over the use of the funds.

As at 31 December	2017 € '000	2016 € '000
Unblocked		
Cash at bank and on hand	**14,481**	7,244
Short-term deposits	**1,176**	2,766
Cash and cash equivalents as per Consolidated Statement of Cash Flows	**15,657**	10,010
Blocked		
Short-term:		
Tenant deposits	**9,309**	5,062
Capex accounts	**797**	224
Rent accounts	**8,663**	1,215
Other	**259**	62
Long-term		
Debt service reserve account	**2,958**	2,550
	21,986	9,113
Cash and cash equivalents as per Consolidated Statement of Financial Position	**37,643**	19,123

25. Financial risk management

Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

The Group's principal financial liabilities, other than derivatives, are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition and development of the Group's property portfolio.

The Group has rent and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Group's senior management oversees the management of these risks. The Management Board reviews and agrees policies for managing each of these risks which are summarised below.

It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in (a) foreign currencies and (b) interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be accepted. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

i. Foreign exchange risk

Currency risk results from the fact, that the functional currency of the Group is PLN. Therefore the positions originally in EUR must be denominated in PLN. In Consolidated Statement of Financial Position main EUR positions are investment properties, which are valued in EUR by external appraisers, loans and borrowings, whereas in Consolidated Statement of Profit and Loss main EUR positions are rental revenue and financial expenses relating to loans and borrowings. The Group does not apply hedge accounting in accordance with IAS 39. The Group manages foreign currency risk by using natural hedging. In case of the cash flow the Group matches its principal cash outflows to the currency in which the principal cash inflows (such as rental revenue) are denominated. This is generally achieved by obtaining financing in the relevant currency.

The following table presents sensitivities to reasonably possible changes in EUR at the Consolidated Financial Position with all other variables held constant. Starting from 1 January 2018, functional currency of the Group will be changed to EUR, in result foreign exchange risk will be minimised.

	Increase/ (decrease) in percentage points	Effect on Profit/(loss) before tax
2017		
EUR/PLN	**+1**	**2,585**
EUR/PLN	**-1**	**(2,585)**
2016		
EUR/PLN	+1	629
EUR/PLN	-1	(629)

ii. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

The analysis below describes reasonably possible movements in interest rates with all other variables held constant, showing the impact on Profit/(loss) before tax and equity. It should be noted that the impact of movement in the variable is not necessarily linear.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates of the debt and derivatives are all constant:

- The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on finance income less finance expense for one year, based on the floating rate financial liabilities held at the reporting date, including the effect of derivatives.
- The sensitivity of equity is calculated by revaluing derivatives for the effects of the assumed changes in interest rates.

	Increase/ (decrease) in percentage points	Effect on Profit/(loss) before tax
2017		
EURIBOR	**+1**	**(3,022)**
EURIBOR	**-1**	**3,022**
WIBOR	**+1**	**-**
WIBOR	**-1**	**-**
NBP reference rate	**+1**	**(59)**
NBP reference rate	**-1**	**59**

	Increase/ (decrease) in percentage points	Effect on Profit/(loss) before tax
2016		
EURIBOR	+1	(2,978)
EURIBOR	-1	2,978
WIBOR	+1	(243)
WIBOR	-1	243
NBP reference rate	+1	(56)
NBP reference rate	-1	56

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract. The Group is exposed to credit risks from both its leasing activities and financing activities, including deposits with banks and financial institutions, debentures, available for sale financial assets and derivatives.

Rent receivables

Rents are assessed according to Group criteria prior to entering into lease arrangements. Credit risk is managed by security deposits or bank guarantees provided by tenants. Outstanding tenants' receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major tenants. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. At the Group level there is no significant concentration of risk in relation to any of the customers of the Group. The relation of revenue from sales to major tenants to Group's total rental income has been analysed in the following table, the revenue from rent from a major tenant currently does not exceed 8% of the Group's rental income.

Concentration of credit risk

	Share in total rental income	
	2017	2016
Tenant A	**8%**	7%
Tenant B	**5%**	7%
Tenant C	**4%**	2%
Griffin Topco II/Griffin Topco III (as Guarantors under RGA and NOIGA)	**15%**	0%

25. Financial risk management continued

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions as well as with other real estate entities is managed in accordance with the Group's policy.

Investments of surplus funds from operating activities are made only with reputable institutions. The Group places only short-term deposits, which are highly liquid and of certain rates of return.

In relation to investments for the longer term the Group places funds in financial instruments (debentures and available for sale financial assets) issued by the reputable real estate companies with high creditworthiness. The Group's maximum exposure to credit risk for the components of the Consolidated Statement of Financial Position at 31 December 2017 and 2016 is the carrying amounts of each class of financial instruments.

c) Liquidity risk

Griffin Premium RE.. N.V. and Entities' objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

Liquidity risk As at 31 December 2017	Contractual payments On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total	Difference to carrying amount	Carrying amount
Bank loans	**88**	**17,202**	**10,310**	**119,329**	**201,494**	**348,423**	**(43,531)**	**304,892**
Other borrowings	**–**	**–**	**171,113**	**–**	**–**	**171,113**	**(5,700)**	**165,413**
Deposits from tenants	**25**	**17**	**228**	**2,774**	**3,060**	**6,104**	**–**	**6,104**
Guarantees retained from contractors	**250**	**149**	**109**	**536**	**1**	**1,045**	**–**	**1,045**
Trade and other payables	**1,461**	**12,593**	**1,184**	**–**	**–**	**15,238**	**–**	**15,238**
	1,824	**29,961**	**182,944**	**122,639**	**204,555**	**541,923**	**(49,231)**	**492,692**

As at 31 December 2016	Contractual payments On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total	Difference to carrying amount	Carrying amount
Bank loans	–	4,583	44,971	130,127	163,619	343,300	(41,715)	301,585
Other borrowings	–	–	16	55,056	82,863	137,935	–	137,935
Deposits from tenants	66	131	146	1,820	1,171	3,334	–	3,334
Guarantees retained from contractors	–	119	14	346	11	490	–	490
Trade and other payables	3,654	2,929	–	–	–	6,583	–	6,583
	3,720	7,762	45,147	187,349	247,664	491,642	(41,715)	449,927

Loans presented as short-term as at 31 December 2017 and 2016 relate to a part of loans payable within 1 year from the balance sheet date.

25.1. Changes in financial liabilities arising from financing activities

	2016	Cash flows	Non cash changes Interest accrued	Restructuring	FX valuation	Fair value changes	2017
Financial liabilities							
Bank loans	301,585	(4,941)	(6,888)	–	15,927	(791)	**304,892**
Other borrowings	137,935	163,076	(1,102)	(136,701)	2,205	–	**165,413**
Total liabilities from financing activities	439,520	158,135*	(7,990)	(136,701)	18,132	(791)	**470,305**

* This amount consists of 'Bank loan proceeds', 'Bank loan repayments', 'Proceeds from borrowings', 'Repayment of borrowings' and 'Interest paid' from the Consolidated Statement of Cash Flows for the year ended 31 December 2017.

25.2. Fair value measurements – financial assets and financial liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments presented in the Consolidated Financial Statements:

As at 31 December	Carrying amount 2017	2016	Fair value 2017	2016
Financial assets				
Long-term loans	**–**	790	**–**	790
Debentures	**18,389**	–	**18,389**	–
Available for sale financial assets	**10,243**	–	**10,243**	–
Short-term loans	**60**	–	**60**	–
Trade and other receivables	**10,703**	3,823	**10,703**	3,823
Cash and cash equivalents	**37,643**	19,123	**37,643**	19,123
Financial liabilities				
Bank loans	**304,892**	301,585	**304,892**	301,585
Other borrowings	**165,413**	137,935	**165,413**	137,935
Deposits from tenants	**6,104**	3,334	**6,104**	3,334
Guarantees retained from contractors	**1,045**	490	**1,045**	490
Trade and other payables	**15,238**	6,583	**15,238**	6,583

Management has assessed that the fair values of cash and short-term deposits, rent and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Receivables are evaluated by the Group based on parameters such as individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2017 and 2016, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values;
- The fair value of obligations under finance leases and deposits from tenants is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities;
- Derivatives valued using valuation techniques which employ the use of market observable inputs are mainly interest rate swaps. The Group enters into derivative financial instruments with financial institutions with investment;grade credit ratings;
- Fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using a discount rate that reflects each of the Entity's borrowing rates including its own non-performance risk as at 31 December 2017 and at 31 December 2016 appropriately.

25.3. Fair value hierarchy

Quantitative disclosures of the Group's financial instruments in the fair value measurement hierarchy as at 31 December 2017 and 2016:

As at 31 December 2017	Level 1	Level 2	Level 3	Total
Investment property	**–**	**–**	**680,130**	**680,130**
Debentures	**–**	**18,389**	**–**	**18,389**
Available for sale financial assets	**–**	**–**	**10,243**	**10,243**
Short-term loans	**–**	**60**	**–**	**60**
Bank loans	**–**	**304,892**	**–**	**304,892**
Other borrowings	**–**	**165,413**	**–**	**165,413**
Deposits from tenants	**–**	**6,104**	**–**	**6,104**
Guarantees retained from contractors	**–**	**1,045**	**–**	**1,045**
Trade and other payables	**–**	**–**	**15,238**	**15,238**

As at 31 December 2016	Level 1	Level 2	Level 3	Total
Investment property	–	–	470,380	470,380
Long-term loans	–	790	–	790
Bank loans	–	301,585	–	301,585
Other borrowings	–	137,935	–	137,935
Deposits from tenants	–	3,334	–	3,334
Guarantees retained from contractors	–	490	–	490
Trade and other payables	–	–	6,583	6,583

25. Financial risk management continued

25.3. Fair value hierarchy continued

On 27 November 2017 the amendment of Poland's Corporate Income Tax Law has been introduced, effective from 1 January 2018. One of the changes refers to implementation of a so-called "minimum levy" on the owners of shopping malls, large shops, office buildings (worth more than PLN 10 m), at the level of 0.035% per month (ca.0.42% per year) of the excess of the initial tax value of the building over PLN 10 m. The abovementioned change is new and has no precedence in Polish taxation regime.

On 30 January 2018 the President of Poland signed a bill gradually introducing Sunday retail trade ban, starting with two working Sundays per month as of 1 March 2018. As of January 2019 retail trade will be possible on one Sunday a month, while as of 2020 retail trade will be fully banned on Sundays.

Above mentioned changes are not reflected in value of investment properties as the potential impact is unknown as of the date of these financial statements.

SECTION V: SHARE CAPITAL AND RESERVES

The disclosures in this section focus on the issued share capital, the share schemes in operation and the associated share-based payment charge to profit or loss. Other mandatory disclosures, such as details of capital management, can also be found here.

26. Issued capital

Authorised shares

According to the information available to Griffin Premium RE.. N.V., the shareholding structure of the Company as at 31 December 2017 was as follows:

Shareholders	Number of shares	Par value per share [EUR]	Value of share capital [EUR]	%
Globalworth Asset Managers SRL	111,890,933	1	111,890,933	71.66
Nationale Nederlanden OFE	15,600,000	1	15,600,000	9.99
European Bank for Reconstruction and Development	14,807,000	1	14,807,000	9.48
Other shareholders	13,835,246	1	13,835,246	8.87
Total	**156,133,179**		**156,133,179**	**100.00**

Changes during the reporting period in the issued share capital have been presented in the table below:

	2017		2016	
	€ '000	Number ('000)	€ '000	Number ('000)
Opening balance	45	45	–	–
Shares issued for cash	156,088	156,088	45	45
Closing balance	156,133	156,133	45	45

The following Non-Executive Directors: Przemysław T. Krych (resigned on 21 December 2017), Maciej Dyjas and Nebil Senman (both resigned on 27 Febreuary 2018) through SO SPV 117 Sp. z o.o. purchased 5,649,123 shares (1,883,041 shares each) with an aggregate value of PLN 32,200,001.10 through Offering.

From the balance sheet date till the Consolidated Financial Statements publication date there were no changes in the ownership structure.

Net assets attributable to shareholders

Net assets attributable to shareholders represents total equity of the Entities which form part of the financial statements, but were not legally owned by Griffin Premium RE.. N.V.

The below table, shows the movements in the net assets attributable to the shareholders.

Total net assets attributable to shareholders as at 1 January 2016	86,349
Profit/(loss) for the year 2016	12,238
Dividend from Charlie SCSp	(56,112)
Lenna Investments Sp. z o.o. share capital increase	463
Elimination of common shares	(1,604)
Operations with shareholders	(1,141)
Total net assets attributable to shareholders as at 31 December 2016	41,334
Restructuring	(41,334)
Total net assets attributable to shareholders as at 31 December 2017	–

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial data from functional currency to presentation currency.

27. Capital management

The primary objective of the Group's capital management is to ensure that it remains within its quantitative financial covenants and maintains a strong credit rating.

While managing the capital, the Group makes decisions regarding the level of financial leverage, dividend policy, issuance of new shares or purchasing and subsequent redemption or resale of previously issued shares and the possible sale of assets to reduce debt.

Like other companies in the industry, the Group monitors its capital by such methods as loan-to-value ratio.

During the reporting periods, the Group did not breach any of its loan covenants and borrowings nor did it default on any other of its obligations under its loan and borrowings agreements.

As at 31 December	2017 € '000	2016 € '000
Total loans granted	**(60)**	(790)
Total Interest-bearing loans and borrowings	**304,892**	301,585
Less: Cash	**(34,685)**	(16,573)
Net debt	**270,147**	284,222
External valuation of completed investment property	**680,130**	470,380
Total external valuation of investment property and investment property under construction	**680,130**	470,380
Loan to value ratio	**40%**	60%
Loan to value ratio (bank loans)	**40%**	60%
Loan to value ratio (other borrowings)	**19%**	26%

SECTION VI: ASSETS ACQUISITION AND OTHER DISCLOSURES

This section includes details about Griffin Premium RE.. N.V.'s subsidiaries acquisition and related impact on the income statement and cash flows.

28. Asset acquisition

Policy

On 22 December 2017, the Group acquired 100% of the shares of a group of entities holding a portfolio of office buildings let under operating leases and the acquisition was made to give the Group access to those assets. The existing strategic management function and associated processes were not acquired with the property and, as such, the Directors consider this transaction as an asset acquisition.

The purchase price for the assets was EUR 162.7 million, value of acquired investment properties as at 31 December 2017 is EUR 166.7 million.

Purchase price presented in cash flow statement is as follows:

Acquisition price	162,680
less:	–
Cash of acquired entities	(7,529)
	155,151

The revenue and profit contributed by each subsidiary, since acquisition date, and the impact on the Group's results had these companies been acquired at the beginning of the year, are disclosed below:

	West Gate € '000	Tryton € '000	A4 € '000	Total € '000
Subsidiary's contribution				
Revenue	102	125	197	**424**
Profit/(loss) after tax	668	2,057	810	**3,535**
Annualised subsidiary's results				
Revenue	4,339	2,587	6,092	**13,018**
Profit/(loss) after tax	3,318	6,253	364	**9,935**

Unaudited pro-forma Group's results	Total of the Group	Already included results of the new entities	Annual results of the new entities	Total pro-forma of the Group
Revenue	45,805	(424)	13,018	**58,399**
Profit/(loss) after tax	31,320	(3,535)	9,935	**37,720**

The transactional costs of EUR 610 thousand incurred in connection with the acquisition are included in fair value movement.

29. Consolidation of subsidiaries

Policy

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016 and as at 31 December 2017. Specifically, the Group controls an investee if, and only if, it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Details on all direct and indirect subsidiaries of the Company, over which the Group has control and consolidated as of 31 December 2017 and 2016, are disclosed in section Structure of the Group of the Note 1 in the Section I. There are no other subsidiaries which were not consolidated.

30. Reporting by segments

Segments of the Group business are presented in accordance with data from internal management reporting and analysed by the key decision maker, responsible for allocating resources and assessing performance of operating segments.

For investment property, discrete financial information is provided on a property-by-property basis to members of executive management, which collectively comprise the chief operating decision maker. The information provided is net of Rental income (including gross Service charge and marketing income and Property operating expenses), Valuation gains/(losses) from investment property, Net gains/(losses) on investment property. The individual properties are aggregated into segments with similar economic characteristics such as the nature of the property and the occupied market it serves. Management Board considered to aggregate high-street mixed-use and office into segments.

Consequently, the Group is considered to have two reportable segments, as follows:

- High-street mixed-use – acquires, develops and leases shopping malls and office space in these malls;
- Office – acquires, develops and leases offices.

Moreover the Group distinguishes the Unallocated and Consolidation eliminations positions. The first position comprises of GPRE Management Sp. z o.o., IB14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, Griffin Premium RE.. N.V. HQ figures (loans granted to SPVs, Asset management fee revenues, HQ administrative/human resources costs) as well as unallocated operations. Bonds issued by GPRE Management Sp. z o.o. and purchased by IB14 are presented per net, as both entities belong to the Unallocated position. All other transactions between individual segments are eliminated in the Consolidation eliminations position – mainly intercompany loans and asset management fee.

Income, expenses, measurement of segment profit/(loss), valuation of assets and liabilities of the segment are determined in accordance with the accounting policies adopted for the preparation and presentation of the Consolidated Financial Statements, as well as the accounting policies that relate specifically to segment reporting. The measure of segment profit/(loss) is the Operating Profit/(loss) before tax.

	As at 31 December 2017				
Segments	**High-street mixed-use properties € '000**	**Office properties € '000**	**Unallocated € '000**	**Consolidation eliminations € '000**	**Total € '000**
Segments non-current assets including:					–
Investment property	309,100	371,030	–	–	680,130
Investment in subsidiaries	–	–	535,389	(535,389)	–
Long-term loans	–	389	264,876	(265,265)	–
Available for sale financial assets	–	–	5,897	–	5,897
Other non-current assets	1,645	1,415	14	–	3,074
	310,745	**372,834**	**806,176**	**(800,654)**	**689,101**
Segments current assets including:					
Short-term loans	–	–	55	5	60
Debentures	–	–	18,389	–	18,389
Available for sale financial assets	–	–	4,346	–	4,346
Other current assets	20,785	16,920	8,214	(599)	45,320
	20,785	**16,920**	**31,004**	**(594)**	**68,115**
Total assets	**331,530**	**389,754**	**837,180**	**(801,248)**	**757,216**
Segments non-current liabilities including:					
Bank loans	183,207	95,483	–	–	278,690
Other borrowings	55,555	195,416	14,246	(265,217)	–
Deferred tax liability	6,015	1,251	11,754	–	19,020
Guarantees retained from contractors	84	453	–	–	537
Deposits from tenants	2,894	2,940	–	–	5,834
	247,755	**295,543**	**26,000**	**(265,217)**	**304,081**
Segments current liabilities including:					
Bank loans	8,056	18,146	–	–	26,202
Other borrowings	–	–	165,424	(11)	165,413
Guarantees retained from contractors	158	350	–	–	508
Deposits from tenants	171	99	–	–	270
Other current liabilities	7,089	3,326	6,155	(599)	15,971
	15,474	**21,921**	**171,579**	**(610)**	**208,364**
Total liabilities	**263,229**	**317,464**	**197,579**	**(265,827)**	**512,445**

30. Reporting by segments continued

Segments	As at 31 December Restated 2016* High-street mixed-use properties € '000	Office properties € '000	Unallocated € '000	Consolidation eliminations € '000	Total € '000
Segments non-current assets including:					–
Investment property	281,490	188,890	–	–	470,380
Investment in subsidiaries	–	–	51,873	(51,873)	–
Long-term loans	558	473	7,136	(7,377)	790
Deferred tax assets	3,894	3,389	355	36	7,674
Other non-current assets	1,150	1,410	–	–	2,560
	287,092	194,162	59,364	(59,214)	481,404
Segments current assets including:					
Short-term loans	22,775	–	–	(22,775)	–
Other current assets	12,891	7,424	56,215	(56,112)	20,418
	35,666	7,424	56,215	(78,887)	20,418
Total assets	322,758	201,586	115,579	(138,101)	501,822
Segments non-current liabilities including:					
Bank loans	142,013	110,522	–	–	252,535
Other borrowings	50,298	52,059	42,939	(7,377)	137,919
Deferred tax liability	8,325	7,333	–	–	15,658
Guarantees retained from contractors	185	172	–	–	357
Deposits from tenants	1,011	1,980	–	–	2,991
	201,832	172,066	42,939	(7,377)	409,460
Segments current liabilities including:					
Bank loans	43,321	5,729	–	–	49,050
Other borrowings	–	–	16	–	16
Guarantees retained from contractors	127	6	–	–	133
Deposits from tenants	235	108	–	–	343
Other current liabilities	4,203	2,141	309	(70)	6,583
	47,886	7,984	325	(70)	56,125
Total liabilities	249,718	180,050	43,264	(7,447)	465,585

** for details of the changes in presentation of prior year data please refer to Note 34.*

Segments	Year ended 31 December 2017 High-street mixed-use properties € '000	Office properties € '000	Unallocated € '000	Consolidation eliminations € '000	Total € '000
Revenue	25,742	20,063	–	–	45,805
Operating expenses	(8,771)	(5,304)	–	–	(14,075)
Segment NOI					
Asset management income	–	–	1,313	(1,313)	–
Asset management expense	(742)	(999)	(104)	1,313	(532)
Other administrative expenses	(1,441)	(1,433)	(4,612)	197	(7,289)
Fair value movement	(2,175)	2,239	–	3,135	3,199
Other expenses	(386)	(323)	(12)	–	(721)
Other income	202	82	–	–	284
Foreign exchange gains	12,854	14,728	(3,436)	486	24,632
Finance costs	(8,360)	(7,945)	(1,060)	7,806	(9,559)
Finance income (excl. foreign exchange gains)	90	35	8 445	(7 723)	847
Segment results	**17,013**	**21,143**	**534**	**3,901**	**42,591**
Gain on sale of subsidiary	–	–	(361)	361	–
Profit/(loss) before tax	**17,013**	**21,143**	**173**	**4,262**	**42,591**

Segments	Year ended 31 December Restated 2016* High-street mixed-use properties € '000	Office properties € '000	Unallocated € '000	Consolidation eliminations € '000	Total € '000
Revenue	17,172	16,729	–	–	33,901
Operating expenses	(5,982)	(4,823)	–	–	(10,805)
Segment NOI	11,190	11,906	–	–	23,096
Asset management expense	(252)	(1,780)	–	–	(2,032)
Other administrative expenses	(1,133)	(1,236)	(101)	–	(2,470)
Fair value movement	15,966	5,441	–	–	21,407
Other expenses	(457)	(267)	(7)	–	(731)
Other income	710	183	–	–	893
Foreign exchange losses	(5,817)	(6,095)	891	(649)	(11,670)
Finance costs (excl. foreign exchange losses)	(4,492)	(5,891)	(22,606)	21,984	(11,005)
Finance income	76	52	45,195	(44,901)	422
Segment results	15,791	2,313	23,372	(23,566)	17,910
Profit/(loss) before tax	15,791	2,313	23,372	(23,566)	17,910

** for details of the changes in presentation of prior year data please refer to Note 34.*

Geographical information

Rental income

City of Investment Property location	**2017 € '000**	2016 € '000
Gdansk	**106**	–
Katowice	**4,111**	3,069
Krakow	**4,689**	4,075
Lodz	**5,226**	5,239
Warsaw	**10,054**	3,743
Wroclaw	**8,092**	7,919
Total	**32,278**	24,045

Carrying amount of investment property (including under construction):

City of Investment Property location	**2017 € '000**	2016 € '000
Gdansk	**56,350**	–
Katowice	**130,050**	56,020
Krakow	**70,660**	64,830
Lodz	**71,270**	69,650
Warsaw	**170,760**	142,970
Wroclaw	**181,040**	136,910
Total	**680,130**	470,380

31. Related party disclosures

Sales and purchases from related parties are concluded at arm's length conditions. The entity monitors the completeness of the identified related parties on a regular basis during the process of transactions recignition. Additionally a list of the related parties is confirmed by the Executive and Non-Executive Directors.

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the years ended 31 December 2017 and 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

As at 31 December Receivables to related parties	2017 € '000	2016 € '000
Griffin Advisors Sp. z o.o.*	–	222
Blue Gas N'R'G Sp. z o.o.*	–	24
E-Toto Zakłady Bukmacherskie Sp. z o.o.*	–	11
Fundacja Edukacyjna Jana Karskiego*	–	9
	–	266

As at 31 December Payables to related parties	2017 € '000	2016 € '000
Griffin Advisors Sp. z o.o.*	–	2
Griffin Finance II Sp. z o.o.*	–	1
Griffin Real Estate Sp. z o.o.*	–	13
East Management Slovakia s.r.o.	1,500	–
	1,500	16

Year ended 31 December Sales of services	2017 € '000	2016 € '000
Fundacja Edukacyjna Jana Karskiego*	19	31
Blue Gas N'R'G Sp. z o.o.*	18	35
Blue Gas N'R'G Holding Sp. z o.o.*	–	25
E-Toto Zakłady Bukmacherskie Sp. z o.o.*	35	23
City Space – SPV 1 sp. z o.o.*	15	–
Griffin Topco II S.à r.l.*	6,230	–
Griffin Topco III S.à r.l.*	3,013	–
MultiMedia Polska S.A.*	9	–
	9.339	114

Year ended 31 December Costs	2017 € '000	2016 € '000
Griffin Advisors Sp. z o.o.*	78	–
Apenon Sp. z o.o.*	29	–
Griffin Real Estate Sp. z o.o.*	525	2,032
AMV Consulting*	–	110
Griffin Finance III Sp. z o.o.*	3	–
MultiMedia Polska S.A.*	2	–
Proservice Agent Transferowy Sp. z o.o.*	1	–
Echo Investment S.A.*	143	–
EPP PROPERTY MANAGEMENT *	241	–
Ventry Investments Spółka z ograniczoną odpowiedzialnością Sp. k.*	3	–
Griffin Finance II Sp. z o.o.*	2	8
	1,027	2,150

**from 6 December 2017, the date of the Group acquisition by the Globalworth Group, Entities ceased to be related parties to the GPRE Group.*

Entity	Nature of transactions	Consolidated Statment of Profit or Loss – Income/(expense) 2017 € '000	2016 € '000	Consolidated Statment of Financial Position – Amounts owing (to)/from 2017 € '000	2016 € '000
Apenon Sp. z o.o.*	Loans granted	4	32	–	558
Griffin Topco II S.á r.l. *	Loans granted	11	5	–	232
		15	37	–	790
GT II FIZ Aktywów Niepublicznych*	Loan received	–	4	–	1,608
Griffin Topco II S.á r.l. *	Loan received	195	3,176	–	86,653
Griffin Topco III S.á r.l. *	Loan received	16	1,601	–	19,721
Griffin Finance II Sp. z o.o.*	Loan received	16	1,029	–	8,693
Griffin Finance III Sp. z o.o.*	Loan received	89	1,949	–	21,260
Globalworth Finance Guernsey Limited	Loan received	297	–	165,413	–
		613	7,759	165,413	137,935

**from 6 December 2017, the date of the Group acquisition by the Globalworth Group, Entities ceased to be related parties to the GPRE Group.*

Expenses relating to key management personel are presented below:

Amounts in €'000	Base Salary	Short Term Incentives	Dividends	Other benefits	Total emoluments
Małgorzata Turek	67	–	–	–	67
Rafał Pomorski	75	70	–	–	145
Dorota Wysokińska-Kuzdra	80	–	–	–	80
Przemysław Krych	17	–	–	–	17
Maciej Dyjas	22	–	–	–	22
Nebil Senman	22	–	–	–	22
Ioanis Papalekas	1	–	–	–	1
Dimitris Raptis	1	–	–	–	1
Andreas Segal	18	–	–	–	18
Marcus M.L.J. Van Campen	18	–	–	–	18
Thomas Martinus De Witte	22	–	–	–	22
Karim Khairallah	16	–	–	–	16
Claudia Pendred	6	–	–	–	6

East Management Slovakia s.r.o. as a related party company

On 2 October 2017 Griffin Premium RE. N.V. and East Management Slovakia s.r.o. entered into a consulting services agreement regarding provision to the Company of consulting and advisory services in connection with the ongoing business of the Company. In accordance with the provisions of the agreement East Management Slovakia s.r.o. has engaged Lofthouse Limited (whose ultimate legal and beneficial owner is Mr Maciej Dyjas) and Silma Real Estate Nebil Senman (whose ultimate legal and beneficial owner is Nebil Senman) to provide some of the abovementioned services as a subcontractor. The Company treats East Managements Slovakia s.r.o. as a related party due to the fact that Maciej Dyjas and Nebil Senman being Non-Executive Directors rendered consulting services to this company. Total fee payable to East Management Slovakia s.r.o. for the services rendered in 2017 is EUR 1,500 thousand.

32. Changes in accounting policies applicable for 2017 Financial Statements

The Group applied all standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
  The changes clarify issues related to deductible temporary differences associated with debt instruments measured at fair value, estimation of probable future taxable profits and assessment of whether taxable profits will be available against which the deductible temporary differences can be utilised. The changes are applied retrospectively.
- Amendments to IAS 7 Disclosure Initiative
  The changes require the entity to disclose information that enable users of financial statements to evaluate changes in liabilities arising from financing activities. Entities need not provide comparative information when they first apply the amendments.

The nature and the effect of the amendments that are of relevance to a real estate investor are disclosed below. Although these amendments were applied for the first time in 2017, they did not impact the annual Consolidated Financial Statements of the Group.

33. New standards and announcements effective after 1 January 2018

New standards and announcements after 1 January 2018:

- IFRS 9 Financial Instruments (issued on 24 July 2014) – effective for financial years beginning on or after 1 January 2018;
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2016;
- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014), including amendments to IFRS 15 Effective date of IFRS 15 (issued on 11 September 2015) - effective for financial years beginning on or after 1 January 2018;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on 11 September 2014) – the endorsement process of these Amendments has been postponed by EU – the effective date was deferred indefinitely by IASB;
- IFRS 16 Leases (issued on 13 January 2016) – effective for financial years beginning on or after 1 January 2019;
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016) – effective for financial years beginning on or after 1 January 2018;
- Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016) – effective for financial years beginning on or after 1 January 2018;
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2018;
- Amendments to IAS 28 Investments in Associates and Joint Ventures which are part of Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016) – effective for financial years beginning on or after 1 January 2018;
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards which are part of Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016) – effective for financial years beginning on or after 1 January 2018;
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2018;
- Amendments to IAS 40: Transfers of Investment Property (issued on 8 December 2016) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2018;
- IFRS 17 Insurance Contracts (issued on 18 May 2017) – not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2021;
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019;
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2019.

The effective dates are dates provided by the International Accounting Standards Board. Effective dates in the European Union may differ from the effective dates provided in standards and are published when the standards are endorsed by the European Union.

The Group has analysed the potential impact of the amendments of following standards, effective from 1 January 2018 on the Group's Consolidated Financial Statements:

- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014), including amendments to IFRS 15 Effective date of IFRS 15 (issued on 11 September 2015) – effective for financial years beginning on or after 1 January 2018.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard provides a single, principles based five-step model to be applied to all contracts with customers.

1. Identify the contract with a customer
2. Identify all the individual performance obligations within the contract
3. Determine the transaction price
4. Allocate the price to the performance obligations
5. Recognise revenue as the performance obligations are fulfilled

Relative to previous accounting guidance, IFRS 15 may cause revenue to be recognised earlier in some cases, but later in others.

The main implementation of the IFRS 15 will not affect presentation of financial revenue in material way.

- IFRS 9 Financial Instruments (issued on 24 July 2014) – effective for financial years beginning on or after 1 January 2018;

As of December 31, 2017, the Group has analyzed impact of implementation of IFRS 9 on the accounting principles applied by the Group with respect to the Group's operations or its financial results.

(a) Classification and measurement
The Group has performed an impact assessment of IFRS 9 implementation on the presentation of its financial instruments after 1 January 2018 and concluded, that it will effect in changing the accounting for the ROFO bonds. Presented as assets available for sale and measured at fair value through other comprehensive income as of December 31, 2017, ROFO bonds will be valued at fair value through profit or loss under IFRS 9, which may increase volatility in recorded profit or loss. Dual business model applied towards ROFO bonds as well as developer profit margin embedded will not allow the entity to sustain present presentation of the bonds, as they fail IFRS 9 SPPI test. The impact as of 1 January 2018 will be nil as the instruments was and will be valued to fair value. The Group considers that IFRS 9 regulations will not affect presentation of neither West Link Bonds nor interest-bearing borrowings and other financial instruments.

(b) Impairment
IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group does not expect any significant impact of the IFRS 9 on entity's impairment – there should be no significant change in amount of the impairments and impact as of 1 January 2018 will be immaterial for the Group.

(c) Hedge accounting
IFRS 9 does not change the general principles of how an entity accounts for effective hedges so the Group does not expect that applying the hedging requirements of IFRS 9 will have any significant impact on the financial statements.

34. Changes in presentation of prior year data

Due to becoming a part of the Globalworth Group, GPRE Group adjusted the presentation of current and prior year Consolidated Financial Statements to the Globalworth's policy.

The following changes have been introduced:

Consolidated Statement of Financial Position

As at 31 December 2016	Approved € '000	Adjustments 1	2	3	4	Amended € '000	
ASSETS							**ASSETS**
Non-current assets							**Non-current assets**
Completed investment property	470,380					470,380	Investment property*
Investment property under construction	–						
Long-term loans	790					790	Long-term loans
Other receivables	10					10	Other receivables
Long-term restricted cash	2,406	144				2,550	Long-term restricted cash
Deferred tax assets	7,674					7,674	Deferred tax assets
	481,260	144	–	–	–	481,404	
Current assets							**Current assets**
Rent and other receivables	3,813					3,813	Trade and other receivables
Income tax receivable	32					32	Income tax receivable
Restricted cash	6,707	(6,707)					
Cash and short-term deposits	10,010	6,563				16,573	Cash and cash equivalents
	20,562	(144)	–	–	–	20,418	
Total assets	501,822	–	–	–	–	501,822	**Total assets**

34. Changes in presentation of prior year data continued

As at 31 December 2016	Approved € '000	Adjustments 1	2	3	4	Amended € '000	
EQUITY AND LIABILITIES							**EQUITY AND LIABILITIES**
							Total equity
Issued share capital	45					45	Issued share capital
Foreign currency translation reserve	(5,142)					(5,142)	Foreign currency translation reserve
Net assets attributable to shareholders	41,334					41,334	Net assets attributable to shareholders
Equity attributable to equity holders of the parent	36,237	–	–	–	–	36,237	Equity attributable to equity holders of the parent
Non-current liabilities							**Non-current liabilities**
Bank loans	252,535					252,535	Bank loans
Other borrowings	137,919					137,919	Other borrowings
Deferred tax liability	15,658					15,658	Deferred tax liability
			357			357	Guarantees retained from contractors
Deposits from tenants and other deposits	3,348		(357)			2,991	Deposits from tenants
	409,460	–	–	–	–	409,460	
Current liabilities							**Current liabilities**
Bank loans	49,050					49,050	Bank loans
Other borrowings	16					16	Other borrowings
			133			133	Guarantees retained from contractors
Trade and other payables	3,260			3,323		6,583	Trade and other payables
Capex payables	3,323			(3,323)			
Deposits from tenants and other deposits	476		(133)			343	Deposits from tenants
	56,125	–	–	–	–	56,125	
Total equity and liabilities	501,822	–	–	–	–	501,822	**Total equity and liabilities**

1) Combining "Cash and short-term deposits" and "Short-term restricted cash" into one position i.e. "Cash and cash equivalents", reclassification of bank accounts according to the new reporting categories;
2) Separating the guarantees retained from contractors from deposits from tenants (previously all deposits was presented under the same line "Deposits from tenants and other deposits");
3) Transfer of "Capex payables" from the separate line into the aggregated position of "Trade and other payables";
4) Combining "Completed investment property" and "Investment property under construction" into one position i.e. "Investment property". As at 31 December 2016 there were no investments under construction;

Consolidated Statement of Profit or Loss

Year ended 31 December 2016	Approved € '000	Adjustments 5	6	7	8	9	Amended € '000	
Rental income	23,688	9,856	357				33,901	Revenue
Service charge and marketing income	9,856	(9,856)						
Property operating expenses	(11,135)				330		(10,805)	Operating expenses
Net rental income	22,409	–	357	–	330	–	23,096	**Net operating income**
Administrative expenses	(4,013)			30		(519)	(4,502)	Administrative expenses
Valuation gain/(loss) from investment property	21,737				(330)		21,407	Fair value movement
			(357)			(374)	(731)	Other expenses
						893	893	Other income
	17,724	–	(357)	30	(330)	–	17,067	
Operating profit	40,133	–	–	30	–	–	40,163	**Profit/(loss) before net financing costs**
								Net financing costs
Finance cost	(22,645)			(30)			(22,675)	– Finance cost
Finance income	422						422	– Finance income
	(22,223)	–	–	(30)	–	–	(22,253)	
Profit/(loss) before tax	17,910	–	–	–	–	–	17,910	**Profit/(loss) before tax**
Income tax (expenses)/ gain	(5,672)						(5,672)	Income tax (expenses)/ gain
Profit/(loss) for the year	12,238	–	–	–	–	–	12,238	**Profit/(loss) for the year**

5) Combining "Rental income" and "Service charge and marketing income" into one position i.e. "Revenue";
6) Changing the presentation of bad debt allowance from "Rental income" (as a diminishing position) to "Other expenses";
7) Changing the presentation of bank charges from "Administrative expenses" to "Finance cost";
8) Changing the presentation of agent fees from "Property operating expenses" to "Fair value movement";
9) Transfer of other income and other expenses from "Administrative expenses" to "Other income" and "Other expenses" line;

34. Changes in presentation of prior year data continued

Year ended 31 December 2016	Approved € '000	Adjustments 7	8	10	Amended € '000	
Profit/(loss) before tax	17,910			–	17,910	**Profit/(loss) before tax**
Adjustments to reconcile profit before tax to net cash flows						Adjustments to reconcile profit before tax to net cash flows
Valuation (gain)/loss on investment property and impairment	(21,737)		330	422	(21,407)	Fair value movement on investment property
Finance income	(422)					
Finance expense	22,645	30		(422)	22,253	Net financing costs
	18,396	30	330		18,756	**Operating profit before changes in working capital**
Working capital adjustments						
Decrease/(increase) in rent and other receivables	(14)				(14)	Decrease/(increase) in trade and other receivables
(Decrease)/increase in trade and other payables	45				45	(Decrease)/increase in trade and other payables
Movements in deposits from tenants and other deposits	(806)				(806)	Movements in deposits from tenants and guarantees retained from contractors
VAT settlements	2,086				2,086	VAT settlements
Other Items	(535)		(330)		(865)	Other items
Income tax paid	(211)				(211)	Income tax paid
Net cash flow from operating activities	18,961	30	–	–	18,991	**Cash flows from operating activities**
Investing activities						**Investing activities**
Capital expenditure on investment property	(14,499)				(14,499)	Capital expenditure on investment property
Expenditure on investment property under construction	(24,966)				(24,966)	Expenditure on investment property under construction
Interest received	17				17	Interest received
Net cash flow from investing activities	(39,448)		–	–	(39,448)	**Cash flows from investing activities**
Financing activities						**Financing activities**
Bank loan proceeds	138,990				138,990	Bank loan proceeds
Bank loan repayments	(87,996)				(87,998)	Bank Repayments
Proceeds from borrowings	4,316				(4,316)	Proceeds from borrowings
Repayment of borrowings	(24,281)				(24,281)	Repayment of borrowings
		(30)			(30)	Payment of other financing costs
Interest paid	(8,498)				(8,498)	Interest paid
Change in restricted cash	(1,388)				(1,388)	Change in restricted cash
Net cash flow from financing activities	21,143	(30)		–	21,113	**Cash flows from financing activities**
Net increase in cash and cash equivalents	656	–			656	**Net increase/(decrease) in cash and cash equivalents**
Cash and cash equivalents at the beginning of the period	9,961				9,961	Cash and cash equivalents at the beginning of the period
Translation differences	(607)				(607)	Translation differences
Cash and cash equivalents at the end of the period	10,010			–	10,010	**Cash and cash equivalents at the end of the period**

10) Combining "Finance income" and "Finance expenses" into one position i.e. "Net financing costs".

35. Contingencies and commitments

As at 31 December 2017 the Group had mortgages on investment properties in the amount of EUR 596,630. As at 31 December 2016 the Group had mortgages on investment properties in the amount of EUR 728,170.

In addition to mortgages on investment properties, the Group had in 2016 and 2017 the following contingent liabilities and commitments:

1. Granted by the borrowers towards the financing banks:
- Financial and registered pledges over bank accounts of the borrowers;
- Registered and civil pledges over the shares of the borrowers being limited liability partnerships;
- Registered and civil pledges over the general and limited partner's rights in the borrowers being limited partnerships;
- Registered and civil pledges over the shares of selected limited partners and general partners holding rights in the borrowers being limited partnerships;
- Registered pledges over collection of movable assets and property rights of the borrowers;
- Power of attorney to bank accounts of the borrowers;
- Security assignment in relation to rights under existing and future contracts including, but not limited to insurance agreements, lease agreements, lease guarantees, agreement with general contractor and other relevant contracts;
- Security assignment in relation to rights under subordinated debt;
- Subordination of the existing intercompany debts;
- Blank promissory notes with promissory note declarations;
- Statements on voluntary submission to execution.

2. Established towards other third parties:
- Amended agreement regarding terms of one of the investment implementation describing contractual penalty – payment in case of disposal of the investment property without transferring commitments resulting from Agreement, including the payment of compensation, to new entity;
- Amended agreement regarding terms of one of the investment implementation, describing compensation resulting from permission to implement the investment and establishment of the right of way – payment after entering the right of way into the land and mortgage register;
- Agreement – notarial deed, resulting in obligation of contractual penalty payment for a breach of agreement in terms of information obligation, complaints withdrawal etc. – payment in case of failure to fulfil the commitments resulting from agreement and receiving request for payment;
- Amended agreement requiring compensation payment resulting from establishment of the right of way and permission to implement the one of investments;
- Amended agreement, which results in obligation of covering part of land lot renovation costs on condition that the right of way is established and invoices are provided by The Building Works and Property Agency;
- Appendix to Agreement concerning one of the investments design preparation – single premium payment after completed investment, if the design solutions used by the Architect with their final optimization allow the Investor to achieve investment budgetary objective;
- Cost overruns guarantee agreement;
- Transmission service easement for investment property regarding transformer station.

36. Events after the reporting period

1. Extension of the bank loan

   On 8 February 2018 Lamantia Sp. z o.o. Sp. k. and Dolfia Sp. z o.o. (as borrowers) and Bakalion Sp. z o.o. (as guarantor) agreed with Aareal Bank AG to amend the Facility Agreement (Amendment no. 5 to the Facility Agreement Dated February 12,2013) and extend the final maturity date until 13 June 2018.

2. Appointments and resignation of Directors
- Mr. Maciej Dyjas and Mr. Nebil Senman voluntarily resigned from the functions of non-executive directors of the Company with effect from 27 February 2018;
- At the same date the Board resolved to nominate Mr. George Muchanya and Mr. Norbert Sasse for appointment as non-executive director of the Company to be approved by the general meeting of shareholders.

3. New composition of Board Committees
- Following the resignations of Mr. Dyjas and Mr. Senman as well as nominations of Mr. Sasse and Mr. Muchanya, the composition of the Board Committees will be as follows (subject to the approval of nominees by general meeting of shareholders);
- Audit Committee: Mr. Andreas Segal (Chairman), Mr. Thomas Martinus de Witte and Mr. George Muchanya;
- Investment Committee: Mr. Ioannis Papalekas (Chairman), Mr. Dimitris Raptis and Mr. Norbert Sasse;
- Nomination and Remuneration Committee: Mr. Dimitris Raptis (Chairman), Mr. Marcus M.L.J. van Campen and Ms. Claudia Pendred.

4. Additional loan for future acquisitions

   On 27 February 2018 the Board of Directors of Griffin Premium RE.. N.V. resolved that the Company as borrower will sign amendment to the loan agreement with subsidiary of Globalworth Asset Managers S.R.L., i.e. Globalworth Finance Guernsey Limited and extend the availability period for additional loan from two to three months from the date of the loan agreement.

36. Events after the reporting period continued

The loan in the amount of EUR 55 million shall be used for further acquisitions. The loan will bear fixed interest from the date of its utilization at market rate. The loan agreement provides for a list of undertakings, representations and events of default standard for financings of such type. The loan agreement also provides that the lender shall have an option to convert the loan (including interest and related fees) into shares of the Company to be issued by Griffin Premium RE.. N.V., subject to the approval of the general meeting of the Company.

5. Change of the Company's business name
   The Board of Directors proposes to the General Meeting of Shareholders change of the Company's name from Griffin Premium RE.. N.V. to Globalworth Poland Real Estate N.V.

6. Private placement of EUR 400,000,000
   On 27 February 2018 the Board of Directors of Griffin Premium RE.. N.V. decided to propose to the general meeting of the Company the approval of a private placement of EUR 400,000,000 (with an over-allotment option in the case of significant investor demand) at an expected pricing at or around prevailing EPRA NAV per share (a net asset value per share calculated in accordance with European Public Real Estate Association methodology) offered to selected investors, including, among others, the major shareholders of the Company and the major shareholders of Globalworth Real Estate Investments Limited.

7. Change of the Company's functional currency

From 1 January 2018 the Group is changing the functional currency from PLN to EUR, due to the following reasons:

- The Group plans to refinance part of its portfolio including recently acquired properties. All new loans will be denominated in EUR;
- Previously, the Group had loans denominated both in EUR and PLN, while after transfer of all receivables to GPRE Management Sp. z o.o. during 2017, the loans were converted to EUR and now the Group has solely loans denominated in EUR;
- EUR is the currency of real estate business in Europe. Rents are usually denominated in EUR although in Poland albeit determined in EUR they are usually invoiced and paid in PLN. Valuations of commercial real estates are prepared in EUR and debt financing is also maintained in EUR;
- All cash flow projections are prepared only in EUR and majority of planned transactions will be performed in EUR.

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2017
(AFTER PROPOSED APPROPRIATION OF NET RESULT AND EXPRESSED IN EUR THOUSANDS)

	Notes	31/12/17	31/12/16
Assets			
Financial fixed assets		**409,010**	–
Investment in subsidiaries	2	**409,010**	–
Related party loans receivable	3	**–**	–
Current assets	4	**5,142**	45
Short-term receivables		**29**	–
Cash at banks & cash equivalents		**5,113**	45
Total Assets		**414,152**	45
Liabilities			
Current liabilities	5	**169,138**	35
Convertible short term loan facility		**165,413**	–
Trade and other payables		**3,725**	35
Total assets less liabilities		**245,014**	10
Shareholders' equity	6		
Issued and paid-up share capital		**156,133**	45
Share premium		**44,026**	–
Legal Reserve for restriction of distribution of results of subsidiaries		**9,160**	–
Translation reserve for results from subsidiaries with foreign reporting currencies		**8,395**	–
Translation reserve resulting from translation of functional currency to presentation currency		**(327)**	
Retained earnings / (accumulated deficit)		**27,627**	(35)
Total shareholders' equity		**245,014**	10

COMPANY PROFIT AND LOSS ACCOUNT FOR THE YEAR 2017
(EXPRESSED IN EUR THOUSANDS)

	Notes	2017	21/12/16 – 31/12/16
Operating income		**23**	–
Net turnover	7	**23**	–
Operating expenses		**(3,834)**	(35)
Other operating expenses	8	**(3,677)**	(35)
Wages and salaries	9	**(154)**	–
Social security charges	10	**(3)**	–
Financial income and expenses		**(1,707)**	
Interest income	11	**641**	–
Interest expenses	12	**(435)**	–
Foreign exchange result		**(1,913)**	–
Net result before taxation		**(5,518)**	(35)
Income taxes	13	**–**	–
Share in the result of subsidiaries	14	**42,340**	–
Net result		**36,822**	(35)

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR 2017
(EXPRESSED IN EUR THOUSANDS)

Principal activities
Griffin Premium RE.. N.V. (the "Company") is a public limited liability company ("naamloze vennootschap met beperkte aansprakelijkheid"), having its statutory seat in Amsterdam, and its registered address at Claude Debussylaan 15, 1082 MC Amsterdam, the Netherlands. Registered with the Chamber of Commerce with registration number: 67532837.

The Company was incorporated on 21 December 2016 as Griffin Premium RE.. B.V. On 23 March 2017 the Company converted its legal form. Through a deed of conversion & amendment the Company changed from a B.V. ("besloten vennootschap") into a N.V. ("naamloze vennootschap"). The principal activity of the Company is the holding of interests in and financing of Group Companies. As per the beginning of the financial year under review the Company was a 67.65% subsidiary of Griffin Netherlands II B.V. and a 32.35% subsidiary of GT Netherlands III B.V (together the "Former Shareholders"). The Former Shareholders are Dutch limited liability companies registered at the Barbara Strozzilaan 201, 1083 HN Amsterdam, The Netherlands. As per the end of the year, Globalworth Asset Managers SRL, a Romanian real estate corporation listed on the London Stock Exchange ("Globalworth"), holds 71.66% of the issued share capital of the Company. Please be referred to Note 6 of the notes to the Company financial statements for more information on the various changes in the ownership structure of the Company.

Reorganisation
During the period from December 2016 to 3 March 2017, a reorganisation took place where, through a number of steps comprising sales and in-kind contributions of shares and loans (the "Reorganisation"), the Company became the holding company for the entities as further specified under Note 1.2 to the consolidated financial statements. Specifically, the Reorganisation began with the establishment of the Company by the Former Shareholders and proceeded with the contribution of loans and shares to the Company, thereby substantially increasing the Company's shareholders' equity. Reference is also made to Note 1.3 of the consolidated financial statements.

The transaction is performed under common control. All assets are transferred at market value.
The accounting policy for this Reorganisation in the standalone financial statements differs from the consolidated financial statements. In the standalone financial statements this transaction is accounted for applying the carry-over accounting method. In the consolidated financial statements this transaction is accounted for applying the pooling-of-interest accounting method.

Notes
If there is no further explanation provided to the items in the Company's balance sheet and the Company statement of income, please refer to the notes in the consolidated statement of financial position and statement of income.

Related party transactions between subsidiaries, equity accounted investees, investments, and with members of the management board of the Company (the "Board of Directors") and the Company are conducted at an arm's length basis with terms comparable to transactions with third parties.

Summary of principal accounting policies
Basis of presentation
The Company financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company financial statements, the Company makes use of the option provided in section 2:362(8) of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result are the same as those used in the notes to the consolidated financial statements, prepared under IFRS as adopted by the European Union ("IFRS"), unless stated otherwise below. Please be referred to Note 1.4 of the consolidated financial statements for a description of these accounting policies.

Participating interests in Group Companies
Investments in subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. Investments with a negative net value asset are valued at 0. A provision is made if the company warrants all or part of the liabilities of the associated company concerned, primarily at the expense of the claims against this associated company and, for the rest, under the provisions for the amount of the share in the losses of the associated company for the payments expected to be made by the company for these associated companies. It is not expected that the Company will pay such amounts in the foreseeable future.

Change in accounting policy
For establishing the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company financial statements, the Company makes use of the option provided in Section 362, Part 9, of Book 2 of the Dutch Civil Code.

The Company changed its accounting policy by adapting its policy to the policy applied in the consolidated financial statements. The previous standalone financial statements (as per December 31, 2016) of the Company were prepared under Dutch GAAP. The two accounting policies differ in terms of measurement and recognition policies. However, as per the end of the previous period under review, the Company, under Dutch GAAP, merely accounted for cash, accrued expenses, a foreign currency translation reserve and issued and paid-up share capital the change in accounting policy did not have impact on the equity and net income on the comparative figures. Since the conversion in accounting principles does not affect these particular accounting items, the shareholders' equity has not been changed retroactively. During the year under review, the Company acquired various subsidiaries which applied IFRS.

(EXPRESSED IN EUR THOUSANDS)

Summary of principal accounting policies continued

Accounting policy for change in presentation currency
Compared to previous year, the Company changed the presentation currency of its financial statements from Polish Zloty's (PLN) to EURO's (EUR). The presentation of the comparative figures is changed accordingly from Zloty's (PLN) to EURO's (EUR). The 1 January 2016 exchange rate of 4.424 has been used for the opening values, the P&L values have been converted using the average exchange rate of 4.3637, and the 31 December 2016 exchange rates of 4.1709 has been used to convert the ending values. Differences resulted from the change, if any, have been recorded in the translation reserve.

Financial instruments
Financial instruments are initially recognised at fair value, including directly attributable transactions costs. After initial recognition, financial instruments are carried at amortised cost using the effective interest method unless explained otherwise in the notes. Due to the short-term nature of the financial instruments included in these financial statements, the estimated fair value for these financial instruments approximates the book value.

Other assets and liabilities
The short term receivables and the trade and other payables are stated at fair value at initial recognition and subsequent measured at amortized cost except where a different basis of valuation has been indicated in the financial statements.

Share premium reserve
The share premium concerns the contribution in kind from the issuing of shares in so far as this exceeds the nominal value of the shares (above par income). Costs, which are directly related to capital raised are charged to share premium reserve.

Reserve for restriction of distribution of results of subsidiaries
The revaluation reserve has been formed as a result of gains on investment properties owned by the subsidiaries. As the subsidiaries cannot distribute these unrealized gains, until these are realized, the Company recorded a legal reserve.

Foreign currencies
The standalone financial statements are presented in EURO's (EUR). However, since the functional currency of the Company is Polish Zloty (PLN), assets and liabilities have been translated into the reporting currency at exchange rates prevailing at the balance sheet date. In addition, profit and loss items have been translated into the reporting currency at the average exchange rate for the year. Any resulting exchange differences have been recorded in the foreign currency translation reserve and the change in amounts from functional currency into presentation currency may not influence the amount of the legal reserve as originally determined in the functional currency.

The exchange rates used in the annual accounts are:

		2017	2016
Year-end exchange rate	EUR:PLN	**4.1709**	4.4240
Average exchange rate	EUR:PLN	**4.2583**	4.3637

Change of presentation currency
Compared to previous year, the Company changed the presentation currency of its financial statements from Polish Zloty's (PLN) to EURO's (EUR). The underlying rationale for this change pertains, amongst other reasons, to the following:

- These standalone financials statements are presented in EUR as the consolidated financial statements of the Company are also presented in EUR;
- Presenting both the consolidated financial statements and the standalone financial statements in EUR will make the financial statements more understandable for the users.

Accounting policies for the income statement

General information
Gains or losses on transactions are recognised in the year in which they are realised; losses are taken as soon as they are foreseeable.

Result of participating interests
The share in the result of participating interests consists of the share of the Company in the result of these participating interests. In so far as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its participating interests or between participating interests themselves can be considered unrealised, they have not been recognised.

Taxation
Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account calculation according to the financial statements and profit calculated for taxation purposes. Temporary differences between the reporting for tax purposes and the financial statements are recognised as deferred taxes based on the current tax rate. Deferred tax assets and liabilities are netted.
Net deferred tax assets will be included in the balance sheet if actual realisation is assumed probable by the Company's management.
Temporary differences between the reporting for tax purposes and the financial statements are recognised as deferred taxes based on the current tax rate. Deferred tax assets and liabilities are netted, if the requirements for netting are complied with. Net deferred tax assets will be included in the balance sheet if actual realisation is assumed probable by the Company's management.

Corporate income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Corporate income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

1. Reorganisation

During the period from December 2016 to 3 March 2017, a reorganisation took place where, through a number of steps comprising sales and in-kind contributions of shares and loans (the "Reorganisation"), the Company became the holding company for the entities. The values brought in plus the amount of funds obtained through an IPO valued EUR 200,114 million. At the same event loans issued to IB 14 FIZ amount to EUR 136,032 thousands and the investments in entities are contributed to IB 14 FIZ. The transaction is performed under common control. All assets are transferred at market value. The accounting policy for this Reorganisation in the standalone financial statements differs from the consolidated financial statements. In the standalone financial statements this transaction is accounted for applying the carry-over accounting method. In the consolidated financial statements this transaction is accounted for applying the pooling-of-interest accounting method.

- Loans toward Entities in amount of EUR 136,032 thousands; (refer to Note 2)
- Investments in Entities in amount of EUR 35,491 thousands.

Movements in share capital & share premium related to the period of 1 January 2017 up to 31 December 2017

Date	#	Shares	Share Capital Contributed	Share Premium contributed	Total
Balance at 1 January 2017		45,000	45	–	45
27/01/2017	1	133,873,912	133,874	–	133,874
30/01/2017	2	–	–	35	35
28/02/2017	3	12,000	12	36,027	36,039
03/03/2017	4	1,000	1	1,608	1,609
13/04/2017	5	22,201,267	22,201	6,356	28,557
Total increase		156,088,179	156,088	44,026	200,114
Closing Balance		156,133,179	156,133	44,026	200,159

(EXPRESSED IN EUR THOUSANDS)

1. Reorganisation continued

Transactions	Contributed Assets	Fair Market Value
#1	In-kind contribution by Former Shareholders	
	100% of the share capital of Dolfia Sp. z o. o.	1,052
	100% of the share capital of DH Supersam Katowice Sp. z o.o.	7,768
	One loan on December SCSp	33,277
	Three loans on DH Supersam Katowice Sp. z o.o.	15,035
	Three loans on Dolfia Sp. z o.o.	2,495
	Two loans on Ebgaron Sp. z o.o.	4,198
	One loan on Lamantia Sp. z.o.o.	6
	Three loans on Lamantia Sp. z o.o. Sp.k.	3,772
	100% of the share capital of Centren Sp. z.o.o.	5,824
	100% of the share capital of Bakalion Sp. z.o.o.	13,774
	100% of the share capital with IB 14 FIZ	6,907
	100% of the share capital of Charlie RE Sp. z.o.o.	1
	100% of the shares in December RE Sp. z.o.o.	1
	100% of the share capital in Akka RE Sp. z.o.o.	1
	One loan on Bakalion Sp. z o.o.	18,131
	Two loans on Centren Sp. z o.o.	18,175
	Three loans on Nordic Park Offices Sp. z o.o. Sp.k.	3,448
	Loan on Nordic Park Offices Sp. z o.o	9
	Subtotal	**133,874**
#2	Contribution in cash by the Former Shareholders	35
	Subtotal	**35**

Transactions	Contributed Assets	Fair Market Value
#3	In-kind contribution by the Former Shareholders:	
	100% of the share capital in Hala Koszyki Sp. z o.o. (formerly Hala Koszyki Grayson Investments Sp. z o.o.)	28
	100% of the share capital in Hala Koszyki Sp. z o.o. (formely Lenna Investments Sp. z.o.o.)	135
	One loan on Dom Handlowy Renoma Sp. z o.o.	10
	One loan Dom Handlowy Renoma Sp. z o.o. Sp.k.	15,454
	One loan on Hala Koszyki Sp. z o.o. (formerly Grayson Investments Sp. z o.o.)	8
	Three loans on Hala Koszyki Sp. z o.o. (formerly Hala Koszyki Grayson Investments Sp. z o.o. Sp.k.)	18,438
	One loan on Hala Koszyki Sp. z o.o. (formerly Lenna Investments Sp. z o.o.)	991
	One loan on Lamantia Sp. z o.o. Sp.k.	466
	One loan on Dolfia Sp. z o.o.	233
	One loan on Nordic Park Offices Sp. z o.o. Sp.k.	276
	Subtotal	**36,039**
#4	In-kind contribution by the Former Shareholders (Charlie RE Sp. z o.o. bonds)	1,609
	Subtotal	**1,609**
#5	**IPO transaction:** The amount consists of the amount raised by the total issue of new shares (22,201,267) at the tender offer price PLN 5.70 (EUR 29,811 thousand) minus directly attributable costs of EUR 1,254 thousand.	28,557
	Total Increase in share capital and share premium	**200,114**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2017 CONTINUED
(EXPRESSED IN EUR THOUSANDS)

2. Investments in subsidiaries

The investments in subsidiaries are comprised as follows:

Name	Legal seat	Owned	31/12/17	31/12/16
IB 14 FIZ Aktywów Niepublicznych	Warsaw, Poland	100%	409,010	–
Griffin Premium RE Lux S.à r.l.	Luxembourg, Luxembourg	100%	–	–
Nordic Park Offices Sp. z o.o.	Warsaw, Poland	100%	–	–
Lamantia Sp. z o.o.	Warsaw, Poland	100%	–	–
Dom Handlowy Renoma Sp. z o.o.	Warsaw, Poland	100%	–	–
Total			409,010	–

The movements in investment in Group Companies have been as follows:

Name	2017	2016
Balance per 1 January	–	–
Additions / (decreases)	358,275	–
Foreign currency translations	8,395	–
Share of subsidiary results	42,340	–
Closing balance at 31 December	409,010	–

Investments in indirect subsidiaries

As at 31 December 2017 the Company holds interests in the following indirect subsidiaries:

Name	Legal seat	Owned
Bakalion Sp. z o.o.	Warsaw, Poland	100%
Centren Sp. z o.o.	Warsaw, Poland	100%
Dolfia Sp. z o.o.	Warsaw, Poland	100%
Ebgaron Sp. z o.o.	Warsaw, Poland	100%
Hala Koszyki Sp. z o.o.	Warsaw, Poland	100%
Lamantia Sp. z o.o. Sp. k.	Warsaw, Poland	100%
Dom Handlowy Renoma Sp. z o.o. Sp. k.	Warsaw, Poland	100%
Nordic Park Offices Sp. z o.o. Sp. k.	Warsaw, Poland	100%
Akka SCSp	Luxembourg, Luxembourg	100%
Charlie SCSp	Luxembourg, Luxembourg	100%
December SCSp	Luxembourg, Luxembourg	100%
Akka RE Sp. z o.o.	Warsaw, Poland	100%
Charlie RE Sp. z o.o.	Warsaw, Poland	100%
December RE Sp. z o.o.	Warsaw, Poland	100%
GPRE Management Sp. z o.o.	Warsaw, Poland	100%
Lima Sp. z o.o.	Warsaw, Poland	100%
Emfold Investments Sp. z o.o. Sp. k.	Warsaw, Poland	100%
Emfold Investments Sp. z o.o.	Warsaw, Poland	100%
Ormonde Sp. z o.o.	Warsaw, Poland	100%
Iris Capital Sp. z o o	Kielce, Poland	100%
Wetherall Investments Sp. z o.o.	Warsaw, Poland	100%
A4 Business Park - Iris Capital Sp. z o.o. Sp.k.	Warsaw, Poland	100%
Wagstaff Investments Sp. z o.o.	Warsaw, Poland	100%
West Gate Wrocław Sp. z o.o.	Warsaw, Poland	100%
Echo – West Gate Sp. z o.o. Sp.k.	Kielce, Poland	100%

3. Related party loans receivable

The related party loans receivable are comprised as follows:

Name	2017	2016
Balance per 1 January	–	–
Contributions from shareholders	136,032	–
FX on restructuring	(2,269)	
In-kind contribution to IB14 FIZ Aktywów Niepublicznych	(133,763)	–
Closing balance at 31 December	–	–

Over the period since January till March 2017 the Former Shareholders contributed the following related party loans receivables (the "Receivables") to the Company respectively:

Loan receivable	Principle amount	Amortised cost	Maturity date	Interest rate
Centren Sp. z o. o.	217	217	31 December 2020	5%
Centren Sp. z o. o.	17,961	17,961	31 December 2020	5%
Bakalion Sp. z o.o.	18,131	18,131	31 December 2025	5%
December SCSp	33,277	33,277	31 December 2025	5.5%
DH Supersam Katowice Sp. z o.o.	4,141	4,141	30 April 2023	6%
DH Supersam Katowice Sp. z o.o.	10,296	10,296	30 April 2020	Wibor 3m +1.5% margin
DH Supersam Katowice Sp. z o.o.	599	599	30 April 2023	6%
Dolfia Sp. z o.o.	139	139	15 February 2023	5%
Dolfia Sp. z o.o.	2,010	2,010	15 February 2023	6%
Dolfia Sp. z o.o.	346	346	20 February 2018	5%
Ebgaron Sp. z o.o.	3,946	3,946	5 December 2023	6%
Ebgaron Sp. z o.o.	252	252	17 January 2034	5%
Lamantia Sp. z o.o. Sp.k.	2,301	2,301	4 February 2023	6%
Lamantia Sp. z o.o. Sp.k.	1,332	1,332	20 February 2018	5%
Nordic Park Offices Sp. z o.o. Sp.k.	1,959	1,959	23 December 2023	5%
Nordic Park Offices Sp. z o.o. Sp.k.	1,386	1,386	27 June 2034	5%
Nordic Park Offices Sp. z o.o. Sp.k.	103	103	31 December 2023	5%
Dom Handlowy Renoma Sp. z o.o.	10	10	31 December 2020	5%
Dom Handlowy Renoma Sp. z o.o. Sp.k.	15,450	15,450	31 December 2020	Wibor 1Y +1.5% margin
Hala Koszyki Sp. z o.o. (formerly Hala Koszyki Grayson Investments Sp. z o.o. Sp.k.)	12,338	12,338	23 May 2022	6%
Hala Koszyki Sp. z o.o. (formerly Lenna Investments Sp. z o.o.)	992	992	7 May 2022	6%
Lamantia Sp. z o.o. Sp.k.	466	466	31 December 2023	5%
Dolfia Sp. z o.o.	233	233	31 December 2023	5%
Nordic Park Offices Sp. z o.o. Sp.k.	276	276	31 December 2023	5%
Lamantia Sp. z o.o. Sp.k.	139	139	16 January 2033	5%
Lamantia Sp. z o.o.	6	6	31 December 2020	5%
Nordic Park Offices Sp. z o.o.	9	9	31 December 2020	5%
Hala Koszyki Sp. z o.o. (formerly Hala Koszyki Grayson Investments Sp. z o.o. Sp.k.)	3,899	3,899	31 December 2019	5%
Hala Koszyki Sp. z o.o. (formerly Hala Koszyki Grayson Investments Sp. z o.o. Sp.k.).	2,202	2,202	31 December 2019	5%
Hala Koszyki Sp. z o.o. (formerly Grayson Investments Sp. z o.o.)	8	8	7 May 2022	6%
Charlie RE Sp. z.o.o. Bonds	1,609	1,609	31 December 2020	8%

The Company contributed in kind the Receivables to its subsidiary IB 14 FIZ Aktywów Niepublicznych ("IB 14") against the issuance of additional certificates.

(EXPRESSED IN EUR THOUSANDS)

4. Current assets

Short-term receivables

The short-term receivables are comprised as follows:

Name	31/12/17	31/12/16
VAT receivable	4	–
Accounts receivable and accrued income	25	–
Total	**29**	–

Further details about the information to be included on receivables can be found in Note 23 of the consolidated financial statements.

Cash at banks & cash equivalents

The cash at banks are comprised as follows:

Name	31/12/17	31/12/16
Rabobank-EUR currency	5,094	–
Rabobank-PLN currency	19	–
Cash equivalents	–	45
Total	**5,113**	45

In 2016, cash at banks & cash equivalents was available upon demand, being maintained on a third party account held with a Dutch notary. During January 2017 the funds were contributed to a Rabobank account held in the name of the Company and are freely available to the Company.

The Rabobank bank balance in EUR represents the actual balance in EUR available as per the balance sheet date.

5. Current liabilities

Convertible short-term loan facility

The convertible short-term loan facility is comprised as follows:

Name	2017	2016
Balance per 1 January	–	–
Drawdown	165,000	–
Amortisation	116	–
Accrued nominal interest	297	
Closing balance at 31 December	**165,413**	–

On 18 December 2017, the Company concluded a loan facility agreement with Globalworth Finance Guernsey Limited ("GF"), a related entity, in the amount of EUR 230,000,000, divided into three available tranches (the "Facility"). Under the Facility, the Company has drawn down an net amount of EUR 165,000,000. This tranche carries an annual interest rate of 5% and matures on 18 June 2018 (the "Repayment Date"). The effective interest rate amounts to 7.026% and transactions cost amounted to EUR 1,650,000, which are deducted from the draw down, hence the gross draw down amounts to EUR 166,650,000. Hence, as per year end the amortised cost of the loan amounts to EUR 165,116,120.

The Company has agreed with GF to apply the borrowed amounts towards the acquisition of certain financial assets.

Subjected to the approval of the general meeting of shareholders of the Company, the Company granted GF an option to convert the entire principal amount (including accrued interest and any other sums) into ordinary shares of the Company (the "Conversion Option").

GF may exercise the Conversion Option at any time during the conversion period, being the period starting on the date the Company's increases its equity share capital and has it registered with the relevant registry and ending on the Repayment Date, by sending a written notice to the Company (the "Conversion Notice").

GF has an option to convert entire principal amount, accrued interest, arrangement fee and any other amounts due by the Company to GW with respect to the loan. The option is subject to the approval of the general meeting of shareholders. The option can be exercised anytime in the period starting on the date the Company increases its share capital and ending on the maturity of the loan, by sending the notice by GF to the Company where the conversion price is indicated (as 60-day volume weighted average price of the shares of the Company at the stock exchange as of the day of the notice).
If GF exercises the Conversion Option, the Company shall repay the converted facility by means of issuance of shares (the "Conversion Shares") to GF and discharging the converted facility by means of set-off with the Conversion Price of all the Conversion shares.

Since the documentation concerning the Facility is made up in EUR; actual amounts received are in EUR; the repayment of the principle sum shall be made in EUR, the Facility has been presented in actual EUR amounts due.

Due to the short-term nature of Facility, the estimated fair value for this financial instrument approximates the book value.

Trade and other payables

The trade and other payables are comprised as follows:

Name	31/12/17	31/12/16
Payable to Group Company	14	–
Accounts payable	186	35
Wage tax payable	2	–
Wages and salaries payable	145	–
Accrued expenses	3,378	–
Total	**3,725**	35

The amount payable to Group Companies relate to an interest free liability to Griffin Premium RE Lux S.à r.l., which is payable at request. Further details about the information to be included on liabilities can be found in Note 22 of the consolidated financial statements.

6. Shareholders' equity

The authorised share capital amounts to EUR 600,000,000 divided into 600,000,000 authorised shares. All shares have a nominal value of EUR 1. As per 31 December, 2017, 156,133,179 shares have been placed and fully paid up. The share capital is considered fully paid-up for tax purposes.

Equity attributable to shareholders

The total equity attributable to the shareholders of the Company is comprised as follows:

Name	2017	2016
Balance per 1 January	10	–
Appropriated results	–	(35)
Issue of ordinary shares	200,114	45
Net result for the year	36,822	–
Translation results	8,068	–
Closing balance at 31 December	**245,014**	10

As per the beginning of the year 2017, the standalone shareholders' equity does not reconcile with the consolidated shareholders' equity. This is because the Reorganisation (as described on page 135) is accounted for using the pooling of interest method.

As per year-end, the standalone shareholders' equity does not reconcile with the consolidated shareholders 'equity. As can be seen in the table below the difference can be attributed to the results of subsidiaries with a negative net asset value.

	2017	2016
Equity as per Consolidated Statement of Financial Position	244,771	–
Difference – results of subsidiaries with a negative net asset value	243	–
Equity as per Standalone Statement of Financial Position	**245,014**	–

	2017	2016
Net income as per Consolidated Statement of Financial Position	31,320	–
Difference – due to difference accounting method for common control transactions*	5,502	–
Net income as Standalone Statement of Financial Position	**36,822**	–

* In the standalone financial statements the 'reorganisation' is accounted for applying the carry-over accounting method. The results of subsidiaries are included as from the moment these subsidiaries are owned by the Company. In the consolidated financial statements this common control transaction is accounted for applying the pooling-of-interest accounting method.

(EXPRESSED IN EUR THOUSANDS)

6. Shareholders' equity continued

Movements in shareholders' equity

The movements in shareholders' equity during the period have been as follows

	Issued and paid-up share capital	Share premium	Legal Reserve for restriction of distribution of results of subsidiaries	Translation reserve for results from subsidiaries with foreign reporting currencies	Translation reserve resulting from translation of functional currency to presentation currency	Retained earnings / Accumulated Deficit	Total
Balance at 21 December 2016	–	–	–	–	–	–	–
Contributions during the year	45	–	–	–	–	–	45
Addition (release) retained earnings / (accumulated deficit)	–	–	–	–	–	–	–
(Un)appropriated results	–	–	–	–	–	(35)	(35)
Balance at 31 December 2016	**45**	–	–	–	–	**(35)**	**10**
Balance at 1 January 2017	**45**	**–**	**–**	**–**	**–**	**(35)**	**10**
Contributions during the year (note 1)	156,088	44,026*	–	–	–	–	200,114
(Un)appropriated results	–	–	–	–	–	36,822	36,822
Translation results from subsidiaries with foreign reporting currencies	–	–	–	8,395	–	–	8,395
Translation results resulting from translation of functional currency to presentation currency	–	–	–	–	(327)		(327)
Addition to legal reserve due to undistributable results of subsidiaries	–	–	9,160	–		(9,160)	–
Balance at 31 December 2017	**156,133**	**44,026**	**9,160**	**8,395**	**(327)**	**27,627**	**245,014**

* The share premium increased resulting from the event as described in note 1 amounts to € 45,280 thousand (gross) minus deducted IPO costs amounting to € 1,254 thousand.

During the year 2017 to date, the Company did not pay any dividends. Please be referred to page 145 for a further breakdown of the movements in the shareholders' equity.

Revaluation reserve

The movements in the revaluation reserve have been as follows:

	Unrealised gains on investment properties
Balance at 21 December 2016	–
Addition (release)	–
Balance at 31 December 2016	–
Balance at 1 January 2017	**–**
Addition (release)	**9,160**
Balance at 31 December 2017	**9,160**

Share Premium

The share premium concerns the contribution from the issuing of shares in so far as this exceeds the nominal value of the shares (above par income). Costs, which are directly related to capital raised, have been charged to the share premium reserve. For fiscal purposes, the share premium is considered fully paid-up.

Legal reserves

The legal reserves for the Company consist of the foreign currency translation reserve for results from subsidiaries with foreign reporting currencies and the reserves related to restriction of distribution of results of subsidiaries. These reserved amounts are not eligible for distribution.

Translation reserve for results from subsidiaries with foreign reporting currencies

The legal foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Translation reserve resulting from translation of functional currency to presentation currency

This translation reserve relates to translation differences from translation of the functional currency to the presentation currency of the company.

Legal Reserve for restriction of distribution of results of subsidiaries

This legal reserve relates to the (positive) revaluation of investment properties, held by Polish subsidiaries, which are valued at fair value. As the subsidiaries cannot distribute these unrecognisable gains, until these are revised, the Company recorded a legal reserve.

Distributable equity

Pursuant to Dutch law, limitations exist relating to the distribution of equity attributable to equity holders. Such limitations relate to the subscribed capital stock of EUR 156,133 thousand as well as to legal reserves required by Dutch law as presented above. The total distributable reserves at December 31, 2017 amount to EUR 71,653 thousand. Dutch law also requires that in determining the amount of distribution, the Company's ability to continue to pay its debt must be taken into account.

Proposal for profit appropriation.

The general meeting of shareholders of the Company will be asked to approve the following appropriation of the 2017 profit after tax: an amount of EUR 27,662 thousand to be added to the retained earnings, EUR 9,160 thousand to the legal reserves. These financial statements have been prepared in the anticipation that the annual general meeting will be in agreement with this proposal.

Movements in share capital & share premium related to the period of 1 January 2017 up to 31 December 2017

Date	#	Shares	Share Capital Contributed	Share Premium contributed	Total
Balance at 1 January 2017		**45,000**	**45**	**–**	**45**
27/01/2017	1	**133,873,912**	**133,874**	**–**	**133,874**
30/01/2017	2	**–**	**–**	**35**	**35**
28/02/2017	3	**12,000**	**12**	**36,027**	**36,039**
03/03/2017	4	**1,000**	**1**	**1,608**	**1,609**
13/04/2017	5	**22,201,267**	**22,201**	**6,356**	**28,557**
Total increase		**156,088,179**	**156,088**	**44,026**	**200,114**
Closing Balance		**156,133,179**	**156,133**	**44,026**	**200,159**

The Movements in share capital & share premium are detailed under Note 1.

7. Net turnover

Net turnover is solely comprised of the income for consulting services rendered to (in-) direct subsidiaries.

8. Other operating expenses

The other operating expenses are comprised as follows:

Name	2017	2016
Domiciliation fees	**17**	–
Management fees	**–**	1
Management reimbursements	**1**	–
Administration and legal services	**1,620**	15
(Tax) advisory services	**1,813**	4
Bank charges	**4**	–
Audit fees	**222**	15
Total	**3,677**	35

Audit Fees Group

	Ernst & Young Accountants LLP	Associated Ernst & Young Companies	Total
Audit fees Annual Report	87	104	191
Audit fees in relation to the initial public offering	–	108	108
Other audit fees	18	138	156
Total	105	350	455

Group-wide totals have been presented. The audit fees include the costs for the legal audit of the annual report by Ernst & Young Accountants LLP, being the ultimate external auditor (EY Netherlands) and Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Sp. k. (EY Poland) (together the "Auditors") in the total amount of EUR 299 thousand. Furthermore, the Auditors rendered other audit services in the total amount of EUR 156 thousand. No other services were provided by the Auditors or associated companies.

(EXPRESSED IN EUR THOUSANDS)

The aggregate audit fees for the year amount to EUR 455 thousand, of which EUR 233 thousand was charged to the entities other than the Company. For the year 2016 the aggregate audit fees can be detailed as follows:

Audit Fees Group for the year 2016

	Ernst & Young Accountants LLP	Associated Ernst & Young Companies	Total
Audit fees Annual Report	15	–	15
Audit fees in relation to the initial public offering	–	–	–
Other audit fees	–	82	82
Total	15	82	97

9. Wages and salaries

The Company has employed one individual in the Netherlands on a part-time basis (2016: nil) and as such incurred salary cost, wage tax and social securities.

Name	2017	2016
Non-Executive Directors' compensation	**137**	–
Net salary	**8**	–
Wage tax	**9**	–
Total	**154**	–

10. Social security charges

The social security charges for the salaries for the year amount to EUR 3,053 (previous period: nil)

11. Interest income

Interest income relates to the loans contributed by the shareholders as identified in Note 4 until the assets were sold to IB 14 FIZ.

12. Interest expenses

The interest expenses relate to (i) credit interest paid to Coöperatieve Rabobank for substantial EUR amounts held at the EUR account specified under Note 3 and (ii) nominal interest calculated on the convertible loan facility as specified under Note 5.

13. Income taxes

Due to the tax losses in the year under review, no Dutch income taxes have been recorded. These tax losses can be carried forward. Realisations of these carry forward tax losses are dependent upon generating sufficient taxable in the period that the carry forward tax losses are realised. Based on all available information, it is not probable that the carry forward tax losses are realisable and therefore no deferred tax asset is recognised.

14. Share in the result of subsidiaries

Name	2017	2016
IB 14 FIZ Aktywów Niepublicznych	**42,340**	–
Griffin Premium RE Lux S.à r.l.	**–**	–
Nordic Park Offices Sp. z o.o.	**–**	–
Lamantia Sp. z o.o.	**–**	–
Dom Handlowy Renoma Sp. z o.o.	**–**	–
Total	**42,340**	–

15. Commitments & Contingencies

As per December 1, 2016, the Company has entered into a lease agreement with Tribes Holding B.V. for the lease of office space in Amsterdam, The Netherlands. The lease entered into for the period of 1 year, commencing on 1 May 2017 and ending on 30 April 2018 (the "lease period"). Upon expiry of the lease period, the lease will contiguously be extended for the periods of 1 year. The annual lease amounts to EUR 18,000 exclusive 21% value added tax.

Secondly, IB 14 FIZ signed a share purchase agreement (the "SPA") on March 9, 2017 to ultimately acquire a 100% control over West Gate II Project Echo 114 Sp. z o.o (the "Transaction"). The Company acts as guarantor for certain obligations of IB 14 arising from the SPA, such as the purchase of the shares. As the guarantor the Company would be responsible for certain obligations of IB14 arising from SPA. It is envisaged that the transaction is completed as planned and the remaining part of the consideration for the shares should amount EUR 18 million.

16. Board composition

The Company is led by a one-tier board, existing of the following current (Non-) Executive Directors

Executive Directors	Non-Executive Directors
Ms M. Turek	Mr A. Segal
Mr R. Pomorski	Mr M.M.L.J. van Campen
	Mr T.M. de Witte
	Mr N. Senman
	Mr M.W. Dyjas
	Ms C. Pendred
	Mr I. Papalekas
	Mr D. Raptis

Remuneration of (Non-) Executive Directors

The Remuneration Policy is aimed at attracting, motivating and retaining highly qualified executives and rewarding members of the Board of Directors with a balanced and competitive remuneration package that is focused on sustainable results and is aligned with the Company's long-term strategy.

The remuneration of the Executive Directors is still in the process of being determined. A long-term incentive plan is being considered.

Fixed annual base salary

The Executive Directors are entitled to a base salary. The base salary of the Executive Directors is set around the median of remuneration levels payable within relevant comparable markets and companies.

The annual compensation of the Non-Executive Directors is as follows:

- Base salary: Max. EUR 20,000 (annually);
- Membership committee of the Board of Directors: Max. EUR 5,000 (annually).

Short-term variable pay

The Executive Directors might be entitled to a variable remuneration in cash ("Performance Payment"). The objective of the Performance Payment is to ensure that the Executive Directors will be focused on realising their short-term operational objectives leading to longer term value creation. The Performance Payment will be paid out when predefined targets are case realised, while the maximum Performance Payment may be paid out in of outperformance of the predefined targets. If realised performance is below a certain threshold level, no Performance Payment will be paid out. Please be referred to section V.4 of the directors' report, which further specifies the (compliance with) the set targets for variable pay.

Long-term variable pay

After 2017, the consolidated group of companies headed by the Company (the "Group") will introduce a long-term incentive program for the Executive Directors in connection with their employment with, or services rendered to, one or more companies of the Group, under which, instead of receiving the Performance Payment, they will have an option to acquire shares in the Company or will be entitled to similar instruments that will allow the Executive Directors to obtain the financial result as if they purchased shares in the Company. The objective of the long-term incentive program in the form of shares in the capital of the Company is to encourage the long-term commitment and retention of the Executive Directors. It further drives and rewards sound business decisions for the Group's long-term health, and aligns the Executive Directors' and shareholders' interests.

Fringe benefits

The Executive Directors will be entitled to customary fringe benefits, such as expense allowances (including for the use of a private or leased car) and reimbursement of costs, in connection with their employment with, or services rendered to, one or more Group Companies. The Executive Directors are not entitled to any pension contributions.

Severance payments

The service agreements of the Executive Directors with the Company provide for non-compete obligations during the term of the services agreements, as well as for 12 months following their termination. During the non-compete period following the termination, the Executive Directors will be entitled to receive monthly base remuneration for each month of the non-compete period.

Adjustments to variable remuneration

In line with Dutch law, the variable remuneration of the members of the Board of Directors may be reduced or members of the Board of Directors may be obliged to repay (part of) their remuneration if certain circumstances apply, which are summarised below:

(a) Test of reasonableness - pursuant to Dutch law, any variable remuneration (to the extent subject to reaching certain targets and the occurring of certain events) awarded to a member of the Board of Directors may be adjusted by the Board to an appropriate level if payment of the variable remuneration were to be unacceptable according to the criteria of reasonableness and fairness.
(b) Claw back - in addition, the Board will have the authority under Dutch law to recover from a member of the Board of Directors any variable remuneration awarded on the basis of incorrect financial or other data, or other circumstances of which the variable remuneration is dependent.

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16. Board composition continued

The details of the Directors' Remuneration accrued or paid for the year 2017 are set out in the table below:

Directors' Remuneration (Amounts in EUR)

Director	Management Remuneration	Committee Remuneration	Bonuses and other variable pay	Total
Executive Directors				
Ms M. Turek	67,000	–	–	67,000
Mr R. Pomorski	75,000	–	70,000	145,000
Subtotal	**142,000**	**–**	**70,000**	**212,000**
(Non-) Executive Directors				
Mr A. Segal	14,356	3,589	–	17,945
Mr M.M.L.J. van Campen	14,356	3,589	–	17,945
Mr T.M. de Witte	14,356	7,178	–	21,534
Mr N. Senman	14,356	7,178	–	21,534
Ms C. Pendred	6,082	–	–	6,082
Mr I. Papalekas	1,370	–	–	1,370
Mr D. Raptis	1,370	–	–	1,370
Mr M.W. Dyjas	14,356	7,178	–	21,534
Subtotal	**80,602**	**28,712**	**–**	**109,314**
Former Directors				
Ms. D. Wysokińska-Kuzdra	80,000	–	–	80,000
Mr P.T. Krych	13,808	3,452	–	17,260
Mr. K. Khairallah	12,986	3,247	–	16,233
Subtotal	**106,794**	**6,699**	**–**	**113,493**
Grand Total	**329,396**	**35,411**	**70,000**	**434,807**

The basic salaries and director's fees, as outlined in the previous table reflect periodical payments to the (Non-) Executive Directors.

In addition, during the reporting period, no costs have been accrued in relation to pension charges and no loans, deposits or guarantees have been provided to the (Non-) Executive Directors by the Company and its (in) direct subsidiaries.

No payments have been made and no shares have been granted to the (Non-) Executive Directors under the short- and long-term incentive plan.

Reference is also made to section V.3 and V.4 of the Directors' report.

17. Taxation

It is expected the Company will not have a payable amount of corporate income tax related to the year 2017. The expected amount of tax loss for 2017 amounts to: EUR 5,518 thousand and expires after 9 years, the potential DTA, not recognised, would be EUR 1,380 thousand.

18. Subsequent events

Reference is made to Note 36 of the consolidated financial statements.

Other information

Provisions in the Articles of Association governing the appropriation of profit

Under article 28 of the Company's articles of association, the profit is at the disposal of the general meeting of shareholders, which can allocate this profit either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

Profit-sharing certificates and similar rights

The Company has issued no preference shares, which give priority over part of the distributable profit.

Independent auditor's report

The auditor's report with respect to the financial statements is set out on the next pages.

INDEPENDENT AUDITOR'S REPORT

TO: THE SHAREHOLDERS AND AUDIT COMMITTEE OF GRIFFIN PREMIUM RE.. N.V.

Report on the audit of the financial statements 2017 included in the annual report

Our opinion

We have audited the financial statements 2017 of Griffin Premium RE.. N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the standalone financial statements.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of Griffin Premium RE.. N.V. as at 31 December 2017, and of its result and its cash flows for 2017 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code;
- The accompanying standalone financial statements give a true and fair view of the financial position of Griffin Premium RE.. N.V. as at 31 December 2017, and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
- The consolidated statement of financial position as at 31 December 2017;
- The following statements for 2017: the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows;
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The standalone financial statements comprise:
- The company balance sheet as at 31 December 2017;
- The company income statement for 2017;
- The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Griffin Premium RE.. N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Materiality	€ 2,000,000 (2016: € 1,350)
Benchmark applied	1% of Equity
Explanation	We considered the equity measurement base to be the most appropriate benchmark for materiality. Equity of an investment entity is viewed as a measure of importance to the primary users as equity reflects the investor's interest in the investment entity the best.

The increase of the materiality is caused by the fact the company was a dormant entity in 2016.

We have also taken misstatements into account and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the audit committee that misstatements in excess of € 100,000, being 5% of the materiality, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

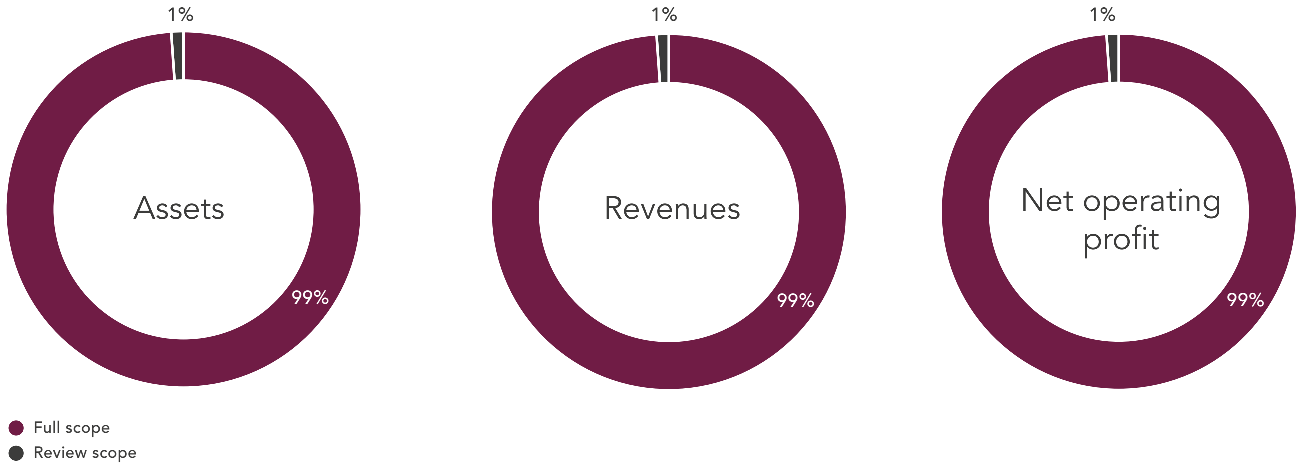
Scope of the group audit

Griffin Premium RE.. N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Griffin Premium RE.. N.V.

Our group audit mainly focused on significant group entities. We considered entities to be significant based on size or the existence of significant risks. We have used the work of other EY firms regarding the audit of the consolidated financial statements of Griffin Premium RE.. N.V. for foreign group entities. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

The total audit procedures represent 100% of the group's total assets, 100% of revenues and 100% of gross margin, which consist of full scope and review scope audit procedures.

By performing these procedures, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.



Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair value of investment property (Directors report and note 3)

Risk	The investment properties of Griffin Premium RE.. N.V. comprise of income generating assets located in Poland. As noted in Section II Note 3 to the Consolidated Financial Statements, the total investment property as of 31 December 2017 amounts to € 680 million representing 90% of total assets. Fair value is determined by external independent valuation specialists using valuation techniques and assumptions as to estimates of projected future cash flows from the properties and estimates of the suitable discount rate for these cash flows. Valuation techniques for real estate are subjective by nature and involve various assumptions regarding pricing factors. Due to the subjective nature of these assumptions these are more likely being influenced by management. These assumptions include the capitalization rate, market rental income, market-derived discount rate, market yield, projected net operating income, vacancy levels, estimate of the reversion/terminal value, rent-free period, letting fee, letting voids and fit-out allowance for vacant space or renewals. Because the valuation of investment properties is complex and highly dependent on estimates and assumptions we consider the valuation of investment properties as a key audit matter in our audit.
Our audit approach	Our audit procedures included, among others, the following: ▪ We gained an understanding of the valuation process. ▪ We received the valuation reports for all properties and audited whether the valuation approach for these was suitable for use in determining the carrying value of investment properties in the financial statements. ▪ We involved EY real estate specialists to assist us with the audit of the valuation of the investment properties. ▪ We evaluated the external valuators expertise, independence and methodology used for the valuation. ▪ We evaluated and challenged the key assumptions included in the valuation (such as capitalization rate, market rental income, market-derived discount rate, projected net operating income, vacancy levels, estimate of the reversion/terminal value, rent-free periods, letting fee, letting voids and fit-out allowance for vacant space or renewals). ▪ We agreed the significant data applied for the valuation purposes to the supporting documentation. ▪ We performed procedures regarding a management override on significant key assumptions and input variables by performing procedures on the reliability of supporting documentation underlying the key assumptions and input variables. ▪ We performed procedures on the correctness and completeness of revenue recognition by tracing a sample of transactions to underlying rental contracts, assessed the correct accounting treatment for lease incentives and performed procedures to assess the correctness and completeness of the rent roll. ▪ We have evaluated the appropriateness of the disclosures included in the group financial statements relating to the assumptions used in the valuations and sensitivity analysis in the notes to the financial statements. ▪ We assessed the impact of two guarantee agreements (Rental Guarantee, Net Operating Income Guarantee) on valuation of the investment properties.
Key observations	We consider management's estimates and key assumptions underlying the valuation of investment properties used to be within the acceptable range and we assessed the disclosures as being appropriate.

Financing and covenants compliance (Directors report and note 27)

Risk	Financing and covenants compliance is a key audit matter as the group entities' credit facilities are subject to several covenants. The availability of adequate funding and testing whether the group can continue to meet its financial covenants is a significant matter for our audit. This test or assessment is largely based on the Board of Directors expectations and estimates. The assumptions are affected by subjective elements such as the estimate of expected future cash flows, forecast results and profit from operational activities, and the ability to meet financial covenants. These estimates are based on the assumptions, including expectations of future economic and market developments. When the company does not comply with covenants the banks can reclaim the funds, which can lead to a threat regarding the going concern position of the company.
Our audit approach	Our audit procedures included, among others, the following: ■ We gained an understanding of the process of obtaining and securing of the financing. ■ We audited and re-performed the debt covenant calculation and compliance with applicable debt covenants. ■ We audited the Group's assessment of continued covenants compliance. We audited the assumptions used in relation to future rental income and results, including the rent rolls, in order to assess whether the entity can continue to meet its financial covenants in the coming year. ■ We have evaluated the appropriateness of the disclosures included in the group financial statements regarding the covenants and loans, which are disclosed in notes 27 to the consolidated and standalone financial statements.
Key observations	The company complied with all covenants.

Significant acquisitions and transactions (Directors report and notes: 1.3, 17, 18 and 28)

Risk	In 2017 the company performed 4 significant acquisition transactions. The company acquired loans and participations from its parent companies in return of share capital for an amount of € 172 million which is accounted for as common control transaction applying the pooling of interest method as disclosed in note 1.3. The company acquired three entities for € 155 million each holding one investment property with a total worth of € 167 million which is accounted for as asset deal. This transaction is financed with a loan from the parent. The company acquired Forward Purchase Agreements and Right of First Offer Agreements (ROFO's) for an amount of respectively € 18 million and € 10 million, both accounted for as asset deal. The selection of the accounting treatment is subject to judgement, correct interpretation of the accounting standards and correct interpretation of the nature and conditions of these transactions.
Our audit approach	Our audit procedures included, among others, the following: ■ We have read and understood the legal agreements entered into by the group in relation to the acquisitions and considered the basis of their inclusion in the consolidated financial statements. ■ We tested the consideration paid and the identification and valuation of the identifiable assets and liabilities acquired. ■ We involved our valuation specialists in our audit of the fair values of the properties included in the acquired legal entities. ■ We performed audit procedures to verify whether the counterparties classify as related party. ■ We have tested that the accounting treatment of the acquisitions does not meet the requirements of IFRS 3, for being classified as business combination. ■ We have tested that the measurement and classification of the Forward Purchase Agreements and the ROFO's are in line with IAS 32 and IAS 39. ■ We have evaluated the appropriateness of the disclosures included in the group financial statements relating to the acquisitions completed during the year up to the date of this report as disclosed in notes 1.3, 17, 18 and 28.
Key observations	We consider the accounting treatments for the acquisitions are sufficiently supported. we assessed the disclosures regarding the acquisitions as being appropriate.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- The directors report;
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard on Auditing 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The directors are responsible for the preparation of the other information, including the directors report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the audit committee as auditor of Griffin Premium RE.. N.V. on 6 March 2017 as of the audit for the year 2016 and have operated as statutory auditor since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Other non-prohibited services provided

In addition to the statutory audit of the financial statements we provided the following services:
- Review of the interim condensed consolidated financial statements for the period ended 30 June 2017

Description of responsibilities for the financial statements

Responsibilities of board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The non-executive directors are responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:
- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Concluding on the appropriateness of the board of directors use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

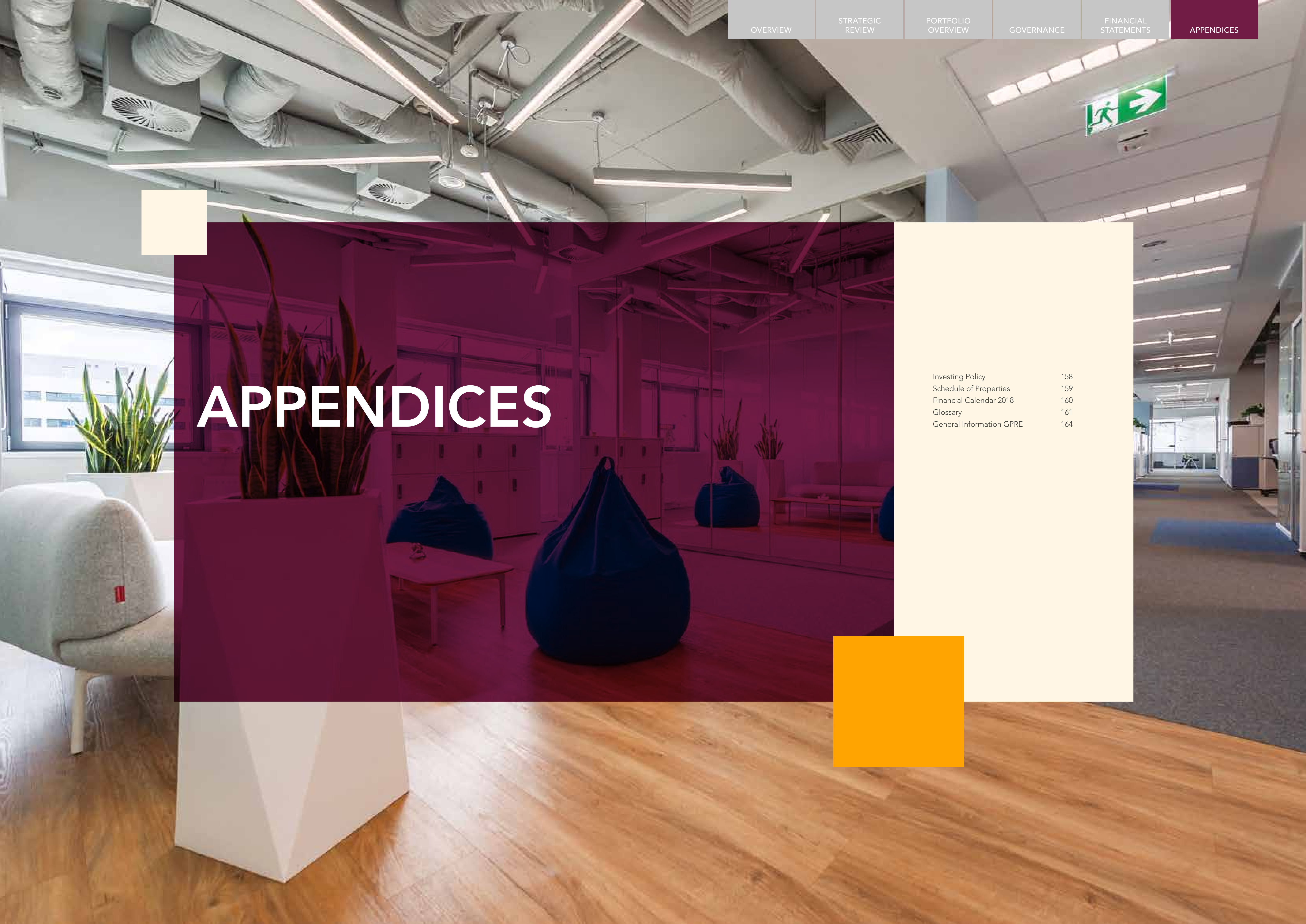
We provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Utrecht, 7 March 2018

Ernst & Young Accountants LLP

J.H.A. de Jong



APPENDICES

INVESTING POLICY

Investing strategy
The Company's primary focus is to invest in a diversified portfolio of real estate opportunities situated in Poland with main focus on office properties. The Directors believe its primary market of investment represents an attractive real estate investment proposition over the medium to long term.

By investing in income-generating properties, asset repositioning and development opportunities, and seeking to derive most of its income from multinational corporate groups and institutional financial tenants on long, triple net leases, the Company intends to provide investors with an attractive, risk-adjusted combination of yield and capital appreciation.

Assets or companies in which the Company can invest
Investments made by the Company may take the form of, but are not limited to, single real estate assets, real estate portfolios and companies, joint ventures, loan portfolios and equity and debt instruments.

Strategy through which the investing policy is achieved
The company's strategy sees expansion of its property portfolio, which will deliver attractive returns to the company's shareholders both from the existing portfolio and through further acquisitions of projects meeting stringent criteria. These will be additional office or mixed-use buildings in prime locations in major Polish cities. The company expects to acquire buildings of high technical quality, with a diverse tenant base or an anchor tenant with a long-term lease, focusing on fully or nearly fully let properties. Each newly acquired property will supplement the existing portfolio, increasing its quality in terms of diversification as well as stable income, ensuring steady, regular returns for the company's shareholders.

Investment approach
The Company assumes a proactive approach to every real estate investment in the Company's portfolio and pursues various asset management initiatives according to the most appropriate business plan for each investment. These initiatives may include: repositioning of existing assets (including re-letting, refurbishment or redevelopment); development of new assets, corporate restructuring and reorganisation; portfolio break-ups (for example, 'wholesale' to 'retail' trades); and optimising capital structure.

Holding period for investments
The typical holding period for any investment is expected to be 5 to 10 years. The decision to exit a particular investment will be taken by the Company's Board of Directors ('the Board') and may be less or greater than the expected holding period. Such a decision may result from a variety of factors, including the need to optimise the risk/ return of the investment, responding to asset or market dynamics, or taking advantage of unsolicited enquiry, but always with a view to ensuring that returns to shareholders are maximised.

Gearing and cross holdings policies
The Company is permitted, directly or indirectly, to borrow for working capital, investment and any other purpose. Debt financing is expected to be an important component of the structuring and execution of the Company's investments, to improve returns for both developmental and income-generating assets. Borrowings may be undertaken by the Company itself or by any of its subsidiaries or project companies. The amount of leverage employed in respect of an investment is dependent on the nature of the opportunity.

Hedging instruments
In connection with third-party debt, the Company may enter into one or a series of interest rate hedging products (including, among others, swaps, caps, collars or options) to protect the returns of the relevant investment against adverse interest rate fluctuations. Although it is anticipated that all rentals and debt finance will be in Euro, the Company may also enter into one or a series of currency hedging instruments (including, among others, swaps, caps, collars or options) to protect the returns of the relevant investment against adverse currency fluctuations.

Investing restrictions
Unless the Board (at its absolute discretion) approves otherwise, the Company will not acquire or invest in commercial properties which do not satisfy the minimum pre-letting commitment targets These restrictions will not preclude the Company making investments in short-dated cash or near-cash equivalent securities, which form part of its cash management practices.

Nature of returns that the Company seeks to deliver to Shareholders
To support shareholder dividends, the Directors anticipate that a sustainable cash flow will be generated through stable and recurring rental income, increased where appropriate through active asset management. The determination as to whether or not to reinvest some of the proceeds of the disposal of an asset, and the declaration of dividends, is at the absolute discretion of the Board. It is intended that not less than 90% of the Company's funds from operations will be distributed to shareholders of the Company subject to solvency or other legal requirements.

SCHEDULE OF PROPERTIES

Property name	Location	Address	Year of completion	Ownership (%)	GLA (sqm)	Occupancy excl. rental guarantees (%)	Occupancy incl. rental guarantees (%)	Contracted rent (€ million)	WALL (years)	"As Is" valuation (€ million)
Pure Office										
Batory Building I	Warsaw	212A Jerozolimskie Avenue	2000	100%	6,610	90.1%	91.9%	0.9	3.7	11.4
Bliski Centrum	Warsaw	8 Żurawia Street	2000	100%	4,920	96.5%	100.0%	1.0	6.2	13.7
CB Lubicz I/II	Krakow	23, 23A Lubicz Street	2000 / 2009	100%	23,986	97.1%	100.0%	5.0	3.5	70.7
Green Horizon	Lodz	106 Pomorska Street	2012 / 2013	100%	33,510	100.0%	100.0%	5.2	5.6	71.3
Nordic Park	Warsaw	8 Herberta Street	2000	100%	9,024	74.2%	99.7%	1.9	3.2	24.0
Philips House	Warsaw	195A Jerozolimskie Avenue	1999	100%	6,217	90.9%	100.0%	1.1	4.4	13.3
A4 Business Park	Katowice	42-46 Francuska Street	2014 / 2015 / 2016	100%	30,556	96.4%	100.0%	5.0	4.5	68.5
Tryton Business House	Gdansk	11 Jana z Kolna Street	2016	100%	24,016	88.3%	100.0%	3.8	4.0	56.4
West Gate	Wroclaw	12 Lotnicza Street	2015	100%	16,646	99.4%	99.4%	2.9	5.1	41.9
SUB-TOTAL					**155,483**	**94.6%**	**99.6%**	**27**	**4.5**	**371.1**
Mixed-Use										
Hala Koszyki	Warsaw	61-65 Koszykowa Street	2016	100%	22,246	77.7%	100.0%	6.9	5.8	108.4
Renoma	Wroclaw	40 Swidnicka Street	2009	100%	40,604	94.3%	94.3%	7.8	3.8	139.1
Supersam	Katowice	6 Piotra Skargi Street	2015	100%	24,223	88.9%	96.8%	3.9	4.9	61.5
SUB-TOTAL					**87,074**	**88.6%**	**96.5%**	**18.5**	**4.8**	**309.1**
TOTAL STANDING ASSETS					**242,558**	**92.4%**	**98.5%**	**45.5**	**4.6**	**680.2**
Forward Purchase (Pure Office)										
West Link	Wroclaw	Na Ostatnim Groszu Street	2018E	100%	14,362	97.7%	100.0%	2.5	7.1	36.4
Right of First Offer (Pure Offfice)										
Beethovena Business Park Stage I Stage II	Warsaw	Beethovena Street	2019E	25%	17,845 16,380	n/a	n/a		n/a n/a	42.1 36.9
Browary J	Warsaw	Grzybowska Street	2018E	25%	14,979	n/a	n/a		n/a	54.3
SUB-TOTAL					**49,204**					**133.3**
TOTAL FP / ROFO					**63,566**					**169.7**

FINANCIAL CALENDAR 2018

7 March 2018	Annual Report 2017
17 April 2018	Annual General Meeting
30 May 2018	1Q2018 Reporting
28 September 2018	1H2018 Reporting
29 November 2018	3Q2018 Reporting

GLOSSARY

AFM
The Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten).

Articles of Association
The articles of association of the Company following its conversion into a public limited liability company (naamloze vennootschap) as they read from time to time.

Bargain Purchase Gain
Any excess between the fair value of net assets acquired and consideration paid, in accordance with IFRS 3 Business Combination.

Batory Building I
Batory Office Building I in Warsaw, a pure office property.

Bliski Centrum
Bliski Centrum in Warsaw, a pure office property.

Board
Board of directors of the Issuer.

Board Regulations
Regulations dealing with the internal organization on the Board, the manner in which decisions thereby are taken and any other matters concerning the Board.

Business Day
A day on which banks in Poland are open for business.

BREEAM
Building Research Establishment Assessment Method, which assesses the sustainability of the buildings against a range of criteria.

CBD
Central Business District.

CEE
Central and Eastern Europe.

Civil Code
Polish Act dated 23 April 1964 – the Civil Code (Journal of Laws of 1964, No. 16, item 93, as amended).

Commercial Properties
Comprises the office, light-industrial and retail properties or areas of the portfolio.

Conversion
The conversion of the Company into a public company with limited liability (naamloze vennootschap) pursuant to a notarial deed of amendment and conversion to be executed prior to the settlement of the Offering.

Dutch Civil Code
The Dutch Civil Code (Burgerlijk Wetboek).

Dutch Corporate Governance Code
The Dutch Corporate Governance Code dated 8 December 2016.

Earnings Per Share (EPS)
Profit after tax divided by the basic/diluted weighted average number of shares in issue during the year.

Normalised EBITDA (normalised)
Earnings before interest, depreciation, bargain purchase gain, fair value movement and other non-operational and/or non-recurring income and expense items.

Echo
Echo Investment S.A., with its registered seat in Kielce, Poland; a leading Polish real estate developer listed on the WSE; the majority shareholder in Echo, holding 65.99% of the total number of votes at the general meeting of Echo's shareholders, is Lisala Sp. z o.o., which is jointly owned by Griffin Topco III S.á r.l. and PIMCO; therefore, Griffin Topco indirectly owns 32.99% in Echo with the remaining shares being held by third parties unrelated to the Issuer or the Selling Shareholders (including PIMCO, which holds a 32.99% indirect interest, and certain direct minority shareholders such as ING and Aviva).

EPP
EPP Property Management –Minster Investments Sp. z o.o. – Sp. k.

EPRA
European Public Real Estate Association.

EPRA Earnings
Profit after tax attributable to the equity holders of the Company, excluding investment property revaluation, gains, losses on investment property disposals and related tax adjustment for losses on disposals, bargain purchase gain on acquisition of subsidiaries, acquisition costs, changes in the fair value of financial instruments and associated close-out costs and the related deferred tax impact of adjustments made to profit after tax.

EPRA Earnings Per Share
EPRA Earnings divided by the basic or diluted number of shares outstanding at the year or period end.

EPRA NAV
Net asset value calculated based on EPRA re commendations.

EPRA NAV per share
EPRA NAV divided by the basic/diluted number of shares outstanding at the year or period end.

EU
The European Union.

EUR, Eur
The lawful currency of the Eurozone.

EURIBOR
The Euro Interbank Offered Rate: the interest rate charged by one bank to another for lending money, often used as a reference rate in bank facilities.

Eurozone
A currency union of the following member states which have adopted the euro as their sole legal tender: Austria, Belgium, Cyprus, Finland, Estonia, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain.

Executive Directors
The Executive Directors of the Board.

EY Poland
Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw.

Fair Value (IFRS)
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

GLOSSARY CONTINUED

FFO
Free funds from operations, estimated as the EPRA Earnings for the relevant period.

Financial Year
Period from 1 January to 31 December.

Forward Purchase Asset
The West Link (i.e. West Gate - Stage II) project.

GAV
Gross asset value of a property, which is equivalent to the fair value.

GDP
Gross Domestic Product.

General Meeting
The meeting of shareholders of the Company entitled to vote, together with pledgees and usufructuaries to whom voting rights attributable to the Shares accrue or the body of the Company consisting of persons entitled to vote on the Shares (as applicable).

GLA
Gross lettable area, being the total area of a property that can be rented to a tenant.

Global Coordinators
Bank Zachodni WBK S.A. and Joh. Berenberg, Gossler & Co. KG.

Green Horizon
Green Horizon Office Center in Łódź, a pure office property.

GRI
Gross rental income.

Griffin
A collective reference to Griffin Topco II S.à r.l. and Griffin Topco III S. à r.l. and their respective subsidiaries and managed funds (excluding, for the avoidance of doubt, the Group).

Group
Griffin Premium RE.. N.V. and Subsidiaries.

Group Companies
All consolidated Subsidiaries.

Hala Koszyki
Hala Koszyki in Warsaw, a High-street mixed-use property.

High-street
References to locations of mixed-use properties (Hala Koszyki, Supersam and Renoma) including office and retail components of significant sizes which are located in city centres of Warsaw, Katowice and Wroclaw, respectively, along commonly recognizable main traffic routes; for the avoidance of doubt, the expression "High-street retail" does not refer to the conventional High-street retail asset class.

IAS
International Accounting Standards as adopted by the EU.

Institutional Investors
Investors, excluding U.S. persons as defined in Regulation S, authorized to participate in the bookbuilding process or to subscribe for the Offer Shares who received invitations to subscribe for the Offer Shares and to participate in the bookbuilding process, or to subscribe for the Offer Shares, respectively, from the Global Coordinator, additionally satisfying the criteria set out in clauses (1)-(4) of Part I of Annex II to the Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments and who are: (i) entities which are required to be authorized or regulated to operate in the financial markets, including credit institutions, investment firms, other authorized or regulated financial institutions, insurance companies, collective investment schemes and management companies of such schemes, pension funds and management companies of such funds, commodity and commodity derivatives dealers, locals, other institutional investors; (ii) large undertakings meeting two of the following size requirements on a company basis: balance sheet total: EUR 20,000,000, net turnover: EUR 40,000,000, own funds: EUR 2,000,000; (iii) national and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations; (iv) other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the authorization of assets or other financing transactions as well as natural persons with full legal capacity and legal persons, both residents and non-residents within the meaning of the Polish foreign exchange regulations, authorized to participate in the bookbuilding process or to subscribe for the Offer Shares who received invitations to subscribe for the Offer Shares and to participate in the bookbuilding process, or to subscribe for the Offer Shares, respectively, from the Global Coordinator.

IRS
Interest rate swap.

KRS, National Court Register
National Court Register (Krajowy Rejestr Sądowy).

LEED
Leadership in Energy & Environmental Design, is a green building certification program that recognizes best-in-class building strategies and practices.

Listing Date
the date on which trading in the Shares on the WSE has commenced.

LTV
Loan to Value.

Lubicz Office Center
Lubicz Office Center I & II in Kraków, a pure office property.

Master Lease
Master Lease includes various rental guarantees which range between 3 and 5 years, covering the majority of space which is currently vacant in the properties owned through GPRE.

mBank
mBank Hipoteczny S.A.

Net Assets Value (NAV)
Equity attributable to equity holders of the Company and/or net assets value.

Net Asset Value (NAV) Per Share
Equity attributable to equity holders of the Company divided by the number of Ordinary shares in issue at the period end.

NOI
Net operating income.

NOI Guarantee
NOI Guarantee Agreement entered into on 9 March 2017 between GT II and Dom Handlowy Renoma Sp. z o.o. Sp.k., Hala Koszyki Sp. z o.o. (formerly Hala Koszyki Grayson Investments Sp. z o.o. Sp.k.), and DH Supersam Katowice Sp. z o.o.

Non-Executive Directors
The Non-Executive Directors of the Board.

Nordic Park
Nordic Park in Warsaw, a pure office property.

Occupancy Rate
The estimated rental value of let sqm as a percentage of the total estimated rental value of the portfolio, excluding development properties. It includes spaces under offer or subject to asset management (where they have been taken back for refurbishment and are not available to let as of financial position date).

Oaktree
A collective reference to Oaktree Capital Management, a leading global alternative investment management firm, and its subsidiaries.

OECD
Organization for Economic Co-operation and Development.

OFE
Polish open pension funds (otwarte fundusze emerytalne).

Offer Price
The price per Offer Share.

Offering
The initial public offering of the Offer Shares.

Philips House
Philips House in Warsaw, a pure office property.

PIMCO
A collective reference to PIMCO, a global investment management firm, and its subsidiaries.

PLN, Polish zloty, zloty
PLN, the lawful currency of Poland.

Polish Institutional Offering
the offering of the Shares to the Institutional Investors in the Republic of Poland.

Property Under Development
Properties in the development process that do not meet all the requirements to be transferred to completed investment property.

Portfolio Open Market Value (OMV)
Portfolio open market value means the fair value of the Group's investment properties determined by CBAR Research & Valuation Advisors SRL (Coldwell Banker), independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, using recognised valuation techniques.

REIT
Real estate investment trust.

Renoma
Renoma in Wrocław, a High-street mixed-use property.

Rental Guarantee
Rental guarantee agreements entered into on 9 March 2017 between GN II/GTN III and each holder of title to the Existing Asset.

ROFO
Right of First Offer.

ROFO Agreement
The ROFO agreement executed between Echo, the Issuer and entity from the Issuer's capital group as the Bondholder, on 9 March 2017.

ROFO Assets
Collective reference to the assets subject to the ROFO Agreement, i.e. Beethovena project (Stage I and II) and Warsaw Brewery project (Browary Warszawskie) (Stage J).

SQM
Square metres.

Selling Shareholders
Griffin Netherlands II B.V. and GT Netherlands III B.V.

Shares
The Sale Shares, the New Shares and the Over-Allotment Shares, if any.

Subsidiaries
The subsidiaries of the Issuer.

Supersam
Supersam in Katowice, a High-street mixed-use property.

U.S.
The United States of America.

Underwriters
Bank Zachodni WBK S.A. and Joh. Berenberg, Gossler & Co. KG.

Underwriting Agreement
The underwriting agreement entered into on 13 March 2017 by the Issuer, the Selling Shareholders, Bank Zachodni WBK S.A. and Joh. Berenberg, Gossler & Co. KG where Bank Zachodni WBK S.A. and Joh. Berenberg, Gossler & Co. KG are referred as the underwriters.

WAULT
Weighted average unexpired lease term.

WSE
The Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) and, unless the context requires otherwise, the regulated market operated by such company.

WSE Best Practices
Code of Best Practice for WSE listed companies (attachment to Resolution No. 17/1249/2015 of the Exchange Board dated 19 May 2015 and adopted in accordance with §29.1 of the Exchange Rules), being a set of rules and recommendations concerning corporate governance prevailing on the WSE.

WSE Rules
The Warsaw Stock Exchange Rules of 4 January 2006, as amended.

Yield
The distribution available to a holder of a share in any financial year divided by the market price of the share.

GENERAL INFORMATION GPRE

Registered Office
Claude Debussylaan 15
1082MC
Amsterdam
The Netherlands

Email: kontakt@griffin-premium.com
http://www.en.griffin-premium.com

Auditor
Ernst & Young Accountants LLP
Boompjes 258
3011 XZ
Rotterdam
The Netherlands
Tel: +31 88 40 71000

Registered office
Claude Debussylaan 15
1082MC Amsterdam,
The Netherlands
+31(0)20 238 4000

www.griffin-premium.com