Granbero Holdings
Ltd

IFRS Consolidated Financial Statements at 31 December 2011

Approved by Management
with the Independent Auditor’s opinion

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I. General information and performance

1. Business activities & profile

Granbero Holdings (as the legal Cyprus entity with all its Polish subsidiaries) represents the Polish activities of the Ghelamco Group, a leading European real estate investor and developer active in the offices, residential, retail and logistics markets.

As Granbero Holdings acts in Poland under the commercial name Ghelamco, we refer hereafter to Granbero Holdings under the reference 'Ghelamco'.

Ghelamco maintains a high quality internal control with respect for agreed milestones over all its project development phases: land purchase, planning, coordinating the construction phase and sale or lease. Its projects combine prime and strategic locations with efficient and aesthetically inspiring designs and correct timing.

Ghelamco Group's successes on the Belgian, Dutch, French, Polish, Ukrainian and Russian markets are generated by the group's professional and enthusiastic staff that is driven by the vision and passion of its management.

Over the last decade, Ghelamco has become one of the largest commercial property developers in Poland. It's market position has been recognized by numerous prestigious awards. In 2011, Ghelamco was granted the following awards:

° Office Developer of the year in Poland (Construction and Investment Journal- for the fifth time in the past six years)

° Best New Office Development in Poland for Mokotow Nova, office building in Warsaw (Construction and Investment Journal)

° Essa Award for Mokotow Nova, in recognition of the project's environmental performance (Construction and Investment Journal)

° Office Developer of the year in CEE (Eurobuild)

° Architectural Design of the Year in Poland for the Warsaw Spire project (Jasper & Eyers) (Eurobuild)

° Award for Outstanding Non-Business Achievement of the Year, for the renovation of a school in Nowe Worowo, a village in northwest Poland (Eurobuild)

Since 2007, Ghelamco's business activities are structured in three major holdings under common control of the ultimate shareholders (jointly referred to as "Ghelamco Group"):

- **Investment & Development Holding**: comprises resources invested in the development of real estate projects in Belgium, France, Poland, Russia and Ukraine and the intra-group Financing Vehicles – hereafter the "**Ghelamco Group**" or the "**Group**";
- **Service Holding**: represents international entities that provide construction, engineering and development services to the Investment & Development Group;
- **Portfolio Holding**: consists of all other activities and real estate investments controlled by the ultimate shareholders.

2. Legal status

Granbero Holdings Ltd (the "Company") is the holding company of the Polish activities of Ghelamco Group Comm. VA, which is in turn the holding company of the **Investment & Development Group.** Granbero Holdings LTD, together with its subsidiaries (Note 5), constitute the reporting entity for the purpose of these financial statements.

Granbero Holdings Ltd is a limited liability company registered under Cypriot law, with its registered office at Arch. Makariou III, 284, Fortuna Court Block B, P.C 3105 Limassol, Cyprus.

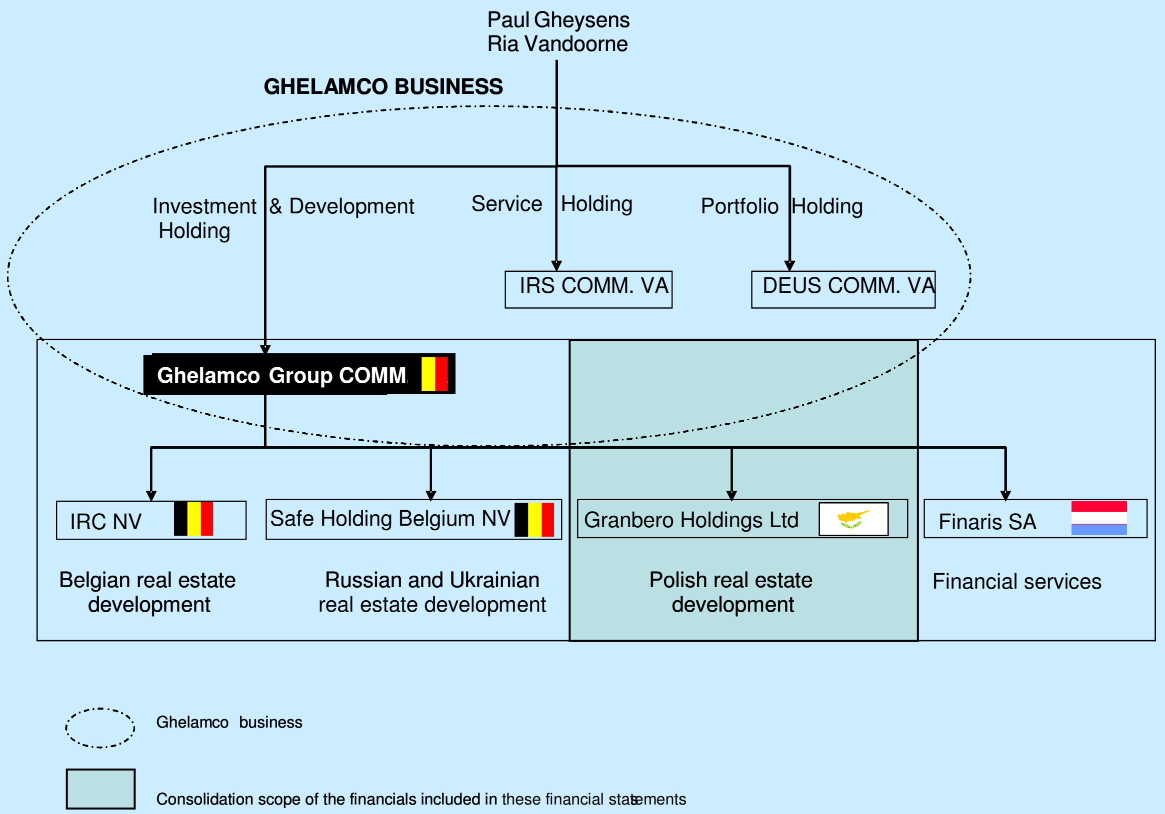
The Company is registered in the Cypriot commercial register under the number 183542.

3. Consolidation scope

These consolidated financial statements comprise the resources and activities of the Company and its legal subsidiaries.

At 31 December 2011 (the reporting date), all the assets and liabilities of the reporting entity (the Company and its direct and indirect legal subsidiaries) are legally linked through a corporate structure that was introduced in 2006 and was accomplished prior to 31 December 2007 (overview in Note 5).

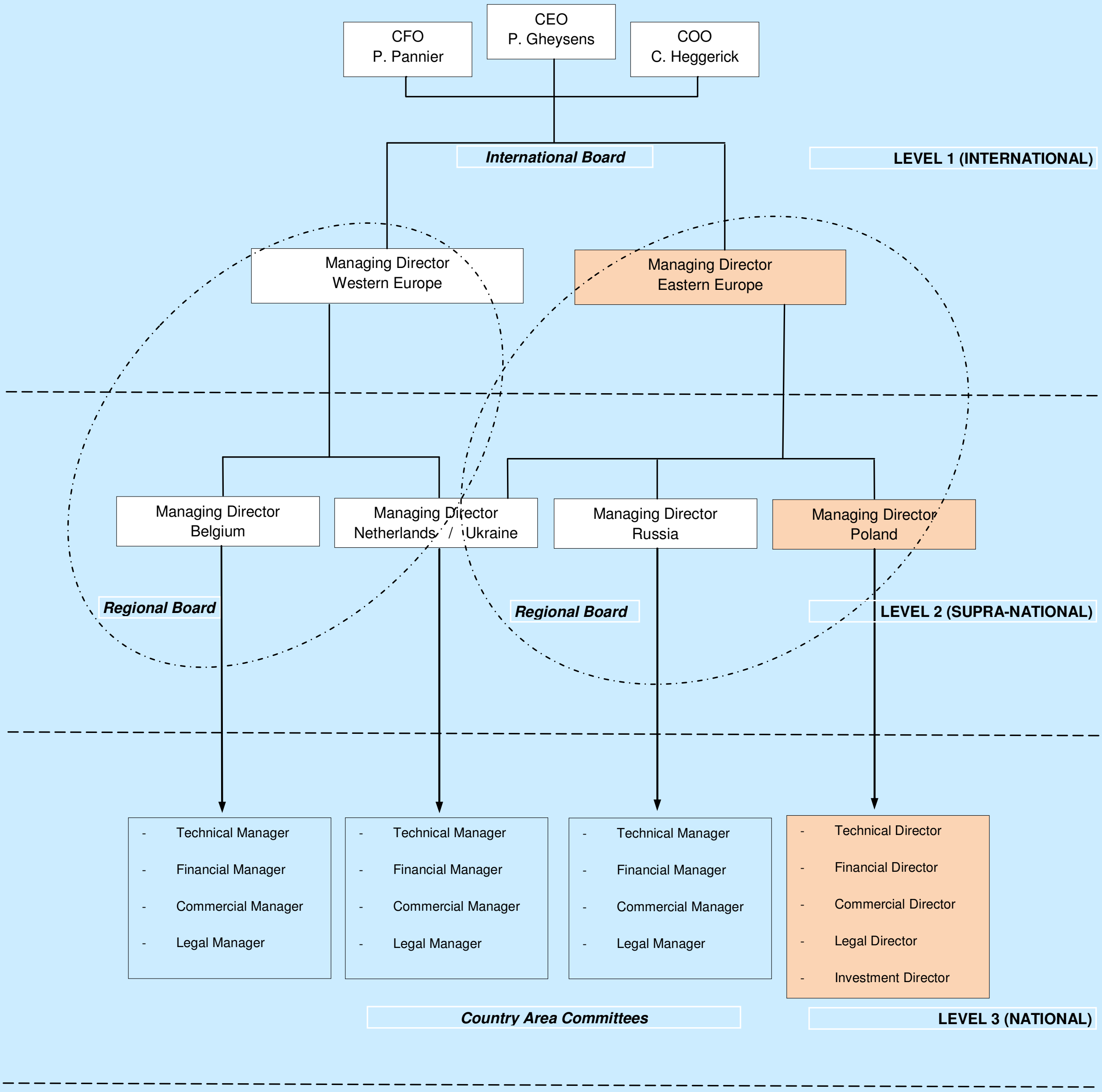
All assets, liabilities, income and expenses that represented an integral part of the Granbero Holdings activities, are included in the accounts of the legal subsidiaries of the Company at 31 December 2011 and at 31 December 2010.



4. Staffing level

Given its nature, there is no employment in the Company. The construction, engineering and other related services are mainly provided to the Company by Ghelamco's Service Holding's legal subsidiaries. The parent company of the Service Holding (International Real Estate Services Comm. VA – abbreviated IRS Comm. VA), together with all its direct and indirect legal subsidiaries, employed 196 people on 31 December 2011 (163 on 31 December 2010).

5. Management committee



Ghelamco Management Committee consists of:

Mr. Paul Gheysens (Chief Executive Officer)
Mr. Philippe Pannier (Chief Financial Officer)
Mr. Chris Heggerick (Chief Operational Officer)
Mr. Jeroen Vander Toolen (Managing Director Eastern Europe)

The Committee actively coordinates and supervises the different Ghelamco management teams and supports them in all commercial, legal, financial and technical aspects of their activities.

The Polish teams consist of a technical, commercial, legal & financial department. The Managing Directors are granted a large degree of autonomy to support their area/country strategy and development.

The statutory board of the Polish entities consists of 6 board members: the Managing Director Eastern Europe (president of the board) and the local Technical, Financial, Commercial, Legal and Investment Directors.

6. Business environment and results

2011 performance and results

During the year 2011 and mainly resulting from its sustained and continued development and construction efforts, the Company has been able to confirm and further strengthen its position in its core markets. The Company closed its 2011 accounts with a net profit of 48,816 KEUR, a balance sheet total of 822,391 KEUR (+ 19%) and an equity of 403,050 KEUR (+ 14%). The solvency ratio remained strong (49% against 51% at 31 Dec. 2010).

Land bank
In Poland, the existing land bank has been enlarged with some new strategic expansions for achieving a perfect spread between the central business district, the in-town locations and the airport area of Warsaw. In this respect, following transactions can be mentioned:
- acquisition of a plot at ul. Danilowiczowska, Warsaw, adjacent to our Senator project, for the development of offices
- conditional contracts and resulting advance payments, e.g.for:
  * the acquisition of a plot at Mokotow Postepu 2, Warsaw, for the development of an office project. Final deed has been signed shortly after year-end
  * the acquisition of a plot in Wilanow municipality, Warsaw, for the development of a trade and services centre
  * the acquisition of a plot in Lomianki, Warsaw suburbs, for the development of a trade and services centre
  * the acquisition of a plot in the Mokotow district of Warsaw for the development of offices
- acquisition as of 1 June 2011 of the majority of the shares in Bellona SA, a former Polish state owned company mainly holding real estate (near our Warsaw Spire project) and also a publishing activity.

Development and construction
Continued development efforts resulted in the receipt of the building permit for the Marynarska12 office project (+/- 40,000 m² lettable office space in the Warsaw Mokotow area) shortly after year-end.

Significant construction works have been done on the Senator project (which will be delivered by mid 2012), the Mokotow Nova project (of which phase 1 has been delivered in Q3 2011 and phase 2 is per date of this report in a final stage) and the Q-Bic project (350 residential soft lofts in Warsaw for which construction was started end 2009 to be completed in the course of 2012 and for which per end 2011 +/- 150 apartments have been pre-sold).

(Pre-)leasing and occupation of projects:
-During 2011 the Katowice Business Point project (17,000 m^2 office space in Katowice) has approx. fully been leased out; which has generated investment interest from several parties and resulted in the signing of an LOI shortly after year-end (ut infra).
-During the first semester of 2011, the first phase of the Mokotow Nova project (26,400 m2 on the total of 40.000 m2) has been completed and the exploitation permit has been received. Per date of the current report, +/- 60% of the available space has been leased. Also phase 2, which is currently in the completion phase, has per date of this report been pre-leased for 60%.
-Per date of the current report, the Senator Project (25,000 m^2 office space in the Warsaw CBD) has been pre-leased for 70%.

Divestures
In January 2011, the Crown Square office project in the Wola district of Warsaw with a total net leasable area of approx. 16,000 m2, has been sold upon an attractive bid by an investor. The divesture of this project, which was per end 2010 in the books for a fair value of 61.8 MEUR, resulted in a net cash inflow of approx. 27.3 MEUR.

Main post balance sheet events

-Receipt of building permit on 12 January 2012 for the Marynarska12 office project (40,000 m2 lettable office space in the Mokotow area of Warsaw)
-Letter of Intent signed on 29 February 2012 with PZU re. the sale (asset deal) of the Katowice Business Point office project in Katowice (approx. 17,000 m2 lettable office space, as good as fully leased); sale which will be based on the annual NOI (approx. 3 Mio EUR) under all lease agreements concluded with the tenants of the building and capitalized at the rate of 8%

Outlook

It is the Company's strategy to further diversify its development portfolio by spreading its developments over different real estate segments.
For 2012, the Company will continue its sustained growth. In addition, it will closely monitor specific evolutions in its active markets and real estate segments. Considering its sound financial structure and leverage and the observed recovery of tenant activity, the Group is confident to achieve this growth and its goals for 2012 in general.

7. Notice to the reader

This document presents the IFRS Consolidated Financial Statements for the year ended on 31 December 2011, assuming the going concern of the consolidated companies.

As per today, the Company's core business is the development of commercial and residential properties. The Company's strategy is to keep commercial property in portfolio for rental purposes while residential properties are dedicated for sale.

According to IAS 2, Property Development Inventories have to be measured at the lower of cost and net realizable value. Investment Properties (Under Construction) are carried at fair value.

As such, residential properties are presented as Property Development Inventories.
Most of the commercial property is presented as Investment Property. We refer to the Notes 6 and 7 in Part II for more details on their presentation.

II. IFRS Consolidated Financial Statements

These IFRS consolidated financial statements at 31 December 2011 were approved by the Company's Management on 10 April 2012. The amounts in this document are expressed in thousands of EUR (KEUR), unless stated otherwise.

A. Consolidated statement of financial position (in KEUR)

	Note	31/12/2011	31/12/2010
ASSETS			
Non-current assets			
Investment Property	6	460,532	394,026
Property, plant and equipment			
Investments in associates			
Receivables and prepayments	8	215,720	194,599
Deferred tax assets	16	929	1,861
Other financial assets	4.4	1,952	
Restricted cash	10	1,280	2,237
Total non-current assets		**680,413**	**592,723**
Current assets			
Property Development Inventories	7	76,418	51,242
Trade and other receivables	8	46,012	38,914
Current tax assets		0	1
Derivatives	9	2,800	0
Restricted cash	10	0	4,492
Cash and cash equivalents	11	16,748	4,387
Total current assets		**141,978**	**99,036**
TOTAL ASSETS		**822,391**	**691,759**

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Consolidated statement of financial position (cont'd)

	Note	31/12/2011	31/12/2010
Capital and reserves attributable to the Group's equity holders			
Share capital	12	10	10
CTA	13	2,812	1,353
Retained earnings	13	398,327	349,381
		401,149	350,744
Non-controlling interests	12.2	1,901	1,901
TOTAL EQUITY		**403,050**	**352,645**
Non-current liabilities			
Interest-bearing loans and borrowings	14	299,981	208,095
Deferred tax liabilities	16	23,897	34,732
Other non-current liabilities		0	1,320
Total non-current liabilities		**323,878**	**244,147**
Current liabilities			
Trade and other payables	17	51,081	47,074
Current tax liabilities	18	464	655
Interest-bearing loans and borrowings	14	43,918	47,238
Total current liabilities		**95,463**	**94,967**
Total liabilities		**419,341**	**339,114**
TOTAL EQUITY AND LIABILITIES		**822,391**	**691,759**

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B. Consolidated income statement and consolidated statement of comprehensive Income

	Note	2011	2010
Revenue	19	4,030	6,561
Other operating income	20	2,375	268
Cost of Property Development Inventories	21	2,008	-2,361
Employee benefit expense		-14	-7
Depreciation amortisation and impairment charges			
Gains from revaluation of Investment Property	20	45,505	38,156
Other operating expense	20	-5,537	-8,857
Share of results of associates			
Operating profit - result		**48,367**	**33,760**
Finance income	22	10,968	7,329
Finance costs	22	-19,700	-8,519
Profit before income tax		**39,635**	**32,570**
Income tax expense/income	23	9,181	-5,864
Profit for the year		**48,816**	**26,706**
Attributable to:			
Equity holders of parent		48,816	26,706
Non-controlling interests			

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Consolidated statement of comprehensive income

		2011	2010
Profit for the year		**48,816**	**26,706**
Exchange differences on translating foreign operations	13	1,459	-592
Other		128	
Other comprehensive income of the period		**1,587**	**-592**
Total Comprehensive income for the year		**50,403**	**26,114**
Attributable to:			
Equity holders of the parent		50,403	26,114
Non-controlling interests			

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C. Consolidated statement of changes in equity

Consolidated statement of changes in equity per 2011

	Note	Attributable to the equity holders: Share capital	Cumulative translation reserve	Retained earnings	Non-controlling interests	Total Equity
Balance at 1 January 2010		**10**	**1,945**	**322,675**	**1,901**	**326,531**
Foreign currency translation (CTA)			-592			**-592**
Profit/(loss) for the year				26,706		**26,706**
Dividend distribution						
Change in non-controlling interests						
Change in the consolidation scope						
Balance at 31 December 2010		**10**	**1,353**	**349,381**	**1,901**	**352,645**
Foreign currency translation (CTA)	13		1,459			**1,459**
Profit/(loss) for the year	13			48,816		**48,816**
Dividend distribution						
Change in non-controlling interests	12.2					
Change in the consolidation scope	13					
Other				130		**130**
Balance at 31 December 2011		**10**	**2,812**	**398,327**	**1,901**	**403,050**

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D. Consolidated cash flow statement

Consolidated cash flow statement for 2011 and 2010

		2011	2010
Operating Activities			
Profit / (Loss) before income tax		**39,635**	**32.570**
Adjustments for:			
- Share of results of associates			
- Change in fair value of investment property	6	-45,505	-38,156
- Gain on disposal of subsidiary			
- Gain on disposal of interest in former associates			
- Depreciation, amortization and impairment charges			
- Result on disposal investment property		0	57
- Change in provisions			
- Net interest charge	22	3,767	1,140
- Movements in working capital:			
- Change in inventory		-25,176	-12,265
- Change in trade & other receivables		-7,098	-3,362
- Change in trade & other payables		4,007	10,506
- Change in MTM derivatives	9	-2,800	0
- Movement in other non-current liabilities		-1,320	936
- Other non-cash items		88	274
Income tax paid		-912	-4,158
Interest paid		-12,161	-8,362
Net cash from operating activities		**-47,475**	**-20.820**
Investing Activities			
Interest received	22	8,394	7,222
Purchase of property, plant & equipment			0
Purchase of investment property (*)	6	-86,059	-42,424
Proceeds from disposal of investment property	6	61,816	88,943
Net cash outflow on acquisition of subsidiaries			
Net cash inflow on disposal of subsidiary			
Net cash inflow on disposal of associate			
Net cash outflow on other non-current financial assets		-23.073	-8,327
Net cash inflow/outflow on NCI transactions			0
Change in trade & other payables (**)			4,000
Movement in restricted cash accounts	10	5,449	-6,729
Net cash flow used in investing activities		**-33,473**	**42,685**

Financing Activities

Proceeds from borrowings	141,068	40,677
Repayment of borrowings	-52,502	-70,134
unrealized exchange diffs. on EUR loans in Polish SPVs	4,743	
Other non-cash items, realized CTA		-948
Net cash inflow from / (used in) financing activities	**93,309**	**-30,405**
Net increase/decrease in cash and cash equivalents	**12,361**	**-8,540**
Cash and cash equivalents at 1 January of the year	4,387	12,927
Cash and cash equivalents at 31 December of the year	**16,748**	**4,387**

(*): Purchase and expenditure re. investment property includes capitalized borrowing costs
(**): 2010: The deferred income (4,000 KEUR) on the escrow deposit in view of the offer on the Crown Square project is related to IP and has for that been presented under investing activities.

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the IFRS consolidated financial statements, are set out below.

1.1. Introduction

We refer to the section “General Information: business activities” and Note 5 “Organisational chart” of these financial statements for more information on the business activities and the structure of the Company and its position within the Ghelamco business.

These financial statements are IFRS consolidated financial statements that include the resources and activities of Granbero Holdings Ltd and its legal subsidiaries that are part of the Ghelamco Investment & Development Group at 31 December 2011.

A list of legal entities included in these IFRS consolidated financial statements and major changes in the organisational structure of the reporting entity are outlined in Notes 4 and 5.

1.2. Basis of preparation

These consolidated financial statements include those of the Company and its subsidiaries. The consolidated financial statements were approved for issue by Management on April 10, 2012. The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (“IFRS”) as adopted by the European Union at 31 December 2011. The Company has adopted all new and revised standards and interpretations relevant for its activities and which became applicable for the financial year starting 1 January 2011.

These financial statements have been prepared under the historical cost convention except for Investment Properties and derivative financial instruments that have been measured at fair value.

1.3. Standards and Interpretations that became applicable in 2011

Standards and Interpretations that the Company anticipatively applied in 2010 and 2011:

- None

Standards and Interpretations that became effective in 2011

- Improvements to IFRS (2009-2010) (normally applicable for annual periods beginning on or after 1 January 2011)

- Amendment to IAS 24 *Related Party Disclosures* (applicable for annual periods beginning on or after 1 January 2011). This Standard supersedes IAS 24 *Related Party Disclosures* as issued in 2003.

Standards and Interpretations which became effective in 2011 but which are not relevant to the Company:

- Amendment to IFRS 1 *First Time Adoption of International Financial Reporting Standards* – IFRS 7 exemptions (applicable for annual periods beginning on or after 1 July 2010)

- Amendments to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* (applicable for annual periods beginning on or after 1 February 2010)

- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (applicable for annual periods beginning on or after 1 July 2010)

- Amendment to IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement* (applicable for annual periods beginning on or after 1 January 2011)

1.4. Standards and Interpretations issued but not yet effective

Standards and Interpretations issued at the date of these IFRS consolidated financial statements, which were authorised for issue but not yet mandatory and have not been early adopted by the Company:

- IFRS 9 *Financial Instruments* and subsequent amendments (applicable for annual periods beginning on or after 1 January 2015)
- IFRS 10 *Consolidated Financial Statements* (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 11 *Joint Arrangements* (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 12 *Disclosures of Interests in Other Entities* (applicable for annual periods beginning on or after 1 January 2013)
- IFRS 13 *Fair Value Measurement* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 *First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (applicable for annual periods beginning on or after 1 July 2011)
- Amendments to IFRS 7 *Financial Instruments: Disclosures – Derecognition* (applicable for annual periods beginning on or after 1 July 2011)
- Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income* (applicable for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* (applicable for annual periods beginning on or after 1 January 2012)
- Amendments to IAS 19 Employee Benefits (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 27 Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2014)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (applicable for annual periods beginning on or after 1 January 2013)

At this stage, the Company does not expect the first adoption of these Standards and Interpretations to have any material financial impact on the financial statements at the moment of initial application.

1.5. Principles of consolidation

1.5.1. Consolidation scope

The entities included in the consolidation scope are those that are under control of the Company on 31 December 2011 and on 31 December 2010 (see Notes 4 and 5).

The transactions, balances and unrealized gains and losses between these legal entities are deemed to be intra-group transactions and are eliminated in full.

The transactions with other entities owned directly or indirectly by the ultimate shareholders of the Ghelamco Consortium are deemed transactions with related parties and are not eliminated, but are presented as balances and transactions with related parties in Note 26.

1.5.2. Acquisition of subsidiaries

Although the Company obtained control over several subsidiaries over the past years, these transactions are not considered to be business combinations as defined under IFRS 3 "Business Combinations". In these transactions, the Company primarily acquired land and therefore these transactions are to be considered as a purchase of selective assets and liabilities and not as a purchase of a "business". The purchase consideration has been allocated to each of the assets and liabilities acquired based on their relative fair values.

During the course of 2011 and 2010, there were no acquisitions of subsidiaries that qualified as an acquisition of a business as defined in IFRS 3 "Business Combinations", except for the following in 2011:

-Acquisition as of 28 April 2011 of 100% of the shares of Dynamic Invest Spzoo from Finaris SA and Ghelamco Capital SA, both related parties. Acquisition price amounted to 12,500 EUR. Afterwards, the name of Dynamic Invest was changed to Ghelamco Invest. This subsidiary was acquired for serving as issuer of a bearer bond issue of 200 Mio PLN in the period July-August 2011 (ut infra).

-Acquisition as of 1 June 2011 of 100% of the shares of Creditero Holdigs Ltd (Cyprus) from Safe Holding Belgium NV, related party. Acquisition price amounted to 20,253.83 EUR

-Acquisition in April 2011 of 2 Polish close-ended funds through the purchase of certificates. Acquisition price amounted to 40 KPLN each. Capital of those funds was in August increased through the issue of new certificates for 750 KPLN each. Capital increases were fully underwritten by the Company. Purpose is that in the near future the respective SPVs of the Company are transferred (through contribution in kind) to these funds; legal restructuring of the Company in view of future financial and commercial transactions.

1.5.3. Sale of subsidiaries

As was the case in the past, the 2011 and 2010 business of the Company consists of developing commercial and residential real estate projects. Commercial properties are held for lease. Residential properties are offered for sale.

General rule:
- sale of commercial projects subsidiaries (in which real estate is developed and valued as IP(UC)) is presented in the Income Statement as a disposal of IP and not as a disposal of a subsidiary;
- sale of residential projects subsidiaries (in which real estate is developed and valued as property development inventories) is presented in the Income Statement on a gross basis (i.e. revenue from the sale of inventories and cost of sales) and not as a disposal of a subsidiary. Still, a sale of residential projects is generally structured as a sale of assets.

Comments 2010
At the end of the first quarter of 2010 and upon an attractive bid by an investor, the Company sold its Trinity Park III office project in the Mokotów district of Warsaw; project which was leased to third parties for

over 80%. While generally the sale of a commercial project is structured as a share deal, this one was structured as an asset deal (and the transaction has in the financial statements been presented as a disposal of IP).

No residential projects subsidiaries were sold, in line with the general approach to sell residential projects through asset deals.

Comments 2011
Per end January 2011 the Company sold its Crown Square project, office project in the Wola district of Warsaw with a total net leasable area of approx. 16,000 m2, upon an attractive bid by an investor (Invesco Real Estate, international property investment manager). While the sale has been structured as a share deal, the transaction has been presented as a disposal of IP in the financial statements.

No residential projects subsidiaries were sold, in line with the general approach to sell residential projects through asset deals.

1.5.4. Increase in ownership interests in subsidiaries

The Company applies the parent company model to transactions with minority shareholders. The difference between the cost of additional interest in the subsidiary and the carrying amount of the minority interest reflected in the consolidated balance sheet is allocated to the Property Development Inventories or Investment Properties.

1.5.5. Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the IFRS consolidated financial statements, the results and financial position of each entity are expressed in Euro, which is the functional currency of the Company and the presentation currency for the IFRS consolidated financial statements.

Foreign currency transactions

Foreign currency transactions are recognized initially at the exchange rate prevailing at the transactions' date. Subsequently, at closing, monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as a financial result.

Foreign entities

In consolidation, the assets and liabilities of the group companies using a different functional currency than the Euro are expressed in Euro using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified in equity and transferred to the Company's "Cumulative translation reserve". Such translation differences are recognised as income or as expenses in the period in which the entity is sold, disposed of or liquidated.

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The principal exchange rates versus EUR that have been used are as follows:

	2011		2010	
	Closing rate at 31 December	Average rate for 12 months	Closing rate at 31 December	Average rate for 12 months
Polish Zloty (PLN)	4.4168	4.1198	3.9603	3.9946
United States Dollar (USD)	1.2939	1.3920	1.3362	1.3262

1.5.6. Hyperinflationary economies

None of the Company entities operated in a hyperinflationary economy in 2011 and 2010.

1.6. Property, plant and equipment

Property, plant and equipment is carried at acquisition cost less any accumulated depreciation and less any accumulated impairment loss.

Cost includes the fair value of the consideration given to acquire the asset and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of taxes).

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost.

The applicable useful lives are:

Tangible fixed assets	Years
Buildings	20 to 40
Vehicles	5
Equipment	5 to 10

1.7. Finance leases

A finance lease that substantially transfers all the risks and rewards incident to ownership, is recognized as an asset and a liability at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated over the shorter of the lease term and its useful life.

1.8. Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the unit to which the asset belongs.

An impairment loss is recognized 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.

1.9. Investment Property

Investment Property is defined as property (land or a building – or part of a building – or both) held by the owner to earn rentals, realize capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

Investment Property, principally comprising land and commercial buildings ("commercial property"), is held for capital appreciation or for the long-term rental yields and is not occupied by the Company.

Investment Property (Under Construction) is carried at fair value. Fair value is determined by external appraisers or by management. Gains or losses as a result of changes in the fair value are included in the Income Statement of the year in which they occur. Gains and losses as a result of an Investment Property disposal are considered into the Income Statement of the year in which the disposal occurs.

The Company distinguishes 4 different stages for Investment Property:

A. Land without pre-permit approval;
B. Land with a pre-permit approval;
C. Land with a building permit and construction ongoing;
D. Land with a completed building.

The above stages can again be divided in 2 main categories:

Investment Properties under construction (A), (B), (C)

The fair value of the land is determined based on the following methods:

1. Based on comparative method;
2. Based on realizable m²;
3. Based on residual method.

In assessing the fair value, the Company considers whether both following conditions have been met:

- Building permit on the property has been obtained and
- Binding lease agreements have been signed for over 40% of the net leasable area of the property.

In case the above mentioned conditions are not fulfilled, the fair value of the IPUC (part not included in land) is deemed to be the cost of the in-process development.

In case the conditions are fulfilled, the fair value of IPUC (both land and construction part) will be determined by an independent appraiser report, based on RICS Valuation Standards.

Fair value of IP(UC) is determined as follows:

- Projects under (A): fair value of the land plus cost of in process development
- Projects under (B): fair value of the land, to the extent the valuation expert has considered the value of the master plan and/or building permit OR fair value of the land plus cost of in process development, to the extent the valuation expert has not yet considered the value of the master plan and/or building permit
- Projects under (C): fair value of the (permitted) land plus construction part at cost, if the above building permit and lease conditions are not (yet) fulfilled
- Projects under (C): fair value of the (permitted) land plus fair value of the construction part, if the above building permit and lease conditions are fulfilled
- Projects under (D): fair value of the completed project

By consequence, fair value adjustments have been recognized as follows:

- Projects under (A): fair value of the land minus the gross land cost (including purchase price of the land, costs on the purchase, capitalized financial costs and possible goodwill) ;
- Projects under (B): fair value of the land minus gross land cost;
- Projects under (C): fair value of the land minus gross land cost, plus fair value of the construction part minus cost of the construction part, to the extent the above conditions are met.
- Projects under (D): fair value of the completed project minus gross land cost, minus cost of the construction part

In 2010, there were no fair value adjustments on the building part of the IPUC, as the above 40% lease condition was not fulfilled. The same goes for IPUC in 2011.

Completed Investment Properties (D)

Investment Properties are considered completed as from the moment the project received its exploitation permit.

Completed Investment Properties are valued by internationally qualified appraisers as of the end of the period, based on market values in accordance with the RICS Valuation Standards.
They are recognized at fair value reflecting the market conditions at the balance sheet date. Market values of the project are calculated based on the Yield method or Discounted Cash Flow method, depending on the type of project, its status and the location.

In the case of a contingent consideration payable for a property acquired, the asset (inventory or IP) is recognised initially at cost, determined based on the fair value of the total consideration paid or payable. The fair value of the contigent consideration is determined based on management's best estimate and recognised as a financial liability. Subsequent changes in the fair value of the liability are recorded via the income statement (and are not part of the asset value).

1.10. Non-current assets held for sale and discontinued operations

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. A discontinued operation is a component of an entity which the entity has disposed of or which is classified as held for sale, which represents a separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes.

For a sale to be highly probable, the entity should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and to complete the plan should have been initiated, and the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs necessary to make the sale. Any excess of the carrying amount over the fair value less costs to sell is included as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale. Comparative balance sheet information for prior periods is not restated to reflect the new classification in the balance sheet.

1.11. Property Development Inventory

Land and premises acquired and held for future development as well as in-process development projects (other than Investment Properties) are classified as inventories. Property Development Inventories mainly comprise residential properties.

Inventories are measured at the lower of cost and net realisable value at the balance sheet date.

The cost of in-process development projects comprises architectural design, engineering studies, geodetsic studies, raw materials, other production materials, direct labour, other direct and external borrowing costs directly attributable to the acquisition or construction of the qualifying inventories.

External borrowing costs directly related to the acquisition, construction or production of a qualifying asset are capitalised. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. Capitalisation commences when expenditures and borrowings are being incurred for the asset, and ceases when all the activities that are necessary to prepare the asset for its intended use or sale are complete. The capitalisation criteria are usually met as from the date of acquisition of land for building purposes, as activities related to development are usually being undertaken by the Company as from that date.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write-down is necessary when the net realisable value at balance sheet date is lower than the carrying value. The Company performs regular reviews of the net realisable value of its Property Development Inventory.

The most recent review indicated that the global net realisable value of the Property Development Inventory of the Company exceeded its carrying amount measured on a historical cost basis in these IFRS consolidated financial statements (Note 7).

Perpetual usufruct and operating lease contracts of land

The Company holds land in Poland under the right of perpetual usufruct. The right of perpetual usufruct is in substance a long-term land lease that grants the lessee the right to use and administer land owned by the state or local authorities under the terms and conditions of a contract concluded for 99 years. The holder of such right is obliged to pay an annual fee during the term of the perpetual usufruct estimated by the state or local authority.

Payments, including prepayments, made under the perpetual usufruct contracts are capitalised to the Property Development Inventories.

1.12. Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or undergo financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade 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 asset‘s carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognized in the Income Statement. When a trade receivable is uncollectible, it is written down against the allowance account for trade receivables. Subsequent recoveries of amounts previously written down are credited in the Income Statement.

No provision for impairment has been considered necessary as a result of the impairment review on the balance sheet date.

1.13. Financial assets

The Company classifies its financial investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the intention of the investment's acquisition. Management determines the investments' classification at initial recognition and re-evaluates this designation on every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method.

The investments in equity instruments that do not have a quoted market price in an active market are measured at cost (this valuation principle applies mainly to the investments in entities under the control of the ultimate shareholders of the Company not included in the consolidation scope of these financial statements).

Derivative financial instruments are measured at fair value with changes recognized in profit or loss.

1.14. Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

1.15. Share capital

Ordinary shares are classified as equity under the caption "share capital". When share capital recognized as equity is (re)purchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity.

Dividends are recognized as a liability only in the period in which they are approved by the Company's shareholders.

1.16. Current and deferred income taxes

Income tax on the profit or loss for the year comprises current and deferred income tax.

Income tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. It is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is recognized on all temporary differences, even arising on the assets and liabilities located in the Special Purpose Vehicles. Most of the Special Purpose Vehicles hold one specific property development project.

The recognition of deferred tax liabilities on fair value adjustments is based on the assumption that the land and buildings held by the Company will be realized through asset deals. This relates mainly to the residential projects held by the Company.

As it is expected that the value of commercial projects will in first instance be realized through use (and not through sale), the recognition of deferred tax liabilities on fair value adjustments is also applied here. Still, the potential capital gain (in the case a commercial project would be sold through a share deal) might be exempted from income tax in some jurisdictions if certain conditions are met. Although the Company is confident that in the case of a share deal these conditions will be complied with, deferred tax liabilities have consistently been recognized, without taking into account those potential tax exemptions.

In connection with the acquisition of close-ended funds in the current year and the ongoing transfer process of SPVs to those funds, outstanding deferred tax balances of entities which are being transferred to the funds have been released per end 2011 (and no further deferred taxes are set up), as the funds are under the Polish tax regulations exempt from tax. Also refer to section 4.1.

Currently or substantially enacted tax rates are used to determine deferred income tax. Under this method, the Company is also required to make a provision for deferred income tax on the difference between the fair values of the net assets acquired and their tax base as a result of a business combination.

No deferred taxes are accounted for temporary differences arising from the initial recognition of goodwill or the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the time of the transaction affect neither accounting nor taxable profit, and differences relating to the investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (Note 16).

1.17. Trade and other payables

Trade and other payables are measured at amortized cost. As the impact of discounting is immaterial, trade and other payables are measured at the nominal value.

1.18. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has a contractual right (provided all covenants are fulfilled) to defer settlement of the liability for at least 12 months after the balance sheet date.

1.19. Revenue recognition

Revenue mainly includes sales of properties and rental income.
Revenue is recognised based on the fair value of the consideration received or receivable. For contingent consideration related to the sale of properties, the fair value of the contingent consideration is determined based on management's best estimate and recognised as a financial asset. Subsequent changes in the fair value of the financial asset are recorded via the income statement.

Sale of Property Development Inventory

Revenue from the sale of *property development inventory* is recognized when all the following conditions have been satisfied:
(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

The property disposals might be structured in a tax-efficient manner as a sale of shares in a legal entity that holds the property. The sales of real estate projects structured as a sale of shares are presented in these financial statements in accordance with the substance and economic reality of the transactions and not merely with their legal form. Thus, the amount of inventories recognized as an expense during the period referred to as “Cost of Property Development Inventories sold” comprises costs directly related to the property development projects sold during the year. The revenue from sales of properties reflects the market value of the properties sold.

Rental income

Rental income from Investment Properties leased is recognized on a straight-line basis over the lease term. Lease incentives granted are recognized as an integral part of the total rental income (i.e. are spread over the lease term).

The Company did not enter into any financial lease agreements with tenants; all lease contracts qualify as operating leases.

Sale of Investment Property

Revenue from the sale of investment property is recognized when all the following conditions have been satisfied:
(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred relating to the transaction can be measured reliably.

The property disposals are often structured in a tax-efficient manner as a sale of shares in a legal entity that holds the property. The sales of real estate projects structured as a sale of shares are presented in these financial statements in accordance with the substance and economic reality of the transactions and not merely their legal form. The gain realized on a sold investment property is shown on a net basis under “Result on disposal Investment Property” in the income statement.

2. Financial risk management

2.1 Financial risk factors

Due to its activities, the Company is exposed to a variety of financial risks: market risk (including exchange rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. Financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings. The Company uses derivative financial instruments (external or internal) on an ad hoc basis to hedge against the exposures arising from the individual transactions significant to the Company as a whole.

Financial risks are managed by the Group's Chief Financial Officer (CFO) and his team. The CFO identifies, evaluates and mitigates financial risks in accordance with the objectives set by the Chief Executive Officer.

2.1.1 Foreign exchange risk

The Company operates internationally and enters into transactions in currencies (US Dollar, Polish Zloty) other than the Company's functional currency being Euro. The major part of the Company's financial assets and financial liabilities are however denominated in Euro.

Within the Eurozone, the Company concludes all financing, engineering, architectural and main construction contracts in Euro; leasing of the properties is Euro based and eventual later disposal of assets or shares are mostly expressed or negotiated in Euro. The Polish Zloty's risk is limited to some smaller local contracts and the sale prices of residential projects.

In short, the Company mitigates its currency risk exposure by matching as much as possible the currency of the income with that of the expenditure.

When a member of the Service Holding is exposed to eventual currency risks, the Company may choose to enter into an intra group hedging.

Over 2010, Ghelamco Poland Sp. z o.o (belonging to the Service Holding) hedged the sale of an amount of EUR into PLN with its counterpart Granbero Capital. In practice, Granbero Capital covered the currency exposure for Ghelamco Poland Sp. z o.o for an amount of 4,589 KEUR on the Katowice project (Excellent Bud Sp. z o.o) at a fixed rate of 3.90 PLN/EUR, for an amount of 632 KEUR on the Crown Square project (Best Invest Sp. z o.o) at a fixed rate of 3.90 PLN/EUR, for an amount of 13,114 KEUR on the Mokotow Nova (Kalea Investments Sp. z o.o) at a fixed rate of 3.95 PLN/EUR and for an amount of 1,277 KEUR on the Senator (HQ Invest Sp. z o.o) at a fixed rate of 3.9 PLN/EUR. These hedging transactions resulted in a gain for Granbero Capital for an amount of 330 KEUR.
The remaining amounts covered by the above contracts for 2011 consisted of 897 KEUR on the Katowice project, 696 KEUR on the Crown Square project, 40.358 KEUR on the Mokotow Nova project and 41.250 KEUR on the Senator project. The market value of these contracts was not significant.

Over 2011, Ghelamco Poland Sp. z o.o again hedged the sale of an amount of EUR into PLN with its counterpart Granbero Capital. In practice, Granbero Capital covered the currency exposure for Ghelamco Poland Sp. z o.o for an amount of 114 KEUR on the Katowice project (Excellent Bud Sp. z o.o) at a fixed rate of 3.90 PLN/EUR, for an amount of 33 KEUR on the Crown Square project (Best Invest Sp. z o.o) at a fixed rate of 3.90 PLN/EUR, for an amount of 38,851 KEUR on the Mokotow Nova (Kalea Investments Sp. z o.o) at a fixed rate of 3.95 PLN/EUR and for an amount of 20,954 KEUR on the Senator (HQ Invest Sp. z o.o) at a fixed rate of 3.9 PLN/EUR. These hedging transactions resulted in a gain for Granbero Capital for an amount of 2,533 KEUR.
The remaining amounts covered by the above contracts for 2011 consist of 1,507 KEUR on the Mokotow Nova project and 20,296 KEUR on the Senator project. The market value of these contracts amounts to 2,800 KEUR as of balance sheet date; value which has been recognized through the profit and loss statement. These derivatives are classified as held for trading under IFRS.

A weakening/strengthening of the PLN (average and 31/12/11 spot) exchange rates versus the EUR by 5% would, as a consequence of the above hedging, have resulted in a 2,535 KEUR higher/lower profit before tax for 2011.

Despite those closely monitored initiatives and as a consequence of its international activity, foreign exchange risks may still affect the Company's financials and results.

2.1.2 Interest rate risk

The Company actively uses external and related party borrowings to finance its property development projects. A property development project's external financing is always in the form of a bank loan denominated in Euro (see Note 14) (except for self liquidating VAT loans in Poland).
The Company did not enter into external interest rate hedging transactions to eliminate exposure arising from the long term investment loans over the last 5 years. The Company's management closely monitors the short-term floating rate borrowings and medium term fixed interest rates.

The financing structure reflects major project development phases (acquisition of land, development and holding of the properties) as follows:

- Land acquisition loans (usually provided for a term of two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin.

- Development loans provided until completion of construction and obtaining of the exploitation permit (usually for a term of about two years). The interest is payable at market floating rates (from 1 up to 6 months) increased by a margin. The land acquisition loan is at this stage integrated in the development loan.

- Once the property is completed, leased and meets all ongoing covenants, the development loan allocated to it can be turned into an investment loan usually provided for a period of five years beginning from the signing of the investment loan agreement and repayable upon sale or refinancing of the property. The banks are usually willing to increase development loans up to an amount that reflects 65% to 75% of the property 's market value, once all ongoing covenants are met. The interest is usually a mix of floating and fixed rates. In addition, the capital is amortized at a level between 4% and 7% per annum (on average), payable on a quarterly base together with the accrued interest.

The Company actively uses related party borrowings provided by the Ghelamco Group Financing Vehicles acting as financial intermediaries (mainly Peridot SL at 31 December 2011 and 31 December 2010) to finance the property development projects in Poland. These related party loans bear interest at market floating interest rates.

For sensitivity analysis, reference is made to disclosure 14 on interest-bearing loans and borrowings.

2.1.3 Operational risk (price risk in first instance)

Price risk
Raw materials, supplies, labour and other costs directly related to the construction projects constitute a major part of the property development assets capitalized in the accounts of the Company's property development companies.
Although construction prices may substantially vary during each accounting year, the Company succeeds in reducing its operational risk by either entering into fixed price contracts or into open book contracts with related and unrelated companies.
Most property development projects are realized in cooperation with parties related to the Company (see Note 26.2).

Market research
Before starting an investment, the Company's management teams have performed their market research, comprising the following:
- status of the project's current zoning (eventual timing for rezoning necessary)
- attitude of the local government towards a particular project
- are comparable projects being launched (timing and location)
- type of potential buyers/tenants - reasonable delivery date of the project
- projected sale/lease prices at the date of delivery
- yield expectations at that time
- time frame to achieve 50%-60% leasing level

Permit risk
A detailed advance study of the existing master plan or zoning plans substantially reduces the risks on obtaining building permits. On this issue, it is the Ghelamco Group's policy to closely monitor new construction regulations or esthetical preferences of the city authorities. One should of course differentiate between the type of projects, their location and specific country principles.

Construction risk
Construction risks are monitored by Ghelamco in-house engineers. They define the construction cost as from the date of the feasibility study and take full responsibility for material discrepancies. Therefore, fine-tuning of budgets, choice of materials, construction techniques and construction prices is a constant process within Ghelamco. This avoids cost overruns and delivery delays.
The Ghelamco Group also maintains full control over the building site coordination of (sub)contractors through its team of site managers.

Engineering risk
The Company has to remain in control for the design, lay-out and structural or finishing elements of the building. Any change in engineering automatically leads to cost increases or decreases. That is why the Company hardly ever outsources these tasks.

Financing risk
The Company relies since 10 years on framework agreements with the majority of its banking partners. The parameters of the framework can vary due to economical circumstances, but remains workable as a whole. Before starting up the construction works (or contracting with subcontractors), the Company expects to have received already a (non-)binding term sheet from its banking relations.

Commercial risk
Certain major projects require (internal) pre-lease levels, depending on different parameters, mostly triggered by the project's (large) scale, changed market circumstances or project type . Smaller projects are started up without pre-leases. This set-up immediately triggers the intense involvement of both the internal commercial departments and the external brokers. So far, the Company's track record shows at least a 50% (or more) leasing level before the end of construction works.

Investment market risk
Each developer or investment fund is influenced by the currently applicable yield expectations. Therefore, good project timing is essential. While securing the construction financing, the Company also negotiates a binding transition from construction loan into investment loan. This allows us to keep the property in portfolio and to wait for attractive offers of investors. Up till today, investment funds have continued to show high interest in our products. In this respect refer to the Trinity Part III project which has in the current year been sold at competitive conditions.

2.1.4 Credit risk

Some limited credit risk may arise from credit exposures with respect to rental customers/ tenants (mostly renown international companies) and outstanding balances with related parties. The group entities are setting credit limits based on financial information and business knowledge, which are duly approved by management. No major allowances for non-payment were necessary in the current or previous year. The credit risks on residential buyers are limited by the conditions in the notary deeds.

For further analysis, reference is made to note 8.

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2.1.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet the Company's liquidity needs. Due to the dynamic nature of the underlying business activities, the Company actively uses external and related party funds to ensure that adequate resources are available to finance the Company's capital needs. The Company's liquidity position is monitored by management, based on 12 months rolling forecasts.

The maturity analysis for financial liabilities that shows the remaining contractual maturities is presented in Note 14.

2.2 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to support the strategic growth plans of the Company.
As all profits of the last years are being re-invested, the management's focus is mainly set on financial support of its expansion plans. In order to maintain or optimize the capital structure, the Company may decide to issue bonds or similar financial instruments in the international financial markets. Company management closely monitors solvency, liquidity, return on invested capital and profitability levels .

The Company monitors capital primarily on the basis of the solvency ratio. This ratio is calculated as total equity divided by the balance sheet total. The solvency ratios at 31 December 2011 and 2010 were as follows:

	2011	**2010**
Equity	403,050	352,645
Total assets	822,391	691,759
Solvency ratio	**49%**	**51%**

3. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and assumptions are based on historical experience and various other factors that are considered reasonable under the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects future periods.

In addition to the estimates already explained in the accounting policies, the estimates and assumptions that might significantly affect the valuation of assets and liabilities are outlined below.

Impairment of assets

The risk of impairment arises from uncertainties typical to the real estate development industry. At the balance sheet date impairment losses/write-offs to net realisable value have been recognized on the inventory in the following SPVs:

- Key Office Invest Sp. z o.o: 764 KEUR
- Expert Invest Sp. z o.o: 220 KEUR
- Others (immaterial impairments): 85 KEUR

Outstanding impairment loss balance which is stable compared to last year. No additional impairments were deemed necessary in 2011.

Income taxes

The Company operates within a complex international legal and regulatory environment. Deferred tax is determined based on each legal entity's tax position and is reviewed on each balance sheet date to take account of the impact of changes in the tax laws and the probability of recovery.

Basic Company Income Tax levels (excluding tax exemptions or other incentives):

Poland :	19%
Cyprus :	10%
Luxemburg :	21.84% (exceptions for financial rulings)
Spain:	30%

In connection with the ongoing transfer of SPVs to close-ended investment funds, deferred tax balances for a total amount of 9.3 MEUR have in the current year been released through the profit and loss statement, as the investment funds are under the Polish tax regulations tax exempt. Also refer to section 4.1 and note 16.

Fair value estimation

The carrying value less impairment write down of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

In conformity with IAS39, all derivatives are recognized at fair value in the balance sheet.

With respect to the determination of fair value of IP(UC), we refer to section 1.9 above.

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4. List of subsidiaries

Granbero Holdings Ltd. subsidiaries included in these IFRS consolidated financial statements are as follows:

Entity description	Country	31/12/2011 % voting rights	31/12/2010 % voting rights	Remarks
Granbero Capital (branch)	LU	n/a	n/a	
Axiom Sp. z o.o	PL	100	100	
Apollo Invest Sp. z o.o	PL	40	40	*
Belle Invest Sp. z o.o	PL	100	100	
Best Invest Sp. z o.o	PL	n/a	100	Note 4.5
Betula Invest Sp. z o.o	PL	100	100	
Business Bud Sp. z o.o	PL	100	100	
Capital Bud Sp. z o.o	PL	100	100	
Creative Invest Sp. z o.o	PL	100	100	
Dystryvest Sp. z o.o	PL	100	100	
Eastern Europe Bud Sp. z o.o	PL	100	100	
Erato Invest Sp. z o.o	PL	100	100	
Excellent Bud Sp. z o.o	PL	100	100	
Expansion Invest Sp. z o.o	PL	100	100	
Expert Invest Sp. z o.o	PL	100	100	
Focus Invest Sp. z o.o	PL	50	50	*
Fusion Invest Sp. z o.o	PL	100	100	
HQ Invest Sp. z o.o	PL	100	100	
Immediate Invest Sp. z o.o	PL	100	100	
Industrial Invest Sp. z o.o	PL	100	100	
Innovation Bud Sp. z o.o	PL	100	100	
Kalea Investments Sp. z o.o	PL	100	100	
Key Office Invest Sp. z o.o	PL	100	100	
Leader Invest Sp. z o.o	PL	100	100	
Market Invest Sp. z o.o	PL	100	100	
Office Investment Sp. z o.o	PL	100	100	
Opportunity Invest Sp. z o.o	PL	100	100	
Pattina Invest Sp. z o.o	PL	100	100	
PIB Sp. z o.o	PL	100	100	
Power Invest Sp. z o.o	PL	100	100	
Prima Bud Sp. z o.o	PL	100	100	
Prime Invest Sp. z o.o	PL	100	100	
Primula Invest Sp. z o.o	PL	100	100	
Pro Business Invest Sp. z o.o	PL	100	100	
Proof Invest Sp. z o.o	PL	100	100	
Proud Invest Sp. z o.o	PL	100	100	

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Quality Invest Sp. z o.o	PL	100	100		
Signal Bud Sp. z o.o	PL	100	100		
Callista Invest Sp. z o.o	PL	100	100		
Unique Invest Sp. z o.o	PL	100	100		
Ghelamco Invest Sp. z o.o	PL	100	n/a		Note 4.2
CC 26 F.I.Z.	PL	100	n/a		Note 4.1
CC 28 F.I.Z.	PL	100	n/a		Note 4.1
Ghelamco GP 1 Sp z o.o	PL	100	n/a		Note 4.1
Ghelamco GP 2 Sp z o.o	PL	100	n/a		Note 4.1
Creditero Holdings Ltd.	CY	100	n/a	*	Note 4.3
Portfolio Invest Ltd.	UA	99	n/a	*	Note 4.3
Preferent Invest Ltd.	UA	99	n/a	*	Note 4.3
Bellona SA	PO	96,6	n/a		Note 4.4

(*): Although the Company does not dispose of the majority of the SPV's voting rights, in practice it does have control over the SPV. Therefore, the SPV has been included in the consolidated financial statements applying the full consolidation method.

Real estate acquisitions and disposals (including plots of land) often involve the transfer of a company that holds the property.
Most subsidiaries (except for the Holding and Financing Vehicle) are such special purpose real estate entities created to structure real estate transactions (acquisition of land and real estate development activities).

Summary of incorporations, acquisitions and disposals of subsidiaries (and other business units) realized by the Company during the year ended on 31 December 2011. The acquisitions and disposals of real estate subsidiaries are treated in accordance with the accounting policy as described in section 1.19 (and not in accordance with IFRS 3 on Business Combinations).

4.1 Acquisition of Close-ended Investment Funds and Fund Management Companies

In connection with the decision to restructure Polish operations for fiscal optimization and potential future financing transactions:

Acquisition in April 2011 of 2 Polish close-ended investment funds through the purchase of (100% of the) certificates (CC 26 F.I.Z. and CC 28 F.I.Z.). Acquisition price amounted to 40 KPLN each. Capital of those funds was in August increased through the issue of new certificates for 750 KPLN each. Capital increases were fully underwritten by the Company.

Acquisition in August 2011 of (100% of the shares of) 2 fund management companies (Ghelamco GP1 and Ghelamco GP2) for a purchase price of 5.000 PLN each. Fund management companies are to manage and to represent the investment funds, in compliance with the governing Polish legal requirements.

In the above respect, the respective Polish SPVs will gradually be transformed from limited liability companies (LLCs) to joint-stock partnerships (JSPs) and transferred (through contribution in kind) to the funds. JSPs are income tax transparent entities and any profits derived by them will be allocated mainly to the funds, being exempt from income tax.

The activities of investment funds and management companies in Poland are regulated by the Investment Fund Law and are subject to public supervision by the Financial Supervision Committee.

Also refer to note 16 on deferred taxes.

4.2 Acquisition of Dynamic Invest Spzoo

Acquisition as of 28 April 2011 of 100% of the shares of Dynamic Invest Spzoo from Finaris SA and Ghelamco Capital SA, both related parties. Acquisition price amounted to 12,500 EUR. Afterwards, the name of Dynamic Invest was changed to Ghelamco Invest. This subsidiary was acquired for serving as issuer of a bearer bond issue of 200 Mio PLN in the period July-August 2011 (ut infra).

The acquired company was already under the control of the controlling party of Granbero Holdings. For that, the transfer of this company under common control has been done at cost. As such, the gain on the acquisition has in the Granbero Holdings consolidated financial statements been recognized in the income statement.

4.3 Acquisition of Creditero Holdings

Acquisition as of 1 June 2011 of 100% of the shares of Creditero Holdigs Ltd (Cyprus) from Safe Holding Belgium NV, related party. Acquisition price amounted to 20,253.83 EUR.

The Ukrainian (shelf) companies under Creditero Holdings will in 2012 be disposed.

4.4 Acquisition of Bellona SA

The Company has in the course of 2011 (and through its subsidiary Creditero Holdings Ltd) acquired a 96.6% stake in Bellona SA, a former Polish state owned company, mainly holding real estate and also a publishing activity. Purchase price (acquisition costs included) amounted to 13.6 Mio EUR.

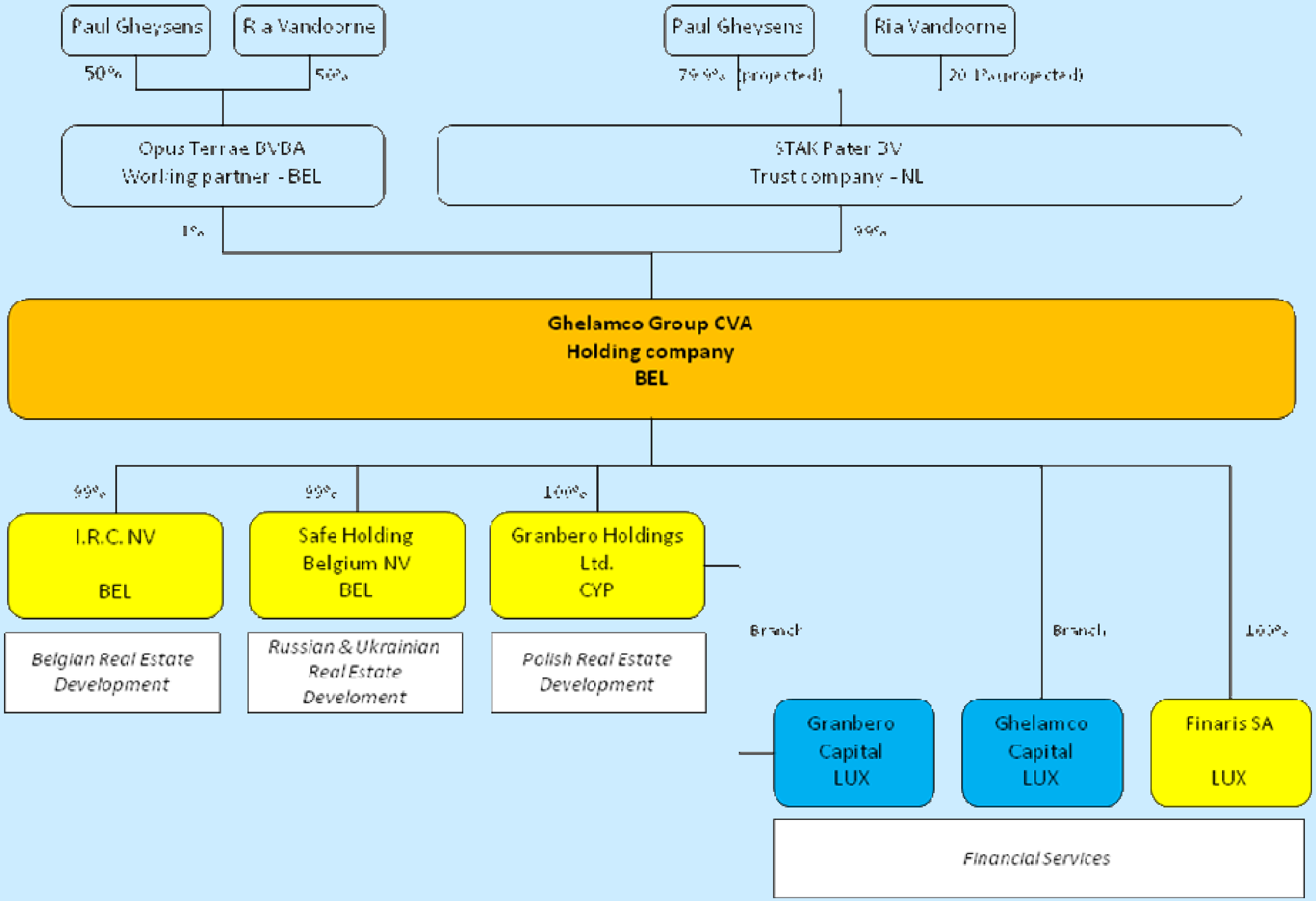
The participating interest in the publishing business (1,952 KEUR) has in the consolidated financial statements been presented under other financial assets.

4.5 Sale of Best Invest Spzoo

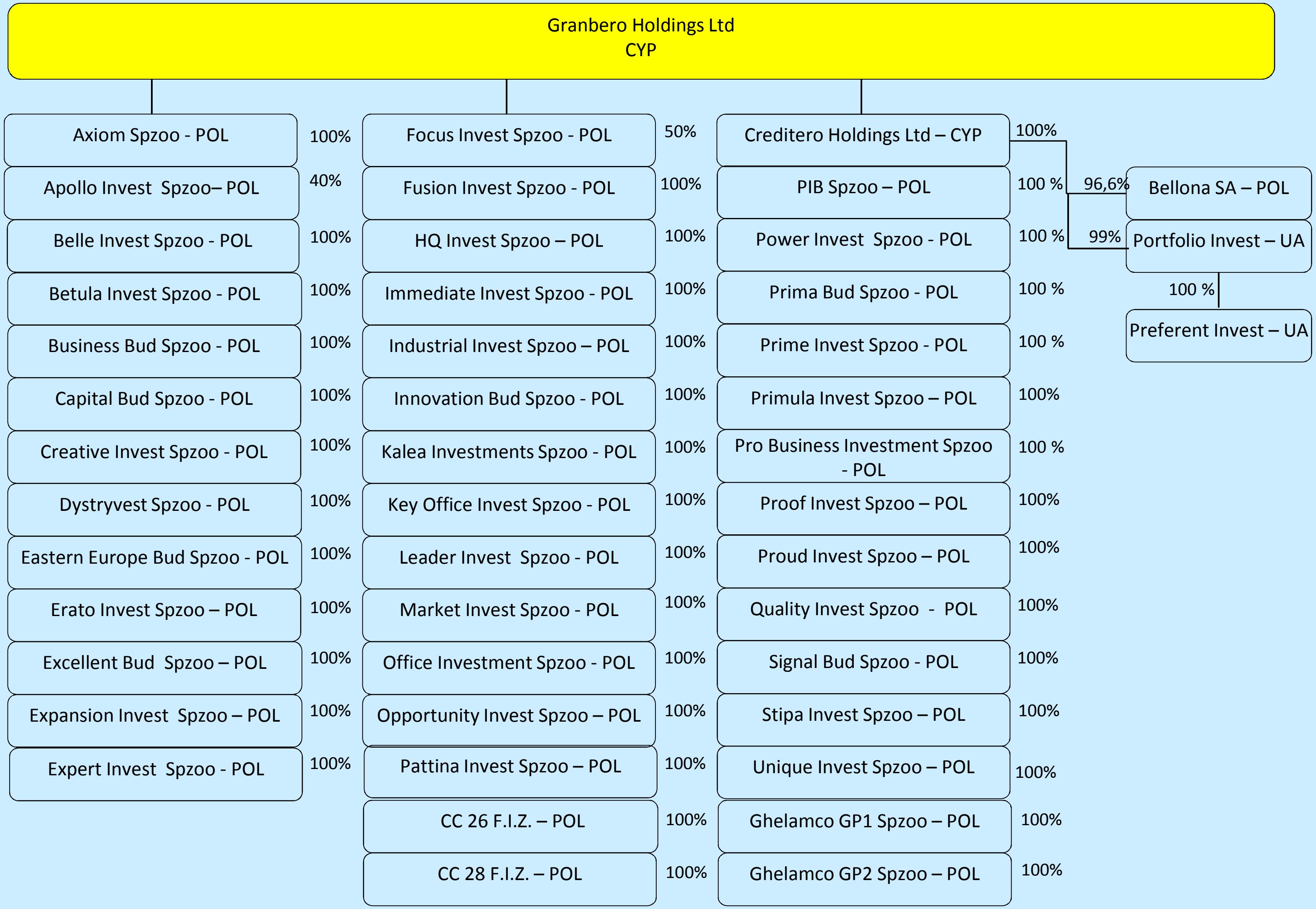
Per end January 2011 the Company sold its Crown Square project, office project in the Wola district of Warsaw with a total net leasable area of approx. 16,000 m^2, upon an attractive bid by an investor (Invesco Real Estate, international property investment manager); transaction in which the property was valued at an amount of 63.7 Mio EUR (reflecting an initial yield of 6.75%). Reference is made to note 6.

5. Company structure

5.1. Ghelamco Group (Investment & Development Holding) as per December 31st, 2011



5.2. Polish Real Estate Development as per December 31st, 2011



6. Investment Property

The Company's current strategy is to keep commercial property for rental purposes while residential properties are dedicated for sale.
All plots of land held for undetermined use, or where the management determines that the plot will be used in a project where the building will be rented, are classified as Investment Properties on 31 December 2011 and 31 December 2010.

Investment Properties are stated at fair value determined by either independent appraisers or by management and are classified in 4 categories:

A. Land without pre-permit approval, held for capital appreciation or undetermined use (fair value based on comparative method);
B. Land with pre-permit approval held for development and investment (fair value based on the potential of constructing leasable m²);
C. Land + Construction ongoing (fair value based on the residual method);
D. Completed Projects held for investment.

SPV	Commercial Name	Valuation	Cat	31/12/2011	31/12/2010
				KEUR	KEUR
Apollo (52%)	Spinnaker Tower	KNF	B	9,632	9,460
Best Invest	Crown Square	SOLD		0	61,816
Business Bud	Postepu Business Park	KNF	D	8,270	4,000
Capital Bud	Sienna Towers	KNF	B	38,670	37,211
Dystryvest	Logistic Rebusowa Str	Man	A	909	906
Eastern Europe Bud	Spire and Chopin Tower	KNF	C	114,425	103,673
Excellent Bud	Katowice Business Point	(*)	D	37,100	33,500
Focus Invest	Lopuszanska Bus. Park	DTZ	B	4,308	4,240
HQ Invest	Senator	KNF	C	68,834	41,056
Innovation Bud	Sobieski Tower	DTZ	B	13,393	14,110
Kalea Investments	Mokotow Nova (PH1)	DTZ	D	68,750	26,110
Kalea Investments	Mokotow Nova (PH2)	DTZ	C	37,457	20,516
Market Invest	Mszczonow Logistics	DTZ	A	2,981	3,517
Primula Invest	Nestlé plot	KNF	A	21,620	17,183
Pro Business Invest	Wroclaw Business Park	KNF	B	19,183	16,728
Bellona	Grzybowska	KNF	A	6,290	0
Bellona	Logistyka	KNF	A	8,710	0
TOTAL :				**460,532**	**394,026**

Legend : Man = Management valuation, KNF = Knight Frank, JLL = Jones Lang Lasalle, DTZ= DTZadelhof, CLL = Colliers, (*) = valued based on average offers/ LOI of investment fund(s) as at 31/12/11

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Balance at 31 December 2009	**402,364**
Acquisition of properties	**6,490**
Subsequent expenditure	**29,484**
Transfers	
- Assets classified as held for sale	
- Other transfers	
Adjustment to fair value through P/L	**38,156**
Disposals	**-89,000**
CTA	**6,532**
Other	
Balance at 31 December 2010	**394,026**
Acquisition of properties	**10,304**
Subsequent expenditure	**90,730**
Transfers	
- Assets classified as held for sale	
- Other transfers	
Adjustment to fair value through P/L	**45,505**
Disposals	**-61,816**
CTA	**-18,217**
Other	
Balance at 31 December 2011	**460,532**

Categories	**A**	**B**	**C**	**D**	**Total**
Balance at 1 January 2010	**4,501**	**234,456**	**70,407**	**93,000**	**402,364**
Acquisition of properties	6,490				6,490
Acquisition through business combinations					
Subsequent expenditure	35	7,030	19,908	9,043	36,016
Transfers		-58,674	-11,733	70,407	0
- Assets classified as held for sale					
- Other transfers					
Adjustment to fair value	10,580	2,611	9,099	15,866	38,156
Disposals				-89,000	-89,000
Other					
Balance at 31 December 2010	**21,606**	**185,423**	**87,681**	**99,316**	**394,026**
Acquisition of properties	10,304				10,304
Acquisition through business combinations					
Subsequent expenditure (*)	369	2,867	48,811	20,466	72,513
Transfers		-103,674	77,564	26,110	0
- Assets classified as held for sale					
- Other transfers					
Adjustment to fair value	8,231	570	6,660	30,044	45,505
Disposals				-61,816	-61,816
Other					
Balance at 31 December 2011	**40,510**	**85,186**	**220,716**	**114,120**	**460,532**

(*) in this detailed overview net of CTAs (and other)

The Crown Square project, an office project in the Wola district of Warsaw with a total net leasable area of approx. 16,000 m2, BREEAM certified with a “very good” rating and named “Best Office Project of the Year” at the Eurobuild CEE Awards 2010, has per end January 2011 been sold upon an attractive bid by an investor (Invesco Real Estate, international property investment manager). The sales transaction has been structured as a share deal; transaction in which the property was valued at an amount of 63.7 Mio EUR (reflecting an initial yield of 6.75%).
The property is anchored by Nike, Oracle and Microstrategy.
The divesture of the Crown Square project has in the current year generated a cash inflow (after reimbursement of the related bank borrowing for 32.5 MEUR of approx. 27.3 MEUR.

This tax exempted share deal in addition resulted in an income tax gain of 3.7 MEUR in the current financial statements, after release to the income statement of the related deferred tax liabilities balance.

Amounts that have been recognized in the Income Statement include the following:

	2011	2010
Rental income	2,452	3,577

2011 Rental income mainly relates to rent agreements in Katowice Business Point, Postepu Business Park and Mokotow Nova.

Significant assumptions and sensitivity analysis

The average yields used in the expert valuations (applying residual method) on 31 December 2011 are as follows:

- 6.00% to 8.00% for Polish projects, depending on the locaction, specifics and nature of the development (vs. 6,50% to 8,00% last year)

On 31 December 2011, the Company has a limited number of income producing investment properties (category D) which are valued at 77,020 KEUR (Mokotow Nova Phase 1 and Postepu Business Park). An increase/decrease of 100 basis points in the yield, with all other variables held constant, decreases/increases the value by approx. 9,900 KEUR.

The Katowice Business Point project which is per end December 2011 also a finalized project, has not been considered in the above analysis, as shortly after year-end an LOI has been signed for this project, at the yield as applied for the valuation per 31 December 2011 (i.e. 8,00%).

The investment properties (under construction) (category B and C) are valued using a number of assumptions in terms of e.g. construction cost, expected rental values etc. that are interlinked and for which a sensitivity analysis per variable would not make sense.

7. Property Development Inventory

The Property Development Inventories amount to 76,418 KEUR on 31 December 2011 (2010: 51,242 KEUR).

	Carrying value (at cost) at 31 December 2011 - KEUR	Carrying value (at cost) at 31 December 2010 - KEUR
Axiom	5,058	5,123
Bellona-Bema	1,828	
Creative Invest - Foksal	10,662	10,158
Erato Invest	1,254	
Key Office Invest - Wroclaw apartments	1,319	2,220
Leader Invest	15	16
Office Investment	1,249	1,259
Pattina Ivest	13	
P.I.B.	3,018	2,987
Prime Invest	495	495
Proof Invest - Q-Bik soft lofts	51,503	28,984
Other	4	
TOTAL	**76,418**	**51,242**

Reference is also made to section 3.

8. Non-current receivables & prepayments and current trade & other receivables

8.1 Non-current receivables & prepayments

	Note	31/12/2011	31/12/2010
Non-current			
Receivables from related parties	26.3	211,028	190,711
Trade and other receivables		4,692	3,888
Total non-current receivables and prepayments		**215,720**	**194,599**

Non-current receivables from related parties

All non-current loans to related parties are granted for a term of 3 to 5 years.
Contractual interest rates on non-current receivables to related parties for 2011 were as follows: Euribor/ Libor + margins in the range between 2% and 4%.
Further reference is made to Note 26.3.

Non-current trade and other receivables

Non-current trade and other receivables consist of:
- Balance still to be received from SEB after the TP III sale: 2,169 KEUR
- Degi: 649 KEUR
- Rent free and capitalized agency fees at the level of Kalea Investments (Mokotow Nova): 672 KEUR
- Rent free and capitalized agency fees at the level of Excellent Bud (Katowice Business Point): 655 KEUR

- Capitalized agency fees at the level of HQ Invest (Senator): 525 KEUR
- Others: 22 KEUR

The carrying amounts of non-current receivables approximate their fair value determined based on the future cash flows discounted at the prevailing rate for a similar instrument for an issuer with a similar rating.

8.2 Current trade & other receivables

	Note	31/12/2011	31/12/2010
Current			
Receivables from related parties		132	6
Receivables from third parties		1,564	880
Less: allowance doubtful debtors (bad debt provision)		0	0
Net trade receivables		1,696	886
Other receivables		162	313
Related party current accounts	26.3	1,636	3,053
VAT receivable		7,140	6,224
Prepayments		2,726	4,108
Interest receivable		32,652	24,330
Total current trade and other receivables		**46,012**	**38,914**

Current trade and other receivables

The carrying amounts of trade and other receivables approximate their fair values determined based on the future cash flows discounted at the prevailing rate for a similar instrument of an issuer with a similar credit rating.

Trade receivables with related parties (and prepayments, see below) include invoices for construction, engineering and other services as described in Note 26.2.

Prepayments

Outstanding prepayments as of 31 December 2011 mainly represent:

- 135 KEUR down-payment at SPV Business Bud for the acquisition of a land plot at Postepu St., Warsaw
- 184 KEUR down-payment at SPV Expert Invest for the acquisition of a land plot
- 1,089 KEUR option on a land plot at Industrial Invest
- 211 KEUR down-payment at SPV Innovation Bud for the acquisition of a land plot at Grójecka St., Warsaw
- 604 KEUR down-payments for the acquisition of a land plot (Plac Grzybowski, near the Palace of Culture in Warsaw) at SPV Unique Invest
- 287 KEUR down-payment at SPV Pattina Invest for the acquisition of a land plot in Piaseczno, suburbs of Warsaw, for the development of a trade and services centre

Last year's outstanding down-payment of 5,000 KPLN at SPV Immediate Invest, for which refund was requested, has in the current year actually been recovered.

Interest receivable

The interest receivable fully consists of interests receivable from related parties.

VAT receivable

The outstanding balance relates to VAT receivables, mainly on the following projects: Mokotow Nova, Qbik, Senator, Warsaw Spire and Foksal Residential.

The SPVs involved may either apply to the tax authorities for an immediate cash refund of the VAT receivables or may offset the VAT receivable against any VAT payables.
VAT receivables are the result of VAT paid on their investment expenditures.

Credit risk exposure and impairment

Trade and other receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. The amounts presented in the balance sheet are, to the extent applicable, after allowances for doubtful receivables.

Allowances are determined on a case-by-case basis. An allowance for impairment is booked when there is an identified loss event, that, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The maximum exposure to credit risk on the reporting date is the carrying amount of each class of financial assets mentioned above. The Company does not hold any collateral as security over these balances, as a large part of accounts receivable balances are with related parties, controlled by the ultimate shareholders of the Ghelamco Group. As such, credit risk concentrations with respect to trade and other receivables are assessed as very limited.

As of 31 December 2011 and 2010, trade and other receivables disclosed above do not include amounts which are past due at the end of the reporting period and against which the Company has not recognized an allowance for doubtful receivables, as deemed necessary.

9. Derivatives

Balances as of balance sheet date of 2,800 KEUR relates to the market value of outstanding (forex) hedging contracts. Marking to market of these level 2 derivatives has been recognized through the profit and loss statement.

Also refer to section 2.1.1 above.

10. Restricted Cash

	31/12/2011	**31/12/2010**
Restricted cash non-current	1,280	2,237
Restricted cash current	-	4,492
	1,280	**6,729**

Outstanding balance as of 31 December 2011 relates to the amount on escrow and still to be released after last year's Trinity Park III sale.

Main balance included in the 2010 outstanding balances related to a deposit on escrow of 4 MEUR on 22 December 2010 by Invesco, at the time of the PSPA with regard to the acquisition of the shares of Best Invest, SPV holding the Crown Square project. Purchase transaction was actually closed (and amount released) end of January 2011.

11. Cash and cash equivalents

	31/12/2011	31/12/20010
Cash at banks and on hand	16,748	4,387
Short-term deposits		
	16,748	**4,387**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for various periods not more than three months, depending on the Company’s immediate cash requirements, and earn interest at the respective short-term deposit rates.

The Company’s cash position does not only consist of cash at banks or deposits, but also of :

- additional capacity on the debt ratio (Ghelamco chooses to keep a substantial margin on the Loan to Value ratio);
- potential to take up further financing on completed projects based on Loan to Value (LTV) instead of Loan to Cost (LTC);
- access to alternative financing under the form of bond issuance and mezzanine equity financing. In this respect refer to current year’s bearer bonds issue of 200 MPLN on the alternative Catalyst trading system in Poland.

It is also to be mentioned that the sale of the Crown Square project as of 21 January 2011 resulted in an additional net cash inflow of approx. 27.3 MEUR.

12. Share capital

	31/12/2011	31/12/2010
Authorised		
9.731 ordinary shares of 1 EUR each	10	10
issued and fully paid	10	10

At 31 December 2011, the Company’s direct shareholders are:

- **Ghelamco Group Comm VA** (Belgium) - 100% (9,731 shares)

12.1 Distribution of dividends within the Group

In the course of 2011 (and 2010) no dividends have been declared or distributed.

12.2 Non-Controlling Interests

	31/12/2011	31/12/2010
balance at beginning of year	1,901	1,901
share of profit for the year		
acquistions/disposals		
Balance at end of year	**1,901**	**1,901**

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13. Reserves and retained earnings

Reserves and retained earnings on the balance sheet date are as follows:

	Cumulative translation reserve	Retained earnings
At 1 January 2010	1,945	322,675
Cumulative translation differences (CTA)	-592	
Dividend distribution to the ultimate shareholders		
Change in the consolidation scope		
Profit for the year		26,706
At 31 December 2010	**1,353**	**349,381**

	Cumulative translation reserve	Retained earnings
At 1 January 2011	1,353	349,381
Cumulative translation differences (CTA)	1,459	
Dividend distribution to the ultimate shareholders		
Change in the consolidation scope		
Other		130
Profit for the year		48,816
At 31 December 2011	**2,812**	**398,327**

14. Interest-bearing loans and borrowings

		31/12/2011	31/12/2010
Non-current			
Bank borrowings – floating rate	14.1	140,721	83,052
Other borrowings – floating rate	14.2/14.3	159,260	125,043
Finance lease liabilities			
		299,981	**208,095**
Current			
Bank borrowings – floating rate	14.1	43,918	47,238
Other borrowings – floating rate	14.3		
Finance lease liabilities			
		43,918	**47,238**
TOTAL		**343,899**	**255,333**

14.1 Bank Borrowings

During the period, the Company obtained new secured bank loans expressed in EUR and drew on existing credit facilities for a total amount of 107 MEUR, main part of which is Euribor based. On the other hand, reimbursements (and/or refinancing) have been done for a total amount of 52,5 MEUR, net of prolongation of a number of borrowings.

When securing debt finance for its (larger) projects, the Company always negotiates long term agreements with its banks. Under these agreements, the bank swaps land acquisition loans (2 year term) into development loans (additional 2 year term) and swaps development loans into investment loans (mostly 5 years term) upon the fulfilment of pre-agreed conditions.
Most banking partners of the Company have accepted the above as a “framework” for past, current and future co-operation

For the purpose of these financial statements, the Company treated its bank borrowings (or the maturing part of it) as current when the swap date from “acquisition loan into development loan” falls within the next accounting year (see Note 1.18 and 2.1.2.).

An overview of the Bank Borrowings per 31/12/2011 is given below by country and by project.

Company	Project name	maturity date	outstanding amount at 31/12/2011 (KEUR)	Non-current (KEUR)	Current (KEUR)
POLAND					
Eastern Europe Bud	Warsaw Spire	1/10/2012	22,301	-	22,301
Capital Bud	Sienna Towers	1/10/2012	7,707	-	7,707
Proof Invest	Woronicza QBIK	31/03/2014	27,257	26,736	521
Kalea Investment	Mokotow Nova	30/06/2013	53,358	52,784	574
Pro Business Investment	Wroclaw Business Park	1/10/2012	6,974	-	6,974
Creative Invest	Foksal	1/10/2012	3,985	-	3,985
Excellent Bud	Katowice Business Point	31/03/2016	23,676	23,452	224
HQ Invest	Senator	11/10/2013	27,470	25,838	1,632
Innovation Bud	Sobieski Tower	18/12/2013	3,791	3,791	-
Creditero	Bellona	31/05/2026	8,120	8,120	-
TOTAL			**184,639**	**140,721**	**43,918**

With regard to the outstanding short-term borrowings, it is to be mentioned that all of them will in the course of 2012 be prolonged or refinanced. In this respect and regarding the credit facilities which will mature on 1 October 2012, prolongation and/or refinancing negotiations are currently ongoing but have, at the date of this report, not yet been formalized/realized.

Summary of contractual maturities of external bank borrowings and future finance lease payments, including interest payments.

	31.12.2011				31.12.2010			
	<1 y	between 2 and 5 y	>5y	total	<1 y	between 2 and 5 y	>5y	total
Credit institutions withdrawn credits	54,007	145,627	7,883	207,517	53,475	33,170	64,812	151,457
Financial lease				0				0
Total	**54,007**	**145,627**	**7,883**	**207,517**	**53,475**	**33,170**	**64,812**	**151,457**
Percentage	26%	70%	4%	100%	35%	22%	43%	100%

External borrowings by currency

All external borrowings are Euro denominated except for Proof Invest where the bank loan is denominated in PLN.

Interests on bank borrowings – interest rate risk

Interests on land acquisition and development loans are considered as floating since the variable component of the interest formula will always be fixed for a period not superseding one year.

Depending on a project's potential debt service, interest rates on investment loans are sometimes partially fixed and the remainder is floating.

On 31 December 2011, the Company had no outstanding investment loans (only land acquisition and construction loans).

Depending on the project and the securities required by the bank, following margins on floating rates are applicable in:

- Poland: between 2.5% and 5.5%

Loans for the pre-financing of VAT returns in Poland are expressed in local currency.

Interest sensitivity analysis

An increase/decrease of 100 basis points in the (average) interest rates on the floating rate bank debt at the reporting date, with all variables held constant, would have resulted in a 1,500 KEUR lower/higher profit before tax for 2011.

14.2 Bonds

The Company has in the period July-August 2011 and via its financial vehicle Ghelamco Invest Sp. z o.o., issued bearer bonds for a total amount of 200 MPLN. These bonds, which are secured by a redemption surety granted by Granbero Holdings Ltd. (the Company), have been underwritten by a select group of investors and have been listed for trading on the alternative trading system Catalyst run by BondSpot S.A.

Goal of the issue is to finance the Company's further investment projects within Warsaw metropolitan area, in Wrocław or Katowice. The bonds have a term of 3 years and bear an interest of Wibor 6 months + 5%.

Balance outstanding per balance sheet date (44.444 KEUR) represents the amount of issue (200 MPLN) less capitalized issue costs (of which mainly the issuing bank's arrangement fee), which are amortized over the term of the bond.

14.3 Other borrowings

31/12/2011 114,816 KEUR

Other borrowings in EUR at 31 December 2011 include following related party balances:

- Peridot SL: 112,451 KEUR
- Tallink Investments Ltd.: 120 KEUR
- Ghelamco Poland Sp. z o. o: 1,630 KEUR
- Salamanca Capital Services : 615 KEUR

31/12/2010 125,043 KEUR

Other borrowings in EUR at 31 December 2010 include following related party balances:

- Peridot SL: 122,704 KEUR
- Tallink Investments Ltd.: 109 KEUR
- Ghelamco Poland Sp. z o. o: 530 KEUR
- Dynamic Invest : 1,700 KEUR

14.4 Miscellaneous information

The fair value of interest bearing liabilities does not materially differ from carrying amount, since all of them are floating interest bearing debts. The fair value of long term interest bearing debts (in absence of published price quotations in an active market) is calculated as the present value of cash flows discounted at the relevant current market interest rates adjusted for a company-specific margin. The fair value of short term interest bearing debts and floating interest bearing debts is assumed to be equivalent to their carrying amount.

Almost all of the Company's interest bearing liabilities are floating interest bearing debts.

No defaults of payments or breaches of borrowing agreements occurred as of 31 December 2011.

Bank borrowings are secured by amongst others the property development projects of the Company, including land and in-process construction, pledge on SPV shares, etc.
The bonds are secured by a redemption surety granted by Granbero Holdings Ltd. (the Company).

The loan agreements granted by the banks are sometimes subject to a number of covenants (Loan to Value, Loan to Cost, Debt Service Cover). During the year and per end of the year, there were no events of default in respect of these borrowings.

Also the terms and conditions of the bond issue have been complied with as of balance sheet date

15. Other non-current liabilities

Last year's other non-current liabilities amounted to 1,320 KEUR and mainly relate to deferred income from pre-sales in the QBik residential project. QBik pre-sales have per 31 December 2011 been transferred to the short-term.

16. Deferred taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred taxes arise mainly from the temporary differences in respect of valuation of IP(UC), external borrowing costs capitalized and tax losses carried forward.

in thousands €	**31/12/2011**	**31/12/2010**
Deferred tax assets	929	1,861
Deferred tax liabilities	-23,897	-34,732
TOTAL	**-22,968**	**-32,871**

Deferred tax assets/(liabilities) arise from the following:

	Temporary differences		Unused tax losses and credits	
	Investment property	Other	Tax losses	Tax credits
Balance at 1 January 2010	**-28,587**	**-4,594**	**2,190**	
Recognised in income statement	-3,121	-531	1,772	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other				
Balance at 31 December 2010	**-31,708**	**-5,125**	**3,962**	**-**
Recognised in income statement	10,641	1,254	-2,220	
Recognised in other comprehensive income				
Recognised directly in equity				
Reclassified from equity to profit or loss				
Acquisitions				
Disposals				
Other		228		
Balance at 31 December 2011	**-21,067**	**-3,643**	**1,742**	**-**

In the current year, significant deferred tax liabilities have been released to the profit and loss statement:
-3.7 MEUR in connection with the (share deal) sale of the Crown Square project
-9.3 MEUR in connection with the formal decision to transfer number of SPVs to the (newly acquired) close-ended investment funds, which are tax exempt (ut supra, note 4.1).

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The following deferred tax assets have not been recognized at the reporting date:

	31/12/2011	31/12/2010
DTA on unused tax losses	2,804	2,374
DTA on unused tax credits		
TOTAL	2,804	2,374

Tax losses in the Polish SPVs can be carried forward for a period of 5 years. In this respect, no deferred tax assets have been recognized on tax losses carried forward in these SPVs to the extent it is deemed not probable that sufficient taxable profit will be available to allow the benefit of part of these tax losses.

Tax losses in the other countries can be carried forward for an indefinite period of time.

No deferred tax liability has been recognized on undistributed profits in the subsidiaries. It should be noted that the distribution of dividends by the subsidiaries to the (Cypriot) Parent would generate no tax charge.

17. Trade and other payables

Trade and other payables are analysed as follows:

	31/12/2011
Trade payables: third parties	675
Trade payables: related parties	10,667
Related parties current accounts payable	5,551
Misc. current liabilities	29,104
Deferred income	5,084
Current employee benefits	-
Total trade and other payables	**51,081**

	31/12/2010
Trade payables: third parties	1,198
Trade payables: related parties	20,079
Related parties current accounts payable	-
Misc. current liabilities	21,571
Deferred income	4,226
Current employee benefits	-
Total trade and other payables	**47,074**

Trade payables towards related parties include amongst others the amounts payable to the Service Holding for construction and engineering coordination services received. On 31/12/2011, the trade payables include 10,667 KEUR towards related parties (vs. 20,079 KEUR last year), as follows:

- Apec Ltd: 350 KEUR (1,381 KEUR last year)
- Ghelamco Poland Sp. z o.o: 9,987 (18,495 KEUR last year)
- Others: 330 KEUR (203 KEUR last year)

Outstanding balance on related parties C/A payable (5.551 KEUR) is towards Ghelamco Poland Spzoo.

Miscellaneous current liabilities mainly relate to interest payable on other (related party) borrowings.

The outstanding deferred income balance mainly relates to deferred income from pre-sales in the QBik residential project (last year still presented as non-current). Last year's deferred income balance mainly related to the received 4 MEUR deposit on escrow regarding the subsequent Crown Square sale.

Trade payables are non-interest bearing and are settled in accordance with the contractual terms. The carrying amounts of trade and other payables approximate their fair value as those balances are short-term.

18. Current tax liabilities

Current tax payables can be allocated to the following countries (in KEUR):

- Cyprus: 464 KEUR (vs. 655 KEUR in 2010)

19. Revenue

Revenue is mainly generated from the following sources :

	31.12.2011	31.12.2010
Sales of Residential Projects	1,578	2,985
Rental Income	2,452	3,576
TOTAL REVENUE	**4,030**	**6,561**

Rental income as of 31 December 2011 relates to rent from commercial projects.

The residential projects sales as of 31 December 2011 mainly relate to apartments in Wroclaw.

Overview of future minimum rental income

The cash value of future minimum rental income till the first expiry date of the non-cancellable leases is subject to the following collection terms:

in thousands €	31.12.2011	31.12.2010
Future minimum rental income:		
Less than 1 year	8,180	1,125
Between 1 and 2 years	10,687	1,383
Between 2 and 3 years	10,514	1,383
Between 3 and 4 years	10,200	1,119
Between 4 and 5 years	8,472	784
More than five years	5,101	-
TOTAL FUTURE MINIMUM RENTAL INCOME	**53,154**	**5,794**

In the above 2010 overview no rental income from the Crown Square project is included anymore as this project has been sold shortly after year-end 2010.

The significant increase compared with last year mainly relates to the following projects: Katowice Business Point (fully leased in 2011), Kalea (approx. 70% leased (Ph1) and 70% pre-leased (Ph2)), and Senator (approx. 70% pre-leased in 2011).

20. Other items included in operating profit/loss

Other operating income and expenses in 2011 and 2010 include the following items:

	2011	2010
Other operating income		
Net gains on disposal of investment property	-	-57
Other	2,375	325
Net gains on disposals of property, plant and equipment	-	-
total:	**2,375**	**268**

Current year's other operating income includes a net amount of 2,111 KEUR on the acquisition of Dynamic Invest Spzoo (subsidiary of which afterwards the name was changed into Ghelamco Invest) and Creditero Holdings Ltd. Reference is made to section 4.2.

	2011	2010
Gains from revaluation of Investment Property	45,505	38,156

Fair value adjustments over 2011 amount to 45,505 KEUR, which is mainly the result of current year's further engineering, development, construction and leasing efforts (mainly on the Mokotow Nova, Warsaw Spire, Senator, Katowice Business Point and Marynarska 12 projects), in combination with evolution in market conditions (yield compression and rent level evolution).

	2011	2010
Other operating expenses		
Operating lease/ rental expenses	14	427
Taxes and charges	443	859
Insurance expenses	17	17
Audit, legal and tax expenses	182	281
Sales related expenses	2,170	1,256
Rental guarantee expenses	520	764
Write-off free rent capitalization	-	2,139
Operating expenses with related parties	624	194
Miscellaneous	1,567	2,920
Total:	**5,537**	**8,857**

Other operating expenses with related parties mainly concerns the re-invoicing of costs within the framework of Service Level Agreements with IRS Comm. VA and Deus Comm. VA. Also refer to note 26.3.

21. Cost of Property Development Inventories

The various items comprising the costs of Property Development Inventories are as follows:

	2011	2010
Movement in inventory	25,553	12,123
Purchases (*)	-23,545	-14,484
	2,008	**-2,361**

(*) See Note 26.2
Purchases (mainly from related parties) related to Investment Property projects are not included in the above purchases, as those have directly been recorded on IP. It concerns an amount of 101,034 KEUR.

22. Finance income and finance costs

The various items comprising the financial income and financial costs are as follows:

	2011	2010
Foreign exchange gains		107
Interest income	8,394	7,222
Other finance income	2,574	
Total finance income	**10,968**	**7,329**
Interest expense	-12,161	-8,362
Other interest and finance costs	-337	-157
Foreign exchange losses	-7,202	
Total finance costs	**-19,700**	**-8,519**

It is to be noted that interest expenses related to Investment Property projects are not included in the above 2011 and 2010 figures, as those have directly been capitalized on IP. It concerns an amount of 7,213 KEUR (vs. 5,277 KEUR last year).

Interest expenses mainly relate to interests on bank loans, bonds and on other (Peridot, related party) loans.

Interest income mainly includes interests on loans to related parties.

Current year's other finance income relates to hedge results and mainly includes the marking to market of the as of balance sheet date outstanding (forex) hedging contracts (2,800 KEUR). At the end of 2010, no such mark to market was applicable. Except for this last item, all financial income and expenses mentioned in the table above are related to financial instruments measured at amortised cost.

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23. Income taxes

Income tax expense recognized in the consolidated income statement:

	31.12.2011	31.12.2010
Current income tax	494	3,984
Deferred tax	-9,675	1,880
Total	**-9,181**	**5,864**

The tax charge on the Company's result before taxes differs from the theoretical amount that would have resulted from applying the average applicable tax rates to the profits of the consolidated companies. The analysis is as follows:

The income tax expense for the period can be reconciled to the accounting profit as follows:

	31.12.2011	31.12.2010
Result before income taxes	39,635	32,570
Income tax expense calculated at 19%	7,531	6,188
Effect of different tax rates in other jurisdictions	500	-
Effect of non-deductible expenses	250	850
Effect of revenue that is exempt from taxation	-5,650	-1,496
Effect of use of previously unrecognized tax losses	-25	-535
Effect of current year losses for which no DTA is recognized	1,063	808
Effect of tax incentives not recognized in the income statement	-	-
Effect of under/over-accrued in previous years	-76	28
Effect of change in local tax rates	-	-
Release of the 31/12/10 DTL re. the Crown Square sale	-3,605	-
Release of the 31/12/10 DTL balance re. SPVs in transfer to funds	-9,325	-
Other	156	21
INCOME TAX EXPENSE RECOGNISED IN INCOME STATEMENT	**-9,181**	**5,864**

The theoretical tax rate used for the above reconciliation is the (Polish) statutory corporate tax rate of 19% payable by corporate entities in Poland on taxable profits under tax law.

24. Contingent liabilities and contingent assets

24.1 (Bank) guarantees

All external borrowings of the subsidiairies are secured by corporate guarantees and/or suretyship agreements issued by Granbero Holdings Ltd. These guarantees cover cash deficiency risk, cost overrun, completion risk and interest & repayment shortfall risk. No calls on the guarantees were made in 2011 and 2010.

Company	Project name	Amount of bank loan (KEUR)		Corporate guarantees as per 31/12/2011 (KEUR)	
					Guarantee by Granbero Holdings Ltd.
POLAND					
Eastern Europe Bud	Warsaw Spire	EUR	22,301	22,301	Corporate Guarantee
Capital Bud	Sienna Towers	EUR	7,707	7,707	Corporate guarantee
Proof Invest	Woronicza QBIK	EUR (*)	27,257	27,257	Corporate Guarantee
Kalea Investment	Mokotow Nova	EUR	53,358	53,358	Suretyship agreement interest repayment, cash deficiency, cost overrun
Pro Business Investment	Wroclaw Business Park	EUR	6,974	6,974	Corporate Guarantee, Cash deficiency
Creative Invest	Foksal	EUR	3,985	3,985	Corporate Guarantee, Cash deficiency
Excellent Bud	Katowice	EUR	23,676		Suretyship agreement, cash deficiency, cost overrun (**)
HQ Invest	Senator	EUR	27,470		Suretyship agreement interest repayment, cash deficiency, cost overrun
Innovation Bud	Sobieski Tower	EUR	3,791		Suretyship and cash deficiency
CYPRUS					
Creditero Holdings Ltd	Bellona	EUR (*)	8,120		Suretyship agreement

(*): Bank loan itself is denominated in PLN
(**): Cost overrun guarantee not applicable anymore given finalization of the project

No corporate guarantees were given by the Company to ensure repayment of the bank loans of the related parties (under the common control of the ultimate shareholders) at 31 December 2011 (but not subsidiary of the Company).

The Company does not apply cross liability, meaning that Granbero Holdings Ltd does not guarantee loans of affiliates belonging to other Ghelamco holdings.

24.2 Representations and warranties provided with respect to the real estate projects sold

As a seller of shares of its subsidiairies, the Company acts as a guarantor with respect to the representations and warranties contained in the real estate sales contracts concluded in the past. This mainly concerns representations regarding the title on shares, property, financial matters, tax matters and contractual matters. The Company's liability for the breach of these representations and warranties generally covers a period of 3 years from the date of sale (except representations regarding the tax matters covering the period of five to seven years in accordance with local statutory requirements).

Management's past experience shows that the Company receives very limited amounts of warranty claims on its properties. Based on its assessment of the risk, the Company has not deemed it necessary to recognize any provision for representations and warranty obligations.

24.3 Guarantees received from the contractors

The statutory warranty obligations born by construction service providers cover the risk of structural and other defects of the properties. Construction service providers (including related parties of the Company) have a legal obligation to remediate any construction defects that become apparent within the first five years for structural elements in Poland and three years for other elements after the construction is completed (each sub-contractor bears similar "back-to-back" obligations).

24.4 Securities on assets

Special Purpose Vehicles (SPV) entering into external financing are offering following collateral :

- first ranking ceiling mortgage on the property belonging to the SPV (land + buildings)
- registered pledge on the borrower's shares;
- assignment of most receivables (inter alia leases, rents, sales, performance bonds, insurance income, …);
- cash deficiency/cost overrun (letter of comfort) by the shareholder (if applicable);
- submission to execution.

No cross guarantees on assets have been granted by the different SPV's, nor other types of suretyships, cost overruns or debt service commitments.

25. Commitments

25.1 (Capital) Commitments

(Capital and other) expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2011	**2010**
Architectural and Engineering contracts	19,224	39,234
Construction contracts	27,222	111,397
Purchase of land plots	7,284	2,692
Purchase of shares (connected with landbank)		
Total	**53,730**	**153,323**

At 31 December 2011, the Company has entered into a number of contracts with third parties for the acquisition of the following assets:

Binding contracts

- Plots of land for commercial property development of 7,284 KEUR, to be financed in accordance with the framework at 50%-60%.

Non-binding contracts

- Different other option contracts or rights to acquire property without the obligation for the Company to take up the property.

As a developer of commercial and residential properties, the Company is committed to continue development of properties under the contracts with construction companies, in cooperation with related parties of the Company.

As to the above architectural and engineering contracts and construction contracts, expenditures are spread over the coming 2 to 3 years, depending on management decision to move forward with the involved projects.

For the on-going construction contracts the respective SPV's concluded binding construction financing contracts with different banks. In global the main contracts relate to the following projects :

- Senator: 20,296 KEUR
- Qbik: 4,635 KEUR

The Company declares sufficient flexibility on the commitments, as over 75% of those commitments are contracted with related party entities belonging to the Ghelamco Service Holding.

25.2 Operating lease commitments (land lease rights)

	2011	2010
Within 1 year	676	878
After 1 year but not more than 5 years	2,702	3,510
More than 5 years	54,430	70,522
	57,808	**74,910**

The Company has entered into non-cancellable operating leases for the land rights with basic lease terms of usually 99 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

In the above 2010 overview, the future operating lease commitments related to the Crown Square project are still included, although the project was sold in the 1st quarter of 2011. It concerns following amounts: within 1 year: 37 KEUR; after 1 but not more than 5 years: 149 KEUR; more than 5 years: 2,758 KEUR.

26. Related party transactions

The Company is together with the other Ghelamco Group (sub-)holdings, the Service Holding and the Portfolio Holding – all related parties – under common control of the ultimate shareholders, Mr. & Ms. Gheysens.

Balances and transactions between the Company and its subsidiaries, have been eliminated in consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties (belonging to the Investment & Development Holding, the Service Holding and the Portfolio Holding) are described below.

26.1. Relationships with the directors and management

For the year ending 31 December 2011, the Ghelamco Group (of which the Company is part) paid a total amount of approx. 3,000 KEUR to the members of the Management Committee (the 5 top executives: the managing director Western Europe, the managing director Eastern Europe and the Group CEO, COO and CFO). This amount includes management service fees charged by the Management Committee members to the legal entities included in the scope of these consolidated financial statements.

This amount comprises the full compensation. No other short- or long-term benefits, stock option plans or other post-employment benefits have been granted to the members of the Management Committee.

26.2. Trading transactions: Purchase of construction, engineering and other related services from related parties

Construction and Development Services

The Company has entered into property development and construction contracts with property development and construction companies ("Contractors") – the indirect subsidiaries of the Service Holding (International Real Estate Services Comm. VA (parent company of Ghelamco's "Service Holding")):

- Ghelamco Poland with its registered office in Warsaw;

This entity provides services to the real estate companies of the Company, in accordance with the terms of the property development contracts, including but not limited to:

- obtaining pre-approvals and design documents necessary to the development of the project;
- performing construction works in accordance with the required permits, approvals, regulations, plans and specifications;
- ordering materials and equipment necessary for completion of the construction works;
- entering into contracts with utility providers, other entities and authorities, enabling exploitation of the constructed buildings;
- obtaining required occupancy permits;
- ensuring compliance with local regulations, namely regarding safety, fire protection, labour and health conditions, construction law;
- maintaining insurance in relation to the construction works throughout the entire construction period.

In accordance with the conditions of the property development contracts, the Contractor has the right to use building sites during the entire period of construction. The Contractor transfers this right to use the site, together with the developed buildings, to the Company after the occupancy permit has been granted by the local authorities or after signature of the building's delivery protocol between the Company's real estate company and the Contractor. The Contractor retains an obligation to remedy all defects noted in the minutes of hand-over from the Company to the tenants (when tenants take possession of their premises).

Construction service providers (including Contractors) in Poland have a legal obligation to bear repair costs of any construction defects that become apparent within a warranty period after the construction is completed. The Contractors have an obligation to remedy all structural construction defects that become apparent during the statutory warranty period of 5 years in Poland.

The price for the construction and other related services is the fixed price agreed at the inception of the contract. The payments are executed based on the invoices issued on a bi-weekly basis.With regards to completed and handed-over works, the parties sign a works protocol every fortnight after approval by an independent project monitor appointed by the external financial party. The prices for the services reflect normal commercial terms and conditions, with average margins of around 15%.

Engineering and architectural design services

APEC Architectural Engineering Projects Limited (a limited liability company registered under the laws of Ireland) and Safe Invest Sp. z o.o (a limited liability company registered under the laws of Poland), both direct and indirect legal subsidiaries of International Real Estate Services Comm. VA, the parent company of Ghelamco's "Service Holding") coordinate engineering and architectural design services provided to the Company in accordance with terms of the respective contracts. Purchases of services from Apec Ltd and Safe Invest Sp. z o.o exceed 80% of all engineering, architectural design and other related services acquired by the Company. These services include:

- detailed functional, technical, structural and surface-related programmes and finishing work;
- assistance in selection of engineers in charge of assignments;
- detailed preliminary architectural project and establishment of the building project in accordance with the local statutory requirements;
- establishment of all documents, permit application and verification and obtaining all approvals required to submit a building permit application and submission of a building application;
- detailed architectural implementation plan, coordination of the technical studies, definition of specifications and details;
- supervision of the work during the entire construction period;
- assistance during the preliminary acceptance and with obtaining the operating permit;
- commercial costs.

The price of these services is determined during the feasibility phase of the property development project as a function of the investment value of the project (excluding cost to acquire land) and is usually fixed at 11.5% of the construction value of the project. This fee is paid by a real estate development entity upon achievement by Apec Ltd or Safe Invest Sp. z o.o of the milestones agreed in the contract (approval of the preliminary design, submission of the building permit file, implementation file, achievement of commercial goals, etc). The prices for the services reflect normal commercial terms and conditions as locally in place.

26.3. Acquisitions and disposals of shares and other related party transactions

-Acquisition as of 28 April 2011 of 100% of the shares of Dynamic Invest Spzoo from Finaris SA and Ghelamco Capital SA, both related parties. Acquisition price amounted to 12,500 EUR. Further reference is made to section 1.5.2.

-Acquisition as of 1 June 2011 of 100% of the shares of Creditero Holdigs Ltd (Cyprus) from Safe Holding Belgium NV, related party. Acquisition price amounted to 20,253.83 EUR. Further reference is made to section 1.5.2.

There have been no share transactions or other significant transactions with related parties in 2010.

Other

The excess cash balances generated by the Company's real estate development activities are, besides being reinvested in the entities belonging to the Investment and Development Holding, also invested in entities belonging to the Ghelamco Service Holding and Portfolio Holding in form of short and long-term loans. These loans are granted at the arm's length conditions.

Above described related party transactions and balances can be detailed as follows:

	31/12/2011	31/12/2010
Purchases of construction, engineering and architectural design:	-94,600	-43,438
related party trade receivable	132	6
related party trade accounts payable	-10,667	-20,079
related party non-current loans receivable	211,028	190,711
related party interests receivable	32,595	24,330
related party C/A receivable	1,636	3,053
related party non-current loans payable	-114,815	-125,043
related party interests payable	-25,045	-20,615
related party C/A payable	-5,551	-

27. Events after balance sheet date

-Receipt of building permit for the Marynarska12 office project (40,000 m^2 lettable office space in the Mokotow area of Warsaw)
-Letter of Intent signed on 29 February 2012 with PZU re. the sale (asset deal) of the Katowice Business Point office project in Katowice (approx. 17,000 m^2 lettable office space, as good as fully leased)

28. Auditor's Report

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Granbero Holdings Ltd and subsidiaries

Independent auditor's report
on the consolidated financial statements
for the year ended 31 December 2011

Deloitte.

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Granbero Holdings Ltd and subsidiaries

Independent auditor's report on the consolidated financial statements for the year ended 31 December 2011

To the management

We are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with an additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Granbero Holdings Ltd. ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 822,391 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 48,816 (000) EUR.

The management of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the management and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2011, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU.

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
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Deloitte.

Additional comment

The preparation and the assessment of the general information that is included as an introduction to the consolidated financial statements are the responsibility of the management.

We include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The General Information included as an introduction to the consolidated financial statements is in agreement with the consolidated financial statements and is not in obvious contradiction with any information obtained in the context of our engagement.

Diegem, 10 April 2012

The independent auditor

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