



**Griffin
Premium RE.**

Griffin Premium RE.. N.V.

(a public limited liability company ('naamloze vennootschap') incorporated under Dutch law, with its corporate seat in Amsterdam, the Netherlands)

Public offering of up to 22,201,267 newly issued ordinary shares with a nominal value of EUR 1.00 per share and up to 66,965,956 existing ordinary shares with a nominal value of EUR 1.00 per share.

On the basis of this document (the “**Prospectus**”) Griffin Premium RE.. N.V. (the “**Company**” or the “**Issuer**”), a public limited liability company (*‘naamloze vennootschap’*) incorporated under Dutch law, with its corporate seat in Amsterdam, is offering up to 22,201,267 newly issued ordinary shares (the “**New Shares**”) and Griffin Netherlands II B.V. (the “**Selling Shareholder 1**”) is offering up to 29,854,485 existing ordinary shares and GT Netherlands III B.V. (the “**Selling Shareholder 2**”), together with the Selling Shareholder 1, the “**Selling Shareholders**”) is offering up to 29,253,766 existing ordinary shares. The Selling Shareholders are offering up to 59,108,251 existing ordinary shares (the shares offered by the Selling Shareholders, the “**Sale Shares**”) with a possible upsize option of up to 26,786,383 Sale Shares (the “**Upsize Option**”). In addition, the Selling Shareholder 1 and the Selling Shareholder 2 agreed to sell up to 7,857,705 existing ordinary shares pursuant to the over-allotment option (the “**Over-Allotment Shares**”), and together with the New Shares and the Sale Shares, the “**Offer Shares**”). In total, up to 115,953,606 Offer Shares are being offered in the Offering (as defined below).

The Issuer will receive the net proceeds from the sale of the New Shares and the Selling Shareholders will, subject to the provisions of the Underwriting Agreement (as defined below), receive the net proceeds from the sale of the Sale Shares and the Over-Allotment Shares.

This offering (the “**Offering**”) consists of a public offering to: (i) retail investors (“**Retail Investors**”) in the Republic of Poland (the “**Retail Offering**”), (ii) institutional investors (“**Institutional Investors**”) in the Republic of Poland (the “**Polish Institutional Offering**”) and, together with the “**Retail Offering**”, the “**Polish Public Offering**”) and (iii) a private placement for institutional investors outside the United States (excluding the Republic of Poland) in reliance on Regulation S under the U.S. Securities Act of 1933, as amended from time to time (the “**U.S. Securities Act**”) (the “**International Offering**”) and together with the Polish Institutional Offering, the “**Institutional Offering**”). There will be no public offering outside of the Republic of Poland; in particular there will be no public offering in the Netherlands.

The Offer Shares are being offered, as specified in this Prospectus, subject to cancellation or modification of the Offering and subject to certain other conditions. Please see “*Terms and Conditions of the Offering*”.

The Selling Shareholder 1 and the Selling Shareholder 2 has granted to Bank Zachodni WBK S.A. and Joh. Berenberg, Gossler & Co. KG (together as the “**Global Coordinators**”) an option exercisable for up to 30 calendar days following the Listing Date (as defined below) to purchase from them up to an additional 7,857,705 Over-Allotment Shares in aggregate, the maximum number of which is equal to 10% of the aggregate number of the Sale Shares being offered in the Offering, solely to cover over-allotments, if any, made in connection with the Offering and short positions resulting from stabilization transactions. Such stabilization shall be conducted in accordance with the rules set out in the Regulation 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC and the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilization of financial instruments.

This Prospectus constitutes a prospectus in the form of a single document within the meaning of Article 3 of European Union (EU) Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) and has been prepared in accordance with the provisions of the European Commission Regulation (EC) 809/2004, as amended and Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder. This Prospectus has been filed with, and was approved on 13 March 2017, by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*; the “**AFM**”), which is the competent authority for the purpose of the relevant implementing measures of the Prospectus Directive in the Netherlands. Based on Article 5:6 paragraph 1 under (a) of the Dutch Financial Supervision Act, the Netherlands is the home member state of the Issuer and the AFM is solely authorized to approve this Prospectus. The Issuer will be authorized to carry out the Polish Public Offering in the Republic of Poland once the AFM has notified the approval of the Prospectus to the Polish Financial Supervisory Authority (*Komisja Nadzoru Finansowego*; the “**PFSA**”), for passporting. The PFSA is the competent authority for the purposes of the relevant implementing measures of the Prospectus Directive in the Republic of Poland.

Prior to the Offering, the shares of the Company have not been admitted to or traded on any regulated market. Application will be made based on this Prospectus to admit all the Company’s shares (including the Sale Shares, the New Shares and the Over-Allotment Shares, if any, together the “**Shares**”) to listing and trading on the regulated market of the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.*) (the “**WSE**”) (the “**Admission**”). The Issuer expects that the date on which trading in the Shares on the WSE will commence is on or around 13 April 2017 (the “**Listing Date**”). Subject to acceleration or extension of the timetable for the Offering, taking into account that the offering period shall be at least six business days, trading on an “as-if-and-when-issued-and/or-delivered” basis in the Shares on the WSE is expected to commence on or about 13 April 2017. Settlement of the Offering is expected to be made on 12 April 2017 (the “**Settlement Date**”).

The maximum price per one Offer Share is PLN 6.50 (the “**Maximum Price**”). The Retail Investors (as defined below) will be placing orders at the Maximum Price. The Offer Price per Offer Share (the “**Offer Price**”) and the final number of the Offer Shares (including the final number of the New Shares and the Sale Shares) shall be agreed among the Issuer, the Selling Shareholders and the Global Coordinators on or about 28 March 2017 (the “**Pricing Date**”) and will be announced in a manner compliant with applicable regulations, as well as market practice in the Netherlands and in the Republic of Poland. More specifically, the Offer Price will be published in the same manner as this Prospectus and notified to the AFM and the PFSA. When determining the Offer Price, the following criteria will be taken into account: (i) size and price sensitivity of demand from the Institutional Investors on the basis of the declarations received in the book-building process; (ii) the current and anticipated situation on the Polish and international capital markets; and (iii) reasonable expectation that the share price will demonstrate steady performance in the secondary market post-Offering given the demand for the Company’s shares as demonstrated during the book-building process. If the Offering is cancelled or postponed prior to final allotments of the Offer Shares to investors on or about 3 April 2017 (the “**Allotment Date**”), all subscriptions for the Offer Shares will be disregarded and any subscription payments made will be returned without interest or other compensation. All dealings in the Offer Shares prior to the Listing Date are at the sole risk of the parties concerned. The Global Coordinators, the Issuer and the Selling Shareholders and the WSE do not accept any responsibility or liability with respect to any person as a result of a withdrawal/cancellation or postponement of the Offering.

PLEASE SEE THE CHAPTER HEADED “RISK FACTORS” FOR A DESCRIPTION OF FACTORS TO BE TAKEN INTO ACCOUNT WHEN CONSIDERING WHETHER TO INVEST IN THE OFFER SHARES.

This Prospectus does not constitute an offer to sell the Offer Shares, or a solicitation of an offer to buy the Offer Shares from persons in any jurisdiction in which the making of such an offer or solicitation would be illegal. The Polish Public Offering is being conducted exclusively within the territory of the Republic of Poland.

The Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any State or other jurisdiction of the United States and may not be offered or sold within the United States of America except pursuant to an exemption from, or in a transaction not subject to, the registration requirement of the U.S. Securities Act.

Offer Price: to be determined in PLN

**Global Coordinator, Joint Bookrunner
and Offering Agent**

Bank Zachodni WBK S.A.

**Global Coordinator
and Joint Bookrunner**

Berenberg

Co-Lead Manager

Dom Maklerski BOŚ

The date of this Prospectus is 13 March 2017

TABLE OF CONTENTS

SUMMARY	1
RISK FACTORS	13
IMPORTANT INFORMATION	38
USE OF PROCEEDS	44
DIVIDENDS AND DIVIDEND POLICY	46
CAPITALIZATION AND INDEBTEDNESS	47
SELECTED HISTORICAL FINANCIAL INFORMATION	49
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	55
PROFIT FORECAST	79
BUSINESS OF THE ISSUER	84
INDUSTRY OVERVIEW	112
REAL ESTATE REGULATIONS IN POLAND	133
THE BOARD	136
GROUP STRUCTURE	148
DESCRIPTION OF SHARE CAPITAL AND CORPORATE GOVERNANCE	155
THE SELLING SHAREHOLDERS	161
RELATED-PARTY TRANSACTIONS	163
TERMS AND CONDITIONS OF THE OFFERING	164
UNDERWRITING, STABILIZATION AND LOCK-UP	172
DILUTION	175
SELLING RESTRICTIONS	176
TRANSFER RESTRICTIONS	178
THE CAPITAL MARKET IN POLAND AND CERTAIN DUTCH AND POLISH REGULATIONS RELATED TO THE PURCHASE AND SALE OF SHARES	179
TAXATION	196
ADDITIONAL INFORMATION	205
ABBREVIATIONS AND DEFINITIONS	208
INDEX TO FINANCIAL STATEMENTS	F-1
PROPERTY VALUATION REPORTS	V-1

SUMMARY

Summaries of prospectuses are made up of disclosure requirements known as ‘Elements’ as included in annex XXII of the prospectus regulation, as amended. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary of a prospectus for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary together with an indication that such Element is ‘not applicable’.

Section A – Introduction and warnings

Element	Description	Disclosure requirement
A.1	Introduction and warnings	<p>This summary should be read as introduction to the Prospectus.</p> <p>Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.</p> <p>Any decision to invest in these securities should be based on consideration of the Prospectus as a whole by the investor, including the risk factors and the consolidated financial statements and other financial information.</p>
A.2	Consent by the Company to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries	Not applicable. We have not granted such consent and the shares will not be the subject of subsequent resale or final placement by financial intermediaries.

Section B – Issuer and any guarantor

Element	Description	Disclosure requirement
B.1	Legal and commercial name	Griffin Premium RE.. N.V. (the “ Company ”)
B.2	Domicile, legal form, legislation and country of incorporation	The Company is a public company with limited liability (<i>naamloze vennootschap</i>) incorporated under the laws of and domiciled in the Netherlands. The Company has its statutory seat (<i>statutaire zetel</i>) in Amsterdam, the Netherlands.

B.3	Current operations and principal activities	<p>Griffin Premium RE.. N.V. is a unique Polish pure office and High-street mixed-use platform founded by Griffin Real Estate, one of Poland’s leading real estate investment managers operating on the commercial real estate market in Poland. The Group believes it holds an attractive, diversified and well-balanced portfolio of nine Polish properties, which consists of six pure office properties and three large-scale High-street mixed-use properties (consisting of both office and retail components) in prime cities in Poland. The Group focuses its operational activities on the active management of its tenant base, closely monitoring the Polish real estate market to ensure it meets the expectations of its current and future tenants. Property management activities are outsourced to leading property management companies.</p> <p>As of 31 December 2016, the Group had a property portfolio of nine properties in five prime cities in Poland (Warsaw, Kraków, Wrocław, Katowice and Łódź) with an aggregate fair value under the special assumptions that all properties are fully let and income-producing and there are no incentives in respect of the current leases and no capital expenditure to be incurred in respect of leases contracted as of the valuation date of EUR 514.4 million, based on the Valuation Reports. The aggregate fair value without special assumptions was EUR 470.4 million.</p> <p>The properties had a total GLA of 171,231 m², 49.2% of which comprised pure office, 31.5% of which comprised High-street retail and 19.3% of which comprised High-street office. Total annualized NOI of the properties as of 31 December 2016 amounted to EUR 33.8 million (including commitments under the Rental Guarantee and the NOI Guarantee). The Group’s portfolio assets are modern, with a weighted average age of seven years calculated based on NOI and the most recent major refurbishment/revitalization date.</p>
B.4a	Significant recent trends affecting the Company and the industries in which it operates	<p>In the current quarter of 2017 leading up to the Prospectus Date, the Group entered into 7 new leases / renewals which have increased the occupancy from 84.4% to 86.7%. The Group has also had 8 new leases / renewals under letters of intent, which upon conversion into binding lease agreements will increase the occupancy ratio up to 90.8% (including Hala Koszyki and Supersam projects). The newly signed leases and renewals cover 7,751 m² (net absorption of 4,005 m² representing 2.3% of the total portfolio), whereas the letters of intent cover 7,874 m² (net absorption of 6,914 m² representing 4.0% of the total portfolio). The Group believes that it will continue to attract tenants for its projects, in particular the newly-opened Hala Koszyki and Supersam projects.</p>
B.5	The group and the Company’s position within the group	<p>Griffin Premium RE.. N.V. Group (the “Group”) owns and manages yielding real estates throughout Poland. The Issuer is the parent holding company of the following entities: IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych; Grayson Investments Sp. z o.o.; Lenna Investments Sp. z o.o.; Lamantia Sp. z o.o.; Nordic Park Offices Spółka z ograniczoną odpowiedzialnością; Dom Handlowy Renoma Sp. z o.o.; Akka SCSp; Charlie SCSp; December SCSp; Griffin Premium RE Lux S.à r.l.; December RE Sp. z o.o.; Charlie RE Sp. z o.o., Akka RE Sp. z o.o.; Lamantia sp. z o.o. Sp. k.; Dom Handlowy Renoma sp. z o.o. Sp. k.; Nordic Park Offices sp. z o.o. Sp. k.; Hala Koszyki Grayson Investments sp. z o.o. Sp. k.; DH Supersam Katowice sp. z o.o.; Ebgaron sp. z o.o.; Dolfia sp. z o.o.; Bakalion sp. z o.o.; Centren sp. z o.o. and GPRE Management sp. z o.o.</p>
B.6	Major shareholders of the Company	<p>As of the date of this Prospectus Griffin Netherlands II B.V. with registered seat in Amsterdam, the Netherlands, and its registered office address at Barbara Strozziilaan 201, 1083 HN Amsterdam, the Netherlands, (the “Selling Shareholder 1”) and GT Netherlands III B.V. with registered seat in Amsterdam, the Netherlands, and its registered office address at Barbara Strozziilaan 201, 1083 HN Amsterdam, the Netherlands (the “Selling Shareholder 2”, together with the Selling Shareholder 1, the “Selling Shareholders”) are our majority shareholders. The Selling Shareholder 1</p>

		<p>holds 67,646,534 shares constituting 50.51% of the Company’s share capital enabling it to exercise 50.51% of the overall number of votes at the meeting of shareholders of the Company (as applicable) (the “General Meeting”). The Selling Shareholder 2 holds 66,285,378 shares constituting 49.49% of the Company’s share capital enabling it to exercise 49.49% of the overall number of votes at the General Meeting. Each Share authorizes its holder to exercise one vote at the General Meeting.</p> <p>Besides those stated above, the Selling Shareholders do not hold any other voting rights in the Company and are not entitled to any preferences regarding the voting rights.</p> <p>As of the date of this Prospectus, the Issuer is directly controlled by the Selling Shareholders. The Selling Shareholders are owned by Griffin Topco II S.à r.l. (“Topco II”) and Griffin Topco III S.à r.l. (“Topco III”), respectively. Topco II and Topco III are entities indirectly controlled by a fund managed by Oaktree; the remaining minority interests in Topco II and Topco III are held by several of the members of the Board. However, the net proceeds from the sale of the Sales Shares and the Over-Allotment Shares will be distributed to Oaktree only pursuant to an agreement between the aforementioned members of the Board and Oaktree.</p> <p>Following the Offering, assuming that the Selling Shareholders sell all the Sale Shares and the Over-Allotment Shares in the Offering, the Upsize Option is not exercised, the stabilizing transactions will not take place and the Company will issue the maximum number of New Shares, the Selling Shareholder 1 will hold 33,823,267 of the Shares, representing 21.66% of the total number of votes at the General Meeting and the Selling Shareholder 2 will hold 33,142,689 of the Shares, representing 21.23% of the total number of votes at the General Meeting. Consequently, following the Offering, the Selling Shareholders will be the significant shareholders and will be able to significantly influence the Company decisions by exercising voting rights at the General Meeting.</p>																																																																																							
B.7	Selected historical key financial information	<p>Selected Data from Consolidated Statement of Profit or Loss and Consolidated Statement of Other Comprehensive Income</p> <table border="1"> <thead> <tr> <th rowspan="2">in EUR thousands (unless otherwise indicated)</th> <th colspan="3">Year ended 31 December</th> </tr> <tr> <th>2016</th> <th>2015</th> <th>2014</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="3" style="text-align: center;"><i>(audited)</i></td> </tr> <tr> <td>Rental income.....</td> <td>23,688</td> <td>21,316</td> <td>15,954</td> </tr> <tr> <td>Service charge and marketing income.....</td> <td>9,856</td> <td>8,934</td> <td>6,151</td> </tr> <tr> <td>Property operating expenses</td> <td>(11,135)</td> <td>(8,729)</td> <td>(6,318)</td> </tr> <tr> <td>Net rental income</td> <td>22,409</td> <td>21,521</td> <td>15,787</td> </tr> <tr> <td>Administrative expenses.....</td> <td>(4,013)</td> <td>(4,938)</td> <td>(3,466)</td> </tr> <tr> <td>Valuation gain/(loss) from investment property</td> <td>21,737</td> <td>30,357</td> <td>(2,309)</td> </tr> <tr> <td>(Impairment)/reversal of impairment of property.....</td> <td>-</td> <td>-</td> <td>1,302</td> </tr> <tr> <td>Net gains/(losses) on investment property</td> <td>21,737</td> <td>30,357</td> <td>(1,007)</td> </tr> <tr> <td>Operating profit</td> <td>40,133</td> <td>46,940</td> <td>11,314</td> </tr> <tr> <td>Finance income.....</td> <td>422</td> <td>157</td> <td>114</td> </tr> <tr> <td>Finance cost</td> <td>(22,645)</td> <td>(11,089)</td> <td>(12,737)</td> </tr> <tr> <td>Profit/(loss) before tax.....</td> <td>17,910</td> <td>36,008</td> <td>(1,309)</td> </tr> <tr> <td>Income tax (expenses)/gain.....</td> <td>(5,672)</td> <td>(4,346)</td> <td>587</td> </tr> <tr> <td>Profit/(loss) for the year.....</td> <td>12,238</td> <td>31,662</td> <td>(722)</td> </tr> <tr> <td colspan="4"><i>Other comprehensive income transferable later on to the profit/(loss)</i></td> </tr> <tr> <td>Foreign currency translation reserve</td> <td>(3,271)</td> <td>(562)</td> <td>(1,309)</td> </tr> <tr> <td>Other comprehensive income/(loss).....</td> <td>(3,271)</td> <td>(562)</td> <td>(1,309)</td> </tr> <tr> <td>Earnings per share.....</td> <td>0.09</td> <td>0.24</td> <td>(0.01)</td> </tr> <tr> <td>Total comprehensive income/(loss) for the year, net of tax.....</td> <td>8,967</td> <td>31,100</td> <td>2,031</td> </tr> </tbody> </table>	in EUR thousands (unless otherwise indicated)	Year ended 31 December			2016	2015	2014		<i>(audited)</i>			Rental income	23,688	21,316	15,954	Service charge and marketing income.....	9,856	8,934	6,151	Property operating expenses	(11,135)	(8,729)	(6,318)	Net rental income	22,409	21,521	15,787	Administrative expenses	(4,013)	(4,938)	(3,466)	Valuation gain/(loss) from investment property	21,737	30,357	(2,309)	(Impairment)/reversal of impairment of property.....	-	-	1,302	Net gains/(losses) on investment property	21,737	30,357	(1,007)	Operating profit	40,133	46,940	11,314	Finance income.....	422	157	114	Finance cost	(22,645)	(11,089)	(12,737)	Profit/(loss) before tax	17,910	36,008	(1,309)	Income tax (expenses)/gain.....	(5,672)	(4,346)	587	Profit/(loss) for the year	12,238	31,662	(722)	<i>Other comprehensive income transferable later on to the profit/(loss)</i>				Foreign currency translation reserve	(3,271)	(562)	(1,309)	Other comprehensive income/(loss).....	(3,271)	(562)	(1,309)	Earnings per share	0.09	0.24	(0.01)	Total comprehensive income/(loss) for the year, net of tax	8,967	31,100	2,031
in EUR thousands (unless otherwise indicated)	Year ended 31 December																																																																																								
	2016	2015	2014																																																																																						
	<i>(audited)</i>																																																																																								
Rental income	23,688	21,316	15,954																																																																																						
Service charge and marketing income.....	9,856	8,934	6,151																																																																																						
Property operating expenses	(11,135)	(8,729)	(6,318)																																																																																						
Net rental income	22,409	21,521	15,787																																																																																						
Administrative expenses	(4,013)	(4,938)	(3,466)																																																																																						
Valuation gain/(loss) from investment property	21,737	30,357	(2,309)																																																																																						
(Impairment)/reversal of impairment of property.....	-	-	1,302																																																																																						
Net gains/(losses) on investment property	21,737	30,357	(1,007)																																																																																						
Operating profit	40,133	46,940	11,314																																																																																						
Finance income.....	422	157	114																																																																																						
Finance cost	(22,645)	(11,089)	(12,737)																																																																																						
Profit/(loss) before tax	17,910	36,008	(1,309)																																																																																						
Income tax (expenses)/gain.....	(5,672)	(4,346)	587																																																																																						
Profit/(loss) for the year	12,238	31,662	(722)																																																																																						
<i>Other comprehensive income transferable later on to the profit/(loss)</i>																																																																																									
Foreign currency translation reserve	(3,271)	(562)	(1,309)																																																																																						
Other comprehensive income/(loss).....	(3,271)	(562)	(1,309)																																																																																						
Earnings per share	0.09	0.24	(0.01)																																																																																						
Total comprehensive income/(loss) for the year, net of tax	8,967	31,100	2,031																																																																																						

Selected Data from the Consolidated Statement of Financial Position			
As of 31 December			
	2016	2015	2014
	<i>(EUR thousands)</i> <i>(audited)</i>		
ASSETS			
Non-current assets			
Completed investment property	470,380	385,825	237,410
Investment property under construction	-	36,850	52,671
Long term loans	790	523	138
Other receivables	10	-	6
Long term restricted cash	2,406	2,540	3,158
Deferred tax assets	7,647	2,096	4,677
	481,260	427,834	298,060
Current assets			
Rent and other receivables	3,813	6,149	3,749
Income tax receivable	32	31	218
Restricted cash	6,707	5,185	8,924
Cash and short-term deposits	10,010	9,961	5,410
	20,562	21,326	18,301
TOTAL ASSETS	501,822	449,160	316,361
EQUITY AND LIABILITIES			
Issued share capital	45	-	-
Foreign currency translation reserve	(5,142)	(1,871)	(1,309)
Net assets attributable to shareholders	41,334	86,349	54,644
Total	36,237	84,478	53,335
LIABILITIES			
Non-current liabilities			
Bank loans	252,535	170,582	166,166
Derivative financial instruments	-	-	1,225
Other borrowings	137,919	96,166	75,673
Deposits from tenants and other deposits	3,348	4,430	2,691
Deferred tax liability	15,658	4,802	3,132
	409,460	275,980	248,887
Current liabilities			
Bank loans	49,050	80,104	4,154
Derivative financial instruments	-	1,308	2,492
Other borrowings	16	-	-
Trade and other payables	3,260	3,197	1,789
CAPEX payables	3,323	3,728	5,608
Deposits from tenants and other deposits	476	365	96
	56,125	88,702	14,139
Total liabilities	465,585	364,682	263,026
TOTAL EQUITY AND LIABILITIES	501,822	449,160	316,361

		Selected Data from the Consolidated Statement of Cash Flows			
		Year ended 31 December			
		2016	2015	2014	
		<i>(EUR thousands)</i> <i>(audited)</i>			
		Operating activities			
		Profit/(loss) before tax	17,910	36,008	(1,309)
		Adjustments to reconcile profit before tax to net cash flows			
		Valuation (gain)/loss on investment property and impairment	(21,737)	(30,357)	1,007
		Finance income	(422)	(157)	(114)
		Finance expense	22,645	11,089	12,737
			18,396	16,583	12,321
		Working capital adjustments			
		Decrease/(increase) in rent and other receivables.....	(14)	(667)	(253)
		(Decrease)/increase in trade and other payables.....	45	1,377	(960)
		Movements in deposits from tenants and other deposits	(806)	2,044	2,341
		VAT settlements	2,086	(1,478)	(1,107)
		Other items.....	(535)	76	(120)
		Income tax paid	(211)	9	(91)
		Net cash flow from operating activities	18,961	17,944	12,131
		Investing activities			
		Purchase of investment property	-	(63,773)	(63,306)
		Capital expenditure on investment property.....	(14,499)	(2,101)	(1,399)
		Expenditure on investment property under construction	(24,966)	(38,356)	(12,268)
		Movements in loans granted	-	(382)	-
		Interest received	17	8	3
		Net cash flow from investing activities	(39,448)	(104,604)	(76,970)
		Financing activities			
		Bank loan proceeds	138,990	106,356	87,330
		Bank loan repayments	(87,996)	(27,097)	(8,332)
		Proceeds from borrowings	4,316	16,475	19,367
		Repayment of borrowings	(24,281)	-	(17,240)
		Interest paid	(8,498)	(8,868)	(6,810)
		Change in restricted cash	(1,388)	4,357	(11,063)
		Net cash flow from financing activities	21,143	91,223	63,252
		Net cash flows.....	656	4,563	(1,587)
		Net increase in cash and cash equivalents.....	656	4,563	(1,587)
		Cash and cash equivalents at the beginning of the period.....	9,961	5,410	7,385
		Translation differences	(607)	(12)	(388)
		Cash and cash equivalents at the end of the period	10,010	9,961	5,410
B.8	Selected key pro forma financial information	Not applicable.			

B.9	Profit forecast or estimate	On the basis of the factors taken into account and the assumptions made by the Board, as described in more detail in the section “ <i>Profit Forecast</i> ”, and the development in the financial year 2017 to date, the Company anticipates at the time of the preparation of the profit forecast net profit of approximately EUR 41.6 million for the financial year 2017.
B.10	Qualifications in the auditor’s report	Not applicable. There were no such qualifications.
B.11	Working capital	Not applicable. Working capital is sufficient.
Section C – Securities		
Element	Description	Disclosure requirement
C.1	Type of security and security codes	Up to 22,201,267 newly issued ordinary shares with a nominal value of EUR 1.00 per share (the “ New Shares ”) and up to 66,965,956 existing ordinary shares with a nominal value of EUR 1.00 per share (including the Over-Allotment Shares) and an additional 26,786,383 Sale Shares as part of the Upsize Option. All of the Shares have been assigned the ISIN code: NL00122235980. In connection with the registration of Sale Shares offered to the Retail Investors by Polish Nation Depository of Securities, a temporary ISIN code of NL0012236061 has been assigned.
C.2	Currency of the securities issue	The Shares are denominated in Euro and the offering price shall be expressed in Polish zloty.
C.3	Number of shares issued, par value per share	The Issuer’s share capital currently amounts to EUR 133,931,912 and is comprised of 133,931,912 shares with the nominal value of EUR 1.00 each. Following the Offering, assuming that all the of the New Shares are sold, the Issuer’s share capital will amount to EUR 156,133,179 and will be comprised of 156,133,179 shares with the nominal value of EUR 1.00 each.
C.4	Rights attached to the securities	Shares shall be issued pursuant to (i) a resolution of the General Meeting at the proposal of the Board, or (ii) a resolution of the Board, if by resolution of the General Meeting the Board has been authorized for a specific period not exceeding five years to issue Shares. Unless otherwise stipulated at its grant, the authorization cannot be withdrawn. The General Meeting has designated the Board, for a period that ends 36 months following the Conversion, as the corporate body authorized to issue Shares or grant rights to subscribe for Shares. Pursuant to this designation, the Board may resolve to issue Shares or grant rights to subscribe for 10% of the total number of shares issued and outstanding on the day after settlement of the Offering in connection with or on the occasion of mergers and acquisitions and strategic alliances and up to an additional 5% following settlement in respect of shares issued under a remuneration scheme (the “ Authorization to Issue Shares ”). The Authorization to Issue Shares may from time to time be extended by a resolution of the General Meeting for a period not exceeding five years. The Articles of Association stipulate that pre-emptive rights may be limited or excluded by a resolution of the General Meeting at the proposal of the Board. The General Meeting may also designate this authority to the Board for a period not exceeding five years, and only if the Board at that time is also authorized to issue Shares. If this authority is designated to the Board, the Board may limit or exclude pre-emptive rights. If less than one half of the issued capital is represented at the General Meeting, a majority of at least two thirds of the votes cast shall be required for a resolution of the General Meeting to limit or exclude pre-emptive rights or to

		<p>designate this authority to the Board. Unless otherwise stipulated at its grant, the designation cannot be withdrawn.</p> <p>The General Meeting has designated the Board, for a period that ends on 36 months following the Conversion, as the corporate body authorized to limit or exclude preemptive rights in relation to an issuance of Shares to be issued pursuant to the Authorization to Issue Shares. The Authorization to Issue Shares may from time to time be extended by a resolution of the General Meeting for a period not exceeding five years.</p>
C.5	Restrictions on the free transferability of the securities	The transferability of the Shares is not restricted.
C.6	Listing and admission to trading	The Shares will be subject to admission and introduction to trading on the main market of the Warsaw Stock Exchange.
C.7	Dividend policy	<p>The Board expects to propose for distribution approximately 65% of the Company's funds from operations (post tax) for the period to its shareholders. The Company is planning to make regular dividend distributions, and the first dividend is expected to be paid in 2018 based on the funds from operations (post tax) in the period commencing with the completion of the Offering.</p> <p>The dividend policy will, however, be reviewed from time to time by the Board and any future dividends will be paid, taking into account several factors concerning the Issuer, including the Issuer's prospects, future profits, cash requirements, financial standing, level of liquidity ratios, expansion plans as well as the laws and regulations pertaining to this subject in order to make the decision.</p>
Section D – Risks		
Element	Description	Disclosure requirement
D.1	Key risks relating to the Company's business and industry	<p>Risk Factors Relating to the Macroeconomic, Political and Legal Environment in Poland</p> <p>Political, economic and legal risks associated with Poland, its neighboring countries and the European Union could have a material adverse effect on the Group.</p> <p>The locations of the Group's properties are exposed to regional risks and could lose some of their appeal.</p> <p>The Polish real estate market is highly competitive.</p> <p>The Polish real estate market is cyclical.</p> <p>Changes in tax laws or their interpretation could affect the Group's financial condition and the cash flows available to the Group.</p> <p>Risk Factors Relating to the Group's Business</p> <p>The Group may fail to implement its strategy.</p> <p>The Group would face various risks associated with a REIT status following its conversion into a REIT.</p> <p>The Group may not be able to use the proceeds from the issuance of the Offer Shares in the manner described in the "Use of Proceeds" section.</p> <p>The valuation of real estate is inherently subjective and uncertain and is based on assumptions which may prove to be inaccurate or affected by factors outside the Group's control, and is subject to fluctuation.</p> <p>The Group's consolidated balance sheet and income statement may be significantly affected by fluctuations in the fair market value of its properties as a result of revaluations.</p>

D.3	Key information on the key risks that are specific to the securities	<p>The Offering may be suspended or cancelled or the results of the Offering may deviate significantly from the envisaged Offering size and value.</p> <p>The Shares may not be eligible to be admitted to trading or listing on the regulated market (main market) of the WSE.</p> <p>In the event of a breach or suspected breach of law in relation to the Offering, or the application for the admission and introduction of the Shares to trading on a regulated market, the PFSA may, inter alia, prohibit or suspend the Offering and issue an order to stay the application or prohibit the application for the admission or introduction of the Shares to trading on the regulated market.</p> <p>Trading in the Shares on the WSE may be suspended.</p> <p>The Company's failure to meet the requirements set forth in the WSE rules or the Polish Act on Public Offering may cause the Shares to be delisted.</p>
Section E – Offer		
Element	Description	Disclosure requirement
E.1	Net proceeds and estimated expenses	<p>The aggregate gross proceeds from the Offering will be approximately EUR 130.2 million and the aggregate net proceeds from the Offering will be approximately EUR 122.7 million, after deducting underwriting commissions and expenses (assuming the sale of all of the Sale Shares and the Over-Allotment Shares without the exercise of the Upsize Option). The Issuer will receive EUR 28.0 million in net proceeds from the Offering of the New Shares, whereas the Selling Shareholders will receive approximately EUR 94.7 million in net proceeds from the Offering of the existing Shares.</p>
E.2a	Reasons for the Offering, use of proceeds	<p>The proceeds received from the sale of the Sale Shares will be distributed to the Selling Shareholders. The amount of proceeds depends on the final number of the Sale Shares sold by the Selling Shareholders in the Offering and the Offer Price. The Issuer will not receive any of the proceeds from the sale of the Sale Shares in the Offering. Assuming that all the New Shares are subscribed for, the net proceeds from the issuance of the New Shares are expected to be approximately EUR 28.0 million. The Issuer intends to apply these proceeds firstly for the purchase of the Acquisition Assets, including approximately EUR 18.1 million in connection with Forward Purchase Asset and approximately EUR 9.8 million in connection with the ROFO Assets.</p>
E.3	Terms and conditions of the Offering	<p>The Offering</p> <p>On the basis of this Prospectus the Issuer is offering up to 22,201,267 New Shares and the Selling Shareholder 1 is offering up to 29,854,485 ordinary shares and the Selling Shareholder 2 is offering up to 29,253,766 ordinary shares (together, the “Sale Shares”). New Shares and Sale Shares will constitute up to 52.08% shares in the share capital of the Issuer. The Selling Shareholder 1 or the Selling Shareholder 2 may decide to increase a number of the Sale Shares by maximum 26,786,383 Sale Shares before the end of the book-building as part of the Upsize Option. In addition, the Selling Shareholder 1 and the Selling Shareholder 2 agreed to sell up to 7,857,705 Over-Allotment Shares pursuant to the over-allotment option (see “<i>Underwriting, Stabilization and Lock-up</i>”). In that case, shareholding in the share capital of the Issuer after the Offering allocated to new shareholders will not exceed 74.27%. In total, up to 115,953,606 Offer Shares are being offered in the Offering.</p> <p>The Offering consists of: (i) the Polish Public Offering including: (a) the Retail Offering and (b) the Polish Institutional Offering and (ii) the International Offering (private placement). Retail Investors who may participate in the Offering are natural persons (individual), corporate entities (legal persons) and non-corporate entities other than individuals, except for U.S. persons, as defined in Regulation S, whereas Institutional Investors are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive, also excluding U.S. persons as defined in Regulation S.</p>

		<p>There will be no public offering outside of the Republic of Poland, in particular, there will be no public offering in the Netherlands.</p> <p>The following Non-Executive Directors: Przemysław T. Krych, Maciej Dyjas and Nebil Senman, intend to purchase the Offer Shares. Such Non-Executive Directors have agreed to purchase the Offer Shares with an aggregate value of EUR 4,000,000, which, assuming a purchase at the Maximum Price, will amount to approximately 2,655,000 Offer Shares.</p> <p>Authorized investors</p> <p>The following investors are authorized to take part in the Offering:</p> <ul style="list-style-type: none"> • the Retail Investors; and • the Institutional Investors. <p>Expected Timetable of the Offering</p> <p>The timetable below lists expected key dates relating to the Offering. All times and dates referred to in this timetable are based on Warsaw local time and may be adjusted by the Company and the Selling Shareholders acting jointly in agreement with the Global Coordinators. Should the dates set out in the timetable be adjusted materially, the Company will notify the AFM and the PFSA and publish such fact in a manner compliant with applicable regulations, as well as market practices in the Netherlands and in the Republic of Poland.</p> <p>13 March 2017 Approval of the Prospectus by the AFM</p> <p>14 March 2017 Passporting of the Prospectus to the PFSA and publication of the Prospectus on the Company's website</p> <p>15 March 2017 Opening of the Offering – Commencement of the book-building process among the Institutional Investors</p> <p>17-27 March 2017 Acceptance of purchase orders from the Retail Investors (until 23:59 Warsaw time on 27 March 2017)</p> <p>28 March 2017 End of book-building process among the Institutional Investors</p> <p style="padding-left: 40px;">Determination of the Offer Price and the final number of the Offer Shares (including New Shares and Sale Shares) to be offered in the Offering (“Pricing Date”), provided however that the publication of the Offer Price and the final number of the Offer Shares (consisting of New Shares and Sale Shares) to be offered in the Offering will occur not later than at 9.00 a.m. on 29 March 2017</p> <p>29-31 March 2017 Acceptance of the purchase orders from the Institutional Investors</p> <p>3 April 2017 WSE session – Processing of the purchase orders for the sale of the Sale Shares to Retail Investors through WSE system</p> <p>3 April 2017 Allotment of the Offer Shares (“Allotment Date”)</p> <p>12 April 2017 Expected date of the registration of the Offer Shares on Retail Investors and Institutional Investors accounts</p>
--	--	---

	<p>13 April 2017 Expected first day of trading of the Offer Shares on the WSE (“Listing Date”) on ‘as-if-and-when-issued-and/or-delivered’ basis</p> <p>Offer Price</p> <p>The Offer Price will not be set higher than at PLN 6.50 per Offer Share (the “Maximum Price”) and will be the same for the New Shares and the Sale Shares and for all types of investors (the “Offer Price”). For the purpose of the book building among Institutional Investors an indicative price range will be set, which will not be communicated to the public and might be subject to change, provided however that the upper range of such price range shall be equal to the Maximum Price.</p> <p>During the book-building process among the Institutional Investors invited, in any form, by the Global Coordinators, such Institutional Investors interested in subscribing for the Offer Shares will indicate the number of the Offer Shares they will be willing to acquire and the price, not higher than the Maximum Price, which they will be willing to pay. The book-building process will be carried out in PLN. Retail Investors will not participate in the book building process. The book-building process will be conducted before start of the subscriptions for the Institutional Investors.</p> <p>The book-building results will not be made public. In order to obtain more detailed information as to the participation in the book-building process, interested Institutional Investors should contact directly the Global Coordinators.</p> <p>The Offer Price will be determined jointly by the Company and the Selling Shareholders in agreement with the Global Coordinators and will not be higher than the Maximum Price. The Offer Price will be determined based on the following criteria and rules:</p> <ul style="list-style-type: none"> • size and price sensitivity of demand from the Institutional Investors on the basis of the declarations received in the book building process; • the current and anticipated situation on the Polish and international capital markets; and • reasonable expectation that the share price will demonstrate steady performance in the secondary market post-Offering given the demand for the Company’s shares as demonstrated during the book-building process. <p>The Company will announce the Offer Price in a manner compliant with applicable regulations, as well as market practice in the Netherlands and in the Republic of Poland. More specifically, the Offer Price will be published in the same manner as this Prospectus and notified to the AFM and the PFSA.</p> <p>Underwriting Agreement</p> <p>On 13 March 2017, the Company and the Selling Shareholders have executed a conditional underwriting agreement covering the Offer Shares (the “Underwriting Agreement”) with the Global Coordinators, where Bank Zachodni WBK S.A. and Joh. Berenberg, Gossler & Co. KG are referred as the “Underwriters”.</p> <p>Pursuant to the Underwriting Agreement, the Underwriters undertake to the Company and the Selling Shareholders, subject to the satisfaction of certain conditions as stated below, to use all reasonable efforts – to cause on a best effort basis the Institutional Investors to purchase and/or subscribe for the Offer Shares, while the Underwriters have agreed to subscribe and pay for any Offer Shares (excluding any of the Over-Allotment Shares) that have been subscribed but not paid for by investors at Settlement in accordance with their respective proportion.</p> <p>The Underwriting Agreement contains standard conditions precedent which are customary in underwriting agreements executed in transactions similar to the Offering, i.e. conditions related to the occurrence of any specific force majeure</p>
--	--

		<p>events, the occurrence of any material adverse change in the Company’s business or in the financial markets or the economy (in Poland or abroad), as well as conditions related to representations and warranties made by the Company and the Selling Shareholders in the Underwriting Agreement being true, complete and accurate, as well as the execution of a pricing agreement, which will define the Offer Price and the final number of the Offer Shares to be offered in the Offering, as well as the number of the Offer Shares designated for allotment to Retail Investors and Institutional Investors (the “Pricing Agreement”).</p> <p>The Pricing Agreement will be executed upon completion of the book-building process and the determination of the Offer Price and the final number of the Offer Shares to be offered in the Offering, as well as the number of the Offer Shares assigned for the various categories of investors.</p> <p>If any of the aforementioned conditions is not satisfied or waived and the above circumstances occur prior to placing purchase orders for the Offer Shares subject to the Underwriting Agreement, the Underwriters’ obligation to place purchase orders for the Offer Shares pursuant to the Underwriting Agreement will expire. The Global Coordinators may also terminate the Underwriting Agreement in any of these situations.</p> <p>The Underwriting Agreement is governed by the laws of England and contains such representations and warranties of the Company and the Selling Shareholders as are customary in international offerings similar to the Offering. In the Underwriting Agreement, the Selling Shareholders and the Company have agreed to indemnify and hold harmless the Underwriters and other specified persons against certain liabilities.</p>
E.4	Interest material to the Offering (including conflicting interests)	<p>The Global Coordinators and their respective affiliates have engaged in, and may in the future engage in, investment or commercial banking or other financial services and other commercial dealings with the Selling Shareholders, any entities with respect to which the Selling Shareholders are a controlling party, and with the Company and its affiliates, including the provision of loans and/or other debt instruments to the Company and/or its affiliates. The Global Coordinators and their respective affiliates have received, and may in the future receive, customary fees and commissions for these transactions and services.</p> <p>There is no conflict of interests in the relationship formed between the Global Coordinators, the Company and the Selling Shareholders. The Global Coordinators or their related parties may acquire financial instruments issued by the Selling Shareholders, the Company, their related parties, or financial instruments related to the financial instruments issued by any of the above entities. In connection with the Offering, each of the Global Coordinators or their affiliates may also, acting as an investor for its own account, purchase the Offer Shares in the Offering, and then either hold them or sell them, or otherwise dispose of them. Each of the Global Coordinators will deliver information about the purchase of the Offer Shares or performance of the transactions described above exclusively if there is an obligation to disclose such information based on mandatory law or regulation.</p> <p>The Global Coordinators act for the Company and the Selling Shareholders on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Global Coordinators will receive a commission. As a result of these contractual relationships, the Global Coordinators have a financial interest in the success of the Offering.</p>

E.5	Selling shareholders and lock-up arrangements	<p>Griffin Netherlands II B.V. and GT Netherlands III B.V. are offering Shares in the Offering.</p> <p>In the Underwriting Agreement the Selling Shareholders undertake to the Global Coordinators that from the date of the Underwriting Agreement until the lapse of 365 days following the first listing date of the shares in the Company on the WSE, they will not, without the prior written consent of the Global Coordinators, among others, dispose of the Shares or any securities convertible into or exchangeable into the Shares.</p> <p>In the Underwriting Agreement, except for the issue of the New Shares, the Company undertakes to the Global Coordinators that from the date of the Underwriting Agreement until the lapse of 270 days following the first listing date of the Shares on the WSE, neither the Company, nor any subsidiary or affiliate of the Company over which the Company exercises management or voting control, nor any person acting on its behalf will not, without the written consent of the Global Coordinators, among others, issue any Shares or any securities convertible into or exchangeable into the Shares.</p> <p>In a separate lock-up letter constituting an attachment to the Underwriting Agreement Przemysław T. Krych, Maciej Dyjas and Nebil Senman undertake to the Global Coordinators that from the date of the Underwriting Agreement until the lapse of 730 days following the first listing date of the shares in the Company on the WSE, they will not, without the written consent of the Global Coordinator, among others, issue any Shares or any securities convertible into or exchangeable into the Shares.</p> <p>The Global Coordinators have full discretion to waive the lock-up arrangements at any time before its expiry.</p>
E.6	Dilution	<p>If the Offering is completed and assuming that all the New Shares are ultimately offered and subscribed for, the Selling Shareholders will suffer an immediate dilution of 14.22% of their shareholding in the Issuer and the overall number of votes such shareholder may exercise at the General Meeting as a result of the Offering. Following the issuance of the maximum number of New Shares, the 133,931,912 existing Shares, which currently represent 100% of the share capital of the Issuer and entitle their holders to exercise 100% of the total number of votes at the General Meeting, will represent a total of 85.78% of the Issuer's share capital and will entitle their holders to 85.78% of the total number of votes at the General Meeting.</p>
E.7	Estimated expenses charged to the investor by the Issuer or the Underwriters	<p>Not applicable. Investors will not be charged expenses by the Issuer or the Underwriters. Nonetheless, the amount paid by the investor subscribing for shares may be increased by a potential commission of the investment company accepting the subscription in accordance with the rules in place in such investment company.</p>

RISK FACTORS

Prospective investors should carefully review and consider the following risk factors and the other information contained in this Prospectus prior to making any investment decision with respect to the Offer Shares. The occurrence of one or more of these risks alone or in combination with other circumstances may have a material adverse effect on the Group's business, cash flows, financial condition, results of operations or prospects, with a consequential adverse effect on the market value of the Shares or on the Company's ability to make distributions to its shareholders.

Even though the following risk factors cover all risks the Company currently believes to be material, the risks discussed below may, in retrospect, turn out not to be complete or prove not to be exhaustive and therefore may not be the only risks to which the Group is exposed. The order in which the risks are presented below does not reflect the likelihood of their occurrence nor the magnitude or significance of the individual risks. Additional risks and uncertainties of which the Company is not currently aware or which it does not consider significant at present could likewise have a material adverse effect on the Group's business, cash flows, financial condition, results of operations or prospects. The market price of the Shares could fall if any of these risks were to materialize, in which case investors could lose all or part of their investment.

Risk Factors Relating to the Macroeconomic, Political and Legal Environment in Poland

Political, economic and legal risks associated with Poland, its neighboring countries and the European Union could have a material adverse effect on the Group

All of the Group's revenues are attributable to operations in Poland, which is a market subject to greater risk than more developed markets such as, for example, Germany. Poland still presents various risks to investors, such as instability or changes in national or local government authorities, changes to business practices or customs, and changes in taxation legislation or regulation. In particular, the Group may be affected by rules and regulations regarding foreign ownership of real estate. Such rules may change quickly and significantly and, as a result, impact the Group's ownership and may cause it to lose property or assets without legal recourse. Since the October 2015 parliamentary elections in Poland, the new government has initiated a number of new legislative measures affecting key institutions in Poland, and introducing new taxes (such as a tax on financial institutions and a retail sales tax).

In addition, adverse political or economic developments in neighboring countries could have a significant negative impact on, among other things, gross domestic product, foreign trade or economies in general of individual countries. The region in which the Group operates have experienced and may still be subject to potential political instability caused by changes in governments, political deadlock in the legislative process, tension and conflict between federal and regional authorities, corruption among government officials and social and ethnic unrest. In particular, the armed conflict in the territory of Ukraine and uncertainties regarding the relationship with Russia may affect the attitude of investors towards the regional real estate market and their willingness to invest in companies with operations and assets in the countries neighboring with Ukraine and Russia.

Moreover, it cannot be foreseen whether the real estate market in Poland will continue to evolve favorably to the Issuer particularly because of the currently uncertain economic situation in Europe, as illustrated by increased stock market volatility in 2016. Furthermore, the economic development of the European Union is at risk, for example due to high government debt in some countries, such as Greece, Cyprus, Portugal, Spain and Ireland. The economic development of the European Union is also at risk due to the outcome of the referenda held in the United Kingdom in June 2016, in which the majority of voters voted for the United Kingdom to leave the European Union, and in Italy in December 2016, which paved the way for the rise of Eurosceptic anti-establishment parties in Italy. The outcome of the referenda has created an uncertain political and economic environment in the European Union that may last for a number of months or years and that may lead to other member states deciding to leave the European Union or the Eurozone. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Until the terms and timing of the United Kingdom's exit from the European Union become clearer, it is not possible to determine with certainty the impact that such an exit would have on the global economy and on the Group. Excessive public debt in the European Union could result in rising taxes, lower economic output, resurfacing of the Eurozone crisis and a declining proclivity to invest among private and institutional investors. Similar effects could be triggered by deflation. This instability, together with the resulting market volatility, entails a risk of contagion even for economically sound countries

like Poland and may spread to the Polish financial sector and the Polish real estate market. The Group has no influence over any of these macroeconomic and political developments or other general trends, but may be severely adversely affected by them.

The Group may not be able to realize its expected rates of return if the real estate markets in Poland become saturated and competition increases. Real estate markets may reach saturation if the supply of properties exceeds demand, including when foreign investors will select countries with a more stable economic, political and tax system. Saturation in these markets would result in an increase in vacancy rates and/or a decrease in market rental rates and sale prices. If vacancy rates rise and/or market rental rates decrease, the Group may not be able to realize its expected rates of return on its projects or may be unable to let or sell its properties at all, which could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The materialization of any of the foregoing risks would have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The locations of the Group's properties are exposed to regional risks and could lose some of their appeal

Each real estate location is affected on the one hand by macro-economic developments in Poland and on the other hand also by the unique conditions in the relevant regional markets in which the assets are located, including Warsaw, Wrocław, Łódź, Kraków and Katowice. The Group's real estate portfolio focuses on office and High-street mixed-use premises, which significantly exposes the Group to negative developments in those segments of the real estate market in the regional markets where the Group operates, including intensified competition or increased saturation (see "Market Overview").

Insolvencies, close-downs or moves of large companies or companies from individual or several sectors as a consequence of adverse developments or for other reasons could have a negative effect on the economic development of the location in question and, consequently, on the Group's portfolio as a whole. The Group has no control over such factors. Negative economic developments at one or more of the regional markets could reduce the Group's rental income or result in a loss of rent, stemming from a number of tenants being unable to pay their rent in full or in part, as well as cause a decline in the market value of the Group's properties, which may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Polish real estate market is highly competitive

The Polish real estate market is currently characterized by competition between local, regional, national and international investors. The Group has been faced with a wide range of competitors in all areas of its business activities. The Group's business strategy and objective are to strengthen its current portfolio of real estate properties to generate stable returns to investors. Any purchases or contributions as part of capital increases against contributions in kind are only feasible if appropriate real estate portfolios or individual properties are available in the market at reasonable prices. Given the large number of market participants, and the size and fragmentation of the Polish real estate market on which the Group operates, the Group is subject to intense competition that could further intensify in the future in the course of possible industry consolidation, or as a result of potential additional competitors entering the market. Some of the Group's competitors have substantially greater financial resources or better financing opportunities, have larger or more diversified real estate holdings or, conversely, have more target-group-specific real estate holdings due to their greater specialization, or hold other competitive advantages over the Group.

The competition which the Group faces could, for example, result in a drop in rental income or sales proceeds in the future, particularly if the rental market experiences increasing saturation. On the other hand, when purchasing real estate portfolios, the competitive pressure and possible industry consolidation could drive purchase prices significantly upwards and make it difficult or even impossible for the Group to acquire additional real estate at acceptable market prices. This might jeopardize the implementation of Group's business strategy.

If the Group is unable to withstand the competition or sufficiently distinguish itself from its competitors, this may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Polish real estate market is cyclical

The Polish real estate market is cyclical. Consequently, the number of projects completed in Poland has varied from year to year, depending on, among other things, general macro-economic factors, changes in the demographics of specific metropolitan areas, availability of financing and market prices of existing and new projects. Typically, growing demand

results in greater expectations regarding the achieved profits and an increase in the number of new projects, as well as increased activity on the part of the Group's competitors. Because of the significant lag time between the moment a decision is taken to construct a project and its actual delivery, due in part to the protracted process of obtaining the required governmental consents and construction time, there is a risk that once a project is completed, the market will be saturated and the developer will not be able to lease or sell the project with the anticipated level of profits. An upturn in the market is typically followed by a downturn as new developers are deterred from commencing new projects due to reduced profit margins. There can be no assurance that during a downturn in the market the Group will be able to continue to operate its projects as planned.

All such events may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Changes in tax laws or their interpretation could affect the Group's financial condition and the cash flows available to the Group

Tax regulations in Poland are complex and are subject to frequent changes. The tax law practice of the tax authorities is not homogenous and there are rather significant discrepancies between the judicial decisions issued by administrative courts in tax law matters. This also pertains to VAT regulations applicable to the acquisition of real estate and may lead to a situation in which VAT, generally amounting to 23% of the sale price of a real estate property, would not be refunded to a Group Company as input tax despite the expectation of a refund by such Company when it acts as a purchase of real estate. There is a risk that the subject of the acquisition may be effectively reclassified by the tax authorities as an organized part of the business and instead of being subject to VAT, the sale of an organized part of business may be subject to a civil transaction tax in the amount of 2% of the price payable by the purchaser based on the net market value of assets subject to sale. Depending on the wording of the provisions of the agreements related to the purchase of the property, there is a risk that if the purchaser of the property does not obtain a refund of the amount of the VAT paid, he will have to claim such amount from the seller, but no assurance may be made that the purchaser will be able to in fact recover such amount.

One may not exclude the risk that the specific individual tax interpretations already obtained and applied by the Group will be changed or deprived of their protective power, which could lead to tax exposures on the side of the Group. There is also a risk that if new tax law regulations are introduced, the Group will need to take actions to adjust thereto and possibly make changes in its corporate group structure, which may result in increased costs related to compliance with the changed or new regulations.

In light of the foregoing, there can be no assurance given that the tax authorities will not question the accuracy of tax reporting and tax payments made by the Group, in the scope of tax liabilities not barred by the statute of limitations, and that they will not determine tax arrears of the Group, which may have a material adverse effect on the business, financial standing, growth prospects or results of the Group.

Please note that starting from 15 July 2016 new tax General Anti-Abuse Rules ("GAAR") entered into force in Poland. GAAR applies to the tax benefits (exceeding PLN 100 thousand) gained following the day of entering these rules into force.

GAAR allows the tax authorities to disregard for tax purposes a legally valid transaction (relationship), if the primary aim of the transaction was tax avoidance – where "tax avoidance" is interpreted as "as an act (or series of acts) applied primarily in order to receive tax benefit, which in certain circumstances defeats the object and purpose of the tax act, provided the way of conduct in the particular case was artificial".

The way of conduct is considered artificial if, according to the existing circumstances, it would not be applied by an entity, which acts reasonably and is directed to lawful purposes other than tax benefits contradictory to the object and purpose of a tax act. In order to assess if a particular act was artificial, attention should be paid especially to: (i) unjustified split of an operation, (ii) involvement of intermediary entities without business substance, (iii) elements directed to achieve a result identical or similar to the initial state of facts, (iv) elements compensating or excluding each other, (v) economic risk exceeding the planned benefits other than tax benefits to the degree, that it must be decided that a rational entity would not have chosen this way of conduct.

A transaction shall be considered to have been carried out primarily with a view to generating a tax benefit where the other economic or commercial objectives behind the transaction as named by the taxpayer should be considered negligible.

A tax benefit refers to a situation in which:

- 1) a tax liability has not arisen, the date when a tax liability arises has been deferred or the tax liability has been reduced, or a tax loss has been incurred or overstated;
- 2) a tax overpayment or a right to claim a tax refund has arisen, or the amount of a tax overpayment or the amount of tax to be refunded has been increased.

Please note that the GAAR regulations have been introduced to the Polish tax law recently, and therefore it is hard to currently predict how this regulation will be interpreted by the tax authorities and administrative courts and applied in practice. If the tax authorities determine that pursuant to the GAAR regulations a transaction performed by the Group Companies should be subject to a less favorable tax approach, it cannot be excluded that such determination may adversely affect the Group's financial position, results or the market price of the Shares.

Furthermore, on 1 September 2016, the Act of 6 July 2016 on Retail Sales Tax came into force. Pursuant to the provisions of the Retail Sales Tax Act, a company is subject to a retail tax obligation, if its revenue from retail sales exceeds a certain threshold set out in the Retail Sales Tax Act. On 19 September 2016, the European Commission ordered that Poland suspends the collection of such retail tax, as it breaches the EU's state aid rules as it in effect grants selective advantages to small retailers. As a result, collection of such tax was suspended. In accordance with the planned amendment to the Retail Sales Tax Act, which on 2 December 2016 was approved and sent by the Senate to the President for his signing, provisions of the act shall apply to the revenues on retail sales obtained after 1 January 2018. Concurrently, the Polish government is working on a draft of a different concept of the Retail Sales Tax Act, so that it complies with the EU laws. The details concerning such new concept of the Retail Sales Tax Act are however not known yet. The imposition of such tax on certain of the Group's retail tenants could have a negative effect on their financial position and could potentially affect their ability to make timely payments of their rent and other obligations under the lease agreements entered into with the Group, which could adversely affect the Group's operations, financial position, development prospects, results or the market price of the Shares.

As of 1 January 2017, new regulations of the CIT Act relating to the taxation of closed investment funds (FIZ) were introduced. Based on the introduced regulations, closed investment funds are subject to a more limited exemption from income tax as such exemption will not be available with respect to, inter alia: (i) income from participation in entities which are tax transparent for income tax purposes; (ii) capital gains from the sale of securities issued by such entities or shares therein; and (iii) interest on loans and other receivables owed by such entities to a fund. Such changes to the CIT Act regulations may adversely affect the Group's operations, financial position, development prospects, results or the market price of the Shares.

Inconsistencies in the practice of the Polish tax authorities and judicial decisions in the area of tax law are not unusual. As a consequence, there is a risk that the Polish tax authorities may issue quite unexpected or even contradictory decisions in individual tax cases or rulings.

Due to frequent changes, which may have a retroactive effect, as well as due to the existing inaccuracies, the lack of a uniform interpretation of tax law and the relatively long period of limitations for tax liabilities, the risk related to the incorrect application of tax regulations in Poland may be higher than in the legal systems of more developed markets. As a result, the Group faces the risk that its activity in selected areas could be unsuited to the changing regulations and the changing practice in their application. Due to the foregoing, potential disputes with the Polish tax authorities cannot be ruled out, and, consequently, these tax authorities could challenge the tax settlements of the Group Companies regarding non-time-barred tax liabilities (including the due performance of the tax remitter's obligations by the Group Companies) and the determination of tax arrears for these entities. Any possible decisions, interpretations (including changes to the interpretations received by the Group Companies) and rulings unfavorable to the Group Companies may have a material adverse effect on the Group's business, financial condition and results of operations.

Moreover, in relation to the cross-border nature of the Group's business, the international agreements, including the double tax treaties, to which the Republic of Poland is a party, also have an effect on the Group's business. Different interpretations of the double tax treaties by the tax authorities as well as any changes to these treaties may have a material adverse effect on the business, financial standing or results of the Group or the price of the Shares.

The Group is subject to the risk of deteriorating general conditions for financing real estate acquisitions and refinancing existing real estate holdings

The Group intends to finance the future acquisition or contribution of real estate indirectly via property companies, mostly through bank loans, and therefore relies on the willingness of credit institutions to finance investments at suitable terms and conditions, including the furnishing of collateral. This applies likewise in the case of pending loan extensions or the refinancing of loans.

The general conditions for financing property acquisitions as well as refinancing property holdings are continually changing. The attractiveness of financing options depends on a wide variety of constantly shifting factors over which the Group has no influence and any of which could deteriorate significantly in the future. These include e.g. the interest rates on financing, the maximum amount financed, the covenants set forth in its financing documentation, the general tax environment as well as the assessment by credit institutions of the value of the properties and their ability to retain value as collateral for loans, or their assessment of the macro-economic environment. The occurrence or worsening of crises in international financial markets resulting, e.g. from threats to the continued existence or insolvency of banks vital to the banking system in the euro zone, or stepped-up regulatory requirements for the capital adequacy of banks, or specific requirements regarding a company rating, which the Company does not have to date, could also force credit institutions to reduce their risk and therefore their lending commitments. Any deterioration in financing offers could considerably limit the Group's business activities in relation to the acquisition and disposal of real estate.

If the Polish real estate market in general, or the Group or a potential buyer for the Group's properties in particular, were to fail to have sufficient funds available for debt financing, this could prevent real estate investments, real estate purchases and sales, financing arrangements, or loan extensions from taking place, or even necessitate foreclosure sales on the part of the Group on unfavorable terms.

The occurrence of one or more of the aforementioned risks associated with the Group's debt financing could have a material adverse effect on the business, financial standing or results of the Group Companies or the price of the Shares.

The Group is exposed to risks related to the shift in the retail business market towards alternative shopping channels

Retail companies make up one of the Group's largest High-street tenant groups and the Group derives significant rental income from retail tenants. Increased competition from alternative shopping channels, such as internet-based retailers and mail order companies, may continue to have an effect on consumer spending levels at the Group's retail tenants. If the retail business model changes in a way that reduces retail companies' demand for real estate space, the Group's property portfolio could experience an increase in vacancy rates and/or lower like-for-like rental growth. For example, a further shift to digitalization, e-commerce and multi-channel retailing may decrease demand for retail space and make it more difficult for the Group to find suitable tenants and to re-let its available retail space, ultimately increasing the vacancy rate and/or reducing like-for-like rental growth of the property portfolio. This could have a material adverse effect on the business, financial standing or results of the Group Companies or the price of the Shares.

Changes in laws could adversely affect the Group

The Group's operations are subject to various regulations in Poland, such as fire and safety requirements, environmental regulations, labor laws, and land use restrictions. If the Group's projects and properties do not comply with these requirements, the Group may incur regulatory fines or damages.

Moreover, there can be no assurance that if perpetual usufruct fees in Poland are increased, the Group will be able to pass such costs onto its tenants in the form of increased service charges as such increase might lead to a given property becoming less competitive as compared to properties not situated on land subject to perpetual usufruct fees.

Furthermore, the imposition of more strict environmental, health and safety laws or enforcement policies in Poland could result in substantial costs and liabilities for the Group and could subject the properties that the Group owns or operates (or those formerly owned or operated by the Group) to more rigorous scrutiny than is currently applied. Consequently, compliance with these laws could result in substantial costs resulting from any required removal, investigation or remediation, and the presence of such substances on the Group's properties may restrict its ability to sell the property or use the property as collateral.

New, or amendments to existing, laws, rules, regulations, or ordinances could require significant unanticipated expenditures or impose restrictions on the use of the properties and could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Unlawful, selective or arbitrary government actions may impact the Group's ability to secure the agreements, contracts and permits required for it to develop its projects

Government authorities in Poland have a high degree of discretion and may not be subject to supervision by other authorities, requirements to provide a hearing or prior notice or public scrutiny. Therefore, government authorities may exercise their discretion arbitrarily or selectively or in an unlawful manner and may be influenced by political or commercial considerations. Such discretion may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The land and mortgage registry systems in Poland are non-transparent and inefficient, and the Group's properties may be subject to restitution claims

The land and mortgage registry systems in Poland are non-transparent and inefficient, which may, inter alia, result in delays in the land acquisition process and the registration of many plots into one consolidated plot, which is a requirement before certain projects can be developed. This inefficiency could have a material adverse effect on the business, cash flows, financial condition, results of operations or prospects of the Group.

Moreover, the Group may be exposed to the inherent risk related to investing in real estate situated in Poland resulting from the unregulated legal status of some of such real properties. Following the introduction of nationalization in Poland, during the post-war years, many privately-owned properties and businesses were taken over by such states. In many cases, the requisition of the property took place in contravention of prevailing laws. After Poland moved to a market economy system in 1989-1990, many former property owners or their legal successors took steps to recover the properties or businesses lost after the war or to obtain compensation. For many years, efforts have been made to regulate the issue of restitution claims in Poland. Despite several attempts, no act comprehensively regulating the restitution process has been passed. Under the current law, former owners of properties or their legal successors may file applications with the authorities for the administrative decisions under which the properties were taken away from them to be revoked. As of the date of this Prospectus, the Group is not aware of any proceedings underway seeking the invalidation of administrative decisions issued by the authorities concerning properties held by the Group. There is no guarantee, however, that restitution claims may not be brought against the Group in the future, and this could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group's claims to the titles to properties may be subject to challenge in certain cases, and permits in relation to such properties may have been obtained in breach of applicable laws

It may be difficult or, in certain cases, impossible for the Group to establish with certainty that the title to a property has been vested in a relevant Group Company as real estate laws in Poland are complicated and often ambiguous and/or contradictory and the relevant registries may not be reliable. For example, under the laws of Poland, transactions involving real estate may be challenged on many grounds, including where the seller or assignor to a given property did not have the right to dispose of such property, for a breach of the corporate approval requirements by a counterparty or a failure to register the transfer of a title in an official register, when required. Also, even if a title to real property is registered, it may still be contested. Therefore, there can be no assurance that the Group Company's claim to a title would be upheld if challenged. Further, it is possible that permits, authorizations, re-zoning approvals or other similar decisions may have been obtained in breach of applicable laws or regulations. Such matters would be susceptible to subsequent challenge. For instance, there is a risk that even though the Group Companies possess final occupancy permits allowing the operation of the relevant buildings, such permits could be revoked by the relevant authorities in the future, preventing the operation of those buildings. Similar issues may arise in the context of compliance with privatization procedures and auctions related to the acquisition of land leases and development rights. It may be difficult, or impossible, to monitor, assess or verify these concerns. The Group Companies may also be deprived of title to their real properties as result of expropriation. The Polish Constitution provides that property (including real property) may be expropriated for "public needs" only (e.g., for the construction of objects serving communication, environmental protection, or monument protection needs, or for installing utilities or the occupation of property for military/defense purposes) and for fair compensation. If any of these permits, authorizations, re-zoning approvals or other similar requirements were to be challenged, this may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Risk Factors Relating to the Group's Business

The Group may fail to implement its strategy

The Group is in the process of implementing its strategy pursuant to which it plans to generate stable returns to investors and to strengthen its current portfolio of real estate properties by acquiring additional real estate properties that meet its stringent investment criteria.

As a result, certain properties and qualities of the portfolio may change in terms of geographic split, as well as the portfolio's split by asset classes. As a result, various metrics of the Group's business and recurring cash flows derived from rental income may change. Moreover, no assurance can be given that the Group's property portfolio or future investment strategies affected pursuant to the Group's strategy will enhance the value of its property portfolio and increase the Group's profitability. In particular, the success of the Group's business strategy relies on assumptions and contingencies that may prove to be partially or wholly incorrect and/or inaccurate. This includes assumptions with respect to the level of profitability of the acquisition targets to be completed in the future and investment criteria which have been developed by the Group for the purpose of achieving the expected level of returns on the acquired properties.

On 9 March 2017 the Issuer entered into the Acquisition Agreements to purchase various real estate properties. Under the terms of these Agreements, the completion of the acquisition of the Acquisition Assets remains subject to the satisfaction or waiver of certain conditions precedent. See "*Business of the Issuer – Material Agreements – Material agreements related to the acquisitions of Acquisition Assets.*" Therefore, the Issuer cannot give any assurance that it will be able to successfully complete the purchase of any of the Acquisition Assets.

Moreover, as part of its strategy, the Company will consider a potential conversion of its structure into a real estate investment trust ("**REIT**") once the necessary legislation is adopted in Poland. Currently, legislative efforts are underway in Poland in connection with the drafting of a law that would provide for the establishment of REITs. The latest draft of the REIT regulations (the "**REIT Act**") was presented by the Polish Minister of Finance in October 2016 and continues to be discussed. However, it is currently unclear if the REIT Act will be adopted and in which form. On 25 January 2017, the Polish Ministry of Finance confirmed that it plans to make significant changes to the draft legislation presented in October 2016. Therefore, no assurance can be given as to whether the Group will be able to comply with the provisions of such act to obtain and maintain REIT status. Moreover, under the terms of its credit facility agreements, the Company would have to obtain consent from its lenders to complete a corporate restructuring into a REIT. The Company's shareholders meeting (the "**General Meeting**") would also have to adopt appropriate resolutions. There can be no assurance that the Company would be able to obtain such consents and resolutions. Therefore, there is a risk that the Company will not be able to convert its structure into a REIT and enjoy the favorable tax treatment afforded to REITs.

The Group may fail to achieve its major goals due to internal and external factors of a regulatory, legal, financial, social or operational nature, some of which may be beyond the Group's control. In particular, volatile market conditions, a lack of capital resources needed for expansion and the changing price of available properties for sale in the relevant markets may hinder or make it impossible for the Group to implement the core elements of its strategy. Moreover, expanding its presence in the asset management sector may be hindered or even impossible due to increasing competition from other real estate managers and investors in the real estate market.

Should the Group experience these or other challenges, the Group may be unable to implement its strategy fully or at all; it may decide to change, suspend or withdraw from its strategy or development program, and it may be unable to achieve, or it could encounter delays in achieving, the planned synergies and desired benefits from its strategy and development program. This could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group would face various risks associated with a REIT status following its conversion into a REIT

If the Group is converted into a REIT structure following the adoption of the final REIT Act in Poland and following the determination that such conversion would be advantageous to its investors, it could be subject to various risks associated with the REIT status. While the REIT Act has not yet been finalized in Poland, it is likely that the Group would be subject to restrictions on investment and business activities with respect to the acquisition of investment property. Due to these restrictions, the Company may have to forego certain opportunities in the property and financing market, or may be able to only take advantage of such opportunities to a limited extent. The Company would also face the risk that if it fails to comply with certain legal requirements of the REIT Act, it would lose its REIT status. As there is no practice

concerning the REIT Act, the approach that will be taken by the tax authorities in relation to REIT entities is currently unknown, and the materiality of the associated tax risk is hard to assess. A REIT company that fulfills the REIT conditions is exempted from corporate and trade taxes, but could lose this tax exemption status retrospectively if it infringes the REIT conditions. Moreover, the Company could be subject to the risk of (penalty) payments imposed by taxation authorities in case of non-compliance with the conditions of the REIT Act as well as face the risk of claims from the shareholders if the REIT status is lost. Any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may not be able to use the proceeds from the issuance of the Offer Shares in the manner described in the "Use of Proceeds" section

The Group intends to apply the proceeds from the issuance of the New Shares primarily for the purpose of completing the purchase of the Acquisition Assets.

On 9 March 2017 the Issuer entered into the Acquisition Agreements to purchase various real estate properties. Under the terms of these Agreements, the completion of the acquisition of the Acquisition Assets remains subject to the satisfaction or waiver of certain conditions precedent. See "*Business of the Issuer – Material Agreements – Material agreements related to acquisitions of Acquisition Assets.*" Therefore, the Issuer cannot give any assurance that it will be able to successfully complete the purchase of any of the Acquisition Assets and therefore use the proceeds from the issuance of the Offer Shares in the manner described in the "*Use of Proceeds*" section.

The failure by the Issuer to complete in a timely manner the purchase of all or some of the Acquisition Assets may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Property valuation is inherently subjective and uncertain and based on assumptions which may prove to be inaccurate or affected by factors outside of the Company's control

Property assets are inherently difficult to value due to their lack of homogeneity and liquidity. The valuation of property and property-related assets is also inherently subjective, in part because all property valuations are made on the basis of information and assumptions which may not prove to be accurate, and in part because of the individual nature of each property. Furthermore, the valuations of the Company's properties in the CBRE Valuation Report were made as of 31 December 2016, and the report does not reflect any changes in the value of the properties or market conditions since that time.

In determining the value of properties, the valuers are required to make key assumptions in respect of matters including, but not limited to, estimated rental values, market-based yields, the existence of willing buyers, title to the property, condition of structure and services, deleterious materials, environmental matters, statutory requirements and planning, expected future rental revenues from the property and other factors. In respect of properties which may require development, redevelopment or refurbishment, the development considered achievable, assumed timescale, the assumed future development costs and an appropriate finance rate and profit rate and/or discount rate are also used to determine the property value together with market evidence and recent comparable properties where appropriate.

Such assumptions may prove to be inaccurate. Incorrect assumptions underlying the valuations could negatively affect the valuation of any of the Company's property assets and thereby have a material adverse effect on the Company's financial condition, business, prospects and results of operations. This is particularly the case in periods of volatility or when there is limited property transactional data against which property valuations can be benchmarked.

Property valuations are complex and involve data which is not publically available and involve a degree of subjective judgement. There can also be no assurance that valuations will be reflected in actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and estimated rental value will prove to be attainable.

The Company may invest in properties through investments in various property owning vehicles; where a property or an interest in a property is acquired through another company or an investment structure, the value of the entity or investment structure may not be the same as the value of the underlying property due, for example, to tax, environmental, contingent, contractual or other liabilities, or structural considerations. As a result, there can be no assurance that the value of investments made through those structures will fully reflect the value of the underlying property.

A decrease in the value of the real estate properties of the Group may also negatively affect the Group's covenants to maintain certain levels of loan-to-value ratios established in connection with the Group's loans incurred to finance projects and the ability of the Group to raise and service its debt funding. Each such event may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group's consolidated balance sheet and income statement may be significantly affected by fluctuations in the fair market value of its properties as a result of revaluations

The Group's income-generating properties and properties under development are independently revalued on at least semi-annual basis in accordance with its accounting policy. Consequently, in accordance with IAS 40 "Investment Property" as adopted by the EU, any increase or decrease in the value of its properties accounted for in accordance with fair value models recorded as a revaluation gain or loss in the Company's consolidated income statement for the period during which the revaluation occurs. Moreover, projects under construction which cannot be reliably valued at fair value are valued at historical cost decreased by impairment, if any. Such properties are tested for impairment on, at least, a semi-annual basis. If the criteria for impairment are satisfied, a loss is recognized in the Group's consolidated income statement.

As a result, the Group can have significant non-cash revaluation gains or losses from period to period depending on the changes in the fair value of its investment properties, which could negatively impact dividend capacity.

If market conditions and the prices of comparable real properties continue to be volatile, the Group may continue to experience significant revaluation gains or losses from the Group's existing properties in the future. If a substantial decrease in the fair market value of its properties occurs, over the longer term, this may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group's growth and profitability will depend on the Group's ability to identify and acquire attractive income-generating properties

In accordance with its strategy, the Group intends to expand its business by acquiring additional real estate properties that meet its stringent investment criteria. Accordingly, the growth and profitability of the Group and the success of its proposed business strategy depends, in part, on its continued ability to locate and acquire yielding properties at attractive prices and on favorable terms and conditions.

The choice of suitable locations for the purchase of pure office and High-street mixed-use assets is an important factor in the success of individual projects and in their respective value. Ideally, these assets should be located (i) within or near a city center, with well-developed transportation infrastructure in close proximity and (ii) within local areas with a sufficient population to support the development.

The ability to identify and secure accretive value-added acquisition opportunities involves uncertainties and risks, including the risk that the acquisition does not generate income at the assumed levels, if at all, after the Group has carried out business, technical, environmental, accounting and legal examinations of the property or project. In addition, the Group also faces the risk that competitors may anticipate certain investment opportunities and compete for their acquisition. Additionally, any potential acquisition of properties may give rise to pre-acquisition costs that have to be paid by the Group even if the purchase of a property is not concluded. There can be no assurance that the Group will be able to: (i) identify and secure investments that satisfy its rate of return objective and realize their values; and (ii) acquire properties suitable for management in the future at attractive prices or on favorable terms and conditions.

In order to finalize the acquisition of a real estate property, the Group may be required to obtain anti-monopoly clearance from the Polish anti-monopoly regulator. If it fails to obtain such clearance, it will be prohibited from executing the transaction.

Moreover, as a part of its strategy, the Group intends to focus on maximizing the operating performance and efficiency of the active management of its income-generating property portfolio. In pursuing this objective, the Group may expend considerable resources (including funds and management time) on properties that do not generate the expected returns and maintain certain ratios at the required level due to, for example, a decrease in demand for rental units or in rental levels which are not possible to anticipate.

The failure of the Group to identify and acquire suitable properties could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Group might not receive adequate information on risks relating to, or might make errors in judgment regarding, future acquisitions of real estate

The acquisition of real estate requires a precise analysis of the factors that create value, in particular the levels of future rental values and the potential for the improvement of the net operating income (“NOI”). Such an analysis is subject to a wide variety of factors as well as subjective assessments and is based on various assumptions. It is possible that the Group or its service providers will misjudge individual aspects of a given project when making acquisition decisions or those assessments on which the Group bases its decision are inaccurate or based on assumptions that turn out to be incorrect. Such judgment errors may lead to an inaccurate analysis and valuation of the properties by the Group in connection with investment decisions that may only become apparent at a later stage and force us to revise the Group’s valuation amounts downwards. The Group can also not guarantee that the service provider it chooses to carry out its due diligence when purchasing property will identify all the risks related to the property in question. In addition, the Group cannot guarantee that it will be able to have recourse to the seller of the property for not disclosing such risks. If the Group does not find out about these risks, this could lead the Group to economic and financial disadvantages. The Group cannot guarantee that it will be able to pursue remedies against the respective seller for the non-disclosure of such risks. The occurrence of one or several of such risks could have a material adverse effect on the Group’s business, financial condition, results of operations and the price of the Shares.

The Group Companies may be unable to attract and maintain suitable tenants

Competition for tenants in Polish real estate market is significant and increasing among real estate companies. The Group faces competition from local and international real estate companies in all of the regions where the Group is active. The Group competes with other real estate companies as well as investment funds, institutional investors, building contractors and individual owners of office properties to attract and retain suitable tenants on favorable conditions. Such competition may affect the Group’s ability to attract and retain tenants and may reduce the rents that the Group is able to charge. Such competing properties may have vacancy rates that are higher than the vacancy rates of the Group’s properties, which could result in their owners being willing to make space available at lower rental rates than the Group would normally be prepared to offer but which the Group may have to match. The Group’s ability to successfully compete for tenants depends, in large part, on: (i) the level of its vacancy rates; (ii) the increase and maintenance of occupancy on best achievable market terms; (iii) the level of lease rent and rent collection; and (iv) optimization of property maintenance costs. If the Group is unable to attract and maintain suitable tenants, this may have a material adverse effect on the Group’s business, financial condition, results of operations and the price of the Shares.

The Group cannot guarantee that it will continue to generate rental income at assumed levels

Rental levels of the Group’s properties are generally affected by overall conditions in the economy as well as the conditions of the portfolio itself, including future acquisitions of properties, the performance of the existing portfolio, the development of the selected existing projects, their infrastructure condition, the specific properties, and the vacancy rates. All these elements are subject to various factors, some of which are outside the Group’s control. In particular, due to increased competition and pressure on rents and the worsening of the financial condition of tenants, the Group may not be able to renew the expiring leases of its current properties on favorable terms and conditions (if at all) or find and retain tenants willing to enter into leases on terms that are at least as favorable as those on which the Group has rented its properties thus far. In addition, the Group has no impact on the operations of its tenants and may not be able to monitor on an ongoing basis the tenants’ turnover in order to ensure that the level of turnover reflects the best and actual performance efforts of its tenants. Consequently, the amounts of rental income generated by the Group’s office and retail properties in the past cannot be used to predict future rental income and there can be no assurance that rental income will develop positively in the future.

In addition, rent adjustments carried out in respect of leases of the Group’s properties may fail to meet expectations, which could have an adverse impact on the Group’s future performance. Failure to meet expectations when negotiating rental adjustments with tenants could result from changing trends in the market, as well as other factors.

A less positive or negative development of rental income and profits could have a material adverse effect on the Group’s business, financial condition, results of operations and the price of the Shares.

The Group cannot give assurance that the Rental Guarantees and the NOI Guarantee fully mitigate the risks related to certain unleased assets as of the date of the IPO

The Group has entered into the Rental Guarantees and the NOI Guarantee to mitigate risks related to certain unleased assets as of the date of the IPO. See “*Business of the Group – Material Agreements – Guarantees.*” Such Rental Guarantees will expire on the fifth anniversary of the completion of the Offering, and there can be no assurance that such Guarantees will be extended beyond such term. Moreover, the maximum amount payable under the NOI Guarantee is EUR 11.5 million; therefore, there can be no assurance that such NOI Guarantee will be sufficient to cover the full amount of the difference between the actual net operating income and the guaranteed amount of EUR 11.5 million per annum during the full term of the Guarantee. Furthermore, because the NOI Guarantee does not envisage any kind of security, there is a risk that the guarantor will be unable to pay out the guaranteed amounts under the Guarantees. If either of the Guarantees is terminated by the beneficiary during its term, the obligations of the guarantor thereunder will terminate. The NOI Guarantee expires upon the final and full satisfaction of all of the amounts due thereunder, and the guarantor’s payment obligation partially expires if the guarantor does not receive the relevant NOI Guarantee notice within six months of the end of the NOI Guarantee period. The beneficiary may terminate the Rental Guarantees at any time with one month’s termination notice. There is no additional mechanism providing for the possibility to claim any unpaid amounts under the Rental Guarantees, and under the NOI Guarantee the right to submit a notice regarding any outstanding periods is limited to six months. Under the Rental Guarantee the guarantor’s liability is subject to the limitations stipulated in the Rental Guarantees (e.g. the obligation to cover the costs of rent-free periods, rent discounts, fit-out works, leasing and agent fees relating to the signed leases is subject to caps and expires after 60 calendar months following the Listing Date). Finally, the Rental Guarantees and the NOI Guarantee may not fully cover all of the amounts that the Group would have received had it been successful in leasing out the assets subject to the Guarantees.

The occurrence of one or more of the aforementioned risks associated with the Guarantees could have a material adverse effect on the business, financial standing or results of the Group Companies or the price of the Shares.

The property management companies managing the Group’s real estate properties may fail to comply with the terms of the management agreements

The Group concluded property management agreements with Colliers, EPP and Cushman and depends on such entities for the management of its real estate properties. The Group is unable to ensure that the property managers will comply with all of their respective obligations under such property management agreements, which could, among other things, result in certain of the tenants not being satisfied with the condition of the properties. Moreover, any such agreements can be terminated by either party and the Group may be unable to efficiently find a suitable replacement property manager with the required expertise. The occurrence of any one or more of the aforementioned risks could have a material adverse effect on the Group’s business, financial condition, results of operations and the price of the Shares.

Declines in the consumer price index may expose the Group to risks relating to indexation clauses in its rental contracts

The Group mainly concludes lease agreements with its tenants that run for several years. As of 31 December 2016 the average contracted lease agreement was 4.5 years. The Group largely depends on its ability to adjust the rent levels of its lease agreements during the lease term to properly reflect market trends, as well as its financing and business expectations. The Company’s typical lease terms include an indexation that is linked to the consumer price index announced by Eurostat and almost all of the Group’s portfolio rent is subject to indexation. The rental proceeds may decrease if the macroeconomic environment worsens and hence consumer prices decline. The same may apply if a lease contains no or only a partial indexation or equivalent adjustment clause so that the applicable rent will remain constant for all or a portion of the lease or adjust disproportionately to the increase in the consumer price index, even if the Group’s costs of maintaining the property have increased or the current market rent has risen significantly. The occurrence of any one or more of the aforementioned risks could have a material adverse effect on the Group’s business, financial condition, results of operations and the price of the Shares.

The termination or expiration of lease agreements or the inability to rent out existing unoccupied space could have lasting negative effects on the Group’s profitability and on the value of the Group’s portfolio

For the Group to be profitable over the long term, the income-generating properties it owns and intends to acquire in the future must be rented out without interruptions to the greatest extent possible. The same applies to maintaining the value

of the properties the Group owns and thus the value of the overall portfolio. To the extent that leases are terminated or expire, the Group can give no assurance that the properties in question can be rented out again immediately. An increased vacancy rate would result in lower rental income from the management of the existing portfolio and in a lower value of the Group's properties and overall portfolio. A description of the expected vacancies is included in the Valuation Report as of 31 December 2016. The fixed costs for maintaining vacant spaces and the lack of rental income generated by such spaces could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may be unable to fully recover the costs of operating the properties from the tenants

The majority of the Group's lease contracts are structured in a way that allow to pass on certain of the costs related to the leased property to the tenant, including marketing cost, electricity cost on common space, real estate taxes (the perpetual usufruct fees), building insurance, and maintenance. However, the Group is not able to pass on all such costs to the tenants, especially in a very competitive environment, where the Company has to offer the attractive conditions to be able to compete with the other office buildings or has to improve the conditions offered to its tenants to be able to attract a new tenant to its retail project. Deteriorating market conditions, increased competition and tenants' requirements may further limit the Group's ability to transfer such costs, in full or in part, to the tenants. The service charges of the properties may increase due to a number of factors, including an increase in the electricity costs or an increase in the maintenance cost. Moreover, if vacancy rates increase, the Company has to cover the portion of the service charge that is related to the vacant space. Some lease agreements provide for the maximum value combined rental rate and service charged paid by the tenant. In such cases, if the maintenance charges increase, the Group is unable to pass on such costs to the tenants. Any significant increase in the property costs that cannot be compensated by increasing the level of costs incurred by the tenants may have an adverse effect on the Group's business, financial condition and results of operations and the price of Shares.

The Group may be materially affected by the loss of suitable tenants

The presence in the Group's retail properties of reputable retailer tenants which are attractive to customers, and which together provide a good merchandising mix, are important for the commercial success of these properties, as for all shopping centers. Such tenants play an import role in generating customer traffic and attracting and retaining other suitable tenants. It may be more difficult for the Group to attract tenants to enter into leases during periods when market rents are increasing or when general consumer activity is decreasing, or if there is competition for such tenants from competing developments. In addition, the termination of a lease agreement by any significant tenant may adversely affect the attractiveness of a project. The failure of such tenant to comply with these agreements, or its willingness to pay amounts due to the Group, its non-timely payments in full of rent, its bankruptcy or economic decline, may cause delays or result in a decrease in rental income (temporary or long-term) by renting below targeted rent levels, the effect of which the Group may not be able to off-set due to difficulties in finding a suitable replacement tenant. The Group's current tenant base is highly diversified and the Group's office tenants are primarily "blue clip" global tenants with strong turnover growth. If the Group fails to renew the leases of important tenants, or to replace such tenants in a timely manner, the Group may incur material additional costs or loss of revenues, which may, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group faces risks associated with the deterioration of the creditworthiness of its current and future tenants, including the risk of insolvency and bankruptcy

The Group's business depends to a large extent on its ability to generate sufficient leasing revenues, which can be influenced by several factors, including the ability to attract and retain suitable, creditworthy tenants willing to enter into long term lease agreements on terms favorable to the Group. The creditworthiness of a tenant can decline over the short or medium term, entailing the risk that the tenant may become insolvent or otherwise unable to meet its obligations under the lease. For example, Alma, the Group's tenant in its Renoma project, filed for bankruptcy in October 2016 and the Group is currently seeking to replace such tenant. If the Group's judgment about a tenant is incorrect, the income generated from leasing a property to such a tenant may be significantly lower than originally estimated, while operating costs would largely remain fixed or could even increase as a result of other independent factors. Any of these risks could have a material adverse effect the Group's business, financial condition, results of operations and the price of the Shares.

The Group faces risks related to the entry of IFRS 16

IFRS 16 was issued in January 2016 and establishes a new approach to lease agreements. The new standard will supersede current lease requirements under IFRS. The new standard will be effective for annual periods beginning on or after 1 January 2019, with limited early application permitted. The Group plans to adopt the new standard on the effective date. During 2016, the Group has started the impact assessment of all aspects of IFRS 16 by performing the high level evaluation and the Group is currently assessing the detailed impact of the new standard.

While landlord accounting will be substantially unchanged from current accounting, the implementation of the new standard will impact the lessee accounting significantly and thus might influence the real estate entities' business practices. IFRS 16 requires lessees to recognize most leases on their balance sheets. The new standard is a significant change in approach from current IFRS and will affect many entities across various industries. Lessees will have a single accounting model for all leases, with two exemptions (low value assets and short term leases). This may have a negative effect on the financial standing of the Group's lessees, which may as a consequence of the entry into force of the IFRS 16 face financial difficulties and want to change their lease agreements with the Group. Such changes in the condition of the Group's lessees may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group's properties could suffer damage due to undiscovered defects or external influences

The Group's properties could suffer damage due to undiscovered or underestimated defects or from external influences (e.g., earthquakes or floods). In addition to the significant health risks and related costs, the Group could also be required to pay for the removal and disposal of hazardous substances, as well as the related maintenance and restoration work, without the ability to pass those costs onto third parties. The occurrence of any such risk could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

If a given property is currently under renovation or modernization, there can be no assurance that any space which has not been pre-leased, can be let or otherwise marketed during or following the renovation or modernization phase on the appropriate terms and conditions. Such developments could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may be materially affected by the maintenance and modernization obligations of real estate properties

The Group is obligated to maintain its rental properties according to contractual conditions and in accordance with applicable laws, including fire, environmental, and health and safety regulations. For this reason, and in order to prevent a decline in market value, the Group has to undertake maintenance measures. Additionally, regular extensions and adaptations to contemporary requirements (modernizations), particularly in the case of retail properties, are required, in order to improve the attractiveness of the properties. These measures may be extensive and therefore time- and cost-intensive. Risks may also arise from the fact that maintenance and/or modernization work could involve higher- than-expected costs or that unforeseen additional expenses may occur which cannot be passed on to tenants. Furthermore, maintenance and/or modernization measures may be delayed, e.g. during bad weather periods, or if the contractual partners commissioned with the work fail to perform or if unforeseen building defects occur. With respect to the modernization of properties, it is possible that in the case of an adaptation to contemporary requirements a change of use or reallocation of the previous use may occur which is not approved by the building authorities and/or cannot be carried out due to objections from neighbors. Moreover, more stringent fire, environmental, and health and safety regulations may be imposed. This may result in higher costs and/or inability to carry out such modernizations, and/or extensions and modernizations may be discontinued after significant expenditure has already occurred. The resulting additional costs and the reduction in rents and value of the property resulting from an inability to change its use could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may face claims for defective construction and risks associated with adverse publicity

The construction, lease and sale of properties are subject to a risk of claims for defective construction, corrective or other works and associated adverse publicity. There can be no assurance that such claims will not be asserted against the Group in the future, or that such corrective or other works will not be necessary. Further, any claim brought against the Group, and the surrounding negative publicity concerning the quality of the Group's properties or projects, irrespective of whether the claim is successful, could also have a material adverse effect on how its business, properties and projects are perceived by target customers, tenants or investors. This could negatively affect the Group's ability to market, lease and

sell its properties and projects successfully in the future, which could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may be unable to recover damages under real estate purchase contracts

The Group has purchased the Existing Properties based on various purchase agreements. While these agreements contain representation and warranties regarding, among other things, the condition of the real estate property subject to the transaction and provide the Group with compensation for damages related to the breach of such representation and warranties, all of such purchase agreements contain a clause specifying the term of validity of the representations and warranties in the agreement and the Group may be unable to recover any damages from the sellers should it incur unforeseen costs in connection with the real properties following the expiry of the term of the real estate purchase agreement. This could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may be exposed to certain environmental liabilities and compliance costs

The environmental laws in Poland impose existing and potential requirements to conduct remedial action on sites contaminated with hazardous or toxic substances. Such laws often impose liability without regard to whether the owner of such site knew of, or was responsible for, the presence of such contaminating substances. In such circumstances, the owner's liability is generally not limited under such laws, and the costs of any required removal, investigation or remediation can be substantial. The presence of such substances on any of the Group's properties, or the liability for the failure to remedy contamination from such substances, could adversely affect the Group's ability to sell or let such property or to borrow funds using such property as collateral. In addition, the presence of hazardous or toxic substances on a property may prevent, delay or restrict the development or redevelopment of such property, which could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group Companies may be subject to legal disputes and risks

The Group's business involves the acquisition, rental, sale and administration of properties, including under cooperation agreements that, as a matter of ordinary course of business, expose the Group to a certain amount of small-scale litigation and other legal proceedings. Legal disputes which, taken individually, are relatively immaterial, may be joined with disputes based on similar facts such that the aggregate exposure of the Group might become material to its business. Furthermore, the Group may face claims and may be held liable in connection with incidents occurring on its sites such as accidents, injuries or fatalities. It is standard practice in real estate transactions for the seller to make representations and warranties in the purchase agreement concerning certain features of the property. Typically, the assurances the seller gives regarding the property in the purchase agreement do not cover all of the risks or potential problems that can arise for the Group in connection with the purchase of property by the Group. In addition, the Group may be unable, for a variety of reasons, including, in particular, the seller's insolvency, to enforce its claims under these assurances. If this were to occur, the Group may suffer a financial loss.

Moreover, if the Group's properties are subjected to legal claims by third parties and no resolution or agreement is reached, these claims can delay, for significant periods of time, planned actions of the Group. Such situations may include, for example, claims from third parties relating to plots of land where the Group has developed and completed a real estate asset which it then intends to sell, as well as claims from third parties relating to land plots the Group needs to acquire in order to complete a particular project, which could delay the acquisition by the Group of such plots.

The occurrence of one or several of the aforementioned risks could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The related-party transactions carried out by the Group Companies could be questioned by the tax authorities

As part of Griffin, the Group Companies carried out transactions with related parties including, without limitation, inter-company loans. Moreover, the Group Companies will continue to enter into related-party transactions following completion of the Offering, including in connection with the management of the Group's real estate portfolio, the Rental Guarantee and the NOI Guarantee. Please see "Related-Party Transactions". When concluding and performing related-party transactions, the Group Companies exercise efforts to take special care to ensure that such transactions comply with the applicable transfer pricing regulations. However, due to the specific nature of related-party transactions, the complexity and ambiguity of legal regulations governing the methods of examining the prices applied, as well as the

difficulties in identifying comparable transactions for reference purposes, no assurance can be given that specific Group Companies will not be subject to inspections or other investigative activities undertaken by tax authorities or fiscal control authorities. Should the methods of determining arm's-length terms for the purpose of the above transactions be challenged, this may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

When leasing or selling real estate, the Group Companies could be faced with claims for guarantees for which it does not have adequate recourse

The Group provides different types of guarantees when it leases real estate, especially with regard to legal title and the absence of defects in quality, as well as existing contamination and the portfolio of leases. The same applies to the sale of real estate. Claims could be brought against the Group for breach of these guarantees. Defects of which the Group was not aware, but of which it should have been aware, when it concluded the transaction pose a particular risk. The Group's possible rights of recourse towards the sellers of properties could fail due to the inability of the persons in question to demonstrate that they knew or should have known about the defects, due to the expiration of the statute of limitations, due to the insolvency of the parties opposing the claim, or for other reasons. The occurrence of one or several of the aforementioned risks could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group's insurance may be inadequate

The Group's insurance policies may not cover it for all losses that may be incurred by the Group in the conduct of its business, and certain types of insurance are not available on commercially reasonable terms or at all. As a result, the Group's insurance may not fully compensate it for losses associated with damage to its real estate properties. In addition, there are certain types of risks, generally of a catastrophic nature, such as floods, hurricanes, terrorism or acts of war that may be uninsurable or that are not economically insurable. Other factors may also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed, such as inflation, changes in building codes and ordinances and environmental considerations. The Group may incur significant losses or damage to its properties or business for which it may not be compensated fully or at all. As a result, the Group may not have sufficient coverage against all losses that it may experience. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected developments as well as anticipated future revenues from such project. In addition, the Group could be liable to repair damage caused by uninsured risks. The Group could also remain liable for any debt or other financial obligation related to such damaged property. No assurance can be given that material losses in excess of insurance coverage limits will not occur in the future. Any uninsured losses or losses in excess of insured limits could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group is dependent on a limited number of key members of its management

The Group's success and the proper execution of its business strategy depend on the activities and expertise of the members of its management. If the Group is unable to retain the key members of its management, this could result in a significant loss of expertise and could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Moreover, the Group relies on a skilled team of professionals, including its key management and project managers, mid-level managers, accountants and other financial professionals, in the operation of its projects. If the Group is unable to hire the necessary employees, staffing shortages may adversely affect its ability to adequately manage efficiently and operate its assets or force it to pay increased salaries to attract skilled professionals or the necessary employees. Furthermore, the future success of the Group depends on its ability to hire senior personnel. The failure by the Group to recruit and retain appropriate personnel may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group may be subject to risk from infringements of data protection regulations

The Group's use of personal data (i.e. any information directly or indirectly relating to an identified or identifiable natural person), particularly personal data pertaining to tenants, is subject to the provisions of the Polish, Luxembourg and Dutch data protection laws (as applicable). If third parties obtain unauthorized access to the personal data processed by the Group or if the Group itself or parties engaged by the Group (such as a data processor) infringes applicable data

protection regulations, this might result in claims for damages, administrative sanctions (such as fines) and criminal sanctions and be detrimental to the Group's reputation, thus materially adversely affecting the Group's business, financial condition, results of operations and the price of the Shares.

The Group may be subject to information technology systems failures, network disruptions and breaches of data security

Information technology systems failures, including potential failures associated with upgrading the Group's systems, network disruptions resulting from, among other things, discontinuation of services from the system used for accounting, sales and payroll and human resources needs, could disrupt the Group operations by impeding its operational efficiencies, delaying processing of transactions and inhibiting its ability to protect customer or internal information. The Group's computer systems, including its backup systems, could be damaged or interrupted by power outages, computer and telecommunications failures, computer viruses, internal or external security breaches, events such as fires, floods, and/or errors by its employees. Although the Group has taken steps to address these concerns by implementing sophisticated network security, backup systems and internal control measures, the Group cannot guarantee that a system failure or data security breach, which may have to be notified to relevant authorities, will not occur, and that could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Risk Factors Relating to the Group's financial condition

The Group's leverage and debt service obligations are significant and could increase, adversely affecting its business, financial condition or results of operations

As of the Date of the Prospectus the Group is, and after the Offering will continue to be, highly leveraged and has significant debt service obligations. The Group had EUR 301,585 thousand of total non-current and current bank loans as of 31 December 2016. The Company's Net LTV ratio as of 31 December 2016 stood at 61%, with a mid-term target of 50-55% (including the bank loans to finance the purchase of the Acquisition Assets).

The Group's high leverage could have material consequences for investors, including, but not limited to:

- increasing vulnerability to and simultaneously reducing flexibility to respond to downturns in the Group's business or general adverse economic and industry conditions, including adverse economic conditions in the jurisdictions in which the Group operates;
- limiting the Group's ability to obtain additional financing to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes and increasing the cost of any future borrowings;
- forcing the Group to dispose of its properties in order to enable it to meet its financing obligations, including compliance with certain covenants under loan agreements (which have been described under "*Business of the Issuer – Material Agreements – Financing Agreements*");
- requiring the dedication of a substantial portion of the Group's cash flows from operations to the payment of the principal of and interest on its indebtedness, meaning that these cash flows will not be available to fund its operations, capital expenditures, acquisitions or other corporate purposes;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business, the competitive environment and the real estate market; and
- placing the Group at a competitive disadvantage compared to its competitors that are not as highly leveraged.

Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its obligations.

If any of the Group Companies defaults under a credit agreement, it could go bankrupt and cross-default provisions would also negatively impact the financings extended to other Group Companies, which could have a negative effect on the Group's reputation, business, cash flows, financial condition and results of operations and the price of the Shares.

In addition, the Group may incur additional indebtedness in the future. The incurrence of additional indebtedness would increase the leverage-related risks described in this Prospectus and may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The dividend payout ratio may be lower than expected

The Board expects to propose for distribution approximately 65% of the Company's funds from operations (post tax) for the period to its shareholders (see "Dividend Policy"). According to statutory regulations, particularly those of Dutch law, payment of dividends may be made only if the Company has sufficient freely distributable reserves, i.e. the Company's shareholders' equity exceeds the sum of its called up and paid-in share capital plus the reserves required to be maintained under Dutch law and the Articles of Association. The Company cannot guarantee that it will have sufficient freely distributable reserves in order to distribute 65% of the Company's funds from operations for the period to its shareholders. As a holding company, the Company's ability to pay dividends depends upon the ability of its subsidiaries to pay dividends and advance funds to the Company. Furthermore, there may be other reasons, such as unexpected regulatory changes, why the Company might not be able to comply with the assumed dividend payout ratio or pay out any dividend. The failure to pay out the dividend at the proposed level could have a material adverse effect on the Group's business activities and the price of the Shares.

The Group may incur substantial losses if it fails to meet the obligations and requirements of its debt financing and, furthermore, the restrictions imposed by its debt financing may prevent it from selling its projects

In order to secure its loans, the Group has in the past and/or may in the future mortgage its assets, pledge participation interests in its subsidiaries, enter into guarantees and undertake to creditors to refrain from any further encumbrance of its existing and future assets with regards to mortgages and pledges without their consent (*negative pledge*). In addition, the Group's loans contain restrictions on its ability to dispose of certain key assets, which in turn may be required in order to satisfy certain financial covenants. The Group could fail to make principal and/or interest payments due under the Group's third party financings or breach any of the covenants included in the loan agreements to which the Group has entered. In some cases, the Group may breach these covenants due to circumstances which may be beyond the control of the Group. These may include requirements to meet certain loan-to-value ratio, debt service coverage and working capital requirements. A breach of such covenants by the Group Companies could result in the forfeiture of its mortgaged assets, the acceleration of its payment obligations, the acceleration of payment guarantees, trigger cross-default clauses or make future borrowing difficult or impossible. In these circumstances, the Group Companies could also be forced in the long term to sell some of its assets to meet its loan obligations or the completion of its affected projects could be delayed or curtailed.

Any of the events described above could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

The Group might be unable to renew or refinance loans as they mature, or might be able to renew or refinance such loans only on less favorable terms

All of the Group Company's real estate developments have been financed through loans, which have been provided for a limited term. A Group Company might not be able to renew or refinance the remaining obligations in part or at all or might have to accept less favorable terms in respect of such refinancing. If a Group Company is unable to renew a loan or secure refinancing, the Group could be forced to sell one or more of its office properties in order to procure the necessary liquidity. Additionally, if the Group Company is not able to renew certain loans, those properties which are financed through loans will become low leveraged and, as a consequence, will not be able to generate the expected returns on equity. Any combination of the above would have material adverse effects on the Group's business, cash flows, financial condition and results of operations.

The Group is exposed to changes in foreign currency exchange rates

The Group's consolidated financial statements are presented in Euro, the property valuations are expressed in Euro, and the majority of the Group's revenues, specifically rent revenues, are expressed in Euro, while the Group's external debt is also expressed in Euro, which provides it with a natural hedge. However, the Company's functional currency is the PLN and certain of the Group's costs, such as certain maintenance and modernization costs, and labor and advisory costs, are incurred in Polish zloty.

All of the proceeds from the Offering will be denominated in Polish zloty. In making the assumptions regarding the level of equity required to implement its strategic objectives, the Group used Euro as the reference currency. Additionally the majority of the investments that the Group plans to make as part of its business strategy will be expressed in Euro. Therefore, no assurance can be given that the proceeds derived from the Offering will suffice to meet the investment requirements of the Group's contemplated acquisition pipeline.

The financial statements of the Group Companies are prepared in Polish zloty, whereas the valuations of the real estate properties are denominated in Euro. Therefore, negative changes in the exchange rates may have a material adverse effect on such financial results of the Group Companies and the Company's dividend capacity.

The Group Companies do not currently hedge against currency exchange risk, although they may engage in currency hedging in an attempt to reduce the impact of currency fluctuations and the volatility of returns that may result from their currency exposure by, *inter alia*, entering into derivatives transactions, obtaining debt financing denominated in Euro, as well as concluding agreements with contractors specifying remuneration expressed in Euro, there can be no assurance that such hedging will be fully effective or beneficial. When the Group exchanges Polish zlotys and Euros, it has to incur transaction costs in connection with such exchange.

For a sensitivity analysis of the foreign exchange risk, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosures about Market and Other Risks – Foreign exchange risk.*"

In addition, given that payments under most of the Group's leases are expressed as the Polish zloty-equivalent of a euro-denominated amount, some of the Group's tenants, specifically those leasing retail space, may face difficulties in meeting their payment obligations under such leases as they derive revenues in Polish zloty. Moreover, the Company faces foreign currency exchange risk in connection with payments under such leases as the amount of the payment under lease agreements is calculated as of the date of the issuance of the invoice and the Company bears the currency risk until the actual payment date. Consequently, any future material fluctuations of the Polish zloty against the Euro could significantly decrease the Group's income in terms of the Polish zloty and could have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

If general interest rates increase, this could result, among others, in higher financing costs and a negative impact on real estate values and the value of the Group's properties

The Group currently has and intends to incur certain indebtedness under existing debt facilities which is subject to variable interest rates. Interest rates are highly sensitive to many factors, including government monetary policies and domestic and international economic and political conditions, as well as other factors beyond the Group's control. Any changes in the relevant interest rates may increase the Group's costs of borrowing in relation to existing loans, thus impacting its profitability. Current and future tenants and potential purchasers of the Group's properties are (re)financing themselves at least in part by loans. If interest levels increase in the future, this would lead to higher financing costs for tenants and potential buyers of portfolio properties. This could have a negative effect on the willingness of potential purchasers to buy the properties and the ability of current and potential tenants to pay appropriate rents.

For a sensitivity analysis of the interest rate risk, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosures about Market and Other Risks – Interest rate risk.*"

Through its effect on the discount and equity capital interest rates, a rise or fall of the market interest rates affects indirectly the fair value valuation of the properties in the mid-term due to its impact on real estate yields, being an alternative asset class to more liquid asset classes. Therefore, rising interest rate levels and discount rates tend to result in a negative impact on the valuation. A negative impact on the valuation of the properties through associated unscheduled depreciations has an immediate effect on the Group's net assets and results of operations.

The need to hedge interest rate risk is regularly monitored by the Group on a case by case basis, except for those projects in which the lenders require it to hedge the relevant interest rate risk. Currently the Company has not entered into any transactions to hedge the interest rate risk but will consider entering into such transactions to take advantage of the attractive low interest rate environment. Changes in interest rates may have a material adverse effect on the Group's business, financial condition, results of operations and the price of the Shares.

Risk Factors Relating to the Shareholding Structure of the Company and Corporate Governance

The Selling Shareholders' interests may be contradictory to the interests of other shareholders

As of the date of the Prospectus, the Selling Shareholders are the Company's controlling shareholders. Following the completion of the Offering, assuming that all the Offer Shares and the Over-Allotment Shares have been finally offered and sold and acquired by the investors and the Upsize Option is not exercised, the registry court will register the increase

of the share capital through the issue of the New Shares, the Selling Shareholder 1 will hold 21.66% of the votes at the General Meeting and the Selling Shareholder 2 will hold 21.23% of the votes at the General Meeting (see “*Selling Shareholders*”). The Selling Shareholders may exercise the voting rights attached to their Shares with respect to all matters they consider appropriate. Bearing in mind the volume of the block of shares held by the Selling Shareholders and their percentage in the total number of votes at a General Meeting, following the Offering, the Selling Shareholders may exercise control over the Group’s business through, among other things, exercising voting rights at the General Meeting. The interests of the Selling Shareholders and the Company may conflict with the interests of the minority shareholders of the Company. Their control of the Company could delay, deter or prevent acts that the minority shareholders may favor, such as hostile takeovers, changes in control of the Company and changes in its board of directors (the “**Board**”). As a result of such actions, the price of the Shares could decline or shareholders might not receive a premium for their Shares in connection with a change of control of the Company.

Future offerings by the Company of debt or equity securities may adversely affect the market price of the Shares and dilute the shareholders’ interests

To finance future operations, the Company may raise additional capital by offering debt or additional equity securities, including convertible notes, medium-term notes, senior or subordinated notes and ordinary shares. The issuance of equity or debt securities with conversion rights may dilute the economic and voting rights of existing shareholders, if made without granting pre-emptive or other subscription rights, or reduce the price of the Shares, or both. The exercise of conversion rights or options by the holders of convertible or warrant-linked bonds that the Company may issue in the future may also dilute the shareholders’ interests. (see: “*Description of share capital and corporate governance – Share capital – Pre-emptive Rights*”). Because any decision by the Company to issue additional securities depends on market conditions and other factors beyond the Company’s control, the Company cannot predict or estimate the amount, timing or nature of any such future issuances. Thus, prospective investors bear the risk of the Company’s future offerings reducing the market price of the Shares and diluting their interest in the Company.

Qualification as an alternative investment fund within the meaning of the AIFMD

Competent authorities may deem the Company or any other member of the Group operating in the EU to be, or the Company or any other member of the Group operating in the EU may in the future be qualified as, an alternative investment fund within the meaning of the Alternative Investment Fund Managers Directive (2011/61/EC, AIFMD).

The AIFMD entered into force on 21 July 2013. Its objective is to create a framework for the direct regulation and supervision of alternative investment fund managers at an EU level. The Company believes that neither it nor any other member of the Group operating in the EU qualifies as an alternative investment fund with a defined investment policy which is regulated under the AIFMD, because, among other things, they are business undertakings.

If this position is not accepted by the competent supervisory authorities in the EU and the Company or any other member of the Group operating in the EU are qualified as an alternative investment fund under the AIFMD, the relevant entity could be exposed to material fines, judicial penalties for non-compliance, a cease and desist order with respect to its operations, the appointment of a curator or other sanctions imposed by such competent authorities, including publication thereof. Any such sanctions could have a material adverse effect on the business, financial condition and results of operations of the Group and the Company. Furthermore, in such case the Company or any other member of the Group will be required to obtain a license or authorization, and could be required to cease its operations in the meantime. The obligation to obtain a license or authorization and to comply with the requirements of the AIFMD to its business operations in connection thereto, may have a material adverse effect on the Company’s business, financial condition and results of operations or the ability of the Company to pay dividend (as the case may be). Failure to obtain a license or authorization may result in the Company or any other member of the Group operating in the EU having to cease its operations.

The interpretation of Polish tax laws related to the taxation of investors may be inconsistent, and such laws may change

The Polish legal system, and specifically the tax law regulations incorporated therein, is characterized by frequent changes, ambiguity and inconsistent tax law practice on the part of the tax authorities, and judicial decisions relating to the application of Polish tax law regulations may not be consistent. This applies in particular to issues relating to the taxation of income generated by investors in relation to their acquisition, holding and disposal of securities. Furthermore, no assurance may be given that amendments to tax laws that are unfavorable to investors will not be introduced or that the tax authorities will not

establish a different interpretation of tax provisions that is unfavorable to investors, which could have an adverse effect on effective tax burdens and the actual profit of investors from their investment in the Shares.

Polish laws regarding nationalization of the private pension funds may be implemented in the future

Open pension funds (“OFE”) are often important shareholders of companies listed on the WSE which actively impact the operations of such companies. Based on the declarations of the representatives of the Polish Council of Ministers, the regulations governing OFEs will soon be subject to material change. The Ministry of Family, Labor and Social Policy suggested that funds from the OFEs be transferred to a demographic reserve fund and that the amounts based on the value of assets accumulated in the accounts of the OFEs be transferred to subaccounts of the Polish Social Insurance Institution (ZUS). The most recent proposal of the Ministry of Development is that 25% of the OFEs be transferred to the demographic reserve fund and the remaining 75% be used to support the third pillar of the pension system, i.e. the so-called voluntary pension insurance, consisting of employee pension funds, individual pension accounts or individual pension insurance accounts.

As of the Prospectus Date, no details are available regarding the terms, form or deadline for adoption of the future regulations or the value of the assets held by the OFE which would be transferred to the demographic reserve fund or the third pillar of the insurance system, which causes uncertainty and concerns among Polish capital markets participants. In view of the above, investing in the Shares is subject to the risk of Company shareholders being uncertain of the conditions or the timing of transfer of the Shares that would be held by OFEs, which may adversely affect the price of the Shares.

Risk Factors Relating to the Offering and Trading on the WSE

The Offering may be suspended or cancelled or the results of the Offering may deviate significantly from the envisaged Offering size and value

The Company and the Selling Shareholders, acting jointly, in agreement with the Global Coordinators, may cancel the Offering and/or modify its terms and dates at any time but not later than until 9:00 a.m. CET on 12 April 2017, which is the commencement of distribution of the information on clearing or transfers (*instrukcje rozliczeniowe*) in order to record the Offer Shares in the securities accounts of the Retail Investors and Institutional Investors.

If the cancellation or modification is published before the commencement of the subscription period for the Retail Investors, no reason must be published for the cancellation or modification. After the commencement of the subscription period for the Retail Investors the Company and the Selling Shareholders, acting jointly, in agreement with the Global Coordinators, may also cancel or modify the Offering at any time, if proceeding with the Offering will be considered impracticable or inadvisable. Such reasons are as follows: (i) the occurrence of a sudden or unforeseeable change in the economic or political situation in Poland or abroad, which may have a material adverse effect on the financial markets, Poland’s economy, the Offering or the Company’s operations (such as terrorist acts, wars, disasters or floods); (ii) the occurrence of a sudden or unforeseeable change or event other than those stated under item (i) above which could have a material adverse impact on the Company’s operations or which could result in the Company incurring material damage or in any material disruption to its operations; (iii) the occurrence of a material adverse change in the Company’s business, financial condition or operating results; (iv) the suspension of, or material limitation in, trading of securities on the WSE or on any other exchange, if such circumstances could have a material adverse effect on the Offering; (v) an unsatisfactory number of applications for the Offer Shares in the book building process; (vi) in the opinion of the Global Coordinators, an insufficient number of the Shares expected to be traded on the WSE which would not warrant the required liquidity of the Shares; (vii) the occurrence of a sudden and unforeseeable change which could have a direct, material and adverse effect on the Company’s operations, or (viii) the termination of the Underwriting Agreement.

Should the Offering be cancelled, subscriptions for the Offer Shares that have been made will be deemed null and void, and any subscription payments that have been made will be returned without any interest or compensation no later than 14 days after the date of the public announcement of cancellation of the Offering. A return of payment for the Offer Shares without interest or compensation, net of transfer costs, shall also take place to the extent that no Offer Shares are allotted or where there is a reduction of subscription orders placed as set out in the Prospectus or if excess payments are being returned no later than 14 days following each of those events.

If the decision to suspend the Offering is made during or after the book-building process, both the subscriptions and payments made shall become invalid and subscription payments that have been made will be returned without any interest or compensation no later than 14 days after the date of the announcement of the suspension of the Offering.

Furthermore, there is a risk that the final number of Offer Shares and the Offer Price determined during the Offering could be significantly lower due to many factors, including low demand or lack of available financial resources due to public offerings of other companies conducted simultaneously with the Offering. As a result the estimated funding required for the Company's future development may not be gained fully and the size of free float may not guarantee satisfying level of liquidity of the Shares.

The Shares may not be eligible to be admitted to trading or listing on the regulated market (main market) of the WSE

The admission and introduction of the Shares to trading on the regulated market (main market) of the WSE is subject to the consent of the management board of the WSE and the acceptance by the NDS of the Shares for securities deposit. Such consent may be granted if the Company satisfies all the legal requirements and, specifically, those set forth in the Regulation on the Market and Issuers as well as in the respective regulations of the WSE and the NDS. The Company does not intend to admit the Shares to trading on the parallel market operated by the WSE. One of the requirements provided for in the Regulation on Markets and Issuers as well as in the rules of the WSE, and a requirement on which the admission of the Shares to trading on the regulated market depends, is to ensure the proper liquidity of the Shares. Moreover, some of the criteria with respect to the admission and introduction of the Shares to trading on the regulated market are discretionary and left to the WSE to assess. The Company cannot guarantee that these approvals and consents will be obtained and that the Shares will be admitted and introduced to trading on the regulated market of the WSE. In addition, the Company cannot rule out the possibility that due to circumstances beyond its control the admission and introduction of the Shares to trading on the main market of the WSE will be effected on dates other than originally anticipated.

In the event of a breach or suspected breach of law in relation to the Offering, or the application for the admission and introduction of the Shares to trading on a regulated market, the PFSA may, inter alia, prohibit or suspend the Offering and issue an order to stay the application or prohibit the application for the admission or introduction of the Shares to trading on the regulated market

Pursuant to the Polish Act on Public Offering, in the event that an issuer, any selling shareholder or any other entities participating in an offering, subscription or sale carried out pursuant to such offering, themselves or on behalf of or upon instructions from the issuer or any selling shareholder, are in breach, or there is a reasonable suspicion of them being in breach, of the laws applicable to public offerings, subscriptions or sales of securities in Poland, or a reasonable suspicion that such breach may occur, in certain circumstances the PFSA may, among others: order that the commencement of the public offering be withheld or the offering, subscription or sale be delayed for up to ten business days; or prohibit the commencement of the public offering, subscription or sale or further activity in relation to it. Pursuant to the Polish Act on Public Offering, in certain circumstances the PFSA may also impose these sanctions if the issuer, or other entities acting on behalf or upon instructions from the issuer, are in breach, or there is a reasonable suspicion of them being in breach, of the law in connection with the application for the admission or introduction of securities to trading on the regulated market in the territory of Poland, or there is a reasonable suspicion that such breach may occur. In certain circumstances similar sanctions may also be applied if: (i) the public offering, subscription for or sale of securities pursuant to the offering or their admission or introduction to trading on the regulated market is detrimental to the investors' interests; (ii) there are circumstances proving that the issuer may cease to exist as a legal person; (iii) the issuer's activity has been or is being conducted in breach of applicable law and such breach could have a material influence on the valuation of the issuer's securities or may, under the provisions of the law, cause the issuer to go bankrupt or cease to exist as a legal person; or (iv) the legal status of securities is in breach of the provisions of applicable law or if based on applicable law there is a risk that such securities will be considered non-existent or burdened with a legal defect that has a material influence on their evaluation. Additionally, pursuant to the Polish Act on Trading in Financial Instruments, if the safety of trading on a regulated market so requires or if the interests of investors are prejudiced, the company operating a regulated market will suspend, at the request of the PFSA, the admission to trading on that market or the commencement of listing of securities or other financial instruments designated by the PFSA for a period not exceeding ten days. The occurrence of the circumstances mentioned above could have a material adverse effect on the success of the Offering.

Trading in the Shares on the WSE may be suspended

The WSE may pass a resolution suspending trading in securities in accordance with the WSE Rules. The WSE may suspend trading in financial instruments at the request of a listed company in order to protect the interests and the safety

of trading activities or upon a violation of the WSE regulations by a listed company. Trading may be suspended for a period of up to three months.

The PFSA is empowered under the Polish Act on Trading in Financial Instruments to direct the WSE to suspend trading in instruments quoted on the WSE for a period not exceeding one month. The PFSA may exercise this right if trading in specific securities or other financial instruments constitutes a threat to the proper functioning of the WSE or the safety of trading on the WSE, or if the interests of investors have been infringed. During a suspension of trading in securities, investors are unable to purchase and sell the affected securities on the stock market, which adversely affects the liquidity levels of such securities. Any off-market sale of suspended securities might be achieved only at a significant discount to their last traded price. There can be no assurance that trading in the Shares will not be suspended.

The Company's failure to meet the requirements set forth in the WSE rules or the Polish Act on Public Offering may cause the Shares to be delisted

Securities traded on the WSE may be delisted by the management board of the WSE. "The Warsaw Stock Exchange Rules" establish the basis for the optional and mandatory delisting of securities by the WSE. Securities are delisted when their transferability has been limited or when they are no longer dematerialized and have been converted to registered form, or a competent authority delist securities from a regulated market, or at the PFSA's request in connection with a material threat to the proper functioning of the WSE, the safety of trading on the WSE or to the interests of investors, among other matters specified in detail in the Polish Act on Trading in Financial Instruments. The PFSA may decide to delist a listed company's securities if the company breaches its duties under the Polish Act on Public Offering or certain obligations regarding disclosure of confidential information under the Polish Act on Trading in Financial Instruments. The WSE may decide to delist securities if a listed company, inter alia, repeatedly violates WSE regulations, submits an application for delisting, is declared bankrupt, fails to have any dealings in the given securities for a period of the last three months, or opens liquidation proceedings. There can be no assurance that no grounds for the delisting of the Shares will occur in the future. Upon the delisting of securities, investors can no longer trade in the affected securities on the WSE, which would have a material adverse effect on the liquidity of such securities. Any off-market sale of such securities may be achieved only at a significant discount to their last traded price.

The Issuer is not in full compliance with the Dutch Corporate Governance Code and the Corporate Governance Code of the Warsaw Stock Exchange and does not expect to be in full compliance in the near future

While the Issuer's corporate governance structure complies with the principles of Dutch law, the Issuer deviates in certain respects from the principles of good corporate governance and best practice provisions set forth in the Dutch Corporate Governance Code and the WSE Corporate Governance Rules contained in the "WSE Best Practices". In accordance with the comply or explain principle of the Dutch Corporate Governance Code, the reasoning behind any deviations from the principles and best practice provisions of the Dutch Corporate Governance Code will be explained in the Issuer's annual report. The Issuer has adopted a policy that, whenever the Dutch Corporate Governance Code and the WSE Corporate Governance Rules contain conflicting provisions, the Issuer will, to the extent practicable, comply with the regulations of the WSE, as this is the main market on which the Issuer's Shares will be listed. See "*Description of share capital and corporate governance*". Investors generally consider companies that comply with the Dutch Corporate Governance Code and the WSE Corporate Governance Rules to be more transparent. Failure to fully comply with the Dutch Corporate Governance Code and the WSE Corporate Governance Rules may have an adverse effect on the Offering, as well as the price and liquidity of the Shares.

If the Company does not comply with the requirements as a listed company, the value of its Shares may be adversely affected

A publicly listed company is subject to a number of obligations including reporting and disclosure obligations. The Company has never been subject to such obligations and may fail to fulfill such obligations sufficiently. As a consequence, the Company may be subjected to fines, damage claims and negative investor perception and shareholders may not be provided on time or at all with price sensitive information or the content of materials made public may be of an unsatisfactory quality. In addition, the Company may be fined or other sanctions may be imposed on the Company for noncompliance with regulations relating to publicly listed companies. If any of the above risks materializes, the value of the Shares could be materially adversely affected.

The market price of the Shares may decrease and/or be highly volatile

The market price of the Shares may decrease and/or be highly volatile, and be subject to significant fluctuations caused by various factors, some or many of which are beyond the Group's control and not necessarily related to the Group's business, operations and prospects. These factors include: the overall condition of the Polish economy; conditions and trends in the banking sector in Poland and elsewhere in Europe; changes in market valuations of companies in the real estate industry; variations in the Group's quarterly operating results; fluctuations in stock market prices and volumes; potential changes in the regulatory regime; changes in financial estimates or recommendations by securities analysts regarding the Company or the Shares; announcements by the Group or its competitors of new services or technology, significant investments, acquisitions, or joint ventures. In addition, the equity market has generally been exposed to significant fluctuations in price which may be unrelated to or disproportionately high in relation to the results of operations of the companies in question. Such general market factors may have an adverse effect on the market price of the Shares, irrespective of the Group's results of operations.

The shares may have limited liquidity

The fact that the Shares are admitted to trading on the regulated market operated by the WSE does not guarantee a sufficient level of their liquidity. Listed companies from time to time experience significant fluctuations in securities trading volumes, which can have a negative impact on the market price of the Shares. If an appropriate level of trading in the Shares is not achieved or maintained, that could have a material impact on the liquidity and price of the Shares. Even if the appropriate level of trading in the Shares is achieved and maintained, the market price of the Shares may be below the price of such shares in the Offering.

Furthermore, the Shares may have a lower level of liquidity than the shares in comparable companies to the Company listed on other markets, especially in the US or in other Western European countries.

Any inadequate level of liquidity of the Shares may limit the ability of investors to sell the required number of the Shares at the expected share price. This could have a material adverse effect on the price of the Shares.

The free float of Shares is expected to remain limited for at least a period of 365 days after Settlement due to the applicable lock-up arrangements which may have a negative impact on the liquidity of and market price for the Shares

It is expected that, immediately after completion of the Offering, 57.11% of the Shares will be publicly held by investors who are not subject to any lock-up arrangements (assuming the issuance of 22,201,267 New Offer Shares, the full exercise the Over-Allotment Option and assuming that the Upsize Option is not exercised). 42.89% of the Shares will be held by the Selling Shareholders who have entered into lock-up arrangements under which the Selling Shareholders (and any of their controlled undertakings or agents) agree not to dispose of their Shares for a period of 365 days following the first listing date of the Shares, with the right of the Global Coordinators to waive the lock-up. Therefore, the free float of the Shares is expected to remain limited for a period of 365 days. This may have a negative impact on the liquidity of the Shares and may result in a low trading volume, which could adversely affect the then prevailing market prices for the Shares.

Future sales or the possibility of future sales of a substantial number of Shares by the Selling Shareholders may adversely affect the market price of the Shares.

Following the completion of the Offering, 42.89% of the Shares will be held by the Selling Shareholders (assuming the issuance of 22,201,267 New Offer Shares, the full exercise the Over-Allotment Option and assuming that the Upsize Option is not exercised). After the expiration of the lock-up period of 365 days for the Selling Shareholders following the first listing date of the Shares on the WSE, the Selling Shareholders may sell substantial numbers of their Shares in the public market. In addition, while inter alia the Selling Shareholders have agreed on a lock-up with the Global Coordinators, the Global Coordinators have full discretion to waive the lock-up at any time before its expiry. This could also result in the Selling Shareholders selling substantial numbers of their Shares in the public market even before expiry of the applicable lock-up period. In addition, there could also be a perception in the market that such sales could occur due to the expiry of the applicable lock-up period or its waiver. Any of these circumstances may adversely affect the market price of the Shares. In addition, such sales could make it more difficult for the Company to raise capital through the issuance of equity securities in the future.

The interpretation of Polish laws and regulations governing investing in shares, including tax laws and regulations applicable to investors, may be unclear, and Polish tax laws and regulations may change

The Polish legal system, including the tax regulations incorporated therein, is subject to frequent changes. Furthermore, some provisions of Polish law, specifically tax law, are ambiguous, and often there is no unanimous or uniform interpretation of the law or uniform practice by the public authorities, including the tax authorities, or the courts as far as the application of Polish law. Because of frequent changes in law and, specifically, tax law and the varying interpretations thereof, the risk connected with Polish tax law may be greater than that in other developed markets. The above is true in particular with respect to issues related to income tax applicable to income generated by investors in relation to the acquisition, holding and sale of securities. No assurance may be given that changes to the tax law, including tax treaties, which may prove unfavorable to investors will not be introduced or that the Polish tax authorities will not take a new, different and unfavorable interpretation of tax provisions, which could have an adverse effect on the tax charges incurred and the actual profit generated by investors from their investment in the Shares. In particular, any changes in regulations on capital gains tax or changes to the Dutch-Polish Double Taxation Treaty may influence the returns made by investors. This risk could have material adverse effects on the Offering in Poland.

The value of the Shares for foreign investors may decrease due to exchange rate fluctuations

The market price of the Shares traded on the WSE is denominated in Polish Zloty. Consequently, payments for the Offer Shares will be made by foreign investors in PLN and, accordingly, foreign investors must convert amounts into PLN at a certain exchange rate, which could be different from the exchange rate prevalent in the future. Consequently, the return on investment in the Shares will depend not only on changes in the price of the Shares during the investment period, but also on fluctuations in the exchange rate between PLN and the investors' domestic currencies. Exchange rate risk will also apply to any cash disbursements under rights associated with the Shares, including the payment of dividends, which, if any are made, may be made in PLN.

As the Company is established and organized under Dutch law, shareholders may have different rights and obligations from those of shareholders in Polish companies listed on the WSE and the legislation, interpretation and application of legal acts may be different in the Netherlands from the ones in Poland

The Company is organized and exists under the laws of the Netherlands. Accordingly, the Company's corporate structure as well as rights and obligations of its shareholders may be different from the rights and obligations of shareholders of Polish companies listed on the WSE. The exercise of certain shareholders' rights for Polish investors in the Company may be more difficult and costly than the exercise of rights in a Polish company. Resolutions of the General Meeting may be taken with majorities different from the majorities required for adopting equivalent resolutions in Polish companies. Any action to contest any corporate action of the Company must be filed with, and will be reviewed by, a Dutch court, in accordance with Dutch law.

In particular, in case of the Company's insolvency, Polish investors may face difficulties in pursuing claims due to differences in insolvency, reorganization, liquidation, administration, arrangement or other scheme with creditors regimes in Poland and the Netherlands. For those reasons Polish investors as creditors may encounter difficulties in the conduct of proceedings with respect to the Company.

Even though Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies have been transposed into the national law of Poland and the Netherlands, there still might be differences in regulation of the shareholder rights and exercise thereof between the countries. In addition, even where the regulation is comparable, there might still be differences in its interpretation and application.

Investors in the Shares are generally subject to Dutch dividend withholding tax at a rate of 15% on dividends distributed by the Issuer. Generally, the Issuer is responsible for the withholding of such dividend withholding tax at source. Investors in the Shares may also be subject to Dutch taxation on income and capital gains derived from their investment in the Issuer. See also "Taxation".

The marketability of the Shares may decline and the market price of the Shares may fluctuate and decline below the Offer Price

The Issuer cannot assure that the marketability of the Shares will improve or remain consistent. The market price of the Shares at the time of the Offering may not be the same as the market price for the Shares after the Offering has been completed. The market price of the Shares may fluctuate widely, depending on many factors beyond the Issuer's control. These factors include, amongst other things, actual or anticipated variations in operating results and earnings by the Issuer and/or its competitors, changes in financial estimates by securities analysts, market conditions in the industry and in general the status of the securities market, governmental legislation and regulations, as well as general economic and market conditions, such as recession. The market price of the Shares is also subject to fluctuations in response to further issuance of shares by the Issuer, sales of Shares by the Selling Shareholder, the liquidity of trading in the Shares, capital reduction or purchases of Shares by the Issuer, as well as investor perception. As a result of these or other factors, the Issuer cannot assure that the public trading market price of the Shares will not decline below the Offer Price.

There is no prior market for the Shares and therefore there cannot be an assurance regarding the future development of such market

The lack of a prior public market for the Shares may have a negative effect on the ability of shareholders to sell their Shares or the price at which the holders may be able to sell their Shares. If a market for the Shares were to develop, the Shares could trade at prices that may be higher or lower than the Offer Price, depending on many factors. There can be no assurance as to the liquidity of any trading in the Shares or that an active market for the Shares will develop.

IMPORTANT INFORMATION

Important Notice

Bank Zachodni WBK S.A. and Joh. Berenberg, Gossler & Co. KG (together, the “**Global Coordinators**”) and Dom Maklerski Banku Ochrony Środowiska S.A. (the “**Co-Lead Manager**”) are acting for the Issuer and the Selling Shareholders and no one else in connection with the Offering, and will not be responsible to anyone other than the Issuer and the Selling Shareholders for providing the protections afforded to their respective clients, or for providing advice in relation to the Offering or any transaction or arrangement referred to in this Prospectus.

Capitalized terms used in this Prospectus and not otherwise defined herein have the meaning ascribed to such terms in “*Abbreviations and Definitions*”. Certain industry terms and other terms used in this Prospectus are explained in “*Abbreviations and Definitions*”.

Unless indicated or implied otherwise, in this Prospectus the terms “Group” refer to Griffin Premium RE.. N.V. together with all of its subsidiaries. The terms “Issuer” and “Company” refer solely to Griffin Premium RE.. N.V. without its subsidiaries.

Unless indicated otherwise, references to statements as to beliefs, knowledge, expectations, estimates and opinions of the Issuer are those of the Board.

Neither the Issuer, the Selling Shareholders, nor the Global Coordinators make any assurance as to the compliance with the law of the investment in the Offer Shares by any investor.

This Prospectus is intended to provide information to prospective investors in the context of, and for the sole purpose of, evaluating a possible investment in the Offer Shares offered hereby. It contains selected and summarized information, does not express any commitment or acknowledgement or waiver and does not create any express or implied right towards anyone other than a prospective investor in the context of the Offering. It cannot be used except in connection with the promotion of the Offering. The contents of this Prospectus are not to be construed as an interpretation of the Issuer’s obligations, of market practice or of contracts entered into by the Issuer.

Responsibility statements

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import. Potential investors should not assume that the information in this Prospectus is accurate as of any other date than the date of this Prospectus and they should only rely on the information contained in this Prospectus and any supplement drawn up to amend any material mistakes or inaccuracies or to reflect any new development which occurs between the date of this Prospectus and the time when trading in the Shares begins on the WSE or the Offering of the Offer Shares is closed.

The Global Coordinators and the Co-Lead Manager make no representation, warranty or undertaking, express or implied, and accept no responsibility or liability as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Offer Shares or their distribution.

No representation or warranty, express or implied, is made by the Global Coordinators and the Co-Lead Manager as to the accuracy, completeness or verification of the information set forth in this Prospectus or any other information provided by the Issuer or the Selling Shareholders in connection with the Offer Shares or their distribution, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether made in the past or the future. The Global Coordinators and the Co-Lead Manager assume no responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement.

Notice to Prospective Investors

Prospective investors are expressly advised that an investment in the Offer Shares entails financial risk and that they should, therefore, read this Prospectus in its entirety and, in particular, “Risk Factors”, when considering an investment in the Offer Shares. In making an investment decision, prospective investors must rely on their own examination of the Company, and the information contained in this Prospectus, including the merits and risks involved with an investment in the Offer Shares.

Any decision to invest in the Offer Shares offered hereby should be based solely on this Prospectus (and any supplement hereto), taking into account that any summary or description, set forth in this Prospectus, of legal provisions, accounting principles or comparison of such principles, corporate structuring or contractual relationships is for information purposes only and should not be construed as legal, accounting or tax advice as to the interpretation or enforceability of such provisions, information or relationships.

Except for the mandatory provisions of law, no person is authorized to give any information or to make any representation in connection with the Offering other than as contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Selling Shareholders or any of the Global Coordinators.

This Prospectus does not constitute an offer to sell or a solicitation by or on behalf of the Issuer, the Selling Shareholders or any Global Coordinator to any person to subscribe for any of the Offer Shares offered hereby in any jurisdiction where it is unlawful for such person to make such an offer or solicitation. The distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus may come are required by the Issuer, the Selling Shareholders and the Global Coordinators to inform themselves about and to observe such restrictions. Other than in Poland with respect to the Offering, no action has been taken by the Issuer, the Selling Shareholders or the Global Coordinators that would permit an offer of the Offer Shares, or possession or distribution of this Prospectus or any other offering material or application form relating to the Offer Shares, in any jurisdiction where action for that purpose is required. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorized or is unlawful. Neither the Issuer, the Selling Shareholders nor any of the Global Coordinators accepts any responsibility for any violation by any person, whether or not such a person is a prospective investor in the Offer Shares, of any of these restrictions. Please see “*Selling Restrictions*” and “*Transfer Restrictions*”, elsewhere in this Prospectus.

The Issuer has submitted the Prospectus to the AFM. The Prospectus has been prepared in accordance with the Regulation 809/2004 and Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder, as well as with the Act on Public Offering and other applicable legislation governing the public offering of securities in Poland. The Prospectus was approved by the AFM and published in Poland.

Neither of the Issuer, the Selling Shareholders, the Global Coordinators nor any of their respective representatives, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. The contents of this Prospectus should not be construed as legal, financial or tax advice. The investors are advised to consult their own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

For the purpose of or in connection with the Offering, each of the Global Coordinators and any of their respective affiliates acting as an investor for its own account, may take up the Offer Shares and in that capacity may retain, purchase or sell for its own account the Offer Shares and any other securities of the Issuer or related investments and may offer or sell securities of the Issuer or other investments other than in connection with the Offering. Accordingly, references in this Prospectus to the Offer Shares being offered or placed should be read as including any offering or placement of such securities to the Global Coordinators and any relevant affiliate acting in such capacity. The Global Coordinators do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Neither the delivery of this Prospectus nor any sale made hereunder at any time after the date hereof shall, under any circumstances, create any implication that there has been no change in the Issuer’s affairs since the date hereof or that the entirety of the information set forth in this Prospectus is correct as of any time subsequent to its date.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to purchase or subscribe for any Offer Shares by any person (i) in any jurisdiction in which such offer or invitation is not authorized, or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so, or (iii) to any person to whom it is unlawful to make such offer or invitation. In any member state (“**Member State**”) of the European Economic Area (“**EEA**”) that has implemented the Prospectus Directive other than Poland (and subject to any limitations set out in the relevant regulations of such EEA Member State), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive. Selling restrictions applicable in certain jurisdictions are set out below under “*Selling Restrictions*”.

Presentation of financial and other information

This Prospectus contains the audited consolidated financial statements of the Issuer for the three years ended 31 December 2016, 2015 and 2014 (the “**Consolidated Financial Statements**”). The Consolidated Financial Statements present the historical results of the companies forming the Griffin Premium RE.. BV Group prepared on a carve-out basis from the operations of Griffin Topco II S.à r.l and Griffin Topco III S.à r.l as if the Group existed starting from 1 January 2014. Until 3 March 2017, such entities were owned directly or indirectly by Griffin Topco II S.à r.l and Griffin Topco III S.à r.l which are entities indirectly controlled by a fund ultimately controlled by Oaktree Capital Group, LLC and were managed together as a single economic entity during the reporting periods. With effect from 3 March 2017, the Issuer became the legal parent of the Group’s companies following a reorganization through a number of steps comprising sales and in-kind contributions of shares by the Selling Shareholders to the Company in exchange for shares in the Company (the “**Reorganization**”).

The Consolidated Financial Statements have been prepared in accordance with IFRS. Presentation of the financial information in accordance with IFRS requires the management to make various estimates and assumptions which may impact the values shown in the financial statements and notes thereto. The actual values may differ from such assumptions.

The Consolidated Financial Statements were audited by Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością sp. k., with its registered office in Warsaw (see “*Additional Information – Independent Certified Auditors*”).

The Group’s consolidated financial statements are presented in Euro, the property valuations are expressed in Euro, and the majority of the Group’s revenues, specifically rent revenues, are expressed in Euro, while the Group’s external debt is also expressed in Euro, which provides it with a natural hedge. However, the Company’s functional currency is the PLN and certain of the Group’s costs, such as certain maintenance and modernization costs, and labor and advisory costs, are incurred in Polish zloty. Furthermore, unless otherwise indicated, financial and statistical data included in this Prospectus are expressed in EUR.

Unless otherwise indicated, all financial data pertaining to the Issuer presented herein is based on the Consolidated Financial Statements, or has been calculated based thereon.

Certain figures included in this Prospectus have been subject to rounding adjustments and presented in EUR million (not in EUR thousand as in the Consolidated Financial Statements). Accordingly, in certain instances the sum of numbers in a column or a row in tables contained in this Prospectus may not conform exactly to the total figure given for that column or row. Some percentages in the tables in this Prospectus have also been rounded, and accordingly the totals in these tables may not exactly add up to 100%. Percentage changes during the compared periods were computed on the basis of the original (not rounded) amounts.

Alternative Performance Measures

Certain financial measures in this Prospectus, including NOI, FFO, AFFO, Net LTV, EPRA NAV and EPRA NNNAV (collectively, the “**APMs**”), are not specifically defined under IFRS. Potential investors should take into consideration that these financial measures are neither standardized nor applied in a consistent manner by companies, and that other companies may calculate such measures differently than the Company. These financial measures should be considered together with their most directly comparable IFRS financial measures and should not by themselves be seen as a basis to compare different companies. Furthermore, NOI, FFO, AFFO, Net LTV, EPRA NAV and EPRA NNNAV are not recognized as financial measures by IFRS and do not substitute the financial measures presented in the income statement and the statement of cash flows prepared in accordance with IFRS.

The APMs are presented in this Prospectus because the Group believes that they are among the measures used by management to evaluate the financial performance of the Group and they are frequently used by securities analysts, investors and other interested parties to perform their own evaluation. These measures may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS, and investors should not consider such items as alternatives to net income/loss, operational income or any other performance measures derived in accordance with IFRS.

Unless otherwise indicated, all references in this Prospectus to “PLN”, “Polish Zloty” and “zloty” are to the lawful currency of Poland. References to “EUR”, “Eur” or “€” are to the lawful currency of the European Economic and Monetary Union.

Market, economic and industry data

Certain macroeconomic and statistical data included in this Prospectus has been derived from publicly available sources, the reliability of which may vary. Macroeconomic and statistical data concerning Poland is mostly based on information published by the Polish Central Statistical Office (*Główny Urząd Statystyczny*, or “GUS”). In any case, macroeconomic and statistical data, as well as the source data on which it is based, may not have been extracted or derived from a source in a manner analogous to that used in other countries. There is no guarantee that a third party using different methods of gathering, analyzing and processing information would obtain the same results.

Market data and certain industry data and forecasts used, as well as statements made herein regarding the Issuer’s position in the industry were estimated or derived based upon assumptions the Board deems reasonable and from the Company’s own research, surveys or studies conducted at its request by third parties, or derived from publicly available sources (Eurostat, IMF and GUS). Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Industry statistical data has been derived from reports on the relevant real estate markets prepared by JLL, the Group’s real estate advisors (“JLL”). When searching for, processing and preparing macroeconomic, market, industry and other data from sources other than the Issuer, such as governmental publications, third party publications, industry publications and general interest publications, the Issuer has identified the sources. Where information has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from the information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer does not intend, nor is it obligated, to update the data presented herein, save for obligations arising under provisions of law.

Stabilization

In connection with the Offering the Stabilization Manager (or any person acting as agent for the Stabilization Manager) may effect transactions with a view to supporting the market price of the Shares on the WSE at a level higher than that which might otherwise prevail in the open market for a limited period. However, there is no obligation on the Stabilization Manager (or any agent of the Stabilization Manager) to take such action. Such transactions, if commenced, may be discontinued at any time and must be brought to an end within 30 days after the date of allotment of the Offer Shares. Such transactions shall be carried out in compliance with all applicable laws, regulations and rules.

Enforceability of civil claims

The Issuer is incorporated under the laws of the Netherlands and has its statutory seat in Amsterdam, the Netherlands. The Netherlands is a member of the EU. Therefore any judgment issued by a court in a EU Member State in civil or commercial matter shall be recognized and enforced in Poland under Regulation No 44/2001. Investors who will attempt to enforce a judgment issued by a court outside the EU may face difficulties. In general, foreign court judgments issued in civil matters may be enforced in the Netherlands pursuant to the general provisions of the Dutch Civil Procedure Code. Foreign judgments may be enforced in the Netherlands provided that, inter alia, they are final and conclusive and do not infringe the basic principles of the Dutch legal system (public policy). The Issuer cannot provide assurance that all conditions precedent required for enforcement of foreign judgments in the Netherlands will be satisfied, or that a particular judgment will be enforced in the Netherlands.

No incorporation of website information

The contents of the Issuer’s website and any other website referenced herein do not form part of this Prospectus.

Forward-looking statements

This Prospectus includes forward-looking statements, which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or similar expressions of the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Issuer’s control that could cause the Issuer’s actual results, financial condition, results of operations or

developments to differ materially from any future results, financial condition, results of operations or developments expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which it currently operates and will operate in the future. Among the important factors that could cause the Issuer's actual results, financial condition, results of operations or developments to differ materially from those expressed in such forward-looking statements are those factors discussed in the "Profit Forecast", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. The Issuer expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein in order to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by the Dutch Act on Financial Supervision, the Polish Act on Public Offers, the WSE Corporate Governance Rules, the Dutch Corporate Governance Code, the Dutch Civil Code or any other law or regulation to which the Issuer is subject.

Investors should be aware that several important factors and risks cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- *Risks relating to macroeconomic conditions, including:* political, economic and legal risks associated with Poland, its neighboring countries and the European Union could have a material adverse effect on the Group; the locations of the Group's properties are exposed to regional risks and could lose some of their appeal; the Polish real estate market is highly competitive; the Polish real estate market is cyclical; changes in tax laws or their interpretation could affect the Group's financial condition and the cash flows available to the Group;
- *Risks relating to the Group's business, including, but not limited to:* the Group may fail to implement its strategy; the Group may not be able to use the proceeds from the issuance of the Offer Shares in the manner described in the "Use of Proceeds" section; the valuation of real estate is inherently subjective and uncertain, is based on assumptions which may prove to be inaccurate or affected by factors outside the Group's control, and is subject to fluctuation; the Group's consolidated balance sheet and income statement may be significantly affected by fluctuations in the fair market value of its properties as a result of revaluations; the Group's growth and profitability will depend on the Group's ability to identify and acquire attractive income-generating properties;
- *Risks relating to the Group's financial condition, including, but not limited to:* the Group's leverage and debt service obligations are significant and could increase, adversely affecting its business, financial condition or results of operations; the dividend payout ratio may be lower than expected; the Group may incur substantial losses if it fails to meet the obligations and requirements of its debt financing and, furthermore, the restrictions imposed by its debt financing may prevent it from selling its projects; the Group might be unable to renew or refinance loans as they mature, or might be able to renew or refinance such loans only on less favorable terms; the Group is exposed to changes in foreign currency exchange rates.

This list of important factors is not exhaustive. When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Issuer operates. The Issuer does not make any representation, warranty or prediction that the factors anticipated by such forward-looking statements will be present, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

The Issuer undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

Exchange rate information

The table below presents the mid, highest and lowest rates, as well as period-end rates as announced by the NBP for exchange transactions between PLN and EUR during the respective periods. The Issuer cannot guarantee, however, that the actual value of PLN corresponds to the given value of EUR or that it might have corresponded or been translated into EUR at the referred rate.

PLN/EUR Exchange Rate

	PLN/EUR exchange rate			
	Mid	High	Low	Period-end
2014	4.18	4.31	4.10	4.26
2015	4.18	4.36	3.98	4.26
2016	4.36	4.50	4.24	4.42

Source: NBP

On 10 March 2017, the PLN/EUR exchange rate announced by the NBP was PLN 4.33 per EUR 1.

USE OF PROCEEDS

The proceeds received from the sale of the Sale Shares will be distributed to the Selling Shareholders. The amount of proceeds for the Selling Shareholders depends on the final number of the Sale Shares sold by the Selling Shareholders in the Offering and the Offer Price. The Issuer will not receive any of the proceeds from the sale of the Sale Shares in the Offering.

The aggregate gross proceeds from the Offering will be approximately EUR 130.2 million and the aggregate net proceeds from the Offering will be approximately EUR 122.7 million, after deducting underwriting commissions and expenses (assuming the sale of all of the Sale Shares and the Over-Allotment Shares without the exercise of the Upsize Option). The Issuer will receive EUR 28.0 million in net proceeds from the Offering of the New Shares, whereas the Selling Shareholders will receive approximately EUR 94.7 million in net proceeds from the Offering of the existing Shares.

The Issuer intends to apply these proceeds firstly for the purchase of the Acquisition Assets, including approximately EUR 18.1 million in connection with Forward Purchase Asset and approximately EUR 9.8 million in connection with the ROFO Assets (which entail the indirect investment in each of the ROFO Assets the amount of 25% of the funds required by each of the ROFO SPVs excluding the external bank financing required by the ROFO SPV to complete the development of each respective ROFO Asset). In order to raise gross proceeds in the amount of approximately EUR 29.3 million, the Issuer intends to issue 19,468,803 New Shares (assuming the New Shares will be issued at the Maximum Price); the final number of the New Shares will, however, depend on the Offer Price.

The table below shows the key data of the Acquisition Assets (the targeted NOI, initial yield and GAV presented below are current estimates based as of the completion of the projects and cover the 100% stake in each property).

New Assets	Location	Completion Date	GLA	NOI	Initial Yield*	GAV	Equity needed from IPO
			<i>(m²)</i>	<i>(EUR m)</i>	<i>(%)</i>	<i>(EUR m)</i>	<i>(EUR m)</i>
<i>(unaudited)</i>							
ROFO Assets:							
Beethoven (Stage I)	Warszawa	December 2018	17,994	3.1	6.9	44.7	3.3
Beethoven (Stage II)	Warszawa	June 2019	17,395	2.9	6.9	42.9	3.2
Browary (J)	Warszawa	November 2018	15,041	3.1	6.5	47.4	3.3
Total ROFO assets			50,430	9.1	6.7	135.0	9.8
Forward Purchase Asset:							
West Link	Wroclaw	April 2018	14,362	2.5	6.8	36.1	18.1
Total pipeline			64,792	11.5	6.7	171.1	28.0

* Average initial yields weighted by GAV

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

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

If the Company's net proceeds from the Offering are more than EUR 18 million but less than EUR 28 million, then the Company intends to complete the purchase of the Forward Purchase Asset, but explore the possibility of purchasing bonds representing less than 25% of the funds needed for the development of the ROFO Assets. If the Company's net proceeds from the Offering are EUR 18 million, then the Company intends to only complete the purchase of the Forward Purchase Asset. If the Company's net proceeds from the Offering are less than EUR 18 million, but more than EUR 9.9 million, the Company will complete the purchase of bonds representing the 25% stake in funding of the ROFO Assets and evaluate other potential acquisitions. If the Company's net proceeds from the Offering are less than EUR 9.9 million, it will renegotiate the terms of the ROFO Asset acquisitions and purchase stakes of less than 25% in the funding of development of the ROFO Assets. If this is not possible, the Company will evaluate other potential acquisitions.

The total costs of the Offering consist of the underwriters' commissions or fees and other associated expenses, e.g. fees for legal and accounting services, costs of the valuations of the Group's real estate, real estate expert fees, costs of printing of the Prospectus, fees incurred in connection with the marketing activities and fees relating to the approval of the Prospectus and admission of the Shares to trading on the Warsaw Stock Exchange. Assuming that the maximum number of New Shares will be sold at the Offer Price, the Company estimates the total costs relating to the Offering (including bank fees and commissions in the highest possible amount) to amount to approximately EUR 7.5 million, of which EUR 1.3 million shall be borne by the Company.

Information on the actual gross and net proceeds from the issuance of the New Shares will be made public by the Issuer in a manner consistent with Dutch and Polish laws, i.e., as part of the announcement of the final number of Offer Shares and the Offer Price or in the form of a current report in accordance with Art. 56 of the Act on Public Offering.

The Issuer reserves the right to change the aforementioned use of proceeds from the issuance of the New Shares should the completion of the foregoing objectives become impossible, impracticable or any unforeseen developments occur which may negatively affect the business of the Issuer. In particular, the Issuer is unable to confirm that it will be able to complete the purchases of all properties forming part of the Acquisition Assets. Information regarding any changes to the use of proceeds from the issuance of the New Shares will be made public promptly upon making the relevant decision in a manner consistent with Dutch and Polish laws, i.e., in the form of a current report, in accordance with Art. 56 of the Act on Public Offering.

Until the time the proceeds from the issuance of the New Shares are fully spent, the Issuer will invest the proceeds on an arm's length basis, in safe investments such as bank deposits and treasury bonds.

DIVIDENDS AND DIVIDEND POLICY

Dividends Paid in the Past

In the period covered by the Consolidated Financial Statements, the Issuer has not paid any dividend from the net profit generated thereby.

Dividend Policy

The Board expects to propose for distribution approximately 65% of the Company's funds from operations ("**FFO**") for the period to its shareholders. The Group defines FFO as profit before tax less profit / (loss) on sale of the property, less net gains / (losses) on investment property, less net tax payments but excluding impact of one-off non-recurring items and non-cash items. The Company is planning to make regular dividend distributions, and the first dividend is expected to be paid in 2018 based on the FFO in the period commencing with the completion of the Offering until the end of 2017. Based on the information set out in the Profit Forecast set forth in the section "*Profit Forecast*", the Board anticipates that the FFO shall be approximately EUR 21.4 million for the financial year 2017 and approximately EUR 17.4 million for the period of the second to the fourth quarter of 2017 (which shall serve as the basis for the dividend payment calculation).

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

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

For more detailed information regarding dividend payments please see "*Description of Share Capital and Corporate Governance – Dividends and other distributions*".

For more detailed information regarding the taxation of dividends please see "*Taxation–Personal Income Tax and Corporate Income Tax*".

CAPITALIZATION AND INDEBTEDNESS

The following tables present the capitalization, net financial debt and contingent liabilities of the Group as of 31 December 2016, each based on the financial information of the Group. The capitalization of the Group will change subsequently to the Offering and the implementation of the capital increase through the issuance of the New Shares. For details of the proceeds from the Offering, please see "Use of Proceeds". This section should be read together with the Consolidated Financial Statements and the notes thereto.

Representation Concerning Working Capital

The Company is of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next twelve months commencing as of the date of this Prospectus.

Capitalization and Indebtedness

The table below presents the capitalization of the Group as of 31 December 2016. The information included in the right-hand column shows the hypothetical adjustment of the Group's capitalization as of 31 December 2016 based on the assumption that, after the issuance of 19,468,803 New Shares at the Maximum Price of PLN 6.50 per New Share, the Company will receive net proceeds amounting to approximately PLN 120.8 million (EUR 28.0 million).

in EUR thousands	As of 31 December 2016 before execution of the Offering	As of 31 December 2016 after the issue of 19,468,803 New Shares at the Maximum Price of PLN 6.50
	<i>(unaudited, unless otherwise indicated)</i>	
Total current debt⁽¹⁾	56,125	56,125
of which guaranteed.....	-	-
of which secured ⁽²⁾	49,050	49,050
of which unsecured not guaranteed.....	7,075	7,075
Total non-current debt⁽³⁾	409,460	409,460
of which guaranteed.....	-	-
of which secured ⁽²⁾	252,535	252,535
of which unsecured not guaranteed.....	156,925	156,925
Shareholders' Equity⁽⁴⁾	36,237	65,567
Issued share capital.....	45	29,375
Foreign currency transactions reserve.....	(5,142)	(5,142)
Net assets attributable to shareholders.....	41,334	41,334
Total⁽⁵⁾	501,822	531,152

⁽¹⁾Corresponds to the consolidated statement of financial position items "bank loans" and "trade and other payables" and "capex payables" as well as "deposits from tenants and other deposits" and "other borrowings".

⁽²⁾Secured by encumbrances on the property of the Group.

⁽³⁾Consists of the sum of the consolidated statement of financial position items "bank loans", "other borrowings", "deposits from tenants and other deposits", and "deferred tax liability."

⁽⁴⁾Corresponds to the consolidated statement of financial position item "total equity".

⁽⁵⁾Corresponds to the consolidated statement of financial position item "total equity and liabilities".

The table below presents the net financial debt of the Group as of 31 December 2016. The information included in the right-hand column shows the hypothetical adjustment of net financial debt as of 31 December 2016 based on the assumption that after the issuance of 19,468,803 New Shares at the Maximum Price of PLN 6.50 per New Share, the Company will receive net proceeds amounting to approximately PLN 120.8 million (EUR 28.0 million).

in EUR thousands	As of 31 December 2016 before execution of the Offering	As of 31 December 2016 after the issue of 19,468,803 New Shares at a Maximum Subscription Price of PLN 6.50
	<i>(unaudited, unless otherwise indicated)</i>	
A. Cash balances ⁽¹⁾	19,123	48,453
B. Bank balances (cash equivalent)	-	-
C. Trading Securities	-	-
D. Liquidity (A)+(B)+(C).....	19,123	48,453
E. Current financial receivables.....	-	-
F. Current bank debt ⁽²⁾	534	534
G. Current portion of non-current bank debt ⁽³⁾	48,516	48,516
H. Other current financial liabilities	-	-
I. Current financial debt (F)+(G)+(H) ⁽⁴⁾	49,050	49,050
J. Net current financial indebtedness (I)-(E)-(D).....	29,927	597
K. Non-current bank loans ⁽⁵⁾	252,535	252,535
L. Bonds issued	-	-
M. Other non-current borrowings ⁽⁶⁾	137,919	137,919
N. Non-current financial liabilities (K)+(L)+(M)	390,454	390,454
O. Net financial debt (J)+(N)	420,381	391,051

⁽¹⁾Corresponds to the sum of the consolidated statement of financial position items “long-term restricted cash”, “restricted cash” and “cash and short-term deposits”.

⁽²⁾Represents the amount of accrued interest on “bank loans”.

⁽³⁾Represents the amount of current portion on “bank loans” excluding accrued interest on “bank loans”.

⁽⁴⁾Corresponds to the consolidated statement of financial position item “bank loans” within current liabilities.

⁽⁵⁾Corresponds to the consolidated statement of financial position item “bank loans” within non-current liabilities.

⁽⁶⁾Corresponds to the consolidated statement of financial position item “other borrowings” within non-current liabilities.

Since 31 December 2016, no material changes in capitalization, indebtedness and liquidity of the Issuer have occurred, except for the Reorganization which was finalized on 3 March 2017 (see for more information: “Group Structure – The Reorganization”). As a consequence of the Reorganization, the Shareholders’ equity increased by an amount of EUR 137.9 million and Other non-current borrowings decreased by EUR 137.9 million. The capitalization and indebtedness tables above do not reflect the impact of the Reorganization but only the impact of the New Shares being issued.

Indirect and Conditional Indebtedness

For information on indirect and conditional indebtedness, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations –Contingent Liabilities”.

SELECTED HISTORICAL FINANCIAL INFORMATION

The financial information summarized below for the financial years 2016, 2015 and 2014 is taken or derived from the Consolidated Financial Statements. The Consolidated Financial Statements were audited by EY Poland. EY Poland issued an unqualified audit opinion with respect to the Consolidated Financial Statements. The Company's management reporting and accounting records have not been audited.

This section should be read along with the information provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as in the Consolidated Financial Statements and notes thereto and other financial data presented elsewhere in the Prospectus.

Selected Data from Consolidated Statement of Profit or Loss and Consolidated Statement of Other Comprehensive Income

in EUR thousands (unless otherwise indicated)	Year ended 31 December		
	2016	2015	2014
		<i>(audited)</i>	
Rental income	23,688	21,316	15,954
Service charge and marketing income.....	9,856	8,934	6,151
Property operating expenses.....	(11,135)	(8,729)	(6,318)
Net rental income	22,409	21,521	15,787
Administrative expenses	(4,013)	(4,938)	(3,466)
Valuation gain/(loss) from investment property.....	21,737	30,357	(2,309)
(Impairment)/reversal of impairment of property.....	-	-	1,302
Net gains/(losses) on investment property	21,737	30,357	(1,007)
Operating profit	40,133	46,940	11,314
Finance income.....	422	157	114
Finance cost.....	(22,645)	(11,089)	(12,737)
Profit/(loss) before tax	17,910	36,008	(1,309)
Income tax (expenses)/gain.....	(5,672)	(4,346)	587
Profit/(loss) for the year	12,238	31,662	(722)
<i>Other comprehensive income transferable later on to the profit/(loss)</i>			
Foreign currency translation reserve.....	(3,271)	(562)	(1,309)
Other comprehensive income/(loss).....	(3,271)	(562)	(1,309)
Earnings per share (in EUR)	0,09	0,24	(0,01)
Total comprehensive income/(loss) for the year, net of tax	8,967	31,100	2,031

Selected Data from the Consolidated Statement of Financial Position

	As of 31 December		
	2016	2015	2014
	<i>(EUR thousands)(audited)</i>		
ASSETS			
Non-current assets			
Completed investment property.....	470,380	385,825	237,410
Investment property under construction	-	36,850	52,671
Long term loans.....	790	523	138
Other receivables.....	10	-	6
Long term restricted cash	2,406	2,540	3,158
Deferred tax assets	7,647	2,096	4,677
	481,260	427,834	298,060
Current assets			
Rent and other receivables.....	3,813	6,149	3,749
Income tax receivable.....	32	31	218
Restricted cash	6,707	5,185	8,924
Cash and short-term deposits.....	10,010	9,961	5,410
	20,562	21,326	18,301
TOTAL ASSETS.....	501,822	449,160	316,361
EQUITY AND LIABILITIES			
Issued share capital.....	45	-	-
Foreign currency translation reserve.....	(5,142)	(1,871)	(1,309)
Net assets attributable to shareholders.....	41,334	86,349	54,644
Total.....	36,237	84,478	53,335
LIABILITIES			
Non-current liabilities			
Bank loans.....	252,535	170,582	166,166
Derivative financial instruments.....	-	-	1,225
Other borrowings.....	137,919	96,166	75,673
Deposits from tenants and other deposits	3,348	4,430	2,691
Deferred tax liability	15,658	4,802	3,132
	409,460	275,980	248,887
Current liabilities			
Bank loans.....	49,050	80,104	4,154
Derivative financial instruments.....	-	1,308	2,492
Other borrowings.....	16	-	-
Trade and other payables	3,260	3,197	1,789
CAPEX payables.....	3,323	3,728	5,608
Deposits from tenants and other deposits	476	365	96
	56,125	88,702	14,139
Total liabilities	465,585	364,682	263,026
TOTAL EQUITY AND LIABILITIES	501,822	449,160	316,361

Selected Data from the Consolidated Statement of Cash Flows

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

Alternative Performance Measures

The Board evaluates the Group's results based on certain profitability, debt and liquidity ratios and indicators. The ratios and indicators presented in this section are Alternative Performance Measures ("APMs") within the meaning of the ESMA Guidelines on Alternative Performance Measures. These measures have not been audited or reviewed by an independent auditor unless stated otherwise. The Alternative Performance Measures are not recognized as financial measures by IFRS and cannot serve as substitutes to the financial measures presented in the "Consolidated Statement of

Profit or Loss” and the consolidated statement of cash flows prepared in accordance with IFRS. They are neither standardized nor applied in a consistent manner by companies; moreover, other companies may calculate such measures differently than the Company. The performance measures should be read exclusively as additional information rather than instead of the financial information prepared in accordance with IFRS. These financial measures should be considered together with their most directly comparable IFRS financial measures and should not by themselves be seen as a basis to compare different companies. The Alternative Performance Measures should be analyzed in conjunction with the Consolidated Financial Statements. In the Company’s opinion, the other financial data or ratios presented in the Prospectus are not Alternative Performance Measures.

The tables below present the key Alternative Performance Measures used by the Board and the methods for their calculation in the periods indicated.

	As of 31 December		
	2016	2015	2014
Net Operating Income (NOI) in EUR thousands ⁽¹⁾	22,409	21,521	15,787
Balance sheet equity ratio in %	7.22	18.81	16.86
Net Loan-to-Value ratio (Net LTV) in % ⁽²⁾	61	57	56
Funds from Operations (FFO) in EUR thousands ⁽³⁾	11,061	8,892	5,434
Funds from Operations (FFO) per share in EUR ⁽³⁾	0.08	0.07	0.04
EPRA Net asset value (EPRA NAV) in EUR thousands ⁽⁴⁾	187,480	185,610	133,160
EPRA Net asset value (EPRA NAV) per share in EUR ⁽⁴⁾	1.40	1.39	0.99
EPRA Triple Net asset value (EPRA NNNAV) in EUR thousands ⁽⁴⁾	173,382	180,121	128,870
EPRA Triple Net asset value (EPRA NNNAV) per share in EUR ⁽⁴⁾	1.29	1.34	0.96

⁽¹⁾The Company calculates NOI according to the following formula:

	As of 31 December		
	2016	2015	2014
	(EUR thousands)		
A. Rental income	23,688	21,316	15,954
B. Service charge and marketing income	9,856	8,934	6,151
C. Property operating expenses	(11,135)	(8,729)	(6,318)
D. NOI (A)+(B)-(C) (unaudited)	22,409	21,521	15,787

⁽²⁾The Company calculates Net LTV according to the following formula:

	As of 31 December		
	2016	2015	2014
	(EUR thousands, unless otherwise indicated)		
A. Non-current bank loans*	252,535	170,582	166,166
B. Current bank loans**	49,050	80,104	4,154
C. Cash and cash equivalents and restricted cash***	14,586	10,346	8,988
D. Net financial liabilities (unaudited) (A)+(B)-(C)	286,999	240,340	161,332
E. Completed investment property	470,380	385,825	237,410
F. Investment property under construction	-	36,850	52,671
G. Investment properties (unaudited) (E)+(F)	470,380	422,675	290,081
H. Net Loan-to-Value (Net LTV) in % (unaudited) (D)/(G)	61	57	56

*Consists of the sum of the consolidated statement of financial position item “bank loans” within non-current liabilities.

**Consists of the sum of the consolidated statement of financial position item “bank loans” within current liabilities.

***Corresponds to the consolidated statement of financial position items “cash and short-term deposits” as well as part of the restricted cash consisting of debt service reserve account maintained at the request of the bank lenders and to be ultimately used to repay the loans.

⁽³⁾The Company calculates FFO and AFFO according to the following formula:

	As of 31 December		
	2016	2015	2014
	(EUR thousands, unless otherwise indicated)		
A. Net rental income.....	22,409	21,521	15,787
B. Administrative expenses.....	4,013	4,938	3,466
C. Finance income	237	157	114
D. Adjusted interest expenses*.....	7,959	7,848	7,001
E. FFO (unaudited) (A)-(B)+(C)-(D).....	10,674	8,892	5,434
F. Capitalized maintenance expenses (unaudited).....	12,715	1,701	850
G. AFFO (unaudited) (E)-(F).....	(2,041)	7,191	4,584
H. FFO per share in EUR (unaudited).....	0.08	0.07	0.04
I. AFFO per share in EUR (unaudited).....	(0.02)	0.05	0.03

*Interest on bank loans excluding impact of amortized cost.

⁽⁴⁾The Company calculates EPRA NAV and EPRA NNAV according to the following formula:

	2016 at the Prospectus Date	As of 31 December		
		2016	2015	2014
		(EUR thousands, unless otherwise indicated)		
A. Total equity*.....	171,637**	173,382	180,121	128,870
B. Deferred tax assets related to investment properties.....	1,211	1,211	293	1,727
C. Deferred tax liabilities related to investment properties	(15,309)	(15,309)	(4,472)	(3,005)
D. Fair value of financial instruments.....	-	-	(1,308)	(3,717)
E. Deferred tax related to financial instruments.....	-	-	-	706
F. EPRA NAV (unaudited) (A)-(B)-(C)-(D)-(E).....	185,735	187,480	185,608	133,159
G. Fair value of bank debt.....	-	-	-	-
H. EPRA NNAV (F)+(B)+(C)+(D)+(E).....	171,637	173,382	180,121	128,870
I. EPRA NAV per share in EUR (unaudited).....	1.39	1.40	1.39	0.99
J. EPRA NNAV per share in EUR (unaudited).....	1.28	1.29	1.34	0.96
Difference between CBRE valuation under special assumptions and the valuation without				
K. special assumptions.....	44,000	n/a	n/a	n/a
L. Unutilized debt facility.....	12,812	n/a	n/a	n/a
M. EPRA NAV adjusted (unaudited)(F)+(K)-(L)+(M)+(N)....	216,923	n/a	n/a	n/a
EPRA NNAV adjusted (unaudited)				
N. (H) +(K)-(L)+(M)+(N).....	202,825	n/a	n/a	n/a
O. EPRA NAV adjusted per share in EUR (unaudited).....	1.62	n/a	n/a	n/a
P. EPRA NNAV adjusted per share in EUR (unaudited)....	1.51	n/a	n/a	n/a

* Corresponds to the sum of the consolidated statement of financial position items “total” within equity and “other borrowings” within non-current and current liabilities less “Long term loans” within non-current assets.

** The difference between 2016 and 2016 at IPO results from the fact that “Other borrowings” are presented at nominal value as of 31 December 2016, while for the purpose of the conversion into equity these amounts were independently valued taking into account the time value thereof so the amount is slightly lower.

In connection with the Offering, the Company has determined that it would be material to present an as adjusted under special assumptions EPRA NAV (“**EPRA NAV adjusted**”) and an as adjusted under special assumptions EPRA NNAV (“**EPRA NNAV adjusted**”) that it will not disclose to shareholders on an ongoing basis, given the fact that (i) it is presenting the valuation under special assumptions in the Prospectus and (ii) the amount of the bank loans should also take into account the bank loans that could have been utilized under the existing facilities (to cover expenditures

required to achieve the valuation under special assumptions). Therefore, the Company also calculated EPRA NAV adjusted and EPRA NNNAV adjusted as of the date of the Prospectus taking into account the following adjustments:

- assumption of the Completed investment property value of EUR 514.4 million (valuation under special assumptions);
- bank loans being fully utilized and amounting to EUR 316 million (outstanding debt increased by EUR 12.8 million).

As of the date of the Prospectus, the EPRA NAV adjusted amounted to EUR 216.9 million and EPRA NNNAV adjusted EUR 202.8 million, respectively. Following the completion of the Offering, assuming the net proceeds from the Offering of the New Shares of EUR 28 million, the Company's EPRA NAV adjusted and EPRA NNNAV adjusted shall amount to EUR 244.9 million and EUR 230.8 million, respectively.

The table below presents the definitions of the Alternative Performance Measures and the rationale for their use.

Name of Alternative Performance Measure	Definition	Rationale for using the Alternative Performance Measure
NOI.....	The Company defines "NOI" as the revenues from real estate operations less property-related operating costs.	The Company uses NOI because it is commonly disclosed by real estate companies and allows investors to compare the Company with other real estate companies. NOI is a key financial figure of the operating business of the Company. NOI is used to measure the ability of properties to produce income streams.
Balance sheet equity ratio	The Company defines "Balance sheet equity ratio" as the ratio (expressed as a percentage) of the total equity in the consolidated statement of financial position to total equity and liabilities in the consolidated statement of financial position.	This ratio indicates how much debt a Company is using to finance its assets relative to the amount of value represented in equity in the balance sheet.
Net Loan-to-Value ratio (Net LTV).....	The Company defines "Loan-to-Value ratio" (Net LTV) as the ratio of net financial liabilities to the fair value of an investment property.	The Company uses the Loan-to-Value (Net LTV) ratio because it is commonly disclosed by real estate companies and allows investors to compare the Company with other real estate companies. Net LTV ratio allows the Company to assess the relation of the Company's financial liabilities relative to the fair value of the Company's investment properties.
Funds from Operations (FFO).....	The Company defines "Funds from Operations" (FFO) as net rental income minus administrative, personnel and interest expenses and other operating expenses, plus interest income and other operating income.	Funds from Operations (FFO) is a key financial figure of the operating business of the Company. FFO is used for the value oriented management of the Company to represent the generated financial resources that are available for capital requirements, the repayment of debt and dividend payments to the shareholders.
Adjusted Funds from Operations (AFFO).....	The Company defines "Adjusted Funds from Operations" (AFFO) as net rental income minus administrative, personnel and interest expenses, other operating expenses and capitalized maintenance expenses, plus interest income and other operating income.	Adjusted Funds from Operations (AFFO) is a key financial figure of the operating business of the Company. AFFO is used for the value oriented management of the Company to represent the generated financial resources that are available for the repayment of debt and dividend payments to the shareholders.
EPRA Net asset value (EPRA NAV).....	The Company defines "EPRA Net asset value" (EPRA NAV) as net asset value, which is calculated in accordance with the definition recommended by EPRA and calculated as total equity less non-controlling interests, less hybrid capital, less deferred tax assets, plus deferred tax liabilities and plus derivative financial instruments. The Company treats intragroup debt as equity for the purpose of calculation of this measure.	The Company uses "EPRA Net asset value" (EPRA NAV) because it is commonly disclosed by real estate companies and allows investors to compare the Company with other real estate companies. This measure allows the Company to determine the fair value of the net assets and liabilities within an ongoing real estate investment company with a long-term investment strategy.
EPRA Triple Net asset value (EPRA NNNAV).....	The Company defines "EPRA Triple Net asset value" (EPRA NNNAV) as net asset value, which is calculated in accordance with the definition recommended by EPRA and calculated as EPRA NAV less deferred tax assets, plus deferred tax liabilities, less derivative financial instruments and less fair value of debt. The Company treats intragroup debt as equity for the purpose of calculation of this measure.	The Company uses "EPRA Triple Net asset value" (EPRA NNNAV) because it is commonly disclosed by real estate companies and allows investors to compare the Company with other real estate companies. This measure allows the Company to determine net asset value including fair value adjustments in respect of all material balance sheet items which are not reported at their fair value as part of the EPRA NAV.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Prospective investors should read the following discussion of the Group's financial condition and results of operations in conjunction with "Risk Factors", "Selected Historical Financial Information", "Business of the Issuer", the Consolidated Financial Statements, as well as the other financial and business information contained in this Prospectus.

*This Prospectus contains the audited consolidated financial statements of the Issuer for the years ended 31 December 2016, 2015 and 2014 (the "**Consolidated Financial Statements**"). The Consolidated Financial Statements present the historical results of the companies forming the Griffin Premium RE.. B.V. Group prepared on a carve-out basis from the operations of Griffin Topco II S.à r.l. and Griffin Topco III S.à r.l. as if the Group existed starting from 1 January 2014. Prior to 3 March 2017, such entities were owned directly or indirectly by Griffin Topco II S.à r.l. and Griffin Topco III S.à r.l. under the control of OCM Luxembourg EPF III S.à r.l. and were managed together as a single economic entity during the reporting periods. With effect from 3 March 2017, the Issuer became the legal parent of the Group's companies following a reorganization through the sale of businesses and contributions of shares by Griffin Topco II S.à r.l. and Griffin Topco III S.à r.l. in exchange for share in the Company (the "**Reorganization**"). The Consolidated Financial Statements were audited by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw.*

*Any financial data not referred to as "**audited**" in this Prospectus have not been taken from the audited Consolidated Financial Statements.*

Due to the presentation of figures in thousands of EUR or millions of EUR and the application of standard commercial rounding principles resulting in whole numbers, the figures presented may not always add up to the totals shown.

Overview

Griffin Premium RE.. N.V. is a unique Polish pure office and High-street mixed-use platform founded by Griffin Real Estate, one of Poland's leading real estate investment managers operating on the commercial real estate market in Poland. The Group believes it holds an attractive, diversified and well-balanced portfolio of nine Polish properties, which consists of six pure office properties and three large-scale High-street-mixed-use properties (consisting of both office and retail components) in prime cities in Poland. The Group defines "High-street" as references to locations of mixed-use properties (Hala Koszyki, Supersam and Renoma) including office and retail components of significant sizes which are located in city centers of Warsaw, Katowice and Wrocław, respectively, along commonly recognizable main traffic routes.

The Group focuses its operational activities on the active management of its tenant base, closely monitoring the Polish real estate market to ensure it meets the expectations of its current and future tenants. Property management activities are outsourced to leading property management companies.

As of 31 December 2016, the Group had a property portfolio of nine properties in five prime cities in Poland (Warsaw, Kraków, Wrocław, Katowice and Łódź) with an aggregate fair value under the special assumptions that all properties are fully let and income-producing and there are no incentives in respect of the current leases and no capital expenditure to be incurred in respect of leases contracted as of the valuation date of EUR 514.4 million, based on the Valuation Report. The aggregate fair value without special assumptions was EUR 470.4 million.

The properties had a total GLA of 171,231 m², 49.2% of which comprised pure office, 31.5% of which comprised High-street retail and 19.3% of which comprised High-street office. Total annualized NOI of the properties as of 31 December 2016 amounted to EUR 33.8 million (including commitments under the Rental Guarantee and the NOI Guarantee). The Group's portfolio assets are modern, with a weighted average age of seven years calculated based on NOI and the most recent major refurbishment/revitalization date.

The Group has been generating strong and stable rental income from a high-quality tenant base. The Company believes it has an attractive occupancy rate by market standards as well as a balanced tenant structure and longstanding business relationships with the majority of its tenants. As of 31 December 2016, the average occupancy, excluding the recently delivered Hala Koszyki and Supersam projects, stood at 92.6% and the property portfolio had an average WAULT of 4.6 years (assuming the exercise of potential break options by tenants) and 4.8 years (assuming such options are not exercised), based on contracted GRI. As of 31 December 2016, with the total non-current and current bank loans of EUR 301,585 thousand, the Company's Net LTV stood at 61%.

Material Factors Affecting Results of Operations

The discussion sets forth those factors which the Company believes to materially affect its income and expenses, and that had a material effect on the Group's business development in the periods covered by the Consolidated Financial Statements included in this Prospectus, and that may continue to have such an effect in the future.

The Group's results of operations significantly depend on rental income generated by the Existing Assets. Expenses reflect mainly costs of financing and administrative expenses. Additionally, earnings may be affected by the regular revaluation of the properties in accordance with IAS 40.

General economic conditions affecting the real estate market – The level of rents that can be achieved for new or successor tenants of real properties and the current market values for real properties, depend on the prevailing general economic and financial conditions in the market for such properties, such as demographic developments, population migration, changes to interest rates, the rate of inflation, supply and demand for office and mixed-use properties and the general attractiveness of Poland as a business and investment location compared to other countries. The following factors can significantly affect real estate markets and, as a result, our results of operations:

Supply and demand. Rental rates are significantly affected by supply and demand for a property. A lack of demand or an excess supply of available properties can increase vacancies and lower rental rates. The attractiveness of a property's location and condition will also impact demand. Changes in supply and demand will impact our rental income and investment yields.

Local market factors. Local market trends have a significant impact on supply, rental rates and rental income streams. Vacancy rates, as well as the ability to re-invoice property related expenses to tenants and to affect rent increases, will also impact rental rates.

Competition. Competition for tenants can decrease rental rates, decrease lease renewals and increase vacancies. The Group intends to continue to expand its portfolio of real properties through future investment property acquisitions and to lease the acquired real properties at economically attractive conditions. The availability of attractive acquisition opportunities depends on the supply and demand situation in the real estate market. In pursuing its acquisition strategy, the Group is in competition with numerous domestic and foreign property investors in connection with leasing of its properties. As a result, the Group's continued expansion of its property portfolio depends on the sufficient supply of suitable properties at appropriate price levels and the Company's ability to acquire, and finance the acquisition of, such properties. Competition for property acquisition opportunities can limit the Group's ability to acquire properties at attractive prices and can restrict its ability to grow its property portfolio and achieve its investment strategy.

Property valuation – The Company has elected to account for investment property using the fair value model under IAS 40 Investment Property and IFRS 13 Fair Value Measurement. CBRE has appraised the fair value of the Group's portfolio as of 31 December 2016, which will be subject to at least semi-annual revaluation in accordance with EU IFRS disclosure requirements. The fair value of the Group's property portfolio will continue to be determined on the basis of reports of external appraisers who hold recognized and relevant professional qualifications, and have recent experience in appraising assets of similar class and location. Income producing properties are mainly appraised through a method that capitalizes present and future net cash flows. Rental values and market yields are key factors that influence the calculations of an external appraiser's estimate of the fair value of properties. Any increase or decrease in the fair value of a property will be recorded in the income statement for the period during which the revaluation occurred. The fair value of an investment property may vary significantly from period to period, as valuations are based on market factors. Fair value can therefore have a significant impact on the non-cash items reflected in the income statement, depending on the size of a revaluation for a given period.

Political and regulatory factors – Political and legal decisions have a material effect on the development of the market for real properties in Poland and the Group's business activities. For example, changes to the building, safety and environmental laws as well as changes to tax law have a considerable influence on the development of the market for real properties in Poland and therefore on the Group's earnings.

Income from rents and leases – the Group's results of operations are driven by the level of income from the leasing of its investment properties. Almost all of the rental contracts entered into by the Group in the past contain rent adjustment clauses aimed at maintaining value by connecting the level of rental payments to a reference index, which usually is the consumer price index announced by Eurostat. With respect to new and successor tenants, the level of rental income

depends on the general market rent level, the location and size of the relevant properties and other property-specific characteristics, as well as the prevailing vacancy rate at the time of leasing.

Cost of financing – The availability and cost of procuring financing are of material importance to the implementation of the Group’s projects and for the Group’s development prospects. The cost of third-party financing for the acquisition of properties have a significant influence on the Group’s earnings. To the extent the interest rate is not hedged, any increase or reduction in the general interest level may result in an increase or decrease in the Group’s (re)financing costs.

Operating expenses related to rental income – The level of profit generated from the leasing of investment properties corresponds to the income from the leasing of the Group’s investment properties less the operating expenses for achieving rental income that are not recharged to tenants, and is therefore influenced by the level of such operating expenses.

Development – During the stage of development assets such as Supersam and Hala Koszyki did not contribute to the revenues thus incurring costs (e.g. administration costs). Additionally, any capex and fit-out expenses incurred during commercialization of such properties impacted cash flows of the Group as well as decreased the valuation of the properties.

Basis of Presentation of Financial Condition and Results of Operations

Significant accounting principles

In certain cases, the preparation of the Group’s Consolidated Financial Statements requires the use of estimates and assumptions by the Company’s Board. The assumptions and estimates affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities. These assumptions and estimates relate primarily to the determination of useful lives, the fair value of land, buildings (investment properties and investment properties under construction and receivables, the calculation of the fair value of financial instruments, and the recognition and measurement of provisions. Any changes to these assumptions and estimates can have a significant impact on the results presented in the Consolidated Financial Statements, and actual results could differ materially from the assessments made by the Board. For a description of the Company’s significant accounting principles, see “*Summary of significant accounting policies*” in the Consolidated Financial Statements.

Development Perspectives and Recent Events

This section of the Prospectus includes forward-looking statements. The statements do not constitute assertions or representations as to the Issuer’s future financial results. The Issuer’s actual results may differ significantly from the trends presented below or those which result from the representations below relating to the future due to many factors, including those discussed below, in other sections of the Prospectus and specifically in “Risk Factors” (see “Important Information – Forward-looking Statements”). Investors should not base their investment decisions on the forward-looking statements presented below.

Development perspectives

In the last quarter of 2016 and the period in 2017 leading up to the Prospectus Date, the Group entered into 21 new leases /renewals which has increased the occupancy from 85.6% to 86.7%. Currently the Group also has 8 new leases/renewals under letters of intent, which upon conversion into binding lease agreements would increase the occupancy ratio up to 90.8% (including Hala Koszyki and Supersam projects). The newly signed leases and renewals cover 10,239 m² (net absorption of 2,017 m² representing 1.2% of the total portfolio), whereas the letters of intent cover 7,874 m² (net absorption of 6,914 m² representing 4.0% of the total portfolio). The Group believes that it will continue to attract tenants for its projects, in particular the newly-opened Hala Koszyki and Supersam projects.

Significant recent trends affecting the Company and the industries in which it operates

In the current quarter of 2017 leading up to the Prospectus Date, the Group entered into 7 new leases / renewals which have increased the occupancy from 84.4% to 86.7%. The Group has also had 8 new leases / renewals under letters of intent, which upon conversion into binding lease agreements will increase the occupancy ratio up to 90.8% (including Hala Koszyki and Supersam projects). The newly signed leases and renewals cover 7,751 m² (net absorption of 4,005 m² representing 2.3% of the total portfolio), whereas the letters of intent cover 7,874 m² (net absorption of 6,914 m²

representing 4.0% of the total portfolio). The Group believes that it will continue to attract tenants for its projects, in particular the newly-opened Hala Koszyki and Supersam projects.

Recent events

The Group completed its corporate Reorganization on 3 March 2017, please see “*Group Structure – The Reorganization*”.

The Company entered into the Acquisition Agreements on 9 March 2017, please see “*Business of the Issuer – Material Agreements – Acquisition Agreements*”.

Explanation of the Key Income Statement Items

The key income statement items of the Issuer are defined and explained below.

Rental income

The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in rental income in the consolidated statement of comprehensive Income due to its operating nature, except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as the lease income. Tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for damages are recognized in the consolidated statement of comprehensive income when the right to receive them arises.

Service charge and marketing income

Service charge and marketing income primarily consists of recharge of utilities expenses, maintenance costs and marketing expenses from tenants.

Service and management charges and other such receipts are included in net rental income gross of the related costs, as the directors consider that the Group acts as principal in this respect.

Property operating expenses

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

Administrative expenses

Administrative expenses are expenses not directly related to rental income from operating the investment property but rather are related to the organization as a whole and cannot be passed on tenants in full, such as asset management fees, legal and consulting costs, accounting costs or bank charges.

Valuation gain/loss from investment property

Valuation gain/loss from investment property present changes in the fair value of investment properties incurred in the relevant accounting period.

Finance costs

The Group’s finance costs include mainly interest and other costs that the Group incurs in connection with the third-party financing inter-company loans and related party financing for the acquisition or development of properties. The Group’s finance costs comprise also net foreign exchange losses.

Results of Operations

The table below presents selected information relating to the results of the Group for the indicated periods.

	Year ended 31 December		
	2016	2015	2014
	<i>(EUR thousands)</i> <i>(audited)</i>		
Rental income	23,688	21,316	15,954
Service charge and marketing income.....	9,856	8,934	6,151
Property operating expenses.....	(11,135)	(8,729)	(6,318)
Net rental income	22,409	21,521	15,787
Administrative expenses	(4,013)	(4,938)	(3,466)
Valuation gain/(loss) from investment property	21,737	30,357	(2,309)
(Impairment)/reversal of impairment of property.....	-	-	1,302
Net gains/(losses) on investment property	21,737	30,357	(1,007)
Operating profit	40,133	46,940	11,314
Finance income	422	157	114
Finance costs.....	(22,645)	(11,089)	(12,737)
Profit/(loss) before tax	17,910	36,008	(1,309)
Income tax (expenses)/gain	(5,672)	(4,346)	587
Profit/(loss) for the year	12,238	31,662	(722)
<i>Other comprehensive income transferable later on to the profit/(loss)</i>			
Foreign currency translation reserve	(3,271)	(562)	(1,309)
Other comprehensive income/(loss).....	(3,271)	(562)	(1,309)
Earnings per share (in EUR)	0,09	0,24	(0,01)
Total comprehensive income/(loss) for the year, net of tax	8,967	31,100	2,031

Rental income

Rental income increased by EUR 2,372 thousand, or 10%, from EUR 21,316 thousand in the year ended 31 December 2015 to EUR 23,688 thousand in the year ended 31 December 2016. This increase was primarily due to the acquisition of Green Horizon in 2015, the commencement of operations by Supersam in fourth quarter of 2015 and the commencement of operations by Hala Koszyki in fourth quarter of 2016.

Rental income increased by EUR 5,362 thousand, or 33.6%, from EUR 15,954 thousand in the year ended 31 December 2014 to EUR 21,316 thousand in the year ended 31 December 2015. This increase was primarily due to the acquisition of Lubicz Office Center in 2014, Green Horizon in 2015 and commencement of Supersam operations in Q4 2015 as well as increasing the occupancy in Bliski Centrum.

Service charge and marketing income

Service charge and marketing income increased by EUR 922 thousand, or 10.3%, from EUR 8,934 thousand in the year ended 31 December 2015 to EUR 9,856 thousand in the year ended 31 December 2016. This increase was primarily due to the acquisition of Green Horizon in 2015, the commencement of operations by Supersam in fourth quarter of 2015 and the commencement of operations by Hala Koszyki in fourth quarter of 2016.

Service charge and marketing income increased by EUR 2,783 thousand, or 45.2%, from EUR 6,151 thousand in the year ended 31 December 2014 to EUR 8,934 thousand in the year ended 31 December 2015. This increase was primarily due to the acquisition of Lubicz Office Center in 2014, Green Horizon in 2015 and the commencement of operations by Supersam in fourth quarter of 2015 as well as increasing the occupancy in Bliski Centrum.

Property operating expenses

Property operating expenses increased by EUR 2,406 thousand, or 27.6%, from EUR 8,729 thousand in the year ended 31 December 2015 to EUR 11,135 thousand in the year ended 31 December 2016. This increase was primarily due the acquisition of Green Horizon in 2015, the commencement of operations by Supersam in fourth quarter of 2015 and the commencement of operations by Hala Koszyki in fourth quarter of 2016.

Property operating expenses increased by EUR 2,411 thousand, or 38.2%, from EUR 6,318 thousand in the year ended 31 December 2014 to EUR 8,729 thousand in the year ended 31 December 2015. This increase was primarily due to the acquisition of Lubicz Office Center in 2014, Green Horizon in 2015 and commencement of operations by Supersam in fourth quarter of 2015 as well as increasing the occupancy in Bliski Centrum.

The following tables show the break-down of the property operating expenses:

	Year ended 31 December		
	2016	2015	2014
	<i>(EUR thousands)</i> <i>(audited)</i>		
Property operating expenses			
Utilities.....	3,996	3,404	2,260
Property administration	3,985	2,928	2,042
Real estate taxes	1,832	1,533	1,553
Marketing services	992	794	409
Other cost of sales	330	70	54
	11,135	8,729	6,318

	Year ended 31 December		
	2016	2015	2014
	<i>(EUR thousands)</i> <i>(audited)</i>		
Property operating expenses			
Property expenses arising from investment property that generated rental income ...	11,135	8,696	5,778
Property expenses arising from investment property that did not generate rental income (properties under construction)	-	33	540
Total property expenses	11,135	8,729	6,318

Administrative expenses

Administrative expenses decreased by EUR 925 thousand, or 18.7%, from EUR 4,938 thousand in the year ended 31 December 2015 to EUR 4,013 thousand in the year ended 31 December 2016. This decrease was primarily due to a decrease in all of the categories of administrative expenses, mainly asset management services and other operating expenses.

Administrative expenses increased by EUR 1,472 thousand, or 42.5%, from EUR 3,466 thousand in the year ended 31 December 2014 to EUR 4,938 thousand in the year ended 31 December 2015. This increase was primarily due to the acquisition of Lubicz Office Center in 2014, Green Horizon in 2015 and the commencement of operations by Supersam in fourth quarter of 2015, as well as increasing the occupancy in Bliski Centrum.

The following table shows the break-down of the administrative expenses:

	Year ended 31 December		
	2016	2015	2014
	<i>(EUR thousands)</i> <i>(audited)</i>		
Administrative expenses			
Legal and consulting costs	1,825	1,983	1,241
Asset management services.....	2,032	2,286	1,752
Other.....	156	669	473
Total administrative expenses.....	4,013	4,938	3,466

Net gains/losses on investment property

Net gains/losses on investment property decreased by EUR 8,620 thousand, from EUR 30,357 thousand in the year ended 31 December 2015 to EUR 21,737 thousand in the year ended 31 December 2016. This decrease was primarily due to higher yield compression in 2015.

Net gains/losses on investment property increased by EUR 31,364 thousand, from a negative EUR 1,007 thousand in the year ended 31 December 2014 to EUR 30,357 thousand in the year ended 31 December 2015. This increase was primarily due to an increase of the fair value of the properties, mainly Lubicz Office Center, Green Horizon, Renoma and Supersam, by EUR 32,666 thousand.

The loss from the valuation of the investment property incurred in 2014 was primarily due to the upgrade of some property specifications and the implied increase of the development budget for Supersam, which was in part offset by gains from the valuation of Renoma and the Lubicz Office Center.

Operating profit

Operating profit decreased by EUR 6,679 thousand, or 14.5%, from EUR 46,940 thousand in the year ended 31 December 2015 to EUR 40,133 thousand in the year ended 31 December 2016. This decrease was primarily due to lower net gains on investment properties.

Operating profit increased by EUR 35,626 thousand, or 314.9%, from EUR 11,314 thousand in the year ended 31 December 2014 to EUR 46,940 thousand in the year ended 31 December 2015. This increase was primarily due to increase of the fair value of the properties as well as increase in net rental income.

Finance costs

Finance costs increased by EUR 11,556 thousand, or 104.2%, from EUR 11,089 thousand in the year ended 31 December 2015 to EUR 22,645 thousand in the year ended 31 December 2016. This increase was primarily due to higher foreign exchange losses and higher interest on loans from related parties.

Finance costs decreased by EUR 1,648 thousand, or 12.9%, from EUR 12,737 thousand in the year ended 31 December 2014 to EUR 11,089 thousand in the year ended 31 December 2015. This decrease was primarily due to lower foreign exchange losses and fair value losses on financial instruments incurred in 2015 as compared to 2014. This decrease was in part offset by the increase of interest on bank borrowings and related party loans.

The following table shows the break-down of finance costs:

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

Profit/(loss) before tax

Profit before tax decreased by EUR 18,098 thousand, from EUR 36,008 thousand in the year ended 31 December 2015 to EUR 17,910 thousand in the year ended 31 December 2016. This decrease was primarily due to lower valuation gains from investment properties and higher finance cost.

Profit before tax increased by EUR 37,317 thousand, from a loss of EUR 1,309 thousand in the year ended 31 December 2014 to EUR 36,008 thousand in the year ended 31 December 2015. This increase was primarily due to increase of the fair value of the properties, increase in net rental income as well as decrease of finance cost.

Income tax (expenses)/gain

Income tax expenses increased by EUR 1,326 thousand, from the gain of EUR 4,346 thousand in the year ended 31 December 2015 to of EUR 5,672 thousand in the year ended 31 December 2016. This increase was primarily due to an increase of deferred tax liabilities and was in part offset by an increase of deferred tax assets.

Income tax expenses increased by EUR 4,933 thousand, from the gain of EUR 587 thousand in the year ended 31 December 2014 to an expense of EUR 4,346 thousand in the year ended 31 December 2015. This increase was primarily due to increase of the deferred tax liability and decrease of the deferred tax asset.

The Group has tax losses that arose in Poland of EUR 4,435, (compared to EUR 5,545 thousand as of the end of 2015 and EUR 5,994 thousand as of the end of 2014) that are available within five years after the end of the year in which the loss was incurred for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized in respect of tax losses in amount of EUR 27 thousand (compared to EUR 3,037 thousand for 2015 and EUR 1,316 thousand for 2014) as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other convincing evidence of recoverability in the near future.

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

Net profit/(loss) for the year

Net profit for the year decreased by EUR 19,424 thousand, from a profit of EUR 31,662 thousand in the year ended 31 December 2015 to EUR 12,238 thousand in the year ended 31 December 2016. This decrease was primarily due to lower valuation gains from investment properties, higher finance cost and higher income tax expenses.

Net profit/(loss) for the year increased by EUR 32,384 thousand, from a loss of EUR 722 thousand in the year ended 31 December 2014 to a profit of EUR 31,662 thousand in the year ended 31 December 2015. This increase was primarily due to increase of the fair value of the properties and increase in net rental income. The increase was in part offset by higher income tax expenses.

Results of Operations by Business Segments

The Group has two reportable segments: the High-street mixed-use segment (the Group acquires, develops and leases High-street buildings) and the office buildings segment (the Group acquires, develops and leases offices).

The table below presents selected information relating to the results of the business segments of the Group for the indicated periods.

	Year ended 31 December 2016		
	High-street mixed-use properties	Office properties	Total
	<i>(EUR thousands)</i> <i>(audited)</i>		
Segment profit			
Rental income	11,124	12,564	23,688
Service charge and marketing income.....	5,691	4,165	9,856
Property operating expenses.....	(6,238)	(4,897)	(11,135)
Valuation gain/(loss) from investment property.....	16,222	5,515	21,737
Segment profit.....	26,799	17,347	44,146
Finance costs.....	(10,392)	(12,068)	(22,460)
Unallocated to segments			
Administrative expenses	-	-	(4,013)
Finance income and costs.....	-	-	237
Profit/(loss) before tax	-	-	17,910

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

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

Consolidated Statement of Financial Position

The table below presents selected information relating to the key items of the consolidated statement of financial position of the Group for the indicated periods.

	As of 31 December		
	2016	2015	2014
	<i>(EUR thousands)</i> <i>(audited)</i>		
ASSETS			
Non-current assets			
Completed investment property.....	470,380	385,825	237,410
Investment property under construction.....	-	36,850	52,671
Long term loans.....	790	523	138
Other receivables.....	10	-	6
Long term restricted cash.....	2,406	2,540	3,158
Deferred tax assets.....	7,674	2,096	4,677
	481,260	427,834	298,060
Current assets			
Rent and other receivables.....	3,813	6,149	3,749
Income tax receivable.....	32	31	218
Restricted cash.....	6,707	5,185	8,924
Cash and short term deposits.....	10,010	9,961	5,410
	20,562	21,326	18,301
TOTAL ASSETS.....	501,822	449,160	316,361
EQUITY AND LIABILITIES			
Issued share capital.....	45	-	-
Foreign currency translation reserve.....	(5,142)	(1,871)	(1,309)
Net assets attributable to shareholders.....	41,334	86,349	54,644
Total equity	36,237	84,478	53,335

	As of 31 December		
	2016	2015	2014
	<i>(EUR thousands)</i> <i>(audited)</i>		
LIABILITIES			
Non-current liabilities			
Bank loans	252,535	170,582	166,166
Derivative financial instruments	-	-	1,225
Other borrowings	137,919	96,166	75,673
Deposits from tenants and other deposits	3,348	4,430	2,691
Deferred tax liability	15,658	4,802	3,132
	409,460	275,980	248,887
Current liabilities			
Bank loans	49,050	80,104	4,154
Derivative financial instruments	-	1,308	2,492
Other borrowings	16	-	-
Trade and other payables	3,260	3,197	1,789
CAPEX payables	3,323	3,728	5,608
Deposits from tenants and other deposits	476	365	96
	56,125	88,702	14,139
Total liabilities	465,585	364,682	263,026
TOTAL EQUITY AND LIABILITIES	501,822	449,160	316,361

Completed investment property

Completed investment property increased by EUR 84,555 thousand, or 21.9%, from EUR 385,825 thousand as of 31 December 2015 to EUR 470,380 thousand as of 31 December 2016.

Completed investment property increased by EUR 148,415 thousand, or 62.5%, from EUR 237,410 thousand as of 31 December 2014 to EUR 385,825 thousand as of 31 December 2015.

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

As of 31 December 2014 the Group possessed six investment properties and two investment properties under construction. In 2015 the Group possessed eight investment properties and one property under construction. At the end of 2016 all nine properties were completed.

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

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

- Income method (Renoma, Batory Office Building, Bliski Centrum, Nordic Park, Lubicz Office Centre),
- Mixed method (residual method) (Supersam – 2015).

The income approach and investment method (capitalization technique) involves the conversion of a rental income flow from property into an appropriate capital sum. The income flow can be actual or notional. If the property is not let, the full rental value can be estimated from an analysis of rental transactions in respect of similar properties in the market.

In the mixed approach (residual method) the value of the property amounts to the value of the development project at completion appraised in the income approach and investment method less total development costs to be incurred.

Investment property under construction

Investment property under construction decreased by EUR 15,821 thousand, or 30.0%, from EUR 52,671 thousand as of 31 December 2015 to a EUR 36,850 thousand as of 31 December 2016.

	2016	2015	2014
	<i>(EUR thousands)</i> <i>(audited)</i>		
At 1 January	36,850	52,671	46,282
Capital expenditure	25,672	36,444	17,003
Financial costs capitalized including amortized cost	1,881	2,400	2,853
Received grant.....	128	97	(2,024)
Transfer to completed investment property under construction.....	(68,182)	(64,913)	-
Net gain/(loss) from fair value adjustments on investment property.....	4,514	9,849	(11,349)
(Impairment)/reversal of impairment of property	-	-	1,302
Foreign currency translation.....	(863)	302	(1,396)
At 31 December	-	36,850	52,671

As of 31 December 2014 the Group owned two investment properties under construction – Supersam and Hala Koszyki. Hala Koszyki investment property was presented at cost, whereas Supersam investment property was revalued to fair value.

In 2015 Supersam was transferred to investment properties. According to Group's accounting policy, due to substantial progress of leasing of Hala Koszyki and in consequence the possibility to arrive at the fair value of the property, it has been revalued to fair value at 31 December 2015. Its market value has been estimated by applying the residual approach to valuation whereby all the costs required to complete development are deducted from the estimated fair value of property at completion in order to obtain current value of the property.

	Fair value measurement using			Total	Total gain or (loss) in the period in the statement of profit or loss
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)		
31 December 2016					
	<i>(EUR thousands)</i> <i>(audited)</i>				
Completed investment properties	-	-	470,380	470,380	17,223
Properties under construction	-	-	-	-	4,514
Total	-	-	470,380	470,380	21,737

31 December 2015	Fair value measurement using			Total	Total gain or (loss) in the period in the statement of profit or loss
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)		
	<i>(EUR thousands)</i> <i>(audited)</i>				
Completed investment properties	-	-	385,825	385,825	20,508
Properties under construction	-	-	36,850	36,850	9,849
Total	-	-	422,675	422,675	30,357

31 December 2014	Fair value measurement using			Total	Total gain or (loss) in the period in the statement of profit or loss
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)		
	<i>(EUR thousands)</i> <i>(audited)</i>				
Completed investment properties	-	-	237,410	237,410	9,040
Properties under construction	-	-	52,671	52,671	(11,349)
Total	-	-	290,081	290,081	(2,309)

Long term loans

Long term loans granted increased by EUR 267 thousand, or 51.1%, from EUR 523 thousand as of 31 December 2015 to a EUR 790 thousand as of 31 December 2016. This increase was primarily due to an increase in the loans granted to related parties.

Long term loans granted increased by EUR 385 thousand, or 279.0%, from EUR 138 thousand as of 31 December 2014 to a EUR 523 thousand as of 31 December 2015. This increase was primarily due to an increase in the loans granted to related parties.

Deferred tax assets

Deferred tax assets increased by EUR 5,578 thousand, or 266.1%, from EUR 2,096 thousand as of 31 December 2015 to EUR 7,674 thousand as of 31 December 2016. This increase was primarily due to the recognition of deferred tax assets calculated on tax losses carried forward.

Deferred tax assets decreased by EUR 2,582 thousand, or 55.2%, from EUR 4,677 thousand as of 31 December 2014 to EUR 2,096 thousand as of 31 December 2015. This decrease was primarily due to conversion of some of the companies into partnerships and release of the deferred tax assets previously recognized by these companies.

Rent and other receivables

Rent and other receivables decreased by EUR 2,336 thousand, or 38%, from EUR 6,149 thousand as of 31 December 2015 to a EUR 3,813 thousand as of 31 December 2016. This decrease was primarily due to lower VAT receivables in Hala Koszyki and Supersam.

Rent and other receivables increased by EUR 2,400 thousand, or 64.0%, from EUR 3,749 thousand as of 31 December 2014 to a EUR 6,149 thousand as of 31 December 2015. This increase was primarily due to the acquisition of Green Horizon in 2015 as well as increase in the rent income.

Restricted cash

Restricted cash increased by EUR 1,522 thousand, or 29.4%, from EUR 5,185 thousand as of 31 December 2015 to EUR 6,707 thousand as of 31 December 2016. This increase was primarily due to the establishment of a debt service reserve account after refinancing of the bank loan incurred in connection with the Renoma project.

Restricted cash decreased by EUR 3,739 thousand, or 41.9%, from EUR 8,924 thousand as of 31 December 2014 to EUR 5,185 thousand as of 31 December 2015. This decrease was primarily due to the utilization of the loan in Hala Koszyki that was initially provided to a blocked account and subsequently released to cover capital expenditures.

Cash and short-term deposits

Cash and short-term deposits decreased by EUR 49 thousand, or 4.9%, from EUR 9,961 thousand as of 31 December 2015 to a EUR 10,010 thousand as of 31 December 2016. This decrease was primarily due to the partial replacement of tenant deposits with bank guarantees.

Cash and short-term deposits increased by EUR 4,551 thousand, or 84.1%, from EUR 5,410 thousand as of 31 December 2014 to a EUR 9,961 thousand as of 31 December 2015. This increase was primarily due to acquisition of Green Horizon in 2015 as well as accretion of the cash surpluses in all the properties, in particular Renoma and Lubicz Office Center.

Bank loans

Non-current Bank loans increased by EUR 81,953 thousand, or 48.0%, from EUR 170,582 thousand as of 31 December 2015 to EUR 252,535 thousand as of 31 December 2016. This increase was primarily due to the refinancing of the Renoma loan that matured in 2016.

Bank loans increased by EUR 4,416 thousand, or 2.7%, from EUR 166,166 thousand as of 31 December 2014 to EUR 170,582 thousand as of 31 December 2015. This increase was primarily due to acquisition of Green Horizon in 2015 as well as drawdown of the development loans by Supersam and Hala Koszyki. The increase was in part offset by amortization of the loans.

Other borrowings

Other borrowings increased by EUR 41,753 thousand, or 43.4%, from EUR 96,166 thousand as of 31 December 2015 to EUR 137,919 thousand as of 31 December 2016. This increase was primarily due to an injection of additional funds in the form of loans received from related parties.

Other borrowings increased by EUR 20,493 thousand, or 27.1%, from EUR 75,673 thousand as of 31 December 2014 to EUR 96,166 thousand as of 31 December 2015. This increase was primarily due to the acquisition of Green Horizon in 2015.

Deposits from tenants and other deposits

Deposits from tenants and other deposits decreased by EUR 1,082 thousand, or 24.4%, from EUR 4,430 thousand as of 31 December 2015 to EUR 3,348 thousand as of 31 December 2016. This decrease was primarily due to the partial replacement of the deposits with bank guarantees.

Deposits from tenants and other deposits increased by EUR 1,739 thousand, or 64.6%, from EUR 2,691 thousand as of 31 December 2014 to EUR 4,430 thousand as of 31 December 2015. This increase was primarily due to the acquisition of Green Horizon and the opening of Supersam in 2015.

Deferred tax liability

Deferred tax liability increased by EUR 10,856 thousand, or 226.1%, from EUR 4,802 thousand as of 31 December 2015 to EUR 15,658 thousand as of 31 December 2016. This increase was primarily due to an increase in the fair value of the investment properties.

Deferred tax liability increased by EUR 1,670 thousand, or 53.3%, from EUR 3,132 thousand as of 31 December 2014 to EUR 4,802 thousand as of 31 December 2015. This increase was primarily due to acquisition of Green Horizon in 2015 and increase of the fair value of the investment properties. The increase was in part offset by the release of the deferred tax liabilities upon transformation of the companies into partnerships.

Trade and other payables

Trade and other payables remained stable and increased by EUR 63 thousand, or 2.0%, from EUR 3,197 thousand as of 31 December 2015 to EUR 3,260 thousand as of 31 December 2016.

Trade and other payables increased by EUR 1,408 thousand, or 78.7%, from EUR 1,789 thousand as of 31 December 2014 to EUR 3,197 thousand as of 31 December 2015. This increase was primarily due to increase in trade payables and tenant's deposit as a result of acquisition of Green Horizon and opening of Supersam in 2015.

CAPEX payables

CAPEX payables decreased by EUR 405 thousand, or 10.8%, from EUR 3,728 thousand as of 31 December 2015 to EUR 3,323 thousand as of 31 December 2016. This decrease was primarily due to continued development of Hala Koszyki.

CAPEX payables decreased by EUR 1,880 thousand, or 33.5%, from EUR 5,608 thousand as of 31 December 2014 to EUR 3,728 thousand as of 31 December 2015. This decrease was primarily due to completion and opening of Supersam in 2015 which was in part offset by increase of the capex payables in Hala Koszyki.

Liquidity and Sources of Funding

The Group's total indebtedness (total current and non-current liabilities) consist primarily of bank loans, other borrowings, and CAPEX payables), as shown in the following table as of the dates indicated:

	As of 31 December		
	2016	2015	2014
	<i>(EUR thousands)</i> <i>(audited)</i>		
LIABILITIES			
Non-current liabilities			
Bank loans	252,535	170,582	166,166
Derivative financial instruments	-	-	1,225
Other borrowings	137,919	96,166	75,673
Deposits from tenants and other deposits	3,348	4,430	2,691
Deferred tax liability	15,658	4,802	3,132
	409,460	275,980	248,887
Current liabilities			
Bank loans	49,050	80,104	4,154
Derivative financial instruments	-	1,308	2,492
Other borrowings	16	-	-
Trade and other payables	3,260	3,197	1,789
CAPEX payables	3,323	3,728	5,608
Deposits from tenants and other deposits	476	365	96
	56,125	88,702	14,139
Total liabilities	465,585	364,682	263,026
TOTAL EQUITY AND LIABILITIES	501,822	449,160	316,361

Non-current liabilities are those with a remaining term of more than one year. Current liabilities are those with a remaining term of up to one year.

The Group has not entered into any capital line of credit or similar funding sources. As of 31 December 2016 the Group, with the exception of its property financings, funded itself exclusively from operating cash flow.

The Group has incurred bank loans provided by various banks. All of the loans are secured by mortgages on the properties being financed. All of the Group's properties are encumbered with a mortgage. As of 31 December 2016, the Group had bank loans amounting to EUR 301,585 thousand to finance its properties. All the Group's borrowings are at floating rates of interest.

The following table shows the Group's property financings from banks as of 31 December 2016:

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

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

As of 31 December 2014 the Group had EUR 78,840 thousand in undrawn bank facilities, whereas of 31 December 2015 such amount stood at EUR 47,039 thousand and EUR 12,812 thousand at 31 December 2016.

As of 31 December 2016 the Group had the following borrowings from GT II FIZ Aktywów Niepublicznych, Griffin Topco II S.à r.l., Griffin Finance II Sp. z o.o. and Griffin Finance III Sp. z o.o.

Lender	Total
GT II FIZ Aktywów Niepublicznych	1,608
Griffin Topco II S.à r.l.....	86,653
Griffin Topco III S.à r.l.	19,721
Griffin Finance II Sp. z o.o.....	8,693
Griffin Finance III Sp. z o.o.	21,260
Total	137,935

Consolidated Statement of Cash Flows

The following table sets forth the Group's cash flow data for the periods indicated:

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

Net cash flow from operating activities

Net cash flow from operating activities increased by EUR 1,017 thousand, or 5.7%, from EUR 17,944 thousand in the year ended 31 December 2015 to EUR 18,961 thousand in the year ended 31 December 2016. This increase was

primarily due to the commencement of operations by Supersam in fourth quarter of 2015 and the commencement of operations by Hala Koszyki in fourth quarter of 2016.

Net cash flow from operating activities increased by EUR 5,813 thousand, or 47.9%, from EUR 12,131 thousand in the year ended 31 December 2014 to EUR 17,944 thousand in the year ended 31 December 2015. This increase was primarily due to increased rental income as a result of the acquisition of Lubicz Office Center in 2014 and Green Horizon in 2015, the commencement of operations by Supersam in fourth quarter of 2015 as well as increasing the occupancy in Bliski Centrum.

Net cash flow from investing activities

Net cash flow from investing activities amounted to a cash outflow of EUR 104,604 thousand in the year ended 31 December 2015 as compared to a cash outflow of EUR 39,448 in the year ended 31 December 2016. This increase was primarily due to the fact that Green Horizon was acquired in 2015 while there were no new acquisitions in 2016.

Net cash flow from investing activities amounted to a cash outflow of EUR 76,970 thousand in the year ended 31 December 2014 as compared to a cash outflow of EUR 104,604 in the year ended 31 December 2015. This increase was primarily due to the purchase of investment property in 2015 as well as capex expended for the construction of Supersam and Hala Koszyki.

Net cash flow from financing activities

Net cash flow from financing activities amounted to a cash inflow of EUR 91,223 thousand in the year ended 31 December 2015 as compared to a cash inflow of EUR 21,143 thousand in the year ended 31 December 2016. This decrease was primarily due to the fact that the bank loan for the acquisition of Green Horizon was incurred in 2015 while there were no new acquisitions in 2016.

Net cash flow from financing activities amounted to a cash inflow of EUR 63,252 thousand in the year ended 31 December 2014 as compared to a cash inflow of EUR 91,223 thousand in the year ended 31 December 2015. This increase was primarily due to bank loan and other borrowing proceeds due to acquisition of Green Horizon in 2015 as well as bank loans drawn in connection with the construction of Supersam and Hala Koszyki. The increase was in part offset by the repayment of the other borrowings in 2014.

No significant change with respect to financial or trading position

There has been no significant change in the financial or trading position of the Group since 31 December 2016, except for the Reorganization.

The Reorganization was finalized on 3 March 2017, following the completion of a number of steps comprising sales and in-kind contributions of shares pursuant to which the Company became the holding company for entities including companies holding real estate properties (see for more information: “*Group Structure – The Reorganization*”). Detailed steps of the Reorganization are described in the Financial Statements in Note 1.2 “*Reorganization*”.

The Company is currently exploring options regarding the refinancing of its debt facilities related to Supersam and has entered into a preliminary term sheet regarding such refinancing on 17 February 2017. The Company expects to enter into the financing agreement in the second quarter of 2017 following the completion of the Offering.

Contingent Liabilities

As of 31 December 2016 the Group had mortgages on investment properties in the amount of EUR 728.2 million, whereas the value of such mortgages as of 31 December 2015 and 31 December 2014 amounted to EUR 589.4 million and EUR 453.4 million, respectively. In addition to the mortgages, the Group’s contingent liabilities consisted of various types of security established in favor of its bank lenders and liabilities toward third parties incurred in connection with its real estate investment activities.

The liabilities towards bank lenders consisted of the following:

- Financial and registered pledges over bank accounts of the borrowers,
- Registered and civil pledges over the shares of the borrowers being limited liability partnerships,

- Registered and civil pledges over the general and limited partner's rights in the borrowers being limited partnerships,
- Registered and civil pledges over the shares of selected limited partners and general partners holding rights in the borrowers being limited partnerships,
- Registered pledges over collection of movable assets and property rights of the borrowers,
- Power of attorney to bank accounts of the borrowers,
- Security assignment in relation to rights under existing and future contracts including, but not limited to insurance agreements, lease agreements, lease guarantees, agreement with general contractor and other relevant contracts,
- Security assignment in relation to rights under subordinated debt,
- Subordination of the existing intercompany debts,
- Blank promissory notes with promissory note declarations,
- Statements on voluntary submission to execution.

For a description of the financing secured by such documents, please see, "*Material Agreements – Financing Agreements.*"

In addition, the Group had the following liabilities towards other third parties (i.e., non-financing banks) that related to its real estate investment activities:

- Amended agreement regarding terms of an investment implementation project containing a contractual penalty – payment in case of disposal of the investment property without transferring commitments resulting from the agreement, including the payment of compensation, to a new entity,
- Amended agreement regarding terms of an investment implementation project containing compensation resulting from permission to implement the investment and establishment of the right of way – payment after entering the right of way into the land and mortgage register,
- Agreement –resulting in an obligation of a contractual penalty payment for a breach of agreement related to information obligations, complaints withdrawal etc. – payment in case of failure to fulfil the commitments resulting from agreement and receiving a request for payment,
- Amended agreement requiring compensation payment resulting from establishment of the right of way and permission to implement one of the investments,
- Amended agreement, which results in an obligation to cover a part of land lot renovation costs on the condition that the right of way is established and invoices are provided by the Building Works and Property Agency,
- Appendix to Agreement concerning one of the investments design preparation – single premium payment after the completed investment if the design solutions used by the architect with their final optimization allow the investor to achieve the investment budgetary objective,
- Cost overruns guarantee agreement, and
- Transmission service easement for investment property regarding a transformer station.

Capital Expenditures

In the years ended 31 December 2016, 2015 and 2014 the Group had incurred capital expenditures (consisting of the sum of the consolidated statement of cash flow position items "capital expenditure on investment property" and "expenditure on investment property under construction") in the amount of EUR 39,465 thousand, EUR 40,457 thousand and EUR 13,667 thousand, respectively. In 2014 the majority of these expenditures related to development of Supersam and Hala Koszyki projects. In 2015 and 2016, these expenditures consisted primarily of expenditures related Supersam and Hala Koszyki development process continuation as well as building refurbishments, fit-out expenses and maintenance expenditures in connection with pure office projects and office component in Renoma. The Group also plans to incur further capex at the level of approximately EUR 33 million in 2017 primarily in connection with fit-out works resulting from signed lease agreements and expected capex and fit-out works in the Renoma and Hala Koszyki projects.

The Group's capital expenditures comprise of maintenance capital expenditures (related to regular maintenance and recurring repairs of its properties, which are included in the profit and loss account through services charges on occupied space or void costs on vacant space); building capital expenditures (related to long-term investments to sustain or improve the values and conditions of the properties, modernization measures to increase quality or flexibility of letting space, which are capitalized, however, the investment properties are remeasured in fair value and the differences between the fair value and historical cost are recognized in the profit and loss account under other operating revenue/costs); tenant improvements (directly linked to lease agreements such as fit-out works or cash contributions to tenant fit-out works, which are capitalized, however, the investment properties are remeasured in fair value and the differences between the fair value and historical cost are recognized in the profit and loss account under other operating revenue/costs); and leasing costs (related to fees paid for new leases and renewals in case of processes in which real estate agencies are involved, which are capitalized and amortized over the lease agreement period).

Quantitative and Qualitative Disclosures About Market and Other Risks

The financial risk that the Group is exposed to comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

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

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

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in (a) foreign currencies and (b) interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements. The Group has a natural hedge on currency risk, as its rental revenue and valuations of its properties are denominated in EUR and its financing debt obligations are also primarily denominated in EURO. Moreover, in terms of the interest rate risk, the vast majority of its leases include an indexation that is linked to the consumer price index announced by Eurostat. As all of the current bank financing of the Group is determined at a floating rate of interest, the Group intends to consider whether to hedge certain of its loans to take advantage of the attractive low interest rate environment.

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

Foreign exchange risk

Currency risk results from the fact that the functional currency of the Group is Polish zloty. Therefore the positions originally in EUR must be denominated in PLN. The main euro positions are investment properties, which are valued in euro by external appraisers, and loans and borrowings denominated in EUR. The Group does not apply hedge accounting in accordance with IAS 39. The Group manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows (such as rental revenue) are denominated. This is generally achieved by obtaining financing in the relevant currency.

The following table presents sensitivities to reasonably possible changes in EUR at the financial position with all other variables held constant.

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

Interest rate risk

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

To manage its interest rate risk, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to mitigate the risk associated with underlying debt obligations. After taking into account the effect of interest rate swaps the interest rate risk exposure as at December 2015: in 30%, at December 2014: in 46% was covered by an IRS contract concluded by the Group. As at 31 December 2016 the loans are not covered by interest rate swaps.

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

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates of the debt and derivatives are all constant and using the hedge designations in place at the reporting date:

- the sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on finance income less finance expense for one year, based on the floating rate financial liabilities held at the reporting date, including the effect of hedging instruments;
- the sensitivity of equity is calculated by revaluing swaps designated as cash flow hedges, for the effects of the assumed changes in interest rates.

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

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

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

Price risk

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

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

The majority of Group's assets are investment properties that are exposed to the risk of real estate's prices fluctuation. In order to manage the impact of the prices changes on the Group's assets, the investment properties are valued by external valuers once a year. The effect of valuation is reflected in Group's consolidated statement of comprehensive income.

Credit risk

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

Tenant receivables

Tenants are assessed according to Group criteria prior to entering into lease arrangements. Credit risk is managed by requiring tenants to pay deposits or provide bank guarantees. Outstanding tenants' receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major tenants. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. At the Group level there is no significant concentration of risk in relation to any of the customers of the Group. The relation of revenue from sales to major tenants to Group's total rental income has been analyzed in the following table, the revenue from rent from major tenant does not exceed 11% of the Group's rental income.

	Share in total rental income (in percentages)		
	2016	2015	2014
Concentration of credit risk			
Tenant A.....	7	11	-
Tenant B.....	7	7	10
Tenant C.....	2	6	7

Financial instruments and cash deposits

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

Liquidity risk

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

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

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

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

Bank loans presented as short-term as of 31 December 2015 relate to a maturing bank facility refinanced in June 2016.

Critical Accounting Policies and Estimates

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

Investment property

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

The fair value of properties yielding fixed income is determined by appraisers. Whereas most of the lease agreements entered into by the Group are denominated in euros, the valuation of investment properties has been prepared in EUR and converted into PLN as per the average exchange rate at the balance sheet date.

Taxes

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

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

PROFIT FORECAST

Forecast of Profit for the Fiscal Year 2017 for the Group

The profit forecast for the Group described in this section relates to the forecast of the profit or loss statement for the Group for the financial year ending 31 December 2017 (the “**Profit Forecast**”). The Profit Forecast is not a representation of facts and should not be interpreted as such by potential investors. Rather, it reflects the expectations of the Board of the Company with respect to the Group’s profit. Potential investors should not place unreasonable reliance on this Profit Forecast.

The Company believes that net profit is a common measure for presenting its operating results and its ability to generate cash.

The Profit Forecast is based on assumptions of the Board which are set forth below. These assumptions relate to factors which can, to a limited extent or fully, be influenced by the Company, or which cannot be influenced by the Company. Although these assumptions are deemed to be reasonable at the time the Profit Forecast is prepared, they may in retrospect prove to be erroneous. If one or more of these assumptions prove to be erroneous, the actual profit or loss could deviate materially from this Profit Forecast.

On the basis of the factors taken into account and the assumptions made by the Board, as described in more detail below, and the development in the financial year 2017 to date, the Company anticipates at the time of the preparation of the profit forecast net profit of approximately EUR 41.6 million for the financial year 2017. The following table presents the key items of such forecast, broken down by the period of the first quarter of 2017 (i.e. prior to the Offering) and the remaining quarters of 2017 (following the completion of the Offering):

	Q1	Q2 – Q4	2017
	<i>(EUR thousands)</i> <i>(unaudited)</i>		
Rental income	6,927	25,057	31,984
Service charge and other income.....	2,874	9,425	12,299
Property operating expenses.....	(3,026)	(9,078)	(12,104)
Net rental income⁽¹⁾	6,775	25,404	32,179
Administrative expenses	(1,549)	(2,323)	(3,872)
Valuation gain/(loss) from investment property	-	31,187	31,187
Impairment of property	-	-	-
Net gains/losses on investment property.....	-	31,187	31,187
Operating profit	5,226	54,268	59,494
Finance income	-	-	-
Finance cost	(2,178)	(7,464)	(9,642)
Profit before tax	3,048	46,804	49,852
Current income tax.....	19	(190)	(171)
Deferred income tax.....	(400)	(7,678)	(8,078)
Income tax (expenses)/gain.....	(381)	(7,868)	(8,249)
Profit/(loss) for the year.....	2,667	38,936	41,603

⁽¹⁾The Company estimates that the NOI shall be equal to the net rental income.

Explanatory Notes to the Profit Forecast

The Profit Forecast for the financial year 2017 was prepared in accordance with IFRS on the basis of preliminary figures.

The figures underlying the Profit Forecast for the current financial year 2017 are based on IFRS. The accounting policies and valuation methods applied are consistent with accounting policies adopted by the Company.

The Profit Forecast for the financial year 2017 is influenced by a number of factors and is based on certain assumptions by the Board, which are set forth below.

Factors and Assumptions

Factors outside of the Company's influence

The Profit Forecast is subject to several factors that are completely beyond the control of individual or all companies comprising the Group. The factors and assumptions of the Company in this regard are outlined below:

Factor: Fair value of the Group's properties

For purposes of the Profit Forecast, the fair value of the properties as of 31 December 2017 will be equal to the fair value under special assumptions as per the Valuation Report as of 31 December 2016.

Factor: Unforeseen events such as force majeure

For purposes of the Profit Forecast, the Company assumes that no material unforeseen events will occur which could result in material or lasting constraints on the ongoing operations of the Company such as force majeure (including, for example, fire, floods, hurricanes, storms, earthquakes or terrorist attacks), strikes, exceptional macroeconomic events or war.

Factor: Legislative and other regulatory measures

For purposes of the Profit Forecast, the Company assumes that there will be no or only insignificant changes in the regulatory framework and that there will be no material changes in the legal framework, such as in tenancy law and tax law.

Factor: Economic development of the real estate industry

For purposes of the Profit Forecast, the Company assumes that the economic conditions in Poland will remain positive and will continue to have a positive impact on the Polish real estate market in general and on the Polish pure office and High-street mixed-use markets in particular.

Factor: Interest rate development

In preparing the Profit Forecast, the Company assumes that current interest rate levels will remain stable and no significant negative effects on financing costs are expected for the financial year 2017.

Factor: Exchange rate fluctuations

For purposes of the Profit Forecast, the Company assumes that the PLN/EUR exchange rate will not change during the year and will be equal to the rate current as of 31 December 2016 (PLN 4.4240/EUR 1.0) as published by the National Bank of Poland.

The development of the factors outside the Company's control described above may have material effects on the valuation of the Company's property portfolio and financial derivatives. In the event that factors outside the Company's control change significantly and in an unforeseen manner, the Profit Forecast will have to be revised as a result of the changed circumstances.

Factors which can be influenced by the Company to a limited extent

In addition, factors over which the Company has some control may also influence the Profit Forecast.

Factor: Contracted Revenue

For purposes of the Profit Forecast, contracted revenue is based on the lease agreements signed as of 31 December 2016 (that are legally binding) and the NOI Guarantee and Rental Guarantee agreements, which are assumed to come into force and effect as of 1 April 2017 and which will be binding for a five-year term.

Factor: Corporate Reorganization and interest on intragroup loans

The Company assumes that the corporate reorganization of the Group with respect to the contribution of the intragroup loans to the Group Companies will be completed by 31 January 2017 and, thus, commencing on such date, interest expenses on these loans will have no impact on the Profit Forecast as they will be eliminated on a consolidated basis. The interest on such intragroup loans accrued for 2017 will be paid in 2017 and will be fully tax deductible.

Factor: Management, general and administrative expenses

The Company assumes that management, general and administrative expenses will be at a level similar to that reported for the year 2016 for Q1 2017 (on a pro rata basis) and at a level of approximately 8% of the NOI for the period Q2 – Q4 2017.

Factor: Capital expenditures

For purposes of the Profit Forecast, capital expenditures have been forecasted on a property-by-property basis taking into account the current condition of a given property and best estimates.

Factor: IPO related costs

All costs related to IPO to be incurred by the Company are presented in the Profit Forecast under the line item “finance cost”.

Factor: Financing

For purposes of the Profit Forecast, the Company assumes that the construction loan relating to Supersam will be fully utilized by the end of March 2017 and will then be refinanced on 30 June 2017 with the margin assumed at a level of 2.05%. The construction loan relating to Hala Koszyki will be fully utilized by the end of August 2017 and will then be converted into an investment loan on 31 August 2017 with the margin assumed at the level of 2.00%. Except for the changes to the financing conditions of the two bank loans described above (Supersam and Hala Koszyki), no other material changes to bank loan terms or other bank loan refinancing are envisaged.

Factor: Rent levels

For purposes of the Profit Forecast, the Company assumes that the rent levels result from the leases signed as of 31 December 2016. Tenant replacement likelihood is assumed at a level of 25% and any leases expiring in 2017 will most likely be extended with the assumed likelihood of such extension of 75%, with the expected rent values in both cases as envisaged in the CBRE Valuation Report as of 31 December 2016.

Factor: Current and deferred tax

For purposes of the Profit Forecast, the Company assumes that both current and deferred tax will also be calculated in relation to partnerships that are tax transparent; however, it will be the shareholders of such partnerships who will be income tax payers. This assumption is consistent with the method of taxation of the Company in accordance with the tax regulations applicable as of the date of preparation of the Profit Forecast.

Factors which can be influenced by the Company

Finally, factors over which the Company has control may also influence the Profit Forecast.

Factor: Development of the investment property portfolio

For purposes of the Profit Forecast, the Company assumes that the Group will not acquire or dispose of any properties during the period of the forecast other than those being acquired within the ROFO and the Forward Purchase transactions. The Company assumes that the impact of the ROFO and the Forward Purchase transactions on the Profit Forecast will not be material as the underlying entities will capitalize a vast majority of their expenses, therefore any impact on the statement of comprehensive income will be immaterial.

Other Explanatory Notes

The Profit Forecast does not include extraordinary results or results from non-recurring activities.

The Profit Forecast for the financial year 2017 was prepared on 8 March 2017. Given that the Profit Forecast relates to a period not yet completed and that it has been prepared on the basis of assumptions about future uncertain events and actions, it naturally entails substantial uncertainties. Because of these uncertainties, it is possible that the Company's actual profit or loss for financial year 2017 may differ materially from this Profit Forecast.

INDEPENDENT ASSURANCE REPORT ON PROFIT FORECAST

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

Subject matter information and Applicable Criteria

In accordance with the requirements of the Commission Regulation (“**EC**”) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the “**Regulation**”), we report on the process followed by Griffin Premium RE.. B.V. Group (the “**Group**”), where the parent company is Griffin Premium RE.. B.V. (the “**Company**”), to compile the profit forecast comprising unaudited consolidated profit after tax forecast of the Group for the year ending 31 December 2017 (the “**Profit Forecast**”). The unaudited Profit Forecast, and the material assumptions upon which it is based, are set out in part Profit Forecast of the Company’s prospectus in notes Explanatory Notes to the Profit Forecast, Factors and Assumptions and Other Explanatory Notes.

Specific Purpose

This report is issued for the sole purpose of the public offering in Poland and the admission of shares to Warsaw Stock Exchange and other regulated markets in the European Union or European Economic Area, as approved and notified by The Netherlands Authority for the Financial Markets (“**AFM**”). Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the public offering described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the sale of securities other than the offer to the public of the shares on the Warsaw Stock Exchange and other regulated markets in the European Union or European Economic Area, as approved and notified by AFM.

Responsibilities

The Board of Directors is responsible for the development of material assumptions and the compilation of the Profit Forecast in accordance with the requirements of Regulation and the associated recommendations of the European Securities and Markets Authority. The Profit Forecast has been compiled on the basis stated in notes Explanatory Notes to the Profit Forecast, Factors and Assumptions and Other Explanatory Notes as set out in part Profit Forecast of the prospectus and is based on a forecast to 31 December 2017. The Board of Directors is responsible for internal controls being designed and implemented to prevent the Profit Forecast from being materially misstated.

In addition, the Company’s Board of Directors is responsible for ensuring that the documentation provided to us is complete and accurate. The Company’s Board of Directors is also responsible for maintaining the internal control system that reasonably ensures that the documentation described above is free from material misstatements, whether due to fraud or error.

The Profit Forecast includes information regarding the estimated future impact of transactions and events that are expected to occur. Actual results may differ materially from the Board of Directors’ Profit Forecast because events and circumstances frequently do not occur as expected.

Our responsibility is to provide the opinion as required by Annex I item 13.2 of the Regulation. The aforementioned opinion does not require an audit of historical financial information or the assumptions summarized in the accompanying notes.

We apply International Standard on Quality Control 1 (“**ISQC 1**”), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Scope of our work

Our work was conducted in accordance with International Standard on Assurance Engagements 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board. We planned and performed our work to obtain reasonable assurance that the Profit Forecast has been properly compiled on the basis stated in notes Explanatory Notes to the Profit Forecast, Factors and Assumptions and Other Explanatory Notes as set out in part the Profit Forecast of the prospectus and that such basis is consistent with the accounting policies of the Group.

The procedures selected depend on our judgment. The procedures include, in particular, inquiry of the personnel responsible for financial reporting and risk management and additional procedures aimed at obtaining evidence that the Profit Forecast has been properly compiled on the basis stated above and that such basis is consistent with the accounting policies of the Group.

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

Our work included assessing the process used by the Board of Directors of the Company to make significant determinations as to the underlying information, estimates and assumptions that affect the reported Profit Forecast and the consistency of the Profit Forecast with the accounting policies adopted by the Group.

The Board of Directors’ Profit Forecast is based on its assumptions regarding future events and therefore, the Board of Directors’ assumptions by their nature are not susceptible to verification. There will be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. Accordingly, our work to assess Board of Directors’ process did not include an assessment of the reasonableness of the Profit Forecast or whether the Profit Forecast will be achieved and we express no opinion thereon.

Conclusion

In our opinion:

- a) The Profit Forecast has been properly compiled on the basis stated in notes Explanatory Notes to the Profit Forecast, Factors and Assumptions and Other Explanatory Notes as set out in part the Profit Forecast of the prospectus; and
- b) The basis of accounting used is consistent with the accounting policies of the Group.

Warsaw, Poland, 9 March 2017

Key Certified Auditor

Przemysław Orłonek
Certified Auditor
No. 10059

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

BUSINESS OF THE ISSUER

Overview

Griffin Premium RE.. N.V. is a unique Polish pure office and High-street mixed-use platform founded by Griffin Real Estate, one of Poland's leading real estate investment managers operating on the commercial real estate market in Poland. The Group believes it holds an attractive, diversified and well-balanced portfolio of nine Polish properties, which consists of six pure office properties and three large-scale High-street mixed-use properties (consisting of both office and retail components) in prime cities in Poland. The Group focuses its operational activities on the active management of its tenant base, closely monitoring the Polish real estate market to ensure it meets the expectations of its current and future tenants. Property management activities are outsourced to leading property management companies.

As of 31 December 2016, the Group had a property portfolio of nine properties in five prime cities in Poland (Warsaw, Kraków, Wrocław, Katowice and Łódź) with an aggregate fair value under the special assumptions that all properties are fully let and income-producing and there are no incentives in respect of the current leases and no capital expenditure to be incurred in respect of leases contracted as of the valuation date of EUR 514.4 million, based on the Valuation Report. The aggregate fair value without special assumptions was EUR 470.4 million.

The properties had a total GLA of 171,231 m², 49.2% of which comprised pure office, 31.5% of which comprised High-street retail and 19.3% of which comprised High-street office. Total annualized NOI of the properties as of 31 December 2016 amounted to EUR 33.8 million (including commitments under the Rental Guarantee and the NOI Guarantee). The Group's portfolio assets are modern, with a weighted average age of seven years calculated based on NOI and the most recent major refurbishment/revitalization date.

The Group has been generating strong and stable rental income from a high-quality tenant base. The Company believes it has an attractive occupancy rate by market standards as well as a balanced tenant structure and longstanding business relationships with the majority of its tenants. As of 31 December 2016, the average occupancy, excluding the recently delivered Hala Koszyki and Supersam projects, stood at 92.6% and the property portfolio had an average WAULT of 4.6 years (assuming the exercise of potential break options by tenants) and 4.8 years (assuming such options are not exercised), based on contracted GRI. As of 31 December 2016, with the total non-current and current bank loans of EUR 301,585 thousand, the Company's Net LTV stood at 61%.

The Company was founded on 21 December 2016 by Griffin through a carve-out of existing pure office and High-street mixed-use properties in Poland. The majority of the Company's highly experienced management has been fully sourced from Griffin and has been involved in acquiring, developing and operating the real estate portfolio of the Group. The Company believes that it will have excellent access to additional proprietary growth based on its network and sourcing capabilities due, in large part, to its close relationships with leading real estate industry specialists. Moreover, the Company has long-standing relationships with some of the principal financial institutions in Poland and believes it will be able to raise the necessary financing for future acquisitions.

Prior to the incorporation of the Issuer, the Group Companies operated as part of Griffin. In addition to investing its own capital, Griffin is the exclusive partner of Oaktree's European Principal Group in relation to real estate investments in Poland and manages the Polish assets of various global management and investment funds, including of its strategic partner, Pacific Investment Management Company, LLC (PIMCO) as well as Redefine Properties, and has over EUR 4 billion of assets under management. Since its establishment in 2006, Griffin has successfully executed over 30 transactions and has invested, together with its partners, over EUR 1 billion in equity, with a total portfolio of over 1.5 million m² of GLA (existing and under construction) in more than 40 Polish cities.

The Group is committed to implement its strategy pursuant to which it plans to generate stable returns to investors and to strengthen its current portfolio of real estate properties by acquiring additional real estate properties that meet its stringent investment criteria.

The Company is not established for the main purpose of generating return for its investors by means of divestment of its subsidiaries or associated companies.

The Issuer's History

The Issuer was established on 21 December 2016 as a carve-out of existing real estate assets that were previously owned and operated by Griffin. The real estate properties of the Group Companies have been acquired, redeveloped and leased over the course of the last five years, with the following key milestones:

- 2012 – purchase of the Hala Koszyki (Q2), Renoma (Q4) project;
- 2013 – purchase of the Batory Building I (Q1), Philips House (Q1), Supersam (Q2), and Nordic Park (Q4) projects;
- 2014 – purchase of the Bliski Centrum (Q1), Lubicz Office Center (Q2) projects;
- 2015 – purchase of the Green Horizon (Q1) project and the opening of the Supersam project, excluding the office component (Q4);
- 2016 – opening of the Hala Koszyki (Q4), following its successful redevelopment.

Competitive Strengths

The Company believes that the following competitive strengths provide it with a strong operational platform building on experience, in-depth market knowledge and strong relationships with high-quality tenants, highly experienced management team with a strong track record in value-add asset management with deep knowledge of the Group's property portfolio represent the primary drivers for the Group's business success:

Diversified and balanced Polish office and High-street mixed-use portfolio

The Group's portfolio is diversified geographically, by property type and GLA and NOI split among assets. As of 31 December 2016, the Group had a property portfolio of nine properties in five prime cities in Poland (Warsaw, Kraków, Wrocław, Katowice and Łódź) with an aggregate fair value under the special assumptions that all properties are fully let and income-producing and there are no incentives in respect of the current leases and no capital expenditure to be incurred in respect of leases contracted as of the valuation date of EUR 514.4 million, based on the Valuation Report. The aggregate fair value without special assumptions was EUR 470.4 million. All of the properties are located in the top seven Polish cities (Warsaw, Kraków, Wrocław, Katowice and Łódź), with 72% of the properties by NOI located in the largest and most attractive Polish markets of Warsaw, Kraków and Wrocław.

As of 31 December 2016, the pure office, High-street retail and High-street office assets comprised 39.6%, 37.5% and 22.8% of the total GAV, respectively. The properties had a total GLA of 171,231 m², with the pure office, High-street retail and High-street office assets comprising 49.2%, 31.5% and 19.3% of the total GLA, respectively. The Group's portfolio is modern, with a weighted average age of seven years, based on NOI and the most recent major refurbishment/revitalization dates, with 74% of the portfolio GLA younger than seven years and 47% of the portfolio GLA newly developed.

Total annualized NOI of the properties as of 31 December 2016 amounted to EUR 33.8 million (including commitments under the Rental Guarantee and the NOI Guarantee), with the pure office, High-street retail and High-street office assets generating 44.8%, 34.1% and 21.1% of total annualized NOI, respectively.

Stable return profile from a "blue chip" tenant base

The Company's rental properties have a tenant mix of diversified and economically strong tenants across various industries and service sectors. The Company's tenant base highly-diversified and the Company's office tenants are primarily "blue chip" global tenants with strong turnover growth. As of 31 December 2016, the total GRI stood at EUR 34.1 million (including commitments under the Rental Guarantee and the NOI Guarantee). The Group is not dependent on any single tenant with the top ten tenants generating 33.2% of the total GRI. The Group's top clients by GRI include leading companies such as Infosys, Hewlett-Packard, International Paper, Capita and EuroZet (formerly named Radio Zet), a subsidiary of Lagardère Groupe.

The average occupancy stood at 92.6%, excluding the recently delivered Hala Koszyki and Supersam projects, and 84.4%, if such recent projects are included. The property portfolio had an average WAULT of 4.6 years, assuming the exercise of potential break options by tenants, and 4.8 years, assuming such options are not exercised, based on contracted GRI. The Company believes that such WAULT is well above its peers in Poland. The office tenants and retail

tenants constitute 65% and 35% of the total GRI, respectively. The Group's office tenant base comprises the following sectors (in terms of the GRI): business services (27%), IT, telecoms, technology (13%), banking, insurance, financial (9%), professional services (8%), health care (4%) and other (39%). The Group's retail tenant base comprises the following sectors (in terms of the GRI): clothing and footwear (37%), restaurants and food court (17%), health and beauty (8%) and other (38%). This high diversification across various tenant sectors results in the Group not being dependent on any particular industry and also underpins the stability of its NOI. The payments under most of the lease agreements of the Group are expressed as the Polish zloty-equivalent of a Euro-denominated amount and the Group has incurred financing costs expressed in Euro, therefore, the Group is naturally hedged against fluctuations of the PLN/EUR exchange rate. In addition, the Group's typical lease terms include an indexation that is linked to the consumer price index announced by Eurostat and almost all of the Group's portfolio rent is subject to indexation.

Attractive financing structure with headroom for deleveraging

As of 31 December 2016, with the total non-current and current bank loans of EUR 301,585 thousand, the Company's Net LTV stood at 61%. The bank loans have an average maturity of 7.1 years, an average margin of 2.4% (including bank guarantee fund fees paid in 2016, if applicable) and an average amortization of 2.0% per annum. Interest rates of all of the bank loans are floating and the Group can therefore take advantage of the current low interest rates. The Group believes that it has ample coverage of amortization through the attractive cash flow of the platform, which continuously enhances the equity basis and that potential valuation gains will have an additional positive impact on the Net LTV ratio. The Group estimates that, based on the running GAV of the Existing Assets, the Net LTV level may decrease to approximately 50-55% following amortization (including the planned refinancing) by 2021-2022.

Experienced management with a strong track record in value-add asset management and acquisitions

The members of the Board have been fully in-sourced from Griffin and have extensive knowledge and long-standing experience in the real estate industry, including restructurings and financings, and have deep insights into the Group's property portfolio. These individuals have been involved in the acquisition and intense active asset management of all of such properties, including in the successful redevelopment of such key projects as Renoma, Supersam and Hala Koszyki.

Given its recent incorporation, the Company's organization is efficiently set up and is able to operate without any structural legacy problems. Because of the flat corporate hierarchy, the Board is in a position to take quick decisions regarding Company's operations, including future real estate property acquisitions, and implement them efficiently.

Scalable independent platform with access to additional proprietary growth opportunities

Capitalizing on its existing platform, real property management skills and broad experience in the Polish real estate market, the Company is well-placed to expand its real property portfolio by acquiring investment / income-producing properties with value added potential in Poland. The Company has been set up as a standalone organization, with a fully-independent organizational structure, which includes asset management, IR/PR, finance, legal and administration.

The Company believes that it is well-positioned for future growth and will have excellent access to additional proprietary growth based on its network and sourcing capabilities due, in large part, to its close relationships with leading real estate industry specialists.

The Group has adopted a focused acquisition strategy that contains stringent criteria for further acquisitions. All future acquisitions are targeted to consist of pure office and High-street mixed-use assets, which are located in central and leading cities in Poland and which will not require extensive renovation. The Company is planning to only purchase assets with a good tenant mix in multi-tenant buildings or single-tenant buildings with long leases, primarily focusing on buildings with vacancies of less than 15% with high solvency tenants. The minimum asset value of each acquisition property should be EUR 10 million. The Company believes that it will benefit from its long-term and very good relationships with banks and will be able to secure the needed financing for its acquisitions on attractive terms.

In line with its acquisition strategy, on 9 March 2017 the Issuer entered into the Acquisition Agreements to purchase certain real estate properties. See "*Business of the Issuer – Material Agreements – Material agreements related to acquisitions of Acquisition Assets.*"

Exclusive focus on the attractive Polish real estate market

The Group intends to conduct operations solely in Poland, where all of its existing real estate properties are located and where it intends to make future acquisitions. Poland is a country with strong microeconomic fundamentals and an attractive real estate market and the Company believes its geographic focus provides it with a strong competitive advantage.

With a population of approximately 38 million people, Poland is the European Union's sixth largest country by population (source: *Euromonitor Passport, Country Report*) and due to its size, constitutes the single largest internal market within the Central Eastern European (“CEE”) region. Poland is the sixth largest economy in the European Union in terms of nominal GDP (PLN 1,790 billion in 2015) (source: *Central Office of Statistics (GUS, Eurostat)*), characterized by favorable growth prospects and a supportive macroeconomic environment. After recovering from the slowdown between 2012 and 2013, the Polish economy grew in real terms by 3.3% and 3.6% in 2014 and 2015, respectively (source: *Central Office of Statistics (GUS, Eurostat)*). Real GDP growth is expected to continue, as forecast for 2016, 2017 and 2018 indicate growth amounting to 3.4%, 3.1% and 3.5%, respectively (source: *Economist Intelligence Unit*). As compared to Western Europe, where the real GDP growth is expected to be at the level of 1.6% in 2016, 1.7% in 2017 and 1.7% in 2018, or the Central Eastern European region, where the real GDP growth is forecasted to be at the level of 2.6% in 2016, 2.8% in 2017 and 2.9% in 2018 (source: *Economist Intelligence Unit*). Poland is expected to outpace both regions, making it the fastest growing economy in Europe in 2017 and 2018 (source: *International Monetary Fund*).

Another key driver of expected GDP growth is the estimated level of the considerable infrastructure investments supported by EU funds, amounting to a total of EUR 78 billion between 2014 and 2020 (source: *European Commission*). Polish government officials expect these funds to produce an overall boost to the economy of about 2 percentage points of GDP by 2020 (source: *Euromonitor Passport, Country Report*).

Strategy

The Group is in the process of implementing its strategy pursuant to which it plans to generate stable returns to investors and to strengthen its current portfolio of real estate properties by acquiring additional real estate properties that meet its stringent investment criteria.

Attractive dividend policy and decreased Net LTV ratio

The Board expects to propose for distribution approximately 65% of the Company’s funds from operations (post tax) for the period to its shareholders. The Company is planning to make regular dividend distributions, and the first dividend is expected to be paid in 2018 based on the funds from operations (post tax) in the period commencing with the completion of the IPO.

The Company’s Net LTV ratio as of 31 December 2016 stood at 61%, with a mid-term target of 50-55% (including the bank loans to finance the purchase of the Acquisition Assets). The Group believes that it has ample coverage of amortization through an attractive cash flow of the platform, which continuously enhances the equity basis, and that potential valuation gains will have an additional positive impact on the Net LTV ratio.

Focused acquisition strategy

The Group has adopted a focused acquisition strategy that contains stringent criteria for further acquisitions. All future acquisitions are targeted to consist of pure office, High-street office or High-street retail properties which are located in central and leading cities in Poland and which will not require extensive renovation. The Company is planning to purchase assets with a good tenant mix in multi-tenant buildings or single-tenant buildings with long leases, primarily focusing on buildings with vacancies of less than 15% with high solvency tenants. The minimum asset value of each acquisition property should be EUR 10 million. The Company believes that it will benefit from its very good relationships with banks and will be able to secure the needed financing for its acquisitions on attractive terms.

The Company has three viable sourcing options for its acquisitions:

- Right of First Offer (“ROFO”) from Echo: in addition to the ROFO Assets subject to the Acquisition Agreements that the Company is currently exploring, the Company believes it will continue to have access to acquire selected Echo properties in off-market transactions using the ROFO structure and to indirectly invest, on the terms and conditions set out in the ROFO Agreement, in each of the ROFO Assets the amount of 25% of the funds required by

each of the ROFO SPVs (excluding the external bank financing) to complete the development of each respective ROFO Asset. The ROFO acquisitions would only be triggered if the property is completed and an occupancy permit is issued, the property is at least 60% let, and for the remainder a rental guarantee for at least three years at market terms has been signed by Echo. Given that Echo is Poland's leading and largest developer, the Company believes that it would be exposed to risk related only to the lease-up of the property while development costs and budget overrun risks should be very limited. The Company has assumed that the exposure on developments would be limited to a range of 5-10% of the Group's NAV.

- Forward purchase: in addition to the Forward Purchase Asset subject to the Acquisition Agreements that the Company is currently exploring, the Company believes it will continue to have access to acquire selected Echo properties (or shares in entities which own Echo properties) at attractive prices).
- Open market acquisitions: the Company believes it will be able to identify assets through its own excellent network and sourcing capabilities and is currently looking at a total pipeline of over 200,000 m² of GLA and EUR 400 – 500 million worth of properties.

Echo's shares are listed on the WSE. The majority shareholder in Echo, holding 59.99% of the total number of votes at the general meeting of Echo's shareholders, is Lisala Sp. z o.o., which is jointly owned by Topco III S.à r.l. and PIMCO; therefore, Topco III indirectly owns 32.99% in Echo with the remaining shares being held by third parties unrelated to the Issuer or the Selling Shareholders (including PIMCO, which holds a 32.99% indirect interest, and certain direct minority shareholders such as ING and Aviva).

In line with its acquisition strategy, on 9 March 2017 the Issuer entered into the Acquisition Agreements to purchase the Acquisition Assets. See "*Business of the Issuer – Material Agreements – Material agreements related to acquisitions of Acquisition Assets.*"

Conversion into a REIT

Moreover, as part of its strategy, the Company will consider a potential conversion of its structure into a REIT once the necessary legislation is adopted in Poland. Currently, legislative efforts are underway in Poland in connection with the drafting of a law that would provide for the establishment of REITs. The latest draft of the REIT Act was presented by the Polish Minister of Finance in October 2016 and continues to be discussed. However, it is currently unclear if the REIT Act will be adopted and in which form and, consequently, no assurance can be given as to whether the Group will be able to comply with the provisions of such act to obtain and maintain REIT status. Assuming that the REIT Act is adopted and that the Board determines that the conversion of its structure into a REIT will be beneficial to its shareholders, subject to the fulfilment of the legal requirements, the Group's structure may be converted into a REIT.

Description of the Property Portfolio

The table below shows the key data of the Existing Assets as of 31 December 2016:

Property name	Completion / Extended refurbishment/ Revitalization	GLA	Occupancy ¹	WAULT ²	NOI ³	Initial Yield ⁴	GAV ⁵	LTV under special assumptions ⁶
		(m ²)	(%)	(years)	(EUR m)	(%)	(EUR m)	(%)
(unaudited)								
Green Horizon	2012/2013	33,510	100.0	6.1	5.5	7.9	69.8	66.9
Lubicz Office Center	2000/2009	23,931	97.0	4.1	4.9	7.0	70.1	49.4
Nordic Park	2000	9,004	74.4	2.8	1.9	7.6	24.9	57.6
Batory Building I	2000	6,610	95.3	4.3	1.1	9.2	11.9	53.7
Bliski Centrum	2000	4,920	87.6	6.2	1.0	7.4	13.5	57.0
Philips House	1999	6,214	52.4	4.7	1.1	8.0	13.8	53.7
Total pure office		84,189	91.8	4.3	15.1	7.4	204.0	57.5
Renoma	1930/2009	40,615	94.2	3.8	8.2	5.7	139.8	70.7
Supersam	1937/2015	24,199	74.6	5.8	4.2	6.7	63.1	62.9
Hala Koszyki	1909/2016	22,229	49.1	6.5	6.5	6.0	107.6	56.5
Total High-street mixed-use		87,043	77.2	4.8	18.7	6.0	310.5	64.2
Total portfolio		171,232	84.4	4.6	33.8	6.6	514.4	61.5

Source: The Company (unaudited)

¹ Excluding NOI / Rental guarantee, as of 31/12/2016

² WAULT incl. potential break options exercised by tenants as of 31/12/2016

³ Non-audited preliminary figures; static approach, i.e. leased income plus ERV on vacancy annualized

⁴ Yield defined as NOI divided by GAV

⁵ CBRE appraisal reports. As of 31 December 2016, the Group had a property portfolio of nine properties in five prime cities in Poland (Warsaw, Kraków, Wrocław, Katowice and Łódź) with an aggregate fair value under the special assumptions that all properties are fully let and income-producing and there are no incentives in respect of the current leases and no capital expenditure to be incurred in respect of leases contracted as of the valuation date of EUR 514.4 million, based on the Valuation Reports. The aggregate fair value without special assumptions was EUR 470.4 million.

⁶ LTV under special assumptions ratio was calculated assuming the aggregate value under special assumptions of the portfolio is EUR 514.4 million and that all the bank loans are fully utilized and amount to EUR 316 million.

Description of the Existing Assets

Pure office portfolio

Green Horizon Office Center in Łódź

Green Horizon is a modern office building certified in the multi-criterion LEED building assessment system at the Gold Level. The building was developed by Skanska Property Poland and constructed by Skanska S.A. It consists of two technically and legally separate seven-story buildings and offers 33,510 m² of GLA. The typical floor plate in building A is 2,895 m² and in building B is 2,202 m². The property has two-story underground parking offering 407 parking spaces. Building A was opened in December 2012 and building B in May 2013.

The property is held under the mix of the ownership right (2,623 m²) and the perpetual usufruct right (8,075 m²) expiring on 5 December 2089 with the ownership right to the buildings and occupies a 10,698 m² site in total.

The property is located at ul. Pomorska 106A, in the northeast corner of Łódź's central business district with a short drive to ul. Piotrkowska – the representative promenade in Łódź. The main campus of the University of Łódź as well as major traffic arteries (Rondo Solidarności) are in the immediate vicinity of the building, which enjoys excellent exposure and visibility to passing traffic.

The property is 100% let (of which 1,515 m² under master lease guaranteed by Skanska Property Poland) as of 31 December 2016, with an average remaining lease term of 6.1 years to nearest break options, weighted by GRI. The

operational costs are fully recoverable via service charges. Major tenants in the building are Infosys, McCormick, Capita, Skanska, PKO BP and PwC. The most significant terms of the lease agreements concluded with major tenants are set out in “-Material Agreements.” The property is managed by Cushman & Wakefield Polska Sp. z o.o. Details of the property management agreement are described in “Material Agreements”.

Lubicz Office Center I & II in Kraków

Lubicz Office Center is a modern office complex consisting of two class A buildings of high standards of finishing. Both buildings are certified in BREEAM In-use with a “very good” rating in categories of assets and building management. Building I is six stories tall with two levels of underground parking while building II is seven stories tall with one level of underground parking. The complex offers 23,931 m² of GLA and 344 parking spaces. The typical floor plate in building I is 3,540 m² and in building II is 980 m². Building I was opened in 2000 and building II in 2009. With respect to the building I, there is outline planning permission for an extension of 1,600 m² GLA which the directors aim to develop in 2017-2018 (the value of the extension and its development costs are not explicitly reflected in the fair values of the asset).

The property is held under ownership right occupies a 12,169 m² site.

The property is located on two buildings at ul. Lubicz 23 and ul. Lubicz 23A in Kraków, in the historical and most prestigious part of the city. The main railway station Kraków Główny, Galeria Krakowska shopping center, and the Old Town Square are within walking distance. Its location near a major transportation hub in Kraków, Rondo Mogilskie, provides excellent access to public transportation and fast connections with all districts of the city.

The property is 97.0% let as of 31 December 2016, with an average remaining lease term of 4.1 years to nearest break options, weighted by GRI. The operational costs in respect of the let accommodation are fully recoverable via service charges. The property has tenants from various industries such as banking, IT and BPO. Major tenants in the building are International Paper, Capita, Deutsche Bank, BNP Paribas Bank, Infusion, BZWBK, Lumesse and PwC. The most significant terms of the lease agreements concluded with major tenants are set out in “-Material Agreements.” The property is managed by Colliers International. Details of the property management agreement are described in “-Material Agreements.”

Nordic Park in Warsaw

Nordic Park is a modern office building with a very good parking ratio of one parking unit per 44 m² of GLA. The building has eight levels with office areas on the ground floor and levels 3 to 7 and offers 9,004 m² of GLA. The typical floor plate is approximately 1,730 m². The property has a 4-story underground parking offering 206 parking spaces on levels -1 to 2. The building was opened in 2000.

The property is held under the perpetual usufruct right expiring on 14 May 2095 with the ownership right to the building and occupies a 3,993 m² site.

The property is located at ul. Kruczkowskiego 8, on the eastern edge of Warsaw’s city center, in a few hundred meter proximity to the central business district although not in an established office location. The building has convenient access to city center amenities. The neighborhood of the Poniatowski bridge enables a quick and easy connection with districts located on the right bank of the Vistula river.

The property is 74.4% let as of 31 December 2016, with an average remaining lease term of 2.8 years to nearest break options, weighted by GRI. The operational costs in respect of the let accommodation are fully recoverable via service charges. Major tenants in the building are Baxter, Vedin and Związek Banków Polskich. The most significant terms of the lease agreements concluded with major tenants are set out in “-Material Agreements”. The property is managed by Colliers International. Details of the property management agreement are described in “-Material Agreements”.

If the vacant space of 2,307 m² is not leased by the Listing Date, it will be covered by the five year Rental Guarantee, however, the Company believes that the subject space will be leased in 2017.

Batory Building I in Warsaw

Batory Building I is a modern office building which is part of a business complex of two buildings. The six-story building offers 6,610 m² of GLA, together with 134 underground and 96 above-ground parking spaces. The typical floor plate is 1,220 m². The building was completed in 2000.

The property is held under ownership right and occupies a 6,041 m² site.

The property is located in Włochy district, at Al. Jerozolimskie 212B, one of the biggest communication routes in Warsaw. The advantage of the location is high visibility of the building given its proximity to the new bypass road, easy access to city center by car and convenient access to public transport facilities.

The property is 95.3% let as of 31 December 2016, with an average remaining lease term of 4.3 years to nearest break options, weighted by GRI. The operational costs in respect of the let accommodation are fully recoverable via service charges. Major tenants in the building are Solid Group, Impuls Leasing and Curver Poland. The most significant terms of the lease agreements concluded with major tenants are set out in “-Material Agreements”. The property is managed by Colliers International. Details of the property management agreement are described in “-Material Agreements”.

If the vacant space of 307 m² is not leased by the Listing Date, it will be covered by the five year Rental Guarantee, however, the Company believes that the subject space will be leased in 2017.

Bliski Centrum in Warsaw

Bliski Centrum is a modern office building of 4,920 m² GLA. The typical floor plate is 730 m². The building consists of six floors and has 88 car parking spaces. The building was opened in 2000.

The property is held under the perpetual usufruct right expiring on 24 February 2096 with the ownership right to the building and occupies a 1,920 m² site.

Bliski Centrum is located at ul. Żurawia 8 in a prominent neighborhood and prestigious location within Warsaw’s central business district. Due to the excellent access to public transport facilities (underground and bus and tram lines), the building has easy access to other parts of the city. Hotels, restaurants and a shopping center are located in close proximity to the property.

The property is 87.6% let as of 31 December 2016, with an average remaining lease term of 6.2 years to nearest break options, weighted by GRI. The operational costs in respect of the let accommodation are fully recoverable via service charges. The major tenant in the building is EuroZet (formerly named Radio Zet), a subsidiary of Lagardère Groupe. The most significant terms of the lease agreement concluded with major tenant are set out in “-Material Agreements”. The property is managed by Colliers International. Details of the property management agreement are described in “-Material Agreements”.

If the vacant space of 612 m² is not leased by the Listing Date, it will be covered by the five year Rental Guarantee, however, the Company believes that the subject space will be leased in 2017.

Philips House in Warsaw

Philips House is a modern office building which offers 6,214 m² of GLA and 171 parking spaces. The typical floor plate is 1,350 – 1,650 m². The building was completed in 1999.

The property is held under ownership right and occupies a 5,973 m² site.

The property is located at Al. Jerozolimskie 195A, one of the biggest communication routes in Warsaw. The advantage of the location is excellent visibility given its location on one of the main streets in Warsaw, easy access to city center by car and convenient access to public transport.

The property is 52.4% let 31 December 2016, with an average remaining lease term of 4.7 years to nearest break options, weighted by GRI. The operational costs in respect of the let accommodation are fully recoverable via service charges. Major tenant in the building is Philips. The most significant terms of the lease agreement concluded with major tenant are set out in “-Material Agreements”. The property is managed by Colliers International. Details of the property management agreement are described in “-Material Agreements”.

If the vacant space of 2,960 m² is not leased by the Listing Date, it will be covered by the five year Rental Guarantee, however, the Company believes that the subject space will be leased in 2017.

High-street mixed-use portfolio

Renoma in Wrocław

Renoma is a modern High-street mixed-use retail and office complex with unique, modernist architecture dating back to 1930. It was originally developed by the Wertheim family and was inspired by the stunning success of the KaDeWe

department store in Berlin opened in 1907. The lower floors of the building have been reconfigured as a shopping center in which over 120 stores are located, while the higher floors are used for offices. Renoma offers 29,954 m² of retail GLA and 10,661 m² of office GLA. In total it has also 630 parking spaces. The building was modernized and revitalized and its reopening took place in April 2009.

The property is held under the perpetual usufruct right expiring on 5 December 2089 with the ownership right to the building and occupies a 13,395 m² site.

The building is located at ul. Świdnicka 40 in Śródmieście district, in the heart of Wrocław's High-street and is a unique building combining High-street retail with office functions. The building is well served by public transport (four tram and six bus routes) and benefits from excellent visibility.

The property is 94.2% let as of 31 December 2016, with an average remaining lease term of 3.8 years to nearest break options, weighted by GRI. The leases tend to be of a general contractual rental nature with some of leases making provision for an additional rent calculated as the positive difference between a stated percentage of a tenant's net sales and their base rent. The operational costs in respect of the let accommodation are fully recoverable via service charges. Major tenants in the High-street retail portion of the building are Go Sport, Pure, Zara, TK Maxx, Empik, Smyk, while the whole office portion is leased to Hewlett-Packard. The most significant terms of the lease agreements concluded with major tenants are set out in "*-Material Agreements*". The property is managed by EPP. Details of the property management agreement are described in "*-Material Agreements*".

Supersam in Katowice

Supersam is a modern High-street mixed-use retail and office complex. The six-story building offers 72 retail units on the 17,543 m² of retail GLA as well as 6,656 m² of office GLA. In total the building has 382 parking spaces which are located on the fourth and fifth stories and on the roof. Supersam was built in the place of a former retail hall and the retail portion was reopened in October 2015, while the offices were completed in third quarter 2016.

The property is held under the mix of the ownership right (892 m²) and the perpetual usufruct right (9,764 m²) expiring on 5 December 2089 with the ownership right to the building and occupies a 10,656 m² site.

Supersam is located at ul. Piotra Skargi 8 in Katowice, the most important economic, academic and cultural center in Southern Poland. The building is situated in the heart of the city center at the top of Katowice's successfully revitalized high street, next to the main bus station and in the vicinity of the central railway station.

The property is 74.6% let as of 31 December 2016, with an average remaining lease term of 5.8 years to nearest break options, weighted by GRI. The leases tend to be of a general contractual rental nature. The majority of operational costs in respect of the let accommodation are covered via service charges, however service charge caps agreed for selected tenants may create a potential service charge shortfall not recovered from tenants which is then covered by the NOI Guarantee. Major tenants in the building are Aldi, Sports Direct, JAMF, Reserved, Pure Jatomi Fitness, Empik and Smyk. The most significant terms of the lease agreements concluded with major tenants are set out in "*-Material Agreements*". The property is managed by EPP. Details of the property management agreement are described in "*-Material Agreements*".

If the vacant space of 6,136 m² is not leased by the Listing Date, it will be covered by the five year Rental Guarantee and NOI Guarantee, however, the Company believes that the subject space will be leased in 2017.

Hala Koszyki in Warsaw

Hala Koszyki is a mixed-use office, gastronomy and leisure property on the site of the former highly popular city market hall dating back to 1909 and maintains the Art Nouveau facade of the original hall. The complex consists of a market hall filled with 37 restaurants, cafes, other service units on 6,517 m² retail GLA and is surrounded by three modern office buildings offering 15,711 m² of GLA. The property also offers 202 parking spaces. The property was reopened, after redevelopment, in October 2016.

The property is held under the perpetual usufruct right expiring on 12 May 2097 with the ownership right to the buildings and occupies a 9,386 m² site.

Hala Koszyki is located in the southern part of the central business district, at ul. Koszykowa 63, near Al. Niepodległości and Konstytucji Square (a popular meeting point). The location ensures convenient access to all districts of the city. The building neighborhood consists of university, residential and office buildings, hotels, and restaurants.

The property is 49.1% let as of 31 December 2016, with an average remaining lease term of 6.5 years to nearest break options, weighted by GRI. The leases tend to be of a general contractual rental nature with the majority of leases making provision for an additional rent calculated as the positive difference between a stated percentage of a tenant's net sales and their base rent. The majority of operational costs in respect of the let accommodation are covered via service charges, however service charge caps agreed for selected tenants may create a service charge shortfall not recovered from tenants. Major tenants in the office component are Multimedia, Eneris, Symphar, while in the retail component: Piotr i Paweł, Rossmann, Duka, Restaurant Gessler and Bierhalle. The most significant terms of the lease agreements concluded with major tenants are set out in “-Material Agreements”. The property is managed by EPP. Details of the property management agreement are described in “-Material Agreements”.

If the vacant space of 11,309 m² is not leased by the Listing Date, it will be covered by the five year Rental Guarantee and NOI Guarantee, however, the Company believes that the subject space will be leased in 2017.

Analysis of the Existing Assets

The Company's rental properties have a tenant mix of diversified and economically strong tenants across various industries and service sectors. The Company's office tenants are primarily “blue chip” global tenants with strong turnover growth, whereas the retail tenant base is highly-diversified. As of 31 December 2016, the total GRI stood at EUR 34.1 million (including commitments under the Rental Guarantee and the NOI Guarantee), with the top ten tenants generating 33.2% of the total GRI. The Group's top clients by GRI include leading companies such as Infosys, Hewlett-Packard, International Paper, Capita and EuroZet (formerly named Radio Zet), a subsidiary of Lagardère Groupe.

The property portfolio had an average WAULT of 4.6 years assuming the exercise of potential break options by tenants and 4.8 years assuming such options are not exercised. The Group's office tenant base comprises the following sectors (in terms of the office GRI constituting 65% of its total GRI): business services (27%), IT, telecoms, technology (13%), banking, insurance, financial (9%), professional services (8%), health care (4%) and other (39%). The Group's retail tenant base comprises the following sectors (in terms of the retail GRI constituting 35% of its total GRI): clothing & footwear (37%), restaurants & food court (16%), health & beauty (8%) and other (38%). This high diversification across various tenant sectors results in the Group not being dependent on any particular industry and also underpins the stability of its rental income.

An analysis of the Existing Assets in respect of geographic, sectoral, tenant, vacancy and lease expiry profiles, rental and yield information as of 31 December 2016 is provided in the tables below.

Geographic profile

	<u>By GLA</u>	<u>By NOI</u>
	(%)	
Warsaw	28.6	33.7
Wrocław	23.7	23.9
Katowice	14.1	12.2
Kraków	14.0	14.2
Łódź	19.6	16.0
Total	100.0	100.0

Source: Company

The majority of the Group's Existing Assets, as measured by GLA and NOI, are located in Warsaw and Wrocław. The assets in Warsaw represented 34.0% and 34.2% of the of the total GLA and NOI as of 31 December 2016, respectively, whereas the Wrocław assets represented 23.8% and 23.7% of the of the total GLA and NOI as of 31 December 2016, respectively.

Sectoral profile

	By GLA	By NOI
	(%)	
Pure office.....	49.2	45.0
High-street retail.....	31.5	34.0
High-street office.....	19.3	21.0
Total	100.0	100.0

Source: Company

The majority of the Group's Existing Assets are pure office assets, which constituted 49.2% and 45.3% of the total GLA and NOI as of 31 December 2016, respectively. The Group's High-street retail Existing Assets constituted 31.5% and 34.1% of the total GLA and NOI as of 31 December 2016, respectively.

Tenant profile

	Based on GLA	Based on GRI
	(%)	
> 5,000 m ²	27.0	21.2
1,000 – 5,000 m ²	36.1	33.5
< 1,000 m ²	36.9	45.3
Total	100.0	100.0

Source: Company

For the tenant profile table, the following key is applicable:

- Tenants occupying a rentable area in excess of 5,000 m², comprising large international tenants. These include Infosys Poland, Hewlett-Packard, International Paper and Capita.
- Tenants occupying a rentable area between 1,000 m² and 5,000 m² comprising smaller international and national tenants, smaller listed tenants, major franchisees and medium to large professional firms. These include inter alia, EuroZet, Multimedia, LPP Group, Philips, Inditex Group, Deutsche Bank, Baxter Poland, TX Maxx, Pure Jatomi and Rossmann.
- Other local tenants and sole proprietors. This comprises approximately 230 tenants.

Main tenants

The table below shows the ten largest tenants in terms of annualized rental income of the Group's portfolio:

	Annualized contractual rent (in EUR)	Share in the total rent p.a. (incl. rent guarantees) in %
Infosys Poland Sp. z o.o.....	3,281,459	9.6
Hewlett-Packard.....	1,562,496	4.6
International Paper	1,259,077	3.7
Capita	1,140,779	3.3
EuroZet	781,529	2.3
Multimedia	774,336	2.3
LPP Group.....	738,922	2.2
Philips	628,118	1.8
Inditex Group	617,135	1.8
Deutsche Bank	533,192	1.6
Total	11,317,043	33.2

Vacancy profile

The vacancy profile indicated below reflects the vacancy percentage in terms of current GLA by type of asset.

Sector	Vacancy % based on total GLA*
Pure office.....	8.2
High-street retail	6.4
High-street office	49.5
Total.....	14.4

Lease expiry profile (including Rental Guarantee)

	Based on GLA	Based on NOI
	(%)	
31 December 2017	3.3	3.4
31 December 2018	7.6	9.6
31 December 2019	11.3	13.4
31 December 2020	13.6	11.8
31 December 2021	14.8	15.4
After 31 December 2021	49.4	46.4
Total.....	100.0	100.0

Weighted average rental per square meter (including also other rental incomes apart from these ones generated by office, retail and storage GLAs)

Weighted average rental per square meter per sector is presented in the table below.

Sector	EUR / m ² per month
Pure office.....	14.99
High-street retail	17.81
High-street office	17.98
Total.....	16.46

Overview of the Acquisition Assets

The table below shows the key data of the Acquisition Assets (the targeted NOI, initial yield and GAV presented below are as of the completion of the projects and cover the 100% stake in each property).

New Assets	Location	Completion Date	GLA	NOI	Initial Yield*	GAV	Equity needed from IPO
			(m ²)	(EUR m)	(%)	(EUR m)	(EUR m)
<i>(unaudited)</i>							
ROFO Assets:							
Beethovena (Stage I).....	Warszawa	December 2018	17,994	3.1	6.85	44.7	3.3
Beethovena (Stage II).....	Warszawa	June 2019	17,395	2.9	6.85	42.9	3.2
Browary (J).....	Warszawa	November 2018	15,041	3.1	6.50	47.4	3.3
Total ROFO assets			50,430	9.1	6.73	135.0	9.8
Forward Purchase Asset:							
West Link	Wroclaw	April 2018	14,362	2.5	6.75	36.1	18.1
Total pipeline.....			64,792	11.5	6.73	171.1	28.0

* Average initial yields weighted by GAV

Description of the Acquisition Assets

Office – ROFO Assets

Beethoven (I & II)

Beethoven Business Park will be a pure office project located in Warsaw, with two stages to be completed in December 2018 and June 2019, respectively. The total GLA of Beethoven I and Beethoven II is planned to amount to 35,389 m². The business park will consist of two, five-story buildings with a total of 839 parking units.

The project will be strategically located at the junction of Beethoven, Idzikowskiego and Witosa streets (in the Mokotów district), and thus will be directly linked to the southern and eastern districts of Warsaw. This location ensures an excellent connection to the city center as well as to Chopin Airport (which is only a 15-minute drive away). A new tram connecting the Wilanów district with the West railway station, with a stop just adjacent to Beethoven, is scheduled for completion in the years 2018-2020.

Browary (J)

Browary will be a pure office project located in Warsaw to be completed in November 2018. The total GLA of Browary is planned to amount to 15,041 m². The project will have 104 parking spaces.

The Browary project occupies one of the most dynamic and fastest growing commercial and residential areas in Warsaw – the Wola district, to be classified from 2017 as Warsaw CBD West (already agreed by the Warsaw Research Forum). Thanks to the second metro line, which runs through Wola (the closest metro station is only a few minutes' walk from the Browary site), the location guarantees convenient access to all the areas of the city. In addition to its close proximity to a metro station, the location is exceptionally well serviced by numerous bus and tram lines. Retail and leisure offers, including a selection of restaurants, bars, cafes and hotels, are available nearby.

Office – Forward Purchase Asset

West Link

West Link will be a pure office project located in Wrocław, to be completed in April 2018. The total GLA of West Link is planned to amount to 14,362 m². The six-storey building will have 266 parking spaces.

The developer of West Link (Echo Investment S.A.) signed the prelease for 92% of total GLA with Nokia Solutions & Networks Sp. z o.o.

The West Link project is located west of the city center within a block of Lotnicza, Na Ostatnim Groszu and Legnicka streets, all of which are strategic communication arteries for Wrocław. The corner location along such principal roads guarantees convenient access for users of public transport (by way of a number of bus and tram lines) and drivers alike. The city center and the Wrocław airport are conveniently accessible within a few minutes' drive. The location provides exceptional visibility and exposure and is a very well recognized locale within the city.

Material Agreements

Material agreements related to acquisitions of Acquisition Assets

ROFO Agreement

The ROFO Agreement was executed on 9 March 2017 between Echo, the Issuer and an entity from Issuer's capital group that will purchase bonds to be issued by the respective limited partners of all of the respective ROFO SPV (the "**Bondholder**") (the "**ROFO Agreement**"). The ROFO Agreement will enter into force following the adoption by the supervisory board of Echo of a resolution approving the execution of the ROFO Agreement, which is expected to be granted on 14 March 2017, and (ii) the successful completion of the Offering, meaning the obtaining by the Issuer of net cash proceeds from the share offering of not less than EUR 28.0 million by 30 June 2017. The ROFO Agreement covers all of the ROFO Assets. Echo indirectly holds 100% of the shares or interest in the companies or partnerships that are the direct holders (i.e. owners and/or perpetual usufruct holders) of each ROFO Asset (the "**ROFO SPVs**") and the ROFO SPVs are developing the ROFO Assets. The Issuer intends to invest (indirectly through the Bondholder), on the terms

and conditions set out in the ROFO Agreement, in each of the ROFO Assets the amount of 25% of the funds required by each of the ROFO SPVs (less the external construction bank financing at a loan to construction ratio of 60%) to complete the development of each respective ROFO Asset. Based on the construction budget presented by Echo to the Issuer in connection with the execution of the ROFO Agreement, the amount of the contribution (the investment) to be made by the Issuer under the ROFO Agreement amounts to EUR 9,800,000. The investment of the Issuer under the ROFO Agreement shall be made solely from the proceeds from the Offering and no further debt funding is required by the Issuer for this purpose.

Pursuant to the ROFO Agreement the parties agreed that Griffin and/or the Bondholder shall conduct a due diligence concerning the ROFO Assets, the ROFO SPVs and the issuers of the bonds by 25 June 2017. If the results of the conduct of such a due diligence are acceptable to Griffin and/or the Bondholder, then the issuers of the bonds and the Bondholder will execute bond documents with respect to each ROFO Project, based on which, the issuers of the bonds will issue and the Bondholder will acquire the initial bonds with respect to each ROFO Project for the nominal value equal to the Contribution (as defined below) applicable to each ROFO Project and Echo, Griffin and the Bondholder will sign with the respective issuers of bonds option agreements with respect to each ROFO Project concerning the reconciliation of bondholder's share in profit related to each ROFO Project and reconciliation of the total interest. The Contribution is defined as the amount of monetary contribution to be made by the Bondholder to the respective issuer of the bonds, to be calculated in respect of each ROFO Project as 25% of the aggregate amount of any funds invested in such ROFO SPV as equity or intra-group loans (except for funds obtained by such ROFO SPV from external bank financing) increased by the agreed return of Echo. If the initial bonds are issued by 30 June 2017, the agreed return of Echo shall amount to EUR 119,000 with respect to ROFO Project Beethoven I; EUR 356,000 with respect to ROFO Project Beethoven II; and EUR 2,995,000 with respect to ROFO Project Browary. If the initial bonds are issued after 30 June 2017, Echo's agreed return shall be increased and shall be calculated based on an interest rate defined in the ROFO Agreement.

If the cash flows of ROFO SPV are expected to be negative in a given calendar month, Echo shall procure that the respective issuer of bonds shall send an offer to Bondholder regarding the issuance of subsequent bonds, substantially on the same terms as the initial bonds, in the amount equal to 1/3 of the amount which Echo or a company from the Echo capital group, as applicable, declares to contribute to ROFO SPV, as evidenced in such written request (the "**Additional Funding**"). If the Bondholder does not provide a ROFO SPV with the Additional Funding in the amount required, Echo shall have the right to cause that Echo or a company from the Echo capital group provides such missing amount of Additional Funding by extending a loan to such ROFO SPV (the "**Equity Loan**"). If the Bondholder does not provide Additional Funding, the Bondholder's share in the profit (as defined in the ROFO Agreement) shall decrease proportionally and all references to 25% Bondholder's share in profit shall automatically be replaced with a decreased rate, calculated as the percentage of the Bondholder's actual contribution under the Bonds to the total costs required by ROFO SPV to develop the ROFO Project (such costs to include the Equity Loan for the Additional Funding and Echo's agreed return).

Each time that the ROFO SPV makes any distribution of profit or any proceeds to its shareholders, Echo or the relevant Echo group entity shall be entitled to receive 75% of the amount which is to be distributed and the Bondholder shall be entitled to receive the remaining 25% (as may be adjusted in connection with the subsequent issuance of bonds (each a "**Profit Share**"). The Bondholder's receivables of the Profit Share shall be subordinated towards any ROFO SPVs senior debt as well as towards any debt under the Equity Loan and the Option Agreement. If the closing of a sale of the ROFO Project does not occur before the lapse of 15-year period from the date the Initial Bonds are issued, then the Bondholder undertook not to enforce any claims related to the Bonds towards the Issuer; and Echo undertook to purchase all the Bonds for the price amounting to 25% of the net asset value of the ROFO Project. Therefore, the maximum exposure of the Issuer to potential losses in connection with the development of the ROFO Projects is limited to the purchase price of the ROFO Bonds.

Prior to any intended sale of any of the ROFO Assets, the respective ROFO SPV, in the case of an asset deal, or the respective entities controlling ROFO SPVs' partners, in the case of a share deal, will deliver to the Issuer a written notice specifying the ROFO Asset that it intends to sell and any other information on the ROFO Asset that it deems necessary and as listed in the ROFO Agreement (the "**Sale Notice**"). Following the receipt of the Sale Notice, the Issuer shall have a period of 30 days to consider whether to submit an offer (irrevocable and unconditional) and to conduct a due diligence in respect of the ROFO Asset. Following such period, the respective ROFO SPV, or an entity controlling such ROFO SPV, shall have 30 days to either accept or reject the offer. If the offer is accepted by the respective ROFO SPV, or an entity controlling such ROFO SPV, the parties shall enter into good faith negotiations regarding the specific terms of the transaction documents in respect of the ROFO Asset which shall last for a period of 60 days. In the event the offer is rejected, the respective ROFO SPV, or an entity controlling such ROFO SPV, shall be free to sell the ROFO Asset to any

third party, provided, however, that within 18 (eighteen) months of such rejection the ROFO Asset may not be sold for a price lower than the price set out in the offer and/or on worse payment terms than the terms set out in the offer. If the respective ROFO SPV wishes to sell the ROFO Asset at a price lower than the price set out in the offer and/or on worse payment terms than as set out in the offer prior to the lapse of the 18 month period referred to above, it shall re-submit the Sale Notice and the 18 month period shall start anew. The respective ROFO SPV is obliged to deliver to the Issuer the Sale Notice when: (i) the ROFO Asset is completed (when the final occupancy permit is issued); and (ii) the occupancy level of the ROFO Asset exceeds 95%.

Moreover, the respective ROFO SPV will deliver to the Issuer a Sale Notice after the satisfaction or waiver of the conditions precedent specified in the ROFO Agreement, including: (i) the issuance of a final occupancy permit for the building constructed on the property irrespective of whether such permit contains any conditions or post-issuance obligations; (ii) achieving at least 60% of the commercialization of the building constructed on the property; (iii) the execution of a rental guarantee agreement between Echo as the tenant and the relevant ROFO SPV as the landlord; (iv) the obtaining of the relevant antimonopoly clearance, or return of the notification, or issuance of a decision on the discontinuation of the proceedings or the lapse of a period for the issuance of the anti-monopoly clearance; (v) the obtaining of the relevant tax ruling; and (vi) the successful completion of the Offering, meaning the obtaining by the Selling Shareholders of net cash proceeds from the share offering of not less than EUR 28.0 million by 30 June 2017.

If by 31 March 2020 (the “**Long Stop Date**”) not all the conditions precedent listed in the ROFO Agreement have been satisfied (or waived), the ROFO Agreement shall expire, partially with respect to such ROFO Assets upon the lapse of the Long Stop Date, unless the parties agree otherwise in writing and the parties shall have no claims against one another. If by 30 June 2017 the conditions precedent regarding the successful completion of the Offering and the obtaining of the consent of the Supervisory Board of Echo have not been satisfied (or waived) the ROFO Agreement shall expire in whole on 30 June 2017, unless the parties agree otherwise in writing and the parties shall have no claims against one another. The purchase of the ROFO Assets at their completion by the Issuer will be executed either through the direct acquisition of assets or through the acquisition of shares in the ROFO SPVs.

If the Issuer decides to exercise its right and to acquire the remaining 75% stake in the ROFO Assets, it will have to contribute additional equity. The amount of the additional equity to be contributed will be based on the final price based on the property value for a given ROFO Asset at the time of execution of the remaining 75% stake purchase; external bank financing will be assumed at an Net LTV ratio of 55%. The equity contribution for the acquisition of the remaining 75% stake shall be equal to 75% of the amount constituting the difference between the property value and the external bank financing. The method of financing of this equity injection is not currently known.

Acquisition Agreement regarding the Forward Purchase Asset

On 9 March 2017, Echo and its two subsidiaries, “Grupa Echo” sp. z o.o. and FORUM 60 Fundusz Inwestycyjny Zamknięty, acting as the sellers, and an entity from the Issuer’s capital group – IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, as the buyer, entered into an acquisition agreement regarding the Forward Purchase Asset (the “**PTA**”). The PTA will enter into force following the adoption by the supervisory board of Echo of a resolution approving the execution of the PTA, which is expected to be granted on 14 March 2017. The parties to the PTA agreed to undertake actions to complete the acquisition of the rights and obligations of the company owning the Forward Purchase Asset by the buyer by way of the acquisition by the buyer of 100% of the shares in the limited partner (komandytariusz) and general partner (komplementariusz) of the company owning the Forward Purchase Asset after the satisfaction or waiver of the conditions precedent specified therein, including: (i) the issuance of a final and unconditional occupancy permit for the building constructed on the property; (ii) achieving the commercialization of least 60% of the building constructed on the property; (iii) the execution of a rental guarantee agreement between Echo and an entity from the Issuer’s capital group; (iv) the obtaining of the relevant anti-monopoly clearance; (v) the successful completion of the Offering, meaning the obtaining by the Selling Shareholders of net cash proceeds from the Offering of not less than EUR 18 million by 30 June 2017; and (vi) obtaining the consent of the Supervisory Board of Echo for the envisaged transaction. If: (i) by 31 December 2018 not all of the conditions precedent listed in the PTA have been satisfied (or waived); or (ii) the condition indicated in (v) above has not been fulfilled or waived by 30 June 2017, the PTA shall expire, unless the Parties agree otherwise in writing, and the Parties shall have no claims against one another.

The consideration payable by IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych for the shares under the PTA shall amount to the sum of: (i) the quotient of NOI (the sum of money equal to the annual rental income from the lease of the Forward Purchase Asset minus non-recoverable operating costs) and a yield of 6.873%, which, as of the date

of the execution of the PTA, amount to EUR 36,060,000; (ii) the working capital of the companies being purchased; and (iii) the cash held by such companies, which sum shall be decreased by the amount of debt (primarily comprised of external bank financing) of such companies.

Management of the properties

Green Horizon Office Center in Łódź

On 27 March 2015, Topco III's subsidiary Centren sp. z o. o. ("**Centren**") and Cushman & Wakefield entered into a Property Management Agreement with respect to Green Horizon. The Property Management Agreement was concluded for an indefinite period.

Under the Property Management Agreement, Centren appointed Cushman & Wakefield as the property manager of Green Horizon in exchange for remuneration. In accordance with the Property Management Agreement, its purpose is the professional property management and maintenance of Green Horizon. Centren is entitled to issue instructions regarding execution of property management services.

The Property Management Agreement may be terminated by either party with a three-month notice effective at the end of the calendar month.

Cushman & Wakefield is entitled to terminate the Property Management Agreement with a one-month notice in case insolvency proceedings against Centren are initiated, or Centren does not pay remuneration under the Property Management Agreement on a timely basis, or the execution of the instructions issued by Centren would lead to the violation of the applicable law.

Centren is entitled to terminate the Property Management Agreement with a one-month notice, in case Centren decides to sell Green Horizon, or Centren's shareholders decide to sell at least 33% of the shares in Centren's share capital, or insolvency proceedings against Cushman & Wakefield are initiated. In addition, Centren is entitled to terminate the Property Management Agreement with immediate effect in case of violation of the obligations stemming from: the Property Management Agreement, the lease agreements regarding Green Horizon or the applicable law.

The total cumulative liability of Cushman & Wakefield under the Property Management Agreement will not exceed EUR 5 million. This limitation does not apply to intentional damage.

Lubicz Office Center I & II in Kraków

On 1 September 2016, Topco III's subsidiary Bakalion sp. z o. o. ("**Bakalion**") and Colliers entered into a Property Management Agreement with respect to Lubicz Office Center. The Property Management Agreement was concluded for an indefinite period.

Under the Property Management Agreement, Bakalion appointed Colliers as the property manager of the Lubicz Office Center in exchange for remuneration. In accordance with the Property Management Agreement, its purpose is the property management and maintenance of the Lubicz Office Center without deterioration, and with an increase in its value, if possible.

The Property Management Agreement may be terminated in the following cases: by either party with a three-month notice effective at the end of the calendar month; by Colliers with a one-month notice, in case Bakalion does not pay remuneration under the Property Management Agreement or does not make other payments on a timely basis to third persons related to the Lubicz Office Center operation; by Bakalion with a two-month notice, in case Bakalion decides to sell the Lubicz Office Center or Bakalion's shareholders decide to sell at least 33% of the shares in Bakalion's share capital.

In addition, Bakalion is entitled to terminate the Property Management Agreement with immediate effect in case of gross and repeated negligence by Colliers in respect of the obligations stemming from: the Property Management Agreement, the lease agreements regarding the Lubicz Office Center or the applicable law.

The total cumulative liability of Colliers under the Property Management Agreement will not exceed EUR 5 million. This limitation does not apply to intentional damage.

Nordic Park in Warsaw

On 28 September 2015, Topco III's subsidiary Kafue Investments sp. z o. o., currently operating under the business name Nordic Park Offices sp. z o. o. sp. k. ("**Nordic**") and Colliers entered into a Property Management Agreement with

respect to Nordic Park. The Property Management Agreement was concluded with retroactive effect from 1 July 2015 for an indefinite period.

Under the Property Management Agreement, Nordic appointed Colliers as the property manager of the Nordic Park in exchange for remuneration. In accordance with the Property Management Agreement, its purpose is the property management and maintenance of the Nordic Park without deterioration, and with an increase in its value, if possible.

The Property Management Agreement may be terminated in the following cases: by either party with a three-month notice effective at the end of the calendar month; by Colliers with a one-month notice, in case Nordic does not pay remuneration under the Property Management Agreement or does not make other payments on a timely basis to third persons related to the Nordic Park operation; by Nordic with a two-month notice, in case Nordic decides to sell the Nordic Park or Nordic's shareholders decide to sell at least 33% of the shares in Nordic's share capital; and by Nordic with a two-month notice, in case one of the lessees of the Nordic Park becomes a corporate customer of Colliers.

In addition, Nordic is entitled to terminate the Property Management Agreement with immediate effect in case of gross and repeated negligence by Colliers in respect of the obligations stemming from: the Property Management Agreement, the lease agreements regarding the Nordic Park or the applicable law.

The total cumulative liability of Colliers under the Property Management Agreement will not exceed EUR 5 million. This limitation does not apply to intentional damage.

Batory Building I in Warsaw

On 28 September 2015, Topco II's subsidiary Dolfia sp. z o. o. ("**Dolfia**") and Colliers entered into a Property Management Agreement with respect to Batory Building I. The Property Management Agreement was concluded with retroactive effect from 1 July 2015 for an indefinite period.

Under the Property Management Agreement, Dolfia appointed Colliers as the property manager of the Batory Building I in exchange for remuneration. In accordance with the Property Management Agreement, its purpose is the property management and maintenance of the Batory Building I without deterioration, and with an increase in its value, if possible.

The Property Management Agreement may be terminated in the following cases: by either party with a three-month notice effective at the end of the calendar month; by Colliers with a one-month notice, in case Dolfia does not pay remuneration under the Property Management Agreement or does not make other payments on a timely basis to third persons related to the Batory Building I operation; by Dolfia with a two-month notice, in case Dolfia decides to sell the Batory Building I or Dolfia's shareholders decide to sell at least 33% of the shares in Dolfia's share capital; and by Dolfia with a two-month notice, in case one of the lessees of the Batory Building I becomes a corporate customer of Colliers.

In addition, Dolfia is entitled to terminate the Property Management Agreement with immediate effect in case of gross and repeated negligence by Colliers in respect of the obligations stemming from: the Property Management Agreement, the lease agreements regarding the Batory Building I or the applicable law.

The total cumulative liability of Colliers under the Property Management Agreement will not exceed EUR 5 million. This limitation does not apply to intentional damage.

Bliski Centrum in Warsaw

On 28 September 2015, Topco II's subsidiary Ebgaron sp. z o. o. ("**Ebgaron**") and Colliers entered into a Property Management Agreement with respect to Bliski Centrum. The Property Management Agreement was concluded with retroactive effect from 1 July 2015 for an indefinite period.

Under the Property Management Agreement, Ebgaron appointed Colliers as the property manager of the Bliski Centrum in exchange for remuneration. In accordance with the Property Management Agreement, its purpose is the property management and maintenance of the Bliski Centrum without deterioration, and with an increase in its value, if possible.

The Property Management Agreement may be terminated in the following cases: by either party with a three-month notice effective at the end of the calendar month; by Colliers with a one-month notice, in case Ebgaron does not pay remuneration under the Property Management Agreement or does not make other payments on a timely basis to third persons related to the Bliski Centrum operation; by Ebgaron with a two-month notice, in case Ebgaron decides to sell the Bliski Centrum or Ebgaron's shareholders decide to sell at least 33% of the shares in Ebgaron's share capital; and by Ebgaron with a two-month notice, in case one of the lessees of the Bliski Centrum becomes a corporate customer of Colliers.

In addition, Ebgaron is entitled to terminate the Property Management Agreement with immediate effect in case of gross and repeated negligence by Colliers in respect of the obligations stemming from: the Property Management Agreement, the lease agreements regarding the Bliski Centrum or the applicable law.

The total cumulative liability of Colliers under the Property Management Agreement will not exceed EUR 5 million. This limitation does not apply to intentional damage.

Philips House in Warsaw

On 27 September 2016, Topco II's subsidiary Lamantia sp. z o. o. sp. k. ("**Lamantia**") and Colliers entered into a Property Management Agreement with respect to Philips House. The Property Management Agreement was concluded with retroactive effect from 1 April 2016 for an indefinite period.

Under the Property Management Agreement, Lamantia appointed Colliers as the property manager of the Philips House in exchange for remuneration. In accordance with the Property Management Agreement, its purpose is the property management and maintenance of the Philips House without deterioration, and with an increase in its value, if possible.

The Property Management Agreement may be terminated in the following cases: by either party with a three-month notice effective at the end of the calendar month; by Colliers with a one-month notice, in case Lamantia does not pay remuneration under the Property Management Agreement or does not make other payments on a timely basis to third persons related to the Philips House operation; by Lamantia with a two-month notice, in case Lamantia decides to sell the Philips House or Lamantia's shareholders decide to sell at least 33% of the shares in Lamantia's share capital; and by Lamantia with a two-month notice, in case one of the lessees of the Philips House becomes a corporate customer of Colliers.

In addition, Lamantia is entitled to terminate the Property Management Agreement with immediate effect in case of gross and repeated negligence by Colliers in respect of the obligations stemming from: the Property Management Agreement, the lease agreements regarding the Philips House or the applicable law.

The total cumulative liability of Colliers under the Property Management Agreement will not exceed EUR 5 million. This limitation does not apply to intentional damage.

Renoma in Wrocław

On 28 June 2016, Topco II's subsidiary Dom Handlowy Renoma sp. z o. o. sp. k. ("**Renoma**") and EPP entered into a Property Management Agreement with respect to Renoma.

Under the Property Management Agreement, Renoma appointed EPP as the property manager of the Renoma in exchange for remuneration. In accordance with the Property Management Agreement, its purpose is the professional property management and maintenance of the Renoma without deterioration.

EPP will take over managerial responsibilities not later than on 1 January 2017. The actual date is subject to the moment of the passing of the management of Renoma from the previous manager. Until then, EPP will execute managerial responsibilities to a limited extent. The Property Management Agreement was concluded for a period of 12 months from the moment of such passing, but no longer than until 24 December 2017. After the lapse of such period, the Property Management Agreement becomes an indefinite period agreement with the possibility of termination with a three-month notice by either party.

Renoma is entitled to terminate the Property Management Agreement with immediate effect in case of gross negligence by EPP in respect of the obligations stemming from: the Property Management Agreement, the lease agreements regarding Renoma or the applicable law.

Supersam in Katowice

On 1 February 2017, Topco II's subsidiary DH Supersam Katowice sp. z o.o. ("**Supersam**") and EPP entered into a Property Management Agreement with respect to the Supersam.

Under the Property Management Agreement, Supersam appointed EPP as the property manager of the Supersam in exchange for remuneration. In accordance with the Property Management Agreement, its purpose is the property management and maintenance of the Supersam without deterioration, and with an increase in its value, if possible. The Property Management Agreement was concluded for a definite period of 24 months starting on 1 February 2017. After

the lapse of such period, the Property Management Agreement becomes an indefinite period agreement with the possibility of termination with a three-month notice, effective at the end of the calendar month.

In addition, Supersam is entitled to terminate the Property Management Agreement with immediate effect in situations specified therein, in particular, in case of gross and repeated negligence by EPP in respect of the obligations stemming from the Property Management Agreement. From the moment of conversion into an indefinite period agreement, EPP is entitled to terminate the Property Management Agreement with one-month notice if Supersam does not pay remuneration on a timely basis.

The total cumulative liability of EPP under the Property Management Agreement will not exceed EUR 2 million. This limitation does not apply to intentional damage.

Hala Koszyki in Warsaw

On 18 October 2016, the Topco II's subsidiary Hala Koszyki Grayson Investments sp. z o. o. sp. k. ("**Grayson**") and EPP entered into a Property Management Agreement with respect to Hala Koszyki.

Under the Property Management Agreement, Grayson appointed EPP as the property manager of the Hala Koszyki in exchange for remuneration. In accordance with the Property Management Agreement, its purpose is the professional property management and maintenance of the Hala Koszyki without deterioration.

The Property Management Agreement was concluded for a definite period of 24 months starting on 18 October 2016. After the lapse of such period, the Property Management Agreement becomes an indefinite period agreement with the possibility of termination with a three-month notice, effective at the end of the calendar month.

In addition, Grayson is entitled to terminate the Property Management Agreement with immediate effect in case of gross and repeated negligence by EPP in respect of the obligations stemming from the Property Management Agreement. From the moment of conversion into an indefinite period agreement, EPP is entitled to terminate the Property Management Agreement with one-month notice if Grayson does not pay remuneration on a timely basis.

The total cumulative liability of EPP under the Property Management Agreement will not exceed EUR 2 million. This limitation does not apply to intentional damage.

Guarantees

Rental Guarantee

On 9 March 2017, GT II, GT III and each holder of title to the Existing Asset concluded rental guarantee agreements (the "**Rental Guarantees**") in respect of certain assets specified below, related to premises that were not leased or pre-leased by the Listing Date. Pursuant to each Rental Guarantee, GT II or GT III guaranteed to each holder of title to the Existing Asset that each holder of title to the Existing Asset will: (i) receive the headline rent and the average amount of service charges (subject to annual reconciliation and also including any void costs arising from the lack of a tenant due to ongoing refurbishment or fit-out works) for each part of the building that is not leased to third parties within a period of five years from the date of the Offering (i.e. the Rental Guarantees enter into force on the Listing Date and will remain in force for a period of five years from such date), (ii) receive the rent under the signed lease agreement in the full amount, i.e. all amounts of rent reductions or rent-free periods under the signed lease agreements will be covered by the rental guarantee, (iii) receive the leasing and agent fees related to the leasing of the property (regarding signed lease agreements) as well as agent fees related to the new leases in the negotiations of which the guarantor was not involved, and (iv) receive all amounts equal to all rent abatements during the rent-free periods and budgeted fit-out costs and outstanding general capex works, with respect to both signed and new lease agreements (also if the property is not fully leased at the end of the five-year term, the Seller will cover the costs of any fit-out works for the remaining vacant space, if such space will be leased). The guarantor's liability to cover the costs set out in items (ii), (iii) and (iv) is subject to capped amounts set out in each of the Rental Guarantees and expires after 60 calendar months following the Listing Date. The aforementioned capped amounts under the Rental Guarantees amount to in aggregate EUR 26,429,829.62. The Rental Guarantees cover the vacant premises as of the Listing Date and if any vacant premises are leased thereafter, they will no longer be covered by the Rental Guarantees, even if a new lease is terminated or otherwise expires within the five-year guarantee period. The beneficiary may terminate the Rental Guarantees at any time with one month's termination notice. In respect of Hala Koszyki and Supersam, parts of the unutilized fit-out works and capital expenditures are covered by external bank financing, thus the Rental Guarantee covers only the costs of the difference between the actual amount of

the fit-out contributions (plus the capped capital expenditure amounts) and the amount of development budget in line with such external financing (i.e. the Guarantor covers only the amounts exceeding the funds provided by external bank financing). The amount of undrawn debt in respect to Hala Koszyki and Supersam available under external bank financing as of the date of execution of the Rental Guarantee amounted to EUR 12,812,374.12 (and was excluded from the aggregate capped amount set out above).

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

Under the Rental Guarantees, the guarantor is allowed to seek new tenants. Any income received by each holder of title to the Existing Asset under any newly executed lease agreement will reduce the payments under the Rental Guarantees. Under the Rental Guarantees, the Guarantor will also be required to participate in the costs of the fit-out contributions, rent deductions and/or rent-free periods granted to new tenants. The Guarantor will also cover the outstanding costs of the fit-out contributions, rent deductions and/or rent-free periods granted to existing tenants. The Guarantor is entitled to a total remuneration of EUR 105,719.32 for granting the Rental Guarantees.

NOI Guarantee

On 9 March 2017, GT II and the respective owners and perpetual usufructuaries of Hala Koszyki, Renoma and Supersam concluded the NOI Guarantee agreement (the “**NOI Guarantee**”), under which the guarantor undertakes to the beneficiaries that if the yearly actual net operating income during a five-year period starting on the Listing Date is less than EUR 11,500,000 p.a. (the “**Guaranteed Amount**”), the guarantor shall pay to the respective owners and perpetual usufructuaries of Hala Koszyki, Renoma and Supersam an amount equal to the difference between the Guaranteed Amount (proportionally to the leased space to the total leasable space ratio if this ratio falls below 85%) and the actual net operating income. The maximum aggregate amount payable within the five-year guarantee term by the guarantor is EUR 11,500,000 (which amount would be reduced by a proportionate amount of the NOI if any of the assets are sold or otherwise disposed of prior to the expiry of the NOI Guarantee or any of the beneficiaries assigns or transfers, in whole or in any part, its rights and obligations under the NOI Guarantee to any third party in breach of the provisions of the NOI Guarantee). The NOI Guarantee expires upon the final and full satisfaction of all the amounts due thereunder, and the guarantor’s payment obligation partially expires if the guarantor does not receive the relevant NOI Guarantee notice within six months of the end of the NOI Guarantee period. Payments due under the NOI Guarantee shall be paid on an annual basis. The actual net operating income amount shall be generally calculated as income derived from any lease agreement of the premises less the sum of operating expenses, refundable tenant incentives and property management fees. The NOI Guarantee is not to be secured in any manner. The NOI Guarantee was concluded in respect of the retail components of the following assets: (i) Hala Koszyki; (ii) Renoma; and (iii) Supersam. The NOI Guarantee only covers retail premises regardless of the mixed-use nature of the three assets covered by it. The amount of NOI is calculated on the basis of the High-street retail component only and does not cover the parts comprising office or other types of premises. The NOI Guarantee will come into effect as of the Listing Date and the maximum aggregate amount payable in 2017 shall be adjusted pro-rata accordingly. The Guarantor is entitled to an annual remuneration of EUR 9,200 for granting the NOI Guarantee.

Financing agreements

Green Horizon Office Center in Łódź

Facility agreement between Bank Polska Kasa Opieki S.A. as the agent, arranger and original lender, Pekao Bank Hipoteczny S.A. as the original lender and Centren Sp. z o.o. as the borrower

On 24 March 2015, Bank Polska Kasa Opieki S.A. (“**Bank Pekao**”), Pekao Bank Hipoteczny and Centren entered into a facility agreement for two term loan facilities in relation to the Green Horizon project. The agreement was amended on 27 March 2015 and 25 January 2017. The investment loan is divided into two sub-tranches: 1) sub-tranche 1, in the aggregate amount not exceeding the lowest of: i) EUR 46,500,000, or ii) 70% of the market value of the Green Horizon project as shown in the initial valuation or iii) 70% of the net purchase transaction costs (without applicable VAT); and 2) sub-tranche 2, in the aggregate amount not exceeding the lowest of: i) the total investment tranche commitments being

EUR 49,750,000, or ii) 75% of the market value of the Green Horizon project as shown in the initial valuation or iii) 75% of the net purchase transaction costs (without applicable VAT), decreased by the disbursed amount of sub-tranche 1. The VAT loan amounts to up to PLN 65,000,000, but no more than necessary to cover the amount of payable VAT.

The purpose of the investment loan was to partially finance the Green Horizon project.

The VAT tranche was payable until the earliest of the following dates: i) six months from the date on which the funds were to be disbursed to the escrow account; ii) 31 December 2015; or iii) the date on which the funds should have been repaid or prepaid prior to the above dates pursuant to the agreement. The repayment of the VAT tranche took place on 8 June 2015.

0.5% of the funds under sub-tranche 1 and 5% of the funds under sub-tranche 2 are payable quarterly. The remaining outstanding amount of the funds is payable in full on the final repayment date, which is the earliest of the following dates: i) five years from the date on which the funds were to be disbursed to the escrow account; ii) 30 June 2020; iii) six months prior to the earlier of the date on which Griffin TopCo III S.à r.l. or Oaktree European Principal Fund III LP is dissolved, ceases to exist or its liquidation commences, or iv) the date on which the funds should have been repaid or prepaid prior to the above dates pursuant to the agreement (for example, due to an event of default).

The interest rate of the investment tranche is variable and is based on an applicable margin (2.40% in the case of sub-tranche 1 or 3% in the case of sub-tranche 2) and three-month EURIBOR determined as set forth in the agreement. Subject to the provisions of the agreement, Centren may prepay the loan in whole or in part after notifying Bank Pekao at least ten business days prior to the prepayment. The prepayment should amount to at least EUR 1,000,000 or a multiple of such amount.

The agreement contains provisions regarding the maintenance of a debt service cover ratio of at least 120% and the maintenance of a loan to value ratio not exceeding 75%. As of 31 December 2016, the debt service cover ratio stood at 200% and the maintenance of a loan to value ratio stood at 69.5%.

Centren is required to maintain accounts only with Bank Pekao. Moreover, Centren may not carry on any business other than maintaining and managing the Green Horizon project, nor dispose of any part of its assets, except as specified in the agreement. Furthermore, subject to the provisions of the agreement, Centren cannot acquire or make an offer to purchase any business or assets of any other person, be a creditor in respect of any financial indebtedness, incur any financial indebtedness or grant any guarantees. The agreement also contains provisions with respect to events of default, including, among others, non-payment, insolvency or bankruptcy proceedings involving Centren, cessation of business, cross-default, negative pledge and provisions related to the operation of the building.

The obligations under this agreement have been secured by: i) a first-ranking joint mortgage over the Green Horizon project (the real estate properties together with the infrastructure situated thereon) in the amount of EUR 99,500,000 and PLN 130,000,000; ii) a first-ranking registered pledge over all of the shares in Centren in the amount of up to 200% of the sum of the total investment tranche commitments; iii) a first-ranking registered pledge over a set of movables and rights of Centren in the amount of up to 200% of the sum of the total investment tranche commitments; iv) a first-ranking registered pledge over all of the bank accounts of Centren; v) a power of attorney for Bank Pekao to all of the bank accounts of Centren; vi) the security assignment of Centren's monetary claims to Bank Pekao under, inter alia, insurance agreements relating to the assets of Centren, lease agreements, building contracts and management contracts.

As of 31 December 2016, the total outstanding amount under the facility agreement amounted to EUR 46,703,928.

Lubicz Office Center I & II in Kraków

Facility Agreement between Bakalion as the borrower, Dolfia as the guarantor and Westdeutsche Immobilienbank AG as the arranger, facility agent, original lender and security agent

On 10 April 2014, Bakalion and Westdeutsche Immobilienbank AG ("WI") entered into a facility agreement, as amended through a supplemental amendment executed on 1 April 2016, for a maximum amount of the lowest of the following values: i) EUR 34,646,656; ii) 65% of the market value of the Lubicz Office Center; or iii) the amount of the facility enabling Bakalion to maintain the level of its interest service cover ratio at no lower than 200%, for the purpose of financing the total net cost of the acquisition and operation of the Lubicz Office Center. Individual loans within the facility are granted upon the request of Bakalion.

The loan is to be repaid in quarterly instalments. The facility bears interest quarterly at floating rates based on EURIBOR plus a margin (in the amount of 2.65%). The final repayment date falls three years after the first loan payment is made by WI.

The facility agreement contains provisions with respect to the maintenance of an interest service cover ratio above 200%, a debt service cover ratio above 110% and a loan to value ratio of a maximum level of 65% throughout the duration of the facility agreement. As of 31 December 2016, the interest service cover ratio stood at 504%, the debt service cover ratio at 200% and the loan to value ratio at 56.5%.

The agreement also includes provisions that are typically found in loan agreements of this type with respect to events of default related to, among others, non-payment, breaches of financial covenants, negative pledge, misrepresentation, cross-default, the misuse of a loan, the insolvency of Bakalion, a material adverse change in the activity of Bakalion, the initiation of bankruptcy proceedings against Bakalion or a change in the ownership of the Lubicz Office Center. Bakalion is not allowed to assign its rights and obligations stemming from the facility agreement without the prior written consent of WI.

The facility is secured by: i) first-ranking mortgages over the Lubicz Office Center project in the amount of EUR 62,394,984; ii) registered pledges over the shares in Bakalion in the amount of EUR 62,394,984; iii) a subordination agreement; iv) pledges over accounts; v) the assignment of a management agreement, leases, guarantees, insurance and other rights; vi) a statement on submission to enforcement; and vii) a security assignment agreement.

As of 31 December 2016, the total outstanding amount under the facility agreement amounted to EUR 34,646,656.

Nordic Park in Warsaw

Facility Agreement between mBank Hipoteczny S.A. as the lender and Nordic Park Offices Sp. z o.o. Sp. k. as the borrower

On 27 June 2014, mBank Hipoteczny S.A. (“**mBank**”) and Kaufe Investments Sp. z o.o., currently Nordic Park, entered into a facility agreement for up to the amount of EUR 15,750,000 in relation to the Nordic Park project. By way of the second amendment to the agreement dated 23 December 2014, the parties adopted the consolidated text of the agreement.

The loan can be used for: i) the partial repayment of the amounts payable to Griffin Finance III Sp. z o.o. on the basis of a loan agreement dated 23 December 2013; ii) the financing of an arrangement fee payable to mBank; and iii) the establishment of a debt service reserve.

The final repayment date is 27 June 2034.

The loan is to be paid in monthly annuity instalments pursuant to the repayment schedule. The interest rate is variable and is based on a 2.6% margin and three-month EURIBOR determined as set forth in the agreement. Nordic Park may prepay the loan in whole or in part after notifying mBank at least ten business days prior to the prepayment. The prepayment should amount to at least EUR 1,000,000 or a multiple of such amount and will be subject to any applicable administrative costs.

The agreement contains provisions regarding the maintenance of a debt service cover ratio of at least 100% until 30 April 2017 and at least 120% subsequent to such date. As of 31 December 2016, the debt service cover ratio stood at 103%. The agreement also includes provisions regarding the merger, transformation or de-merger of Nordic Park, a change in the share capital of Nordic Park and assignments and transfers by Nordic Park. Nordic Park is required to maintain accounts only with mBank and cannot, without the prior written consent of mBank, maintain any other account with any other bank or financial institution. Moreover, Nordic Park may not carry on any business other than the business of the operation of the Nordic Park project nor dispose of any part of its assets, except as specified in the agreement. Furthermore, Nordic Park cannot purchase or make an offer to purchase any business or assets of any other person, including shares, bonds and other securities, without the consent of mBank. Subject to the provisions of the agreement, Nordic Park cannot be a creditor in respect of any financial indebtedness, incur or have any financial indebtedness of any other person or grant any guarantees. The agreement also contains provisions related to the operation of the building as well as provisions with respect to events of default related to, among others, non-payment, insolvency or bankruptcy proceedings involving Nordic Park and cross-default provisions.

The receivables of mBank have been secured by: i) a mortgage over the Nordic Park project (the office building and the land on which it is situated) up to the amount of EUR 23,625,000; ii) a security assignment agreement; iii) a subordination agreement; iv) a power of attorney to the bank accounts of Nordic Park; v) a statement on submission to enforcement made by Nordic Park entitling mBank to file a petition to declare enforceability until 15 July 2037; vi)

a promissory note issued by Nordic Park and guaranteed by Griffin TopCo III S.à r.l. including a promissory note declaration; vii) a financial and registered pledge agreement over shares in the share capital of Nordic Park Offices Sp. z o.o., a general partner of Nordic Park, along with a statement on submission to enforcement; viii) a pledge agreement over receivables arising from participation in AKKA SCSP, a limited partner of Nordic Park; ix) a registered pledge agreement over receivables payable to the general partner arising from participation in Nordic Park; x) a registered pledge agreement over receivables payable to the limited partner arising from participation in Nordic Park; xi) a suretyship agreement between Nordic Park, mBank and Ebgaron, along with a statement on submission to enforcement made by Ebgaron entitling mBank to file a petition to declare enforceability until 15 July 2037; xii) a mortgage over the real estate in respect of which Ebgaron is the perpetual usufructuary up to the amount of EUR 31,500,000; xiii) a support agreement between Nordic Park, mBank and Griffin III S.à r.l.; and xiv) a debt service reserve.

As of 31 December 2016, the total outstanding amount under the facility agreement amounted to EUR 14,328,959.

Philips House and Batory Building I in Warsaw

Credit Facility Agreement between Lamantia and Dolfia as the borrower and guarantor, Bakalion as the guarantor and Westdeutsche Immobilienbank as the arranger, facility agent and original lender

On 12 February 2013, Lamantia, Dolfia and WI entered into a credit facility agreement, as amended by way of supplemental amendments executed on 17 December 2015 and 1 April 2016, covering two facilities: in respect of Lamantia, for a maximum amount of the lowest of the following values – i) EUR 8,000,000, ii) PLN 32,813,500, or iii) the amount of the facility enabling Lamantia to maintain its interest cover ratio at a level no lower than 135%, for the purpose of the purchase of the Philips House; and in respect of Dolfia, for the maximum amount of the lowest of the following values – i) EUR 6,950,000, ii) PLN 28,440,800, iii) the amount of the facility enabling Dolfia to maintain its interest cover ratio at a level no lower than 135%, for the purpose of the purchase of the Batory Building I. Individual loans within the facility are granted upon the request of Lamantia or Dolfia. Both Lamantia and Dolfia are permitted to take out only one loan.

The credit facility is to be repaid in thirteen quarterly instalments. The facility bears interest quarterly at floating rates based on EURIBOR plus a margin (in the amount of 2.5%). However, prior to 28 February 2016, the interest rate had been fixed. The final repayment date falls five years after the first loan payment is made by WI.

The facility agreement contains provisions with respect to the maintenance of an interest cover ratio above 120%, a debt service cover ratio of at least 110% and a loan to value ratio of a maximum level of at least 78% throughout the duration of the credit facility agreement. As of 31 December 2016, the interest cover ratio stood at 504%, the debt service cover ratio at 200% and the loan to value ratio of at 56.5%.

The agreement also includes provisions that are typically found in loan agreements of this type with respect to events of default related to, among others, non-payment, breaches of financial covenants, negative pledge, misrepresentation, cross-default, the misuse of a loan, the insolvency or initiation of insolvency proceedings involving Lamantia, Dolfia or Bakalion, material adverse changes in the activities of Lamantia, Dolfia or Bakalion. Lamantia and Dolfia are not allowed to assign its rights and obligations stemming from the credit facility agreement without the prior written consent of WI.

The facility is secured by, among others: i) a mortgage over the Philips House and Batory Building I projects in the amount of EUR 62,394,984; ii) a registered pledge over shares in Lamantia and Dolfia in the amount of EUR 62,394,984; iii) a registered pledge over assets of Lamantia and Dolfia; iv) a registered pledge over bank accounts; v) the assignment of leases, guarantees, insurance, property management and other rights; and vi) a statement on submission to enforcement.

As of 31 December 2016, the total outstanding amount under the credit facility agreement amounted to EUR 7,396,808.91 in connection with the Philips House and EUR 6,411,120 in connection with the Batory Building I.

Bliski Centrum in Warsaw

Facility Agreement between mBank Hipoteczny S.A. as the lender and Ebgaron as the borrower

On 17 December 2013, mBank and Ebgaron entered into a facility agreement for two loans in relation to the purchase of the Bliski Centrum project, i.e.: i) an investment loan for up to EUR 8,500,000; and ii) a VAT loan for up to PLN 10,000,000 or the amount of VAT payable under the relevant sale agreement, whichever of these amounts is lower. By way of the second amendment to the agreement dated 23 December 2016, the parties adopted the consolidated text of the agreement.

The investment loan can be used for: i) the partial repayment of the purchase price and transactional costs; ii) financing the arrangement fee payable to mBank; iii) the establishment of a debt service reserve.

The VAT loan was repaid on 15 July 2014. The final repayment date of the investment loan is 16 January 2034.

The investment loan is to be paid in quarterly annuity instalments pursuant to the repayment schedule. From 15 January 2017 until 15 January 2020, the investment loan is to be paid in monthly annuity instalments based on 34-year amortization. From 15 January 2020 until 16 January 2034, the investment loan is to be paid in monthly annuity instalments based on 25-year amortization. The rest of the principal together with interest and other costs and expenses is due 16 January 2034.

The interest rate of the investment loan is variable and is based on an applicable margin (3% until 15 January 2017 and 2.6% from 15 January 2017) and three-month EURIBOR as set forth in the agreement. Ebgaron may prepay the loan in whole or in part after notifying mBank at least ten business days prior to the prepayment, subject to administrative costs. The prepayment should amount to at least EUR 1,000,000 or a multiple of such amount.

The agreement contains provisions regarding the maintenance of a debt service cover ratio of at least 120% and at least 100% between the period of 1 January 2017 and 31 December 2019. As of 31 December 2016, the debt service cover ratio stood at 158%.

The agreement also includes provisions regarding the merger, transformation or de-merger of Ebgaron, a change in the share capital of Ebgaron and assignments and transfers by Ebgaron. Ebgaron is required to maintain accounts only with mBank and cannot, without the prior written consent of mBank, maintain any other account with any other bank or financial institution. Moreover, Ebgaron may not carry on any business other than the operation of the Bliski Centrum project, nor dispose of any part of its assets, except as specified in the agreement. Furthermore, Ebgaron cannot purchase or make an offer to purchase any business or assets of any other person, including shares, bonds and other securities, without the consent of mBank. Subject to the provisions of the agreement, Ebgaron cannot be a creditor in respect of any financial indebtedness, incur or have any financial indebtedness of any other person or grant any guarantees. The agreement also contains provisions related to the operation of the building as well as provisions with respect to events of default related to, among others, non-payment, insolvency or bankruptcy proceedings involving Ebgaron and cross-default.

The receivables of mBank have been secured by: i) a mortgage over the Bliski Centrum project (the office building and the land on which it is situated) up to the amount of EUR 21,761,905; ii) a registered pledge agreement over shares in the share capital of Ebgaron; iii) a security assignment agreement; iv) a subordination agreement; v) a power of attorney to bank accounts; vi) a statement on submission to enforcement; vii) a suretyship agreement between Ebgaron, mBank and Nordic Park Offices, along with a statement on submission to enforcement made by Nordic Park entitling mBank to file a petition to declare enforceability until 16 January 2037; viii) a mortgage over the real estate in respect to which Nordic Park is the perpetual usufructuary, up to the amount of EUR 17,000,000; ix) a promissory note; and ix) a debt service reserve.

As of 31 December 2016, the total outstanding amount under the facility agreement amounted to EUR 7,679,616.

Renoma in Wrocław

Facility Agreement between Renoma as the borrower, Dom Handlowy Renoma sp. z o.o. as the general partner and Bank Gospodarstwa Krajowego as the lender

On 17 June 2016, Renoma and Bank Gospodarstwa Krajowego (“**BGK**”) entered into a facility agreement for a maximum of the lower of the following values: EUR 100,121,000 or 72% of the market value of the Renoma project, for the purposes of refinancing existing debt. Individual loans within the facility are granted upon the request of Renoma.

The loan is to be repaid in quarterly instalments. The loan bears interest quarterly at floating rates based on EURIBOR plus a margin (in the amount of 2.05%). The final repayment date is 25 June 2026.

The facility agreement contains provisions with respect to the maintenance of a debt service cover ratio and future debt service cover ratio above 110% and a loan to value ratio of a maximum level of 72% throughout the duration of the facility agreement. As of 31 December 2016, the debt service cover ratio and future debt service cover ratio stood at 162% and the loan to value ratio at 70.7%.

The facility agreement also includes provisions typically found in facility agreements of this type with respect to events of default related to, among others, non-payment, breaches of financial covenants, negative pledge, negative equity capital, misrepresentation, cross-default provisions, the misuse of the loans, the insolvency of Renoma, a material adverse change in the activity of Renoma, the initiation of bankruptcy proceeding against Renoma as well as in regard of mergers, acquisitions or investments and several undertakings in respect of the Renoma project. Renoma is not allowed to assign its rights and obligations under the facility agreement without the prior written consent of BGK. Renoma is not permitted to execute lease agreements on conditions contrary to the facility agreement.

The facility is secured by, among others: i) mortgages over the Renoma project in the amounts of EUR 129,300,000 and EUR 10,000,000; ii) a registered pledge over bank accounts; iii) the assignment of rights from existing and future contracts; iv) financial, registered and civil pledges over shares in Renoma; v) registered pledges over a collection of movable assets and property rights; and vi) the subordination of intercompany loans.

As of 31 December 2016, the total outstanding amount under the facility agreement amounted to EUR 98,869,488.

Supersam in Katowice

Non-revolving loan agreement between Bank Ochrony Środowiska as the lender and Supersam as the borrower

On 1 July 2013, Bank Ochrony Środowiska S.A. (“BOŚ”) and Supersam entered into a non-revolving loan agreement for financing the Supersam project. The agreement was amended on 11 March 2014, 18 June 2014, 3 July 2014, 15 May 2015, 24 November 2015, 18 February 2016 and 20 January 2017.

The maximum loan amount is EUR 39,690,000. However, the amount of the loan granted should not exceed the amount of 70% of the value of the Supersam project, as verified by BOŚ, or the amount of 70% of the investment budget, i.e. EUR 56,700,000. The loan is made available in tranches. The utilization period ends on 31 March 2017.

The principal is to be repaid in a bullet payment on 30 June 2017. The variable interest is payable quarterly and is based on a 2.9% margin and three-month EURIBOR as set forth in the agreement.

Subject to the provisions of the agreement, Supersam cannot incur any financial indebtedness through other banks or financial institutions, grant any guarantees, be a creditor in respect of any financial indebtedness or encumber or dispose any of its assets. Supersam is required to maintain a current account with BOŚ, maintain an equity to asset ratio of at least 80% of the amount accepted by BOŚ in the financial model and assign to BOŚ, as set forth in the agreement, the receivables under the insurance policy, under the warranty for defects and under the lease agreements related to the Supersam project. Furthermore, the facility agreement contains other provisions typically found in agreements of this type with respect to, among others, the misuse of a loan, negative equity capital and changes of control over parties related to Supersam.

By way of the seventh amendment to the agreement dated 20 January 2017, BOŚ agreed to the change of the shareholder of Supersam ultimately to IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, by way of one or several steps, including: the transfer of shares from Griffin TopCo II S.à r.l. to Griffin Netherlands II B.V., from Griffin Netherland II B.V. to Griffin Premium RE.. B.V. and from Griffin Premium RE.. B.V. to IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych. Moreover, BOŚ agreed to the transfer of a subordinated loan ultimately to the limited liability company that will exercise managerial and financial functions in the capital group, by way of one or several steps, including: the transfer of the subordinated loan from Griffin TopCo II S.à r.l. to Griffin Netherlands II B.V., from Griffin Netherland II B.V. to Griffin Premium RE.. B.V., Griffin Premium RE.. B.V. to IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych and from IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych to the limited liability company which will exercise managerial and financial functions in the capital group. Among other provisions of the amendment agreement is an obligation of IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych to make a statement on voluntary submission to enforcement within 30 days of the purchase of the shares.

The obligations under this agreement have been secured by: i) a financial pledge over all current and future shares in Supersam, along with a statement on submission to enforcement; ii) a joint mortgage over the Supersam project (real estate properties) up to the amount of EUR 59,535,000; iii) an in blanco promissory note issued by Supersam along with a promissory note; iv) a power of attorney for BOŚ to the bank accounts maintained by BOŚ; v) the assignment to BOŚ of the receivables under the general contracting agreement for the Supersam project and under bank and insurance guarantees; and vi) the assignment to BOŚ of the receivables under lease agreements.

As of 31 December 2016, the total outstanding amount under the loan agreement amounted to EUR 36,931,444.

Revolving loan agreement between Bank Ochrony Środowiska as the lender and Supersam as the borrower

On 1 July 2013, BOŚ and Supersam entered into a revolving loan agreement for up to the amount of PLN 8,500,000 in relation to the financing of the VAT payable on the construction costs of the Supersam project. The agreement was amended on 11 March 2014 and 15 May 2015.

The utilization period of the loan is 1 September 2013 to 31 March 2017. The final repayment date is 30 June 2017. The loan is to be repaid on the last day of the month in which Supersam receives the above-mentioned VAT refund. The interest rate of the investment loan is variable and is based on a 2.5% margin and three-month WIBOR as set forth in the agreement. The interest is included in the total amount of the non-revolving investment loan mentioned above.

Subject to the provisions of the agreement, Supersam cannot incur any financial indebtedness through other banks or financial institutions, grant any guarantees, be a creditor in respect of any financial indebtedness or encumber or dispose any of its assets. Supersam is required to maintain a current account with BOŚ, assign the insurance policy for the Supersam project to BOŚ and maintain an equity to asset ratio of at least 80% of the amount accepted by BOŚ in the financial model. The facility agreement also contains other provisions typically found in agreements of this type with respect to, among others, the misuse of a loan, negative equity capital and changes of control over parties related to Supersam.

The obligations under this agreement have been secured by: i) a financial pledge over all current and future shares in Supersam, along with a statement on submission to enforcement; ii) a joint mortgage over the Supersam project (real estate properties) up to the amount of PLN 12,750,000; iii) an in blanco promissory note issued by Supersam along with a promissory note; and iv) a power of attorney for BOŚ to the bank accounts maintained by BOŚ.

As of 31 December 2016, the total outstanding amount under the loan agreement amounted to PLN 724,596.

Hala Koszyki in Warsaw

Facility Agreement between Grayson as the borrower, Grayson Investments sp. z o.o. as the shareholder and BGK as the lender

On 17 September 2014, Grayson and BGK entered into a facility agreement, as amended by annexes executed on 11 December 2014, 15 June 2015, 18 November 2016 and 18 January 2017, covering: i) a construction facility for a maximum amount of EUR 60,836,551; ii) an investment facility for EUR 60,836,551; and iii) a VAT facility for PLN 13,000,000 for the purposes of financing or refinancing existing debt, the costs of construction works as well as VAT costs related to such purchase and construction works. Individual loans within the facility are granted upon the request of Grayson.

The loan bears interest monthly at floating rates. Such interest is calculated based on: i) in regard to the construction loan –one-month EURIBOR plus an applicable margin; and ii) in regard to the VAT loan –one-month WIBOR plus an applicable margin. The investment loan bears interest quarterly at a floating rate based on three-month EURIBOR plus an applicable margin.

The final repayment date in respect of the specific loans is the earliest of the following dates: i) for the construction loan, 31 August 2017 or 12 months after the first loan payment is made by BGK; ii) for the investment loan, 31 August 2026 or 9 years after the utilization of the investment loan; and iii) for the VAT loan, 28 February 2018 or 6 months after the utilization of the investment loan. The investment loan should be repaid in quarterly instalments, whereas the VAT loan should be repaid in monthly instalments.

The facility agreement contains provisions with respect to the maintenance of a debt service cover ratio and future debt service cover ratio above 120%, a loan to cost ratio of a maximum level of 75% and a loan to value ratio of a maximum level of 70% throughout the duration of the facility agreement. As of 31 December 2016, the loan to value ratio stood at 52.4%, whereas the remaining ratios were not yet applicable, as they will have to be complied with once the investment facility is paid out.

The agreement also includes provisions typically found in loan agreements of this type with respect to events of default related to, among others, non-payment, breaches of financial covenants, negative pledge, negative equity capital, misrepresentation, cross-default provisions, the misuse of a loan, the insolvency of Grayson, a material adverse change in the activity of Grayson, the initiation of bankruptcy proceedings against Grayson. Grayson is not allowed to assign its rights and obligations under the facility agreement without the prior written consent of BGK. Grayson is not permitted to execute lease agreements on conditions contrary to the facility agreement.

The facility is secured by, among others: i) a mortgage over the Hala Koszyki project; ii) registered and financial pledge over shares; iii) security assignment; iv) registered pledge over assets; v) account pledge; vi) accounts powers of attorney; vii) deposit agreement; viii) submission to enforcement; ix) a cost overrun guarantee; x) a blank promissory note; xi) a deposit agreement.

As of 31 December 2016, the total outstanding amount under the facility agreement amounted to EUR 44,851,034.97 and PLN 5,373,056.37 in connection with a VAT facility.

Investment Agreement in regard to a loan for the implementation of an urban revitalization project between Grayson as the borrower and BGK as the lender

On 30 June 2014, Grayson and BGK entered into an investment agreement, as amended by annexes executed on 3 October 2014 and 18 November 2016, in regard to a PLN 25,000,000 loan for the implementation of an urban revitalization project within Hala Koszyki.

The loan is to be repaid in quarterly instalments. The interest rate of the loan is determined based on the reference rate of the Polish National Bank and multiplied by 0.2282. As of the date of execution of the investment agreement, the loan bore interest annually in the amount of 0.57%. The grace period for the repayment of the loan ended on 29 June 2016. Repayment of the loan commenced on 30 June 2016. The final repayment date is 30 June 2034.

The loan is secured by: i) a blank promissory note with a promissory note declaration; ii) first-ranking mortgages over the Hala Koszyki project; iii) registered and financial pledges over shares in Grayson Investment sp. z o.o.; iv) the assignment of leases, guarantees, insurance and other rights; v) registered and financial pledges over accounts along with powers of attorney over such accounts; vi) a cost overrun guarantee; vii) a debt service reserve; and viii) a deposit/escrow account.

As of 31 December 2016, the total outstanding amount under the credit facility agreement amounted to PLN 24,900,000.

Investments

Investments in the last three financial years up to the date of the Prospectus

Apart from the acquisition of the Existing Assets, no material investments were made between 1 January 2014 and the date of this Prospectus. The purchases of the Existing Assets were financed through bank loans and equity in the form of share capital and/or intragroup loans.

Investments in the current financial year and future investments

Apart from the acquisitions described in the section entitled “*Material agreements – Material agreements related to acquisitions of Acquisition Assets*”, no other material investments by the Group in real estate have been contractually agreed and there are no binding commitments to do so in the current financial year 2017 or in the future. The planned property acquisitions will be financed with funds to be raised through subscription of the New Shares as part of the Offering as well as bank loans.

Intellectual Property

Due to the nature of its business, industrial property rights are of no particular significance to the Company. The Company does not depend on any patents or licenses that are of material significance to its business. The Company uses the wordmark “Griffin Premium” as well as the domain www.griffin-premium.com; the Company expects to shortly file registrations for the protection of such property rights.

Information Technology

Due to the very limited nature of its activities, the Issuer does not have an IT infrastructure.

Property, Plant and Equipment

Apart from the portfolio properties held in the form of shares in property companies, including the associated technical and operating equipment, the Company does not have any material property, plant and equipment as of the date of this Prospectus. The Company’s business premises are leased.

Insurance Coverage

For the limitation of risks, the Group has concluded customary insurance policies with AIG, particularly including liability insurance (including building owner liability insurance policies) and buildings insurance policies for its real estate portfolio (including for theft, fire, act of property terrorism, natural hazards and loss of rent).

In addition, the Company has concluded a so-called D&O liability insurance policy (a third-party liability insurance for members of executive bodies and managers of the Company and all Group Companies) that covers the members of the Board in connection with breaches of their obligations associated with their work on the Board. The limit of liability is EUR 25 million per occurrence. There is no deductible for claims against the directors where they are not indemnified but where the company is indemnifying them the company will incur a deductible of USD 50 thousand in connection with claims filed in the United States and EUR 50 thousand in connection with claims filed in rest of the world in connection with securities claims. Finally, the Company has also concluded an IPO insurance policy in connection with the IPO; the limit of liability under such policy is EUR 25 million per occurrence, and a maximum of EUR 25 million in a six-year period. The deductible is USD 150,000 per claim in connection with claims filed in the United States and EUR 100,000 per claim in connection with claims filed in the rest of the world.

The insurance policies contain market-standard exclusions and deductibles. The Company believes that its insurance coverage is in line with market standards in the commercial real estate industry. There is, however, no guarantee that it will not suffer any losses for which no insurance coverage is available or that the losses will not exceed the amount of insurance coverage under existing insurance policies. Please see *“Risk factors – The Group’s insurance may be inadequate.”*

Research and Development

Due to the subject matter of its business, the Issuer conducts no research or development.

Environmental Protection

The Group is not aware of any environmental issues that could materially affect the utilization of its real estate portfolio. As part of its investment process, the Group conducts customary environmental reviews similar to reviews conducted by other real estate companies in Poland. Moreover, the Group manages its properties by implementing practices aimed at ensuring compliance with applicable environmental regulations, including those related to waste disposal and energy efficiency, which are also designed to minimize the risk of future environmental hazards. Please see however *“Risk factors – The Group may be exposed to certain environmental liabilities and compliance costs.”*

Legal, Administrative and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, including any such proceedings pending or threatened of which the Issuer is aware, during a period covering at least the past 12 months which may have, or have had in the recent past, significant effects on the Issuer’s and or the Group’s financial position or profitability.

Employees

The Company expects that following completion of the Offering, the Group will have 18 employees.

As of the date of this Prospectus, there are no trade unions either in the Company or in any other Group Company, and no collective labor agreements or social agreements are in force.

INDUSTRY OVERVIEW

The information contained in this section has been extracted from publicly available documents and information. The source of any external information is always given if such information is used in this section. The Issuer does not intend to and does not undertake to update the data concerning the market or the industry as presented in this section, subject to the duties resulting from generally binding regulations.

The economic situation in the European Union

The global financial crisis significantly affected real GDP growth in the European Union. According to Eurostat, the EU's economy shrank both in 2009 and 2012. However, since 2013, economic conditions have been consistently improving. According to Eurostat, the rate of growth of the EU's real GDP in 2015 was positive, at 2%. Poland was the only EU Member State to maintain positive real GDP growth in 2009. In 2015, the growth rate of real GDP in Poland was 3.6%. In 2009, the real GDP growth rates of the largest countries in the EU, such as France, the United Kingdom and Germany, were negative, at 2.9%, 4.2% and 5.6%, respectively, while in 2015 those rates were positive, at 1.3%, 2.3% and 1.7%, respectively.

The table below presents changes of real GDP in the European Union and selected EU Member States in 2009-2015 and estimations for 2016 and 2017.

Member State/EU	2009	2010	2011	2012	2013	2014	2015	2016*E	2017*E
	(%)								
Belgium.....	(2.3)	2.7	1.8	0.1	(0.1)	1.7	1.5	1.2	1.6
France.....	(2.9)	2.0	2.1	0.2	0.6	0.6	1.3	1.3	1.7
Spain	(3.6)	0.0	(1)	(2.9)	(1.7)	1.4	3.2	2.6	2.5
Netherlands	(3.8)	1.4	1.7	(1.1)	(0.2)	1.4	2	1.7	2.0
Germany.....	(5.6)	4.1	3.7	0.5	0.5	1.6	1.7	1.6	1.6
Poland	2.8	3.6	5	1.6	1.4	3.3	3.9	3.7	3.6
Italy	(5.5)	1.7	0.6	(2.8)	(1.7)	0.1	0.7	1.1	1.3
United Kingdom.....	(4.3)	1.9	1.5	1.3	1.9	3.1	2.2	1.8	1.9
Czech Republic	(4.8)	2.3	2	(0.8)	(0.5)	2.7	4.5	2.1	2.6
Hungary.....	(6.6)	0.7	1.7	(1.6)	2.1	4	3.1	2.5	2.8
European Union	(4.4)	2.1	1.7	(0.5)	0.2	1.6	2.2	1.8	1.9

Source: Eurostat.

*European Economic Forecast – January 2017

According to the European Commission (source: *European Economic Forecast – Spring 2016*), the European Union's real GDP growth rate is projected at 1.8% in 2016 and 1.9% in 2017.

Economic conditions in Poland

As the Group conducts its activities only in Poland, the local macroeconomic conditions affected and in the future will affect the Group's financial position, performance and development.

The table below presents changes in the key macroeconomic indicators for Poland in 2009–2015. In the first half of 2016, the consumer price index fell 0.9% in comparison to the first half of 2015. According to the Central Statistical Office in Poland, domestic demand growth amounted to 4.1% annually in 2016. Real GDP growth rate was 3.1% in II quarter of 2016 in comparison to the same period the previous year. Retail sales in September increased 6.3% on an annual basis.

	Year ended 31 December						
	2009	2010	2011	2012	2013	2014	2015
	(%)						
Real GDP growth rate.....	2.6	3.7	5.0	1.6	1.3	3.3	3.6
Retail sales.....	1.7	(1.0)	3.2	0.5	1.3	3.9	*
Domestic demand.....	(0.3)	4.2	4.2	(0.5)	(0.7)	4.9	3.4
Consumer price index.....	3.5	2.6	4.3	3.7	0.9	0.0	(0.9)
Total average monthly real gross remuneration in national economy.....	2.0	1.4	1.2	(0.1)	2.5	3.4	4.2

Source: GUS.

*Not available.

Poland's economy is one of the fastest growing economies in the EU, and Poland is also one of the largest EU Member States in terms of population. According to Eurostat, as of 1 January 2015, Poland, with a population of 38 million, was ranked sixth among EU Member States by population. With GDP at EUR 427.7 billion in 2015, Poland was the eighth largest economy in the EU (source: *Eurostat*), as a consequence it is the largest single internal market within the Central and Eastern Europe (the "CEE") region. Despite the financial crisis in 2009, Poland was the only EU Member State to have maintained a positive real GDP growth rate. In 2010, real GDP in Poland grew at the rate of 3.7%, and accelerated to 5% in 2011. In 2012, 2013, 2014 and 2015, Poland's real GDP growth rate was 1.6%, 1.3%, 3.3% and 3.6%, respectively, and in 2015 Poland was the seventh fastest growing economy in the EU (source: *Eurostat*), ahead of such countries as the United Kingdom, Germany and France (the GDP growth rates of which in 2015 were 2.3%, 1.7% and 1.3%, respectively). The key driver of economic growth in Poland is increasing consumer demand, fueled by growing employment and salaries, as well as the positive sentiment of households. Economic growth was also supported by rising business investments, markedly higher household spending on dwellings and growing exports.

According to the European Commission's forecast, Poland's real GDP in 2016 and 2017 will grow at the rate of 3.7% and 3.6%, respectively, which compares with the 1.8% and 1.9% growth rate for the entire EU in the same years. According to the NBP, the real GDP growth rate in Poland will be relatively stable, settling at an average of 3.6% in 2016–2018. Economic growth will be driven largely by strong consumer demand and business investments.

According to the IBnGR's forecast, in 2016 and 2017, the GDP growth rate in Poland will be 3.6% and 3.3%, respectively. When compared to Western Europe (with a real GDP growth rate of 1.6% in 2016, 1.7% in 2017 and 1.7% in 2018) or the CEE region (with a real GDP growth rate of 2.6% in 2016, 2.8% in 2017 and 2.9% in 2018) (source: *Economist Intelligence Unit*), Poland is expected to outpace both regions, making it the fastest growing economy in Europe in 2017 and 2018 (source: *International Monetary Fund*).

According to the IBnGR, domestic demand in 2016 will grow at a rate of 3.4%, on a par with 2015; the IBnGR also predict that in 2017 domestic demand will edge up to 3.1%. Individual consumption is expected to grow by 3.4% in 2016 and 3.1% in 2017. Gross fixed capital formation growth is forecast at 5.5% in 2016 and 5.4% in 2017.

These positive macro trends are expected to continue in the future. One of the key drivers of the expected GDP growth is the estimated level of structural investments supported by the EU funds, amounting to an estimated total of EUR 78–83 billion between 2014 and 2020 (source: *European Commission, Euromonitor Passport*). Polish government officials expect these funds to produce an overall boost to the economy of about two percentage points of GDP by 2020 (source: *Euromonitor Passport, Country Report*).

The Polish Real Estate Market

Overview

The real estate market in Poland has developed rapidly over the last decade, initially boosted by EU accession in 2004.

With around 13.3 million m² of modern retail space, 11 million m² of warehousing and nearly 8.8 million m² of office stock, Poland is the largest commercial real estate market in the entire Central and Eastern Europe region.

More importantly, according to JLL Transparency Index, its real estate market is regarded as transparent as that of Germany, Denmark, Belgium, Switzerland and Sweden, with only five European countries falling into the “highly transparent” category ahead of Poland.

Office Segment

Office developers active in Poland are typically international, or national companies with years of experience in commercial development.

Robust leasing activity is underpinning the positive office market sentiment in Poland’s Big 7 cities. In particular the expansionary demand in Warsaw drove net absorption to an all-time high of 280,000 m² in 2015, followed by Kraków (78,000 m²). Interestingly, the biggest seven Polish office hubs saw last year a total of 23 leasing transactions larger than 10,000 m², the strongest result so far.

The take-up in Poland’s Big 7 markets last year was 1.5 million m² in gross terms and 1.1 million m² in net terms. 2016 saw also sound demand for office space with 924,000 m² transacted in Q1-Q3 2016. Levels registered in extraordinary 2015 will not be outperformed this year, however the market sentiment remains very positive.

Undoubtedly, Poland enjoys a Europe-wide or even global reputation for the very high quality, multilingual and cost effective business services it provides to corporations across the globe, a fact shown by sustainable positions in a range of global industry rankings.

A total of 1.35 million m² is currently under construction in Poland’s biggest 7 cities, and the prevailing tenant-favorable market conditions undoubtedly encourage office space occupiers. They also put downward pressures on rents, which are more slowly or more quickly approaching the bottom of the rental cycle. Łódź is the only one city in Poland which currently registers increases in rents, mainly due to commercialization of new prime developments and relatively limited speculative pipeline.

Office market in Poland – key figures

	Warsaw	Kraków	Wrocław	Tri-City	Katowice	Poznań	Łódź
Total Stock (m ²)	5,017,000	867,454	770,748	629,300	428,850	408,350	347,187
Vacancy Rate (%)	14.6%	6.3%	10.2%	12.0%	15.5%	13.7%	9.3%
Completions – 2015 (m ²).....	277,600	78,700	71,500	79,200	31,800	57,150	31,350
Completions – Q1-Q3 2016 (m ²).....	378,750	101,000	62,000	52,700	37,400	21,650	23,300
Under Construction* (m ²)	550,000	272,900	215,850	115,350	42,200	41,200	115,100

High-Street Mixed-use segment

In November 2016, total retail stock in Poland amounted to over 13.3 million m² of GLA, composed of various retail formats as presented in the table below:

Total retail stock by retail format in Poland

Retail format*	GLA (m ²)	No of schemes	% of total stock
Shopping centers	9,481,000	398	71%
Retail parks	1,481,000	88	11%
Stand-alone retail warehouses	2,129,000	264	16%
Outlet centers	209,000	13	2%
Total	13,300,000	763	

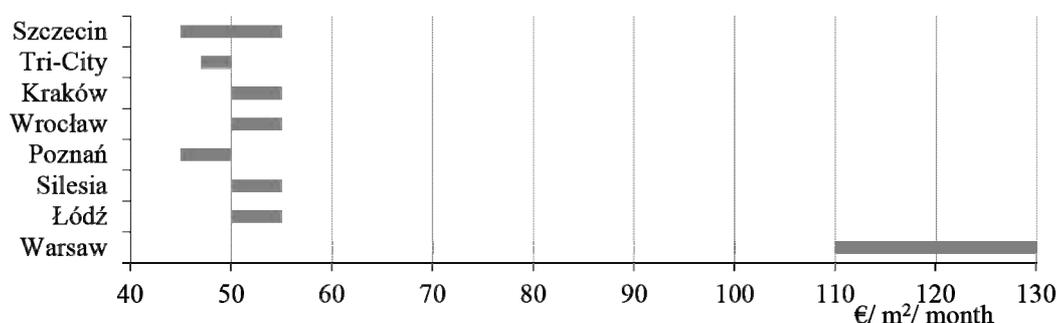
Source: JLL, November 2016.

In contrast to most other European markets, where the historically developed high streets are still the dominating segment of the retail market and shopping centers play an important, yet somewhat complementary role, in Poland it is the latter segment that dominates the retail landscape in absence of meaningful high street retail provision.

Shopping Centre Market

Various retail formats are present on the Polish market; however, shopping and shopping & leisure centers accounting for 71% of the total modern retail supply, proved to be the most popular ones among the clients. At present, 398 shopping centers operate across Poland, totaling 9.5 million m² of GLA.

Prime rents in major agglomerations (€/m² / month)



Source: JLL, Q3 2016 (applicable for 100 m² unit located on the ground floor of best retail center in the city).

Among major agglomerations the highest vacancy as of H1 2016 was registered in Poznań (6.5%). On the other side Warsaw recorded the lowest vacancy rate (1.4%). Obviously, the situation differs substantially depending on the market and the quality of individual projects.

Office Market in Warsaw

Warsaw's modern office development is mainly focused in the City Centre, Upper South and the south-western quadrant of the city. The boundaries of various sub-markets shown on the map below were officially agreed by Polish office Research Forum (former Warsaw Research Forum) in 2005 and portray different office market characteristics of the districts.

The current office stock in Warsaw amounts to 5,017,100 m² representing 8.4% change year-on-year. The City Center (1,548,700 m²) which includes the Central Business District (CBD) and City Centre Fringe (CC Fringe) is the largest and oldest or most established district in Warsaw, followed by the Upper South with more than 1,327,600 m². The third well known office district is the Jerozolimskie Corridor (also known as the South West district), which currently houses around 17.8% of all stock.

Other areas of Warsaw have become attractive in respect of office space development (e.g. the area around Daszyńskiego Roundabout and North district), and are providing good alternatives to the mentioned above. The availability of office stock is most constrained (below 200,000 m²) in the East and Lower South submarkets.

A key feature of Warsaw office market has been the uptick in new construction across the city, with around 550,000 m² under active construction. According to JLL estimations over 400,000 m² has been delivered in 2016, realistically further 322,000 m² in 2017 and again around 239,600 m² in 2018.

Following the stellar performance in 2015 (record-breaking 834,000 m² leased), Q1-Q3 2016 has also delivered encouraging levels of leasing activity in Warsaw with demand totaling almost 531,000 m². The positive market sentiment has been further enhanced by Warsaw being one of the possible beneficiaries of the Brexit vote, which may influence take-up levels. Recently global players, such as Credit Suisse, DLA Piper and William Demant, among others, have decided to start operations in Warsaw or expand their presences in the city.

Q3 saw a substantial fall in vacancy rates as a consequence of scarce supply coming to the market and sound demand. The overall rate stood at 14.6% (16.7% in the CBD, 17.4% in the City Centre Fringe and 13.5% in Non-Central locations). According to JLL, the new supply of office projects in Warsaw is expected to be limited in 2017 in comparison with 2016 and therefore the vacancy rate is expected to stabilize further, however it is expected to grow in 2018 and later when significant new supply is forecast to enter the market.

Best in class office space in Warsaw City Centre leases at between €1 and €3.50 / m² / month, and average headline rates in the City Centre are below €20 / m² / month. Non-Central locations lease at €11 to €18 / m² / month for good

quality assets. It is worth mentioning that incentives are offered to tenants in most of the leasing deals and these include not only rent free periods but also contributions to tenants' fit-outs. For bigger tenants, such incentives can be significant.

Competition Analysis

Batory Building I, Warsaw, Existing

Selected competition	Developer/ Owner	Address	Status	Completion date	Total office area (m ²)	Vacant space (m ²)	Asking headline rent (€m ² /month)	Service charges (PLN/m ² /month)
Batory Building I	Griffin RE	Jerozolimskie 212 A	Existing	2000	6,610	1,184	11.50	16.00
Astrum Business Park I	Prochem	Łopuszańska 95	Existing, 2016	2016	22,570	12,000	12.50	17.00
Bolero Office Point I&II&III	Real Management	Równoległa 4	I – existing, 2014 II – under construction III – planned	I – 2014 II – 2017 III – 2019	I – 9,661 II – 1,200 III – 11,400	I – 0 II – 0 III – 11,400	11.50	14.80
Flanders Business Par A-E	Liebrecht & wood	Flisa	A&B – existing C – under construction D&E – planned	A – 2009 B – 2000 C – 2017 D&E – 18-24 month pre-let	A – 8,520 B – 5,364 C – 7,395 D – 6,400 E – 6,977	A – 0 B – 3,190 C – 7,395 D – 6,400 E – 6,977	12.00	22.00
Jutrzenki Business Park A&B&C	OKRE Development	Jutrzenki 116	A&B – existing C – planned	A&B – 2006/2008 C – 20 month pre-let	A&B – 5,476 C – 2,460	A&B – 0 C – 2,460	12.00	22.00
Łopuszańska Business Park B	Ghelamco	Łopuszańska 38	existing	2013	16,524	0	14.00	16.00

Source: JLL

Bliski Centrum, Warsaw, Existing

Selected competition	Developer/ Owner	Address	Status	Completion date	Total office area (m ²)	Vacant space (m ²)	Asking headline rent (€m ² /month)	Service charges (PLN/m ² /month)
Bliski Centrum	Griffin RE	Żurawia 8	Existing	2000	4,920	442	16.50	25.00
Liberty Corner	CA Immo	Mysia 5	Existing	2003	5,118	1,647	23.00-24.00	28.00
N21	IVG Poland	Nowogrodzka 21	Existing	2008	3,323	311	19.00-20.00	22.40
Nautilus	Platan Group	Nowogrodzka 11	Existing	1998	7,215	1,028	17.00	26.00
M76	Raiffeisen Immobilien	Marszałkowska 76	Existing	2002	5,600	672	21.00	20.00
Wspólna Center	CA Immo Real Estate	Wspólna 47/49	Existing	2000	7,471	594	17.00	25.00

Source: JLL

Nordic Park, Warsaw, Existing

Selected competition	Developer/ Owner	Address	Status	Completion date	Total office area (m ²)	Vacant space (m ²)	Asking headline rent (€/m ² / month)	Service charges (PLN/m ² / month)
Nordic Park	Griffin RE	Kruczkowskiego 8	Existing	2000	9,004	2,020	17.00	25.00
Hortus	Nierucho- mości Powisle	Topiel 12	Existing	2011	10,600	0	18.00-19.00	18.00
Nautilus	Platan Group	Nowogrodzka 11	Existing	1998	7,215	1,028	17.00	26.00
Ludna 2	Solec 22 Sp. z o. o.	Ludna 2	Existing	1998	10,000	0	PLN 50.00	18.00
Innovation Park	IQ Investments	Kruczkowskiego 2	Existing	2014	13,000	0	18.50	20.00
Carpathia Office	GDiK	Zajęcza 15	Existing	2015	4,700	0	21.00	19.00
The Tides	The Tides Property Group	ul. Wioślarska 6	Existing	2016	12,000	5,800	19.00	19.00
Solec 38	Solec Development	Solec 38	Existing	2004	2,700	0	n/a	n/a

Source: JLL.

Philips HQ, Warsaw, Existing

Selected competition	Developer/ Owner	Address	Status	Completion date	Total office area (m ²)	Vacant space (m ²)	Asking headline rent (€/m ² / month)	Service charges (PLN/m ² / month)
Philips House	Griffin RE	Jerozolimskie 195 b	Existing	1999	6,214	2,900	*14.10	16.00
Flanders Business Par A-E	Liebrecht & wood	Flisa	A&B – existing C – under construction D&E – planned	A – 2009 B – 2000 C – 2017 D&E – 18-24 month pre-let	A – 8,520 B – 5,364 C – 7,395 D – 6,400 E – 6,977	A – 0 B – 3,190 C – 7,395 D – 6,400 E – 6,977	12.00	22.00
Kopernik I-V	Liebrecht & wood	Jerozolimskie 172-180	Existing		I – 5,351 II – 2,729 III – 3,863 IV – 4,730 V – 5,996	I – 3,900 II – 370 III – 450 IV – 0 V – 2,580	12.75	15.00-17.50
Mistral A/B	Karimpol Polska	Jerozolimskie 162	Existing	2001-2007	21,803	5,600	13.00	15.00
Oxygen Park A&B	Yareal Polska	Jutrzenki 137	Existing	2001	A – 8,543 B – 8,770	0	13.75	14.00
Libra Business Center I	Mermaid	Daimlera 2	Existing	2012	15,000	0	13.50	14.50
Oxygen Park I&II	Yareal	Jutrzenki 137 A	Existing	2013	18,000		13.75	14.00

Source: JLL.

*Rent rate higher due to location closer to the city center, better exposed to the main artery, freehold title to the land and building subject to revitalization in recent years

Browary Warszawskie III&IV, Warsaw, Planned

Selected competition	Developer/ Owner	Address	Status	Completion date	Total office area (m ²)	Vacant space (m ²)	Asking headline rent (€/m ² /month)	Service charges (PLN/m ² /month)
Browary Warszawskie III & IV	Echo Investment	Grzybowska 62	Planned	05/2018 08/2019	24,860	24,860	On application	On application
ArtN	Capital Park	Żelazna 51/53	Planned	2019	39,300	39,300	On application	On application
Mennica Legacy Tower	Mennica Polska	Pereca 21	Planned	Tower – 2019, West building – 2018	Tower – 47,850 West blg. – 12,800	Tower – 47,850 West blg. – 12,800	On application	On application
Łucka 7/9	Skanska	Łucka 7/9	Planned	n/a	Est. 40,000	Est. 40,000	On application	On application
Sienna Towers	Ghelamco	Sienna/ Towarowa	Under construction	2019	78,000	78,000	On application	On application
Spark A-C	Skanska	Wolska 6	A&B – planned, C – under construction	A – 2021 B – 2019 C – 2018	A – 39,000 B – 16,800 C – 11,100	A – 39,000 B – 16,800 C – 11,100	17.00-18.00	18.00

Source: JLL

Beethoven I&II, Warsaw, Planned

Selected competition	Developer/ Owner	Address	Status	Completion date	Total office area (m ²)	Vacant space (m ²)	Asking headline rent (€/m ² /month)	Service charges (PLN/m ² /month)
Beethoven I & II	Echo Investment	Beethoven 1 / Sobieskiego	Planned	03/2018 09/2019	35,390	35,390	14.00	16.00
Beethoven Point	Inter Estate	Bobrowiecka 1	Planned	20 month pre-let	6,500	n/a	n/a	n/a
Bobrowiecka 8	Castor Park/Altus	Bobrowiecka 8	Under construction	2017	19,830	19,830	13.50-14.00	16.50
Business Liner	Universale International Poland/DBC	Domaniewska/ Puławska	Under construction	2018	29,600	29,600	15.00	16.00
F2 Boutique Office	Europlan	Mangalia 5	Under construction	2017	7,800	2,500	14.25	16.00
V Point	Skanska	Sobieskiego	Planned	18 month pre-let	12,000	12,000	14.50	17.00

Source: JLL

The above selected competition is viewed by the Issuer as the most representative examples of competing buildings in each of the sub-markets of properties owned by the Issuer. Competition will of course also be formed by other office buildings in Warsaw, but the Company believes that the buildings presented in the tables form the most direct competition to the specific office assets of the Issuer.

Retail Market in Warsaw*Hala Koszyki and its competition*

Hala Koszyki is a refurbished mixed-use development with long historical trade roots dating back to 1909. The scheme is centrally located on Koszykowa Street. It was redeveloped and reopened in 2016 and currently offers 6,500 m² of retail space on 2 trading floors and ca. 15,700 m² of office space. The scheme does not house any fashion retailers, but positions itself more as a dining and convenience shopping destination.

Due to its size and retail offer we see main competition coming from High-street restaurants and cafes, especially those located on popular Chmielna, Nowy Świat, Poznańska, or Parkingowa streets. Due to its exceptional design and

atmosphere as a dining destination, Hala Koszyki's catchment area expands far beyond its direct vicinity and is a destination that attracts clientele from entire Warsaw and beyond. Therefore, its competitors there include also other existing and planned mix-use projects with a broad and attractive dining offer, however it has to be highlighted that none of the schemes listed below has such a purpose planned and comprehensive offer as Hala Koszyki offers. These include:

- Soho Factory (owned by private individuals) in Kamionek area of Praga district, on Mińska Street, in place of historical buildings of the former factory. The whole complex combines office, residential, retail, cultural and entertainment facilities. Among its famous tenants are Warszawa Wschodnia restaurant by Mateusz Gessler or the Neon Museum.
- Burakowska Street (owned by private individuals) is well known meeting and dining destination in the fringe of Śródmieście, Żoliborz and Wola districts. Among restaurants operating there, there is the famous Mielżyński restaurant. In addition, the offer is complemented by several interior designers and home accessories stores. The vicinity of Burakowska street has been subject to extensive residential developments, which additionally strengthen its direct catchment area.
- Art N (owned by Capital Park S.A.) planned in Wola district, on Żelazna 51/53 Street at the site of the former Norblin factory. The entire complex will be multifunctional with a unique design. In addition to the retail area of ca. 20,000 m² (across three levels) full of cafes and restaurants, the project will consist of 40,000 m² of office space, three-storey underground car park, BioBazaar with fresh, ecological foodstuffs, Open Museum of the Former Norblin Factory. Building permit has been already granted and start of works is set for Q2 2017 with completion planned for 2019.
- Centrum Praskie Koneser (owned by BBI Development S.A.) in Praga district, on Ząbkowska Street, in place of historical buildings of the former Warsaw Vodka Distillery "Koneser". The whole complex will combine office, residential, hotel, retail, cultural and entertainment facilities. Some of the residential and office building have been already completed. Finalization of the entire project is scheduled for the end of 2017. The retail part will provide 21,000 m² of GLA. 30% of that space will be devoted for gastronomy (restaurants, bars, cafes). The remaining area will be let to retailers representing other categories such as fashion, health & beauty, sport and fitness.
- EC Powiśle (Copernicus Square), owned by Tristan Capital Partners and White Star Real Estate, in Śródmieście district, Powiśle area – a regeneration project of the former power plant "Powiśle". The whole complex will combine office, residential, and retail uses. The retail part will provide ca. 9,000 m² of GLA. Completion of this project is scheduled for 2018.
- Bohema in Praga Północ district (owned by Okam Capital Sp. z o.o.), in place of the former "Pollena" cosmetics factory on Szwedzka street, next to the future metro station (under construction). The project by Okam Capital will be featuring the following uses: residential, retail, and office. Retail and entertainment area will occupy ca. 22,000 m² comprising fresh market of 2,000 m² among others. Completion of first phase of the project is expected in 2018.

Partial competition may also come from retail units located in the ground floors of residential and office buildings, as well as food court offer in centrally located shopping centers such as Złote Tarasy.

The above selected competition is viewed by the Issuer as the most representative examples of competing buildings to the property owned by the Issuer. Competition will also arise from other retail schemes in Warsaw, but the Company believes that the buildings presented in the tables are the most direct competition to the specific asset of the Issuer.

Office Market in Wrocław

Wrocław is one of the fastest developing markets in Poland both in terms of construction and tenant activity and the third largest as far as office stock is concerned (a total of 770,750 m²). Developers still feel confident about their office investments in Wrocław (71,500 m² delivered in 2015 and 62,000 m² in Q1-Q3 2016) which is a result of the high demand for office space (the third biggest market after Warsaw and Kraków). Despite active supply pipeline, vacancy rate in the city remains moderate and reached 10.2% (around 78,800 m² available).

Office demand in Wrocław surged to the level of 127,600 m² in 2015 and grabbed headlines on the back of several high-profile deals, one of the most notable being UBS, a global financial brand, entering the city.

The sound performance continued in Wrocław in Q1-Q3 2016, when total take-up reached 78,850 m² (approximately 20% of the total demand in major office markets in Poland, outside of Warsaw).

Currently Wrocław offers a handful of leasing options, including both smaller (300–700 m²) as well as large modules of 1,000 m² and more. At the end of Q3 2016, the vacancy rate edged up to 10.2% (compared with 8.6% in Q4 2015); however, that is still a relatively low level. The uptick is a result of the strong volume of completions during Q1-Q3.

In 2015 approximately 71,500 m² of modern office space was delivered in Wrocław, out of which almost half was contributed by a single development Dominikański.

Q1-Q3 2016 was also quite busy in Wrocław on the supply side of the market: more than 62,000 m² was delivered in five developments. A further 215,850 m² is under active construction.

Prime headline rents in Wrocław currently range between €14 and 14.5 / m² / month for best quality assets, while average rents vary from €12 to 13 / m² / month in best quality assets. In Q4 2016 and at the beginning of the 2017 rents will be subject to downward pressure as a result of the high volume of new supply coming to the market and increasing competition between the developments.

Competition to West Link, Wrocław, Under Construction

Selected competition	Developer/ Owner	Address	Status	Completion date	Total office area (m ²)	Vacant space (m ²)	Asking headline rent (€/m ² / month)	Service charges (PLN/m ² / month)
West Link	Echo Investment	Lotnicza / Legnicka	Planned	03/2018	14,219	14,219	On application	On application
Business Garden Wrocław I	Vastint	Legnicka 48-50	Under construction	2016/2017	36,300	31,00	14.50	16.00
Green2Day	Skanska	Szczytnicka 11	Under construction	2017	14,140	14,140	14.50-14.75	18.00
Promenady Zita I-IV	Vantage Developmet	Rychtalska	Existing	2014-2016	12,075	12,000	13.00	16.00
Retro Office House	LC Corp	Piłsudskiego 69/73	Under construction	2018	19,800	19,800	15.00	16.00

Source: JLL, status as of Q3 2016.

The above selected competition is viewed by the Issuer as the most representative examples of competing buildings the property owned by Echo Investment S.A. (potential ROFO asset of the Issuer). Competition will of course also be formed by other office buildings in Wrocław, but the Company believes that the buildings presented in the tables form the most direct competition to the specific ROFO asset of the Issuer.

Retail Market in Wrocław

Set out below is a table presenting major existing shopping centers in the Wrocław market.

Major existing shopping centers in Wrocław

Scheme	Owner	Opening	Location	GLA (m ²)	Units	Food store	DIY	Other major tenants
Renoma	Griffin RE	2002; 2009	ul. Świdnicka 40	31,000	120	(1)	n/a	TK Maxx, Inditex Group, LPP Group, New Look, Go Sport, AD Loving Home, Kinderplaneta, Empik, Smyk, Pure Jatomi Fitness
Magnolia Park	Blackstone	2007-2015	ul. Legnicka 58	100,000	250	Tesco	Castorama	Saturn, Decathlon, Peek&Cloppenburg, Inditex Group, Cubus, LC Waikiki, H&M, Intersport, C&A, LPP Group, TK Maxx, Jatomi Fitness, Helios
Aleja Bielany S.C.	Inter Ikea	1998; 2015	ul. Czekoladowa 9	62,000	200	Tesco	OBI and IKEA next site	KappAhl, H&M, Smyk, LPP Group, Rossmann, Sports Direct, Deichmann, Empik, RTV Euro AGD, TK Maxx, Helios
Pasaż	Redefine /	2007	Pl. Grunwaldzki 22	50,000	200	Delikat	n/a	Saturn, H&M, Inditex Group, Empik,

Scheme	Owner	Opening	Location	GLA (m ²)	Units	Food store	DIY	Other major tenants
Grunwaldzki	Echo					esy Tradycja & Jakość		Smyk, C&A, LC Waikiki, New Yorker, Intersport, LPP Group, Pure Jatomi Fitness, Kinderplaneta, Multikino
Galeria Dominikańska	Atrium Poland RE	2001	Pl. Dominikański 3	32,400	100	Carrefour Market	n/a	Media Markt, Van Graaf, Inditex Group, LPP Group, C&A, Rossmann, Mango, New Yorker, Deichmann
Arkady Wrocławskie	LC Corp S.A.	2007	ul. Powstańców Śląskich 2-4	30,000	110	⁽¹⁾	n/a	Multikino, Rossmann, RTV Euro AGD, KappAhl, H&M, New Yorker, Cubus, Pepco, Quicksilver, Sportisimo, Fitness Academy

Source: JLL, November 2016.

n/a – not available

⁽¹⁾Alma delicatessen replacement in process

Renoma and its competition

Renoma shopping center is a refurbished department store with long historical trade roots dating back to 1930. This shopping and cultural center is located prominently in downtown, on Świdnicka Street. The scheme was redeveloped and reopened in 2009 and currently offers 31,000 m² of GLA on 5 trading floors. Considering strict city center area we see main competition coming from similar in size and retail offer, however more neighbouring in character shopping centers, namely Arkady Wrocławskie (0.5 km south of Renoma) and Galeria Dominikańska (1 km north-east of Renoma). In terms of positioning Renoma offers more up-market brands, for a number of which Renoma is their only location in the entire Wrocław region e.g. Massimo Dutti, Henri Lloyd, Stefanel, Hugo Boss, Trussardi Jeans, Patrizia Pepe and Liu Jo among others. Moreover, Renoma benefits from the extended homeware and home accessories offer, which is one of its unique selling points. Competing schemes include:

- Pasaż Grunwaldzki shopping & leisure center, significant in size (50,000 m²), is also a popular retail destination in the city. However, it is located farther away from the city center, some 3 km north-east of Renoma, and has a natural barrier in a form of Odra River, which in a way separates it from the core downtown area, therefore their catchment areas overlap only to certain extent.
- Very limited competition comes from the nearby High-street retailing, however, these are mostly small unit shops located on the ground floors of old tenements, and some in office buildings and small department stores, e.g. Kameleon on Szewska street, Likus Concept Store on Świdnicka street, or Feniks and Pasaż Pod Błękitnym Słońcem located on Rynek square. The retail offer on Wrocław high street is much narrowed when it comes to popular chain brands. Only few have opened their premises there: H&M, Marks&Spencer (to close their operations in Poland), Escada & Salvatore Ferragamo, Diesel, Superpharm, Hebe, Rossmann, Kruk, Empik, Tiger, Biedronka and Burger King fast-food restaurant. Also, Wrocław Główny Main Train Station, which is located in close proximity (1 km south-east of Renoma) is mostly gastronomy oriented being let to such tenants as McDonald's, KFC, Sphinx, Starbucks and Costa Coffee.
- In terms of future competition the biggest threat will come from currently emerging large-scale shopping center Wroclavia located approximately 1 km south-east of Renoma, next to the main train station and coach terminal. The center of 64,000 m² will be the second largest after Magnolia Park in Wrocław agglomeration. The project developed by Unibail-Rodamco is more than 60% leased and scheduled for completion in H2 2017.

The above selected competition is viewed by the Issuer as the most representative examples of competing buildings to the property owned by the Issuer. Competition will also arise from other retail schemes in Wrocław, but the Company believes that the buildings presented in the tables are the most direct competition to the specific asset of the Issuer.

Office Market in Łódź

Office stock in Łódź amounts to 347,200 m². The majority of office space is located in the very center of the city. A large number of office buildings are found along Piłsudskiego street (including Red Tower, Łódzkie Centrum Biznesu, Orion, Łódź 1, Targowa 35) and Adama Mickiewicza avenue.

Gross take-up in Q1-Q3 2016 amounted to almost 30,950 m². The largest transactions signed in the last six months include: a 7,300 m² owner-occupier deal by Primulator, renewal for 3,300 m² by a call center company in Business House, expansion for the 3,000 m² by Fujitsu in University Business Park, pre-let for 3,000 m² by Nordea in Cross Point B and pre-let for 2,500 m² by Cybercom in Nowa Fabryczna.

The vacancy rate in Łódź has been on a decreasing curve since 2010, when it stood at almost 22%. Since then it has plunged to the 6.9% recorded at the end of Q4 2015. In Q2 2016 the vacancy rate has increase to 9.7% due to the completion if the II phase of the University Business Park, 54% vacant. In Q3 the vacancy rate remained stable at the level of the 9.3%, which translates into the 32,150 m² of available space in 39 buildings.

2015 brought a significant recovery in the new supply volumes; office stock in the city increased by 31,300 m² in 7 office projects. The strong upward trend continues also in 2016. When, according to the developers declarations further 49,000 m² will be executed (out of which 23,300 m² was already delivered in Q1-Q3 2016 – all in Q2 2016).

The additional 115,100 m² is currently under construction (almost 55% of which is already secured by pre-lease agreements). The realistic pipeline for Q4 2016 is 25,800 m² and 71,000 m² in 2017

Prime headline rents in Łódź are some of the lowest among regional cities (i.e. excluding Warsaw). The city's rental attractiveness can be compared to that of Lublin or Szczecin. Prime headline rents were under downward pressure from 2009 until the beginning of 2012. For the last two years, they have been relatively stable. At present they range from €1.50 to €2.90 / m² / month for best quality assets, and average rents are €12 /m² / month, or lower. Tenants may also expect numerous incentives such as rent free periods and fit-out contributions. As we expect a relatively high completion volume to enter the market in 2017 and 2018, we also forecast some downward pressures on rents.

Competition to Green Horizon, Łódź, Existing

Selected competition	Developer/ Owner	Address	Status	Completion date	Total office area (m ²)	Vacant space (m ²)	Asking headline rent (€/m ² /month)	Service charges (m ² /month)
Green Horizon	Griffin RE	Pomorska 106	Existing	2012	33,510	0	-	PLN 17.00
Hi Piotrkowska 155	Integrated Finance Group	Piotrkowska 155	Under construction	2018	18,345	18,345	13.50	€3.50
Nowa Fabryczna A&B	Skanska	Składowa/ Nowowęglowa	Under construction	2017	A – 8,340 B – 11,110	A – 5,970 B – 7,550	12.50	PLN 17.00
Ogrodowa Office Łódź	Warimpex	Ogrodowa 8/10	Planned	2017/2018	24,720	24,720	13.50	n/a
University Business Park I&II	GTC	Wólczańska 178	Existing	I – 2010 II – 2016	I – 18,740 II – 18,680	I – 1,830 II – 6,800	12.75	€4.00

Source: JLL, status as of Q3 2016.

The above selected competition is viewed by the Issuer as the most representative examples of competing buildings to the property owned by the Issuer. Competition will also arise from other office buildings in Łódź, but the Company believes that the buildings presented in the tables are the most direct competition to the specific office asset of the Issuer.

Office Market in Kraków

Currently, the modern office stock in the city totals 867,450 m². With ongoing supply, this is expected to increase to around 886,700 m² by the end of 2016. As of September 2016, around 41.5% out of around 272,900 m² under active construction is already pre-let.

Kraków is considered an excellent BPO / SSC location worldwide thanks to a combination of factors such as excellent scores in international rankings, talented labor pool and a wide range of institutions supporting the development of this sector in Poland.

Total demand in Q1-Q3 2016 amounted to 149,750 m², a 20% increase as compared with Q1-Q3 2015.

The sustained strong demand and relatively low completion volumes during the last few years have pushed the vacancy rate down to a current level of 6.3%, a marginal increase q-o-q (0.3 p.p.) caused by substantial construction activity. At the moment around 54,300 m² are vacant in the entire city, scattered across 50 office buildings.

In the upcoming years we expect a gradual transition from landlord through balanced into a tenant market, given the extensive development pipeline underway (around 272,900 m² of the under construction office stock is currently available for lease), which will drive the vacancy rate up.

Low vacancy rate has strengthened developers' confidence in Kraków and stimulated the construction activity.

272,900 m² is currently under development (ca. one third of existing office stock). The realistic pipeline for 2016 is 117,250 m² (out of which 101,000 m² was already delivered in Q1-Q3 2016) and 195,800 m² in 2017.

Prime rents have been relatively stable in Kraków for the last five years. Nonetheless, due to very high pipeline some rental pressures are observed also in modern developments. Currently prime asking headline rents in the city range between €13.5 and 14.5 / m² / month for best quality assets, while average asking rents vary from €13.0 to €13.5, also in best quality assets.

Competition to Lubicz Office Center I&II, Kraków, Existing

Selected competition	Developer/ Owner	Address	Status	Completion date	Total office area (m ²)	Vacant space (m ²)	Asking headline rent (€/m ² / month)	Service charges (PLN/m ² / month)
Lubicz Office Center	Griffin RE	Lubicz 23a	Existing	2000 / 2009	23,931	982	15.50	15.00
Browary Lubicz (Kotłownia, G, Pałac Goetzów)	Balmoral Properties	Lubicz	Existing	2013-2016	6,600	0	15.00-16.00	10.00-14.00
Chopin Office Center	Warimpex Finanz und Beteiligungs	Przy Rondzie 2	Planned	2019	21,500	21,500	14.90	18.00
Hi 5ive 1-5	Skanska	Pawia	A&B&C – planned D&E – under construction	A&B – 2018 C – 2018 D&E – 2017	A – 10,950 B – 23,500 C – 10,100 D – 9,300 E – 11,300	A – 10,950 B – 23,500 C – 10,100 D – 9,300 E – 11,300	14.50	16.50
Mogilska 43	Warimpex	Mogilska 43	Planned	2018	10,750	10,750	13.90	n/a
Unity Office complex	Verity Development /GD&K Consulting	Lubomirskiego	Tower – under construction Eastern and Western Office Buildings – planned	2019	Tower – 20,263 Eastern blg. – 8,460 Western blg. – 9,690	Tower – 20,263 Eastern blg. – 8,460 Western blg. – 9,690	14.50-25.00	16.50

Source: JLL, status as of Q3 2016.

The above selected competition is viewed by the Issuer as the most representative examples of competing buildings to the property owned by the Issuer. Competition will also arise from other office buildings in Kraków, but the Company believes that the buildings presented in the tables are the most direct competition to the specific office asset of the Issuer.

Retail Market in Katowice

Set out below is a table presenting key existing shopping centers operating in the region.

Major existing shopping centers in Silesia

Scheme	Owner	Opening	Location	GLA (m ²)	Units	Food store	DIY	Other major tenant
Supersam	Griffin RE	2015	ul. Piotra Skargi 6	18,000	74	Aldi	-	Media Expert, Jatomi Fitness, Reserved, Empik, Smyk, CCC, SportsDirect.com
Silesia City Center	Allianz / ECE	2005	ul. Chorzowska 107	85,500	310	Tesco Extra	-	Cinema City, Saturn, Pure Fitness, Van Graaf, Inditex Group, LPP Group, H&M, C&A
M1 Czeladź	Apollo Rida / Axa	1997	ul. Będzińska 80	52,500	110	Bi1	Praktiker	Media Markt, H&M, Martes Sport, Reserved, New Yorker
Galeria Katowicka	Mayer Bergman	2013	ul. 3-go Maja 30	49,700	220	Stokrotka	-	Multikino, RTV Euro AGD, Saturn Connect, Peek & Cloppenburg, TK Maxx, Inditex Group, LPP Group, C&A, Terranova
3 Stawy (S.C & RP)	Union Investment	1999	ul. Pułaskiego 60	48,200	51	Auchan	Leroy Merlin	RTV Euro AGD, H&M, Reserved, Fitness Academy, Media Markt, Media Expert, Komfort
Forum Gliwice	Deka	2007	ul. Lipowa 1	42,300	130	Carrefour	-	Cinema City, RTV Euro AGD, H&M, New Yorker

Source: JLL, November 2016.

The above selected competition is viewed by the Issuer as the most representative examples of competing buildings to the properties owned by the Issuer. Competition will of course also be formed by other retail schemes in Katowice, but the Company believes that the buildings presented in the tables form the most direct competition to the specific retail asset of the Issuer.

Supersam and its competition

Supersam is a newly open High-street mixed-use project centrally located on Piotra Skargi Street in Katowice. The scheme offers 17,000 m² GLA on 4 trading floors. Due to its size, location and retail offer we see main competition coming from other city center shopping centers, especially from Galeria Katowicka and Silesia City Center, however they both feature more upmarket positioning, whereas Supersam is focused on convenience offer and more mass market / discount orientated fashion:

- Galeria Katowicka shopping center located on 3-go Maja 30 Street. The retail scheme of 49,700 m² GLA is located just 5-minute walking distance from Supersam. Among its major tenants there are: Stokrotka, Multikino, RTV Euro AGD, Inditex Group brands, TK Maxx, Reserved, and Peek & Cloppenburg.
- Silesia City Center located on Chorzowska 107 Street, is the largest shopping center in Silesia region, offering 85,500 m² GLA. Among its major tenants there are: Tesco Extra, Cinema City, Inditex Group brands, LPP Group Brands, Van Graaf, Calvin Klein, H&M, Hugo Boss, Intersport, New Look, and Royal Collection.

Partial competition may also come from retail units located on high streets such as Dyrekcyjna, 3 Maja, Stawowa, Warszawska, Mariacka and department stores located in this region, such as Galeria Skarbek on Mickiewiczza Street, although this is considered rather minor.

The above selected competition is viewed by the Issuer as the most representative examples of competing buildings to the properties owned by the Issuer. Competition will of course also be formed by other retail schemes in Katowice, but the Company believes that the buildings presented above form the most direct competition to the specific retail asset of the Issuer.

European comparison – Offices

Warsaw, together with other major Polish cities, is still lagging behind major European office hubs in terms of office stock. With a total office supply of approx. 8.8 million m² (5 million m² in Warsaw alone), the Polish office market is less than half the size of some German cities, e.g. Munich or Berlin office markets.

To catch up with other major cities in Europe in this respect, development activity remains substantial in Warsaw with an 11% under construction to stock ratio – the third highest indicator in Europe after Dublin and Bucharest. In addition, Warsaw also remains third in terms of volume of under construction developments in CEE and Western Europe after Paris and London.

Poland is among the top countries in Europe in terms of employment growth (8th position in financial and business services). The increase in headcount should have a positive impact on take-up levels and boost expansion of services in Poland.

Warsaw's market is highly absorptive and was ranked 6th in 2015 among all major European cities in terms of net absorption volume and 1st in terms of net absorption to stock ratio of 6%. Net Absorption represents the change in the occupied stock within a market during the survey period (normally delivered annually).

Prime headline rents in Warsaw are one of the lowest among key European cities providing attractive lease terms for occupiers. After a peak in 2007-H1 2008, office rents have been under downward pressures reaching €22-23,50/m²/month in Q3 2016 for best quality assets in Warsaw (highest floors in the new built towers in Warsaw's CBD).

Prime Headline Rents (€/ m²/ month)

City	Prime Headline Rent (€ m²/ month)
London.....	135.8
Paris.....	61.7
Zurich.....	61.1
Dublin.....	53.8
Stockholm.....	47.8
Milan.....	40.8
Manchester.....	38.5
Oslo.....	37.1
Frankfurt/M.....	36.5
Munich.....	34.0
Glasgow.....	33.9
Rome.....	32.5
Amsterdam.....	28.8
Madrid.....	27.5
Vienna.....	25.5
Hamburg.....	25.0
Berlin.....	24.0
Warsaw.....	23.5
Brussels.....	22.9
Budapest.....	22.0
Athens.....	21.0
Barcelona.....	20.3
Copenhagen.....	20.1
Prague.....	19.5
Bucharest.....	18.5
Lisbon.....	18.5
Utrecht.....	17.9
Rotterdam.....	17.5
The Hague.....	15.4

Source: JLL, Q3 2016

Note: total occupancy cost including service charge also may show different order among the listed cities

The blended average vacancy rate in major Polish cities is estimated at around 10.7% versus the European average of 8.5%. Higher vacancy rates are typical for rapidly developing, smaller markets which are sensitive to both completions and net absorption levels. The lowest vacancy in Poland was registered in Kraków (6%) and the highest in Katowice (15.5%).

Prime office yields in Warsaw stand at 5-5.25% for best quality assets located in the very center of Warsaw and leased at market rents and 5 or more years of outstanding length of the leases, and together with Prague are the lowest in CEE. However, when compared to other Western European cities, Poland's prime office yields are still considered attractive and much higher than those of its peers.

Prime Yields (%)

City	Prime yield (%)
Zurich.....	2.80
Paris	3.00
Munich.....	3.30
Berlin	3.45
London.....	3.50
Hamburg	3.60
Stockholm.....	3.75
Copenhagen	4.00
Madrid.....	4.00
Oslo.....	4.00
Frankfurt/M.....	4.15
Barcelona	4.25
Milan.....	4.30
Dublin	4.50
Vienna.....	4.50
Rome.....	4.65
Amsterdam.....	4.75
Brussels.....	4.75
Prague	5.00
Manchester.....	5.00
Warsaw	5.00
Lisbon	5.25
Glasgow	5.50
Rotterdam.....	5.50
Utrecht	5.75
The Hague.....	5.85
Budapest	6.75
Bucharest	7.50

Source: JLL, Q3 2016

European comparison – High-Street Mixed-use segment

One of the key differentiators of Poland's retail market as compared to those of the rest of Europe is the underdevelopment of High-street retailing. Unlike in the majority of European largest cities, the offer of Poland's high streets is predominantly gastronomy-oriented with fashion segment accounting for only 14% of units (average for seven largest agglomerations). The most popular fashion chains typically choose shopping centers as their core market segment, with only a relatively small number of chains operating in high street locations.

Mixed-use projects located by the main high streets started to appear in Warsaw in the late nineties and in the beginning of the century, whereas in the remaining major cities their development is still limited to single projects. These usually combine office and retail functions and are developed either as regeneration / revitalizations of existing old buildings.

In terms of shopping centers, which proved to be the key segment of Poland's retail market, with 246 m²/ 1,000 residents, Poland has already exceeded the European density average of 206 m²/ 1, 000 residents, however the limited High-street provision explains higher potential density.

In Q3 2016 prime shopping center rents in Poland, which concern units of approximately 100 m² earmarked for fashion and accessories and located within best performing schemes stood at €30/m²/ month. However, such rental levels are achievable in only a handful of best centers in Warsaw. Rents in the remaining schemes in the capital city and other major agglomerations are considerably lower and stand at €45-55/ m²/ month (but in some schemes they can be higher or lower). When compared to the rest of Europe, prime rental levels are on a par with those registered in Germany, slightly above those in the Czech Republic and more than two times lower than those in the UK or Russia.

Country	Prime Rent (€ m ² / month)
United Kingdom	256
Russian Federation.....	239
France	192
Germany	135
Poland.....	130
Czech Republic.....	110
Italy.....	78
Hungary	70
Netherlands.....	67

Source: JLL, Q3 2016

Note: total occupancy cost including service charge also may show different order among the listed cities.

In Q2 prime shopping center yield in Poland stood at 5%, which is still above the level registered in most of the Western European markets (apart from Italy or the Netherlands). Such yield can be applicable for best in class schemes only. However, when compared to other countries from the CEE region, Poland along with the Czech Republic feature the lowest capitalization rates.

Country	Prime yield
United Kingdom	3.9
Germany	4.1
France	4.3
Sweden	4.3
Spain.....	4.5
Czech Republic.....	5.0
Poland.....	5.0
Netherlands.....	5.3
Italy.....	5.4
Hungary	6.8
Russian Federation.....	10.8

Source: JLL, Q2 2016

The Issuer's competitors

The Company believes that there are no competitors offering a portfolio of assets on the Polish market that would be similar to the Issuer's portfolio offering in terms of value, size and composition (a mix of pure office and High-street retail and office assets).

As a lessor of commercial space, the Group competes with other providers of commercial space. Depending on the location, the size of the usable space, equipment and rental price, the Group faces competition from not only local and domestic but also international lessors of commercial space. Such key competitors include Ghelamco, Platan Group, Raiffeisen Immobilien, Liebrecht & Wood, Yareal Polska, Skanska and LC Corp. as well as the other competitors that have been listed as owners of projects listed as projects that are competitive to the projects of the Group in the preceding subchapters of this section.

Key trends in Polish Real Estate Market

Key trends in Polish Office Market

Warsaw

- Warsaw hit 5,000,000 m² of office space in Q3 2016. According to JLL forecasts, that in 2019/2020, the total office stock will exceed the 6,000,000 m² threshold.
- High activity among tenants confirms the strengthening of established business locations in Warsaw as well as the growing importance of new locations (i.e. Rondo Daszyńskiego – adjacent area to Browary Warszawskie, and Gdański Railway Station).
- Substantial construction activity. More than 550,000 m² of office space under development. Areas adjacent to the Rondo Daszyńskiego Roundabout undoubtedly characterized by the highest construction activity in Warsaw.
- Extensive pipeline has already affected vacancy rates; net absorption is not high enough for such extensive new supply coming to the market; however it has to be highlighted that the market saw a q-o-q vacancy decrease in vacancy which currently stands at 14.6%; as per JLL provisional data, it is expected that in Q4 2016 the vacancy rates should remain in downward trend due to limited volume of new completions. In 2017 vacancy rates should stabilize further.
- The sharpest increase in vacancy was noted in the wider City Centre, due to a substantial volume of new completions, and in Mokotów (mainly in Służewiec Przemysłowy area).
- Rents are envisaged to be close to the bottom of the market. A potential further drop is still possible due to a strong development pipeline; however, increasing competition shall be reflected in higher incentive packages offered to tenants, so effective rents may further reduce, and headline rents may also reduce but they shall be under less pressure in the coming quarters.
- Large occupiers choose mainly new office developments providing high quality, flexibility and sizable floor plates.
- As the latest market data gathered by JLL shows, older office buildings will have to focus on smaller tenants and most likely adapt to multitenant needs.
- Visible relocation trend from Mokotów to other rapidly developing, even more expensive office districts providing access to a convenient transportation system (i.e. Metro and SKM line).
- Occupier demand remains strong with 531,000 m² leased in Q1-Q3 2016. Based on Association's of Business Service Leaders in Poland (ABSL) annual report (2016), it is expected that Warsaw will gain in importance as a SSC/BPO location due to strong salaries (e.g. in IT sector) when compared to regional markets in Poland like Kraków and Wrocław. Due to this fact, the market is to register a number of newcomers establishing new business lines in the capital city.
- Warsaw was ranked 6th in 2015 among all major European cities in terms of net absorption volume and 1st in terms of net absorption to stock ratio of 6%.

Warsaw	2010	2011	2012	2013	2014	2015	Q1-Q3 2016	2016F	2017F	2018F	2019F
Gross Take up (sq m)	549,200	573,400	608,500	633,600	612,400	834,000	530,700	721,100	756,900	808,000	864,600
Net Take up (sq m)	354,200	404,000	441,000	451,500	424,600	613,600	371,200	504,770	529,800	565,600	605,200
Net absorption (sq m)	179,900	167,200	162,700	156,300	180,000	279,000	196,700 (Q42015- Q32016)	256,500	222,400	213,700	250,900

Regional markets

- Construction activity in the six largest regional markets (excl. Warsaw) remains substantial with 802,000 m² under development. This volume should be sustained within the next several quarters. The highest pipeline volume is registered in Kraków and Wrocław (273,000 and 216,000 m² respectively).
- JLL recent market data shows that developers are keen to start new, predominantly 100% speculative developments, to fulfil the needs of booming SSC/BPO occupiers.
- Demand for office space is driven predominantly by the expanding SSC/BPO sector. Due to the forecasted constant increase in employment (currently 212,000 employees), demand for office space is forecasted to remain at a high level.
- During Q1-Q3 2016, occupiers in regional cities leased over 924,000 m² which proves the positive market sentiment. Due to the abovementioned employment growth in 2017 and 2018, the markets should see healthy levels of occupier demand.
- Due to increasing competition between developers and a number of speculative developments underway, rents will remain under downward pressure. Even in Kraków, which is the most sought-after market for occupiers, the rents are softening slightly. Also, according to JLL in-house view, the difference between headline and effective rent is expected to widen.
- Substantial construction activity should put upward pressures on the vacancy rates across Poland. On the other hand, regional markets are highly absorptive. High net absorption is generated by both expanding companies as well as newcomers.

BPO/SSC market in Poland

Poland's position as one of the top locations on the global business services map (source: *Tholons Top 100 Outsourcing Destinations*) is a result of numerous factors such as large and high-qualified labor force, cost-effectiveness of the country, constantly growing economy and high quality of life. The number of jobs in the sector is consistently rising, placing the industry among the major players on the labor market in Poland. In Q1 2015 – Q1 2016, foreign capital business services centers alone added as many as 35,000 jobs. Alongside these figures, there are also thousands jobs created by Polish companies.

In Q1 2016, Poland was home to 936 (Polish and foreign) business services centers employing approximately 212,000 people (source: *Business services sector in Poland 2016, ABSL*). Given the industry's growth to date, it is estimated that by 2020 business services centers in Poland will be employing at least 300,000 people.

Out of almost six hundred companies with business services centers in Poland, 73 are investors featured on the Fortune Global 500 (2015) list, with 64,000 employees at 123 business services centers (30% of the jobs in the industry). 21 investors with a presence in Poland and a combined headcount of 29,000 at 40 business services centers are featured in the top 100 of the Fortune Global 500 list.

The sector is a particularly crucial employer in the cities outside of Warsaw, with Krakow being the largest business services hub in Poland (50,300 staff). Moreover it is internationally recognized as the best outsourcing location in Europe, ranked 9th globally (source: *Tholons Top 100 Outsourcing Destinations 2016*). Other important BPO/SSC centers in Poland comprise Wrocław (34,200 employees working in the sector), the Tri-City (16,900), Katowice Agglomeration (16,500) and Łódź (15,600). Until recently, Warsaw has not played a major role on the business services sector map. However, along with rising salaries and saturating labor markets in regional cities, the circumstances have changed. Investors are more eager to start their operations in Warsaw, some of the examples of such actions include Credit Suisse, Dentons or William Demant opening new business services centers in the capitol.

In terms of real estate market, business services sector plays a vital role as a source of new occupiers. In Q1 – Q3 2016, almost two thirds of demand for markets outside of Warsaw was generated by companies from the sector. That trend has already been visible for the past couple of years and is expected to remain in the near future. Some examples of companies representing the sector include global brands such as Cisco, Credit Suisse, Deutsche Bank, HSBC, IBM, Lufthansa, Shell and UBS, to name but a few.

Share of Modern Business Services in total office stock, Poland

City	Total office stock (%)
Kraków	64
Łódź	50
Poznań.....	33
Warsaw	9
Wrocław.....	50
Katowice.....	48
Tri-City	31

Source: JLL, based on ABSL SSC/BPO employment figures; office data as of Q3 2016

Basic economic indicators, Poland

City	Higher education institutions	Students	Average salary (PLN/month)
Katowice	14	53,800	5,260.00
Krakow.....	21	160,800	4,430.00
Łódź	21	76,400	4,050.00
Poznań.....	24	116,500	4,550.00
Tri-City	20	90,200	4,860.00
Warsaw	76	243,300	5,590.00
Wrocław.....	25	120,000	4,570.00

Source: Central Statistical Office, 2015

Key trends in Polish Retail Market

- Despite the lower development activity as compared to the pre-crisis years, new shopping centers are still being developed across Poland. Some secondary and tertiary cities already display some symptoms of saturation with shopping center space, whereas there is still further development potential in some of the largest agglomerations and the smallest cities.
- In order to retain their competitive edge, some shopping centers are subject to modernizations, refurbishments and extensions that leverage on their appeal and customer experience. According to JLL in-house view, as the market matures and some older assets begin showing symptoms of obsolescence, this trend is expected to increase in importance.
- According to PMR Research, in 2015 e-commerce accounted for more than 5% of total retail sales in Poland. It is anticipated that by 2020 this share will further increase to 10%. Importantly, as online sales are predominantly popular among urban populations, the share of online sales in total retail sales in the largest cities is expected to be actually higher than the aforementioned 5%. According to PMR Research, products that are most sought after online include electronic equipment. However, the following segments also register dynamic growth: fashion, food and DIY.
- A growing number of retail schemes delivered during the last few years was designed according to the modern place-making principles, which include larger than before share of gastronomy and entertainment offer, attractive design corresponding and contributing to local environment, proper asset management and marketing. All these create a sense of place that enables these schemes to attract customers from beyond their core catchment areas.
- Transportation hubs, predominantly railway and bus stations across Poland, are being regenerated and increasingly more often retail use is being added on the top of their core function. This includes development of brand new retail schemes adjacent to the hub (Galeria Katowicka, Poznań City Centre, Forum Gdańsk) or total regeneration and refurbishment of the existing retail space within existing railway stations (Main railways stations in Warsaw, Wrocław and Krakow).

- Convenience centers of GLA between 2,000 and 5,000 m² are being developed across the country in all: largest agglomerations, mid-sized cities and even densely populated villages. These schemes usually include basic shops and services (bank, pharmacy, florist, laundry) in addition to food operator (supermarket, delicatessen or discount store).
- Consumer habits are changing and this change is most pronounced in the largest agglomerations. It is manifesting itself by the decreased propensity to spend long time in shopping centers, and the increased popularity of alternative retail places. Consumers value their time, which is an increasingly important commodity and are therefore attracted to retail places that allow easy and fast shopping. They are also keen to experience new retail and gastronomy concepts (pop-up stores, bazaars, fashion fairs, etc.), which are not necessarily the feature of traditional shopping centers.
- Large food discounter chains present on the Polish market are leveraging on their market profile by increasing the quality of what they offer and the overall aesthetics of their stores. As a result, the formerly tangible difference in positioning of discounters, supermarkets and delicatessen stores is becoming increasingly blurred.
- The purchasing power of Polish consumers is steadily increasing. According to Oxford Economics forecasts, by 2025 retail spending in Poland is expected to be 40% higher as compared to 2015. Importantly, the largest growth of spending power is expected in the largest cities.
- The rapid expansion of food hypermarkets seen in late 1990s and early 2000s has largely slowed down. This can be put down to factors such as increasing popularity of smaller food formats and the consolidation of this segment in the hands of only few international chains. Moreover, existing hypermarkets within larger retail schemes are often subject to downsizing in order to make room for additional unit shops.
- Under the proposed draft law, trading is to be prohibited on Sundays, holidays, Christmas Eve and Holy Saturday. There are, however, some exceptions such as certain Sundays before Christmas and Easter or one Sunday during end-of-season sales. Small shops of limited area run by the owner or their family members, bakeries, petrol stations, florists, and shops in hospitals and airports are to be exempted from the prohibition. The new law is announced to enter into force in mid-2017, although the final detailed provisions of the bill may be subject to substantial changes during the legislative process.
- Poland remains an attractive market for newcomers. Some 180 brands have commenced operations in Poland since 2010, either as direct entry or by a franchisee. In the same period, approximately 30 brands decided to withdraw from the Polish market.

Polish Real Estate Investment Market

At approximately €7 billion, Q1-Q3 2016 represented a 20% increase over the same period of 2015 and is one of the highest first three quarters in CEE regional investment volume since 2007 (€4.4 billion). Solid appetite for Poland (€2.6 billion volume representing over 37% share in total CEE transactions in Q1-Q3 2016) has been recorded, whilst the remaining CEE markets have also posted healthy volumes. According to JLL estimations, the forecast for 2016 for the entire CEE remains unchanged and it is expected to record full year volumes of over €10 billion.

Following an exceptional year in 2015 recorded on Polish market (€4.1 billion total), momentum carried into Q1-Q3 2016, with a volume of €2.6 billion traded. This is an approximately 30% increase compared to analogical period in 2015 (€2 billion). The sector split comprised approximately €1.4 billion in retail, €46 million in offices and €61 million in warehousing. Across all sectors, the full spectrum of investor profiles was represented; core through opportunistic, with deals ranging from small single-let assets through to complex platform transactions.

The headline deal in Q1-Q3 2016 was the Echo Prime Property Portfolio acquisition (75%) by South African investor, Redefine Properties, valuing the portfolio at approximately €1.2 billion. The vendor in the transaction was Echo Investment, with majority stake owned by an investment consortium comprising Griffin Real Estate, Oaktree and Pimco. Sale of this platform represents one of the largest commercial real estate transactions in CEE. The Portfolio holds a 77% weighting towards the retail sector, with some of the key assets including Pasaż Grunwaldzki in Wrocław, Galaxy in Szczecin and Galeria Echo in Kielce.

The largest single retail transaction recorded in Q1-Q3 2016 was the sale of Bonarka Shopping Centre in Krakow for an estimated price of €361 million. This deal was concluded in September 2016 and the asset was acquired by Rockcastle

Global Real Estate. Other notable retail transactions in Q1-Q3 2016 included the purchase of CH Krokus in Kraków by Fonciere Euris from Valad, the sale of Ferio in Konin by Rockspring to Union Investment and CBRE Global Investors acquiring Galeria Jantar in Słupsk from Tristan Capital Partners. Prime retail yields in Poland stand at 5.00%, this applies for best in class retail centers.

In the office sector, a new prime yield for Warsaw was established at 5.25% with Warburg-HIH Invest Real Estate purchasing Prime Corporate Center from Golub GetHouse. Other notable Warsaw transactions included the acquisition of Zaulek Piękna by GLL from Invesco and Valad's purchase of Warsaw Corporate Center from MEAG. Sentiment in the Warsaw office market remains good, with approximately €800 million is in due diligence. The capital prime yields are forecasted at level of 5.00-5.25% for best quality office assets, located in the CBD of Warsaw, let at market rents and with minimum lease duration of 5 years. Prime capital values have been kept in check at €5,500, with commercialization of assets at close to the bottom of the rental cycle. Among key transactions recorded in Q3 2016, worth highlighting is the purchase of Konstruktorska Business Park in Warsaw (Mokotów). This asset was acquired by Golden Star for an estimated price of around €160 million euro.

A further observation was the continuation of the 2015 trend with approximately 50% of Q1-Q3 2016 office investment transactions occurring in Polish regional city markets. Key deals included: the purchase of Aleja Pokoju 5 in Kraków by Warburg-HIH Invest Real Estate, establishing a prime regional city yield of 6.25%, and Benson Elliot (with Sharow Capital) concluding three acquisitions of: Opera Office in Gdańsk, Okrąglak & Kwadraciak in Poznań, and Forum 76 in Łódź. Starwood also completed the purchase of Quattro (building V) in Kraków. Whilst end of year volumes are likely to swing back in favor of Warsaw, based on projects in exclusivity, the activity in the regional cities underlines the now established maturity, liquidity and performance of the top seven cities in Poland.

The warehouse investment market reported seven transacted deals in Q1-Q3 2016, three of which were portfolios. The largest transactions included: NBGI Portfolio acquired by Hines REIT, Annopol Business Park sold by ECI to Hines REIT and GLL's acquisition of the Amazon Fulfilment Center in Poznań. Prime warehouse yields stand at around 6.75% for long leased well located assets let at market rents, but exceptional long leased assets may trade below 6.00%.

REAL ESTATE REGULATIONS IN POLAND

Information included in this section is of a general nature and describes the legal status as of the date of this Prospectus.

Regulatory Issues

General

Polish real estate law and development process regulations are primarily based on: (i) the Civil Code; (ii) the Act on Mortgages and Land and Mortgage Registers; (iii) the Act on Real Property Management; (iv) the Act on the Acquisition of Real Property by Foreigners; (v) the Act on Outline Planning and Spatial Development; and (vi) the Construction Law. Some provisions of the Act on the Protection of Agricultural and Forestry Land, the Environmental Protection Act, the Act on Structuring the Agricultural System, the Water Act, the Act on Forests and other acts may also be relevant in connection with business operations involving real property.

Please note that the following summary contains only a general overview of Polish real estate law.

Ownership of real property

The right of ownership (*własność*) is the most powerful right that can be obtained with regard to real property; however, it is subject to the limitations set forth in acts of law, the principles of coexistence within a community and the socioeconomic purpose of the ownership – the owner may, to the exclusion of other persons, use the real property (and in particular enjoy benefits and other income), as well as freely dispose of it. The Polish Civil Code makes a legal distinction between land and buildings or parts of buildings (separate premises). Each of land, building and separate premises may be subject to an individual ownership title. Ownership may be subject to encumbrances such as mortgages. The Polish Constitution provides that property (including real property) may be expropriated for “public needs” only and for fair compensation.

Right of perpetual usufruct (“RPU”)

A right of perpetual usufruct is a restricted ownership right which may be established by a strictly defined group of owners (the State Treasury and local government entities or associations thereof) in favor of legal entity or natural person through the execution of an agreement on the granting of the RPU to a real property. Such an agreement must be made in the form of a notarial deed. For the establishment of an RPU it is necessary to make an entry in the land and mortgage register. Additionally, after the transformation of Poland in 1989, a number of state-owned enterprises which at the time were managing publicly owned properties were granted RPU to such properties by operation of law as of 5 December 1990. Such statutory acquisition of RPU was subsequently confirmed by relevant administrative decisions.

The rights of an entity which acquires RPU to a land (the perpetual usufructuary) are identical to the rights of an owner; however, such rights only exist for the time defined in the agreement and the perpetual usufructuary is required to use the land solely for the purposes stated in the agreement on the granting of the RPU. If the perpetual usufructuary uses the land in obvious breach of its designated use, the owners of the real property on which the RPU has been established may demand the termination of the agreement on the grant of the right of perpetual usufruct to the land. The maximum term of the RPU is 99 years; the minimum is 40 years. In the last 5 years of the term determined in a given agreement, the perpetual usufructuary may request an extension of the RPU for an additional period of between 40 and 99 years. In such cases, the grantor of the RPU may refuse the extension on the grounds of an “important public interest” only. The ownership title to a structure such as a building cannot be separated from the ownership title to the underlying land on which the structure is situated (i.e. ownership of real property extends to the space above and below it) if the structure is situated on land held under RPU.

Perpetual usufructuaries pay annual fees to the owner of the land (i.e. State Treasury, local government entities or associations thereof) by 31 March of each year, in advance, for the entire year. RPU fees are established as a percentage of the price of the land defined on the basis of the value thereof. The annual rates depend on the objective for which the right of perpetual usufruct to the land was granted and vary from 0.3% to 3% of the land's value.

Buildings and other structures on land subject to an RPU belong to the perpetual usufructuary and the ownership rights to such buildings and structures are connected with the RPU. Therefore, the transfer, encumbrance or other disposal of an RPU automatically applies to the ownership rights to the buildings and structures situated on the relevant land. Finally, as

a consequence of this form of title, the perpetual usufructuary is entitled to recover the value of the buildings and structures existing on the land when the RPU expires, provided that such buildings and structures were built in accordance with the agreement establishing the RPU in question.

The transfer of real property

Agreements for the transfer of land ownership titles or RPU must be executed in the form of a notarial deed. Unless specific provisions of an agreement or the law provide otherwise, an agreement pursuant to which one party is under an obligation to transfer an ownership title or RPU to a piece of real property results in the transfer of such real property upon the execution thereof. In the case of a transfer of RPU, such transfer takes effect only as of the registration of the transfer in the land and mortgage register. If the agreement on disposal of ownership or RPU title to real property is conditional or subject to a deadline, another agreement, unconditional and not containing any deadlines, must be executed in order to validly and effectively transfer the title.

Acquisition of real property – statutory right of first refusal and other restrictions

Statutory right of first refusal

According to Polish law, free trading in real property is subject to certain restrictions, mostly on the basis of the regulations of the Act on Real Property Management, which grants a municipality (*gmina*) the right of first refusal in the case of the sale of, inter alia: (i) an undeveloped real property previously acquired by the seller from the State Treasury or a local government entity; (ii) the RPU to an undeveloped real property, regardless of the form of acquisition of such right by the transferor; and (iii) a real property entered in the register of historic monuments or the RPU to such real property.

Another restriction in real property trading applies to agricultural properties and arises from the Act on Structuring the Agricultural System. Under the Act, the Agricultural Property Agency (*Agencja Nieruchomości Rolnych*) is granted the right of first refusal in the case of sale of agricultural real property as well as sale of shares in a company holding such real property or if shares are otherwise transferred.

The principle of free trade in real property is subject to restrictions resulting from a statutory right of first refusal on the basis of other laws such as the Forests Act, the Act on Special Economic Zones or the Act on Revitalization.

Acquisition of real property by foreigners

Under Polish law, foreigners may own real property on the same terms as Polish nationals. However, in accordance with the Act on the Acquisition of Real Property by Foreigners: (i) the purchase of land by foreigners (or acquiring the RPU with respect to land); and (ii) the purchase of or subscription for shares in a commercial law company with its registered office in Poland (which owns or is the perpetual usufructuary of real property and as a consequence of the transaction the company would be controlled by a foreigner), is subject to the obtainment of relevant consent issued by way of an administrative decision by the minister competent for internal affairs. The above does not apply to the purchase of real property by entities from the European Economic Area or Switzerland.

Land Register and Land and Mortgage Register

All land, buildings and premises are recorded in the relevant registers maintained by the various district governors (*starosta*). The registers include the following data: (i) for land – the location, borders, area, class of land and land and mortgage register numbers; (ii) for buildings – the location, designated use, function and general technical data; and (iii) for premises – the location, function and usable area. The registers also contain certain other information, including, specifically, information on the owner and with respect to land owned by the state or local governments, information on other natural or legal persons who hold the land and buildings or any part thereof in their possession.

The legal status of a real property is reflected in the land and mortgage register maintained by the relevant district court. The court keeps a separate land and mortgage register for each piece of real property. The information included in such register is publicly available. Each land and mortgage register contains information about the registered real property, including, among other things, a description of the real property, the owner's name and any registered encumbrances on the real property. Under Polish law, there is a legal presumption that information in a land and mortgage register is consistent with the actual legal status. This presumption of accuracy of land and mortgage registers is related to the principle of warranty of the public reliability of land and mortgage registers.

Mortgages

A mortgage is a form of security established over one or several properties to ensure the due performance of a monetary obligation up to a specific maximum amount. The mortgage must be registered in the land and mortgage register. If the object of a mortgage is a right of perpetual usufruct, the mortgage will also cover the buildings and facilities within the used area which constitutes the ownership of the perpetual usufructuary. A mortgage is effective even if the ownership title (or the RPU) to the real property secured by the mortgage has been transferred. If the debtor defaults, the claims of the mortgagee should generally be satisfied in accordance with court enforcement proceedings. The mortgagee has preferential rights over personal creditors of the owner of the real property.

Lease Agreements

Leases (*najem*) constitute contracts whereunder the person authorized to dispose of a piece of real property delivers it for use in return for the payment of rent. The object of a lease agreement may be both movables and real property. Leases may be entered into for specified or unspecified terms. Under the Civil Code, any lease agreement executed for a period of more than ten years is considered to be executed for an unspecified term after the lapse of such term. If the agreement is entered into between two business entities, only after thirty years may a lease agreement be found to be established for an unspecified term. A lease agreement executed for an unspecified term may be terminated within the time provided in the agreement or stated in the law. Unless a lease agreement pursuant to which rent is due on a monthly basis provides otherwise, such agreement may be terminated one month in advance at the end of the calendar month during which the termination notice was delivered. The lease agreement executed for a definite period may be terminated only due to reasons explicitly described in the agreement or as stated in the law. There are several statutory termination options for both the landlord and the tenant. The tenant may terminate the lease with immediate effect if the leased object has defects preventing the tenant from its agreed use as of handover of the leased object or the defects occurred during the lease term and have not been removed by the landlord or it was not possible to remove them. The landlord may terminate the lease with immediate effect if: (i) the tenant uses the leased object in a manner contrary to the agreement or its intended use and does not remedy despite being called upon or if the tenant neglects the leased object to such an extent that it is exposed to loss or damage, (ii) the tenant fails to pay the rent in at least two complete periods of payment (in case of lease of premises, an additional, at least one month cur period applies) as well as (iii) the tenant (in case of lease of premises) breaches the binding house rules in a glaring or persistent manner or by his improper behaviour renders it burdensome to use other premises in the building and (iv) the tenant, without landlord's authorization, subleases the premises or gives them in a gratuitous use.

Overview of the Development Process

The investment process is connected with the requirement to obtain several administrative and environmental decisions as well as the obligation to fulfil several legal requirements. Such administrative decisions include, in particular: (i) a decision on the environmental conditions for the relevant venture (*decyzja o środowiskowych uwarunkowaniach danego przedsięwzięcia*); (ii) a planning decision (*decyzja o warunkach zabudowy*) or a decision on the location of a public utility investment (*decyzja o lokalizacji inwestycji celu publicznego*) – only if no zoning plan exists for a given real property; (iii) a building permit (*decyzja o pozwoleniu na budowę*); and (iv) an occupancy permit (*decyzja o pozwoleniu na użytkowanie*).

The Construction Law provides for detailed regulations regarding the building processes. Construction works may be commenced only on the basis of a final building permit save for certain structures for which a building permit is not required. Depending on the type of structure, the finished structure may only be used if the investor: (i) notified the construction authority of the completion of the construction works and such authority did not issue a decision objecting thereto; and (ii) obtained an occupancy permit issued by the relevant public administration authority. An occupancy permit is issued after the investor delivers all the documents concerning the completed construction works and following an inspection of the building structures by the relevant authorities.

THE BOARD

This Chapter summarizes certain information concerning the Board. Among other things, it summarizes the Articles of Association, the Board Regulations (as they will read after the Conversion), in conjunction with the relevant provisions under Dutch corporate law.

Board structure

As of the Conversion Date, the Company will have a one-tier board structure consisting of two executive directors (“**Executive Directors**”) and four non-executive directors (“**Non-Executive Directors**”). On the Listing Date, at least three independent Non-Executive Directors will join the Board. The Board is the statutory executive body (*raad van bestuur*) and the members are collectively responsible for the Company’s management and the general affairs of the Company.

Board

Powers, responsibilities and function

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

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

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

Pursuant to the Articles of Association, the Board may establish one or more sets of regulations dealing with such matters as its internal organization, the manner in which decisions are taken and any other matters concerning the Board (the “**Board Regulations**”). The Board Regulations will be placed on the Company’s website as of Settlement and will apply in addition to the relevant provisions of the Articles of Association.

Composition

At the Conversion Date, the Board will be composed of the following members:

Name	Age	Position	Member as of	Scheduled for re-election
<i>Executive Directors</i>				
Dorota Wysokińska-Kuzdra.....	41	CEO, Executive director	Date of Conversion	Indefinite
Rafał Pomorski	33	CFO, Executive director	Date of Conversion	Indefinite
<i>Non-Executive Directors</i>				
Przemysław T. Krych.....	50	Non-executive director (chairman)	Date of Conversion	2021
Maciej Dyjas	53	Non-executive director	Date of Conversion	2021
Nebil Senman.....	44	Non-executive director	Date of Conversion	2021
Karim Khairallah	44	Non-executive director	Date of Conversion	2020
Marcus M.L.J. van Campen	72	Non-executive director, independent	Listing Date	2020
Andreas Segal	47	Non-executive director, independent	Listing Date	2020
Thomas Martinus de Witte.....	50	Non-executive director, independent	Listing Date	2021

The Company's registered address (Barbara Strozziilaan 201, 1083 HN Amsterdam) serves as the business address for all members of the Board.

Dorota Wysokińska-Kuzdra

Dorota Wysokińska-Kuzdra will be the Chief Executive Officer and an Executive Director of the Board. Ms Wysokińska-Kuzdra attended the Warsaw School of Economics from 1994 to 2001, where she studied International Economic and Political Relationships, as well as Management and Marketing, earning a Magister degree in 2001. In 2002 she received CEMS (Community of European Management Schools) Master degree, concluding bilingual English / German managerial studies at the Cologne University in Germany. During the years 1995-1996 she completed also economic-social studies in German language at Gerhard Mercator University in Duisburg in Germany in co-operation with Polish-German Economic Forum at Warsaw School of Economics. She has also participated in numerous conferences and training programmes regarding, inter alia, management, real estate, finance and legal issues.

Before joining Griffin, Ms Wysokińska-Kuzdra held various positions at several UniCredit Group companies from 1998 to 2008. She began her professional career in 1998 by working on project in connection with the merger of HYPO-BANK Polska S.A. and Vereinsbank Polska S.A. From 1999 to 2004, Ms Wysokińska-Kuzdra continued working for the merged HypoVereinsbank Bank Hipoteczny S.A. in various positions in real estate area, including as a real estate credit analyst and a relationship manager. In late 2004, she became the deputy director of the Real Estate Investment Banking Department of Bank BPH S.A., a position from which she advanced to become the executive director from 2005-2008. During her time as executive director Dorota also served as a member of the management board of PBK Property Sp. z o.o. (2005-2007), the president of the management board of BPH Real Estate S.A. (2005-2007) and a non-executive advisory board member of BPH TFI. From 2008 to March 2017, Dorota Wysokińska-Kuzdra was a senior partner of Griffin Real Estate Sp. z o.o., responsible for investment and management activities of the Group, including HR and PR, as well as for the first mezzanine fund in Poland. She was leading recent investments which include among others acquisitions of Green Horizon in Łódź, Lubicz Office Center in Kraków or Hala Koszyki in Warsaw. She was also part of the investment team during the acquisition of Echo Investment S.A.

Also, from 2009 to 2014 Ms Wysokińska-Kuzdra has served as the president of the supervisory board of the Primus Foundation in Warsaw of which is continues to be a member of the supervisory board. Since 2014, she has also been a member of the supervisory board of Fundacja Griffin Art Space.

Rafał Pomorski

Rafał Pomorski will be the Chief Financial Officer and an Executive Director of the Board. Mr Pomorski attended Marie Curie-Skłodowska University in Lublin, Poland from 2002 to 2007, where he obtained a Magister degree in Economics. Mr Pomorski began his professional career in 2007 with PwC, where he served as an associate in the audit department until 2010. From 2011 to 2013 Rafał worked at MGPA as the Finance Manager for Poland, a title he retained until 2015 after BlackRock took over MGPA in 2013. Since 2015 to March 2017 Rafał Pomorski was the Senior Vice President in charge of Finance at Griffin Real Estate. Mr Pomorski became a member of the global body for professional accountants, the ACCA (Association of Chartered Certified Accountants), in 2016.

Przemysław T. Krych

Przemysław T. Krych will serve as the Non-Executive Chairman of the Board. Mr Krych attended Adam Mickiewicz University in Poznań, Poland between 1985 and 1990, from where he graduated summa cum laude and obtained a Master's degree in Law. He continued working at Adam Mickiewicz University as an assistant professor in the law school from 1989 to 1993. Mr Krych's professional career expanded when he became the director of Invest-Bank S.A. in 1992. From 1993 to 1999, Mr Krych served as the head of the loan workout department and subsequently as the head of the investment department of Bank Handlowy w Warszawie S.A. (currently Citi Handlowy), where he also held other senior positions, including: member of the management committee, member of the credit committee and chairman of the investment committee. In the period from 1999 to 2000, he served as a partner, managing director and the manager of Emerging Europe Private Equity Funds at Templeton Direct Advisors Inc. (later known as TDA Capital Partners). Since 2001 he has been a managing partner at Cornerstone Partners. In 2006, Mr Krych became a founder and the CEO of Griffin Real Estate, a position he holds to this day.

Mr Krych serves as a board member of the following entities: Bombardier Transportation Polska sp. z o.o. (since December 2010); Echo Investment S.A. (since September 2015). Mr Krych serves as a management board member of the following entities: Cornerstone Partners sp. z o.o. (since February 2002); Finteco sp. z o.o. (since April 2016); Griffin Advisors sp. z o.o. (since July 2013); Griffin Real Estate sp. z o.o. (since July 2011); Lisala sp. z o.o. (since March 2015). Mr Krych serves as a Supervisory Board Member of the following entities: Blue Gas NRG Holding sp. z o.o. (since October 2014); Blue Gas NRG sp. z o.o. (since October 2011); E-Toto Zakłady Bukmacherskie sp. z o.o. (since June 2014); Emilia Nieruchomości sp. z o.o. (since December 2012); Fanster Enterprise sp. z o.o. (since February 2002); Proservice Agent Transferowy sp. z o.o. (since June 2016). Mr Krych serves as a manager of the following entities: Griffin Partners (since March 2013). Mr Krych serves as a class A manager of the following entities: GIPH S.a.r.l. (since August 2006); VULGARIS S.a.r.l. (since November 2011). Mr Krych serves as a class B manager of the following entities: Griffin Topco (since July 2010); Topco II (since November 2011); Topco III (since December 2013). Mr Krych serves as a director of the following entities: Gardiner Managers Company Limited (since August 2016); GPF Cyprus Limited (since November 2006). Mr Krych serves as a Council for the Foundation Member of the following entities: Fundacja Edukacyjna Jana Karckiego (since June 2012); Fundacja Griffin Art Space (since June 2014); Fundacja Pomoc Edukacyjna (since January 2014).

Maciej Dyjas

Maciej Dyjas will be a Non-Executive Director of the Board. Mr Dyjas has received a degree in Mathematics and Computer Science from Warsaw University (Poland), and in Business from the University of Stuttgart (Germany), Mr Dyjas later went on with his further education by enrolling in management psychology and communication studies as well as numerous training courses related to management, business and human resource matters.

Mr Dyjas worked in the years 1987-1994 in consulting businesses for companies related to Hewlett-Packard in Germany and the US, focusing on areas of production automation, supply chain and similar.

In 1994 Mr Dyjas began working for the Eastbridge Group, where he stayed until the end of 2014. Eastbridge Group is an evergreen investment vehicle, owned by the Bruckner family and the management, specializing in PE, VC and RE Investments in CEE, Benelux and the US. In 2014, Eastbridge controlled assets in excess of USD 3 billion. After leaving the Eastbridge Group Maciej Dyjas continues to act a senior advisor to the Bruckner family. Eastbridge has entered into JVs and co-investments with a number of international financial investors, other family offices, as well as with a number of blue chip international corporations (like Inditex, LVMH, Nestle, Vivendi, L'Oréal and many others). After commencing in 1994, Mr Dyjas quickly became a partner in Eastbridge, and in the years 2009-2014 he was CEO and Managing Partner of the Group.

At the same time, he served as CEO of a number of Eastbridge's key investments like EMPIK (1995-1998, leading entertainment retailer in PL), Domy Towarowe Centrum (1998-2003, leading high street retail and real estate conglomerate in PL), EMF Group (2003-2009, leading consumer goods group in CEE), and acting CEO of Downtown holding in New York (2009-2014, multifamily rental investor and operator in New York, US). He has also been chairman of the board of EMF (2010-2014) and director representing the controlling shareholder in the board of Immobel (2010-2014, oldest Belgian developer, listed on Brussels Stock Exchange) and CDI (leading Polish high street retail developer).

Since early 2014 Maciej Dyjas entered Griffin Real Estate as co-owner and co-CEO. Griffin Real Estate is a leading Real Estate investor in Poland, controlling assets in excess of 4bn Eur. GRE manages the Investments of its partners, as well as strategic capital partners such as Oaktree Capital Management, PIMCO and Redefine of South Africa. Griffin controls among others the largest commercial and the 5th largest developer in Poland (Echo Investment S.A., listed on WSE), EPP (largest Polish shopping center synthetic REIT, listed on Johannesburg and Luxembourg stock exchanges), Student Depot (largest Student Housing operator in Poland), R4R (largest under construction developer and operator of rental apartment), GPFII (largest non-banking Real Estate lending platform in Poland).

Also since early 2014 Maciej Dyjas entered Cornerstone Partners as one of two managing partners. Cornerstone is one of most active Polish platforms. Cornerstone has investments in one of the leading Polish cable TV and internet providers and operators, SMYK (largest CEE kids fashion and toys retailers), ProService (largest fintech provider for assets managers in Poland) and others.

Mr Dyjas serves as a supervisory board member of the following entities: Echo Investment S.A. (since June 2015); Smyk Holding Sp. z o.o. (since October 2016); Proservice Agent Transferowy Sp. z o.o. (since June 2016); Fanster Enterprise sp. z o.o. (since November 2015); Blue Gas N'R'G Holding (since October 2014); Blue Gas N'R'G (since September 2014). Mr Dyjas serves as a board member of the following entities: Cornerstone Partners (since July 2015); Finteco Sp. z o.o. (since April 2016); Griffin Real Estate Sp. z o.o. (since January 2014); Echo Polska Properties (since August 2016); Griffin Advisors sp. z o.o. (since October 2015); Lisala sp. z o.o. (since March 2015). Mr Dyjas serves as a class A director of Lofthouse Limited (since February 2016).

Mr Dyjas has been a senior advisor to Poland for Europe foundation, and is a member of Foundation of Germans living in Poland, and a board member of Jan Karski Foundation. He is also a senior advisor to the Bruckner family (the founding family of the Eastbridge Group).

Nebil Senman

Nebil Senman will be a Non-Executive Director of the Board. Mr Senman graduated from the Technical University of Berlin in 1997, where he obtained a Master's degree in Civil Engineering and Business Administration, receiving awards from the Dr Trapp-Foundation and the Technical University Berlin for outstanding academic achievement. From 1994 to 1996, he attended ESCP Europe in Paris, obtaining a Master's degree in International Management upon graduating. He completed post-graduate studies in real estate management at the European Business School in 1999 and has also been a member of the Royal Institution of Chartered Surveyors (MRICS) since 2004.

In the period of 1998 to 2005, Mr Senman worked in real estate consulting and corporate finance at Arthur Andersen/Ernst & Young Real Estate in different leading managerial positions. During such time, he completed numerous residential and commercial transactions related to real estate companies and their portfolios with a total value of several billion euros. He also arranged various equity and debt financing for different real estate projects and developments for his clients. From 2005 to 2014, Mr Senman, as the Senior Vice President and the supervisory board member of several entities, headed Oaktree's German and Polish real estate activities. While holding such positions he was responsible for successful value added and opportunistic real estate equity investments in Europe with a value of over EUR 1 billion and GAV over EUR 5 billion. He was also responsible for setting up a German commercial real estate platform that later merged with Deutsche Office, a publicly listed company valued at EUR 2 billion. He has also supervised the restructuring and management of a leading German residential real estate platform, Deutsche Wohnen.

Since 2014, Mr Senman has been a co-managing partner at Griffin Real Estate, a leading and dynamically growing investment group operating in Central and Eastern Europe's commercial real estate market. Mr Senman is a member of the supervisory board of Echo Investment S.A. (since April 2015); a non-executive member of the board of Echo Polska Properties (since August 2016); and a board member of Lisala (since March 2015).

Karim Khairallah

Karim Khairallah will be a Non-Executive Director of the Board. Mr Khairallah joined Oaktree's European Principal Group at its foundation in 2005. At Oaktree, he is a Managing Director (since 2007) with considerable experience of investing across Europe and in the real estate sector. He founded Oaktree's CEE presence in 2005 and established its exclusive partnership with Griffin. Investments in Poland have included Polmos Lublin (which became Stock Spirits and was floated on the London Stock Exchange in 2013), Griffin Real Estate, Echo Investment SA and ProService Agent Transferowy. Karim is currently a board member of Griffin, Echo (Chairman), ProService, Estoril Capital Partners (Portuguese real estate platform) and Healthcare Activos (Spanish real estate platform). He has been on the board of Campofrio, Panrico and R&R Ice Cream in the past.

Prior to joining Oaktree in 2005, Karim was a co-founder and partner of Solidus Partners, a private equity fund based in London and Paris. Before that, Karim spent four years as a senior associate at General Atlantic Partners. Prior experience includes one year as an Associate at J.P. Morgan Capital and three years as an investment banking analyst at Lehman Brothers International. Mr Khairallah received a B.Sc. degree in Economics from the London School of Economics. He then went on to receive an M.B.A. from INSEAD.

Mr Khairallah serves as the chairman of the supervisory board of Echo Investment S.A. (since June 2015) and is a board member of the following entities: Healthcare Activos Investments (since November 2016); Proservice sp. z o.o. (since May 2016); OCM-ECp Management S.A. (since June 2015); Fanster Enterprise (since February 2012); Temider Enterprise (since February 2012).

Marcus M.L.J. van Campen

Marcus van Campen will be a Non-Executive Director of the Board, independent member. Mr van Campen is a graduate of the University of Nijmegen, the Netherlands, from where he graduated in 1968 and obtained a Master's degree in Law. Mr van Campen began his professional career at Océ van der Grinten NV, where he worked in the legal department from 1968-1970, and subsequently served as the assistant to the Corporate Secretary between 1970-1974, and later (1974-1976) as the marketing manager of Self Copy International, a subsidiary specialising in the production and sales of auto copying paper in Italy and France, with production licensees in Great Britain and Scandinavian countries. Océ van der Grinten NV was listed on the Amsterdam Stock Exchange until 2012; it was taken over by Canon in 2012 and is currently active in the field of the production and sales of copying machines, printers and office systems. In the period from 1976-2002, Mr van Campen served as the general counsel at Amstelland NV (currently AM NV). During his tenure, Amstelland NV's turnover increased from EUR 250 million in 1976 to EUR 3 billion in the year 2000. As the general counsel, Mr van Campen was responsible for coordinating all aspects of corporate governance, compliance with stock exchange listing requirements as well as compliance with Dutch corporate law. He also played a leading role in advising the management board thereof on mergers and acquisitions and other major corporate transactions. Amstelland NV was listed on the Amsterdam Stock Exchange until 2006 and was one of the biggest companies in the Netherlands in the field of construction, production of and trade in building materials and project development until major divestitures in the year 2000 and 2001. It currently successfully operates in the area of project development.

Mr van Campen currently serves as the director of Astarta Holding NV in Amsterdam, the Netherlands, a company listed on the Warsaw Stock Exchange, which is active in the agricultural sector in Ukraine; the director of Ovostar Union NV in Amsterdam, the Netherlands, also quoted on the Warsaw Stock Exchange, a very successful company in the field of eggs, egg products and poultry; and the director of the European subsidiaries (outside Italy) of Salvatore Ferragamo Spa in Florence, Italy, one of the principal players in the luxury sector, with subsidiaries located in France, Germany, Austria, Switzerland, Spain, Belgium, the Netherlands, Monte Carlo, United Kingdom and Denmark.

Marcus van Campen has extensive knowledge in the field of construction, real estate and project development, including in the financing thereof. He was involved in two initial public offerings of Dutch holding companies on the Warsaw Stock Exchange (Astarta Holding NV in 2006 and Ovostar Union NV in 2011). Mr van Campen has extensive experience in corporate governance matters, monitoring activities carried out by financial supervision authorities such as the AFM, and in transparency requirements. He has also been a chairman and a member of the audit committee of both Ovostar Union NV and Astarta Holding NV.

Andreas Segal

Andreas Segal will be a Non-Executive Director of the Board, independent member. Mr Segal holds a degree in law and a pre-degree in business administration and is also a graduate of the Advanced Management Program of the Harvard Business School.

Andreas Segal began his career in law and specialised in corporate and tax law. Afterwards he held positions in the investment banking department at Commerzbank AG. He subsequently worked for a German consumer electronics retail chain where he was working on the corporate and real estate restructuring side. Afterwards Mr Segal has served as the Co-CEO and CFO of GSW Immobilien AG, a Berlin-based residential real estate platform listed on MDAX. Following this, Mr Segal was the CFO and member of the management board of Deutsche Wohnen AG, the second largest residential real estate platform in Germany which is listed on the MDAX. He was also the deputy chairman of the supervisory board of GSW Immobilien AG. Andreas Segal is currently the Deputy CEO and CFO of BUWOG AG, an Austrian-German residential real estate platform and developer listed on the ATX.

Thomas Martinus de Witte

Thomas Martinus de Witte will be a Non-Executive Director of the Board, independent member. Thomas Martinus de Witte attended Erasmus University Rotterdam, from which he received both a Master's degree in Economics and a Master in Law degree in 1991. After receiving his Master's degrees, he continued to study postgraduate accountancy at Erasmus University Rotterdam until 1998. He has also participated in a number of INSEAD International Business Skills courses.

Mr de Witte began his professional career with Arthur Andersen in 1991, where served as an auditor and financial consultant to clients in various industries. Beginning in 1998, his focus shifted to real estate and he was eventually named the audit director of the Financial Assurance Real Estate department of Arthur Andersen in the Netherlands. In 2002, after Arthur Andersen was taken over, he became a director at Deloitte and Touche Accountants, where his focus remained real estate companies. From 2003 to 2014, he served as CFO within the Vastned Group, which consisted of the Euronext listed investment companies Vastned Retail and Vastned Offices/Industrial. During his time as CFO, Mr de Witte was responsible for a wide range of duties, including internal and external reporting, press releases, treasury/financing, corporate governance, risk management, IT, HR and tax; moreover, he also served as a supervisory board member of Belgium-listed subsidiaries Vastned Retail Belgium and Intervest Offices and statutory director of several other foreign subsidiaries of the group. From 2015 to the present day, Mr de Witte is CFRO of Geneva Properties N.V., where he is responsible for finance, reporting and risk management. In addition, he currently holds two non-executive positions: serving as a member of the supervisory board and chairman of the audit committee of Staedion, a large housing association in the Hague and serving as a member of Raad van Toezicht and chairman of the financial commission of Koninklijke Diergaarde Blijdorp (Rotterdam Zoo).

Appointment, suspension and removal

The Board shall consist of at least one (1) Executive Director and at least three (3) Non-Executive Directors, provided that the Board shall be comprised of a maximum of ten (10) directors and that the majority of the Board consists of Non-Executive Directors. The General Meeting appoints the members of the Board as described below. Each Executive Director member shall be appointed or re-appointed for a period to be determined by the General Meeting. Each Non-Executive Director shall be appointed or re-appointed for a period of not more than four years provided that, unless a Non-Executive Director resigns earlier, his appointment period shall end immediately after the annual General Meeting that will be held in the fourth calendar year after the date of his appointment. Only natural persons (not legal entities) may be appointed as Non-Executive Directors.

If a member of the Board is to be appointed, the Board shall make a binding nomination of at least the number of persons prescribed by law. The General Meeting may at all times overrule the binding nomination by a majority of at least two thirds of the votes cast representing more than half of the issued capital of the Company. If the General Meeting overrules the binding nomination, the Board may make a new binding nomination. The nomination shall be included in the notice of the General Meeting at which the appointment shall be considered. If a nomination has not been made or has not been made in due time, this shall be stated in the notice and the General Meeting shall be free to appoint a member of the Board at its discretion by a simple majority representing at least one-third of the issued capital of the Company.

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

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

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

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

Board decisions

Pursuant to the Board Regulations, the Board may in principle pass resolutions only if at least the majority of the Board members are present. Board resolutions may at all times be adopted outside of a meeting, in writing or otherwise, provided that the proposal concerned is submitted to all Board members then in office and none of them objects to this manner of adopting resolutions. Where possible, resolutions shall be passed by unanimous vote. If this is not possible, the resolution shall be taken by a majority of votes. If there is a tie vote, the proposal shall be rejected.

Pursuant to Dutch law and the Articles of Association, the Board must obtain the approval of the General Meeting for resolutions regarding an important change of identity or character of the Company or its business. This includes in any event: (i) the transfer of all or substantially all business activities of the Company to a third party, (ii) the conclusion or cancellation of any long-lasting cooperation by the Company or a subsidiary with another legal entity or company or as a fully liable general partner of a limited partnership or a general partnership, provided that such cooperation or the cancellation thereof is of essential importance to the Company and (iii) the acquisition or disposal by the Company or a subsidiary of a participating interest in the capital of a company with a value of at least one-third of the sum of the assets according to the consolidated balance sheet of the Company's most recently adopted financial statements with explanatory notes thereto.

Conflicts of interest

Pursuant to the Board Regulations, each member of the Board is required to immediately report any (potential) conflict of interest to the chairman of the Board and the other members of the Board. The chairman of the Audit Committee must determine whether a reported (potential) conflict of interest qualifies as a conflict interest within the meaning of Section 2:129 Dutch Civil Code to which the following applies.

A member of the Board may not participate in the adoption of resolutions (including any deliberations) if he or she has a direct or indirect personal interest conflicting with the interests of the Company and the business connected therewith. If all members of the Board have a conflicting personal interest, the board and all of its conflicted Board members will retain decision-making authority. If a member of the Board does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and this member may be held liable towards the Company.

All transactions in which there are conflicts of interest with members of the Board must be agreed on terms that are customary in the sector in which the Company operates.

Board Committees

The Board has appointed an Audit Committee, an Investment Committee and a Remuneration/Nomination Committee. These committees are tasked with preparing the decision-making of and advising the Board, although the Board remains collectively responsible for the fulfilment of the duties delegated to its committees. The Non-Executive Directors shall

prepare and publish a report on its functioning and activities and of the committees during the preceding financial year. In accordance with the Articles of Association and the Board Regulations, the Board has drawn up rules on each committee's role, responsibilities and functioning. The committee regulations are incorporated in the Board Regulations that are published on the Company's website.

Audit Committee

The duties of the Audit Committee include supervising and monitoring, and advising the Board on, the effectiveness of the Company's internal risk management and control systems, supervising the enforcement of the relevant legislation and regulations, and supervising the effect of codes of conduct. The Audit Committee further supervises the submission of financial information by the Company, compliance with recommendations and observations of the Company's internal auditor and the external auditor, functioning of the internal audit department and the Company's policy on tax planning. It furthermore maintains contact with and supervises the external accountant and it prepares the nomination of an external accountant for appointment by the General Meeting.

The Audit Committee shall hold at least four meetings per year and will be chaired by an independent Non-Executive Director. The members of the Audit Committee, the majority of whom shall be independent, shall be appointed shortly following completion of the Offering.

Investment Committee

The duties of the Investment Committee include advising the Board on the issues related to all material decisions regarding the real estate portfolio of the Group, including the acquisitions and disposals of real estate assets.

The Investment Committee shall hold at least four meetings per year. The members of the Investment Committee shall be appointed shortly following completion of the Offering.

Remuneration/Nomination Committee

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

The Remuneration/Nomination Committee shall hold at least two meetings per year. The members of the Remuneration/Nomination Committee shall be appointed shortly following completion of the Offering.

Potential conflicts of interest and other information

Dorota Wysokińska-Kuzdra, the Chief Executive Officer and an Executive Director, has co-invested with Oaktree in GTII and GTIII (which investments were partially financed through loans granted to Dorota Wysokińska-Kuzdra by GTII and/or GTIII and their shareholders), and is entitled to receive, in exchange for her engagement as a senior manager of GTII and GTIII (and/or their related entities) and the aforementioned co-investment, a share in the surplus of the cash returns achieved by Oaktree – as a private equity fund – from investments made in GTII and GTIII in various entities including the Issuer over the agreed-upon rates of return from such investments (the “**Carried Interest**”). Due to the requirements for the payment of such Carried Interest, Dorota Wysokińska-Kuzdra will not be eligible to receive any return from investment upon the sale of the Offer Shares in connection with the Offering and may only be entitled to payments in connection with sales of shares in the Issuer in the future. Therefore, the value of such Carried Interest is partially dependent on, among other things, the return realized by GTII and GTIII from the sale of the shares in the Issuer following the Offering. Therefore, the value of such Carried Interest is partially dependent on, among other things, the return realized by GTII and GTIII from the sale of the shares in the Issuer. The Carried Interest is payable to Dorota Wysokińska-Kuzdra solely by GTII and/or GTIII and their shareholders, and not by the Issuer.

Non-Executive Directors: Przemysław Krych, Maciej Dyjas and Nebil Senman, as the managing partners of Griffin Real Estate, co-invested in GTII and/or GTIII (directly or indirectly) and are also entitled to the Carried Interest payable by GTII and/or GTIII and their shareholders depending on the value of the returns from the investments realized by GTII and GTIII, including on the return realized by GTII and GTIII from the sale of the shares in the Issuer following the Offering.

Given that Messrs Krych, Dyjas, Senman and Khairallah, Non-Executive Members of the Board, are also members of the board of Echo and entities of the Griffin group that hold shares in Echo, and the Company has entered, and may enter in the future, into agreements with such companies, there is a potential conflict of interest between such Non-Executive Members of the Board and the Company. The Company has established procedures whereby such Non-executive Directors shall refrain from participating in decisions involving any personal conflict of interest, please see “*Board decisions – Conflicts of interests*” below.

Other than the above, the Company is not aware of any circumstance that may lead to a potential conflict of interest between the private interests or other duties of members of the Board vis-à-vis the Company. There is no family relationship between any members of the Board.

During the last five years, none of the members of the Board (i) has been convicted of fraudulent offenses, (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation or (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

Other than disclosed herein, the Company is not aware of any arrangement or understanding with major Shareholders, suppliers, customers or others pursuant to which any member of the Board was selected as a member of such body of the Company.

Board remuneration

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

The remuneration of the Non-Executive Directors shall be determined by the General Meeting upon a proposal of the Board, with due observance of the remuneration policy adopted by the General Meeting. Non-Executive Directors may not receive Shares and/or options or similar rights to acquire Shares as part of their remuneration.

Remuneration policy components

Fixed annual base salary

Executive Directors

The Executive Directors are entitled to a base salary. The base salary of the Executive Directors is set around the median of remuneration levels payable within relevant comparable markets and companies.

In this respect, the annual base salary of Dorota Wysokińska-Kuzdra shall amount to EUR 240,000 and of Rafał Pomorski shall amount to PLN 420,000 in 2017, which will increase to PLN 480,000 starting from the financial year 2018.

Non-Executive Directors

The current annual compensation of the Non-Executive Directors is as follows:

- Non-Executive Director: EUR 20,000;
- Membership committee of the Board of Directors: EUR 5,000 (per committee).

Variable remuneration

Executive Directors

The objective of the annual variable remuneration in cash (Bonus) is to ensure that the Executive Directors will be focused on realising their short-term operational objectives leading to longer term value creation. The Bonus will be paid

out when predefined targets are realised, while the maximum Bonus may be paid out in case of outperformance of the predefined targets. If realised performance is below a certain threshold level, no Bonus will be paid out.

Dorota Wysokińska-Kuzdra

Commencing with the 2017 financial year, Dorota Wysokińska-Kuzdra will be entitled to receive a conditional annual performance bonus in the gross amount of up to EUR 120,000 for each financial year during which she was engaged by the Company, provided that the key performance indicators set out in the annual budget of the Group outlining the financial and other targets for the Group and its management have been met. Such indicators shall include, among others, the amount of dividend of the Company per share, the amount of funds from operations and the amount of per share net asset value of the Group. The annual performance bonus will be payable following the approval of the Company's audited financial statements for the financial year to which such bonus relates, however, not earlier than on 31 March of the subsequent year.

Rafał Pomorski

Commencing with the 2017 financial year, Rafał Pomorski will be entitled to receive a conditional annual performance bonus in the gross amount of PLN 125,000 for the financial year 2017 and PLN 250,000 for the financial year 2018; provided that the key performance indicators set out in the annual budget of the Group outlining the financial and other targets for the Group and its management have been met. Such indicators shall include, among others, the amount of dividend of the Company per share, the amount of funds from operations and the amount of per share net asset value of the Group. The annual performance bonus will be payable following the approval of the Company's audited financial statements for the financial year to which such bonus relates, however, not earlier than on 31 March of the subsequent year.

Pension and fringe benefits

Executive Directors

The Executive Directors are not entitled to any pension contributions.

The Executive Directors will be entitled to customary fringe benefits, such as expense allowances (including for the use of a private or leased car) and reimbursement of costs.

Non-Executive Directors

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

Adjustments to variable remuneration

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

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

Furthermore, Dutch law prescribes that, in case the value of the Shares (including rights to subscribe for Shares) granted by the Company to the respective Executive Directors as part of their remuneration increases during a period in which a public offer is made on the Shares, the remuneration of that Executive Director will be reduced by the amount by which the value of the Shares granted by the Company to such member has increased. Similar provisions apply in the situation of an intended legal merger or demerger, or if the Company intends to enter into certain transactions that are of such significance to the Company that the Board requires the approval of the General Meeting pursuant to Dutch law (i.e. transactions that fall within the scope of Section 2:107a Dutch Civil Code).

Service and severance agreements

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

Dorota Wysokińska-Kuzdra

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

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

Rafał Pomorski

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

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

Incentive schemes

Pursuant to the CEO Contracts and the CFO Contracts, it has been agreed that the Company will introduce a long-term incentive program for its Executive Directors under which, instead of receiving the annual performance bonus, they will have an option to acquire shares in the Company or will be entitled to similar instruments that will allow the Executive Directors to obtain the financial result as if they purchased shares in the Company (the "**LTI**"). The Executive Directors will be required to invest at least 50% but not more than 150% of their annual performance bonus into the LTI.

Within the LTI, the entry strike price will be equal to the multiple of the Offer Price and the number of shares in the Company (if applicable) acquired by the Executive Directors within the LTI, and will be subject to a 12-month lock-up. If the Executive Director terminates the CEO Contracts or, the CFO Contracts, as applicable, or such contracts are terminated by the Company and the Executive Director is deemed a bad leaver, the Executive Director will lose the right to acquire the shares in the Company within the LTI and the Company will have the right to require the Executive Director to sell all of its shares in the Company that are still subject to the lock-up for the entry price. If the Company terminates the CEO Contracts or, the CFO Contracts and the Executive Director is a good leaver, the Executive Director will have a right to acquire the shares in the Company to which he became entitled under the LTI and the Company will have the right to require the Executive Director to sell all of its shares in the Company that are still subject to the lock-up for the then current market price of the Company's shares as quoted on the relevant stock exchange. The detailed terms and conditions of the long term incentive scheme will be agreed in good faith between the parties promptly following the Settlement.

Equity holdings

Current holdings

None of the members of the Board hold any shares in the Company directly. Three of the members of the Board, Dorota Wysokińska-Kuzdra, Przemysław T. Krych and Maciej Dyjas are indirect shareholders of the Company through their indirect investments in Topco II and Topco III.

Dorota Wysokińska-Kuzdra holds 3.34% of shares in the entity which holds 10% of shares in Topco II.

Przemysław T. Krych holds, through a fully-owned entity, 43.48% of shares in the entity which holds 10% of shares in Topco II. In addition, Przemysław T. Krych holds, through a fully-owned entity, 10% of shares in Topco III.

Maciej Dyjas holds, through a fully-owned entity, 43.48% of shares in the entity which holds 10% of shares in Topco II. In addition, Maciej Dyjas holds, through a fully-owned entity, 10% of shares in Topco III.

Holdings following the Offering

To the best of the Company's knowledge and subject to the provisions of the Underwriting Agreement, the Selling Shareholders do not intend to purchase any Offer Shares. The following Non-Executive Directors: Przemysław T. Krych, Maciej Dyjas and Nebil Senman, intend to purchase the Offer Shares. Such Non-Executive Directors have agreed to purchase the Offer Shares with an aggregate value of EUR 4,000,000, which, assuming a purchase at the Maximum Price, will amount to approximately 2,655,000 Offer Shares.

Liability of members of the Board

Under Dutch law, members of the Board may be liable towards the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages towards the Company for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In addition, they may be liable towards third parties for infringement of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

Insurance

Members of the Board and certain other officers are insured under an insurance policy taken out by the Company against damages resulting from their conduct when acting in their capacities as members or officers. See "*Business of the Issuer – Insurance coverage*".

Indemnification

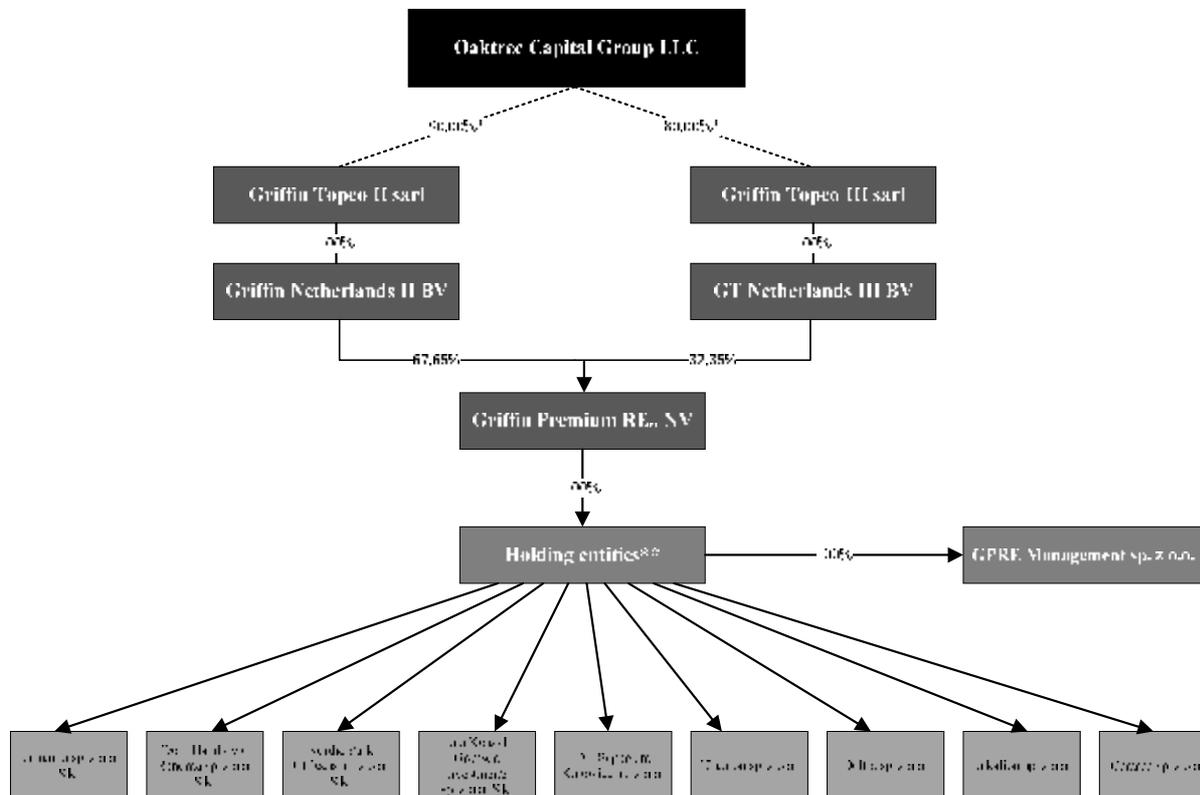
The Articles of Association include provisions regarding the indemnification of current and former members of the Board.

There shall, however, be no entitlement to reimbursement if and to the extent that: (i) a Dutch court has established in a final and conclusive decision that the act or failure to act of the person concerned may be characterized as willful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct, unless Dutch law provides otherwise or this would, in view of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness, or (ii) the costs or financial loss of the person concerned are covered by an insurance and the insurer has paid out the costs or financial loss.

GROUP STRUCTURE

Corporate Structure

The Group is structured as follows:



Source: The Company

* The remaining minority interests are indirectly held by several of the directors of the Company, Dorota Wysokińska-Kuzdra, Przemysław T. Krych, and Maciej Dyjas, please see “The Board – Equity holdings – Current holdings.”

** The holding companies are as follows: IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych; Grayson Investments Sp. z o.o.; Lenna Investments Sp. z o.o.; Lamantia Sp. z o.o.; Nordic Park Offices Spółka z ograniczoną odpowiedzialnością; Dom Handlowy Renoma Sp. z o.o.; Akka SCSp; Charlie SCSp; December SCSp; Griffin Premium RE Lux Sarl; December RE Sp. z o.o.; Charlie RE Sp. z o.o. and Akka RE Sp. z o.o.

The Reorganization

Griffin Premium Property RE.. B.V. was established in the Netherlands on 21 December 2016. At the date of its incorporation, the Company was a shelf company with no activities with Griffin Netherlands II BV (“GN II”) and GT Netherlands III BV (“GTN III”) being its shareholders. GN II and GTN III are owned by Griffin Topco II S.à r.l. (“Topco II”) and Griffin Topco III S.à r.l. (“Topco III”), respectively. Topco II and Topco III are entities indirectly controlled by a fund managed by Oaktree; the remaining minority interests in Topco II and Topco III are held by several of the members of the Board, Dorota Wysokińska-Kuzdra, Przemysław T. Krych, Maciej Dyjas and Nebil Senman. However, the net proceeds from the sale of the Sales Shares and the Over-Allotment Shares will be distributed to Oaktree only pursuant to an agreement between the aforementioned members of the Board and Oaktree.

In December 2016 up to 3 March 2017, a reorganization took place and following the completion of a number of steps comprising sales and in-kind contributions of shares, the Company became the holding company for entities including companies holding real estate properties (the “Reorganization”). Detailed steps of the Reorganization are described in the Financial Statements in Note 1.2 “Reorganization”. Before the Reorganization, all companies holding properties were, directly and indirectly, fully-owned by Topco II and Topco III. The split was as follows:

- Renoma, Hala Koszyki, Supersam, Philips, Batory and Bliski – owned by Topco II; and
- Lubicz, Green Horizon and Nordic – owned by Topco III.

The main purpose of the Reorganization was to simplify the previous complex holding structure and to consolidate all of the investment properties held by separate entities under one joint stock company that will be listed on the stock exchange. Such structure allows for more efficient management of the various Group Companies and limits costs. In addition, all of the intragroup borrowings were fully consolidated under the Issuer, thus providing for transparency. Finally, the Company believes that following the Reorganization the Group will be in a position to satisfy the main criteria required by the REIT Act in respect of companies operating in the real estate industry once the relevant provisions are implemented, assuming that the REIT Act is adopted in the form currently assumed by the Company.

Significant subsidiaries

The relevant details of the significant Group Companies, which are, directly or indirectly, fully-owned by the Issuer, are as follows:

IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych

Griffin Premium RE.. N.V. owns 100% of the investment certificates issued by IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych
 Registered office and postal address: Mokotowska 49 Street, Warsaw, Poland
 Principal scope of business:..... Investing in real estate entities

Grayson Investments Sp. z o.o.

IB 14 FIZAN, wholly-owned by the Issuer, owns 100% of the shares in the share capital of Grayson Investments Sp. z o.o., which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: Grayson Investments Sp. z o.o.
 Registered office and postal address: Szucha 6 Street, Warsaw, Poland
 Share capital: PLN 55,000
 Principal scope of business:..... General partner to Hala Koszyki Grayson Investments Sp. z o.o. Sp.k.

Lenna Investments Sp. z o.o.

IB 14 FIZAN, wholly-owned by the Issuer, owns 100% of the shares in the share capital of Lenna Investments Sp. z o.o., which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: Lenna Investments Sp. z o.o.
 Registered office and postal address: Szucha 6 Street, Warsaw, Poland
 Share capital: PLN 50,000
 Principal scope of business:..... Limited partner to Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp.k.

Lamantia Sp. z o.o.

Griffin Premium RE.. N.V. owns 100% of the shares in the share capital of Lamantia Sp. z o.o., which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: Lamantia Sp. z o.o.
Registered office and postal address: Szucha 6 Street, Warsaw, Poland
Share capital: PLN 5,000
Principal scope of business: General Partner to Lamantia Spółka z ograniczoną odpowiedzialnością Sp.k. (formerly Cyrion Sp. z o.o.)

Nordic Park Offices Spółka z ograniczoną odpowiedzialnością

Griffin Premium RE.. N.V. owns 100% of the shares in the share capital of Nordic Park Offices Spółka z ograniczoną odpowiedzialnością, which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: Nordic Park Offices Spółka z ograniczoną odpowiedzialnością
Registered office and postal address: Szucha 6 Street, Warsaw, Poland
Share capital: PLN 5,000
Principal scope of business: Owner of Nordic Park Offices project

Dom Handlowy Renoma Sp. z o.o.

Griffin Premium RE.. N.V. owns 100% of the shares in the share capital of Dom Handlowy Renoma Sp. z o.o., which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: Dom Handlowy Renoma Sp. z o.o.
Registered office and postal address: Szucha 6 Street, Warsaw, Poland
Share capital: PLN 5,000
Principal scope of business: General partner to Dom Handlowy Renoma Sp. z o.o. Sp.k.

Akka SCSp

Griffin Premium RE Lux Sarl owns 0.01% of the shares in the share capital of Akka SCSp, which authorizes it to exercise 0.01% of the votes at the meeting of the shareholders and Akka RE Sp. z o.o. owns 99.99% of the shares in the share capital of Akka SCSp, which authorizes it to exercise 99.99% of the votes at the meeting of the shareholders

Overview:

Name: Akka SCSp
Registered office and postal address: 26A, Boulevard Royal, L-2449 Luxembourg
Share capital: PLN 15,000
Principal scope of business: Limited partner to Nordic Park Offices Sp. z o.o. Sp.k. (Kafue Investments Sp. z o.o.)

Charlie SCSp

Charlie RE sp. z o.o. owns 99.99% of the shares in the share capital of Charlie SCSp, which authorizes it to exercise 99.99% of the votes at the meeting of the shareholders and Griffin Premium RE Lux Sarl owns 0.01% of the shares in the share capital of Charlie SCSp, which authorizes it to exercise 0.01% of the votes at the meeting of the shareholders

Overview:

Name: Charlie SCSp
 Registered office and postal address: 26A, Boulevard Royal, L-2449 Luxembourg
 Share capital: PLN 12,200
 Principal scope of business:..... Limited Partner to Lamantia Sp. z o.o. Sp.k. (formerly Cyrion Sp. z o.o.)

December SCSp

December RE Sp. z o.o. owns 99.98% of the shares in the share capital of December SCSp, which authorizes it to exercise 99.98% of the votes at the meeting of the shareholders and Griffin Premium RE Lux Sarl owns 0.02% of the shares in the share capital of December SCSp, which authorizes it to exercise 0.02% of the votes at the meeting of the shareholders

Overview:

Name: December SCSp
 Registered office and postal address: 26A, Boulevard Royal, L-2449 Luxembourg
 Share capital: PLN 5,000
 Principal scope of business:..... Limited partner to Dom Handlowy Renoma Sp. z o.o. Sp.k.

Griffin Premium RE Lux Sarl

Griffin Premium RE.. N.V. owns 100% of the shares in the share capital of Griffin Premium RE Lux Sarl, which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: Griffin Premium RE Lux Sarl
 Registered office and postal address: 26A, Boulevard Royal, L-2449 Luxembourg
 Share capital: PLN 60,000
 Principal scope of business:..... General Partner to Akka SCSp, Charlie SCSp and December SCSp

December RE Sp. z o.o.

Griffin Premium RE.. N.V. owns 100% of the shares in the share capital of December RE Sp. z o.o., which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: December RE Sp. z o.o.
 Registered office and postal address: Szucha 6 Street, Warsaw, Poland
 Share capital: PLN 5,000
 Principal scope of business:..... Limited Partner to December SCSp

Charlie RE Sp. z o.o.

Griffin Premium RE.. N.V. owns 100% of the shares in the share capital of Charlie RE Sp. z o.o., which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: Charlie RE Sp. z o.o.
Registered office and postal address: Szucha 6 Street, Warsaw, Poland
Share capital: PLN 5,000
Principal scope of business: Limited Partner to Charlie SCSp

Akka RE Sp. z o.o.

Griffin Premium RE.. N.V. owns 100% of the shares in the share capital of Akka RE Sp. z o.o., which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: Akka RE Sp. z o.o.
Registered office and postal address: Szucha 6 Street, Warsaw, Poland
Share capital: PLN 5,000
Principal scope of business: Limited Partner to Akka SCSp

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

Charlie SCSp owns 99.50% of the shares in the share capital of Lamantia Spółka z ograniczoną odpowiedzialnością Sp.k. (formerly Cyrion Sp. z o.o.), which authorizes it to exercise 99.50% of the votes at the meeting of the shareholders and Lamantia Sp. z o.o. owns 0.50% of the shares in the share capital of Lamantia Spółka z ograniczoną odpowiedzialnością Sp.k. (formerly Cyrion Sp. z o.o.), which authorizes it to exercise 0.50% of the votes at the meeting of the shareholders.

Overview:

Name: Lamantia Spółka z ograniczoną odpowiedzialnością Sp.k. (formerly Cyrion Sp. z o.o.)
Registered office and postal address: Szucha 6 Street, Warsaw, Poland
Share capital: PLN 988,650.26
Principal scope of business: Owner of Philips House project

Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly DH Renoma Sp. z o.o.)

December SCSp owns 99.9% of the shares in the share capital of Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością S. k. (formerly DH Renoma Sp. z o.o.), which authorizes it to exercise 99.9% of the votes at the meeting of the shareholders and Dom Handlowy Renoma Sp. z o.o. owns 0.1% of the shares in the share capital of Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością S. k. (formerly DH Renoma Sp. z o.o.), which authorizes it to exercise 0.1% of the votes at the meeting of the shareholders.

Overview:

Name: Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly DH Renoma Sp. z o.o.)
Registered office and postal address: Szucha 6 Street, Warsaw, Poland
Share capital: PLN 118,868,000
Principal scope of business: Owner of Renoma project

Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp.k. (Kafue Investments Sp. z o.o.)

Akka SCSp owns 99.90% of the shares in the share capital of Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp.k. (Kafue Investments Sp. z o.o.), which authorizes it to exercise 99.90% of the votes at the meeting of the shareholders and Nordic Park Offices Sp. z o.o. owns 0,10 % of the shares in the share capital of Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp.k. (Kafue Investments Sp. z o.o.), which authorizes it to exercise 0.10% of the votes at the meeting of the shareholders.

Overview:

Name: Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp.k.
(Kafue Investments Sp. z o.o.)

Registered office and postal address: Szucha 6 Street, Warsaw, Poland

Share capital: PLN 9,370,230

Principal scope of business:..... Owner of Nordic Park project

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

Lenna Investments Sp. z o.o. owns 99.90% of the shares in the share capital of Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp.k., which authorizes it to exercise 99.90% of the votes at the meeting of the shareholders and Grayson Investments Sp. z o.o. owns 0.10% of the shares in the share capital of Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp.k., which authorizes it to exercise 0.10% of the votes at the meeting of the shareholders

Overview:

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

Registered office and postal address: Szucha 6 Street, Warsaw, Poland

Share capital: PLN 50,000

Principal scope of business:..... Owner of Hala Koszyki project

GPRE Management sp. z o.o.

Griffin Premium RE.. N.V. owns 100% of the shares in the share capital of GPRE Management sp. z o.o., which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: GPRE Management sp. z o.o.

Registered office and postal address: Szucha 6 Street, Warsaw, Poland

Share capital: PLN 5,000

Principal scope of business:..... Management company

DH Supersam Katowice Sp. z o.o.

IB 14 FIZAN, wholly owned by the Issuer, owns 100% of the shares in the share capital of DH Supersam Katowice Sp. z o.o., which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: DH Supersam Katowice Sp. z o.o.

Registered office and postal address: Szucha 6 Street, Warsaw, Poland

Share capital: PLN 38,956,000

Principal scope of business:..... Owner of Supersam project

Ebgaron Sp. z o.o.

IB 14 FIZAN, wholly-owned by the Issuer, owns 100% of the shares in the share capital of Ebgaron Sp. z o.o., which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: Ebgaron Sp. z o.o.
Registered office and postal address: Szucha 6 Street, Warsaw, Poland
Share capital: PLN 5,000
Principal scope of business: Owner of Bliski Centrum project

Dolfia Sp. z o.o.

IB 14 FIZAN, wholly-owned by the Issuer, owns 100% of the shares in the share capital of Dolfia Sp. z o.o., which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: Dolfia Sp. z o.o.
Registered office and postal address: Szucha 6 Street, Warsaw, Poland
Share capital: PLN 10,000
Principal scope of business: Owner of Batory Building I project

Bakalion Sp. z o.o.

IB 14 FIZAN, wholly-owned by the Issuer, owns 100% of the shares in the share capital of Bakalion Sp. z o.o., which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: Bakalion Sp. z o.o.
Registered office and postal address: Szucha 6 Street, Warsaw, Poland
Share capital: PLN 10,000
Principal scope of business: Owner of Lubicz Office Center project

Centren Sp. z o.o.

IB 14 FIZAN, wholly-owned by the Issuer, owns 100% of the shares in the share capital of Centren Sp. z o.o., which authorizes it to exercise 100% of the votes at the meeting of the shareholders.

Overview:

Name: Centren Sp. z o.o.
Registered office and postal address: Szucha 6 Street, Warsaw, Poland
Share capital: PLN 5,000
Principal scope of business: Owner of Green Horizon project

DESCRIPTION OF SHARE CAPITAL AND CORPORATE GOVERNANCE

General

The Company was incorporated by a notarial deed as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law on 21 December 2016. Prior to Settlement, the Articles of Association will be amended and the Company will be converted into a public company (*naamloze vennootschap*) pursuant to a notarial deed of amendment and conversion in accordance with a resolution of the General Meeting (the “**Conversion**”). The legal and commercial name will then become Griffin Premium RE.. N.V.

The Company is registered with the Trade Register of the Dutch Chamber of Commerce under number 67532837. Its official seat is in Amsterdam, the Netherlands. Its registered office is Barbara Strozilaan 201, 1083 HN Amsterdam. The Company’s telephone number is +31205792128.

Summary of key provisions of the Articles of Association

Set out below is an overview of the Company’s share capital, certain significant provisions of Dutch corporate law as well as a brief summary of certain provisions of the Articles of Association as they will read after the Conversion and a description of the Company’s compliance with the Dutch corporate governance code (the Dutch Code).

This summary does not purport to give a complete overview and should be read in conjunction with the Articles of Association, together with relevant provisions of applicable law, and does not constitute legal advice regarding these matters and should not be considered as such.

Corporate objects

Pursuant to Article 3 of the Articles of Association, the Company’s corporate objects are:

- to incorporate, to participate in any way whatsoever in, to manage, to supervise businesses and companies;
- to finance businesses and companies;
- to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with aforementioned activities;
- to render advice and services to businesses and companies with which the Company forms a group and to third parties;
- to grant guarantees, to bind the Company and to pledge its assets for obligations of the Company, group companies and/or third parties;
- to acquire, alienate, manage and exploit registered property and items of property in general;
- to trade in currencies, securities and items of property in general;
- to develop and trade in patents, trade marks, licenses, know-how and other intellectual and industrial property rights;
- to perform any and all activities of an industrial, financial or commercial nature,

and to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

Share capital

The Articles of Association provide for an authorized share capital of the Company equal to 600,000,000 divided into 600,000,000 Shares with a nominal value of EUR 1.00 each.

At the date of this Prospectus the Company's issued and outstanding share capital is 133,931,912 consisting of 133,931,912 Shares, all of which are fully paid up and are subject to and have been created under Dutch law. No Shares are held in treasury.

Since its incorporation, there have been no changes to the Company’s issued share capital.

History of share capital

The Issuer was incorporated on 21 December 2016. At its incorporation, the Issuers issued share capital comprised of 45,000 shares.

During February and March 2017, the Company issued in aggregate 133,886,912 shares in connection with the Reorganization, which shares were paid up in kind comprising the relevant assets to establish the Reorganization (see for more information: “*Group Structure – The Reorganization*”).

Form and Transferability of Shares

The Shares are in registered form. However, for the purposes of listing on the WSE all the Offer Shares will be registered with the NDS, the central securities depository and clearinghouse in Poland and no physical share certificates will be issued to shareholders. The Shares, while registered with the NDS will be in book entry form and shareholding will be evidenced by reference to securities accounts held for the shareholder by members of the NDS (e.g. brokers or custodians). Transfer of Shares takes place through the facilities of the NDS.

Issue of Shares and granting of rights to subscribe for Shares

Shares shall be issued pursuant to (i) a resolution of the General Meeting at the proposal of the Board, or (ii) a resolution of the Board, if by resolution of the General Meeting the Board has been authorized for a specific period not exceeding five years to issue Shares. Unless otherwise stipulated at its grant, the authorization cannot be withdrawn.

The General Meeting has designated the Board, for a period that ends 36 months following the Conversion, as the corporate body authorized to issue Shares or grant rights to subscribe for Shares. Pursuant to this designation, the Board may resolve to issue Shares or grant rights to subscribe for Shares (i) up to a maximum of 10% of the total number of shares issued and outstanding on the day after settlement of the Offering in connection with or on the occasion of mergers and acquisitions and strategic alliances and up to an additional 5% following settlement in respect of shares issued under a remuneration scheme (the “**Authorization to Issue Shares**”). The Authorization to Issue Shares may from time to time be extended by a resolution of the General Meeting for a period not exceeding five years.

The above provisions shall apply by analogy to the granting of rights to subscribe for Shares. They shall not apply to the issue of Shares to persons exercising a previously granted right to subscribe for Shares.

Pre-emptive rights

Dutch law and the Articles of Association give shareholders pre-emptive rights to subscribe on a pro rata basis for any issue of new Shares or upon a grant of rights to subscribe for Shares. Such pre-emptive rights do not apply, however, in respect of (i) Shares issued for a non-cash contribution (ii) Shares issued to employees of the Company or a group company of the Company and (iii) Shares issued to persons exercising a previously granted right to subscribe for Shares.

The Articles of Association stipulate that pre-emptive rights may be limited or excluded by a resolution of the General Meeting at the proposal of the Board. The General Meeting may also designate this authority to the Board for a period not exceeding five years, and only if the Board at that time is also authorized to issue Shares. If this authority is designated to the Board, the Board may limit or exclude pre-emptive rights. If less than one half of the issued capital is represented at the General Meeting, a majority of at least two thirds of the votes cast shall be required for a resolution of the General Meeting to limit or exclude pre-emptive rights or to designate this authority to the Board. Unless otherwise stipulated at its grant, the designation cannot be withdrawn.

The General Meeting has designated the Board, for a period that ends on 36 months following the Conversion, as the corporate body authorized to limit or exclude pre-emptive rights in relation to an issuance of Shares to be issued pursuant to the Authorization to Issue Shares. The Authorization to Issue Shares may from time to time be extended by a resolution of the General Meeting for a period not exceeding five years.

Acquisition of Shares in the Company's capital

The Company may not subscribe for its own Shares on issue. The Company may acquire its own fully paid Shares (or depositary receipts therefor) at any time for no consideration. Furthermore, subject to certain provisions of Dutch law and the Articles of Association, the Company may acquire fully paid Shares (or depositary receipts therefor) in its own capital if (i) its shareholders' equity less the purchase price, does not fall below the sum of the paid-in and called-up share capital plus the reserves as required to be maintained by Dutch law or by the Articles of Association (such excess, the

“**Distributable Equity**”), and (ii) the nominal value of the Shares (or depositary receipts therefor) which the Company acquires, holds or keeps in pledge or which are held by a subsidiary of the Company, does not exceed half of the issued capital of the Company.

Other than those Shares acquired for no consideration, Shares (or depositary receipts therefor) may only be acquired if the General Meeting has authorized the Board thereto. This authorization shall remain valid for a maximum of 18 months. In the authorization, the General Meeting must specify the number of Shares (or depositary receipts therefor) which may be acquired, the manner in which they may be acquired and the limits within which the price must be set.

The General Meeting has authorized the Board to acquire a maximum of 10% of the issued Shares for a period of 36 months following the Conversion, at a purchase price not lower than the nominal value of the shares and not higher than 10% above the average of the closing price of the Shares on WSE for the five business days preceding the date on which the purchase is made.

No authorization from the General Meeting is required for the acquisition of fully paid Shares (or depositary receipts therefor) for the purpose of transferring these Shares to employees of the Company or of a Group company under a scheme applicable to such employees (e.g. a share option plan), provided that such Shares are listed on a stock exchange. Any Shares the Company holds may not be voted or counted for voting quorum purposes.

Reduction of share capital

The General Meeting may, at the proposal of the Board, resolve to reduce the Company’s issued share capital by (i) cancelling Shares, or (ii) by amending the Articles of Association to reduce the nominal value of the Shares. A resolution to cancel may only relate to Shares held by the Company itself.

Dividends and other distributions

The Company may only make distributions to the Shareholders insofar as its equity exceeds the Distributable Equity.

Following the adoption of the annual accounts of the Company by the General Meeting, the Board may, determine which part of the profits shall be reserved. The General Meeting may resolve that the part of the profits remaining after reservation shall be distributed as a dividend on the Shares; without such resolution, these profits shall also be reserved.

The Board may resolve (i) to distribute an interim dividend on Shares, and (ii) that distributions on Shares are made from the Distributable Equity.

The Board may determine that distributions on Shares will be made payable in euro or another currency. The General Meeting may at the proposal of the Board of Directors resolve that a distribution on Shares shall not be paid in whole or in part in cash but in Shares or in any other form (e.g. distribution of certain assets of the Company), or decide that Shareholders shall be given the option to receive the distribution in cash or other than in cash.

According to the Articles of Association, distributions on Shares shall be made payable within 30 days after they have been declared unless the Board determines another date of payment.

Each of the Shares entitles its holder to equal ranking rights to dividends and other distributions.

Claims to dividends and other distributions not made within five years from the date that such dividends or distributions became payable, will lapse and any such amounts will be considered to have been forfeited to the Company.

General Meeting

An annual General Meeting shall be held once every year within six months from the end of the preceding financial year. Other General Meetings are held as often as the Board deems such to be necessary. (In this section, the term ‘Shareholders’ also refers to persons to whom meeting rights accrue pursuant to Dutch law or the Articles of Association.)

A General Meeting shall be convened by the Board. The general meetings may be held at Amsterdam or Haarlemmermeer (including Schiphol Airport). One or more Shareholders who individually or jointly represent at least five per cent (5%) of the Company’s issued capital may request the Board of Directors in writing to convene a General Meeting, stating specifically the subjects to be discussed. If the Board of Directors has taken insufficient action such that the meeting cannot be held within eight (8) weeks after receipt of the request, such Shareholder(s) shall have the right to request the provisional relief judge of the Dutch district court (voorzieningenrechter) to be authorised to convene a General Meeting as referred to in and in accordance with Sections 2:110 and 2:111 of the Dutch Civil Code.

Each Shareholder shall be entitled to attend the General Meeting, to address such meeting and, to the extent applicable, to exercise his or her voting rights. The Board must be notified in writing of a shareholder's intention to attend the meeting. Such notice must be received by the Board no later than on the date specified in the notice of the meeting. The Board may determine that the voting rights may be exercised by means of electronic communication.

Shareholders may only attend the General Meeting and participate in the voting in respect of Shares which are registered in their name on the record date as specified in the notice of the meeting. The record date will be on the 28th day prior to the date of the meeting.

The notice of the meeting shall be effected no later than on the 42nd day prior to the date of the meeting and shall state the items to be dealt with, the items to be discussed and which items are to be voted on, the place and time of the meeting, the procedure for participating at the meeting whether or not by written proxy-holder, the address of the website of the Company and, if applicable, the procedure for participating at the meeting and exercising one's right to vote by electronic means of communication.

Shareholders individually or jointly representing at least 3% of the issued share capital have the right to request the Board to place items on the agenda of the General Meeting. Such item shall be included in the notice or shall be notified in the same way as the other subjects for discussion, if the Company has received the request (including the reasons for such request) not later than 60 days before the day of the meeting.

Each Share entitles the holder to one vote at a General Meeting. Shareholders may vote by proxy. In the General Meeting, no voting rights may be exercised for any Share held by the Company or a subsidiary of the Company, nor for any Share for which the Company or a subsidiary of the Company holds the depositary receipts.

Except where Dutch law or the Articles of Association require a qualified majority, all resolutions shall be adopted by a simple majority of the votes cast.

With respect to resolutions of the General Meeting which can only be adopted if part of the issued capital is represented, a second General Meeting at which such resolutions could otherwise be adopted irrespective of the issued capital being represented, may not be convened in accordance with Section 2:120 paragraph 3 Dutch Civil Code.

Amendment of the Articles of Association

The General Meeting may resolve to amend the Articles of Association, subject to a proposal by the Board.

The General Meeting may furthermore resolve to change the corporate form of the Company. A change of the corporate form shall require a resolution to amend the Articles of Association, subject to a proposal by the Board.

The rights of Shareholders may be changed only by amending the Articles of Association in compliance with Dutch law.

Dissolution and liquidation

In the event of dissolution, the business of the Company will be liquidated in accordance with Dutch law and the Articles of Association, and the members of the Board (unless otherwise determined by the General Meeting) will become liquidators. During liquidation, the provisions of the Articles of Association will remain in force to the extent possible.

Any assets remaining after settlement of debts shall be distributed to the shareholders in proportion to the aggregate nominal value of the Shares held by each of them.

Corporate governance code

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

On 9 December 2003, the Dutch Corporate Governance Committee, also known as the Tabaksblat Committee, released the Dutch Corporate Governance Code (the Dutch Code). With effect from 1 January 2009, the Dutch Code has been amended by the Frijns Committee. On 8 December 2016, the Committee published the revised Dutch Code. The revised Dutch Code is expected to enter into force as of financial year 2017. The Dutch Code contains principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders and audit and financial reporting.

In accordance with the WSE Rules, the Issuer as a public company listed on the Warsaw Stock Exchange should observe the principles of corporate governance set out in the WSE Best Practices. The WSE Best Practices is a set of

recommendations and rules of procedure for governing bodies of publicly-listed companies and their shareholders. The WSE Rules and resolutions of the WSE management board and its council set forth the manner in which publicly-listed companies disclose information on their compliance with corporate governance rules and the scope of information to be provided. If a certain rule is not complied with by a publicly-listed company on a permanent basis or has been breached incidentally, such publicly-listed company is required to disclose this fact in the form of a current report. Furthermore, a publicly-listed company is required to attach to its annual report information on the scope in which it complied with the WSE Best Practices in a given financial year.

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

Non-compliance with the Dutch code

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

Term of office of members of the Board

- *Best practice provision 2.2.1: A management board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time, which reappointment should be prepared in a timely fashion. The diversity objectives from best practice provision 2.1.5 should be considered in the preparation of the appointment or reappointment.*

Pursuant to the Articles of Association an executive member of the Board is appointed for a term to be determined by the General Meeting. No maximum term of office as stipulated by best practice provision 2.2.1 of the Dutch Code applies. The current executive members of the Board (Dorota Wysokińska-Kuzdra and Rafał Pomorski) are appointed for an indefinite term. The purpose thereof is to safeguard the continuity of the Company and its Group Companies.

- *Best practice provision 2.2.2: A supervisory board member is appointed for a period of four years and may then be reappointed once for another four-year period. The supervisory board member may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years. In the event of a reappointment after an eight-year period, reasons should be given in the report of the supervisory board. In any appointment or reappointment, the profile referred to in best practice provision 2.1.1 should be observed.*

Pursuant to the Articles of Association a non-executive member of the Board is appointed for a maximum period of four years. There is no maximum of consecutive terms that non-executive members of the Board may be reappointed to the Board. This deviates from best practice provision 2.2.2. of the Dutch Code. The purpose thereof is to safeguard the continuity of the Company and its Group.

Meetings with analysts, presentation to investors and institutional investors and press releases

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

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

Appointment and removal of the Board

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

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

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

Independence of the chairman of the management board

- *Best practice provision 5.1.3: The chairman of the management board should not be an executive director or former executive director of the company, and should be independent within the meaning of best practice provision 2.1.8.*

Mr Krych has been appointed to serve as the Non-Executive Chairman of the Board due to his unique in-depth knowledge of the real estate industry, especially the Polish high-street office and retail markets. The shareholders of the Company determined that he will be the best candidate for the position despite not satisfying the independence criteria in light of the fact that during the initial period of operations immediately following the Offering, the Board should be chaired by an individual who is well-recognized in the market and who has extensive knowledge of the Group's real estate portfolio. Upon his date of reappointment, the Board will reassess his role as Non-Executive Chairman of the Board.

Non-compliance with the Corporate Governance Code of the Warsaw Stock Exchange

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

Dividend payment date

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

The Company cannot guarantee that it will adhere to the above principle since in accordance with Article 29.2 of the Articles of Association, unless the Board determines another date of payment, distributions on Shares shall be made payable within thirty (30) days after they have been declared.

Real-time broadcasts of the General Meeting

Detailed principle No. IV.Z.2. of the Corporate Governance Code of the Warsaw Stock Exchange provides that if it is justified by the shareholder structure, the Company should ensure publicly available real-time broadcasts of general meetings. Pursuant to recommendation No. IV.R.2, if it is justified by the structure of shareholders or expectations of shareholders notified to the company, and if the Company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through: (i) real-life broadcast of the general meeting; (ii) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting; and (iii) exercise of the right to vote during a general meeting either in person or through a proxy. The Company cannot guarantee that the above principles will be implemented, but will in each case analyse the Company's shareholding structure and the expectations of the shareholders which will have been communicated to it and will review whether ensuring publicly available real-time broadcasts of the general meetings is justified.

THE SELLING SHAREHOLDERS

Selling Shareholders

As of the date of this Prospectus Griffin Netherlands II B.V. with registered seat in Amsterdam, the Netherlands, and its registered office address at Barbara Strozziilaan 201, 1083 HN Amsterdam, the Netherlands (the “**Selling Shareholder 1**”) and GT Netherlands III B.V. with registered seat in Amsterdam, the Netherlands, and its registered office address at Barbara Strozziilaan 201, 1083 HN Amsterdam, the Netherlands (the “**Selling Shareholder 2**”, together with the Selling Shareholder 1, the “**Selling Shareholders**”) are our majority shareholders. The Selling Shareholder 1 holds 67,646,534 shares constituting 50.51% of the Company’s share capital enabling it to exercise 50.51% of the overall number of votes at the General Meeting. The Selling Shareholder 2 holds 66,285,378 shares constituting 49.49% of the Company’s share capital enabling it to exercise 49.49% of the overall number of votes at the General Meeting. Each Share authorizes its holder to exercise one vote at the General Meeting.

Besides those stated above, the Selling Shareholders do not hold any other voting rights in the Company and are not entitled to any preferences regarding the voting rights.

Control over the Issuer

Direct ownership of the Issuer

As of the date of this Prospectus, the Issuer is directly controlled by the Selling Shareholders.

Following the Offering, assuming that the Selling Shareholders sell all the Sale Shares and the Over-Allotment Shares in the Offering, the Upsize Option is not exercised, the stabilizing transactions will not take place and the Company will issue the maximum number of New Shares, the Selling Shareholder 1 will hold 33,823,267 of the Shares, representing 21.66% of the total number of votes at the General Meeting and the Selling Shareholder 2 will hold 33,142,689 of the Shares, representing 21.23% of the total number of votes at the General Meeting. Consequently, following the Offering, the Selling Shareholders will be the significant shareholders and will be able to significantly influence the Company decisions by exercising voting rights at the General Meeting.

The Articles of Association provide for a provision preventing the abuse of control by the Company’s majority shareholders by giving shareholders pre-emptive rights (if not restricted or limited in accordance with the Articles of Association) to subscribe on a pro rata basis for any issue of new Shares or upon a grant of rights to subscribe for Shares (see for more information: “*Description of share capital and corporate governance – Share capital – Pre-emptive Rights*”). This provision is in line with the provision of the Dutch Civil Code as described below.

A mechanism preventing the majority shareholders from abusing control over the Company is also included in the provisions of the Dutch Civil Code concerning, in particular, Article 2:8 (a company and the members of its corporate bodies must act towards each other in accordance with reasonableness and fairness), Article 2:92 (a company is obliged to treat shareholders equally if they are in an equal position, unless there is a reasonable and objective justification for any unequal treatment), Article 2:96a (pre-emptive right on any issue of shares pro rata to the aggregated amount to the shares (if not restricted in the articles of association or by a resolution of the general meeting of shareholders), Article 2:107 (right of information from the management board and the supervisory board), and mandatory majority thresholds for certain resolutions such as merger and demerger, as well as consent rights for amendment to the articles of association depriving (minority) shareholders’ rights.

For other rights accruing to the holders of shares please see, “*Description of Share Capital and Corporate Governance – Share capital.*”

The Company is not aware of any agreements the operation of which may at a subsequent date result in a change in control over the Company.

Indirect ownership of the Issuer

As of the date of this Prospectus, the Issuer is directly controlled by the Selling Shareholders and indirectly controlled by Topco II and Topco III, respectively. Topco II and Topco III are entities indirectly controlled by a fund ultimately controlled by Oaktree Capital Group, LLC (“**Oaktree**”). Oaktree is ultimately controlled by a group of senior executives (Howard S. Marks, Bruce A. Karsh, Jay S. Wintrob, John B. Frank, Stephen A. Kaplan, David M. Kirchheimer and

Sheldon M. Stone). The remaining minority interests in Topco II and Topco III are held by several of the members of the Board: Dorota Wysokińska-Kuzdra, Przemysław T. Krych, Maciej Dyjas and Nebil Senman, however the net proceeds from the sale of the Sales Shares and the Over-Allotment Shares will be distributed to Oaktree only in accordance with the terms of an agreement between the aforementioned members of the Board and Oaktree.

Oaktree is a leader among global investment managers specializing in alternative investments, with USD 101 billion in assets under management as of 31 December 2016. The firm emphasizes an opportunistic, value-oriented and risk-controlled approach to investments in distressed debt, corporate debt (including high yield debt and senior loans), control investing, convertible securities, real estate and listed equities. Headquartered in Los Angeles, the firm has over 900 employees and offices in 18 cities worldwide.

Shareholdings Structure Following the Offering

The table below presents the Company's shareholding structure as of the date of this Prospectus and the anticipated shareholding structure after the completion of the Offering assuming that all New Shares are subscribed for and issued and all Sale Shares are sold and assuming that the Upsize Option is not exercised:

Shareholder	Status as of the date of this Prospectus		Status after the Offering without exercise of the Over-Allotment Option ¹		Status after the Offering with full exercise of the Over-Allotment Option ¹	
	Number of shares	% votes at the GM	Number of shares	% votes at the GM	Number of shares	% votes at the GM
Selling Shareholder 1	67,646,534	50.51	37,792,049	24.21	33,823,267	21.66
Selling Shareholder 2	66,285,378	49.49	37,031,612	23.72	33,142,689	21.23
Other	-	-	81,309,518	52.08	89,167,223	57.11
Total	133,931,912	100.00	156,133,179	100.00	156,133,179	100.00

¹Assuming lack of stabilization transactions.

RELATED-PARTY TRANSACTIONS

According to International Accounting Standard 24 (IAS 24), entities and persons are considered to be related to a company if the entity or a close relative of the person:

- controls the company or is involved in its joint management, exercises significant influence over this company or holds a key position in the management of the company or a parent entity;
- is a member of the same group of companies;
- is associated with the company within the meaning of IAS 28 or a joint venture in which the company is a partner within the meaning of IAS 31;
- to the same extent as the company is a joint venture of the same third parties;
- is a company that is controlled by a related party, is significantly influenced by it or is subject to a joint management, in which a related party of that company is involved or in which such a person holds a key position in the management; or
- is a pension fund established for the benefit of the employees of the company or for the benefit of an entity related to that company for payments after termination of the employment relationship.

Material transactions and legal relationships which existed between the Group and the above-mentioned related persons and entities in the financial years 2014 to 2016, as well as in the current financial year 2017 up to and including the date of this Prospectus, are set out below.

Immediately prior to the Offering, the Selling Shareholders hold 100% of the Company's outstanding share capital and 100% of the voting rights in the Company. As a result, the Company is directly controlled by the Selling Shareholders.

During the years 2014 – 2016 as well as in the current financial year 2017, Griffin Advisors sp. z o.o., which is a company the board member of which is also a board member of certain Group Companies, entered into sublease agreements with all Polish entities of the Group Companies; these lease agreements relate to the rental of small office spaces that serves as the registered headquarters of such companies. Fundacja Edukacyjna Jana Karaskiego, which is a foundation in which certain of the Non-executive Directors is also board members, Blue Gas N'R'G Sp. z o.o. and Blue Gas N'R'G Holding Sp. z o.o., which are entities in which one of the Non-executive Directors is also a supervisory board member, leased their offices from Bliski Centrum, Bliski Centrum and Batory Building I, respectively. City Space – GP sp. z o.o. , a company controlled by Echo Investment S.A., leases office space from Lamantia sp. z o.o., the owner of Philips House and City Space – SPV 1 sp. z o.o. , a company controlled by Echo Investment S.A., leases office space from DH Supersam sp. z o.o., the owner of Supersam. In the same period the Group Companies received management and advisory services from: Griffin Real Estate sp. z o.o., which is a company in which a member of the board is also a member of the board in other Group Companies and Apenon sp. z o.o., which is a company in a member of the board is also a member of the board in other Group Companies, as well as development management services from AMV Consulting, which is a consulting company owned by a former management board member of one of the Group Companies rendering management services to the Group.

During the period of 2014 – 2016 as well as in the current financial year 2017 the Group Companies granted loans to related parties as well as received a number of loans from related parties. The main purpose for granting and receiving the loans was to manage the liquidity of the Group Companies.

The Group Companies entered into property management agreements with EPP covering the Renoma, Supersam and Hala Koszyki assets. EPP is fully controlled by Echo Polska Properties N.V., a company the minority interests of which are held by Echo. See, *“Business of the Issuer – Material Agreements – Management of the Properties.”*

The Group Companies entered into the Rental Guarantee and the NOI Guarantee with Griffin. See, *“Business of the Issuer – Material Agreements – Rental Guarantee/NOI Guarantee.”*

The Group Companies entered into Acquisition Agreements with Echo. See, *“Business of the Issuer – Material Agreements – Acquisition Agreements.”*

TERMS AND CONDITIONS OF THE OFFERING

The Offering

On the basis of this Prospectus the Issuer is offering up to 22,201,267 New Shares and the Selling Shareholder 1 is offering up to 29,854,485 ordinary shares and the Selling Shareholder 2 is offering up to 29,253,766 ordinary shares (together, the “**Sale Shares**”). New Shares and Sale Shares will constitute up to 52.08% shares in the share capital of the Issuer. The Selling Shareholder 1 or the Selling Shareholder 2 may decide to increase a number of the Sale Shares by maximum 26,786,383 Sale Shares before the end of the book-building as part of the Upsize Option. In addition, the Selling Shareholder 1 and the Selling Shareholder 2 agreed to sell up to 7,857,705 Over-Allotment Shares in aggregate pursuant to the Over-Allotment Option (see “*Underwriting, Stabilization and Lock-up*”). In that case, shareholding in the share capital of the Issuer after the Offering allocated to new shareholders will not exceed 74.27%. In total, up to 115,953,606 Offer Shares are being offered in the Offering.

The Offering consists of: (i) the Polish Public Offering including: (a) the Retail Offering and (b) the Polish Institutional Offering and (ii) the International Offering (private placement). Retail Investors who may participate in the Offering are natural persons (individual), corporate entities (legal persons) and non-corporate entities other than individuals, except for U.S. persons, as defined in Regulation S, whereas Institutional Investors are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive, also excluding U.S. persons as defined in Regulation S. There will be no public offering outside of the Republic of Poland, in particular, there will be no public offering in the Netherlands.

The following investors are authorized to take part in the Offering:

- the Retail Investors; and
- the Institutional Investors.

Potential investors should note that the Prospectus is the sole legally binding document that has been prepared by the Company for the purposes of the Offering and which contains information on the Group and the Offer Shares.

This Prospectus has been filed with, and was approved on 13 March 2017, by the AFM, which is the competent authority for the purpose of the relevant implementing measures of the Prospectus Directive in the Netherlands. Pursuant to Article 5:6 paragraph 1 under (a) of the Dutch Financial Supervision Act, the Netherlands are the home member state of the Issuer and the AFM is solely authorized to approve this Prospectus. The Issuer will be authorized to carry out the Public Offering in the Republic of Poland once the PFSA is properly notified about the approval of the Prospectus by the AFM for passporting in Poland in accordance with Article 37 point 1 of the Polish Public Offering Act and the Prospectus has been published.

The Offer Shares are being offered at the Offer Price (identical for the New Shares and the Sale Shares) which will be determined through a book-building process and expressed in PLN.

There is no restriction on the allocation of the Offer Shares to the Institutional Investors with respect to whether the New Shares and/or the Sale Shares can be allocated to Institutional Investors. Both the New Shares and the Sale Shares, only the New Shares or only the Sale Shares can be allocated to the Institutional Investors. However, only the Sale Shares can be allotted to the Retail Investors.

The final number of the Offer Shares (including the final number of the New Shares and the final number of the Sale Shares) allotted to the investors will be set by the Company and the Selling Shareholders in agreement with the Global Coordinators after the Offer Price is set. In any case the final number of the Offer Shares will not be higher than 115,953,606, but it may be lower.

When determining the final number of the Offer Shares, the Company, the Selling Shareholders and the Global Coordinators will in the first instance seek to ensure that the Sale Shares will be sold only if all New Shares are sold. The information about the final number of the Offer Shares allotted to the investors in each tranche will be published in the same manner as the Prospectus, after the end of the book building process for Institutional Investors. There is no minimum amount of Shares that need to be subscribed for in order for the Offering to proceed. However, the Issuer may decide to not proceed with the Offering. For more details please see “*Terms and conditions of the Offering – Cancellation and modification of the Offer*”.

The Issuer's general meeting has authorized the Board to issue the New Shares and excluded the pre-emptive rights of the Issuer's shareholders in respect of the New Shares in connection with the Offering. The Board further approved: (i) the required application to the AFM for approval of this Prospectus and its further notification to the PFSA for passporting in Poland for the purposes of conducting the public offering in the Republic of Poland; (ii) the entering by the Issuer, the Selling Shareholders and the Global Coordinators into an underwriting agreement in respect of the Offering; (iii) the listing of all of the Shares, including the Offer Shares on the WSE; and (iv) the making of all other filings necessary or desirable in connection with this Offering.

Expected Timetable of the Offering

The timetable below lists expected key dates relating to the Offering. All times and dates referred to in this timetable are based on Warsaw local time and may be adjusted by the Company and the Selling Shareholders acting jointly in agreement with the Global Coordinators. Should the dates set out in the timetable be adjusted materially, the Company will notify the AFM and the PFSA and publish such fact in a manner compliant with applicable regulations, as well as market practices in the Netherlands and in the Republic of Poland.

13 March 2017	Approval of the Prospectus by the AFM
14 March 2017	Passporting of the Prospectus to the PFSA and publication of the Prospectus on the Company's website
15 March 2017	Opening of the Offering – Commencement of the book-building process among the Institutional Investors
17-27 March 2017	Acceptance of purchase orders from the Retail Investors (until 23:59 Warsaw time on 27 March 2017)
28 March 2017	End of book-building process among the Industrial Investors Determination of the Offer Price and the final number of the Offer Shares (including New Shares and Sale Shares) to be offered in the Offering (“ Pricing Date ”), provided however that the publication of the Offer Price and the final number of the Offer Shares (consisting of New Shares and Sale Shares) to be offered in the Offering will occur not later than at 9.00 a.m. on 29 March 2017
29-31 March 2017	Acceptance of the purchase orders from the Institutional Investors
3 April 2017	WSE session – Processing of the purchase orders for the sale of the Sale Shares to Retail Investors through WSE system
3 April 2017	Allotment of the Offer Shares (“ Allotment Date ”)
12 April 2017	Expected date of the registration of the Offer Shares on Retail Investors and Institutional Investors accounts
13 April 2017	Expected first day of trading of the Offer Shares on the WSE (“ Listing Date ”) on ‘as-if-and-when-issued-and/or-delivered’ basis

Purchase by the Selling Shareholders and the members of the Board

To the best of the Company's knowledge and subject to the provisions of the Underwriting Agreement, the Selling Shareholders do not intend to purchase any Offer Shares. The following Non-Executive Directors: Przemysław T. Krych, Maciej Dyjas and Nebil Senman, intend to purchase the Offer Shares. Such Non-Executive Directors have agreed to purchase the Offer Shares with an aggregate value of EUR 4,000,000, which, assuming a purchase at the Maximum Price, will amount to approximately 2,655,000 Offer Shares.

Cancellation and modification of the Offer

The Company and the Selling Shareholders, acting jointly, in agreement with the Global Coordinators, may cancel the Offering and/or modify its terms and dates at any time but not later than until 9:00 a.m. CET on 12 April 2017, which is the commencement of distribution of the information on clearing or transfers (*instrukcje rozliczeniowe*) in order to record

the Offer Shares in the securities accounts of the Retail Investors and Institutional Investors. Information on the cancellation or modification of the terms of the Offering will be made publicly available through a publication on the Company's website as well as, to the extent required, by way of a supplement to the Prospectus.

If the cancellation or modification is published before the commencement of the subscription period for the Retail Investors, no reason must be published for the cancellation or modification. After the commencement of the subscription period for the Retail Investors the Company and the Selling Shareholders, acting jointly, in agreement with the Global Coordinators, may also cancel or modify the Offering at any time, if proceeding with the Offering will be considered impracticable or inadvisable. These reasons are as follows: (i) the occurrence of a sudden or unforeseeable change in the economic or political situation in Poland or abroad, which may have a material adverse effect on the financial markets, Poland's economy, the Offering or the Company's operations (such as terrorist acts, wars, disasters or floods); (ii) the occurrence of a sudden or unforeseeable change or event other than those stated under item (i) above which could have a material adverse impact on the Company's operations or which could result in the Company incurring material damage or in any material disruption to its operations; (iii) the occurrence of a material adverse change in the Company's business, financial condition or operating results; (iv) the suspension of, or material limitation in, trading of securities on the WSE or on any other exchange, if such circumstances could have a material adverse effect on the Offering; (v) an unsatisfactory number of applications for the Offer Shares in the book building process; (vi) in the opinion of the Global Coordinators, an insufficient number of the Shares expected to be traded on the WSE which would not warrant the required liquidity of the Shares; (vii) the occurrence of a sudden and unforeseeable change which could have a direct, material and adverse effect on the Company's operations, or (viii) the termination of the Underwriting Agreement.

In the event of a cancellation of the Offering, information about the cancellation will be made available to the public in the same manner as the Prospectus has been published. Should the Offering be cancelled, subscriptions for the Offer Shares that have been made will be deemed null and void, and any subscription payments that have been made will be returned without any interest or compensation no later than 14 days after the date of the public announcement of cancellation of the Offering. A return of payment for the Offer Shares without interest or compensation, net of transfer costs, shall also take place to the extent that no Offer Shares are allotted or where there is a reduction of subscription orders placed as set out in the Prospectus or if excess payments are being returned no later than 14 days following each of those events.

If the decision to suspend the Offering is made during or after the book-building process, both the subscriptions and payments made shall become invalid and subscription payments that have been made will be returned without any interest or compensation no later than 14 days after the date of the announcement of the suspension of the Offering. In the event of the suspension of the Offering, information about the suspension of the Offering will be made available to the public in the form and scope specified under applicable laws and regulations.

None of the Issuer, the Selling Shareholders, the Global Coordinators, the Listing Agent (as defined below) and the WSE shall bear any liability for any consequences (including, without limitation, losses, damages or lost opportunity) incurred by any third party (including investors) and/or their affiliates in respect to and/or in connection with such suspension or cancellation.

Supplements to the Prospectus

In accordance with the relevant regulations in force in the Netherlands and the Republic of Poland applicable to public share offerings and the admission of securities to trading on a regulated market, and taking into account that the public offering of the Offer Shares will take place only in the Republic of Poland, any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares and which arises or is noted between the date of approval of this Prospectus and the Allotment Date will be communicated through a supplement to this Prospectus. Such a supplement will be subject to approval by the AFM and will be notified to the PFSA for passporting and will be published in the same manner as the Prospectus. Investors who have already agreed to purchase or subscribe for the Offer Shares before the supplement is published shall have the right, exercisable within two business days following the publication of the supplement, to withdraw their acceptances, provided that the new factor, material mistake or inaccuracy arose or was noted before the Allotment Date.

In such case and if necessary the Allotment Date and the Listing Date will be adjusted in order to enable the investors to withdraw their subscriptions. If investors withdraw, subscription payments that have been made will be returned without any interest or compensation no later than 14 days after the date of such withdrawal from the Offering.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus. Any statement so modified or superseded shall, except as so modified or superseded, no longer constitute a part of this Prospectus.

Determination of the Offer Price

The Offer Price will not be set higher than at PLN 6.50 per Offer Share (the “**Maximum Price**”) and will be the same for the New Shares and the Sale Shares and for all types of investors (the “**Offer Price**”). For the purpose of the book building among Institutional Investors an indicative price range will be set, which will not be communicated to the public and might be subject to change, provided however that the upper range of such price range shall be equal to the Maximum Price.

During the book-building process among the Institutional Investors invited, in any form, by the Global Coordinators, such Institutional Investors interested in subscribing for the Offer Shares will indicate the number of the Offer Shares they will be willing to acquire and the price, not higher than the Maximum Price, which they will be willing to pay. The book-building process will be carried out in PLN. Retail Investors will not participate in the book building process. The book-building process will be conducted before start of the subscriptions for the Institutional Investors.

The book-building results will not be made public. In order to obtain more detailed information as to the participation in the book-building process, interested Institutional Investors should contact directly the Global Coordinators.

The Offer Price will be determined jointly by the Company and the Selling Shareholders in agreement with the Global Coordinators and will not be higher than the Maximum Price. The Offer Price will be determined based on the following criteria and rules:

- size and price sensitivity of demand from the Institutional Investors on the basis of the declarations received in the book building process;
- the current and anticipated situation on the Polish and international capital markets; and
- reasonable expectation that the share price will demonstrate steady performance in the secondary market post-Offering given the demand for the Shares as demonstrated during the book-building process.

The Company will announce the Offer Price in a manner compliant with applicable regulations, as well as market practice in the Netherlands and in the Republic of Poland. More specifically, the Offer Price will be published in the same manner as this Prospectus and notified to the AFM and the PFSA.

Placement of Subscription Orders

The Offer Shares may be acquired by Retail Investors and Institutional Investors and there is no fix split of the Offer Shares that will be allocated to each category of investors.

The Company and the Selling Shareholders intend to allocate approximately 20% of the final number of the Offer Shares to Retail Investors, approximately 80% of the final number of the Offer Shares to Institutional Investors at the Offer Price, however the proportion may be altered by the Company and the Selling Shareholders, acting in agreement with the Global Coordinators. Such an alteration, if any, will be announced together with and in the same manner as the Offer Price and the final number of Offer Shares and notified to the AFM and the PFSA.

A subscription order for the Offer Shares is unconditional, irrevocable (subject to the withdrawal right, if a supplement to the Prospectus is published to modify the offer), may not include any reservations and is binding on the person who submitted it until the allotment of the Offer Shares in the Offering, or until the date of suspension or cancellation or modification of the Offering.

By placing subscription orders, each of the prospective investors will be deemed to (i) acknowledge the content of the Prospectus, (ii) accept the terms of the Offering, and (iii) consent to being allotted a lower number of the Offer Shares than the number specified in such investor’s subscription orders, or to not being allotted any Offer Shares at all.

Retail Investors

The Retail Investors will place their subscriptions in Poland at the Maximum Price, indicating the number of Sale Shares they are willing to buy.

Subscription orders from the Retail Investors will be accepted at the client service points of the Offering Agent and other investment firms accepting subscription orders (if any) (“**Retail Syndicate**”) in accordance with their internal procedures and with the terms of the agreements relating to the maintenance of the customers’ securities accounts by the Offering Agent or such other investment firms prior to the end of the subscription period. The detailed list of the Retail Syndicate and the list of client service points where the subscription orders will be accepted will be made public before the commencement of the subscription orders from the Retail Investors on the website of the Offering Agent (www.dmbzwbk.pl).

The Retail Investors may place multiple subscription orders for Sale Shares, provided that the minimum number of the Sale Shares subscribed by one Retail Investor in one subscription order is not lower than 20 Sale Shares and the maximum number of the Offer Shares subscribed by one Retail Investor in one subscription order is not higher than 4,500,000 Sale Shares. Orders not fully paid for or with improperly completed subscription forms will be invalid. All the consequences of submitting an incorrect or incomplete subscription order will be borne by the Retail Investor submitting such subscription order.

Subscription orders from the Retail Investors will be accepted only from prospective investors who at the time of placing their orders (before the end of the subscription period for the Retail Investors), will have opened securities accounts or omnibus accounts with entities of their choice, licensed to provide such services within the territory of Poland.

Subscriptions via the Internet and by phone will be accepted from investors who have a brokerage account agreement with the Offering Agent and the agreement provides for placing subscriptions via the Internet or by phone. Such subscriptions will be accepted in accordance with such agreement, internal regulations of the Offering Agent accepted by the investor when entering into such agreement and technical requirements of using the Internet application made available by the Offering Agent for placing subscriptions. If the Offering Agent establishes a selling syndicate and subscription orders are accepted by other investment firms or other licensed entities, such entities may agree with particular investors to accept subscriptions via the Internet or by phone.

For information on detailed rules governing the placing of subscription orders by the Retail Investors, in particular (i) the documents required if a subscription order is placed by a statutory representative, proxy or any other person acting on behalf of an investor and (ii) the possibility of placing subscription orders and deposit requests in a form other than the written form (e.g. via Internet), the Retail Investors should contact a brokerage house accepting orders for the Sale Shares from Retail Investors. A list of customer service points at investment firms accepting subscription orders from Retail Investors will be published on the Issuer’s website in the same manner as the Prospectus.

Institutional Investors

Once the book-building process has been completed, the Company and the Selling Shareholders, in agreement with the Global Coordinators, will select the Institutional Investors to whom invitations to submit a subscription order for the Offer Shares will be sent by the Global Coordinators and who will be entitled to purchase the number of Offer Shares specified in such invitation and to make payments for the Offer Shares to the account indicated in such invitation. The Global Coordinators will have a right to accept purchase orders from Institutional Investors not invited by the Global Coordinators to submit a subscription order for the Offer Shares.

Subscription orders placed by Institutional Investors who were invited to subscribe for the Offer Shares will be accepted on the terms as stated in the invitation to place subscription orders. For information on detailed rules governing the placing of subscription orders, in particular (i) the documents required if an order is placed by a statutory representative, proxy or any other person acting on behalf of an investor; and (ii) the possibility of placing orders and deposit instructions in a form other than the written form, the Institutional Investors should contact the Global Coordinator from whom they received an invitation.

Each Institutional Investor may submit one or several subscription orders for such number of Offer Shares as is indicated in the invitation by such Institutional Investor to place a subscription order addressed to that Institutional Investor. Subscription orders which jointly cover a number of the Offer Shares greater than that stated in the invitation will be treated as subscription orders for the maximum number of the Offer Shares which may be covered by a subscription order placed by the given Institutional Investor. Institutions which manage assets on behalf of third parties may submit a single collective subscription order in favor of specific customers, attaching to the order the list of such customers containing such data as required in the subscription order form. Subscriptions orders will be accepted on a subscription form in Polish or in English (for persons who are not Polish residents). At the time of placing a subscription order,

Institutional Investors are required to make an irrevocable instruction for depositing the Offer Shares in a securities account maintained in their name. By placing a subscription order, each investor is deemed to have read this Prospectus and the Articles of Association and accepted their content, as well as has read the terms and conditions of the Offering, consented to being allotted a lower number of Offer Shares than the number specified in such investor's subscription orders, or to not being allotted any Offer Shares at all, pursuant to the terms and conditions set forth in the Prospectus.

More detailed information concerning the identification of investors, including requirements concerning documents submitted and the rules for acting through authorized representatives, can be obtained by investors from the entities accepting subscription orders.

Any consequences of a form of subscription for the Offer Shares being incorrectly filled out will be borne by the investor.

Payment for the Offer Shares

Retail Investors

The Retail Investors placing subscription orders for the Sale Shares are required to pay for such Sale Shares at the latest upon the placement of such order. Payment should be made in an amount corresponding to the product of the number of the Sale Shares for which such Retail Investor places his subscription order and the Maximum Price, increased by the brokerage commission, if any, of the entity accepting the subscription order. Payment for the Sale Shares must be made in Polish Zloty in accordance with the rules of the given investment firm accepting the subscription order for the Sale Shares.

The payment for the Sale Shares subject to the subscription order will be blocked upon the submission of the subscription order. Payments for the Sale Shares do not bear any interest. Any previously unsettled receivables may not be credited as payment for the Sale Shares. A purchase order placed by a Retail Investor which is not fully paid or not paid in time will be considered invalid.

Institutional Investors

The Institutional Investors are required to pay for their subscription orders by no later than the end of the last day on which subscription orders from Institutional Investors are accepted, in Polish Zloty, for the number of the Offer Shares stated in the invitation and in compliance with the instructions stated in the invitation to submit a subscription order.

If an order is not paid in full by the Institutional Investor, such order may be at the sole discretion of the Issuer, in agreement with the Selling Shareholders and the Global Coordinators, deemed validly placed for such number of the Offer Shares as corresponds to the amount actually paid for by the Institutional Investor, calculated as the product of the number of Offer Shares and the Offer Price.

Allotment of the Offer Shares

The Offer Shares will be allotted immediately after completing the acceptance of the subscription orders submitted by the Institutional Investors. The Offering will close on the Allotment Date upon subscription, allotment and payment for the Offer Shares.

Retail Investors

Only the Sale Shares will be allotted to the Retail Investors. The allotment of the Sale Shares to Retail Investors will be completed through the WSE on the basis of a separate agreement entered into between the Issuer, the Selling Shareholders and the WSE, in accordance with the duly filed and paid for purchase orders.

The Company and the Selling Shareholders will not give preferential treatment or discriminate between the Retail Investors in the allotment of Sale Shares. In the case of an oversubscription, the Sale Shares shall be allotted to the Retail Investors participating in the Offering pro rata to the size of each order placed. Fractional allocations (after the proportional reduction, if any) will be rounded down to the nearest full share number, and the remaining Sale Shares will be allocated to the Retail Investors who subscribed for the largest number of the Sale Shares.

The Retail Investors will be reimbursed for excess payments if the Offer Price is less than the Maximum Price. In addition, the Retail Investors who have not been allotted any Sale Shares, or whose subscription orders for the Sale Shares were subject to reduction or were invalid or who have validly withdrawn after a modification of the Offering, will be reimbursed for their payments. Reimbursements will be made to the cash account maintained for the securities account

used to place the subscription order in compliance with the procedures observed at the relevant investment firm within 14 days from the Allotment Date or the date of the announcement of cancellation of the Offering, respectively. All excess payments will be reimbursed without any damages, interest or costs, if any being incurred by the Retail Investors in relation to placing subscription orders for the Sale Shares.

Retail Investors participating in the Offering will be notified about their allocations of the Sale Shares by the relevant investment firm.

Institutional Investors

Upon completion of the book-building process, invitations for submitting subscription orders for the Offer Shares will be sent by the Global Coordinators to the Institutional Investors. The Institutional Investors to whom the invitations will be sent will be allotted the Offer Shares in the number as stated in the invitations, provided that a subscription order is duly filed and the relevant number of the Offer Shares paid for. If the Institutional Investor has only made a partial payment for the Offer Shares or has placed a subscription order for a number of the Offer Shares lower than that specified in the invitation, such Institutional Investor may be allotted as many Offer Shares as such Institutional Investor has paid for or an even lower number of Offer Shares than for which it has been paid, which will be determined by the Global Coordinators, at their discretion, subject to the consent of the Company and the Selling Shareholders.

The Institutional Investors who have not been allotted any Offer Shares or whose subscription orders for Offer Shares were avoided or otherwise not granted will be reimbursed within up to 14 days from the Allotment Date or the date of the announcement of cancellation of the Offering respectively, without any interest or damages to an account stated in the given Institutional Investor's subscription order.

Institutional Investors participating in the Offering will be notified about their allocations of the Offer Shares by the Global Coordinators.

Registration and settlement

In accordance with applicable Polish regulations, all Shares, including the Offer Shares, will be electronically registered with and will be cleared through Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities or the "NDS") with its seat at ul. Książęca 4, 00-498 Warsaw, Republic of Poland, which is the Polish central clearinghouse and depository for securities. All Shares will be in book entry form and, therefore, shareholders may only hold them through their respective investment accounts opened with and maintained by investment firms and custodians that are NDS participants.

Delivery of the Offer Shares to the investment account of a given investor will be through the facilities of the NDS in accordance with standard NDS procedures applicable to settlement of public offerings of shares. Delivery of the Offer Shares is expected to take place on or around 13 April 2017, barring unforeseen circumstances.

Prior to the Offering, there has been no public market for the Shares. Application has been made to list all of the Shares on the WSE with ISIN code NL00122235980. In connection with the registration of Sale Shares offered to the Retail Investors by Polish Nation Depository of Securities, a temporary ISIN code of NL0012236061 has been assigned.

Public Announcement of the Offering Results

The Issuer will announce the results of the Offering within 14 days from the Settlement Date in a manner compliant with applicable regulations, as well as market practices in the Netherlands and Poland. Results of the Offering will be published on the website of the Issuer (www.griffin-premium.com) and on the website of the Offering Agent (www.dmbzwbk.pl).

Listing of the Shares

As of the date of this Prospectus, the Shares are not listed on any regulated or equivalent market. However, the Company intends to make an application to the Warsaw Stock Exchange for the admission of all of the Shares (including the Offer Shares) for listing on the regulated market in the continuous trading system. Trading in the Shares is expected to commence on or about 13 April 2017.

It is envisaged that after the Offering steps will be taken, in addition to the listing on the WSE, to list (secondary listing) all the shares in the share capital of the Company on the Quotation Board, non-regulated market, which is a segment of the Open Market of the Frankfurt Stock Exchange.

Any dealings in the Offer Shares prior to the start of trading on the WSE will be at the sole risk of investors concerned.

Investors trading on the WSE should consider that since the Issuer is incorporated under Dutch law, no court registration process is needed in order to validly issue the New Shares. Consequently, the Offer Shares, including the New Shares, will be eligible for listing on the WSE upon payment of investors subject to completion of necessary registration procedures at the NDS, on par with all other Shares, and the Issuer will not be seeking to apply for listing of temporary share receipts, such as “rights to shares” within the meaning of the Trading in Financial Instruments act.

No entity has made a commitment of any kind to provide liquidity through bid and offer rates.

Offering Agent

The Company and the Selling Shareholders have appointed Bank Zachodni WBK S.A. to act as the offering agent with respect to the Offer Shares for the purposes of the Offering and admission of the Shares to trading on the WSE.

UNDERWRITING, STABILIZATION AND LOCK-UP

Underwriting Agreement

On 13 March 2017, the Company and the Selling Shareholders have executed a conditional underwriting agreement covering the Offer Shares (the “**Underwriting Agreement**”) with the Global Coordinators, where Bank Zachodni WBK S.A. and Joh. Berenberg, Gossler & Co. KG are referred as the “**Underwriters**”.

Pursuant to the Underwriting Agreement, the Underwriters undertake to the Company and the Selling Shareholders, subject to the satisfaction of certain conditions as stated below, to use all reasonable efforts – to cause on a best effort basis the Institutional Investors to purchase and/or subscribe for the Offer Shares, while the Underwriters have agreed to subscribe and pay for any Offer Shares (excluding any of the Over-Allotment Shares) that have been subscribed but not paid for by investors at Settlement in accordance with their respective proportion.

The Underwriting Agreement contains standard conditions precedent which are customary in underwriting agreements executed in transactions similar to the Offering, i.e. conditions related to the occurrence of any specific force majeure events, the occurrence of any material adverse change in the Company’s business or in the financial markets or the economy (in Poland or abroad), as well as conditions related to representations and warranties made by the Company and the Selling Shareholders in the Underwriting Agreement being true, complete and accurate, as well as the execution of a pricing agreement, which will define the Offer Price and the final number of the Offer Shares to be offered in the Offering, as well as the number of the Offer Shares designated for allotment to Retail Investors and Institutional Investors (the “**Pricing Agreement**”).

The Pricing Agreement will be executed upon completion of the book-building process and the determination of the Offer Price and the final number of the Offer Shares to be offered in the Offering, as well as the number of the Offer Shares assigned for the various categories of investors.

If any of the aforementioned conditions is not satisfied or waived and the above circumstances occur prior to placing purchase orders for the Offer Shares subject to the Underwriting Agreement, the Underwriters’ obligation to place purchase orders for the Offer Shares pursuant to the Underwriting Agreement will expire. The Global Coordinators may also terminate the Underwriting Agreement in any of these situations.

The Underwriting Agreement is governed by the laws of England and contains such representations and warranties of the Company and the Selling Shareholders as are customary in international offerings similar to the Offering. In the Underwriting Agreement, the Selling Shareholders and the Company have agreed to indemnify and hold harmless the Underwriters and other specified persons against certain liabilities.

The Underwriting Agreement also provides that the Company and the Selling Shareholders will be subject to lock up restrictions with respect to the transfer of the Shares and share issue. For information related to the lock up arrangements, see “*Underwriting, Stabilization and Lock-up — Lock up Agreements.*”

Over-Allotment Option

The Selling Shareholder 1 and the Selling Shareholder 2 have granted to the Underwriters an option exercisable for up to 30 days following the Listing Date to purchase up to 7,857,705 Over-Allotment Shares in aggregate, the maximum number of which is equal to 10% of the total number of the Offer Shares being offered sold in the Offering, excluding an Upsize Option of up to 70% of the existing share capital of the Company with respect to the Sale Shares (before any exercise of the Over-Allotment Option), solely to cover over-allotments, if any, made in connection with the Offering and short positions resulting from stabilization transactions.

Stabilization

In connection with the Offering, Bank Zachodni WBK S.A. as stabilization manager or its affiliates or agents may engage in transactions on the WSE with the aim of supporting the market price of the Shares at a level higher than that which might otherwise prevail for a period of 30 calendar days following of the Listing Date. Such stabilization, if commenced, shall be conducted in accordance with the rules set out in the Regulation 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC and the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilization of financial instruments.

No assurance can be given that stabilization transactions will actually be effected as there is no obligation on the stabilization manager or its affiliates or agents to undertake stabilization transactions. If such stabilization is commenced, it may be discontinued at any time without prior notice and must be brought to an end 30 days after the Listing Date. The stabilization transactions, if any, may result in a market price of the Shares that is higher than the price that would otherwise prevail. Stabilization of the Shares will not, in any circumstance, be executed above the Offer Price.

If Bank Zachodni WBK S.A. borrows any Shares pursuant to the Underwriting Agreement it will be required to return equivalent securities to the Selling Shareholders by no later than the 30 day after the Listing Date. Should a short position arise as a result of such over-allocation, Bank Zachodni WBK S.A. may close such short position by exercising the Over-Allotment Option (in whole or in part) or by open-market purchases or by a combination of both.

Bank Zachodni WBK S.A. will disclose details of any stabilization transactions effected by it to the Company no later than the end of the seventh daily market session following the date of execution of such transactions, including (i) whether or not stabilization was undertaken, (ii) the date on which stabilization started, (iii) the date on which stabilization last occurred and (iv) the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out. This information shall be subsequently disclosed by the Company to the public in the Republic of Poland and the AFM and the PFSA will be also be notified about this fact.

Lock up Agreements

The Company

In the Underwriting Agreement, except for the issue of the New Shares, the Company undertakes to the Global Coordinators that from the date of the Underwriting Agreement until the lapse of 270 days following the first listing date of the Shares on the WSE, neither the Company, nor any subsidiary or affiliate of the Company over which the Company exercises management or voting control, nor any person acting on its behalf will, without the written consent of the Global Coordinators, (i) issue, pledge, offer, sell, transfer or otherwise dispose of (or publicly announce the issuance, offering, sale or disposal of) or take actions aimed at or which may result in the issuance of, any Shares (or any other securities convertible into, exercisable for or exchangeable for the Shares, including participations granting, directly or indirectly, the right to acquire or subscribe for the Shares or any other securities or financial instruments which are valued by a direct or indirect reference to the price of the above-mentioned securities serving as the base instrument, including swaps for shares, futures and options) or take actions to cause such effects; or (ii) enter into any swap or other transaction (such as the grant of purchase options, rights or warrants on shares) that transfers, in whole or in part, the economic consequences of the ownership of the Shares or options; or (iii) enter into any other transaction which may result in the issuance, offering, sale or disposal of securities of the Company similar to those offered in the Offering; or (iv) acquire or publicly announce the intention to acquire the Shares or to decrease or publicly announce the intention to decrease its share capital, with the exemption of the implementation in the Company of a management incentive scheme for the Group's senior management. The Global Coordinators have full discretion to waive the lock-up at any time before its expiry.

The Selling Shareholders

In the Underwriting Agreement the Selling Shareholders undertake to the Global Coordinators that from the date of the Underwriting Agreement until the lapse of 365 days following the first listing date of the shares in the Company on the WSE, neither the Selling Shareholders, nor any subsidiary or affiliate of the Selling Shareholders over which the Selling Shareholders exercise management or voting control, nor any person acting on its behalf will, without the written consent of the Global Coordinators, (i) pledge, offer, sell, transfer or otherwise dispose of or publicly announce the issuance, offering, sale or disposal of any Shares (or any other securities convertible into, exercisable or exchangeable for the Shares, including participations granting, directly or indirectly, the right to acquire or subscribe for the Shares or any other securities or financial instruments which are valued by a direct or indirect reference to the price of the above-mentioned securities serving as the base instrument, including swaps for shares, futures and options) or take actions to cause such effects; (ii) enter into any swap or other transaction (such as the grant of purchase options, rights or warrants on shares) that transfers, in whole or in part, the economic consequences of the ownership of the Shares or options, or (iii) enter into any other transaction which may result in the issuance, offering, sale or disposal of securities of the Company similar to those offered in the Offering, with the exemption of: (i) the sale by the Selling Shareholders of their shares in the Company in response to a tender offer bid or (ii) the implementation in the Company of a management incentive scheme for the Group's senior management. This lock-up arrangements relates to the Shares held at the date of this Prospectus. The Global Coordinators have full discretion to waive the lock-up at any time before its expiry.

The members of the Board

In a separate lock-up letter, constituting an attachment to the Underwriting Agreement Przemysław T. Krych, Maciej Dyjas and Nebil Senman undertake to the Global Coordinators that from the date of the Underwriting Agreement until the lapse of 730 days following the first listing date of the shares in the Company on the WSE, Przemysław T. Krych, Maciej Dyjas and Nebil Senman will not, without the written consent of the Global Coordinator, (i) pledge, offer, sell, transfer or otherwise dispose of or publicly announce offering, sale or disposal of any Shares (or any other securities convertible into, exercisable or exchangeable for the Shares, including participations granting, directly or indirectly, the right to acquire or subscribe for the Shares or any other securities or financial instruments which are valued by a direct or indirect reference to the price of the above-mentioned securities serving as the base instrument, including swaps for shares, futures and options) or take actions to cause such effects; (ii) enter into any swap or other transaction (such as the grant of purchase options, rights or warrants on shares) that transfers, in whole or in part, the economic consequences of the ownership of the Shares or options, or (iii) enter into any other transaction which may result in the offering, sale or disposal of securities of the Company similar to those offered in the Offering. The limitations referred to above shall not apply to: (i) the disposal of Shares in response to a public invitation to subscribe for the exchange or sale of the Company's shares (tender offer), or (ii) for the Company's benefit in connection with a program for the acquisition of the Company's own shares (buy-back) which will be directed to all of the Company's shareholders on the same terms and conditions, (iii) the inheritance and any disposal in the event of death of Przemysław T. Krych, Maciej Dyjas and Nebil Senman, as applicable; (iv) the disposal to a subsidiary or affiliate over which Przemysław T. Krych, Maciej Dyjas and Nebil Senman exercise management or voting control. The Global Coordinators have full discretion to waive the lock-up at any time before its expiry.

Commissions payable to the Global Coordinators

The Company and the Selling Shareholders have agreed to pay certain commissions and expenses in connection with the Offering. The Company and the Selling Shareholders agreed to pay to the Global Coordinators and the Co-Lead Manager a total commission of up to 3.05% of the gross proceeds, including the gross proceeds of the exercise of the Over-Allotment Option, defined as the Company's final share price in the Offering multiplied by the number of the Shares finally sold to investors subject to some customary carve-outs, such as the exclusion of Shares sold to affiliates of the Company and/or to the directors and/or managers of the Company.

However, Retail Investors and Institutional Investors will bear their own costs connected with the evaluation and participation in the Offering.

Other relationships with the Global Coordinators

The Global Coordinators and their respective affiliates have engaged in, and may in the future engage in, investment or commercial banking or other financial services and other commercial dealings with the Selling Shareholders, any entities with respect to which the Selling Shareholders are a controlling party, and with the Company and its affiliates, including the provision of loans and/or other debt instruments to the Company and/or its affiliates. The Global Coordinators and their respective affiliates have received, and may in the future receive, customary fees and commissions for these transactions and services.

There is no conflict of interests in the relationship formed between the Global Coordinators, the Company and the Selling Shareholders. The Global Coordinators or their related parties may acquire financial instruments issued by the Selling Shareholders, the Company, their related parties, or financial instruments related to the financial instruments issued by any of the above entities. In connection with the Offering, each of the Global Coordinators or their affiliates may also, acting as an investor for its own account, purchase the Offer Shares in the Offering, and then either hold them or sell them, or otherwise dispose of them. Each of the Global Coordinators will deliver information about the purchase of the Offer Shares or performance of the transactions described above exclusively if there is an obligation to disclose such information based on mandatory law or regulation.

The Global Coordinators act for the Company and the Selling Shareholders on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Global Coordinators will receive a commission. As a result of these contractual relationships, the Global Coordinators have a financial interest in the success of the Offering.

DILUTION

If the Offering is completed and assuming that all the New Shares are ultimately offered and subscribed for, the Selling Shareholders will suffer an immediate dilution of 14.22% of their shareholdings in the Issuer and the overall number of votes such shareholder may exercise at the General Meeting as a result of the Offering. Following the issuance of the maximum number of New Shares and the sale of all of the Sale Shares being offered, the 133,931,912 existing Shares, which currently represent 100% of the share capital of the Issuer and entitle their holders to exercise 100% of the total number of votes at the General Meeting, will represent a total of 85.78% of the Issuer's share capital and will entitle their holders to 85.78% of the total number of votes at the General Meeting.

The table below provides information on the Issuer's share capital structure existing as of the date of this Prospectus and the capital structure expected after the completion of the issuance of the New Shares and provided that all the Offer Shares have been offered and subscribed for by investors and the Over-Allotment Option was exercised in full and the Upsize Option was not exercised.

	As of the date of this Prospectus		After the Offering	
	Number of Shares	% of votes at the General Meeting	Number of Shares	% of votes at the General Meeting
Current shareholders	133,931,912	100.00	66,965,956	42.89
New shareholders.....	0	0	89,167,223	57.11
Shares in total.....	133,931,912	100.00	156,133,179	100.00

Source: The Issuer

SELLING RESTRICTIONS

The distribution of this Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Issuer, the Selling Shareholders or the Global Coordinators in any jurisdiction other than Poland that would permit a public offering of the Offer Shares, or the possession or distribution of this Prospectus or any other offering material relating to the Issuer or the Offer Shares, in any jurisdiction where action for that purpose is required.

The Prospectus has been prepared on the basis that the promotion of the Offering and the promotional activities with respect to the Offer Shares (other than the offering to the public in the territory of Poland in accordance with the Prospectus Directive and the Polish Act on Public Offering) will be made: (i) pursuant to the exemption under the Prospectus Directive (as implemented in the Member States) from the requirement to prepare and have any prospectus or other offering memorandum for offers of shares approved by or notified to the competent authority and then published; or (ii) outside the EEA pursuant to other applicable exemptions. Accordingly, any person making or intending to make any offering, sale or other transfer within the EEA, other than in Poland, of the Offer Shares may only do so in circumstances under which no obligation arises for the Issuer, the Selling Shareholders or the Global Coordinators to present an approved prospectus or other offering memorandum for such offering. Neither the Issuer, nor the Selling Shareholders, nor the Global Coordinators have authorized, nor will any of them authorize, the making of any offer of the Offer Shares through any financial intermediary, other than under the Prospectus.

The Prospectus has been prepared solely for the purposes of the Offering to be carried out by way of a public offering within the meaning of Article 3.1 of the Polish Act on Public Offering in the territory of Poland.

The Offer Shares are not and will not be registered pursuant to the provisions of the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or with the securities regulators of the individual states of the United States. The Offer Shares may not be offered, sold, or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from the registration and reporting requirements of the U.S. securities laws and in compliance with all other applicable U.S. legal regulations. In the Underwriting Agreement, the Underwriters will represent and warrant that they have not offered or sold and will refrain from offering or selling the Offer Shares in or into the United States, and will offer and sell the Offer Shares outside the United States in accordance with Rule 903 of Regulation S and in compliance with other U.S. legal regulations, and that neither they nor any third party acting on their behalf, have undertaken or will undertake, (i) “direct selling efforts” as defined in Regulation S or (ii) “general advertising” or “general solicitation”, each as defined in Regulation D under the U.S. Securities Act in relation to the Offer Shares.

The Company does not intend to register either the Offering or any portion of the Offering in the United States or to conduct a public offering of shares in the United States. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the preceding paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Sales in the United Kingdom are also subject to restrictions. Each of the Underwriters will represent and warrant to the Company that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”) received by it in connection with the issue or sale of any Offer Shares in circumstances in which Section 21 para. 1 of the FSMA does not apply to the Company; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Shares in, from, or otherwise involving the United Kingdom.

The Underwriters will further represent and warrant in the Underwriting Agreement that they have not and will not publicly offer the Offer Shares in any of the member states of the EEA (each a “**Relevant Member State**”) that have implemented Directive 2003/71/EC as amended (the “**Prospectus Directive**”) from the date of the implementation of the Prospectus Directive other than the offers contemplated in this Prospectus once this Prospectus has been approved by the AFM, notified to the PFSA and published in accordance with the Prospectus Directive as implemented in the Netherlands and Poland, except that each Underwriter may make an offer to the public in that Relevant Member State of any Offered

Shares at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than EUR 43,000,000 and (iii) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer (as set forth in clauses (a) to (d)) of Offered Shares shall result in a requirement for the publication by the Company or any Underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

TRANSFER RESTRICTIONS

Prospective purchasers are advised to contact legal counsel prior to making any resale, pledge or transfer of the Offer Shares.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except pursuant to an exemption from the registration and reporting requirements of the U.S. Securities Act and applicable state securities laws. This Offering is being made outside the United States in accordance with Regulation S. Terms used in this section that are defined in Regulation S are used herein as so defined.

Each purchaser of the Offer Shares, by accepting delivery of this Prospectus will be deemed to have represented, agreed and acknowledged that:

- the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory of any state of the United States and are subject to certain restrictions on transfer and, unless so registered, the Offer Shares may not be offered, sold or otherwise transferred except in compliance with the registration and reporting requirements of the U.S. Securities Act or any other applicable state securities laws, in compliance with the conditions for transfer set forth herein;
- it is purchasing the Offer Shares in an offshore transaction in accordance with Regulation S;
- it (or, if it is acting for the account of another person, such person has confirmed to it that such person) will not offer, resell, pledge or otherwise transfer such Offer Shares except in an offshore transaction in accordance with Regulation S in accordance with any applicable securities laws of any state or other jurisdiction of the United States;
- it is purchasing the Offer Shares for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to its or their ability to resell such Offer Shares pursuant to Regulation S or any other exemption from registration available under the U.S. Securities Act; and
- the Issuer and the Global Coordinator(s) and their respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Offer Shares is no longer accurate, it shall promptly notify the Global Coordinators.

THE CAPITAL MARKET IN POLAND AND CERTAIN DUTCH AND POLISH REGULATIONS RELATED TO THE PURCHASE AND SALE OF SHARES

Information included in this section is of a general nature and describes the legal status as of the date of this Prospectus. Therefore, investors should review the relevant regulations and consult their own legal advisor about the laws and regulations concerning the purchase, ownership and sale of the Offer Shares.

Dutch Capital Markets Regulations

Disclosure rules

Home member state for purposes of the Transparency Directive

On admission of the Shares to listing the Warsaw Stock Exchange, the Company will be a public company with limited liability (*naamloze vennootschap*) incorporated under Dutch law. The Netherlands is the home member state of the Company for the purposes of Directive 2004/109/EC, as amended (the “**Transparency Directive**”). As a consequence, the Company will be subject to financial and other reporting obligations under the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*; the “**FSA**”) and the Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*, the “**FRSA**”), which both implement the Transparency Directive in the Netherlands.

Please also see “—*Polish Capital Markets Regulations*” below.

Disclosure of information

The Company is required to publish its annual report (consisting of the audited annual accounts, the annual report and the responsibility statement) within four months after the end of each financial year and its half-yearly report (consisting of the half-yearly unaudited accounts, the half-yearly report and the responsibility statement) within three months after the end of the first six months of each financial year. Both the annual report and the half-yearly report of the Company are required to be made available to the public during a period of at least 10 years.

Financial Reporting Supervision Act

On the basis of the FRSA, the AFM supervises the application of financial reporting standards by, amongst others, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated stock exchange.

Pursuant to the FRSA, the AFM has an independent right to (i) request an explanation from the Company regarding its application of the applicable financial reporting standards and (ii) recommend the Company to make further explanations available. If the Company does not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer van het Gerechtshof te Amsterdam*, the “**Enterprise Chamber**”) orders the Company to (i) provide an explanation of the way it has applied the applicable financial reporting standards to its financial reports or (ii) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

Shareholder disclosure and reporting obligations

Long positions

Pursuant to the FSA, upon the Company becoming a listed company, each shareholder who holds a substantial holding in the Company should forthwith notify the AFM of such substantial holding. Substantial holding means the holding of at least 3% of the Shares or the ability to vote on at least 3% of the voting rights of such Shares. Any person who, directly or indirectly, acquires or disposes of an interest in the share capital or voting rights of the Company must without delay give notice to the AFM, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person, directly or indirectly, reaches or crosses the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

In addition, any person whose capital interest or voting rights reaches or crosses a threshold due to a change of the outstanding share capital of the Company or in votes that can be cast on the outstanding share capital of the Company, as

notified by the Company to the AFM, must give notice to the AFM no later than the fourth trading day after the AFM has published the change in the share capital and/or voting rights in the public register.

Equally, if the composition of a notified holding differs from the previous notification, because options or any other form of negotiable security, not being options, were converted into shares or depositary receipts for shares or vice versa, or because shares were exchanged for depositary receipts or vice versa, a notice must be given to the AFM within four trading days of the moment of change. The same applies if the different composition was caused by the exercise of rights to acquire voting rights.

The notification to the AFM should indicate whether the interest is held directly or indirectly, and whether the interest is an actual or a potential interest.

For the purpose of calculating the percentage of capital interest or voting rights, amongst others, the following interests must be taken into account: (i) shares or depositary receipts for shares or voting rights directly held (or acquired or disposed of) by any person, (ii) shares or depositary receipts for shares or voting rights held (or acquired or disposed of) by such person's controlled undertakings or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement (including a discretionary power of attorney), (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment, (iv) shares or depositary receipts for shares or voting rights which such person, or any controlled undertaking or third party referred to above, may acquire pursuant to any option or other right held by such person (including, but not limited to, on the basis of convertible or exchangeable bonds).

For the same purpose of calculating the percentage of capital interest or voting rights a person disposes of, one should take into account: (i) financial instruments of which the value depends on the increase in value of the shares or dividend rights and which will be settled other than in those shares, (ii) options for acquiring shares or depositary receipts, and (iii) negotiable instrument's which provide for an economic position similar to the economic position of a holder of shares or depositary receipts.

As mentioned above, a person is deemed to hold the interest in the share capital or voting rights that is held by its controlled undertakings as defined in the FSA. The controlled undertaking does not have a duty to notify the AFM because the interest is attributed to the undertaking in control, which as a result has to notify the interest as an indirect interest. Any person, including an individual, may qualify as an undertaking in control for the purposes of the FSA. A person who has a 3% or larger interest in the share capital or voting rights and who ceases to be a controlled undertaking for purposes of the FSA must without delay notify the AFM. As of that moment, all notification obligations under the FSA will become applicable to the formerly controlled undertaking.

A holder of a pledge or right of usufruct in respect of shares or depositary receipts for shares can also be subject to the reporting obligations of the FSA, if such person has, or can acquire, the right to vote on the shares or, in the case of depositary receipts for shares, the underlying shares. If a pledgee or usufructuary acquires the voting rights on the shares or depositary receipts for shares, this may trigger a corresponding reporting obligation for the holder of the shares or depositary receipts for shares.

Special rules apply with respect to the attribution of shares or depositary receipts for shares or voting rights which are part of the property of a partnership or other community of property.

Short positions

In addition to the above described notification obligations pertaining to capital interest or voting rights, pursuant to Regulation (EU) No 236/2012, notification must be made of any net short position of 0.2% in the issued share capital of the Company, and of every subsequent 0.1% above this threshold. Notifications starting at 0.5% and every subsequent 0.1% above this threshold will be made public via the short selling register of the AFM.

Furthermore, gross short positions shall be notified in the event that a threshold is reached, exceeded or fallen below. The same subsequent disclosure thresholds as for holders of capital interests and/or voting rights apply.

The AFM keeps a public register of all notifications made pursuant to these disclosure obligations and publishes all notifications received by it. The notifications referred to in this paragraph should be made in writing by means of a standard form or electronically through the notification system of the AFM.

Company disclosures

Under the FSA, the Company is required to file a report with the AFM without delay after the date of listing the Shares setting out its issued and outstanding share capital and voting rights. Thereafter, the Company is required to notify the AFM without delay of any changes in its share capital if its share capital has changed by 1% or more compared to the previous disclosure in respect of its share capital. The AFM must be notified of other changes in the Company's issued and outstanding share capital or voting rights within eight days after the end of the quarter in which the change occurred. The AFM will publish all such notifications relating to the Company's issued and outstanding share capital and voting rights in a public register.

Furthermore, each member of the Board must immediately give written notice to the AFM of all Shares and voting rights in the Company held by him or her at the time of admission of Shares to listing on the WSE and thereafter of any change in his or her holding of shares and voting rights in the Company. Such notifications are disclosed in a public register kept by the AFM.

Non-compliance with disclosure obligations

Non-compliance with the disclosure obligations set out in the paragraph above is an economic offence and may lead to criminal charges. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, it is no longer allowed to impose administrative penalties and vice versa. Furthermore, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be correctly notified. A claim requiring that such measures be imposed may be instituted by, amongst others, the Company and/or one or more shareholders who alone or together with others represent(s) at least 3% of the Company's issued and outstanding share capital. The measures that the civil court may impose include:

- an order requiring the person violating the disclosure obligations under the FSA to make the appropriate disclosure;
- suspension of voting rights in respect of such person's shares for a period of up to three years as determined by the court;
- voiding a resolution adopted by a General Meeting, if the court determines that it is plausible that the resolution would not have been adopted but for the exercise of the voting rights of the person who is obliged to notify, or suspension of a resolution until the court makes a decision about such voiding; and
- an order to the person violating the disclosure obligations under the FSA to refrain, during a period of up to five years as determined by the court, from acquiring the shares and/or voting rights in the shares.

*Takeover regulations**European Union takeover regulations*

The European Directive on Takeover Bids (2004/25/EC) has been implemented in Dutch legislation in the FSA and the Public Takeover Bids Decree (*Besluit openbare biedingen Wft*).

Mandatory takeover offers

Pursuant to the FSA, a shareholder who directly or indirectly obtains controlling influence of a Dutch listed company, such as the Company after Admission, is required to make a public offer for all issued and outstanding shares in that Company's share capital. Such controlling influence is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the Company. The legislation also applies to persons acting in concert who jointly acquire 30% of the voting rights. An exemption exists if such shareholder or group of shareholders reduces its holding below 30% within 30 days of the acquisition of controlling influence provided that (i) the reduction of its holding was not effected by a transfer of shares or depositary receipts to an exempted party and (ii) during this period such shareholder or group of shareholders did not exercise its voting rights.

A shareholder holding more than 30% of the voting rights in the Company at the time of the listing is exempted from this obligation to make a public offer as long as it holds and continues to hold, more than 30% of the voting rights in the Company.

Furthermore, in general, it is prohibited to launch a public offer for shares of a listed company unless an offer memorandum has been approved by the competent supervisory authority. A public offer is launched by way of publication of the approved offer memorandum.

Please also see “—*Polish Capital Markets Regulations*” below.

Squeeze out procedures

Pursuant to Section 2:92a Dutch Civil Code, a shareholder who for his or her own account contributes at least 95% of the Company’s issued capital may institute proceedings before the Enterprise Chamber against the other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary upon advice of one or three experts. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him or her. Unless the addresses of all of them are known to him or her, he or she shall also publish the same in a newspaper with a national circulation.

Pursuant to Section 2:359c Dutch Civil Code, the offeror under a public offer is also entitled to start a squeeze out procedure, within three months after the public offer, if following the public offer he or she holds at least 95% of the shares and represents at least 95% of the total voting rights attached to the shares. In the event of a mandatory offer, the mandatory offer price is in principle deemed to be a reasonable price, which has to be accepted by minority shareholders. In the event of a voluntary public offer, the offered price is considered reasonable if at least 90% of the shares have been acquired.

Pursuant to Section 2:359d Dutch Civil Code, if the offeror has acquired at least 95% of the shares held by him or her, representing at least 95% of the total voting rights, each remaining minority Shareholder is entitled to demand a squeeze out. This procedure must be initiated with the Enterprise Chamber within three months after the end of the period for tendering shares in the public offer. With regard to the price per share to be paid by the majority shareholder, the same procedure as for squeeze out proceedings initiated by the offeror, as set out in the previous paragraph, applies.

Insider trading and market manipulation rules

Reporting of insider transactions

Recently, the regulatory framework on market abuse within Europe has been amended and extended. These revisions are laid down in the Market Abuse Directive (2014/57/EU) (MAD II) as implemented in Dutch and Polish law and the Market Abuse Regulation (no. 596/2014) (MAR) which is directly applicable in the Netherlands and Poland.

Pursuant to the MAR, no natural or legal person is permitted to: (a) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the Shares, (b) recommend that another person engages in insider dealing or induce another person to engage in insider dealing or (c) unlawfully disclose inside information relating to the Shares or the Company. Furthermore, no person may engage in or attempt to engage in market manipulation.

The Company is required to inform the public as soon as possible and in a manner which enables fast access and complete, correct and timely assessment of the information, of inside information which directly concerns the Company. Pursuant to the MAR, inside information is knowledge of concrete information directly or indirectly relating to the issuer or the trade in its securities which has not yet been made public and publication of which could significantly affect the trading price of the securities (i.e. information a reasonable investor would be likely to use as part of the basis of his or her investment decision). An intermediate step in a protracted process can also be deemed to be inside information. The Company is required to post and maintain on its website all inside information for a period of at least five years. Under certain circumstances, the disclosure of inside information may be delayed, which needs to be notified to the Polish Financial Supervisory Authority after the disclosure has been made, together with a written explanation setting out why a delay of the publication was considered permitted.

Persons discharging managerial responsibilities, as well as persons closely associated with them (within the meaning of the MAR) are obliged to notify the Company and the AFM, ultimately on the third trading day after the transaction date,

of every transaction conducted on their own account relating to the shares or debt instruments of (or other financial instruments linked to) the Company, once the threshold of EUR 5,000 has been reached within a calendar year.

Furthermore, a person discharging managerial responsibilities is not permitted to (directly or indirectly) conduct any transactions on its own account or for the account of a third party, relating to Shares or debt instruments of the Company or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of a half-yearly report or an annual report of the Company.

Persons discharging managerial responsibilities within the meaning of the MAR include: (a) members of the Board; or (b) members of the senior management who have regular access to inside information relating directly or indirectly to that entity and the authority to take managerial decisions affecting the future developments and business prospects of the Company. A person closely associated means: (a) a spouse, or a partner considered to be equivalent to a spouse in accordance with national law; (b) a dependent child, in accordance with national law; (c) a relative who has shared the same household for at least one year on the date of the transaction concerned; or (d) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in point (a), (b) or (c), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

Non-compliance with market abuse rules

In accordance with the MAR, the Polish Financial Supervisory Authority has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible infringements.

Non-compliance with the market abuse rules set out above could also constitute an economic offense and/or a crime (*misdrifj*) and could lead to the imposition of administrative fines by the Polish Financial Supervisory Authority. The public prosecutor could press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, it is no longer allowed to impose administrative penalties and vice versa.

The Polish Financial Supervisory Authority shall in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of the MAR.

The Company has adopted a code of conduct in respect of the reporting and regulation of transactions in the Company's securities by members of the Board and the Company's employees. The Company and any person acting on its behalf or on its account is obligated to draw up an insiders list, to promptly update the insider list and provide the insider list to the AFM upon its request. The Company and any person acting on its behalf or on its account is obligated to take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

Polish Capital Markets Regulations

Introduction

Trading in shares on the regulated (main) market operated by the WSE within the territory of Poland is subject to the Polish law regulations, including specifically the Act on Public Offering and the Act on Trading in Financial Instruments as well as certain regulations of the WSE and the NDS, including the WSE Rules and the NDS Rules. The procedure and organization of supervision over the Polish capital market which is exercised by the PFSA is determined by the Act on Supervision over the Capital Market, the Act on Supervision over the Financial Market, the Act on Public Offering and the Act on Trading in Financial Instruments.

Potential investors need to consider that the MAR came into force on 3 July 2016. The MAR applies directly throughout the European Union and covers such issues as, in particular: market manipulation, inside information and the acquisition of shares in public companies during black-out periods. Selected provisions of the MAR, to the extent they apply to the relevant issues, are discussed in this section (see: "*Manipulation*", "*Insider trading*" and "*Obligations related to the purchase or sale of shares during restricted periods*"). Furthermore, the MAD was to be implemented into the Polish legal system by 3 July 2016, but, as of the Prospectus Date, it has not been implemented as required. The MAD requires the Member States to introduce certain criminal sanctions for market manipulation. As of the Prospectus Date, the Draft Law Amending the Act on Trading in Financial Instruments has been published, but not yet adopted.

Capital market regulations

The principle regulations governing the Polish securities market are set out in three acts of July 2005, that is: (i) the Act on Public Offering; (ii) the Act on Trading in Financial Instruments; and (iii) the Act on Supervision over the Capital Market. As of the date hereof, the Draft Law Amending the Act on Trading in Financial Instruments has been published. Since 19 September 2006, supervision over the capital market is also regulated by the Act on Financial Supervision. Furthermore, the Polish capital market is governed by regulations provided for in secondary legislation adopted on the basis of the above-mentioned laws and EU rules, which, similarly to the EU regulations, apply directly in Poland such as, for example, the MAR.

The authority that oversees the capital market in Poland is the PFSA.

Disclosure rules

According to the Act on Public Offering, the issuer for which the Republic of Poland is the host Member State, however whose securities are admitted to trading only on a regulated market in the Republic of Poland, shall be subject to financial and other reporting obligations in accordance with Polish law.

Disclosure obligations related to the acquisition and sale of significant block of shares

According to the Act on Public Offering, in case of a public company for which the Republic of Poland is the host Member State, the disclosure obligations connected with the acquisition and sale of significant block of shares should be governed by the home Member State law.

Please see “—*Dutch Capital Markets Regulations*” above.

Tender offers

The Takeover Directive governs takeover bids for companies not listed in the member state of the European Union in which they have their registered office. The Shares will be listed on the WSE, but the Company has its registered office in a member state other than in Poland.

As a general rule, in accordance with the above provisions:

- matters relating to the consideration offered in the context of a takeover bid, the takeover bid procedure with which the offeror should comply and the content of the offering document shall be dealt with in accordance with Polish law, in particular the Act on Public Offering. These matters shall be supervised by the PFSA; and
- matters relating to the information to be provided to the employees of the company and to company law (in particular relating to the percentage of voting rights that confers control over the Company any derogation from the obligation to launch an offer or the conditions under which the Board may undertake any action which may result in the frustration of a bid) shall be governed by Dutch law. These matters shall be supervised by the AFM.

Given the fact that Shares will be admitted solely to the WSE and the Company is a company incorporated in the Netherlands, the authorities competent to supervise mandatory offer rules as described below, applicable with respect to the shares of the Company and under the Takeover Directive, shall be both the AFM and the PFSA. However the investors should also take into account the respective rules under the Act on Public Offering which are described below.

For the information on matters related to the squeeze-out and sell-out, see “-*Dutch Capital Markets Regulations*” above.

Purchases of shares authorizing their holder to over 5% or 10% of the total number of votes in a relevant period

The purchase of shares in a public company in a number resulting in an increase of the share in the total number of votes by more than:

- 10% of the total number of votes in a period shorter than 60 days by an entity whose share in the total number of votes in such company is less than 33%; and
- 5% of the total number of votes in a period shorter than 12 months by a shareholder whose share in the total number of votes in the company amounts to at least 33%,

may take place solely as a result of launching a tender offer for the sale or exchange of such shares in a number not less than, respectively, 10% or 5% of the total number of votes in the company.

Exceeding the 33% threshold

Exceeding the threshold of 33% of the total number of votes in a public company may take place solely by launching a tender offer for the sale or exchange of the shares in such company in a number allowing for the achievement of 66% of the total number of votes, except for the case where exceeding 33% of the total number of votes takes place as a result of launching a tender offer for the sale or exchange of all the remaining shares in the company.

If the threshold of 33% of the total number of votes is exceeded as a result of an indirect acquisition of shares, subscription for shares of a new issue, a public offering, an in-kind contribution to a company, a merger or split of companies, a change to the company's articles of association, the expiry of a preference attached to shares or the occurrence of a legal event other than a legal action, the shareholder, within three months of exceeding 33% of the total number of votes, is required to do the following:

- launch a tender offer for the sale or exchange of shares in the company in a number resulting in the achievement of 66% of the total number of votes; or
- sell the shares in a number resulting in the achievement of not more than 33% of the total number of votes,

unless during that time the share of the shareholder in the overall number of votes changes to not more than 33% of the total number of votes as a result of a share capital increase, a change to the company's articles of association or the expiry of the preference attached to the shares, respectively.

If the exceeding of 33% of the total number of votes results from inheritance, the obligation to announce the tender offer applies solely if after such acquisition of shares the share in the total number of votes will further increase; the period of fulfilling such obligation will be counted from the date on which the event resulting in the increase in the share in the total number of votes occurred.

Exceeding the 66% threshold

Exceeding the threshold of 66% of the total number of votes in a public company may take place solely by virtue of launching a tender offer for the sale or exchange of all of the remaining shares in the company.

However, according to the Act on Public Offering when a WSE-listed company has its registered office in a member state of the EEA other than in Poland whose shares have been admitted to trading on a regulated market solely within the territory of Poland, the above mentioned requirement related to the announcement of a tender offer in case of exceeding the 66% threshold do not apply. In such case, the entity acquiring shares is obliged to announce a tender offer for sale or exchange of all the remaining shares in the company in accordance with the legislation in force in the member state where the WSE-listed company has its registered office. However, Polish provisions apply with respect to the consideration offered in the tender offer and procedure of conducting the tender offer, in particular, those relating to the content of the tender offer and the procedures governing its announcement.

Please also see "*—Dutch Capital Markets Regulations*" above.

Terms of the tender offer

A tender offer may be launched and made through an entity conducting brokerage activity in Poland, which is required – no later than 14 business days before the date of the commencement of the subscription – to simultaneously notify the PFSA and the company operating the regulated market on which the given shares are listed about the intention to announce the tender offer. Such entity attaches a copy of the tender offer to the notification. A copy of the tender offer should be subsequently published through an information agency and in at least one national newspaper.

A tender offer may be launched only after establishing collateral of a value of not less than 100% of the value of the shares that are to be subject to the tender offer. The collateral should be documented with a certificate issued by a bank or other financial institution providing the collateral or intermediating in its provision.

It is not possible to withdraw from a launched tender offer unless after launching the tender offer a third party launches a tender offer regarding the same shares. A withdrawal from a tender offer announced with regard to all of the remaining shares in a public company is permitted only when another entity announces a tender offer for all of the remaining shares in the company at a price not lower than the price in the first tender offer.

Upon the receipt of a notification announcing a tender offer, the PFSA may – at the latest, three business days before the beginning of the subscription period – request necessary changes and supplements to the text of the tender offer or the

provision of explanations regarding the text of the tender offer within the period specified in the request; however, such period may not be shorter than two days.

The beginning of the subscription period indicated in the tender offer shall be suspended until the completion of the activities mentioned in the aforesaid request by the company required to announce the tender offer.

Following the completion of the tender offer, the offeror is required to announce, in the manner set forth in Article 69 of the Act on Public Offering, the number of shares purchased in the tender offer and the share in the total number of votes which has been reached in the tender offer.

In the period between the announcement of a tender offer and the completion of the tender offer, the entity required to announce the tender offer and all of its subsidiaries, dominant entities or entities which are party to any arrangements therewith concerning the acquisition of the shares in the public company by such party or entities which are party to any understanding therewith concerning voting in concert at any general meeting or exercising a standing policy with respect to the company:

- may acquire shares in the company to which the tender offer applies exclusively within the scope of that specific tender offer and in the manner defined therein;
- cannot sell shares in the company to which the tender offer applies or enter into any agreements which would require them to sell any such shares during the term of the tender offer; and
- cannot indirectly acquire the shares in the public company to which the tender offer relates.

Price of shares in the tender offer

If any of the shares in the company are subject to trading on the regulated market, the price of the shares proposed in the tender offer may not be lower than:

- the average market price in the period of the six months preceding the tender offer announcement during which the shares were traded on the main market; or
- the average market price in a shorter period if the trading of the shares on the main market was shorter than the period set out in the point above.

The price of the shares proposed in the tender offer may also not be lower than:

- the highest price for which the shares subject to the tender offer were purchased within 12 months before the tender offer announcement by the entity required to announce the tender offer, the entities dependent on the entity required to announce the tender offer or by the parent entity of the same, or by the entity being a party to an arrangement concluded with the entity required to announce the tender offer with regard to the purchase by such entity of the shares in a public company or voting in concert at the general meeting regarding the major affairs of the company or exercising a standing policy with respect to the company; or
- the highest value of the assets or rights issued by the entity required to announce the tender offer or the entities mentioned in the point above in exchange for the shares subject to the tender offer within 12 months before the tender offer announcement.

The price of the shares proposed in the tender offer for the sale or exchange of all the remaining shares in a public company may also not be lower than the average market price within three months of trading in the shares on the regulated market preceding the tender offer announcement.

In the case where the average market price of the shares determined in accordance with the above-mentioned rules significantly differs from the fair value of such shares due to:

- the granting to the shareholders of a pre-emption right, a right to dividend, a right to acquire shares in the acquirer in connection with the division of a public company by unbundling or other property rights connected with the possession of shares in a public company;
- a significant deterioration in the financial or proprietary situation as a result of events or circumstances which cannot be predicted or prevented by the company; or
- the company being threatened by permanent insolvency,

the offeror may apply to the PFSA for consent to propose a price in the tender offer which does not comply with the criteria set forth above. The PFSA may grant its consent thereto, provided that the proposed price is not lower than the fair value of these shares and the call for tender does not breach the legitimate interests of the shareholders.

In the case where it is not possible to determine the price pursuant to the rules set forth above or in the case of a company subject to composition proceedings or bankruptcy proceedings, the share price cannot be lower than the fair value of such shares.

The price of the shares proposed in a tender offer set out in Articles 72 to 74 of the Act on Public Offering may be lower with regard to shares constituting at least 5% of all the shares in the company that will be purchased within the tender offer from an identified person responding to the tender offer should the company be required to announce the tender offer and should said person so decide.

Entities with duties with respect to tender offers

The duties determined in the provisions regarding tender offers are also vested:

- 1) in an entity that achieves or exceeds the threshold of the total number of votes determined under applicable law due to the purchase or sale of depository certificates issued in connection with the shares in such public company;
- 2) in an investment fund – also in the case where the achievement or exceeding of the given threshold of the total number of votes determined in the regulations takes place with regard to the joint holding of shares by other investment funds managed by the same investment fund company or alternative investment funds or other investment funds established outside the territory of Poland and managed by the same entity;
- 3) in an alternative investment company – also in the case where the achievement or exceeding of the given threshold of the total number of votes determined in the regulations takes place with regard to the joint holding of shares by other alternative investment companies managed by the same investment manager of alternative investment companies within the meaning of the act on investment funds or other alternative investment established outside the territory of Poland and managed by the same entity,
- 4) in an entity in respect of which the achievement or exceeding of the given threshold of the total number of votes set out in the provisions of the Act on Public Offering takes place in reference to the holding of shares by: (i) a third party in its own name, however, at the instruction or for the benefit of such entity, excluding shares purchased as part of the performance of activities which involve the buying and selling of a broker's financial instruments for the benefit of the person giving the instruction, (ii) within the framework of activities which involve the management of a portfolio that includes one or a greater number of financial instruments determined in the Act on Trading in Financial Instruments and the Investment Funds Act – in reference to the shares included in the managed securities portfolios in respect of which the entity as a management company may enforce the right to vote at the general meeting on behalf of the instructing parties, and (iii) a third party with which the entity has concluded an agreement the subject of which is the transfer of the right to vote at the general meeting;
- 5) in a proxy who under a power of attorney to represent the shareholder at the general meeting was authorized to vote based on the rights attached to the shares in a public company if the shareholder has not issued any binding instructions as to the manner of voting;
- 6) jointly in all the entities bound by a written or oral arrangement regarding the purchase by the entities of the shares in a public company or voting in concert at the general meeting of the shareholders regarding the major affairs of the company or implementing a standing policy with respect to the company if at least one of such entities carried out or planned to carry out activities resulting in such duties; and
- 7) in entities that conclude the type of arrangement mentioned in the item above which hold shares in a public company in a number ensuring the joint achievement or exceeding of a given threshold of the total number of votes set out in the regulations.

In the cases mentioned in items 6) and 7) above, the obligations provided in the regulations regarding major stakes of shares in public companies may be fulfilled by one of the parties to the arrangement designated by the parties to such arrangement.

The obligations set forth in the provisions concerning tender offers arise also in the case where the voting rights are related to securities deposited or registered with the entity that may dispose of them at its own discretion.

The Act on Trading in Financial Instruments

Manipulation

The Act on Trading in Financial Instruments prohibits manipulation involving financial instruments, which is understood as:

- placing orders or executing transactions which are or may be misleading as to the actual supply of, demand for or price of a financial instrument, unless the reasons behind such activities are legitimate and the placed orders or executed transactions are not in breach of the established market practice on the relevant regulated market;
- placing orders or executing transactions which result in the price of one (1) or more financial instruments moving to an abnormal or artificial level, unless the reasons behind such activities are legitimate and the placed orders or executed transactions are not in breach of the established market practice on the relevant regulated market;
- placing orders or executing transactions with the intention to produce legal effects other than the actual objective of a given legal transaction;
- the dissemination, through the media, including the internet, or by any other means, of false or inaccurate information or rumors which are or may be misleading as regards financial instruments (a) by a journalist – if such journalist failed to exercise due professional care or if such journalist obtained financial or personal gain for himself or another person by disseminating such information, even when acting with due professional care, (b) by another person – if the person knew, or acting with due care could have known, that such information was false or misleading;
- placing orders or executing transactions while simultaneously misleading market participants, or using the fact that market participants are being misled, as regards the price of financial instruments;
- securing control over the demand for or supply of a financial instrument in breach of the principles of fair trading or in a manner resulting in the direct or indirect fixing of the purchase or selling prices of financial instruments;
- the acquisition or disposal of financial instruments at the close of trading with the effect of misleading investors who act on the basis of closing prices; and
- deriving financial gain from the influence of opinions concerning financial instruments or their issuers, expressed in the media on an occasional or a regular basis, on the price of financial instruments held, unless an existing conflict of interest has been fully and reliably disclosed to the public.

Anyone who engages in market manipulation will be subject to a fine of up to PLN 5,000,000 or a penalty of imprisonment for a period from three months to five years, or both of these penalties jointly. Anyone who engages in collusion with other persons for the purpose of market manipulation will be subject to a fine of up to PLN 2,000,000. Additionally, the PFSA may, in some cases of manipulation, impose a pecuniary penalty of up to PLN 200,000 or a pecuniary penalty of up to ten times the financial benefit gained, or both.

Changes under the MAR

In principle, the MAR provides for a catalogue of actions considered to be market manipulation similar to the Act on Trading in Financial Instruments. Compared to the Act on Trading in Financial Instruments, market manipulation under the MAR also includes transmitting false or misleading information or providing false or misleading input in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was false or misleading, or any other behaviour which manipulates the calculation of a benchmark. The regulation defines “benchmark” as any rate, index or figure made available to the public or published that is periodically or regularly determined by the application of a formula to or on the basis of the value of one or more underlying assets or prices, including estimated prices, actual or estimated interest rates or other values or surveys, and by reference to which the amount payable under a financial instrument or the value of a financial instrument is determined.

Under the MAR, market manipulation may apply not only to financial instruments, but also to related spot commodity contracts or auctioned products based on emission allowances.

The MAR provides for maximum administrative pecuniary sanctions for infringements in terms of market manipulation of: (i) EUR 5 million (or in the Member States the currency of which is not the euro, the corresponding value in the

national currency) in respect of natural persons; and (ii) EUR 15 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) or 15% of the total annual turnover of the legal person according to the last available accounts approved by the management body in respect of legal persons, although where the legal person is a parent undertaking or a subsidiary undertaking which is required to prepare consolidated financial accounts, the relevant total annual turnover shall be the total annual turnover or the corresponding type of income in accordance with the relevant accounting directives according to the last available consolidated accounts approved by the management body of the ultimate parent undertaking.

As stated in the “*Introduction*”, the MAR applies directly throughout the European Union, although in terms of the rules for administrative sanctions referred to in the MAR, Member States shall, in accordance with national law, provide for competent authorities to have the power to take appropriate administrative sanctions and other administrative measures. On or before 3 July 2016, Member States had the option to decide not to lay down rules for administrative sanctions where the infringements were already subject to criminal sanctions pursuant to their national law. Member States could also provide for higher levels of sanctions than those specified above. The Draft Law Amending the Act on Trading in Financial Instruments grants the PFSA the power to impose a cash penalty of PLN 2,075,000 on a natural person or PLN 4,150,000 or up to 2% of the total annual revenues as shown in the most recent audited financial statements for a financial year if it is greater than PLN 4,150,000 on other entities for producing or disseminating investment recommendations or other information recommending or suggesting an investment strategy in breach of the MAR, or for the improper performance or a breach of the obligations under the MAR concerning conducting transactions on one’s own account by persons discharging managerial responsibilities. Pursuant to the Draft Law Amending the Act on Trading in Financial Instruments, failure to comply with specific obligations under the MAR is subject to a cash penalty of up to PLN 4,150,000 or up to the equivalent of 2% of the total annual revenues as shown in the most recent audited financial statements for a financial year if it is greater than PLN 4,150,000. In addition, the MAD was to be implemented into the Polish legal system on or before 3 July 2016, but, as of the Prospectus Date, it was not implemented. Under the MAD, Member States are required to introduce criminal sanctions for market manipulation. The Draft Law Amending the Act on Trading in Financial Instruments imposes a criminal sanction of PLN 5,000,000 or imprisonment from three months to five years or the application of both those penalties jointly for the use of inside information and manipulation. It is also proposed under the Draft Law Amending the Act on Trading in Financial Instruments that disclosure of inside information, giving recommendations or soliciting the acquisition or sale of financial instruments to which inside information relates be subject to a penalty of up to PLN 2,000,000 or the penalty of imprisonment for up to four years, or both these penalties jointly. In addition, the PFSA may impose a cash penalty of up to three times the amount of the profits gained or losses avoided because of the infringement, where those can be determined.

Insider trading

Confidential information is any information of a precise nature relating, directly or indirectly, to one or more issuers of financial instruments, or acquisitions or disposals of such instruments, which has not been made public and which, if made public, would be likely to have a significant effect on the prices of financial instruments or related derivative financial instruments.

Anyone who: (i) gains confidential information by virtue of being a member of the governing bodies of a company or other entity, by virtue of an interest in the share capital of the company or another entity, or as a result of having access to confidential information in connection with employment, the practice of a profession, or a mandate or any other legal relationship of a similar nature; (ii) is in possession of confidential information as a result of a crime; or (iii) is in possession of confidential information acquired otherwise than as provided in (i) and (ii), if such person knew, or could have known had he exercised duly diligent efforts, that it was confidential information, is prohibited from using such information. Actions which are considered to be the prohibited use of confidential information include:

- purchasing or selling, for one’s own account or for the account of a third party, financial instruments based on confidential information held by such person or taking, for one’s own account or for the account of a third party, any other legal actions that result in or could have resulted in the disposal of such financial instruments;
- recommending or inducing other persons to purchase or sell any financial instruments affected by the confidential information; and
- enabling or facilitating confidential information regarding one (1) or more issuers (*emitentów* or *wystawców*) of financial instruments, or one or more financial instruments, to be obtained by an unauthorized person.

Any person using confidential information in violation of the law may be guilty of an offence punishable by imprisonment, a fine or both. The maximum fine that can be imposed is PLN 5,000,000; the length of imprisonment ranges from three months to eight years.

Changes under the MAR

The definition of inside information provided in the MAR and applicable to financial instruments, in principle, coincides with the definition of inside information provided in the Act on Trading in Financial Instruments, with the proviso that the MAR (contrary to the Act on Trading in Financial Instruments) also states that in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, such future circumstances or future event, and also the intermediate steps of that process which are connected with bringing about or resulting in such future circumstances or such future event, may be deemed to be precise information. An intermediate step in a protracted process shall be deemed to be inside information if, by itself, it satisfies the criteria of inside information. In addition, the MAR defines the types of information comprising inside information in relation to commodity derivatives and in relation to emission allowances or auctioned products based thereon. Under the MAR, an issuer is required to immediately disclose any inside information which apply to it directly. The MAR provides for the maximum administrative pecuniary sanctions for:

- insider dealing, including recommending or inducing another person through insider dealing or the unlawful disclosure of inside information of (i) EUR 5 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) in respect of natural persons and (ii) EUR 15 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) or 15% of the total annual turnover of the legal person according to the last available accounts approved by the management body in respect of legal persons; and
- the infringement of the obligation to make inside information public of (i) EUR 1 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) in respect of natural persons and (ii) EUR 2.5 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) or 2% of the total annual turnover of the legal person according to the last available accounts approved by the management body in respect of legal persons,

although where the legal person is a parent undertaking or a subsidiary undertaking which is required to prepare consolidated financial accounts, the relevant total annual turnover shall be the total annual turnover or the corresponding type of income in accordance with the relevant accounting directives according to the last available consolidated accounts approved by the management body of the ultimate parent undertaking.

With respect to the regulations concerning administrative sanctions under the MAR, please see also “*Manipulation – Changes under the MAR*”.

Obligations related to the purchase or sale of shares during restricted periods

Another restriction introduced under the Act on Trading in Financial Instruments applies exclusively to members of the management board, the supervisory board, commercial proxies or attorneys-in-fact of an issuer (*emitent* or *wystawca*), any of its employees, statutory auditors or other persons retained by such issuer (*emitent* or *wystawca*) on the basis of a mandate or any other similar legal grounds (persons who have access to level-one confidential information) who, during a restricted period, cannot acquire or dispose of, on their own account or for the account of any third party, the issuer’s shares, any derivatives related to the issuer’s shares or any other financial instruments related therewith or to perform, on their own account or for the account of any third party, any other legal actions that result or could result in any disposal of such financial instruments.

Additionally, during any restricted period persons with access to level-one confidential information cannot, if they act in a capacity as members of the governing bodies of a legal entity, take actions aimed at the acquisition or transfer by such legal person, acting in its own name or on behalf of a third party, of the issuer’s securities, derivative rights related to the issuer’s shares or any other financial instruments related thereto, or take any actions that result or could result in the disposal of such financial instruments by that legal person, in its own name or on behalf of a third party.

The above-mentioned restrictions do not apply to any transactions executed: (i) by any entity conducting brokerage services which was retained by such person to manage a financial instruments portfolio in a manner excluding any interference of that person in the investment decisions taken on its behalf; or (ii) in performance of an agreement

containing a requirement to transfer or purchase the issuer's shares, derivative rights attached to the issuer's shares and any other financial instruments related thereto, such agreement being made in writing with a certified date (*data pewna*) prior to the commencement of a restricted period; or (iii) as a result of a person with access to level-one confidential information having responded to a public tender offer to subscribe for the sale or exchange of shares in accordance with the Act on Public Offering; or (iv) in connection with the requirement for a person with access to level-one confidential information to announce a public tender offer to subscribe for the sale or exchange of shares in accordance with the Act on Public Offering; or (v) in connection with the exercise by an existing shareholder of the issuer of its pre-emption rights; or (vi) in relation to an offering addressed to employees or persons who are members of the corporate authorities of the issuer, provided that the information regarding such offering was publicly available prior to the commencement of the relevant restricted period.

Restricted periods are: (i) the period between a primary insider gaining confidential information concerning the issuer or the financial instruments and the time such information is made public; (ii) in the case of an annual report, the period of two months preceding the publication of such report, or if shorter, the period between the end of the given financial year and the publication of such report; (iii) in the case of a semi-annual report, the period of one month preceding the publication of such report, or if shorter, the period between the end of the given half year and the publication of such report; and (iv) in the case of a quarterly report, the period between the end of the two weeks preceding the publication of such report, or if shorter, the period between the end of the given quarter and the publication of such report. The periods referred to in (ii) to (iv) are not considered restricted periods if the person who has access to level-one confidential information did not have access to the financial data used as the basis for the preparation of the given report.

If an insider with access to level-one confidential information violates this prohibition during the restricted periods, the PFSA may impose a fine of up to PLN 200 thousand.

In addition, persons who are members of the governing or supervisory bodies of issuers or who are the issuer's proxies, as well as persons holding managerial positions who have permanent access to confidential information of the issuer, are required to notify the PFSA and the issuer of their transactions involving the purchase or sale of the issuer's shares, any derivative rights related to the issuer's shares or any other financial instruments related to such securities. This obligation also applies to transactions involving the relatives of the persons indicated above, in accordance with the definition provided in Article 160 section 2 of the Act on Trading in Financial Instruments. A breach of the aforementioned obligations is subject to a fine of up to PLN 100 thousand.

Changes under the MAR

Similarly as in the case of the Act on Trading in Financial Instruments, under the MAR, during a closed period persons discharging managerial responsibilities for an issuer may not trade on their own account or for the account of a third party during a closed period, directly or indirectly, with respect to the shares or debt instruments of such issuer or to derivatives or other financial instruments linked thereto, provided that the Act on Trading in Financial Instruments refers to the shares of the issuer, derivatives relating to shares in the issuer and other financial instruments linked thereto.

In addition, under the MAR, a closed period is the period of 30 calendar days before the announcement of an interim financial report or a year-end report which the issuer is required to make public according to: (i) the rules of the trading venue where the issuer's shares are admitted to trading; or (ii) national law. Besides the difference in the duration of the closed period the MAR refers exclusively to interim reports and does not cover inside information as in the case of the Act on Trading in Financial Instruments.

Under the MAR, persons discharging managerial responsibilities, as well as persons closely associated with them, must notify the issuer and the PFSA of every transaction conducted on their own account relating to the shares or debt instruments of that issuer or to derivatives or other financial instruments linked thereto. Such notifications should be made immediately, but no later than within three working days of the transaction date. The issuer must ensure that the information that is notified in accordance with the rules specified above is made public promptly and no later than three business days after the transaction in a manner which enables fast access to this information on a non-discriminatory basis in accordance with the implementing technical standards regulated under the MAR.

The MAR provides for the maximum administrative pecuniary sanctions for infringement of the obligations related to:

- closed periods of (i) EUR 0.5 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) in respect of natural persons and (ii) EUR 1.0 million (or in the

Member States the currency of which is not the euro, the corresponding value in the national currency) in respect of legal persons; and

- notifications of insider dealing of (i) EUR 0.5 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) in respect of natural persons and (ii) EUR 1.0 million (or in the Member States the currency of which is not the euro, the corresponding value in the national currency) in respect of legal persons,

although where the legal person is a parent undertaking or a subsidiary undertaking which is required to prepare consolidated financial accounts, the relevant total annual turnover shall be the total annual turnover or the corresponding type of income in accordance with the relevant accounting directives according to the last available consolidated accounts approved by the management body of the ultimate parent undertaking.

With respect to the regulations concerning administrative sanctions under the MAR, please see also “*Manipulation – Changes under the MAR*”.

Warsaw Stock Exchange

The Polish financial instruments exchange market is operated by the Warsaw Stock Exchange. The WSE runs its business pursuant to applicable laws, including the Act on Trading in Financial Instruments and its internal regulations, including the articles of association of the WSE and the WSE Rules.

The exchange market operated by the WSE constitutes a regulated market for the purposes of the relevant regulations of EU law and the Act on Trading in Financial Instruments. Moreover, the WSE organizes and operates an Alternative Trading System which is a non-regulated market. The exchange market operated by the WSE includes the main floor (the official stock exchange market) and the parallel market.

According to the WSE’s website (www.gpw.pl), as of 17 November 2016, shares of 487 companies were listed on the WSE, including 53 foreign companies. The total capitalization of the companies listed on the WSE was PLN 992.2 billion as of 17 November 2016.

As of the date hereof, the Company is not a public company and the rights and obligations listed below shall apply to the Company from the moment it becomes a public company.

Dematerialization of securities

Securities that are subject to a public offering within the territory of Poland or those subject to admission to trading on the regulated market in Poland cease to exist in certificate form upon their registration and thereafter exist only in book-entry form pursuant to an agreement with the NDS, the Polish deposit and clearing institution (dematerialization of the securities), except for securities offered to the public which will not be subject to admission to trading on the regulated market or introduced exclusively to an alternative trading system, which may keep their certificate form if the issuer so decides. Rights attached to such dematerialized securities arise and are vested upon their recording for the first time in the securities account of the holder of such account. Securities registered in omnibus accounts constitute an exception to the above rule – in such case, the holder of the account is not entitled to those securities. The person entitled to the securities registered in an omnibus account is the person indicated to the entity maintaining such account by the holder thereof as being entitled to a given number of securities. An agreement setting forth the obligation to transfer dematerialized securities conveys the title to such securities when the appropriate entry is made in the relevant securities account. With respect to securities held in an omnibus account, a depository certificate will be a document having identical wording to that of the depository certificate issued in Polish or in English by the holder of such account.

The entity maintaining the securities account, such as a brokerage house, custodian or custodian bank, will issue, at the request of the account holder, a separate registered depository certificate for each type of securities registered in the account. The depository certificate confirms the powers to exercise the rights attached to the securities indicated therein that are not, or may not be, exercised exclusively on the basis of entries in the securities account, except to participate in the general meeting of the shareholders. Depository certificates may be issued by brokerage houses, banks conducting brokerage activities, trustee banks, foreign investment companies and foreign legal entities conducting brokerage activities in Poland, the NDS and the NBP, provided that the relevant accounts are designated in a manner sufficient to identify the persons with whom the rights attached to the securities are vested.

From the moment of the issuance of a registered depository certificate, the securities, in the number indicated in the registered depository certificate, may not be traded until the end of the validity period of a registered depository certificate or until the certificate is returned to the issuer, whichever occurs first. During this period, the issuer of the registered depository certificate will lock up the appropriate securities in that account. The same securities may be indicated in several registered depository certificates, provided that the purpose of the issuance of each of these registered depository certificates is different. In such case, information is also provided in individual registered depository certificates as regards the lock-up of the securities due to an earlier issuance of other registered depository certificates.

Rematerialization

The PFSA, at the request of an issuer, grants consent for restoring the certificated form of shares (rematerialization) following the satisfaction of the relevant conditions provided for in the Act on Public Offering. The legal consequences of the grant of such consent include no longer being subject to the obligations under the Act of Public Offering established in connection with the public offering of shares or the admission thereof to trading on the regulated market within the territory of the Republic of Poland and the obligations specified in the chapter of the Act on Public Offering regarding significant blocks of shares in public companies, and such consequences come into effect upon the lapse of a deadline of no more than one month as stated in the decision pursuant to which the PFSA granted its consent. It is permissible to submit a relevant request to the PFSA if the general meeting of a public company, by a majority of nine-tenths of the votes cast in the presence of shareholders representing at least half of the share capital, adopted a resolution on the rematerialization of the shares. The request for the convocation of an extraordinary general meeting and including the matter of the adoption of a resolution regarding the rematerialization of the shares on the agenda thereof may be made by one or several shareholders representing at least one-twentieth of the share capital.

One or several shareholders demanding the inclusion of the matter of the adoption of a resolution regarding the rematerialization of shares on the agenda are required to first announce a public tender for subscription for the sale of the shares in such company by all the other shareholders. In case of the issuer for which the Republic of Poland is the host Member State, however whose securities are admitted to trading only on a regulated market in the Republic of Poland, the obligation to announce a public tender applies to the shares of that company which were acquired in transactions executed on a regulated market in the Republic of Poland and are entered in securities accounts maintained in the Republic of Poland at as the end of the third day after the announcement of that takeover bid. One or several shareholders demanding the inclusion of the matter of the adoption of a resolution regarding the rematerialization of shares on the agenda may acquire shares in that company in the period between the submission of the request and the completion of the tender offer only by way of such tender offer. There is no obligation to announce a tender offer if the demand for the inclusion of the matter of the adoption of a resolution regarding the rematerialization of shares on the agenda is made by all of the shareholders of a public company.

Settlement

Under the current regulations, all transactions on the regulated market of the WSE are carried out on a delivery versus payment basis, with the transfer of rights to securities occurring upon settlement on a T+2 basis. In principle, each investor must hold a securities account and a cash account with an investment firm or an entity conducting depository activities in Poland, and each investment firm and entity conducting depository activities must hold relevant accounts (*konta* and *rachunki*) with the NDS and a main cash account with a settlement bank. Entities authorized to maintain securities accounts may also maintain, within the scope of a security deposit or a securities registration system maintained by the National Bank of Poland, what are known as omnibus accounts, i.e. accounts in which it is possible to register dematerialized securities which are not owned by the persons for whom such accounts are maintained, but which are owned by another person or persons. Omnibus accounts may be maintained exclusively for the entities listed in the Act on Trading in Financial Instruments.

In accordance with the rules and regulations of the WSE and the NDS, KDPW CCP S.A., a subsidiary of the NDS, is required to arrange, based on a list of transactions provided by the WSE (compiled post-session), the settlement of transactions effected by WSE members. In turn, WSE members coordinate the settlement with the investors on whose account the transactions were executed.

Stock exchange trading mechanisms

Pursuant to the WSE Rules, WSE sessions are held regularly from Monday to Friday from 8:30 a.m. to 5:05 p.m. Warsaw time, unless the management board of the WSE decides otherwise.

Depending on the market on which the relevant securities are listed, quotations are made in a continuous trading system (the main floor) or in a single-price system with one or two auctions (the parallel market). In addition, for large blocks of securities, so-called block transactions outside of the public order book in the continuous trading system or a single-price system are possible.

Information as to price, trading volume and any specific rights (pre-emption or dividend rights) attached to the relevant securities is available on the WSE's official website at www.gpw.pl.

Brokerage commissions in Poland are not fixed by the WSE or other regulatory bodies and are set by the brokerage house executing the transaction.

Concentration Control Regulation No. 139/2004

The requirements regarding the control of concentration also arise from the Concentration Control Regulation. This regulation governs concentration having a Community dimension and therefore applies to undertakings and their related parties which exceed specific thresholds of sales of goods and services. The Concentration Control Regulation only encompasses such concentrations as a result of which a permanent change arises in the ownership structure of the enterprise. Community concentrations are subject to notification of the European Commission before their final implementation.

A concentration of undertakings has a Community dimension if:

- the total global turnover of all undertakings in the concentration amounts to more than EUR 5 billion, and
- the total turnover in the EU of each of at least two undertakings in the concentration amounts to more than EUR 250 million, unless each of the undertakings in the concentration achieves more than two-thirds of its total turnover in the EU within a single member state.

A concentration of enterprises that does not satisfy the above criteria also has a Community dimension if:

- the total global turnover of all the enterprises in the concentration amounts to more than EUR 2.5 billion,
- in each of at least three member states, the total turnover of all the enterprises in the concentration amounts to more than EUR 100 million,
- in each of at least three member states, specified for the purposes indicated above, the total turnover of each of at least two of the enterprises in the concentration amounts to at least EUR 25 million, and
- the total turnover in the European Community of each of at least two of the enterprises in the concentration amounts to more than EUR 100 million, unless each of the enterprises in the concentration achieves more than two-thirds of its total turnover in the Community in one and the same member state.

The Antimonopoly Act

The Antimonopoly Act sets forth special requirements regarding, *inter alia*, the purchase of shares.

Merger Clearance

The intention of undertakings to merge is subject to the notification of the President of the Antimonopoly Office if the total global turnover of the undertakings taking part in the concentration of the financial year preceding the notification exceeds the equivalent of EUR 1 billion or the total turnover in Poland of the undertakings taking part in the concentration of the financial year preceding the notification exceeds EUR 50 million. These turnover figures apply both to the undertakings directly involved in the concentration and to the undertakings belonging to their groups.

The President of the Antimonopoly Office shall consent to a concentration that does not materially limit competition on the market, especially through the establishment or strengthening of a dominant market position.

The provisions of the Antimonopoly Act apply to undertakings, including persons that are entrepreneurs, as defined in the Business Activity Freedom Act, as well as individuals exercising control over at least one entity through holding,

directly or indirectly, a majority of votes at the shareholders' meeting or at the general meeting, also as a pledgee or usufructuary or in the management board of another undertaking (a subsidiary), also under arrangements with third parties if they take further actions which are subject to merger clearance under the Antimonopoly Act, even if such individuals do not engage in business activity as defined in the Business Activity Freedom Act.

The duty to notify the President of the Antimonopoly Office of the intention to concentrate applies to the intention:

- of two or more companies to merge,
- to acquire, through the acquisition or purchase of shares, other securities, all or a part of the assets or otherwise, direct or indirect control over the whole or a part of one or more undertakings on behalf of one or more undertakings,
- to establish a joint-venture by the undertakings,
- to acquire the assets of another entrepreneur, in whole or in part, provided that the turnover generated by the assets in any of the two financial years preceding the notification exceeded in the territory of Poland the equivalent of EUR 10 million.

The Antimonopoly Act defines the assumption of control as being all forms of direct or indirect acquisition of rights which separately or jointly enable a decided influence to be exerted over a specific enterprise, while taking into account all legal and actual circumstances.

The Antimonopoly Act does not require an intended concentration to be notified if the turnover in Poland of the entrepreneur to be taken over and its subsidiaries did not exceed EUR 10,000,000 in either of the two financial years preceding the notification.

Furthermore, pursuant to Article 14 of the Antimonopoly Act, notification is not required with regard to an intended concentration: (a) consisting in a temporary purchase or acquisition of shares by a financial institution for the purpose of their resale, if the institution's business activity includes investing in the shares of other entrepreneurs in its own name or on commission, provided that such resale takes place before one year from the date of purchase or acquisition, and provided that: (i) the institution does not exercise the rights vested in such shares other than the right to dividends, and (ii) it only exercises these rights for the purpose of preparing to sell all or part of the enterprise, its assets or the said shares, (b) consisting in a temporary purchase or acquisition of shares by an entrepreneur as security against receivables, provided that the entrepreneur does not exercise the rights vested in those shares, other than the right to sell them, (c) of entrepreneurs from the same group, (d) arising as an effect of insolvency proceedings, excluding the cases where control is to be taken over by the competitor or a participant of the capital group to which belong the competitors of the entrepreneur to be taken over.

Pursuant to Article 97 of the Antimonopoly Act, entrepreneurs involved in the concentration that is subject to notification, are obliged to refrain from completing the concentration until the President of the Antimonopoly Office issues a merger clearance or as long as the time limit during which such a decision should be issued has not lapsed. However, the implementation of the public offering to purchase or exchange shares, of which the President of the Antimonopoly Office has been notified, does not constitute a breach of the statutory obligation to refrain from completing the concentration before President of the Antimonopoly Office's merger decision or before the lapse of the time limit during which such decision should be issued, if the purchaser does not exercise the voting rights vested in the shares or does so solely for the purpose of preserving the full value of its capital investment or to prevent a material loss that might affect the entrepreneurs involved in the concentration.

Administrative Sanctions for Breaching the Law

The President of the Antimonopoly Office may, *inter alia*, impose a fine on the entrepreneur, by virtue of a decision, in an amount not higher than 10% of the revenues generated in the reporting year preceding the year of imposing the fine, if the entrepreneur made the concentration without the consent of the President of the Antimonopoly Office.

TAXATION

This information is of a general nature and does not constitute an exhaustive analysis of the tax results related to the acquisition, holding or disposal of the Shares under Polish and Dutch tax laws. Therefore, the Investors should, in individual cases, consult their own tax, financial or legal advisers. The term “dividend” used below, as well as any other term applied in this information, shall have the meaning ascribed thereto under Polish and Dutch tax law, as applicable.

This is a general summary and the tax consequences as described here may not apply to a holder of Shares. Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of Shares.

Polish Taxation

Income Earned on the Disposal of Securities by Individuals Who Are Polish Tax Residents

In accordance with Article 3, section 1 of the PIT Act, natural persons, provided that they reside within the territory of the Republic of Poland, are liable to pay tax on all of their income (revenue) regardless of the location of the source of revenues (unlimited tax obligation). A person is deemed to be “residing within the territory of the Republic of Poland” if: (i) such person’s center of personal or economic interests (the center of vital interests) is within the territory of the Republic of Poland; or (ii) such person stays within the territory of the Republic of Poland more than 183 (one hundred and eighty-three) days in any tax year.

The above-mentioned rules should be applied subject to the relevant double tax treaties to which the Republic of Poland is a party (Article 4a of the PIT Act). Such treaties may specifically contain a different definition of the term “residence” in respect of a natural person or further clarify the notion of “center of vital interests”.

In case of disposal by a Polish resident of property located in another country, the tax treaty between Poland and that country applies.

Pursuant to Article 30b section 1 of the PIT Act, income from the disposal of securities (including shares) or financial derivatives in exchange for consideration is taxed at a flat rate of 19%. Capital gains are calculated as the difference between the proceeds from the disposal of the securities (in principle, the value of the securities at the price set forth in a contract) and the tax-deductible costs (in principle, the expenditure related to the acquisition of these securities or their subscription); where the price of the securities expressed in the contract is without sound reason significantly different from its market value, the revenue from the disposal of securities in exchange for consideration will be determined by a tax authority in an amount that reflects their market value.

Capital gains arise at the moment of transferring to the buyer the ownership of the shares and securities.

Such income is not aggregated with income from other sources and is taxed separately.

If a taxpayer performs a gainful disposal of securities acquired at different prices and it is not possible to establish the purchase price of the securities disposed of, in determining the income from that disposal, the rule holding that every disposal refers to securities acquired on a first-in-first-out basis shall apply. The rule mentioned in sentence one shall apply separately to each securities account.

During the tax year individuals who earn capital gains are not required to make any income tax prepayment. Neither tax nor prepayment on the above-mentioned income is withheld by the tax remitters. However, after the end of a given tax year, which in the case of individuals is the same as the calendar year, taxpayers earning income from the disposal of securities in exchange for consideration are required to disclose such income in their annual tax return, calculate the due amount of tax and pay it to the account of the relevant tax office by the end of April of the year immediately following the tax year in which the disposal of securities in exchange for consideration was made.

In the case of a tax loss generated on the disposal of securities in a given tax year, such loss may decrease the income generated from such source (i.e. from the disposal of securities) for the next five (5) consecutive tax years; however, the amount of such decrease in any particular year cannot exceed 50% of the loss. A tax loss generated on the disposal of securities cannot be combined with tax losses generated by the taxpayer from other titles (sources of revenues).

The above regulations do not apply if the securities are sold as a result of the performance of any business activities as in such case the revenues from the sale of securities should be qualified as originating from the performance of such activities and should be settled pursuant to general terms.

Income Earned on the Disposal of Securities by Individuals Who Are Not Polish Tax Residents

In accordance with Article 3, section 2a of the PIT Act, individuals who do not reside within the territory of the Republic of Poland are required to pay tax exclusively on income (revenue) obtained within the territory of the Republic of Poland (limited tax liability). Pursuant to Article 4a of the PIT Act, the above-mentioned regulation is applied taking into account the double tax treaties to which the Republic of Poland is a party.

In accordance with the rules that will apply from 1 January 2017, income (revenue) earned in the territory of the Republic of Poland, in particular, means, inter alia, income (revenue) from: (i) securities and financial derivatives which are admitted to public trading on the territory of the Republic of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above; (ii) the transfer of the ownership of shares in a company, all rights and obligations in a company that is not a legal person, shares in investment funds or mutual fund institutions where property located on the territory of the Republic of Poland or rights to such property, directly or indirectly, constitute at least 50% of their assets.

Individuals subject to limited tax liability who earn income from the disposal of securities in Poland should follow similar taxation rules governing the disposal of securities as specified above, save as otherwise stated in the relevant double tax treaties to which the Republic of Poland is a party. In light of Article 30b section 3 of the PIT Act, the application of a tax rate resulting from the appropriate double tax treaty or the non-payment of tax under such treaty is possible provided that the taxpayer proves his place of residence for tax purposes with a relevant certificate of tax residence. As a rule, if the place of residence for tax purposes was documented with a certificate of tax residence, the tax remitter applies such certificate for the period of twelve consecutive months from the date of issuance. In case within the period of twelve months from the date of issuance of the certificate of tax residence, the place of residence of the taxpayer has changed, the taxpayer is obliged to immediately document his place of residence for tax purposes with a new certificate.

Dividends and Other Income from a Share in the Profits of Legal Persons Earned by Individuals Who Are Polish Tax Residents

In light of Polish tax law, income from a share in the profits of legal persons is the income actually generated from such a share, including, inter alia, income from the redemption of shares, from the disposal of shares to the company in exchange for consideration with a view to redeeming the shares, the value of the assets received in connection with the liquidation of the legal person, income intended for a share capital increase, and income which is the equivalent of the amounts contributed to the share capital from other funds of the legal person.

Pursuant to Article 30a section 1 item 4 of the PIT Act, income (revenue) earned by individuals from dividends and other revenue from a share in the profits of legal persons are subject to taxation at a flat rate of 19% of the income (revenue) earned. The income (revenue) from the share in the profits of a legal person shall be the income (revenue) actually earned from said share (Article 24, section 5 of the PIT Act).

As a general rule a flat rate of income tax on payments made or cash or pecuniary values placed at a taxpayer's disposal (such as dividend payments and other income from shares in the profits of legal persons) is withheld by the entities that perform such actions.

Taxation of the dividend income obtained by an individual who is a Polish resident from a company resident in another country shall be applied taking into account the double tax treaties to which the Republic of Poland is a party.

Dividends and Other Income from a Share in the Profits of Legal Persons Earned by Individuals Who Are Not Polish Tax Residents

In accordance with Article 3, section 2a of the PIT Act, individuals who do not reside within the territory of the Republic of Poland are required to pay tax exclusively on income (revenue) obtained within the territory of the Republic of Poland (limited tax liability). Pursuant to Article 4a of the PIT Act, the above-mentioned regulation is applied taking into account the double tax treaties to which the Republic of Poland is a party.

In accordance with the rules that will apply from 1 January 2017, income (revenue) earned in the territory of the Republic of Poland, in particular, means, inter alia, income (revenue) from: (i) securities and financial derivatives which are admitted to public trading on the territory of the Republic of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above; (ii) the transfer of the ownership of shares in a company, all rights and obligations in a company that is not a legal person, shares in investment funds or mutual fund institutions where property located on the territory of the Republic of Poland or rights to such property, directly or indirectly, constitute at least 50% of their assets.

Individuals subject in Poland to limited tax liability who earn income from the income from a share in the profits of a legal persons should follow similar taxation rules governing the dividends and other income from a share in the profits of a legal persons as specified above, save as otherwise stated in the relevant double tax treaties to which the Republic of Poland is a party. In case Polish tax regulations apply, in light of Article 30b section 3 of the PIT Act, the application of a tax rate resulting from the appropriate double tax treaty or the non-payment of tax under such treaty is possible provided that the taxpayer proves his place of residence for tax purposes with a relevant certificate of tax residence.

Income Earned on the Disposal of Securities by Corporate Persons Who Are Polish Tax Residents

Pursuant to Article 1 sections 1 and 2 of the CIT Act, corporate income tax is paid by legal persons, companies in organization and organizational entities that have no legal personality (except for companies that have no legal personality, provided that the CIT Act applies also to limited joint stock partnerships having their registered office or management board within the territory of the Republic of Poland).

In accordance with Article 3, section 1 of the CIT Act, taxpayers having their registered office or management board within the territory of the Republic of Poland are required to pay tax on all of their income, irrespective of the location of the source of revenues (unlimited tax liability).

In case of disposal by a Polish resident of property located in another country, the tax treaty between Poland and that country applies.

Gains on the disposal of securities by a corporate income taxpayer having its registered office or management board within the territory of the Republic of Poland are subject to taxation under the general rules stipulated in the CIT Act. Taxable income is the difference between the proceeds from the disposal of securities (in principle, the price of securities stated in the agreement) and the tax-deductible costs (in principle, the expenditure related to the acquisition of these securities or their subscription). If the price of the securities, without a justified reason, significantly differs from the market value thereof, capital gains will be determined by a tax authority at a level that reflects their market value. Income from the disposal of securities in exchange for consideration is aggregated with the income of the taxpayer earned from other sources to form the taxable base. Pursuant to Article 19, section 1 of the CIT Act, the income of a corporate income taxpayer is taxed at a rate of 19% of the taxable base (with exceptions to so called “small taxpayers” where tax rate is reduced to 15%).

In the case of income from the disposal of securities for consideration, taxpayers are required to settle the tax themselves as the tax is not collected by the entity that pays for the securities. Taxpayers are required to make prepayments during the tax year and settle the income tax in an annual income tax return (Article 27 section 1 of the CIT Act). The deadline for filing such tax return ends at the end of the third (3rd) month following the tax year. The same deadline applies to the taxpayers’ obligation to pay the due tax.

Income Earned on the Disposal of Securities by Corporate Persons Who Are Not Polish Tax Residents

Pursuant to Article 3, section 2 of the CIT Act, taxpayers who do not have their registered office or management board within the territory of the Republic of Poland are required to pay tax exclusively on income earned within the territory of the Republic of Poland. In accordance with the rules that will apply from 1 January 2017, income (revenue) earned in the territory of the Republic of Poland, in particular, means, inter alia, income (revenue) from: (i) securities and financial securities which are admitted to public trading on the territory of the Republic of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above; (ii) the transfer of the ownership of shares in a company, all rights and obligations in a company that is not a legal person, shares in investment funds or mutual fund institutions where property located on the territory of the Republic of Poland or rights to such property, directly or indirectly, constitute at least 50% of their assets. Provisions of the CIT Act also apply to the incomes obtained on the territory of the Republic of Poland by the companies, which are

unincorporated partnerships without legal personality with their registered office or management in another state, if they are treated as legal persons according to the tax legislation of that state and their entire income is taxable in that state, irrespective of where that income is earned (Article 1, section 3 point 2 of the CIT Act). Taxpayers subject to limited tax liability who earn income from the disposal of securities in Poland should follow similar taxation rules governing the disposal of securities as specified above, save as otherwise stated in the relevant double tax treaties to which the Republic of Poland is a party.

Dividends and Other Income from a Share in the Profits of Legal Persons Earned by Legal Persons Who Are Polish Tax Residents

As a rule, dividend income and other income from a share in the profits of legal persons is subject to taxation at a flat rate of 19% of the income earned. However, this rule is modified by the provisions of the relevant double tax treaty.

Pursuant to Article 20, section 3 of the CIT Act, income (revenues) from dividends and other revenues from participation in profits generated by legal persons, are tax exempt in Poland if all of the following conditions are satisfied jointly: (i) the payer of dividends and other revenue from share in the profits of legal persons is a company whose entire income, irrespective of where it is earned, is subject to income tax in a Member State of the European Union or another Member State of the European Economic Area other than the Republic of Poland; (ii) the recipient of income (revenue) from dividends and other revenue from share in the profits of legal persons as referred to in section (i), is a company that is an income tax payer and has its registered office or management in the territory of the Republic of Poland; (iii) a company as referred to in section (ii) directly holds no less than 10% of shares in the equity of a company as referred to in section (i); (iv) a company as referred to in section (ii) does not enjoy exemption from income tax on its entire income, irrespective of the sources from which the income is earned.

The exemption referred to above applies if the company gaining income (revenues) from dividends and other revenues from participation in profits generated by legal persons having their registered seat or management board within the territory of Poland has at least 10% shareholding in the company paying out dividends uninterruptedly for two years. The exemption also applies if the two year period of uninterrupted holding of shares in the required amount by a company generating income (revenues) from participation in profits generated by a legal person having its registered seat or management board within the territory of the Republic of Poland, ends after the date of obtaining such income (revenues). In the case of failure to satisfy the condition of holding shares in the required amount uninterruptedly for two years, the taxpayer shall be required to pay tax, including default interest, on the income (revenues) at 19% of income (revenues) by the 20th day of the month following the month in which it was deprived of the right of exemption. Interest is calculated as of the day following the day on which the taxpayer had first exercised the right to exemption.

In accordance with Article 20 section 15 of the CIT Act tax deduction and exemption referred to above apply: (i) if the shareholding referred to in Article 20 section 2 item 3, section 3 item 3 of the CIT Act is based on a title of ownership; (ii) with respect to income earned from shares held on the basis of a title of ownership or other than a title of ownership, provided exemption would apply to such income (revenue), if the shares were not transferred.

Moreover, the Article 20 section 3 of the CIT Act shall not be applied to dividends and other income (revenues) derived from shares in profit of legal persons, to the extent in which in the country of the company referred to in section 3 item 1 the amounts paid due to that are subject in any form to inclusion in tax-deductible expenses, deduction from income, taxable base, or tax of the company paying them.

The exemption does not apply if dividends or other amounts due on account of a share in the profits of legal persons are paid as a result of the paying company's liquidation.

According to Article 22b of the CIT Act, the above-referenced exemption under Article 20, section 3 of the CIT Act applies on the condition that there are legal grounds therefor under a double tax treaty or another ratified international agreement to which the Republic of Poland is a party, for the tax authority to obtain tax information from a tax authority of a state other than the Republic of Poland where the taxpayer has its registered seat or where the income was generated.

Pursuant to the Article 22c, section 1 of the CIT Act, Article 20, section 3 of the CIT Act does not apply, if income (revenue) from dividends and other revenues from the participation in profits of legal persons is earned in connection with the conclusion of an agreement or performance of another legal act or many related legal acts whose main objective or one of the main objectives was to obtain an income tax exemption under Article 20, section 3 of the CIT Act, and obtaining such exemption does not result only in the elimination of double taxation of such income (revenue), and the acts referred to in above are not real. For the purposes of Article 22c, section 1 of the CIT Act an agreement or other legal

act is not real to the extent in which it is not performed for justified economic reasons. In particular, this refers to the situation where by the actions referred to in Article 22c, section 1 of the CIT Act, the ownership of shares in a company distributing dividends is transferred or the company earns revenue (income) which is then paid in the form of a dividend or in the form of other revenue from the participation in the profits of legal persons.

As a general rule, in case the above tax exemption cannot be applied, the entities that make dividend payments and other payments on account of sharing in the profits of legal persons are required, as tax remitters, to withhold a flat-rate income tax on the payment date.

Dividends and Other Income from a Share in the Profits of Legal Persons Earned by Legal Persons Who Are Not Polish Tax Residents

Pursuant to Article 3, section 2 of the CIT Act, taxpayers who do not have their registered office or management board within the territory of the Republic of Poland are required to pay tax exclusively on income earned within the territory of the Republic of Poland. In accordance with the rules that will apply from 1 January 2017, income (revenue) earned in the territory of the Republic of Poland, in particular, means, inter alia, income (revenue) from: (i) securities and financial derivatives which are admitted to public trading on the territory of the Republic of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above; (ii) the transfer of the ownership of shares in a company, all rights and obligations in a company that is not a legal person, shares in investment funds or mutual fund institutions where property located on the territory of the Republic of Poland or rights to such property, directly or indirectly, constitute at least 50% of their assets.

Provisions of the CIT Act also apply to the incomes obtained on the territory of the Republic of Poland by the companies, which are unincorporated partnerships without legal personality with their registered office or management in another state, if they are treated as legal persons according to the tax legislation of that state and their entire income is taxable in that state, irrespective of where that income is earned (Article 1, section 3 point 2 of the CIT Act). In the case of taxation, taxpayers subject to limited tax liability who earn income from dividends and other income from a share in the profits of legal persons should follow similar taxation rules governing the disposal of securities as specified above, save as otherwise stated in the relevant double tax treaties to which the Republic of Poland is a party. In case Polish tax regulations apply applicability of the double tax treaty requires keeping certificate of tax residency.

Transfer Tax (Tax on Civil Law Transactions)

Pursuant to Article 1 section 1 item 1 letter a), in conjunction with Article 1 section 4 of the Tax on Civil Law Transactions Act, transfer tax applies to agreements for the sale or exchange of property and property rights, provided that they cover property located in Poland or property rights exercised in Poland, including securities. In principle, shares in a foreign (non-Polish) company are considered as rights exercisable outside of Poland. These rights are considered to be subject to Tax on Civil Law Transactions only if the buyer has its permanent address or registered seat in Poland and the transaction is concluded in Poland.

Transfer tax applies to sale or exchange contracts, if the rights which are the subject of the transaction are to be performed within the territory of the Republic of Poland (e.g. shares in a Polish company), or if the rights are performed outside the Republic of Poland, provided that the agreement evidencing the sale or exchange is concluded in the Republic of Poland and the purchaser is a Polish resident. The rate of this tax is set at 1% of the market value of the securities which are the subject of the transfer. In certain situations, the tax authorities may adjust the taxable base. The tax should be paid within 14 days after the transaction is concluded.

In accordance with Article 9 item 9 of the Tax on Civil Law Transactions Act, the sale of property rights which are financial instruments: (i) to investment companies or foreign investment companies, or (ii) through the intermediation of investment companies or foreign investment companies, or (iii) through organized trading, or (iv) outside organized trading by investment companies or foreign investment companies if such financial instruments were acquired by such companies as a part of organized trading, within the meaning of the Act on Trading in Financial Instruments, is exempt from tax on civil law transactions. This means that the sale of securities to brokerage houses and banks conducting brokerage activity, and the sale of securities through the intermediation of a brokerage house or a bank conducting brokerage activity, is exempt from civil law transactions tax in Poland.

Taxation of Gifts and Inheritance

Pursuant to Article 2 of the Gifts and Inheritance Tax Act, the Polish tax on inheritance, gifts and donations is paid by natural persons (individuals) who received title to property rights exercised outside the territory of Poland (including, inter alia, shares in foreign companies) by right of succession, as a legacy, further legacy, testamentary instruction or gift only if the acquirers were Polish citizens or had a permanent place of stay within the territory of Poland at the moment of acquiring these property rights.

The taxable base is the value of the property rights received after deducting the debts and charges (i.e. the net value), assessed based on the condition of the property rights on the day of their receipt and based on the market prices applicable on the day the tax liability arose. The tax amount is calculated according to the tax group to which the recipient was assigned. A relevant tax group is assigned according to the recipient's personal relationship with the person from whom the property rights were received or inherited. Inheritances and gifts are taxed at a progressive rate from 3% to 20% of the taxable base, depending on the tax group to which the recipient was assigned. There are certain amounts which are exempt from tax in each group. Except for cases in which the tax is collected and remitted by the tax remitter, taxpayers are required to file a tax return specifying the receipt of the property rights with the competent head of the tax office. The tax return should be accompanied by documents justifying the amount of the taxable base. The tax is paid within 14 days from receiving the decision issued by the head of the tax office assessing the amount of tax liability.

Under Article 4a section 1 of the Gifts and Inheritance Tax Act, the receipt of title to property or property rights (including securities) by a spouse, descendant, ascendant, stepson, sibling, stepfather and stepmother is tax exempt, provided that they notify the competent head of the tax office of the receipt of title to the property rights within six months from the date the tax liability arose; in the case of their receipt by right of succession, within six months from the date the court decision on accession to the estate becomes final and binding. In the case of failure to meet the above condition, the receipt of title to the property rights is subject to taxation on general terms.

Remitter's liability

Pursuant to Article 30, paragraph 1 of the Tax Ordinance, a tax remitter failing to fulfil its duty to calculate, withhold or pay tax to a relevant tax authority is liable for the tax that has not been withheld or that has been withheld but not paid, up to the value of all its assets. The tax remitter is not liable if the relevant provisions provide otherwise or the tax has not been withheld due to the tax payer's fault. In such a case, the relevant tax authority issues a decision concerning the tax payer's liability and not tax remitter's liability.

Dutch taxation

This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of Shares and does not purport to describe every aspect of taxation that may be relevant to a particular holder. Tax matters are complex, and the tax consequences of the offer to a particular holder of Shares will depend in part on such holder's circumstances. Accordingly, a holder is urged to consult his own tax advisor for a full understanding of the tax consequences of the offer to him, including the applicability and effect of Dutch tax laws.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this summary the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands. This summary assumes that the Issuer is organized, and that its business will be conducted, in the manner outlined in this Prospectus. A change to such organizational structure or to the manner in which the Issuer conducts its business may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Prospectus. The tax law upon which this summary is based, is subject to changes, possibly with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

The summary in this Dutch taxation paragraph does not address the Dutch tax consequences for a holder of Shares who:

- is a person who may be deemed an owner of Shares for Dutch tax purposes pursuant to specific statutory attribution rules in Dutch tax law;
- is, although in principle subject to Dutch corporation tax, in whole or in part, specifically exempt from that tax in connection with income from Shares;

- is an investment institution as defined in the Dutch Corporation Tax Act 1969;
- owns Shares in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role; or
- has a substantial interest in the Issuer or a deemed substantial interest in the Issuer for Dutch tax purposes. Generally, a person holds a substantial interest if (a) such person – either alone or, in the case of an individual, together with his partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner for Dutch tax purposes – owns or is deemed to own, directly or indirectly, 5% or more of the shares or of any class of shares of the Issuer, or rights to acquire, directly or indirectly, such an interest in the shares of the Issuer or profit participating certificates relating to 5% or more of the annual profits or to 5% or more of the liquidation proceeds of the Issuer, or (b) such person's shares, rights to acquire shares or profit participating certificates in the Issuer are held by him following the application of a non-recognition provision.

Taxes on income and capital gains

Resident holders of Shares

A holder of Shares who is resident or deemed to be resident in the Netherlands for Dutch tax purposes is fully subject to Dutch income tax if he is an individual or fully subject to Dutch corporation tax if it is a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, as described in the summary below.

Individuals deriving profits or deemed to be deriving profits from an enterprise

Any benefits derived or deemed to be derived from or in connection with Shares that are attributable to an enterprise from which an individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net value of an enterprise, other than as a shareholder, are generally subject to Dutch income tax at progressive rates up to 52%.

Individuals deriving benefits from miscellaneous activities

Any benefits derived or deemed to be derived from or in connection with Shares that constitute benefits from miscellaneous activities by an individual are generally subject to Dutch income tax at progressive rates up to 52%.

An individual may, inter alia, derive, or be deemed to derive, benefits from or in connection with Shares that are taxable as benefits from miscellaneous activities if his investment activities go beyond regular active portfolio management.

Other individuals

If a holder of Shares is an individual whose situation has not been discussed before in this section "Dutch taxation – Taxes on income and capital gains – Resident holders of Shares", the value of his Shares forms part of the yield basis for purposes of tax on benefits from savings and investments. A deemed benefit of 4% per annum of this yield basis is taxed at the rate of 30%. As of 1 January 2017, this deemed benefit will be progressive up to 5.39% per annum of the yield basis. Actual benefits derived from or in connection with his Shares are not subject to Dutch income tax.

Corporate entities

Any benefits derived or deemed to be derived from or in connection with Shares that are held by a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, are generally subject to Dutch corporation tax.

General

A holder of Shares will not be deemed to be resident in the Netherlands for Dutch tax purposes by reason only of the execution and/or enforcement of the documents relating to the issue of Shares or the performance by the Issuer of its obligations under such documents or under the Shares.

Non-resident holders of Shares

Individuals

If a holder of Shares is an individual who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch income tax, he will not be subject to Dutch income tax in respect of any benefits derived or deemed to be derived from or in connection with Shares, except if:

- he derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and his Shares are attributable to such permanent establishment or permanent representative; or
- he derives benefits or is deemed to derive benefits from or in connection with Shares that are taxable as benefits from miscellaneous activities performed in the Netherlands.

Corporate entities

If a holder of Shares is a corporate entity, or an entity including an association, a partnership and a mutual fund, taxable as a corporate entity, which is neither resident, nor deemed to be resident in the Netherlands for purposes of Dutch corporation tax, it will not be subject to Dutch corporation tax in respect of any benefits derived or deemed to be derived from or in connection with Shares, except if:

- it derives profits from an enterprise directly which is carried on, in whole or in part, through a permanent establishment or a permanent representative which is taxable in the Netherlands, and to which permanent establishment or permanent representative its Shares are attributable; or
- it derives profits pursuant to a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than as a holder of securities, and to which enterprise its Shares are attributable.

General

If a holder of Shares is neither resident nor deemed to be resident in the Netherlands, such holder will for Dutch tax purposes not carry on or be deemed to carry on an enterprise, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands by reason only of the execution and/or enforcement of the documents relating to the issue of Shares or the performance by the Issuer of its obligations under such documents or under the Shares.

Dividend withholding tax

General

The Issuer is generally required to withhold Dutch dividend withholding tax at a rate of 15% from dividends distributed by the Issuer, subject to possible relief under Dutch domestic law, the Treaty on the Functioning of the European Union or an applicable Dutch income tax treaty depending on a particular holder of Shares' individual circumstances.

The concept "dividends distributed by the Issuer" as used in this Dutch taxation paragraph includes, but is not limited to, the following:

- distributions in cash or in kind, deemed and constructive distributions and repayments of capital not recognized as paid-in for Dutch dividend withholding tax purposes;
- liquidation proceeds and proceeds of repurchase or redemption of Shares in excess of the average capital recognized as paid-in for Dutch dividend withholding tax purposes;
- the par value of Shares issued by the Issuer to a holder of Shares or an increase of the par value of Shares, as the case may be, to the extent that it does not appear that a contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and
- partial repayment of capital, recognized as paid-in for Dutch dividend withholding tax purposes, if and to the extent that there are net profits, unless (a) the general meeting of the Issuer's shareholders has resolved in advance to make

such repayment and (b) the par value of the Shares concerned has been reduced by an equal amount by way of an amendment to the Articles of Association.

Gift and inheritance taxes

No Dutch gift tax or Dutch inheritance tax will arise with respect to an acquisition or deemed acquisition of Shares by way of gift by, or upon the death of, a holder of Shares who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax except if, in the event of a gift whilst not being a resident nor being a deemed resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, the holder of Shares becomes a resident or a deemed resident in the Netherlands and dies within 180 days after the date of the gift.

For purposes of Dutch gift tax and Dutch inheritance tax, a gift of Shares made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

Registration taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with the execution and/or enforcement (including by legal proceedings and including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Shares, the performance by the Issuer of its obligations under such documents, or the transfer of Shares, except that Dutch real property transfer tax may be due upon an acquisition in connection with Shares of real property situated in the Netherlands, (an interest in) an asset that qualifies as real property situated in the Netherlands, or (an interest in) a right over real property situated in the Netherlands, for the purposes of Dutch real property transfer tax.

ADDITIONAL INFORMATION

Documents Available for Inspection

The English translations of the following documents: (i) the Articles of Association, (ii) the Valuation Reports, and (iii) the Consolidated Financial Statements will be made available during the validity period of the Prospectus (which is 12 months from date of this Prospectus) on the Issuer's website: www.griffin-premium.com.

Independent Certified Auditors

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k., with its registered office in Warsaw (address: 00-124 Warsaw, Rondo 1), audited the Consolidated Financial Statements of the Griffin Premium RE.. B.V. Group for the years ended 31 December 2016, 2015 and 2014 and issued unqualified auditor's opinions on the aforementioned Consolidated Financial Statements.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. is registered in the list of entities authorized to audit financial statements under no. 130. The audit of the Consolidated Financial Statements was conducted by Przemysław Orłonek (statutory auditor No. 10059), who acted on behalf of Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. and is a member of the National Council of Statutory Auditors (*Krajowa Izba Biegłych Rewidentów*).

There were no events of resignation or dismissal of a certified auditor appointed to audit the financial statements of the Issuer in the period covered by the Consolidated Financial Statements included in this Prospectus.

On 10 March 2017, the General Meeting appointed Ernst & Young Accountants LLP, with its registered office in Rotterdam, the Netherlands (Boompjes 258, PO Box 2295, 3000 CG Rotterdam, the Netherlands) as the auditor authorized to audit the annual statutory financial statements of the Issuer. The auditors who sign independent auditor's reports on behalf of Ernst & Young Accountants LLP are members of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*).

Entities Involved in the Offering

The following entities are involved in the Offering:

Global Coordinators

Bank Zachodni WBK Spółka Akcyjna with its registered seat in Wrocław, ul. Rynek 9/11, 50-950 Wrocław, Poland and Joh. Berenberg, Gossler & Co. KG, with its registered seat in Neuer Jungfernstieg 20, 20354 Hamburg, Germany act as the Global Coordinators.

The Global Coordinators are responsible for coordinating operations with regard to the preparation and execution of the Offering.

In connection with the Offering, the Global Coordinators will provide services to the Company and the Selling Shareholders, including services related to the preparation, management and conducting of the Offering. They are also charged with coordinating the marketing efforts with respect to the Offering, coordinating contacts and arranging meetings with investors, organizing the book building process in Poland and abroad, as well as with other tasks that are typically performed by investment companies under public share offerings. The Global Coordinators do not hold any Shares in the Company.

Co-Lead Manager

Dom Maklerski Banku Ochrony Środowiska S.A. with its registered seat in Warsaw, ul. Marszałkowska 78/80, 00-517 Warszawa, Poland acts as the Co-Lead Manager.

In connection with the Offering, the Co-Lead Manager will be responsible for the preparation of the research reports and will be charged with participating in the book building process in Poland.

The Co-Lead Manager does not hold any Shares in the Company.

Legal Advisors to the Issuer and the Selling Shareholders

As to Dutch law

In connection with the Offering, legal services to the Issuer and the Selling Shareholders are provided by Loyens & Loeff N.V. with its registered office in Amsterdam at Fred. Roeskestraat 100, as to matters of Dutch law (“**Loyens**”). The remuneration of Loyens does not depend on the proceeds from the sale of the Offer Shares.

Loyens has been rendering and may render in the future other legal services to the Company, the Group, the Selling Shareholders or to the Global Coordinators with respect to their business activities pursuant to relevant agreements for the provision of legal advisory services. Loyens does not hold any material interests in the Company. In particular, on the date of this Prospectus, it did not hold shares in the Company.

As to Polish, English and US law

In connection with the Offering, legal services to the Issuer and the Selling Shareholders are provided by Weil, Gotshal & Manges – Paweł Rymarz Spółka komandytowa with its registered office in Warsaw at ul. Emilii Plater 53 as to matters of Polish law, Weil, Gotshal & Manges with its registered office in London at One South Place, London EC2M 2WG, UK as to matters of English and Weil, Gotshal & Manges LLP with its registered office in New York at 767 Fifth Avenue, NY 10153 as to matters of United States federal law (jointly referred to as “**Weil**”). The remuneration of Weil does not depend on the proceeds from the sale of the Offer Shares.

Weil has been rendering and may render in the future other legal services to the Company, the Group, the Selling Shareholders or to the Global Coordinators with respect to their business activities pursuant to relevant agreements for the provision of legal advisory services. Weil does not hold any material interests in the Company. In particular, on the date of this Prospectus, it did not hold shares in the Company.

Legal Advisors to the Global Coordinators

In connection with the Offering, legal services to the Global Coordinators are provided by: White & Case M. Studniarek i Wspólnicy – Kancelaria Prawna sp. k., with its registered office in Warsaw at ul. Marszałkowska 142, 00-061 Warsaw, Poland, with respect to Polish law and by White & Case LLP, with its registered office in 5 Old Broad Street, London EC2N 1DW, United Kingdom, with respect to English law and U.S. law (jointly referred to as “**White & Case**”). The remuneration of White & Case does not depend on the proceeds from the Offering.

White & Case has rendered and may render in the future other legal services to the Company, the Group, the Selling Shareholders or to the Global Coordinators in connection with their business activities, pursuant to relevant agreements for the provision of legal advisory services. White & Case does not hold any material interests in the Company. In particular, on the date of this Prospectus, it did not hold shares in the Company.

Real estate advisor to the Issuer

JLL, with its registered office in Warsaw at Pl. Europejski 1, 00-844 Warsaw, Poland, has acted as the real estate advisor of the Company (“**JLL**”). The remuneration of JLL depends of the amount of proceeds from the Offering. If the total value of the Offering is below PLN 650,000,000, JLL’s base success fee shall be equal to 0.25% of the IPO Proceeds, with a fully discretionary incentive fee of up to 0.2% of any IPO Proceeds. If the total value of the Offering at or above PLN 650,000,000, JLL’s remuneration shall be equal to PLN 1,625,000 increased by 0.2% of the amount by which IPO Proceeds exceed PLN 650,000,000, with a fully discretionary incentive fee up to PLN 1,300,000 increased by 0.15% of the amount by which IPO Proceeds exceed PLN 650,000,000, payable at the full discretion of the Company and the Selling Shareholders to JLL.

JLL (NYSE: JLL) is a professional services and investment management firm offering specialized real estate services to clients seeking increased value by owning, occupying and investing in real estate. A Fortune 500 company with annual fee revenue of \$5.2 billion and gross revenue of \$6.0 billion, JLL has more than 280 corporate offices, operates in more than 80 countries and has a global workforce of more than 60,000. JLL is present in Poland since 1994 and currently employs in excess of 900 employees in Poland, with offices in Warsaw, Krakow, Gdansk and Wroclaw.

JLL has no material interest in the Offering other than the services described herein, and furthermore, JLL does not have any conflict related to any competing IPOs.

Valuations

The Prospectus contains valuations of the Existing Assets as of 31 December 2016, which have been prepared by CBRE Sp. z o.o., with its registered seat in Warsaw at Rondo ONZ 1, 00-124 Warsaw, Poland (“**CBRE**”). The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Professional Standards 2014 (The Red Book).

There are no differences of the valuation figure set out in the Valuation Report and the equivalent figure included in the Consolidated Financial Statements. The Company confirms that no material changes have occurred since the date of the valuations.

The remuneration of CBRE in connection with the preparation of the valuations does not depend on the proceeds from the Offering.

CBRE has rendered and may render in the future services in favor of the Company, the Group or the Selling Shareholders or the Global Coordinators in connection with their business activities, pursuant to relevant agreements. CBRE does not hold any material interests in the Company. In particular, on the date of this Prospectus, it did not hold shares in the Company.

CBRE has given and not withdrawn its written consent to the inclusion in this Prospectus of its Valuation Reports and extracts of its Valuation Reports in the form and context in which they are included.

ABBREVIATIONS AND DEFINITIONS

The following definitions apply throughout this Prospectus unless the context requires otherwise.

Accounting Act	Polish Accounting Act dated 29 September 1994 (unified text: Journal of Laws of 2014 No. 152, item 1223, as amended)
Acquisition Agreements	Collective reference to the ROFO Agreement and the PTA
Acquisition Assets	Collective reference to all of the real estate properties that are subject to the Acquisition Agreements, covering both the ROFO Assets and the Forward Purchase Asset
Act on Mortgages and Land and Mortgage Registers	Act dated 6 July 1982 on Mortgages and Land and Mortgage Registers (consolidated text in Journal of Laws of 2016, item 790, as amended)
Act on Outline Planning and Spatial Development	Act dated 27 March 2003 on Outline Planning and Spatial Development (consolidated text in Journal of Laws of 2016, item 778, as amended)
Act on Public Finance	Polish Act on Public Finance dated 27 August 2014 (Journal of Laws 2014, No. 157, item 1240, as amended)
Act on Public Offering	Polish Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies dated 29 July 2005 (unified text Journal of Laws of 2014 No. 185, item 1439, as amended)
Act on Real Property Management	Act dated 21 August 1997 on Real Property Management (consolidated text in Journal of Laws of 2015, item 1774, as amended)
Act on Revitalization	Act dated 9 October 2015 on Revitalization (Journal of Laws of 2015, item 1777, as amended)
Act on Special Economic Zones	Act dated 20 October 1994 on special economic zones (consolidated text in Journal of Laws of 2015, item 282, as amended)
Act on Structuring the Agricultural System	Act dated 11 April 2003 on Structuring the Agricultural System (consolidated text in Journal of Laws of 2012, item 803, as amended)
Act on Supervision over the Capital Market	Polish Act on Supervision over the Capital Market dated 29 July 2005 (Journal of Laws 2005, No. 183, item 1537, as amended)
Act on the Acquisition of Real Property by Foreigners	Act dated 24 March 1920 on the Acquisition of Real Property (consolidated text in Journal of Laws of 2016, item 1061, as amended)
Act on the Protection of Agricultural and Forestry Land	Act dated 3 February 1995 on the Protection of Agricultural and Forestry Land (consolidated text in Journal of Laws of 2015, item 909, as amended)
Act on Trading in Financial Instruments	Polish Act on Trading in Financial Instruments dated 29 July 2005 (unified text Journal of Laws of 2015, No. 211, item 1384, as amended)
Admission	the admission of the Shares to listing and trading on the regulated market of the WSE
AFM	The Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten)
Allotment Date	the date of the final allotments of the Offer Shares to investors
Alternative Performance Measures, APMs	An alternative performance measure within the meaning of the ESMA Guidelines on Alternative Performance Measures
Antimonopoly Act	Polish Act on the Protection of Competition and Consumers dated 16 February 2007 (Journal of Laws of 2007 No. 50, item 331, as amended)

Antimonopoly Court	Regional Court in Warsaw – the Court for the Protection of Competition and Consumers (<i>Sąd Ochrony Konkurencji i Konsumentów</i>)
Antimonopoly Office	Polish Office for the Protection of Competition and Consumers (<i>Urząd Ochrony Konkurencji i Konsumentów</i>)
Articles of Association	The articles of association of the Company following its conversion into a public limited liability company (naamloze vennootschap) as they read from time to time.
Auditors Act	Act dated 7 May 2014 on registered auditors and their self-government, registered audit companies and on public supervision (<i>Journal of Laws of 2014, No. 77, item 649, as amended</i>)
Authorization to Issue Shares	The authorization of the Board to issue Shares or grant rights to subscribe for Shares 10% of the total number of shares issued and outstanding on the day after settlement of the Offering in connection with or on the occasion of mergers and acquisitions and strategic alliances and up to an additional 5% following settlement in respect of shares issued under a remuneration scheme
Bakalion	Bakalion Sp. z o.o.
Bank Pekao	Bank Polska Kasa Opieki S.A.
Batory Building I	Batory Office Building I in Warsaw, a pure office property
BGK	Bank Gospodarstwa Krajowego
Bliski Centrum	Bliski Centrum in Warsaw, a pure office property
Board	Board of directors of the Issuer
Board Regulations	Regulations dealing with the internal organization on the Board, the manner in which decisions thereby are taken and any other matters concerning the Board
Bondholder	An entity from the Issuer’s capital group, party to the ROFO Agreement
BOŚ	Bank Ochrony Środowiska S.A.
BPO	Business process outsourcing
Business Activity Freedom Act	Business Activity Freedom Act dated 2 July 2004 (unified text: <i>Journal of Laws of 2015, No. 220, item 447 as amended</i>)
Business Day	a day on which banks in Poland are open for business
CAGR	Compound Annual Growth Rate
Carried Interest	A share in the surplus of the cash returns achieved by Oaktree from investments made in GTII and GTIII in various entities including the Issuer over the agreed-upon rates of return from such investments that Dorota Wysokińska-Kuzdra, the Chief Executive Officer and an Executive Director is entitled to receive
CBRE	CBRE Sp. z o.o., with its registered seat in Warsaw, Poland
CEE	Central Eastern Europe
Centren	Centren sp. z o.o.
CIT Act	Polish Corporate Income Tax Act dated 15 February 1992 (unified text: <i>Journal of Laws of 2016 No. 74, item 397, as amended</i>)

Civil Code	Polish Act dated 23 April 1964 – the Civil Code (Journal of Laws of 1964, No. 16, item 93, as amended)
Colliers	Colliers International REMS sp. z o.o.
Commercial Companies Code	Polish Act dated 15 September 2000 – Code of Commercial Companies and Partnerships (Journal of Laws of 2000, No. 94, item 1037, as amended)
Consolidated Financial Statements	Audited consolidated financial statements of the Issuer for the years ended 31 December 2016, 2015 and 2014, which are non-statutory financial statements
Constitutional Court	The Polish Constitutional Court (<i>Trybunał Konstytucyjny</i>)
Construction Law	Act dated 7 July 1994 – Construction Law (consolidated text in Journal of Laws of 2016, item 290, as amended)
Conversion	The conversion of the Company into a public company with limited liability (<i>naamloze vennootschap</i>) pursuant to a notarial deed of amendment and conversion to be executed prior to the settlement of the Offering
Cushman	Cushman & Wakefield Polska sp. z o.o.
Detailed Exchange Trading Rules	Detailed Exchange Trading Rules adopted by the WSE management board by resolution No 4/2006 dated 10 January 2006, as amended
Detailed Rules of the Operation of the NDS	Detailed Rules of the Operation of the National Depository of Securities (Attachment No. 1 to the resolution of the management board of the NDS No. 176/09 dated 15 May 2014, as amended)
Distributable Equity	The excess of the Company’s shareholders’ equity less the purchase price above the sum of the paid-in and called-up share capital plus the reserves as required to be maintained by Dutch law or by the Articles of Association
Dolfia	Dolfia sp. z o.o.
Dutch Civil Code	The Dutch Civil Code (<i>Burgerlijk Wetboek</i>)
Dutch Corporate Governance Code	The Dutch Corporate Governance Code dated 8 December 2016
Ebgaron	Ebgaron sp. z o.o.
EC	European Community
ECB	European Central Bank
Echo	Echo Investment S.A., with its registered seat in Kielce, Poland; a leading Polish real estate developer listed on the WSE; the majority shareholder in Echo, holding 65.99% of the total number of votes at the general meeting of Echo’s shareholders, is Lisala Sp. z o.o., which is jointly owned by Griffin Topco III S.à r.l. and PIMCO; therefore, Griffin Topco indirectly owns 32.99% in Echo with the remaining shares being held by third parties unrelated to the Issuer or the Selling Shareholders (including PIMCO, which holds a 32.99% indirect interest, and certain direct minority shareholders such as ING and Aviva)
ECJ	European Court of Justice
EEA	European Economic Area

EIB	European Investment Bank
EIR	Effective Interest Rate
Enterprise Chamber	The Enterprise Chamber of the Amsterdam Court of Appeal (Ondernemingskamer van het Gerechtshof te Amsterdam)
Environmental Protection Act	Act dated 27 April 2001 – Environmental Protection Law (consolidated text in Journal of Laws of 2016, item 672, as amended)
EPP	EPP Property Management –Minster Investments sp. z o.o. – sp. k., fully controlled by Echo Polska Properties N.V., a company the minority interests of which are held by Echo
EPRA	European Public Real Estate Association
EPRA NAV	Net asset value calculated based on EPRA re commendations
ESMA Guidelines on Alternative Performance Measures	The Guidelines on Alternative Performance Measures (05/10/2015 ESMA/2015/1415en) published by the European Securities and Markets Authority (ESMA)
EU	The European Union
EUR, Eur	The lawful currency of the Eurozone
Eurozone	A currency union of the following member states which have adopted the euro as their sole legal tender: Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain
Executive Directors	The executive directors of the Board
Existing Assets	Collective reference to all of the real estate properties held by the Group Companies as of the date of this Prospectus
EY Netherlands	Ernst & Young Accountants LLP, with its registered office in Rotterdam
EY Poland	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw
Fair Value (IFRS)	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
Forecast	The profit forecast for the Group for the financial year ending 31 December 2017
Forests Act	Act dated 28 September 1991 on Forests (consolidated text in Journal of Laws of 2015, item 2100, as amended)
Forward Purchase Asset	The West Link (i.e. West Gate – Stage II) project
FRSA	the Dutch Financial Reporting Supervision Act (<i>Wet toezicht financiële verslaggeving</i>)
FSA	The Dutch Financial Markets Supervision Act (<i>Wet op het financieel toezicht</i>)
FSMA	Financial Services and Markets Act 2000
GAAR	General Anti-Abuse Rules
GAV	Gross asset value of a property, which as used in the Prospectus is equivalent to the fair value under special assumptions

GBP	British pound – the lawful currency of the United Kingdom of Great Britain and Northern Ireland
GDP	Gross Domestic Product
General Meeting	The meeting of shareholders of the Company entitled to vote, together with pledgees and usufructuaries to whom voting rights attributable to the Shares accrue or the body of the Company consisting of persons entitled to vote on the Shares (as applicable)
GLA	Gross lettable area, being the total area of a property that can be rented to a tenant
Global Coordinators	Bank Zachodni WBK S.A. and Joh. Berenberg, Gossler & Co. KG
Green Horizon	Green Horizon Office Center in Łódź, a pure office property
GRI	Gross rental income
Griffin	A collective reference to Griffin Topco II S.à r.l. and Griffin Topco III S. à r.l. and their respective subsidiaries and managed funds (excluding, for the avoidance of doubt, the Group)
Group	Griffin Premium RE.. N.V. and Subsidiaries
Group Companies	All consolidated Subsidiaries
GT II	Griffin Topco II S.à r.l.
GT III	GT Netherlands III B.V.
Guaranteed Amount	EUR 11,500,000 p.a.
GUS	Polish Central Statistical Office (Główny Urząd Statystyczny)
Hala Koszyki	Hala Koszyki in Warsaw, a High-street mixed-use property
High-street	References to locations of mixed-use properties (Hala Koszyki, Supersam and Renoma) including office and retail components of significant sizes which are located in city centres of Warsaw, Katowice and Wrocław, respectively, along commonly recognizable main traffic routes; for the avoidance of doubt, the expression “High-street retail” where used in this Prospectus does not refer to the conventional High-street retail asset class
IAS	International Accounting Standards as adopted by the EU
IAS 24	International Accounting Standard 24 “Related Party Disclosures”
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards as approved by the EU
IMF	International Monetary Fund
Institutional Investors	Investors, excluding U.S. persons as defined in Regulation S, authorized to participate in the bookbuilding process or to subscribe for the Offer Shares who received invitations to subscribe for the Offer Shares and to participate in the bookbuilding process, or to subscribe for the Offer Shares, respectively, from the Global Coordinator, additionally satisfying the criteria set out in clauses (1)-(4) of Part I of Annex II to the Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments and who are: (i) entities which are required to be authorized or regulated to operate in the financial markets, including credit institutions,

investment firms, other authorized or regulated financial institutions, insurance companies, collective investment schemes and management companies of such schemes, pension funds and management companies of such funds, commodity and commodity derivatives dealers, locals, other institutional investors; (ii) large undertakings meeting two of the following size requirements on a company basis: balance sheet total: EUR 20,000,000, net turnover: EUR 40,000,000, own funds: EUR 2,000,000; (iii) national and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations; (iv) other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the authorization of assets or other financing transactions (qualified investors pursuant to Article 2 Section 1 letter e) of the Prospectus Directive, as well as natural persons with full legal capacity and legal persons, both residents and non-residents within the meaning of the Polish foreign exchange regulations, authorized to participate in the bookbuilding process or to subscribe for the Offer Shares who received invitations to subscribe for the Offer Shares and to participate in the bookbuilding process, or to subscribe for the Offer Shares, respectively, from the Global Coordinator.

Institutional Offering	Collective reference to the International Offering and the Polish Institutional Offering
International Offering	a private placement for institutional investors outside the United States (excluding the Republic of Poland) in reliance on Regulation S under the U.S. Securities Act
Investment Funds Act	Polish Investment Funds Act dated 27 May 2004 (Journal of Laws of 2004 No. 146, item 1546, as amended)
IRS	Interest rate swap
Issuer, Company	Griffin Premium RE.. N.V. with its registered office in Amsterdam, the Netherlands
JLL	JLL, real estate and independent financial advisor of the Company
KDPW	Polish National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.)
Knight Frank	Knight Frank sp. z o. o.
KRS, National Court Register	National Court Register (<i>Krajowy Rejestr Sądowy</i>)
Lamantia	Lamantia Sp. z o.o.
LEED	Leadership in Energy & Environmental Design, is a green building certification program that recognizes best-in-class building strategies and practices
LIBOR	London Interbank Offered Rate, a daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money market
Listing Date	the date on which trading in the Shares on the WSE will commence
Loyens	Loyens & Loeff N.V. with its registered office in Amsterdam
Net LTV	Net Loan to Value

Lubicz Office Center	Lubicz Office Center I & II in Kraków, a pure office property
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC
Maximum Price	Maximum price per Offer Share amounting to PLN 6.50
mBank	mBank Hipoteczny S.A.
Member State	A Member State of the EEA
MIFID Directive	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC
NBP	National Bank of Poland (<i>Narodowy Bank Polski</i>)
NDS	The National Depository of Securities in Poland (Krajowy Depozyt Papierów Wartościowych S.A.) with its registered office in Warsaw
New Shares	22,201,267 newly issued ordinary shares
NOI	Net operating income
NOI Guarantee	NOI Guarantee Agreement entered into on 9 March 2017 between Topco II and the respective owners and perpetual usufructuaries of Hala Koszyki, Renoma and Supersam
Non-executive Directors	The non-executive directors of the Board
Nordic Park	Nordic Park in Warsaw, a pure office property
NRI	Net rental income
Oaktree	Oaktree Capital Management, L.P.
Oaktree	A collective reference to Oaktree Capital Management, a leading global alternative investment management firm, and its subsidiaries
OECD	Organization for Economic Co-operation and Development
OFE	Polish open pension funds (<i>otwarte fundusze emerytalne</i>)
Offer Price	The price per Offer Share
Offer Shares	New Shares and Sale Shares
Offering	The initial public offering of the Offer Shares conducted on the basis of the Prospectus
Offering Agent	Bank Zachodni WBK S.A.
Order	Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
Over-Allotment Shares	7,857,705 existing ordinary shares to be sold pursuant to the Over-Allotment Option
p.p.	Percentage point
Patent Office	Patent Office of Poland

PFSA	Polish Financial Supervision Authority (Komisja Nadzoru Finansowego)
Philips House	Philips House in Warsaw, a pure office property
PIMCO	A collective reference to PIMCO, a global investment management firm, and its subsidiaries
PIT Act	Polish Personal Income Tax Act dated 26 July 1991 (unified text: Journal of Laws of 2015 No. 51, item 307, as amended)
PLN, Polish zloty, zloty	PLN, the lawful currency of Poland
Polish Civil Procedure Code	Polish Act dated 17 November 1964 – Code of Civil Procedure (Journal of Laws of 1964, No. 43, item 296, as amended)
Polish Institutional Offering	the offering of the Shares to the Institutional Investors in the Republic of Poland
Polish Public Offering	a collective reference to the Retail Offering and the Polish Institutional Offering
President of the Antimonopoly Office	President of the Polish Antimonopoly Office (the Office of Competition and Consumer Protection)
Pricing Agreement	A pricing agreement determining the Offer Price and the final number of the Offer Shares to be offered in the Offering, as well as the number of the Offer Shares designated for allotment to Retail Investors and Institutional Investors
Pricing Date	the date on which the Offer Price and the final number of the Offer Shares (including the final number of the New Shares and the Sale Shares) shall be agreed among the Issuer, the Selling Shareholders and the Global Coordinators
Prospectus	This Prospectus constituting a prospectus in a form of a single document within the meaning of the Prospectus Directive and in accordance with the provisions of Regulation 809/2004 and Chapter 5.1 of the Dutch Financial Supervision Act (Wet op het financieel toezicht) and the rules promulgated thereunder prepared in connection with the public offering of the Offer Shares and admission of the Shares to listing on the WSE
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of the European Union of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC
PTA	preliminary share transfer agreement regarding the purchase of 100% of shares in the general partner and the limited partner of the company owning the Forward Purchase Asset entered into on 9 March 2017 between Echo and its two subsidiaries, Grupa Echo sp. z o.o. and Forum 60 Fundusz Inwestycyjny Zamknięty, acting as the sellers and an entity from the Issuer's capital group – IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, acting as the buyer
Regulation 809/2004	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and the dissemination of advertisements

Regulation No 44/2001	Council Regulation No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters
Regulation on the Market and Issuers	The Polish regulation of the Minister of Finance dated 12 May 2010 regarding the detailed requirements that must be satisfied by a market of official stock exchange quotations and the issuers of securities admitted to trading on such market (Journal of Laws of 2010, No. 84, item 547)
Regulation S	Regulation S promulgated under the U.S. Securities Act
REIT	Real estate investment trust
REIT Act	The draft of the Polish REIT regulations
Relevant Member State	Each member state of the EEA
Renoma	Renoma in Wrocław, a High-street mixed-use property
Rental Guarantee	Rental guarantee agreements entered into on 9 March 2017 between Topco II or Topco III and each holder of title to the Existing Asset
Reorganization	The reorganization of Griffin where, through a number of steps comprising sales and in-kind contributions of shares, the Company became the holding company for a group of companies holding real estate properties with effect from 3 March 2017
Retail Investors	Investors who are natural persons (individual), corporate entities (legal persons) and non-corporate entities other than individuals, except for U.S. persons, as defined in Regulation S authorized to subscribe for the Offer Shares pursuant to the Prospectus
Retail Offering	A public offering of the Offer Shares to the Retail Investors in the Republic of Poland
Retail Sales Tax Act	Polish Act dated 6 July 2016 on Retail Sales Tax (Journal of Laws of 2016, item 1155)
Retail Syndicate	The Offering Agent and other investment firms accepting subscription orders (if any)
ROFO	Right of First Offer
ROFO Agreement	The ROFO agreement executed between Echo, the Issuer and entity from the Issuer's capital group as the Bondholder, on 9 March 2017
ROFO Assets	Collective reference to the assets subject to the ROFO Agreement, i.e. Beethovena project (Stage I and II) and Warsaw Brewery project (Browary Warszawskie) (Stage J)
ROFO Bonds	Collective reference to the registered bonds to be issued pursuant to the ROFO Agreement, in respect of each given ROFO Asset, by the limited partner (<i>komandytariusz</i>) of the respective ROFO SPV (or other entity indicated by Echo) and purchased by the Bondholder for the purchase price
ROFO Option Agreements	Collective reference to the separate option agreements regarding ROFO Bonds and the relevant stages of each of the ROFO Assets to be concluded pursuant to the ROFO Agreement between the Bondholder being a limited liability company, Griffin, Echo and a limited partner (<i>komandytariusz</i>) of the respective ROFO SPV (or other entity indicated by Echo).

ROFO SPVs	The direct holders (i.e. owners and/or perpetual usufruct holders) of each ROFO Asset
RPU	Right of perpetual usufruct
Sale Notice	Sale notice to be delivered under the ROFO Agreement
Sale Shares	59,108,251 existing ordinary shares of the company with a nominal value of EUR 1.00 per share
Selling Shareholder 1 or GN II	Griffin Netherlands II B.V.
Selling Shareholder 2 or GTN III	GT Netherlands III B.V.
Selling Shareholders	Griffin Netherlands II B.V. and GT Netherlands III B.V.
Settlement Date	the date on which the Offering will be settled
Shares	The Sale Shares, the New Shares and the Over-Allotment Shares, if any
Stabilization Manager	Bank Zachodni WBK S.A.
Statute	The Statute of the Issuer
Subsidiaries	The subsidiaries of the Issuer
Supersam	Supersam in Katowice, a High-street mixed-use property
Tax Ordinance	Polish act dated 29 August 1997 – the Tax Ordinance (unified text: Journal of Laws of 2005, No. 8, item 60, as amended)
Topco II	Griffin Topco II S.à r.l.
Topco III	Griffin Topco III S.à r.l.
Transparency Directive	Directive 2004/109/EC, as amended
Treaty	Treaty on the Functioning of the European Union
U.S.	The United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
Underwriters	Bank Zachodni WBK S.A. and Joh. Berenberg, Gossler & Co. KG
Underwriting Agreement	The underwriting agreement entered into on 13 March 2017 by the Issuer, the Selling Shareholders, Bank Zachodni WBK S.A. and Joh. Berenberg, Gossler & Co. KG where Bank Zachodni WBK S.A. and Joh. Berenberg, Gossler & Co. KG are referred as the underwriters
Upsize Option	Up to 26,786,383 Sale Shares to be sold by the Selling Shareholders
Valuation Report	Valuation report prepared by CBRE covering all of the Existing Assets
Water Act	Act dated 18 July 2001 – Water Law (consolidated text in Journal of Laws of 2015, No. 469, as amended)
WAULT	Weighted average unexpired lease term
WI	Bakalion and Westdeutsche Immobilienbank AG
WIBOR	Warsaw Interbank Offered Rate, a daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the Warsaw wholesale money market
WSE	The Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) and, unless the context requires otherwise, the regulated market operated by such company

WSE Best Practices

Code of Best Practice for WSE listed companies (attachment to Resolution No. 17/1249/2015 of the Exchange Board dated 19 May 2015 and adopted in accordance with §29.1 of the Exchange Rules), being a set of rules and recommendations concerning corporate governance prevailing on the WSE

WSE Rules

The Warsaw Stock Exchange Rules of 4 January 2006, as amended

Yield

The distribution available to a holder of a share in any financial year divided by the market price of the share

INDEX TO FINANCIAL STATEMENTS

Consolidated financial statements of Griffin Premium RE.. BV Group for the three years ended 31 December 2016, 2015 and 2014 and independent auditor's report thereon.	F-2
--	-----

Griffin Premium RE.. B.V. Group

Consolidated Financial Statements

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



Independent auditor's report

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

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

Our opinion

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

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

Basis for our opinion

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

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

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

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

Materiality

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

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

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

Our key audit matters

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

Key Audit Matter	Our audit approach
Valuation of Completed Investment Property and Investment Property Under Construction	
<p>1. Based on the consolidated financial statements Completed Investment Property and Investment Property Under Construction constitute approximately 93.7%, 94.1% and 91.7% of the consolidated assets of the Group as at 31 December 2016, 31 December 2015 and 31 December 2014 respectively. Completed Investment Property and Investment Property Under Construction, if certain criteria specified in accounting policies were met, are valued at fair value. We considered the valuation of the investment properties to be significant to the audit because the determination of fair value involves significant judgement by the Board of Directors and the use of external valuation experts. Fair value is determined by external independent valuation specialists using valuation techniques and assumptions as to estimates of projected future cash flows from the properties and estimates of the suitable discount rate for these cash flows. Valuation techniques for real estate can be subjective in nature and involve various assumptions regarding pricing factors. These assumptions include the capitalisation rate, market rental income, market-derived discount rate, projected net operating income, vacancy levels, estimate of the reversion/terminal value, rent-free period, letting fee, letting voids and fit-out allowance for vacant space or renewals.</p> <p>When possible, fair value is determined based on recent real estate transactions with similar characteristics and location of the valued properties. Because the valuation of investment property is complex and highly dependent on estimates and assumptions we consider the valuation of investment properties as a key audit matter in our audit.</p> <p>Disclosures on the fair value of the investment properties are included in the notes Note 5.1.3, Note 13 and Note 14 to the consolidated financial statements.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • We have gained understanding of the valuation process. • We have received the valuation reports for all properties and reviewed whether the valuation approach for them was suitable for use in determining the carrying value of investment properties in the consolidated financial statements. • We involved EY Real Estate specialists to assist with the audit of the valuation of the investment properties based on their specific experience and knowledge in the local markets. • We evaluated the external valuers expertise, independency and methodology used for the valuation. • We evaluated and challenged the key assumptions included in the valuation (such as capitalisation rate, market rental income, market-derived discount rate, projected net operating income, vacancy levels, estimate of the reversion/terminal value, rent-free periods, letting fee, letting voids and fit-out allowance for vacant space or renewals). • We have assessed that the professional appraisers used by the Group are the firms with considerable experience on the Polish market. • We agreed the significant data applied for the valuation purposes to the supporting documentation. • We have also assessed the appropriateness of the disclosures relating to the assumptions used in the valuations and sensitivity analysis in the notes to the consolidated financial statements.

Financing and covenants compliance	
<p>2. Financing and covenants compliance is a key audit matter as the Group Entities' credit facilities are subject to several covenants. As at 31 December 2016, 31 December 2015 and 31 December 2014 the outstanding amount of loans and other borrowings in the Group's consolidated financial statements amounted to EUR 439.5 million, EUR 348.2 million and EUR 249.7 million respectively. For the bank loans, the Entities of the Group have to meet LTV and DSCR covenants specified in loan agreements.</p> <p>The availability of adequate funding and the testing of whether the Group can continue to meet its financial covenants is a significant matter for our audit. This test or assessment is largely based on the Board of Directors expectations and estimates. The assumptions are affected by subjective elements such as the estimate of expected future cash flows, forecast results and profit from operational activities, and the ability to meet financial covenants. These estimates are based on the assumptions, including expectations of future economic and market developments.</p> <p>Disclosures on financing including loans and borrowings and covenants are included in the notes Note 5.1.1, Note 20 and Note 22 to the consolidated financial statements.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • We have gained understanding of the process of obtaining and securing of the financing. • We have reviewed and re-performed the debt covenant calculation and compliance with applicable debt covenants as per 31 December 2016, 31 December 2015 and 31 December 2014; • We have reviewed the Group's assessment of continued covenants compliance. We have reviewed the assumptions used in relation to future rental income and results, including the rent rolls, in order to assess whether the entity can continue to meet its financial covenants in the coming year. • We have assessed the adequacy of the Group's disclosure regarding the covenants and loans, which are disclosed in the notes to the consolidated financial statements.

Description of responsibilities for the consolidated financial statements

Responsibilities of the Board of Directors for the consolidated financial statements

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

As part of the preparation of the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the consolidated financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Group's ability to continue as a going concern in the consolidated financial statements.

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

Our responsibilities for the audit of the consolidated financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that

is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Concluding on the appropriateness of Board of Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Group to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the consolidated financial statements, including the disclosures.
- Evaluating whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements for the years ended 31 December 2016, 2015 and 2014 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Warsaw, Poland, 9 March 2017

Key Certified Auditor

Przemysław Orlonek
Certified Auditor
No. 10059

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

Index

Consolidated Statement of Profit or Loss.....	9
Consolidated Statement of Other Comprehensive Income.....	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity.....	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements.....	14
1 General information.....	14
1.1 Structure of the Group	14
1.2 Reorganisation.....	20
2 Summary of significant accounting policies.....	21
2.1 Consolidated Financial Statements of the Griffin Premium RE.. B.V. Group	21
2.2 Basis of preparation	21
2.3 New and amended standards and interpretations.....	21
2.4 Measurement of items denominated in foreign currencies.....	23
2.5 Investment property.....	24
2.6 Rent and other receivables	25
2.7 Financial instruments	25
2.8 Fair value	26
2.9 Cash and short-term deposits and restricted cash	27
2.10 Interest bearing loans and borrowings.....	27
2.11 Deposits from tenants and other deposits received	27
2.12 Leases	27
2.13 Revenue recognition.....	27
2.14 Interest income	28
2.15 Taxes.....	28
2.16 Current income tax	28
2.17 Deferred income tax	28
2.18 Consolidation of subsidiaries.....	29
2.19 Reporting by segments.....	30
3 Significant accounting judgements, estimates and assumptions	30
4 Business combination under common control	30
5 Financial risk management	31
5.1 Financial risk factors	31
5.1.1 Capital management	35
5.1.2 Fair value measurements – financial assets and financial liabilities.....	35
5.1.3 Fair value measurement – investment property and investment property under construction.....	36
5.1.4 Fair value hierarchy	38
6 Rental income	39
7 Property operating expenses and administrative expenses	39
8 Finance income	40
9 Finance cost	40
10 Segment information.....	41
11 Income tax.....	45
12 Earnings per share (EPS)	47
13 Completed investment property	47
14 Investment property under construction	48

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

15	Loans granted.....	48
16	Rent and other receivables	49
17	Cash and short-term deposits	50
18	Restricted cash	50
19	Issued capital.....	50
20	Bank loans	52
21	Derivative financial instruments.....	53
22	Other borrowings.....	53
23	Trade and other payables, deposits from tenants and other deposits	54
24	Related party disclosures	54
25	Contingencies and commitments	59
26	Events after the reporting period	60

(All amounts in EUR thousands unless otherwise stated)

Consolidated Statement of Profit or Loss

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

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

Consolidated Statement of Other Comprehensive Income

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

(All amounts in EUR thousands unless otherwise stated)

Consolidated Statement of Financial Position

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

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

Consolidated Statement of Changes in Equity

	Note	Issued capital	Foreign currency translation reserve	Net assets attributable to shareholders	Total
At 1 January 2014		-	-	48 957	48 957
Loss for the year		-	-	(722)	(722)
Other comprehensive income		-	(1 309)	-	(1 309)
Total comprehensive income		-	(1 309)	(722)	(2 031)
Operations with shareholders		-	-	6 409	6 409
At 31 December 2014		-	(1 309)	54 644	53 335
Profit for the year		-	-	31 662	31 662
Other comprehensive income		-	(562)	-	(562)
Total comprehensive income		-	(562)	31 662	31 100
Operations with shareholders		-	-	43	43
At 31 December 2015		-	(1 871)	86 349	84 478
Profit for the year		-	-	12 238	12 238
Other comprehensive income		-	(3 271)	-	(3 271)
Total comprehensive income		-	(3 271)	12 238	8 967
Issue of share capital		45	-	-	45
Dividend paid		-	-	(56 112)	(56 112)
Operations with shareholders		-	-	(1 141)	(1 141)
At 31 December 2016	19	45	(5 142)	41 334	36 237

(All amounts in EUR thousands unless otherwise stated)

Consolidated Statement of Cash Flows

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

Notes to the Consolidated Financial Statements

1 General information

Griffin Premium RE.. B.V. Group (further “**Griffin Premium RE.. Group**” or “**the Group**”) owns and manages yielding real estates throughout Poland. On 31 December 2016 the Group is composed of the entities presented below in the Note 1.1. In the period from 1 January 2014 until 31 December 2016 these entities were owned directly or indirectly by Griffin Topco II S.à r.l. (“**GT II**”) and Griffin Topco III S.à r.l. (“**GT III**”), which are entities indirectly controlled by a fund ultimately controlled by Oaktree Capital Management Group LLC.

On 21 December 2016, Griffin Premium RE.. B.V. was incorporated with the aim to become a holding Company to the Group for the purpose of an Initial Public Offering. With effect from 3 March 2017 Griffin Premium RE.. B.V. became the legal parent of entities’ operations which were previously directly and indirectly controlled and managed by Griffin Topco II S.à r.l. and Griffin Topco III S.à r.l. following a Reorganisation as described in the Note 1.2. The financial information for Griffin Premium RE.. B.V. for the years ended 31 December 2014, 2015 and 2016 has been prepared on a carve out basis from the operations of Griffin Topco II S.à r.l. and Griffin Topco III S.à r.l. as if the Group existed starting from 1 January 2014.

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

1.1 Structure of the Group

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

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

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

Bakalion Sp. z o.o. – Registered offices are located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 19 December 2012. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 446054. The company is the owner of two office buildings located in Kraków known as “Centrum Biurowe Lubicz I and II”.

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

Dolfia Sp. z o.o. – Registered offices are located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 19 December 2012. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 445995. The company owns an office property located in Warsaw, known as “Batory Office Building I”.

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

Grayson Investments Sp. z o.o. – Registered offices are located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 28 November 2011. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 404544. The company is a general partner to Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp.k.

Lenna Investments Sp. z o.o. – Registered offices are located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 30 September 2011. The Company is registered in the Register of

Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 399453. The company is a limited partner to Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp.k.

Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp. k. – Registered offices are located at Szucha 6 Street, Warsaw, Poland. The Company was formed on the basis of a Notarial Deed drawn up on 26 January 2006. The Company is registered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference KRS number 250876. The company is the owner of three office and one retail building located in Warsaw known as “Hala Koszyki”.

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

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

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

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

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

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

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

IB 14 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych – The Fund operates on the basis of Investment Funds and Management of Alternative Investment Funds Act of 27 May 2004 (Journal of Laws of 2014, Item 157, as amended). On 20 November 2015, the Fund was entered in the register of Investment Funds maintained by the Regional Court (Sąd Okręgowy) in Warsaw, 7th Civil Registry Division, under No. RFi 1250.

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

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

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

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

Akka SCSp – a special limited partnership established and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at 26A, Boulevard Royal, L-2449 Luxembourg, registered in the Luxembourg Register of Commerce and Companies under the number B201.731.

Charlie SCSp – a special limited partnership established and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at 26A, Boulevard Royal, L-2449 Luxembourg, registered in the Luxembourg Register of Commerce and Companies under the number B199.336.

December SCSp – a special limited partnership established and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at 26A, Boulevard Royal, L-2449 Luxembourg, registered in the Luxembourg Register of Commerce and Companies under the number B205.185.

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

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

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

Entity	Direct Shareholder	31 December		
		2016	2015	2014
		%	%	%
Griffin Premium RE.. B.V.	Griffin Netherlands II B.V. *	67.65	-	-
Griffin Premium RE.. B.V.	GT Netherlands III B.V. *	32.35	-	-
Bakalion Sp. z o.o.	Griffin Topco III S.à r.l.	100	100	100
Centren Sp. z o.o.	Griffin Topco III S.à r.l.	100	100	100
Dolfia Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	100
Ebgaron Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	100
Grayson Investments Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	100
Lenna Investments Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	100
Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp. k.	Grayson Investments Sp. z o.o.	0.1	0.1	0.1
Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp. k.	Lenna Investments Sp. z o.o.	99.9	99.9	99.9
Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Cyrion Sp. z o.o.)	Lamantia Sp. z o.o.	0.5	0.5	-
Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k.	Charlie SCSp	99.5	99.5	-

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

Entity	Direct Shareholder	31 December		
		2016	2015	2014
		%	%	%
(formerly Cyrion Sp. z o.o.)				
Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Cyrion Sp. z o.o.)	Griffin Topco II S.à r.l.	-	-	100
Lamantia Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	-
Dom Handlowy Renoma Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	-
Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k.	Apenon Sp. z o.o.	-	-	100
Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k.	Dom Handlowy Renoma Sp. z o.o.	0.1	0.1	-
Dom Handlowy Renoma Spółka z ograniczoną odpowiedzialnością Sp. k.	Charlie SCSp	99.9	99.9	-
Dom Handlowy Supersam Sp. z o.o.	Griffin Topco II S.à r.l.	100	100	100
Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Kafue Investments Sp. z o.o.)	Griffin Topco III S.à r.l.	-	-	100
Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Kafue Investments Sp. z o.o.)	Nordic Park Offices Sp. z o.o.	0.1	0.1	-
Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Kafue Investments Sp. z o.o.)	Akka SCSp	99.9	99.9	-
Akka SCSp	Griffin Topco III S.à r.l.	0.02	0.02	-
Akka SCSp	Akka RE Sp. z o.o.	99.98	-	-
Akka SCSp	IB 14 FIZ Aktywów Niepublicznych	-	99.98	-
Charlie SCSp	Griffin Topco II S.à r.l.	0.01	0.01	-
Charlie SCSp	Charlie RE Sp. z o.o.	99.99	-	-
Charlie SCSp	GT II FIZ Aktywów Niepublicznych*	-	99.99	-
December SCSp	Griffin Topco II S.à r.l.	0.02	0.02	-
December SCSp	December RE Sp. z o.o.	99.98	-	-
December SCSp	IB 15 FIZ Aktywów Niepublicznych*	-	99.98	-
Akka RE Sp. z o.o.	GT Netherlands III B.V.*	100	-	-
Charlie RE Sp. z o.o.	GT Netherlands III B.V.*	100	-	-
December RE Sp. z o.o.	GT Netherlands III B.V.*	100	-	-
IB 14 FIZ Aktywów Niepublicznych	GT Netherlands III B.V.*	100	100	-

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

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

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

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

Management Board of:

Griffin Premium RE.. B.V.

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

Bakalion Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

Centren Sp. z o.o.

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

Dolfia Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

Ebgaron Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

Grayson Investments Sp. z o.o.

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

Lenna Investments Sp. z o.o.

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

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

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

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

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

Lamantia Sp. z o.o.

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

Dom Handlowy Renoma Sp. z o.o.

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

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

After the conversion:

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

Before the conversion:

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

Dom Handlowy Supersam Sp. z o.o.

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

Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp.k.

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

Nordic Park Offices Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

Akka SCSp

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

December SCSp

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

Charlie SCSp

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

Akka RE Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

December RE Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

Charlie RE Sp. z o.o.

- Paweł Wołkanowicz – Member of the Management Board

(All amounts in EUR thousands unless otherwise stated)

1.2 Reorganisation

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

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

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

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

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

- Sale of all loans toward the Entities by Griffin Finance II Sp. z o.o. and Griffin Finance III Sp. z o.o. to GT II and GT III respectively in January 2017.
- Contribution of all the loans toward the Entities by GT II and GT III to GN II and GTN III respectively and then by GN II and GTN III to the Company in January and February 2017.
- Sale of all the loans toward the Entities by the Company to IB 14 FIZAN in January, February and March 2017.
- Sale of all the loans toward the Entities by IB 14 FIZAN to Management Company in January, February and March 2017.

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

Once the reorganisation is completed, the Company will be holding investment certificates in IB 14 FIZAN, Akka RE Sp. z o.o., Charlie RE Sp. z o.o., December RE Sp. z o.o. and Griffin Premium RE Lux S.à r.l. and those entities will be holding (directly or indirectly) shares in all remaining Entities.

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

2 Summary of significant accounting policies

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

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

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

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

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

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

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

2.2 Basis of preparation

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

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

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

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

2.3 New and amended standards and interpretations

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

The nature and the effect of the amendments that are of relevance to a real estate investor are disclosed below. Although these amendments were applied for the first time in 2016, they did not impact the annual Consolidated Financial Statements of the Group.

Annual Improvements 2011-2013 Cycle

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

(All amounts in EUR thousands unless otherwise stated)

IAS 40 Investment Property

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

Annual Improvements 2010-2012 Cycle

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

IFRS 3 Business Combinations

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

a) Standards issued but not yet effective

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

IFRS 16 Leases

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

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

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

IFRS 9 Financial Instruments

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

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

b) Standards issued not yet endorsed

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

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

2.4 Measurement of items denominated in foreign currencies

The Group's Consolidated Financial Statements are presented in euro ("EUR") being the presentation currency of the Group. For each entity including Griffin Premium RE.. B.V., the Group, based on the primary economic environment in which the entities operate, the currency that mainly influences costs of providing services, the currency in which funds from financing activities and the currency in which receipts from operating activities are usually retained, determined that the functional currency is PLN and items included in the financial statements of the Entities and Griffin Premium RE.. B.V. are measured using that functional currency.

a) Transactions and balances

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income (“OCI”) or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Group Entities

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

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

c) Exchange rates used

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

	Year ended 31 December		
	2016	2015	2014
PLN/EUR	4,4240	4,2615	4,2623
	Average for the year		
	2016	2015	2014
PLN/EUR	4,3637	4,1843	4,1844

2.5 Investment property

Investment property

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

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

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

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

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

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

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with

a view to sale. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment the deemed cost for subsequent accounting is the fair value at the date of change in use.

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

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

Investment property under construction

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

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

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

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

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

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

2.6 Rent and other receivables

Rent and other receivables are recognised at their original invoiced value except where the time value of money is material, in which case receivables are recognised at fair value and subsequently measured at amortised cost.

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

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

2.7 Financial instruments

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

- a) Financial assets or financial liabilities are measured at fair value through profit or loss – including:
 - financial assets designated upon initial recognition at fair value through profit or loss,
 - derivative instruments which fail to meet the conditions for hedge accounting;
- b) Loans and receivables – financial assets other than derivatives with fixed or determinable payments that are not quoted in an active market.

(All amounts in EUR thousands unless otherwise stated)

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

Derivatives

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

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

The Group does not apply hedge accounting.

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

The Group recognizes profit/loss from valuation and realization of derivative instruments that fail to meet the requirements of hedge accounting as income/expense on operations, income/expenses on financial transactions or 'profit/loss on derivative instruments in foreign currency'. In case of the profit / loss on valuation and realization of the relevant IRS, the interest rate used to convert the interest rate of the loan from variable to fixed is recognized in finance cost.

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

Loans, trade receivables and other receivables

Loans, trade receivables and other receivables which are financial assets come under the category of "Long term loans", "Short-term loans", "Other receivables" or "Rent and other receivables". They are initially recognized at fair value (plus transaction costs if any) and subsequently measured at amortised cost less the accumulated impairment losses. The value of receivables is based on the probability of their payment by revaluation allowance.

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

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

2.8 Fair value

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities,

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

2.9 Cash and short-term deposits and restricted cash

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

Restricted cash is cash on separate bank accounts held for a specific purpose and therefore not available to the Group for immediate or general business use.

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

2.10 Interest bearing loans and borrowings

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

2.11 Deposits from tenants and other deposits received

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

2.12 Leases

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

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

Group as a lessor

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

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

2.13 Revenue recognition

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

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

(All amounts in EUR thousands unless otherwise stated)

Rental income

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

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

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

Service charges, management charges and other expenses recoverable from tenants

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

Sale of completed property

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

2.14 Interest income

Interest income is recognised as it accrues using the effective interest rate method. Interest income is included in finance income in the Consolidated Statement of Profit or Loss.

2.15 Taxes

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

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

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

2.16 Current income tax

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

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

2.17 Deferred income tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss,

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

2.18 Consolidation of subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Specifically, the Group controls an investee if, and only if, it has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee,
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of

(All amounts in EUR thousands unless otherwise stated)

a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.19 Reporting by segments

Segments of the Group business are presented in accordance with data from internal management reporting and analysed by the key decision maker, responsible for allocating resources and assessing performance of operating segments. The Group identified the following reporting segments, the same as the operating segments, defined based on the type of projects:

- high street mixed use properties,
- office buildings.

Income, expenses, measurement of segment profit/(loss), valuation of assets and liabilities of the segment are determined in accordance with the accounting policies adopted for the preparation and presentation of the Consolidated Financial Statements, as well as the accounting policies that relate specifically to segment reporting. The measure of segment profit/(loss) is the Operating Profit.

3 Significant accounting judgements, estimates and assumptions

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

a) Investment property

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

The fair value of properties yielding fixed income is determined by appraisers. Whereas most of the lease agreements entered into by the Group are denominated in EUR, the valuation of investment properties has been prepared in EUR and converted into PLN as with exchange rate prevailing at the balance sheet date. Further details of the judgements and assumptions made are described in Note 5.1.3.

b) Taxes

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

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

4 Business combination under common control

A business combination under common control is a business combination in which all of the entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not

transitory. In particular, this will include transactions such as the transfer of subsidiaries or businesses between entities within the Group. In the case of a business combination under common control, entities within the Group should apply the pooling of interest method with application of financial data from Consolidated Financial Statements of the parent entity.

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

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

5 Financial risk management

5.1 Financial risk factors

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

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

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

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

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

a) Market risk

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

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

i. Foreign exchange risk

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

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

The following table presents sensitivities to reasonably possible changes in EUR at the Consolidated Financial Position with all other variables held constant.

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

ii. Interest rate risk

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

To manage its interest rate risk, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to mitigate risk associated with underlying debt obligations. After taking into account the effect of interest rate swaps the interest rate risk exposure as at December 2015: in 30%, at December 2014: in 46% is covered by IRS contract concluded by the Group. As at 31 December 2016 the loans are not covered by interest rate swaps.

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

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

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

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

(All amounts in EUR thousands unless otherwise stated)

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

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

b) Credit risk

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

Rent receivables

Rents are assessed according to Group criteria prior to entering into lease arrangements. Credit risk is managed by security deposits paid by tenants. Outstanding tenants' receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major tenants. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. At the Group level there is no significant concentration of risk in relation to any of the customers of the Group. The relation of revenue from sales to major tenants to Group's total rental income has been analyzed in the following table, the revenue from rent from major tenant currently does not exceed 7% of the Group's rental income.

Concentration of credit risk

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

Financial instruments and cash deposits

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

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

c) Price risk

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

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

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

d) Liquidity risk

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

Year ended 31 December 2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bank loans	-	3 339	41 320	112 515	148 186	305 360
Other borrowings	-	-	16	55 056	82 863	137 935
Deposits from tenants and other deposits	66	250	160	2 166	1 182	3 824
Trade and other payables	1 314	1 946	-	-	-	3 260
Capex payables	2 340	983	-	-	-	3 323
	3 720	6 518	41 496	169 737	232 231	453 702
Year ended 31 December 2015	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bank loans	-	3 784	76 563	150 770	22 590	253 707
Derivative financial instruments	-	660	648	-	-	1 308
Other borrowings	-	-	-	50 870	46 739	97 609
Deposits from tenants and other deposits	2	5	358	3 494	936	4 795
Trade and other payables	362	2 835	-	-	-	3 197
Capex payables	1 585	2 108	35	-	-	3 728
	1 949	9 392	77 604	205 134	70 265	364 344
Year ended 31 December 2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bank loans	-	1 695	2 577	144 659	24 139	173 070
Derivative financial instruments	-	627	1 865	1 225	-	3 717
Other borrowings	-	-	-	16 108	60 356	76 464
Deposits from tenants and other deposits	5	23	68	2 287	404	2 787
Trade and other payables	80	1 700	9	-	-	1 789
Capex payables	1 227	4 312	69	-	-	5 608
	1 312	8 357	4 588	164 279	84 899	263 435

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

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

(All amounts in EUR thousands unless otherwise stated)

5.1.1 Capital management

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

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

Like other companies in the industry, the Group monitors its capital by such methods as loan to value ratio.

During the reporting periods, the Group did not breach any of its loan covenants, and borrowings nor did it default on any other of its obligations under its loan and borrowings agreements.

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

Fair value estimation

5.1.2 Fair value measurements – financial assets and financial liabilities

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

	Carrying amount			Fair value		
	2016	2015	2014	2016	2015	2014
Financial assets						
Long-term loans	790	523	138	790	523	138
Long-term restricted cash	2 406	2 540	3 158	2 406	2 540	3 158
Rent and other receivables	3 813	6 149	3 749	3 813	6 149	3 749
Cash and short-term deposits	10 010	9 961	5 410	10 010	9 961	5 410
Restricted cash	6 707	5 185	8 924	6 707	5 185	8 924
Financial liabilities						
Bank loans	301 585	250 686	170 320	301 585	250 686	170 320
Derivative financial instruments	-	1 308	3 717	-	1 308	3 717
Other borrowings	137 935	96 166	75 673	137 935	96 166	75 673
Deposits from tenants and other deposits	3 824	4 795	2 787	3 824	4 795	2 787
Trade and other payables	3 260	3 197	1 789	3 260	3 197	1 789
Capex payables	3 323	3 728	5 608	3 323	3 728	5 608

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

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

- Receivables are evaluated by the Group based on parameters such as individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2014, 2015 and 2016, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- The fair value of obligations under finance leases and deposits from tenants is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Derivatives valued using valuation techniques which employ the use of market observable inputs are mainly interest rate swaps. The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings.
- Fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using a discount rate that reflects each of the Entity borrowing rate including its own non-performance risk as at 31 December 2016.

5.1.3 Fair value measurement – investment property and investment property under construction

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

Changes in valuation techniques

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

Highest and best use

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

Equivalent yield

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

Fair value hierarchy

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

	Fair value measurement using				Total gain or (loss) in the period in the statement of profit or loss
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	
31 December 2016					
Completed investment properties	-	-	470 380	470 380	17 223
Properties under construction	-	-	-	-	4 514
Total	-	-	470 380	470 380	21 737

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

	Fair value measurement using				Total	Total gain or (loss) in the period in the statement of profit or loss
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)			
31 December 2015						
Completed investment properties	-	-	385 825	385 825	20 508	
Properties under construction	-	-	36 850	36 850	9 849	
Total	-	-	422 675	422 675	30 357	

	Fair value measurement using				Total	Total gain or (loss) in the period in the statement of profit or loss
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)			
31 December 2014						
Completed investment properties	-	-	237 410	237 410	9 040	
Properties under construction	-	-	52 671	52 671	(11 349)	
Total	-	-	290 081	290 081	(2 309)	

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

Sensitivity analysis

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

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

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

* Profit/(loss) Before Tax (the same line item as in the Consolidated Statement of Profit and Loss),

** Estimated Rental Value Transfers between hierarchy levels

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

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

Gains recorded in the Consolidated Statement of Profit or Loss for the year ended 31 December 2016 for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amounted to 21 737 and were presented in the Consolidated Statement of Profit or Loss in line 'Valuation gain/(loss) from investment property'. Gains recorded in Consolidated Statement of Profit or Loss for the year ended 31 December 2015 for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amounted to 30 357 and were presented in the Consolidated Statement of Profit or Loss in line 'Valuation gain/(loss) from investment property'. Losses recorded in the Consolidated Statement of Profit or Loss for the year ended 31 December 2014 for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amounted to 2 309 and were presented in the Consolidated Statement of Profit or Loss in line 'Valuation gain/(loss) from investment property'.

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

5.1.4 Fair value hierarchy

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

31 December 2016	Level 1	Level 2	Level 3	Total
Completed investment property	-	-	470 380	470 380
Investment property under construction	-	-	-	-
Long-term loans	-	790	-	790
Bank loans	-	301 585	-	301 585
Other borrowings	-	137 935	-	137 935
Deposits from tenants and other deposits	-	3 824	-	3 824
Trade and other payables	-	3 260	-	3 260
Capex payables	-	3 323	-	3 323
31 December 2015	Level 1	Level 2	Level 3	Total
Completed investment property	-	-	385 825	385 825
Investment property under construction	-	-	36 850	36 850
Long-term loans	-	523	-	523
Bank loans	-	250 686	-	250 686
Derivative financial instruments	-	1 308	-	1 308
Other borrowings	-	96 166	-	96 166
Deposits from tenants and other deposits	-	4 795	-	4 795
Trade and other payables	-	3 197	-	3 197
Capex payables	-	3 728	-	3 728
31 December 2014	Level 1	Level 2	Level 3	Total
Completed investment property	-	-	237 410	237 410
Investment property under construction	-	-	52 671	52 671
Long-term loans	-	138	-	138
Bank loans	-	170 320	-	170 320

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

31 December 2016	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	3 717	-	3 717
Other borrowings	-	75 673	-	75 673
Deposits from tenants and other deposits	-	2 787	-	2 787
Trade and other payables	-	1 789	-	1 789
Capex payables	-	5 608	-	5 608

6 Rental income

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

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

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

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

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

Lease agreements with a rent-free period or a reduced rent period are required to have the rent expense to a tenant or rental income to a landlord be recognized on a straight-line basis over the lease term based on the total rental payments.

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

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

7 Property operating expenses and administrative expenses

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

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

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

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

8 Finance income

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

9 Finance cost

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

(All amounts in EUR thousands unless otherwise stated)

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

10 Segment information

For investment property, discrete financial information is provided on a property-by-property basis to members of executive management, which collectively comprise the chief operating decision maker. The information provided is net of Rental income (including gross Service charge and marketing income and Property operating expenses), Valuation gains/(losses) from investment property, Net gains/(losses) on investment property. The individual properties are aggregated into segments with similar economic characteristics such as the nature of the property and the occupied market it serves. Management Board considered to aggregate high street mixed use and office into segments.

Consequently, the Group is considered to have two reportable segments, as follows:

- High street mixed use — acquires, develops and leases shopping malls and office space in these malls,
- Office — acquires, develops and leases offices.

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

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

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

	Year ended 31 December 2016		
	High-street mixed use properties	Office properties	Total
Segment profit			
Rental income	11 124	12 564	23 688
Service charge and marketing income	5 691	4 165	9 856
Property operating expenses	(6 238)	(4 897)	(11 135)
Valuation gain/(loss) from investment property	16 222	5 515	21 737
Segment profit	26 799	17 347	44 146
Finance costs	(10 392)	(12 068)	(22 460)
Unallocated to segments			
Administrative expenses			(4 013)
Finance income and costs			237
Profit/(loss) before tax			17 910

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

	Year ended 31 December 2016		
	High-street mixed use properties	Office properties	Total
Segment assets			
Completed investment property	281 490	188 890	470 380
Long term loans	790	-	790
Total Segment assets	282 280	188 890	471 170
Assets unallocated to segments			
Deferred tax			7 674
Other assets			22 978
Total assets			501 822
Segment liabilities			
Loans and borrowings	235 632	167 836	403 468
Total Segment liabilities	235 632	167 836	403 468
Liabilities unallocated to segments			
Deferred tax			15 658
Loans and borrowings			36 052
Non-current liabilities			3 348
Current liabilities			7 059
Total liabilities			465 585
Year ended 31 December 2015			
	High-street mixed use properties	Office properties	Total
Segment profit			
Rental income	8 717	12 599	21 316
Service charge and marketing income	4 755	4 179	8 934
Property operating expenses	(4 282)	(4 447)	(8 729)
Valuation gain/(loss) from investment property	18 767	11 590	30 357
Segment profit	27 957	23 921	51 878
Finance costs	(2 932)	(8 157)	(11 089)
Unallocated to segments			
Administrative expenses			(4 938)
Finance income and costs			157
Profit/(loss) before tax			36 008

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

	Year ended 31 December 2015		
	High-street mixed use properties	Office properties	Total
Segment assets			
Completed investment property	200 644	185 181	385 825
Investment property under construction	36 850	-	36 850
Long term loans	523	-	523
Total Segment assets	238 017	185 181	423 198
Assets unallocated to segments			
Deferred tax			2 096
Other assets			23 866
Total assets			449 160
Segment liabilities			
Loans and borrowings	178 716	168 136	346 852
Derivative financial instruments	1 308	-	1 308
Total Segment liabilities	180 024	168 136	348 160
Liabilities unallocated to segments			
Deferred tax			4 802
Non-current liabilities			4 430
Current liabilities			7 290
Total liabilities			364 682
Year ended 31 December 2014			
	High-street mixed use properties	Office properties	Total
Segment profit			
Rental income	8 114	7 840	15 954
Service charge and marketing income	3 719	2 432	6 151
Property operating expenses	(3 795)	(2 523)	(6 318)
Valuation gain/(loss) from investment property	(8 781)	6 472	(2 309)
(Impairment)/reversal of impairment of property	1 302	-	1 302
Segment profit	559	14 221	14 780
Finance costs	(5 622)	(7 115)	(12 737)
Unallocated to segments			
Administrative expenses			(3 466)
Finance income and costs			114
Profit/(loss) before tax			(1 309)

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

	Year ended 31 December 2014		
	High-street mixed use properties	Office properties	Total
Segment assets			
Completed investment property	127 500	109 910	237 410
Investment property under construction	52 671	-	52 671
Long term loans	138	-	138
Total Segment assets	180 309	109 910	290 219
Assets unallocated to segments			
Deferred tax			4 677
Other assets			21 465
Total assets			316 361
Segment liabilities			
Loans and borrowings	142 940	103 053	245 993
Derivative financial instruments	3 717	-	3 717
Total Segment liabilities	146 657	103 053	249 710
Liabilities unallocated to segments			
Deferred tax			3 132
Non-current liabilities			2 691
Current liabilities			7 493
Total liabilities			263 026

Geographical information:

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

Carrying amount of investment property (including under construction):

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

(All amounts in EUR thousands unless otherwise stated)

11 Income tax

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

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

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

	Year ended 31 December		
	2016	2015	2014
Profit/(loss) before income tax	17 910	36 008	(1 309)
Expected taxation charge at the tax rate 19%	(3 403)	(6 842)	249
Effect of:			
Income not subject to tax	292	8	20
Expenses not deductible for tax purposes	(123)	(133)	(17)
Adjustments for companies not obliged to calculate income tax	(3 066)	2 739	117
Temporary differences for which no deferred tax asset is recognized	-	(75)	(22)
Tax losses from prior years from which no deferred tax asset was recognised	204	(43)	-
Reversal of impairment deferred tax asset on not expired tax losses	424	-	240
Tax (charge)/credit	(5 672)	(4 346)	587

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

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

Deferred tax assets	Interest and exchange rate differences accrued	Tax losses carried forward	Unrealised loss on fair value	Other	Total
As at 1 January 2014	1 245	526	-	73	1 844
Charged / (credited) to the Consolidated Statement of Profit and Loss	776	382	1 759	19	2 936
Foreign currency translation	(48)	(21)	(32)	(2)	(103)
As at 31 December 2014	1 973	887	1 727	90	4 677
Charged / (credited) to the Consolidated Statement of Profit and Loss	(725)	(417)	(1 461)	(28)	(2 631)
Foreign currency translation	14	8	27	1	50
As at 31 December 2015	1 262	478	293	63	2 096
Charged / (credited) to the Consolidated Statement of Profit and Loss	3 492	1 117	942	182	5 733
Foreign currency translation	(94)	(33)	(24)	(4)	(155)
As at 31 December 2016	4 660	1 562	1 211	241	7 674
Deferred tax liabilities		Temporary difference between tax and book value	Interest and exchange rate differences accrued	Other	Total
As at 1 January 2014		741	100	7	848
Charged / (credited) to the Consolidated Statement of Profit and Loss		2 326	9	14	2 349
Foreign currency translation		(62)	(3)	-	(65)
As at 31 December 2014		3 005	106	21	3 132
Charged / (credited) to the Consolidated Statement of Profit and Loss		1 496	115	92	1 703
Foreign currency translation		(29)	(2)	(2)	(33)
As at 31 December 2015		4 472	219	111	4 802
Charged / (credited) to the Consolidated Statement of Profit and Loss		11 150	(113)	145	11 182
Foreign currency translation		(313)	(7)	(6)	(326)
As at 31 December 2016		15 309	99	250	15 658

(All amounts in EUR thousands unless otherwise stated)

As at 31 December 2016 the Group has tax losses that arose in Poland of 4 435 (2015: 5 545; 2014: 5 994) that are available for 5 years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized in respect of tax losses in amount of 27 (2015: 3 037; 2014: 1 316) as they are not probable to be used to offset taxable profits in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other convincing evidence of recoverability in the near future.

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

12 Earnings per share (EPS)

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

For the purpose of these consolidated financial statements the number of ordinary shares of Griffin Premium RE.. B.V. issued as of 3 March 2017 was used for EPS calculation for 2016, 2015 and 2014.

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

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

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

13 Completed investment property

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

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

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

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

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

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

14 Investment property under construction

	2016	2015	2014
At 1 January	36 850	52 671	46 282
Capital expenditure	25 672	36 444	17 003
Financial costs capitalised including amortised cost	1 881	2 400	2 853
Received grant	128	97	(2 024)
Transfer to completed investment property under construction	(68 182)	(64 913)	-
Net gain/(loss) from fair value adjustments on investment property	4 514	9 849	(11 349)
(Impairment)/reversal of impairment property	-	-	1 302
Foreign currency translation	(863)	302	(1 396)
At 31 December	-	36 850	52 671

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

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

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

15 Loans granted

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

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

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

Year ended 31 December 2016

Borrower	Total	After 1 year but no more than 5 years	More than 5 years
Apenon Sp. z o.o.	152	152	-
Apenon Sp. z o.o.	406	406	-
Griffin Topco II S.à r.l.	232	232	-
	790	790	0

Year ended 31 December 2015

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

Year ended 31 December 2014

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

(All amounts in EUR thousands unless otherwise stated)

16 Rent and other receivables

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

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

Rent and other receivables impaired and provided for

As at 31 December 2016, receivables with nominal value of 739 (2015: 458; 2014: 488) were impaired and provided for in the amount of 722 (2015: 445; 2014: 402) due to tenant defaults. Movements in the provision for impairment of receivables were, as follows:

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

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

	Total	Neither past due nor impaired	<30 days	30-60 days	60-90 days	90-120 days	>120 days
2016	3 327	643	1 630	170	114	123	647
2015	2 526	936	713	182	17	104	574
2014	1 803	816	339	52	18	7	571
			26	54	56	42	561
2016			(26)	(54)	(56)	(33)	(553)
							(722)
			17	-	-	98	343
2015			(17)	-	-	(98)	(330)
							(445)

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

	Impaired rent and other receivables	4	-	6	39	439
2014	Provision for impairment	(1)	-	(1)	(34)	(366)
	Total provision					(402)

17 Cash and short-term deposits

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

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

18 Restricted cash

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

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

19 Issued capital

Authorised shares

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

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

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

Net assets attributable to shareholders

Net assets attributable to shareholders represents total equity of the Entities which form part of the financial statements, but were not legally owned by Griffin Premium RE.. B.V. As per 31 December 2016, 2015 and 2014, this only represents the total equity of subsidiaries mentioned in Note 1.1.

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

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

Equity of Bakalion Sp. z o.o.	112
Equity of Centren Sp. z o.o.	1
Equity of Dolfia Sp. z o.o.	2 221
Equity of Ebgaron Sp. z o.o.	(20)
Equity of Kafue Sp. z o.o. (later Nordic Park Offices Spółka z ograniczoną odpowiedzialnością Sp. k.)	3 893
Equity of Lenna Investments Sp. z o.o.	(57)
Equity of Grayson Investments Sp. z o.o.	(10)
Equity of Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp. k.	2 572
Equity of Lamantia Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Cyryon Sp. z o.o.)	1 494
Equity of DH Renoma Sp. z o.o.	29 782
Equity of Dom Handlowy Supersam Sp. z o.o.	9 963
Elimination of common shares	(994)
Total net assets attributable to shareholders as at 1 January 2014	48 957
Profit/(loss) for the year 2014	(722)
Share capital increase in DH Supersam Katowice Sp. z o.o.	6 409
Operations with shareholders	6 409
Total net assets attributable to shareholders as at 31 December 2014	54 644
Profit/(loss) for the year 2015	31 662
Set up of Lamantia Sp. z o.o.	1
Set up of Dom Handlowy Renoma Sp. z o.o.	1
Set up of Akka SCSp	361
Set up of Charlie SCSp and contribution in kind to Charlie SCSp	39 387
Set up of IB 14 Fundusz Inwestycyjny Zamknięty	429
Elimination of common shares	(40 136)
Operations with shareholders	43
Total net assets attributable to shareholders as at 31 December 2015	86 349
Profit/(loss) for the year 2016	12 238
Dividend from Charlie SCSp	(56 112)
Lenna Investments Sp. z o.o. share capital increase	463
Elimination of common shares	(1 604)
Operations with shareholders	(1 141)
Total net assets attributable to shareholders as at 31 December 2016	41 334

Foreign currency translation reserve

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

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

20 Bank loans

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

As at 31 December 2016

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

As at 31 December 2015

Bank	Interest rate	Maturity	Total	Long-term	Short-term
Westdeutsche Immobilienbank AG	EURIBOR 3M + margin	April 2017	34 657	34 575	82
Bank consortium	EURIBOR 3M + margin	June 2020	47 774	46 305	1 469
Westdeutsche Immobilienbank AG	fixed rate + margin	February 2018	6 569	6 346	223
mBank Hipoteczny S.A.	EURIBOR 3M + margin	January 2034	7 999	7 617	382
Westdeutsche Immobilienbank AG	fixed rate + margin	February 2018	7 578	7 320	258
mBank Hipoteczny S.A.	EURIBOR 3M + margin	July 2034	14 876	14 245	631
Bank Gospodarstwa Krajowego	NBP reference rate less social indicator	June 2034	3 974	3 950	24
Bank Gospodarstwa Krajowego	WIBOR 1M + margin	February 2018	637	-	637
Bank Gospodarstwa Krajowego	EURIBOR 1M + margin	August 2026*	14 816	14 816	-
Hypothekenbank Frankfurt AG	EURIBOR 1M + margin	June 2016	74 784	-	74 784
Bank Ochrony Środowiska S.A.	EURIBOR 3M + margin	June 2017	35 408	35 408	-
Bank Ochrony Środowiska S.A.	WIBOR 3M + margin	June 2017	1 614	-	1 614
			250 686	170 582	80 104

As at 31 December 2014

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

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

(All amounts in EUR thousands unless otherwise stated)

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

In 2014 one of the entities received the financing under JESSICA initiative. JESSICA initiative is a part of the Regional Operational Programme of the Masovian District under which the entity is granted with the financing under favorable conditions in terms of interests. The interest rates under JESSICA loan are lower than the market ones. This grant has been recognized in the books resulting in recognition of loan at a fair value being lower than the nominal value and resulting in a decrease of the property capitalized cost (in the amount of the grant being the difference between loan nominal value and loan fair value at the inception date. As of the 31 December 2016 the amount of grant recognized amounted to 1 671 (31 December 2014: 1 987, 31 December 2015: 1 893).

21 Derivative financial instruments

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

22 Other borrowings

As at 31 December 2016

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

As at 31 December 2015

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

As at 31 December 2014

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

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

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

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

including:

Long term deposits from tenants and other deposits	3 348	4 430	2 691
--	-------	-------	-------

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

For explanations on the Group's liquidity risk management processes, refer to Note 5.1.

24 Related party disclosures

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

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the years ended 31 December 2016, 2015 and 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Payables to related parties

	31 December		
	2016	2015	2014
Griffin Advisors Sp. z o.o.	2	99	29
Griffin Real Estate Sp. z o.o.	13	217	231
Apenon Sp. z o.o.	-	91	91
Griffin Netherlands II B.V.	-	34	-
Griffin Finance II Sp. z o.o.	1	-	-
	16	441	351

Receivables from related parties

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

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

Sales of services

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

Costs

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

Loans granted to related parties

Total loans granted to related parties

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

Loan granted to Apenon Sp. z o.o.

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

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

Loan granted to Niter Enterprise Sp. z o.o.

	Year ended 31 December		
	2016	2015	2014
Beginning of the period	-	-	26
Interest income	-	-	1
Capital repayment	-	-	(24)
Interest paid	-	-	(3)
End of the period	-	-	-

Loan granted to Griffin Topco II S.à r.l.

	Year ended 31 December		
	2016	2015	2014
Beginning of the period	-	-	-
Loans advanced	224	-	-
Interest income	4	-	-
Foreign exchange differences	7	-	-
Foreign currency translation	(3)	-	-
End of the period	232	-	-

Total loans from related parties

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

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

Loan received from Griffin Topco III S.à r.l.

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

Loan received from Griffin Finance III Sp. z o.o.

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

Loan received from Zerta Sp. z o.o.

	Year ended 31 December		
	2016	2015	2014
Beginning of the period	-	-	334
Interest expense and amortised cost	-	-	4
Interest paid	-	-	(20)
Capital repayment	-	-	(315)
Foreign currency translation	-	-	(3)
End of the period	-	-	-

Loan received from Griffin Finance II Sp. z o.o.

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

Griffin Premium RE.. B.V. Group
Consolidated Financial Statements
for the three years ended 31 December 2016, 2015 and 2014

(All amounts in EUR thousands unless otherwise stated)

Loan received from Griffin Topco II S.à r.l.

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

Loan received from Emilia Nieruchomości Sp. z o.o.

	Year ended 31 December		
	2016	2015	2014
Beginning of the period	-	-	626
Loans received	-	-	1 374
Interest expense and amortised cost	-	-	125
Interest paid	-	-	(148)
Capital repayment	-	-	(1 972)
Foreign currency translation	-	-	(5)
End of the period	-	-	-

Loan received from Karden Sp. z o.o. (currently Emilia Nieruchomości Sp. z o.o.)

	Year ended 31 December		
	2016	2015	2014
Loans received	-	-	1 869
Interest expense and amortised cost	-	-	32
Interest paid	-	-	(32)
Capital repayment	-	-	(1 869)
End of the period	-	-	-

Loan received from Widok RE Sp. z o.o. in liquidation

	Year ended 31 December		
	2016	2015	2014
Beginning of the period	-	-	-
Loans received	-	-	717
Interest expense and amortised cost	-	-	3
Interest paid	-	-	(3)
Capital repayment	-	-	(717)
End of the period	-	-	-

(All amounts in EUR thousands unless otherwise stated)

Loan received from Apenon Sp. z o.o.

	Year ended 31 December		
	2016	2015	2014
Beginning of the period	-	-	526
Interest expense and amortised cost	-	-	19
Foreign exchange differences	-	-	2
Interest paid	-	-	(70)
Capital repayment	-	-	(472)
Foreign currency translation	-	-	(5)
End of the period	-	-	-

Bonds issued to GT II FIZ Aktywów Niepublicznych

	Year ended 31 December		
	2016	2015	2014
Beginning of the period	-	-	-
Issue of bonds	1 627	-	-
Foreign exchange differences	4	-	-
Foreign currency translation	(23)	-	-
End of the period	1 608	-	-

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

25 Contingencies and commitments

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

In addition to mortgages on investment properties, the Group had in 2014, 2015 and 2016 the following contingent liabilities and commitments:

1. Granted by the borrowers towards the financing banks:

- Financial and registered pledges over bank accounts of the borrowers,
- Registered and civil pledges over the shares of the borrowers being limited liability partnerships,
- Registered and civil pledges over the general and limited partner's rights in the borrowers being limited partnerships,
- Registered and civil pledges over the shares of selected limited partners and general partners holding rights in the borrowers being limited partnerships,
- Registered pledges over collection of movable assets and property rights of the borrowers,
- Power of attorney to bank accounts of the borrowers,
- Security assignment in relation to rights under existing and future contracts including, but not limited to insurance agreements, lease agreements, lease guarantees, agreement with general contractor and other relevant contracts,
- Security assignment in relation to rights under subordinated debt,
- Subordination of the existing intercompany debts,
- Blank promissory notes with promissory note declarations,
- Statements on voluntary submission to execution.

(All amounts in EUR thousands unless otherwise stated)

2. Established towards other third parties:

- Amended agreement regarding terms of one of the investment implementation describing contractual penalty – payment in case of disposal of the investment property without transferring commitments resulting from Agreement, including the payment of compensation, to new entity,
- Amended agreement regarding terms of one of the investment implementation, describing compensation resulting from permission to implement the investment and establishment of the right of way – payment after entering the right of way into the land and mortgage register,
- Agreement – notarial deed, resulting in obligation of contractual penalty payment for a breach of agreement in terms of information obligation, complaints withdrawal etc. – payment in case of failure to fulfil the commitments resulting from agreement and receiving request for payment,
- Amended agreement requiring compensation payment resulting from establishment of the right of way and permission to implement the one of investments,
- Amended agreement, which results in obligation of covering part of land lot renovation costs on condition that the right of way is established and invoices are provided by The Building Works and Property Agency,
- Appendix to Agreement concerning one of the investments design preparation – single premium payment after completed investment, if the design solutions used by the Architect with their final optimization allow the Investor to achieve investment budgetary objective,
- Cost overruns guarantee agreement,
- Transmission service easement for investment property regarding transformer station.

26 Events after the reporting period

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

PROPERTY VALUATION REPORTS

SUMMARY REPORT

9 properties located in the following cities in Poland:
Katowice, Krakow, Lodz, Warsaw, Wroclaw

Prepared for:

Griffin Premium RE.. B.V.

Bank Zachodni WBK S.A.

Joh. Berenberg, Gossler & Co. KG

Valuation Date: 31 December 2016

CBRE



CBRE Polska Sp. z o.o.

Rondo ONZ 1
00-124 Warsaw
Poland

Switchboard +48 22 5448000
Fax + 48 22 5448001

Report Date	13 March 2017
Addressee	Griffin Premium RE.. B.V. Barbara Strozziłaan 201 1083 HN Amsterdam; The Netherlands FAO: Dorota Wysokinska-Kuzdra and Rafał Pomorski And Bank Zachodni WBK S.A. Rynek 9/11 50-950 Wrocław in their capacity as Global Co-ordinator, Joint Bookrunner and Offering Agent And Joh. Berenberg, Gossler & Co. KG Bockenheimer Landstrasse 25 D-60325 Frankfurt a.M., Germany In their capacity as Global Co-ordinator and Joint Bookrunner
The Properties	The properties as listed in the Schedule of Properties set out in Appendix A below.
Property Description	Office buildings and mixed-use properties as detailed in Appendix B below.
Ownership Purpose	Investment.
Instruction	To value the unencumbered Freehold-Equivalent / Perpetual Usufruct interests in the Properties on the basis of Fair Value as at the Valuation Date in accordance with the terms of engagement



entered into between CBRE and the addressees dated 8 March 2017.

Valuation Date

31 December 2016

Capacity of Valuer

External, as defined by the RICS Valuation -Professional Standards (January 2014).

Purpose

The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Professional Standards (January 2014) (“Red Book”). We understand that our valuation report and the Appendices to it (together the “Valuation Report”) is required for inclusion in a prospectus (the “Prospectus”) which is to be published by Griffin Premium RE.. B.V. pursuant to an Initial Public Offering of newly-issued and existing ordinary shares by Griffin Premium RE.. B.V. on the main regulated market of the Warsaw Stock Exchange as a result of which the shares of Griffin Premium RE.. B.V. will be admitted to and traded on the main regulated market of the Warsaw Stock Exchange.

We understand that the AFM (the Dutch Authority for the Financial Markets) is solely authorised to approve the Prospectus.

The effective date of valuation is 31 December 2016.

In accordance with the RICS Valuation – Professional Standards (January 2014) (the “Red Book”) we have made certain disclosures in connection with this valuation instruction and our relationship with Griffin Premium RE.. B.V.

Fair Value

€470,380,000

(Four hundred and seventy million, three hundred and eighty thousand euros)

exclusive of purchaser’s costs and VAT, as shown in Appendix B below.

We confirm that the “Fair Value” reported above, for the purpose of financial reporting under International Financial Reporting Standard 13, is effectively the same as “Market Value.”

Our opinion of Fair Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm’s length terms.

The logo for CBRE, consisting of the letters 'CBRE' in a bold, green, sans-serif font.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

For the avoidance of doubt, we have valued the Properties as real estate and the values reported herein represent 100% of the fair values of the assets. No account has been taken in reporting these fair values of the extent of Griffin Premium RE.. B.V. interests in the companies holding the subject Properties.

There are no negative values to report.

We are required to show the split of values between freehold-equivalent and perpetual usufruct property, and to report the following categories of property separately.

	Fair Value	No of properties
Freehold	€ 86,950,000	3
RPU (land)* / Freehold (building)	€ 383,430,000	6
Total	€ 470,380,000	9

*Includes 2 properties with minority areas of freehold land.

Fair Value under Special Assumptions

€514,380,000 (Five Hundred and Fourteen Million, Three Hundred and Thirty-Eight Thousand Euros)

exclusive of purchaser's costs and VAT.

Special assumptions: that as at the valuation date, the Properties are fully-let and fully-income-producing, there are no outstanding incentives to tenants in respect of the current leases and no outstanding capital expenditure to be covered by the Landlord.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

For the avoidance of doubt, we have valued the Properties as real estate and the values reported herein represent 100% of the fair values of the assets. No account has been taken in reporting these fair values of the extent of Griffin Premium RE.. B.V. interests in the companies holding the subject Properties.

There are no negative values to report.

We are required to show the split of values between freehold-



equivalent and perpetual usufruct property, and to report the following categories of property separately.

	Fair Value with Special Assumptions	No of properties
Freehold	€ 95,830,000	3
RPU (land)*/ Freehold (building)	€ 418,550,000	6
Total	€ 514,380,000	9

*Includes 2 properties with minority areas of freehold land.

Special Assumptions

In accordance with our instructions, in addition to reporting the Fair Values, for all the subject properties we have reported the Fair Values under the following Special Assumptions that as at the valuation date:

- The Properties are fully-let and fully income producing;
- There are no outstanding incentives to tenants;
- There are no capital expenditure items to be covered by the Landlord.

Report Format

Appendix A of this Valuation Report contains the Schedule of Properties. Appendix B provides the Property Details and Fair Values of the Portfolio.

Compliance with Valuation Standards

The valuation has been prepared in accordance with The RICS Valuation – Professional Standards (January 2014) (“the Red Book”).

The valuations are compliant with the International Valuations Standards and in accordance with paragraphs 128 to 130 of the ESMA update (ESMA/2013/319) of the Committee of European Securities Regulators’ (CESR) recommendations for the consistent implementation of the European Commission regulation (EC) n. 809/2004 implementing the Prospectus Directive, the requirements of the AFM and the Warsaw Stock Exchange requirements.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been



retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

Assumptions

The property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None apart from the Special Assumptions detailed above.

ESMA 130 (vi)

ESMA paragraph 130 (vi) requires us to comment on any differences between the valuation figure in this Valuation Report and the valuation figure included in issuer's latest published annual accounts. We confirm that there is no difference between the valuation for annual accounts dated 31 December 2016 and the values reported herein.

Development Property

There are no development properties in the portfolio.

Market Conditions

The values stated in this report represent our objective opinion of Fair Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

Valuer

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards (January 2014) (The Red Book).

Independence

The total fees, including the fee for this assignment, earned by CBRE Sp. z o.o. (or other companies forming part of the same group of companies within Poland) from the Griffin Premium RE.. B.V. (or other companies forming part of the same group of companies) are less than 5.0% of the total Polish revenues.

It is not anticipated this situation will vary in the financial year to

31 December 2017.

We confirm that we do not have any material interest in Griffin Premium RE.. B.V. or the Properties.

We do not consider that any conflict of interest arises in us preparing this Valuation Report and Griffin Premium RE.. B.V. has confirmed to us that it also considers this to be the case.

Disclosure

In accordance with the Red Book we make the following disclosures: of our previous involvement with the properties and the companies in the same capital group as Griffin Premium RE.. B.V.:

- valuation of the subject properties on behalf of Griffin Real Estate Sp z o.o. for accounting purposes as at 30 September 2016,
- valuation of Philips House on behalf of a prospective buyer for acquisition purposes as at 31 March 2016,
- valuation of Renoma for loan security purposes on behalf of Bank Gospodarstwa Krajowego S.A. as at 31 January 2016,
- valuation of Hala Koszyki for loan security purposes on behalf of Bank Gospodarstwa Krajowego S.A. as at 30 September 2016,
- agency services by the Capital Markets Department of CBRE for Griffin RE Sp. z o.o. in respect of potential disposal of the 6 office buildings in the portfolio between February and March 2016,
- valuation services for companies in the same capital group as Griffin Premium RE.. B.V. since 2015.

Responsibility

We are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with the AFM and Warsaw stock exchange prospectus rules and Paragraphs 128 to 130 of the ESMA update of CESR'S recommendations for the consistent implementation the European Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

Save for any responsibility arising under the above to any person as and to the extent there provided, to the fullest extent permitted

The logo for CBRE, consisting of the letters 'CBRE' in a bold, green, sans-serif font.

by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents save as set out in "Responsibility" above.

No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of Valuation.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Before this Valuation Report, or any part thereof, is disclosed orally or otherwise to a third party, CBRE's written approval of the form and context of such publication or disclosure must first be obtained.

Such publication or disclosure will not be permitted unless where relevant it incorporates the Assumptions referred to herein. For the avoidance of doubt, such approval is required whether or not CBRE is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Royal Institution of Chartered Surveyors Valuation Standards or the incorporation of the special assumptions referred to herein.

Currency

About 4% of rental income, capex and non-recoverable costs are quoted in PLN. We have adopted in our valuation the currency exchange rate: EUR 1 = PLN 4.4240, according to the National Bank of Poland. (Source: National Bank of Poland; date 30 December 2016)

Yours faithfully

Yours faithfully

Maciej Wójcikiewicz MRICS

Senior Director,

Head of Valuation Poland

For and on behalf of

CBRE Sp. z o.o.

T: +48 22 544 8021

E: maciej.wojcikiewicz@cbre.com

CBRE – Valuation Advisory

T: +48 22 544 8000

F: +48 22 544 8001

W: www.cbre.pl

Yours faithfully

Piotr Sliz MRICS

Associate Director

For and on behalf of

CBRE Sp. z o.o.

T: +48 608 659 202

E: piotr.sliz@cbre.com

Yours faithfully

Krzysztof Widuch

Senior Property Valuer

Property Valuer License no. 5420

For and on behalf of

CBRE Sp. z o.o.

T: +48 22 544 8063

E: krzysztof.widuch@cbre.com

Graham Hughes MRICS

RICS Registered Valuer

Executive Director

For and on behalf of

CBRE Ltd.

T: +44 (0) 207 182 2631

E: graham.hughes@cbre.com

The logo for CBRE, consisting of the letters 'CBRE' in a bold, green, sans-serif font.

SCOPE OF WORK & SOURCES OF INFORMATION

Sources of Information

We have carried out our work based upon information and documents supplied to us by Griffin RE, which we have assumed to be correct and comprehensive.

We have been provided with copies of the following documents:

Legal: Excerpts from Mortgage Registers

Technical: Technical control protocols dated May 2016.

Tenancy: Tenancy schedules dated 17th December 2016.

Tenant performance (Renoma, Supersam, Hala Koszyki): tenants' sales turnovers and footfall schedules from 2016

Capex: Capex schedule for 2016 and 2017.

We have requested but not been provided with:

- Legal, technical and environmental due diligence reports

The Properties

Our report contains a brief summary of the properties details on which our valuation has been based.

Inspection

We have inspected the Properties externally and internally as follows:

Property	Inspection Date
Green Horizon	4 August 2016
Centrum Biurowe Lubicz I&II	12 August 2016
Nordic Park	8 August 2016
Batory Office Building I	8 August 2016
Bliski Center	10 August 2016
Renoma	1 August 2016
Supersam	16 August 2016
Hala Koszyki	30 August 2016
Philips House	3 November 2016

Areas

We have not measured the Properties but have relied upon the floor areas provided. We have not checked this on site.



We have relied upon the floor areas given in the tenancy schedules provided, which Griffin RE us are correct.

Unless advised specifically to the contrary, we have made the Assumption that the floor areas supplied to us have been calculated in accordance with local practice as appropriate. All areas quoted in this Valuation Report are approximate.

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

We have undertaken only limited inspections of the properties for valuation purposes and have relied solely on the information provided by the property manager.

Town Planning

We have made verbal Planning enquiries only. Information supplied to us by planning officers is given without liability on their part and we cannot therefore accept responsibility for incorrect information or for material omissions in the information supplied to us.

Titles, Tenures and Lettings

Details of title/tenure under which the Properties are held and of lettings to which they is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning

consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.



VALUATION ASSUMPTIONS

Introduction

An Assumption is defined in the Red Book Glossary and Appendix 3 to be a "supposition taken to be true" (an "Assumption").

Assumptions are facts, conditions or situations affecting the subject of, or approach to; a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

Griffin Premium RE.. B.V. has confirmed and we confirm that our Assumptions are correct as far as Griffin Premium RE.. B.V. and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

Each valuation has been prepared on the basis of "Fair Value", which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting under International Financial Reporting Standards is effectively the same as "Market Value", which is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No allowances have been made for any expenses of realisation nor

	<p>for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.</p> <p>No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.</p> <p>No account has been taken of the availability or otherwise of capital based Government or other grants.</p>
Taxation, Costs and Realisation Costs	<p>As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal.</p> <p>Our valuations reflect purchasers' statutory and other normal acquisition costs.</p>
VAT	<p>We have not been advised whether the properties are elected for VAT.</p> <p>All rents and capital values stated in this report are exclusive of VAT.</p>
Passing Rent	<p>Passing rents quoted in this report are the rents which are currently payable under the terms of the leases. Passing rents exclude service charges and VAT and are prior to deduction of any non-recoverable costs. Passing rents exclude turnover rents, mall incomes and other miscellaneous incomes.</p>
Net Annual Rent	<p>Net annual rent is defined for the purposes of this transaction as "the current income or income estimated by the valuer:</p> <ul style="list-style-type: none">(i) ignoring any special receipts or deduction arising from the property;(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and(iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent".
Estimated Net Annual Rental Value	<p>The estimated net annual rental value is based on the current rental value of each of the Properties. The rental value reflects</p>

the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where the Properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

Lease Expiries

Fixed-term leases frequently incorporate either tenants' options to extend or tenants' break clauses; other leases are rolling to indeterminate, subject to stated notice periods. For the purposes of our valuations, we have made assumptions as to appropriate presumed expiry dates.

Any weighted average unexpired terms indicated in our Valuation report reflect these assumptions.

The Properties

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

(a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities.



Energy Performance Certificates

We have assumed that the Properties possess or will possess current Energy Performance Certificates as required under Government Directives.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

(b) the Properties are free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Properties; and

(d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Planning and Lettings

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

(c) the Properties are not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety

regulations;

(e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the relevant disability discrimination legislation;

(f) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

(g) tenants will meet their obligations under their leases;

(h) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(i) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

(j) vacant possession can be given of all accommodation which is unlet or is let on service occupancy.



Appendix A: Schedule of Properties

Country	Address	Town	Tenure	Fair Value (100%)	Fair Value with Special Assumption (100%)
Poland	106 Pomorska St.	Lodz	Freehold (building) RPU** (land)	€ 69,650,000	€ 69,760,000
Poland	23,23A Lubicz St.	Krakow	Freehold	€ 64,830,000	€ 70,120,000
Poland	8 Kruczkowskiego St.	Warsaw	Freehold (building) RPU* (land)	€ 21,790,000	€ 24,860,000
Poland	212 Jerozolimskie Ave.	Warsaw	Freehold	€ 10,820,000	€ 11,930,000
Poland	8 Zurawia St.	Warsaw	Freehold (building) RPU* (land)	€ 10,500,000	€ 13,480,000
Poland	40 Swidnicka St.	Wroclaw	Freehold (building) RPU* (land)	€ 136,910,000	€ 139,750,000
Poland	6 Piotra Skargi St.	Katowice	Freehold (building) RPU** (land)	€ 56,020,000	€ 63,070,000
Poland	61-65 Koszykowa St.	Warsaw	Freehold (building) RPU* (land)	€ 88,560,000	€ 107,630,000
Poland	195 Jerozolimskie Ave.	Warsaw	Freehold	€ 11,300,000	€ 13,780,000

*RPU – Right of Perpetual Usufruct

**RPU includes minority freehold land areas

Appendix B: Properties Details

Property Details: Properties held for Investment

Sub-Portfolio or Property	Description, Age and Tenure	Tenancy	Net Passing Rent € Per Annum (Rounded '000)	Market Rent € per Annum (Rounded '000)	Fair Value €	Fair Value with Special Assumption €
106 Pomorska St. Lodz – Green Horizon office building	<p>The property is located in the Srodmiescie district. The very good quality complex of two office buildings, completed in 2012 and 2013, is of seven over ground and two underground floors with 33,510 sq m of total lettable area and 407 underground and overground parking spaces. There are retail units located on the ground floor.</p> <p>The buildings are freehold and 75% of the land is hold on perpetual usufruct (RPU) basis with 72 years unexpired and 25% on freehold.</p> <p>Lodz, with a population of 706,000 inhabitants, is in central Poland, around 150 km from Warsaw. It has an unemployment rate of 8.1% which is at the national average and the average monthly salary is 4,033 PLN, which is below the national average.</p> <p>The property is located on the fringedge of the city centre and surrounded by medium-density residential and educational buildings. It is situated at the cross of major roads (Pomorska St. and Grzegorza Palki Ave.) and has very good accessibility and visibility.</p>	<p>The property is let to 14 tenants on institutional terms occupying ca. 100% of the property. The main tenants are: Infosys, PKO BP and Skanska accounting for 73% of the passing rent with an unexpired term of c.a. 6 years</p>	5,220,000	5,457,000	69,650,000	69,760,000
23,24 Lubicz St. Krakow – Centrum Biurowe Lubicz (I&II) office buildings	<p>The property is located in the Old Town district. Two very good quality office buildings, completed in 2000 (Lubicz I) and 2009 (Lubicz II) are of six to seven over ground floors and one to two underground floors. It comprises of 23,931 sq m of total lettable area and 333 underground and over ground parking spaces.</p> <p>The property is freehold.</p> <p>Krakow, with a population of 760,000 inhabitants, is a major city in south-east Poland, around 300 km from Warsaw. It has an unemployment rate of 3.7% which is below the national average and the average monthly salary is 4,597 PLN, which is above the national average.</p> <p>The property occupies prime office location within the city centre and is surrounded by medium-density residential and commercial buildings. It is situated at the the major street (Lubicz</p>	<p>The property is let to 21 tenants on institutional terms occupying ca. 97% of the property. 301 sq m of office space, 351 sq m retail and 56 sq m storage remains vacant. The main tenants are: Capita, International Paper, Deutsche Bank, Infusion, Lumesse accounting for 72% of the passing rent with an unexpired term of c.a. 4 years (</p>	4,612,000	4,878,000	64,830,000	70,120,000

	St.) close to the main railway station. It has good accessibility and visibility.					
8 Kruczkowskiego St – Nordic Park office building	<p>The property is located in the Srodmiestcie district. The good quality office building, completed in 2000 is of eight over ground and one underground floor. It has 9,004 sq m of total lettable area and 206 parking spaces situated in underground, ground, first and second floor.</p> <p>The property is held on perpetual usufruct basis of the land with 78 years unexpired and freehold of the building.</p> <p>Warsaw, with a population of 1,750,000 inhabitants, is the capital city of Poland. It has an unemployment rate of 2.8% which is well below the national average and the average monthly salary is 5,466 PLN, which is well above the national average.</p> <p>The property is located on the frindge of city center, in well recognized Powisle residential area, close to Vistula river. It is situated between Jerozolimskie Ave and railway line, at Kruczkowskiego St. It has good accessibility and visibility.</p>	<p>The property is let to 7 tenants on institutional terms, occupying ca. 74% of the property. 2,307 sq m remains vacant. The main tenants are: Baxter Poland, Zwiazek Bankow Polskich, Korean Cultural Centre in the Embassy of Republic of Korea accounting for 62% of the passing rent with an unexpired term of c.a. 2 years 9 months.</p>	927,000	1,934,000	21,790,000	24,860,000
212A Jerozolimskie Ave. Warsaw – Batory I office building	<p>The property is located in the Włochy district. The good quality office building, completed in 2000, is of six over ground floors and one underground. It has 6,610 sq m of total lettable area and 230 ground and underground parking spaces.</p> <p>The property is freehold.</p> <p>Warsaw, with a population of 1,750,000 inhabitants, is the capital city of Poland. It has an unemployment rate of 2.8% which is well below the national average and the average monthly salary is 5,466 PLN, which is well above the national average.</p> <p>The property is located on the frindge of Warsaw, in well recognized office non-central area, around 500 m from suburban train station and surrounded by low-density commercial properites and undeveloped sites. It is situated at the the major road (Jerozolimskie Ave.) close to the junction with Warsaw ring road. It has good visibility, but moderate accessibility.</p>	<p>The property is let to 10 tenants on institutional terms, occupying ca. 95% of the property. 307 sq m remains vacant. The main tenants are: Solid Group, IMPULS-LEASING Polska, Zintegrowane Systemy Techniczne accounting for 66% of the passing rent with an unexpired term of c.a. 4 years 3 months</p>	609,000	1,055,000	10,820,000	11,930,000
8 Zurawia St. Warsaw – Bliski Center office building	<p>The property is located in the Srodmiestcie district. The good quality office building, completed in 2000, is of seven over ground floors and two underground with 4,920 sq m of total lettable area and 88 ground and underground parking spaces.</p> <p>The property is held on perpetual</p>	<p>The property is let to 4 tenants on institutional terms, occupying ca. 88% of the property. 612 sq m remains vacant. The main tenant is</p>	894,000	1,008,000	10,500,000	13,480,000

	<p>usufruct basis of the land with 79 years unexpired and freehold of the building. Warsaw, with a population of 1,750,000 inhabitants, is the capital city of Poland. It has an unemployment rate of 2.8% which is well below the national average and the average monthly salary is 5,466 PLN, which is well above the national average.</p> <p>The property is located in the city centre in well recognized office area and surrounded by high-density residential and commercial properities. It is situated between Zurawia and Krucza Str. and has limited accessibility and visibility.</p>	<p>Eurozet accounting for 90% of the passing rent with an unexpired term of c.a. 6 years 2 months.</p>					
<p>40 Swidnicka St. Wrocław – Renoma shopping and office center</p>	<p>The property is located in the Srodmiestecie district. The modern and very good quality shopping centre and office building, completed in 1930, redeveloped and extended in 2009, is of nine over ground floors and two underground with 40,614 sq m of total lettable area, of which 28,376 sqm is retail with c. 114 units, and 630 parking spaces.</p> <p>The property is held on perpetual usufruct basis of the land with 72 years unexpired and freehold of the building. Wrocław, with a population of 637,000 inhabitants, is in south-west Poland, around 350 km from Warsaw. It has an unemployment rate of 2.8%, which is well below the national average and the average monthly salary is 4,540 PLN, which is above the national average.</p> <p>The property is located in the city centre, close to the Market Square and surrounded by high-density residential and commercial properities. It is situated between Swidnicka and Podwale Str. and has very good visibility and good accessibility.</p>	<p>The property is let to 115 tenants on institutional terms, occupying ca. 94% of the property. 2,211 sq m of retail space and 149 sq m storage remains vacant. The main tenants are: HP, TKMaxx, Empik accounting for 31% of the passing rent with an unexpired term of c.a. 4 years (</p>	7,533,000	8,228,000	136,910,000	139,750,000	
<p>6 Piotra Skargi St. Katowice – Supersam shopping and office center</p>	<p>The property is located in the Srodmiestecie district. The modern and very good quality shopping centre and office building, completed in 2015-2016, is of six over ground and one underground floor with 24,199 sq m of total lettable area, of which 16,944sqm is retail with c. 64 units, and 382 parking spaces.</p> <p>The property is held in 92% on perpetual usufruct basis of the land with 72 years unexpired and 8% on freehold. The building is freehold.</p> <p>Katowice, with a population of 299,000 inhabitants, is in south Poland, around 300 km from Warsaw. It has an unemployment rate of 2.9 % which is well below the national average and the</p>	<p>The property is let to 68 tenants on institutional terms, occupying c.a. 75% of the property. 6,137 sq m (5,390 sq m of offices, 362 sq m retail and 385 sq m storage) remains vacant. The main tenants are: Jato fitness, Aldi, Sports Direct, Reserved, accounting for 33% of the</p>	2,150,000	4,246,000	56,020,000	63,070,000	

	<p>average monthly salary is 5,768 PLN, which is well above the national average. The property is located in the city centre and surrounded by high-density residential and commercial properties. It is situated between Skargi and Stowackiego Str. and has very good visibility and good accessibility.</p>	<p>passing rent with an unexpired term of 5 years 10 months</p>				
<p>61-65 Koszykowa St. Warsaw – Hala Koszyki retail and office center</p>	<p>The property is located in the Srodmiemie district. The modern and very good quality office building incorporating a historic market hall with over 30 food and beverage units on the ground floor and a supermarket, drugstore and services in the basement, completed in 2016. It is of two to nine over ground storeys and two underground with 22,229 sq m of total lettable area and 202 parking spaces.</p> <p>The property is held on perpetual usufruct basis of the land with 80 years unexpired and freehold of the building.</p> <p>Warsaw, with a population of 1,750,000 inhabitants, is the capital city of Poland. It has an unemployment rate of 2.8% which is well below the national average and the average monthly salary is 5,466 PLN, which is well above the national average.</p> <p>The property is located in the city centre in well recognized office and residential area and surrounded by high-density residential, commercial and educational properties. It is situated on Koszykowa St. between Noakowskiego St. and Lwowska St. and has good accessibility and visibility.</p>	<p>The property is let to 38 tenants on institutional terms, occupying ca. 49% of the property. 11,309 sqm (10,757 sq m office space, 356 sq m retail and 196 sq m storage) remains vacant.</p> <p>The main tenants are: Multimedia Piotr i Pawel, Eneris, Restaurant Gessler, Symphar, Bierhalle, accounting for 43% of the passing rent with an unexpired term of 6 years 6 months</p>	1,315,000	6,453,000	88,560,000	107,630,000
<p>195 B Jerozolimskie Ave. Warsaw – Philips House office building</p>	<p>The property is located in the Włochy district. The good quality office building, completed in 1999, is of four over ground floors and one underground with 6,214 sq m of total lettable area and 171 underground parking spaces.</p> <p>The property is freehold.</p> <p>Warsaw, with a population of 1,750,000 inhabitants, is the capital city of Poland. It has an unemployment rate of 2.8% which is well below the national average and the average monthly salary is 5,466 PLN, which is well above the national average.</p> <p>The property is located in a well recognized office non-central area and surrounded by medium-density office and retail properties. It is situated at Jerozolimskie Ave. and has very good accessibility and visibility.</p>	<p>The property is let to 3 tenants on institutional terms, occupying ca. 52% of the property. 2,960 sq m of office space remains vacant.</p> <p>The main tenant is Philips accounting for 98% of the passing rent with an unexpired term of 4 years 9 months.</p>	521,000	1,080,000	11,300,000	13,780,000

SUMMARY REPORT

West Link office building
Szybowcowa / Na Ostatnim Groszu St.,
Wroclaw,
Poland

Prepared for:

Griffin Premium RE.. B.V.

Bank Zachodni WBK S.A.

Joh. Berenberg, Gossler & Co. KG

Valuation Date: 8 February 2017

CBRE



CBRE Polska Sp. z o.o.

Rondo ONZ 1
00-124 Warsaw
Poland

Switchboard +48 22 5448000
Fax + 48 22 5448001

Report Date	13 March 2017
Addressee	<p>Griffin Premium RE.. B.V. Barbara Strozziłaan 201 1083 HN Amsterdam; The Netherlands FAO: Dorota Wysokinska-Kuzdra and Rafał Pomorski And Bank Zachodni WBK S.A. Rynek 9/11 50-950 Wrocław in their capacity as Global Co-ordinator, Joint Bookrunner and Offering Agent And Joh. Berenberg, Gossler & Co. KG Bockenheimer Landstrasse 25 D-60325 Frankfurt a.M., Germany In their capacity as Global Co-ordinator and Joint Bookrunner</p>
The Property	West Link office building, Szybowcowa / Na Ostatnim Groszu St., Wrocław, Poland.
Property Description	Office building under construction as detailed in Appendix A below. In accordance with our instructions, our valuation is based on Special Assumptions, including that the Property is completed as at the valuation date.
Ownership Purpose	As at the date of this report, the Property is not owned by Griffin Premium RE.. B.V. We understand that Griffin Premium RE.. B.V. will enter into a preliminary forward purchase agreement to



acquire the Property on completion for the purpose of Investment.

Instruction	To value the unencumbered Freehold-Equivalent interest in the Property on the basis of Fair Value under Special Assumptions as at the Valuation Date in accordance with the terms of engagement entered into between CBRE and the addressees dated 8 March 2017.
Valuation Date	8 February 2017.
Capacity of Valuer	External, as defined by the RICS Valuation -Professional Standards (January 2014).
Purpose	<p>The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Professional Standards (January 2014) (“Red Book”). We understand that our valuation report and the Appendices to it (together the “Valuation Report”) is required for inclusion in a prospectus (the “Prospectus”) which is to be published by Griffin Premium RE.. B.V. pursuant to an Initial Public Offering of newly-issued and existing ordinary shares by Griffin Premium RE.. B.V. on the main regulated market of the Warsaw Stock Exchange as a result of which the shares of Griffin Premium RE.. B.V. will be admitted to and traded on the main regulated market of the Warsaw Stock Exchange.</p> <p>We understand that the AFM (the Dutch Authority for the Financial Markets) is solely authorised to approve the Prospectus.</p> <p>The effective date of valuation is 8 February 2017.</p> <p>In accordance with the RICS Valuation – Professional Standards (January 2014) (the “Red Book”) we have made certain disclosures in connection with this valuation instruction and our relationship with Griffin Premium RE.. B.V.</p>
Fair Value under Special Assumptions	<p>€36,060,000</p> <p>(Thirty-six million and sixty thousand euros) exclusive of purchaser’s costs and VAT, as shown in Appendix A below.</p> <p>Special assumptions: that as at the valuation date, the Property has been completed, is fully-let and fully income producing, there are no outstanding incentives to tenants in respect of the current leases and no outstanding capital expenditure to be covered by the landlord.</p> <p>We confirm that the “Fair Value under Special Assumptions” reported above, for the purpose of financial reporting under</p>



International Financial Reporting Standard 13, is effectively the same as “Market Value under Special Assumptions.”

Our opinion of Fair Value under Special Assumptions is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm’s length terms.

For the avoidance of doubt, we have valued the Property as real estate and the value reported herein represent 100% of the Fair Value under Special Assumptions of the assets. No account has been taken in reporting this Fair Value under Special Assumptions of the extent of Griffin Premium RE.. B.V. interests in the companies holding the subject Property.

Special Assumptions

In accordance with our instructions we have reported the Fair Value under the following Special Assumptions that as at the valuation date:

- The building has been completed,
- The Property is fully-let and fully income producing;
- There are no outstanding incentives to tenants;
- There are no capital expenditure items to be covered by the Landlord.

Report Format

Appendix A of this Valuation Report provides the Property Details and Fair Value under Special Assumptions of the Property.

Compliance with Valuation Standards

The valuation has been prepared in accordance with The RICS Valuation – Professional Standards (January 2014) (“the Red Book”).

The valuation is compliant with the International Valuations Standards and in accordance with paragraphs 128 to 130 of the ESMA update (ESMA/2013/319) of the Committee of European Securities Regulators’ (CESR) recommendations for the consistent implementation of the European Commission regulation (EC) n. 809/2004 implementing the Prospectus Directive, the requirements of the AFM and the Warsaw Stock Exchange requirements.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer



within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

Assumptions

The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None apart from the Special Assumptions detailed above.

ESMA 130 (vi)

Not applicable: the Property is not currently owned by the Issuer.

Development Property

The property known as West Link office building is currently under construction and it is located in Wroclaw. The building of 14,362 sq m will comprise of six floors above ground and two underground levels. The completion is scheduled for Q1 2018.

In accordance with our instructions we have reported the Fair Value under Special Assumptions: that as at the valuation date the building has been completed, the Property is fully-let and fully income producing, there are no outstanding incentives to tenants in respect of the current leases and no outstanding capital expenditure to be covered by the landlord.

We have valued the property by the investment method.

It should be noted that our valuation under Special Assumptions is as at the valuation date stated above. Factors including but not limited to future amendments to the building design and specification, construction delays affecting the tenancies and market movement may impact on the fair value of the Property on completion.

Market Conditions

The value stated in this report represents our objective opinion of Fair Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the



property had been properly marketed and that exchange of contracts took place on this date.

Valuer

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards (January 2014) (The Red Book).

Independence

The total fees, including the fee for this assignment, earned by CBRE Sp. z o.o. (or other companies forming part of the same group of companies within Poland) from the Griffin Premium RE.. B.V. (or other companies forming part of the same group of companies) is less than 5.0% of the total Polish revenues.

It is not anticipated this situation will vary in the financial year to 31 December 2017.

We confirm that we do not have any material interest in Griffin Premium RE.. B.V. or the Property.

We do not consider that any conflict of interest arises in us preparing this Valuation Report and Griffin Premium RE.. B.V. has confirmed to us that it also considers this to be the case.

Disclosure

We have undertaken valuations of properties held by Griffin Premium RE.. B.V. in 2016 – 17 and have provided valuation services to companies in the same capital group as Griffin Premium RE.. B.V. since 2015.

Responsibility

We are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with the AFM and Warsaw stock exchange prospectus rules and Paragraphs 128 to 130 of the ESMA update of CESR'S recommendations for the consistent implementation the European Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

Save for any responsibility arising under the above to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the

Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents saves as set out in "Responsibility" above.

No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of Valuation.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Before this Valuation Report, or any part thereof, is disclosed orally or otherwise to a third party, CBRE's written approval of the form and context of such publication or disclosure must first be obtained.

Such publication or disclosure will not be permitted unless where relevant it incorporates the Assumptions referred to herein. For the avoidance of doubt, such approval is required whether or not CBRE is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Royal Institution of Chartered Surveyors Valuation Standards or the incorporation of the special assumptions referred to herein.

Currency

We have adopted in our valuation the currency exchange rate: EUR 1 = PLN 4.3128, according to the National Bank of Poland. (Source: National Bank of Poland; date 8 February 2017).

The logo for CBRE, consisting of the letters 'CBRE' in a bold, green, sans-serif font.

Yours faithfully

Yours faithfully

Maciej Wójcikiewicz MRICS
**Senior Director,
Head of Valuation Poland**

For and on behalf of
CBRE Sp. z o.o.

T: +48 22 544 8021
E: maciej.wojcikiewicz@cbre.com
CBRE – Valuation Advisory
T: +48 22 544 8000
F: +48 22 544 8001
W: www.cbre.pl

Yours faithfully

Piotr Sliz MRICS
Associate Director

For and on behalf of
CBRE Sp. z o.o.

T: +48 608 659 202
E: Piotr.Sliz@cbre.com

Graham Hughes MRICS
**RICS Registered Valuer
Executive Director**

For and on behalf of
CBRE Ltd.
T: +44 (0) 20 7182 2634
E: graham.hughes@cbre.com

The logo for CBRE, consisting of the letters 'CBRE' in a bold, green, sans-serif font.

SCOPE OF WORK & SOURCES OF INFORMATION

Sources of Information

We have carried out our work based upon information and documents supplied to us by Echo Investment S.A., which we have assumed to be correct and comprehensive.

We have been provided with copies of the following documents:

- Budget, received 6 February 2017;
- Tenancy Schedule, received 6 February 2017;
- Land Register dated 8 February 2017;
- Master Plan dated 20 October 2005;
- Building Permits dated 9 May 2016 and 18 November 2016;
- Declaration from Architecture and Development Department in Wrocław dated 25 January 2017;
- Map of technical infrastructure and map for the purpose of Master Plan;
- Construction Project dated 30 January 2017;
- The above documents have been complimented by several email explanations provided by Mrs. Katarzyna Sonta (Katarzyna.Sonta@echo.com.pl) in February 2017.

We have requested but not been provided with:

- Technical and environmental due diligence reports.

The Property

Our report contains a brief summary of the property details on which our valuation has been based.

Inspection

We inspected the Property on 8 February 2017.

Areas

We have not measured the Property but have relied upon the floor areas provided. We have not checked this on site.

We have relied upon the floor areas given in the tenancy schedules provided, which Echo Investment advised us are correct.

Unless advised specifically to the contrary, we have made the



Assumption that the floor areas supplied to us have been calculated in accordance with local practice as appropriate. All areas quoted in this Valuation Report are approximate.

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the Property is free from defect.

We have undertaken only limited inspections of the property for valuation purposes and have relied solely on the information provided by the property manager.

Town Planning

We have made verbal Planning enquiries only. Information supplied to us by planning officers is given without liability on their part and we cannot therefore accept responsibility for incorrect information or for material omissions in the information supplied to us.

Titles, Tenures and Lettings

Details of title/tenure under which the Property are held and of lettings to which they is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general

understanding of purchasers' likely perceptions of the financial status of tenants.



VALUATION ASSUMPTIONS

Introduction

An Assumption is defined in the Red Book Glossary and Appendix 3 to be a "supposition taken to be true" (an "Assumption").

Assumptions are facts, conditions or situations affecting the subject of, or approach to; a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

Griffin Premium RE.. B.V. has confirmed and we confirm that our Assumptions are correct as far as Griffin Premium RE.. B.V. and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Value

The valuation has been prepared on the basis of "Fair Value", which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting under International Financial Reporting Standards is effectively the same as "Market Value", which is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No allowances have been made for any expenses of realisation nor

	<p>for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.</p> <p>No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.</p> <p>No account has been taken of the availability or otherwise of capital based Government or other grants.</p>
Taxation, Costs and Realisation Costs	<p>As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal.</p> <p>Our valuation reflects purchasers' statutory and other normal acquisition costs.</p>
VAT	<p>We have not been advised whether the property is elected for VAT.</p> <p>All rents and capital values stated in this report are exclusive of VAT.</p>
Passing Rent	<p>Passing rent quoted in this report is the rent which is currently payable under the terms of the leases. Passing rent excludes service charges and VAT and is prior to deduction of any non-recoverable costs. Passing rent excludes turnover rent, mall income and other miscellaneous income.</p>
Net Annual Rent	<p>Net annual rent is defined for the purposes of this transaction as "the current income or income estimated by the valuer:</p> <ul style="list-style-type: none">(i) ignoring any special receipts or deduction arising from the property;(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and(iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent".
Estimated Net Annual Rental Value	<p>The estimated net annual rental value is based on the current rental value of the Property. The rental value reflects the terms of</p>

the leases where the Property is let at the date of valuation. Where the Property is vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

Rental Value

Rental value indicated in our report is this which has been adopted by us as appropriate in assessing the capital value and is not necessarily appropriate for other purposes nor does it necessarily accord with the definition of Market Rent.

Lease Expiries

Fixed-term leases frequently incorporate either tenants' options to extend or tenants' break clauses; other leases are rolling to indeterminate, subject to stated notice periods. For the purposes of our valuations, we have made assumptions as to appropriate presumed expiry dates.

Any weighted average unexpired terms indicated in our Valuation report reflect these assumptions.

The Property

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

(a) the Property is not contaminated and is not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

Energy Performance Certificates

We have assumed that the Property will possess current Energy Performance Certificates as required under Government

Directives.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

(b) the Property are free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Property; and

(d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Property. Comments made in the property details does not purport to express an opinion about or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Planning and Lettings

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the Property possess a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

(c) the Property is not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

(e) only minor or inconsequential costs will be incurred if any



modifications or alterations are necessary in order for occupiers of the Property to comply with the provisions of the relevant disability discrimination legislation;

(f) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

(g) tenants will meet their obligations under their leases;

(h) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(i) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

(j) vacant possession can be given of all accommodation which is unlet or is let on service occupancy.

Appendix A: Property Details

Property Details: Property to be held for Investment

Property	Description, Age and Tenure	Tenancy	Net Passing Rent under Special Assumption€ Per Annum (Rounded "000)	Market Rent € per Annum (Rounded '000)	Fair Value under Special Assumption €
Szybowcowa / Na Ostatnim Groszu St., Wrocław – West Link	<p>The property is located in Fabryczna District, within the Gadow Maly Subdivision. The office building under construction, scheduled for completion in Q1 2018, will comprise of six floors above ground and two underground levels. The building will provide 14,362 sqm (consisting of 13,063.41 sqm offices, 1,155.75 sqm retail and 143.01 sqm storage) with 248 underground car spaces and 18 over ground car spaces (according to the Tenancy Schedule).</p> <p>The property is freehold.</p> <p>Wrocław is inhabited by around 637,000 people and it is the fourth largest city in Poland. It has an unemployment rate at the low level of 2.8% comparing to the average unemployment rate in Poland (8.3%). The average monthly salary is 4,540 PLN and it is below the national average (4,636 PLN).</p> <p>The property is surrounded by commercial and residential buildings. It is situated close to the intersection with national roads and streets that providing access to the city center (Lotnicza, Legnicka, Milenijna and Na Ostatnim Groszu Sts.) The property benefits from good accessibility and visibility.</p>	<p>The property is pre-let to Nokia Solutions and Networks Sp. z o.o. on institutional terms accounting for ca. 92% of the property. The remaining space (retail) will be subject to 5 year guarantee</p>	2,474,940	2,491,142	36,060,000

THE ISSUER

Griffin Premium RE.. N.V.
Barbara Strozziilaan 201
1083 HN Amsterdam
The Netherlands

LEGAL ADVISORS TO THE COMPANY

As to Dutch law

Loyens & Loeff N.V.
Fred. Roeskestraat 100
1076 ED Amsterdam
The Netherlands

As to Polish law

**Weil, Gotshal & Manges – Paweł Rymarz spółka
komandytowa**
ul. Emilii Plater 53
00-113 Warsaw
Poland

As to English

Weil, Gotshal & Manges
One South Place
London EC2M 2WG
United Kingdom

As to US law

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
United States

LEGAL ADVISORS TO THE MANAGERS

As to Polish law

White & Case
M. Studniarek i Wspólnicy - Kancelaria Prawna sp.k.
ul. Marszałkowska 142
00-061 Warsaw
Poland

As to English and US law

White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

REAL ESTATE ADVISORS

JLL
Plac Europejski 1
00-844 Warsaw
Poland

INDEPENDENT AUDITORS

Ernst & Young Audyt Polska
spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warsaw
Poland