Griffin Premium RE..

Current Report No 25/2017, dated 20 October 2017

Publication of the Position Statement of the Board of Directors of Griffin Premium RE.. N.V. in connection with tender offer for all of the issued and outstanding shares in Griffin Premium RE.. N.V.

The Management Board of Griffin Premium RE.. N.V. (the "**Company**") hereby publishes a position statement (the "**Position Statement**") providing further information to the shareholders in accordance with Article 80 of the Polish Act on Public Offerings, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies of 29 July 2005 and pursuant to Article 18, paragraph 2 of the Dutch Takeover Decree (*Besluit openbare biedingen*, the "**Decree"**), in connection with the public tender offer for all issued and outstanding shares in the Company (the "**Shares**") as announced by Globalworth Asset Managers S.R.L. on 4 October 2017 for a price per Share in the amount PLN 5.50.

In addition as required pursuant to Article 18, paragraph 1 of the Decree and with reference to the current report dated 4 October 2017, the Company has invited its shareholders to attend the extraordinary general meeting of the Company on Wednesday 15 November 2017, at 11:30 AM (CET) ("**EGM**"), to be held at Claude Debussylaan 15, 1082 MC Amsterdam, The Netherlands.

Registration will take place between 11:00 AM (CET) and the commencement of the EGM at 11:30 AM (CET). Once the EGM has started, registration will no longer be possible. The EGM shall be conducted in English. The official convening notice with instructions for attending the EGM and the agenda with proposals and notes, are available on the website of the Company (www.griffin-premium.com).

Legal basis: Art 17 section 1 MAR – inside information.

THE POSITION STATEMENT OF THE BOARD OF DIRECTORS OF GRIFFIN PREMIUM RE.. N.V. REGARDING THE TENDER OFFER CONDUCTED BY GLOBALWORTH ASSET MANAGERS S.R.L., AN INDIRECT SUBSIDIARY OF GLOBALWORTH REAL ESTATE INVESTMENTS LIMITED

20 October 2017

In accordance with Article 80 of the Polish Act on Public Offerings, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies of 29 July 2005 (the "**Act on Public Offering**") and as required pursuant to Article 18, paragraph 2 and Annex G of the Dutch Decree on Public Takeover Bids *(Besluit openbare biedingen Wft*, the "**Decree**"), the board of directors (the "**Board of Directors**") of Griffin Premium Re.. N.V., a public company (*naamloze vennootschap*) incorporated under Dutch law with its corporate seat in Amsterdam, the Netherlands and registered with the Dutch Chamber of Commerce (*Kamer van koophandel*) under number 67532837 (the "**Company**", the Company together with its subsidiaries, the "**Group**"), hereby presents its considerations and position regarding the public tender offer to acquire all of the ordinary shares in the share capital of the Company (the "**Shares**") as announced by Globalworth Asset Managers S.R.L. ("**Offeror**" or "**Globalworth**"), a company incorporated under the laws of Romania, with its registered office in Bucharest at 201 Barbu Vacarescu Street 26/1-2, on 4 October 2017 by publishing a Tender Offer Document (as defined below) in accordance with and pursuant to Article 77 sec. 2 of the Act on Public offering and §3 of the Polish Regulation of the Minister of Development and Finance dated 14 September 2017 on Specimens of Invitations to Subscribe for the Sale or Exchange of Shares in a Public Company, the Detailed Manner of Announcing Them and the Terms and Conditions of Acquiring Shares as a Result of Such Invitations (the "**Tender Offer**").

This position statement of the Board of Directors regarding the Tender Offer (the "**Position Statement**") is intended solely for the Company's shareholders in connection with the Tender Offer and supplements the information provided in the convocation notice and the agenda, including the explanatory notes thereto, related to the extraordinary general meeting of the shareholders of the Company to be held on Wednesday 15 November 2017 at 11:30 AM (CET) at Claude Debussylaan 15, 1082 MC Amsterdam, the Netherlands (the "**EGM**"), as published by the Company on 4 October 2017 (the "**Shareholders' Circular**").

Copies of this Position Statement can be obtained free of charge via the website of the Company (www.griffin-premium.com).

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1 THE CONSIDERATIONS OF THE BOARD OF DIRECTORS REGARDING THE TENDER OFFER

1.1 Important Information

For the purposes of this Position Statement, the Board of Directors has taken into consideration the following external sources of information and the data available in connection therewith:

a) the tender offer circular as announced and published by the Offeror on 4 October 2017 (the "**Tender Offer Document**");

b) the market price of the Shares in the three-month period preceding the announcement of the Tender Offer and in the period from the first day of the trading of the Shares on the regulated market operated by the Warsaw Stock Exchange (the "**WSE**");

c) the investment agreement entered into on 3 October 2017 by and between (i) the Offeror, (ii) the Company, (iii) Griffin Netherlands II B.V. and GT Netherlands III B.V. (the "**Major Shareholders**") and (iv) Griffin Topco II s. à r.l. and Griffin Topco III s. à r.l. as guarantors, (the "**Investment Agreement**);

d) the preliminary share purchase agreement entered into on 3 October 2017 between the Company and the sellers: Echo Polska Properties (Cyprus) Plc and Echo Polska Properties N.V. relating to the acquisition of certain office properties (the "**Preliminary Agreement**" or the "**EPP Transaction**"); and

e) the written opinion regarding the Share price in the Tender Offer provided to the Board of Directors by Joh. Berenberg, Gossler & Co. KG ("**Berenberg**") on 19 October 2017 (the "**Opinion Letter**") attached hereto as **Annex I**.

For the purposes of the preparation of this Position Statement, the Board of Directors has not undertaken any actions to search for, collect or analyse data, nor sourced from the Company, except for studying the external sources of information and data indicated above or elsewhere in this Position Statement.

Neither the Company nor the Board of Directors shall be liable in any way for the truthfulness, reliability, completeness and adequacy of the information based on which this Position Statement has been formulated, with the exception of information derived from the Company concerning the operations, organisation and development strategy of the Company and its group.

This Position Statement does not constitute any recommendation regarding the acquisition or sale of financial instruments as referred to in Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC. Each investor/shareholder should make his/her own assessment of the terms and conditions of the Tender Offer, including obtaining the individual advice of a qualified advisor, in order to take a decision as to whether to respond to the Tender Offer, and any decision to sell the Shares in response to the Tender Offer should be an independent business decision of each and every investor/shareholder.

1.2 Investment Agreement

Pursuant to the Investment Agreement:

a) the Offeror agreed to announce within one business day from the execution of the Investment Agreement a public tender offer for all of the Shares in accordance with Article 90a section 1 point 1 of the Act on Public Offerings;

b) the Major Shareholders, who together hold seventy-four million, eight hundred and twenty-three thousand, six hundred and sixty-one (74,823,661) Shares representing 47.92% of the total number of votes at the general meeting of the shareholders of the Company (the "**Major Shareholders' Shares**"), are required to tender the Major Shareholders' Shares in connection with the Tender Offer pursuant to the terms of the Investment Agreement, place sale orders for up to all of the Major Shareholders' Shares in the Tender Offer and sell such Shares to the Offeror; and

c) the Offeror is required, subject to the conditions precedent, to purchase the Major Shareholders' Shares tendered by the Major Shareholders pursuant to the Tender Offer.

As the Offeror intends to maintain the listing of the Shares on the WSE at the satisfactory level of free float, pursuant to the Investment Agreement, the number of the Major Shareholders' Shares ultimately tendered in the Tender Offer will be adjusted in order to enable the Offeror to purchase in total (the Major Shareholders' Shares plus the Shares tendered by the other shareholders of the Company) no more than one hundred and six million, fourteen thousand, four hundred and twenty-nine (106,014,429) Shares in the Tender Offer corresponding to 67.9% of the total number of votes at the general meeting of the shareholders of the Company as follows:

If the sum of (1) the number of the Shares tendered in the Tender Offer by the shareholders other than the Major Shareholders and (2) the number of Major Shareholders' Shares exceeds 106,014,429 Shares representing 67.9% of the total number of Shares:

a) by less than 15,613,318 Shares representing 10% of the total number of Shares, the Major Shareholders shall be required to tender in the Tender Offer such number of Major Shareholders' Shares that together with the Shares already tendered by the other shareholders of the Company will constitute 106,014,429 Shares representing 67.9% of the total number of Shares; and

b) by at least 15,613,318 Shares representing 10% of the total number of Shares, the Major Shareholders shall not be required by the Offeror to reduce the number of the Major Shareholders' Shares to be tendered in the Tender Offer but shall have a discretionary right to either (1) tender such number of the Major Shareholders' Shares so that such number of the Major Shareholders' Shares together with the Shares already tendered in the Tender Offer by other shareholders of the Company will constitute 106,014,429 Shares representing 67.9% of the total number of Shares, or (2) not tender any Major Shareholders' Shares in the Tender Offer.

Pursuant to the Investment Agreement, the offer price per Share offered in the Tender Offer will be PLN 5.5 (the "**Tender Offer Price**"). The Tender Offer Price will be the same for all of the shareholders of the Company.

The obligations of the parties to the Investment Agreement are also subject to certain conditions precedent, including: (i) the obtainment of unconditional merger control approval in Poland for the assumption by the Offeror of control over the Company or lapse of the statutory period for the issuance of such decision; (ii) the adoption by the general meeting of the shareholders of the Company of resolutions authorising the Board of Directors to increase the share capital of the Company, issue ordinary shares, grant rights to subscribe for such shares and restrict or exclude pre-emptive rights with respect to such shares (in relation to the adoption of the bonds/notes programme), and on changes to the composition of the Company's Board of Directors, in each case conditional upon the acquisition by the Offeror in the Tender Offer of Shares representing at least 50.01% of the total number of votes at the general meeting of the shareholders of the Company; (iii) the Company entering into an organisation agreement with Globalworth Real Estate Investment Limited; (iv) the Board of Directors of the Company adopting a resolution approving the issuance of convertible notes conditional upon the acquisition of the Shares by the Offeror in the Tender Offer; and (v) other customary conditions related to the conduct of business and material changes in circumstances. The conditions precedent also include a requirement for the Offeror to purchase in the Tender Offer at least seventy-eight million, eighty-two thousand, two hundred and three (78,082,203) Shares corresponding to 50.01% of the total number of votes at the general meeting of the shareholders of the Company.

Under the Investment Agreement, the Company gave certain warranties to the Offeror regarding, among others, its operations, corporate structure, financial statements and real properties. The Company is also subject to certain interim period covenants (including the requirement to obtain the consent of the Offeror for certain actions to be taken between the date of the execution of the Investment Agreement and the date of the acquisition of the Shares by the Offeror in the Tender Offer). The Investment Agreement also regulates the principles of liability of the Company towards the Offeror, in particular in relation to the Company's warranties being not true, inaccurate or misleading as at the date of execution of the Investment Agreement, and limits the aggregate liability of the Company towards the Offeror.

1.3 EPP Transaction

Under the Preliminary Agreement, Echo Polska Properties (Cyprus) PLC and Echo Polska Properties N.V. (the "**Sellers**") agreed to sell 100% of the shares in the subsidiaries of the Sellers (the "**Subsidiaries**"), being general and limited partners of the following companies: (i) A4 Business Park –

Iris Capital spółka z ograniczoną odpowiedzialnością spółka komandytowa; (ii) Emfold Investments spółka z ograniczoną odpowiedzialnością spółka komandytowa; and (iii) Echo – West Gate spółka z ograniczoną odpowiedzialnością spółka komandytowa (the "**PropCos**"), holding the legal rights to real properties in Katowice ("**A4 Business Park**"), Gdańsk ("**Tryton Business House**") and Wrocław ("**West Gate**"), respectively (the "**Properties**"), on which the following office building complexes are located: A4 Business Park, Tryton Business House and West Gate Lotnicza 12. Under the Preliminary Agreement, the Company shall acquire all of the shares in the Subsidiaries and, as a consequence, the PropCos holding the legal rights to the Properties upon the execution of a final purchase agreement, which is expected to be signed no later than 31 January 2018 (with a mechanism for prolonging the long stop date if the condition listed in item (c) below is not satisfied on time). The Company intends to hold the office building complexes as part of its income-producing portfolio.

West Gate, A4 Business Park and Tryton Business House are leased to renowned tenants such as Intel, IBM and Nokia, have in aggregate approximately 71k sq m of GLA and generate a net operating income of approximately Euro 11.7 million on a stabilised basis per annum.

In respect of A4 Business Park and Tryton Business House, in the past, subsidiaries of Echo Investment S.A. granted rental guarantees which are to be supplemented and extended by the Sellers within the EPP Transaction in order to secure 100% occupancy. A limited rental guarantee will also be provided by the Sellers in relation to West Gate. The Company shall pay the Sellers remuneration for issuing the rental guarantees.

The execution of the final purchase agreement is subject to the fulfilment of the following conditions precedent:

a) the takeover of at least 50% plus one Share by the Offeror in the Tender Offer announced pursuant to the Investment Agreement;

b) obtaining pay-off letters from the financing banks (in order to separate the loans on the Properties from the other cross collateralised assets owned by the Sellers; the financing banks should confirm the amount owed at the closing that is to be paid to them if the financing banks are not repaid at the closing); and

c) the approval by the general meeting of shareholders of the Company of the contemplated new portfolio acquisitions in light of section 2:107a of the Dutch Civil Code.

In addition, according to the Preliminary Agreement, the occurrence of a material adverse change, as defined in the Preliminary Agreement, will authorise the Company to withdraw from the acquisition of one or more Properties.

The agreed gross asset value ("**GAV**") for the Properties is approximately EUR 160 million.

The price for the shares in the Subsidiaries will be calculated on the basis of the GAV, adjusted for the Subsidiaries' cash, debt and working capital positions.

Under the Preliminary Agreement, the Sellers granted warranties and indemnities to the Company which are customary for this type of transaction.

1.4 Opinion Letter

With respect to the Opinion Letter, Berenberg acted as financial adviser to the Board of Directors in connection with certain services relating to the Opinion Letter in the capacity of an investment bank and compiled a fairness opinion in relation to the Tender Offer. Accordingly, Berenberg is entitled to a fee as compensation for its services as specified in the mandate agreement executed with the Company that is neither dependent on the result of the Tender Offer, nor on the content of the Opinion Letter. The Company and Berenberg have agreed, among others, that the Company will reimburse Berenberg for the expenses and costs incurred in connection with executing its respective tasks as an advisor, and that the Company indemnifies Berenberg from and against certain liabilities.

The Board of Directors confirms that the Company has no other relations with Berenberg except the following. Berenberg acted as global coordinator and provided certain services in this respect to the Company in relation to its initial public offering completed in April 2017 (the "**IPO**"). Berenberg has granted its consent required under the underwriting agreement executed on 13 March 2017 between, in particular, the Company, the Major Shareholders and Berenberg in connection with the IPO for the sale of the Shares in the Tender Offer by the Major Shareholders and the share capital increase in relation to the adoption of the bonds/notes programme.

Berenberg is active in the business areas of private banking, asset management, corporate banking and investment banking. In relation to the Opinion Letter, Berenberg is acting on behalf of the Company and is acting for no one else in connection with the Tender Offer and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Berenberg or for providing advice in connection with the Tender Offer or the contents of the Opinion Letter or any other matter.

It is possible that Berenberg, or entities associated with Berenberg, have performed, are performing or will perform services on behalf of the Company, or the Offeror, or entities or individuals associated with therewith. In the ordinary course of their business, Berenberg and its affiliates may actively trade in the debt and equity securities of the Company for their own account or for the accounts of customers and, accordingly, they may at any time hold long or short positions in such securities.

Based on the assumptions and remarks contained in the Opinion Letter, Berenberg is, as of the publication date of the Opinion Letter, of the opinion that the Tender Offer Price is fair (or adequate) from a financial perspective.

2 CONSIDERATIONS

2.1 Summary

The Board of Directors, after having consulted its legal and financial advisors and having given due and careful consideration to: (i) the continuity of the Company; (ii) the strategic rationale of the Tender Offer; (iii) the interests of all stakeholders; (iv) the Tender Offer Price; (v) the execution risk and conditionality to completion; (vi) the interests of the employees of the Company and group companies; (vii) credit and operational risks; and (viii) the interests of third parties (such as tenants, creditors and suppliers), have reached the conclusion that it should facilitate the Tender Offer and cooperate in the execution and finalisation of the Tender Offer and unanimously recommend to the shareholders of the Company that they exercise the votes attached to their Shares in favour of the proposed resolutions included in the Shareholders' Circular. The members of the Board of Directors considered whether any of them has a conflict of interest and they have established that such was not the case.

Pursuant to Article 80 section 2 of the Act on Public Offering, the Board of Directors considers that the Tender Offer Price falls within the range of share prices that represent the fair value of the Company (in Polish: *wartość godziwa*) taking into account the current portfolio of real properties of the Company. Given the intentions of the Offeror indicated in the Tender Offer Document, the broadening of the Company's portfolio through the inclusion of attractive assets to be purchased under the EPP Transaction and further portfolio diversification, as well as the increase of the scale of operations of the Company, the Board of Directors expects further development of the Company and sees growth potential with respect to the Company's performance and the price of the Shares in the future.

The reasons why the Board of Directors has decided to facilitate the Tender Offer and recommend the Company shareholders to exercise the rights attached to their Shares in favour of the proposed resolutions included in the Shareholders' Circular are set out in paragraphs 2.3 through 2.7.

2.2 The Tender Offer

The Tender Offer is subject to the terms, conditions and restrictions set out in the Tender Offer Document. The information in this Section 2.2 (The Tender Offer) is incomplete and additional information is contained in the Tender Offer Document.

Pursuant to the Tender Offer that was announced on 4 October 2017 by the Offeror, all of the shareholders of the Company, including the Major Shareholders, will be paid on the terms and subject to the conditions and restrictions contained in the Tender Offer Document as consideration for each Share validly tendered and delivered, and not validly withdrawn, a cash amount of PLN 5.5 per Share.

The Tender Offer is conditional upon the fulfilment or waiver by the Offeror of certain Tender Offer conditions, including:

a) a minimum acceptance level of Shares tendered pursuant to the Tender Offer of at least 50.01% of the total number of votes at the general meeting of the shareholders of the Company (i.e. at least 78,082,203 (seventy-eight million, eighty-two thousand, two hundred and three) Shares corresponding to the same number of the votes at the general meeting of the shareholders of the Company);

b) the Offeror obtaining unconditional merger control approval from the President of the Office of Competition and Consumer Protection in Poland for the assumption of control over the Company or the lapse of the statutory period for the issuance of such decision;

c) the EGM adopting resolutions on:

- in connection with the potential issuance to the Offeror or its affiliates of notes convertible into ordinary shares in the Company (thereby noting that there is no obligation for the Offeror or its affiliates to subscribe for such convertible notes), the authorisation of the Board of Directors as the competent body to increase the share capital of the Company, to issue ordinary shares in the Company and to grant rights to subscribe for such shares, in each case up to a maximum of 250,000,000 (two hundred and fifty million) ordinary shares in the share capital of the Company for a term of 30 months calculated as of the date of the EGM,
- the authorisation of the Board of Directors as the competent body to restrict or exclude pre-emptive rights with respect to shares issued within the authorisation of the Board of Directors referred to above,
- the reappointment of two current executive directors of the Board of Directors of the Company (M. Turek and R. Pomorski) and seven non-executive directors of the Board of Directors (P.T. Krych, A. Segal, M.M.L.J. van Campen, T.M. de Witte, N. Senman, M.W. Dyjas and C. Pendred) to the Board of Directors, as well as the appointment of I. Papalekas and D. Raptis to the Board of Directors as non-executive directors,

in each case subject to and conditional upon the occurrence of and effective as of the acquisition of at least 50.01% of the total number of Shares representing at least 50.01% of the total votes at the general meeting of the shareholders of the Company by the Offeror in the Tender Offer; and

d) the Company entering into an organisation agreement with Globalworth Real Estate Investment Limited.

The Offeror reserves the right to purchase the Shares under the Tender Offer despite the non-fulfilment of any of the conditions mentioned above.

The actual number of Shares acquired by the Offeror will depend on the shareholders' response to the Tender Offer. According to the Tender Offer Document, the Offeror intends to maintain the listing of the Shares on the WSE. Consequently, it is expected that the Offeror will acquire no more than 106,014,429 (one hundred and six million, fourteen thousand, four hundred and twenty-nine) Shares in the Tender Offer corresponding to 106,014,429 (one hundred and six million, fourteen thousand, four hundred and twenty-nine) votes at the general meeting of the shareholders of the Company, i.e. 67.9% of the total number of the votes at such meeting.

Under the lock-up agreement executed among the Offeror, Griffin Investments sp. z o.o., Przemysław Krych, Maciej Dyjas and Nebil Senman, Griffin Investments sp. z o.o., holding 5,649,123 (five million, six hundred and forty-nine thousand, one hundred and twenty-three) Shares representing approximately 3.62% of the total votes in the Company, undertook, among other things, to: (i) if so required by the Offeror, sell and transfer certain Shares held by Griffin Investments sp. z o.o. pursuant to sale subscriptions pursuant to the Tender Offer so as to result in the Offeror acquiring pursuant to the Tender Offer no less than 78,082,203 (seventy-eight million, eighty-two thousand, two hundred and three) Shares representing 50.01% of the Company's share capital on the terms and conditions set out in the Lock-up Agreement; and (ii) save for subscriptions for the sale of a portion of the Shares in accordance with item (i) above, not sell its Shares in the Tender Offer.

In addition, under the lock-up agreement Griffin Investments sp. z o.o. agreed, in principle, and save for the subscriptions for the sale of a portion of the Shares in accordance with item (i) above and certain other exceptions, not to sell the Shares for a period of four years following the settlement of the Tender Offer and the purchase of the shares by the Offeror.

2.3 The position of the Board of Directors regarding the strategic plans of Globalworth

Pursuant to the contents of the Tender Offer Document, Globalworth considers the Company to be a long-term strategic investment. Globalworth intends to maintain the listing of the Shares on the main market of the WSE, to strengthen the Company's position on the Polish office property market, to support the Company's strategy and to provide the Company with access to all of the required means, including access to Globalworth's knowledge and skills of the effective management of investment structures and its international network to support the Company's continued development.

In the opinion of the Board of Directors, the strategic plans of Globalworth with regard to the Company, especially its declaration that it intends to strengthen the Company's position on the Polish office property market, to support the Company's strategy and provide the Company with access to all the required means, including access to Globalworth's knowledge and skills regarding the effective management of investment structures and its international network, and to support the Company's continued development, would create opportunities for the Company to grow and pursue its strategic targets. Moreover, subject to the successful completion of the Tender Offer, the Company entered into the EPP Transaction, which will enlarge its portfolio by adding attractive Properties and will strengthen the Company's position on the Polish real property office market.

The Board of Directors believes that Globalworth as a new long-term strategic majority investor in the Company will continue to support the growth of the Company, the implementation of its strategy and the creation of additional value for its shareholders and other stakeholders, including its tenants. As Globalworth intends to maintain the listing of the Shares on the main market of the WSE the other shareholders of the Company will be able to participate in the Company's performance in the future.

2.4 The position of the Board of Directors regarding the location of the Company's future operations

Taking into account the contents of the Tender Offer Document, especially Globalworth's declaration that it intends to maintain the listing of the Shares on the regulated market of the WSE, to strengthen the Company's position on the Polish office property market and to support the Company's strategy and continued development; consequently, it is not envisaged that the Tender Offer will affect the location of the head office, other offices or any location of the Group's current and future operations.

Moreover, in connection with the Tender Offer and subject to the successful completion of the Tender Offer, the Company entered into the EPP Transaction, which will enlarge its portfolio with the addition of attractive Properties, will strengthen the Company's position on the Polish office property market and will support its growth.

2.5 The position of the Board of Directors regarding employment in the Company

Taking into account the contents of the Tender Offer Document, it is not envisaged that the Tender Offer will affect jobs or employment conditions in the Company.

2.6 The position of the Board of Directors on the impact of the Tender Offer on the Company's interests, including the interests of other stakeholders of the Company

The Tender Offer Document indicates Globalworth's intention to maintain the listing of the Shares on the regulated market of the WSE, to strengthen the Company's position on the Polish office property market, to support the Company's strategy and provide the Company with access to all of the required means, including access to Globalworth's knowledge and skills regarding the effective management of investment structures and its international network, and to support the Company's continued development. The Board of Directors believes that it is in the Company's interest to attract a strong and stable strategic investor such as Globalworth and that the successful completion of the Tender Offer would create opportunities for the Company to grow and pursue its strategic targets.

Moreover, subject to the successful completion of the Tender Offer, the Company entered into the EPP Transaction, which will enlarge its portfolio by adding attractive office properties and will strengthen the Company's position on the Polish office property market.

In addition to the above, the Board of Directors has taken into account the effect of the Tender Offer on other stakeholders of the Company and other group companies, such as tenants, contractors, suppliers and creditors. Major creditors of the Company, pursuant to the requirements arising under the credit facility agreements, agreed to the transaction and the acquisition of control over the Company by the Offeror.

The Board of Directors has concluded that the Tender Offer will not materially impact the interests of the Company's tenants, other clients, contractors or suppliers.

2.7 The position of the Board of Directors regarding the Tender Offer Price

Minimum tender offer price requirements

The Tender Offer is announced pursuant to Article 90a section 1 point 1 of the Act on Public Offering. Therefore, the Tender Offer Price needs to satisfy the conditions stemming from the Act on Public

Offerings, in particular Article 79 of the Act on Public Offering.

As regards the Tender Offer Price, the Board of Directors wishes to point out that pursuant to Article 79 of the Act on Public Offering, the price for the shares proposed in the tender offer may not be lower than:

- the average market price for the three months preceding the announcement of the tender offer during which the shares were traded on the main market;
- the average market price for the six months preceding the announcement of the tender offer during which the shares were traded on the main market;
- the highest price paid during the 12 months preceding the announcement of the tender offer for the shares covered by a tender offer by the entity required to announce such tender offer, its subsidiaries or parent entities, or entities being parties to an agreement reached with such entity, as referred to in Article 87, Section 1, Clause 5 of the Act on Public Offering (i.e. an acting in concert type of agreement relating to the company or the shares); or
- the highest value of the assets or rights which the entity required to announce the tender offer, its subsidiaries or parent entities, or entities being parties to an agreement reached with such entity, as referred to in Article 87, Section 1, Clause 5 of the Act on Public Offering (i.e. an acting in concert type of agreement relating to the company or the shares), delivered in exchange for the shares tendered within the period of the 12 months preceding the announcement of a tender offer.

  The average market price is equal to the arithmetic mean of the average daily market price of the Shares in the Company weighted by the volume of trading on the WSE in the respective period.

According to the Tender Offer Document:

- the average market price of the Shares for the three months preceding the announcement of the Tender Offer amounts to PLN 4.78 – the Tender Offer Price is 15.06% higher than the three-month average weighted market price;
- the average market price of the Shares from the first day of trading in the Shares on the WSE amounts to PLN 5.07 per one Share – the Tender Offer Price is 8.48% higher than the average weighted market price since the first day of the listing of the Shares on the WSE;
- neither the Offeror nor its subsidiaries or dominant entities purchased shares in the share capital of the Company in exchange for a pecuniary or non-pecuniary performance during the 12-month period directly preceding the date of the announcement of the Tender Offer; and
- in the period of the 12 months directly preceding the date of the announcement of the Tender Offer, Globalworth was not a party to an acting in concert type of agreement relating to the Company or the Shares as referred to in Art. 87 Section 1 Clause 5 of the Act on Public Offering.

Based on the above, the Board of Directors considers the Tender Offer Price to be in compliance with the minimum requirements set forth in Article 79 of the Act on Public Offering.

<u>Share price performance</u>

On 3 October 2017, the last trading day prior to Globalworth's publication of the Tender Offer Document on 4 October 2017, the closing price of the Shares on the WSE was PLN 4.38. The closing price of the Shares on the date of the publication of the Tender Offer Document amounted to PLN 5.20 per Share.

The Tender Offer Price of PLN 5.50 per Share represents a premium of:

- 15.1% above the three-month volume weighted average share price of the Company of PLN 4.78 prior to and including 3 October 2017 (being the last trading day before the announcement of the Tender Offer);
- 20.0% above the one-month volume weighted average share price of the Company of PLN 4.58 prior to and including 3 October 2017 (being the last trading day before the announcement of the Tender Offer); and
- 8.5% above the volume weighted average share price of the Company since the first day of trading in the Shares in the Company up to 3 October 2017 (being the last trading day before the

announcement of the Tender Offer).

Since the publication of the Tender Offer Document, the Shares have traded at a high of PLN 5.28 (based on respective closing prices).

The highest closing Share price since the first trading day of the Shares on the WSE was PLN 5.78 (13 April 2017) during the first day of trading, thus slightly above the IPO issue price, which amounted to PLN 5.70 per Share. Since the first day of trading in the Shares (excluding that date), the IPO Share price of PLN 5.70 has never been exceeded.

At PLN 5.50 per Share, the Offeror values the Company at an enterprise value equal to approximately PLN 859 million. This calculation is based on 156,133,179 (one hundred and fifty-six million, one hundred and thirty-three thousand, one hundred and seventy-nine) issued and outstanding Shares.

Comparable transactions

Over the past five years, the number of comparable public transactions in the Polish real estate sector was limited, mainly as a result of the sector's heterogeneity and the wide array of rationales and objectives underlying a transaction. The Company is also the first REIT-type company listed on the WSE. Given the overall comparability of the Company to German peers, public tender offers in Germany in the real estate sector have also been included in the analysis present in this Position Statement.

The few transactions relevant for a valuation accordingly show a large spread of premiums paid. Premiums offered in real estate sector takeovers were attractive (selected examples):

- TLG Immobilien AG (May, 2017): 10.5% above the three-month volume weighted average price;
- Vonovia SE (September 2016 and October 2015, respectively): 20.8% and 10.4%, respectively, above the three-month volume weighted average price;
- Deutschs Wohnen SE (September 2015 and October 2013, respectively): 19.6% and 15.6%, respectively, above the three-month volume weighted average price;
- Alstria office REIT-AG (June 2015): 6.5% above the three-month volume weighted average price; and
- Lone Star Funds (July 2015): 24.8% above the three-month volume weighted average price.

The Tender Offer Price offered by Globalworth upon the publication of the decision to launch the Tender Offer amounts PLN 5.50 and hence represents a premium of 15.06% on the Company's volume-weighted average stock exchange price in the period of the three months preceding the announcement of the Tender Offer, which is in general deemed to be the most relevant indicator of a stable share price.

Starting from 2007 or 2010, respectively, until 2017, the premiums paid during public tender offers in Poland have on average amounted to 16.6% and 16.9%, respectively. In this year (2017 year to date), this value has on average declined to 14.0%.

Additional factors and the Opinion Letter

When considering the Tender Offer Price, the Board of Directors took also into account the following in its financial assessment of the Tender Offer:

- that Berenberg delivered the Opinion Letter to the Board of Directors dated 19 October 2017 that based on the assumptions and remarks contained in the Opinion Letter, Berenberg is, as of the publication date of the Opinion Letter, of the opinion that the Tender Offer Price is fair (or adequate) from a financial perspective;

For more information on the Opinion Letter please refer to Section 1.4. The full text of the Opinion Letter constitutes Annex I to this Position Statement. Berenberg provided its Opinion Letter solely for the information and assistance of the Board of Directors in connection with its consideration of the Tender Offer and the Tender Offer Price. The Opinion Letter is not a recommendation as to whether or not any shareholder should tender such Shares in the Tender Offer or any other matter.

- the Group's financial performance in 2017 (including the financial results and financial position as presented in the interim condensed consolidated financial statements of the Group as of 30 June 2017 and for the six months ended on 30 June 2017 as included in Annex II) and the realisation of the 2017 budget until 30 June 2017;

The Board of Directors believes that until 30 June 2017 the Company realised its 2017 budget in all material respects, taking into account assumptions made, which for the period of six months ended on 30 June 2017 was reflected in the interim condensed consolidated financial statements of the Group as of 30 June 2017 and for the six months ended on 30 June 2017.

- the new developments in the Group's operations, including the entering into the EPP Transaction and its potential impact on the Group's development and financial performance in the future.

On 3 October 2017 the Company entered into the agreement relating to the EPP Transaction. The EPP Transaction is conditional upon the acquisition by the Offeror of the Shares representing at least 50.01% in the share capital of the Company. The execution of the final purchase agreement under the EPP Transaction is expected to take place no later than 31 January 2018 (with a mechanism for prolonging the long stop date as described in Section 1.3.), therefore, the Board of Directors believes that the EPP Transaction will not have any material impact on the financial performance of the Company in 2017, except the below. The Board of Directors believes that in mid and long-terms the EPP Transaction by broadening the Company's portfolio through the inclusion of attractive assets, will result in further portfolio diversification and as an increase of the scale of operations of the Company which may strengthen its position in various areas.

The costs related to the Tender Offer and the EPP Transaction to be incurred by the Company in 2017 have not been assumed for the purposes of the 2017 profit forecast as included in the Company's prospectus published in connection with the IPO. For more information on the EPP Transaction please refer to Section 1.3.

The Board of Directors, after having consulted its legal and financial advisors and having given due and careful consideration to: (i) the continuity of the Company; (ii) the strategic rationale of the Tender Offer; (iii) the interests of all stakeholders; (iv) the Tender Offer Price; (v) the execution risk and conditionality to completion; (vi) the interests of the employees of the Company and group companies; (vii) credit and operational risks; and (viii) the interests of third parties (such as tenants, creditors and suppliers), have reached the conclusion that it should facilitate the Tender Offer and cooperate in the execution and finalisation of the Tender Offer and unanimously recommend to the shareholders of the Company that they exercise the votes attached to their Shares in favour of the proposed resolutions included in the Shareholders' Circular.

Pursuant to Article 80 section 2 of the Act on Public Offering, the Board of Directors considers that the Tender Offer Price falls within the range of share prices that represent the fair value of the Company (in Polish: *wartość godziwa*) taking into account the current portfolio of real properties of the Company. Given the intentions of the Offeror indicated in the Tender Offer Document, the broadening of the Company's portfolio through the inclusion of attractive assets to be purchased under the EPP Transaction and further portfolio diversification, as well as the increase of the scale of operations of the Company and the potential of the Offeror and its affiliates to provide the Company with funding sources, the Board of Directors expects further development of the Company and sees growth potential with respect to the Company's performance and the Share price in the future.

2.8 Corporate Governance

The Board of Directors currently consists of two executive directors (R. Pomorski and M. Turek) and eight non-executive directors (P.T. Krych, A. Segal, M.M.L.J. van Campen, T.M. de Witte, N. Senman, M.W. Dyjas, C. Pendred and K.M. Khairallah).

In connection with the Tender Offer, 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 of the Shares by the Offeror pursuant to the Tender Offer (the "**Acquisition Moment**").

Pursuant to the articles of association of the Company, the Board of Directors has the right to make binding nominations for open positions on the Board of Directors. The binding nature of the Board's nominations may be overridden by a vote of two-thirds of the votes cast at the general meeting of the shareholders of the Company if such two-thirds vote constitutes more than half of the issued share capital of the Company.

It is proposed that, effective immediately after the Acquisition Moment, the Board of Directors shall consist of 11 directors in total, of which two will be executive directors and nine will be non-executive directors. To that end, the reappointment of two current executive directors of the Board of Directors

(M. Turek and R. Pomorski) and seven non-executive directors of the Board of Directors (P.T. Krych, A. Segal, M.M.L.J. van Campen, T.M. de Witte, N. Senman, M.W. Dyjas and C. Pendred) to the Board of Directors is envisaged, as well as the appointment of I. Papalekas and D. Raptis to the Board of Directors as non-executive directors.

Pursuant to the current articles of association of the Company, the Board of Directors shall comprise a maximum of ten directors. To allow for the (re)appointment of 11 directors, the articles of association of the Company need to be amended. Such amendment requires a resolution of the Company's general meeting of shareholders and the adoption of such resolution therefore needs to be placed on the agenda of the EGM.

The Board of Directors nominated persons referred to above for the reappointment to the Board of Directors based upon the satisfactory performance of tasks of the nominated candidates since their prior appointment as directors of the Board of Directors.

The Board of Directors believes that the new persons nominated for appointment to the Board of Directors, i.e. I. Papalekas and D. Raptis, are the appropriate candidates to be appointed as new non-executive directors of the Company. The Board of Directors believes that each of them will bring experience and expertise to the Company that will enhance the dynamic development of the Company's portfolio.

The changes in the composition of the Board of Directors constitute a condition precedent to the Tender Offer.

3 FINANCIAL INFORMATION

3.1 Summary of the Financial Information

The following financial information is required to be included in this Position Statement pursuant to paragraph 2 of Annex G of the Decree.

- *A comparative statement of the balance sheet, the profit and loss account and the cash flow statement from the adopted financial statements for the last three years.*

In compliance with this requirement and given the short history of the Company, instead of a comparative statement, the audited consolidated financial statements of Griffin Premium RE.. B.V. [1] Group for the three years ended 31 December 2016, 2015 and 2014 (the "**Consolidated Financial Statements**") which were specially drafted for inclusion in the prospectus of the Company dated 13 March 2017 related to the IPO and the admission to trading and listing of the Shares on the regulated market operated by the WSE and are included in Annex II to this Position Statement (for more information, please refer to Section 3.2 below).

- *An audit opinion on the information specified above.*

The independent auditor's report relating to the Consolidated Financial Statements is included in Annex II.

- *The most recent set of financial statements made generally available, including explanatory notes.*

In compliance with this requirement, the audited financial statements of Griffin Premium RE.. B.V. with respect to the 2016 financial year are included in Annex II.

- *An audit opinion on the information specified above.*

The independent auditor's report regarding the financial statements of Griffin Premium RE.. B.V. with respect to the 2016 financial year is included in Annex II.

- *The financial data concerning the current financial year which have been made generally available pursuant to the implementation of Directive 2004/109/EC (e.g. interim figures, interim director's report.*

The interim condensed consolidated financial statements of the Group as of 30 June 2017 and for the six months ended 30 June 2017 are included in Annex II.

- *A review report of the auditor regarding the financial data concerning the current financial year,*

[1] Griffin Premium RE.. B.V. was incorporated on 21 December 2016. On 23 March 2017, Griffin Premium RE.. B.V. was transformed into Griffin Premium RE.. N.V.

unless there are particular circumstances, which must then be stated in the announcement of the company, as a result of which it is impossible for the company to obtain such a report.

The independent auditor's review report regarding the interim condensed consolidated financial statements of the Group as of 30 June 2017 and for the six months ended 30 June 2017 is included in Annex II.

3.2 Additional information on the Consolidated Financial Statements

The basis of the presentation of the Consolidated Financial Statements present the historical results of the companies forming the Griffin Premium RE.. B.V. Group prepared on a carve-out basis from the operations of Griffin Topco II S.à r.l and Griffin Topco III S.à r.l as if the Group existed starting from 1 January 2014. Until 3 March 2017, such entities were owned directly or indirectly by Griffin Topco II S.à r.l and Griffin Topco III S.à r.l, which are entities indirectly controlled by a fund ultimately controlled by Oaktree Capital Group, LLC and were managed together as a single economic entity during the reporting periods. With effect from 3 March 2017, the Issuer became the legal parent of the Group's companies following a reorganisation through a number of steps comprising sales and in-kind contributions of shares by Griffin Netherlands II B.V. and GT Netherlands III B.V. to the Company in exchange for shares in the share capital of the Company (the "**Reorganisation**"). The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

The Reorganisation has been accounted for based on the Group's accounting policy for common control transactions. Accordingly, the assets, liabilities and results of operations are presented for all periods based on the carrying values recognised in the combined financial statements of the Group immediately prior to the Reorganisation. The financial statements for all periods have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities. Other than transactions which were part of the Reorganisation and the formation of the Group, the results of subsidiaries acquired during the period are included in the income statement from the effective date of their acquisition or up to the effective date of their disposal, as appropriate.

Presentation of financial information in accordance with IFRS requires the management to make various estimates and assumptions which may impact the values shown in the financial statements and the notes thereto. The actual values may differ from such assumptions. The Consolidated Financial Statements were prepared for the purpose of their inclusion in the prospectus prepared for the IPO and were audited by Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością sp. k., with its registered office in Warsaw. On 9 March 2017, Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością sp. k. issued an independent auditor's report on the audit of the consolidated financial statements for the three years ended 2016, 2015 and 2014 included in the prospectus (the "Independent auditor's report of Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością sp. k with respect to the Consolidated Financial Statements").

The 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 modernisation costs, and labour and advisory costs, are incurred in Polish zloty.

Furthermore, unless otherwise indicated, financial and statistical data included in this Position Statement are expressed in EUR.

4 EMPLOYEE CONSULTATION PROCESS

The Board of Directors confirms that the Company has not established, has not been requested to establish nor is it in the process of establishing any employee council (*ondernemingsraad*), and no employee council (*ondernemingsraad*) has jurisdiction over the contemplated assumption by the Offeror of control over the Company.

In accordance with the applicable regulations, the Company and the Offeror notified the employees of the Company of the Tender Offer and provided them with a copy of the Tender Offer Document.

5 INTEREST OF CERTAIN MEMBERS OF THE BOARD OF DIRECTORS IN THE TRANSACTION

Please find below the shareholdings, relationships, agreements and arrangements with members of the Board of Directors that may be in addition to or different from the general interests of the Company. The members of the Board of Directors were aware of these relationships, agreements and arrangements during their respective deliberations on the merits of the Tender Offer and addressed such interests as appropriate under applicable Dutch law relating to conflicts of interests as well as under the applicable rules of the Dutch Corporate Governance Code.

- The current members of the Board of Directors (except: K.M. Khairallah) have been nominated by the Board of Directors for reappointment to the Board of Directors subject to and effective as of the Acquisition Moment and provided that the respective resolutions are adopted by the EGM. See Section 2.8 of this Position Statement.
- Certain members of the Board of Directors (indirectly) hold Shares. See Section 5.1 of this Position Statement.
- Certain members of the Board of Directors have additional or different interests in relation to the Tender Offer. See Section 5.2 of this Position Statement.

The Board of Directors took due note of the interest of certain members of the Board of Directors in relation to the Tender Offer and the fact that almost all of the current directors have been nominated for reappointment to the Board of Directors subject to and effective as of the Acquisition Moment and provided that the respective resolutions are adopted at the EGM.

5.1 Overview of the shareholdings of the members of the Board of Directors

As at the date of this Position Statement, the following members of the Board of Directors indirectly hold Shares:

a) Przemysław Krych, Maciej Dyjas and Nebil Senman, each a non-executive director of the Company, each hold approximately 33.3% of the shares in the capital of Griffin Investments sp. z o.o., which holds 5,649,123 (five million, six hundred and forty-nine thousand, one hundred and twenty-three) (approximately 3.62%) shares in the capital of the Company representing 3.62% of the total votes at the general meeting of shareholders of the Company. These Shares, currently held by Griffin Investments sp. z o.o., were purchased in the IPO.

b) Przemysław Krych holds, through a fully-owned entity, 43.48% of the shares in the share capital of an entity which holds 10% of the shares in the share capital of Griffin Topco II S.à r.l., and through a fully-owned entity, 10% of the shares in the share capital of Griffin Topco III S.à r.l. Maciej Dyjas holds, through a fully-owned entity, 43.48% of the shares in the share capital of an entity which holds 10% of the shares in the share capital of Griffin Topco II S.à r.l. In addition, Maciej Dyjas holds, through a fully-owned entity, 10% of the shares in the share capital of Griffin Topco III S.à r.l.

    - As at the date of this Position Statement, Griffin Topco II S.à r.l. holds 100% of the shares in the share capital of Griffin Netherlands II B.V., which, in turn, holds 37,792,049 (thirty-seven million, seven hundred and ninety-two, forty-nine) (24.21%) shares in the share capital of the Company representing 24.21% of the total votes at the general meeting of the shareholders of the Company.
    - Griffin Topco III S.à r.l. holds 100% of the shares in GT Netherlands III B.V., which, in turn, holds 37,031,612 (thirty-seven million, thirty-one thousand, six hundred and twelve) (23.72%) shares in the share capital of the Company representing 23.72% of the total votes at the general meeting of the Company.

None of the members of the Board of Directors directly holds any Shares in the share capital of the Company.

Apart from the above, there have been no other transactions involving the Shares conducted by the members of the Board of Directors, their spouses or registered partners, their underage children or legal persons over which they have control since the first day of trading in the Shares on the main market operated by the WSE on 13 April 2017.

5.2 Other interests of the members of the Board of Directors in the Tender Offer

P.T. Krych, N. Senman and M.W. Dyjas and their controlled entity, Griffin Investments sp. z o.o., are parties to the lock-up agreement with the Offeror (see Section 2.2 of this Position Statement for more information).

P.T. Krych, N. Senman and M.W. Dyjas are also parties to a cooperation agreement entered into with Globalworth Real Estate Investments Limited regulating mutual cooperation with respect to opportunities in the office property market in Poland.

6 IMPORTANT INFORMATION

The information included in this Position Statement reflects the situation as of the date hereof. Except as otherwise required by applicable law, the Company undertakes no obligation to update or publicly revise any such information, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Position Statement. Under no circumstances may the issue and distribution of this Position Statement be interpreted as implying that the information contained herein is true and accurate on a later date than the date hereof.

This Position Statement may include forward-looking statements that involve risk and uncertainty. Generally, words such as ‘may’, ‘should’, ‘aim’, ‘will’, ‘expect’, ‘intend’, ‘estimate’, ‘anticipate’, ‘believe’, ‘plan’, ‘seek’, ‘continue’ or similar expressions identify forward-looking statements. Although the Company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such projections will be fulfilled or prove to be correct, and no representations are made as to the accuracy and completeness of such forward-looking statements. Any such forward-looking statements must be considered along with the knowledge that actual events or results may vary materially from such predictions due to, among other things, political, economic or legal changes in the markets and environments in which the Company and its group companies operate, competitive developments or risks inherent to the Company’s business plans, and uncertainties, risk and volatility in financial markets and other factors affecting the Company and its group companies. Accordingly, the actual results, performance or achievements of the Company, or industry results, may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Moreover, statements regarding past trends or activities should not be interpreted as representations that these trends and activities will continue in the future.

This Position Statement is governed by the laws of the Netherlands and the applicable Polish regulations. The courts of Amsterdam, the Netherlands and its appellate courts shall have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Position Statement. Accordingly, any legal action or proceedings arising out of or in connection with this Position Statement may be brought exclusively in such courts.

Board of Directors

Name: M. Turek	**Name:** R. Pomorski
Name: P.T. Krych	**Name:** K.M. Khairallah
Name: A. Segal	**Name:** M.M.L.J. van Campen
Name: T.M. de Witte	**Name:** N. Senman
Name: M.W. Dyjas	**Name:** C. Pendred

Annex I

Opinion Letter

BERENBERG
PARTNERSHIP SINCE 1590

To the Board of Directors of
Griffin Premium RE.. N.V.
Claude Debussylaan 15
1082MC Amsterdam
The Netherlands

October 19th, 2017

Public Tender Offer of Globalworth Asset Management SRL

OPINION LETTER

Dear Members of the Board of Directors,

On October 4, 2017, Global Asset Managers SRL (subsequently referred to as "**Bidder**"), announced to the public and the Board of Directors of Griffin Premium RE.. N.V. (subsequently referred to as "**GRIFFIN PREMIUM RE..**" or "**Company**") its decision to launch a public tender offer (subsequently referred to as "**Tender Offer**") for all shares outstanding of GRIFFIN PREMIUM RE.. for an all-cash consideration of PLN 5.50 per GRIFFIN PREMIUM RE.. share (subsequently referred to as "**Consideration**"). The comprehensive regulations and conditions of the Tender Offer are outlined in the offer document dated October 4, 2017, which is publicly available on the Polish Press Agency website – PAP Biznes http://biznes.pap.pl/pl/news/calls/info/2418035,wezwanie-do-zapisywania-sie-na-sprzedaz-akcji-griffin-premium-re---n-v-.

The Company has engaged Joh. Berenberg, Gossler & Co. KG ("**Berenberg**") to provide an opinion (subsequently referred to as "**Opinion Letter**") on whether the Consideration is fair (or adequate) from a financial perspective. In connection with the compilation of this Opinion Letter, we have:

a) held discussions with senior staff of the Company on the commercial development of the Company;

b) surveyed business planning documents provided by the Company;

c) analyzed historical share prices and trading volumes of the Company's share;

d) reviewed studies and other publications of equity research analysts on the Company;

e) conducted a dividend discount model under assumptions we deemed viable and applicable;

f) surveyed information such as premiums of other tender offers and valuation multiples of listed companies as well as comparable transactions which we deemed to be comparable to the Company in principle;

JOH. BERENBERG, GOSSLER & CO. KG
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Registered Office: Hamburg, Germany · Amtsgericht (Local Court) Hamburg HRA 42659

g) conducted other analyses and made additional assumptions we, based on our own view, deemed appropriate and applicable.

In compiling this Opinion Letter, we have assumed that the information referred to above is correct and complete and accordingly relied on it. This includes information provided by the Company as well as publicly available data used by us. Moreover, Berenberg assumes that the business plan as well as any other documentation with forward-looking statements as provided by the Company had been prepared with diligence and on the foundation of the best possible assessment on the part of the Company, and that those accurately describe the future commercial development of the Company on the basis of the currently available status of information. This Opinion Letter does make a statement with regard to the applicability of forward-looking information or the underlying assumptions. Berenberg did not conduct an independent verification of the information provided by the Company or by other sources. Hence, Berenberg cannot assume any liability with regard to accuracy or completeness of this information, including the business plan. In addition, Berenberg did not use any information in the context of the compilation of this Opinion Letter which had been transmitted in any other capacity than as author of this Opinion Letter.

In connection with the compilation of this Opinion Letter, Berenberg has neither conducted an independent valuation, an assessment or an evaluation of the assets or liabilities (contingent liabilities or other liabilities) of GRIFFIN PREMIUM RE.. or any other party, nor was Berenberg provided with such a valuation or appraisal. Moreover, Berenberg did neither conduct a physical evaluation of the Company's assets, nor assumed liability for such an assessment and we have assumed that there are appropriate indemnification arrangements and other provisions, and that there are no undisclosed liabilities, with respect to GRIFFIN PREMIUM RE.. or any other party. In addition, Berenberg did not assess the solvency of any legal entity or individual party involved in the Tender Offer. Berenberg was also not assigned to do so. Berenberg was also not provided with an according valuation or appraisal. We are not expressing any opinion with respect to accounting, tax, regulatory, legal or similar matters and we have relied, with your consent, upon the assessments of representatives of the Company as to such matters. No opinion is expressed as to whether any alternative transaction might be more beneficial to the Company or the holders of Company's shares. We have further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Tender Offer will be obtained without any adverse effect on the Company or the contemplated benefits of the Tender Offer.

This Opinion Letter is based on information available to Berenberg upon compilation of this Opinion Letter at its date, as well as on commercial and economic conditions prevalent at the date of issuance of this Opinion Letter. Any events, developments or one-off items which may occur post this date could potentially impact the Opinion Letter as well as the assumptions considered in the context of its compilation. Berenberg has no obligation to update or reconfirm its Opinion Letter with regard to events, developments or one-off items occurring subsequent to the date of issuance of this Opinion Letter. We point out in this context that in case of an alteration of the previously made conditions or legal regulations, we are under no obligation to update, assess, confirm or change this Opinion Letter. This does also include potential changes to the Tender Offer (e.g. with regard to conditions or the Consideration). We have also assumed that there will be no developments with respect to any matters that would be meaningful to our analyses or Opinion Letter.

The opinion contained in this letter is not based on a valuation typically prepared by auditors with regard to German corporate law requirements, and in particular does not constitute a fairness opinion as compiled by an auditor. This Opinion Letter and the valuations shall not be interpreted as such an opinion. In particular, Berenberg has not prepared a valuation on the basis of IDW Standards S 1 Principles for the Performance of Business Valuations (*Grundsätze zur Durchführung von Unternehmensbewertungen*) published by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) and/or any other comparable standards under Polish, Dutch or any other law. Also, the opinion contained in this letter has not been prepared in accordance with the IDW Standard S 8 Principles for the preparation of fairness opinions (*Grundsätze für die Erstellung von Fairness Opinions*) and/or any other comparable standards under Polish, Dutch or any other law. This opinion and references to the fairness, from a financial point of view, shall not be treated as an opinion relating to, or references relating to, the "fair value" as defined under Article 28 paragraph 6 of the Polish Accounting Act dated 29 September 1994 (J. L. 2009, No. 152, item 1223). It cannot be excluded that analyses conducted pursuant to these standards or other methods could come to a result differing from that contained in this Opinion Letter. The underlying analyses instead rather rely on methods as applied by investment banks in the context of corporate transactions. The analyses may potentially deviate in material aspects from valuations as conducted by auditors.

Berenberg is active in the business areas private banking, asset management, corporate banking and investment banking. Berenberg is acting on behalf of the Company as advisor assigned in the capacity of an investment bank compiling a so-called fairness opinion in connection with the Tender Offer and is entitled to an according fee as compensation for its services as specified in the mandate agreement that is neither dependent on the result of the Tender Offer, nor on the content of this Opinion Letter. The company and Berenberg have agreed that the Company reimburses Berenberg for expenses and costs incurred in connection with executing its respective tasks as an advisor, and that the Company indemnifies Berenberg from certain liabilities and other conditions. It is possible that Berenberg, or entities associated with Berenberg, have performed, are performing, or will perform services on behalf of the Company, or the bidder, or entities or individuals associated with those. In the ordinary course of our businesses, we and our affiliates may actively trade the debt and equity securities of the Company or entities or individuals associated with the Company for our own account or for the accounts of customers and, accordingly, we may at any time hold long or short positions in such securities.

This Opinion Letter is exclusively provided to the Board of Directors of GRIFFIN PREMIUM RE.. for informational purposes, and to support the Board of Directors in carrying out their respective duties. It does not replace a proprietary appraisal of the offer and in particular of the Consideration on the part of the Board of Directors of the Company. It does not constitute a recommendation with regard to the reasoned opinion nor the opinion of Board of Directors of the Company regarding the Tender Offer referred to in Article 80 paragraph 1 and 2 of the Polish Act on Public Offers and Terms of Introducing Financial Instruments into an Organized System of Trading and on Public Companies dated July 29, 2005 as amended. The decision as to whether or not the Board of Directors of the Company recommends the Tender Offer (and the terms on which it does so) is one that can only be taken by the Board of Directors of the Company. We inform the Company that it pertains to its sphere of responsibility to resolve any conflict of interest with regard to the Tender Offer. The Opinion Letter of Berenberg also does not make any reference as to whether the Tender Offer or the conditions of the Tender Offer, and in particular the offered Consideration are in accordance with the applicable laws and regulations. The Opinion Letter solely assesses the financial fairness (or adequateness) of the Consideration without taking into account any other aspect or potential effect of the projected takeover. It does not constitute a recommendation to the shareholders of GRIFFIN PREMIUM RE.. to accept or reject the Tender Offer. The Opinion Letter in particular does not make any statement with regard to the advantages or disadvantages of the projected takeover in comparison to alternative transactions which shareholders of the Company may be able to carry out alternatively individually. This Opinion Letter also does not refer to any legal, regulatory, fiscal or auditory aspects.

This Opinion Letter shall not and do not constitute investment advice within the meaning of Article 76 of the Polish Act on Trading in Financial Instruments dated July 29, 2005, as amended (J.L. 2017, item 1768, as amended).

This Opinion Letter may not be used for any other purpose than specified above, made available to third parties, quoted, referred to or otherwise disclosed completely or in parts nor may any public reference to Berenberg be made without prior written approval by Berenberg. Publication of this Opinion Letter as addendum to the Reasoned Opinion of the Board of Directors, respectively, pursuant to Article 80 paragraph 3 of the Polish Act on Public Offers and Terms of Introducing Financial Instruments into an Organized System of Trading and on Public Companies dated July 29, 2005 as amended and as required pursuant to Article 18, paragraph 2 and Annex G of the Dutch Decree on Public Takeover Bids (*Besluit openbare biedingen Wft*) is explicitly approved. This Opinion Letter is governed by the regulations of the mandate agreement between the Company and Berenberg. Neither this Opinion Letter nor the underlying mandate agreement, nor any other document obtained in this context constitute rights of third parties, or concludes that third parties are included in the respective scopes of protection. Berenberg cannot be held liable by any third party other than the Board of Directors of the Company on the basis of this Opinion Letter.

Based on the assumptions and remarks contained above, we are, as of the publication date of this Opinion Letter, of the opinion that the Consideration of the Tender Offer is fair (or adequate) from a financial perspective.

This Opinion Letter is made without legal liability or responsibility on our part. We accept no responsibility to any person other than to the Board of Directors of the Company in relation to the contents of this letter, notwithstanding that this letter has been disclosed with our consent.

With kind regards

Joh. Berenberg, Gossler & Co. KG

Stefan K. Kutscheid
Vice President

Christian Wöckener-Erten
Vice President

Annex II

Financial Information

Index to Financial Information

1. Independent auditor's report of Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością sp. k with respect to the Consolidated Financial Statements

Ernst & Young Audyt Polska sp. z o.o. sp. k.
Rondo ONZ 1
00-124 Warsaw, Poland

Tel: +48 22 557 7000
Fax: +48 22 557 7001
ey.com

Building a better working world

Independent auditor's report

To the Shareholders and the Board of Directors of Griffin Premium RE.. B.V.

Report on the audit of the consolidated financial statements for the three years 2016, 2015 and 2014 included in the prospectus

Our opinion

For the purpose of the inclusion in the prospectus and in accordance with the requirements of the Commission Regulation ("**EC**") No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses, as well as, the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the "**Regulation**"), we have audited the accompanying consolidated financial statements of Griffin Premium RE.. B.V. Group (the "**Group**") for the three years ended 31 December 2016, 2015 and 2014 in which the parent company is Griffin Premium RE.. B.V. (the "**Company**"), located in Amsterdam, the Netherlands, at Barbara Strozzilaan 201, which comprise the consolidated statement of financial position as at 31 December 2016, 31 December 2015 and 31 December 2014, the consolidated statement of profit and loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (the "**consolidated financial statements**").

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Griffin Premium RE.. B.V. Group as at 31 December 2016, 31 December 2015 and 31 December 2014 and of its consolidated results and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing ("**ISA**").

Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Materiality

Year	2016	2015	2014
Materiality	EUR 2,509,110	EUR 2,245,800	EUR 1,581,805
Benchmark applied	0.5% of total assets		
Explanation	We believe that basing our materiality on total assets best reflects what is important for the users of the consolidated financial statements, considering the nature of the entity's business and industry as well as the entity's current		

	operations.

We have also taken misstatements into account and/or possible misstatements that in our opinion are material for the users of the consolidated financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of EUR 125,456, EUR 112,290 and EUR 79,090, which are identified during the audit of the consolidated financial statements for the years ended 31 December 2016, 2015 and 2014 respectively, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the years ended 31 December 2016, 2015 and 2014. We have communicated the key audit matters to the Board of Directors. 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**Our audit approach**
Valuation of Completed Investment Property and Investment Property Under Construction	
1. Based on the consolidated financial statements Completed Investment Property and Investment Property Under Construction constitute approximately 93.7%, 94.1% and 91.7% of the consolidated assets of the Group as at 31 December 2016, 31 December 2015 and 31 December 2014 respectively. Completed Investment Property and Investment Property Under Construction, if certain criteria specified in accounting policies were met, are valued at fair value. We considered the valuation of the investment properties to be significant to the audit because the determination of fair value involves significant judgement by the Board of Directors and the use of external valuation experts. 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 can be subjective in nature and involve various assumptions regarding pricing factors. These assumptions include the capitalisation rate, market rental income, market-derived discount rate, 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. When possible, fair value is determined based on recent real estate transactions with similar characteristics and location of the valued properties. Because the valuation of investment property 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 procedures included, among others, the following: • We have gained understanding of the valuation process. • We have received the valuation reports for all properties and reviewed whether the valuation approach for them was suitable for use in determining the carrying value of investment properties in the consolidated financial statements. • We involved EY Real Estate specialists to assist with the audit of the valuation of the investment properties based on their specific experience and knowledge in the local markets. • We evaluated the external valuators expertise, independency and methodology used for the valuation. • We evaluated and challenged the key assumptions included in the valuation (such as capitalisation 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 have assessed that the professional appraisers used by the Group are the firms with considerable experience on the Polish market. • We agreed the significant data applied for the valuation purposes to the supporting documentation. • We have also assessed the appropriateness of the disclosures relating to the assumptions used in

Disclosures on the fair value of the investment properties are included in the notes Note 5.1.3, Note 13 and Note 14 to the consolidated financial statements.	the valuations and sensitivity analysis in the notes to the consolidated financial statements.
Financing and covenants compliance	
2. Financing and covenants compliance is a key audit matter as the Group Entities' credit facilities are subject to several covenants. As at 31 December 2016, 31 December 2015 and 31 December 2014 the outstanding amount of loans and other borrowings in the Group's consolidated financial statements amounted to EUR 439.5 million, EUR 348.2 million and EUR 249.7 million respectively. For the bank loans, the Entities of the Group have to meet LTV and DSCR covenants specified in loan agreements. The availability of adequate funding and the testing of 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. Disclosures on financing including loans and borrowings and covenants are included in the notes Note 5.1.1, Note 20 and Note 22 to the consolidated financial statements.	Our audit procedures included, among others, the following: • We have gained understanding of the process of obtaining and securing of the financing. • We have reviewed and re-performed the debt covenant calculation and compliance with applicable debt covenants as per 31 December 2016, 31 December 2015 and 31 December 2014; • We have reviewed the Group's assessment of continued covenants compliance. We have reviewed 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 assessed the adequacy of the Group's disclosure regarding the covenants and loans, which are disclosed in the notes to the consolidated financial statements.

Description of responsibilities for the consolidated financial statements

Responsibilities of the Board of Directors for the consolidated financial statements

The Company's Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS. Furthermore, Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the consolidated financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group 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 Group's ability to continue as a going concern in the consolidated financial statements.

The Board of Directors is also responsible for overseeing the Group's financial reporting process.

Our responsibilities for the audit of the consolidated 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 consolidated 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 ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Concluding on the appropriateness of 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the consolidated financial statements, including the disclosures.
- Evaluating whether the consolidate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

We provide the Board of Directors 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 Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements for the years ended 31 December 2016, 2015 and 2014 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.

Warsaw, Poland, 9 March 2017

Key Certified Auditor

Przemysław Orlonek
Certified Auditor
No. 10059

on behalf of
Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw, Poland
Reg. No 130

2. Consolidated Financial Statements (2016-2014)

Griffin Premium RE.. B.V. Group

Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

Index

(All amounts in EUR thousands unless otherwise stated)

Consolidated Statement of Profit or Loss

	Note	Year ended 31 December 2016	2015	2014
Rental income	6	23 688	21 316	15 954
Service charge and marketing income	6	9 856	8 934	6 151
Property operating expenses	7	(11 135)	(8 729)	(6 318)
Net rental income		**22 409**	**21 521**	**15 787**
Administrative expenses	**7**	**(4 013)**	**(4 938)**	**(3 466)**
Valuation gain/(loss) from investment property	13,14	21 737	30 357	(2 309)
(Impairment)/reversal of impairment of property	13,14	-	-	1 302
Net gains/(losses) on investment property		**21 737**	**30 357**	**(1 007)**
Operating profit		**40 133**	**46 940**	**11 314**
Finance income	8	422	157	114
Finance cost	9	(22 645)	(11 089)	(12 737)
Profit/(loss) before tax		**17 910**	**36 008**	**(1 309)**
Income tax (expenses)/gain	11	(5 672)	(4 346)	587
Profit/(loss) for the year		**12 238**	**31 662**	**(722)**
Attributable to:				
Equity holders of the parent		12 238	31 662	(722)
Non-controlling interests		-	-	-
		12 238	31 662	(722)
Earnings per share (basic and diluted):	12	0.09	0.24	(0.01)

(All amounts in EUR thousands unless otherwise stated)

Consolidated Statement of Other Comprehensive Income

	Note	Year ended 31 December 2016	2015	2014
Profit/(loss) for the year		**12 238**	**31 662**	**(722)**
Other comprehensive income transferable later on to the profit/(loss):				
Foreign currency translation reserve		(3 271)	(562)	(1 309)
Other comprehensive income/(loss)		**(3 271)**	**(562)**	**(1 309)**
Total comprehensive income/(loss) for the year, net of tax		**8 967**	**31 100**	**(2 031)**
Comprehensive income attributable to:				
Equity holders of the parent		**8 967**	31 100	(2 031)
Non-controlling interests		**-**	-	-

(All amounts in EUR thousands unless otherwise stated)

Consolidated Statement of Financial Position

	Note	As at 31 December 2016	2015	2014
ASSETS				
Non-current assets				
Completed investment property	13	470 380	385 825	237 410
Investment property under construction	14	-	36 850	52 671
Long term loans	15	790	523	138
Other receivables		10	-	6
Long term restricted cash	18	2 406	2 540	3 158
Deferred tax assets	11	7 674	2 096	4 677
		481 260	**427 834**	**298 060**
Current assets				
Rent and other receivables	16	3 813	6 149	3 749
Income tax receivable		32	31	218
Restricted cash	18	6 707	5 185	8 924
Cash and short-term deposits	17	10 010	9 961	5 410
		20 562	**21 326**	**18 301**
TOTAL ASSETS		**501 822**	**449 160**	**316 361**
EQUITY AND LIABILITIES				
Issued share capital	19	45	-	-
Foreign currency translation reserve	19	(5 142)	(1 871)	(1 309)
Net assets attributable to shareholders	19	41 334	86 349	54 644
Total		**36 237**	**84 478**	**53 335**
LIABILITIES				
Non-current liabilities				
Bank loans	20	252 535	170 582	166 166
Derivative financial instruments	21	-	-	1 225
Other borrowings	22	137 919	96 166	75 673
Deposits from tenants and other deposits	23	3 348	4 430	2 691
Deferred tax liability	11	15 658	4 802	3 132
		409 460	**275 980**	**248 887**
Current liabilities				
Bank loans	20	49 050	80 104	4 154
Derivative financial instruments	21	-	1 308	2 492
Other borrowings	22	16	-	-
Trade and other payables	23	3 260	3 197	1 789
Capex payables		3 323	3 728	5 608
Deposits from tenants and other deposits	23	476	365	96
		56 125	**88 702**	**14 139**
TOTAL LIABILITIES		**465 585**	**364 682**	**263 026**
TOTAL EQUITY AND LIABILITIES		**501 822**	**449 160**	**316 361**

(All amounts in EUR thousands unless otherwise stated)

Consolidated Statement of Changes in Equity

	Note	Issued capital	Foreign currency translation reserve	Net assets attributable to shareholders	Total
At 1 January 2014		**-**	**-**	**48 957**	**48 957**
Loss for the year		-	-	(722)	(722)
Other comprehensive income		-	(1 309)	-	(1 309)
Total comprehensive income		-	**(1 309)**	**(722)**	**(2 031)**
Operations with shareholders		-	-	6 409	6 409
At 31 December 2014		**-**	**(1 309)**	**54 644**	**53 335**
Profit for the year		-	-	31 662	31 662
Other comprehensive income		-	(562)	-	(562)
Total comprehensive income		**-**	**(562)**	**31 662**	**31 100**
Operations with shareholders		-	-	43	43
At 31 December 2015		**-**	**(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**
Issue of share capital		45	-	-	45
Dividend paid		-	-	(56 112)	(56 112)
Operations with shareholders		-	-	(1 141)	(1 141)
At 31 December 2016	**19**	**45**	**(5 142)**	**41 334**	**36 237**

(All amounts in EUR thousands unless otherwise stated)

Consolidated Statement of Cash Flows

	Year ended 31 December		
	2016	**2015**	**2014**
Operating activities			
Profit/(loss) before tax	17 910	36 008	(1 309)
Adjustments to reconcile profit before tax to net cash flows			
Valuation (gain)/loss on investment property and impairment	(21 737)	(30 357)	1 007
Finance income	(422)	(157)	(114)
Finance expense	22 645	11 089	12 737
	18 396	16 583	12 321
Working capital adjustments			
Decrease/(increase) in rent and other receivables	(14)	(667)	(253)
(Decrease)/increase in trade and other payables	45	1 377	(960)
Movements in deposits from tenants and other deposits	(806)	2 044	2 341
VAT settlements	2 086	(1 478)	(1 107)
Other Items	(535)	76	(120)
Income tax paid	(211)	9	(91)
Net cash flow from operating activities	**18 961**	**17 944**	**12 131**
Investing activities			
Purchase of investment property	-	(63 773)	(63 306)
Capital expenditure on investment property	(14 499)	(2 101)	(1 399)
Expenditure on investment property under construction	(24 966)	(38 356)	(12 268)
Movements in loans granted	-	(382)	-
Interest received	17	8	3
Net cash flow from investing activities	**(39 448)**	**(104 604)**	**(76 970)**
Financing activities			
Bank loan proceeds	138 990	106 356	87 330
Bank loan repayments	(87 996)	(27 097)	(8 332)
Proceeds from borrowings	4 316	16 475	19 367
Repayment of borrowings	(24 281)	-	(17 240)
Interest paid	(8 498)	(8 868)	(6 810)
Change in restricted cash	(1 388)	4 357	(11 063)
Net cash flow from financing activities	**21 143**	**91 223**	**63 252**
Net cash flows	**656**	**4 563**	**(1 587)**
Net increase in cash and cash equivalents	656	4 563	(1 587)
Cash and cash equivalents at the beginning of the period	9 961	5 410	7 385
Translation differences	(607)	(12)	(388)
Cash and cash equivalents at the end of the period	**10 010**	**9 961**	**5 410**

Notes to the Consolidated Financial Statements

1 General information

Griffin Premium RE.. B.V. Group (further "**Griffin Premium RE.. Group**" or "**the Group**") owns and manages yielding real estates throughout Poland. On 31 December 2016 the Group is composed of the entities presented below in the Note 1.1. In the period from 1 January 2014 until 31 December 2016 these entities were owned directly or indirectly by Griffin Topco II S.à r.l. ("**GT II**") and Griffin Topco III S.à 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.. B.V. was incorporated with the aim to become a holding Company to the Group for the purpose of an Initial Public Offering. With effect from 3 March 2017 Griffin Premium RE.. B.V. became the legal parent of entities' operations which were previously directly and indirectly controlled and managed by Griffin Topco II S.à r.l. and Griffin Topco III S.à r.l. following a Reorganisation as described in the Note 1.2. The financial information for Griffin Premium RE.. B.V. for the years ended 31 December 2014, 2015 and 2016 has been prepared on a carve out basis from the operations of Griffin Topco II S.à r.l. and Griffin Topco III S.à r.l. as if the Group existed starting from 1 January 2014.

The Management board of Griffin Premium RE.. B.V. assumed responsibility to authorize the Group's Consolidated Financial Statements to be issued. The Consolidated Financial Statements of the Group are not the statutory financial statements of Griffin Premium RE.. B.V. The Consolidated Financial Statements were authorized for issue by the Management Board of Griffin Premium RE.. B.V. on 8 March 2017. The Management has no power to change these Consolidated Financial Statements after issue.

1.1 Structure of the Group

The basis for the Consolidated Financial Statements preparation has been outlined in the Note 2.2. The details of the Group reorganization outlining the changes in the structures after 31 December 2016 have been described in Notes 1.2. and 2.1.

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

Griffin Premium RE.. B.V. - a private limited liability company, with its registered office at Barbara Strozzilaan 201, 1083 HN Amsterdam. On 21 December 2016 the company was registered in the Netherlands Chamber of Commerce Business Register under the number 67532837.

Bakalion Sp. z o.o. – Registered offices are 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 is the owner of two office buildings located in Kraków known as "Centrum Biurowe Lubicz I and II".

Centren Sp. z o.o. - Registered offices are 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 offices are 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 offices are 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".

Grayson Investments Sp. z o.o. - Registered offices are located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 28 November 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 404544. The company is a general partner to Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp.k.

Lenna Investments Sp. z o.o. – Registered offices are 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. The company is a limited partner to Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp.k.

Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp. k. - Registered offices are located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 26 January 2006. 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 250876. The company is the owner of three office and one retail building located in Warsaw known as "Hala Koszyki".

Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Cyrion Sp. z o.o.) - Registered offices are 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 offices are 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. (formerly Kafue Investments Sp. z o.o.) - Registered offices are 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 offices are 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 offices are 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 offices are 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. (formerly DH Renoma Sp. z o.o.) - Registered offices are 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".

(All amounts in EUR thousands unless otherwise stated)

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 2014, Item 157, 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 26A, Boulevard Royal, L-2449 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 26A, Boulevard Royal, L-2449 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 26A, Boulevard Royal, L-2449 Luxembourg, registered in the Luxembourg Register of Commerce and Companies under the number B205.185.

GPRE Management Sp. z o.o. (formerly Dom Handlowy Supersam Katowice Sp. z o.o.) (bought by the Group in January 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 602904.

Griffin Premium RE Lux S.à r.l. - a private limited liability company, with its registered office at 26A, boulevard Royal, L-2449 Luxembourg. On 17 January 2017 the company was registered in the Register of Commerce and Companies under the number B211834.

Prior to the reorganization that is further discussed in Note 1.2 the organizational structure and shareholdings of the Entities under common control of Griffin Topco II S.à r.l. and Griffin Topco III S.à r.l. that were combined in these Consolidated Financial Statements were as follows:

Entity	**Direct Shareholder**	**31 December**		
		2016	**2015**	**2014**
		%	%	%
Griffin Premium RE.. B.V.	Griffin Netherlands II B.V. *	67.65	-	-
Griffin Premium RE.. B.V.	GT Netherlands III B.V. *	32.35	-	-
Bakalion Sp. z o.o.	Griffin Topco III S.à r.l.	100	100	100
Centren Sp. z o.o.	Griffin Topco III S.à r.l.	100	100	100
Dolfia Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	100
Ebgaron Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	100
Grayson Investments Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	100
Lenna Investments Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	100
Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp. k.	Grayson Investments Sp. z o.o.	0.1	0.1	0.1
Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp. k.	Lenna Investments Sp. z o.o.	99.9	99.9	99.9
Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Cyrion Sp. z o.o.)	Lamantia Sp. z o.o.	0.5	0.5	-

(All amounts in EUR thousands unless otherwise stated)

Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Cyrion Sp. z o.o.)	Charlie SCSp	99.5	99.5	-
Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Cyrion Sp. z o.o.)	Griffin Topco II S.à r.l.	-	-	100
Lamantia Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	-
Dom Handlowy Renoma Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	-
Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k.	Apenon Sp. z o.o.	-	-	100
Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k.	Dom Handlowy Renoma Sp. z o.o.	0.1	0.1	-
Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k.	Charlie SCSp	99.9	99.9	-
Dom Handlowy Supersam Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	100
Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Kafue Investments Sp. z o.o.)	Griffin Topco III S.à r.l.	-	-	100
Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Kafue Investments Sp. z o.o.)	Nordic Park Offices Sp. z o.o.	0.1	0.1	-
Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Kafue Investments Sp. z o.o.)	Akka SCSp	99.9	99.9	-
Akka SCSp	Griffin Topco III S.à r.l.	0.02	0.02	-
Akka SCSp	Akka RE Sp. z o.o.	99.98	-	-
Akka SCSp	IB 14 FIZ Aktywów Niepublicznych	-	99.98	-
Charlie SCSp	Griffin Topco II S.à r.l.	0.01	0.01	-
Charlie SCSp	Charlie RE Sp. z o.o.	99.99	-	-
Charlie SCSp	GT II FIZ Aktywów Niepublicznych*	-	99.99	-
December SCSp	Griffin Topco II S.à r.l.	0.02	0.02	-
December SCSp	December RE Sp. z o.o.	99.98	-	-
December SCSp	IB 15 FIZ Aktywów Niepublicznych*	-	99.98	-
Akka RE Sp. z o.o.	GT Netherlands III B.V.*	100	-	-
Charlie RE Sp. z o.o.	GT Netherlands III B.V.*	100	-	-
December RE Sp. z o.o.	GT Netherlands III B.V.*	100	-	-
IB 14 FIZ Aktywów Niepublicznych	GT Netherlands III B.V.*	100	100	-

** These companies were controlled in 2015 by Griffin Topco II S.à r.l. or Griffin Topco III S.à r.l., they would not be included to the new Group structure for 2016.*

Two holding entities Griffin Topco II S.à r.l. and Griffin Topco III S.à r.l. are indirectly controlled by a fund ultimately controlled by Oaktree Capital Management Group LLC.

The current structure of the Group as at 31 December 2016 was described in the Note 1.2 Reorganisation.

The Management Boards of Entities constituting the Group are described below:

Management Board of:

Griffin Premium RE.. B.V.

- Dorota Wysokińska – Kuzdra – Member of the Management Board
- Rafał Pomorski – Member of the Management Board
- Intertrust Management B.V. – Member of the Management Board (to 7 March 2017)

Bakalion Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

Centren Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board (from 15 December 2014)
- Witold Piechowski – Member of the Management Board (to 15 December 2014)

Dolfia Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

Ebgaron Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

Grayson Investments Sp. z o.o.

- Dorota Wysokińska-Kuzdra – President of the Management Board (to 10 January 2014)
- Michał Świerczyński – President of the Management Board (from 10 January 2014 to 12 December 2016)
- Edyta Bobek – Member of the Management Board (from 12 December 2016)
- Artur Wojtkiewicz – Vice-President of the Management Board (from 10 January 2014)

Lenna Investments Sp. z o.o.

- Dorota Wysokińska-Kuzdra – President of the Management Board (to 10 January 2014)
- Michał Świerczyński – President of the Management Board (from 10 January 2014 to 22 December 2016)
- Edyta Bobek – Member of the Management Board (from 22 December 2016)
- Artur Wojtkiewicz – Vice-President of the Management Board (from 10 January 2014)

Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp.k.

- Dorota Wysokińska-Kuzdra – President of the Management Board of General Partner (to 10 January 2014)
- Michał Świerczyński – President of the Management Board of General Partner (from 10 January 2014 to 12 December 2016)
- Edyta Bobek – Member of the Management Board of General Partner (from 12 December 2016)
- Artur Wojtkiewicz – Vice-President of the Management Board of General Partner (from 10 January 2014)

Lamantia Spółka z ograniczoną odpowiedzialnością Sp.k. (formerly Cyrion Sp. z o.o.)

- Paweł Wołkanowicz – Member of the Management Board of General Partner

Lamantia Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board (from 16 June 2015)
- Witold Piechowski – Member of the Management Board (to 16 June 2015)

Dom Handlowy Renoma Sp. z o.o.

- Michał Świerczyński – President of the Management Board (from 7 December 2015 to 12 December 2016)
- Edyta Bobek – Member of the Management Board (from 12 December 2016)
- Piotr Fijołek – Member of the Management Board (from 7 December 2015)
- Barbara Sikora – Member of the Management Board (from 7 December 2015)
- Paweł Wołkanowicz – Member of the Management Board (from 16 June 2015 to 7 December 2015)
- Witold Piechowski – Member of the Management Board (to 16 June 2015)

Dom Handlowy Renoma Sp. z o.o. Sp.k.

After the conversion:

- Michał Świerczyński – President of the Management Board of General Partner (from 2 December 2015 to 12 December 2016)
- Edyta Bobek – Member of the Management Board of General Partner (from 12 December 2016)
- Piotr Fijołek – Member of the Management Board of General Partner (from 2 December 2015)
- Barbara Sikora – Member of the Management Board of General Partner (from 2 December 2015)

Before the conversion:

- Michał Świerczyński – President of the Management Board (to 1 December 2015)
- Piotr Fijołek – Member of the Management Board (to 1 December 2015)

Dom Handlowy Supersam Sp. z o.o.

- Michał Świerczyński – President of the Management Board (to 12 December 2016)
- Edyta Bobek – Member of the Management Board (from 12 December 2016)
- Piotr Fijołek – Member of the Management Board

Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp.k.

- Paweł Wołkanowicz – Member of the Management Board of General Partner

Nordic Park Offices Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

Akka SCSp

- Juliette Caliste – Member of the Management Board of General Partner
- Martin Eckel – Member of the Management Board of General Partner

December SCSp

- Juliette Caliste – Member of the Management Board of General Partner
- Martin Eckel – Member of the Management Board of General Partner

Charlie SCSp

- Juliette Caliste – Member of the Management Board of General Partner
- Martin Eckel – Member of the Management Board of General Partner

Akka RE Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

December RE Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

Charlie RE Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

1.2 Reorganisation

Griffin Premium RE.. B.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 B.V. ("**GN II**") and GT Netherlands III B.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, the Company became the holding company for 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.
- Sale of general partners' shares in Akka SCSp, Charlie SCSp and December SCSp by GTII and GTIII to Griffin Premium RE Lux S.à r.l. (entity owned by the Company) 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. being general partners in Lamantia Sp. z o.o. Sp. k., Dom Handlowy Renoma Sp. z o.o. Sp. k. and Nordic Park Offices Sp. z o.o. Sp.k. respectively by GT II and GT III to Griffin Premium RE.. B.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 Griffin Topco II S.à r.l. and Griffin Topco III S.à r.l. to GN II B.V. and GTN III B.V. 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 II B.V. and GTN III B.V. 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. by the Company in January 2017.
- Contribution of Centren shares from the Company to IB14 FIZAN in January 2017.

Together with the transfers of the shares of relevant entities, the transfers of related intragroup 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 Management Company in January, February and March 2017.

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.

Once the reorganisation is completed, the Company will be holding investment certificates 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 will be holding (directly or indirectly) shares in all remaining Entities.

List of all Entities composing the Group is included in Note 1.1.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Consolidated Financial Statements of the Griffin Premium RE.. B.V. Group

With effect from 3 March 2017 Griffin Premium RE.. B.V. became the legal parent of the Entities, which were previously directly and indirectly controlled by Griffin Topco II S.à r.l. and Griffin Topco III S.à r.l. following a Reorganization through sale of businesses and contributions of shares by the holding companies in exchange for shares in Griffin Premium RE.. B.V.

Prior to the Reorganization the Group has not prepared Consolidated Financial Statements. The Entities were not formerly a separate group but were part of the operations owned and managed by Griffin Topco II S.à r.l. and Griffin Topco III S.à r.l. and its affiliates and reported on a standalone basis to the Griffin Topco II S.à r.l. or Griffin Topco III S.à r.l. for the purpose of preparing Abridged Consolidated Financial Statements of the Griffin Topco II S.à r.l. Group and Griffin Topco III S.à r.l. Group.

These Consolidated Financial Statements have been drawn up for the Group on the basis described below and present the financial position and performance of the Group as if the operations of the Entities had been held and operated under a single separate entity. This financial information therefore reflects the operations of the Griffin Premium RE.. B.V. Group.

The financial information for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 were prepared on such basis, that the financial information sets out the Group's financial position as of 31 December 2016, 31 December 2015 and 31 December 2014 and financial performance for those periods as if the Entities were fully controlled by the Group in the respective periods.

These financial statements have been prepared for the purpose of initial public offering of Griffin Premium RE.. B.V. on the Warsaw Stock Exchange.

2.2 Basis of preparation

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 Consolidated Financial Statements for the years ended 31 December 2014, 2015 and 2016 comprise the Entities operations, as noted above, which were transferred to Griffin Premium RE.. B.V. throughout the period between January and March 2017 in exchange of the shares issued by Griffin Premium RE.. B.V. as described in the Note 1.2.

The preparation of Consolidated Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in Note 3. Actual results could differ from those estimates. Estimates are used principally when accounting for investment property fair value and taxes.

The Consolidated Financial Statements have been prepared on a going concern basis, applying a historical cost basis, except for the measurement of investment property at fair value and derivative financial instruments that have been measured at fair value.

2.3 New and amended standards and interpretations

The Group applied all standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 2016, they did not impact the annual Consolidated Financial Statements of the Group.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these Consolidated Financial Statements. They include:

IAS 40 Investment Property

The amendment is applied prospectively and clarifies that the description of ancillary services in IAS 40 only relates to the judgement needed to differentiate between investment property and owner-occupied property (i.e., property, plant and equipment). It further clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment did not cause any change in the accounting policy of the Group, that is based on the current regulations.

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these Consolidated Financial Statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39 Financial Instruments: Recognition and Measurement. This is consistent with the Group's current accounting policy and, thus, this amendment did not impact the Group's accounting policy.

a) Standards issued but not yet effective

The standards relevant to this Group that are issued but not yet effective up to the date of issuance of the Consolidated Financial Statements are disclosed below. This list of standards and interpretations issued are those that the Group reasonably expects to have an impact on the Consolidated Financial Statements when applied at a future date. The Group intends to adopt these standards when they become effective.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and establishes new approach to lease agreements. The new standard will supersede current lease requirements under IFRS.

Landlord accounting is substantially unchanged from current accounting. As with IAS 17 Leases, IFRS 16 requires landlords to classify their rental contracts into two types, finance and operating leases. Lease classification determines how and when a landlord recognizes lease revenue and what assets a landlord records. The profit or loss recognition pattern for landlords is not expected to change.

The implementation of the new standard will impact the lessee accounting significantly and thus might influence the real estate entities' business practices.

The Group plans to adopt the new standard on the effective date. During 2016, the Group has started the impact assessment of all aspects of IFRS 16 by performing the high level evaluation. The Group is currently assessing the detailed impact of IFRS 16.

The new standard is effective for annual periods beginning on or after 1 January 2019, with limited early application permitted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the effective date, using the full retrospective method.

During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments. The Group is currently assessing the impact of IFRS 15, in particular in respect of the following:

- The requirements to estimate variable consideration, and to determine the number of performance obligations contained in a contract, may lead to different revenue recognition in respect of fees for property management and development services.

- Sales of real estate will generally be recognized when control of the property transfers. Judgement will be required when applying the new requirements, to assess whether control transfers and therefore revenue should be recognized over time or at a point in time.

Note that IFRS 15 will not affect the recognition of lease income as this is still dealt with under IAS 17 Leases.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but the provision of comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the effective date. During 2016, the Group has performed a high level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9.

b) Standards issued not yet endorsed

The Company's Management Board is analyzing and assessing the effect of the new standards disclosed below and their interpretations on the accounting policies applied by the Group and on the Group's future financial statements.

- IFRS 14 Regulatory Deferral Accounts, issued on 30 January 2014 (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture; issued on 11 September 2014 − work on approval of the amendments has been postponed by the EU for an indefinite term; thus, the effective date of the amendments has been postponed by the IASB for an indefinite term;
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses, issued on 19 January 2016 (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IAS 7 Disclosure Initiative, issued on 29 January 2016 (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IFRS 4: Application of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016) – effective for annual periods beginning on or after 1 January 2018;
- Amendments to IFRS 2: Share-based Payment (issued on 20 June 2016) – effective for annual periods beginning on or after 1 January 2018.

2.4 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. For each entity including Griffin Premium RE.. B.V., 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, determined that the functional currency is PLN and items included in the financial statements of the Entities and Griffin Premium RE.. B.V. are measured using that functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's 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.

(All amounts in EUR thousands unless otherwise stated)

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		
	2016	**2015**	**2014**
PLN/EUR	4,4240	4,2615	4,2623

	Average for the year		
	2016	**2015**	**2014**
PLN/EUR	4,3637	4,1843	4,1844

2.5 Investment property

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 recognized 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 ('Repair and maintenance costs') during the financial period in which they are incurred.

Changes in fair values are recorded in the Consolidated Statement of Profit or Loss within 'Net gains/(losses) on Investment Properties'.

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 'Net gains/(losses) 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 letter 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 capitalized 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 capitalized 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.

2.6 Rent and other receivables

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.

An allowance is made when there is objective evidence that the Group will not be able to recover balances in full.

Balances are written off when the probability of recovery is assessed as being remote.

2.7 Financial instruments

The Group classifies its financial assets and liabilities to the following categories:

a) Financial assets or financial liabilities are measured at fair value through profit or loss - including:

    - financial assets designated upon initial recognition at fair value through profit or loss,

- derivative instruments which fail to meet the conditions for hedge accounting;

b) Loans and receivables - financial assets other than derivatives with fixed or determinable payments that are not quoted in an active market.

Financial assets are recognized on the transaction date, and derecognized 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.

Derivatives

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

The Group takes recourse to derivative instruments to mitigate the risks associated with changes in exchange rates or interest rates.

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 recognizes profit/loss from valuation and realization 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 interest rate used to convert the interest rate of the loan from variable to fixed is recognized 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, trade receivables and other receivables which are financial assets come under the category of “Long term loans”, “Short-term loans”, “Other receivables” or “Rent and other receivables”. They are initially recognized at fair value (plus transaction costs if any) and subsequently measured at amortised cost less the accumulated impairment losses. 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 recognized in the Consolidated Statement Profit or Loss as “Rental income”. Subsequent repayment of previously written-off receivables is recognized in “Rental 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.

2.8 Fair value

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:

- In 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 categorized 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 re-assessing 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.

2.9 Cash and short-term deposits and restricted cash

Cash and short-term deposits in the statement of financial position comprise cash at bank, restricted cash and short-term deposits with an original maturity of three 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.

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.

2.10 Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings 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.

2.11 Deposits from tenants and other deposits received

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.

2.12 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if 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 or assets, even if that right is not explicitly specified in the arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

2.13 Revenue recognition

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 all of its revenue arrangements since it is the primary obligor, it has pricing latitude and is also exposed to inventory and credit risks.

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

Rental income

The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in Rental income in the Consolidated Statement of Profit or Loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for damages are recognised in the Consolidated Statement of Profit or Loss when the right to receive them arises.

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in net Rental income gross of the related costs, to the extent the directors consider that the Group acts as principal in this respect i.e. when it has primary responsibility for providing the services and bears the credit risk.

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.

2.14 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.

2.15 Taxes

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.

The Group recognises liabilities for current taxes based on estimates of whether additional taxes will be due.

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.

2.16 Current income tax

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.

2.17 Deferred income tax

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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 utilized.

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.

2.18 Consolidation of subsidiaries

Subsidiaries are all entities (including structured 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. 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.

2.19 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. The Group identified the following reporting segments, the same as the operating segments, defined based on the type of projects:

- high street mixed use properties,
- office buildings.

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.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods. Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

a) Investment property

Investment properties are buildings rented by Group 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 properties yielding fixed income 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 5.1.3.

b) Taxes

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.

4 Business combination under common control

A business combination under common control is a business combination in which all of the entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory. In particular, this will include transactions such as the transfer of subsidiaries or businesses between entities within the Group. In the case of a business combination under common control, entities within the Group should apply the pooling of interest method with application of financial data from Consolidated Financial Statements of the parent entity.

The pooling of interest method is considered to involve the following:

- the assets and liabilities of the combining entities are reflected at their carrying amounts – i.e. no adjustments are made to reflect fair values or to recognize any new assets or liabilities, which would otherwise be done under the acquisition method; the only adjustments that are made are to harmonize accounting policies and eliminate inter-company balances;
- no “new” goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred and the equity “acquired” is reflected within equity. Comparative data is not adjusted.

5 Financial risk management

5.1 Financial risk factors

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 summarized 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.

(All amounts in EUR thousands unless otherwise stated)

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 matching 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.

	Increase/(decrease) in percentage points	Effect on equity	Effect on Profit/(loss) before tax
2016			
EUR/PLN	+1	-	629
EUR/PLN	-1	-	(629)
2015			
EUR/PLN	+1	-	1 156
EUR/PLN	-1	-	(1 156)
2014			
EUR/PLN	+1	-	716
EUR/PLN	-1	-	(716)

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.

To manage its interest rate risk, the Group enters into interest rate swaps, in which it agrees 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 are designated to mitigate risk associated with underlying debt obligations. After taking into account the effect of interest rate swaps the interest rate risk exposure as at December 2015: in 30%, at December 2014: in 46% is covered by IRS contract concluded by the Group. As at 31 December 2016 the loans are not covered by interest rate swaps.

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 equity	Effect on Profit/(loss) before tax
2016			
EURIBOR	+1	-	(2 978)

(All amounts in EUR thousands unless otherwise stated)

EURIBOR	-1	-	2 978
WIBOR	+1	-	(243)
WIBOR	-1	-	243
NBP reference rate	+1	-	(56)
NBP reference rate	-1	-	56

	Increase/(decrease) in percentage points	Effect on equity	Effect on Profit/(loss) before tax
2015			
EURIBOR	+1	-	(2 167)
EURIBOR	-1	-	2 167
WIBOR	+1	-	(402)
WIBOR	-1	-	402
NBP reference rate	+1	-	(59)
NBP reference rate	-1	-	59

	Increase/(decrease) in percentage points	Effect on equity	Effect on Profit/(loss) before tax
2014			
EURIBOR	+1	-	(1 449)
EURIBOR	-1	-	1 449
WIBOR	+1	-	(309)
WIBOR	-1	-	309
NBP reference rate	+1	-	(59)
NBP reference rate	-1	-	59

b) Credit risk

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

Rent receivables

Rents are assessed according to Group criteria prior to entering into lease arrangements. Credit risk is managed by security deposits paid 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 analyzed in the following table, the revenue from rent from major tenant currently does not exceed 7% of the Group's rental income.

(All amounts in EUR thousands unless otherwise stated)

Concentration of credit risk

	share in total rental income		
	2016	2015	2014
Tenant A	7%	11%	-
Tenant B	7%	7%	10%
Tenant C	2%	6%	7%

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy. Investments of surplus funds are made only with reputable institutions. The Group places only short-term deposits, which are highly liquid and of the certain rates of return. The Group's maximum exposure to credit risk for the components of the Consolidated Statement of Financial Position at 31 December 2016, 2015 and 2014 is the carrying amounts of each class of financial instruments.

c) Price risk

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk and property rent levels fluctuations risk.

The Group leases out its properties to retail and office tenants. Rents, in medium term, may fluctuate in connection with changes in supply of the premises to let. This however in long term shall remain constant.

The majority of Group's assets are investment properties, that are exposed to the risk of real estate's prices fluctuation. In order to manage the impact of the prices changes on the Group's assets, the investment properties are valued by external appraisers annually. The effect of valuation are reflected in Group's Consolidated Statement of Profit and Loss.

d) Liquidity risk

Griffin Premium RE.. B.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):

Year ended 31 December 2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bank loans	-	3 339	41 320	112 515	148 186	**305 360**
Other borrowings	-	-	16	55 056	82 863	**137 935**
Deposits from tenants and other deposits	66	250	160	2 166	1 182	**3 824**
Trade and other payables	1 314	1 946	-	-	-	**3 260**
Capex payables	2 340	983	-	-	-	**3 323**
	3 720	**6 518**	**41 496**	**169 737**	**232 231**	**453 702**

Year ended 31 December 2015	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bank loans	-	3 784	76 563	150 770	22 590	**253 707**
Derivative financial instruments	-	660	648	-	-	**1 308**
Other borrowings	-	-	-	50 870	46 739	**97 609**
Deposits from tenants and other deposits	2	5	358	3 494	936	**4 795**
Trade and other payables	362	2 835	-	-	-	**3 197**
Capex payables	1 585	2 108	35	-	-	**3 728**
	1 949	**9 392**	**77 604**	**205 134**	**70 265**	**364 344**

(All amounts in EUR thousands unless otherwise stated)

Year ended 31 December 2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bank loans	-	1 695	2 577	144 659	24 139	**173 070**
Derivative financial instruments	-	627	1 865	1 225	-	**3 717**
Other borrowings	-	-	-	16 108	60 356	**76 464**
Deposits from tenants and other deposits	5	23	68	2 287	404	**2 787**
Trade and other payables	80	1 700	9	-	-	**1 789**
Capex payables	1 227	4 312	69	-	-	**5 608**
	1 312	**8 357**	**4 588**	**164 279**	**84 899**	**263 435**

Bank loans presented as short-term as at 31 December 2016 relate to a maturing bank facility to be refinanced before June 2017 and the part of loans that will be paid within one year from the balance sheet date.

Bank loans presented as short-term as at 31 December 2015 relate to a maturing bank facility refinanced in June 2016 and the part of loans that will be paid within one year from the balance sheet date (loan amortization and interest).

5.1.1 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.

	Year ended 31 December		
	2016	**2015**	**2014**
Total loans granted	(790)	(523)	(138)
Total bank loans and other borrowings	439 520	346 852	245 993
Less: Cash	(16 717)	(15 146)	(14 334)
Net debt	**422 013**	**331 183**	**231 521**
External valuation of completed investment property	470 380	385 825	237 410
External valuation of investment property under construction	-	36 850	52 671
Total external valuation of investment property and investment property under construction	**470 380**	**422 675**	**290 081**
Loan to value ratio	90%	78%	80%
Loan to value ratio (bank loans)	60%	56%	54%
Loan to value ratio (other borrowings)	26%	19%	21%

Fair value estimation

5.1.2 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:

	Carrying amount			Fair value		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
Financial assets						

Long-term loans	790	523	138	790	523	138
Long-term restricted cash	2 406	2 540	3 158	2 406	2 540	3 158
Rent and other receivables	3 813	6 149	3 749	3 813	6 149	3 749
Cash and short-term deposits	10 010	9 961	5 410	10 010	9 961	5 410
Restricted cash	6 707	5 185	8 924	6 707	5 185	8 924
Financial liabilities						
Bank loans	301 585	250 686	170 320	301 585	250 686	170 320
Derivative financial instruments	-	1 308	3 717	-	1 308	3 717
Other borrowings	137 935	96 166	75 673	137 935	96 166	75 673
Deposits from tenants and other deposits	3 824	4 795	2 787	3 824	4 795	2 787
Trade and other payables	3 260	3 197	1 789	3 260	3 197	1 789
Capex payables	3 323	3 728	5 608	3 323	3 728	5 608

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 2014, 2015 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 borrowing rate including its own non-performance risk as at 31 December 2016.

5.1.3 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

The valuation technique of investments under construction i.e. Supersam (2015) and Hala Koszyki (2016) have been changed from residual method to the income method due to their completeness. Except for above there were no changes in valuation techniques during 2016, 2015 and 2014.

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.

Equivalent yield

Equivalent yields used to estimate the fair value as at 31 December 2016 ranged from 5.92% to 8.62% (as at 31 December 2015 ranged from 5.65% to 8.25%, whereas rates used for valuation as at 31 December 2014 ranged from 6.5% to 8.25%).

Fair value hierarchy

(All amounts in EUR thousands unless otherwise stated)

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:

	Fair value measurement using				
31 December 2016	**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	17 223
Properties under construction	-	-	-	-	4 514
Total	**-**	**-**	**470 380**	**470 380**	**21 737**

	Fair value measurement using				
31 December 2015	**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	-	-	385 825	385 825	20 508
Properties under construction	-	-	36 850	36 850	9 849
Total	**-**	**-**	**422 675**	**422 675**	**30 357**

	Fair value measurement using				
31 December 2014	**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	-	-	237 410	237 410	9 040
Properties under construction	-	-	52 671	52 671	(11 349)
Total	**-**	**-**	**290 081**	**290 081**	**(2 309)**

(All amounts in EUR thousands unless otherwise stated)

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:

Sensitivity analysis

	As of December 31, 2016	
Portfolio / Segment	**Impact on PBT (*) of EUR 1 increase in ERV (**)**	**Impact on PBT (*) of 0.25% decrease in Yield**
High street mixed use properties	16 796	11 629
Office buildings	13 507	6 494
Total	**30 303**	**18 123**

	As of December 31, 2015	
Portfolio / Segment	**Impact on PBT (*) of EUR 1 increase in ERV (**)**	**Impact on PBT (*) of 0.25% decrease in Yield**
High street mixed use properties	14 735	10 033
Office buildings	13 240	6 270
Total	**27 975**	**16 303**

	As of December 31, 2014	
Portfolio / Segment	**Impact on PBT (*) of EUR 1 increase in ERV (**)**	**Impact on PBT (*) of 0.25% decrease in Yield**
High street mixed use properties	10 864	6 909
Office buildings	7 273	3 458
Total	**18 137**	**10 367**

** Profit/(loss) Before Tax (the same line item as in the Consolidated Statement of Profit and Loss),*
*** Estimated Rental Value Transfers between hierarchy levels*

There were no transfers between Levels 1, 2 or 3 during 2016, 2015 and 2014.

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 21 737 and were presented in the Consolidated Statement of Profit or Loss in line ‘Valuation gain/(loss) from investment property’. Gains recorded in Consolidated Statement of Profit or Loss for the year ended 31 December 2015 for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amounted to 30 357 and were presented in the Consolidated Statement of Profit or Loss in line ‘Valuation gain/(loss) from investment property’. Losses recorded in the Consolidated Statement of Profit or Loss for the year ended 31 December 2014 for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amounted to 2 309 and were presented in the Consolidated Statement of Profit or Loss in line ‘Valuation gain/(loss) from 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.

5.1.4 Fair value hierarchy

Quantitative disclosures of the Group’s financial instruments in the fair value measurement hierarchy as at 31 December 2016, 2015 and 2014:

(All amounts in EUR thousands unless otherwise stated)

31 December 2016	Level 1	Level 2	Level 3	Total
Completed investment property	-	-	470 380	**470 380**
Investment property under construction	-	-	-	**-**
Long-term loans	-	790	-	**790**
Bank loans	-	301 585	-	**301 585**
Other borrowings	-	137 935	-	**137 935**
Deposits from tenants and other deposits	-	3 824	-	**3 824**
Trade and other payables	-	3 260	-	**3 260**
Capex payables	-	3 323	-	**3 323**

31 December 2015	Level 1	Level 2	Level 3	Total
Completed investment property	-	-	385 825	**385 825**
Investment property under construction	-	-	36 850	**36 850**
Long-term loans	-	523	-	**523**
Bank loans	-	250 686	-	**250 686**
Derivative financial instruments	-	1 308	-	**1 308**
Other borrowings	-	96 166	-	**96 166**
Deposits from tenants and other deposits	-	4 795	-	**4 795**
Trade and other payables	-	3 197	-	**3 197**
Capex payables	-	3 728	-	**3 728**

31 December 2014	Level 1	Level 2	Level 3	Total
Completed investment property	-	-	237 410	**237 410**
Investment property under construction	-	-	52 671	**52 671**
Long-term loans	-	138	-	**138**
Bank loans	-	170 320	-	**170 320**
Derivative financial instruments	-	3 717	-	**3 717**
Other borrowings	-	75 673	-	**75 673**
Deposits from tenants and other deposits	-	2 787	-	**2 787**
Trade and other payables	-	1 789	-	**1 789**
Capex payables	-	5 608	-	**5 608**

6 Rental income

	Year ended 31 December		
	2016	**2015**	**2014**
Rental income (excluding straight-lining of lease incentives)	22 960	20 762	15 848
Straight-lining of lease incentives	728	554	106
Rental income	**23 688**	**21 316**	**15 954**
Service charges and marketing income	9 856	8 934	6 151
	33 544	**30 250**	**22 105**

The Group leases out its properties under operating leases and defines a lease contract as a signed agreement between landlord and tenant whereby the right to use property is transferred for a defined period of time.

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.

(All amounts in EUR thousands unless otherwise stated)

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 be recognized on a straight-line basis over the lease term based on the total rental payments.

Future minimum rental receivable under non-cancellable operating leases as at 31 December 2016, 2015 and 2014 are, as follows:

	2016	2015	2014
Within 1 year	27 236	23 951	21 066
After 1 year, but not more than 5 years	110 828	105 560	80 238
More than 5 years	29 213	25 635	27 559
	167 277	**155 146**	**128 863**

7 Property operating expenses and administrative expenses

	Year ended 31 December		
	2016	**2015**	**2014**
Property operating expenses			
Utilities	3 996	3 404	2 260
Property administration	3 985	2 928	2 042
Real estate taxes	1 832	1 533	1 553
Marketing services	992	794	409
Other cost of sales	330	70	54
	11 135	**8 729**	**6 318**

	Year ended 31 December		
Property operating expenses	**2016**	**2015**	**2014**
Property expenses arising from investment property that generated rental income	11 135	8 696	5 778
Property expenses arising from investment property that did not generate rental income (properties under construction)	-	33	540
Total property expenses	**11 135**	**8 729**	**6 318**

	Year ended 31 December		
	2016	**2015**	**2014**
Administrative expenses			
Legal and consulting costs	1 825	1 983	1 241
Asset management services	2 032	2 286	1 752
Other	156	669	473
Total administrative expenses	**4 013**	**4 938**	**3 466**

8 Finance income

	Year ended 31 December		
	2016	**2015**	**2014**
Bank interest	32	25	16
Interest from loans to related parties	330	-	-
Other financial income	60	132	98
	422	**157**	**114**

(All amounts in EUR thousands unless otherwise stated)

9 Finance cost

	Year ended 31 December		
	2016	2015	2014
Interest:	(13 016)	(12 113)	(11 288)
Bank borrowings	(8 431)	(8 179)	(6 569)
Loans from related parties	(4 566)	(3 683)	(4 710)
Other interest expenses	(19)	(251)	(9)
Commissions and bank fees	(690)	(647)	(822)
Net foreign exchange gains/(losses) on financial activities	(11 648)	(3 184)	(5 097)
Fair value gains/(losses) on financial instruments:	1 277	2 455	1 617
Interest rate swap	1 277	2 455	1 617
Financial expenses	**(24 077)**	**(13 489)**	**(15 590)**
Capitalized costs and foreign exchange differences	1 432	2 400	2 853
Total finance cost	**(22 645)**	**(11 089)**	**(12 737)**

Fair value gains/(losses) on financial instruments relate to interest rate swap used to mitigate risks associated with fluctuation of interest rates. Due to the fact that interest rate swap presented above was not identified as embedded derivative it was not included in the measurement of the loan liability at amortised cost.

10 Segment information

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.

Group administrative costs, profit/loss on disposal of investment property, finance income, finance costs and income taxes are not reported to the members of the executive management team on a segment basis. There are no sales between segments. Segment assets represent investment property (both completed Investment Property and Investment Property Under Construction) and Long term loans.

Segment liabilities represent loans and borrowings, as these are the only liabilities reported to the Management Board on a segmental basis.

Other positions of Consolidated Financial Statements are not presented by segments as this information is not analyzed from the segment perspective by the Management Board.

	Year ended 31 December 2016		
	High-street mixed use properties	Office properties	Total
Segment profit			
Rental income	11 124	12 564	23 688
Service charge and marketing income	5 691	4 165	9 856
Property operating expenses	(6 238)	(4 897)	(11 135)
Valuation gain/(loss) from investment property	16 222	5 515	21 737
Segment profit	**26 799**	**17 347**	**44 146**

(All amounts in EUR thousands unless otherwise stated)

	Year ended 31 December 2016		
	High-street mixed use properties	**Office properties**	**Total**
Finance costs	(10 392)	(12 068)	(22 460)
Unallocated to segments			
Administrative expenses			(4 013)
Finance income and costs			237
Profit/(loss) before tax			**17 910**

	Year ended 31 December 2016		
	High-street mixed use properties	**Office properties**	**Total**
Segment assets			
Completed investment property	281 490	188 890	470 380
Long term loans	790	-	790
Total Segment assets	**282 280**	**188 890**	**471 170**
Assets unallocated to segments			
Deferred tax			7 674
Other assets			22 978
Total assets			**501 822**
Segment liabilities			
Loans and borrowings	235 632	167 836	403 468
Total Segment liabilities	**235 632**	**167 836**	**403 468**
Liabilities unallocated to segments			
Deferred tax			15 658
Loans and borrowings			36 052
Non-current liabilities			3 348
Current liabilities			7 059
Total liabilities			**465 585**

	Year ended 31 December 2015		
	High-street mixed use properties	**Office properties**	**Total**
Segment profit			
Rental income	8 717	12 599	21 316
Service charge and marketing income	4 755	4 179	8 934
Property operating expenses	(4 282)	(4 447)	(8 729)
Valuation gain/(loss) from investment property	18 767	11 590	30 357
Segment profit	**27 957**	**23 921**	**51 878**
Finance costs	(2 932)	(8 157)	(11 089)
Unallocated to segments			-
Administrative expenses			(4 938)
Finance income and costs			157
Profit/(loss) before tax			**36 008**

(All amounts in EUR thousands unless otherwise stated)

	Year ended 31 December 2015		
	High-street mixed use properties	Office properties	Total
Segment assets			
Completed investment property	200 644	185 181	385 825
Investment property under construction	36 850	-	36 850
Long term loans	523	-	523
Total Segment assets	**238 017**	**185 181**	**423 198**
Assets unallocated to segments			
Deferred tax			2 096
Other assets			23 866
Total assets			**449 160**
Segment liabilities			
Loans and borrowings	178 716	168 136	346 852
Derivative financial instruments	1 308	-	1 308
Total Segment liabilities	**180 024**	**168 136**	**348 160**
Liabilities unallocated to segments			
Deferred tax			4 802
Non-current liabilities			4 430
Current liabilities			7 290
Total liabilities			**364 682**

	Year ended 31 December 2014		
	High-street mixed use properties	Office properties	Total
Segment profit			
Rental income	8 114	7 840	15 954
Service charge and marketing income	3 719	2 432	6 151
Property operating expenses	(3 795)	(2 523)	(6 318)
Valuation gain/(loss) from investment property	(8 781)	6 472	(2 309)
(Impairment)/reversal of impairment of property	1 302	-	1 302
Segment profit	**559**	**14 221**	**14 780**
Finance costs	(5 622)	(7 115)	(12 737)
Unallocated to segments			
Administrative expenses			(3 466)
Finance income and costs			114
Profit/(loss) before tax			**(1 309)**

	Year ended 31 December 2014		
	High-street mixed use properties	Office properties	Total
Segment assets			
Completed investment property	127 500	109 910	237 410
Investment property under construction	52 671	-	52 671
Long term loans	138	-	138
Total Segment assets	**180 309**	**109 910**	**290 219**
Assets unallocated to segments			
Deferred tax			4 677
Other assets			21 465
Total assets			**316 361**

(All amounts in EUR thousands unless otherwise stated)

	Year ended 31 December 2014		
	High-street mixed use properties	**Office properties**	**Total**
Segment liabilities			
Loans and borrowings	142 940	103 053	245 993
Derivative financial instruments	3 717	-	3 717
Total Segment liabilities	**146 657**	**103 053**	**249 710**
Liabilities unallocated to segments			
Deferred tax			3 132
Non-current liabilities			2 691
Current liabilities			7 493
Total liabilities			**263 026**

Geographical information:

Rental income	Year ended 31 December		
	2016	**2015**	**2014**
City of Investment Property location			
Katowice	2 966	721	-
Krakow	4 075	4 339	3 046
Lodz	5 239	3 770	-
Warsaw	3 743	4 490	4 807
Wroclaw	7 665	7 996	8 101
Total	23 688	**21 316**	**15 954**

Carrying amount of investment property (including under construction):

Carrying amount of investment property

	Year ended 31 December		
City of Investment Property location	**2016**	**2015**	**2014**
Katowice	56 020	62 040	31 771
Krakow	64 830	62 000	56 000
Lodz	69 650	67 160	-
Warsaw	142 970	92 870	74 810
Wroclaw	136 910	138 605	127 500
Total	**470 380**	**422 675**	**290 081**

11 Income tax

The major components of income tax expense for the years ended 31 December 2016, 2015 and 2014 are:

	Year ended 31 December		
	2016	**2015**	**2014**
Consolidated Statement of Comprehensive Income			
Current income tax:			
Current income tax charge	(223)	(12)	-
Deferred income tax:			
Relating to origination and reversal of temporary differences	(5 449)	(4 334)	587
Income tax (expense)/gain reported in the Consolidated Statement of Comprehensive Income	**(5 672)**	**(4 346)**	**587**

Reconciliation of tax expense and the accounting profit multiplied by Poland's tax rate for 2016, 2015 and 2014 is, as follows:

	Year ended 31 December		
	2016	**2015**	**2014**

Profit/(loss) before income tax	**17 910**	**36 008**	**(1 309)**
Expected taxation charge at the tax rate 19%	(3 403)	(6 842)	249
Effect of:			
Income not subject to tax	292	8	20
Expenses not deductible for tax purposes	(123)	(133)	(17)
Adjustments for companies not obliged to calculate income tax	(3 066)	2 739	117
Temporary differences for which no deferred tax asset is recognized	-	(75)	(22)
Tax losses from prior years from which no deferred tax asset was recognised	204	(43)	-
Reversal of impairment deferred tax asset on not expired tax losses	424	-	240
Tax (charge)/credit	**(5 672)**	**(4 346)**	**587**

(All amounts in EUR thousands unless otherwise stated)

The movement in deferred tax assets and liabilities during the year was as follows:

Deferred tax assets	**Interest and exchange rate differences accrued**	**Tax losses carried forward**	**Unrealised loss on fair value**	**Other**	**Total**
As at 1 January 2014	**1 245**	**526**	**-**	**73**	**1 844**
Charged / (credited) to the Consolidated Statement of Profit and Loss	776	382	1 759	19	**2 936**
Foreign currency translation	(48)	(21)	(32)	(2)	**(103)**
As at 31 December 2014	**1 973**	**887**	**1 727**	**90**	**4 677**
Charged / (credited) to the Consolidated Statement of Profit and Loss	(725)	(417)	(1 461)	(28)	(2 631)
Foreign currency translation	14	8	27	1	50
As at 31 December 2015	**1 262**	**478**	**293**	**63**	**2 096**
Charged / (credited) to the Consolidated Statement of Profit and Loss	3 492	1 117	942	182	5 733
Foreign currency translation	(94)	(33)	(24)	(4)	(155)
As at 31 December 2016	**4 660**	**1 562**	**1 211**	**241**	**7 674**

Deferred tax liabilities	**Temporary difference between tax and book value**	**Interest and exchange rate differences accrued**	**Other**	**Total**
As at 1 January 2014	**741**	**100**	**7**	**848**
Charged / (credited) to the Consolidated Statement of Profit and Loss	2 326	9	14	**2 349**
Foreign currency translation	(62)	(3)	-	**(65)**
As at 31 December 2014	**3 005**	**106**	**21**	**3 132**
Charged / (credited) to the Consolidated Statement of Profit and Loss	1 496	115	92	**1 703**
Foreign currency translation	(29)	(2)	(2)	**(33)**
As at 31 December 2015	**4 472**	**219**	**111**	**4 802**
Charged / (credited) to the Consolidated Statement of Profit and Loss	11 150	(113)	145	11 182
Foreign currency translation	(313)	(7)	(6)	(326)
As at 31 December 2016	**15 309**	**99**	**250**	**15 658**

As at 31 December 2016 the Group has tax losses that arose in Poland of 4 435 (2015: 5 545; 2014: 5 994) 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 recognized in respect of tax losses in amount of 27 (2015: 3 037; 2014: 1 316) 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.

The right from tax losses carried forward to reduce income tax expires in 2017 (18), in 2018 (515), in 2019 (543), in 2020 (1 426), in 2021 (767), in 2022 (1 165).

(All amounts in EUR thousands unless otherwise stated)

12 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 weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average 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.. B.V. issued as of 3 March 2017 was used for EPS calculation for 2016, 2015 and 2014.

From the date of incorporation of the Griffin Premium RE.. B.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.

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

	Year ended 31 December		
	2016	**2015**	**2014**
Profit/(loss) attributable to equity holders of the parent [in EUR]	12 238 000	31 662 000	(722 000)
Weighted average number of ordinary shares	133 931 912	133 931 912	133 931 912
Earnings per share (basic and diluted) [in EUR]	**0.09**	**0.24**	**(0.01)**

13 Completed investment property

	2016	**2015**	**2014**
At 1 January	**385 825**	**237 410**	**169 424**
Capital expenditures on completed property	12 715	1 132	850
Acquisitions on new properties	-	63 597	63 541
Transfers from property under construction	68 182	64 913	-
Agent fees	1 243	402	375
Rent free period incentive	728	555	106
Net gain/(loss) from fair value adjustments on investment property	17 223	20 508	9 040
Foreign currency translation	(15 536)	(2 692)	(5 926)
At 31 December	**470 380**	**385 825**	**237 410**

As at 31 December 2014 the Group possessed 6 investment properties and 2 investment properties under construction. In 2015 the Group possessed 8 investment properties and 1 property under construction. At the end of 2016 all 9 properties were completed.

Transfer of property from investment property under construction to completed investment property is related to Hala Koszyki in 2016 and Supersam in 2015.

The Group’s investment properties have been revalued to fair value using the following methods:

- Income method (Renoma, Batory Office Buildings, Bliski Center, Nordic Park, Centrum Biurowe Lubicz I and II, Green Horizon, Philips House, Hala Koszyki, Supersam - 2016),
- Mixed method (residual method) (Supersam - 2015).

14 Investment property under construction

	2016	**2015**	**2014**
At 1 January	**36 850**	**52 671**	**46 282**
Capital expenditure	25 672	36 444	17 003
Financial costs capitalised including amortised cost	1 881	2 400	2 853
Received grant	128	97	(2 024)
Transfer to completed investment property under construction	(68 182)	(64 913)	-

(All amounts in EUR thousands unless otherwise stated)

	2016	2015	2014
Net gain/(loss) from fair value adjustments on investment property	4 514	9 849	(11 349)
(Impairment)/reversal of impairment property	-	-	1 302
Foreign currency translation	(863)	302	(1 396)
At 31 December	**-**	**36 850**	**52 671**

During year ending 31 December 2014 the Group owned two investment properties under construction – Supersam and Hala Koszyki. Hala Koszyki was valued at cost, whereas Supersam was revalued to Fair value.

In 2015 Supersam was transferred to completed properties. According to the Group's accounting policy, due to substantial progress of Hala Koszyki's leasing process, the property has been accounted for at its to fair value at the year ended 31 December 2015. Its market value has been estimated by applying the residual approach to valuation whereby all the costs required to complete development are deducted from the estimated fair value of completed development in order to obtain current value of the property.

The reversal of impairment in 2014 relates to Hala Koszyki and comprise the impairment charge from revaluation and positive impact of grant recognition.

15 Loans granted

At the end of the 2015 and 2014 the Group had the loans receivable from related party - Apenon Sp. z o.o.

In 2015 Apenon Sp. z o.o. was granted additional loan up to the amount of 4 000 thousands PLN out of which 100 thousands PLN was disbursed.

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

Year ended 31 December 2016

Borrower	Total	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.à r.l.	232	232	-
	790	**790**	**0**

Year ended 31 December 2015

Borrower	Total	After 1 year but no more than 5 years	More than 5 years
Apenon Sp. z o.o.	145	145	-
Apenon Sp. z o.o.	378	378	-
	523	**523**	**-**

Year ended 31 December 2014

Borrower	Total	After 1 year but no more than 5 years	More than 5 years
Apenon Sp. z o.o.	138	138	-
	138	**138**	**-**

16 Rent and other receivables

	As at 31 December		
	2016	**2015**	**2014**

	As at 31 December		
	2016	**2015**	**2014**
Rent and service charge receivables	3 327	2 526	1 803
Less: Provision for impairment of receivables	(722)	(445)	(402)
Rent receivables - net	**2 605**	**2 081**	**1 401**
VAT receivables	826	3 064	1 601
Deferred expenses	89	207	103
Notarial and other deposits	-	389	532
Receivables from related parties	266	249	10
Other	27	159	102
	3 813	**6 149**	**3 749**

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 2016, receivables with nominal value of 739 (2015: 458; 2014: 488) were impaired and provided for in the amount of 722 (2015: 445; 2014: 402) due to tenant defaults. Movements in the provision for impairment of receivables were, as follows:

	Year ended 31 December		
	2016	**2015**	**2014**
At 1 January	**445**	**402**	**259**
Charge for the year	297	44	153
Foreign currency translation	(20)	(1)	(10)
At 31 December	**722**	**445**	**402**

As at 31 December 2016, 2015 and 2014, the analysis of rent and other receivables and classification of provisions for impairment of receivables is set out below:

	Total	**Neither past due nor impaired**	**<30 days**	**30-60 days**	**60-90 days**	**90-120 days**	**>120 days**
2016	3 327	643	1 630	170	114	123	647
2015	2 526	936	713	182	17	104	574
2014	1 803	816	339	52	18	7	571

		<30 days	30-60 days	60-90 days	90-120 days	>120 days
2016	Impaired rent and other receivables	26	54	56	42	561
	Provision for impairment	(26)	(54)	(56)	(33)	(553)
	Total provision					**(722)**
2015	Impaired rent and other receivables	17	-	-	98	343
	Provision for impairment	(17)	-	-	(98)	(330)
	Total provision					**(445)**
2014	Impaired rent and other receivables	4	-	6	39	439
	Provision for impairment	(1)	-	(1)	(34)	(366)
	Total provision					**(402)**

17 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 one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(All amounts in EUR thousands unless otherwise stated)

	Year ended 31 December		
	2016	2015	2014
Cash at bank and on hand	7 244	6 431	4 264
Short-term deposits	2 766	3 530	1 146
Total	**10 010**	**9 961**	**5 410**

18 Restricted cash

	Year ended 31 December		
	2016	2015	2014
Long-term restricted cash	2 406	2 540	3 158
Short-term restricted cash	6 707	5 185	8 924
Total	**9 113**	**7 725**	**12 082**

The restricted cash comprises of deposits from tenants, deposits from subcontractors (amounts kept as a guarantee for construction works performed) and debt service reserve accounts.

19 Issued capital

Authorised shares

The authorized capital of Griffin Premium RE.. B.V. amounts to 45 and consist of 45 000 ordinary shares with nominal value of 1 EUR each.

As at 31 December 2016 the issued and paid up share capital of the Company according to shareholders register can be broken as follows:

Shareholders	Number of shares	Par value per share [EUR]	Value of share capital [EUR]	%
Griffin Netherlands II B.V.	30 443	1	30 443	67.65
GT Netherlands III B.V.	14 557	1	14 557	32.35
Total	**45 000**		**45 000**	**100.00**

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.. B.V. As per 31 December 2016, 2015 and 2014, this only represents the total equity of subsidiaries mentioned in Note 1.1.

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

Equity of Bakalion Sp. z o.o.	112
Equity of Centren Sp. z o.o.	1
Equity of Dolfia Sp. z o.o.	2 221
Equity of Ebgaron Sp. z o.o.	(20)
Equity of Kafue Sp. z o.o. (later Nordic Park Offices Spółka z ograniczoną odpowiedzianością Sp. k.)	3 893
Equity of Lenna Investments Sp. z o.o.	(57)
Equity of Grayson Investments Sp. z o.o.	(10)
Equity of Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp. k.	2 572
Equity of Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Cyrion Sp. z o.o.)	1 494
Equity of DH Renoma Sp. z o.o.	29 782
Equity of Dom Handlowy Supersam Sp. z o.o.	9 963
Elimination of common shares	(994)
Total net assets attributable to shareholders as at 1 January 2014	**48 957**
Profit /(loss) for the year 2014	(722)
Share capital increase in DH Supersam Katowice Sp. z o.o.	6 409

(All amounts in EUR thousands unless otherwise stated)

Operations with shareholders	6 409
Total net assets attributable to shareholders as at 31 December 2014	**54 644**
Profit/(loss) for the year 2015	31 662
Set up of Lamantia Sp. z o.o.	1
Set up of Dom Handlowy Renoma Sp. z o.o.	1
Set up of Akka SCSp	361
Set up of Charlie SCSp and contribution in kind to Charlie SCSp	39 387
Set up of IB 14 Fundusz Inwestycyjny Zamknięty	429
Elimination of common shares	(40 136)
Operations with shareholders	43
Total net assets attributable to shareholders as at 31 December 2015	**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**

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.

20 Bank loans

All the Group's borrowings are at floating interest rates. Interest costs may increase or decrease as a result of changes in the interest rates.

As at 31 December 2016

Bank	Interest rate	Maturity	Total	Long-term	Short-term
Westdeutsche Immombilienbank AG	EURIBOR 3M + margin	April 2019	34 530	33 722	808
Bank consortium	EURIBOR 3M + margin	June 2020	46 294	43 635	2 659
Westdeutsche Immombilienbank AG	EURIBOR 3M + margin	February 2018	6 382	6 023	359
mBank Hipoteczny S.A.	EURIBOR 3M + margin	January 2034	7 564	7 101	463
Westdeutsche Immombilienbank AG	EURIBOR 3M + margin	February 2018	7 363	6 949	414
mBank Hipoteczny S.A.	EURIBOR 3M + margin	July 2034	14 117	13 092	1 025
Bank Gospodarstwa Krajowego	NBP reference rate less social indicator	June 2034	3 958	3 815	143
Bank Gospodarstwa Krajowego	WIBOR 1M + margin	February 2018	1 215	-	1 215
Bank Gospodarstwa Krajowego	EURIBOR 1M + margin	August 2026*	44 759	44 577	182
Bank Gospodarstwa Krajowego	EURIBOR 1M + margin	June 2026	98 062	93 621	4 441
Bank Ochrony Środowiska S.A.	EURIBOR 3M + margin	June 2017	37 177	-	37 177
Bank Ochrony Środowiska S.A.	WIBOR 3M + margin	June 2017	164	-	164
			301 585	**252 535**	**49 050**

As at 31 December 2015

Bank	Interest rate	Maturity	Total	Long-term	Short-term
Westdeutsche Immombilienbank AG	EURIBOR 3M + margin	April 2017	34 657	34 575	82
Bank consortium	EURIBOR 3M + margin	June 2020	47 774	46 305	1 469
Westdeutsche Immombilienbank AG	fixed rate + margin	February 2018	6 569	6 346	223
mBank Hipoteczny S.A.	EURIBOR 3M + margin	January 2034	7 999	7 617	382
Westdeutsche Immombilienbank AG	fixed rate + margin	February 2018	7 578	7 320	258
mBank Hipoteczny S.A.	EURIBOR 3M + margin	July 2034	14 876	14 245	631
Bank Gospodarstwa Krajowego	NBP reference rate less social indicator	June 2034	3 974	3 950	24
Bank Gospodarstwa Krajowego	WIBOR 1M + margin	February 2018	637	-	637

(All amounts in EUR thousands unless otherwise stated)

Bank Gospodarstwa Krajowego	EURIBOR 1M + margin	August 2026*	14 816	14 816	-
Hypothekenbank Frankfurt AG	EURIBOR 1M + margin	June 2016	74 784	-	74 784
Bank Ochrony Środowiska S.A.	EURIBOR 3M + margin	June 2017	35 408	35 408	-
Bank Ochrony Środowiska S.A.	WIBOR 3M + margin	June 2017	1 614	-	1 614
			250 686	**170 582**	**80 104**

As at 31 December 2014

Bank	Interest rate	Maturity	Total	Long-term	Short-term
Westdeutsche Immobilienbank AG	EURIBOR 3M + margin	April 2017	34 566	34 472	94
Westdeutsche Immobilienbank AG	fixed rate + margin	February 2018	6 785	6 559	226
mBank Hipoteczny S.A.	EURIBOR 3M + margin	January 2034	8 325	7 951	374
Westdeutsche Immobilienbank AG	fixed rate + margin	February 2018	7 867	7 607	260
mBank Hipoteczny S.A.	EURIBOR 3M + margin	July 2034	15 537	14 929	608
Bank Gospodarstwa Krajowego	NBP reference rate less social indicator	June 2034	3 878	3 878	-
Bank Gospodarstwa Krajowego	WIBOR 1M + margin	February 2018	318	-	318
Bank Gospodarstwa Krajowego	EURIBOR 1M + margin	August 2026*	6 708	6 708	-
Hypothekenbank Frankfurt AG	EURIBOR 1M + margin	June 2016	76 774	74 787	1 987
Bank Ochrony Środowiska S.A.	EURIBOR 3M + margin	June 2016	9 275	9 275	-
Bank Ochrony Środowiska S.A.	WIBOR 3M + margin	June 2016	287	-	287
			170 320	**166 166**	**4 154**

** The construction loan to be converted into investment loan in August 2017. The maturity of investment loan is August 2026.*

As at 31 December 2014 the Group possessed 78 840 of the undrawn bank facilities, whereas as at 31 December 2015 it amounted to 47 039. At the end of 2016 the Group has the undrawn facilities in the amount of 12 812.

In 2014 one of the entities 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 favorable conditions in terms of interests. The interest rates under JESSICA loan are lower than the market ones. This grant has been recognized 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 capitalized cost (in the amount of the grant being the difference between loan nominal value and loan fair value at the inception date. As of the 31 December 2016 the amount of grant recognized amounted to 1 671 (31 December 2014: 1 987, 31 December 2015: 1 893).

21 Derivative financial instruments

Year ended 31 December	2016	2015	2014
Value as at 1 January	**1 308**	**3 717**	**5 453**
Amounts received/(paid)	(1 317)	(2 545)	(2 445)
Net changes in fair value through profit or loss	39	90	827
Foreign currency translation	(30)	46	(118)
Value as at 31 December	**-**	**1 308**	**3 717**

22 Other borrowings

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.à r.l.	86 653	8	35 024	51 621
Griffin Topco III S.à r.l.	19 721	8	18 320	1 393
Griffin Finance II Sp. z o.o.	8 693	-	-	8 693

(All amounts in EUR thousands unless otherwise stated)

Griffin Finance III Sp. z o.o.	21 260	-	104	21 156
	137 935	**16**	**55 056**	**82 863**

As at 31 December 2015

Lender	Total	After 1 year but no more than 5 years	After 1 year but no more than 5 years	More than 5 years
Griffin Topco II S.à r.l.	48 906	-	32 968	15 938
Griffin Topco III S.à r.l.	17 395	-	17 395	-
Griffin Finance II Sp. z o.o.	7 970	-	-	7 970
Griffin Finance III Sp. z o.o.	21 895	-	100	21 795
	96 166	**-**	**50 463**	**45 703**

As at 31 December 2014

Lender	Total	After 1 year but no more than 5 years	After 1 year but no more than 5 years	More than 5 years
Griffin Topco II S.à r.l.	47 159	-	15 914	31 245
Griffin Finance II Sp. z o.o.	7 653	-	-	7 653
Griffin Finance III Sp. z o.o.	20 861	-	94	20 767
	75 673	**-**	**16 008**	**59 665**

23 Trade and other payables, deposits from tenants and other deposits

	31 December		
	2016	**2015**	**2014**
Trade payables	2 185	1 782	754
VAT payable	103	178	167
Deposits from tenants and other deposits	3 823	4 794	2 787
Deferred income	537	602	418
Amounts due to related parties	16	441	351
Other payables	420	195	99
	7 084	**7 992**	**4 576**
including:			
Long term deposits from tenants and other deposits	3 348	4 430	2 691

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 5.1.

24 Related party disclosures

Sales and purchase from related parties are concluded at arm’s length conditions.

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 2016, 2015 and 2014, 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.

Payables to related parties	31 December		
	2016	**2015**	**2014**
Griffin Advisors Sp. z o.o.	2	99	29
Griffin Real Estate Sp. z o.o.	13	217	231

(All amounts in EUR thousands unless otherwise stated)

Apenon Sp. z o.o.	-	91	91
Griffin Netherlands II B.V.	-	34	-
Griffin Finance II Sp. z o.o.	1	-	-
	16	**441**	**351**

Receivables from related parties	**31 December**		
	2016	**2015**	**2014**
E-Toto Zakłady Bukmacherskie Sp. z o.o.	11	-	-
Griffin Advisors Sp. z o.o.	222	176	-
Fundacja Edukacyjna Jana Karskiego	9	7	-
Blue Gas N'R'G Sp. z o.o.	24	7	-
Blue Gas N'R'G Holding Sp. z o.o.	-	59	10
	266	**249**	**10**

Sales of services	**Year ended 31 December**		
	2016	**2015**	**2014**
Fundacja Edukacyjna Jana Karskiego	31	15	-
Blue Gas N'R'G Sp. z o.o.	35	24	-
Blue Gas N'R'G Holding Sp. z o.o.	25	86	18
E-Toto Zakłady Bukmacherskie Sp. z o.o	23	-	-
	114	**125**	**18**

Costs	**Year ended 31 December**		
	2016	**2015**	**2014**
Griffin Advisors Sp. z o.o.	-	898	787
Apenon Sp. z o.o.	-	242	316
Griffin Real Estate Sp. z o.o.	2 032	1 413	1 010
AMV Consulting Artur Wojtkiewicz	110	90	129
E-Toto Zakłady Bukmacherskie Sp. z o.o.	-	1	-
Griffin Finance II Sp. z o.o.	8	-	-
	2 150	**2 644**	**2 242**

Loans granted to related parties

Total loans granted to related parties	**Year ended 31 December**		
	2016	**2015**	**2014**
Beginning of the period	**523**	**138**	**26**
Loans advanced	247	382	137
Interest income	30	10	1
Foreign exchange differences	13	-	3
Capital repayment	-	-	(24)
Interest paid	-	-	(3)
Foreign currency translation	(23)	(7)	(2)
End of the period	**790**	**523**	**138**

Loan granted to Apenon Sp. z o.o.	**Year ended 31 December**		
	2016	**2015**	**2014**
Beginning of the period	**523**	**138**	**-**
Loans advanced	23	382	137
Interest income	26	10	-
Foreign exchange differences	6	-	3
Foreign currency translation	(20)	(7)	(2)
End of the period	**558**	**523**	**138**

Loan granted to Niter Enterprise Sp. z o.o.	**Year ended 31 December**		
	2016	**2015**	**2014**
Beginning of the period	**-**	**-**	**26**

(All amounts in EUR thousands unless otherwise stated)

Interest income	-	-	1
Capital repayment	-	-	(24)
Interest paid	-	-	(3)
End of the period	-	-	-

Loan granted to Griffin Topco II S.à r.l.	**Year ended 31 December**		
	2016	**2015**	**2014**
Beginning of the period	-	-	-
Loans advanced	224	-	-
Interest income	4	-	-
Foreign exchange differences	7	-	-
Foreign currency translation	(3)	-	-
End of the period	232	-	-

Total loans from related parties	**31 December**		
	2016	**2015**	**2014**
Beginning of the period	**96 166**	**75 673**	**77 119**
Loans received	38 779	16 507	25 382
Issue of bonds	1 627	-	-
Interest expense and amortised cost	5 002	3 690	4 110
Foreign exchange differences	2 757	660	1 125
Conversion into equity	-	-	(6 647)
Transfer to Griffin Finance III Sp. z o.o.	-	-	(20 624)
Transfer to Griffin Finance II Sp. z o.o.	-	-	(7 691)
Transfer from Griffin Topco III S.à r.l.	-	-	20 624
Transfer from Griffin Topco II S.à r.l.	-	-	7 691
Interest paid	-	-	(283)
Capital repayment	(2 237)	-	(23 039)
Foreign currency translation	(4 159)	(364)	(2 094)
End of the period	**137 935**	**96 166**	**75 673**

Loan received from Griffin Topco III S.à r.l.	**Year ended 31 December**		
	2016	**2015**	**2014**
Beginning of the period	**17 395**	**-**	**18 436**
Loans received	1 406	16 502	15 908
Interest expense and amortised cost	941	595	2 017
Foreign exchange differences	660	619	(28)
Conversion into equity	-	-	(119)
Transfer to Griffin Finance III Sp. z o.o.	-	-	(20 624)
Capital repayment	-	-	(15 425)
Foreign currency translation	(681)	(321)	(165)
End of the period	**19 721**	**17 395**	**-**

Loan received from Griffin Finance III Sp. z o.o.	**Year ended 31 December**		
	2016	**2015**	**2014**
Beginning of the period	**21 895**	**20 861**	**-**
Interest expense and amortised cost	1 115	1 031	216
Foreign exchange differences	834	18	409
Transfer from Griffin Topco III S.à r.l.	-	-	20 624
Capital repayment	(1 778)	-	-
Foreign currency translation	(806)	(15)	(388)
End of the period	**21 260**	**21 895**	**20 861**

(All amounts in EUR thousands unless otherwise stated)

Loan received from Zerta Sp. z o.o.	**Year ended 31 December**		
	2016	**2015**	**2014**
Beginning of the period	**-**	**-**	**334**
Interest expense and amortised cost	-	-	4
Interest paid	-	-	(20)
Capital repayment	-	-	(315)
Foreign currency translation	-	-	(3)
End of the period	**-**	**-**	**-**

Loan received from Griffin Finance II Sp. z o.o.	**Year ended 31 December**		
	2016	**2015**	**2014**
Beginning of the period	**7 970**	**7 653**	**-**
Interest expense and amortised cost	655	315	(52)
Foreign exchange differences	374	7	156
Transfer from Griffin Topco II S.à r.l.	-	-	7 691
Foreign currency translation	(306)	(5)	(142)
End of the period	**8 693**	**7 970**	**7 653**

Loan received from Griffin Topco II S.à r.l.	**Year ended 31 December**		
	2016	**2015**	**2014**
Beginning of the period	**48 906**	**47 159**	**57 197**
Loans received	37 373	5	5 514
Interest expense and amortised cost	2 291	1 749	1 746
Foreign exchange differences	885	16	586
Conversion into equity	-	-	(6 528)
Transfer to Griffin Finance II Sp. z o.o.	-	-	(7 691)
Interest paid	-	-	(10)
Capital repayment	(459)	-	(2 269)
Foreign currency translation	(2 343)	(23)	(1 386)
End of the period	**86 653**	**48 906**	**47 159**

Loan received from Emilia Nieruchomości Sp. z o.o.	**Year ended 31 December**		
	2016	**2015**	**2014**
Beginning of the period	**-**	**-**	**626**
Loans received	-	-	1 374
Interest expense and amortised cost	-	-	125
Interest paid	-	-	(148)
Capital repayment	-	-	(1 972)
Foreign currency translation	-	-	(5)
End of the period	**-**	**-**	**-**

Loan received from Karden Sp. z o.o. (currently Emilia Nieruchomości Sp. z o.o.)	**Year ended 31 December**		
	2016	**2015**	**2014**
Loans received	-	-	1 869
Interest expense and amortised cost	-	-	32
Interest paid	-	-	(32)
Capital repayment	-	-	(1 869)
End of the period	**-**	**-**	**-**

Loan received from Widok RE Sp. z o.o. in liquidation	**Year ended 31 December**		
	2016	**2015**	**2014**
Beginning of the period	-	-	-
Loans received	-	-	717
Interest expense and amortised cost	-	-	3
Interest paid	-	-	(3)

Capital repayment	-	-	(717)
End of the period	-	-	-

(All amounts in EUR thousands unless otherwise stated)

Loan received from Apenon Sp. z o.o.	**Year ended 31 December**		
	2016	**2015**	**2014**
Beginning of the period	**-**	**-**	**526**
Interest expense and amortised cost	-	-	19
Foreign exchange differences	-	-	2
Interest paid	-	-	(70)
Capital repayment	-	-	(472)
Foreign currency translation	-	-	(5)
End of the period	**-**	**-**	**-**

Bonds issued to GT II FIZ Aktywów Niepublicznych	**Year ended 31 December**		
	2016	**2015**	**2014**
Beginning of the period	**-**	**-**	**-**
Issue of bonds	1 627	-	-
Foreign exchange differences	4	-	-
Foreign currency translation	(23)	-	-
End of the period	**1 608**	**-**	**-**

There were no expenses during the reporting period related to key management personnel.

25 Contingencies and commitments

As at 31 December 2016 the Group had mortgages on investment properties in the amount of 728 170. As at 31 December 2015 the Group had mortgages on investment properties in the amount of 589 422. On 31 December 2014 the amount of mortgage totaled to 453 430.

In addition to mortgages on investment properties, the Group had in 2014, 2015 and 2016 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.

26 Events after the reporting period

- Significant events and significant agreements concluded after reporting period, which relate to the reorganization, have been described in the Note 1.2.
- Apart from the events described in the Note 1.2:
  - The Group has signed the term-sheet for Supersam refinancing, which is still subject to the bank's credit committee approval.
  - On 7 March 2017 Intertrust Management B.V. and Intertrust (Netherlands) B.V. have resigned from being the Management Board Member of Griffin Premium RE.. B.V.

3. Independent auditor's review report of Ernst & Young Accountants LLP with respect to the interim condensed consolidated financial statements of the Group as of 30 June 2017 and for 6 months period ended 30 June 2017

Building a better
working world

Independent auditor's review report

To: the management board of Griffin Premium RE. N.V.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements for the six month period ended 30 June 2017 of Griffin Premium RE.. N.V., Amsterdam, which comprise the interim condensed consolidated statement of profit and loss for the six month period ended 30 June 2017, the interim condensed consolidated statement of other comprehensive income for the six month period ended 30 June 2017, the interim condensed consolidated statement of financial position as at 30 June 2017, the interim condensed consolidated statement of changes in equity for the six month period ended 30 June 2017, the interim condensed consolidated statement of cash flows for the six month period ended 30 June 2017, and the notes to the interim condensed consolidated financial statements.

The executive board is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including Dutch Standard on Auditing 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity".
A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements for the six month period ended 30 June 2017 are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

Utrecht, 21 September 2017

Ernst & Young Accountants LLP

Signed by J.H.A. de Jong

4. Interim Condensed Consolidated Financial Statements of the Group as of 30 June 2017 and for six months period ended 30 June 2017

Griffin Premium RE..

THE GRIFFIN PREMIUM RE.. GROUP (THE "GROUP")
THE GRIFFIN PREMIUM RE.. N.V. (THE "COMPANY")

CONSOLIDATED CONDENSED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2017

Index

(All amounts in EUR thousands unless otherwise stated)

I. Selected consolidated financial data

Consolidated statement of profit or loss	in ths PLN 1.01.2017-30.06.2017	1.04.2017-30.06.2017	1.01.2016-30.06.2016	1.04.2016-30.06.2016	in ths EUR 1.01.2017-30.06.2017	1.04.2017-30.06.2017	1.01.2016-30.06.2016	1.04.2016-30.06.2016
Net Operating Income (NOI)	57 401	31 896	50 228	25 240	13 441	7 540	11 499	5 774
Operating profit	70 379	150 174	131 031	108 893	16 480	34 942	29 998	24 926
Profit before tax	118 035	141 539	61 794	56 146	27 639	33 077	14 147	12 853
Profit for the year	86 535	108 707	60 650	57 307	20 263	25 393	13 885	13 119
Number of shares	126 061 018	156 133 179	133 931 912	133 931 912	126 061 018	156 133 179	133 931 912	133 931 912
Profit per one share	0,69	0,70	0,45	0,43	0,16	0,16	0,10	0,10

Consolidated statement of cashflows	in ths PLN 1.01.2017-30.06.2017	1.01.2016-30.06.2016	in ths EUR 1.01.2017-30.06.2017	1.01.2016-30.06.2016
Net cash flow from operating activities	36 667	39 666	8 586	9 081
Net cash flow from investing activities	(127 272)	(61 301)	(29 802)	(14 034)
Net cash flow from financing activities	108 307	14 899	25 361	3 411
Net cash flows	17 702	(6 735)	4 145	(1 542)

Consolidated statement of financial position	in ths PLN As at 30.06.2017	As at 30.06.2016	in ths EUR As at 30.06.2017	As at 30.06.2016
Total assets	2 406 679	2 104 352	569 426	475 506
Equity	974 356	420 648	230 535	95 051
Non-current liabilities	1 271 302	896 792	300 793	202 642
Current liabilities	161 021	786 911	38 098	177 813
Number of shares	126 061 018	133 931 912	126 061 018	133 931 912
Book value per one share	7,73	3,14	1,83	0,71

(All amounts in EUR thousands unless otherwise stated)

	in ths PLN		in ths EUR	
	As at 30.06.2017	As at 30.06.2016	As at 30.06.2017	As at 30.06.2016
Financial ratios				
Balance sheet equity ratio in %	40%	20%	40%	20%
Net Loan-to-Value ratio (net LTV) in %	56%	56%	56%	56%
Funds from Operations (FFO)	31 282	29 091	7 325	6 660
Funds from Operations (FFO) per share	0,25	0,22	0,06	0,05
Adjusted Funds from Operations (FFO)	(8 938)	15 415	(2 093)	3 529
Adjusted Funds from Operations (FFO) per share	(0,07)	0,12	(0,02)	0,03
EPRA Net asset value (EPRA NAV)	1 044 596	445 728	247 154	100 718
EPRA Net asset value (EPRA NAV) per share	8,29	3,33	1,96	0,75
EPRA Triple Net asset value (EPRA NNNAV)	974 356	420 648	230 535	95 051
EPRA Triple Net asset value (EPRA NNNAV) per share	7,73	3,14	1,83	0,71

Net Loan-to-Value ratio calculated as: Total bank loans – cash and short-term deposits as well as part of the restricted cash constituing 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)
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 – weighted average number of shares in the period. For the purpose of these consolidated financial statements the number of ordinary shares of Griffin Premium RE.. B.V. issued as of 3 March 2017 was used for EPS calculation for 2016, 2015 and 2014.
From the date of incorporation of the Griffin Premium RE.. B.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.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP AS OF 30 JUNE 2017 AND 6 MONTHS PERIOD ENDED 30 JUNE 2017

(All amounts in EUR thousands unless otherwise stated)

II. Interim Condensed Consolidated Financial Statements of the Group as of 30 June 2017 and for 6 months period ended 30 June 2017

Interim Condensed Consolidated Statement of Profit or Loss

		For the period			
	Note	1.01.2017-30.06.2017 Unaudited	1.04.2017-30.06.2017 Unaudited	1.01.2016-30.06.2016 Unaudited	1.04.2016-30.06.2016 Unaudited
Rental income	3	14 305	7 887	11 888	5 997
Service charge and marketing income		6 391	3 250	4 545	2 223
Property operating expenses		(7 255)	(3 597)	(4 934)	(2 446)
Net rental income		**13 441**	**7 540**	**11 499**	**5 774**
Administrative expenses		**(2 515)**	**(648)**	**(1 929)**	**(1 044)**
Valuation gain/(loss) from investment property		5 554	28 050	20 428	20 196
Net gains/(losses) on investment property		**5 554**	**28 050**	**20 428**	**20 196**
Operating profit		**16 480**	**34 942**	**29 998**	**24 926**
Finance income	4	15 976	92	1 291	1 141
Finance cost		(4 817)	(1 957)	(17 142)	(13 214)
Profit before tax		**27 639**	**33 077**	**14 147**	**12 853**
Income tax (expenses)/gain	5	(7 376)	(7 684)	(262)	266
Profit for the year		**20 263**	**25 393**	**13 885**	**13 119**
Attributable to:					
Equity holders of the parent		20 263	25 393	13 885	13 119
		20 263	**25 393**	**13 885**	**13 119**
Earnings per share (basic and diluted):		0,16	0,20	0,10	0,10

(All amounts in EUR thousands unless otherwise stated)

Interim Condensed Consolidated Statement of Other Comprehensive Income

	For the period			
	1.01.2017-30.06.2017 Unaudited	1.04.2017-30.06.2017 Unaudited	1.01.2016-30.06.2016 Unaudited	1.04.2016-30.06.2016 Unaudited
Profit for the year	**20 263**	**25 393**	**13 885**	**13 119**
Other comprehensive income transferable later on to the profit/(loss):				
Foreign currency translation reserve	7 134	5 505	(3 312)	(3 131)
Other comprehensive income/(loss)	**7 134**	**5 505**	**(3 312)**	**(3 131)**
Total comprehensive income/(loss) for the year, net of tax	**27 397**	**30 898**	**10 573**	**9 988**
Comprehensive income attributable to:				
Equity holders of the parent	27 397	30 898	10 573	9 988

(All amounts in EUR thousands unless otherwise stated)

Interim Condensed Consolidated Statement of Financial Position

	Note	30 June 2017 Unaudited	As at 31 December 2016 Audited	30 June 2016 Unaudited
ASSETS				
Non-current assets				
Completed investment property	3, 6	508 024	470 380	389 279
Investment property under construction	3	-	-	59 234
Property, plant and equipment		6	-	-
Long-term loans		227	790	544
Debentures	7	18 033	-	-
Available for sale financial assets	8	6 409	-	-
Other receivables		6	10	-
Long-term restricted cash		3 046	2 406	3 184
Deferred tax assets	3	2 752	7 674	3 056
		538 503	**481 260**	**455 297**
Current assets				
Short-term loans		10	-	-
Rent and other receivables		8 249	3 813	6 505
Income tax receivable		1	32	29
Restricted cash		7 870	6 707	5 712
Cash and short-term deposits		14 793	10 010	7 963
		30 923	**20 562**	**20 209**
TOTAL ASSETS		**569 426**	**501 822**	**475 506**
EQUITY				
Issued share capital		156 133	45	-
Share premium		44 026	-	-
Other reserves		8 121	-	
Foreign currency translation reserve		1 992	(5 142)	(5 183)
Net assets attributable to shareholders		-	41 334	100 234
Accumulated profit		20 263	-	-
		230 535	**36 237**	**95 051**
LIABILITIES				
Non-current liabilities				
Bank loans		277 052	252 535	109 702
Other borrowings		21	137 919	82 405
Deposits from tenants and other deposits		5 264	3 348	4 683
Deferred tax liability	3	18 456	15 658	5 852
		300 793	**409 460**	**202 642**
Current liabilities				
Bank loans		25 599	49 050	151 676
Other borrowings		-	16	16 292
Trade and other payables		4 624	3 260	3 726
Capex payables		7 591	3 323	5 979
Deposits from tenants and other deposits		284	476	140
		38 098	**56 125**	**177 813**
TOTAL LIABILITIES		**338 891**	**465 585**	**380 455**
TOTAL EQUITY AND LIABILITIES		**569 426**	**501 822**	**475 506**

(All amounts in EUR thousands unless otherwise stated)

Interim Condensed Consolidated Statement of Changes in Equity

	Issued capital	Share premium	Foreign currency translation reserve	Net assets attributable to shareholders	Other reserves	Accumulated profit	Total
1 January 2017	**45**	**-**	**(5 142)**	**41 334**	**-**	**-**	**36 237**
Profit for the period	-	-	-	-	-	20 263	20 263
Other comprehensive income	-	-	7 134	-	-	-	7 134
Total comprehensive income	**-**	**-**	**7 134**	**-**	**-**	**20 263**	**27 397**
Issue of share capital	156 088	44 026	-	-	-	-	200 114
The reorganisation of the Group	-	-	-	(41 334)	8 121	-	(33 213)
At 30 June 2017	**156 133**	**44 026**	**1 992**	**-**	**8 121**	**20 263**	**230 535**
At 1 January 2016	**-**	**-**	**(1 871)**	**86 349**	**-**	**-**	**84 478**
Profit for the period	-	-	-	13 885	-	-	13 885
Other comprehensive income	-	-	(3 312)	-	-	-	(3 312)
Total comprehensive income	-	**-**	**(3 312)**	**13 885**	**-**	**-**	**10 573**
At 30 June 2016	**-**	**-**	**(5 183)**	**100 234**	**-**	**-**	**95 051**

(All amounts in EUR thousands unless otherwise stated)

Interim Condensed Consolidated Statement of Cash Flows

	Period	
	1.01.2017-30.06.2017	**1.01.2016-30.06.2016**
Operating activities		
Profit/(loss) before tax	*27 639*	*14 147*
Adjustments to reconcile profit before tax to net cash flows		
Valuation (gain)/loss on investment property and impairment	*(5 554)*	*(20 428)*
Valuation of financial instruments	*-*	*(1 276)*
Finance income	*(15 976)*	*(15)*
Finance expense	*4 963*	*17 142*
	11 072	*9 570*
Working capital adjustments		
Decrease/(increase) in rent and other receivables	*(3 449)*	*(641)*
(Decrease)/increase in trade and other payables	*(272)*	*(143)*
Movements in deposits from tenants and other deposits	*1 516*	*209*
VAT settlements	*(403)*	*393*
Other Items	*81*	*(236)*
Income tax paid	*41*	*(71)*
Net cash flow from operating activities	***8 586***	***9 081***
Investing activities		
Capital expenditure on investment property	*(5 850)*	*(3 037)*
Expenditure on investment property under construction	*-*	*(10 997)*
Purchase of financial assets	*(23 952)*	*-*
Net cash flow from investing activities	***(29 802)***	***(14 034)***
Financing activities		
Proceeds from issue of share capital	*29 045*	*1*
Bank loan proceeds	*5 181*	*12 176*
Bank loan repayments	*(4 941)*	*(4 685)*
Proceeds from borrowings	*1 480*	*-*
Interest paid	*(3 601)*	*(2 910)*
Change in restricted cash	*(1 803)*	*(1 171)*
Net cash flow from financing activities	***25 361***	***3 411***
Net cash flows	***4 145***	***(1 542)***
Net increase / (decrease) in cash and cash equivalents	*4 145*	*(1 542)*
Cash and cash equivalents at the beginning of the period	*10 010*	*9 961*
Translation differences	*638*	*(456)*
Cash and cash equivalents at the end of the period	***14 793***	***7 963***

Notes to the Interim Condensed Consolidated Financial Statements

1.1. Summary of significant accounting policies

Griffin Premium RE.. N.V. Group (further "**Griffin Premium RE.. Group**" or "**the Group**") owns and manages yielding real estates throughout Poland ("**Entities**"). In the period until 3 March 2017 entities constituting the Group 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 GTII and GTIII following a reorganisation as described in the Note 2.

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

Interim Condensed Consolidated Financial Statements of the Griffin Premium RE.. N.V. Group

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual non – statutory financial statements as at 31 December 2016. Consolidated financial statements of the Group for the year ended 31 December 2016 are available on the website http://www.griffin-premium.com/s,72,raporty-okresowe.html

Prior to the reorganisation described in note 2 the Group did not prepare Consolidated Financial Statements. The Entities were not formerly a separate group but were part of the operations owned and managed by GTII and GTIII and its affiliates and reported on a standalone basis to the GTII or GTIII for the purpose of preparing Abridged Consolidated Financial Statements of the GTII group and GTIII group.

Financial information for periods ended 31 December 2016 and 30 June 2016 were prepared on such basis, that the financial information sets out the Group's financial position as of 31 December 2016, 30 June 2016 and financial performance for those periods as if the Entities were fully controlled by the Group in the respective periods.

1.2. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting adopted in the European Union. Accounting books and records underlying these financial statements are maintained in accordance with Polish Accounting Standards.

The interim condensed consolidated financial statements of the Group include consolidated financial data as of 30 June 2017 and for the 6-month period ended on 30 June 2017 and for the 6-month period ended on 30 June 2016 in relation to the profit and loss account, the statement of changes in equity and the cash flow statement. The comparative data as of 31 December 2016 and 30 June 2016 are provided for the statement of financial position. Unless indicated otherwise, all financial data in the Group's condensed consolidated financial statements have been presented in thousands of EUR.

The accumulated profit contains results of the Group Entities since 1 January 2017 to 30 June 2017, which includes results from 1 January 2017 up to finalization of the Re-organization.

These financial statements should be analysed together with the annual consolidated financial statements for the year ended on 31 December 2016, which were prepared according to the IFRS adopted for application in the EU.

The Consolidated Financial Statements have been prepared on a going concern basis, applying a historical cost basis, except for the measurement of investment property at fair value and derivative financial instruments that have been measured at fair value.

The Company's Management Board used its best judgment in the selection of the applicable standards, as well as measurement methods and principles for the different items of the condensed consolidated financial statements.

The accounting principles applied to these interim condensed consolidated financial statements are consistent with the principles applied in the most recent annual financial statements (non statutory) and have been applied on a continuous basis to all periods presented in the consolidated financial statements, except for the following new or amended standards, and new interpretations which are effective for annual periods beginning on or after 1 January 2017 described in Note 1.3.

1.3. New and amended standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements (non statutory) for the year ended 31 December 2016, exepct for new standards effective as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 2016, they did not impact the annual Consolidated Financial Statements of the Group.

The nature and effect of these changes are disclosed below. Although these amendments apply for the first time in 2017, they do not have material impact on the interim condensed consolidated financial statements of the Group.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its interim condensed consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

Annual Improvements Cycle - 2014-2016
Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12
The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity’s interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. Application of amendments has no effect on Group’s financial statements.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and establishes new approach to lease agreements. The new standard will supersede current lease requirements under IFRS.

Landlord accounting is substantially unchanged from current accounting. As with IAS 17 Leases, IFRS 16 requires landlords to classify their rental contracts into two types, finance and operating leases. Lease classification determines how and when a landlord recognizes lease revenue and what assets a landlord records. The profit or loss recognition pattern for landlords is not expected to change.

The implementation of the new standard will impact the lessee accounting significantly and thus might influence the real estate entities’ business practices.

The Group plans to adopt the new standard on the effective date. During 2016, the Group has started the impact assessment of all aspects of IFRS 16 by performing the high level evaluation. The Group is currently assessing the detailed impact of IFRS 16.

The new standard is effective for annual periods beginning on or after 1 January 2019, with limited early application permitted.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the effective date, using the full retrospective method.

During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments. The Group is currently assessing the impact of IFRS 15, in particular in respect of the following:

- The requirements to estimate variable consideration, and to determine the number of performance obligations contained in a contract, may lead to different revenue recognition in respect of fees for property management and development services.
- Sales of real estate will generally be recognized when control of the property transfers. Judgement will be required when applying the new requirements, to assess whether control transfers and therefore revenue should be recognized over time or at a point in time.

Note that IFRS 15 will not affect the recognition of lease income as this is still dealt with under IAS 17 Leases.

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but the provision of comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the effective date. During 2016, the Group has performed a high level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9.

1.4. Accounting policies

a) 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.

b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group’s 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).

c) 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.

d) Investment property

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 recognized 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 ('Property operating expenses') during the financial period in which they are incurred.

Changes in fair values are recorded in the Consolidated Statement of Profit or Loss within 'Net gains/(losses) on Investment Property'.

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 'Net gains/(losses) 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 letter 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 capitalized 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 capitalized 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.

e) Interest bearing loans, borrowings and debentures

All interest-bearing loans, borrowings and debentures – both granted and received are initially recognised at fair value less directly attributable transaction costs. After initial recognition, these instruments 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/payments over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset/liability.

f) 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 amortization) 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

g) Revenue recognition

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 all of its revenue arrangements since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.
The specific recognition criteria described below must also be met before revenue is recognised.

Rental income
The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in 'Rental income'

in the Consolidated Statement of Profit or Loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for damages are recognised in the Consolidated Statement of Profit or Loss when the right to receive them arises.

Service charges, management charges and other expenses recoverable from tenants
Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in net Rental income gross of the related costs, to the extent the directors consider that the Group acts as principal in this respect i.e. when it has primary responsibility for providing the services and bears the credit risk.

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.

h) 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.

i) Taxes

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.

The Group recognises liabilities for current taxes based on estimates of whether additional taxes will be due.

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.

j) Current income tax

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.

k) Deferred income tax

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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 utilized.

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.

l) Consolidation of subsidiaries

Subsidiaries are all entities (including structured 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 30 June 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.

m) Business combinations

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.).

Acquisitions form third parties are accounted for applying the purchase accounting method, and acquisitions under common control are accounted for applying the pooling of interest method.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized

n) 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. The Group identified the following reporting segments, the same as the operating segments, defined based on the type of projects:

- high street mixed-use properties,
- office buildings.

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.

o) Significant accounting judgements, estimates and assumptions

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods. Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

a) Investment property

Investment properties are buildings rented by Group 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 properties yielding fixed income 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.

b) Taxes

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.

2. 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 B.V. (“**GN II**”) and GT Netherlands III B.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 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.
- Sale of general partners’ shares in Akka SCSp, Charlie SCSp and December SCSp by GTII and GTIII to Griffin Premium RE Lux S.à r.l. (entity owned by the Company) 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 GTII and GTIII 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.

(All amounts in EUR thousands unless otherwise stated)

Together with the transfers of the shares of relevant entities, the transfers of related intragroup 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. In result all loans towards Entities held by GPRE Management Sp. z o.o. are eliminated on consolidation.

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 GPRE in January and February 2017 were:

- Loans toward Entities in amount of EUR 134 426 thousands,
- Investments in Entities in amount of EUR 35 489 thousands.

The result of Reorganisation, presented in equity is calculated ad 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	*172 169*
Initial Public Offering	*29 811*
Initial Public Offering fees	*(1 866)*
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.

There were no more significant transactions with related parties, other than decribed above.

(All amounts in EUR thousands unless otherwise stated)

3. Segments of the Capital Group

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.

Group administrative costs, profit/loss on disposal of investment property, finance income and income taxes are not reported to the members of the executive management team on a segment basis. There are no sales between segments. Segment assets represent investment property (both completed Investment Property and Investment Property Under Construction) and Long-term loans.
Segment liabilities represent loans and borrowings, as these are the only liabilities reported to the Management Board on a segmental basis.
Other positions of Consolidated Financial Statements are not presented by segments as this information is not analyzed from the segment perspective by the Management Board.

Consolidated Statement of Financial Position by segments

	Period ended 30 June 2017		
	High-street mixed use properties	***Office properties***	***Total***
Segment assets			
Completed investment property	*305 340*	*202 684*	*508 024*
Total Segment assets	***305 340***	***202 684***	***508 024***
Assets unallocated to segments			
Long and short-term loans			*237*
Debentures			*24 442*
Deferred tax			*2 752*
Other assets			*33 971*
Total assets			***569 426***
Segment liabilities			
Loans and borrowings	*187 660*	*114 991*	*302 651*
Total Segment liabilities	***187 660***	***114 991***	***302 651***
Liabilities unallocated to segments			
Deferred tax			*18 456*
Loans and borrowings			*21*
Non-current liabilities			*5 264*
Current liabilities			*12 499*
Total liabilities			***338 891***

(All amounts in EUR thousands unless otherwise stated)

	Period ended 31 December 2016		
	High-street mixed use properties	Office properties	Total
Segment assets			
Completed investment property	281 490	188 890	470 380
Long term loans	790	-	790
Total Segment assets	**282 280**	**188 890**	**471 170**
Assets unallocated to segments			
Deferred tax			7 674
Other assets			22 978
Total assets			**501 822**
Segment liabilities			
Loans and borrowings	235 632	167 836	403 468
Total Segment liabilities	**235 632**	**167 836**	**403 468**
Liabilities unallocated to segments			
Deferred tax			15 658
Loans and borrowings			36 052
Non-current liabilities			3 348
Current liabilities			7 059
Total liabilities			**465 585**

	Period ended 30 June 2016		
	High-street mixed use properties	Office properties	Total
Segment assets			
Completed investment property	203 303	185 976	389 279
Investment property under construction	59 234	-	59 234
Long-term loans	544	-	544
Total Segment assets	**263 081**	**185 976**	**449 057**
Assets unallocated to segments			
Deferred tax			3 056
Other assets			23 393
Total assets			**475 506**
Segment liabilities			
Loans and borrowings	191 836	166 738	358 574
Total Segment liabilities	**191 836**	**166 738**	**358 574**
Liabilities unallocated to segments			
Deferred tax			5 852
Loans and borrowings			1 501
Non-current liabilities			4 683
Current liabilities			9 845
Total liabilities			**380 455**

(All amounts in EUR thousands unless otherwise stated)

Consolidated Statement of Profit or Loss by segments

	Period ended 30 June 2017		
	High-street mixed use properties	***Office properties***	***Total***
Segment profit			
Rental income	7 284	7 021	14 305
Service charge and marketing income	3 825	2 566	6 391
Property operating expenses	(4 616)	(2 639)	(7 255)
Sales of property	-	-	-
Cost of sales	-	-	-
Valuation gain/(loss) from investment property	901	4 653	5 554
Impairment/reversal of impairment of property	-	-	-
Segment profit	**7 394**	**11 601**	**18 995**
Finance costs	(2 366)	(1 989)	(4 355)
Unallocated to segments			
Administrative expenses			(2 515)
Finance income and costs			15 514
Profit/(loss) before tax			**27 639**

(All amounts in EUR thousands unless otherwise stated)

	Period from 1 April 2017 till 30 June 2017		
	High-street mixed use properties	***Office properties***	***Total***
Segment profit			
Rental income	*4 200*	*3 687*	*7 887*
Service charge and marketing income	*1 913*	*1 337*	*3 250*
Property operating expenses	*(2 313)*	*(1 284)*	*(3 597)*
Valuation gain/(loss) from investment property	*14 455*	*13 595*	*28 050*
Segment profit	***18 255***	***17 335***	***35 590***
Finance costs	*(1 132)*	*(943)*	*(2 075)*
Unallocated to segments			
Administrative expenses			*(1 550)*
Finance income and costs			*1 112*
Profit/(loss) before tax			***33 077***

	Period ended 30 June 2016		
	High-street mixed use properties	***Office properties***	***Total***
Segment profit			
Rental income	*5 654*	*6 234*	*11 888*
Service charge and marketing income	*2 460*	*2 085*	*4 545*
Property operating expenses	*(2 611)*	*(2 323)*	*(4 934)*
Valuation gain/(loss) from investment property	*14 209*	*6 219*	*20 428*
Segment profit	***19 712***	***12 215***	***31 927***
Finance costs	*(3 363)*	*(3 206)*	*(6 569)*
Unallocated to segments			
Administrative expenses			*(1 929)*
Finance income and costs			*(9 282)*
Profit/(loss) before tax			***14 147***

(All amounts in EUR thousands unless otherwise stated)

	Period from 1 April 2016 till 30 June 2016		
	High-street mixed use properties	**Office properties**	**Total**
Segment profit			
Rental income	2 875	3 122	5 997
Service charge and marketing income	1 185	1 038	2 223
Property operating expenses	(1 298)	(1 147)	(2 446)
Valuation gain/(loss) from investment property	14 426	5 771	20 196
Segment profit	**17 187**	**8 783**	**25 970**
Finance costs	(1 588)	(1 106)	(2 694)
Unallocated to segments			
Administrative expenses			(1 044)
Finance income and costs			(9 379)
Profit/(loss) before tax			**12 853**

Geographical information

Rental income	For the period	
	1.01.2017-30.06.2017	**1.01.2016-30.06.2016**
City of Investment Property location		
Katowice	1 622	1 659
Krakow	2 216	2 027
Lodz	2 593	2 552
Warsaw	4 380	1 668
Wroclaw	3 494	3 982
Total	**14 305**	**11 888**

Carrying amount of investment property

	Period ended		
City of Investment Property location	**30 June 2017**	**31 December 2016**	**30 June 2016**
Katowice	61 330	56 020	63 939
Krakow	69 630	64 830	62 277
Lodz	69 660	69 650	67 010
Warsaw	167 944	142 970	115 923
Wroclaw	139 460	136 910	139 364
Total	**508 024**	**470 380**	**448 513**

(All amounts in EUR thousands unless otherwise stated)

4. Finance income

	For the period			
	1.01.2017-30.06.2017	**1.04.2017-30.06.2017**	**1.01.2016-30.06.2016**	**1.04.2016-30.06.2016**
Bank interest	51	11	13	11
Interest from loans to related parties	14	3	-	(3)
Debendures interest	41	41	-	-
Exchange differences - net	15 864	32	-	(141)
Swap valuation	-	-	1 276	1 276
Other financial income	6	5	1	(2)
	15 976	**92**	**1 291**	**1 141**

5. Income tax

	For the period			
	1.01.2017-30.06.2017	**1.04.2017-30.06.2017**	**1.01.2016-30.06.2016**	**1.04.2016-30.06.2016**
Consolidated Statement of Comprehensive Income				
Current income tax:				
Current income tax charge	4	-	(71)	4
Deferred income tax:				
Relating to origination and reversal of temporary differences	(7 423)	(7 728)	(191)	262
Income tax (expense)/gain reported in the Consolidated Statement of Comprehensive Income	**(7 420)**	**(7 728)**	**(262)**	**266**

Movements In deferred tax assets and liabilities were as follows:

	30.06.2017	**31.03.2017**	**31.12.2016**
Deferred tax assets	2 752	5 095	7 674
Deferred tax liabilities	18 456	13 053	15 658
	30.06.2016	**31.03.2016**	**31.12.2015**
Deferred tax assets	3 056	1 361	2 096
Deferred tax liabilities	5 852	4 528	4 802

As a result of Reorganisation described in Note 2 the Group started to recognize deferred tax liability on temporary differences associated with investment properties. Prior to Reorganisation, specific Entities in the Group were not income tax payers.

(All amounts in EUR thousands unless otherwise stated)

6. Investment property

	30 June 2017	31 December 2016
At 1 January	**470 380**	**385 825**
Capital expenditures on completed property	9 418	12 715
Transfers from property under construction	-	68 182
Agent fees	336	1 243
Rent free period incentive	194	728
Net gain/(loss) from fair value adjustments on investment property	5 554	17 223
Foreign currency translation	22 142	(15 536)
At 30 June / 31 December	**508 024**	**470 380**

At 30 June 2017 the Group owned 9 investment properties.

	30 June 2017	31 December 2016
At 1 January	**-**	**36 850**
Capital expenditure	-	25 672
Financial costs capitalised including amortised cost	-	1 881
Received grant	-	128
Transfer to completed investment property under construction	-	(68 182)
Net gain/(loss) from fair value adjustments on investment property	-	4 514
Foreign currency translation	-	(863)
At 30 June / 31 December	**-**	**-**

(All amounts in EUR thousands unless otherwise stated)

7. Debentures

In Q2 2017 Group acquired following financial instruments. All debentures are at fixed rate.

Debentures
As at 30 June 2017

Issuer	*Interest rate*	*Maturity*	*Total*	*Long-term*	*Short-term*
Forum 60 Fundusz Inwestycyjny Zamknięty	*fixed*	*December 2018*	*18 033*	*18 033*	*-*
			18 033	***18 033***	***-***

8. Available for sale financial assets

In Q2 2017 Group acquired following financial instruments, which have been classified as available for sale financial assets.

ROFO debentures
As at 30 June 2017

Issuer	*Interest rate*	*Maturity*	*Total*	*Long-term*	*Short-term*
Pudsey Sp. z o.o.	*fixed*	*June 2032*	*2 703*	*2 703*	*-*
Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 1)	*fixed*	*June 2032*	*1 903*	*1 903*	*-*
Projekt Beethovena - Projekt Echo - 122 SP. Z O.O. S.K.A. (Stage 2)	*fixed*	*June 2032*	*1 803*	*1 803*	*-*
			6 409	***6 409***	***-***

As ROFO Debentures company classified debentures acquired in connections with Right of First Offer Agreements described in Note 10. Upon completion of ROFO project those debentures will be exchange for ROFO assets. The fair value of debentures will be determined as fair value of ROFO assets.

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. For Pudsey Sp.zo.o. Planned repayments of the projects are as follows:

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

(All amounts in EUR thousands unless otherwise stated)

9. Information about the issue, redemption and repayment of debt securities and equity securities

In the first half of 2017, neither Griffin Premium RE.. N.V. nor any of its subsidiaries were funded through the issue of debt financial instruments.

All the Group's borrowings are at floating interest rates. Interest costs may increase or decrease as a result of changes in the interest rates.

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.

In the first half of 2017, DH Supersam Katowice Sp. z o.o. repaid the outstanding bank loan from BOS and received new financing from Bank Gospodarstwa Krajowego up to the amount of EUR 41 191 thousands. Main financial conditions of the new bank loan are described in the table below.

As at 30 June 2017

Bank	*Interest rate*	*Maturity*	*Total*	*Long-term*	*Short-term*
Westdeutsche Immobilienbank AG	*EURIBOR 3M + margin*	*April 2019*	*34 730*	*33 813*	*917*
Bank consortium	*EURIBOR 3M + margin*	*March 2020*	*45 570*	*42 934*	*2 636*
Westdeutsche Immobilienbank AG	*EURIBOR 3M + margin*	*February 2018*	*6 298*	*-*	*6 298*
mBank Hipoteczny S.A.	*EURIBOR 3M + margin*	*January 2034*	*7 345*	*7 016*	*329*
Westdeutsche Immobilienbank AG	*EURIBOR 3M + margin*	*February 2018*	*7 267*	*-*	*7 267*
mBank Hipoteczny S.A.	*EURIBOR 3M + margin*	*July 2034*	*13 781*	*12 779*	*1 002*
Bank Gospodarstwa Krajowego	*NBP reference rate less social indicator*	*June 2034*	*4 190*	*3 906*	*284*
Bank Gospodarstwa Krajowego	*WIBOR 1M + margin*	*February 2018*	*122*	*-*	*122*
Bank Gospodarstwa Krajowego	*EURIBOR 1M + margin*	*August 2026**	*48 297*	*47 498*	*799*
Bank Gospodarstwa Krajowego	*EURIBOR 1M + margin*	*June 2026*	*96 856*	*92 435*	*4 421*
Bank Gospodarstwa Krajowego	*EURIBOR 3M + margin*	*June 2027*	*38 195*	*36 671*	*1 524*
			302 651	***277 052***	***25 599***

** The construction loan to be converted into investment loan in August 2017. The maturity of investment loan is August 2026.*

(All amounts in EUR thousands unless otherwise stated)

10. 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:

	Carrying amount			Fair value		
	30 June 2017	31 December 2016	30 June 2016	30 June 2017	31 December 2016	30 June 2016
Financial assets						
Long-term loans	227	790	544	227	790	544
Debentures	18 033	-	-	18 033	-	-
Available for sale financial assets	6 409	-	-	6 409	-	-
Long-term restricted cash	3 046	2 406	3 184	3 046	2 406	3 184
Short-term loans	10	-	-	10	-	-
Rent and other receivables	8 256	3 855	6 534	8 256	3 855	6 534
Cash and short-term deposits	14 793	10 010	7 963	14 793	10 010	7 963
Restricted cash	7 870	6 707	5 712	7 870	6 707	5 712
Financial liabilities						
Bank loans	302 651	301 585	261 378	302 651	301 585	261 378
Other borrowings	21	137 935	98 697	21	137 935	98 697
Deposits from tenants and other deposits	5 548	3 824	4 823	5 548	3 824	4 823
Trade and other payables	4 624	3 260	3 726	4 624	3 260	3 726
Capex payables	7 591	3 323	5 979	7 591	3 323	5 979

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 30 June 2017, 31 December 2016 and 30 June 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, loans and debentures are determined by using the DCF method using a discount rate that reflects each of the Entity borrowing rate including its own non-performance risk as at 30 June 2017.

(All amounts in EUR thousands unless otherwise stated)

11. Fair value hierarchy

Quantitative disclosures of the Group's financial instruments and investment property in the fair value measurement hierarchy as at 30 June 2017, 31 December 2016 and 30 June 2016:

Fair value hierarchy

30 June 2017	***Level 1***	***Level 2***	***Level 3***	***Total***
Completed investment property	-	-	*508 024*	***508 024***
Long-term loans	-	*227*	-	***227***
Debentures	-	*18 033*	-	***18 033***
Available for sale financial assets	-	-	*6 409*	***6 409***
Bank loans	-	*302 651*	-	***302 651***
Other borrowings	-	*21*	-	***21***
Deposits from tenants and other deposits	-	*5 548*	-	***5 548***
Trade and other payables	-	-	*4 624*	***4 624***
Capex payables	-	-	*7 591*	***7 591***

31 December 2016	***Level 1***	***Level 2***	***Level 3***	***Total***
Completed 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 and other deposits	-	*3 824*	-	***3 824***
Trade and other payables	-	*3 260*	-	***3 260***
Capex payables	-	*3 323*	-	***3 323***

30 June 2016	***Level 1***	***Level 2***	***Level 3***	***Total***
Completed investment property	-	-	*389 279*	***389 279***
Investment property under construction	-	-	*59 234*	***59 234***
Long-term loans	-	*544*	-	***544***
Bank loans	-	*261 378*	-	***261 378***
Other borrowings	-	*98 697*	-	***98 697***
Deposits from tenants and other deposits	-	*4 823*	-	***4 823***
Trade and other payables	-	*3 726*	-	***3 726***
Capex payables	-	*5 979*	-	***5 979***

12. Description of achievements or failures of the Group and indication of major events in the first half of 2017

Initial Public Offering

As a result of initial public offering of Company's shares ("**Shares**") that took place on 13th April 2017 (the "**Listing Date**") (the "**Offering**"), the Company received EUR 28.0 million in net proceeds. The Company intends to apply these proceeds firstly for the purchase of the new projects, including approximately EUR 18.1 million in connection with West Link projects in Wroclaw ("**Forward Purchase Asset**") and approximately EUR 9.8 million in connection with the three office projects located in Warsaw (the "**ROFO Assets**") (which entail the indirect investment in each of the ROFO Assets the amount of 25% of the funds required by each of the holder of ROFO Assets (the "**ROFO SPVs**") excluding the external bank financing required by the ROFO SPV to complete the development of each respective ROFO Asset).

In addition to the amounts that shall be financed from the net issue proceeds, the Company expects it will have to obtain approximately EUR 18 million in debt capital from bank loans to finance the purchase of the Forward Purchase Asset (resulting in an Net LTV ratio of approx. 50%). If the Company decides to exercise its right and to acquire the remaining 75% stake in the ROFO Assets, it will have to contribute additional equity. The amount of the additional equity to be contributed will be based on the final price based on the property value for a given ROFO Asset at the time of execution of the remaining 75% stake purchase. External bank financing will be assumed at Net LTV ratio of approx. 55%. The equity contribution for the acquisition of the remaining 75% stake shall be equal to 75% of the amount constituting the difference between the property value and the external bank financing. The method of financing of this equity injection is not currently known, however the most natural way for REIT structure is capital increase.

The Company expects to finalize the purchase of the Forward Purchase Asset (assuming satisfactory completion of the due diligence process) upon completion of the West Link project in April 2018. The ROFO Assets would be purchased, should the Company decide to exercise its right of first offer regarding ROFO Assets, following the receipt of the occupancy permits of the respective ROFO Assets and achieving at least 60% of the commercialization of the building constructed on the ROFO asset.

Transactions connected with ROFO and Assets and Forward Purchase Assets are described in Notes 7 and 8.

(All amounts in EUR thousands unless otherwise stated)

Forward Purchase Agreement

On 9th 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 14,362 sqm office GLA 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.

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, amount 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 18,000,000 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 18,000,000.
Pursuant to Annex No. 2, in exchange for the subscription for the West Link Bonds and the payment of EUR 18,000,000 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 18,000,000. 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.

(All amounts in EUR thousands unless otherwise stated)

Right of First Offer Agreements

On 9th 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 50,430 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 intends 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 shall be 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 6,400,000 issued by certain subsidiaries of Echo ("**ROFO Bonds**"). 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 realized on each of the projects. The ROFO Bonds have been issued as unsecured bonds.

Rental guarantees

On 9 March 2017, GTII, GTIII and each holder of title to the Existing Asset concluded rental guarantee agreements (the "**Rental Guarantees**") in respect of certain assets specified below, related to premises that were not leased or pre-leased by the Listing Date. Pursuant to each Rental Guarantee, GTII or GTIII (the "**Guarantors**") guaranteed to each holder of title to the Existing Asset that each holder of title to the Existing Asset will: (i) receive the headline rent and the average amount of service charges (subject to annual reconciliation and also including any void costs arising from the lack of a tenant due to ongoing refurbishment or fit-out works) for each part of the building that is not leased to third parties within a period of five years from the date of the Offering (i.e. the Rental Guarantees enter into force on the Listing Date and will remain in force for a period of five years from such date), (ii) receive the rent under the signed lease agreement in the full amount, i.e. all amounts of rent reductions or rent-free periods under the signed lease agreements will be covered by the rental guarantee, (iii) receive the leasing and agent fees related to the leasing of the property (regarding signed lease agreements) as well as agent fees related to the new leases in the negotiations of which the guarantor was not involved, and (iv) receive all amounts equal to all rent abatements during the rent-free periods and budgeted fit-out costs and outstanding general capex works, with respect to both signed and new lease agreements (also if the property is not fully leased at the end of the five-year term, the Guarantor will cover the costs of any fit-out works for the remaining vacant space, if such space will be leased). The guarantor's liability to cover the costs set out in items (ii), (iii) and (iv) is subject to capped amounts set out in each of the Rental Guarantees and expires after 60 calendar months following the Listing Date.

The Rental Guarantees were concluded in respect of the following assets: (i) Hala Koszyki; (ii) Renoma; (iii) Batory; (iv) Philips House; (v) Supersam; (vi) Nordic Park; (vii) Bliski Centrum; (viii) CB Lubicz I/II; and (ix) Green Horizon (together the “**Existing Assets**”). The Rental Guarantees cover the office premises and parking spaces (regardless of the type of asset, whether strictly office or mixed-use), excluding any retail premises, which are separately covered by the NOI Guarantee, as described below.

NOI Guarantee

On 9 March 2017, GTII and the respective owners and perpetual usufructuaries of Hala Koszyki, Renoma and Supersam concluded the NOI Guarantee agreement (the “**NOI Guarantee**”), under which the guarantor undertakes to the beneficiaries that if the yearly actual net operating income during a five-year period starting on the Listing Date is less than EUR 11.5 million p.a. (the “**Guaranteed Amount**”), the guarantor shall pay to the respective owners and perpetual usufructuaries of Hala Koszyki, Renoma and Supersam an amount equal to the difference between the Guaranteed Amount (proportionally to the leased space to the total leasable space ratio if this ratio falls below 85%) and the actual net operating income. The maximum aggregate amount payable within the five-year guarantee term by the guarantor is EUR 11,5 million (which amount would be reduced by a proportionate amount of the NOI if any of the assets are sold or otherwise disposed of prior to the expiry of the NOI Guarantee or any of the beneficiaries assigns or transfers, in whole or in any part, its rights and obligations under the NOI Guarantee to any third party in breach of the provisions of the NOI Guarantee).

Framework Agreement with the European Bank for Reconstruction and Development

On 22 March 2017, the Company concluded with the European Bank for Reconstruction and Development (“**EBRD**”) a framework agreement (the “**Framework Agreement**”).
According to the Framework Agreement, EBRD intended to acquire Shares (the “**EBRD Shares**”) in the Offering.

The Company was not obliged under the Framework Agreement to allocate to EBRD the EBRD Shares in the Offering and EBRD was treated equally to other investors.

The Framework Agreement has been executed under a condition subsequent that states that all the obligations of the parties under the Framework Agreement shall cease to be valid and binding if the Offering or the admission is not completed or EBRD did not acquire any EBRD Shares in the Offering. The Framework Agreement was governed by English law.

13. List of important events during reported period and factors and events, especially those of a non-typical character, that have had an impact on the profit/loss of the Company

Except from the significant events described in the Note 12, in the first half of 2017 the subsidiaries of Griffin Premium RE.. N.V. signed new leases and renewals for a total GLA of over 11,000 sq. meters. The average occupancy ratio increased from 84.4% (89.4% including Letters of Intent) as at 31 December 2016 to 91% (91.5% including Letters of Intent) as at 30 June 2017.

14. Explanations on the seasonality or cyclicality of the Capital Group's business in the presented period

The business of the group is only marginally affected by the seasonality or cyclicality.

15. Dividend paid (or declared)

Under the adopted dividend policy, the Company plans to pay out regularly in the form of a dividend about 65% of funds from operations (FFO).

16. Information on changes in contingent liabilities or contingent assets after the end of the last financial year

As at 30 June 2017 the Group had mortgages on investment properties in the amount of EUR 549 819 thousand.

In addition to mortgages on investment properties, the Group had in 2017 the following contingent liabilities and commitments:

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.

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 this 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,
- 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.

17. Subsequent events

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

On 28 July 2017 the Board resolved to nominate Ms. Malgorzata Turek for appointment as executive director of the Company by the General Meeting at the EGM which shall be held on Monday, 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. Malgorzata Turek the title of Chief Executive Officer.

At the same date the Board resolved to nominate Ms. Claudia Pendred for appointment as non-executive director of the Company by the General Meeting at the EGM which shall be held on Monday, 11 September 2017, for a term until immediately after the annual general meeting held in 2020.

On 11 September 2017 EGM resolved that Ms. Malgorzata Turek is appointed as executive director of the Board, with the title of Chief Executive Officer, for an indefinite term, such in accordance with the nomination by the Board of Directors.

At the same date EGM resolved that Ms. Claudia Pendred is appointed as an additional non-executive director of the Board of Directors, for a term until immediately after the annual general meeting held in 2020, such in accordance with the nomination by the Board of Directors.

Griffin Premium RE..

DIRECTOR'S REPORT

III. Director's Report

1. General information

Griffin Premium RE.. N.V. Group (further "**Griffin Premium RE.. Group**" or "**the Group**") owns and manages yielding real estates throughout Poland. On 30 June 2017 the Group is composed of the entities presented below in Note 1.1. 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 GTII and GTIII following a reorganisation as described in the Note 1.2.

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

1.1. 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 it 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:

- supervision 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 Interim Condensed 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.

Bakalion Sp. z o.o. – Registered office are 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 offices are 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 offices are 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 offices are 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".

Grayson Investments Sp. z o.o. - Registered offices are located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 28 November 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 404544. The company is a general partner to Hala Koszyki Sp. z o.o.

Lenna Investments Sp. z o.o. – Registered offices are 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. The company is a general partner to Hala Koszyki Sp. z o.o.

Hala Koszyki Sp. z o.o. (formerly Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp. k.) - Registered offices are located at Szucha 6 Street, Warsaw, Poland. The Company was formed as a result of the conversion of Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp. k. into Hala Koszyki Sp. z o.o. on the basis of the resolution of General Shareholders Meeting of 28 April 2017. The registration of the conversion was made on 1 June 2017.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 679636. The company is the owner the complex of three office and one retail building located in Warsaw known as "Hala Koszyki".

Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Cyrion Sp. z o.o.) - Registered offices are 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 offices are 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 offices are 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 offices are 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 offices are 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 offices are 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 offices are 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 2014, Item 157, 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 26A, Boulevard Royal, L-2449 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 26A, Boulevard Royal, L-2449 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 26A, Boulevard Royal, L-2449 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 26A, boulevard Royal, L-2449 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.

(All amounts in EUR thousands unless otherwise stated)

Entity	*Registered office*	*As at*	
		30 June 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*
Grayson Investments Sp. z o.o.	*Warsaw/Poland*	*100*	*full*
Lenna Investments Sp. z o.o.	*Warsaw/Poland*	*100*	*full*
Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp. k.	*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*

Management Board of:

Griffin Premium RE.. N.V.

- Dorota Wysokińska – Kuzdra - Executive Director (to 28 July 2017)
- Małgorzata Turek - Chief Executive Offices (since 11 September 2017)
- Rafał Pomorski - Executive Director
- Intertrust Management B.V. - Member of the Management Board (to 7 March 2017)
- Przemysław T. Krych - Non-executive Director (since 13 March 2017)
- Maciej Dyjas - Non-executive Director (since 13 March 2017)
- Nebil Senman - Non-executive Director (since 13 March 2017)
- Karim Khairallah - Non-executive Director (since 13 March 2017)
- Claudia Pendred - 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)

1.2. Reorganisation

Reorganisation of the Group has been described in Note 2 to Interim Condensed Financial Statements.

2. Position of the Management Board concerning the option to implement previously published result forecasts for the relevant year in the light of the results presented in the quarterly report in relation to predicted results

The Management Board believes that the Group will be able to implement the result for 2017 as presented in the forecast included in the prospectus (without taking into account impact of movements of foreign exchange rates) and to pay out dividend as predicted.

3. Description of the main risks and uncertainties for the remaining 6 months of the financial year

The key negative external factors and uncertainties affecting the Group's development include:

- uncertainty as to key assumptions of fiscal policy in Poland (on-going changes to existing tax laws and their interpretation, plans for new real estate taxes unrelated to property performance);
- 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 mixed-use assets are located;
- e-commerce impacting traditional retail in shopping centers;
- decreasing competition in Polish banking sector due to its consolidation and "repolonization".

The key negative internal factors and uncertainties important for the Group's development include:

(All amounts in EUR thousands unless otherwise stated)

- bankruptcy of Polish retailer (Alma) which decreased occupancy level by 5 percentage points in Renoma asset (but fully covered with NOI Guarantee);
- further office acquisitions (incl. purchase of the remaining 75% stakes in ROFO) require capital increases.

4. The ownership structure of major holdings of Griffin Premium RE.. N.V.

According to the information available to Griffin Premium RE.. N.V., the shareholding structure of the Company as at 30 June 2017 was as follows:

Shareholders	***Number of shares***	***Par value per share [EUR]***	***Value of share capital [EUR]***	***%***
Griffin Netherlands II B.V.	*37 792 049*	*1*	*37 792 049*	*24,2*
GT Netherlands III B.V.	*37 031 612*	*1*	*37 031 612*	*23,7*
Nationale Nederlanden OFE	*15 000 000*	*1*	*15 000 000*	*9,6*
European Bank for Reconstruction and Development	*14 807 000*	*1*	*14 807 000*	*9,5*
Other shareholders	*51 502 518*	*1*	*51 502 518*	*33,0*
Total	***156 133 179***		***156 133 179***	***100,0***

The following Non-Executive Directors: Przemysław T. Krych, Maciej Dyjas and Nebil Senman 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.

5. Share capital structure

The share capital structure has been outlined in the Note 4 of Director's Report.

6. Information on court proceedings

At the end of first half of 2017, there were neither court nor administrative proceedings regarding liabilities or receivables of the Company or its subsidiaries in the total value of at least 10% of the Company's equity.

7. Information on transactions with related entities on other than market conditions

In the first half of 2017, neither the Company nor its subsidiaries entered into transactions with related parties under terms other than market terms.

8. Information of granted loan sureties and granted guarantees equivalent in value to at least 10% of the issuer's equity capitals

In the first half of 2017, neither Griffin Premium RE.. N.V. nor any of its subsidiaries issued any guarantees to third parties whose value exceeds 10% of the Company's equity.

9. Other information that the Griffin Premium RE.. N.V. believes to be important to assess the personnel, economic and financial situation, the financial result and any changes in these aspects of business, and information significant for the assessment of Griffin Premium RE Group's capacity to meet its obligations

Appointments and resignation from the board of directors

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 Extraordinary Shareholder Meeting appointed Przemysław T. Krych, Maciej Dyjas, Nebil Senman and Karim Khairallah as non-executive directors of Griffin Premium RE.. N.V. subject to and effective as of conversion of the Company into public entity. On the same date 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 settlement of the Offering.

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

On 28 July 2017 the Board resolved to nominate Ms. Malgorzata Turek for appointment as executive director of the Company by the General Meeting at the EGM which shall be held on Monday, 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. Malgorzata Turek the title of Chief Executive Officer.

At the same date the Board resolved to nominate Ms. Claudia Pendred for appointment as non-executive director of the Company by the General Meeting at the EGM which shall be held on Monday, 11 September 2017, for a term until immediately after the annual general meeting held in 2020.

On 11 September 2017 EGM resolved that Ms. Malgorzata Turek is appointed as executive director of the Board, with the title of Chief Executive Officer, for an indefinite term, such in accordance with the nomination by the Board of Directors.

At the same date EGM resolved that Ms. Claudia Pendred is appointed as an additional non-executive director of the Board of Directors, for a term until immediately after the annual general meeting held in 2020, such in accordance with the nomination by the Board of Directors.

10. Factors which, in the opinion of the Management Board, will influence the Capital Group's financial performance for at least the upcoming quarter

Factors to influence the result in the coming periods include:

- 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:
    i. changes of exchange rates,
    ii. 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,
- interest on deposits,
- interest on bank loans.

5. Independent auditor's report of Ernst & Young Accountants LLP with respect to the financial statements with respect to the financial year 2016

Independent auditor's report

To: the shareholders and management of Griffin Premium RE.. B.V.

Report on the audit of the financial statements 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 of Griffin Premium RE.. B.V., based in Amsterdam, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Griffin Premium RE.. B.V. as at 31 December 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2016;
- The profit and loss account for the period ending 31 December 2016;
- 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.. B.V. in accordance with 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.

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:

- 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.

Management is responsible for the preparation of the other information, 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.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management 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.

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 management;
- Concluding on the appropriateness of management's 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.

We communicate with the management board 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.

Zwolle, 16 March 2017

Ernst & Young Accountants LLP

Signed by M. Rooks

6. Audited standalone financial statements of the Company with respect to the financial year 2016

Griffin Premium RE.. B.V.

Amsterdam

ANNUAL REPORT
2016

Registered address:
Barbara Strozzilaan 201
1083 HN Amsterdam
The Netherlands

Chamber of Commerce: 67532837

Financial report

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Griffin Premium RE.. B.V.
Amsterdam

Balance sheet as at 31 December 2016

(before proposed appropriation of net result and expressed in PLN)

	Notes	31/12/16
		PLN
ASSETS		
Current assets		
Cash at banks & cash equivalents	1	198 464
		198 464
LIABILITIES		
Current liabilities		
Accounts payable & accrued expenses		154 360
		154 360
Total assets less liabilities		44 104
Shareholders' equity	2	
Issued and paid-up share capital		198 464
Other reserve		(23)
Accumulated result		(154 337)
Total shareholders' equity		44 104

The accompanying notes form an integral part of these financial statements.

Griffin Premium RE.. B.V.
Amsterdam

Profit and loss account for the period ended 31 December 2016

(Expressed in PLN)

	Notes	21/12/16 - 31/12/16
		PLN
Operational income and (expenses)		
Foreign exchange result		23
General and administrative expenses	3	(154 360)
		(154 337)
Net result before taxation		(154 337)
Taxation	4	-
Net result		(154 337)

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements for the period ended 31 December 2016

(Expressed in PLN)

Principal activities

Griffin Premium RE.. B.V. ("the Company") is a private limited liability company ('besloten vennootschap met beperkte aansprakelijkheid'), having its statutory seat in Amsterdam, and its registered address at Barbara Strozzilaan 201, 1083 HN Amsterdam, the Netherlands. Registered with the Chamber of Commerce with registration number: 67532837.

The Company was incorporated on 21 December 2016. The principal activity of the Company is the holding of interests in and financing of group companies. The Company is a 67.65% subsidiary of Griffin Netherlands II B.V. and a 32.35% subsidiary of GT Netherlands III B.V., both are Dutch entities registered at the Barbara Strozzilaan 201, 1083 HN Amsterdam, The Netherlands. Griffin Netherlands II B.V. is registered with the Chamber of Commerce with registration number 62902741. GT Netherlands III B.V. is registered with the Chamber of Commerce with registration number 62906933.

Griffin Topco III S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered offices in Luxembourg, Grand Duchy of Luxembourg and its principal place of business at 26A, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg, includes the Company in its consolidated financial statements.

Summary of principal accounting policies

a. Basis of presentation

The accompanying financial statements have been prepared in accordance with the generally accepted accounting principles of the Netherlands and are in compliance with the provisions of the Netherlands Civil Code Book 2, Title 9. The financial statements are presented in Polish Zloty (PLN) which is its functional currency. The Company follows the accrual method of accounting in preparing its financial statements. Under the accrual method the effects of transactions and other events on the assets, liabilities and income are recognized and reported in the period to which they relate rather then when cash is paid or received.

Operating expenses are accounted for in the period in which these are incurred. Losses are accounted for in the year in which they are identified.

b. Financial instruments

Financial instruments are initially recognized at fair value, including directly attributable transactions costs. After initial recognition, financial instruments are carried at amortized cost using the effective interest method.

c. Other assets and liabilities

All items are stated at face value except where a different basis of valuation has been indicated in the financial statements.

Notes to the financial statements for the period ended 31 December 2016

(Expressed in PLN)

Summary of principal accounting policies (continued)

f. Foreign currencies

The consolidated financial statements are prepared in Polish Zloty (PLN), the functional and presentation currency of the Company. Assets and liabilities, denominated in foreign currencies are translated into the reporting currency at exchange rates prevailing at the balance sheet date. Any resulting exchange differences are recorded in the profit and loss account.

The exchange rates used in the annual accounts are:			**31/12/16**
Euro	EUR	EUR:PLN	4,4103

Accounting policies for the income statement

I. General information

Gains or losses on transactions are recognized in the year in which they are realized; losses are taken as soon as they are foreseeable.

II. Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account calculated permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Temporary differences between the reporting for tax purposes and the financial statements are recognized 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.

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.

Notes to the financial statements for the period ended 31 December 2016

(Expressed in PLN)

1 Cash at banks & cash equivalents

The cash at banks are comprised as follows:

	31/12/16
Cash equivalents	198 464
	198 464

Cash at banks & cash equivalents is 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.

2 Shareholders' equity

Capital	31/12/16
Share capital	
- Issued and paid up share capital	
45,000 ordinary shares each with a nominal value of EUR 1.00	198 464

Movements
The movements during the year are as follows:

	Issued and paid-up share capital	Other reserve	Accumulated results
Balance at 21 December 2016	-	-	-
Contributions during the year	198 441	-	-
Movements	23	(23)	-
Net result	-	-	(154 337)
Balance at 31 December 2016	198 464	(23)	(154 337)

Appropriation of net result for the year 2016
During the year under report the Company did not pay any dividends. The result for the year will be added to the accumulated result. The general meeting will determine the appropriation of the result in accordance with the motion tabled for that purpose.

Notes to the financial statements for the period ended 31 December 2016

(Expressed in PLN)

3 General and administrative expenses

The general and administrative expenses are comprised as follows:

	21/12/16 - 31/12/16
Management fees	4 410
Administration & legal services	132 309
Tax advisory services	17 641
	154 360

4 Taxation

No Dutch income taxes have been recorded, due to the tax losses of PLN 154,337 in the period. These tax losses can be carried forward. Realizations of these carry forward tax losses are dependent upon generating sufficient taxable in the period that the carry' forward tax losses are realized. Based on all available information, it is not probable that the carry forward tax losses are realizable and therefore no deferred taks asset is recognised.
The accumulated Dutch tax losses available for carry forward as per 31 December 2016 are PLN 154,337.

5 Personnel

The Company has no employees and as such incurred no salary cost, wage tax or social securities.

6 Directors

At incorporation the management board consisted of Mrs. D. Wysokinska-Kuzdra (Managing director A), Mr. R. Pomorski (Managing director A), Intertrust Management B.V. (Managing director B) & Intertrust (Netherlands) B.V. (Managing director B). On 7 March 2017 Intertrust Management B.V. & Intertrust (Netherlands) B.V. resigned as managing directors. On 8 March 2017, Mr. R. Pomorski resigned as Managing director A and was appointed as Managing director B at the same date. None of the directors received remuneration. The Company does not have a Board of Supervisory Directors.

Notes to the financial statements for the period ended 31 December 2016

(Expressed in PLN)

7 Post-balance sheet events

The issued and paid up capital per 7 March 2017 amounted to € 133,931,912, consisting of 133,931,912 shares with a nominal value of € 1,00 per share. On 21 December 2016 the Company share capital consisted of 45,000 shares with a nominal value of 1,00 per share. By executing deeds of issuance of shares on 27 January 2017 in conjunction with the rectification deeds on 24 February 2017, the Company issued 67,604,091 respectively 66,269,821 additional shares with a nominal value of 1,00 per share. The shareholders contributed in kind the following assets: 100% of the share capital of Dolfia sp. z o. o. for a fair market value of PLN 4,568,162 (EUR 1,052,257), 100% of the share capital of DH Supersam Katowice sp. z o.o. for a fair value of PLN 33,722,701 (EUR 7,767,881), loan on December SCSp with a fair value of PLN 144,467,322 (EUR 33,277,434), three loans on DH Supersam Katowice sp. z o.o. with a total fair value of PLN 65,270,823 (EUR 15,034,857), three loans on Dolfia sp. z o.o. with a total fair value of PLN 10,831,094 (EUR 2,494,896), two loans on Ebgaron sp. z o.o. with a total fair value of PLN 18,226,184 (EUR 4,198,324), a loan on Lamantia sp. z.o.o. with a fair value of PLN 27,236 (EUR 6,274). Three loans on Lamantia sp. z o.o. s.k. (d. Cyrion sp. z o.o.) with a total fair value of PLN 15,376,118 (EUR 3,772,169), 100% of the share capital of Centren Sp. z.o.o. for a fair value of PLN 25,282,077 (EUR 5,823,619), 100% of the share capital of Bakalion Sp. z.o.o. with a fair value of PLN 59,795,599 (EUR 13,773,662), 100% of the share capital with IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych for a fair value of PLN 29,966,651 (EUR 6,902,691), 100% of the share capital of Charlie RE Sp. z.o.o. for a fair value of PLN 4,907 (EUR 1,130), 100% of the shares in SO SPV 85 Sp. z.o.o. (to be renamed December RE Sp. z.o.o.) for a fair value of PLN 4,907 (EUR 1,130), 100% of the share capital in SO SPV 86 Sp. z.o.o. (to be renamed Akka RE Sp. z.o.o.) for a fair value of PLN 4,907 (EUR 1,130), loan on Bakalion sp. z o.o. with a fair value of PLN 78,710,369 (EUR 18,130,599), two loans on Centren sp. z o.o. with a total fair value of PLN 78,919,553 (EUR 18,178,783). Four loans on Nordic Park Offices sp. z o.o. sp.k. with a total fair value of PLN 15,008,209 (EUR 3,457,077).

By executing deeds of issuance of shares on 28 February 2017 the Company issued 11,000 respectively 1,000 additional shares with a nominal value of 1,00 per share. The shareholders contributed assets in kind as payment for the issued share capital with the excess as share premium. The shareholders contributed in kind the following assets: 100% of the share capital in Grayson Investments Sp. z.o.o. with a fair value of PLN 126,293 (EUR 29,257), 100% of the share capital in Lenna Investments Sp. z.o.o., with a fair value of PLN 586,563 (EUR 135,886), a loan on Dom Handlowy Renoma sp. z o.o. with a fair value of PLN 44,736 (EUR 10,364), a loan on Dom Handlowy Renoma sp. z o.o. sp.k. with a fair value of PLN 66,690,741 (EUR 15,449,831), a loan on Grayson Investments sp. z o.o. with a fair value of PLN 36,648 (EUR 8,490), three loans on Hala Koszyki Grayson Investments sp. z o.o. sp.k. with a total fair value of PLN 79,592,187 (EUR 18,438,629), a loan with Lenna Investments sp. z o.o. with a fair value of PLN 4,282,282 (EUR 992,050), a loan with Lamantia sp. z o.o. s.k. (d. Cyrion sp. z o.o.) with a fair value of PLN 2,013,151 (EUR 466,374), a loan on Dolfia sp. z o.o. for a fair value of PLN 1,006,576 (EUR 233,187), a loan on Nordic Park Offices sp. z o.o. sp.k. with a fair value of PLN 1,193,219 (EUR 276,426).

(Expressed in PLN)

7 Post balance sheet events (continued)

Finally, by executing the deed of issuance of shares on 3 March 2017 the Company issued 1,000 additional shares with a nominal value of 1,00 per share. The shareholder contributed bonds on Charlie RE Sp z.o.o. with a total fair value of EUR 1,608,511 of which EUR 1,607,511 was reflected as share premium.

The total amount of share premium per 7 March 2017 amounts to EUR 37,360,579 & PLN 150,000. on 30 January 2017 the shareholders contributed a total amount of PLN 150,000 of share premium. On 28 February 2017 the shareholders contributed EUR 37,360,579 of share premium to the Company.

The PLN 150,000 share premium contribution was provided in cash. Each of the share capital contributions along with the share premium contribution of 28 February 2017 was done in kind. The Company received in total five direct & sixteen indirect subsidiaries (with a total fair value of PLN 154,015,287), 30 loans to group related companies & bonds (with a total fair value of PLN 588,428,064 issued by one group related company .
The sixteen indirect subsidiaries hold nine properties (high street mixed use and offices) located in Poland.
The Company subsequently contributed all assets to one subsidiary, IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, during the course of Q1 2017.
No major post-balance sheet events have occurred which may have a material effect on the accounts.

At incorporation the management board consisted of Mrs. D. Wysokinska-Kuzdra (Managing director A), Mr. R. Pomorski (Managing director A), Intertrust Management B.V. (Managing director B) & Intertrust (Netherlands) B.V. (Managing director B). On 7 March 2017 Intertrust Management B.V. & Intertrust (Netherlands) B.V. resigned as managing directors. On 8 March 2017, Mr. R. Pomorski resigned as Managing director A and was appointed as Managing director B at the same date. None of the directors received remuneration. The Company does not have a Board of Supervisory Directors.

Amsterdam, 16 March 2017

Mrs. D. Wysokinska-Kuzdra	Mr. R. Pomorski
Managing director A	*Managing director B*

Other information

Statutory provision regarding appropriation of results

In accordance with Article 18 paragraph 1 of the Articles of Association, profit shall be at the disposal of the Annual General Meeting of Shareholders. Profit distribution can only be made to the extent that the Shareholder's equity exceeds the issued and paid-up share capital and legal reserves.

All distributions by the Company, such as distribution of (retained) profits and (other) reserves, will be subject to a distribution test applied by the managing board. The managing board must assess whether the Company will be able to continue paying its debts (i) which are due and payable on the date of distribution or payment and (ii) of which the managing board can foresee that they will become due and payable.

Independent auditors' report

According to Dutch law, Griffin Premium RE.. B.V., is a micro sized company as defined in article 396 of Part 9 of Book 2 of the Dutch Civil Code an audit is as such not a mandatory requirement. Management wanted an audit on a voluntary basis and has requested Ernst & Young Accountants LLP to perform an audit, the independent auditor's report is included in the next pages.