



**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**

Griffin Premium RE.. N.V. Group

Index

(All amounts in EUR thousands unless otherwise stated)

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(All amounts in EUR thousands unless otherwise stated)

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Griffin Premium RE.. N.V. Group
Selected consolidated financial data

(All amounts in EUR thousands unless otherwise stated)

I. Selected consolidated financial data

Consolidated statement of profit or loss	in ths PLN				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	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		in ths EUR	
	1.01.2017-30.06.2017	1.01.2016-30.06.2016	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		in ths EUR	
	As at 30.06.2017	As at 30.06.2016	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

Griffin Premium RE.. N.V. Group
Selected consolidated financial data

(All amounts in EUR thousands unless otherwise stated)

	<i>in ths PLN</i>		<i>in ths EUR</i>	
	<i>As at</i> 30.06.2017	<i>As at</i> 30.06.2016	<i>As at</i> 30.06.2017	<i>As at</i> 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 constituting debt service reserve account maintained at the request of the bank lenders) / Investment property

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

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.



**Griffin
Premium RE.**

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

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

	Note	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
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

Interim Condensed Consolidated Statement of Other Comprehensive Income

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

Interim Condensed Consolidated Statement of Financial Position

	Note	As at		30 June 2016 Unaudited
		30 June 2017 Unaudited	31 December 2016 Audited	
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

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

(All amounts in EUR thousands unless otherwise stated)

Interim Condensed Consolidated Statement of Changes in Equity

	<i>Issued capital</i>	<i>Share premium</i>	<i>Foreign currency translation reserve</i>	<i>Net assets attributable to shareholders</i>	<i>Other reserves</i>	<i>Accumulated profit</i>	<i>Total</i>
1 January 2017	45	-	(5 142)	41 334	-	-	36 237
<i>Profit for the period</i>	-	-	-	-	-	20 263	20 263
<i>Other comprehensive income</i>	-	-	7 134	-	-	-	7 134
Total comprehensive income	-	-	7 134	-	-	20 263	27 397
<i>Issue of share capital</i>	156 088	44 026	-	-	-	-	200 114
<i>The reorganisation of the Group</i>	-	-	-	(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
<i>Profit for the period</i>	-	-	-	13 885	-	-	13 885
<i>Other comprehensive income</i>	-	-	(3 312)	-	-	-	(3 312)
Total comprehensive income	-	-	(3 312)	13 885	-	-	10 573
At 30 June 2016	-	-	(5 183)	100 234	-	-	95 051

Interim Condensed Consolidated Statement of Cash Flows

	<i>Period</i>	
	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
	<u>11 072</u>	<u>9 570</u>
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	<u>8 586</u>	<u>9 081</u>
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	<u>(29 802)</u>	<u>(14 034)</u>
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	<u>25 361</u>	<u>3 411</u>
Net cash flows	<u>4 145</u>	<u>(1 542)</u>
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	<u>14 793</u>	<u>7 963</u>

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.

Financial information for 3-month period ended 30 June 2017 and 30 June 2016 presented in this interim consolidated condensed financial statements for the six months ended 30 June 2017 were not reviewed nor audited.

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 (non statutory) 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 (not statutory) for the year ended 31 December 2016. After 1 January 2017 no new or amended Standards or Interpretations have been issued that apply to the annual reporting periods beginning after 1 January 2017. New or amended Standards or Interpretations that have been issued but are not yet applicable because they are not yet effective in the light of European Union or have been endorsed by European Union but the Company has not early adopted them, have been presented in the consolidated financial statement for the year ended 31 December 2016. In the first half of the year 2017 only one Standard has been issued: IFRS 17 Insurance contracts and IFRIC Interpretation 23.

The Group does not expect that the application of any of the new or amended Standards or Interpretations would significantly influence The Group's accounting policies, except:

IFRS 17 Insurance Contracts

This standard was issued on 18 May 2017 and will be effective for annual periods beginning on or after 1 January 2021. This standard has not yet been endorsed by the European Union. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The Group does not act as a principal in case of insurance contracts and this standard will have no impact on financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

This interpretation was issued on 7 June 2017 and will be effective for annual periods beginning on or after 1 January 2019. This interpretation has not yet been endorsed by the European Union. IFRIC 23 clarifies the accounting for uncertainties in income taxes. An entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. This interpretation will have no impact on the 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.

1) 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 from 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.

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 as follows:

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Contribution of loans receivable from:

Griffin Topco II S.à r.l.	86 854
Griffin Topco III S.à 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 described above.

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.

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Consolidated Statement of Financial Position by segments

	<i>Period ended 30 June 2017</i>		
	<i>High-street mixed use properties</i>	<i>Office properties</i>	<i>Total</i>
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
Period ended 31 December 2016			
	<i>High-street mixed use properties</i>	<i>Office properties</i>	<i>Total</i>
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

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	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

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

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	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

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	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

City of Investment Property location	Period ended		
	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

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4. Finance income

	<i>For the period</i>			
	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

	<i>For the period</i>			
	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	(7 380)	(7 684)	(191)	262
Income tax (expense)/gain reported in the Consolidated Statement of Comprehensive Income	(7 376)	(7 684)	(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.

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6. Investment property

	<u>30 June 2017</u>	<u>31 December 2016</u>
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.

	<u>30 June 2017</u>	<u>31 December 2016</u>
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	-	(68 182)
Net gain/(loss) from fair value adjustments on investment property	-	4 514
Foreign currency translation	-	(863)
At 30 June / 31 December	-	-

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.

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 September 2017. The maturity of investment loan is August 2026.

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:

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

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(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.

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.

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 cyclicity of the Capital Group's business in the presented period

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

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 independent 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 independent 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 shareholder of 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 shareholder of 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 2016, Item 1896, as amended).

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

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

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

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

Akka SCSp – a special limited partnership established and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at 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.

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(All amounts in EUR thousands unless otherwise stated)

Entity	Registered office	As at	Consolidation method
		30 June 2017	
		%	
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 - Executive Director (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 - Independent Non-executive Director (since 11 September 2017)
- Marcus M.L.J. van Campen - Independent Non-executive Director (since 13 March 2017)
- Andreas Segal - Independent Non-executive Director (since 13 March 2017)
- Thomas Martinus de Witte - Independent Non-executive Director (since 13 March 2017)

1.2. 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) with respect to dividend payment.

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:

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(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:

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