Griffin Topco II S.à r.l.

Interim Abridged Consolidated Financial Information for the 6 months ended 30 June 2016

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Building a better
working world

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Report on review of interim abridged consolidated financial information

To the Shareholders of
Griffin TopCo II S.à r.l.
26A, boulevard Royal
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Introduction

We have reviewed the accompanying interim abridged consolidated financial information of Griffin TopCo II S.à r.l. (the "Company"), which comprise the interim abridged consolidated statement of financial position as at 30 June 2016, and the related interim abridged consolidated statement of comprehensive income and the interim abridged consolidated statement of cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of this interim abridged consolidated financial information in accordance with the recognition and measurement principles of International Accounting Standard 34 "Interim financial reporting". Our responsibility is to express a conclusion on this interim abridged consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim abridged consolidated financial information does not give a true and fair view of the financial position of the Company as at 30 June 2016 and of its financial performance and its cash flows for the six-month period then ended in accordance recognition and measurement principles as described in the note "Summary of significant accounting policies and basis of preparation".

Ernst & Young
Société anonyme
Cabinet de révision agréé

Pavel Nesvedov

Luxembourg, 26 September 2016

(in thousands of euro)

Interim Abridged Consolidated Statement of Financial Position

	As at 30 June 2016	As at 31 December 2015
TOTAL ASSETS	**411 858**	**426 401**
NON-CURRENT ASSETS	**370 846**	**348 794**
Investment properties	264 092	264 775
Properties under development	57 977	33 478
Other tangible and intangible assets	148	400
Deferred tax assets	2 086	2 501
Other non-current assets, *including:*	46 543	47 640
Other non-current assets - others	3 695	-
Other non-current assets - related parties	38 191	*37 664*
Loans granted to related parties - principal	2 837	*7 383*
Loans granted to related parties - interest	172	*487*
Investments in associates and joint ventures	1 648	*2 106*
CURRENT ASSETS	**27 842**	**61 087**
Loans granted to related parties - principal	1 138	28 067
Loans granted to related parties - interest	71	1 503
Trade receivables	2 443	2 766
Income tax receivables	50	6
VAT receivables	3 710	4 591
Other receivables	1 014	1 317
Prepayments	1 631	674
Restricted cash	2 925	3 634
Cash and cash equivalents	14 860	18 529
ASSETS HELD FOR SALE	**13 170**	**16 520**

(in thousands of euro)

Interim Abridged Consolidated Statement of Financial Position

	As at 30 June 2016	As at 31 December 2015
TOTAL EQUITY AND LIABILITIES	**411 858**	**426 401**
TOTAL EQUITY	**52 222**	**47 217**
Equity attributable to equity holders of the parent	**46 143**	**41 165**
Share capital	13	13
Other reserves	159	159
NCI buy-out reserves	(4 288)	(4 288)
Retained earnings	45 490	16 430
Foreign currency translation reserve	(3 516)	(209)
Net profit / (loss) for the period	8 285	29 060
Non-controlling interest	**6 079**	**6 052**
TOTAL LIABILITIES	**359 636**	**379 184**
NON-CURRENT LIABILITIES	**292 235**	**325 354**
Bank loans - principal	157 051	154 158
Bank loans - accrued interest	1 091	-
Preferred Equity Certificates - principal	79 521	116 877
Related party loans - principal	43 239	44 206
Related party loans - accrued interest	4 955	4 654
Tenant's deposits	3 299	2 451
Deferred tax liability	3 079	3 008
CURRENT LIABILITIES	**67 401**	**53 830**
Bank loans - principal	14 791	7 827
Bank loans - accrued interest	77	91
Preferred Equity Certificates - accrued interest	36 704	32 875
Related party loans - principal	2 703	1 614
Related party loans - accrued interest	204	76
Trade payables	2 195	2 368
Other payables, including:	10 300	7 894
VAT Payables	504	212
Income tax payables	13	14
Other payables	9 783	7 668
Accrued expenses and deferred income	225	279
Tenant's deposits	202	806

(in thousands of euro)

Interim Abridged Consolidated Statement of Comprehensive Income

For the 6 months ended 30 June	2016	2015
Rental income	7 967	7 400
Service charge income	2 754	2 438
Other income	297	(206)
TOTAL REVENUE	**11 018**	**9 632**
Utilities	(1 335)	(1 220)
Selling, general and administration expenses	(2 005)	(1 132)
Real estate taxes	(718)	(879)
TOTAL PROPERTY OPERATING EXPENSES	**(4 058)**	**(3 231)**
Other cost of sales	(238)	(171)
TOTAL OPERATING EXPENSES	**(4 296)**	**(3 402)**
NET GAIN / (LOSS) ON DISPOSAL OF PROPERTIES	**176**	**2 052**
Legal and consulting costs	(840)	(1 431)
Asset management fees	(171)	(689)
Other overhead expenses	(439)	(917)
OVERHEAD EXPENSES	**(1 450)**	**(3 037)**
Net gain / (loss) on property valuation	15 315	(3 704)
Other income / (expenses)	469	257
Gains / (losses) from associates and joint ventures	21	(33)
TOTAL OTHER OPERATING INCOME / (EXPENSES)	**14 531**	**(4 465)**
PROFIT / (LOSS) BEFORE INTEREST AND TAX	**21 253**	**1 765**
Interest expenses - related party loans	(3 146)	(3 379)
Interest expenses - bank loans	(2 883)	(2 582)
Foreign exchange gains / (losses)	(6 886)	5 115
Other income / (expenses)	479	616
FINANCE INCOME / (COST)	**(12 436)**	**(230)**
PROFIT / (LOSS) BEFORE TAX	**8 817**	**1 535**
Current income tax	(222)	(2)
Deferred income tax	(310)	5 623
TAXATION	**(532)**	**5 621**
PROFIT / (LOSS) FOR THE PERIOD	**8 285**	**7 156**
Attributable to:		
Equity holders of the parent	8 264	4 730
Non-controlling interests	21	2 426
Other comprehensive income:		
Foreign currency translation reserve	(3 516)	(455)
Other comprehensive income for the period, net of tax	**(3 516)**	**(455)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**4 769**	**6 701**
Attributable to:		
Equity holders of the parent	4 748	4 275
Non-controlling interests	21	2 426

(in thousands of euro)

Interim Abridged Consolidated Statement of Cash Flows

For the 6 months ended 30 June	2016	2015
PROFIT / (LOSS) BEFORE INTEREST AND TAX	**21 253**	**1 765**
Gain / (loss) on property valuation	(15 315)	3 704
Gain / (loss) on associates and joint ventures	(21)	33
Net gain / (loss) on Disposal of Property	(176)	(2 052)
Taxes (Corporate Income Tax, Trade Tax) paid	(4)	(123)
Changes in Working Capital	**1 824**	**(11 019)**
Trade receivables	(327)	(8 797)
Other receivables	512	(1 860)
Prepayments	(1 039)	(1 545)
Payables	2 185	2 431
VAT settlements	1 023	(1 093)
Other Items	(530)	(155)
Operating Cash Flow (OCF)	**7 561**	**(7 692)**
Interest income	2 249	63
Net Disposal Proceeds	5 959	39 305
Investments in joint ventures	(133)	2 943
Tenant Incentives (fit-outs, cash incentives)	370	68
Purchase of investment property	-	(8 023)
Capital expenditure on investment property under construction	(16 503)	(6 852)
Cash Flow from Investing Activities	**(8 058)**	**27 504**
Bank Loan Proceeds	12 883	13 648
Bank Loan Repayment	-	(968)
Bank Loan Repayment due to Disposals	(4 260)	(4 911)
Interest expenses - bank loans	(1 720)	(2 720)
Proceeds from PECS / (repayments)	(37 375)	-
Borrowing from related parties / (repayments)	26 928	(11 993)
Interest from / (to) related parties and others	(334)	2 892
Cash Flow from Financing Activities	**(3 878)**	**(4 052)**
Free Cash Flow (FCF)	**(4 375)**	**15 760**
CASH OPENING BALANCE	**22 160**	**21 900**
CASH CLOSING BALANCE	**17 785**	**37 660**

Notes to the Interim Abridged Consolidated Financial Information

Corporate information

The Interim Abridged Consolidated Financial Information of Griffin Topco II Société à responsabilité limitée (S.à r.l.) and its subsidiaries (the "**Group**") for the 6 months ended 30 June 2016 were authorized for issue in accordance with a resolution of the directors on 26 September 2016.

Griffin Topco II S.à r.l. (the "**Company**") is a limited company incorporated and domiciled in Luxembourg. The registered office is located at route 26A Boulevard Royal, L-2449 Luxembourg.

The Group is involved in property operations owned by its direct subsidiaries or joint ventures and associates, located in Poland.

The Group is controlled by two companies: OCM Luxembourg EPF III S.à r.l. and OCM Luxembourg EPF III Griffin Holdings S.à r.l., both incorporated in Luxembourg. Oaktree Capital Group LLC is the ultimate parent company publishing consolidated financial statements. Oaktree Capital Group LLC is incorporated in Los Angeles. Oaktree Capital Group LLC is quoted on the NYSE.

Corporate Bodies of the Group

Management Board Members in 2016 and until the authorization date of the Interim Abridged Consolidated Financial Information:

- Hugo Neuman
- Przemysław Krych
- Maciej Dyjas
- Juliette Caliste
- Martin Eckel

No supervisory board has been established.

Summary of significant accounting policies and basis of preparation

The principal accounting policies applied in the preparation of the Interim Abridged Consolidated Statement of Financial Position, Interim Abridged Consolidated Statement of Comprehensive Income and Interim Abridged Consolidated Statement of Cash Flows ("**Interim Abridged Consolidated Financial Information**") of the Griffin Topco II S.à r.l. ("**the Group**") are set out below.

These policies have been consistently applied throughout periods covered by the Interim Abridged Consolidated Financial Information.

The accounting policies adopted are consistent with those of the previous year. The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016 which had no impact on this Interim Abridged Consolidated Financial Information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Basis of preparation and statement of compliance

The Interim Abridged Consolidated Financial Information have been prepared in accordance with the recognition and measurement principles of International Accounting Standard ("**IAS**") 34 "Interim financial reporting". These Interim Abridged Consolidated Financial Information do not constitute a full set of International Financial Reporting Standards as adopted by the European Union ("**IFRS**") consolidated financial information in accordance with IAS 1 "Presentation of Financial Statements" and IAS 34 "Interim Financial Reporting". The Interim Abridged Consolidated Financial Information have been prepared on a going concern basis and under the historical cost convention, except for the revaluation of certain financial instruments and investment properties which are measured at fair value.

The Interim Abridged Consolidated Financial Information are presented in euro ("**EUR**"), which is also the parent's, Griffin Topco II S.à r.l. functional currency, while Polish zloty ("**PLN**") is the functional currency of each of the Polish Subsidiaries comprising the Group.

The structure of the Group as at 30 June 2016 and 31 December 2015 is presented in the table below. The Interim Abridged Consolidated Financial Information includes companies listed in the table below, which were consolidated according to the relevant consolidation method and percentage of ownership.

(in thousands of euro)

Name	Registered seat	Consolidation method	30 June 2016 ownership %	31 December 2015 ownership %
Griffin Topco II S.à r.l.	Luxembourg	Parent	100%	100%
Dom Handlowy Renoma Sp. z o.o. Sp.k. (formerly DH Renoma Sp. z o.o.)	Warsaw	Full	100%	100%
Dom Handlowy Renoma Sp. z o.o.	Warsaw	Full	100%	100%
DH Supersam Katowice Sp. z o.o.	Warsaw	Full	100%	100%
Apenon Sp. z o.o.	Warsaw	Full	100%	100%
Grayson Investments Sp. z o.o.	Warsaw	Full	100%	100%
Hala Koszyki Grayson Investments Sp. z o.o. Sp. k.	Warsaw	Full	100%	100%
Lenna Investments Sp. z o.o.	Warsaw	Full	100%	100%
Leminel Enterprise Sp. z o.o.	Warsaw	Full	100%	100%
Dolfia Sp. z o.o.	Warsaw	Full	100%	100%
Lamantia Sp. z o.o. Sp.k. (formerly Cyrion Sp. z o.o.)	Warsaw	Full	100%	100%
Lamantia Sp. z o.o.	Warsaw	Full	100%	100%
Ebgaron Sp. z o.o.	Warsaw	Full	100%	100%
Residential Real Estate Sp. z o.o.	Warsaw	Full	100%	100%
Zerta Sp. z o.o.	Warsaw	Full	100%	100%
Niter Enterprise Sp. z o.o.	Warsaw	Full	100%	100%
Dafter Enterprise Sp. z o.o.	Warsaw	Full	100%	100%
Nowe Bemowo Sp. z o.o.	Warsaw	Full	66,6(6)%	66,6(6)%
Nowe Bemowo Sp. z o.o. SKA	Warsaw	Full	66,6(6)%	66,6(6)%
Oksymon Sp. z o.o.	Warsaw	Full	67%	67%
Surmiks Sp. z o.o.	Warsaw	Full	67%	67%
Torgen Sp. z o.o.	Warsaw	Full	67%	67%
Martlet Sp. z o.o.	Warsaw	Full	100%	100%
Emilia Nieruchomości Sp. z o.o.	Warsaw	Full	85%	85%
Widok RE Sp. z o.o.	Warsaw	Full	85%	85%

(in thousands of euro)

Name	Registered seat	Consolidation method	30 June 2016 ownership %	31 December 2015 ownership %
Emilia Development Sp. z o.o. (formerly Emir 76 Sp. z o.o.)	Warsaw	Full	85%	85%
IB 15 FIZAN	Warsaw	Full	100%	-
Fanster Enterprise Sp. z o.o. w likwidacji	Warsaw	Equity	50%	50%
Griffin Finance II Sp. z o.o.	Warsaw	Equity	30%	30%
Griffin Netherlands B.V.	Amsterdam	Full	100%	100%
Griffin Netherlands II B.V.	Amsterdam	Full	100%	100%
December SCSp	Luxembourg	Full	100%	-
Charlie SCSp	Luxembourg	Full	100%	100%
Opelis Sp. z o.o.	Warsaw	Full	100%	100%
GT II FIZAN	Warsaw	Full	100%	100%
Griffin Holdco II S.à r.l.	Luxembourg	Full	100%	100%
Griffin Real Estate Invest Sp. z o.o. (formerly Batrat Sp. z o.o.)	Warsaw	Equity	22%	22%
PMT Invest Sp. z o.o.	Warsaw	Full	100%	100%

The following changes to the Group structure took place in 2016:

- On 17 June 2016, 100% of shares of IB 15 FIZAN (closed-end investment fund) were acquired;
- On 7 April 2016, December SCSp was incorporated;

The following changes to the Group structure took place in 2015:

- On 20 July 2015, 100% of shares of Lamantia Sp. z o.o. and Dom Handlowy Renoma Sp. z o.o. (as Sebrena Sp. z o.o.) were acquired;
- On 31 December 2015, Prima Court Limited Sp. z o.o. (formerly Prima Court SO SPV 36 Sp. Z o.o. SKA) was merged with Leminel Enterprise Sp. z o.o.;
- On 30 December 2015, Racjonalizacji Sp. z o.o., Racjonalizacji RE Sp. z o.o., Emilia RE Sp. z o.o., Rosville Investments Sp. z o.o. RE SKA, Konstruktorska Sp. z o.o., Cybernetyki Sp. z o.o., Lirus Sp. z o.o., Karden Sp. z o.o. and Rosville Investments Sp. z o.o. were merged with Emilia Nieruchomości Sp. z o.o.;
- On 31 December 2015, Niter Limiter Sp. z o.o. (formerly Niter SO SPV 37 Sp. z o.o. SKA) was merged with Niter Enterprise Sp. z o.o.;
- On 31 July 2015, Temider Enterprise Sp. z o.o. Temider Development Sp. z o.o. and Temider Limited Sp. z o.o. were merged with Fanster Enterprise Sp. z o.o.;
- On 8 September 2015, the process of liquidation of Fanster Enterprise Sp. z o.o. was initiated;
- On 18 March 2015, Griffin Netherlands II B.V. was incorporated;
- On 4 August 2015, Charlie SCSp was incorporated;
- On 26 January 2015, 100% of shares of Opelis Sp. z o.o. were acquired;
- On 8 July 2015, 100% of shares of GT II FIZAN (closed-end investment fund) were acquired;
- GT Financing II AB was liquidated on 23 December 2015;
- On 25 September 2015, 100% of shares of Griffin Real Estate Invest Sp. z o.o. (formerly Batrat Sp. z o.o.) were sold from Griffin Topco II S.à r.l. to Griffin Topco III S.à r.l. On 7 December 2015, 22% of shares were sold to Griffin Topco II S.à r.l.;
- On 21 December 2015, Cyrion Sp. z o.o. was transformed into Lamantia Sp. z o.o. Sp.k., with Lamantia Sp. z o.o. acting as General Partner and Charlie SCSp acting as Limited Partner;
- On 2 December 2015, DH Renoma Sp. z o.o. was transformed into Dom Handlowy Renoma Sp. z o.o. Sp.k, with Dom Handlowy Renoma Sp. z o.o. acting as a General Partner and Charlie SCSp acting as a Limited Partner.

Polish Subsidiaries maintain their books of account in accordance with accounting principles and practices employed by enterprises in Poland as required by Polish Accounting Regulations.

Griffin Topco II S.à r.l. books of account are maintained in accordance with Luxembourg legal and accounting requirements.

The Interim Abridged Consolidated Financial Information contains adjustments to the aforementioned books and records in order to comply with recognition and measurement principles of IFRS.

The preparation of the Interim Abridged Consolidated Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group based its assumptions and estimates on parameters available when the Interim Abridged Consolidated Financial Information were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimates are used principally when accounting for revaluation of investment property, provision for doubtful debts and deferred income taxes.

Consolidation

The Interim Abridged Consolidated Financial Information comprise the financial statements of the Group and its subsidiaries as at 30 June 2016.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group 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 result 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 information 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 ("**OCI**") 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.

a) Subsidiaries

Subsidiary is an entity that is controlled by the Group. Subsidiaries are consolidated from the date on which they were incorporated or control was transferred to the Group and are no longer consolidated from the date that control is lost. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Joint ventures

An entity applies IFRS 11 Joint arrangements, to determine the type of joint arrangement in which it is involved. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group as a joint venture recognizes its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures.

c) Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Where the Group holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case.

In the Interim Abridged Consolidated Financial Information of the Group the equity method of accounting for investments in associates is used unless the Group may prove that it controls the investee.

d) *Equity method*

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared, for most of the Companies, for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(in thousands of euro)

Foreign currency translation

a) Functional and presentation currency

The Interim Abridged Consolidated Financial Information are presented in euros, which is also the Parent's (Griffin TopCo II S.à r.l.) functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Items included in the Interim Abridged Consolidated Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the relevant entity operates (the 'functional currency') being Polish zloty.

b) Transactions and balances

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 with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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 the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The closing and average foreign exchange rates to the euro as of and for the 6 months period ended 30 June 2016 and 30 June 2015 are the following:

	30 June 2016	31 December 2015	30 June 2015
Exchange rate as at the end of the period	4,4255	4,2615	4,1944
Average exchange rate for the period	4,3680	4,1843	4,1341

c) Translation of foreign operations into presentation currency

The financial statements of the subsidiaries prepared in their functional currencies are included in the Interim Abridged Consolidated Financial Information by translation into euro using appropriate exchange rates outlined in IAS 21.

On consolidation, the assets and liabilities of foreign operations are translated into euros at the period end exchange rate while income and expenses are translated at average exchange rates for the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income, as "Foreign currency translation" without effecting earnings for the period.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Real estate properties

Classification of real estate properties

The Group determines whether a property is classified as investment property or inventory property:

- Investment property comprises land and buildings (principally offices and retail property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income or capital appreciation. The buildings are substantially rented to tenants and are not intended to be sold in the ordinary course of business.
- Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

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.

Valuations are performed in accordance with RICS and IVSC Valuation Standards using either the residual method approach, DCF or sales comparison approach, as deemed appropriate by the appraiser.

Fair value calculated using cash flow projections is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

The valuation models in accordance with those recommended by the IVSC or RICS have been applied and are consistent with the principles in IFRS 13.

Valuation fees are not related to the property value and valuation results. The valuation by the professional appraiser is adjusted for 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 Interim Abridged Consolidated Statement of Comprehensive Income ('Repair and maintenance costs') during the financial period in which they are incurred.

Changes in fair values are recorded in the Interim Abridged Consolidated Statement of Comprehensive Income within 'Net gain / (loss) on property valuation'.

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 'Result on disposal of investment property', in the Interim Abridged Consolidated Statement of Comprehensive Income.

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 (or will be) constructed, extended or redeveloped for future use as an investment property.

Such redevelopment projects are stated at fair value, however 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;
- part 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.

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

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

The Group assumes that the investment redevelopment phase starts when works on a construction site are launched (the building book is opened). At that moment the basis for fair value is changed and property shall be classified as investment properties under construction and fair value shall represent the conditions after the redevelopment.

Redevelopment phase of an investment property is completed when: occupancy permit for the property is validated as well as the takeover protocol and final clearance is signed.

Inventory property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and NRV.

Cost includes:

- freehold and leasehold rights for land;
- amounts paid to contractors for construction;
- borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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 are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost over the asset's estimated useful lives. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end. Property, plant and equipment is depreciated over their estimated useful lives.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Interim Abridged Consolidated Statement of Comprehensive Income.

Assets held for sale

Investment property held for sale without redevelopment is classified as non-current assets held for sale under IFRS 5. Non-current assets are classified as assets held for sale if their carrying amount is recovered principally through a sale transaction rather than through a continuing use and is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets and the sale is highly probable within next 12 months.

The sale is determined to be highly probable if:

- there is a document signed, which proves the potential investor's intent to buy, this may comprise: intent letter, heads of terms, offer placed, SPA
- management is committed to a plan to sell at a price not significantly different from the ones included in the obtained documents
- there is an active sales process in place (due diligence procedures, meeting CPs to sell etc.)
- the sale is expected to be completed within one year from the date of classification.

The Group measures investment property classified as held for sale in accordance with IAS 40 measurement requirements (i.e. on re-classification, investment property that is measured at fair value continues to be so measured.). Other non-current assets (or disposal groups) classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

If the Group has classified an asset (or disposal group) as held for sale, but the criteria set above are no longer met, the Group ceases to classify the asset (or disposal group) as asset held for sale.

Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Financial assets

The Group classifies its financial assets other than derivatives in the category as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets

The Group recognises a financial asset on its Consolidated Statement of Financial Positions when, and only when, the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs. Loans and receivables are carried at amortised cost using the effective interest method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership or the control is transferred.

Rent and other receivables are recognised at their original invoiced value. Where the time value of money is material, receivables are carried at amortised cost, using the effective interest method.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the loans or receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (for trade receivables more than 2 months overdue) are considered indicators that the loan or receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Interim Abridged Consolidated Statement of Comprehensive Income. When a trade receivable is uncollectible, i.e. when the probability of recovery is assessed as being remote, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the Interim Abridged Consolidated Statement of Comprehensive Income.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Subsequent fair valuation is reflected in Interim Abridged Consolidated Statement of Comprehensive Income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of a derivative is classified as a non-current asset or liability when the remaining item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the item is less than 12 months.

The Group does not apply hedge accounting.

Cash and cash equivalents

Cash and cash equivalents' includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Interim Abridged Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time that is required to complete and prepare for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Interim Abridged Abridged Consolidated Financial Information. However, the deferred income tax is not accounted for:

- if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, and joint ventures where the timing of the reversal of the temporary differences can be controlled by the parent, venturer or investor, respectively, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences, carried forward tax losses can be utilised.

Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted.

Revenue recognition

Revenue includes rental income, service charges and management charges from properties, and income from property trading.

The Group recognises revenue when the amount of revenue can be reliably measured, to the extent that it is probable that future economic benefits will flow to the entity, regardless of when the payment is being made. 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 bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

a) Rental income

The Group is the lessor in operating leases. Rental income from operating leases is recognised in rental income on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income. Lease incentives are recognized in the income statement over the lease term on a straight line basis as a change in rental income. Differences that arise between the contractual lease payments and the periodic net lease income are straight-lined over the period of the lease.

b) Service and management charges

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, as the management consider that the Group acts as principal in this respect.

Management charges are recognised in the accounting period in which the services are rendered.

c) Interest income

Interest income is recognised as it accrues using the effective interest rate ("**EIR**") method. The EIR method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income is included in 'Finance income / (cost)' in the Interim Abridged Consolidated Statement of Comprehensive Income.

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Expenses

Direct property operating expenses are directly related to rental income and include costs, such as day-to-day property administration, utilities, property taxes, maintenance costs, insurance premiums, valuation fees, service costs, that are for the account of the property owner.

Direct property operating expenses do not include general and administrative expenses, which are a part of 'Administration expenses'.

Direct property operating expenses are expensed as incurred. The Group acts as a principal with respect to service costs. Accordingly, the services invoiced to the tenant and the corresponding expenses are shown separately in the Interim Abridged Consolidated Statement of Comprehensive Income.

Dividend distribution

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent, when the distribution is authorised and the distribution is no longer at the discretion of the Company, i.e. when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Interest expense

Interest expenses for borrowings other than those incurred on qualifying assets are recognised within 'Finance costs' in the Interim Abridged Consolidated Statement of Comprehensive Income using the EIR method.

Subsequent events

After the balance sheet date no significant events occurred until the date of the authorization of the Interim Abridged Consolidated Financial Information.